



ABG SHIPYARD LIMITED

Board of Directors

Shri. Rishi Agarwal - *Chairman*
 Shri. Ram Swaroop Nakra - *Managing Director*
 Shri. Saket Agarwal - *Director* (Upto 29/07/2011)
 Major Arun Phatak - *Executive Director*
 Shri. Ashok R. Chitnis - *Director*
 Shri. Shahzaad Dalal - *Director*
 Shri. Nainesh Jaisingh - *Nominee Director* (Up to 29/07/2011)
 Shri. Ashwani Kumar - *Director*
 Shri. Dhananjay Datar - *Whole Time Director* (w.e.f. 29/07/2011)

26th Annual General Meeting

Day : Tuesday
 Date : 27th September, 2011
 Time : 12.00 Noon
 Venue : At the Registered Office of the Company
 Near Magdalla Port,
 Dumas Road, Surat - 395007.
 Gujarat - India

Auditors

M/s. Nisar & Kumar
 Chartered Accountants
 A-17, Everest Building,
 156, Tardeo Road, Mumbai - 400 034.

Bankers

ICICI Bank Ltd.
 State Bank of India
 Bank of Baroda
 Bank of India
 IDBI Bank Ltd.
 Export-Import Bank of India
 Standard Chartered Bank
 Oriental Bank of Commerce
 Development Credit Bank
 Indian Overseas Bank
 Punjab National Bank
 Andhra Bank

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
 C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg, Bhandup (West),
 Mumbai - 400 078.
 Tel.: 91-22-25946970
 Fax: 91-22-25946979
 e-mail: rnt.helpdesk@linkintime.co.in

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Registered Office

Near Magdalla Port, Dumas Road,
 Surat - 395007. Gujarat - India
 Tele.: 91-261-2725191
 Fax: 91-261-3048243

Corporate Office

4th/5th floor, Bhupati Chambers,
 13, Mathew Road,
 Mumbai-400 004.
 Tel.: 91-22-66563000
 Fax: 91-22-66223050
 Website: www.abgindia.com
 E-mail: shipyard@abgindia.com

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of **ABG Shipyard Limited** will be held at the Registered Office of the Company Near Magdalla Port, Dumas Road, Surat-395 007 on **Tuesday the 27th of September, 2011** at 12.00 noon, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2011 and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on the Equity Shares of the Company for the year ended 31st March 2011.
3. To appoint a Director in place of Major Arun Phatak, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Ashok Chitnis, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Nisar & Kumar, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the Company until conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Special Business:

6. To consider and if thought fit, to pass with or without modifications, the following resolutions as **Ordinary Resolutions**:

“RESOLVED THAT pursuant to Section 269 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, approval be and is hereby granted to the appointment of Mr. Dhananjay Datar, as Whole time Director of the Company with effect from 29th July 2011 for a period of 5 years.”

“RESOLVED FURTHER THAT Mr. Dhananjay Datar, in his capacity of Whole Time Director, be paid remuneration as may be fixed by the Board, from time to time, within the limits approved by the members as per the details given in the explanatory statement”.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule XIII of the said Act, and subject to the further approvals as may be required, approval be and is hereby accorded to the revised remuneration payable, with effect from 1st April, 2011, to Major Arun Phatak, Whole-time director of the Company, as per the details provided in the Explanatory Statement”.

8. To consider and if thought fit, to pass with or without modifications, the following resolution as **Ordinary Resolution**:

“RESOLVED THAT Mr. Shahzaad Dalal, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of the ensuing Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

By Order of the Board of Directors

Place : Mumbai
Date : 29th July, 2011

Ch. Rajashekhar Reddy
Company Secretary &
General Manager (Legal)

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

Item No. 6

The Board of Directors of the Company at its meeting held on 29th July 2011, appointed Mr. Dhananjay Datar, as a Whole-Time Director of the Company with effect from 29th July 2011 for a period of 5 years, subject to the approval of the members in the Annual General Meeting.

Mr. Dhananjay Datar is a member of the Institute of Chartered Accountants of India and is the Chief Financial Officer of the Company. He has over 22 years of experience in operations and Corporate Finance in sectors such as chemicals, textiles, pharmaceuticals, telecom, steel and shipbuilding. His last assignment was with Man Industries Limited as Vice President Finance.

Part III of Schedule XIII of the Companies Act, 1956 provides that the appointment and remuneration of Managing Directors and Whole-time Directors, in accordance with part I and part II of the schedule shall be subject to the approval by resolution of the shareholders in a general meeting.

With effect from 29th July 2011, Mr. Dhananjay Datar shall be entitled to the following remuneration.

Salary, Perquisites, Allowances and Bonus :

₹ Per Month		₹ Per Annum
Salary	Perquisites & Allowance	Bonus
1,95,000	1,79,325	2,92,500

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) and / or house rent allowance in lieu thereof, Special Allowance, medical reimbursement, leave travel concession for self and family including dependents, Company's contribution to Provident Fund. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules there under or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. However, Gratuity payable and encashment of Leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income Tax Law, shall not be included for the purpose of computation of the overall ceiling of remuneration. Further, employee stock options granted / to be granted, from time to time are not to be considered as perquisite and not to be included for the purpose of computation of the overall ceiling of remuneration.

Reimbursement of Expenses:

Reimbursement of expenses incurred for travelling, boarding and lodging during business trips, provision of car for use on the Company's business and telephone expenses at residence shall be reimbursed and not considered as perquisites.

The aggregate of the salary, special pay, allowances and perquisites in any financial year shall be subject to the limits prescribed from time to time under sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

Where in any financial year, the Company has no profits or if its profits are inadequate, the foregoing amount of remuneration and perquisites shall be subject to the applicable provisions of the Companies Act, 1956.

Accordingly, the Resolution at item no.6 is proposed for the approval of the members for appointment of Mr. Dhananjay Datar, as Whole-time Director as specified in Part III of the Schedule XIII of the Companies Act, 1956, and other applicable provisions, if any.

The Board recommends the approval of the appointment of Mr. Dhananjay Datar as Whole-time Director of the Company.

Mr. Dhananjay Datar, Whole-time director of the Company, is interested in the proposed Resolutions.

This explanation together with the accompanying notice is and should be treated as an abstract of the terms of appointment of Mr. Dhananjay Datar, as Whole-time Director of the Company under section 302 of the Companies Act, 1956.

Item No.7

At the Annual General Meeting of the Company held on 22nd September 2008, the shareholders of the Company had accorded approval for the appointment and payment of remuneration to Major Arun Phatak, Whole-time director of the Company. Since then, the Company has made considerable and remarkable progress in its business and thereby enhanced the shareholder value. The Company has identified various opportunities and ventured into new areas of operation in order to better the growth prospects. This involves talent and management skills to venture, manage and sustain profitable growth. In view of this, it is proposed to revise and increase the remuneration payable to Major Arun Phatak, Whole-time director of the Company, as recommended by the Nomination cum Remuneration Committee, however, subject to the applicable provisions of law and approval of shareholders in General Meeting.

The details of revised remuneration are as under

Salary, Perquisites, Allowances and Bonus :

₹ Per Month		₹ Per Annum
Salary	Perquisites & Allowance	Bonus
2,70,000	2,33,100	4,05,000

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, Special Allowance, medical reimbursement, leave travel concession for self and family including dependents. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules there under or any statutory modification(s) or re-enactment thereof, in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. However, Gratuity payable and encashment of Leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income Tax Law, shall not be included for the purpose of computation of the overall ceiling of remuneration. Further, employee stock options granted / to be granted, from time to time are not to be considered as perquisite and not to be included for the purpose of computation of the overall ceiling of remuneration.

Reimbursement of Expenses:

Reimbursement of expenses incurred for travelling, boarding and lodging during business trips, provision of car for use on the Company's business and telephone expenses at residence shall be reimbursed and not considered as perquisites.

The aggregate of the salary, special pay, allowances and perquisites in any financial year shall be subject to the limits prescribed from time to time under sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

Subject as aforesaid, Major Arun Phatak shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.

Where in any financial year, the Company has no profits or if its profits are inadequate, the foregoing amount of remuneration and perquisites shall be subject to the applicable provisions of the Companies Act, 1956.

Accordingly, the Resolution at item no.7 is proposed for the approval of the members for the revision of remuneration payable, with effect from 1st April, 2011, to Major Arun Phatak, Whole-time Director of the Company.

The Board recommends the revision of remuneration payable, with effect from 1st April, 2011, to Major Arun Phatak, Whole-time Director of the Company.

Major Arun Phatak, Whole-time director of the Company, is interested in the proposed Resolutions.

This explanation together with the accompanying notice is and should be treated as an abstract of the terms of the revision of remuneration payable, with effect from 1st April, 2011, to Major Arun Phatak, Whole-time Director of the Company, under section 302 of the Companies Act, 1956.

Item No. 8

Mr. Shahzaad Dalal was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 9th February 2011. According to the provisions of Section 260 of the Companies Act, 1956, read with the Articles of Association of the Company, Mr. Shahzaad Dalal holds office of Director up to the date of the ensuing Annual General Meeting of the Company. A notice has been received from a member as required by Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Shahzaad Dalal as a Director of the Company liable to retire by rotation.

Details regarding the person proposed to be appointed as Director and his brief resume has been given in the Annexure attached to the Notice.

The Board of Directors recommends his appointment for your approval.

None of the Directors, except Mr. Shahzaad Dalal is concerned or interested in the resolution.

NOTES :

- A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.**
- Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- The details under clause 49 of the Listing Agreement with the Stock Exchange(s) in respect of the directors proposed to be re-appointed at the Annual General Meeting is annexed hereto.
- The Register of Members and Share transfer books of the Company will remain closed from 17th September, 2011 to 27th September, 2011 (both days inclusive) in connection with the final dividend being considered for approval in the Annual General Meeting.

5. The Members are requested to note that dividend will be payable, if declared, to those Members having shares in Dematerialised form whose names appear on the register of Members on 16th September, 2011 and to the Members having shares in physical form whose names appear on the register of Members on 27th September, 2011.
6. Members are requested to intimate all changes with respect to their bank details, nomination, power of attorney, change of address, change in name, etc. to their respective depository participant (DP).
7. Members are requested to bring their copy of Annual Report to the meeting.
8. Members/Proxies are requested to bring the attendance slip duly filled in.
9. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to write to the Company at least one week before the meeting, so that information required is made available at the meeting.
10. As per Section 205C of the Companies Act, 1956, the amount remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the fund) set up by the Government of India and no payments shall be made by the fund, in respect of any claims. Members who have not yet encashed their dividend warrants for the financial year ended March 31, 2006 and subsequent years are requested to make their claims directly to the Registrar and Share Transfer Agent, without any delay. It may be noted that the unclaimed dividend for the financial years 2005-06 to 2009-10 are due for transfer to the IE & P fund as per table given below:

Financial Year	Due Date for Transfer
2005-06	17 th September, 2013
2006-07	26 th October, 2014
2007-08	21 st October, 2015
2008-09	29 th October, 2016
2009-10	29 th October, 2017

11. All statutory registers are open for inspection at the Registered Office of the Company on all working days, from the date hereof upto the conclusion of this meeting between 10.00 a.m. and 5.00 p.m.
12. Shareholders holding shares in electronic form may kindly note that their Bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations and the Company will not entertain any direct request from such shareholders for deletion of/ change in such Bank details.
13. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
14. Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agent, M/s. Link Intime India Private Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078.

15. Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circular No. 17/2011 dated 21st April, 2011, stating that service of notice / documents including Annual Report can be sent by e-mail to its members. Accordingly, the Company proposes to send documents like Notice convening general meetings, audited financial statements, directors' report, auditors' report or any other document, to the members in electronic forms at the email address provided by members and/or made available to the Company by their depositories.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

ANNEXURE
Details of Directors seeking appointment/re-appointment in the 26th Annual General Meeting

Name of Director	Major Arun Phatak	Shri. Ashok Chitnis
Date of Birth	31/10/1939	15/02/1943
Date of Appointment / Re-appointment as Director	10/06/2008	30/09/2009
Qualification	B.Sc from National Defence Academy, Pune and MBA from the University of Halifax, Canada	He is a marine engineer. He holds a certificate from the Marine Engineering College of the Directorate of Marine Engineering Training as well as a First Class Competency Certificate (Steam and Motor) from the Ministry of Transport, Government of India.
Experience and Expertise in Specific functional area	He has vast experience of over 35 years in the Corporate Sector and is associated with ABG since the last 8 years. He is currently an Executive Director of the Company.	<p>He is a marine engineer with over thirty-eight years of experience in the maritime sector. He is a Fellow of the Institute of Marine Engineers (India) from its inception in 1980 and has served a full two year term as the President of the Institute between the years 2001 to 2003. He has worked with the Scindia Steam Navigation Company Ltd. in various capacities for 11 years from 1965 to 1976, and has held the position of Chief Engineer for three years during his tenure. Thereafter, he joined the Indian Register of Shipping (IRS) as a field surveyor in 1976. He was in charge of the IRS Mumbai field office for over four years and has served at the IRS head office in Mumbai from 1994 onwards. He was Chief Surveyor, IRS for over 9 years until his superannuation in 2003. As Chief Surveyor, he was in charge of the IRS Training Centre at Powai, Mumbai and was instrumental in establishing the Quality Management System at IRS. As Chief Surveyor, he was in charge of the Indian Register Quality Systems, a department of IRS engaged in Quality Management System Certification for ISO 9000 standards.</p> <p>He is a qualified and experienced lead auditor for QMS Audits with respect to ISO 9000 standards and has conducted a large number of audits at companies in various industrial sectors, such as the petroleum, general engineering, education, ship building, repair and management sectors. He is currently an independent and Non-Executive Director of the Company.</p>
Directorships held in other companies	Kathrein India Pvt. Ltd. Meridian Inflatables Pvt. Ltd Filtrex Systems India Pvt. Ltd. Sheorey Digital Systems Pvt. Ltd. ABG Energy Ltd.	Western India Shipyard Ltd.
Committee positions held in other companies	NIL	Western India Shipyard Ltd.
No. of shares held in ABG Shipyard Ltd.	1153	NIL

ANNEXURE
Details of Directors seeking appointment/re-appointment in the 26th Annual General Meeting

Name of Director	Shri Dhananjay Datar	Shri Shahzaad Dalal
Date of Birth	22/12/1962	01/12/1958
Date of Appointment / Re-appointment as Director	29/07/2011	30/09/2009
Qualification	He is a Chartered Accountant, qualified in year 1989 and Fellow Member of Institute of Chartered Accountants of India & Commerce Graduate from University of Indore.	He has a master's degree in management from the Northeast Louisiana University, USA.
Experience and Expertise in Specific functional area	He has over 25 years of rich experience in decisive leadership, strategic planning, financial management, operations and corporate finance in sectors such as chemicals, textiles, pharmaceuticals, telecom, steel and ship building. He has worked with various prestigious companies viz. Man Industries (India) Limited, Telecil Group Mauritius & South Africa, Shri Dinesh Mills Limited, Beta Nephthol Limited. His last assignment was with Man Industries (India) Limited as Vice President- Corporate Affairs and Finance	He has 20 years of experience in the financial sector. He is on the board of various IL&FS Group Companies, such as IL&FS Financial Services Limited, IL&FS Investment Managers Limited, IL&FS Asian Infrastructure Managers Limited and IL&FS Milestone Realty Advisors Private Limited. He is responsible for the overall planning and resource management for Infrastructure Leasing & Financing Services Limited (IL&FS). Prior to joining IL&FS in 1989, he was responsible for structured leasing and hire purchase products, marketing and credit evaluation with erstwhile ICICI Limited.
Directorships held in other companies	<ol style="list-style-type: none"> 1. PFS Shipping (India) Ltd. 2. Onaway Industries Ltd. 3. ABG Energy Ltd. 4. ABG Motors Ltd. 5. ABG Energy Himachal Pradesh Ltd. 6. ABG Energy (Gujarat) Ltd. 7. ABG Energy (M.P.) Ltd. 8. First Mines and Minerals Pvt. Ltd. 9. ABG Cement Ltd. 	<ol style="list-style-type: none"> 1. IL&FS Investment Managers Ltd. 2. SARA Fund Trustee Company Pvt. Ltd. 3. IL&FS Financial Services Ltd. 4. Shopper's Stop Ltd. 5. Datamatics Global Services Ltd. 6. IG3 Infra Ltd. 7. IL & FS Asian Infrastructure Managers Ltd. 8. QVC Realty Private Ltd. 9. Orbit Corporation Ltd. 10. DEN Networks Ltd. 11. Ibn18 Broadcast Ltd. 12. IL&FS Milestone Realty Advisors Pvt. Ltd. 13. Mumbai Business School Pvt. Ltd. 14. Ramky Enviro Engineers Ltd. 15. Sterling Holidays Resorts(India) Ltd.
Committee positions held in other companies	<p>ABG Cement Ltd. : Audit Committee Remuneration Committee</p> <p>ABG Energy (Gujarat) Ltd.: Audit Committee</p>	<p>Shoppers Stop Limited : Audit Committee Remuneration/Compensation Committee</p> <p>Datamatics Global Services Limited: Audit Committee Compensation Committee</p> <p>Orbit Corporation Limited: Audit Committee Compensation Committee Remuneration Committee Shareholders / Investor Grievance Committee</p> <p>IG3 Infra Ltd.: Audit Committee Appointment & Remuneration Committee</p> <p>QVC Realty Private Limited: Project Committee</p> <p>DEN Networks Limited: Audit Committee</p> <p>IL&FS Financial Services Limited: Investment Portfolio Review Committee</p>
No. of shares held in ABG Shipyard Ltd.	NIL	485

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have great pleasure in presenting this Twenty Sixth Annual Report on the business and operations of your Company with the Audited Statement of Accounts for the year ended 31st March 2011.

1. FINANCIAL PERFORMANCE

Particulars	(₹ in crores)	
	2010-11	2009-10
Sales and Other Income	2081.04	1822.54
Profit before Interest, Depreciation & Tax	482.71	516.60
Less: Interest (Net)	139.47	150.61
Profit before Depreciation & Tax	343.24	365.99
Less: Depreciation	63.03	38.69
Profit before Tax	280.21	327.30
Less: Provisions for Taxation	91.41	98.38
Net Profit after Tax	188.80	228.92
Balance brought forward from previous year	383.58	323.49
Profit available for appropriations	572.38	552.41
Appropriations		
Transfer to Debenture Redemption Reserve	92.00	25.00
Transfer to General Reserve	40.00	120.00
Proposed Dividend Equity shares	20.37	20.37
Corporate Dividend Tax	3.38	3.46
Balance carried to Balance Sheet	416.63	383.58

* Figures regrouped wherever necessary.

2. OPERATIONS

During the financial year under review, your Company has successfully delivered 16 vessels taking to the total up to 138 vessels delivered so far by the Company.

Your Company has posted a turnover of ₹ 2081.04 crores, an increase of about 14.18% as compared to ₹ 1822.54 Crores in the previous Financial Year. The Company recorded a net profit of ₹ 188.80 Crores.

During the year, the construction of Jetty (27 metre wide x 231 metre long), a Slip dock (40 metre wide and 450 metre long) and a Heavy duty Ship Transfer system capable of lifting and moving 27,000 MT were completed and commissioned at Dahej yard.

During the year, your Company has notched another milestone with the delivery of a 32,000 DWT, Double Hull, Bulk Carrier, first to be built in India with CSR and PSPC Compliances, to Precious Shipping Public Co. Ltd, Thailand.

During the year your Company has bagged the first of its kind order from Indian Navy for the construction of 2 (two) Cadet Training Ships and a prestigious order for the construction of 2 Jack-up rigs from Drilling & Offshore Pte Limited, Singapore. With state of the art infrastructure in place at Dahej and Surat yards, your Company is now fully geared to build and repair all kinds of ships, rigs and off shore structures/ platforms for its wide range of customers and defense sector.

3. DIVIDEND

Considering the profitability for the year under consideration and the future capital requirements of the Company, your Directors recommended a Dividend of ₹ 4/- per Equity Share of ₹ 10/- each (i.e. 40%) for the year ended 31st March 2011 and seek your approval for the same.

4. OUTLOOK

By virtue of a long coastline of about 7517 km, coupled with 190 major and non-major ports, India is considered a major maritime nation. Approximately 90% of the country's trade by volume and 70% by value is moved through maritime transport. In view of its importance, the Indian Government has recognised the need to promote the quality of the shipping and ocean resources, ports, harbours and the new technologies to be developed in this emerging scenario.

Cargo handled at Indian ports more than quadrupled from 180 million tonnes in 1993-94 to 850 million tonnes in 2009-10, while the growth in Indian tonnage has been slow compared to burgeoning merchandise trade volumes. As much as 40% of Indian ships will need to be replaced over the next 5 years owing to more than 20 years of age and mandatory IMO regulations for phasing out single hull tankers. At present domestic shipping companies rely heavily on foreign yards for acquisition or repairs.

The current capacity of all shipbuilding yards in India is approx. 5,00,000 DWT. The Indian shipbuilding industry, which had only about 0.1% share of the world shipbuilding in 2002, expanded over 10 fold to claim 1% share by 2008.

The Ministry of Shipping had envisaged, under the National Maritime Development Programme (NMDP), to set up two international size shipyards, one on the west coast and the other on the east coast. Recently, it has been decided by the Ministry that since the private sector has come up with setting up of two international size shipyards one on the east coast and another on the west coast, the Government may not pursue the matter regarding setting up of two international size shipyards and may act only as a facilitator.

The National Manufacturing Competitive Council (NMCC) has emphasised the need for a shipbuilding policy to enable Indian shipyards to compete effectively on both domestic and export markets to help build a strong shipbuilding sector in the country, given its potential for employment generation and its strategic importance. Towards this direction, NMCC has recommended that the shipbuilding industry in India needs to be granted Infrastructure status and be declared as a strategic sector. In order to achieve the coveted goal of transforming Indian ports into world class facilities suited to the requirements of future economy of India, the Government of India has formulated Maritime Agenda 2010-2020, with a target, inter alia, of achieving a global shipbuilding market share of 5% by 2020 with strong R&D facilities and design capabilities for the commercial shipbuilding.

With the Government of India's decision to open the Defence sector contracts for private participation and given the size of defence sector contracts, a new area of opportunity with great potential to grow has been created for shipbuilding Companies in private sector.

The Government had earlier announced the Subsidy Scheme, in order to give boost to the shipbuilding Companies, for both domestic and export orders. This Subsidy Scheme had expired in August 2007. The momentum created by the boom conditions and subsidy support has been lost by the discontinuation of the scheme and recession post 2007 and as a result the Indian shipyards have been languishing for major orders. In order to revive the momentum in the shipbuilding sector, the Government has been reportedly considering reviving the subsidy scheme with some changes.

5. SUBSIDIARIES

Your Company has two (2) subsidiaries i.e. Western India Shipyard Limited (a BSE listed Company) and ABG Shipyard Singapore Pte Limited as at the end of financial year. In view of the General exemption granted by The Ministry of Corporate Affairs, under Sec. 212 of the Companies Act, 1956, vide General Circular no. 2/2011 dated 8th February, 2011, from the requirement of attaching the Balance Sheet, Profit & Loss Account, etc. of its subsidiaries to its accounts, your Company has decided to take the benefit of the said exemption.

The consolidated financial statement is forming part of this Annual Report.

Your Company undertakes that the annual accounts of the subsidiary Companies and the related detailed information will be made available to the members on request. Further, the annual accounts of the subsidiary Companies will also be kept at the registered office of the Company and of its subsidiary Companies for inspection by any member.

6. SCHEME OF COMPROMISE AND ARRANGEMENT

Pursuant to the order of Hon'ble Bombay High Court at Goa passed in the matter concerning the Scheme of Compromise and Arrangement between Western India Shipyard Limited and its Secured Lenders & Shareholders with your company as a confirming party, your Company has acquired 60.26% shareholding in Western India Shipyard Limited (WISL).

WISL is a BSE listed company located at Goa port, which is on the west coast of India. It has a modern state-of-the-art floating dry dock that enables it to repair various types of vessels up to 60,000 DWT. Acquisition of Western India Shipyard Limited has added rig and ship repairing expertise to our existing business.

7. DIRECTORS

In accordance with Section 255 & 256 of the Companies Act, 1956 read with Article 190 of the Articles of Association of the Company, Shri. Ashok Chitnis and Major Arun Phatak are liable to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend the appointment/ re-appointment of Shri. Ashok Chitnis and Major Arun Phatak as directors.

Mr. Nainesh Jaisingh and Mr. Saket Agarwal have resigned as directors of the Company with effect from 29th of July 2011. The Directors record their appreciation of the valuable services rendered by Mr. Nainesh Jaisingh and Mr. Saket Agarwal. Further, Mr. Dhananjay Datar, Chief Financial Officer of the Company has been appointed as Whole-time Director with effect from 29th July 2011. Considering the vast experience and skills in finance, management, taxation and industry, your directors recommend his appointment for your approval. IL&FS Investment Managers Limited (IL&FS) which had nominated Mr. Shahzaad Dalal to the Board of Directors of the Company has divested its investment in the Company. Consequent upon this, IL&FS withdrew its nominee Director from the Board. However, considering the credentials of Mr. Shahzaad Dalal in the fields of Finance, Management and Industry, the Board of Directors had appointed Mr. Shahzaad Dalal as an Additional Director of the Company, who holds the office of Director up to the date of the ensuing Annual General Meeting of the Company. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Mr. Shahzaad Dalal as a Director of the Company, liable to retire by rotation. Your Directors recommend his appointment for your approval.

None of these directors is disqualified as per the provisions of Section 274 (1) (g) of the Companies Act, 1956, to be re-appointed or appointed as directors of your Company.