



## **ANNEXURE-B to Directors' Report**

### **REPORT ON CORPORATE GOVERNANCE**

(As required under Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. )

The Company has put best efforts to adhere with the Corporate Governance requirements as required by Clause 49 of Listing Agreement even prior to the listing of its shares on the Stock Exchanges.

#### **1. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Corporate Governance is the application of best management practices, compliance of law, transparency and adherence to ethical standards to achieve the Company's objective of enhancing shareholders' wealth and discharge of social responsibility. The Board, with the help of its committees, lays down the strategic systems, processes and reviews the mechanisms to enable the Company to achieve its corporate and social goals. Transparency, fairness, disclosure, integrity and accountability have been the core principles of governance in the Company, which are vital for the long and sustained growth of the Company.

#### **2. BOARD OF DIRECTORS**

##### **(i) Size and Composition of the Board**

The Board of Directors comprising of 8 directors, supervises the overall management of the Company. Shri. Kamallesh Kumar Agarwal is the non-executive Chairman. The day-to-day affairs of the Company are managed by Shri. Rishi Agarwal, Managing Director, assisted by Shri. R. S. Nakra, Executive Director (Technical), subject to the superintendence and control by the Board. Board comprises of 4 independent directors including Shri. Ashok R. Chitnis, Shri. Ajay Saraf (nominated by ICICI Bank Ltd.), Shri. Nainesh Jaisingh (nominated by Standard Chartered Private Equity Advisory (India) Private Limited) and Shri. Shahzaad Dalal (nominated by IL & FS Investment Managers Limited). Shri. Mahernosh R. Pardiwala another independent director had resigned from the Board w.e.f. 28th April 2007.

The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

None of the Directors on the Board is a Member on more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. All the Directors have made necessary disclosures regarding committee positions occupied by them in other Public Companies as at 31st March, 2007.

The names and categories of the Directors on the Board, their attendance at Board Meeting during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below. Directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships / Membership of Board Committees include only Audit Committee and Shareholders' / Investors' Grievance Committee.

| Name   | Category Particulars | Attendance    |          | Number of other Directorship and Committee membership / Chairmanship |                      |                        |
|--|----------------------|---------------|----------|--|----------------------|------------------------|
|  |                      | Board Meeting | Last AGM | Other Directorship   | Committee Membership | Committee Chairmanship |
| Kamlesh Kumar Agarwal - Chairman                   | NI - NE              | 1             | Yes      | 5  | 1                    | –                      |
| Rishi Agarwal - Managing Director                  | NI - E               | 6             | No       | 6  | 1                    | –                      |
| Saket Agarwal                                      | NI - NE              | 0             | No       | 7  | 1                    | –                      |
| Ram Swaroop Nakra - Executive Director (Technical) | NI - E               | 5             | Yes      | –  | 1                    | –                      |
| Mahernosh R. Pardiwala (Upto 28 April 2007)        | I - NE               | 5             | No       | –  | 1                    | –                      |
| Ashok R. Chitnis                                   | I - NE               | 6             | No       | –  | 1                    | –                      |
| Ajay Saraf   | I - NE               | 4             | Yes      | 3  | 4                    | 1                      |
| Nainesh Jaisingh                                   | I - NE               | 3             | No       | 3  | 2                    | –                      |
| Shahzaad Dalal                                     | I - NE               | 5             | No       | 13   | 9                    | 4                      |

(NI - Non-Independent, I - Independent, NE- Non-Executive, E - Executive)

## (ii) The Board Meetings

Six Board Meetings were held during the last financial year on April 15, 2006, May 24, 2006, July 31, 2006, August 18, 2006, October 31, 2006 and January 23, 2007. The gap between any two successive meetings did not exceed four months.

The Agenda for the Board Meeting and its Committee Meetings is drafted by the Managing Director and the Company Secretary in consultation with the Chairman of the Board or the Committee as the case may be. Agenda along with all information, including statutory information, relevant to the matters to be discussed is always sent, well in advance, to the Directors. The Members of the Board can also suggest any Agenda item to the Chairman, which is taken as any other item after the circulated items. Detailed presentations are made at the Board Meetings by the Managing Director and Chief Financial Officer on various strategic and operational issues.

Necessary information as mentioned in Annexure 1A to clause 49 of the Listing Agreement has been placed before the Board for their consideration.

None of the Non-executive Directors have any material pecuniary relationship or transactions with the Company.

**(iii) Profile of Directors seeking appointment / re-appointment in the 22nd Annual General Meeting:**

| Name of Director                                     | Shri. Rishi Agarwal   | Shri. Saket Agarwal   | Shri. Kamlesh Kumar Agarwal  |
|--|---|---|--|
| Date of Birth  | 03.09.1966  | 07.05.1964  | 26.06.1941   |
| Date of Appointment / Re-appointment as Director     | 07.07.2005  | 18.08.2006  | 18.08.2006   |
| Qualification  | MBA (Finance) from Purdue University, USA.                        | Commerce Graduate   | Matric   |
| Experience and Expertise in Specific functional area | Has rich experience in Shipbuilding, Ship Repairing and Shipping. | Has rich experience in Marine business, port services, port development and transportation. | Has a rich and varied experience in shipping and allied and glass, travel and food business. |

**3. COMMITTEES OF BOARD**

The Board has constituted the following committees of Directors to take informed decisions in the best interest of the Company.

**A. AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in line with the Provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges. The Audit Committee comprises of four Independent Directors viz. Shri. Ajay Saraf - Chairman, Shri. M. R. Pardiwala - Member (upto 28th April 2007), Shri. Nainesh Jaisingh - Member and Shri. Ashok Chitnis - Member. Mr. Ajay Saraf, Chairman of the committee is a qualified Chartered Accountant and Cost & Works Accountant. He has a wide range of experience in Corporate Banking, Investment Banking and Treasury.

**(i) Terms of reference**

The terms of reference of the Audit Committee are broadly as under:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
  - any changes in accounting policies and practices;
  - major accounting entries based on exercise of judgment by management;
  - qualifications in draft audit report;
  - significant adjustments arising out of audit;

- the going concern assumption;
  - compliance with accounting standards;
  - compliance of listing requirements with stock exchanges and legal requirement concerning financial statements;
  - any related party transactions;
  - matters required to be included in Directors' Responsibility Statement in terms of Section 217(2AA) of the Companies Act, 1956.
- Reviewing the Company's financial and risk management policies.
  - Disclosure of contingent liabilities.
  - Reviewing with the management, external and internal auditors and adequacy of internal control systems.
  - Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow-up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Looking into the reasons for substantial defaults, if any, in payments to the depositors, debenture holders, shareholders, (in case of non-payment of declared dividends) and creditors.
  - Reviewing compliances as regards the Company's Whistle Blower Policy.

**(ii) Composition, names of members, meetings and attendance**

In its meetings, the Audit Committee considered audit reports covering operational, financial (including the quarterly results) and other business areas of the Company. The Audit Committee meetings are usually held at the Corporate Office of the Company and are usually attended by the Managing Director and representatives of the Auditor. The Operation Heads are invited to the meetings, as required. The Company Secretary acts as Secretary of the Audit Committee.

Four Audit Committee Meetings were held during the last financial year on May 24, 2006, July 31, 2006, October 31, 2006 and January 23, 2007.

The necessary quorum was present at all the meetings.

The composition of the Audit Committee and number of meetings attended by the members of the Audit Committee are given below:

| Name of the Director                   | Status | No. of Meetings Attended |
|--|--------|--------------------------|
| Shri. Ajay Saraf - Chairman            | I - NE | 3                        |
| Shri. M.R. Pardiwala (Upto 28-04-2007) | I - NE | 4                        |
| Shri. Nainesh Jaisingh                 | I - NE | 1                        |
| Shri. Ashok R. Chitnis                 | I - NE | 4                        |

(NI - Non-Independent, I - Independent, NE- Non-Executive, E - Executive)

**B. NOMINATION-CUM-REMUNERATION COMMITTEE****(i) Composition, names of members, meetings and attendance**

The Committee comprises of two Independent Directors and one non-Independent and non-executive Director viz. Shri. Shahzaad Dalal, Shri. Mahernosh R. Pardiwala and Shri. Kamlesh Kumar Agarwal, respectively. Shri. Shahzaad Dalal is the Chairman of the Committee. The Committee was reconstituted on 28th of April 2007, consequent upon the resignation of Shri. Mahernosh R. Pardiwala, Shri. Ashok R. Chitnis was inducted into the Committee in place of Shri. Mahernosh R. Pardiwala.

The Nomination-cum-Remuneration Committee reviews the overall remuneration structure of the Executive Directors. The remuneration, if any, of Non-Executive Directors is decided by the Board of Directors.

The remuneration committee met 4 times during the last financial year on April 15, 2006, August 18, 2006, October 31, 2006 and January 23, 2007.

The Composition of the Committee and details of meetings attended by members are given below :

| Name of Director                                    | Status  | No. of Meetings Attended |
|---|---------|--------------------------|
| Shri. Shahzaad Dalal - Chairman                     | I - NE  | 4                        |
| Shri. Mahernosh R. Pardiwala (Upto 28th April 2007) | I - NE  | 4                        |
| Shri. Kamlesh Kumar Agarwal                         | NI - NE | 0                        |
| Shri. Ashok R. Chitnis (Since 28th April 2007)      | I - NE  | 0                        |

(NI - Non-Independent, I - Independent, NE- Non-Executive, E - Executive)

**(ii) Remuneration Policy**

The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Directors. Annual increments are decided by the Remuneration Committee, subject to approval in the General Meeting.

The Company pays Sitting Fee per meeting to its Non-Executive Directors (NEDs) for attending meetings of the Board and other Committee Meetings.

**(iii) Details of Remuneration for the year 2006-07**

| Name of Director            | Sitting Fees | Salaries & Perquisites | Commission | Stock Option |
|-----------------------------|--------------|------------------------|------------|--------------|
| Shri. Kamlesh Kumar Agarwal | -            | -                      | -          | -            |
| Shri. Rishi Agarwal         | -            | Rs. 6,20,000/-         | -          | -            |
| Shri. Saket Agarwal         | -            | -                      | -          | -            |
| Shri. Ram Swaroop Nakra     | -            | Rs. 63,70,000/-        | -          | -            |
| Shri. Ajay Saraf            | Rs.40,000/-  | -                      | -          | -            |
| Shri. M.R. Pardiwala        | Rs.60,000/-  | -                      | -          | -            |
| Shri. Nainesh Jaisingh      | Rs.20,000/-  | -                      | -          | -            |
| Shri. Shahzaad Dalal        | Rs.45,000/-  | -                      | -          | -            |
| Shri. Ashok Chitnis         | Rs.50,000/-  | -                      | -          | -            |

(iv) Details of Shares of the Company held by the Directors as on 31st March 2007, are as below:

| Name                  | No. of Shares |
|-----------------------|---------------|
| Kamlesh Kumar Agarwal | 93,750        |
| Rishi Agarwal         | 1,40,625      |
| Saket Agarwal         | 1,40,625      |
| Shahzaad Dalal        | 62,881        |
| Ajay Saraf            | 10,010        |
| Mahernosh Pardiwala   | 3,410         |

### C. COMPENSATION COMMITTEE

In order to attract and retain the best available talent and to reward its high performing employees, the Company decided to introduce an Employees Stock Option Scheme and constituted, on 23rd January 2007, a Compensation Committee with the following directors as members. The Company Secretary acts as Secretary of the Committee.

|    |                        |          |
|----|------------------------|----------|
| 1. | Shri. Shahzaad Dalal   | Chairman |
| 2. | Shri. Nainesh Jaisingh | Member   |
| 3. | Shri. Rishi Agarwal    | Member   |

#### Terms of reference and Functions of the Committee:

1. Framing and administration of ESOS Schemes, as may be announced by the Company from time to time.
2. To identify classes of employees entitled to participate in the ESOS and the quantum of options to be granted under the ESOS per employee and in aggregate.
3. To lay conditions under which option vested in employees may lapse in case of termination of employment for misconduct.
4. To fix the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period.
5. To specify time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
6. To decide regarding the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
7. To fix the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.
8. To decide granting, vesting and exercising of options in case of employees who are on long leave.
9. To decide procedure for exercise of cashless options.
10. To prepare the statement of terms and conditions of the ESOS that shall contain disclosures in terms of Clause 5.1, Schedule IV of SEBI (ESOS & ESOP) Guidelines, 1999.

**D. SHARE TRANSFER AND INVESTORS' GRIEVANCE & FINANCE COMMITTEE****(i) Composition and Attendance**

The Composition of the Share transfer and Investors' Grievance and Finance Committee and the details of meetings attended by its members are given below:

| Name                            | Status  | Number of Meetings Attended |
|---------------------------------|---------|-----------------------------|
| Shri. Shahzaad Dalal - Chairman | I - NE  | 2                           |
| Shri. Ajay Saraf                | I - NE  | 1                           |
| Shri. Rishi Agarwal             | NI - E  | 2                           |
| Shri. Saket Agarwal             | NI - NE | 0                           |
| Shri. R.S. Nakra                | NI - E  | 1                           |

(NI - Non-Independent, I - Independent, NE- Non-Executive, E - Executive)

The Share Transfer and Investors' Grievance and Finance Committee met two times during the last financial year on October 31, 2006 and January 23, 2007.

**(ii) Terms of reference**

The Share Transfer and Investors' Grievance & Finance Committee looks into the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt of shares or refund order / dividend / notices / annual reports, etc., and also issue of duplicate certificates and review all other matters connected with securities. The Committee oversees the performance of the Registrar and Share Transfer Agent. The Committee is also authorized to take decisions in financial and banking matters. As on 31st March 2007, no instruments of share transfer were pending.

**(iii) Name, designation and address of the Compliance Officer**

Shri. Ch. Rajashekhar Reddy  
 Company Secretary & Sr. Manager (Legal)  
 ABG Shipyard Limited  
 4th Floor, Bhupati Chambers  
 13, Mathew Road,  
 Mumbai-400 004.  
 Tel: 022-66563000  
 Fax:022-23649236  
 e-mail: rsreddy@abgindia.com

**(iv) Details of Investors' complaints**

Investors' complaints received directly or through SEBI and BSE during 1st April, 2006 to 31st March, 2007 and the status of said complaints as on 31st March, 2007 are given below :

| Received from | Received and Resolved Upto 31st March 2007 | Pending as at 31st March 2007 |
|---------------|--|-------------------------------|
| Investors     | 180  | Nil                           |
| Through SEBI  | 37   | Nil                           |
| Through BSE   | 06   | Nil                           |

## 4. GENERAL BODY MEETINGS

### (i) Location and time of last three Annual General Meetings

The last three Annual General Meetings of the Company were held at the Registered Office of the Company at Near Magdalla Port, Dumas Road, Surat - 395 007, as per details below:

| Year    | Date       | Time       | Type of Meeting        | Special Resolutions Passed  |
|---------|------------|------------|------------------------|---|
| 2003-04 | 28.09.2004 | 11.00 a.m. | Annual General Meeting | Revision in the remuneration payable to Shri. R.S. Nakra - Wholetime Director |
| 2004-05 | 07.07.2005 | 11.00 a.m. | Annual General Meeting | Adoption of new set of Articles of Association                                |
| 2005-06 | 18.08.2006 | 12.00 noon | Annual General Meeting | Issue of 5889175 equity shares to Qualified Institutional Buyers              |

There were no Special Resolutions passed by the Company through Postal ballot at the last Annual General Meeting. No Special Resolution is proposed to be passed through Postal Ballot at the ensuing annual General Meeting.

### (ii) Extraordinary General Meetings held during last three years

The Extraordinary General Meetings of the Company during last three years were held at the Registered Office of the Company at Near Magdalla Port, Dumas Road, Surat-395 007, as per details below:

| Year    | Date       | Time       | Type of Meeting               | Special Resolutions Passed  |
|---------|------------|------------|-------------------------------|---|
| 2004-05 | 10.03.2005 | 11.30 a.m. | Extraordinary General Meeting | 1. Amendment to the Memorandum of Association of the Company<br>2. Amendment to the Articles of Association of the Company<br>3. Issue of further shares<br>4. Issue of further shares through private placement<br>5. Increase of limit of investment by FII's |
| 2005-06 | 22.06.2005 | 11.30 a.m. | Extraordinary General Meeting | 1. U/s 372A of the Companies Act, 1956 for investments, loans and guarantees beyond the prescribed limit  |
| 2006-07 | 18.05.2006 | 12.00 noon | Extraordinary General Meeting | 1. Raising of funds by issue of appropriate securities<br>2. Increase in FII's investment limit upto 49% of the paid-up capital   |

## 5. DISCLOSURES AND OTHER INFORMATION:

- (i) There are no transactions of materially significant nature that have been entered into by the Company with the Promoters, Directors, their relatives and the Management and in any company in which they are interested, that may have potential conflict with the interest of the Company.
- (ii) There were no instances of non-compliance during the last three years by the Company on any matter related to Capital Market except the miss out of the disclosure requirements in the RHP for which the Company had extended the issue closure by two days as per the SEBI directives. There were no penalties imposed, no strictures passed on the Company except as mentioned hereabove by Stock Exchanges, SEBI or any statutory authority.



- (iii) The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with Clause 7 of Annexure I D to clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.
- (iv) Details of compliance with mandatory requirements and adoption of non-mandatory requirements :  
The Company has complied with all the mandatory requirements.  
The Company has complied with the following non-mandatory requirements.
  - a) The Company has a Remuneration Committee.
  - b) The Company's statements are un-qualified.
  - c) The Company has laid down a whistle blower policy.
- (v) The Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company. The code of conduct is available on the website of the Company i.e. [www.abgindia.com](http://www.abgindia.com). The declaration of Managing Director in this regard is given below.

To,  
The Shareholders of ABG Shipyard Ltd.,  
Sub: Compliance with Code of Conduct.

I hereby declare that all the Board Members and Senior Management personnel have affirmed compliance with the code of conduct as adopted by the Board of Directors.

**For ABG Shipyard Limited**

Place: Mumbai  
Date: 18th June 2007

**Rishi Agarwal**  
Managing Director

## 6. SECRETARIAL AUDIT

A Qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## 7. MEANS OF COMMUNICATION

Quarterly / Half yearly / yearly financial Results of the Company are forwarded to Stock Exchanges where the Company's shares are listed. The results are published normally in Economic Times, Financial Express, Sandesh, Gujarat Samachar and DNA.

The quarterly results, half yearly results, Annual results and Shareholding Pattern as well as the Press clips are displayed on the Company's website at [www.abgindia.com](http://www.abgindia.com). In addition to the above, the Company also regularly provides information to the stock exchanges as per the requirements of the Listing Agreements and updates the same on the Company's website periodically to include information on new developments and business opportunities of the Company.

The shareholders who wish to receive intimation, whenever new information is uploaded on [www.abgindia.com](http://www.abgindia.com) are requested to send their e-mail ID to [seclegal@abgindia.com](mailto:seclegal@abgindia.com)

The Company has also posted information relating to financial results and shareholding pattern on Electronic Data Information Filing and Retrieval Systems (EDIFAR) at [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)

Management Discussion & Analysis Report is covered elsewhere in Directors' Report to the Members.

## 8. GENERAL SHAREHOLDERS' INFORMATION

### (i) Annual General Meeting

Day, Date and time : Thursday, 27th September 2007 at 12.00 noon  
 Venue : At the Registered Office of the Company at:  
 Near Magdalla Port, Dumas Road, Surat - 395 007

### (ii) Financial Calendar : April to March (Financial year)

First Quarter Results : 3rd/4th week of July  
 Second Quarter Results : 3rd/4th week of October  
 Third Quarter Results : 3rd/4th week of January  
 Fourth Quarter Results : 3rd/4th week of June

(iii) Book Closure : 24th September 2007 to 27th September 2007 (both days inclusive)

(iv) Dividend Payment Date : On or before 25th October 2007

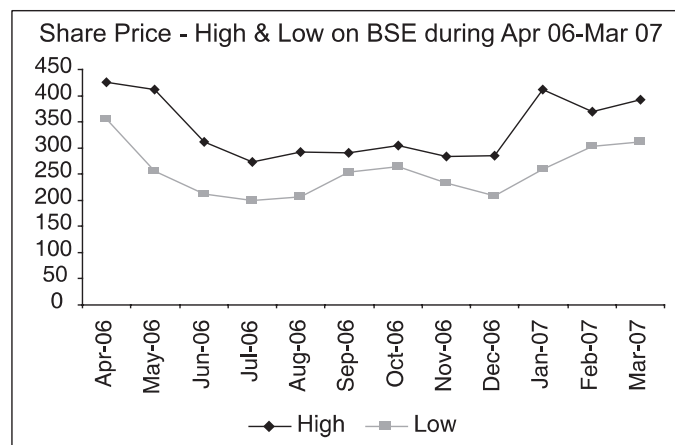
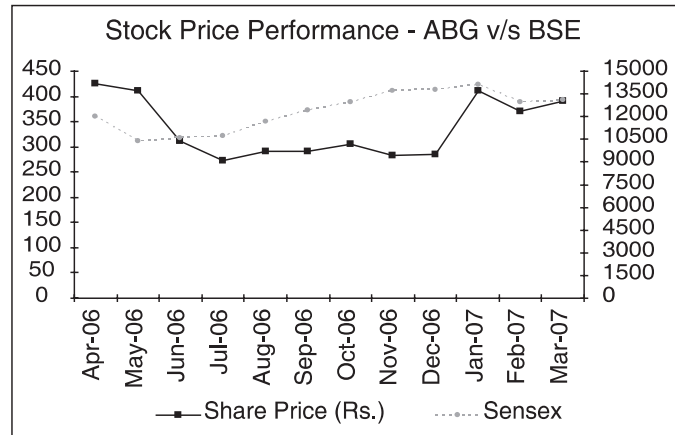
### (v) Listing at Stock Exchanges

| NAME OF STOCK EXCHANGE                   | STOCK CODE | CODE ON SCREEN         |
|--|------------|------------------------|
| The Bombay Stock Exchange Limited        | 532682     | ABGSHIP                |
| National Stock Exchange of India Limited | ABGSHIP    | ABGSHIP<br>Series - EQ |

The Company has paid annual listing fees to the above Stock Exchanges for the financial year 2007-08.

### (vi) Market Price Data (BSE)

| MONTH            | HIGH   | LOW    | BSE (Sensex) | Total No. of Shares Traded |
|------------------|--------|--------|--------------|----------------------------|
| April - 2006     | 425.00 | 356.00 | 12042.56     | 16,65,912                  |
| May - 2006       | 411.40 | 256.00 | 10398.61     | 12,12,413                  |
| June - 2006      | 312.00 | 212.50 | 10609.25     | 7,43,988                   |
| July - 2006      | 272.90 | 199.10 | 10743.88     | 3,20,875                   |
| August - 2006    | 292.00 | 206.00 | 11699.05     | 3,54,130                   |
| September - 2006 | 290.90 | 253.20 | 12454.42     | 41,079                     |
| October - 2006   | 305.00 | 264.00 | 12961.90     | 4,36,270                   |
| November - 2006  | 283.50 | 232.25 | 13696.31     | 6,35,095                   |
| December - 2006  | 286.00 | 208.50 | 13786.91     | 31,20,853                  |
| January - 2007   | 412.00 | 260.00 | 14090.92     | 38,59,826                  |
| February - 2007  | 369.95 | 302.35 | 12938.09     | 10,96,578                  |
| March - 2007     | 391.85 | 311.00 | 13072.10     | 14,79,506                  |



**(vii) Registrar and Share Transfer Agent**

Shareholders correspondence should be addressed to the Registrar and Share Transfer Agents of the Company at the following Address:

Intime Spectrum Registry Ltd  
 C-13, Pannalal Silk Mills Compound  
 L.B.S. Marg, Bhandup (West)  
 Mumbai - 400 078.  
 Tele: 91-22-25963838  
 Fax : 91-22-25946969  
 e-mail: isrl@intimespectrum.com

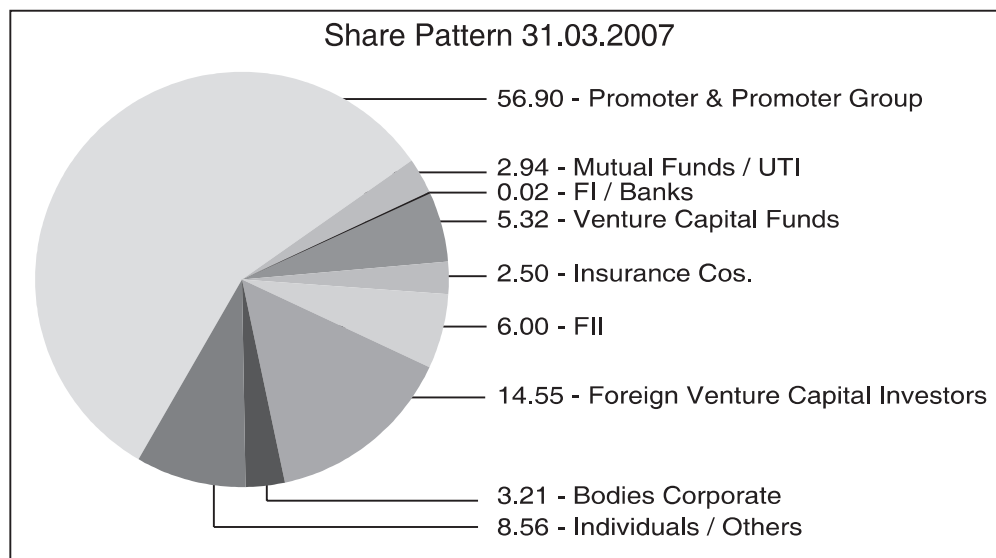
**(viii) Share Transfer System**

The Company's shares being in compulsory dematerialized (Demat) list are transferable through the depository system. Shares in physical are processed by the Registrar and Share Transfer Agent and approved by Share Transfer and Investors' Grievance & Finance Committee of the Board which meets at regular intervals.

(ix) Distribution of shareholding as on 31st March 2007

| Range - Shareholding of Nominal value (Rs.) | No. of Shareholders | % of Shareholdings | Number of Shares | % of Shares   |
|---|---------------------|--------------------|------------------|---------------|
| 1 - 5000                                    | 21534               | 96.66              | 1243584          | 2.44          |
| 5001 - 10000                                | 378                 | 1.69               | 293775           | 0.58          |
| 10001 - 20000                               | 161                 | 0.72               | 239151           | 0.47          |
| 20001 - 30000                               | 53                  | 0.24               | 133213           | 0.26          |
| 30001 - 40000                               | 33                  | 0.15               | 119797           | 0.24          |
| 40001 - 50000                               | 24                  | 0.11               | 112841           | 0.22          |
| 50001 - 100000                              | 31                  | 0.14               | 235193           | 0.46          |
| 100001 & above                              | 64                  | 0.29               | 48544247         | 95.33         |
| <b>Total</b>                                | <b>22278</b>        | <b>100.00</b>      | <b>50921801</b>  | <b>100.00</b> |

(x) Shareholding pattern as on 31.03.2007



|               | Category of Shareholder  | Number of shares | Percentage of shareholding |
|---------------|--|------------------|----------------------------|
| <b>(A)</b>    | <b>Shareholding of Promoter and Promoter Group</b>                                 |                  |                            |
| <b>1</b>      | <b>Indian</b>  |                  |                            |
| (a)           | Individuals/ Hindu Undivided Family  | 375000           | 0.74                       |
| (b)           | Bodies Corporate   | 28598598         | 56.16                      |
|               | <b>Total Shareholding of Promoter and Promoter Group</b>                           | <b>28973598</b>  | <b>56.90</b>               |
| <b>(B)</b>    | <b>Public shareholding</b>   |                  |                            |
| <b>(B)(1)</b> | <b>Institutions</b>  |                  |                            |
| (a)           | Mutual Funds/ UTI  | 1498302          | 2.94                       |
| (b)           | Financial Institutions / Banks   | 12000            | 0.02                       |
| (d)           | Venture Capital Funds  | 2707802          | 5.32                       |
| (e)           | Insurance Companies  | 1274894          | 2.50                       |
| (f)           | Foreign Institutional Investors  | 3053533          | 6.00                       |
| (g)           | Foreign Venture Capital Investors  | 7409267          | 14.55                      |
|               | <b>Sub-Total (B)(1)</b>  | <b>15955798</b>  | <b>31.33</b>               |
| <b>(B)(2)</b> | <b>Non-institutions</b>  |                  |                            |
| (a)           | Bodies Corporate   | 1634902          | 3.21                       |
| (b)           | Individuals  |                  |                            |
|               | i. Individual shareholders holding nominal share capital up to Rs 1 lakh           | 1980228          | 3.90                       |
|               | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 811361           | 1.59                       |
| (c)           | Any Other (specify)  |                  |                            |
| (c-i)         | Clearing Member  | 205570           | 0.40                       |
| (c-ii)        | Foreign Company  | 1252545          | 2.46                       |
| (c-iii)       | NRI  | 107799           | 0.21                       |
|               | <b>Sub-Total (B)(2)</b>  | <b>5992405</b>   | <b>11.77</b>               |
| <b>(B)</b>    | <b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>                               | <b>21948203</b>  | <b>43.10</b>               |
|               | <b>TOTAL (A)+(B)</b>   | <b>50921801</b>  | <b>100.00</b>              |

**(xi) Dematerialization of Shares**

As of 31st March 2007, 50921798 equity shares representing 99.99% of the paid-up equity capital of the Company have been dematerialized with the following depositories:

| Description | ISIN No.      | Depositories                                    |
|-------------|---------------|---|
| Fully Paid  | INE 067H01016 | National Securities Depository Ltd (NSDL)       |
|             | INE 067H01016 | Central Depository Services (India) Ltd. (CDSL) |

The Company has paid annual custodian charges for both NSDL and CDSL for the year 2007-08.

**(xii) Outstanding GDRs/ ADRs/ Warrants or any convertible instruments**

There are no outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

**(xiii) Shipyards**

Shipyard

Near Magdalla Port  
Dumas Road  
Surat - 395 007

Shipyard (under construction)

Village Jageshwar  
Near Dahej, Tal - Vagra  
Dist. - Bharuch, Gujarat

**(xiv) Address for Correspondence**

4th / 5th Floor, Bhupati Chambers  
13, Mathew Road, Mumbai - 400 004.  
Tele: 91-22- 66563000  
Fax: 91-22-23649236  
E-mail: seclegal@abgindia.com

For and on behalf of the Board

Place: Mumbai  
Date: 18th June 2007

**Kamlesh Kumar Agarwal**  
Chairman



## **MANAGING DIRECTOR (M.D.) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION ISSUED IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT**

To the Board of Directors,  
ABG Shipyard Limited.

### **Sub: Managing Director (M.D.) and Chief Financial Officer (CFO) Certification**

We have reviewed the financial statements, read with the Cash Flow Statement of ABG Shipyard Limited for the year ended March 31, 2007 and that to the best of our knowledge and belief, we state that;

1. (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading,  
  
(b) these statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
4. We have indicated to the Auditors and the Audit Committee;
  - (a) significant changes in the internal control over financial reporting during the year.
  - (b) significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

Place: Mumbai  
Date: 18th June 2007

**Rishi Agarwal**  
Managing Director

**Dhananjay Datar**  
Chief Financial Officer

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members  
ABG Shipyard Limited

We have examined the compliance of conditions of Corporate Governance by ABG Shipyard Limited for the year ended on 31st March 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency with which the management has conducted the affairs of the Company.

For **NISAR & KUMAR**  
Chartered Accountants

Place : Mumbai  
Date : 18th June 2007

**M. N. Ahmed**  
Partner  
M. No.: 18380