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ABAN LOYD CHILES OFFSHORE LTD.
Nineteenth Annual Report, 2004-05

CORPORATE INFORMATION

BOARD OF DIRECTORS

V.S. RAO	-	<i>Vice Chairman</i>
REJI ABRAHAM	-	<i>Managing Director</i>
P. MURARI		
K. BHARATHAN		
S. SRINIVASAN	-	<i>Nominee of ICICI Bank Limited</i>
P. VENKATESWARAN	-	<i>Director (Operations)</i>
C.P. GOPALKRISHNAN	-	<i>Director (Finance) & Secretary</i>

REGISTERED OFFICE

Janpriya Crest
113 Pantheon Road,
Egmore,
Chennai - 600 008.

REGISTRARS AND SHARE TRANSFER AGENT

CAMEO CORPORATE SERVICES LIMITED
'Subramaniam Building'
1 Club House Road,
Chennai - 600 002.

AUDITORS

FORD, RHODES, PARKS & Co.
Chartered Accountants
'Paruvatham'
2, 56th Street, off 7th Avenue,
Ashok Nagar,
Chennai - 600 083.

AUDIT COMMITTEE

V.S. RAO	-	<i>Chairman</i>
P. MURARI	-	<i>Member</i>
K. BHARATHAN	-	<i>Member</i>

SHAREHOLDERS' / INVESTORS GRIEVANCE COMMITTEE

K. BHARATHAN	-	<i>Chairman</i>
P. VENKATESWARAN	-	<i>Member</i>
C.P. GOPALKRISHNAN	-	<i>Member</i>

COMPENSATION COMMITTEE

V.S. RAO	-	<i>Chairman</i>
REJI ABRAHAM	-	<i>Member</i>
P. MURARI	-	<i>Member</i>
K. BHARATHAN	-	<i>Member</i>

BANKERS

INDIAN OVERSEAS BANK
STATE BANK OF INDIA
STATE BANK OF TRAVANCORE
ICICI BANK LIMITED
UTI BANK LIMITED
IDBI BANK LIMITED
UNITED BANK OF INDIA
PUNJAB NATIONAL BANK

WEBSITE

www.abanindia.com



Aban Loyd Chiles Offshore Ltd

Regd. Off: Janpriya Crest, 113, Pantheon Road Egmore, Chennai - 600 008

NOTICE TO MEMBERS

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of ABAN LOYD CHILES OFFSHORE LIMITED will be held on Wednesday, 31st August 2005 at 11.00 A.M. at the Auditorium of Madras School of Social Work, 32 Casa Major Road, Egmore, Chennai 600 008 to transact the following business:

Ordinary business

1. To consider and adopt the Profit and Loss Account for the year ended March 31, 2005 and the Balance Sheet as at that date together with Reports of the Board of Directors and the Auditors thereon.
2. To declare a Dividend for the year ended 31st March 2005.
3. To appoint a Director in place of Mr. P. Murari who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. V.S. Rao who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

Special business

6. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution

“RESOLVED THAT in continuation of the resolution with respect to Employee Stock Option Scheme 2005, (ESOS 2005) passed at the Extraordinary General Meeting of the Members of the Company held on 23rd April 2005, the approval of the Members be and is hereby accorded for the fixation of pricing of stock options, Vesting and Exercise Period for the ESOS 2005 as specified in the explanatory statement annexed hereto.”

By Order of the Board

Chennai: 600 008
Date: 15.07.2005

C.P. Gopalkrishnan
Director (Finance) & Secretary

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate Members are requested to send a duly certified copy of the Board Resolution pursuant to Section 187 of the Companies Act, 1956 authorising their representative to attend and vote at the Annual General Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 24th August, 2005 to 31st August 2005 (both days inclusive).
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
5. Dividend if declared at the Annual General Meeting will be paid on or after 31st August 2005 to those persons or their mandatees:
 - a) Whose names appear as Beneficial Owners as at the end of the business hours on 23rd August 2005 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - b) Whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Share Transfer Agent on or before 23rd August 2005.
6. Members / proxies should bring the enclosed attendance slip duly filled in, for attending the meeting, along with the Annual Report. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.

i. Nomination facility:

- As per the provisions of the Companies Act, 1956 nomination facility is available to the Members in respect of the shares held by them.
- Members holding shares in physical form may obtain the Nomination Forms from the Company's Registrar and Share Transfer Agent.
- Members holding shares in electronic form may obtain the Nomination Forms from their respective Depository Participants.

ii. Electronic Clearing Services (ECS) facility:

- To avoid the loss of dividend warrants in transit and undue delay in respect thereof, the Company provides ECS facility to the members. The ECS facility is available at locations identified by the Reserve Bank of India, from time to time and covers most of the cities and towns.
- Members holding shares in the physical form may furnish their details in the prescribed form, which can be obtained from the Registrar and Share Transfer Agent of the Company.
- Members holding shares in the electronic form may furnish their details in the prescribed form, which can be obtained from their respective Depository Participants.

7. Unclaimed dividends

Transfer to General Revenue Account:

Pursuant to Section 205A of the Companies Act, 1956 all unclaimed / unpaid dividends upto the Financial Year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Members, who have not yet encashed their dividend warrant(s) for the said period are requested to forward their claims in respective form prescribed under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to:

Office of the Registrar of Companies
Shastri Bhawan
26, Haddow Road
Chennai - 600 006.

Transfer to the Investor Education and Protection Fund;

Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company, shall be transferred to the Investor Education and Protection Fund ("the Fund") set up by the Government of India.

Accordingly, the dividend, which had remained unpaid/unclaimed for the financial year ended 31st March, 1996 and 31st March, 1997 had been transferred to the Investor Education and Protection Fund.

It may be noted that the unclaimed dividend for the financial year ended 31st March, 1998 is due for transfer to the fund in the month of October 2005.

Members are requested to note that no claim shall lie against the Company or the aforesaid fund in respect of any amount of dividend remaining unclaimed / unpaid for a period of seven years from the dates they became first due for payment. Any person / member who has not claimed dividend in respect of the financial year ended 31st March, 1998 or any year thereafter are requested to approach the Company / the Registrar and Share Transfer Agent of the Company immediately for claiming the same.

8. In order to provide protection against fraudulent encashment of the warrants, members holding shares in physical form are requested to intimate the Company / Registrar and Share Transfer Agent under the signature of the Sole / First holder, the following information to be incorporated on the dividend warrants:

1. Name of the sole / first joint holder and the folio number.
2. Particulars of bank account Viz.
 - a. Name of the bank
 - b. Name of the branch
 - c. Complete address of the bank with Pin code number
 - d. Bank account number allotted by the bank

9. In respect of matters pertaining to bank details, ECS mandates, nomination, power of attorney, change in name / address etc. members are requested to approach the Company's Registrar and Share Transfer Agent, in case of shares held in physical form and the respective Depository Participants, in case of shares held in electronic form. In all correspondence with the Company / Registrar and Share Transfer Agent, members are requested to quote their account / folio numbers or DP ID and Client ID for physical or electronic holdings respectively.
10. Members desirous of getting any information on the accounts or operations of the Company are requested to

forward queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.

11. Reappointment of Directors

- a. Mr. P. Murari, 71 years, was appointed an Independent Director in 1996. He is a member of the Audit Committee and the Compensation Committee.
- b. Mr. V.S. Rao, 76 years, was appointed as Independent Director in the year 1991. He is the Chairman of the Audit Committee and Compensation Committee and Vice Chairman of the Board.

Details of Directors seeking re-appointment in the Annual General Meeting to be held on 31st August, 2005

Name of Director	Mr. P. Murari	Mr V. S. Rao
Date of birth	19.08.1934	18.07.1929
Date of appointment	18.09.1996	22.08.1991
Date of appointment as Wholetime Director	N.A.	N.A.
Qualification	M.A. (Economics)	B.E. (Honours) Pune University
Experience in specific functional areas	Retired Civil Servant (I.A.S) Senior positions held in government both at the Centre and in Tamil Nadu	Retired Company Executive
List of Public Limited Companies in India in which Directorship held	Bhoruka Power Corporation Ltd Credit Capital Asset Management Co.Ltd Daurala Organics Limited Glaxo Smithkline Consumer Healthcare Ltd HEG Limited Indian Rayon and Industries Ltd Moving Picture Company (India) Ltd Mukand Limited – Nominee of ICICI South Asian Petrochem Ltd Xpro India Limited Great Eastern Energy Corporation Limited	Aban Energies Limited
Membership of Committees in the Company	Audit Committee Compensation Committee	
Chairmanship of Committees in the Company		Audit Committee Compensation Committee
Membership of Committees in other Companies	Indian Rayon & Industries Ltd Xpro India Ltd Mukand Limited	
Chairmanships of Committees in other Companies	Moving Picture Company (I) Ltd GlaxoSmithkline Consumer Healthcare Ltd Xpro India Limited	

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS CONTAINED IN THE NOTICE DATED 15TH JULY, 2005

Your Company has launched an Employee Stock Option Scheme (the ESOS-2005) in accordance with the guidelines issued by SEBI in this regard. The resolution for issue of shares under ESOS – 2005 had been approved by the Members at the Extraordinary General Meeting of the members of the Company held on 23rd April 2005. In addition to the above the following details are submitted for approval of the members.

The vesting period for options granted to an employee will commence on the date of grant of such options and shall end in the following manner:

- i) 30% of the total number of such options granted to the employee (rounded of to nearest 10) shall vest at the end of the first year from the date of grant of options
- ii) 30% of the total number of such options granted to the employee (rounded of to nearest 10) shall vest at the end of the second year from the date of grant of options
- iii) The balance 40% of the total number of such options granted to the employees (rounded of to nearest 10) shall vest at the end of the third year from the date of grant of such options

The maximum period within which the options are vested shall be three years.

The Exercise Price for the Options shall be the Market price as defined by Securities Exchange Board of India - SEBI Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines - 1999 for each Option or such other price determined by the Compensation Committee at the time of the grant of the Options. The Compensation Committee may re-price the Options by

modifying the exercise price at which the unexercised Options may be exercised in compliance with the provisions of law including the SEBI guidelines.

The maximum exercise period shall be a period of three years from the date of vesting of the Options.

To exercise the Option the process shall be as follows:

- 1) The Options may be exercised in one or more instances before the expiry of the exercise period by the eligible employee or his legal heir, nominee or as the case may be
- 2) On exercise of the Options the eligible employee must pay the exercise price of the options to the Company
- 3) The mode and manner of the exercise of the Options will be communicated separately to the eligible employee by the Company

The Options granted shall expire, if the eligible employee or his legal heir / nominee as the case may be, does not exercise it within the exercise period.

If the Options vested in an Option Grantee are not exercised within the exercise period allowed for such Options, the right of the Options Grantee to apply for Option / Equity Shares shall stand forfeited and such Options shall forthwith lapse. In the event of the lapse of any Options pursuant to the provisions of the ESOS, the said lapsed Options shall be available to the Compensation Committee for Grant to such other employees as the Compensation Committee may deem fit.

Note: The Directors of the Company may be deemed to be concerned or interested in the Special Resolution to the extent of equity shares that may be offered to them under ESOS 2005.

By Order of the Board

Chennai: 600 008
Date: 15.07.2005

C.P. Gopalkrishnan
Director (Finance) & Secretary

Corporate profile

The business:

- Aban Loyd Chiles Offshore Ltd was incorporated in the year 1986.
- The Company is the largest offshore oil field service provider in India's private sector.
- Its primary operation comprises drilling and other oil field services hydrocarbon exploration and production covering the entire spectrum of services.
- It possesses an interest in three marginal oil fields in a joint venture with Prize Petroleum.
- It is also engaged in the business of power generation through renewable energy.

Fleet

Rig name	Rig description
Aban II	250-ft jack-up rig
Aban III	300-ft jack-up rig
Aban IV	300-ft jack-up rig
Aban V	300-ft jack-up rig
Aban VI	250-ft jack-up rig
Tahara	Floating production system unit (FPSU)
Frontier Ice	Drillship

Listing

The Company's shares are listed in the Madras Stock Exchange Ltd, The Stock Exchange, Mumbai, The National Stock Exchange of India Ltd and The Delhi Stock Exchange Association Ltd. The market capitalisation as on 31st March, 2005 was Rs.15670 million in The Stock Exchange, Mumbai.

Milestones

- 1986: Company incorporated.
- 1987: Commenced operations with two jack-up rigs (Aban I and Aban II).
- 1992: Acquired a 300-ft rig (Aban III) from Mahindra & Mahindra.
- 1997: Sold rig Aban I.
- 2001: Acquired Hitech Drilling Services India Limited, including a 300-ft jack-up rig and a floating production system unit in addition to its existing fleet.
- 2002: Merger of Hitech Drilling Services India Limited.
- 2004: Purchased Drillship Frontier Ice.

- 2004: Purchased a jack-up offshore drilling rig Pride West Virginia (now Aban V).
- 2005: Purchased a jack-up drilling rig Energy Explorer IV (now Aban VI).
- 2005: Entered into an agreement for purchase of jack-up offshore rig Rowan Texas.

Track record

- An unbroken dividend record for the last 17 years.
- Increase in net worth from Rs.1202.5 million in 2000-01 to Rs. 2211.50 million in 2004-05 showing an increase of 84 per cent.

Performance, 2004-05

- Aban reported its best ever turnover of Rs.2889.80 million, cash profit of Rs.1396.80 million and profit after tax of Rs.517.2 million.
- It invested Rs.5488 million in additional fleets to make its growth sustainable.
- Its combined asset base, valued at over \$250 million, is internationally mobile, providing easy deployability and logistical flexibility.

Managing Director's overview

Mr Reji Abraham, Managing Director, reviews the Company's progress in 2004-05 and looks ahead with optimism

Were you happy with the performance of the Company during the financial year under review?

Absolutely delighted would be a fair reply. We reported a higher deployment of our rigs. The benefit of value and volumes translated into a 10 per cent jump in our bottom line for 2004-05, making it a satisfactory year for the Company.

What was the Company's principal initiative in making the growth sustainable?

We have increased our fleet from four rigs to seven rigs, during 2004-2005, probably the highest rig capacity increment anywhere in the world during the financial year under review.

This represents a big achievement in the global marketplace. Only few rigs have been constructed and fabricated in the last 20 years due to a prohibitive break-even cost of US\$60,000 per day. The number of rigs that have been added over the last two decades has been very few. There has been a big increase in drilling activities since there is a buoyant market and there are more rig buyers than sellers in today's environment.

As a result, being able to purchase two rigs and a drill ship indicates our ability to spot opportunities, our abilities to mobilise funds for it and close deals with speed and without endangering our ongoing business in any way.

How will the management convince its shareholders that the \$125 million acquisition will enhance the Company's competitive edge and not jeopardise it?

We recognise the concern of our shareholders. We had a debt of Rs.2400 million at the beginning of the financial year, which increased to Rs.7179 million as of now against a net worth of Rs.2211 million. However, we would like to assure shareholders that we will protect the interests through the following ways:

- A low cost of the mobilised debt at around 7.5 per cent, which is likely to maintain the Company's interest cover at around the levels of what it achieved in 2004-05.



Our acquisitions will de-risk the business and accelerate profit growth



- Among the highest EBIDTA margins in the business, which the Company expects to protect even after the acquisition, resulting in a quick payback on the large investment.
- An increase in the tenure of contracts from an average of two years to three years, which will protect the Company's earnings for a longer period across the foreseeable future, an excellent de-risking strategy in the face of this large acquisition.
- The maintenance of operational costs at one of the lowest levels in the industry on account of a modest cost culture and locational advantages.
- The extension of our operations from India for the first time into the

overseas market through a contract for drilling services in the Persian Gulf waters.

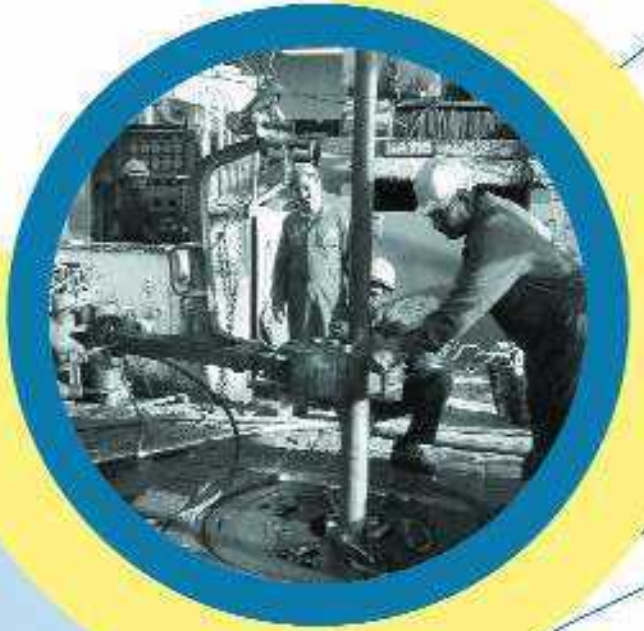
- The correction of our debt-equity ratio through the mobilisation of preference shares FCCB issue loans, which will enable us to mobilise fresh debt if other acquisitions come our way.

How does the Company expect to enhance shareholder value over the foreseeable future?

Through an increase in the ownership of rigs, which will immediately place it among the larger community of rig owning companies in the world. This scale will not just be important from a profitability perspective; it will enable the Company to attract acquisitions

and deployment opportunities better than before. As a result, this scale could actually accelerate its growth over the foreseeable future.

The Company also funded its acquisition through low cost debt, which will enhance value in a significant way over a period of time as the debt is repaid. Among other initiatives, the Company sub-divided its equity shares from a face value of Rs.10 per share to Rs.2 per share to make it more affordable for prospective investors. Finally, I would like to bring to the attention of our owners that the acquisition cost is around only half of its replacement cost, a safe buffer even in the event of a decline in the value of rigs over the coming years.



Our vision

At Aban, the acquisition of two rigs and one drillship was based on the premise that the growing India would need more oil. By this, oil requirement would need to be increasingly derived from discoveries within the country, more discoveries would need to be drawn from increased drilling and this increased drilling would have to be contracted out to rig service providers like Aban.

So Aban's largest single year investment in its history was made with a view to strengthen India's long-term oil security.

Just consider:

- India's demand for petroleum products is expected to increase from about 180 million tonnes in 2006-07 to about 370 million tonnes by 2024-25.
- Oil and gas accounts for about 42 per cent of India's energy consumption; it is estimated to reach 45 per cent by the end of the first quarter of the 21st century.
- India's per capita consumption of hydrocarbon energy of about 113 kg of oil equivalent will gradually increase towards the global average of 927 kg.
- For this to happen, India's demand for oil and gas is expected to outperform the global growth of 2 per cent with an annual increase of around 7 per cent.



Our prospects

Aban's purchase of two rigs and a drillship was made within the span of six months as the Company perceives a robust long-term demand for drilling services.

Much of this optimism is derived from India's Hydrocarbon Vision 2025, which outlines the government's long-term direction, comprising the following features:

Aims of the New Exploration Licensing Policy (NELP)

- Achieving self-reliance in India's energy security through increased indigenous production and investment in equity oil abroad.
- Developing the hydrocarbon sector as a globally competitive industry, benchmarked against the best in the world through technology upgradation and capacity building across all industry facets.

Attraction of a large number of foreign players

- In the last four years, private and joint venture companies have made 32 significant hydrocarbon discoveries.
- In the last four years, the NOCs, ONGC and OIL have made 25 significant hydrocarbon discoveries (10 offshore).
- Of the 10 offshore discoveries, six have been in Kutch, the Mumbai Basin and Western Offshore and four in the Krishna-Godavari Basin and Eastern Offshore.
- Cairn Energy, UK, has made nine oil discoveries in Rajasthan and established 136.34 million tonnes of in-place oil reserves.

These increased strikes are leading to enhanced drilling activities leading to a stronger demand for rigs. All of the Company rigs are deployed on contracts for an average tenure of three years, implying strong day rates, assured income and sustained profitability.



Our strengths

At Aban we increased our installed capacity by 75 per cent within a single year on account of a rig shortage in Indian waters that is likely to persist.

Consider the following:

- Against an existing demand for 42 rigs, only 36 are currently in operation in India, indicating a shortfall of six rigs.
- Robust day rates on account of a greater demand over the supply of rigs.
- Low prospects of rig addition on account of prohibitive capital costs and a minimum three years required to build a rig from scratch.

This decision was influenced by the fact that the mobilisation of funds to make this acquisition possible would not strain the Company's financials today or affect its prospects of reporting a sustainable growth in its profits over the foreseeable future. Moreover, the Company leveraged the acquisition to achieve a size and visibility respected by contractors in the award of fresh contracts.

The Company's in-house engineering capability in shrinking equipment downtime and enhancing utilisation is showcased in the following achievement:

- The execution of one of the Company's turnkey project in 2004-05, wherein it deployed its crew of engineers and technical professionals to overhaul one of its own rigs by using an external infrastructure facility as opposed to the practice of assigning this to external experts.
- A quicker commissioning of the rig and a saving of more than Rs.50 million for the Company.

Over the years, the Company's in-house competencies have been reinforced by the recruitment of qualified professionals, a culture of techno-economical decision-making, robust re-engineering capabilities, responsible safety procedures and practices as well as ongoing training.



Management Discussion and Analysis

Segment-wise performance

	(Rs. in millions)	
Revenue	2004-05	2003-04
Drilling	2790.3	2724.7
Wind Energy	181.0	195.4
Profit / (Loss)		
Drilling	992.8	1023.7
Wind Energy	(133.1)	(242.6)

1 INDUSTRY STRUCTURE AND DEVELOPMENTS

Drilling Division Overview

Nearly 90 per cent of the Company's EBITDA in 2004-05 was derived from drilling activity, making it important to understand the industry dynamics and background. Drilling companies physically drill and pump oil out of the ground. Since attrition in this business could affect uptime and schedules, there is a propensity for oil companies to contract work out to drilling companies for a specified time and an agreed payment. These companies earn revenues from the day rates paid by the oil and gas producers.

Major markets

The principal market for drilling in the world are the US, the Gulf of Mexico and Mexico (accounting for nearly 50 per cent of the world's jack-up allocation), followed by the Middle East. Thereafter, there is a fair spread of jack-up rigs across the North Sea and interests around the Indian Ocean, South East Asia and Australia.

Rates

The day rates for rigs strengthened during 2004-05 over the previous year for a number of reasons. The simple average organic reserve replacement ratio of 40 exploration and production companies analysed by Fitch was more than 100 per cent. Approximately 18 of the 40 failed to have a three-year average organic replacement ratio of more than 100 per cent, including some of the biggest in the business. Besides, following NELP, the players in the Indian market have increased significantly, increasing strike possibilities and the prospect of reinvestment, strengthening the prospects of service providers like Aban.

Aban's industry presence

ONGC, India's largest user of rig services, and other private operators invite global tenders for the hiring of rigs (specifying the type required). Drilling companies submit their bids (technical and price) and the lowest bidder is awarded the contract. The

drilling Company deploys rigs with ONGC or the private operator for a specified period at the negotiated day rates. Aban is one of a number of rig service providers in India deploying rigs with ONGC and private operators. Since inception Aban in particular enjoys a goodwill on account of its rich and longstanding technical expertise.

Wind Energy Division Overview

Nearly 10 per cent of the Company's EBITDA in 2004-05 was derived from wind energy operations.

The need for renewable energy alternatives over non-renewable sources is critical on account of increasing environmental concerns (the emission of greenhouse gases and related climate changes), depletion of renewable sources and large-scale resource degradation on account of the burning of fossil fuels. In view of this, renewable energy derived from the harnessing of wind continues to remain the fastest growing renewable energy source in the world.



India is one of the largest producers of wind power after Denmark (the highest installed capacity in the world at 3,117 MW), Germany, Spain and the United States, who cumulatively account for almost 80 per cent of the global production. The wind energy sector in India has been one of the major success stories of the renewable energy programme with 3595 MW of capacity installed as on 31st March, 2005. Wind represents a source of clean energy with a short gestation period and very attractive option in meeting the country's power shortage.

India enjoys a total installed capacity of approximately 3595 MW as on 31st March, 2005, the scope for capacity addition being significant considering its gross wind power potential of 45,000 MW. It took India nearly two decades to reach from zero to 3595 MW of wind power generation; it will now take the country less than a decade to scale from 3595 MW to 10,000 MW of wind power generation.

According to the Ministry of Non-Conventional Energy Sources (MNES), the 1111 MW capacity increment of wind power in 2004-05 has been the highest capacity addition of wind power in any financial year so

far in India. This indicates a 44 per cent growth in comparison to a cumulative installed capacity of 2483 MW by the end of 2003-04. The full potential of wind power in India is estimated at 45,000 MW, with the technical potential currently estimated at 13,995 MW.

Projections by MNES show that 10 per cent of the 2,40,000 MW of new capacity required by the expanding Indian economy in 2012 will come from renewable energy sources. It is envisioned that half of this – 1,20,000 MW – will be generated by wind power.

As a responsible organisation, Aban invested in wind energy generation with a view to derive the benefit of low cost energy, the benefit of accompanying incentives announced by the government and to reinforce its business with a stable source of income.

2 INDUSTRY OUTLOOK

Drilling division

- As India looks towards the increasing captive generation of oil and gas, the outlook for service providers appears bright.
- This is being reflected in an

increasing demand for around 42 rigs against a supply of 36, strong day rates and increasing profitability for rig providers. Aban, being the largest rig provider in India's private sector, undertook the biggest capacity expansion in 2004-05 through the acquisition of three rigs, which were immediately booked for tenures ranging from three to five years, leading to assured income.

- Aban is also in the process of acquiring one more rig during 2005-2006.

Wind Energy Division

- The Company had invested Rs. 2400 million in 165 wind energy turbines until 31st March, 2005 and is expected to generate robust revenues through optimised use, reflected in a low downtime and increased machine availability.

3 FINANCIAL PERFORMANCE REVIEW

Aban reported a marginal increase in its gross income in 2004-05, which stood at Rs. 2971.3 million (robust day rates and attractive topline accretion as a result acquisitions made in 2004-05). The Company's profit after tax increased from Rs.472.9 million in

Aban undertook the largest acquisition in its history in 2004-05, when it acquired three new rigs, which enhanced its rig capacity by around 75 per cent

2003-04 to Rs.517.2 million in 2004-05, registering a growth of 10 per cent. Aban reported a 10 per cent improvement in the average day rates for its jack-up rigs in 2004-05.

4 OPERATIONAL PERFORMANCE REVIEW Drilling division

- Aban is the largest offshore drilling service provider in India's private sector. The basis of the Company's income is derived through day rates for providing rigs, drillship or floating production system unit (FPSU) to drilling operators engaged in the exploration and production of oil or workover of wells. Offshore drilling accounted for 94 per cent of the Company's income in 2004-05 compared to 93 per cent in 2003-04.
- Aban strengthened its equipment maintenance, resulting in an optimal asset utilisation compared to the best international standards. All the Company's rigs were contracted for tenures ranging between three to five years, resulting in assured income over an extended period.
- Aban undertook and successfully completed an assignment for the

overhaul and repair of one of its rigs. While the crew comprised the Company's employees, the infrastructure was outsourced. This backward integration resulted in strong quality management, shrinking time in asset turnaround and substantial savings on account of the early commencement of contract.

- Aban undertook the largest acquisition in its history in 2004-05, when it acquired two new rigs and a drillship, which enhanced its rig capacity by around 75 per cent. The drillship Frontier Ice was acquired in September 2004, the rigs Pride West Virginia in December 2004 renamed as Aban V and Energy Explorer -IV in February 2005 renamed as Aban VI was acquired with an existing contract in the Persian Gulf. The acquisition widened the Company's service range from drilling between 150 to 1000 ft water depths.
- Aban entered into an agreement with Rowandrig Inc. for the purchase of a jack up, Rowan Texas during 2005-06.
- The Economic Times, India's leading financial daily, nominated Aban as one of the top-20 emerging companies of India.

Business Today rated Aban as No. 2 in Investor Friendly Companies.

Wind Energy Division

Aban's wind energy division generated 627.50 lakh units of power during 2004-05, leading to a revenue of Rs.169.3 million.

5 OPPORTUNITIES AND THREATS

Drilling Division: Opportunities

The prospects of rig service providers are generally dependent upon Government Policies. In view of this, it would be pertinent to assess the government's stance and the proposed investments of ONGC Limited, enjoying the largest exposure in India, a scenario that is likely to continue across the coming decade.

- As many as 94 blocks have been given out by the government for exploration under the New Exploration and Licensing Policy since April 2000 against just 22 blocks in the preceding 10 years.
- While ONGC holds 57.2 per cent of the total area licensed by the government for oil exploration, Reliance Industries and Oil India Ltd. have been allotted licenses covering around 26.6 per cent and 5.5 per cent respectively. This is increasing the competition and broadening the market.



- India, which is seeking investments in the exploration sector from local and foreign firms, has so far signed more than 100 contracts from the blocks offered in the previous rounds. The estimated investment committed to the NELP programme is over US\$4 billion during 2003-06.

- It is estimated that there are hydrocarbon reserves worth 1 billion tonnes of oil equivalent (btoe) in the deep waters of India. Some 36 discoveries have been made over the past seven years (1997-2004) and more than 800 million tonnes of oil and oil equivalent gas have been discovered.

- Of India's six billion tonnes of oil and gas reserve accretion, four billion tonnes are expected to come from offshore and deep waters, which makes Aban's presence in this segment prudent and appropriate.

- ONGC enjoys a strong financial position - reserves in excess of Rs.350,000 million, which is expected to sustain its fresh drilling and exploration across the next few years.

- The ONGC management indicates that it possesses exploration licenses for a total of around 680,800 square km in India and will invest Rs.330,000 million in the 10th Plan period in oil and gas exploration, discovery and asset building. ONGC proposes to drill a total of 594 exploratory wells during the Tenth Plan and expects to improve recovery from 28 per cent to 40 per cent.

- A number of large oil companies have expressed interest for partnering ONGC in deep water explorations.

As India looks to increase its self-sufficiency in oil production, the overall industry scenario appears bright across the long-term. With a view to capitalise on the market place opportunities, Aban acquired two rigs and a drill ship in 2004-05, the largest acquisition made by the Company in any single year of its existence. This initiative has enhanced the Company's capacity by 75 per cent and will result in attractive income accretion.

With the recent acquisition, Aban has strengthened its service basket to drill

in depths varying from 150 to 600 ft. As a result of the acquisition it has opened up opportunities for the Company to migrate to international waters and widen its revenue based further.

The widening demand over supply of rigs has triggered two opportunities for the Company: maximum capacity utilisation of its rigs on the one hand all of Aban's rigs are contracted across the next 3 years and strong day rates on the other.

Wind Energy Division: Opportunities

- The small-scale introduction of mega-wind farms owned by the private sector represents a growing opportunity for harnessing wind power.

- In its draft renewable energy policy, the Ministry of Non-Conventional Energy Sources (MNES) outlined an ambitious target for creating an additional renewable capacity of 10,000 MW by 2012, around 10 per cent of the new power generation capacity.

Of India's six billion tonnes of oil and gas reserve accretion, four billion tonnes are expected to come from offshore and deep waters

6 RISKS AND CONCERNS

Aban operates in a dynamic business environment. The Company is exposed

to fast-paced industry changes, which makes it imperative to protect itself from an industry downturn on the one hand while capitalising on the upside

on the other. This section of the annual report deals with the principal risks associated with the industry in general and the Company in particular.

Industry risk	There could be a decline in oil drilling and exploration, affecting the demand for rigs and resulting in lower day rates.	Of India's estimated hydrocarbon resource base of 30 billion tonnes (240 billion barrels) of oil and oil equivalent gas waiting to be discovered, a high 42 per cent lies offshore (water depth of up to 200 metre) and 25 per cent in deep waters. Only about 28 per cent of the established resources (excluding deep waters) have been converted into 'in-place geological reserves' and a mere 10 per cent of the resources are producing, creating a basis of increased drilling. Besides, international giants like Shell are countering their understatement of reserves over the last few years with increased drilling and exploration, a scenario that is likely to persist into the medium-term.	The Indian Petroleum Ministry awarded 20 exploration blocks under the NELP - V the highest ever, indicating increased drilling and business for rig service providers like Aban.
Rate risk	Day rates for rig service providers are at an all-time high, which may not be sustainable.	The outlook for day rates continues to be optimistic because there is a large gap between the demand and supply of rigs, which is likely to persist. Besides, the long-term trend indicates that oil prices may not decline to historically low levels, correspondingly influencing day rates. However, in the unforeseen event of a decline, the Company has protected itself with long-term contracts for all its rigs.	Aban's average day rate increased by 17 per cent in 2005-06 over 2004-05.



Risk identification	Risk explanation	Risk mitigation	Mitigation measurement
Geography risk	The Company's business is largely dependent on providing drilling services in Indian waters, a big risk in the event of a probable change in the government's policy.	The Company diversified its risk through the deployment of a rig for the first time outside the Indian waters. The international outlook also appears optimistic; day rates in the Middle East continue to be robust in view of Aramco's increasing investments in exploration. Aban VI has been deployed in the Persian Gulf until October 2007, which will increase its international experience to widen its operations extending to other countries.	The geographic diversification will account for 15 per cent of the Company's income from 2005-06 onwards.
Contracts risk	The Company can either book its rigs on spot (tramping) or long-term contracts, the former being shorter in tenure but higher in realisations. A failure in making the right selection, especially when a market is at its inflection point, could lock the Company into low returns.	In view of the need to de-risk the Company in the face of a large capacity expansion, the Company prudently decided to lock its rigs into long-term contracts at rates that were higher than the average in the previous year, a fair balance between volume and value.	The Company has prudently opted for the relatively safer strategy; all its fleet were contracted out on long-term rates even though spot realisations were 15% to 18% higher than the former.

Aban invested in 65 MW of wind energy turbines, generating a 10 per cent return on its investment, a steady return

Risk identification	Risk explanation	Risk mitigation	Mitigation measurement
Customer risk	Aban's single largest customer is ONGC, accounting for 85 per cent of its income, a big risk in the event of customer attrition.	Aban is the largest oil exploration and production Company in the private sector working with ONGC, the biggest public sector oil Company in India. In view of India's growing energy requirement, it is unlikely that ONGC will stagger its drilling programme. On the contrary, the total demand for rigs in India is 42, while supply is just 36.	Aban's stated policy of achieving international stature in its operations the income streams will get diversified, thus reducing the risk attached to single customer situations.
Wind energy risk	The Company's investment in wind energy could generate sub-optimal returns and also represent an unproductive diversification.	Aban invested in 65 MW of wind energy turbines, generating a 10 per cent return on its investment, a steady return. This investment was made with a view to capitalise on the government's fiscal incentives of that time of investment to promote renewable energy. The Company does not intend to invest further in this business.	The Company has generated an income of Rs. 181 million during the year 2004 - 2005.



The Company has taken a number of measures to ensure employee safety at the worksite

7 INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company's management continuously reviews the internal control system and procedures to ensure an orderly and efficient conduct of business. The Company regularly conducts internal audits either through external or internal resources to monitor the effectiveness of internal control in the organisation. Audits are finalised and conducted based on an internal risk assessment strategy. Significant findings are brought to the notice of the Audit Committee of the Board and corrective measures recommended for implementation. Reports of the internal auditors are also regularly reviewed by the management and corrective action initiated to strengthen the controls and

enhance the effectiveness of the existing systems.

8 MATERIAL DEVELOPMENT IN THE HUMAN RESOURCE/ INDUSTRIAL RELATIONS FRONT

- Aban strengthened its people resources through the recruitment of qualified personnel, which enables it to take quick and accurate techno-economic decisions.
- The Company honed its people skills in captive re-engineering through the successful execution and completion of a turnkey repair assignment, which enabled high rig uptime and also effected cost savings.
- The Company has taken a number of measures to ensure employee safety at the worksite. It also adopts

measures for continuous improvement of employee health through training and regular health checkups at shore-based medical centres. Health monitoring is a regular process, which is implemented by certified medical officers posted across all workstations.

- The Company undertook periodic inspections / audits to minimise the harmful impact of its operations on the environment and also to ensure compliance with standard Health, Safety and Environment (HSE) policy and practices. The Company complies with all the prevailing and applicable government and statutory regulations in its area of operations.

The Company has a capable, competent and committed employee base of approximately 700 members as on 31st March, 2005.



Directors' report

Dear Shareholders

The Directors of your Company are pleased to present the Nineteenth Annual Report along with the accounts for the year ended 31st March, 2005.

1. Financial results

Rupees in Lacs

	Year ended 31st March, 2005	Year ended 31st March, 2004
Income from operations	28898	27683
Other income	815	1518
Less: Expenditure	13845	14376
Profit before Interest, Depreciation, Goodwill Amortisation & Tax	15868	14825
Less: Interest	1899	2575
Less: Depreciation	4743	3810
Goodwill amortised	629	629
Profit for the year before tax	8597	7811
Provision for taxation	2200	2100
Provision for deferred tax	1226	981
Profit after tax & amortisation of goodwill	5171	4730
Profit brought forward from the previous year	14245	10640
Available for appropriation	19416	15370
Proposed dividend	737	553
Tax on dividend	103	72
Transfer to General Reserve	600	500
Balance carried forward	17976	14245

2. Management Discussion and Analysis

In this Annual Report we have attached a section concerning Management's Discussion and Analysis. The topics covered highlight the profile of the Company's industry and market factors, opportunities / threats, segment wise performance, outlook, risks and concerns, adequacy of internal control systems, financial and operational performance and human resource and development.

3. Performance

The Company achieved another year of successful performance during 2004-05. Aban II entered into a new two-year contract, Aban III and Aban IV were awarded fresh three-year contracts. Tahara, the Floating Production Unit, also received a new three-year contract. The Company added two rigs (viz., Aban V formerly Pride West Virginia and Aban VI Energy Explorer IV) and a Drillship Frontier Ice. All these units have been deployed under three-year contracts. With Aban VI the Company commenced overseas operations. The rig is currently operating in the Persian Gulf waters. Aban now has the distinction of being the largest Indian contractor in the private sector for Offshore Drilling.

The Company's joint venture operation with Prize Petroleum entered a new phase for the contract development of the Marginal Fields for ONGC.

Contracts have been awarded for drilling and various other production related operations. Production from these fields is expected to start by September 2005.

During the period under review the performance of the windmills have been satisfactory. Having maintained the machine availability for generation the windmills generated 62.7 million units with the total revenue Rs. 1693 lacs. The generation suffered somewhat due to poor wind conditions.

4. Subsidiary company

Aban Energies Limited: The Company was engaged in the maintenance of wind mills during the year under review. As required under Section 212 of the Companies Act, 1956, the audited 2004-05 statement of accounts as well as the report of the Board of Directors and Auditors' Report are annexed.

5. Sub-division of shares

At the Extraordinary General Meeting of the Company held on 23rd April, 2005 the shareholders of the Company approved the recommendations of the Board of Directors for sub-division of the equity shares for increasing the affordability of the small investors. Equity shares of face value of Rs.10 each are now sub-divided into five equity shares of face value of Rs.2 each. The Board of Directors, at the

meeting held on 23rd April, 2005, have decided that the sub-division would be effective from 11th May, 2005. The sub-division had been successfully carried out.

6. Dividend

The Directors are pleased to recommend a dividend of 100% on the paid up equity capital of the Company.

7. Directors

Directors Mr. P. Murari and Mr. V.S. Rao retire by rotation and, being eligible, offer themselves for reappointment.

Compensation Committee was formed on 23.04.2005 with Mr. V.S. Rao as Chairman and Mr. P. Murari, Mr. K. Bharathan and Mr. Reji Abraham as members of the committee.

8. Director's responsibility statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' responsibility statement, the Directors hereby confirm that:

- (i) In the preparation of the Annual Accounts for the financial year ended 31st March, 2005, the applicable accounting standards were followed along with a proper explanation relating to material departures.

(ii) Appropriate accounting policies were followed and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

(iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 were made to safeguard the assets of the Company as well as prevent and detect fraud and other irregularities.

(iv) The accounts for the financial year ended on 31st March, 2005 have been prepared on a going concern basis.

9. Stock Exchanges

Your Company's shares were listed in the following Stock Exchanges:

Madras Stock Exchange Ltd., The Stock Exchange, Mumbai, National Stock Exchange of India Ltd. and The Delhi Stock Exchange Association Ltd.

The listing fees were paid in full to all these Stock Exchanges for 2005-06.

10. Additional disclosures

In line with the requirements of Accounting Standards of the Institute of Chartered Accountants of India your Company has made additional disclosures in respect of the financial reporting of interests in joint venture in the notes on accounts.

11. Increase in Authorised Share Capital

In order to facilitate the Company to have flexibility for responding in a timely manner to the growth opportunities and its business expansion plans the Authorised Share Capital of the Company has been increased from Rs.200 cr to Rs.1000 cr consisting of 250,00,00,000 equity shares of Rs.2/- each and 50,00,00,000 cumulative redeemable preference shares of Rs.10/- each.

12. Consolidation of Accounts

The audited consolidated accounts and cash flow statement comprising Aban Loyd Chiles Offshore Ltd and its subsidiary Aban Energies Limited and the Auditors' Report on consolidated accounts are also attached. The Consolidated Accounts have been prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India in this regard.

13. Auditors

M/s Ford, Rhodes, Parks & Co., Chartered Accountants, Chennai, hold office until the conclusion of the ensuing Annual General Meeting and, being eligible, are recommended for re-appointment.

14. Particulars of Employees

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and relevant particulars of the employees who were employed throughout the financial year / part of the financial year under review and

were in receipt of remuneration for the financial year in aggregate of not less than Rs.24,00,000/- (Rs.2,00,000/- per month or part thereof), are annexed.

15. In terms of Section 217(1) of the Companies Act, 1956 (as amended) and the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules 1988, your Directors furnish hereunder the additional information as required.

A. Conservation of energy
The Company took appropriate measures to conserve energy wherever possible, although the Company's activities in general are not energy intensive

B. Research and Development
The Company's research and development activities are mainly directed towards indigenisation of equipment, tools and spares used in rigs and windmills.

C. Technology absorption, adoption and innovation

The Company has taken appropriate measures to reduce the dependence on import of technology for its operations, largely relied on the innovative skills of its employees.

Foreign Exchange Earnings and Outgo

	2004-05	2003-04
Foreign Exchange earned during the year (Rs. lakh)	27,205	25,793
Foreign Exchange outflow during the year (Rs. lakh)	61,937	3,960

16. Compliance Certificate

A Certificate from the Auditors of the Company has been attached to this report which testifies that the requirements of a sound Corporate Governance process, as stipulated under Clause 49 of the Listing Agreement with the stock exchanges, have been met.

17. Acknowledgements

Your Directors record their sincere appreciation of the support and co-operation received from the bankers, financial institutions, relevant Central and State Government ministries, valued clients (particularly the ONGC Hardy Exploration and Production India Inc., Oriental Oil Kish) business associates and members of the

Company. Directors also wish to place on record their sincere appreciation for the sustained and dedicated contribution made by the employees at all levels.

For and on behalf of the Board

Chennai 15.07.2005 Reji Abraham Managing Director V.S. Rao Vice -Chairman

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules 1988 and forming part of the Directors' Report for the year ended 31st March, 2005.

Employed throughout the Financial Year under review and were in receipt of remuneration for the Financial Year in aggregate of not less than Rs.24,00,000 (Rupees twenty four lakhs only) per annum or Rs.2,00,000 (Rupees two lakhs only) per month where employed for the part of the year.

S. No	Name	Age Years	Remuneration Rs.	Nature of duties/ designation	Qualifications	Date of commencement of employment	Experience in years	Details of previous employment
1	M.A. Abraham*	64	24,83,852/-	Managing Director	MBA	24.10.1986	43	Business
2	Reji Abraham	39	1,65,38,599/-	Managing Director	BE MBA	26.09.1997	14	Business
3	P. Venkateswaran	54	26,00,978/-	Director (Operations)	B.Tech	01.10.1986	25	Project Manager, Aban Constructions
4	A.P. S. Sandhu	54	32,35,235/-	President (Operations)	B.Sc (Engg) (Mech)	20.03.1992	29	Chief Engineer ONGC
5	R.R. Prasad	46*	19,50,128/-	Deputy General Manager (Drilling)	Mechanical Engineer	09.11.2004	23	Drilling Superintendent Frontier Aban Drilling (India) Limited
6	P.L. Kaul	56	26,43,066/-	Tool Pusher	B.Sc., Diploma in Mech Eng.	09.10.1995	34	Rig Superintendent H.E.G Ltd.

Notes:

- The Managing Directors Mr. M. A. Abraham and Mr. Reji Abraham are related to each other
- Remuneration includes salary and the value of perquisites
- Nature of employment is contractual
- * Part of the year

CORPORATE GOVERNANCE REPORT

At Aban Loyd Chiles Offshore Ltd., (Aban) we believe that a sound governance process is imperative for two reasons: to protect shareholder interests and to also ensure that no one benefits at the expense of the others.

ABAN'S GOVERNANCE PHILOSOPHY

The Company's Governance philosophy revolves around transparency and accountability in all its interactions with the Government, shareholders and employees.

BOARD OF DIRECTORS

Composition of Board

Aban's Board has seven Directors comprising one Promoter-Executive Director, two Executive Directors, three Independent

Non-Executive Directors, and one Nominee Director representing ICICI Bank Ltd. The Board functioned directly or through various focused committees (Audit Committee and Shareholders' Grievance Committee). The Board and its committees met at regular intervals.

Board of Directors Meetings were held 6 times in 2004-2005 on the following dates: 26.04.2004, 19.07.2004, 17.09.2004, 26.10.2004, 24.01.2005 and 18.03.2005.

The names of the Directors on the Board, their attendance at the meetings and the other Directorships that they held as on 31st March 2005 are set out below:

Name of Director(s)	Category Of Directorship	FY 2004-2005		As on 31 st March 2005			
		Attendance at		No. of Other Directorships		Committee Positions of other Companies*	
		Board Meetings	Last AGM	Public	Private	Member	Chairman
M. A. Abraham**	Executive - Promoter	Nil	No	4	6	-	-
Reji Abraham	Executive - Promoter	6	Yes	6	7	-	-
V. S. Rao	Non-Executive Independent	2	No	1	1	-	-
P. Murari	Non-Executive Independent	6	Yes	11	1	4	3
K. Bharathan	Non- Executive Independent	6	Yes	1	Nil	-	-
S. Srinivasan	Nominee - ICICI Bank Ltd.	6	Yes	3	Nil	2	-
P. Venkateswaran	Executive	6	Yes	2	5	-	-
C.P. Gopalkrishnan	Executive	6	Yes	3	2	-	-

* Represents Memberships / Chairmanships of Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee.

** Part of the year

The required information (as enumerated in Annexure I in clause 49 relating to Corporate Governance) was made available to the Board.

The Directors who will retire by rotation and offer themselves for reappointment are:

Mr. P. Murari and Mr. V.S. Rao

Disclosures regarding re-appointment of Directors

a. Mr. P. Murari aged about 71 years was appointed as an Independent Director in 1996. He is a member of the Audit Committee and Compensation Committee.

b. Mr. V.S. Rao aged 76 years was appointed as Independent Director in the year 1991 He is Chairman of Audit Committee, Compensation Committee and Vice Chairman of the Board.

Remuneration to Directors

Name of Director(s)	Consolidated Salary	Perquisites and other benefits	Performance Bonus/Commission	Sitting Fees	Total
M A Abraham	4,73,333	94,075	18,75,251	-	24,42,659
V S Rao	-	-	-	26,000	26,000
P Murari	-	-	-	69,000	69,000
K Bharathan	-	-	-	78,000	78,000
Reji Abraham	16,32,000	3,29,915	1,45,52,462	-	1,65,14,377
S Srinivasan*	-	-	-	60,000	60,000
P Venkateswaran	18,72,000	7,02,578	-	-	25,74,578
C P Gopalkrishnan	18,72,000	6,76,920	-	-	25,48,920

*(Nominee Director of ICICI Bank Ltd.) Sitting Fees paid to ICICI Bank Ltd.

REMUNERATION TO NON-EXECUTIVE DIRECTORS

No remuneration, other than sitting fees and other expenses (travelling, boarding and lodging incurred for attending the Board/Committee meetings) were paid to the non-executive Directors in 2004-2005.

AUDIT COMMITTEE

Terms of Reference

The Audit Committee provided a direction to the audit and risk management function of the Company and monitored the quality of its internal audit. The responsibilities of the Audit Committee included the following: overseeing the financial reporting process to ensure a proper disclosure of financial statements, recommending the appointment or removal of external auditors and fixing their remuneration and reviewing the annual financial statements before they were submitted to the Board. Its scope also included a review of the adequacy of internal controls, the adequate structure and staffing of the internal audit function, the review of internal investigation, the discussion of the scope of audit with external auditors and investigating the reasons behind the substantial defaults in the event of non-payment to stake holders.

The Committee met three times during the year on 26.04.2004, 19.07.2004 and 26.10.2004

Mr. C. P. Gopalkrishnan, Director (Finance) & Secretary is the Secretary of the Committee

Composition and Attendance

Name	Category	No. of Meetings attended
V. S. Rao	Chairman	2
P. Murari	Member	3
K. Bharathan	Member	3

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company's Shareholders/Investor Grievance Committee monitored and redressed shareholder complaints relating to share transfer, the non-receipt of Annual Report or dividend.

The Committee met 3 times during the year on the following dates: 26.04.2004, 19.07.2004 and 26.10.2004.

Composition and Attendance

Name	Category	No. of Meetings attended
K. Bharathan	Chairman	3
P. Venkateswaran	Member	3
C.P. Gopalkrishnan	Member	3

During the year the Company has received 66 Compliants from share holders which were answered and resolved.

Name and Designation of Compliance Officer:

Mr. C.P. Gopalkrishnan, Director (Finance) & Company Secretary.

COMPENSATION COMMITTEE

Compensation Committee has been formed on 23rd April 2005 with the following powers:-

- a) Identification of classes of employees entitled to participate in the Employee Stock Option Scheme (ESOS) and the quantum of option to be granted under the ESOS per employee and in aggregate.
- b) Conditions under which option vested in employees shall lapse.
- c) The exercise period within which the employee should exercise the option lapse of options on failure to exercise the option within the exercise period.
- d) Specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee, 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.
- e) 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 right issues, bonus issues, merger, sale of division and other.
- f) Grant, Vest and Exercise of Option in case of employee who are on long leave.

Composition of Committee

- V. S. Rao - Chairman
- Reji Abraham - Member
- P. Murari - Member
- K. Bharathan - Member

GENERAL BODY MEETINGS

The details of the date and location of the Annual General Meetings held in the last three years are given below:

Annual General Meeting	Day and Date	Time	Venue
16 th Annual General Meeting	Friday, 27.09.2002	11.00 a.m	Auditorium of Madras School of Social Work 32, Casa Major Road, Egmore, Chennai –600 008.
17 th Annual General Meeting	Friday, 26.09.2003	11.00 a.m.	Auditorium of Madras School of Social Work 32, Casa Major Road, Egmore, Chennai –600 008.
18 th Annual General Meeting*	Friday, 17.09.2004	10.15 A.M	Auditorium of Madras School of Social Work 32, Casa Major Road, Egmore, Chennai –600 008.

* One Special Resolution was passed. No Postal Ballots were used / invited for voting

Disclosures

With regard to disclosures on materially significant related party transactions of the Company of material nature with its promoters the Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large. Please refer Balance Sheet Notes to Accounts. Details of Non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority or any matter related to Capital Markets during the last three years – There was a claim in the year 2004 for Rs.2,50,000/- by SEBI for non compliance of regulations under Substantial Acquisition and Take Over Regulations, 1997 and Company has sent suitable reply informing the compliance of necessary regulations.

GENERAL INFORMATION TO SHAREHOLDERS

Financial Calendar

Financial Year	1 st April 2005 to 31 st March 2006
Board Meeting for considering the Accounts and Dividend	15.07.2005
Posting of Annual Report on or before	05.08.2005
Book closure dates	24.08.2005 to 31.08.2005 (Both days inclusive)
Last date for the receipt of proxy forms	29.08.2005
Nineteenth AGM	31.08.2005
Dividend payment date on or after	31.08.2005
Probable date of despatch of dividend warrants	31.08.2005
Board Meeting to consider unaudited results for the first 3 quarters of the financial year 2005-2006	
Results of the quarter ended on 30 th June 2005	15.07.2005
Results of the quarter ended on 30 th September 2005	End of October 2005
Results of the quarter ended on 31 st December 2005	End of January 2006

The Company has increased its Authorised Share Capital to Rs.1000,00,00,000/- (Rupees one thousand crores only) consisting of 250,00,00,000 (Two Hundred and fifty crores only) Equity Shares of Rs.2/- (Rupees two only) each aggregating to Rs.500,00,00,000/- (Rupees Five Hundred crores only) and 50,00,00,000 (Fifty crores only) Cumulative Redeemable Preference Shares of Rs.10/- (Rupees ten only) each aggregating to Rs.500,00,00,000/- (Rupees five hundred crores only). The existing equity shares with face value of Rs.10/- each has been subdivided into 5 (five) equity shares of face value of Rs.2/- (Rupees two only) each.

Business Today Ratings

Business Today has rated Aban Loyd Chiles Offshore Ltd as number 2 in Investor Friendly Companies.

Listing on Stock Exchanges

The shares of the Company are listed on the following Stock Exchanges:-

Madras Stock Exchange Limited: Exchange Building, Post Box No.183, 11 Second Line Beach, Chennai – 600 001

The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, 21st Floor, Dalal Street, Mumbai – 400 001.

National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No: C/1 G Block, Bandra – Kurla Complex, Bandra (E), Mumbai 400 051

The Delhi Stock Exchange Association Limited, 3&4/4B, Asaf Ali Road, New Delhi - 110 002.

The listing fees for the Financial Year 2005-2006 were paid to the Stock Exchanges where the Company's Equity shares are listed.

Means of Communication

The quarterly and half-yearly unaudited financial results were published in *the following newspapers* :

Business Standard (English) and *Makkal Kural* (Tamil).

The Financial Results are displayed on the Company's web site at www.abanindia.com.

Management Discussion and Analysis form part of the Annual Report.

The Company also regularly posts information relating to its Financial Results and Shareholding Pattern on Electronic Data Interpretation, Filing and Retrieval System (EDIFAR) at www.sebi.edifar.nic.in.

Capital

1 st April 2005 to 31 st March 2006	
15.07.2005	
05.08.2005	
24.08.2005 to 31.08.2005 (Both days inclusive)	
29.08.2005	
31.08.2005	
31.08.2005	
31.08.2005	
15.07.2005	
End of October 2005	
End of January 2006	

Stock Code in Madras Stock Exchange Limited

Abanloyd

Stock Code in The Stock Exchange Mumbai

523204

Stock Code in the National Stock Exchange of India Ltd

ABANLOYD EQ

Stock Code in "The Delhi Stock Exchange Association Ltd."

101355

ISIN No. for Dematerialised shares (fully paid)

INE421A01010

ISIN No. For Dematerialised shares (Partly Paid)

IN9421A01018

The Company has subdivided its fully paid equity shares of face value of Rs.10/- each into 5 Equity Shares of Rs. 2/- each effective 11.05.2005

ISIN for fully paid sub-divided equity share of Rs.2/- each – **INE421A01028**

ISIN for partly paid sub-divided equity share of Rs.2/- each of which Re.1/- per share paid up – **IN9421A01026**

The Company has allotted 15,00,00,000 (fifteen crores only) Cumulative Redeemable Preference Shares of Rs.10/- each aggregating to Rs. 150,00,00,000/- (Rupees one hundred fifty crores only) on private placement basis to the Banks.

The Cumulative Preference shares would be listed with the Stock Exchange Mumbai. In principle approval has been obtained.

ISIN No. of Cumulative Redeemable Preference Shares

INE 421A04014

CARE RATING

The Credit Analysis & Research Ltd (CARE) has assigned a rating of CARE A (RPS) for the issue of (single A Redeemable Preference Shares) Rs.150 Crores Cumulative Redeemable Preference Shares of the Company.

FITCH RATING

The Fitch Rating India Private Limited (FITCH) has assigned a rating of F1+(ind) [F one plus (ind)] for the proposed Rs.250 Million Commercial Paper / Short term Debt programme of the Company.

INVESTORS' HELP DESK

Registrar and Share Transfer Agent both physical and Demat Mode.

M/s Cameo Corporate Services Ltd.,

Unit: Aban Loyd Chiles Offshore Ltd., Subramanian Buildings, 1 Club House Road, Chennai - 600 002.

Phone: 91-44-28460390 Fax: 91-44-28460129

Investor complaints to be addressed to the Registrar and Share Transfer Agents

DRILLING LOCATIONS

S. No	RIG	WORKING AT LOCATION
1	Aban II	Off Rajamundry Coast
2	Aban III	Mumbai High
3	Aban IV	Mumbai High
4	Aban V	Mumbai High
5	Aban VI	Persian Gulf, Iran
6	Tahara	Off Pondicherry Coast
7	Frontier Ice	Mumbai High

WIND ENERGY DIVISION

The Company has installed and operate 165 Wind Energy Generators at Nagercoil, Tamilnadu

SHARE PRICE VOLUME

The monthly high and low quotation and the volume of shares traded on BSE & NSE are as under:

Particulars	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2004	555	475	73924	481	562	312355
May 2004	545	412	100238	550	407	385506
June 2004	650	500	99181	652	501	756989
July 2004	770	640	64591	770	616	668335
August 2004	1145	735	110176	1155	733	758734
September 2004	1180	1065	77154	1183	1065	619562
October 2004	1184	1080	30310	1172	1078	247700
November 2004	1215	1077	43984	1212	1077	371726
December 2004	1190	1077	38826	1198	1082	401809
January 2005	1200	1054	52494	1200	1054	304008
February 2005	1678	1150	91170	1680	1120	358753
March 2005	2127	1604	129215	2125	1612	389851

Categories of shareholders as on 31st March 2005

Category	Number of folios	Number of shares	%
Promoter	16	2932994	39.76
Collaborator	1	1665750	22.58
FII's, NRIs/OCB	135	769592	10.43
Mutual Funds, FI's, Banks	26	138455	1.87
Bodies corporate	365	451923	6.13
Public	10521	1418605	19.23
Total	11064	7377319	100.00

NON- MANDATORY REQUIREMENTS

Shareholders' Rights: The Half-Yearly declaration of the financial performance (including a summary of the significant events in last six months) should be sent to the households of each shareholder - As the Company's half-yearly results are published in English and Tamil newspapers, the same are not sent to the households of the shareholders of the Company.

Share Transfer System : Presently the share transfers which are received in physical form are processed and the share certificates returned within a period of 15 days from the date of receipt, subject to documents being valid and complete in all respects. The Company delegated the authority of approving transfer, transmission etc., of the Company Securities to the Company Secretary / Officer of the Company. A summary of transfer / transmission of securities of the Company so approved is placed at subsequent Board Meeting for ratification.

The Company obtains certificate from the Company Secretary in Practice for compliance of Listing Agreement provisions and submit the same to the Stock Exchanges where the Company Shares are listed.

Liquidity: The Company's Equity Shares are among the most liquid and actively traded shares on the Indian Stock Exchanges more specifically in National Stock Exchange of India Ltd. The Stock Exchange, Mumbai.

DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2005

Number of Equity Shares held	Folio		Share Amount	
	Nos.	%	Rs.	%
Upto 500	10714	96.84	8789870	11.92
501-1000	184	1.66	1400140	1.90
1001-2000	63	0.57	914820	1.25
2001-3000	26	0.23	641060	0.87
3001-4000	8	0.07	280090	0.38
4001-5000	11	0.10	539300	0.73
5001-10000	10	0.09	726780	0.99
10001 and above	48	0.44	60418890	81.96
Total	11064	100.00	73710950	100.00

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE
To the Members of Aban Loyd Chiles Offshore Limited

We have examined the compliance of conditions of Corporate Governance by Aban Loyd Chiles Offshore Limited for the year ended 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2005, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors' Grievances Committee of the Company.

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

For FORD, RHODES, PARKS & CO.,
Chartered Accountants

R.SUBRAMANIAN
Partner
Membership No: 16059

Place: Chennai
Date: 15th July, 2005

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s Aban Loyd Chiles Offshore Limited, as at 31st March, 2005, and also the Profit And Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub- section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.

c. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

d. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

e. Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2005, prima-facie disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;

f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;

(ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For FORD, RHODES, PARKS & CO.,
Chartered Accountants

R.SUBRAMANIAN
Partner

Place: Chennai
Date: 15th July, 2005

Membership No: 16059

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Fixed Assets have been physically verified by the Management wherever possible at the close of the year as confirmed by the Management. As explained to us no material discrepancies have come to the notice on such physical verification.
- (c) The Company has not disposed off any substantial part of Fixed Assets during the year so as to affect its going concern status.
- (ii) (a) The inventories have been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loan secured or unsecured to companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956 during the year.
- (b) Since the Company has not granted any loan to Companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956, the provisions of clause 4(iii)(b), (c) and (d) of the Order are not applicable to the Company.
- (c) The Company has not taken any loan secured or unsecured from Companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956 during the year.
- (d) Since the Company has not taken any loan from Companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956, the provisions of clause 4(iii)(f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been entered in the said Register.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the Rules made thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the wind power generating activity of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Customs Duty, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at 31st March, 2005 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no dues of Provident Fund, Investor Education and Protection Fund, Income Tax, Customs Duty, Sales Tax, Wealth Tax, Service Tax and Cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as at 31st March 2005 and has not incurred cash losses in the financial year under report or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks. The Company does not have debenture loan.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and on an over all examination of the Balance Sheet of the Company, we report that, no funds raised on a short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) No debentures have been issued by the Company during the year and hence, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) During the year the Company has not raised any money by way of public issue. Hence the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- (xxi) During the course of our examination of the books of account, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of any such case by the management.

For FORD, RHODES, PARKS & CO.,
Chartered Accountants

R.SUBRAMANIAN
Partner

Place: Chennai
Date: 15th July, 2005

Membership No: 16059

Balance Sheet

As at 31st March 2005

	Schedule	Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
I SOURCES OF FUNDS				
1. Shareholders' Funds				
(a) Share Capital	1		7,37,10,950	7,37,06,750
(b) Reserves and Surplus	2		213,77,90,726	170,46,56,810
2. Loan Funds				
Secured Loans	3		717,90,46,284	240,86,80,026
3. Deferred Tax (Net)	4		56,46,01,984	44,20,73,331
Total Funds Employed			995,51,49,944	462,91,16,917
II APPLICATION OF FUNDS				
1. Fixed Assets	5			
Gross Block		1,140,94,86,952		578,69,40,372
Less: Depreciation		336,96,67,147		289,71,28,570
Net Block		<u>803,98,19,805</u>		<u>288,98,11,802</u>
Add: Capital Work in Progress		3,43,20,200		7,04,79,866
			807,41,40,005	296,02,91,668
2. Investments	6		23,86,25,567	76,47,17,488
3. Current Assets, Loans and Advances				
(a) Inventory of Stores & Spares (at cost) (As certified by the Management)		44,36,29,703		23,00,36,284
(b) Sundry Debtors	7	68,28,99,911		31,03,95,539
(c) Cash and Bank Balances	8	98,15,50,776		41,82,35,084
(d) Loans and Advances	9	17,39,10,326		15,19,62,761
		<u>228,19,90,716</u>		<u>111,06,29,668</u>
Less: Current Liabilities and Provisions	10			
(a) Current Liabilities		53,59,73,390		22,15,46,254
(b) Provisions		10,36,32,954		6,25,04,476
		<u>63,96,06,344</u>		<u>28,40,50,730</u>
Net Current Assets			164,23,84,372	82,65,78,938
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	11		-	7,75,28,823
Total Assets			995,51,49,944	462,91,16,917
Notes to Accounts	16			

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

Reji Abraham
Managing Director

P. Murari
Director

On behalf of the Board
V.S. Rao
Vice Chairman

R. Subramanian
Partner

K. Bharathan
Director

S. Srinivasan
Director

P. Venkateswaran
Director (Operations)

C.P. Gopalkrishnan
Director (Finance) & Secretary

Membership No. 16059

Chennai
15th July, 2005

Profit and Loss Account

For the year ended 31st March 2005

	Schedule	Year ended 31st March, 2005 Rupees	Year ended 31st March, 2004 Rupees
I INCOME			
Income from Operations	12	288,98,43,473	276,83,11,911
Other Income	13	8,15,16,450	15,32,67,064
		<u>297,13,59,923</u>	<u>292,15,78,975</u>
II EXPENDITURE			
Operating, Administrative and Other Expenses	14	138,45,03,610	143,85,09,571
Interest	15	18,99,26,740	25,74,90,811
Depreciation		47,42,85,533	38,10,30,994
Goodwill Amortised		6,29,32,560	6,29,32,560
Deferred Revenue Expenses Written off		-	5,73,700
		<u>211,16,48,443</u>	<u>214,05,37,636</u>
Profit for the year before taxation		85,97,11,480	78,10,41,339
Less: Provision for taxation			
- Current Tax		22,00,00,000	21,00,00,000
- Deferred Tax		12,25,28,653	9,81,24,628
Profit for the year after taxation		51,71,82,827	47,29,16,711
Add: Profit brought forward from Previous Year		142,44,57,325	106,40,45,090
Profit available for Appropriation		194,16,40,152	153,69,61,801
Transfer to General Reserve		6,00,00,000	5,00,00,000
Proposed Dividend		7,37,10,950	5,52,80,063
Tax on Dividend		1,03,37,961	72,24,413
Balance Carried to Balance Sheet		<u>179,75,91,241</u>	<u>142,44,57,325</u>
Notes to Accounts	16		
Earnings per Equity Share of Rs 10/- each (Basic and Diluted)		70.16	64.16
Earnings per Equity Share of Rs 2/- each (Split) (Basic and Diluted) (see Note 17)		14.03	12.83

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

Reji Abraham
Managing Director

P. Murari
Director

On behalf of the Board
V.S. Rao
Vice Chairman

R. Subramanian
Partner
Membership No. 16059

K. Bharathan
Director

S. Srinivasan
Director

P. Venkateswaran
Director (Operations)

C.P. Gopalkrishnan
Director (Finance) & Secretary

Chennai
15th July, 2005

Schedules annexed to and forming part of the accounts

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
1. SHARE CAPITAL		
Authorised		
18,00,00,000 Equity Shares of Rs. 10 each	180,00,00,000	180,00,00,000
2,00,00,000 Cumulative Redeemable Preference Shares of Rs. 10 each	<u>20,00,00,000</u>	<u>20,00,00,000</u>
	<u>200,00,00,000</u>	<u>200,00,00,000</u>
Issued		
62,78,760 Equity Shares of Rs. 10 each. (Previous Year: 62,78,760 Equity Shares of Rs. 10 each)	6,27,87,600	6,27,87,600
10,86,111 Equity Shares of Rs. 10 each fully paid up and 12,448 Equity Shares of Rs. 10 each partly paid upto Rs. 5 issued pursuant to Scheme of Amalgamation of Hitech Drilling Services India Ltd with the Company (Previous Year: 10,85,271 Equity Shares of Rs. 10 each fully paid up and 13,288 Equity Shares of Rs. 10 each partly paid upto Rs. 5)	<u>1,09,23,350</u>	<u>1,09,19,150</u>
	<u>7,37,10,950</u>	<u>7,37,06,750</u>
Subscribed and Paid-up		
73,64,871 Equity Shares of Rs. 10 each fully paid. (Previous Year: 73,64,031 Equity Shares of Rs. 10 each)	7,36,48,710	7,36,40,310
12,448 Equity Shares of Rs. 10 each, partly paid upto Rs. 5 (Previous Year: 13,288 Equity Shares of Rs. 10 each, partly paid upto Rs.5)	<u>62,240</u>	<u>66,440</u>
Total	<u>7,37,10,950</u>	<u>7,37,06,750</u>
2. RESERVES AND SURPLUS		
(a) Capital Reserve	33,500	33,500
(b) Securities Premium Account - As per last Balance Sheet	12,84,03,600	12,84,03,600
(c) Investment Allowance Reserve - Utilised	5,24,00,000	5,24,00,000
(d) General Reserve - At the beginning of the year	9,93,62,385	4,93,62,385
Add: Transfer from Profit and Loss Account	<u>6,00,00,000</u>	5,00,00,000
(e) Profit and Loss Account	179,75,91,241	142,44,57,325
Total	<u>213,77,90,726</u>	<u>170,46,56,810</u>
3. SECURED LOANS		
a. Term Loans from Banks (includes foreign currency loan of Rs. 19,54,66,647)	703,10,51,913	222,40,22,752
b. Cash Credit from Banks	14,79,94,371	18,31,47,896
c. Others	-	15,09,378
Total	<u>717,90,46,284</u>	<u>240,86,80,026</u>

Notes:

- Term Loans from Banks are secured by first charge on the offshore drilling rigs and accessories, floating production unit, windmills and all moveable assets, both present and future. Further, one of the term loans from banks is secured by a mortgage of a certain portion of land and equitable mortgage of office property of the Company.
- Cash Credits from Banks are secured by way of hypothecation of inventory of stores and spares, Book debts and by way of second charge on the Rigs of the Company.

Schedules annexed to and forming part of the accounts

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
4. DEFERRED TAX (NET)		
Deferred Tax Asset on timing differences		
Provision for diminution in the value of investments	(65,687)	(65,687)
On deferred dry docking charges and deferred expenses	-	(7,36,86,135)
Deferred Tax Liability on timing differences		
On depreciation	56,46,67,671	51,58,25,153
Total	56,46,01,984	44,20,73,331

5. FIXED ASSETS

(In Rupees)

Description of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2004	Additions during the year	Deductions during the year	As at 31st March, 2005	As at 1st April, 2004	Additions during the year	On Deductions during the year	As at 31st March, 2005	As at 31st March, 2005	As at 31st March, 2004
Goodwill	25,17,30,208	-	6,29,32,560	18,87,97,648	-	-	-	-	18,87,97,648	25,17,30,208
Land - Freehold	14,23,64,672	4,74,100	15,42,105	14,12,96,667	-	-	-	-	14,12,96,667	14,23,64,672
Building	15,49,33,491	-	45,67,000	15,03,66,491	1,78,98,505	25,59,251	7,00,978	1,97,56,778	13,06,09,713	13,70,34,986
Offshore Jackup Drilling Rigs, Floating Production unit and connected machineries	268,50,99,290	455,08,47,683	-	723,59,46,973	224,54,37,847	24,04,02,752	-	248,58,40,599	475,01,06,374	43,96,61,443
Drillship	-	112,95,39,020	-	112,95,39,020	-	73,50,050	-	73,50,050	112,21,88,970	-
Other Machineries	8,08,24,706	-	-	8,08,24,706	7,67,35,196	-	-	7,67,35,196	40,89,510	40,89,510
Wind Mills	239,83,94,314	68,17,500	-	240,52,11,814	51,64,85,659	21,54,80,871	-	73,19,66,530	167,32,45,284	188,19,08,655
Office Equipment	3,26,90,908	11,75,068	-	3,38,65,976	2,62,40,834	49,77,565	-	3,12,18,399	26,47,577	64,50,074
Furniture and Fixtures	1,75,12,640	2,01,401	-	1,77,14,041	62,52,023	11,16,421	-	73,68,444	1,03,45,597	1,12,60,617
Vehicles	2,33,90,143	39,21,857	13,88,384	2,59,23,616	80,78,506	23,98,623	10,45,978	94,31,151	1,64,92,465	1,53,11,637
Total	578,69,40,372	569,29,76,629	7,04,30,049	1,140,94,86,952	289,71,28,570	47,42,85,533	17,46,956	336,96,67,147	803,98,19,805	288,98,11,802
Capital Work-in-Progress									3,43,20,200	7,04,79,866
Total	578,69,40,372	569,29,76,629	7,04,30,049	1,140,94,86,952	289,71,28,570	47,42,85,533	17,46,956	336,96,67,147	807,41,40,005	296,02,91,668
Previous Year	577,44,34,209	8,57,57,333	732,51,170	578,69,40,372	251,72,50,209	38,10,30,994	11,52,633	289,71,28,570	296,02,91,668	327,96,64,332

Schedules annexed to and forming part of the accounts

	No. of Shares	Face Value Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
6. INVESTMENTS (At Cost)				
Long Term Investments				
A. Trade Investments				
Fully Paid Equity Shares - Unquoted				
(a) Aban Energies Limited				
(A wholly owned subsidiary Company)	2,00,070	10.00	20,00,700	20,00,700
(b) Aban Informatics Private Limited	3,00,750	10.00	1,98,49,500	1,98,49,500
(c) Frontier Aban Drilling (India) Limited	49,993	100.00	49,99,300	49,99,300
(d) Aban Power Company Limited	1,19,01,529	10.00	11,90,15,290	11,90,15,290
B. Others (Non Trade)				
Equity Shares Quoted - Fully Paid				
Arihant Threads Ltd.	13,600	10.00	1,70,000	1,70,000
Punjab Woolcombers Ltd.	300	10.00	27,000	27,000
State Bank of Travancore	245	100.00	1,47,000	1,47,000
The ICICI Bank Ltd.	2,100	10.00	7,86,374	7,86,374
Oil & Natural Gas Corporation Ltd.	8,429	10.00	63,21,750	-
Punjab National Bank	1,886	10.00	7,35,540	-
Current Investments				
(At lower of cost and fair value) (See note: 3)				
HDFC Income Fund (G)	2,50,000.00	10.00	-	25,00,000
HDFC Floating Rate Income Fund - Dividend	49,89,522.00	10.00	-	5,00,00,000
JM Mutual Fund - Short Term - Dividend	5,13,993.47	10.00	-	52,97,227
Birla Bond Plus Plan - B Growth	18,12,476.84	10.00	-	2,01,19,580
Grindlays Floating Rate - Dividend	79,56,755.53	10.00	-	8,01,26,916
Templeton India Short Term Income Plan - Growth	13,344.55	1,000.00	-	1,50,00,000
Sundaram Money Fund	4,99,251.63	10.00	-	50,37,301
HDFC Cash Management Fund	61,25,961.20	10.00	-	6,51,58,172
Franklin Templeton Monthly Income Plan	2,13,057.89	10.00	-	25,00,000
Reliance Monthly Income Plan	2,50,000.00	10.00	25,00,000	25,00,000
Prudential ICICI Monthly Income Plan	2,26,207.50	10.00	-	25,00,000
DSP Merrill Lynch Monthly Income Plan	2,37,022.99	10.00	-	25,00,000
Deutsche Floating Rate Fund	19,65,850.02	10.00	2,01,55,421	5,14,41,611
Prudential ICICI Floating Rate Fund	1,69,89,337.53	10.00	-	17,07,83,213
DSP Merrill Lynch Floating Rate Fund	32,83,504.32	10.00	-	3,28,77,945
Templeton India Floating Rate Fund	5,03,637.59	10.00	50,45,331	6,68,19,483
Birla Floating Rate Fund	19,41,015.96	10.00	-	2,00,76,302
Kotak Mahindra Floating Rate Fund	20,32,758.49	10.00	-	2,03,88,036
Chola Freedom Income Short Term Fund	2,27,155.15	10.00	-	22,79,638
Reliance Fixed Term Scheme	10,00,000.00	10.00	1,00,00,000	-
Kotak Liquid Fund	21,84,541.60	10.00	2,67,12,793	-
Reliance Floating Rate Fund	10,01,317.26	10.00	1,00,68,357	-
Prudential ICICI Liquid Fund	23,147.95	10.00	2,74,311	-
JM Derivative Fund	10,00,000.00	10.00	1,00,00,000	-
Templeton India Growth Plan - Bonus	18,364.96	10.00	-	-
Chola Freedom Income Short Term Fund - Bonus	4,50,275.51	10.00	-	-
Sub Total			23,88,08,667	76,49,00,588
Less: Provision for Diminution in Value of Long Term Investments			1,83,100	1,83,100
Total			23,86,25,567	76,47,17,488
Aggregate Value Of Quoted Investments			9,29,43,877	61,90,35,798
Aggregate Market Value of Quoted Investments			10,15,32,950	62,85,65,425

Schedules annexed to and forming part of the accounts

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
7. SUNDRY DEBTORS		
Considered Good - Unsecured		
(a) Outstanding for more than six months	2,23,12,412	4,27,70,932
(b) Others	66,05,87,499	26,76,24,607
Total	68,28,99,911	31,03,95,539
8. CASH AND BANK BALANCES		
Cash on Hand	2,05,959	1,52,709
Balances with Scheduled Banks		
- In Current Accounts	10,01,52,498	5,72,20,407
- In Deposit Accounts	88,11,92,319	36,08,61,968
Total	98,15,50,776	41,82,35,084
9. LOANS AND ADVANCES		
(Recoverable in cash or in kind or for value to be received, unsecured, considered good)		
Loans and Advances (includes Share Application money pending allotment Rs. Nil)		
(Previous Year: Rs. 99,97,500/-)	16,57,50,340	12,75,99,500
Sundry Deposits	81,59,986	1,17,66,483
Advance Payment of Taxes (Net of provision for taxation)	-	1,25,96,778
Total	17,39,10,326	15,19,62,761
10. CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities		
(a) Amount due to Small Scale Industrial Undertakings	-	2,16,133
(b) Sundry Creditors - others	50,70,40,416	20,48,99,638
(c) Other Liabilities	47,58,532	70,94,662
(d) Unclaimed Dividends (No amount is due to Investor Education & Protection Fund)	57,43,164	56,48,305
(e) Interest Accrued but not due on secured loans	1,84,31,278	36,87,516
	53,59,73,390	22,15,46,254
(B) Provisions		
(a) Provision for taxation (Net of Advance payment of taxes)	1,95,84,043	-
(b) Proposed Dividend	7,37,10,950	5,52,80,063
(c) Tax on Dividend	1,03,37,961	72,24,413
	10,36,32,954	6,25,04,476
Total	63,96,06,344	28,40,50,730

Schedules annexed to and forming part of the accounts

	Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
11. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
(a) Deferred Expenditure	-	-	5,73,700
Less: Written off	-	-	5,73,700
	<hr/>		
(b) Dry Docking Expenditure at the beginning of the year	7,75,28,823	-	15,93,11,609
Less: Write off during the year and included under			
Repairs to Machinery in the Profit and Loss Account	7,75,28,823	-	8,17,82,786
	<hr/>		
Total		<hr/>	<hr/> 7,75,28,823

	Year Ended 31st March, 2005 Rupees	Year Ended 31st March, 2004 Rupees
12. INCOME FROM OPERATIONS		
Drilling Revenue	272,05,23,197	257,92,71,455
Income from Wind Power generation	16,93,20,276	18,90,40,456
	<hr/>	
Total	<hr/> 288,98,43,473	<hr/> 276,83,11,911

13. OTHER INCOME		
(a) Rental Income (Gross)	9,94,000	12,00,000
(b) Dividend Income from Long Term Investments	3,56,443	3,50,760
(c) Dividend Income from Current Investments	99,97,250	1,60,25,875
(d) Interest on Bank Deposits (Gross)	1,49,50,078	22,37,309
(e) Interest - Others (Gross)	9,16,226	16,38,593
(f) Interest on Income Tax Refund	18,01,507	10,30,689
(g) Provision no longer required	-	36,62,972
(h) Service Charges (Gross)	1,17,06,852	64,79,305
(i) Others (Gross)	2,60,02,667	11,91,69,752
(j) Claims	54,65,374	-
(k) Profit on Sale of Assets (net)	10,03,107	-
(l) Profit on Sale of Long Term Investments (Net)	17,15,772	14,71,809
(m) Profit on Sale of Current Investments (Net)	66,07,174	-
	<hr/>	
Total	<hr/> 8,15,16,450	<hr/> 15,32,67,064

Note: Tax deducted at source on a, d, e, h, i Rs. 20,08,610/- (Previous year - Rs. 8,40,138/-)

Schedules annexed to and forming part of the accounts

	Year Ended 31st March, 2005 Rupees	Year Ended 31st March, 2004 Rupees
14. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
Consumption - Stores and Spares	33,64,72,752	35,05,81,699
Salaries and Bonus	17,92,23,970	14,77,94,208
Contribution to Provident Fund and Other Funds	1,02,66,551	1,46,29,345
Staff Welfare	73,90,648	63,20,520
Rent	12,02,593	5,51,587
Rates and Taxes	82,05,745	44,67,442
Rental Charges for Machinery	24,25,86,975	40,41,67,905
Repairs to Machinery	24,60,77,751	16,48,30,430
Insurance	12,77,43,897	14,96,06,452
Drilling Services and Management Fees	8,12,71,190	7,52,69,784
Consultancy and Professional Fees	3,86,12,919	3,24,88,067
Catering Expenses	1,24,43,488	73,48,275
Postage, Telegram and Telex	34,58,338	46,62,615
Printing and Stationery	16,86,640	14,95,087
Travelling Expenses	2,81,65,242	2,57,25,046
Guarantee Commission Bank and Other Charges	3,59,41,366	2,18,02,163
Loss on Sale of Assets (Net)	-	53,20,017
Loss on Sale of Current Investments (Net)	-	25,76,854
Auditors' Remuneration :		
Audit Fees	4,40,800	2,70,000
Tax Audit Fees	2,82,060	1,96,000
For Certification and Other works	3,61,100	3,57,643
Reimbursement of Expenses	58,500	88,500
Other Expenses	2,26,11,085	1,79,59,932
Total	<u>138,45,03,610</u>	<u>143,85,09,571</u>

15. INTEREST

On Long Term Loans*	18,50,92,936	25,21,82,011
Others	48,33,804	53,08,800
Total	<u>18,99,26,740</u>	<u>25,74,90,811</u>

* Excluding Interest capitalised during the year Rs. 2,28,09,185/- (Previous Year - Rs. Nil)

Schedules annexed to and forming part of the accounts

16. NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTIONS AND CONCEPTS

A. Financial statements are based on historical cost convention and on the basis of a going concern and comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. The Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis.

B. Fixed Assets

Fixed Assets are capitalised at cost inclusive of installation expenses and interest upto the date the asset is put to use. The original cost of Fixed Assets acquired through foreign currency loans are adjusted for any exchange difference between actual payment of principal and the original cost booked and by revaluation of closing foreign currency loan at the rate prevailing on the closing day.

C. Depreciation

Depreciation on Fixed Assets is provided on the Straight Line basis at rates prescribed in Schedule XIV of the Companies Act, 1956 on a pro-rata basis. Depreciation on Drillship is provided at a higher rate of 11.31% on straight line method based on technical evaluation of the expected useful life. Depreciation on windmills is provided at a higher rate of 10 % on straight line method based on technical evaluation of the expected useful life.

D. Inventory Valuation

Inventory of Stores and Spares are valued at cost based on First in First out Cost formula.

E. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Current assets and Current liabilities are translated at year end exchange rates and the realised exchange gains or losses are recognised in the Profit and Loss account. Wherever forward contracts are entered into, the exchange differences are dealt with in the Profit & Loss Account over the period of the contracts.

F. Investments

(a) Long Term Quoted Investments are stated at cost unless there is a permanent fall in the value. A provision for diminution is made to recognise a decline other than temporary in the value of long term Investments.

(b) Long Term Unquoted Investments in Subsidiary Company being of long term nature are stated at cost and no loss is recognised in the fall in their networth unless there is a permanent fall in their networth.

(c) Current Investments are valued at lower of cost and fair value of the category of such investments.

G. Proposed Dividend

The Dividend as proposed by the Board of Directors is provided in the books of account pending approval at the Annual General Meeting.

H. Retirement Benefits

Contribution to Provident Fund is made monthly at a predetermined rate to the Provident Fund authorities and debited to the Profit and Loss Account on an accrual basis. The Company has an arrangement with Life Insurance Corporation of India (LIC) to administer its Gratuity and Superannuation Schemes. The premium advised by LIC is debited to the Profit and Loss Account on an accrual basis. The provision for leave encashment has been made on the basis of actuarial valuation.

I. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

J. Amortisation of Expenditure

Expenditure incurred until 31st March 2002, in connection with dry docking of rig is amortised over a beneficial period of five years from the year of completion of dry docking and such amortised amount is included under the head Repairs to Machinery in Profit and Loss Account.

K. Taxes on Income

The Income tax provision comprises of Current Tax and Deferred Tax. Current Tax is the amount of tax payable in respect of income for the period. In accordance with the Accounting Standard 22 - Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India, the deferred tax for timing difference between book profit and tax profit for the year is accounted based on the rates and laws that have been enacted or substantially enacted as on the Balance Sheet date. However deferred tax assets arising from timing difference are recognised to the extent of their actual realisability in future years.

L. Joint Operating Agreement

Assets, Liabilities, Income and Expenditure relating to Joint Operating Agreement are accounted under appropriate accounting head in proportion to the participating interest of the Company to the extent of authenticated details provided by the Operation Contractor.

M. Contingent Liabilities

Contingent Liabilities are not provided for and are disclosed by way of notes.

Schedules annexed to and forming part of the accounts

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
2. Contingent Liabilities not provided for		
a. Guarantees given by banks on behalf of the Company.	41,01,76,066	26,42,46,758
b. Letter of Credit	4,10,46,490	-
3. During the year the Company acquired and sold the following Current Investments:		
Particulars	Purchased	Sold
<i>Investments in Units in Mutual Funds</i>	<i>Units</i>	<i>Units</i>
Birla Bond Plus - Growth	-	18,12,476.84
Birla Floating Rate Short Term - Dividend	16,277.40	19,57,293.36
Chola Freedom Income - Dividend	1,416.39	2,28,571.54
Deutsche Floating Rate - Dividend	41,75,286.08	73,33,199.84
DSP Merrill Lynch Floating Rate - Dividend	60,20,732.68	93,04,237.00
DSP Merrill Lynch Liquidity Fund - Dividend	14,98,857.06	14,98,857.06
DSP Merrill Lynch Saving Moderate - Dividend	-	2,37,022.99
FT India MIP - Dividend	-	2,13,057.89
Grindlays Floating Rate Fund - Dividend	603,67,935.23	603,67,935.23
Grindlays Floating Rate Fund - Dividend	14,97,019.26	94,53,774.79
Grindlays Cash Fund - Dividend	66,24,859.76	66,24,859.76
Grindlays Cash Fund - Dividend	503,07,611.80	503,07,611.80
Grindlays Floating Rate - Dividend	20,26,127.60	20,26,127.60
HDFC Cash Management Fund - Savings - Dividend	204,54,363.12	265,80,324.32
HDFC Cash Management Fund - Savings Plus - Dividend	20,19,344.03	20,19,344.03
HDFC Floating Rate Income Fund Short Term - Dividend	4,083.45	49,93,605.45
HSBC Income Short Term - Dividend	16,68,304.44	16,68,304.44
JM Short Term - Dividend	9,98,340.80	9,98,340.80
JM Short Term Fund - Dividend	7,380.45	5,21,373.92
Kotak Floater Short Term - Dividend	15,20,076.59	35,52,835.08
Kotak Floating Rate Long Term - Dividend	10,14,971.52	10,14,971.52
Kotak Mahindra Liquid - Dividend	28,63,306.09	6,78,764.49
Prudential Floating - Dividend	97,70,318.83	267,59,656.39
Prudential ICICI Liquid Plan - Dividend	382,43,340.34	382,42,358.40
Prudential ICICI Liquid Fund - Dividend	139,96,545.74	139,96,545.74
Prudential ICICI Liquid Fund - Dividend	232,35,699.04	232,15,290.84
Prudential ICICI MIP - Dividend	-	2,26,207.50
Reliance Fixed Term - Dividend	10,00,000.00	-
Reliance Floating Rate - Dividend	10,01,317.26	-
Reliance Liquid Fund Cash Plan - Dividend	31,53,601.89	31,53,601.89
Reliance Liquid - Treasury - Dividend	6,55,159.78	6,55,159.78
SBI Magnum Fund - Dividend	5,01,851.60	5,01,851.60
Sundaram Bond Saver Fund- Bonus	-	92,077.73
TATA Floating Rate - Dividend	10,05,279.03	10,05,279.03
Templeton Floating Rate - Short Term - Dividend	259,50,004.20	326,29,723.17
Templeton Floating Rate - Long Term - Dividend	87,33,820.68	87,33,820.98
Templeton IBA - Monthly Bonus	524.25	-
Templeton India Short Term Income - Growth	-	13,344.55
Templeton India Treasury Management - Dividend	28,112.23	28,112.23
UTI Liquid Short Term Income - Dividend	10,02,096.33	10,02,096.33
UTI Liquid Advantage Fund - Dividend	4,98,648.65	4,98,648.65
Sundaram Money Fund - Dividend	5,01,586.80	10,00,838.03
HDFC Income Fund - Growth	-	2,50,000.00
Templeton Floating Rate Fund - Short Term Plan - Dividend	5,03,637.59	-
JM Derivative Fund - Dividend	10,00,000.00	-
Templeton Floating Rate Fund - Short Term Plan - Dividend	2,51,792.50	2,51,792.50
Grindlays Floating Rate Fund - Short Term Plan - Dividend	4,97,183.01	4,97,183.01
Grindlays Floating Rate Fund - Short Term Plan - Dividend	4,99,164.27	4,99,164.27
Prudential ICICI Liquid Plan - Dividend	6,34,589.09	6,32,831.28

Schedules annexed to and forming part of the accounts

	31.03.2005 Rupees	31.03.2004 Rupees
4. a. Managerial Remuneration		
Salary & Allowances	58,49,333	72,72,000
Monetary value of Perquisites	18,03,488	20,08,976
Sitting Fees	2,27,000	1,03,000
Commission	1,64,27,713	1,30,46,097
	2,43,07,534	2,24,30,073
b. Computation of Net Profit in accordance with Section 309(5) of the Companies Act,1956 and calculation of Managing Director and Wholetime Director's Commission		
Net Profit as per Profit & Loss Account	85,97,11,480	78,10,41,339
Add: Directors' Remuneration	2,40,80,534	2,23,27,073
Directors' Sitting Fees	2,27,000	1,03,000
Depreciation as per Books	47,42,85,533	38,10,30,994
Loss on Sale of Assets (Net)	-	53,20,017
Deferred Expenses Written Off	-	5,73,700
Loss on Sale of Investments (Net)	-	11,05,045
Goodwill Amortised	6,29,32,560	6,29,32,560
	142,12,37,107	125,44,33,728
Less: Depreciation as per Section 350 of the Companies Act, 1956	47,42,85,533	38,10,30,994
Provision for diminution in value of investments no longer required	-	36,62,972
Profit on Sale of Assets (Net)	10,03,107	-
Profit on Sale of Investments (Net)	83,22,946	-
	48,36,11,586	38,46,93,966
Profit as per Section 309(5) of the Companies Act, 1956	93,76,25,521	86,97,39,762
Commission to Managing Director @ 1% (upto 12.06.2004) and @ 2% (from 19.07.2004)	1,50,27,697	86,97,398
Commission to Whole-time Director @ 0.50% (upto 18.07.2004)	14,00,016	43,48,699
	1,64,27,713	1,30,46,097

	31.03.2005		31.03.2004	
	Units	Value (Rs.)	Units	Value (Rs.)
5. Licence / Installed Capacities		Not Applicable		Not Applicable
6. Generation of Wind Power (Net)	6,27,50,598	16,93,20,276	7,08,91,060	18,90,40,456
7. Value of Imports by the Company on CIF basis				
a. Capital Items		562,14,31,599		1,94,68,239
b. Stores and Spare Parts		10,11,17,013		6,89,11,089
8. Expenditure in Foreign Currency (Cash Basis)				
a. Interest on Foreign Currency Loans		1,57,14,729		66,33,455
b. Drilling Services and Management Fees		1,89,58,715		4,43,78,394
c. Travel and Others		59,53,262		39,94,370
d. Consultancy Fees		1,82,75,723		1,20,75,066
e. Storage Tanker and other HireCharges		19,30,30,841		21,46,21,173
f. Insurance		14,74,97,725		1,22,44,561
g. Repairs to machinery		5,09,30,738		-
9. Income Earned in Foreign Exchange				
a. Drilling Revenue		272,05,23,197		257,92,71,455
b. Claim received		54,65,374		-
10. a. Value of Imported Stores & Spares Consumed		6,18,52,776		6,88,44,360
% of above to total consumption		18.38%		19.64%
b. Value of Indigenous Stores & Spares Consumed		27,46,19,976		28,17,37,339
% of above to total consumption		81.62%		80.36%

Schedules annexed to and forming part of the accounts

11. Dividend remitted in Foreign Currency	No. of Non-Resident Shareholders	No. of Equity Shares held	Net Dividend remitted (Rs.)
For Financial Year 2003-2004	1	16,65,750	1,24,93,125
Previous Year	1	16,65,850	83,29,250

12. Related Party Disclosure

Enterprise where control exists

- Subsidiary Company
Aban Energies Limited

Other related parties with whom the Company had transactions

1. Joint Venture Enterprise

Frontier Aban Drilling (India) Limited

2. Joint Venture Operator

Prize Petroleum Limited

3. Key Management Personnel

- Mr. M.A. Abraham - Managing Director (upto 12.06.2004)
- Mr. Reji Abraham - Managing Director (from 19.07.2004)
- Mr. P. Venkateswaran - Director (Operations)
- Mr. C.P. Gopalkrishnan - Director (Finance) & Secretary
- Mr. V.S. Rao - Non-Executive Director
- Mr. P. Murari - Non-Executive Director
- Mr. S. Srinivasan - Non-Executive Director (Nominee of ICICI Bank Limited)
- Mr. K. Bharathan - Non-Executive Director

Transaction with Related Parties During the Year

Nature of Transaction	Subsidiary Company		Joint Venture Enterprise / Operator		Key Management Personnel	
	Rs.		Rs.		Rs.	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
i.) Machinery Maintenance Charges Paid	1,02,73,595	1,01,76,000	-	-	-	-
ii) Rent Received	-	-	8,80,000	12,00,000	-	-
iii) Rent Paid	-	-	-	-	4,53,333	-
iv) Service Charges Received	-	-	-	12,97,729	-	-
v) Service Charges Paid	-	-	-	9,49,141	-	-
vi) Remuneration	-	-	-	-	2,43,07,534	2,24,30,073
vii) Purchase of Assets	-	1,19,67,017	1,83,511	-	-	-
viii) Amount Outstanding as at 31.03.2005 receivable (payable)	1,38,26,849	1,54,26,315	(258,494)	37,01,663	25,25,000	27,80,000

13. Segment Reporting

A. Primary segment as per the Accounting Standard 17 - segment reporting issued by the Institute of Chartered Accountants of India

The Company's primary segments are Offshore Oil Drilling services and Wind Power generation.

The above business segments have been identified considering the nature of services rendered and the internal financial reporting system.

Income and Expenses have been accounted for based on their relationship to the operating activities of the segment.

B. Secondary Segment

Substantial Assets of the Company are Rigs / Ship, which are mobile assets and can operate across the world, in view of which Geographical Segment is not considered.

Schedules annexed to and forming part of the accounts

Primary Segment Information

	2004-2005		2003-2004	
	Rs.	Rs.	Rs.	Rs.
1. Segment Revenue				
- Drilling	279,03,32,794		272,47,18,481	
- Wind Energy	18,10,27,128	297,13,59,922	19,53,88,685	292,01,07,166
2. Segment Result				
- Drilling	99,27,67,908		102,36,62,283	
- Wind Energy	(13,30,56,428)	85,97,11,480	(24,26,20,944)	78,10,41,339
3. Segment Assets				
- Drilling	858,05,97,020		262,57,81,230	
- Wind Energy	185,94,77,402	1,044,00,74,422	205,04,48,754	467,62,29,984
4. Segment Liabilities				
- Drilling	671,01,35,032		155,76,59,213	
- Wind Energy	100,48,84,641	771,50,19,673	107,25,67,067	263,02,26,280
5. Depreciation				
- Drilling	25,88,04,662		16,67,39,783	
- Wind Energy	21,54,80,871	47,42,85,533	21,42,91,211	38,10,30,994
6. Capital Expenditure				
- Drilling	567,86,61,640		5,74,52,428	
- Wind Energy	68,17,500	568,54,79,140	1,79,86,297	7,54,38,725

14. Loans and Advances include Rs. 1,38,26,849/- (Previous Year Rs. 1,54,26,315/-) due from the Subsidiary Company, Aban Energies Ltd. Maximum outstanding at any time during the year Rs. 1,74,29,266/- (Previous Year Rs. 2,08,73,177/-)
15. Loans and Advances include loan to Wholtime Director of the Company who were officers at the time of taking the loan Rs. 25,25,000/- (Previous Year Rs. 27,80,000/-). Maximum amount outstanding at any time during the year Rs.27,80,000/-(Previous Year Rs 29,86,000/-)
16. The Company has entered into a Joint Operating Agreement with Prize Petroleum Limited during the year for development of ONGC's Oil fields at Hirapur, Khambel and West Bechraji in the state of Gujarat. The Company's participating share in the contract is 50%. As at 31st March 2005, no commercial production has taken place under the Joint Agreement. The Company has accounted for Rs.1,83,511/- under 'Fixed Assets' . Rs. 20,57,896/- under Current Assets representing expenditure carried forward pending commercial production and current liabilities Rs. 2,58,494/- based on the statement provided the Operator.
17. Equity Share of the Company having nominal value of Rs. 10/- each as at 31.03.2005, has been converted into equity share having nominal value of Rs. 2/- each by split vide resolution passed at the Extraordinary General Meeting held on 23rd April 2005. As required under Accounting Standard - 20 of The Institute of Chartered Accountants of India, the Earnings Per Share of the split share is also given in the Profit and Loss Account.
18. Earning per share is calculated as shown below. (Equity shares of Rs. 10/- each)

		2004-2005 No. of Shares	2003-2004 No. of Shares
Share Capital			
Fully Paid		73,64,871	73,64,031
Partly Paid calculated as Fully Paid		6,224	6,644
		73,71,095	73,70,675
Profit after Tax	Rs.	51,71,82,827	47,29,16,711
Earning per Share (Rs. 10/- each) (Basic and Diluted)	Rs.	70.16	64.16
Earning per Share (Rs. 2/- each) (Basic and Diluted-See Note 17)	Rs.	14.03	12.83

19. Disclosure under Accounting Standard 27 - Financial Reporting of Interests in Joint ventures. The Company's interests, as a venturer, in Jointly Controlled entity and Jointly Controlled operation is:

Name of the Company	Country of Incorporation	Nature of Interest 2004-2005	Nature of Interest 2003-2004
Frontier Aban Drilling (India) Limited	India	25% ownership interest	33.33% ownership interest
Prize Petroleum Limited	India	50% share in Joint Operating Agreement	-

Schedules annexed to and forming part of the accounts

The Company's interests in the joint venture - Frontier Aban Drilling (India) Limited is reported as Long Term Investments (Schedule 6) and stated at cost. The Company's share of each assets, liabilities, income and expenses (each without elimination of the effect of transactions between the Company and Frontier Aban Drilling (India) Limited) related to its interest in the joint venture are:

The following are the aggregate amounts of each of the assets, liabilities, income and expenses relating to the Company's interests in the joint venture:

	As at 31st March, 2005 Rs. in lacs Unaudited	As at 31st March, 2004 Rs. in lacs Audited
1. Assets		
1. Fixed Assets (Net)	6.60	17.86
2. Deferred Tax (Net)	3.04	3.31
3. Current Assets, Loans and Advances		
a) Inventories	-	78.97
b) Sundry Debtors	151.69	568.05
c) Cash and Bank Balances	8.71	41.53
d) Loans and Advances	76.25	178.32
2. Liabilities		
Current Liabilities and Provisions	178.54	782.89
3. Contingent Liabilities	-	168.35
	For the year ended 31st March, 2005 Rs. in lacs Unaudited	For the year ended 31st March, 2004 Rs. in lacs Audited
4. Income		
Income from Operations	55.61	2266.63
Other Income	12.02	12.21
5. Expenses		
a) Stores and Spares consumed	1.42	607.68
b) Employee costs	9.38	27.59
c) Other Expenses	80.05	1528.37
d) Interest	-	19.50
e) Depreciation	0.93	2.60
f) Deferred Revenue expenses written off	-	56.34
6. Provision for Taxation		
- Current	-	35.99
- Deferred	(0.55)	(24.40)

20. Previous year's figures are re-grouped / re-arranged wherever necessary

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
15th July, 2005

Reji Abraham
Managing Director

K. Bharathan
Director

S. Srinivasan
Director

P. Murari
Director

P. Venkateswaran
Director (Operations)

On behalf of the Board
V.S. Rao
Vice Chairman

C.P. Gopalkrishnan
Director (Finance) & Secretary

Balance Sheet Abstract

As at 31st March 2005

Additional Information as per Part IV of Schedules VI to the Companies Act, 1956

Balance Sheet Abstract and Companies General Business Profile

I Registration Details

Registration No.

1	3	4	7	3
---	---	---	---	---

 State Code

1	8
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	5
---	---	---	---

II Capital raised during the year

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Assets

9	9	5	5	1	5	0
---	---	---	---	---	---	---

 Total Liabilities

9	9	5	5	1	5	0
---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

7	3	7	1	1
---	---	---	---	---

 Reserves and Surplus

2	1	3	7	7	9	1
---	---	---	---	---	---	---

Secured Loans

7	1	7	9	0	4	6
---	---	---	---	---	---	---

 Deferred tax (Net)

5	6	4	6	0	2
---	---	---	---	---	---

Total

9	9	5	5	1	5	0
---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

8	0	7	4	1	4	0
---	---	---	---	---	---	---

 Investments

2	3	8	6	2	6
---	---	---	---	---	---

Net Current Assets

1	6	4	2	3	8	4
---	---	---	---	---	---	---

 Total

9	9	5	5	1	5	0
---	---	---	---	---	---	---

IV Performance of the Company (Amount in Rs. thousands)

Turnover

2	8	8	9	8	4	3
---	---	---	---	---	---	---

 Other Income

8	1	5	1	6
---	---	---	---	---

Total Expenditure

2	1	1	1	6	4	8
---	---	---	---	---	---	---

 Profit before Tax

8	5	9	7	1	1
---	---	---	---	---	---

Profit after tax

5	1	7	1	8	3
---	---	---	---	---	---

 EPS in Rs. (Face Value of Rs 10/- each)

7	0	.	1	6
---	---	---	---	---

EPS in Rs. (Face Value of Rs. 2/ each)

1	4	.	0	3
---	---	---	---	---

 Dividend Rate

1	0	0	%
---	---	---	---

Split (See Note 17)

V Generic Names of Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

8	4	2	8	3	1	.	0	2
---	---	---	---	---	---	---	---	---

8	9	0	5	2	0	.	0	0
---	---	---	---	---	---	---	---	---

N	A							
---	---	--	--	--	--	--	--	--

Product Description

Oil Well Drilling

Oil / Gas Production

Wind Power Generation

Cash Flow Statement

For the year ended 31st March 2005

	2004-2005 Rupees in lacs	2003-2004 Rupees in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	8,597.11	7,810.41
Adjustments for:		
Miscellaneous Expenditure	-	5.74
Amortised Dry Docking expenses	775.29	817.83
Depreciation	4,742.86	3,810.31
Goodwill written off	629.33	629.33
Interest	1,899.27	2,574.91
Income from Non - Trade Investments	(280.22)	(212.83)
Profit on sale of Long Term and Current Investments	(83.23)	-
Loss on sale of Investments	-	11.05
Provision no longer required	-	(36.63)
Loss on sale of Fixed Assets	-	53.20
Profit on sale of Assets	(10.03)	-
Operating Profit before working capital changes	16,270.38	15,463.32
Adjustments For:		
Inventories	(2,135.93)	(3.43)
Trade and other receivables	(4,031.48)	2,087.51
Trade and other payables	2,996.84	1,017.68
Cash Generated from Operations	13,099.81	18,565.08
Direct taxes paid	(1,878.19)	(1,211.80)
Net cash from Operating Activities	11,221.62	17,353.28
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(56,568.17)	(1,337.57)
Sale of fixed assets	67.54	38.46
Interest and dividend received	241.21	385.18
Purchase of Investments	(29,260.96)	(34,829.88)
Sale of Investments	34,605.09	29,512.06
Net Cash used in Investing Activities	(50,915.29)	(6,231.75)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) of Long Term Borrowings	47,703.66	(6,712.13)
Proceeds from partly paid shares	0.04	-
Dividend paid including tax on dividend	(625.04)	(415.75)
Interest paid	(1,751.83)	(2,626.20)
Net Cash (Used in) / from Financing Activities	45,326.83	(9,754.08)
Net Increase / (Decrease) in Cash and Cash Equivalents	5,633.16	1,367.44
Cash and Cash Equivalents - at beginning of the year	4,182.35	2,814.91
Cash and Cash Equivalents - at the end of the year	9,815.51	4,182.35

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

Reji Abraham
Managing Director

P. Murari
Director

On behalf of the Board
V.S. Rao
Vice Chairman

R. Subramanian
Partner

K. Bharathan
Director

S. Srinivasan
Director

P. Venkateswaran
Director (Operations)

C.P. Gopalkrishnan
Director (Finance) & Secretary

Membership No. 16059

Chennai
15th July, 2005

AUDITORS' CERTIFICATE ON CASH FLOW STATEMENT

We have examined the above Cash Flow statement of Aban Loyd Chiles Offshore Limited for the year ended 31st March 2005. The statement has been prepared by the Company in accordance with the requirement under clause 32 of the Listing Agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company for the year ended 31st March 2005.

For FORD, RHODES, PARKS & CO.,
Chartered Accountants

R.SUBRAMANIAN
Partner

Place: Chennai

Date: 15th July, 2005

Membership No: 16059

Statement Pursuant to Section 212 of the Companies Act, 1956

1. Name of the Subsidiary Company	Aban Energies Limited
2. Financial Year of the Subsidiary Company	Year ended 31.03.2005
3. Shares of the Subsidiary Company held by Aban Loyd Chiles Offshore Limited.	
a) Number of Shares	2,00,070
b) Face Value	Rs. 10/-
c) Paid up value	Rs. 10/-
d) Extent of Holding	100%
4. Net aggregate amount of Profit / (Loss) of the Subsidiary Company so far as they concern the members of Aban Loyd Chiles Offshore Limited not dealt with in the accounts of Aban Loyd Chiles Offshore Limited amount to:	
a) For the Subsidiary Company's financial year ended on 31.03.2005.	Rs. 17,30,344
b) For the previous Financial Years of the Subsidiary since it became the Holding Company's subsidiary.	Rs. (1,21,43,602)
5. Net aggregate amount of Profit / (Loss) of the Subsidiary Company, dealt with in the accounts of Aban Loyd Chiles Offshore Limited amount to:	
a) For the Subsidiary Company's financial year ended 31.03.2005.	NIL
b) For the previous financial years of the subsidiary since it became the Holding Company's subsidiary.	NIL
6. As the financial year of the Subsidiary Company coincides with the financial year of the Holding Company, Section 212(5) of the Companies Act is not applicable.	

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

Reji Abraham
Managing Director

P. Murari
Director

On behalf of the Board
V.S. Rao
Vice Chairman

R. Subramanian
Partner
Membership No. 16059

K. Bharathan
Director

S. Srinivasan
Director

P. Venkateswaran
Director (Operations)

C.P. Gopalkrishnan
Director (Finance) & Secretary

Chennai
15th July, 2005

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighth Annual Report of your Company for the year ended 31st March 2005

1. FINANCIAL RESULTS

(Rupees in Lakhs)

	Year ended 31 st March 2005	Year ended 31 st March 2004
Income from Operations	119.24	123.81
Other Income	0.62	—
Less : Expenditure	99.13	110.40
Profit before Interest & Depreciation	20.73	13.41
Less : Depreciation	2.19	2.19
Profit /(Loss) for the year	18.54	11.22
Provision for Tax	1.50	1.00
Provision for Deferred tax	(0.26)	0.18
Profit after Tax	17.30	10.04

2. Performance

The Company has earned an income from operations of Rs.119.24 Lacs . The Company has earned a net profit of Rs.17.30Lacs after Tax. The Company is looking at various opportunities available for further improvement in profitability

3. Dividend

In view of accumulated loss the Directors did not recommend any dividend for the year ended 31st March 2005 .

4. Directors

The Director Mr. Reji Abraham retires by rotation and being eligible offers himself for reappointment.

5. Directors' responsibility statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement it is hereby confirmed:

(i) that in the preparation of the annual accounts for the financial year ended 31st March 2005 the applicable accounting standards had been followed along with proper explanation relating to material departures:

(ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) that the Directors had prepared the accounts for the financial year ended 31st March 2005 on a going concern basis.

6. Auditors

M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, Chennai hold office until conclusion of the ensuing Annual General Meeting and being eligible are recommended for reappointment.

7. Secretarial Compliance Certificate

The Secretarial Compliance Certificate pursuant to section 383 A of the Companies Act, 1956 issued by Mr. G. Ramachandran, Company Secretary in practice is annexed.

8. Particulars of Employees

None of the employees of the Company were drawing remuneration exceeding Rs.24,00,000/- (Rupees twenty four lacs only) per annum or Rs.2,00,000/- (Rupees two lacs only) per month or part thereof. Hence no particulars of employees U/S 217(2A) of the Companies Act, 1956 need to be furnished.

In terms of Section 217(1) of the Companies Act 1956 (as amended) and the Companies (Disclosure of particulars in Report of Board of Directors) Rules 1988, your Directors furnish hereunder the additional information as required.

A. Conservation of Energy

The Company's activities are not energy intensive

B. Research & Development

The Company's research activities are directed towards upgrading skills of the personnel. Efforts are being taken to maximise indigenization.

C. Technology Absorption, Adoption and Innovation

The Company has absorbed the technology.

D. Foreign Exchange Earnings

	2004-2005	2003-2004
Inflow :	Nil	Nil
Outgo :	Nil	Nil

8. Acknowledgements

The Directors wish to place on record their sincere appreciation for the valuable support extended by TNEB, Employees, Bankers and Business Associates

For and on behalf of the Board

Place: Chennai	Reji Abraham	P. Venkateswaran
Date: 14.07.2005	<i>Director</i>	<i>Director</i>

COMPLIANCE CERTIFICATE

Registration No: 18-38108
Authorised Capital: Rs.25,00,000/-
Paid – up Capital Rs.20,00,700/-

To
The Members
Aban Energies Limited
Chennai.

I have examined the registers, records, books and papers of **Aban Energies Limited, No.113 (Old No.96) Pantheon Road, Egmore, Chennai 600 008** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2005.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities, wherever applicable, under the Act and the rules made thereunder.
3. The Company is a Public Limited Company having the prescribed paid-up capital.
4. The Board of Directors duly met 6 (Six) times on 26.04.2004, 09.06.2004, 16.07.2004, 16.09.2004, 26.10.2004 and 18.03.2005 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolutions were reported to be passed during the period under scrutiny.
5. The Company has not closed its Register of Members, and / or Debenture holders during the financial year under review.
6. The Annual General Meeting for the financial year ended on 31st March 2004 was held on 16th September 2004 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the period under scrutiny.
8. The Company has not advanced loan amount to its directors and/or persons or firms or companies referred in the Section 295 of the Act, 1956.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act, 1956.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company is not required to obtain any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the period under review.
13. The Company has:
 - (i) not made any allotment of shares. The Company delivered all the Certificates on lodgement thereof for transfer / transmission in accordance with the provisions of the Act.
 - (ii) not declared any dividend for the year under review.
 - (iii) not declared any dividend for the year under review and therefore, the question of paying /posting warrants to the members or transferring any unpaid dividend to a separate account does not arise.
 - (iv) no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and any interest accrued thereon, for a period of seven years and therefore the question of transfer of such amounts to the Investors Education and Protection Fund does not arise.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The Company did not appoint additional directors, alternate directors and directors to fill casual vacancies during the year under scrutiny.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the period under review.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares/debentures/other securities during the financial year under review.
20. The Company has not bought back any shares during the financial year under review.
21. The Company has not redeemed any preference shares/ debentures during the year under review.
22. The Company has not declared any Dividend / Rights Shares and Bonus Shares during the year under review and hence the question of keeping in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares does not arise.

23. The Company has neither invited nor accepted Fixed deposits including unsecured loans falling within the purview of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975.
24. The Company has not made any borrowings during the financial year under review.
25. The Company has not made loans and investments, or given guarantees or provided securities to other bodies corporate during the financial year under review.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. I was informed that there was no prosecution initiated against or show cause notices received by the company during the period under scrutiny for offences under the Act.
32. The Company has not received any money as security from its employees during the period under scrutiny and hence the provisions of Section 417 of the Companies Act, 1956, are also not applicable.
33. The Employees of the Company are covered under the Employees Provident Funds Miscellaneous Provisions Act, 1952 and hence the provisions of Section 418 of the Companies Act is not applicable to the Company.

Place: Chennai
Date: 14.07.2005

G. RAMACHANDRAN
Company Secretary in Practice
ACS 9865 C.P. NO.3056

Annexure A

Registers as maintained by the Company:

1. Register of Shareholders
2. Register of Transfers
3. Register of Directors
4. Register of Directors' Share holding
5. Minutes of the Meeting of Board of Directors
6. Minutes of the Meeting of the Annual General Meetings
7. Register of Contracts, Companies and firms in which Directors of the Company are interested u/s. 301
8. Books of Accounts u/s.209.

Annexure B

Documents filed with Registrar of Companies

Sl.No.	Nature of the Event	Form No.	Pursuant to Section	Date filed with RoC	Whether filed within the time limit	If delay in filing, whether requisite additional fees paid
1.	Balance Sheet, Profit & Loss Account along with Notice and Directors Report for the year-ended 31.03.2004.	Sch VI	220	13.10.2004	Yes	N.A.
2.	Compliance Certificate for the year ended 31.03.2004		383A	13.10.2004	Yes	N.A.
3.	Annual Return as on 16.09.2004	Sch V	159	12.11.2004	Yes	N.A.
4.	Cessation of Director due to Death	32	303	28.06.2004	Yes	N.A.
5.	Declaration of beneficial interest	III	187C	10.09.2004	No	Yes

Place: Chennai
Date: 14.07.2005

G. RAMACHANDRAN
Company Secretary in Practice
ACS 9865 C.P. NO.3056

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s Aban Energies Limited as at 31st March, 2005, and also the Profit And Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;

c. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

e. Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2005, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;

f. In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;

(ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For FORD, RHODES, PARKS & CO.,
Chartered Accountants

R.SUBRAMANIAN
Partner

Place: Chennai
Date: 14th July, 2005

Membership No: 16059

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The Fixed Assets have been physically verified by the Management wherever possible at the close of the year as confirmed by the Management. As explained to us, no material discrepancies have come to the notice on such physical verification.
 - (c) The Company has not disposed off any substantial part of Fixed Assets during the year so as to affect its going concern status.
- (ii) (a) The inventories have been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loan secured or unsecured to Companies, Firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956 during the year.

- (b) Since the Company has not granted any loans to Companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956, the provisions of clause 4(iii)(b), (c) and (d) of the Order are not applicable to the Company.
- (c) The Company has not taken any loan secured or unsecured from Companies, firms or other parties covered in the Register, maintained under section 301 of the Companies Act, 1956 during the year.
- (d) Since the Company has not taken any loan from companies, firms or other parties covered in the Register, maintained under section 301 of the companies Act, 1956, the provisions of clause 4 (iii)(f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, and to the best of our knowledge, there are no transactions with any party, which need to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) Since there are no transactions with any party, which need to be entered in the Register maintained under Section 301 of the Companies Act, 1956, the provisions of Clause 4 (v) (b) of the Order are not applicable to the Company.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the Rules made thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the activities of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Sales Tax, Service Tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at 31st March, 2005 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Provident Fund, Employees' State Insurance, Income Tax, Customs Duty Sales Tax, Service Tax and Cess which have not been deposited on account of any dispute.
- (x) The accumulated losses of the Company as at 31st march 2005, are more than fifty percent of its net worth and the Company has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (xi) The Company does not have any dues to financial institutions, banks or to debenture holders during the year and hence the provisions of clause 4 (xi) of the Order are not applicable.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) The Company has not taken any Term loan during the year and hence, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
- (xvii) The Company has not raised funds on short-term basis during the year and hence the provisions of clause 4 (xvii) of the Order are not applicable to the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) No debentures have been issued by the Company during the year and hence, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) During the year the Company has not raised any money by way of public issue. Hence the provisions of clause 4 (xx) of the Order are not applicable to the Company
- (xxi) During the course of our examination of books of account, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of any such case by the management.

For FORD, RHODES, PARKS & CO.,
Chartered Accountants

R.SUBRAMANIAN
Partner

Place: Chennai
Date: 14th July, 2005

Membership No: 16059



Balance Sheet

As at 31st March 2005

	Schedule	As at 31st March, 2005		As at 31st March, 2004
		Rupees	Rupees	Rupees
I SOURCES OF FUNDS				
1. Shareholders' Funds				
Share Capital	1		20,00,700	20,00,700
2. Deferred Tax (Net)			1,60,653	1,86,923
Total Funds Employed			<u>21,61,353</u>	<u>21,87,623</u>
II APPLICATION OF FUNDS				
1. Fixed Assets	2			
Gross Block		21,95,523		21,68,022
Less: Depreciation		<u>8,92,335</u>		<u>6,73,721</u>
Net Block			13,03,188	14,94,301
2. Current Assets, Loans and Advances				
(a) Inventory of Stores & Spares (at cost) (As certified by the Management)		35,87,337		36,33,929
(b) Sundry Debtors	3	7,24,100		4,42,000
(c) Cash and Bank Balances	4	3,64,199		3,65,981
(d) Loans and Advances	5	<u>6,28,127</u>		<u>8,62,656</u>
		53,03,763		53,04,566
Less: Current Liabilities and Provisions	6			
(a) Current Liabilities		1,46,69,949		1,67,54,846
(b) Provisions		<u>1,88,907</u>		-
		1,48,58,856		1,67,54,846
Net Current Assets			(95,55,093)	(1,14,50,280)
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	7		-	-
Profit and Loss Account			1,04,13,258	1,21,43,602
Total Assets			<u>21,61,353</u>	<u>21,87,623</u>
Notes to Accounts	9			

Per our report attached
For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
14th July, 2005

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On behalf of the Board

Reji Abraham
Director

P. Venkateswaran
Director

Profit and Loss Account

For the year ended 31st March 2005

	Schedule	Year ended 31st March, 2005 Rupees	Year ended 31st March, 2004 Rupees
I INCOME			
Income from Services rendered		1,19,24,438	1,23,80,736
Interest on Income Tax Refund		56,872	-
Other Income		5,250	-
		<u>1,19,86,560</u>	<u>1,23,80,736</u>
II EXPENDITURE			
Operating, Administrative and Other Expenses	8	99,13,872	1,10,34,957
Depreciation		2,18,614	2,18,614
Preliminary Expenses Written off		-	5,239
		<u>1,01,32,486</u>	<u>1,12,58,810</u>
Profit for the year before taxation		18,54,074	11,21,926
Less: Provision for taxation			
- Current Tax		1,50,000	1,00,000
- Deferred Tax		(26,270)	17,900
Profit for the year after taxation		17,30,344	10,04,026
Add: Profit brought forward from Previous Year		(1,21,43,602)	(1,31,47,628)
Balance Carried to Balance Sheet		<u>(1,04,13,258)</u>	<u>(1,21,43,602)</u>
Notes to Accounts	9		
Earnings per Equity Share of Rs 10/- each (Basic and Diluted)		8.65	5.02

Per our report attached
For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
 Membership No. 16059

Chennai
 14th July, 2005

On behalf of the Board

Reji Abraham
Director

P. Venkateswaran
Director

Schedules annexed to and forming part of the accounts

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
1. SHARE CAPITAL		
Authorised		
2,50,000 Equity Shares of Rs. 10 each	25,00,000	25,00,000
	<u>25,00,000</u>	<u>25,00,000</u>
Issued		
2,00,070 Equity Shares of Rs. 10 each. (Previous Year: 2,00,070 Equity Shares of Rs. 10 each)	20,00,700	20,00,700
	<u>20,00,700</u>	<u>20,00,700</u>
Subscribed and Paid-up		
2,00,070 Equity Shares of Rs. 10 each fully paid. (Previous Year: 2,00,070 Equity Shares of Rs. 10 each) (The shares are held by the Holding Company, Aban Loyd Chiles Offshore Ltd., and their Nominees)	20,00,700	20,00,700
	<u>20,00,700</u>	<u>20,00,700</u>
Total	<u>20,00,700</u>	<u>20,00,700</u>

2. FIXED ASSETS

(In Rupees)

Description of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2004	Additions during the year	Deductions during the year	As at 31st March, 2005	As at 1st April, 2004	Additions during the year	On Deductions during the year	As at 31st March, 2005	As at 31st March, 2005	As at 31st March, 2004
Office Equipment	2,57,322	27,501	-	2,84,823	1,11,299	37,097	-	1,48,396	1,36,427	1,46,023
Vehicles	19,10,700	-	-	19,10,700	5,62,422	1,81,517	-	7,43,939	11,66,761	13,48,278
Total	21,68,022	27,501	-	21,95,523	6,73,721	2,18,614	-	8,92,335	13,03,188	14,94,301
Previous Year	21,50,772	1,18,49,440	118,32,190	21,68,022	4,55,107	2,18,614	-	6,73,721	14,94,301	16,95,665

3. SUNDRY DEBTORS

Considered Good - Unsecured

(a) Outstanding for more than six months

(b) Others

Total

52,000	2,15,000
6,72,100	2,27,000
<u>7,24,100</u>	<u>4,42,000</u>

4. CASH AND BANK BALANCES

Cash on Hand

Balances with Scheduled Banks on Current Accounts

Total

17,197	33,846
3,47,002	3,32,135
<u>3,64,199</u>	<u>3,65,981</u>

Schedules annexed to and forming part of the accounts

	As at 31st March, 2005 Rupees	As at 31st March, 2005 Rupees
5. LOANS AND ADVANCES		
(Recoverable in cash or in kind or for value to be received, unsecured, considered good)		
Loans and Advances	5,97,627	2,14,174
Sundry Deposits	30,500	30,500
Advance Payment of Taxes (Net of provision for taxation)	-	6,17,982
Total	6,28,127	8,62,656
6. CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities		
(a) Amount due to Small Scale Industrial Undertakings	-	-
(b) Sundry Creditors - others	1,46,69,949	1,67,54,846
(B) Provisions		
Taxation (Net of Advance payment of taxes)	1,88,907	-
Total	1,48,58,856	1,67,54,846
7. MISCELLANEOUS EXPENDITURE		
Miscellaneous Expenditure (To the extent not written off or adjusted)		
Preliminary Expenditure	-	5,239
Less: Written off	-	5,239
Total	-	-
8. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
	Year ended 31st March, 2005 Rupees	Year ended 31st March, 2004 Rupees
Consumption - Stores and Spares	46,592	8,93,163
Salaries and Bonus	45,23,721	40,71,931
Contribution to Provident Fund and Other Funds	3,81,750	3,97,897
Staff Welfare	5,79,166	3,21,533
Rent	1,25,400	1,51,800
Rates and Taxes	28,753	41,901
Repairs to Machinery	1,08,639	5,13,029
Insurance	25,159	53,203
Consultancy and Professional Fees	7,05,837	7,54,718
Freight and Forwarding Expenses	-	2,87,073
Postage, Telegram and Telex	48,708	95,040
Printing and Stationery	71,212	48,433
Travelling Expenses	19,89,363	20,94,259
Interest	-	200
Hire Finance Charges	-	47,423
Auditors' Remuneration		
Audit Fees	27,750	27,000
Tax Audit Fees	19,836	16,200
Reimbursement of Expenses	13,399	4,400
Other Expenses	12,18,587	12,15,754
Total	99,13,872	1,10,34,957

Schedules annexed to and forming part of the accounts

9. NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTIONS AND CONCEPTS

A. Financial statements are based on historical cost convention and on the basis of a going concern and comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. The Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis.

B. Fixed Assets

Fixed Assets are capitalised at cost inclusive of installation expenses.

C. Depreciation

Depreciation on Fixed Assets is provided on the Straight Line basis at rates prescribed in Schedule XIV of the Companies Act, 1956 on a pro-rata basis.

D. Inventory Valuation

Inventory of Stores and Spares are valued at cost based on First in First out Cost formula.

E. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Current assets and Current liabilities are translated at year end exchange rates and the realised exchange gains or losses are recognised in the Profit and Loss Account.

F. Retirement Benefits

Contribution to Provident Fund is made monthly at a predetermined rate to the Provident Fund authorities and debited to the Profit and Loss Account on an accrual basis. The company has an agreement with Life Insurance Corporation of India (LIC) to administer its Gratuity schemes. The premium advised by LIC is debited to the Profit and Loss Account on an accrual basis.

G. Taxes On Income

Taxes on Income comprises of current tax and deferred tax. Deferred tax is calculated in accordance with the Accounting Standard 22 issued by The Institute of Chartered Accountants of India. Deferred tax asset is recognised subject to consideration of prudence.

2. Licenced/Installed capacities Not Applicable

3. Details of Income

Operating and Maintenance Service

4. Value of Imports by the Company on CIF basis

Stores & Spare Parts

5. a. Value of Imported Stores & Spares Consumed

% of above to total consumption

b. Value of Indigenous Stores & Spares consumed

% of above to total consumption

	31.03.2005 Value in Rupees	31.03.2004 Value in Rupees
Operating and Maintenance Service	1,19,24,438	1,23,80,736
Stores & Spare Parts	-	-
a. Value of Imported Stores & Spares Consumed	-	-
% of above to total consumption	-	-
b. Value of Indigenous Stores & Spares consumed	46,592	8,93,163
% of above to total consumption	100%	100%

6. Sundry Creditors include Rs. 1,38,26,849/- due to Holding Company M/s Aban Loyd Chiles Offshore Ltd (Previous Year. Rs. 1,54,26,315/-).

7. Deferred Tax Liability is on account of timing difference in depreciation.

8. Previous years figures are re-grouped/re-arranged wherever necessary.

Per our report attached
For Ford, Rhodes, Parks & Co
Chartered Accountants

On behalf of the Board

R. Subramanian
Partner
Membership No. 16059

Reji Abraham
Director

P. Venkateswaran
Director

Chennai
14th July, 2005

Balance Sheet Abstract

As at 31st March 2005

Additional Information as per Part IV of Schedules VI to the Companies Act, 1956

Balance Sheet Abstract and Companies General Business Profile

I Registration Details

Registration No.	<input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/>	State Code	<input type="text" value="1"/> <input type="text" value="8"/>
Balance Sheet Date	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="5"/>		

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Assets	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/>	Total Liabilities	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/>
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Sources of Funds

Paid up Capital	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/>	Reserves and Surplus	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/>	Total	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/>

Application of Funds

Net Fixed Assets	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="3"/>	Net Current Assets	<input "="" type="text" value="("/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value=")"/>
Profit and Loss Account	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="3"/>	Total	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/>

IV Performance of the Company (Amount in Rs. Thousands)

Turnover	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="4"/>	Other Income	<input type="text" value="6"/> <input type="text" value="2"/>
Total Expenditure	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="2"/>	Profit before Tax	<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="4"/>
Profit after tax	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="0"/>	Earnings per share in Rs.	<input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="5"/>
Dividend Rate	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

V Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
<input type="text" value="N"/> <input type="text" value="A"/>	<input type="text" value="Maintenance of Wind Mills"/>



Cash Flow Statement

For the year ended 31st March 2005

	2004-2005 Rupees in lacs	2003-2004 Rupees in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	18.54	11.22
Adjustments for:		
Miscellaneous Expenditure	-	0.05
Depreciation	2.19	2.19
Operating Profit before working capital changes	20.73	13.46
Adjustments For:		
Inventories	0.47	8.93
Trade and other receivables	(6.66)	37.80
Trade and other payables	(20.85)	(82.85)
Cash used in Operations	(6.31)	(22.66)
Direct taxes paid	6.57	(2.42)
Net cash (used in) / from Operating Activities	0.26	(25.08)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(0.28)	(118.49)
Sale of fixed assets	-	118.32
Net Cash (used in) Investing Activities	(0.28)	(0.17)
Net Increase / (Decrease) in Cash and Cash Equivalents	(0.02)	(25.25)
Cash and Cash Equivalents - at beginning of the year	3.66	28.91
Cash and Cash Equivalents - at the end of the year	3.64	3.66

Per our report attached
For Ford, Rhodes, Parks & Co
 Chartered Accountants

R. Subramanian
 Partner
 Membership No. 16059

Chennai
 14th July, 2005

On behalf of the Board

Reji Abraham
 Director

P. Venkateswaran
 Director



Aban Loyd Chiles Offshore Ltd.

AUDITORS' REPORT

To the Board of Directors of Aban Loyd Chiles Offshore Limited on the Consolidated Financial Statement.

We have audited the attached Consolidated Balance Sheet of Aban Loyd Chiles Offshore Limited and its Subsidiary Company, Aban Energies Limited, as at 31st March, 2005 and also the related Consolidated Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. The unaudited financial statement of the Joint Venture Company Frontier Aban Drilling (India) Limited as at 31st March, 2005, to the extent of the interest in the joint venture have also been considered in preparation of the Consolidated Accounts. We have been informed that there will not be any material change in the unaudited financial statements of the Joint Venture Company.

These financial statements are the responsibility of the Aban Loyd Chiles Offshore Limited's Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted Auditing Standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Aban Loyd Chiles Offshore Limited's Management in accordance with the requirements of Accounting Standards issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial

statements of Aban Loyd Chiles Offshore Limited, its subsidiary, Aban Energies Limited, and unaudited financial statement of its joint venture Company, Frontier Aban Drilling (India) Limited.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Aban Loyd Chiles Offshore Limited, its aforesaid subsidiary, Aban Energies Limited, and unaudited Financial Statements of Joint Venture Company, Frontier Aban Drilling (India) Limited, we are of the opinion that;

- (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Aban Loyd Chiles Offshore Limited, its subsidiary and its share of Assets and Liabilities in the Joint Venture Company as at 31st March, 2005 ;
- (b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Aban Loyd Chiles Offshore Limited, its subsidiary and its share of result from the Joint Venture Company, for the year then ended; and
- (c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Aban Loyd Chiles Offshore Limited, its subsidiary and its share of Cash Flow from Joint Venture Company for the year then ended.

For FORD, RHODES, PARKS & CO.,
Chartered Accountants

R.SUBRAMANIAN
Partner

Place: Chennai
Date: 15th July, 2005 Membership No: 16059

Consolidated Balance Sheet

As at 31st March 2005

	Schedule	As at 31st March, 2005		As at 31st March, 2004
		Rupees	Rupees	Rupees
I SOURCES OF FUNDS				
1. Shareholders' Funds				
(a) Share Capital	1		7,37,10,950	7,37,06,750
(b) Reserves and Surplus	2		212,91,53,726	169,80,28,574
2. Loan Funds				
Secured Loans	3		717,90,46,284	240,86,80,026
3. Deferred Tax (Net)	4		56,44,58,918	44,19,28,993
Total Funds Employed			994,63,69,878	462,23,44,343
II APPLICATION OF FUNDS				
1. Fixed Assets	5			
Gross Block		1,141,26,32,580		579,13,44,906
Less: Depreciation		337,08,49,475		289,82,53,241
Net Block		804,17,83,105		289,30,91,665
Add: Capital Work in Progress		3,43,20,200		7,04,79,866
			807,61,03,305	296,35,71,531
2. Investments	6		23,16,25,567	75,77,17,488
3. Current Assets, Loans and Advances				
(a) Inventory of Stores & Spares (at cost) <i>(As certified by the Management - including share in joint venture)</i>		44,72,17,040		24,15,67,131
(b) Sundry Debtors	7	69,87,93,347		35,22,15,870
(c) Cash and Bank Balances	8	98,27,86,435		42,27,54,335
(d) Loans and Advances	9	16,83,36,679		17,06,57,191
		229,71,33,501		118,71,94,527
Less: Current Liabilities and Provisions	10			
(a) Current Liabilities		55,46,70,634		30,11,63,550
(b) Provisions		10,38,21,861		6,25,04,476
		65,84,92,495		36,36,68,026
Net Current Assets			163,86,41,006	82,35,26,501
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	11		-	7,75,28,823
Total Assets			994,63,69,878	462,23,44,343
Notes to Accounts	16			

Per our report attached

On behalf of the Board

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Reji Abraham
Managing Director

C.P. Gopalkrishnan
Director (Finance) & Secretary

Chennai
15th July, 2005

Consolidated Profit and Loss Account

For the year ended 31st March 2005

	Schedule	Year ended 31st March, 2005 Rupees	Year ended 31st March, 2004 Rupees
I INCOME			
Income from Operations	12	289,54,04,485	299,49,74,525
Other Income	13	8,44,31,721	15,66,92,347
		<u>297,98,36,206</u>	<u>315,16,66,872</u>
II EXPENDITURE			
Operating, Administrative and Other Expenses	14	139,32,29,473	166,13,18,676
Interest	15	18,99,26,740	25,94,88,807
Depreciation		47,45,97,411	38,15,09,787
Goodwill Amortised		6,29,32,560	6,29,32,560
Deferred Revenue Expenses Written off		-	5,78,939
		<u>212,06,86,184</u>	<u>236,58,28,769</u>
Profit for the year before taxation		85,91,50,022	78,58,38,103
Less: Provision for taxation			
- Current Tax		22,01,50,000	21,36,99,500
- Deferred Tax		12,24,47,107	9,57,01,861
Profit for the year after taxation		51,65,52,915	47,64,36,742
Add: Profit brought forward from Previous Year		142,12,37,283	105,73,05,017
Profit available for Appropriation		193,77,90,198	153,37,41,759
Transfer to General Reserve		6,00,00,000	5,00,00,000
Proposed Dividend		7,37,10,950	5,52,80,063
Tax on Dividend		1,03,37,961	72,24,413
Balance Carried to Balance Sheet		<u>179,37,41,287</u>	<u>142,12,37,283</u>
Notes to Accounts	16		
Earnings per Equity Share of Rs 10/- each (Basic and Diluted)		70.08	64.64
Earnings per Equity Share of Rs 2/- each (Split) (Basic and Diluted) See Note No. 10		14.02	12.93

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
15th July, 2005

Reji Abraham
Managing Director

On behalf of the Board

C.P. Gopalkrishnan
Director (Finance) & Secretary

Schedules annexed to and forming part of the consolidated accounts

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
1. SHARE CAPITAL		
Authorised		
18,00,00,000 Equity Shares of Rs. 10 each	180,00,00,000	180,00,00,000
2,00,00,000 Cumulative Redeemable Preference Shares of Rs. 10 each	<u>20,00,00,000</u>	<u>20,00,00,000</u>
	200,00,00,000	200,00,00,000
Issued		
62,78,760 Equity Shares of Rs. 10 each. (Previous Year: 62,78,760 Equity Shares of Rs. 10 each)	6,27,87,600	6,27,87,600
10,86,111 Equity Shares of Rs. 10 each fully paid up and 12,448 Equity Shares of Rs. 10 each partly paid upto Rs. 5 issued pursuant to Scheme of Amalgamation of Hitech Drilling Services India Ltd with the Company (Previous Year: 10,85,271 Equity Shares of Rs. 10 each fully paid up and 13,288 Equity Shares of Rs. 10 each partly paid upto Rs. 5)	<u>1,09,23,350</u>	<u>1,09,19,150</u>
	7,37,10,950	7,37,06,750
Subscribed and Paid-up		
73,64,871 Equity Shares of Rs. 10 each fully paid. (Previous Year: 73,64,031 Equity Shares of Rs. 10 each)	7,36,48,710	7,36,40,310
12,448 Equity Shares of Rs. 10 each, partly paid upto Rs. 5 (Previous Year: 13,288 Equity Shares of Rs. 10 each, partly paid upto Rs.5)	<u>62,240</u>	<u>66,440</u>
Total	7,37,10,950	7,37,06,750
2. RESERVES AND SURPLUS		
(a) Capital Reserve	33,500	33,500
(b) Securities Premium Account		
- As per last Balance Sheet	12,84,03,600	12,84,03,600
(c) Investment Allowance Reserve - Utilised	5,24,00,000	5,24,00,000
(d) General Reserve		
- At the beginning of the year	9,92,91,943	4,92,91,943
Add: Transfer from Profit and Loss Account	<u>6,00,00,000</u>	<u>5,00,00,000</u>
(e) Share in joint venture	(47,16,604)	(33,37,752)
(f) Profit and Loss Account	<u>179,37,41,287</u>	<u>142,12,37,283</u>
Total	212,91,53,726	169,80,28,574
3. SECURED LOANS		
a. Term Loans from Banks (includes foreign currency loan of Rs. 19,54,66,647)	703,10,51,913	222,40,22,752
b. Cash Credit from Banks	14,79,94,371	18,31,47,896
c. Others	-	15,09,378
	<u>717,90,46,284</u>	<u>240,86,80,026</u>
Share in joint venture	-	-
Total	717,90,46,284	240,86,80,026
Notes:		
1. Term Loans from Banks are secured by first charge on the offshore drilling rigs and accessories, floating production unit, windmills and all moveable assets, both present and future. Further, one of the term loans from banks is secured by a mortgage of a certain portion of land and equitable mortgage of office property of the Company.		
2. Cash Credits from Banks are secured by way of hypothecation of inventory of stores and spares, Book debts and by way of second charge on the Rigs of the Company.		

Schedules annexed to and forming part of the consolidated accounts

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
4. DEFERRED TAX (Net)		
Deferred Tax Asset on timing differences		
Provision for diminution in the value of investments	(65,687)	(65,687)
On deferred dry docking charges and deferred expenses	-	(7,36,86,135)
Deferred Tax Liability on timing differences		
On depreciation	56,48,28,324	51,60,12,076
	56,47,62,637	44,22,60,254
	(3,03,719)	(3,31,261)
Share in joint venture		
Total	56,44,58,918	44,19,28,993

5. FIXED ASSETS

(In Rupees)

Description of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2004	Additions during the year	Deductions during the year	As at 31st March, 2005	As at 1st April, 2004	Additions during the year	On Deductions during the year	As at 31st March, 2005	As at 31st March, 2005	As at 31st March, 2004
Goodwill	25,17,30,208	-	629,32,560	18,87,97,648	-	-	-	-	18,87,97,648	25,17,30,208
Land Freehold	14,23,64,672	4,74,100	15,42,105	14,12,96,667	-	-	-	-	14,12,96,667	14,23,64,672
Building	15,49,33,491	-	45,67,000	15,03,66,491	1,78,98,505	25,59,251	7,00,978	1,97,56,778	13,06,09,713	13,70,34,986
Offshore Jackup Drilling Rigs, Floating Production unit and connected machineries	268,50,99,290	455,08,47,683	-	723,59,46,973	224,54,37,847	24,04,02,752	-	248,58,40,599	475,01,06,374	43,96,61,443
Drillship	-	112,95,39,020	-	112,95,39,020	-	73,50,050	-	73,50,050	112,21,88,970	-
Other Machineries	8,08,24,706	-	-	8,08,24,706	7,67,35,196	-	-	7,67,35,196	40,89,510	40,89,510
Wind Mills	239,83,94,314	68,17,500	-	240,52,11,814	51,64,85,659	21,54,80,871	-	73,19,66,530	167,32,45,284	188,19,08,655
Office Equipment	3,29,48,230	12,02,569	-	3,41,50,799	2,63,52,133	50,14,662	-	3,13,66,795	27,84,004	65,96,097
Furniture and Fixtures	1,75,12,640	2,01,401	-	1,77,14,041	62,52,023	11,16,421	-	73,68,444	1,03,45,597	1,12,60,617
Vehicles	2,53,00,843	39,21,857	13,88,384	2,78,34,316	86,40,928	25,80,140	10,45,978	1,01,75,090	1,76,59,226	1,66,59,915
Total	578,91,08,394	569,30,04,130	7,04,30,049	1,141,16,82,475	289,78,02,291	47,45,04,147	17,46,956	337,05,59,482	804,11,22,993	289,13,06,103
Capital Work-in-Progress									3,43,20,200	7,04,79,866
Share in Joint Venture	22,36,512	-	12,86,407	9,50,105	4,50,950	93,264	2,54,221	2,89,993	6,60,112	17,85,562
Total	579,13,44,906	569,30,04,130	7,17,16,456	1,141,26,32,580	289,82,53,241	47,45,97,411	20,01,177	337,08,49,475	807,61,03,305	296,35,71,531
Previous Year	577,65,84,981	8,57,74,583	7,32,51,170	578,91,08,394	251,77,05,316	38,12,49,608	11,52,633	289,78,02,291	296,17,85,969	328,13,59,997
Previous Year-Share in Joint Venture	19,22,353	3,14,159	-	22,36,512	1,90,771	2,60,179	-	4,50,950	17,85,562	17,31,582
TOTAL PREVIOUS YEAR	577,85,07,334	8,60,88,742	7,32,51,170	579,13,44,906	251,78,96,087	38,15,09,787	11,52,633	289,82,53,241	296,35,71,531	328,30,91,579

Schedules annexed to and forming part of the consolidated accounts

	No. of Shares	Face Value Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
6. INVESTMENTS (At Cost)				
Long Term Investments				
A. Trade Investments				
Fully Paid Equity Shares - Unquoted				
(a) Aban Informatics Private Limited	3,00,750	10.00	1,98,49,500	1,98,49,500
(b) Frontier Aban Drilling (India) Limited	49,993	100.00	-	-
(c) Aban Power Company Limited	1,19,01,529	10.00	11,90,15,290	11,90,15,290
Note: For consolidation purposes, value of investment amounting to Rs. 49,99,300 in the Joint Venture Company Frontier Aban Drilling (India) Ltd., has been adjusted.				
B. Others (Non Trade)				
Equity Shares Quoted - Fully Paid				
Arihant Threads Ltd.	13,600	10.00	1,70,000	1,70,000
Punjab Woolcombers Ltd.	300	10.00	27,000	27,000
State Bank of Travancore	245	100.00	1,47,000	1,47,000
The ICICI Bank Ltd.	2,100	10.00	7,86,374	7,86,374
Oil & Natural Gas Corporation Ltd.	8,429	10.00	63,21,750	-
Punjab National Bank	1,886	10.00	7,35,540	-
	No. of Units	Face Value Rupees		
Current Investments (At lower of cost and fair value) (See note: 3)				
HDFC Income Fund (G)	2,50,000.00	10.00	-	25,00,000
HDFC Floating Rate Income Fund - Dividend	49,89,522.00	10.00	-	5,00,00,000
JM Mutual Fund - Short Term - Dividend	5,13,993.47	10.00	-	52,97,227
Birla Bond Plus Plan - B Growth	18,12,476.84	10.00	-	2,01,19,580
Grindlays Floating Rate - Dividend	79,56,755.53	10.00	-	8,01,26,916
Templeton India Short Term Income Plan - Growth	13,344.55	1,000.00	-	1,50,00,000
Sundaram Money Fund	4,99,251.63	10.00	-	50,37,301
HDFC Cash Management Fund	61,25,961.20	10.00	-	6,51,58,172
Franklin Templeton Monthly Income Plan	2,13,057.89	10.00	-	25,00,000
Reliance Monthly Income Plan	2,50,000.00	10.00	25,00,000	25,00,000
Prudential ICICI Monthly Income Plan	2,26,207.50	10.00	-	25,00,000
DSP Merrill Lynch Monthly Income Plan	2,37,022.99	10.00	-	25,00,000
Deutsche Floating Rate Fund	19,65,850.02	10.00	2,01,55,421	5,14,41,611
Prudential ICICI Floating Rate Fund	1,69,89,337.53	10.00	-	17,07,83,213
DSP Merrill Lynch Floating Rate Fund	32,83,504.32	10.00	-	3,28,77,945
Templeton India Floating Rate Fund	5,03,637.59	10.00	50,45,331	6,68,19,483
Birla Floating Rate Fund	19,41,015.96	10.00	-	2,00,76,302
Kotak Mahindra Floating Rate Fund	20,32,758.49	10.00	-	2,03,88,036
Chola Freedom Income Short Term Fund	2,27,155.15	10.00	-	22,79,638
Reliance Fixed Term Scheme	10,00,000.00	10.00	1,00,00,000	-
Kotak Liquid Fund	21,84,541.60	10.00	2,67,12,793	-
Reliance Floating Rate Fund	10,01,317.26	10.00	1,00,68,357	-
Prudential ICICI Liquid Fund	23,147.95	10.00	2,74,311	-
JM Derivative Fund	10,00,000.00	10.00	1,00,00,000	-
Templeton India Growth Plan - Bonus	18,364.96	10.00	-	-
Chola Freedom Income Short Term Fund - Bonus	4,50,275.51	10.00	-	-
Sub Total			23,18,08,667	75,79,00,588
Less: Provision for Diminution in Value of Long Term Investments			1,83,100	1,83,100
Total			23,16,25,567	75,77,17,488
Aggregate Value Of Quoted Investments			9,29,43,877	61,90,35,798
Aggregate Market Value of Quoted Investments			10,15,32,950	62,85,65,425

Schedules annexed to and forming part of the consolidated accounts

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
7. SUNDRY DEBTORS		
Considered Good - Unsecured		
(a) Outstanding for more than six months	2,23,64,412	3,34,27,617
(b) Others	66,12,59,599	26,19,83,607
	68,36,24,011	29,54,11,224
Share in Joint Venture	1,51,69,336	5,68,04,646
Total	69,87,93,347	35,22,15,870
8. CASH AND BANK BALANCES		
Cash on Hand	2,23,156	1,86,555
Balances with Scheduled Banks		
- In Current Accounts	10,04,99,500	5,75,52,542
- In Deposit Accounts	88,11,92,319	36,08,61,968
	98,19,14,975	41,86,01,065
Share in Joint Venture	8,71,460	41,53,270
Total	98,27,86,435	42,27,54,335
9. LOANS AND ADVANCES		
(Recoverable in cash or in kind or for value to be received, unsecured, considered good)		
Loans and Advances (includes Share Application money pending allotment Rs. Nil)	15,25,21,118	12,78,13,674
(Previous Year - Rs. 99,97,500/-)		
Sundry Deposits	81,90,486	1,17,96,983
Advance Payment of Taxes (Net of provision for taxation)	-	1,32,14,760
	16,07,11,604	15,28,25,417
Share in Joint Venture	76,25,075	1,78,31,774
Total	16,83,36,679	17,06,57,191
10. CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities		
(a) Amount due to Small Scale Industrial Undertakings	-	2,16,133
(b) Sundry Creditors - others	50,78,83,515	20,62,28,169
(c) Other Liabilities	47,58,532	70,94,662
(d) Unclaimed Dividends (No amount is due to Investor Education & Protection Fund)	57,43,164	56,48,305
(e) Interest Accrued but not due on secured loans	1,84,31,278	36,87,516
	53,68,16,489	22,28,74,785
Share in Joint Venture	1,78,54,145	7,82,88,765
	55,46,70,634	30,11,63,550
(B) Provisions		
(a) Provision for taxation (Net of Advance payment of taxes)	1,97,72,950	-
(b) Proposed Dividend	7,37,10,950	5,52,80,063
(c) Tax on Dividend	1,03,37,961	72,24,413
	10,38,21,861	6,25,04,476
Total	65,84,92,495	36,36,68,026

Schedules annexed to and forming part of the consolidated accounts

	Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
11. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
(a) Deferred Expenditure	-	-	5,78,939
Less: Written off	-	-	5,78,939
(b) Dry Docking Expenditure at the beginning of the year	7,75,28,823	-	15,93,11,609
Less: Write off during the year and included under Repairs to Machinery in the Profit and Loss Account	<u>7,75,28,823</u>	-	8,17,82,786
Total		<u>-</u>	<u>7,75,28,823</u>

	Year ended 31st March, 2005 Rupees	Year ended 31st March, 2004 Rupees
12. INCOME FROM OPERATIONS		
Drilling Revenue	272,05,23,197	257,92,71,455
Income from Wind Power generation	16,93,20,276	18,90,40,456
	<u>288,98,43,473</u>	<u>276,83,11,911</u>
Share in Joint Venture	55,61,012	22,66,62,614
Total	<u>289,54,04,485</u>	<u>299,49,74,525</u>

13. OTHER INCOME		
(a) Rental Income (Gross)	9,94,000	12,00,000
(b) Dividend Income from Long Term Investments	3,56,443	3,50,760
(c) Dividend Income from Current Investments	99,97,250	1,60,25,875
(d) Interest on Bank Deposits (Gross)	1,49,50,078	22,37,309
(e) Interest - Others (Gross)	9,16,226	16,38,593
(f) Interest on Income Tax Refund	18,58,379	10,30,689
(g) Provision no longer required	-	36,62,972
(h) Service Charges (Gross)	1,33,57,695	86,84,041
(i) Others (Gross)	2,60,07,917	11,91,69,752
(j) Claims	54,65,374	-
(k) Profit on Sale of Assets (net)	10,03,107	-
(l) Profit on Sale of Long Term Investments (Net)	17,15,772	14,71,809
(m) Profit on Sale of Current Investments (Net)	66,07,174	-
	<u>8,32,29,415</u>	<u>15,54,71,800</u>
Share in Joint Venture	12,02,306	12,20,547
Total	<u>8,44,31,721</u>	<u>15,66,92,347</u>

Note: Tax deducted at source on a, d, e, h, i Rs. 20,08,610/- (Previous year - Rs. 8,40,138/-)

Schedules annexed to and forming part of the consolidated accounts

	Year ended 31st March, 2005 Rupees	Year ended 31st March, 2004 Rupees
14. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
Consumption - Stores and Spares	33,65,19,344	35,17,61,935
Salaries and Bonus	18,37,47,691	15,18,66,139
Contribution to Provident Fund and Other Funds	1,06,48,301	1,50,27,242
Staff Welfare	79,69,814	66,42,053
Rent	13,27,993	7,03,387
Rates and Taxes	82,34,498	45,09,343
Rental Charges for Machinery	24,25,86,975	40,41,67,905
Repairs to Machinery	23,59,12,795	15,51,67,459
Insurance	12,77,69,056	14,96,59,655
Drilling Services and Management Fees	8,12,71,190	7,52,69,784
Consultancy and Professional Fees	3,93,18,756	3,32,42,785
Catering Expenses	1,24,43,488	73,48,275
Postage, Telegram and Telex	35,07,046	47,57,655
Printing and Stationery	17,57,852	15,43,520
Travelling Expenses	3,01,54,605	2,78,19,305
Guarantee Commission - Bank and Other Charges	3,59,41,366	2,18,02,163
Loss on Sale of Assets (Net)	-	53,20,017
Loss on Sale of Current Investments (Net)	-	25,76,854
Auditors' Remuneration		
Audit Fees	4,68,550	2,97,000
Tax Audit Fees	3,01,896	2,12,200
Certification and Other works	3,61,100	3,57,643
Reimbursement of Expenses	71,899	92,900
Other Expenses	2,38,29,672	1,91,75,686
	138,41,43,887	143,93,20,905
Share in Joint Venture	90,85,586	22,19,97,771
Total	139,32,29,473	166,13,18,676

15. INTEREST

On Long Term Loans*	18,50,92,936	25,21,82,011
Others	48,33,804	53,56,423
Total	18,99,26,740	25,75,38,434
* Excluding Interest capitalised during the year Rs. 2,28,09,185/- (Previous Year - Rs. Nil)		
Share in Joint Venture	-	19,50,373
Total	18,99,26,740	25,94,88,807

Schedules annexed to and forming part of the consolidated accounts

16. NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

- The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard-21 and Accounting Standard-27 issued by the Institute of Chartered Accountants of India.
- The Audited Annual Accounts of the wholly owned subsidiary M/s. Aban Energies Limited, and unaudited Financial Statements of joint venture company Frontier Aban Drilling(India) Ltd have been considered in the preparation of the Consolidated Financial Statements.
- The details of the related entities are given below:

Name of the Company	Nature of Relation	Percentage of Holding	Accounts Considered
1. Aban Energies Ltd	Subsidiary	100%	31.03.2005 (audited)
2. Frontier Aban Drilling(India) Limited	Joint Venture	25%	31.03.2005 (Unaudited)

Name of the Company	Nature of Interest	Accounts Considered
Prize Petroleum Limited	50% share in Joint Operating Agreement	Considered in Separate financial statement of Aban Loyd Chiles Offshore Limited. (Also refer Note No.8)

1. ACCOUNTING CONVENTIONS AND CONCEPTS

A. Financial statements are based on historical cost convention and on the basis of a going concern and comply with the Accounting Standards referred to in section 211(3C) of the Company Act, 1956. The Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis.

B. Fixed Assets

Fixed Assets are capitalised at cost inclusive of Installation expenses and interest upto the date the asset is put to use. The original cost of Fixed Assets through foreign currency loans are adjusted for any exchange difference between actual payment of principal and the original cost booked and by revaluation of closing foreign currency loan at the rate prevailing on the closing day.

C. Depreciation

Depreciation on Fixed Assets is provided on the Straight Line basis at rates prescribed in Schedule XIV of the Companies Act, 1956 on a pro-rata basis. Depreciation on Drillship is provided at a higher rate of 11.31% on straight line method based on technical evaluation of the expected useful life. Depreciation on windmills is provided at a higher rate of 10% on straight line method based on technical evaluation of the expected useful life.

D. Inventory Valuation

Inventory of Stores and Spares are valued at cost based on First in First out Cost formula.

E. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Current assets and Current liabilities are translated at year end exchange rates and the realised exchange gains or losses are recognised in the Profit and Loss Account.

Wherever forward contracts are entered into, the exchange differences are dealt with in the Profit & Loss Account over the period of the contracts.

F. Investments

(a) Long Term Quoted Investments are stated at cost unless there is a permanent fall in the value. A provision for diminution is made to recognise a decline other than temporary in the value of long term Investments.

(b) Current Investments are valued at lower cost and fair value of the category of such current investments.

G. Proposed Dividend

The Dividend as proposed by the Board of Directors is provided in the books of account pending approval at the Annual General Meeting.

H. Retirement Benefits

Contribution to Provident Fund is made monthly at a predetermined rate to the Provident Fund authorities and debited to the Profit and Loss Account on an accrual basis. The Company has an arrangement with Life Insurance Corporation of India (LIC) to administer the Gratuity and Superannuation Schemes. The premium advised by LIC is debited to the Profit and Loss Account on an accrual basis. The provision for leave encashment has been made on the basis of actuarial valuation.

I. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

J. Amortisation of Expenditure

Expenditure incurred until 31st March 2002, in connection with dry docking of rig is amortised over a beneficial period of five years from the year of completion of dry docking and such amortised amount is included under the head Repairs to Machinery in Profit and Loss Account.

K. Taxes on Income

The Income tax provision comprises of current tax and deferred tax. Current tax is the amount of tax payable in respect of income for the period. In accordance with the Accounting Standard 22 - Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the deferred tax on timing difference between book profit and tax profit for the year is accounted based on rates and laws that have been enacted or substantially enacted as on the Balance sheet date. However deferred tax assets arising from timing difference are recognised to the extent of their actual realisability in future years.

L. Joint Operating Agreement

Assets, Liabilities, Income and Expenditure relating to joint Operating Agreement are accounted under appropriate accounting head in proportion to the participating interest of the Company to the extent of authenticated details provided by the Operating Contractor.

Schedules annexed to and forming part of the consolidated accounts

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
M. Contingent Liabilities		
Contingent Liabilities are not provided for and are disclosed by way of notes.		
2. Contingent Liabilities not provided for		
a. Guarantees given by banks on behalf of the Company	41,01,76,066	26,42,46,758
b. Letter of Credit	4,10,46,490	-
3. During the year the Company acquired and sold the following Current Investments:		
Particulars	Purchased	Sold
<i>Investments in Units in Mutual Funds</i>	<i>Units</i>	<i>Units</i>
Birla Bond Plus - Growth	-	18,12,476.84
Birla Floating Rate Short Term - Dividend	16,277.40	19,57,293.36
Chola Freedom Income - Dividend	1,416.39	2,28,571.54
Deutsche Floating Rate - Dividend	41,75,286.08	73,33,199.84
DSP Merrill Lynch Floating Rate - Dividend	60,20,732.68	93,04,237.00
DSP Merrill Lynch Liquidity Fund - Dividend	14,98,857.06	14,98,857.06
DSP Merrill Lynch Saving Moderate - Dividend	-	2,37,022.99
FT India MIP - Dividend	-	2,13,057.89
Grindlays Floating Rate Fund - Dividend	603,67,935.23	603,67,935.23
Grindlays Floating Rate Fund - Dividend	14,97,019.26	94,53,774.79
Grindlays Cash Fund - Dividend	66,24,859.76	66,24,859.76
Grindlays Cash Fund - Dividend	503,07,611.80	503,07,611.80
Grindlays Floating Rate - Dividend	20,26,127.60	20,26,127.60
HDFC Cash Management Fund - Savings - Dividend	204,54,363.12	265,80,324.32
HDFC Cash Management Fund - Savings Plus - Dividend	20,19,344.03	20,19,344.03
HDFC Floating Rate Income Fund Short Term - Dividend	4,083.45	49,93,605.45
HSBC Income Short Term - Dividend	16,68,304.44	16,68,304.44
JM Short Term - Dividend	9,98,340.80	9,98,340.80
JM Short Term Fund - Dividend	7,380.45	5,21,373.92
Kotak Floater Short Term - Dividend	15,20,076.59	35,52,835.08
Kotak Floating Rate Long Term - Dividend	10,14,971.52	10,14,971.52
Kotak Mahindra Liquid - Dividend	28,63,306.09	6,78,764.49
Prudential Floating - Dividend	97,70,318.83	267,59,656.39
Prudential ICICI Liquid Plan - Dividend	382,43,340.34	382,42,358.40
Prudential ICICI Liquid Fund - Dividend	139,96,545.74	139,96,545.74
Prudential ICICI Liquid Fund - Dividend	232,35,699.04	232,15,290.84
Prudential ICICI MIP - Dividend	-	2,26,207.50
Reliance Fixed Term - Dividend	10,00,000.00	-
Reliance Floating Rate - Dividend	10,01,317.26	-
Reliance Liquid Fund Cash Plan - Dividend	31,53,601.89	31,53,601.89
Reliance Liquid - Treasury - Dividend	6,55,159.78	6,55,159.78
SBI Magnum Fund - Dividend	5,01,851.60	5,01,851.60
Sundaram Bond Saver Fund- Bonus	-	92,077.73
TATA Floating Rate - Dividend	10,05,279.03	10,05,279.03
Templeton Floating Rate - Short Term - Dividend	259,50,004.20	326,29,723.17
Templeton Floating Rate - Long Term - Dividend	87,33,820.68	87,33,820.98
Templeton IBA - Monthly Bonus	524.25	-
Templeton India Short Term Income - Growth	-	13,344.55
Templeton India Treasury Management - Dividend	28,112.23	28,112.23
UTI Liquid Short Term Income - Dividend	10,02,096.33	10,02,096.33
UTI Liquid Advantage Fund - Dividend	4,98,648.65	4,98,648.65
Sundaram Money Fund - Dividend	5,01,586.80	10,00,838.03
HDFC Income Fund - Growth	-	2,50,000.00
Templeton Floating Rate Fund - Short Term Plan - Dividend	5,03,637.59	-
JM Derivative Fund - Dividend	10,00,000.00	-
Templeton Floating Rate Fund - Short Term Plan - Dividend	2,51,792.50	2,51,792.50
Grindlays Floating Rate Fund - Short Term Plan - Dividend	4,97,183.01	4,97,183.01
Grindlays Floating Rate Fund - Short Term Plan - Dividend	4,99,164.27	4,99,164.27
Prudential ICICI Liquid Plan - Dividend	6,34,589.09	6,32,831.28

Schedules annexed to and forming part of the consolidated accounts

	31.03.2005 Rupees	31.03.2004 Rupees
4. a. Managerial Remuneration		
Salary & Allowances	58,49,333	72,72,000
Monetary value of Perquisites	18,03,488	20,08,976
Sitting Fees	2,27,000	1,03,000
Commission	1,64,27,713	1,30,46,097
	2,43,07,534	2,24,30,073

5. Related Party Disclosure

Enterprise where control exists

1. Subsidiary Company
Aban Energies Limited

Other related parties with whom the Company had transactions

1. Joint Venture Enterprise

Frontier Aban Drilling (India) Limited

2. Joint Venture Operator

Prize Petroleum Limited

3. Key Management Personnel

- (a) Mr. M.A. Abraham - Managing Director (upto 12.06.2004)
- (b) Mr. Reji Abraham - Managing Director (from 19.07.2004)
- (c) Mr. P. Venkateswaran - Director (Operations)
- (d) Mr. C.P. Gopalkrishnan - Director (Finance) & Secretary
- (e) Mr. V.S. Rao - Non-Executive Director
- (f) Mr. P. Murari - Non-Executive Director
- (g) Mr. S. Srinivasan - Non-Executive Director (Nominee of ICICI Bank Limited)
- (h) Mr. K. Bharathan - Non-Executive Director

Transaction with Related Parties during the Year

Nature of Transaction	Joint Venture Enterprise / Operator		Key Management Personnel	
	Rs.		Rs.	
	2004-2005	2003-2004	2004-2005	2003-2004
i) Rent Received	8,80,000	12,00,000	-	-
ii) Rent Paid	-	-	4,53,333	-
iii) Service Charges Received	-	12,97,729	-	-
iv) Service Charges Paid	-	9,49,141	-	-
v) Purchase of Assets	1,83,511	-	-	-
vi) Remuneration	-	-	2,43,07,534	2,24,30,073
vii) Amount Outstanding as at 31.03.2005 receivable (payable)	(258,494)	37,01,663	25,25,000	27,80,000

6. Segment Reporting

A. Primary segment as per the Accounting Standard 17 - segment reporting issued by The Institute of Chartered Accountants of India

The Company's primary segments are Offshore Oil Drilling services and Wind Power Generation.

The above business segments have been identified considering the nature of services rendered and the internal financial reporting system.

Income and Expenses have been accounted for based on their relationship to the operating activities of the segment.

B. Secondary Segment

Substantial Assets of the Company are Rigs / Ship, which are mobile assets and can operate across the world, in view of which Geographical Segment is not considered.

Schedules annexed to and forming part of the consolidated accounts

Primary Segment Information

	2004-2005		2003-2004	
	Rs.	Rs.	Rs.	Rs.
1. Segment Revenue				
- Drilling	279,03,32,794		272,47,18,481	
- Wind Energy	18,26,77,971		19,75,93,421	
- Share in Joint Venture	67,63,318	297,97,74,083	22,78,83,161	315,01,95,063
2. Segment Result				
- Drilling	99,27,67,908		102,36,62,283	
- Wind Energy	(13,12,02,354)		(24,14,99,018)	
- Share in Joint Venture	(24,15,532)	85,91,50,022	36,74,838	78,58,38,103
3. Segment Assets				
- Drilling	858,05,97,020		262,98,70,740	
- Wind Energy	185,22,57,504		203,71,13,814	
- Share in Joint Venture	2,43,25,983	1,045,71,80,507	7,91,03,849	474,60,88,403
4. Segment Liabilities				
- Drilling	671,01,35,032		155,76,59,213	
- Wind Energy	100,57,27,741		107,38,95,598	
- Share in Joint Venture	1,78,54,145	773,37,16,918	7,82,88,765	270,98,43,576
5. Depreciation				
- Drilling	25,88,04,662		16,67,39,783	
- Wind Energy	21,56,99,485		21,45,09,825	
- Share in Joint Venture	93,264	47,45,97,411	2,60,179	38,15,09,787
6. Capital Expenditure				
- Drilling	567,86,61,640		5,74,52,428	
- Wind Energy	68,45,001		1,80,03,547	
- Share in Joint Venture	-	568,55,06,641	3,14,159	7,57,70,134

7. Loans and Advances include loan to Wholtime Director of the Company who were officers at the time of taking the loan Rs. 25,25,000/- (Previous Year Rs. 27,80,000/-). Maximum amount outstanding during the year Rs.27,80,000/-(Previous Year Rs 29,86,000/-)
8. The Company has entered into a Joint Operating Agreement with Prize Petroleum Limited during the year for development of ONGC's Oil fields at Hirapur, Khambel and West Bechraji in the state of Gujarat. The Company's participating share in the contract is 50%. As at 31st March 2005, no commercial production has taken place under the Joint Agreement. The Company has accounted for Rs. 1,83,511/- under 'Fixed Assets'. Rs. 20,57,896/- under Current Assets representing expenditure carried forward pending commercial production and current liabilities Rs. 2,58,494/- based on the statement provided the Operator.
9. Interests in Joint Ventures
The Company's interest in joint venture (Frontier Aban Drilling (India) Limited) is reported as Long Term Investments as at 31st March 2005 (Schedule 6) and stated at cost. On adoption of Accounting Standard 27 during the year, the Company's interest in Joint Venture accounted for proportionate consolidation are :

	As at 31st March, 2005 Rs. in lacs Unaudited	As at 31st March, 2004 Rs. in lacs Audited
1. Assets		
1. Fixed Assets (Net)	6.60	17.86
2. Deferred Tax (Net)	3.04	3.31
3. Current Assets, Loans and Advances		
a) Inventories	-	78.97
b) Sundry Debtors	151.69	568.05
c) Cash and Bank Balances	8.71	41.53
d) Loans and Advances	76.25	178.32
2. Liabilities		
Shareholders funds - Reserves and Surplus	17.76	55.15
Current Liabilities and Provisions	178.54	782.89
3. Contingent Liabilities	-	168.35

Schedules annexed to and forming part of the consolidated accounts

	For the year ended 31st March, 2005	For the year ended 31st March, 2004
	Rs. in lacs Unaudited	Rs. in lacs Audited
4. Income		
Income from Operations	55.61	2266.63
Other Income	12.02	12.21
5. Expenses		
a) Stores and Spares consumed	1.42	607.68
b) Employee costs	9.38	27.59
c) Other Expenses	80.05	1528.37
d) Interest	-	19.50
e) Depreciation	0.93	2.60
f) Deferred Revenue expenses written off	-	56.34
Profit before Taxation	(24.15)	36.76
Provision for Taxation - Current	-	35.99
- Deferred	(0.55)	(24.40)
Profit after Taxation	(23.60)	25.17

10. Equity Share of the Company having nominal value of Rs. 10/- each as at 31.03.2005, has been converted into equity share having nominal value of Rs. 2/- each by split vide resolution passed at the Extraordinary General Meeting held on 23rd April 2005. As required under Accounting Standard - 20 of The Institute of Chartered Accountants of India, the Earnings Per Share of the split share is also given in the Profit and Loss Account.

11. Earning per share is calculated as shown below. (Equity shares of Rs. 10/- each)

	2004-2005 No. of Shares	2003-2004 No. of Shares
Share Capital		
Fully Paid	73,64,871	73,64,031
Partly Paid calculated as Fully Paid	<u>6,224</u>	<u>6,644</u>
	73,71,095	73,70,675
Profit after Tax	51,65,52,915	47,64,36,742
Earning per Share (Rs. 10 each) Rs. (Basic and Diluted)	70.16	64.16
Earning per Share (Rs. 2 each) Rs. (Basic and Diluted) - see Note No.10	14.02	12.93

12. Previous year's figures are re-grouped / re-arranged wherever necessary

Per our report attached

On behalf of the Board

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner

Reji Abraham
Managing Director

C.P. Gopalkrishnan
Director (Finance) & Secretary

Membership No. 16059

Chennai
15th July, 2005

Consolidated Cash Flow Statement

For the year ended 31st March 2005

	2004-2005 Rupees in lacs	2003-2004 Rupees in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	8,591.50	7,858.38
Adjustments for:		
Miscellaneous Expenditure	-	5.79
Amortised Dry Docking expenses	775.29	874.23
Depreciation	4,745.97	3,815.10
Goodwill written off	629.33	629.33
Interest	1,899.27	2,594.89
Income from Non - Trade Investments	(280.78)	(212.83)
Profit on sale of Long Term and Current Investments	(83.23)	-
Loss on sale of Investments	-	11.05
Provision no longer required	-	(36.63)
Profit on sale of Fixed Assets	(10.03)	53.20
Operating Profit before working capital changes	16,267.32	15,592.51
Adjustments For:		
Inventories	(2,056.50)	60.29
Trade and other receivables	(3,588.70)	2,197.39
Trade and other payables	2,360.31	931.46
Cash Generated from Operations	12,982.43	1,8781.65
Direct taxes paid	(1,812.99)	(1,268.90)
Net cash from Operating Activities	11,169.44	17,512.75
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(56,568.17)	(1,340.88)
Sale of fixed assets	77.86	38.46
Interest and dividend received	241.78	385.18
Purchase of Investments	(29,260.95)	(34,829.88)
Sale of Investments	34,605.09	29,512.06
Net Cash used in Investing Activities	(50,904.66)	(6,235.06)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) of Long Term Borrowings	47,703.66	(6,873.57)
Proceeds from partly paid shares	0.04	-
Dividend paid including tax on dividend	(625.04)	(415.75)
Interest paid	(1,751.83)	(2,646.18)
Net Cash (Used in) / from Financing Activities	45,326.83	(9,935.50)
Net Increase / (Decrease) in Cash and Cash Equivalents	5,591.61	1,342.19
Cash and Cash Equivalents - at beginning of the year	4,227.54	2,843.82
Cash and Cash Equivalents - share in Joint Venture	8.71	41.53
Cash and Cash Equivalents - at the end of the year	9,827.86	4,227.54

Per our report attached

On behalf of the Board

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner

Reji Abraham
Managing Director

C.P. Gopalkrishnan
Director (Finance) & Secretary

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Chennai
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