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Website: www.abgindia.com, Email- seclegal@abgindia.com, CIN: L61200GJ1985PLC007730

To,
The Members,

NOTICE PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013

Notice is hereby given, pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with Rule 22 of the Companies (Management and Administration) Rules, 2014, for obtaining the consent of the members of **ABG SHIPYARD LIMITED** ("the Company") through Postal ballot for the following special business:

1. **APPROVAL OF CORPORATE DEBT RESTRUCTURING SCHEME IN RELATION TO RESTRUCTURING OF THE COMPANY'S DEBTS.**

To consider and if thought fit, to give ASSENT OR DISSENT to the following resolution as a Special Resolution:

"RESOLVED THAT subject to the applicable provisions of the Companies Act, 1956, the Companies Act, 2013 and all other applicable laws (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of ABG Shipyard Limited ("**the Company**"), Listing Agreements entered into with stock exchanges, the applicable rules, notifications, guidelines issued by the Government of India ("**the GOI**"), the Reserve Bank of India ("**the RBI**") and any regulatory or other appropriate authorities (including but not limited to Securities and Exchange Board of India ("**SEBI**"), and subject to such approvals, permissions, sanctions and consents as may be necessary from any regulatory or other appropriate authorities (including but not limited to SEBI, the Corporate Debt Restructuring Empowered Group ("**the CDR EG**"), the RBI, the GOI), the Company hereby approves, ratifies, and confirms the Corporate Debt Restructuring Package by and between the Company and the CDR lenders of the Company ("**the CDR Lenders**") under the Corporate Debt Restructuring Scheme, approved by the CDR EG, at its meeting held on 24th March 2014, and communicated to the Company by the Corporate Debt Restructuring cell (the "**CDR cell**") vide Letter of Approval dated 27th March 2014 bearing reference no. BY.CDR (PMJ) NO.1193/2013-14 ("**CDR LOA**") and set forth under the Master Restructuring Agreement dated 28th March 2014 ("**the MRA**") and other CDR documents executed between the Company and the CDR Lenders, and the Board of Directors of the Company (hereinafter referred to as "**the Board**" which term shall be deemed to include any Committee thereof) and/or any person authorised by the board in respect hereof from time to time, be and is hereby authorised on behalf of the Company to discuss, negotiate, amend, if required, the terms of the CDR LOA in such manner as may be approved by and between the Company and the CDR Lenders ("**the CDR Documents**"), amend or make changes to the MRA and enter into other documents in pursuance of the CDR LOA and the MRA, implement the CDR LOA and the MRA on the basis of the terms set out in the CDR LOA and the MRA as may be agreed between the respective parties, and execute the necessary documents for the same including, inter alia, issuance of equity shares/any other securities to persons in terms of the CDR LOA and the MRA."

2. **TO PROVIDE OPTION TO CDR LENDERS TO CONVERT LOANS INTO EQUITY SHARES AND/OR 0.01% COMPULSORILY CONVERTIBLE PREFERENCE SHARES (CCPS).**

To consider and if thought fit, to give ASSENT OR DISSENT to the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force), and the Public Companies (Terms of issue of Debentures and Raising of Loans with Option to Convert such Debentures or Loans into Shares) Rules, 1977 ("**the Rules**"), and any modifications thereto, which the Board of Directors of ABG Shipyard Limited ("**the Company**"), (hereinafter referred to as "**the Board**" which term shall be deemed to include any Committee thereof), be and is hereby authorized to accept, and the consent of the Company be and is hereby accorded to the Board for the allotment, on the terms and conditions contained in the CDR Documents, of such number of Equity Shares of the face value of Rs. 10/- (Rupees Ten) each and / or 0.01% Compulsorily Convertible Preference Shares (CCPS) of the face value of Rs. 10/- (Rupees Ten) each to the CDR lenders of the Company ("**the CDR Lenders**") which shall not exceed the amount of principal and interest outstanding as on the date of conversion, in accordance with the terms of the Scheme of Corporate Debt Restructuring approved by the Corporate Debt Restructuring Empowered Group ("**the CDR EG**"), at its meeting held on 24th March 2014, and communicated to the Company by the Corporate Debt Restructuring Cell vide Letter of approval dated 27th March 2014 bearing reference number BY. CDR (PMJ) NO.1193/2013-14 ("**CDR LOA**") at a price determined as per the SEBI rules and regulations and the applicable provisions of the Companies Act, 2013 as amended from time to time and the Master Restructuring Agreement dated 28th March, 2014 entered into *inter alia* between the Company and the CDR Lenders, on exercise of the option to convert the whole or part of the outstanding loans of the Company (whether then due or payable or not) by the CDR Lenders.

The conversion by the CDR Lenders shall be in accordance with the following conditions:

- i. On receipt of the Notice of Conversion, the Company shall issue and allot the requisite number of fully paid-up Equity Shares and /or CCPS to the CDR Lenders or such other person identified by the CDR Lenders as from the date of conversion and such CDR Lenders shall accept the same in satisfaction of the loans of the CDR Lenders so converted, as envisaged under the CDR LOA;
- ii. The part of the said loans so converted shall cease to carry interest from the date of conversion and the said loans shall stand accordingly reduced. Upon such conversion, the repayment installments payable after the date of conversion as per the CDR LOA shall stand reduced proportionately by the amounts of the said loan so converted or as decided by the CDR Lenders/ the CDR EG;
- iii. The Equity Shares so issued and allotted to the CDR Lenders or such other person identified by the CDR Lenders shall rank paripassu with the existing Equity Shares of the Company in all respects, *interalia*, the dividends and other distributions declared or to be declared in respect of the equity capital of the Company. The Company shall, at all times, maintain sufficient un-issued equity share capital for the above purpose; and
- iv. In the event of exercising the aforesaid conversion right by the CDR Lenders or such other person identified by the CDR Lenders, the Company shall, at its cost, immediately apply to the stock exchanges where the shares of the Company are listed for the listing of the Equity Shares issued to the CDR Lenders or such other person identified by the CDR Lenders as a result of the conversion. For the said purpose the Company shall take all such steps as may be necessary to the satisfaction of the CDR Lenders or such other persons identified by the CDR Lenders.

RESOLVED FURTHER THAT the Board be and are hereby authorized to issue and allot to the CDR lenders the number of Equity Shares for conversion of the said portion of the Convertible Facilities, as may be desired by the CDR Lenders.

RESOLVED FURTHER THAT the Board shall comply with the provisions of Section 42 of the Companies Act, 2013 and all other provisions as applicable thereon.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to the above resolution."

3. ISSUE OF EQUITY SHARES AND/OR 0.01% COMPULSORILY CONVERTIBLE PREFERENCE SHARES (CCPS) TO THE CDR LENDERS ON PREFERENTIAL BASIS ON CONVERSION OF FUNDED INTEREST TERM LOAN.

To consider and if thought fit, to give ASSENT OR DISSENT to the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 62 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 and all other applicable laws (including any statutory modification(s) or re-enactment thereof for *the time being in force*) and in accordance with the provisions of the Memorandum and Articles of Association of ABG Shipyard Limited (**"the Company"**), the Listing Agreements entered into by the Company with the stock exchanges, where the shares of the Company are listed, applicable provisions of *the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009*, as may be modified or re-enacted from time to time (hereinafter referred as **"SEBI ICDR Regulations"**), the applicable rules, notifications, guidelines issued by various authorities including but not limited to the Government of India, the Securities and Exchange Board of India (**"SEBI"**), the Reserve Bank of India (**"the RBI"**), etc., and subject to the approvals, permissions, sanctions and consents as may be necessary from such regulatory and other appropriate authorities (including but not limited to the SEBI, the CDR EG (as defined hereinafter), RBI, the Government of India, etc.), and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, sanctions and consents and all such other approvals (including approvals of the existing lenders of the Company), which may be agreed to by the Board of Directors (hereinafter referred to as the **"Board"**, which term shall be deemed to include any committee thereof) and in terms of and furtherance of, Corporate Debt Restructuring Scheme (**"CDR Package"**) approved by the Corporate Debt Restructuring Empowered Group (**"The CDR EG"**), at its meeting held on 24th March, 2014, and communicated to the Company by the Corporate Debt Restructuring Cell vide Letter of approval dated 27th March, 2014 bearing reference number BY. CDR (PMJ) NO.1193/2013 -14 and subject to the terms of the Master Restructuring Agreement dated 28th March, 2014 (the **"MRA"**) executed by and between the Company and the CDR lenders of the Company (**"the CDR Lenders"**), consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in one or more tranches 56,410,554 (Five crore Sixty Four Lac Ten Thousand Five Hundred and Fifty Four) fully paid-up equity shares of the Company, having face value of Rs.10/- (Rupees Ten) each, at a price of Rs. 275.92 (Rupees Two Hundred Seventy Five and Ninety Two Paise Only) or such other price as determined in accordance with SEBI ICDR regulations and applicable law for reason of the change in the 'Relevant Date' and/or 0.01% Compulsorily Convertible Preference Shares (CCPS) having face value of Rs.10/- (Rupees Ten) each, for conversion of an amount not exceeding Rs. 1556.48 Crores (Rupees One Thousand Five Hundred Fifty Six Crores and Forty Eight Lacs Only), in consideration of Funded Interest Term Loan (**"FITL"**) being interest accrued on various restructured facilities from the cut-off date, i.e. 01st August 2013 (Cut-off Date") and/ or any interest payable on the FITL and/ or any re-compensate

amount aggregating to Rs. 1556.48 Crores (Rupees One Thousand Five Hundred Fifty Six Crores and Forty Eight Lacs Only), (hereinafter referred to as "**FITL Conversion Amount**") to the CDR Lenders, as mentioned in the explanatory statement annexed hereto, whether they are members of the Company or not, by way of preferential allotment and in such manner and on such other terms and conditions, as the Board may, in its absolute discretion, think fit.

RESOLVED FURTHER THAT CCPS shall be compulsorily converted into Equity Shares of the Company of the Face value of Rs. 10/- each, on the respective date on which the holders of such CCPS become entitled to apply for the Equity shares as set out in the Explanatory Statement ("**Entitlement Date**") which shall not be later than the Eighteen (18) Months from the date of allotment of such CCPS, at the conversion price determined with reference to 'Relevant Date'.

RESOLVED FURTHER THAT the 'Relevant Date' for determining the price for the equity shares to be allotted to the CDR Lenders shall be 24th March, 2014 being the date on which Corporate Debt Restructuring Package of the Company was approved by the CDR EG and the 'Relevant Date' for determining the conversion price for CCPS shall be a date 30 days prior to the date of conversion of CCPS into equity shares (Entitlement Date) in accordance with Regulations 71(b) and 76 of the SEBI ICDR Regulations.

RESOLVED FURTHER THAT the Board shall comply with the provisions of Section 42 of the Companies Act, 2013 and all other provisions as applicable thereon.

RESOLVED FURTHER THAT pursuant to the provisions of Regulation 74 of SEBI ICDR Regulations, the Board be and is hereby authorized to issue and allot the equity shares as agreed by the CDR Lenders.

RESOLVED FURTHER THAT the Equity Shares to be allotted upon conversion of Loan and upon conversion of CCPS shall rank pari passu with the existing Equity Shares of the Company in all respects and the Equity Shares shall be subject to lock-in for such period as stipulated by the applicable SEBI ICDR Regulations and Guidelines.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution(s), the Board be and is hereby authorized on behalf of the Company to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem fit, necessary, proper or desirable for such Purpose, including to seek listing, apply for in-principle listing approval of the equity shares to be issued, and allotted and to modify, accept and give effect to any modifications in the terms and conditions of the issue as may be required by the statutory, regulatory and other appropriate authorities (including but not limited to SEBI, CDR EG, RBI, the Government of India, etc.) and such other approvals (including approvals of the existing lenders of the Company) and as may be agreed by the Board, and to settle all questions/queries, difficulties or doubts that may arise in the proposed issue, pricing of the issue, offer and allotment of the equity shares and to execute all such deeds, documents, writings, agreements, applications in connection with the proposed issue as the Board may in its absolute discretion deem necessary or desirable without being required to seek any further consent or approval of the Members or otherwise with the intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard of the issue, offer or allotment of the Shares and the utilisation of the issue proceeds as per the terms with the Lenders and to give such directions and/or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, to vary the size of the issue, appoint banks and other intermediaries or agencies concerned or as the Board may *suo moto* decide in its absolute discretion in the best interests of the Company without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and to do all such acts, deeds, matters to do things whatsoever, including settle any question, doubt or difficulty that may arise with regard to or in relation to raising of resources as authorised herein, and that all or any of the powers conferred on the Board vide this resolution may be exercised by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorized in its entire discretion to decide to proceed with the issue of Equity Shares/CCPS as contemplated above and to delegate all or any of the powers herein conferred to any Committee of Directors to give effect to this resolution.

RESOLVED FURTHER THAT the Equity Shares to be issued and allotted are subject to reconciliation between the CDR Lenders and the Company."

Place: Mumbai

Date: 14th August, 2014

By Order of the Board of Directors

For ABG Shipyard Limited

Sd/

Company Secretary

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts is appended herein below.
2. The Postal Ballot Notice is being sent to all the Members, whose names appear on the Register of Members / List of beneficial owners as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as on Thursday, 14th August, 2014.
3. The Board of Directors has appointed Ms. Kala Agarwal, Practicing Company Secretary, Membership No. F5976 as Scrutinizer for conducting postal ballot voting process in a fair and transparent manner.
4. Members are requested to carefully read the instructions given in the enclosed Postal Ballot Form. Postal Ballot Form duly completed with the assent (for) or dissent (against), and signed should be returned directly to the Scrutinizer so as to reach the Scrutinizer on or before the close of normal working hours (1700 hrs) on Friday 26th September, 2014 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member. The Scrutinizer will submit her report to the Board after completion of the scrutiny and the results of postal ballot will be announced on Saturday 27th September, 2014, at the Corporate Office of the Company.
5. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturday between 11:00 a.m. and 1:00 p.m. up to the date of announcement of the result of the Postal Ballot.
6. In compliance with the provisions of Section 110 of the Companies Act, 2013 read with Rules made there under and Clause 35B of the Listing Agreement, the Company is pleased to provide e-voting facility for its Members of the Company to enable them to cast their votes on the resolutions electronically. Kindly note that the Members can opt for only one mode of voting, i.e. either by physical postal ballot or e-voting. If you are opting for e-voting, then do not vote by physical postal ballot also and vice versa. In case Members cast their vote by both physical postal ballot and e-voting, it may be noted that votes cast by them through e-voting shall prevail and votes cast by physical postal ballot will be treated as invalid. Link Intime India Private Limited, our Registrar and Transfer Agent will be facilitating e-voting to enable the Members to cast their votes electronically.

INSTRUCTIONS FOR E-VOTING ARE AS UNDER:-

IN CASE OF MEMBERS RECEIVING E-MAIL:

- (i) Log on to the e-voting website www.evotingindia.com and Click on "Shareholders" tab.
- (ii) Now Enter your User ID :- For CDSL: 16 digits beneficiary ID / For NSDL: 8 Character DP ID followed by 8 Digits Client ID / Members holding shares in Physical Form should enter Folio Number registered with the Company. Next enter the Image Verification as displayed and Click on Login.
- (iii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (iv) If you are a first time user follow the steps given below:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (v) After entering these details appropriately, click on "SUBMIT" tab.
- (vi) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (viii) Click on the EVSN for the ABG Shipyard Limited.
 - (ix) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (x) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - (xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - (xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xiii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - (xiv) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

IN CASE OF MEMBERS RECEIVING THE PHYSICAL COPY:

- (xv) Please follow all steps from sl. no. (i) to sl. no. (xiv) above to cast vote.
 - (xvi) The voting period begins on Thursday, 28th August, 2014 at 10.00 AM and ends on Friday 26th September, 2014 at 05.00 PM . During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, 14th August, 2014 , may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**ITEM NO. 1**

The global crisis has adversely impacted the shipping industry. This has led to lower capacity utilization and has adversely affected the operations of ABG Shipyard Limited (“**the Company**”). A combination of these factors has affected the liquidity of the Company and thereby facing problems in servicing the debt in timely manner. Therefore, the Company made a reference to Corporate Debt Restructuring cell (“**CDR Cell**”) on 31st October, 2013 for restructuring the Company’s debts through CDR mechanism envisaged under the guidelines issued by the Reserve Bank of India on 23rd August, 2011 as amended from time to time, and was admitted by the Corporate Debt Restructuring Empowering Group (“**CDR EG**”) on 11th December, 2013.

The final restructuring package (“**the CDR Package**”) was approved by the CDR EG at its meeting held on 24th March, 2014, and communicated to the Company by the CDR Cell vide Letter of approval dated 27th March, 2014 bearing reference number BY. CDR (PMJ) NO.1193/2013-14 (“**the CDR LOA**”). The salient features of the CDR Package are as follows:

1. Cut-off date : 01st August, 2013;
2. Total Debt restructured aggregating to Rs. 12,178.94 Crores (which includes re-structured Term Loans, Working Capital Loan payable over a period of 10 years and Funded Interest Term Loan).

The above restructured debt also includes the following;

- a. Total Debt restructured has funded interest ranging from 1 year 6 months to 3 years 7 months and loan is payable over a period of 10 years;
- b. Priority loan sanctioned for meeting the immediate operational and capital requirement of the Company;

3. Waiver of penal charges from the cut-off date to the date of implementation of the CDR Package; and
4. Reduction in the rate of interest to the Base Rate of the Monitoring Institution *plus* Spread of 1% (one percent) p.a. and as may be reset from time to time in accordance with the terms of the CDR LOA .

The above rescheduled debt is secured by:

- (1) Creation of charge by way of hypothecation/mortgage on the Company's moveable (both fixed and current assets) & immoveable assets of the Company ranking first Pari-Passu excluding excluded security;
- (2) Personal Guarantee of the Promoter viz. Mr. Rishi Agarwal;
- (3) Corporate Guarantee by ABG International Private Limited, the Promoter company in favour of priority lenders;
- (4) Pledge of shares held by the Promoters viz. Mr. Rishi Agarwal and ABG International Private Limited in the Company for the benefit of the CDR Lenders as stipulated in the MRA;
- (5) Pledge of shares held by the Promoters of ABG International Private Limited in ABG International Private Limited for the benefit of the Priority Lenders as stipulated in the MRA;
- (6) Pledge of the unencumbered shares held by the group companies of the Company in respect of their respective investments in favour of the Priority Lenders; and
- (7) Undertaking from the Promoters, as stipulated in the MRA.

The Finance and Operation Committee of the Board at its meeting held on 27th March, 2014 approved, accepted and taken on records the CDR LOA envisaging the Corporate Debt Restructuring Package. On 28th March, 2014, the Company also executed a Master Restructuring Agreement ("**the MRA**") and other Finance documents with the CDR Lenders as per terms of the CDR LOA.

The Special Resolution at Item No. 1, proposed to be passed by the shareholders, shall be deemed to be a confirmation, ratification and authorization by the shareholders of the Company in terms of the applicable provisions of the Companies Act, 2013 (including the Companies Act, 1956) in force and Regulation 10(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, to the scheme of Corporate Debt Restructuring as set out in the CDR LOA.

Your Directors re-commend passing of the special resolution at Item No. I of the Notice.

None of the Directors and key managerial personal of the Company and their relatives is interested or concerned in the passing of the above resolution.

All capitalized terms not defined herein shall have the meaning given to them in the Master Restructuring Agreement (MRA).

ITEM NO. 2

As per the Letter of Approval dated 27th March, 2014 bearing reference number BY. CDR (PMJ) NO.1193/2013-14 ("**CDR LOA**") and the Master Restructuring Agreement dated 28th March, 2014 ("**the MRA**") executed by ABG Shipyard Limited ("**the Company**") with the CDR lenders of the Company as set out in the MRA ("**the CDR Lenders**"), the CDR Lenders have an option to convert the restructured facilities into equity shares of the Company and/or 0.01% Compulsorily Convertible Preference Shares (CCPS) in the following manner:

- (a) An option to convert the Working Capital Term Loan (WCTL) and Term Loan (TL), as restructured, aggregating to Rs 10,622.46 Crore (Rupees Ten Thousands Six Hundred Twenty Two Crores and Forty Six Lacs) at any time during the currency of Loans as described in the MRA;
- (b) An option to convert the Priority Loans (priority Loan I, II and III) facilities aggregating to Rs. 1,813.11 (Rupees One Thousands Eight Hundred Thirteen Crore and Eleven Lacs Only) of CDR lenders as described in the MRA;
- (c) In the Event of default, an option to convert the whole or part of the outstanding debts into fully paid-up Equity Shares, at a price which is at par or which is as determined in accordance with the Applicable Law as described in MRA.
- (d) An option to convert 20% (twenty per cent) of such outstanding restructured Term Loan (as on the date of conversion) if the restructured facilities remains outstanding beyond 7 (seven) years from the date of the CDR LOA.

The Board of Directors, at their meeting held on 14th August, 2014 subject to the approval of the shareholders, approved the conversion of the Convertible Loans into equity shares / CCPS, as mentioned above, upon exercising the option to convert the same by the CDR Lenders.

Pursuant to the provisions of Section 62(1)(c) of the Companies Act, 2013 and the Public Companies (Terms of issue of Debentures and Raising of Loans with Option to Convert such Debentures or Loans into Shares) Rules, 1977, the approval of shareholders' of the Company is required for conversion of the loans, as mentioned in the above resolution, Into equity shares/ CCPS of the Company. Your Directors recommend passing of the Special Resolution at Item No. 2 of the Notice.

None of the Directors and key managerial personal of the Company and their relatives is interested or concerned in the passing of the above resolution.

All capitalized terms not defined herein shall have the meaning given to them in the Master Restructuring Agreement.

ITEM NO. 3

As per the Letter of Approval dated 27th March, 2014 bearing reference number BY. CDR (PMJ) NO.1193/2013-14 ("**CDR LOA**") and the Master Restructuring Agreement dated 28th March, 2014 ("**the MRA**") executed by ABG Shipyard Limited ("**the Company**") with the CDR lenders of the Company as set out in the MRA ("**the CDR Lenders**"), the CDR Lenders have an option to convert the total Funded Interest Term Loan (FITL) and / or any interest payable on the FITL and / or any re-compensate amount aggregating to Rs. 1556.48 Crores (Rupees One Thousand Five Hundred Fifty Six Crores and Forty Eight Lacs Only) in to equity shares of the Company and/or 0.01% Compulsorily Convertible Preference Shares (CCPS) in the following manner:

Out of the total amount of Funded Interest Term Loan ("FITL"), amounting to Rs. 1556.48 Crores (Rupees One Thousand Five Hundred Fifty Six Crores and Forty Eight Lacs Only), an amount aggregating to Rs. 1000/-Crores (Rupees One Thousand Crores) shall be compulsorily convertible into Equity Shares/ CCPS before 31st March, 2016. Further, the CDR Lenders shall also have the option to convert the balance FITL Facilities or any interest payable on the FITL Facilities or any re-compensate amount, in to Equity Shares and/or CCPS in accordance with the MRA and Applicable Laws, including but not limited to the SEBI ICDR Regulations and the Companies Act, 2013 and Rules made thereunder.

The details of the Funded Interest Term Loan (FITL) which is payable to the lenders of the Company are set out below:-

S.NO.	Name of the Lender	Total FITL (Rs. in Crore)
1	ICICI Bank Limited	483.50
2	State Bank of India	189.10
3	IDBI Bank Limited	220.90
4	Punjab National Bank	74.908
5	Bank of Baroda	42.20
6	Indian Overseas Bank	47.10
7	Bank of India	33.60
8	Oriental Bank of Commerce	60.40
9	Dena Bank	59.70
10	Laxmi Vilas Bank	9.40
11	Syndicate Bank	49.5
12	Andhra Bank	23.40
13	Canara Bank	4.00
14	Central Bank of India	5.80
15	State Bank of Patiala	2.90
16	State Bank of Travancore	4.10
17	Punjab and Sindh Bank	3.10
18	Indian Bank	5.00
19	IFCI Limited	30.90
20	South Indian Bank	21.80
21	Development Credit	12.70
22	Yes Bank Limited	49.00
23	Standard Chartered Bank Limited	73.10

24	SICOM Limited	22.30
25	Deutsche Bank	28.00
	Total	1556.48

*The Figures given above as per the CDR LOA and the MRA, are under reconciliation and the same may vary on the outcome of the reconciliation.

The Board of Directors, at their meeting held on 14th August, 2014, subject to the approval of the shareholders, approved the proposal for issue of 56,410,554 (Five Crore Sixty Four Lac Ten Thousand Five Hundred and Fifty Four) fully paid-up equity shares of the Company, having face value of Rs.10/- (Rupees Ten) each, at a price of Rs. 275.92 (Rupees Two Hundred Seventy Five and Ninety Two Paise Only) or such other price as determined in accordance with ICDR regulations and applicable law for reason of the change in the 'Relevant Date' and/or 0.01% Compulsorily Convertible Preference Shares (CCPS) having face value of Rs.10/- (Rupees Ten) each, for conversion of an amount not exceeding Rs. 1556.48 Crores (One Thousand Five Hundred Fifty Six Crores and Forty Eight Lac only), in consideration of "**FITL Conversion Amount**" to the CDR Lenders whether they are members of the Company or not, by way of preferential allotment, as the Board may in its absolute discretion, think fit.

CCPS shall be compulsorily convertible into Equity Shares of the Company, on "**Entitlement Date**" as mentioned hereinafter, upon which holders of the CCPS become entitled to apply for the Equity shares which shall not be later than the Eighteen (18) Months from the date of allotment of such CCPS, at the conversion price determined with reference to 'Relevant Date'

The CDR lenders shall be entitled to convert CCPS in to Equity Shares as on 26th March, 2016, ("**Entitlement date**").

The said issuance of Equity Shares shall be in accordance with the provisions of Chapter VII- "Preferential Issue" of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time ("**SEBI ICDR Regulations**") and other applicable laws in relation to conversion of interest due in to equity shares and / or CCPS of the Company, with prior approval of the Monitoring Committee, if required.

The shares shall rank pari passu with the existing Equity Shares of the Company.

The disclosures required pursuant to Regulation 73 of the ICDR Regulations are as follows:

i. Objects of the Preferential Issue:

The object of the preferential issue is to comply with the terms of CDR Package of the Company by allotment of Equity Shares/ CCPS of the Company to the CDR Lenders pursuant to the exercise of option by the CDR Lenders to convert the FITL facilities into equity shares/CCPS of the Company as stipulated in the CDR LOA and the MRA.

ii. Proposal of the Promoters, directors or key management personnel of the issuer to subscribe to the proposed preferential offer:

None of the promoters, directors or key management persons intends to subscribe to the proposed preferential offer.

iii. Shareholding Pattern before and after the preferential issue:

The shareholding pattern of the Company before and after the preferential issue is provided below:

Sr No.	Category of Shareholder	Pre-allotment as at 30 th June, 2014		Post-allotment*	
		No. of Shares	% of Capital	No. of Shares	% of Capital
(A)	PROMOTERS	34641057	68.03	34641057	32.27
(B)	PUBLIC SHAREHOLDING				
[1]	INSTITUTIONS				
	MUTUAL FUNDS / UTI	282	0.00	282	0.00
	FINANCIAL INSTITUTIONS / BANKS	1107111	2.17	57517665	53.59
	INSURANCE COMPANIES	300000	0.59	300000	0.28
	FOREIGN INSTITUTIONAL INVESTORS	2405867	4.72	2405867	2.24
	Sub Total	3813260	7.49	60223814	56.11

[2]	NON-INSTITUTIONS				
	BODIES CORPORATE	9732349	19.11	9732349	9.07
	INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH.	2415964	4.74	2415964	2.25
	OTHERS	319171	0.63	319171	0.30
	Sub Total	12467484	24.48	12467484	11.62
	Total (B)	16280744	31.97	72691298	67.73
	Total (A)+(B)	50921801	100.00	107332355	100.00

***Notes:**

(1) The post issue capital has been provided assuming the conversion of entire “FITL Conversion Amount” into Equity as per the allotments proposed under this Postal Ballot Notice.

In case of conversion of FITL into CCPS, it would presently not be possible to calculate the post issue shareholding pattern of the Company as the Conversion Price for the CCPS is to be ascertained as per the provisions of SEBI ICDR Regulations and thus the Conversion price will be ascertained only at the date 30 (thirty) days prior to the date of the **Entitlement date**, which shall be ‘**Relevant Date**’ as stipulated under Regulation 71 of the SEBI ICDR Regulations, 2009.

(2) The post-issue capital may stand altered depending the determination of the ‘Relevant Date’ as per the SEBI ICDR Regulations.

(3) The FITL is based on actual accruals and may stand altered.

(4) Post issue Non- promoter/public holding may very subject to the change in holdings based on secondary market transactions.

(5) The pre-allotment Shareholding has been given on the basis of data available as on 30th June, 2014.

The Company will ensure compliance with all applicable laws and regulations including the SEBI ICDR Regulations at the time of allotment of Equity Shares to the CDR Lenders.

iv. Time within which the preferential Issue shall be completed:

The equity shares shall be allotted to the concerned allottees in accordance with and within the time limit specified under the SEBI ICDR Regulations.

v. Identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issue consequent to the preferential issue;

Details of the Proposed Allottees

S.No.	Name of the Lender	Pre- allotment as at 30 th June, 2014		Post allotment*	
		No. of shares	% to paid-up capital	No. of shares	% to paid-up capital
1	ICICI Bank Limited	34362	0.07	17523195	16.28%
2	State Bank of India	-	-	6853436	6.37%
3	IDBI Bank Limited	-	-	8005944	7.44%
4	Punjab National Bank	-	-	2717454	2.52%
5	Bank of Baroda	-	-	1529429	1.42%
6	Indian Overseas Bank	-	-	1707017	1.59%
7	Bank of India	-	-	1217744	1.13%
8	Oriental Bank of Commerce	-	-	2189040	2.03%
9	Dena Bank	-	-	2163671	2.01%
10	Laxmi Vilas Bank	-	-	340678	0.32%
11	Syndicate Bank	-	-	1793998	1.67%

12	Andhra Bank	-	-	848072	0.79%
13	Canara Bank	-	-	144970	0.13%
14	Central Bank of India	-	-	210206	0.20%
15	State Bank of Patiala	-	-	105103	0.10%
16	State Bank of Travancore	-	-	148594	0.14%
17	Punjab and Sindh Bank	-	-	112351	0.10%
18	Indian Bank	-	-	181212	0.17%
19	IFCI Limited	-	-	1119890	1.04%
20	South Indian Bank	-	-	790084	0.73%
21	Development Credit	-	-	460278	0.43%
22	Yes Bank Limited	-	-	1775877	1.65%
23	Standard Chartered Bank Limited	-	-	2649319	2.46%
24	SICOM Limited	-	-	808205	0.75%
25	Deutsche Bank	-	-	1014787	0.94%

The aforesaid details have been provided assuming full conversion of the total FITL amount by each CDR Lender as of the date of the Board Meeting held on 14th August, 2014. However, the actual conversion shall depend on the extent of conversion rights exercised by each CDR Lender.

The proposed allottees are not part of the promoter group and hence allotment of equity shares may result in change in control of the Company.

vi. Undertaking by the Company to recompute price and to put under lock-in till the recomputed price is paid:

Not applicable in this case.

vii. Certificate from Statutory Auditors:

M/s Nisar & Kumar, Statutory Auditors, have certified that the Issue of securities is being made in accordance with SEBI ICDR Regulations. A copy of the said certificate is open for inspection at the Registered Office of the Company between 10:00 a.m. to 5:00 p.m. on all working days (except Saturdays, Sundays and holidays) up to the date of announcement of the result of Postal Ballot.

viii. Relevant Date:

As per the terms of the MRA, the lenders of the Company have a right to convert entire “**FITL Conversion Amount**” in to equity shares and / or CCPS of the Company in the manner as mentioned hereinabove, The ‘Relevant Date’ for determining the price for the equity shares to be allotted to the CDR Lenders shall be 24th March, 2014 being the date on which Corporate Debt Restructuring Package of the Company was approved by the CDR EG.

The ‘Relevant Date’ for determining the conversion price for CCPS shall be a date 30 days prior to the date of conversion (Entitlement Date) of CCPS into equity shares, in accordance with Regulations 71(b) and 76 of the SEBI ICDR Regulations.

ix. Lock-in Period:

The securities allotted to the CDR Lenders shall be locked in for a period of 1 (one) year as per the provisions of ICDR Regulations (other than those securities that are allotted to the CDR Lenders under Section 63(3) of the Companies Act, 2013, which are excluded by virtue of Regulation 70 (1)(a) of the ICDR Regulations).

Pursuant to Section 62(1)(c) of the Companies Act, 2013, issue of Equity Shares, to persons who are not members of the Company on a preferential basis, requires the approval of the shareholders of the Company by way of a special resolution.

Accordingly, the resolutions at Item No 3, if approved by the shareholders, will enable the Company to issue the said Equity Shares to the persons as stated above on a preferential basis in compliance with the conditions stated in the CDR LOA. Your Directors recommend passing of the resolutions at Item No. 3 of the Notice.

None of the Directors and key managerial personal of the Company and their relatives is interested or concerned in the passing of the above resolution.

All capitalized terms not defined herein shall have the meaning given to them in the Master Restructuring Agreement.

Place: Mumbai

Date: 14th August, 2014

By Order of the Board of Directors

For ABG Shipyard Limited

Sd/

Company Secretary