

UNAUDITED FINANCIAL RESULTS  
FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER, 2016

(Rs. in lakhs)

Particulars	Quarter Ended			Half Year Ended	
	30.09.2016	30.06.2016	30.09.2015	30.09.2016	30.09.2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Net Sales / Income from Operations	232.37	234.69	933.77	467.06	3,022.04
Other Operating Income	-	-	-	-	-
<b>Total Income from operations</b>	<b>232.37</b>	<b>234.69</b>	<b>933.77</b>	<b>467.06</b>	<b>3,022.04</b>
<b>Expenses:</b>					
a. Cost of Material consumed	57.82	350.74	2,208.51	408.58	3,877.50
b. Purchase of Stock in Trade	-	-	-	-	-
c. Change in inventories of finished goods, Work in progress and stock in trade	8,560.00	(308.35)	17,000.00	8,251.65	16,803.52
d. Employees benefit expenses	868.28	1,111.46	1,127.28	1,979.74	2,888.21
e. Depreciation and amortisation expenses	1,789.89	1,771.15	2,050.95	3,560.84	4,080.30
f. Other Expenses	32,257.70	14,117.37	6,727.81	48,375.07	8,874.91
<b>Total Expenses</b>	<b>43,533.49</b>	<b>17,042.37</b>	<b>29,114.55</b>	<b>60,575.86</b>	<b>36,324.44</b>
<b>Profit from operation before other income, finance cost and exceptional items</b>	<b>(43,301.12)</b>	<b>(16,807.68)</b>	<b>(28,180.78)</b>	<b>(60,108.80)</b>	<b>(33,302.40)</b>
Other Income	53.01	62.09	107.31	115.10	183.78
<b>Profit from ordinary activities before finance cost &amp; exceptional items</b>	<b>(43,248.11)</b>	<b>(16,745.59)</b>	<b>(28,073.47)</b>	<b>(60,093.70)</b>	<b>(33,118.62)</b>
Finance cost	28,828.34	26,146.34	19,743.82	56,974.66	39,661.11
<b>Profit from ordinary activities after finance cost but before exceptional items</b>	<b>(72,076.45)</b>	<b>(44,891.93)</b>	<b>(47,817.29)</b>	<b>(1,16,968.36)</b>	<b>(72,779.73)</b>
Exceptional Items	-	-	-	-	-
<b>Profit from ordinary activities before tax</b>	<b>(72,076.45)</b>	<b>(44,891.93)</b>	<b>(47,817.29)</b>	<b>(1,16,968.36)</b>	<b>(72,779.73)</b>
Tax Expense	-	-	-	-	-
<b>Net Profit from Ordinary activities after tax</b>	<b>(72,076.45)</b>	<b>(44,891.93)</b>	<b>(47,817.29)</b>	<b>(1,16,968.36)</b>	<b>(72,779.73)</b>
Extraordinary Items (Net of Tax Expense)	-	-	-	-	-
<b>Net Profit for the period</b>	<b>(72,076.45)</b>	<b>(44,891.93)</b>	<b>(47,817.29)</b>	<b>(1,16,968.36)</b>	<b>(72,779.73)</b>
Other Comprehensive Income ( Net of taxes )	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>(72,076.45)</b>	<b>(44,891.93)</b>	<b>(47,817.29)</b>	<b>(1,16,968.36)</b>	<b>(72,779.73)</b>
Paid-up Equity Share Capital (Face Value of Rs. 10/- each)	9,968.37	5,403.08	5,403.08	9,968.37	5,403.08
Basic Earning Per Share before extraordinary items (In Rupees)	(92.14)	(83.09)	(88.76)	(175.22)	(135.11)
Diluted Earning Per Share before extraordinary items (In Rupees) (Not Annualised)	(92.14)	(83.09)	(88.76)	(175.22)	(135.11)
Basic Earning Per Share after extraordinary items (In Rupees)	(92.14)	(83.09)	(88.76)	(175.22)	(135.11)
Diluted Earning Per Share after extraordinary items (In Rupees) (Not Annualised)	(92.14)	(83.09)	(88.76)	(175.22)	(135.11)

ABG Shipyard Ltd.  
STATEMENT OF ASSETS AND LIABILITIES  
PARTICULARS

Half Year Ended  
30.09.2016  
Unaudited

ASSETS		
<b>Non-Current Assets</b>		
(a) Property, Plant and Equipment		63,269.18
(b) Capital Work-in-Progress		1,94,510.72
(c) Other Intangible Assets		742.38
(d) Financial Assets		22,012.51
(i) Investments		3,293.42
(ii) Other Financial Assets		8,842.46
(e) Other Non-Current Assets		2,92,670.67
<b>Current assets</b>		4,60,507.53
(a) Inventories		
(b) Financial Assets		8,312.80
(i) Trade Receivables		1,459.27
(ii) Cash and Cash Equivalents		6,496.53
(iii) Bank Balances Other than (ii) above		1,43,048.98
(iv) Loans		80,462.05
(v) Other Financial Assets		81,977.13
(c) Other Current Assets		7,61,964.29
<b>TOTAL</b>		<b>10,54,634.96</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Share capital		20,150.47
(b) Other Equity		(4,19,340.20)
		(3,99,189.73)
<b>Liabilities</b>		
<b>Non Current Liabilities</b>		
(a) Financial Liabilities		4,86,699.11
-Borrowings		820.00
(b) Provisions		4,87,319.11
<b>Current Liabilities</b>		
(a) Financial Liabilities		2,91,984.22
(i) Borrowings		26,132.76
(ii) Trade Payables -Others		2,93,406.13
(iii) Other Financial Liabilities		3,49,799.34
(b) Other Current Liabilities		725.86
(c) Provisions		4,457.25
(d) Current Tax Liabilities (Net)		9,66,505.58
<b>TOTAL</b>		<b>10,54,634.96</b>

Notes:

- The above results for the quarter and half year ended on 30th September, 2016 were reviewed by the Audit Committee of Directors and approved by the Board of Directors at their meeting held on 21st March, 2017. The statutory auditors have carried out a Limited Review of the results. The previous quarters results are not subject to review by the statutory auditors.
- The company is in deep financial crisis and its operation are closed, barring ship repairing business at very low level. Its Dahej yard is shut for last two years with agitative labour and staff. With this the management of the company has witnessed a high attrition rate of employees and scant available resources. Hence the company could not prepare and publish its financials in time. Further, the company is in process of converging its accounts to Ind - AS.
- Pursuant to the scheme of Corporate Debt Restructuring (CDR), the Company has allotted 33,38,46,056 Nos. of 0.01 % Compulsorily Convertible Preference Shares (CCPS) of Face Value Rs.10/- each to CDR lenders towards conversion of the Funded Interest Term Loan (FITL) / Interest on FITL, if any till date. Out of these CCPS, the company has till date converted 23,18,25,067 nos of CCPS and allotted 46,66,52,627 nos. of Equity shares of Rs. 10/- each at premium.
- The company has one primary identifiable, reportable segment, namely Construction of Ships and Rigs. Owing to suspension of Ship/ rig building activities at yards, no income has been reported from construction of ships/ rigs. Income from operations for the period represents ship repairs.
- Considering the dismal global industry scenario, cancellation of certain shipbuilding contract and uncertainty about the operations, the company is continuously endeavouring to align the carrying cost of its inventory to the market/ realisable value based on technical/ management's valuation. Thus, Other Expense and Change in Inventory for the period include retrenchment in value of inventory to the tune of Rs. 40,180 lacs.
- Loans and advances amounting to Rs. 176,187.76 lacs are outstanding from subsidiaries / related parties. The management is of the view that considering the relationship of the company with these parties charging of interest is not expedient. Further in view of the Management even though these outstandings are old, they are considered good and recoverable. There are advances to various parties for material and services, those are outstanding for a long time. In view of cessation of activities in yards, the materials and services could not be called from such parties. The management considers that no provision is required to be made and these are considered good and recoverable.
- The company has requested / approached all its lending banks/ institutions to provide account statements, details, transaction documents and confirmation of balances, which many banks/ institutions have not provided. In absence of which the company has recorded the transactions including classification of liabilities in Current and Non current, based on available details and documents and estimations.
- The Company had recognised for subsidy under Ship Building Subsidy Scheme in earlier years, out of which subsidy of Rs. 49,984.88 lacs is still receivable as on 30th September, 2016. The receipt of aforesaid Subsidy is dependent upon completion of vessels and compliance with other terms and conditions of the Ship Building Subsidy Scheme of the Government of India. The completion of vessels depends on availability of working capital as well as ship owners capability to make progress payment and to take delivery of these vessels in a depressed shipping market economic scenario. The management is hopeful that it will be able to get funds to complete the vessels and deliver the same.
- The Company has defaulted in repayment of loans and covenants of the CDR scheme of lenders. There has been suspension of operations at Dahej yard and low key operation at Surat yard. and its net worth has eroded. Certain lenders / creditors and statutory Authorities have initiated legal proceedings against the company including filing of winding up petitions and recalling the loans. The company has approached the bankers and looking for strategic investors to infuse further fund. Considering favourable Policies of the Government of India for ship building, company's assets base and potential of its ship building facilities, the management plans to resume normal activities in the company, and hence the financial statements have been prepared assuming that the company will continue as a going concern.
- The company has been constructing / expanding facilities at Dahej yard to increase its ship/Rig building capacities. Due to financial constraints there has been a prolonged suspension of such construction activities. The management considers such suspensions as temporary in nature. The physical condition of these assets under construction is good and further construction would resume on availability of funds. At such time, the management will assess any increase in cost, replacement etc. So in view of the management, the recoverable amount is more than carrying value and as such no amount needs to be recognised in the financial statement as impairment loss.
- The Company has investments in subsidiaries and others entities amounting to Rs. 22,012.51 lacs as on date. The investments are strategic and long term in nature and thus there is no diminution other than temporary in the value of Investments. Hence, in the opinion of the management, no adjustment is required to be made for diminution in value.
- Figures for the previous year / period have been regrouped and / or reclassified wherever considered necessary.

For ABG Shipyard Limited

(Executive Director)

Place: Mumbai  
Date: 21st March, 2017

## INDEPENDENT AUDITORS' REVIEW REPORT

**TO,  
THE BOARD OF DIRECTORS,  
ABG SHIPYARD LIMITED**

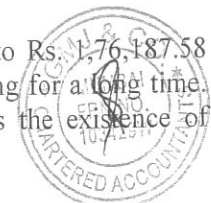
1. We have reviewed the accompanying statement of 'Unaudited Standalone Financial Results of ABG SHIPYARD Limited ('the Company')' for the quarter and the half year ended on September 30, 2016, prepared by the Company pursuant to Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, read with SEBI Circular No. CIR/CFD/CMD/15/2015 dated 30<sup>th</sup> November, 2015 and SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, which has been initialed by us for identification purposes. The Indian Accounting Standard (Ind AS) compliant figures of the corresponding quarter and half year of the previous year i.e. September 30, 2015 have not been subjected to a limited review and are based on the previously published financial results as adjusted for differences arising on the transition to Ind AS. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.
2. The review has been conducted by us, in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. These standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. **Basis For Qualified Conclusion:**

- a) The prolonged suspension of construction activities of some of the Plant Assets in Dahej Shipyard facilities, expenses incurred and capitalized so far on those assets amount to Rs. 1,94,511 lakhs. The physical condition of these assets under construction, require technical evaluation to determine impairments or write off, if any. However, in the view of the management, the suspension of construction activities of these assets is temporary in nature and assets under construction are not obsolete, and the company will be able to resume construction activities in the near future and hence no provision is required to be made.

Management has informed us that the recoverable amount of Assets within the meaning of Indian Accounting Standard (Ind AS)-36 is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency and the uncertainty of resumption of future operations/results of operations thereafter. Further, in absence of physical verification of Fixed Assets and capital work in progress at Dahej Shipyard, we are unable to comment on the carrying value.

- b) In respect of various loans, advances and other receivables amounting to Rs. 1,76,187.58 lakhs given to related parties, the deliverables and receipts are outstanding for a long time. Absence of recoveries from these parties since several years indicates the existence of



material uncertainty that may cast doubts on the recoverability of the loans, advances and other receivables. However, in the view of the management no provision is required considering that these entities are related parties and as such the balances are considered good and recoverable.

As such loans are interest free, and there is no stipulation of repayment date, we consider that, prima facie, the terms and conditions of such loans are prejudicial to the interest of the Company. We are unable to comment on the recoverability of loans and advances and ascertain the impact, if any, on the financial statements.

- c) The Company had recognised for subsidy under Ship Building Subsidy Scheme in earlier years, out of which subsidy of Rs. 49,964.89 lakhs is still receivable as on September 30, 2016. The receipt of aforesaid Subsidy is dependent upon the compliance of the terms and conditions of the Ship Building Subsidy Scheme of the Government of India. The Company has not made provision for the possible impact of the non-recoverability of the same, if there is any non-compliance for the terms and conditions.
- d) There has been suspension of operations at Dahej unit and very low key operation at Surat unit. Further, there are civil and criminal proceedings pending before Judicial Authorities seeking compensations, liquidation of the Company and punishment to Directors/ Officers of the company. The company has suffered recurring losses and its net worth has eroded. The company has received a letter from CDR EG for the discontinuation of Corporate debt restructuring scheme on 1<sup>st</sup> March, 2017 as the Company has defaulted in repayment of loans and covenants of the CDR scheme of lenders. All these conditions indicate a significant doubt about the going concern.

The financial results have been prepared assuming that the company will continue as a going concern. The Financial statements do not include any adjustments that might result from the outcome of this uncertainty.

- e) In respect of Work in Progress amounting to Rs.7,03,452.81 lakhs, the company follows accounting practice of recognizing revenue under Ind AS-11 on the basis of estimated cost, cost so far incurred and estimated profit or loss out of shipbuilding contracts. The cost estimates are done by company and we have relied on the same. A technical evaluation was carried out by the Company, of the inventory of Ships and Rigs under construction and the valuation of Work in progress in the previous year. In view of the management, adequate provision for estimated future foreseeable losses is provided in the books of accounts.

The technical evaluation has been done in phases and is not completed for rigs and certain ships. Hence, we are unable to comment on further impairment, if any, which may pertain to the values of rigs and certain ships as appearing in books of Accounts as Work in Progress.

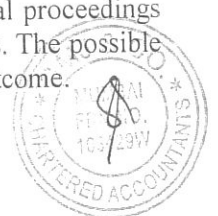
- f) The Company has investments in subsidiaries and related parties amounting to Rs.22,012.51 lakhs as on the date of results, out of which for the investment of Rs.18,879.78 lakhs, audited financial statements are not available of the investee companies. Further in respect of investment amounting to Rs. 3,131 lakhs in the Subsidiary Western India Shipyard Limited as per the Audited financial statement of March 31, 2016 the Net worth is negative, the Company has incurred cash losses, its cash flows are under stress and the Market Value of the shares is below the average cost as on the date of the results. No impairment has been provided for the same in the books of accounts as in view of the management the investments are long term and strategic in nature and there is no diminution other than temporary in nature. We are unable to ascertain or quantify whether any provision is required to be made for the impairment of these investments.



- g) The policies, procedures and overall internal controls needs to be strengthened in order to provide proper evidences regarding recoverability of receivables, valuation of Work in progress, provisioning of payables/liabilities and accounting for direct & indirect taxes including other statutory compliances and timely and proper recording of the capital and revenue transactions. We are unable to ascertain its impact, if any on the statement in respect of the above matters.
- h) The Company has not appointed the internal auditor as required by Section 138 of the companies Act, 2013.
- i) The company has not completed the exercise of ascertaining and accounting the impacts consequent to transition to Indian Accounting Standards issued under Companies (Indian Accounting Standards) Rules 2015. Therefore, the possible impact of the same on the profit & loss and retained earnings, if any, cannot be ascertained.
4. Based on our review conducted as above, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, impact of which cannot be ascertained, nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Financial Results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. Emphasis of Matter:

We draw attention to the following:

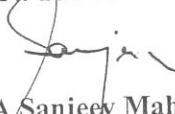
- a) Advance to suppliers amounting to Rs. 46,100.78 lakhs are outstanding for a long period. In respect of these advances, no materials or services have been received by the company. Reduction of company's activity, aged outstandings, and absence of balance confirmation of outstandings from these parties, indicates the existence of material uncertainty that may cast doubts on the recoverability of these advances or deliverables against the same. However, in the view of the management, no provision is required to be done as such balances are considered good and recoverable.
- b) The company received letter from CDR EG for the discontinuation of Corporate debt restructuring scheme on 1st March, 2017 as the Company has defaulted in repayment of loans and covenants of the CDR scheme of lenders, the impact of which has not been given, as the management is in the process of analyzing the impacts of the same. As regards contingency related to "compensation payable in lieu of Bank Sacrifice" the outcome is materially uncertain and cannot be determined in terms of its monetary impact on the financial results.
- c) Loan statements pertaining to certain Loans from some banks and financial institutions have not been received and reconciled. Further, due to pending clarification and confirmation/statement from some banks for certain current/cash credit accounts, entries have not been reconciled. Hence the effect, if any, of such pending reconciliations, on financial statements remains unascertained. Margin money and suspense account amounting to Rs.6,177.03 lakhs and Fixed deposits of Rs.1,143 lakhs with banks, is subject to statements / confirmation and reconciliation. Due to pending margin money, term deposit statement, confirmation and consequent reconciliation with the books of accounts, we are unable to comment on the same and ascertain its impact, if any, on the statement.
- d) Some customers, creditors as well as Statutory Authorities have initiated legal proceedings against the company, which may result in compensation, interest and penalties. The possible impact of the same on financial results cannot be ascertained, pending such outcome.



- e) Trade receivables amounting to Rs.8,312.80 lakhs are outstanding for a long period. Absence of recoveries from these parties since several years indicates the existence of material uncertainty that may cast doubts on the recoverability of the receivables. However, in the view of the management adequate provision has been made and such balances are considered good and recoverable. We are unable to comment on the recoverability of receivables and ascertain the impact, if any, on the financial statements.

Our conclusion is not qualified in respect of above matters

**For GMJ & Co.**  
**Chartered Accountants**  
**FRN: 103429W**

  
**CA Sanjeev Maheshwari**  
**Partner**  
**ICAI Membership No. 38755**



**Place: Mumbai**  
**Date: March 21, 2017**