

# Aban Offshore Limited

Annual Report | 2008-09



## Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The

achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statements whether as a result of new information, future events or otherwise.

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"When I dream alone it remains as a dream  
but when we dream together it is the  
beginning of reality"

M.A. Abraham

1939 - 2004



## CORPORATE INFORMATION

### Board of Directors

V. S. Rao	- Chairman
P. Murari	- Vice Chairman
Reji Abraham	- Managing Director
K. Bharathan	- Director
K.M. Jayarao	- Nominee Director of ICICI Bank Limited
Satish Chandra Gupta	- Additional Director
P. Venkateswaran	- Deputy Managing Director
C.P. Gopalkrishnan	- Deputy Managing Director & Secretary

### Audit Committee

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

### Shareholders / Investors Grievance Committee

K. Bharathan	- Chairman
P. Venkateswaran	- Member
C.P. Gopalkrishnan	- Member

### Compensation Committee

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

### Auditors

#### FORD, RHODES, PARKS & CO.,

Chartered Accountants  
"Paruvatham"  
No.2, 56<sup>th</sup> Street,  
Off: 7<sup>th</sup> Avenue, Ashok Nagar  
Chennai – 600 083

### Bankers & Financial Institutions

Allahabad Bank  
Axis Bank Ltd.  
Bank of Baroda  
Bank of India  
Canara Bank  
Corporation Bank  
DBS Bank Ltd  
DnB NoR Bank ASA  
Export Import Bank of India  
ICICI Bank Ltd  
Indian Bank  
Industrial Development Bank of India Ltd  
Indian Overseas Bank  
Life Insurance Corporation of India  
Oriental Bank of Commerce  
Punjab National Bank  
State Bank of Hyderabad  
State Bank of India  
State Bank of Indore  
State Bank of Mysore  
Standard Chartered Bank  
Syndicate Bank  
UCO Bank

### Registered Office

Janpriya Crest  
113 Pantheon Road  
Egmore  
Chennai 600 008.  
Website :www.abanoffshore.com

### Registrar and Share Transfer Agent

CAMEO CORPORATE SERVICES LIMITED  
"Subramanian Building",  
V Floor,  
No.1, Club House Road,  
Chennai – 600 002

### Registrar for FCCB

Deutsche Bank, Luxembourg S.A  
2, Boulevard Konrad Adenauer,  
L -1115 Luxembourg  
Grand Duchy of Luxembourg

### Trustee

Deutsche Trustee Company Limited  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

### Principal Agent and Transfer Agent

Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street,  
London EC2N 2DB  
United Kingdom



## Aban Offshore Limited

(Formerly Aban Loyd Chiles Offshore Limited)

### Registered Office

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

### NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of **ABAN OFFSHORE LIMITED** (formerly Aban Loyd Chiles Offshore Ltd.) will be held on Wednesday the 16<sup>th</sup> September 2009 at 11.00 A.M at Mini Hall Music Academy No.168 (old No.306) T.T.K. Road, Royapettah, Chennai – 600 014 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009 and the Profit and Loss Account for the year ended as on that date, together with the reports of the Board of Directors and Auditors thereon.
2. To consider and declare a dividend @ 8% p.a. on Non Convertible Cumulative Redeemable reference Shares for the year ended 31<sup>st</sup> March 2009.
3. To consider and declare a dividend @ 9% p.a. on Non Convertible Cumulative Redeemable Preference Shares for the year ended 31<sup>st</sup> March 2009
4. To consider and declare a dividend @9.25% p.a. (prorata) on Non Convertible Cumulative Redeemable Preference Shares for the period ended 31<sup>st</sup> March 2009
5. To consider and declare a dividend @ 180% on the paid up Equity Share Capital of the company for the year ended 31<sup>st</sup> March 2009
  - a) @Rs.3.60 per fully paid equity share
  - b) @Rs.1.80 per partly paid equity share
6. To appoint a Director in place of Mr. C.P. Gopalkrishnan who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Mr. K. Bharathan who retires by rotation and being eligible, offers himself for re-appointment.
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**

“RESOLVED THAT M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, Chennai be and are hereby re appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting, to conduct the audit on a remuneration as may be paid on a progressive billing basis, to be agreed between the Auditor and the Board or any committee thereof.”

#### SPECIAL BUSINESS

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT Mr. Satish Chandra Gupta, who was appointed as an Additional Director of the Company by the Board on 26.03.2009 and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**

“RESOLVED THAT, in accordance with the provisions of Section 81 and 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and relevant provisions of the Memorandum of Association and Articles of Association of the Company, the Foreign Exchange Management Act, 1999, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, guidelines prescribed by the Securities and Exchange Board of India (“SEBI”) and subject to such approvals, consents, permissions and / or sanction of the Ministry of Finance of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such terms and conditions, modifications, alterations as may be prescribed and/or specified by any of them in granting any such approval, consent, permission or sanction, the consent, authority and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee thereof) to offer, issue, and allot, in the course of one or more offerings, in one or more foreign markets, any securities (including but not limited to Equity Shares, Global Depository Receipts, American Depository Receipts/Shares, Foreign Currency Convertible Bonds, Convertible Bonds, Euro - Convertible Bonds that are convertible at the option of the Company and / or at the option of the holders of such securities, securities partly or fully convertible into Equity Shares and / or securities linked to Equity Shares and / or any instruments or securities with or without detachable warrants secured or

unsecured or such other types of securities representing either Equity Shares or convertible securities) (hereinafter referred to as "Securities") to Foreign/Domestic investors, Non-residents, Foreign Institutional Investors/Foreign Companies/NRI(s)/Foreign National(s) or such other entities or persons as may be decided by the Board, whether or not such persons/entities/investors are Members of the Company through Prospectus, Offering Letter, Circular to the general public and / or through any other mode or on private placement basis as the case may be from time to time in one or more tranches as may be deemed appropriate by the Board on such terms and conditions as the Board may in its absolute discretion deem fit for an amount not exceeding US\$ 400 Million (US Dollar Four Hundred Million only) or its equivalent currencies including green shoe option on such terms and conditions including pricing as the Board may in its sole discretion decide including the form and the persons to whom such Securities may be issued and all other terms and conditions and matters connected therewith."

**"RESOLVED FURTHER THAT** without prejudice to the generality of the above the aforesaid issue of the Securities may have all or any term or combination of terms in accordance with normal practice including but not limited to conditions in relation to payment of interest, dividend, premium on redemption or early redemption at the option of the Company and / or to the holder(s) of the Securities and other debt service payment whatsoever and all such terms as are provided in offerings of this nature including terms for issue of additional Equity Shares of variation of interest payment and of variation of the price or the period of conversion of Securities into Equity Shares or issue of Equity Shares during the duration of the Securities or terms pertaining to voting rights or option for early redemption of Securities."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of underlying Equity Shares as may be required to be issued and allotted upon conversion of any such Securities referred to above or as may be in accordance with the terms of the offering(s) and that the said Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the existing Equity Shares of the Company including payment of dividend."

**"RESOLVED FURTHER THAT** the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and Section 293(1)(d) other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to borrow money in excess of the paid up capital and free reserves and to secure, if necessary, all or any of the above mentioned Securities to be issued, by the creation of a mortgage and / or charge on all or any of the Company's immovable and / or movable assets, both present and future in such form and manner and on such terms as may be deemed to be fit and appropriate by the Board."

**"RESOLVED FURTHER THAT** such of these Securities to be issued as are not subscribed may be disposed of by the Board to such person in such manner and on such terms as the Board in its absolute discretion thinks fit, in the best interest of the Company and as is permissible in law."

**"RESOLVED FURTHER THAT** the Company may enter into any arrangement with any agency or body for issue of Depository Receipts representing underlying Equity Shares/Preference Shares / other securities issued by the Company in registered or bearer

form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent."

**"RESOLVED FURTHER THAT** the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by applicable foreign laws."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board be and is hereby authorised to determine the form, terms and timing of the offering(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue / conversion of Securities, Exercise of warrants / Redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the Appointment of Registrar, Book-Runner, Lead-Managers, Trustees / Agents, Bankers, Global Co-ordinators, Custodians, Depositories, Consultants, Solicitors, Accountants, entering into arrangements for underwriting, marketing, listing, trading, depository and such other arrangements and agreements, as may be necessary and to issue any offer document(s) and sign all deeds, documents and to pay and remunerate all agencies / intermediaries by way of commission, brokerage, fees, charges, out of pocket expenses and the like as may be involved or connected in such offerings of securities, and also to seek listing of the securities or securities representing the same in any Indian and / or in one or more international stock exchanges with power on behalf of the Board to settle any questions, difficulties or doubts that may arise in regard to any such issue, offer or allotment of securities and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors / Managing / Deputy Managing Director(s) / any Director / any other Officer / Officers of the company to give effect to the aforesaid resolution."

11. To consider and if thought fit to pass with or without modification(s) the following resolution as a **SPECIAL RESOLUTION**

**"RESOLVED THAT** pursuant to Section 81(1A) and all other applicable provisions of the Companies Act 1956 (including any statutory modification or re-enactment thereof for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into with the Stock Exchanges and subject to the provisions of Chapter XIII A of the SEBI(Disclosure and Investor Protection) guidelines

2000 ("SEBI DIP Guidelines") the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or issue of security by a Person Resident Outside India) Regulations 2000 applicable rules, regulations, guidelines or laws and / or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India or any other appropriate authorities, institution or bodies (hereinafter collectively referred to as the "appropriate authorities") and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and / or sanction (hereinafter referred to as the "requisite approvals") which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) the Board be and is hereby authorized to issue, offer and allot equity shares / fully convertible debentures / partly convertible debentures / non convertible debentures with warrants / any other securities (other than warrants) which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "Qualified Institutional Placement ("QIP") Securities" to the Qualified Institutional Buyers (QIBs) as per the SEBI DIP Guidelines, on the basis of placement document(s) at such time and times in one or more tranche or tranches at par or at such price or prices and on such terms and conditions and in such manner as the Board may in its absolute discretion determine in consultation with the Lead Managers, Advisors or other intermediaries for an amount not exceeding Rs.2500 crores (Rupees two thousand five hundred crores only) including such premium amount as may be finalized by the Board ."

**"RESOLVED FURTHER THAT** the relevant date for the determination of applicable price for the issue of the "QIP" Securities shall be the date on which the Board of the Company decide to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for shares shall be the relevant date "(Relevant date)".

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred to in paragraph above or as may be necessary in accordance with the terms of the offering all such shares shall be subject to the provisions of Memorandum of Association & Articles of Association of the company and being pari passu with the then existing shares of the Company in all respects as may be provided under the terms of the issue and in the offering document."

**"RESOLVED FURTHER THAT** such of these Securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law."

**"RESOLVED FURTHER THAT** the issue to the holders of the securities with equity shares underlying such securities shall be inter alia, subject to suitable adjustment in the number of shares the price and the time period etc., in the event of any change in the equity capital structure of the Company consequent upon

any merger, amalgamation, takeover or any other re-organisation or restructuring in the Company.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of securities or instruments representing the same as described in paragraph above the Board be and is hereby authorized on behalf of the Company to do all such acts deeds, matters and things as it may in its absolute discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution / trustees/ agents and similar agreements / and to remunerate the managers, underwriters and all other agencies / intermediaries by way of commission, brokerage, fees and the like as may be involved or connected such offerings of such securities, with power on behalf of the Company to settle any question, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

**"RESOLVED FURTHER THAT** for the purpose aforesaid, the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue offer or allotment of securities and utilization of the issue proceeds including but without limitation to the creation of such mortgage / charge under section 293(1)(a) of the said Act in respect of the aforesaid Securities either on pari passu basis or other wise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to appoint such consultants, bookrunners, lead managers, underwriters, guarantors, depositories, custodians, registrars, trustees, bankers, lawyers, merchant bankers and any other advisors and professionals as may be required and to pay them such fees, commission and other expenses as they deem think fit."

**"RESOLVED FURTHER THAT** the allotment of Securities shall be to Qualified Institutional Buyers in accordance with the Qualified Institutional Placement (QIP), Chapter XIII A of SEBI (Disclosure of Investor Protection) Guidelines, such Securities shall be fully paid-up and the allotment of such Securities shall be completed within 12 months from the date of this resolution without the need for fresh approval from the shareholders and placements made in pursuance of this resolution, if approved shall be separated by at least six months between each placement."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors / Managing Director / Deputy Managing Director(s) / Directors / any other officers / Authorised representatives of the Company to give effect to the aforesaid resolution."

By Order of the Board

Chennai - 600 008  
Date 31.07.2009

C.P. Gopalkrishnan  
Deputy Managing Director & 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. BLANK PROXY FORM IS ANNEXED.**

2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the meeting

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 10<sup>th</sup> September 2009 to Wednesday, the 16<sup>th</sup> September 2009 (both days inclusive) for the purpose of dividend declaration.

4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating the Special Business to be transacted at the Meeting is annexed hereto

5. Dividend on Equity Shares if declared at the Annual General Meeting will be paid on or after 16<sup>th</sup> September 2009 to those persons or their mandates

(i) Whose names appear as Beneficial Owners as at the end of the business hours on 9<sup>th</sup> September 2009 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 on electronic form; and

(ii) Whose name 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 9<sup>th</sup> September 2009

6. Dividend on Preference Shares upon declaration at the Annual General Meeting will be paid on or after 16<sup>th</sup> September 2009

7. 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 dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the Meeting.

### 8. **Nomination Facility**

As per the provisions of the Companies Act, 1956 nomination facility is available to the Members in respect of 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

### 9. **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 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

### 10. **Unclaimed Dividends**

Transfer to General Revenue Account

Pursuant to Section 205 A of the Companies Act, 1956 all unclaimed / unpaid dividends upto the Financial Year ended 31<sup>st</sup> March 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not yet encashed their dividend warrants for the said period are requested to forward their claims in prescribed form under the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules 1978 to Office of the Registrar of Companies, Sastri Bhavan, 26 Haddows Road, Chennai 600 006

### **Transfer to the Investor Education and Protection Funds**

Consequent upon amendment to Section 205 A of the Companies Act, 1956 and introduction of Section 205 C by the Companies (Amendment) Act 1999 the amount of dividend 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 31<sup>st</sup> March 1996 to 31<sup>st</sup> March 2001 had been transferred to the Investor Education and Protection Fund.

It may be noted that the unclaimed dividend for the financial year ended 31<sup>st</sup> March 2002 is due for transfer to the fund in the month of November 2009.

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 first became due for payment. Any person / member who has not claimed dividend in respect of the financial year ended 31<sup>st</sup> March 2002 or any year thereafter are requested to approach the Company / the Registrar and Share Transfer Agent of the Company immediately for claiming the same.

The Members who have not yet encashed the dividend warrant(s) for the financial years 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006 - 2007 & 2007 - 2008 are requested to approach the Company / Company's Registrar with their warrants for revalidation. Dividend for these years which remain unclaimed for a period of 7 years will be transferred by the Company to Investor Education and Protection Fund. The last date upto which claim for unpaid dividend which can be lodged with the Company is given hereunder



Financial Year	Date of Declaration of Dividend	Late date for claiming unpaid dividend
2001-2002	27-09-2002	31-10-2009
2002-2003	26-09-2003	30-10-2010
2003-2004	17-09-2004	21-10-2011
2004-2005	31-08-2005	04-10-2012
2005-2006	14-07-2006	18-08-2013
2006-2007	16-08-2007	20-09-2014
2007-2008	17-09-2008	22-10-2015

#### 11. Bank Mandates

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 Branch
  - c. Complete address of the Bank with Pin code number.
  - d. Bank Account number allotted by the Bank.

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.

12. 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.

Members who are holding physical shares in identical order of names in more than one account are requested to intimate to the Share Transfer Agent the ledger folio of such accounts and send the share certificates to enable the Company to consolidate all the holdings into an account. The share certificate will be returned to the members after making the necessary endorsements in the due course.

13. Members are requested to bring their copy of Annual Report to the Meeting
14. In terms of Article 106 of the Articles of Association of the Company the Directors Mr. C.P. Gopalkrishnan and Mr. K. Bharathan liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Mr. Satish Chandra Gupta who was appointed as additional director effective 26.03.2009 was recommend for appointment as director at the ensuing Annual General Meeting.

Brief resume of these directors, nature of their expertise in specific functional areas, names of companies in which they hold directorships, memberships and chairmanships in committees, shareholding and relationships between directors inter-se (in pursuance of clause 49 of the Listing Agreement are annexed).

Details of Directors Seeking reappointment at the forthcoming Annual General Meeting to be held on 16<sup>th</sup> September 2009

Name of Director	C.P. Gopalkrishnan	K. Bharathan	Satish Chandra Gupta
Date of Birth	9 <sup>th</sup> March 1956	15 <sup>th</sup> April 1950	5 <sup>th</sup> May 1947
Nationality	Indian	Indian	Indian
Date of Appointment on Board	1 <sup>st</sup> August 2001	26 <sup>th</sup> December 2003	26 <sup>th</sup> March 2009
Date of Appointment as Wholtime Director	1 <sup>st</sup> August 2001	NA	NA
Qualifications	B.Com (Hons) ACA, ACS, LLB	A.C.A.	M. Com., CAIIB
Shareholding in the Company Equity Shares of Rs.2/- each	18100	1800	Nil
List of Indian Companies in India in which Directorships held	Aban Investments Private Ltd Ratan Plantations Ltd Tyford Tea Ltd Aban Informatics Private Ltd West Mountain Power Ltd North Chennai Power Company Ltd Mahanadhi Aban Power Company Ltd	Tamilnadu Urban Development Fund Ltd	Emmsons Int. Ltd. ISMT Ltd Proactive Universal Group Ltd. Solar Explosive Ltd Cirdia IT Ltd Minda Management Corporation Ltd Bindal Paper Ltd

	Aban Infrastructure Private Ltd Tuticorin Power Company Private Ltd Ernakulam Estates Private Ltd Plasma Estates & Developers Private Ltd Ginger Estates & Developers Private Ltd Jamin Estates & Developers Private Ltd		Sagacious Financial Services Ltd Jai Balaji Industries Ltd.
Members / Chairman of Committees in the Company	Member - Shareholders Grievance Committee	Chairman - Shareholders Grievance Committee Member - Audit Committee	-
Membership / Chairmanship of committees of other Companies	-	-	Chairman Audit Committee - Jai Balaji Industries Ltd.
Expertise in Specific Functional Areas	A Chartered Accountant, Company Secretary & law graduate with over 30 years of experience in finance.	Chartered Accountant by qualification is a career banker with over 30 years of experience in commercial banking and insurance.	Post graduate in commerce & over 30 years of experience in Banking & Finance

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS CONTAINED IN THE NOTICE DATED 31ST JULY 2009.**

Item No.9

Mr. Satish Chandra Gupta was appointed as an Additional Director effective 26.03.2009. Notice pursuant to section 257 has been received from a member proposing the candidature of Mr. Satish Chandra Gupta as Director of the Company, liable to retire by rotation. Hence the resolution under Item No.9 is placed before the meeting for approval

Note : None of the Director except Mr. Satish Chandra Gupta is concerned or interested in the item of business

Item No.10

In view of the growing operations of the Company and to augment the fund requirements, your Company propose to create, offer, issue and allot equity shares GDRs, ADRs, FCCBs etc., as stated in the resolution. The proposed resolution is for renewal of approval of issuance of securities for an amount not exceeding USD 400 Million or its equivalent currencies as approved by the Members of the Company at the 22<sup>nd</sup> Annual General Meeting held on 17<sup>th</sup> September 2008.

The Board recommend passing of this resolution  
None of the Director is concerned or interested in the resolution

Item No.11

Your Company in order to enhance its global competitiveness and increase the ability to compete with the peer group in domestic and international markets needs to strengthen its financial position by augmenting long term resources from time to time

The proposed special resolution seeks the enabling authorization of the Members to the Board of Directors without the need of any further approval from the shareholders under the Qualified Institutional Placements ("QIP") with the Qualified Institutional

Buyers ("QIB") in accordance with the provisions of Chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines 2000 (SEBI DIP Guidelines). Pursuant to the above, the Board, may in one or more tranches, issue and allot equity shares / fully convertible debentures / partly convertible debentures / non convertible debentures with warrants / any other securities (other than warrants) which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (Collectively referred to as "QIP Securities")

The said QIP by the Board shall be subject to the provisions of the SEBI DIP Guidelines (as amended from time to time) including the pricing which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the relevant date. The relevant date for the determination of applicable price for the issue of the QIP securities shall be the date of the meeting in which the Board of the Company decide to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be. For reasons aforesaid an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of issue. The securities issued pursuant to the offering would be listed on the Indian Stock Exchange(s).

The securities issued under QIP issue pursuant to offer may, if necessary be secured by way of mortgage / hypothecation on the Company's assets as may be finalized by the Board of Directors in consultation with the Security Holders / Trustees in favour of security holder / Trustees for the holders of said securities. As the documents to be executed between the security holders / trustees for the holders of the said securities and the Company may contain the power to take over the management of the Company in certain events, enabling approval is also sought under section 293(1) (a) of the Companies Act, 1956.

Section 81(1A) of the Companies Act, 1956 and the Listing Agreement entered with the Stock Exchanges provide, inter alia that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the Company in proportion to the Capital paid up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorization of the Members to the Board of Directors to make the proposed issue of securities in consultation with the Lead Managers, Legal Advisors and other intermediaries and in the event it is decided to issue Securities convertible into equity shares to issue to the holders of such convertible securities in such manner

and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules and regulations or guidelines

The Board recommend passing of this resolution

None of the director is interested or concerned in the resolution

By Order of the Board

Chennai – 600 008

Date 31.07.2009

**C.P. Gopalkrishnan**

*Deputy Managing Director & Secretary*

# Aban Offshore Ltd. is among the world's ten largest offshore drilling service providers

## Our origin

- ▶ Aban Offshore Ltd. (AOL) is the flagship Company of the Aban Group
- ▶ The Company was promoted by late Mr. M.A. Abraham in 1986
- ▶ The promoters held a 60.83% stake in the Company as on 31st March 2009

## Our vision

- ▶ To continue as the market leader in providing offshore drilling services
- ▶ To achieve far-reaching success by developing innovative, integrated, enterprising and world class services for the global hydrocarbon industry
- ▶ To provide clients an unmatched value proposition, through proven experience, modern technology and diverse range of services

## Our competence

- ▶ We are the leading offshore drilling services provider in the area of shallow to deep water, offshore exploration and production of oil and gas sector worldwide.

## Our presence

- ▶ We are headquartered in Chennai, India
- ▶ We operate in nine countries with two offices in India and three offices across the world
- ▶ Our shares are listed on the Madras Stock Exchange Ltd., Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd.; our FCCBs are listed on the Singapore Exchange Ltd.



### Our assets

- ▶ We control a fleet of 20 rigs of diverse capabilities and capacities including nine newly built jack-up rigs
- ▶ We employed 541 individuals as on 31 March 2009

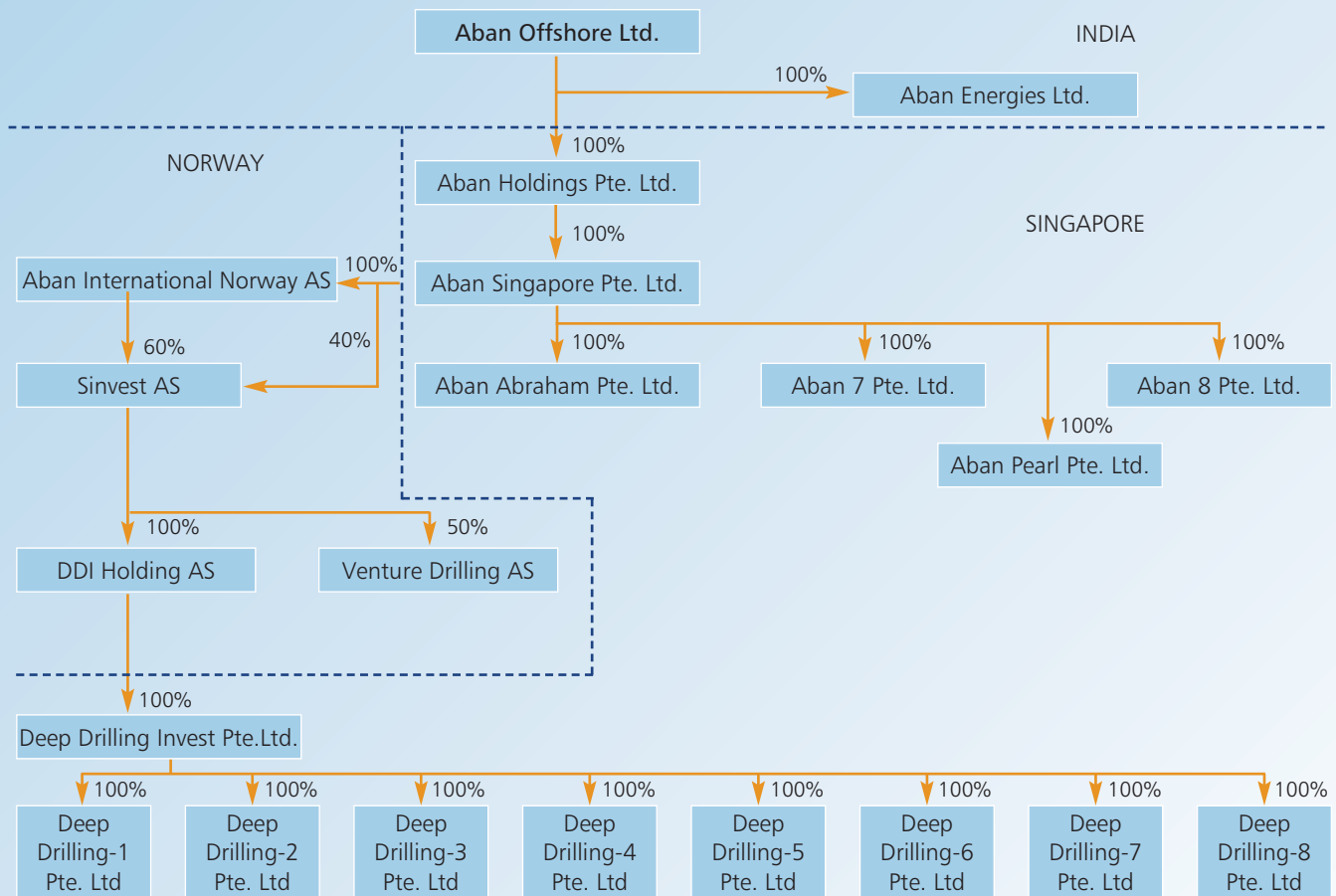
### Our clients

- ▶ Oil & Natural Gas Corporation Ltd. (ONGC) / ONGC Videsh Ltd (OVL)
- ▶ Reliance Industries Ltd. (RIL)
- ▶ Hardy Exploration & Production (India) Inc.
- ▶ Oriental Oil Co., Dubai
- ▶ Shell Brunei
- ▶ Shell Malaysia
- ▶ Gujarat State Petroleum Corporation Ltd. (GSPC)
- ▶ Petronas Carigali SDN BHD
- ▶ Cairn Energy
- ▶ Kosmos Energy / Petro SA
- ▶ Hindustan Oil Exploration Co. Ltd.
- ▶ Chevron, Thailand
- ▶ Essar Oil
- ▶ New Coastal, Thailand
- ▶ PDVSA Servicios, Venezuela

### Our performance

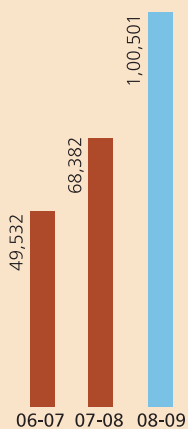
- ▶ 47% increase in revenue from Rs. 68,382 lakh in 2007-08 to Rs. 1,00,501 lakh in 2008-09
- ▶ 81% growth in EBIDTA from Rs. 41,796 lakh in 2007-08 to Rs. 75,780 lakh in 2008-09
- ▶ 21-year uninterrupted dividend payment to equity shareholders

# Our structure

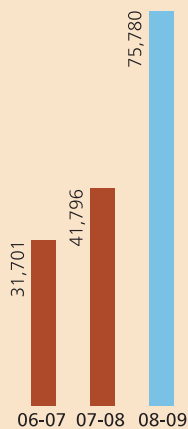


## Highlights: Results of AOL

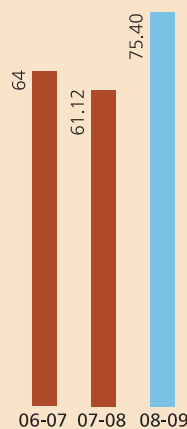
Income from operations (Rs. lakhs)



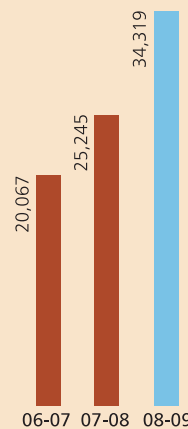
EBIDTA (Rs. lakhs)



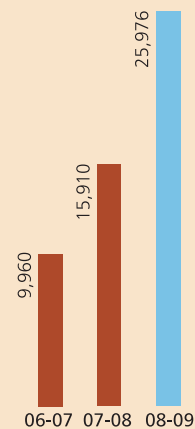
EBIDTA margin (%)



Cash profit (Rs. lakhs)



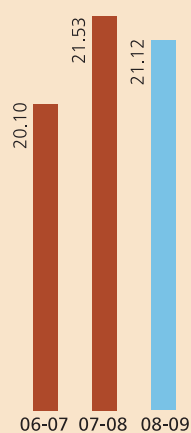
Post-tax profit (Rs. lakhs)



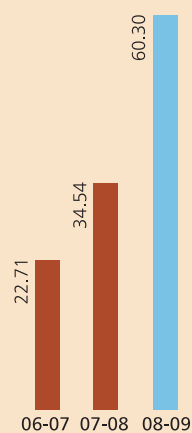
## Consolidated results profile of AOL and its subsidiaries (Group)

	Year ended 31st March 2009	Year ended 31st March 2008
	(Rs. in lakhs)	
Income from operations	3,05,009	2,04,695
Other income	40,426	8,804
Less: Operating expenditure	1,20,579	88,912
Profit before interest, depreciation and tax	2,24,856	1,24,587
Less: Interest	85,530	66,585
Less: Depreciation/impairment/amortisation	60,147	31,404
Profit for the year before tax	79,179	26,598
Provision for current taxation	26,456	15,139
Provision for deferred tax	(1,381)	(838)
Profit after tax	54,104	12,297
Minority interest	35	(1)
Net profit	54,069	12,298

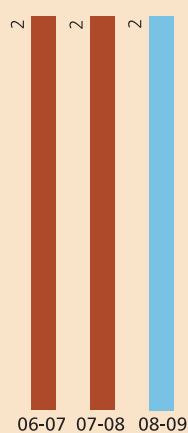
Post-tax profit margin (%)



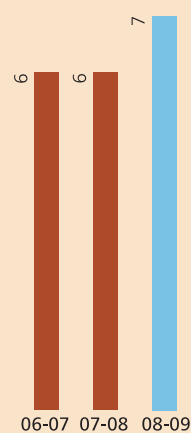
Earnings per share (EPS), basic (Rs.)



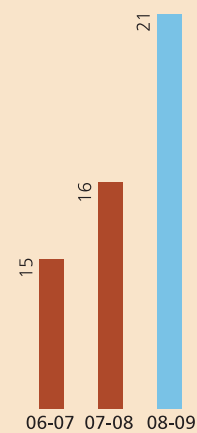
Book value per share (Rs.)



Return on employed capital (%)



Return on net worth (%)



# Managing Director's review

Our principal corporate strategy for the moment is one of comprehensive de-risking



## *Dear Shareholders*

When I last communicated to you, the rig industry was on an unprecedented high, marked by chock-a-block contract bookings and record rig-hire rates.

The intervening period corresponding to the global economic downturn has completely altered the industry scenario, which is now marked by a decline in asset utilisation and rig hire rates.

### **Slowdown factors**

This unexpected decline in the health and fortunes of the oil industry can be traced to various reasons:

- ▶ There was a sharp decline in oil prices in 2008-09 – from a high of US\$147 per barrel to a low of US\$35 per barrel within only five months. This decline abbreviated the capex programme of a number of E&P operators
- ▶ Even though a number of E&P operators still possess strong cash positions derived from an unprecedented oil boom, there is an industry hesitation in committing funds immediately on account of the expectation that projected demand may be extensively subdued and capex costs may decline further
- ▶ There is a growing realisation that the commercial potential of most shallow oil wells has either been fully exhausted or has been significantly

Aban is present in international waters that possess more

**enduring prospects**

for oil drilling and rig hire than others.



exploited; the deeper wells require larger investment that may not be justified with oil prices at US\$30-40 a barrel.

- ▶ Well development requires sustained investments with no prospect of immediate returns; this requires foresight and confidence at a time of sectoral and global weakness
- ▶ The decline in the fortunes of the oil E&P business has been accompanied by a global slowdown, marked by the collapse of large financial houses. The result is a decline in the quantum of available financial resources for onward investment in the E&P sector.

### Implications

It would be pertinent to communicate at this moment of sectoral weakness that the long-term health of the oil E&P sector continues to be assured for the following reasons:

- ▶ From 2010 a return to enhanced spending is forecast, especially directed at deepwater development projects. The big expansion in the number of rigs available for these projects will just about meet market demand. Even though the

number of wells drilled may plateau after 2012, overall spends will rise, as well development becomes costly and oil prices strengthen

- ▶ The global oil demand will drop by 980,000 barrels per day in 2009-10, but is expected to rebound by about 1 mn barrels per day in 2010 and the probability of no spare production capacity by 2013 is strong [Source: IEA].
- ▶ Undistracted by the global economic crisis, the Government of India launched the country's biggest ever auction of oil and gas exploration blocks, offering 70 zones for bidding to domestic and international companies under the eighth round of the New Exploration and Licensing Policy.

As oil demand increases and availability declines – resources are finite and a number of global oilfields are in a state of progressive decline – there is a case for long-term sectoral security and buoyancy.

So even as there has been a decline in E&P spending, a number of state oil companies across the world are sustaining their investments on account

of national oil security issues. Much of the delay then is coming out of major private players preferring not to invest their own funds, resulting in sectoral haziness.

### Rig market

The decline in rig demand and realisations in 2008-09 represented the first real bleak outlook in a buoyant market that had sustained from 2004 onwards. This trend break was reflected in the following realities for the rig sector:

- ▶ A reduction in rig-hire activity
- ▶ A decline in rig rates by 30%
- ▶ An increase in rig supply only to the extent of what was significantly paid for by customers, resulting in rig supply delay or cancellation, wherever credit was unavailable
- ▶ A relatively strong demand for deep water drilling rigs (5,000-plus feet) over shallow and medium water rigs
- ▶ A relatively strong demand for rigs in emerging economies like Mexico, Brazil, India and West Africa, which would enhance their critical fuel security over

the coming years on account of a surge in local consumption

- ▶ Scrapping of fresh rig building programmes

As oil prices continued to free-fall, a number of intending rig hire customers staggered their commitments; when the price of oil rebounded from US\$50/bbl to US\$60/bbl, there was a corresponding revival in sentiment, leading to an increase in rig hire enquiries.

### Aban's sectoral positioning

The performance of Aban cannot remain insulated from this sectoral decline. Even as the Company completed contracts at favourable rig hire rates, there was a mismatch between the expiry of erstwhile contracts and the renewal of new ones. Besides, new contracts are constrained to be negotiated at lower rates than before in line with the prevailing market.

It would be pertinent to reassure our shareholders that this downtrend is part of a cyclical movement in the industry that is common in business. The Company has witnessed a number of sectoral troughs over the last two decades that it has been in business. The Company is aware of the implications of

such a slowdown, and is prioritising various initiatives required to capitalise on the next sectoral rebound.

### Derisking

The principal corporate strategy for the moment is one of comprehensive derisking. The Company is advantageously placed as it has concluded all its fresh rig building and refurbishment activities in 2008-09 and now has no major project pending, which also means no corresponding requirement for funds related to asset building or refurbishment programmes.

The Company structured most of its contracts across the long-term even as spot rates were considerably higher, thereby enhancing its organisational stability. The result is that the Group's few rigs are protected by long-term contracts of more than two years.

The Company's portfolio of rig assets comprises four that are mid and deep water (including two above 5,000 feet, one above 1,000 feet and one above 600 feet) in nature; the 15 shallow water rigs and one floating production unit (FPU) are in an excellent condition, leading to attractive hire rates; the average age of nine rigs was less than two years as on

31st March 2009.

The Company has focused consistently on low costs (overheads and operations) resulting in one of the most competitive operations the world over.

The Company's contemporary nature of assets promises customers low downtime and a deployability anywhere, including some of the most attractive waters of Mexico, Vietnam and Southeast Asia, among others.

### Outlook

If there is a principal message that we wish to communicate to our shareholders, it is this: the market for oil and rigs is definitely down for the moment but we are optimistic that for such a core global resource, realisations can never be subdued for long. It is also our understanding that oil at US\$50-60/bbl is going to be better for the world in the long-term than a level of US\$30-40/bbl, which is unsustainable and unviable for fresh oil drilling especially in deep waters. So an improvement in economic activity will soon revive the oil industry and correspondingly rig demand and realisations.

Some other points need to be considered

Most rigs possess an operational life of around

**30 years,**

which will ensure the technological robustness of our assets across the worst and best of markets.

from a corporate perspective: while a number of global oil rig companies are still in financial discomfort, Aban continues to be liquid and profitable. Besides, at a time of liquidity stress, our business model continues to enjoy the patient support of bankers and financial institutions.

Our shareholders should seek satisfaction from the following long-term realities:

- ▶ Most rigs possess an operational life of around 30 years, which will ensure the technological robustness of our assets

across the worst and best of markets. This gives us the optimism that when the market revives, we will be able to rebound faster than the industry average. The market is already showing early signs of recovery as crude prices are stabilising between US\$60-70 per barrel.

- ▶ We are present in international waters that possess more enduring prospects for oil drilling and rig hire than others.

- ▶ We also employ some of the most experienced professionals who have delivered assets with high uptimes and low operational costs.

- ▶ As a responsible value-focused organisation, we will plough all our earnings into debt repayment.

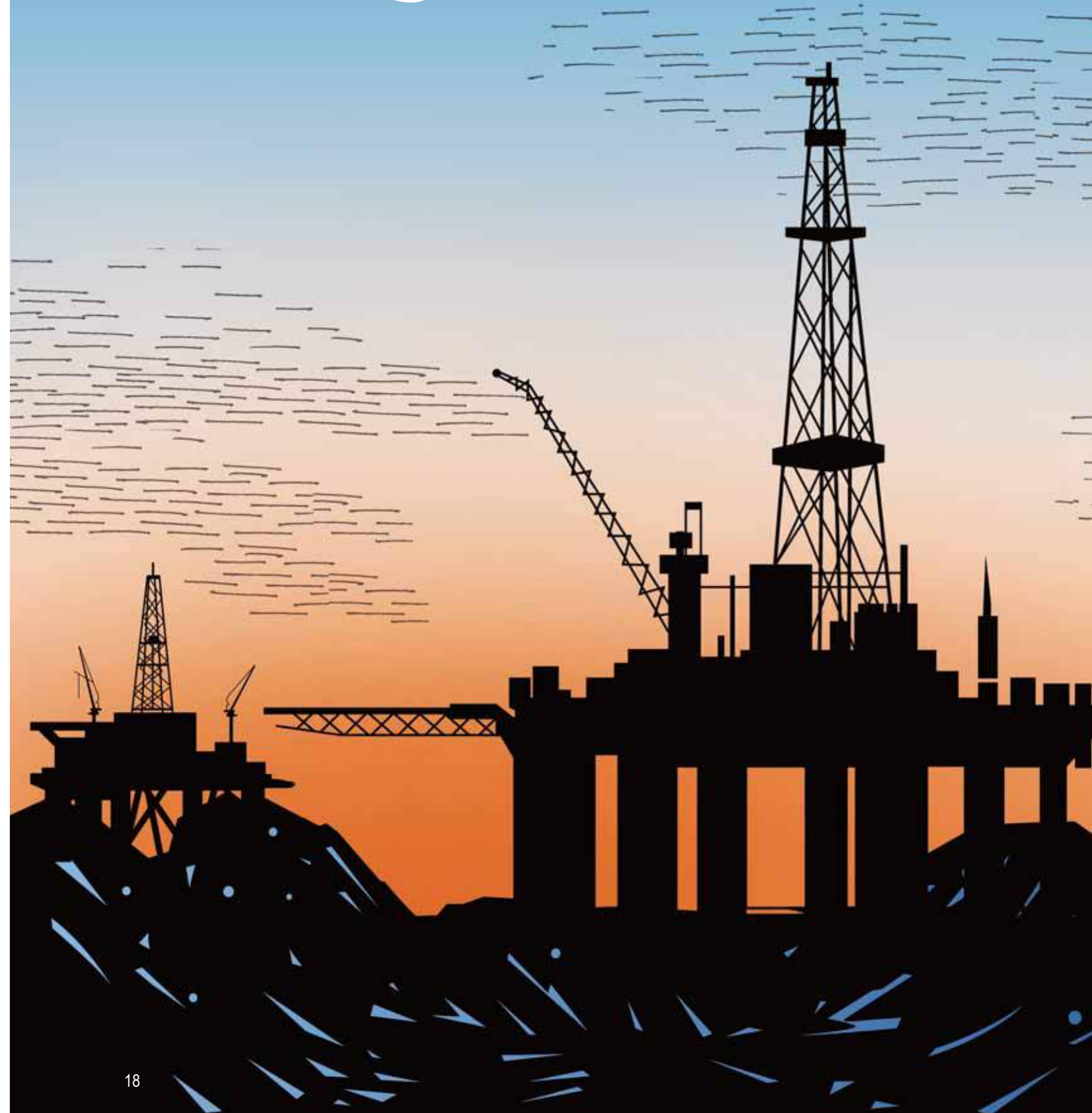
It is this complement – durability, footprint, people, conservatism and partnership – that we expect will enable us to protect our bottomline during the worst of markets and maximize our bottomline during sectoral rebounds.

### How we are countering the industry slowdown

- ▶ Concluded most of our fresh rig building and refurbishment activities in 2008-09
- ▶ Enhanced focus on rig utilisation, minimising idling
- ▶ No immediate capex requirement
- ▶ Focus on debt repayment
- ▶ Intended asset deployment off Mexico, the Middle East and South Asia.



# Strengths





### Rich legacy

Aban is ranked among the world's top ten oil drilling rig service providers.

### Diverse asset portfolio

The Company's diverse rig asset portfolio comprises four mid and deepwater and 15 shallow-water rigs and one FPU.

### Advanced technology

Aban's assets are contemporary with nine assets aged less than two years.

### Attractive asset valuation

Aban's assets are cumulatively valued at US\$3.4 bn.

### Extensive geographic presence

Aban enjoys a presence across nine countries with attractive oil drilling and rig hiring prospects.

### Deep knowledge capital

Aban's 22-year industry presence is characterised by accelerated project turnaround and low-cost operations.

### Brand-enhancing clientele

Aban's clientele includes an interesting mix of six national and nine international brands.

# Management Discussion and Analysis

## Industry structure and developments

**Global oil sector overview:** Global exploration was driven by a bullish oil market amid Middle Eastern conflicts and a mounting dispute regarding Russian natural gas supplies. However, demand declined as the global economic downturn deepened, enhancing crude oil inventories — in some key areas close to maximum capacity. Even as economic sluggishness pared demand and realisations, a partial recovery started from the lower levels.

While oil consumption declined, global oil production increased by 0.4%, or 380,000 barrels per day (b/d). Although OPEC began cutting production late in 2008, average annual production rose by 2.7% or 999,000 b/d. Middle Eastern OPEC members accounted for all of the net increase, with Saudi Arabian production rising by nearly 400,000b/d and Iraqi output rising by 280,000b/d.

Refining capacity additions in 2008 totalled approximately 830,000 b/d, with most of the additions concentrated in the Asia-Pacific region, especially China where capacity grew by 2.9% (220,000 b/d). However, global crude runs fell by 250,000 b/d because of lower oil consumption. The biggest throughput changes were a fall of 3.4% (510,000 b/d) in the US, partially offset by a growth of 4.4% (290,000 b/d) in China [Source: *BP Statistical Review of World Energy, June 2009*].

**Indian oil sector overview:** India's oil sector, historically under-invested on account of government regulation, is finally attracting growing foreign investments on account of accelerating sectoral liberalisation reflected in a New Exploration Licensing Policy (NELP) for Indian and foreign companies.



India's oil consumption touched 135 mn mt in 2008-09 fiscal, a 4.8% increase from the 128.5 mn mt recorded in 2007-08 [Source: BP Statistical Review of World Energy, June 2009].

India's oil demand (accounting for over 35% of India's primary energy consumption) is expected to grow on account of a low per capita consumption, which will progressively correct.

### Drilling overview

Over the last five years, approximately 18,300 offshore wells were drilled globally. The number of wells drilled globally declined between 2000 and 2003, revived in 2004 and peaked in 2007 and declined in 2008. Although short-term projections are not encouraging, long-term drilling activity is expected to rebound to around 19,600 wells over 2009-13, a 7% increase over the previous five years [Source: Energyfiles Global Database].

However, shallow water exploratory drilling levels are not expected to return to their 2007 peak; deepwater drilling growth, which has supported exploratory drilling over the last five years, is expected to reach 40% of all exploratory wells by 2013. The projected growth will be a result of new ultra deepwater targets

becoming increasingly viable as the capability of deepwater production systems improves, incentivising larger investments [Source: World Offshore Drilling Spend Forecast 2009-2013-Douglas-Westwood Energyfiles].

### Drilling spend

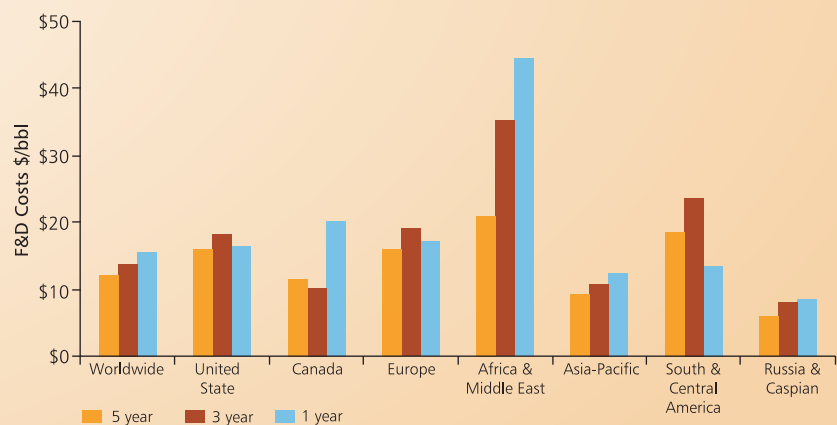
During 2004-08, approximately US\$278 bn was spent globally in drilling. This spending is expected to rise almost 32% to US\$367 bn over 2009-13, starting with lower spends in 2009 and 2010, followed by a return to previous growth. By 2013, the global drilling market is estimated to be worth US\$89 bn, more than doubling since 2004 [Source: World Offshore Drilling Spend Forecast 2009-

2013-Douglas-Westwood Energyfiles].

### Exploration and production (E&P)

The sharp crude price decline from a peak of US\$147/bbl in July 2008 to a low of US\$30/bbl in December 2008 staggered exploration and production (E&P) activities worldwide with most global players deferring their expenditures. Globally, capex in the E&P business closely follows crude prices: a spike in crude prices from US\$30/bbl in 2003 to US\$72/bbl in 2007 led to a consequent capex increase from US\$175 bn in 2003 to US\$410 bn in 2007 [Source: JM Financial Institutional Securities Private Limited Research Report, 30th December 2008].

Worldwide oil finding and development cost trends (US\$/bbl)



Source: Herold.com



Overall, demand erosion and tightening credit availability will affect global oil and gas exploration spends. At lower crude price levels, about 60% of the new deepwater projects offer an internal rate of return (IRR) of less than 15%, a threshold for international oil companies to invest in deepwater projects. Crude needs to trade above US\$50 a barrel for projects to achieve an IRR of over 15%. With crude prices hovering around US\$60-70 mark and with expectations that it may stabilise around or above these levels, there is an increasing probability that E&P activities might resume, although slowly [Source: Sharekhan Research Report, 28th April 2009].

### Rig overview

The world rig market will be driven by the following realities:

**Cautious approach:** Most operators are

cautious about how demand will shape up in 2010 as most offshore rigs are facing re-deployment issues. With strengthening crude prices, E&P activities are likely to increase gradually.

**Oversupply:** Around 100 new offshore drilling assets are expected to be globally supplied over three years, adding 20% to the current global fleet. Although this additional supply is expected to replace around 25% of the existing rig fleet (over 30 years old), the demand decline for existing rigs, due to lower crude prices and economic slowdown, can hasten a global supply glut. While the slowdown can also lead to some asset supplies being deferred by a year or two, the pressure on day-rates in anticipation of these supplies is expected over two years [Source: JM Financial Institutional Securities Private Limited Research Report, 30th December 2008].

**Sustained long-term growth:** As rig rates rise significantly following a reasonable upward movement in crude prices, most experts feel that the medium to long-term scenario is not bleak. Enhanced E&P activities will strengthen day rates once the economy gathers momentum and the credit market revives. With oil prices hovering around US\$60-70/bbl, sustained deepwater E&P activities will enhance the demand for

deep water drilling rigs (5,000-plus feet).

### Wind energy

India's wind energy capacity at the end of 2008 was the fifth-largest in the world with the addition of 1,800 MW, taking total capacity to 9,578 MW and registering a 22.9% growth over the previous year. The leading wind producing state in India is Tamil Nadu, generating about 4 GW of wind energy, followed by Maharashtra (1.8 GW) and Gujarat (1.4 GW) [Source: Global Wind Energy Council].

India's US\$2.5-bn wind industry is poised for growth owing to the considerable demand-supply gap. India's current on-shore wind-powered electricity generation potential is estimated at 65,000 MW [Source: AWS Truewind].

### Opportunities and threats

#### Opportunities in drilling

- ▶ Foreign investments of up to US\$10 bn in the Indian E&P sector are expected by 2010 [Source: Financial Express, 20th November 2008].
- ▶ The drilling spends between 2009 and 2013 are forecast to rise almost 32% to US\$367 bn
- ▶ The global drilling market is estimated to be worth US\$89 bn by 2013, more than doubling since 2004.



By 2013, the global drilling market is estimated to be worth

**US\$89 bn,**

more than doubling since 2004

### Threats for drilling

The capex in the global E&P business is related to crude prices. With low crude prices, E&P spends over the coming years could be affected. This in turn could reduce rig-rates, which are already at 30 to 40% below their 2007-08 rates. A consequent rig supply glut could lead to extensive rig idling.

### Opportunities in wind energy business

- ▶ It is an environmentally clean energy source, with no greenhouse gas effect or toxic gas emissions.
- ▶ The wind turbines can be installed on farms or ranches, requiring limited space. Only about 2% of the total area is occupied by the turbine (the foundation of the turbine is mostly underground), leaving the land for other uses.
- ▶ It is ideal for remote areas not connected to the main electricity grid.

### Threats for wind energy business

- ▶ Wind power is unpredictable; even the most advanced equipment can fail in predicting wind conditions.
- ▶ Wind energy cannot be stored (unless batteries are used); not all winds can be harnessed.
- ▶ Wind turbines can impact land use since it is necessary to set up several turbines together to generate substantial power.

### Aban's presence

- ▶ The year 2008-09 was challenging as the economic downturn altered the industry scenario, which is now marked by a decline in asset utilisation and rig hire rates. The Company consolidated the integration of the Sinvest company into Aban. It completed three projects during 2008-09, which included refurbishment and up-gradation
- ▶ The Company took delivery of new rigs Deep Driller 6, 7, 8 and Aban VIII after the completion of construction.

### Operational overview

#### Drilling division

- ▶ The Company's rigs, Drillship and FPU (floating production unit), are working satisfactorily under the existing contracts
- ▶ During the year, contracts were entered for the following rigs: Deep Driller 2, Deep Driller 3, Deep Driller 5 Deep Driller 7, Deep Driller 8, Deep Venture, Aban Pearl of subsidiaries

#### Wind energy division

Aban's wind energy division generated 346.12 lakh units of power during 2008-09 generating a revenue of Rs. 948 lakh.

#### Financial review

The Company reported a gross income of Rs. 1,22,958 lakh (Rs. 73,877 lakh in 2007-08). The Company's net profit-after-tax increased from Rs. 15,910 lakhs in 2007-08 to Rs. 25,976 lakhs in 2008-09.

### Segment wise performance

(Rs. in lakhs)

		2008-09	2007-08
Revenue	Drilling	1,21,852	72,695
	Wind energy	1,106	1,182
Profit / (Loss)	Drilling	42,661	26,922
Before Tax	Wind energy	(2,111)	(2,224)

## Risks and concerns

This section has been dealt with extensively in the next part of the report

## Human resource management

At Aban, human resources management is considered an important activity. It is undergoing a complete overhaul as a result of cultural diversities in our organisational fabric following mergers/acquisitions.

The Company revamped the QHSET department to create a culture of continual safety standards and impart effective training. This enables successful individuals at all levels to unleash their potential. The Company implemented a number of measures to retain talent. Value-centric management is one such measure, ensuring people loyalty.

As on 31st March 2009, the Company and its subsidiaries had a committed workforce of 541 employees.

## Internal audit and controls

At Aban, the internal control systems ensure an orderly and efficient conduct of business. The Company regularly conducts internal audits to monitor the effectiveness of internal control in the

organisation. The internal audit process reviews the in-system checks, covering all significant areas of operation.

The Company's Audit Committee reviews the Audit Report submitted by the internal auditors. Suggestions for improvement are considered and the Audit Committee follows up on the implementation of corrective actions. The Audit Committee also invites the Statutory and Internal Auditor for all meetings to ascertain their views on the adequacy of internal control systems and keeps the Board of Directors informed of its observations from time to time.

The reports of the Internal Auditors are regularly reviewed by the management to initiate corrective actions, enhancing the effectiveness of internal audit and control.

## Outlook

### Significant recovery:

▶ The oil and gas industry is expected to witness a significant rebound in 2010. With oil prices well over US\$60 dollars a barrel, the road to industry recovery may well have commenced.

▶ There has been a dramatic resurgence in the demand for rigs in the Middle East

and Latin American markets. The offshore drillers are expected to be able to deploy their idle rigs for two-three year fixed term contracts over the next few months.

▶ The contract day rates, which were expected to drop to Rs. 90,000-100,000 have settled around Rs. 115,000-125,000 for two-three year contracts and the day rates in the Middle East markets are expected to be higher at Rs. 130,000-140,000 [Source: *Prime Broking Research Report, June 2009*].

**Demand growth:** Global oil demand in 2010 is expected to rebound by approximately 1.7% or 1.4 mn b/d year-on-year to 85.2 mn b/d, which will be largely led by non-OECD countries [Source: *International Energy Agency (IEA), Oil Market Report, July 2009*].

**Fossil fuel popularity:** Although renewable energy is becoming popular, it is far from replacing the use of fossil fuels. According to an estimate, world oil demand will grow from 85-106 mn barrels daily in 2030. [Source: *IEA*]

**OPEC production cuts:** OPEC is expected to cut supply as long as oil price is traded below US\$ 75/barrel, sucking oversupply. Although demand erosion in OECD is

Global oil demand in 2010 is expected to rebound by approximately 1.7% or 1.4 mn b/d year-on-year to

# 85.2 mn b/d

expected, increasing consumption in China, the Middle East, Latin America and India is expected to compensate this fall.

The cumulative Sino-Indian consumption is expected to rise from 9.3mn barrels/day in 2005 to 23.1 mn barrels/day in 2030. Two-thirds of this growth is expected to be generated by the transport sector [Source: *Erste Group Research – Oil Report 17th February 2009*].

## Domestic opportunities

**Attractive demand:** To sustain the projected 7-8% GDP growth, India will need more oil. India, China, Russia and the Middle East are estimated to have consumed 20.67 mn barrels a day in 2008, an increase of 4.4% [Source: *IEA*], which is more than US consumption (around 20.28 mn barrels per day). India's burgeoning population, growing young earners and a growing demand for small cars will drive oil demand significantly.

**Growing investments:** India's public-sector oil companies have drawn up a plan to invest over Rs.57,000 cr to expand supplies and build new

transportation networks for oil and gas [Source: *Economic Times, 27th March 2009*]. Besides, ONGC plans to invest Rs. 60,000 cr in E&P projects including the construction of a large petrochemical plant at Dahej (Gujarat) and the expansion of its Mangalore refinery.

**Capacity expansion:** As per CMIE estimates, crude oil production is expected to grow by 4.8% to 361.4 lakh tonnes in 2009-10. Numerous projects undertaken by domestic players comprise the following: the start of Cairn's Mangala field, delivery of crude oil production from Reliance Industries' KG D6 and US\$8.8 bn natural gas field project and ONGC entering into Rs. 110 bn contracts for nine offshore vessels.

**NELP VIII:** NELP VII was the largest round so far with 1,50,000 sq. km of area offered for bidding. But the Government of India wants to take it ahead by offering 400,000 sq. km for competitive bidding to drive E&P initiatives [Source: *The Economic Times, December 2008*].

## Domestic opportunities in wind energy

India still remains a power-starved

country. The Government of India aims to increase the per capita consumption of electricity to 1,000 units by 2012, aiming at 1,00,000 MW capacity addition to meet its mission of 'Power for All by 2012'. According to an assessment, India has 65,000 MW of wind power potential with land areas where wind speeds exceed 9.0 m/s at 80 meter hub height in some of the higher elevations; lower elevation areas also show promise with speeds at 100 m height ranging from 6.5 m/s-8.0 m/s. Under the Eleventh Five Year Plan the Government of India (GOI) has targeted 10,500 MW of wind power capacity addition.



# Risk management

## Risk management at Aban is not an ad hoc response to emergency situations, but a mature derisking strategy.

### 1 Industry risk

The economic downturn and consequent oil demand erosion might impact the Company's short and long-term profitability.

#### Mitigation

- ▶ Although the short-term projections of the oil sector remain bleak, the situation is expected to revive considerably from 2010 onwards; with fast diminishing oil inventory and spiralling demand – driven by India, China, Mexico and Brazil – the E&P market is expected to rebound.
- ▶ The Company has witnessed a number of sectoral troughs over the last two decades of its existence; aware of the implications of such a slowdown, the Company is prioritising initiatives to capitalise on the next sectoral rebound.

### 2 Legacy technology risk

In a highly technology-critical business, technology obsolescence might jeopardise business operations and market leadership.

#### Mitigation

- ▶ Aban is one of the few companies to have a large number of relatively contemporary assets. The average age of nine of its rigs with state-of-the-art technology is less than two years.
- ▶ The Company took delivery of four new rigs in 2008-09 with the latest technology edge, which promises low downtime and a deployability anywhere including some of the most attractive waters of Mexico, Vietnam and Southeast Asia.
- ▶ Three rigs were upgraded last year for operations.

### 3 Asset portfolio risk

Inadequate and homogeneous assets may restrict the Company's business prospects.

#### Mitigation

- ▶ Aban possesses one of the largest fleets in the industry with about 15 rigs and one FPU till 2007-08 and added another four rigs during the year.
- ▶ The Company has assets, which can be used in water depths ranging from 250 feet to 6,600 feet; the assets can also be deployed across multiple geographies.
- ▶ The Company's asset valuation is estimated at about US\$3.4 bn.

### 4 Asset utilisation risk

Considering a depressed E&P market, the Company may run the risk of asset non-deployment.

#### Mitigation

- ▶ The Company continues to market our assets on a worldwide basis for any new tenders/opportunities.
- ▶ The Company entered Venezuela in 2008-09 and currently one of our assets is being deployed there.
- ▶ The Company intends to enter Mexico (PEMEX), which requires additional rigs in 2009.

## 5 Cost risk

Inefficient cost management can impact the Company's profitability.

### Mitigation

- ▶ Exercise strict inventory control measures, ensuring reduction in the inventory holding cost
- ▶ Efficient utilisation of equipment spares and consumables, controlling the consumption cost of such spares and consumables
- ▶ Proper assessment of insurance requirements and better upgradation kept insurance costs under control

## 6 Limited footprint risk

Single-geography overdependence could be detrimental to business sustainability.

### Mitigation

- ▶ The Company's multi-geography footprint – Malaysia, Vietnam, Thailand, Brunei, Bangladesh, Iran, Qatar, Nigeria and Venezuela – ensures wide business spread
- ▶ Acquisition of the Norwegian company Sinvest enhanced Aban's global exposure

## 7 Client concentration risk

Overdependence on a few clients could impact business in the event of client attrition.

### Mitigation

- ▶ No single client accounted for more than 26% of the Company's revenue.
- ▶ The Company added four new clients in the last year

## 8 Resource mobilisation risk

The Company may not be able to service its debt or interest obligations.

### Mitigation

- ▶ The Company's consolidated gearing of 9.55 times will start declining on account of no fresh intended capex; projected increase in asset utilisation improved day rates
- ▶ The Company's low cost structure and viability even in a challenging environment indicates an ability to service its debt and interest obligations
- ▶ The Company has also benefited from reducing LIBOR as a significant part of external debt in foreign currency

## DIRECTORS' REPORT

The Directors of your company are pleased to present the Twenty Third Annual Report along with the accounts for the year ended 31<sup>st</sup> March 2009.

### 1. FINANCIAL RESULTS

Particulars	For the year ended (Rs. in lakhs)	
	31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2008
Income from Operations	100501	68382
Other Income	22458	5495
Less Operating, Administrative & other Expenditure	47179	32082
Profit before Interest and Depreciation	75780	41795
Less Interest	25506	6924
Less Depreciation	9724	9544
Goodwill Amortised	—	629
Profit for the year before Tax	40550	24698
Provision for Tax	15850	9560
Fringe Benefit Tax	105	66
Provision for Deferred Tax	(1381)	(838)
Profit after Tax & Amortisation of Goodwill	25976	15910
Profit brought forward from the previous year	34032	27361
Available for appropriation	60008	43271
Proposed Dividend- Equity	1361	1361
Tax on Dividend – Equity	231	231
Proposed Dividend – Preference	2726	2604
Tax on Dividend – Preference	463	443
Transfer to General Reserve	2600	1600
Transfer to Capital Redemption Reserve	5000	3000
Balance carried forward	47627	34032

### 2. PERFORMANCE

The Company has registered a total Income of Rs.1,22,959 Lakhs through drilling operations & power generation etc., during the year under review. All the rigs, drillship the Floating Production Unit and the wind mills were working satisfactorily.

#### CHANGES IN SHARE CAPITAL

During the year the following changes were effected in the Share Capital of the Company

i) During the year under review 4,940 Equity Shares of Rs.2/- each were issued and allotted upon exercise of options under the Employee Stock Option Scheme 2005.

Statement pursuant to clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, is annexed.

ii) During the year 2,00,00,000 Non Convertible Cumulative Redeemable Preference Shares of Rs.10/- each were issued and allotted aggregating to Rs.20,00,00,000/-

### 3. SUBSIDIARY COMPANIES

#### INDIAN

##### Aban Energies Limited

The Subsidiary Company activities relating to the maintenance of windmills has been satisfactory.

#### INTERNATIONAL

During the year under review contracts were entered for rigs Deep Driller 2, Deep Driller 3, Deep Driller 5, Deep Driller 7, Deep Driller 8, Deep Venture & Aban Pearl. The Company took delivery of four new rigs in the year 2008-09 with the latest technology. Major refurbishment work were undertaken for rigs Aban Abraham and Aban Pearl. Efforts are continuously on for marketing the rigs all over the world for drilling operations. The rig Murmanskaya was surrendered following early termination of bare boat charter during the current year.

### 4. CONSOLIDATION OF ACCOUNTS

The Audited consolidated accounts and cash flow statement comprising Aban Offshore Ltd and its Subsidiaries prepared in accordance with the Companies (Accounting Standards) Rules, 2006 in this regard is attached.

Government of India, Ministry of Corporate Affairs, vide their letter No. 47/173/2009 / CLIII dated 29.04.2009 has granted its approval under section 212(8) of the Companies Act 1956 for not attaching the full text of the financial statements of subsidiaries namely Aban Energies Ltd, Aban Holdings Pte Ltd, Aban Singapore Pte. Ltd, Aban 7 Pte Ltd, Aban 8 Pte Ltd, Aban Abraham Pte Ltd. Aban Pearl Pte. Ltd, Aban International Norway AS, Sinvest AS, DDI Holding AS, Deep Drilling Invest Pte Ltd., Deep Drilling 1 Pte Ltd., Deep Drilling 2 Pte Ltd., Deep Drilling 3 Pte Ltd., Deep Drilling 4 Pte Ltd., Deep Drilling 5 Pte Ltd., Deep Drilling 6 Pte Ltd., Deep Drilling 7 Pte Ltd., Deep Drilling 8 Pte Ltd., Beta Drilling Pte Ltd., Venture Drilling Pte Ltd. and Sinvest (Cyprus) Ltd with the Audited Annual Accounts for the year ended 31<sup>st</sup> March 2009.

Pursuant to the said approval, necessary disclosures have been made in respect of the said subsidiaries in this Annual Report along with the Statement pursuant to Section 212 of the Companies Act, 1956.

The Annual Accounts of the said Subsidiaries and the related detailed information will be made available to the investors of the Companies / Subsidiaries seeking such information. The Annual Accounts of the Subsidiary Companies will be kept available for inspection by any investor at the Registered Office of the Company.

## 5. MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India is presented in a separate section forming part of the Annual Report.

## 6. DIVIDEND

The Directors are pleased to recommend a dividend @180% on the paidup equity share capital of the company (i.e. Rs. 3.60 per fully paid up equity share and Rs. 1.80 per partly paidup equity share) and also recommend a dividend @8% p.a., @9%p.a. & 9.25%p.a. (prorata) respectively on the Non Convertible Cumulative Redeemable preference share capital of the company for the year/period ended 31<sup>st</sup> March 2009

## 7. DIRECTORS

The Directors Mr. C.P Gopalkrishnan and Mr. K. Bharathan retire by rotation and, being eligible, offer themselves for reappointment.

Mr. Satish Chandra Gupta was appointed as an additional Director effective 26<sup>th</sup> March 2009. In the best interest of the company the board recommend the appointment of Mr. Satish Chandra Gupta as director of the Company at the ensuing Annual General Meeting of the Members of the Company. Mr. Satish Chandra Gupta will be liable to retire by rotation.

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts for the financial year ended on 31<sup>st</sup> March 2009, the applicable accounting standards had been followed along with a 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 are 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 Companies Act, 1956 to safeguard 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 on 31<sup>st</sup> March 2009 on a going concern basis.

## 9. STOCK EXCHANGES

Your Company's Equity shares were listed in the following stock exchanges:

Madras Stock Exchange Ltd., Bombay Stock Exchange Limited and The National Stock Exchange of India Ltd.

The Preference Shares aggregating to Rs.306 crores issued by the Company are listed with Bombay Stock Exchange Ltd.

The Foreign Currency Convertible Bonds issued by the Company are listed with the Singapore Exchange Ltd.

The necessary stock exchange regulations are complied with. The listing fees for the year 2009 - 10 have already been paid to the respective Stock Exchanges

## 10. 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.

## 11. ADDITIONAL DISCLOSURES

In line with the requirements of Companies (Accounting Standards) Rules 2006, your Company has made additional disclosures in respect of the financial reporting of interests in the joint venture in the notes on accounts

## 12. PARTICULARS OF EMPLOYEES

As required by 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.

13. 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 indigenization 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 and largely relied on the innovative skills of its employees.

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#### Foreign exchange earnings and outgo

	(Rupees in lakhs)	
	2008-2009	2007-2008
Foreign exchange earned during the year	102761	55336
Foreign exchange outflow during the year	9634	6071

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#### 14. CORPORATE GOVERNANCE

A detailed note on the Company's philosophy on Corporate Governance and such other disclosures as required under the listing agreement with the Stock Exchanges is separately annexed herewith and forms part of this report.

Government Ministries, Valued Clients, Business Associates and the Members of the company.

For and on behalf of the Board

#### 15. 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, was met.

Place: Chennai  
Date: 31.07.2009

**Reji Abraham**  
*Managing Director*

**V. S. Rao**  
*Chairman*

#### 16. ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation for the contribution made by the employees across all levels. The Directors also record their sincere appreciation of the support and co-operation received from the Bankers, Financial Institutions, relevant Central and State

#### CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company's objective's estimates expectation of projection may be Forward Looking Statement within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include Government Regulations, Law Laws, economic developments in India and in the countries in which the Company conducts business, litigations and other allied factors.



## ANNEXURE TO THE REPORT OF THE DIRECTORS

Statement as at 31<sup>st</sup> March 2009 pursuant to clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999

### Employee Stock Option Scheme - 2005

	2005	2006	2008	Total
a) (i) No of options granted	96,200	47,000	1,25,000	2,68,200
b) Pricing Formula	Options were granted at the closing market price of the Equity Shares of the Company on the Stock Exchange where high volume of shares were traded on the day preceding the date of grant of options			
c) Exercise Price (in Rupees)	431.60	1,288.25 & 1,211.50	3,622.85	
d) Total No. of Options vested	1,58,090			
e) Total No. of Options exercised	64,650			
f) Total No of equity shares arising as a result of exercise of options	64,650 Equity shares of Rs.2/- Per share fully paid			
g) Total No. of Options Lapsed	7,090			
h) Variation of terms of Options	Nil			
i) Money raised by exercise of options	Rs.3,14,46,254/-			
j) Total No of options in force	92,360			
k) Details of Options granted to Senior managerial personnel	No options granted during the year			
l) Any other employee who received grant in any one year of options amounting to 5% or more of the options granted during the year	No			
m) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None			
n) Diluted Earnings per Share (EPS) pursuant to issue of Equity Share on exercise of options calculated in accordance with the accounting standard (AS 20) for Earnings per share	Rs. 60.04			
o) Method of calculation of employee compensation cost	The employee compensation cost has been calculated using the intrinsic value method of accounting to account for the options issued under the Aban Employee Stock Option Scheme. The Stock based Compensation cost as per the intrinsic value method for the financial year 2008 -09 is Nil			
Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options	Rs. Nil			
The impact of this difference on profits and on EPS of the Company	Not Applicable			
p) Weighted average exercise prices and weighted average fair values of options granted for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price Rs. 2,067.35 Weighted average fair value Rs. 555.53			
q) A description of the method and significant assumptions used during the year to estimate the fair values of Options	The fair value of each option is estimated using the Black Scholes Option pricing model after applying the key assumptions. The option pricing model do not necessarily provide a reliable measure of fair value of options.			
	i) Risk free interest rate	7.69%		
	ii) Expected Life	3 Years		
	iii) Expected volatility	30.09%		
	iv) Expected dividends	Rs. 2.54 per share		
	v) The price of the underlying Share in the market at theTime of option grant	Rs. 3,461.05 (granted during 2007-08)		

## Annexure to the Directors' Report

Information as per section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (amendment) Rules 1988, and forming part of the Directors Report for the year ended 31st March 2009. Employed throughout the Financial Year under review, 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	Remuneration Rs.	Nature of Duties / Designation	Qualification (s)	Date of Commencement of employment	Experience in Years	Details of Previous Employment
1	A.C.D'souza	52	63,78,521	Tool Pusher	SSC	2/5/1987	33	Derrick Man, Zapata Offshore Drilling Co.
2	A.P.S Sandhu	57	82,39,562	Chief Operating Officer	B.Sc Engg (Mechanical)	20/3/1992	33	Chief Engineer - ONGC
3	C.D. Thomas	48	27,32,867	Chief Mechanic	SSLC	1/4/1998	30	Mechanic / Fitter - Amar Engineering Company
4	C.P. Gopalkrishnan	53	66,95,360	Dy. Managing Director & Secretary	B.Com (Hons) , ACA, ACS, LLB	11/11/1987	30	Deputy Manager - Nirlon Synthetic Fibres and Chemicals Ltd
5	Felix D'Mello	58	42,15,312	Tour Pusher	SSC	1/7/1993	35	Asst Driller - Arya Offshore
6	James Ravichandran	49	70,66,017	Chief Mechanic	SSLC, NAC	13/4/1988	26	NA
7	Joy Dev Basu*	48	8,09,917	Barge Engineer	HSC	18/7/2006	24	Project Manager - Hydro Carbon Resources Co Pvt Ltd
8	K. C. Kushalappa	44	54,43,570	Tour Pusher	B.E. (Industrial and Production Engineering)	27/3/1992	22	Asst. Driller - Mahindra & Mahindra
9	Kolady Jayarajan	48	51,02,866	Dy.General Manager (Drilling)	B.Sc Engg (Mechanical)	11/8/1997	27	Dy . SE (Drilling) - ONGC
10	K. John Thomas	60	26,20,144	Chief Electrician	ITI	9/5/1990	29	Electrician - Aban Constructions
11	K.N. Pai	46	24,76,993	Driller	B.Com	16/6/1988	21	NA
12	Kani Patric Vetrivel	48	35,86,094	Driller	SSLC, Certificate in Automobile Technology	1/4/2007	29	Chief Electrician - GESCO
13	Khem Bahadur Thappa	41	28,77,992	Driller	SSC	1/2/1993	16	Asst. Driller-Arya Offshore
14	Kurian Job	58	32,24,514	Chief Mechanic	SSLC, ITI	1/2/1996	28	Tool Room incharge - Sterio Industries
15	M.A. Khan	44	27,22,949	Driller	SSC	9/7/1997	20	Derrick Man, Arya Offshore Services
16	Madhusudhan Sharma	47	36,36,529	Chief Mechanic	S.S.C	1/8/1991	18	NA
17	S. Nanda Balan	56	34,54,531	Chief Mechanic	PUC, ITI	5/5/1998	33	Chief Mechanic - Triveni Oil Field Services Ltd
18	P. Venkateswaran	58	1,07,42,579	Dy. Managing Director	B. Tech	1/10/1986	36	Project Manager - Aban Constructions

S. No.	Name	Age	Remuneration Rs.	Nature of Duties / Designation	Qualification (s)	Date of Commencement of employment	Experience in Years	Details of Previous Employment
19	P.L. Kaul	59	38,81,820	Rig Manager	B.Sc : Diploma in Mech. Engg	9/10/1995	38	Rig Superintendent - H.I.E.G Ltd
20	P.T. Cherian	47	37,42,898	Chief Electrician	HSC, Diploma in Electrical Engineering	10/4/1997	18	Electrician - Aban Offshore Ltd Energy Division)
21	Reji Abraham	42	9,23,01,856	Managing Director	BE, PGDM	26/9/1997	18	Business
22	R.V. S.S.N. Varma*	30	6,48,611	Chief Electrician	B. Tech (electrical & Electronics)	27/4/2005	11	Assistant Electrician - Arya (Gesco)
23	S. Srinivasan	41	29,98,052	Vice President - Corporate Planning	B. Tech, MBA	1/4/2007	18	Asst. General Manager, ICICI Bank Ltd.
24	S.S.Bhatia	39	27,49,173	Driller	SSC	1/7/1993	22	Floor Man - Mahindra & Mahindra
25	Sandipta Bose	44	46,13,043	Offshore Installation Manager	B.Sc, MA (Eco)	9/9/1996	23	Sr. Operator cum Acting Supervisor in United Engineering Services
26	Suresh Kumar	48	65,23,786	Tool Pusher	B.E. (Mechanical)	1/4/2002	27	Rig Super in tendant - Jagson International
27	T. Ravi	44	28,88,611	Offshore Installation Manager	B. Tech / PGDBA	1/4/2005	17	Petrofac International, Sharjah
28	T.B. Sashi	50	34,17,636	Tour Pusher	SSC, ITI	10/3/1987	29	NA
29	T.J. Karmakar	49	59,26,057	Asst. Gen Manager (Drilling)	B.Sc Engg (Mechanical)	1/7/1992	26	Executive Engineer - Drilling : Rig Incharge ONGC
30	Tara Kharakwal	45	28,00,578	Driller	B.A. Diploma in Electrical Engineering	1/2/1993	25	Floor Man - Mahindra & Mahindra
31	V. Chattopadhyaya	47	28,48,379	Asst. Gen Manager (Production)	B. Tech (Chemical Engg)	8/5/1997	22	Executive Engineer - Production , ONGC
32	V.K. Vinodhan	56	37,51,954	Rig Manager	B.Sc Engg (Mechanical)	23/11/2004	33	Base Manager - NICO Resources Ltd
33	Vijay Saheta	43	31,15,640	General Manager (Finance)	B. Com, ACA	16/7/1992	18	Deputy Manager (Taxation) - WIMCO Ltd
34	Vishal Mehan	32	27,48,829	Sub Sea Engineer	B.E. (Mech)	19/3/2005	7	Asst Sub Sea Engineer , Great Eastern Shipping Co. Ltd
35	Walter C. Lopes	41	32,12,918	Chief Electrician	SSC, ITI	2/2/1992	16	NA

Notes:

(a) Remuneration includes Salary and taxable value of perquisites as per Income tax rules

(b) Nature of employment is contractual

\*Employed for part of the year

# CORPORATE GOVERNANCE

## ABAN'S GOVERNANCE PHILOSOPHY

At Aban Offshore Ltd (Aban) your directors are committed to practice sound governance principles and believe that good governance is an ongoing process for two reasons: to protect stakeholders' interest and to ensure that no stakeholder benefits at the expense of others and the Board of Directors remain committed towards this end.

The company's governance philosophy revolves around transparency and accountability in all its interactions with the Government, Shareholders and Employees.

The following paragraphs contain the Company's report on its Corporate Governance practices in compliance with clause 49 of the Listing Agreement with the Stock Exchanges in India.

The names of the Directors on the Board, their attendance at the meetings and the other Directorships that they held as on 31<sup>st</sup> March, 2009 are set out below:

Name of Director(s)	Category of Directorship	FY 2008-2009 Attendance at		As on 31 <sup>st</sup> March 2009			
				No. of Other Directorships#		Committee Positions in other Companies*	
		Board Meetings	Last AGM	Public	Private	Member	Chairman
V. S. Rao	Non- Executive - Independent	7	Yes	1	1	—	—
P. Murari	Non- Executive - Independent	6	Yes	14	—	4	1
Reji Abraham	Executive - Promoter	6	Yes	8	12	—	—
Satish Chandra Gupta**	Non- Executive Independent	1	NA	9	—	—	1
K Bharathan	Non-Executive independent	7	Yes	1	—	—	—
K.M. Jaya Rao	Non-Executive Independent Nominee –ICICI Bank Ltd.(lender)	4	No	4	—	—	—
P. Venkateswaran	Executive Non Promoter	7	Yes	4	6	—	—
C.P. Gopalkrishnan	Executive Non Promoter	7	Yes	5	8	—	—

# Excludes directorships in associations, foreign and section 25 companies

\* Represents Memberships / Chairmanships in Audit Committee and Shareholders'/Investors' Grievance Committee in Public Limited Companies

\*\* Mr. Satish Chandra Gupta appointed as additional director effective 26.03.2009

The required information (as enumerated in Annexure IA as referred to in Clause 49 of the Listing Agreement) was made available to the Board of Directors.

The Directors who will retire by rotation and offer themselves for reappointment are: Mr. C.P. Gopalkrishnan and Mr.K. Bharathan.

It is proposed to appoint Mr.Satish Chandra Gupta as director at the forthcoming Annual General Meeting of the Members of the Company

Name of Director	C.P. Gopalkrishnan	K. Bharathan	Satish Chandra Gupta
Date of Birth	09.03.1956	15.04.1950	05.05.1947
Nationality	Indian	Indian	Indian
Date of Appointment on Board	01.08.2001	26.12.2003	26.03.2009
Date of Appointment as Wholetime Director	01.08.2001	NA	N.A.
Qualifications	B.Com (Hons.,) ACA, ACS, LLB	A.C.A.	M.Com., CAIIB
Shareholding in the Company Equity Shares of Rs.2/- each	18100	1800	Nil

## I BOARD OF DIRECTORS

### COMPOSITION OF BOARD

Aban's Board comprises of Eight Directors -One Promoter Director, Four Non - Executive Independent Directors, Two Executive Directors and one Nominee Non Executive Independent Director representing ICICI Bank Ltd. The Board functioned directly or through various focused committees (Audit Committee, Shareholders' / Investors' Grievance Committee and Compensation Committee). The Board and its committees met at regular intervals. The Board is vested with functions related to goal-setting, performance evaluation and control.

The Company's Board met 7 times in 2008 - 2009 on the following dates: 18.04.2008, 29.04.2008, 21.07.2008, 17.09.2008, 30.10.2008, 30.01.2009 and 26.03.2009. The time gap between two Board Meetings did not exceed four months.

List of Indian Companies in India in which Directorships held	Aban Investments Private Ltd. Ratan Plantations Ltd. Tyford Tea Ltd. Aban Informatics Private Ltd. West Mountain Power Ltd. North Chennai Power Company Ltd. Mahanadhi Aban Power Company Ltd. Aban Infrastructure Private Ltd. Tuticorin Power Company Private Ltd. Ernakulam Estates Private Ltd. Plasma Estates & Developers Private Ltd. Ginger Estates & Developers Private Ltd. Jamin Estates & Developers Private Ltd.	Tamilnadu Urban Development Fund Ltd	Emmsons Int. Ltd. ISMT Ltd Proactive Universal Group Ltd. Solar Explosive Ltd Cirdia IT Ltd Minda Management Corporation Ltd Bindal Paper Ltd Sagacious Financial Services Ltd Jai Balaji Industries Ltd.
Members / Chairman of Committees in the Company	Member - Shareholders Grievance Committee	Member - Audit Committee & Shareholders Grievance Committee	
Memberships / Chairmanships in Committees of other Companies			Chairman Audit Committee Jai Balaji Industries Ltd.

No Director is related to any other Director on the Board in terms of the definition of relative given under the Companies Act, 1956

#### REMUNERATION TO DIRECTORS

Amount in Rupees

Name of the Director(s)	Consolidated Salary	Perquisites and other benefits	Commission	Sitting Fees	Total
V S Rao	—	—	—	82,000	82,000
P Murari	—	—	—	72,000	72,000
K Bharathan	—	—	—	1,00,000	1,00,000
Reji Abraham	92,06,401	7,20,754	8,23,74,701	—	9,23,01,856
Satish Chandra Gupta	—	—	—	10,000	10,000
K M Jayarao	—	—	—	40,000	40,000
P Venkateswaran	68,10,600	55,827	41,18,735	—	1,09,85,162
C P Gopalkrishnan	68,10,600	2,39,853	—	—	70,50,453

- Sitting fees for the meetings attended by Mr. K.M. Jayarao was paid to the institution M/s 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 year 2008-09

#### CODE OF CONDUCT

The Board has laid down a code of conduct for all Board Members and senior management of the Company. The code of conduct is available on the website of the Company, [www.abanoffshore.com](http://www.abanoffshore.com)

All Board members and senior management personnel have affirmed the compliance with the code of conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

#### II. COMMITTEES OF THE BOARD

The Board has constituted committees of Directors to deal with matters which need quick decisions and timely monitoring of the activities falling within the terms of reference. The Board Committees are as follows:

## A. AUDIT COMMITTEE

### Terms of Reference

The Audit Committee's powers and responsibilities include the following functions :

Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees and approval of payment to statutory auditors for any other services rendered by them.

Reviewing with the management, the annual financial statements before submission to the Board for approval, focusing primarily on:

- a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
- b) Any changes in accounting policies and practices
- c) Major accounting entries based on exercise of judgment by management
- d) Qualifications in draft audit report
- e) Significant adjustments made in the financial statements arising out of audit findings
- f) The going concern assumption
- g) Compliance with accounting standards
- h) Compliance with Stock Exchange and legal requirements concerning financial statements
- i) Disclosure of any related party transactions i.e., Transactions of material nature with their subsidiaries, promoters, directors, management or their relatives etc., that may have potential conflict with the interests of company at large. Its scope also included a review with management performance of statutory and internal auditors, adequacy of internal controls, the adequate structure and staffing of the internal audit function, reporting structure coverage and frequency of internal audit.
- j) Discussion with internal auditors on significant findings and follow up thereon.
- k) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- l) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern.
- m) Investigating the reasons behind the substantial default in the event of non payments to shareholders

Reviewing with the Management the annual financial statements of the Subsidiaries of the Company

Four meetings of Audit Committee were held during the year ended 31<sup>st</sup> March 2009 on the following dates 29.04.2008, 21.07.2008, 30.10.2008 and 30.01.2009. The time gap between two Audit Committee Meetings did not exceed four months.

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

## Composition and Attendance

Name	Category	No. of Meeting Attended
V. S. Rao	Chairman	4
P. Murari	Member	4
K. Bharathan	Member	4

Executives of Accounts Department, the Statutory and Internal Auditors were invited to attend the Audit Committee Meetings

The Chairman of the Audit committee was present at the Last Annual General Meeting

## B. SHAREHOLDER'S / 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 and dividend.

The Committee met 4 times during the year on 29.04.2008, 21.07.2008, 30.10.2008 and 30.01.2009

### Composition and Attendance

Name	Category	No. of Meetings attended
Mr. K. Bharathan	Chairman	4
Mr. P. Venkateswaran	Member	4
Mr. C.P. Gopalkrishnan	Member	4

The Company had two complaints pending at the beginning of the year and during the year the Company has received 56 Complaints and Number of complaints resolved 58 and complaints pending as at the year end were Nil.

Name and Designation of Compliance Officer: Mr. C.P. Gopalkrishnan, Deputy Managing Director & Company Secretary

## C. COMPENSATION COMMITTEE

The Compensation Committee has been formed in the year 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 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 granted and the conditions were the granted options will lapse 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 rights 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.

- g) Framing suitable policies and systems to ensure that there is no violation of Securities and Exchange Board of India (Insider Trading) Regulations 1992 and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations 1995, by any employee
- h) Monitoring and from time to time altering ESOS 2005

The details of options under the Employee Stock Option 2005 (ESOS 2005) are given below:

Maximum number of options that may be granted under the scheme is 18,44,000 numbers of equity shares of Rs.2/- each options granted during the year Nil (upto previous year 2,68,200 Equity shares of Rs.2/- each) Options lapsed during the year 2880 (upto

previous year 4210 Equity Shares) Options exercised during the year 4940 number of equity shares of Rs.2/- each (upto previous year 59710 Equity shares of Rs.2/- each) Outstanding at the end of the period 1,96,460 number of equity shares of Rs.2/- each (Upto previous year 2,04,280 Equity shares of Rs.2/- each) Options yet to be granted under the scheme 15,82,890 number of equity shares of Rs.2/- each.

The committee did not meet during the year ended 31<sup>st</sup> March 2009

### III. Subsidiary Company

The Indian subsidiary of the Company does not come under the purview of the material non-listed subsidiary.

## IV. GENERAL BODY MEETINGS

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

Annual General Meeting	Day and Date	Time	Venue
22 <sup>nd</sup> Annual General Meeting*	Wednesday 17.09.2008	11.00 A.M	Mini Hall, Music Academy No.168(old No.306), T.T.K Road, Royapettah, Chennai-600 014
21 <sup>st</sup> Annual General Meeting**	Thursday 16.08.2007	11.00 A.M	Mini Hall, Music Academy No.168(old No.306), T.T.K Road, Royapettah, Chennai-600 014
20 <sup>th</sup> Annual General Meeting***	Friday 14.07.2006	12.15 p.m	Mini Hall, Music Academy No.168(old No.306), T.T.K Road, Royapettah, Chennai-600 014

\* Seven Special Resolutions were passed and No Postal Ballots were used / invited for voting

\*\* Five Special Resolution were passed. No Postal Ballots were used / invited for voting.

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

A Summary of the items of business approved by the members as Special Resolutions, in the last three AGMS is given hereunder.

1. \* AGM held on 17<sup>th</sup> September 2008
  - Auditors appointment
  - Raising fund through issue of FCCBs, GDRs, ADRs, etc
  - Issue of equity related securities to QIBs
  - Three special resolutions respectively for Increase of Authorised Capital from Rs.250 crores to Rs.1000 crores and corresponding alteration of Memorandum and Articles of Association.
  - Issue of Cumulative Non-convertible redeemable preference shares on private placement basis.
2. \*\* AGM Held on 16<sup>th</sup> August 2007
  - Auditors appointment
  - Reappointment of Mr. Reji Abraham as Managing Director for a period of five years from 26.09.2007 to 25.09.2012
  - Change in Vesting date of ESOS 2005 granted in the year 2005
  - Resolution allowing FII holding in the Company more than 24% paidup equity capital of the Company
  - Raising fund through issue of FCCBs/ADRs/GDRs not exceeding USD 200 Million
3. \*\*\* AGM Held on 14<sup>th</sup> July 2006
  - Reappointment of Mr. P. Venkateswaran as Whole-time Director
  - Reappointment of Mr. C.P. Gopalkrishnan as Whole-time Director
  - Change of name of the Company
  - ESOPs to Non-Executive Directors
  - Raising of long term funds through issue of FCCBs / GDRs / ADRs etc.,

## V. CEO / CFO CERTIFICATION

As required by Clause 49 V of the Listing Agreement, the CEO and CFO Certification of the Financial Statement, the Cash Flow Statement and the Internal Control Systems for financial reporting are enclosed at the end of this report.

## VI. DISCLOSURES

### Related Party Disclosure

There has been no materially significant related party transaction (transactions of a material nature) with the Company's Subsidiaries, promoters, management, Directors or their relatives etc., that may have a potential conflict with the interest of the Company at large. Please refer Balance Sheet Notes to Accounts for details of related party transactions

### Details of Non-compliance

No penalties, strictures imposed on the Company by Stock Exchanges in India or SEBI or any statutory authority on any matter related to the Capital Market during the last 3 years

## VII. Means of Communication

A timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end

Quarterly un-audited financial results are being published in The Financial Express (English) and Malai Murasu (Vernacular) for the year 2009-10 (However till 2008-09 un-audited financial results were published in Business Standard (English) and Makkal Kural (Vernacular). The results were also displayed on the company's web site, [www.abanoffshore.com](http://www.abanoffshore.com)

The presentations made by the Company to Financial Institutions and others were posted on the website, [www.abanoffshore.com](http://www.abanoffshore.com)

The Company also regularly posts information relating to its Financial Results and Shareholding Pattern on Electronic Data Interpretation, filing and Retrieval System (EDIFAR) in [www.sebi.edifar.nic.in](http://www.sebi.edifar.nic.in).

Management Discussion and Analysis form Part of the Annual Report.

## VIII. GENERAL INFORMATION FOR SHAREHOLDERS

### Financial Calendar

#### Financial Year

1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010

Board meeting for considering the accounts and Dividend	31.07.2009
Posting of Annual Report	22.08.2009
Book closure dates	10.09.2009 to 16.09.2009 (both days inclusive)
Last date for the receipt of proxy forms	13.09.2009
Twenty Third Annual General Meeting	16.09.2009
Venue	Mini Hall of Music Academy, No.168 (old No. 306) T.T. K. Road, Royapettah, Chennai – 600 014
Time	11.00 A.M
Dividend payment date	On or after 16.09.2009
Probable date of dispatch of dividend warrants	On or before 20.09.2009
Board Meeting to consider unaudited results for the first 3 quarters of the financial year 2009-2010	
Results of the quarter ended on 30 <sup>th</sup> June 2009	31.07.2009
Results of the quarter ended on 30 <sup>th</sup> September 2009	Before end of October 2009
Results of the quarter ended on 31 <sup>st</sup> December 2009	Before end of January 2010

### Listing on Stock Exchanges

#### a. Equity 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

##### Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers  
21<sup>st</sup> Floor, Dalal Street  
Mumbai – 400 001

##### National Stock Exchange of India Limited

Exchange Plaza  
5<sup>th</sup> Floor, Plot No :: C/1 G Block, Bandra – Kurla Complex Bandra (E)  
Mumbai 400 051



## Singapore Exchange Limited

2 Shenton Way  
# 19-00 SGX Centre 1  
Singapore 068804

The listing fees for the Financial Year 2009-2010 were paid to the Stock Exchanges where the Company's Equity shares are listed.

### Stock Codes :

#### Equity Shares

Madras Stock Exchange Limited	ABAN
Bombay Stock Exchange Limited	Fully paid – 523204
National Stock Exchange of India Limited	ABAN
ISIN No. for Dematerialised shares (fully paid)	INE421A01028
ISIN No. For Dematerialised shares (Partly Paid)	IN9421A01026

#### Preference Shares

700099	–	Rs.15,00,00,000	–	8% p.a. Non Convertible Cumulative Redeemable Preference Shares
700129	–	Rs. 5,50,00,000	–	9% p.a. Non Convertible Cumulative Redeemable Preference Shares
700130	–	Rs. 4,00,00,000	–	9% p.a. Non Convertible Cumulative Redeemable Preference Shares
700131	–	Rs. 6,10,00,000	–	9% p.a. Non Convertible Cumulative Redeemable Preference Shares

#### ISIN No. of 8% Cumulative Redeemable Preference Shares

INE 421A04014

**ISIN No of 5,50,00,000 – 9% p.a. Non – Convertible Cumulative Redeemable Preference shares**  
INE421A04022

**ISIN No of 4,00,00,000 – 9% p.a. Non – Convertible Cumulative Redeemable Preference shares**  
INE421A04030

**ISIN No of 6,10,00,000 – 9% p.a. Non – Convertible Cumulative Redeemable Preference shares**  
INE421A04048

**ISIN No. of 20,00,00,000 – 9.25% p.a. Non – Convertible Cumulative Redeemable Preference shares**  
INE421A04055

#### FCCB STOCK CODE: ISIN NO. XS0245787808

#### Care Rating

Credit Analysis & Research Ltd. (CARE) has revised the ratings for the entire Non-Convertible Cumulative Redeemable Preference Shares (CRPS) issued by the Company. The revised ratings stand at CARE BBB (RPS) (TRIBLEBBB) (under watch) for all cumulative non-convertible redeemable preference shares issued by the Company.

#### c. Foreign Currency Convertible Bonds (FCCB)

No Bonds were converted into equity shares during the year under review. If the outstanding 541 Bonds are converted into equity shares, the number of equity shares would be increased by 7,42,637.

#### d. Preference Shares

During the year under review the Company has raised Rs.20,00,00,000/- (Rupees Twenty Crores only) by issue of 9.25%p.a. of 2,00,00,000 (Two Crores only) Non-Convertible Cumulative Preference Shares of Rs.10/- each.

#### INVESTOR'S HELP DESK

Company's Registered Office Address  
M/s Aban Offshore Limited  
Janpriya Crest  
113 Pantheon Road  
Egmore  
Chennai – 600 008  
Phone: 91-44-2819 5555  
Fax: 91-44-2819 5527  
Email Id: ir@aban.com

#### Registrar and Share Transfer Agent (Both physical and Demat Mode)

M/s Cameo Corporate Services Ltd.,  
Unit : Aban Offshore Ltd.  
Subramanian Buildings  
1 Club House Road  
Chennai -600 002.  
Phone: 91-44-28460390  
Fax: 91-44-28460129

#### Registrar for FCCB

DEUTSCHE BANK,  
LUXEMBOURG S.A.  
2, Boulevard Konrad Adenauer  
L-1115 Luxembourg  
Grand Duchy of Luxembourg

Investors' complaints are to be addressed to the Registrar and Share Transfer Agents.

**Shareholders' rights:** The Half-Yearly declaration of the financial performance (including a summary of the significant events in last six months) may be sent to the households of each shareholder. As the Company's half-yearly results are published in English and vernacular 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 are returned with in 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 to 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 are placed in the subsequent Board Meeting for ratification.

The Company obtains certificate from Mr. G. Ramachandran, Company Secretary in Practice for compliance of Listing Agreement provisions and submit the same to the Stock Exchanges where the Company's 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 and Bombay Stock Exchange Ltd. The Company's Non convertible Cumulative Redeemable Preference Shares aggregating to Rs. 306 Crores are listed in the Bombay Stock Exchange Ltd. The Foreign Currency Convertible Bonds are listed with Singapore Exchange Ltd.

### Dematerialisation of shares

73.13 % of Equity shares of the Company have been dematerialized as at 31<sup>st</sup> March, 2009. The company has entered into agreement with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the depositories.

### Plant Locations

#### DRILLING LOCATIONS

<u>S.No.</u>	<u>RIGS</u>	<u>LOCATION</u>
1.	Aban II	Bombay High
2.	Aban III	Bombay High
3.	Aban IV	Bombay High
4.	Aban V	Bombay High
5.	Aban VI	Middle East
6.	Tahara	East Coast of India
7.	Aban Ice	Bombay High

### WIND ENERGY DIVISION

The Company has installed and operates 165 Wind Energy Generators at Nagercoil, Tamil Nadu.

### Remuneration Committee

The Company has not set up a Remuneration Committee

### Whistleblower Policy

The Company does not have a Whistle Blower Policy even then no employee has been denied access to the Audit Committee

### Categories of shareholders as on 31<sup>st</sup> March 2009

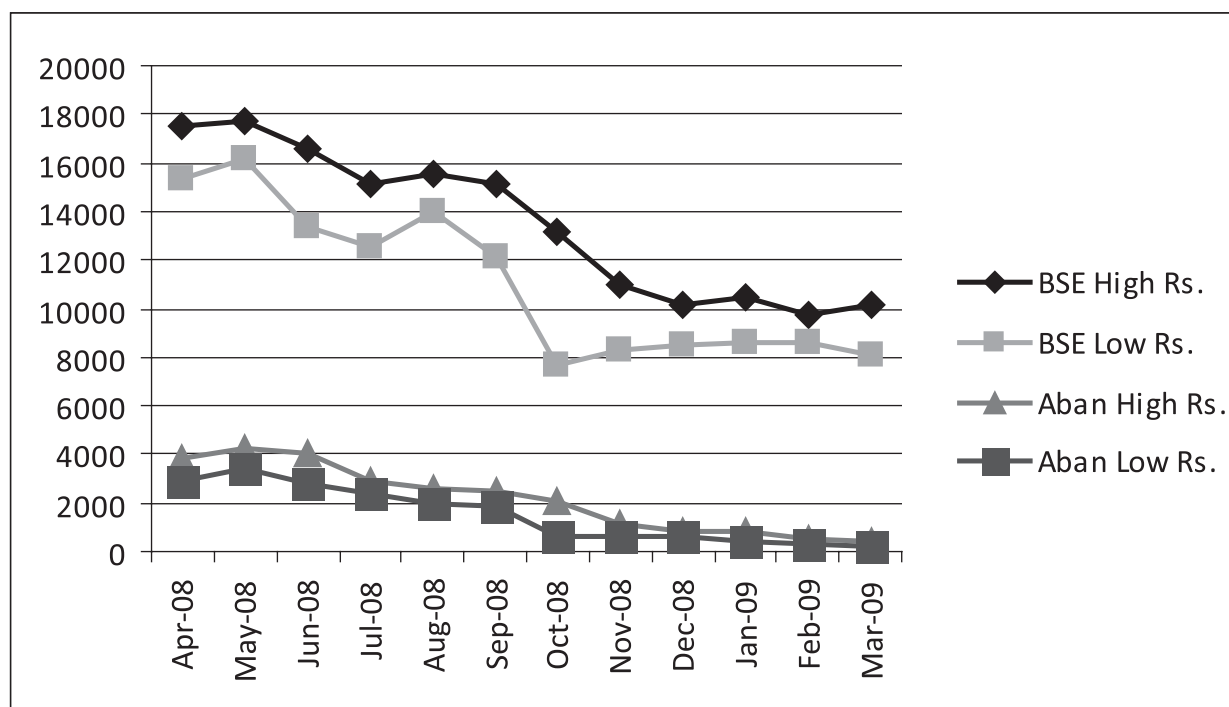
<u>Category</u>	<u>Number of folios</u>	<u>Number of shares</u>	<u>%</u>
Promoters	8	14664970	38.79
Collaborators	1	8328750	22.03
FII's, NRIs/OCB	1885	1610815	4.26
Mutual Funds, FIs, Banks	46	2766106	7.32
Bodies corporate	1589	2148682	5.68
Public	101163	8282977	21.92
Total	<u>104692</u>	<u>37802300</u>	<u>100.00</u>

### Share price volume

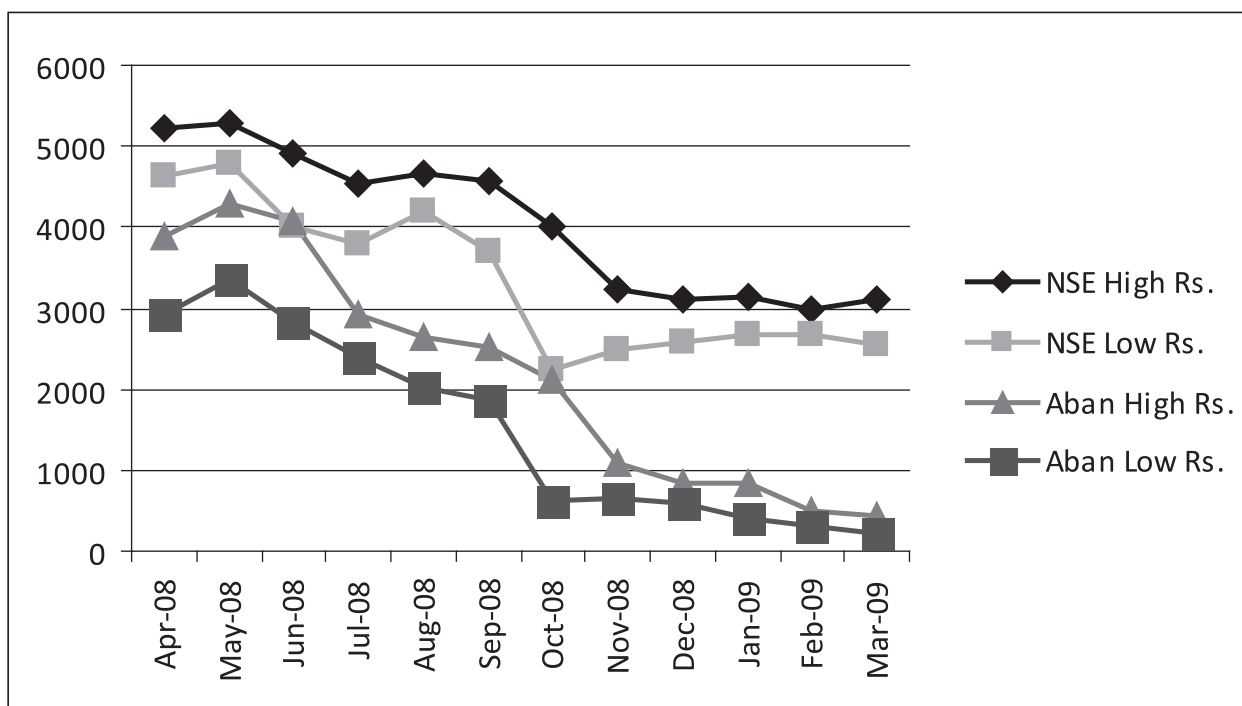
The monthly high and low quotation and the volume of shares traded on BSE & NSE are as under:

Month	Bombay Stock Exchange				Volume	National Stock Exchange				Volume
	Share Price		Sensex Points			Share Price		S&P CNX Nifty Points		
	High Rs.	Low Rs.	High	Low		High Rs.	Low Rs.	High	Low	
Apr-08	3788	2909	17480	15297	732922	3899	2910	5231	4629	2504636
May-08	4292	3370	17735	16196	1572648	4291	3370	5299	4802	4437617
Jun-08	4080	2830	16632	13405	1342715	4080	2830	4909	4022	3926857
Jul-08	2924	2387	15130	12514	1991476	2926	2386	4540	3790	5063248
Aug-08	2639	2015	15579	14002	13732526	2650	2012	4650	4202	3859956
Sep-08	2506	1850	15107	12153	2658798	2507	1851	4558	3715	6855012
Oct-08	2090	610	13203	7697	5593049	2099	610	4001	2253	12554649
Nov-08	1098	667	10945	8316	3558470	1098	666	3241	2502	8802685
Dec-08	840	601	10188	8467	4513550	849	603	3110	2571	10322032
Jan-09	824	438	10469	8631	6820191	825	403	3147	2662	14758996
Feb-09	512	313	9724	8619	8649939	512	315	2970	2678	18803154
Mar-09	445	224	10127	8047	31842873	445	221	3123	2539	75903609

### Stock Performance Chart in comparison with BSE Sensex Movement



### Stock Performance Chart in comparison with SNP & CNX Nifty Movement



### Distribution of shareholdings as on 31<sup>st</sup> March 2009

Equity Shares held	Folio Nos.	%	Share Amount (paid up) Rs.	%
1-100	91568	87.46	4015272	5.32
101-500	10301	9.84	5046104	6.68
501-1000	1665	1.59	2587382	3.42
1001-2000	643	0.62	1915676	2.53
2001-3000	182	0.18	916208	1.21
3001-4000	76	0.08	537856	0.71
4001-5000	47	0.04	429712	0.57
5001 -10000	99	0.09	1391156	1.84
10001 & above	111	0.10	58739294	77.72
<b>Total</b>	<b>104692</b>	<b>100.00</b>	<b>75578660</b>	<b>100.00</b>

Note : The above specified share amount includes face value of 25940 shares on which Re.1/- per share paid up.

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Business Conduct Guidelines (Code of Conduct)

In accordance with Clause 49 1D of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Business Conduct Guidelines (Code of Conduct) as applicable to them, for the Financial Year ended on 31<sup>st</sup> March 2009.

Aban Offshore Limited

Chennai  
31<sup>st</sup> July 2009.

Sd/-  
Reji Abraham  
Managing Director

**Certificate by the Chief Executive Officer Pursuant to Clause 49 of the Listing Agreement.**

We Reji Abraham and C.P. Gopalkrishnan certify that

- a) We have reviewed the financial statements and cash flow statements of M/s. Aban Offshore Limited ("the Company") for the year ended 31<sup>st</sup> March 2009 and to the best of our knowledge and belief :
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal control and that we have evaluated the effectiveness of internal control systems of the Company. There are no deficiencies in the design or operation of internal control.
- d) We have indicated to the auditors and the Audit Committee that there are no
  - i) Significant changes in the internal control during the year.
  - ii) Significant changes in accounting policies during the year.
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**Aban Offshore Limited.**

Chennai  
31<sup>st</sup> July 2009

Sd/-  
C.P. Gopalkrishnan  
*Deputy Managing Director*

Sd/-  
Reji Abraham  
*Managing Director*



Aban Offshore Limited

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF ABAN OFFSHORE LIMITED

We have examined the compliance of conditions of Corporate Governance by Aban Offshore Limited for the year ended on 31<sup>st</sup> March 2009, 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 conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor complaints were pending for a period exceeding one month against the Company as certified by the Registrars and Share Transfer Agents of the Company based on the records maintained by them.

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*

Place: Chennai  
Date : 31st July, 2009

**CA. R. Subramanian**  
*Partner*  
Membership No: 016059

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF ABAN OFFSHORE LIMITED

We have audited the attached Balance Sheet of M/s. Aban Offshore Limited, as at 31<sup>st</sup> March 2009, 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 (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 31<sup>st</sup> March 2009, prima-facie disqualified from being appointed as 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 31<sup>st</sup> March 2009;
    - (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*

Place : Chennai  
Date : 31st July, 2009

CA. R. SUBRAMANIAN  
*Partner*  
Membership No: 016059

## 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) As explained to us the fixed assets have been physically verified by the Management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As explained to us no material discrepancies have come to the notice on such physical verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) (a) As explained to us the inventories have been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, 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) The Company has maintained records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been 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, except unsecured loans to its wholly owned foreign subsidiary as shown below:

Company	Unsecured Loan Granted during the year (Net of Repayments)	Amount Outstanding including Interest receivable and exchange difference at the end of the year	Maximum Amount Outstanding including interest receivable during the Year
	In Rupees	In Rupees	In Rupees
Aban Holdings Pte., Ltd., Singapore	1849,60,82,421/-	2209,54,66,019/-*	2209,54,66,019/-

\* The amount excludes amount of Rs. 6 Crore that is in the nature of advance

- (b) The rate of interest and other terms and conditions of such loan are, in our opinion, prima facie, not prejudicial to the interest of the Company.
- (c) The repayment of principal and payment of Interest is "on demand" as per the loan agreement.
- (d) The loan given by the Company to its wholly owned foreign subsidiary company is repayable on demand and therefore the question of overdue amount does not arise.
- (e) 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.
- (f) 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 and wind power. Further, on the basis of our examination and according to the information and explanation given to us, we have neither come across nor have been informed of any instance of major weakness in the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that 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) According to the information and explanations given to us and on the basis of our examination of the books of account, 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, Value Added 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 31<sup>st</sup> March 2009 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 Income Tax, Customs Duty, Sales Tax, Value Added Tax, Wealth Tax, Service Tax and Cess, which have not been deposited with appropriate authorities on account of any dispute.
- (x) The Company has no accumulated losses as at 31<sup>st</sup> March 2009 and has not incurred cash losses in the financial year under report or in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The company has taken loan from a public financial institution during the year. The same has not become due and repayable during the year. In April 2006, the Company has issued 1161 Foreign Currency Convertible Bonds. 620 bonds have been converted into Equity Shares upto the end of the year under our audit. The balance amount has not become due for payment as at the close of the year, though the balance has already become due for optional conversion.
- (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) The Company has given guarantees for loans taken by a subsidiary of its wholly owned foreign subsidiary from banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima – facie prejudicial to the interest of the Company.
- (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 obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company we report that, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has allotted Equity Shares under Employee Stock Option Scheme to its employees and employees of its Indian subsidiary company in accordance with SEBI guidelines during the year. The price fixed by the Board for these shares is reasonable and not prejudicial to the interest of the Company.
- (xix) No debentures have been issued by the Company during the year. 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 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*

Place : Chennai  
Date : 31st July, 2009

**CA. R. SUBRAMANIAN**  
*Partner*  
Membership No: 016059



Aban Offshore Limited

## Balance Sheet

As at 31st March 2009

	Schedule	As at		As at
		Rupees	Rupees	31st March, 2008
				Rupees
<b>I. SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>				
(a) Share Capital	1		333,55,78,060	313,55,66,180
(b) Reserves and Surplus	2		911,61,83,892	699,35,71,127
<b>2. Loan Funds</b>				
Secured Loans	3		2,794,38,42,727	937,96,58,633
Unsecured Loan	4		278,75,02,500	518,35,26,573
<b>3. Deferred Tax (Net)</b>	5		51,55,10,393	65,35,76,331
<b>TOTAL FUNDS EMPLOYED</b>			<b>4,369,86,17,572</b>	<b>2,534,58,98,844</b>
<b>II APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>	6			
Gross Block		1,205,99,89,816		1,182,47,42,223
Less: Depreciation		716,87,79,207		619,63,90,163
Net Block		489,12,10,609		562,83,52,060
Add: Capital Work in Progress		35,13,17,203		7,39,70,842
			524,25,27,812	570,23,22,902
<b>2. Investments</b>	7		1,380,74,89,786	978,50,77,063
<b>3. Current Assets, Loans and Advances</b>				
(a) Inventory of Stores, Spares and Fuel		59,78,70,259		69,10,47,358
(b) Sundry Debtors	8	213,61,49,133		156,36,92,971
(c) Cash and Bank Balances	9	234,27,56,135		59,13,78,695
(d) Loans and Advances	10	2,247,77,12,794		875,84,40,044
		2,755,44,88,321		1,160,45,59,068
<b>Less: Current Liabilities and Provisions</b>	11			
(A) Current Liabilities		231,46,36,659		124,72,63,183
(B) Provisions		59,12,51,688		49,87,97,006
		290,58,88,347		174,60,60,189
<b>Net Current Assets</b>			<b>2,464,85,99,974</b>	<b>985,84,98,879</b>
<b>TOTAL ASSETS</b>			<b>4,369,86,17,572</b>	<b>2,534,58,98,844</b>
<b>Notes to Accounts</b>	16			

Per our Report attached

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

V. S. Rao  
Chairman

For and On behalf of the Board

P. Murari  
Vice-Chairman

Reji Abraham  
Managing Director

CA. R.Subramanian

Partner

Membership No: 016059

Place: Chennai

Date : 31st July 2009

C.P.Gopalkrishnan  
Deputy Managing Director & Secretary

P.Venkateswaran  
Deputy Managing Director

K. Bharathan  
Director

**Profit and Loss Account**

For the year ended 31st March 2009

	Schedule	Year ended	Year ended
		31st March 2009	31st March, 2008
		Rupees	Rupees
<b>I INCOME</b>			
Income from Operations	12	1,005,01,32,197	683,82,42,557
Other Income	13	224,57,63,438	54,94,68,858
<b>TOTAL</b>		<b>1,229,58,95,635</b>	<b>738,77,11,415</b>
<b>II EXPENDITURE</b>			
Operating, Administrative and Other Expenses	14	471,77,86,454	320,80,64,912
Interest	15	255,06,19,842	69,24,29,966
Depreciation		97,24,38,132	95,44,68,991
Goodwill Amortised		-	6,29,32,528
<b>TOTAL</b>		<b>824,08,44,428</b>	<b>491,78,96,397</b>
<b>Profit for the year before taxation</b>		<b>405,50,51,207</b>	<b>246,98,15,018</b>
Less: Provision for taxation			
- Current Tax		158,50,00,000	95,60,00,000
- Fringe Benefit Tax		1,05,00,000	66,00,000
- Deferred Tax		(13,80,65,938)	(8,37,97,000)
<b>Profit for the year after taxation</b>		<b>259,76,17,145</b>	<b>159,10,12,018</b>
Add: Profit brought forward from Previous Year		340,32,29,167	273,60,67,806
<b>Profit available for Appropriation</b>		<b>600,08,46,312</b>	<b>432,70,79,824</b>
Transfer to Capital Redemption Reserve		50,00,00,000	30,00,00,000
Transfer to General Reserve		26,00,00,000	16,00,00,000
Proposed Dividend - Preference		27,25,64,385	26,04,00,000
Proposed Dividend - Equity		13,60,88,280	13,60,70,496
Tax on Preference Dividend		4,63,22,317	4,42,54,980
Tax on Equity Dividend		2,31,28,203	2,31,25,181
<b>Balance Carried to Balance Sheet</b>		<b>476,27,43,127</b>	<b>340,32,29,167</b>
<b>Earnings per Equity Share of Rs. 2/- each (see Note 17)</b>			
- Basic		60.30	34.54
- Diluted		60.04	33.80
Notes to Accounts	16		

Per our Report attached

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

**V. S. Rao**  
Chairman

For and On behalf of the Board

**P. Murari**  
Vice-Chairman

**Reji Abraham**  
Managing Director

**CA. R.Subramanian**  
Partner

Membership No: 016059  
Place: Chennai  
Date : 31st July 2009

**C.P.Gopalkrishnan**  
Deputy Managing Director & Secretary

**P.Venkateswaran**  
Deputy Managing Director

**K. Bharathan**  
Director



Aban Offshore Limited

## Cash Flow Statement

For the year ended 31st March 2009

	2008-2009 Rupees in Lakhs	2007-2008 Rupees in Lakhs
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
NET PROFIT BEFORE TAX	40,550.51	24,698.15
ADJUSTMENTS FOR:		
Depreciation	9,724.38	9,544.69
Goodwill written off	-	629.33
Interest	25,506.20	6,924.30
Interest and Dividend Income	(18,247.27)	(3,666.57)
Profit on sale of Long Term and Current Investments (Net)	(201.03)	(247.01)
Loss / (Profit) on sale of Assets (Net)	(268.54)	22.76
Provision for Employee Benefits	30.66	42.36
Loss on sale of Joint venture Interests	-	64.91
Provision for Loss on Derivative contracts	3,000.00	696.00
Unrealised Exchange (Gain) / Loss - Net	(2,949.07)	(1,415.62)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>57,145.84</b>	<b>37,293.30</b>
ADJUSTMENTS FOR:		
Inventories	931.77	(850.96)
Trade and other receivables	(5,084.60)	(10,149.47)
Trade and other payables	7,665.70	2,391.64
<b>CASH GENERATED FROM OPERATIONS</b>	<b>60,658.71</b>	<b>28,684.51</b>
Direct taxes paid	(15,195.07)	(9,735.05)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>45,463.64</b>	<b>18,949.46</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including Capital advances	(5,251.27)	(3,828.47)
Sale of fixed assets	393.38	35.52
Interest and dividend received	1,445.79	3,378.59
Purchase of Investments	(137,188.91)	(218,032.45)
Sale of Investments	159,951.42	212,876.34
Sale proceeds of joint venture interests	-	1,300.00
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>19,350.41</b>	<b>(4,270.47)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds/(Repayment) of Term Borrowings	155,644.69	63,088.40
Proceeds from partly paid shares	0.02	0.21
Proceeds from fresh allotment under ESOS	31.09	38.83
Proceeds from preference shares allotment	2,000.00	-
Dividend paid including tax on dividend	(4,638.51)	(2,884.04)
Loans / Advance (given to) / Repaid by Foreign Subsidiaries	(174,902.65)	(79,956.17)
Interest paid	(25,455.55)	(6,872.83)
<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>	<b>(47,320.91)</b>	<b>(26,585.60)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>17,493.14</b>	<b>(11,906.61)</b>
<b>CASH AND CASH EQUIVALENTS at beginning of the year</b>	<b>5,913.79</b>	<b>17,807.02</b>
<b>Effect of Exchange (Loss) / Gain on cash and cash equivalents</b>	<b>20.64</b>	<b>13.38</b>
<b>CASH AND CASH EQUIVALENTS- at end of the year</b>	<b>23,427.56</b>	<b>5,913.79</b>

Note: Allotment of Equity Shares by Aban Holdings Pte Ltd (wholly owned foreign subsidiary) against the loans lent in earlier years has not been considered in the cash flow statement.

Per our Report attached

For and On behalf of the Board

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

V. S. Rao  
Chairman

P. Murari  
Vice-Chairman

Reji Abraham  
Managing Director

CA. R.Subramanian  
Partner

Membership No: 016059  
Place: Chennai  
Date : 31st July 2009

C.P.Gopalkrishnan  
Deputy Managing Director & Secretary

P.Venkateswaran  
Deputy Managing Director

K. Bharathan  
Director

Schedules annexed to and forming part of the accounts

	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
250,00,00,000 Equity Shares of Rs.2/- each (Previous year 250,00,00,000 Equity Shares of Rs.2/- each)	500,00,00,000	500,00,00,000
100,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each (Previous year 50,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each)	1,000,00,00,000	500,00,00,000
	<u>1,500,00,00,000</u>	<u>1,000,00,00,000</u>
<b>Issued and Subscribed</b>		
3,68,86,595 Equity Shares of Rs.2/- each. (Previous Year: 3,68,86,595 Equity Shares of Rs.2/- each)	7,37,73,190	7,37,73,190
Out of the above,54,92,795 Equity shares of Rs.2/- each, have been issued in pursuance of Scheme of Amalgamation of Hitech Drilling Services India Ltd with the Company		
8,51,055 Equity Shares of Rs.2/- each issued against conversion of Foreign currency convertible Bonds (Previous year 8,51,055 Equity Shares of Rs.2/- each) (See Note No 19).	17,02,110	17,02,110
64,650 Equity Shares of Rs.2/- each issued against Employee Stock Options Scheme (Previous Year : 59,710 Equity Shares of Rs.2/- each) (See Note 18)	1,29,300	1,19,420
15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous Year :15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	150,00,00,000	150,00,00,000
15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous year: 15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	156,00,00,000	156,00,00,000
2,00,00,000 9.25% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each (Previous year Nil)	20,00,00,000	-
	<u>333,56,04,600</u>	<u>313,55,94,720</u>
<b>Called up and Paid up</b>		
3,68,86,595 Equity Shares of Rs.2/- each (Previous Year: 3,68,86,595 Equity Shares of Rs.2/- each)	7,37,73,190	7,37,73,190
8,51,055 Equity Shares of Rs.2/- each against conversion of Foreign Currency Convertible Bonds (Previous year 8,51,055 Equity Shares of Rs.2/- each) (See Note No 19).	17,02,110	17,02,110
64,650 Equity shares of Rs.2/- each against exercise of Stock Options under the Employees Stock Option Scheme.(Previous Year : 59,710 Equity shares of Rs.2/- each ) (See Note 18)	1,29,300	1,19,420
Less:Calls in arrears of Re.1 per share on 26,540 Equity Shares (Previous Year : 28,540 Equity Shares)	26,540	28,540
	<u>7,55,78,060</u>	<u>7,55,66,180</u>
15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous Year :15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	150,00,00,000	150,00,00,000
15,60,00,000 9% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each (Previous Year :15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	156,00,00,000	156,00,00,000
2,00,00,000 9.25% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each (Previous year Rs.Nil)	20,00,00,000	-
<b>TOTAL</b>	<u>333,55,78,060</u>	<u>313,55,66,180</u>

## Schedules annexed to and forming part of the accounts

Notes: a. 15,00,00,000, 8% Non-Convertible Cumulative Redeemable Preference Shares will be redeemed at par on 16-06-2011, 16-06-2012 & 16-06-2013 in the ratio of 30:30:40 respectively.

b. 15,60,00,000, 9% Non-Convertible Cumulative Redeemable Preference Shares will be redeemed at par at the end of 5th year from the date of allotment of shares as per details given below:

5,50,00,000 shares will be redeemed on 29-12-2011

4,00,00,000 shares will be redeemed on 28-02-2012

6,10,00,000 shares will be redeemed on 30-03-2012

The Company has call option at the end of 3rd year (2009-10) to call Non Convertible Cumulative Redeemable Preference Shares at par.

c. 2,00,00,000, 9.25% Non-Convertible Cumulative Redeemable Preference Shares will be redeemed at par on 03-08-2013.

The Company has call option at the end of 3rd year (2010-11) to call Non Convertible Cumulative Redeemable Preference Shares at par.

d. In April 2006, the Company has issued 1,161 unsecured Foreign Currency Convertible Bonds(FCCB) of Japanese Yen (JPY) 10,000,000 each aggregating JPY 11.61 Billion. As per the terms of issue, the bond holders shall have the right to convert the Bonds into equity shares on or after 19th April 2007 upto and including 8th April 2011. The conversion price of Equity Shares of Rs.2/- each for the purpose of the Bond has been fixed at Rs.2,789.04 per equity share. As on 31-03-2009, 620 bonds have been converted into 8,51,055 Equity shares. Outstanding Bonds as at 31-03-2009 - 541 Bonds - (See Note 19)

e. The Company has reserved 18,44,000 Equity shares of Rs.2/- each for offering to Employees under Employees stock option scheme (upto previous year 18,44,000 equity shares of Rs.2/- each), out of which 64,650 equity shares of Rs.2/- each have been already allotted upto the date of Balance Sheet under the said scheme and included under paid up capital (upto previous year 59,710 equity shares of Rs. 2/- each allotted) - (See Note 18)

	Rupees	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 2</b>			
<b>RESERVES AND SURPLUS</b>			
(a) Capital Reserve		33,500	33,500
(b) Securities Premium Account			
- As per last Balance Sheet	252,85,46,075		15,27,44,736
Add: On Allotment under ESOS (see Note 18)	30,98,805		38,77,013
Add: On conversion of Foreign Currency Convertible Bonds (see Note 19)	-		237,19,24,326
	-	253,16,44,880	252,85,46,075
(c) Investment Allowance Reserve-Utilised		5,24,00,000	5,24,00,000
(d) Capital Redemption Reserve			
As per last Balance Sheet	50,00,00,000		20,00,00,000
Transfer from Profit and Loss Account	50,00,00,000		30,00,00,000
	-	100,00,00,000	50,00,00,000
e) General Reserve			
- As per last Balance Sheet	50,93,62,385		34,93,62,385
Add: Transfer from Profit and Loss Account	26,00,00,000		16,00,00,000
	-	76,93,62,385	50,93,62,385
(f) Profit and Loss Account		476,27,43,127	340,32,29,167
<b>TOTAL</b>		<b>911,61,83,892</b>	<b>699,35,71,127</b>

Schedules annexed to and forming part of the accounts

	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
a. Rupee Term Loans from Banks	2,653,66,72,951	906,42,70,856
b. Rupee Term Loans from Others	120,00,00,000	-
c. Foreign Currency Term Loans from Banks	-	4,45,77,777
d. Cash Credit from Banks	20,71,69,776	27,08,10,000
<b>TOTAL</b>	<b>2,794,38,42,727</b>	<b>937,96,58,633</b>

Notes:

- Rupee Term Loans from Banks are secured by first pari-passu charge on the specific offshore drilling rigs, drillship and accessories and windmills and by second charge on three offshore drilling rigs and drill ship.
- Cash Credits from Banks are secured by way of hypothecation of inventory of stores and spares and Book debts. Moreover, two offshore Jack up rigs of the Company have been offered as a second charge for certain cash credit facilities.
- The Company has offered a first pari-passu charge on three offshore drilling rigs, Floating Production unit, Drill ship and second charge on two offshore Drilling Rigs for some of the term loans availed by a subsidiary of wholly owned subsidiary Aban Holdings Pte Ltd.
- Rupee term loan from others is secured by hypothecation of two specific rigs of the Company by way of first parri passu charge to a financial institution. The Company is in the process of filing the charge with the specified authority.

<b>SCHEDULE 4</b>		
<b>UNSECURED LOAN</b>		
Foreign Currency Convertible Bonds (See Note No.19)	278,75,02,500	218,36,11,250
Unsecured Loans - From Banks (Loan repayable within one year is Rs.Nil Previous year Rs.299,99,15,323/-)	-	299,99,15,323
<b>TOTAL</b>	<b>278,75,02,500</b>	<b>518,35,26,573</b>

<b>SCHEDULE 5</b>		
<b>DEFERRED TAX (NET)</b>		
<b>Deferred tax Asset on Timing differences</b>		
On Provision for dimunition in the value of investments	-	(17,61,498)
<b>Deferred Tax Liability on Timing differences</b>		
On depreciation	51,55,10,393	65,53,37,829
<b>TOTAL</b>	<b>51,55,10,393</b>	<b>65,35,76,331</b>

## Schedules annexed to and forming part of the accounts

**SCHEDULE 6**
**FIXED ASSETS**

(Rupees)

Description of the asset	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1st April, 2008	Additions during the year	Deductions during the year	As at 31st March, 2009	As at 1st April, 2008	Additions during the year	On Deductions during the year	As at 31st March, 2009	As at 31st March, 2008
Land-Freehold	14,09,02,695	-	1,23,32,787	12,85,69,908	-	-	-	12,85,69,908	14,09,02,695
Building	15,03,66,491	-	-	15,03,66,491	2,71,09,701	24,50,974	-	12,08,05,816	12,32,56,790
Offshore Jackup Drilling Rigs, Floating Production unit and connected machineries	774,78,91,982	17,30,99,842	-	792,09,91,824	424,92,20,657	60,67,17,716	-	306,50,53,451	349,86,71,325
Drillship and connected machineries	119,48,30,925	6,99,99,059	-	126,48,29,984	39,99,00,184	13,93,34,340	-	72,55,95,460	79,49,30,741
Other Machineries	8,08,24,706	-	-	8,08,24,706	7,67,35,196	-	-	40,89,510	40,89,510
Wind Mills and connected machineries	240,78,13,800	-	-	240,78,13,800	137,95,02,065	21,59,24,160	-	81,23,87,575	102,83,11,735
Office Equipment	4,87,25,253	23,67,272	-	5,10,92,525	3,86,50,062	40,14,623	-	84,27,840	1,00,75,191
Furniture and Fixtures	2,29,11,430	1,32,000	-	2,30,43,430	1,18,78,382	14,91,699	-	96,73,349	1,10,33,048
Vehicles	3,04,74,941	21,82,207	2,00,000	3,24,57,148	1,33,93,916	25,04,620	49,088	1,66,07,700	1,70,81,025
<b>TOTAL</b>	<b>1,182,47,42,223</b>	<b>24,77,80,380</b>	<b>1,25,32,787</b>	<b>1,205,99,89,816</b>	<b>619,63,90,163</b>	<b>97,24,38,132</b>	<b>49,088</b>	<b>489,12,10,609</b>	<b>562,83,52,060</b>
Capital Work- in- progress **	7,39,70,842	30,47,67,003	2,74,20,642*	35,13,17,203	-	-	-	35,13,17,203	7,39,70,842
<b>TOTAL</b>	<b>1,189,87,13,065</b>	<b>55,25,47,383</b>	<b>3,99,53,429</b>	<b>1,241,13,07,019</b>	<b>619,63,90,163</b>	<b>97,24,38,132</b>	<b>49,088</b>	<b>524,25,27,812</b>	<b>570,23,22,902</b>
Previous Year	1,171,59,54,061	59,26,92,198	40,99,33,194	1,189,87,13,065	524,56,90,052	95,44,68,991	37,68,880	570,23,22,902	647,02,64,009

\*\* Includes Capital advance Rs.6,67,52,491/- (Previous year Rs.7,39,70,842/-)

\* Amount capitalised under offshore jack up drilling rigs, floating production unit and connected machineries on completion of work in progress Rs.2,74,20,642/- (Previous year Rs.20,98,45,229/-)



Schedules annexed to and forming part of the accounts

	No. of Shares	Face Value Rupees	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 7</b>				
<b>INVESTMENTS</b>				
<b>LONG TERM INVESTMENTS (AT COST)</b>				
<b>A. Subsidiaries</b>				
Equity Shares - Fully Paid (Unquoted )				
Aban Energies Limited, India (A wholly owned Subsidiary Company)	2,00,070	10.00	20,00,700	20,00,700
Aban Holdings Pte Ltd, Singapore (A wholly owned Subsidiary Company)	32,35,66,000	#	1,365,09,54,716	737,23,94,308
<b>B. Trade Investments</b>				
Equity Shares - Fully Paid (Unquoted )				
Aban Informatics Private Ltd	3,00,750	10.00	1,98,49,500	1,98,49,500
Frontier Offshore Exploration (India) Ltd (Formerly known as Frontier Aban Drilling (India) Ltd)	49,993	100.00	49,99,300	49,99,300
Aban Power Company Ltd	1,19,40,000	10.00	11,94,00,000	11,94,00,000
<b>C. Others (Non Trade)</b>				
Equity Shares - Fully paid (Quoted)				
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
ICICI Bank Ltd	2,100	10.00	7,86,374	7,86,374
Oil & Natural Gas Corporation Ltd (includes Bonus shares - 4214)	12,643	10.00	63,21,750	63,21,750
Indian Bank	32,318	10.00	29,40,938	29,40,938
Equity Shares - Fully paid (Unquoted)				
Madras Stock Exchange Limited	7,995	10.00	39,97,500	39,97,500
<b>CURRENT INVESTMENTS ( At lower of cost and fair value) (See note no: 3 )</b>				
Mutual Funds (Unquoted)				
	No. of units	Face Value Rupees		
AIG India Treasury Plus Fund	25,669,033.39	10.00	-	25,70,15,387
AIG India Liquid Fund	39,974.80	1,000.00	-	4,00,07,341
Birla Sunlife Liquid Plus Fund	11,035,545.76	10.00	-	11,04,30,499
Grindlays Floating Rate Fund - Daily Dividend	86,335,818.30	10.00	-	86,38,28,002
ICICI Prudential Floating Rate Fund - Daily Dividend	10,123,159.80	10.00	-	10,12,52,857
ICICI Prudential Flexible Income Plan	2,855,790.18	10.00	-	3,01,95,697
ICICI Prudential Institutional Liquid Plan	92,409.18	10.00	10,77,408	10,77,408
J M Arbitrage Fund	1,500,000.00	10.00	-	1,50,00,000
Principal Floating Rate Fund - Fixed Maturity Plan	4,574,845.81	10.00	-	4,58,04,729
SBI Liquid Plus Institutional Plan - Daily Dividend	10,127,271.78	10.00	-	10,13,23,354
Standard Chartered Fixed Maturity Plan	20,000,000.00	10.00	-	20,00,00,000
Grindlays Liquidity Manager Plus	250,172.21	1,000.00	-	25,02,24,742
Sundaram BNP Paribas Liquid Plus Institutional Daily Dividend	18,018,983.34	10.00	-	18,06,26,183

**Schedules annexed to and forming part of the accounts**

	No. of units	Face Value Rupees	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 7 - Contd.</b>				
UTI Fixed Income Interval Fund	3,043,303.03	10.00	-	3,04,33,030
UTI Liquid Cash Plan Institutional Fund - Daily Income Option	29,433.51	1,000.00	-	3,00,05,864
			<b>1,381,26,72,186</b>	<b>979,02,59,463</b>
Less: Provision for diminution in value of Long Term Investment including provision relating to joint venture investment of Rs.49,99,300/- (Previous Year : Rs.49,99,300/-)			<b>51,82,400</b>	<b>51,82,400</b>
			<b>1,380,74,89,786</b>	<b>978,50,77,063</b>
Aggregate Value of Quoted Investments-Cost (Net of provision for Diminution in value of investments)			<b>1,02,09,962</b>	<b>1,02,09,962</b>
Aggregate Value of Quoted Investments- Market Value			<b>1,32,80,621</b>	<b>2,04,95,378</b>
Aggregate Value of Unquoted Investments-Cost (Net of provision for Diminution in value of investments)			<b>1,379,72,79,824</b>	<b>977,48,67,101</b>

# Note: Face value of the investment not provided, since investment in share capital in Singapore Companies has no face value according to the Company law of Singapore.

	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
<b>Considered Good-Unsecured</b>		
(a) Outstanding for more than six months	<b>2,82,55,094</b>	1,97,39,094
(b) Others	<b>210,78,94,039</b>	154,39,53,877
<b>TOTAL</b>	<b>213,61,49,133</b>	<b>156,36,92,971</b>

	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
<b>Cash on Hand</b>	<b>6,21,139</b>	5,85,096
<b>Balances with Scheduled Banks</b>		
- In Current Accounts	<b>62,00,23,096</b>	8,03,56,667
- In Deposit Accounts *	<b>170,65,84,309</b>	49,68,46,664
<b>Balances with other banks in current account</b>		
Standard Chartered Bank, Dubai	<b>1,20,30,464</b>	76,62,557
Emirates Bank, Dubai	<b>34,97,127</b>	59,27,711
<b>TOTAL</b>	<b>234,27,56,135</b>	<b>59,13,78,695</b>
Maximum amount outstanding at any time during the year with other banks, Standard Chartered Bank, Dubai	<b>1,56,20,742</b>	2,11,46,427
Emirates Bank, Dubai	<b>59,27,711</b>	67,28,248

\* includes unutilised proceeds from foreign currency convertible bonds issued - Rs. 0.68 crores (previous year Rs. 6.90 Crores)

Schedules annexed to and forming part of the accounts

	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b> (Unsecured, Considered Good)		
Loans to Subsidiary Companies (See Note No.14)	2,209,54,66,019	837,28,19,781
Advance to Subsidiary Companies (See Note No.14)	7,30,75,217	1,41,10,506
Advance recoverable in Cash or in Kind or for value to be received (See Note No.15)	24,99,81,402	30,65,15,465
Deposit with Customs	2,61,82,828	2,61,82,828
Sundry Deposits	3,30,07,328	3,88,11,464
<b>TOTAL</b>	<b>2,247,77,12,794</b>	<b>875,84,40,044</b>

	Year ended 31st March 2009 Rupees	Year ended 31st March, 2008 Rupees
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>(A) Current Liabilities</b>		
(a) Sundry Creditors - Amount due to Micro Enterprises and Small Enterprises (see Note No.25)	-	-
(b) Sundry Creditors - others	227,34,04,128	121,63,91,696
(c) Unclaimed Dividends*	68,55,960	56,28,133
(d) Other Liabilities	2,41,19,037	2,00,50,997
(e) Interest accrued but not due on secured loans	1,02,57,534	51,92,357
	<b>231,46,36,659</b>	<b>124,72,63,183</b>
*Note : No amount is due to Investor Education & Protection Fund.		
<b>(B) Provisions</b>		
(a) Provision for taxation (Net of Advance payment of taxes)	10,18,55,186	2,58,62,213
(b) Proposed Dividend - Preference	27,25,64,385	26,04,00,000
(c) Proposed Dividend - Equity	13,60,88,280	13,60,70,496
(d) Tax on Dividend	6,94,50,520	6,73,80,161
(e) Provision for Provident Fund	24,18,640	21,40,259
(f) Provision for Leave Encashment and Gratuity	88,74,677	69,43,877
	<b>59,12,51,688</b>	<b>49,87,97,006</b>
<b>TOTAL (A+B)</b>	<b>290,58,88,347</b>	<b>174,60,60,189</b>

	Year ended 31st March 2009 Rupees	Year ended 31st March, 2008 Rupees
<b>SCHEDULE 12</b>		
<b>INCOME FROM OPERATIONS</b>		
Drilling and Production Services	995,53,78,539	673,69,55,103
Wind Power generation	9,47,53,658	10,12,87,454
<b>TOTAL</b>	<b>1,005,01,32,197</b>	<b>683,82,42,557</b>

	Year ended 31st March 2009 Rupees	Year ended 31st March, 2008 Rupees
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
(a) Rental Income(Gross)	1,89,53,371	2,01,14,836
(b) Dividend Income from Long term Investments	12,51,304	3,34,542
(c) Dividend Income from Current Investments	10,53,88,381	12,49,81,672
(d) Interest on Bank Deposits (Gross)	2,95,52,963	1,25,15,395

**Schedules annexed to and forming part of the accounts**

	Rupees	Year ended 31st March 2009 Rupees	Year ended 31st March, 2008 Rupees
<b>SCHEDULE 13 - Contd.</b>			
(e) Interest-Others (Gross)			
- On Intercompany deposits	-		4,11,981
- On Loan to foreign subsidiaries	167,95,25,918		22,47,07,167
- On Staff loans	1,20,750		1,68,250
- On Income-tax refund	88,71,045		33,75,652
- On call money relating to equity shares	17,061	<b>168,85,34,774</b>	1,61,887
(f) Foreign currency exchange difference (Net)		<b>26,79,04,061</b>	-
(g) Miscellaneous Income *		<b>8,72,20,987</b>	13,79,96,394
(h) Profit on Sale of Assets (Net)		<b>2,68,54,101</b>	-
(i) Profit on Sale of Long Term Investments (Net)		-	38,16,253
(j) Profit on Sale of Current Investments (Net)		<b>2,01,03,496</b>	2,08,84,829
<b>TOTAL</b>		<b>224,57,63,438</b>	54,94,68,858

Note: Tax deducted at source on a, d, and e Rs.18,22,07,559/- (Previous year: Rs 2,57,36,048/-)

\* Miscellaneous Income includes Net Gain on cancellation of Forward contract, Options / Swaps Rs.Nil (Previous year Rs.9.07 crores)

**SCHEDULE 14**
**OPERATING, ADMINISTRATIVE AND OTHER EXPENSES**

Consumption - Stores and Spares		<b>89,61,02,826</b>	59,64,13,188
Power and Fuel		<b>15,83,88,581</b>	23,89,25,716
Salaries and Bonus		<b>58,27,44,888</b>	41,05,67,454
Contribution to Provident funds and Other funds		<b>3,49,82,851</b>	2,60,43,121
Staff Welfare		<b>3,21,53,352</b>	2,39,18,192
Rent		<b>1,07,22,268</b>	73,43,973
Rates and Taxes		<b>1,84,67,102</b>	2,94,03,423
Rental Charges for Machinery		<b>61,50,24,921</b>	37,90,63,501
Repairs and Maintenance			
- Machinery	49,98,00,671		18,97,59,087
- Buildings	37,83,175		54,40,391
- Other assets	62,32,965	<b>50,98,16,811</b>	18,50,000
Insurance		<b>19,43,17,301</b>	21,54,03,069
Drilling Services and Management Fees		<b>33,26,81,525</b>	17,54,86,106
Consultancy and Professional Fees		<b>43,78,52,770</b>	40,10,99,863
Catering Expenses		<b>4,25,77,156</b>	3,31,35,676
Postage, Telegram and Telex		<b>1,73,75,435</b>	1,38,33,087
Printing and Stationery		<b>60,97,868</b>	44,89,345
Travelling and Transportation Expenses		<b>26,54,71,920</b>	9,47,35,019
Guarantee Commission, Bank and Other Charges		<b>8,47,33,666</b>	3,41,94,464
Foreign currency exchange difference (Net)		-	17,35,18,159
Loss on cancellation of Forward contract, Options / Swaps / Derivatives (Net)		<b>39,61,57,367</b>	6,96,00,000
Loss on Sale of Assets (Net)		-	22,75,573
Loss on transfer of interest in Joint venture (See Note No.16)		-	64,91,065
Auditors' Remuneration : (See Note No. 26)			
Audit Fees	29,54,599		21,48,134
Tax Audit Fee	4,00,000		2,25,000
For Certification and Other Services	13,09,632		14,78,527
Reimbursement of Expenses	1,07,500	<b>47,71,731</b>	95,000
Other Expenses		<b>7,73,46,115</b>	7,11,28,779
<b>TOTAL</b>		<b>471,77,86,454</b>	320,80,64,912

Schedules annexed to and forming part of the accounts

<b>SCHEDULE 15</b>	Rupees	Year ended 31st March 2009 Rupees	Year ended 31st March, 2008 Rupees
<b>INTEREST</b>			
On Term Loans		254,02,68,941	66,93,13,342
Others		1,03,50,901	2,31,16,624
<b>TOTAL</b>		<u>255,06,19,842</u>	<u>69,24,29,966</u>

**SCHEDULE 16**

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**A. ACCOUNTING CONVENTIONS AND CONCEPTS**

Financial statements are prepared 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. USE OF ESTIMATES**

The preparation of the financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

**C. FIXED ASSETS**

Fixed Assets are capitalised at cost inclusive of installation expenses and interest upto the date the asset is put to use. Consequent to the introduction of Companies (Accounting Standards) Rules, 2006, with effect from April 1, 2007, the Foreign Exchange differences, in respect of Foreign Currency Loans / Liabilities relating to acquisition of Fixed Assets, are accounted in the Profit and Loss Account. Capital Work in Progress include the cost of Fixed Assets, that are not ready for use at the Balance Sheet date, and advances paid to acquire Fixed Assets before the Balance Sheet date.

**D. DEPRECIATION**

Depreciation on Fixed Assets is provided on 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% p.a. on straight line method based on technical evaluation of the expected useful life. Depreciation on windmills is provided at a higher rate of 10% p.a on straight line method based on technical evaluation of the expected useful life.

**E. INVENTORY VALUATION**

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

**F. REVENUE RECOGNITION**

Income from drilling and production operations is recognised as earned, based on contractual daily rates billed on a monthly basis. Mobilisation / demobilisation fees received, if any, is recognised as earned in the year of mobilisation / demobilisation. Income from wind power generation is recognised based on the number of units of power generated every month at contracted rates.

Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the applicable rate. Dividend income is recognised when the Company's right to receive the payment is established.

**G. FOREIGN CURRENCY TRANSACTIONS AND DERIVATIVES**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Realised gains and losses on foreign exchange transactions during the period are recognised in the Profit and Loss account. Exchange differences in respect of foreign loans/liabilities relating to Fixed Assets are accounted in the Profit and Loss Account.

Foreign currency current assets and current liabilities are translated at year end rates. In circumstances, where the year end rate is not stable / highly volatile, monetary items shall be reported based on the subsequent actual realisation rate. Resulting gains / losses are recognised in the Profit and Loss account. Non monetary items such as Investments / Fixed Assets, denominated in

## Schedules annexed to and forming part of the accounts

foreign currency are stated at exchange rate prevailing on the date of transaction.

In the case of forward exchange contracts / options relating to foreign currencies:

- a. The premium or discount on all such contracts arising at the inception of each contract is amortised as expense or income over the life of the contract.
- b. Any profit or loss arising on the cancellation of such contracts is recognised as income / expense under respective head of account for the period.

In respect of derivative contracts, Gains / Losses on settlement and provision for losses, if any on any such contracts, is recognised in the Profit and Loss account.

### H. 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 Companies and investment in Joint Venture Company and other investments of long term nature are stated at cost and no loss is recognised in the fall in their net worth unless there is a permanent fall in their net worth. However, a provision for diminution in value of investment is made if a fall in net worth is anticipated.
- c. Current Investments are stated at lower of cost and fair value of the category of such investments.

### I. 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.

### J. EMPLOYEE BENEFITS

- a. Contribution to Provident Fund, which is a defined contribution retirement plan, is made monthly at predetermined rate to the Provident Fund authorities and debited to the Profit and Loss Account on accrual basis.
- b. Contribution to Super annuation scheme, which is a defined contribution retirement plan, is made annually at predetermined rate to Insurance Companies, which administer the fund and debited to Profit and Loss Account.
- c. Company makes annual contribution to Gratuity funds administered by Insurance Companies, which is considered as defined benefit plan. The present value of the defined benefit is measured using the 'Projected unit Credit' Method with actuarial valuation being carried out at each Balance Sheet date by an independent valuer. Actuarial gain and losses are immediately recognised in the Profit and Loss Account. Amount of contribution, computed by the insurers is paid by the Company and charged to Profit and Loss Account. No additional liability is anticipated under the scheme administered by the insurance Companies.
- d. The Company makes provision for leave encashment based on actuarial valuation carried out by an independent actuary at the Balance Sheet date.

### K. 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.

### L. TAXES ON INCOME

The Income tax provision comprises of current tax, fringe benefit tax and deferred tax. Current tax is the amount of tax payable in respect of income for the year. In accordance with the Accounting Standard - 22 - Accounting for Taxes on Income of the Companies (Accounting Standards) Rules, 2006 the Deferred Tax on timing difference between book profit and tax profit for the period 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 virtual/reasonable certainty about its realisability in future years.

### M. IMPAIRMENT OF ASSETS

An Asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the period in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable value.

Schedules annexed to and forming part of the accounts

**N. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

All Liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated values in the notes to accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>2. Contingent liabilities not provided for</b>		
a. Guarantees given by banks on behalf of the Company	127,94,33,297	122,59,69,408
b. Corporate Guarantee given by the Company for a subsidiary of Company's foreign subsidiary	2,416,44,80,000	2,283,41,80,000
c. Capital commitments not provided for	41,33,18,523	11,46,97,231
d. Indemnity obligation relating to a Novation Agreement	75,00,000	75,00,000
e. Letter of Credit	21,35,39,861	-

**3. During the year the Company acquired and sold the following Current Investments:**

Particulars	Purchased	Sold
Investments in Units in Mutual Funds (Units)	Units	Units
Grindlays Floating Rate Fund Daily Dividend	449914092.03	536249910.33
Standard Chartered Fixed Maturity Plan	-	20000000.00
Grindlays Liquidity Manager Plus	1904762.63	2154934.84
JM Arbitrage Fund	-	1500000.00
Birla Sunlife Liquid Plus Fund	93073895.68	104109441.44
AIG India Liquid Fund	4021959.61	4061934.41
AIG India Treasury Plus Fund	320242033.72	345911067.11
Principal Floating Rate Fund Fixed Maturity Plan	180057.66	4754903.47
Sundaram BNP Paribas Liquid Plus Institutional Daily Dividend	668309.03	18687292.37
UTI Liquid Cash Plan Institutional Fund Daily Income Option	262.44	29695.95
UTI Fixed Income Interval Fund	23495.91	3066798.94
FRDD ICICI Prudential Floating Rate Fund Daily Dividend	404637.32	10527797.12
ICICI Prudential Flexible Income Plan	93720258.91	96576049.09
SBI SHF Liquid Plus - Institutional Plan Daily Dividend	93432.39	10220704.17
Mirae Asset Liquid Fund Institutional	32476.80	32476.80
Mirae Asset Liquid Plus Fund Super Institutional	283174.48	283174.48
IDFC Arbitrage Plus Fund - Plan B	10000000.00	10000000.00
Birla Cash Plus Institutional	124829173.43	124829173.43
Reliance Liquidity Fund	401199071.75	401199071.75
Reliance Liquidity Plus Fund	2077642.35	2077642.35
Reliance Medium Term Fund	33255301.13	33255301.13
Reliance Monthly Interval Fund	4994256.61	4994256.61
DWS Liquid Plus Fund	42521750.40	42521750.40
DWS Fixed Term Fund	10000000.00	10000000.00
UTI Liquid Plus Institutional	31657.60	31657.60
Templeton India Ultra Short Bond Fund - Daily Dividend	10221049.84	10221049.84
Edelweiss Liquid Plus Fund Daily Dividend	100865.18	100865.18
IDFC Fixed Maturity Plan Monthly Series	1007727.64	1007727.64
IDFC Cash Fund	945212.67	945212.67
Ing Liquid Plus Fund	3020430.15	3020430.15

**Schedules annexed to and forming part of the accounts**

<b>4. a. Managerial Remuneration</b>		<b>31.03.2009</b>	<b>31.03.2008</b>
		<b>Rupees</b>	<b>Rupees</b>
Salary & Allowances		1,86,00,000	1,29,08,160
Monetary Value of Perquisites		52,44,034	32,08,102
Sitting fees		3,04,000	2,73,000
Commission		8,64,93,437	5,60,71,145
		<b>11,06,41,471</b>	<b>7,24,60,407</b>
<b>b. Computation of Net Profit in accordance with Section 309(5),198 &amp; 349 of the Companies Act, 1956 and calculation of Managing Director and Wholetime Director's Commission.</b>			
Net Profit as per Profit & Loss Account		405,50,51,207	246,98,15,018
Add: Directors' Remuneration		11,03,37,471	7,21,87,407
Director's Sitting Fees		3,04,000	2,73,000
Loss on sale of Asset (Net)		-	22,75,573
Goodwill Amortised		-	6,29,32,528
		<b>416,56,92,678</b>	<b>260,74,83,526</b>
Less: Profit on Sale of Assets (Net)		2,68,54,101	-
Less: Profit on Sale of Investments(Net)		2,01,03,496	2,47,01,082
		<b>4,69,57,597</b>	<b>2,47,01,082</b>
Profit as per Section 309(5),198 & 349 of the Companies Act, 1956		<b>411,87,35,081</b>	<b>258,27,82,444</b>
Commission to Managing Director @ 2% p.a		8,23,74,702	5,16,55,649
Commission to a Deputy Managing Director @.0.10% p.a. (previous year 0.10% p.a. each to two Deputy Managing Directors but restricted to the period upto 15-12-2007 in the case of one Deputy Managing Director)		41,18,735	44,15,496
		<b>8,64,93,437</b>	<b>5,60,71,145</b>
<b>5. Licence/Installed capacities</b>		<b>31.03.2009</b>	<b>31.03.2008</b>
		<b>NOT APPLICABLE</b>	<b>NOT APPLICABLE</b>
		Units	Units
		Value (Rs.)	Value (Rs.)
<b>6. Generation of Wind Power (Net)</b>	<b>3,46,12,746</b>	<b>9,47,53,658</b>	<b>3,76,31,410</b>
<b>7. Value of Imports by the Company on CIF basis</b>			
a. Capital items		35,50,94,582	22,31,96,127
b. Stores & Spare Parts		51,15,35,284	49,35,32,162
<b>8. Expenditure in Foreign Currency (Cash Basis)</b>			
a. Interest on Foreign Currency Loans		47,46,110	2,10,37,922
b. Drilling Services & Management Fees		9,45,78,157	7,21,32,831
c. Travel and Transport		9,69,24,456	4,09,63,026
d. Consultancy fees		13,92,37,019	7,81,83,632
e. Rental charges for Machinery		51,65,55,917	33,27,43,737
f. Insurance		3,81,54,496	4,75,55,393
g. Repairs to machinery , and other maintenance charges		36,18,959	65,18,674
h. Catering		1,38,08,500	1,22,65,476
i. Salary, Staff welfare		4,83,80,363	6,01,39,373
j. Others		73,93,929	1,31,87,506
<b>9. Income Earned in Foreign Exchange</b>			
a. Drilling and Production services		859,49,99,488	529,61,75,341
b. Interest from Foreign Subsidiary		167,95,25,918	22,47,07,167
c. Interest on Bank Deposit		6,09,031	31,64,072
d. Others		9,38,555	41,75,251



<b>10. a. Value of Imported Stores &amp; Spares Consumed</b>	<b>54,80,94,558</b>	40,04,20,546
% of above to total consumption	<b>61.16%</b>	67.14%
<b>b. Value of Indigenous Stores &amp; Spares consumed</b>	<b>34,80,08,268</b>	19,59,92,642
% of above to total consumption	<b>38.84%</b>	32.86%

<b>11. Dividend remitted in Foreign Currency</b>	No. of Non-Resident Shareholders	No. of Equity Shares held	Net Dividend remitted (Rs.)
For the Financial year 2007-08 (Equity Shares of Rs.2/- each)	1	83,28,750	2,99,83,500
Previous year (Equity shares of Rs.2/- each)	1	83,28,750	2,49,86,250

**12. Related Party disclosure:**

**Enterprise where control exists**

**A. Subsidiary Companies (Wholly owned subsidiaries)**

Aban Energies Limited, India  
Aban Holdings Pte Ltd, Singapore

**B. Subsidiaries of Aban Holdings Pte Ltd**

Aban Singapore Pte Ltd, Singapore  
Aban 7 Pte Ltd, Singapore  
Aban 8 Pte Ltd, Singapore  
Aban Abraham Pte Ltd, Singapore  
Aban Pearl Pte Ltd, Singapore  
Aban International Norway AS, Norway  
Sinvest AS, Norway  
DDI Holding AS, Norway  
Deep Drilling Invest Pte Ltd, Singapore  
Deep Drilling 1 Pte Ltd, Singapore  
Deep Drilling 2 Pte Ltd, Singapore  
Deep Drilling 3 Pte Ltd, Singapore  
Deep Drilling 4 Pte Ltd, Singapore  
Deep Drilling 5 Pte Ltd, Singapore  
Deep Drilling 6 Pte Ltd, Singapore  
Deep Drilling 7 Pte Ltd, Singapore  
Deep Drilling 8 Pte Ltd, Singapore  
Beta Drilling Pte Ltd, Singapore  
Venture Drilling Pte Ltd, Singapore  
Sinvest (Cyprus) Ltd, Cyprus

**C. Other related parties with whom the company had transactions**

**a. Joint Venture Operator -**

Prize Petroleum Limited (See Note 16 and 23)

**b. Key Management personnel**

- (i) Mr. Reji Abraham - Managing Director
- (ii) Mr. P Venkateswaran - Deputy Managing Director
- (iii) Mr. C P Gopalkrishnan - Deputy Managing Director and Secretary

**TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR**

Nature of Transaction	Subsidiary companies		Joint Venture Operator		Key Management Personnel	
	Rs.		Rs.		Rs.	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
i) Machinery maintenance charges paid	1,07,70,080	1,07,86,560	-	-	-	-
ii) Rent paid	-	-	-	-	53,66,304	53,11,920
iii) Remuneration	-	-	-	-	11,03,37,471	7,21,87,407
iv) Interest received/receivable	167,95,25,918	22,47,07,167	-	-	1,20,750	1,68,250
v) Investment in Foreign Subsidiary *	627,85,60,408	-	-	-	-	-
vi) Advances recoverable / (payable)	6,94,90,737	90,37,821	-	7,00,000	-	-
vii) Loan given to Foreign Subsidiaries	2,261,93,52,256	1,008,17,72,017	-	-	-	-
viii) Loan repaid	412,32,69,835	210,33,29,317	-	-	5,40,000	4,20,000
ix) Operation call money	-	-	-	1,25,00,000	-	-
x) Dividend paid	-	-	-	-	1,75,41,940	1,46,31,783
xi) Amount Outstanding as at 31.03.2009						
- Receivable	2,216,85,41,236	838,69,30,287	-	-	9,15,000	14,55,000
- Payable	-	-	-	-	8,64,93,437	5,60,71,145

\* Allotment of Equity Shares by Aban Holdings Pte Ltd (wholly owned foreign subsidiary) against loans lent in earlier years.

**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:**

	2008-09	2007-08
	Rs.	Rs.
i) Machinery maintenance charges paid		
- Aban Energies Limited	1,07,70,080	1,07,86,560
ii) Remuneration to Key Management Personnel		
- Mr. Reji Abraham	9,23,01,856	5,73,37,724
- Mr. C.P. Gopalkrishnan	70,50,453	71,50,764
- Mr. P. Venkateswaran	1,09,85,162	76,98,919
iii) Interest received/receivable		
- Aban Holdings Pte Ltd	167,95,25,918	22,47,07,167
iv) - Investment in Foreign Subsidiary		
- Aban Holdings Pte Ltd	627,85,60,408	-
v) Advances recoverable		
Aban Energies Limited	94,90,737	90,37,821
Aban Holdings Pte Ltd	6,00,00,000	-
vi) Loan given to Foreign Subsidiaries		
Aban Holdings Pte Ltd	2,261,93,52,256	1,008,17,72,017
vii) Loan repaid by Foreign subsidiaries		
Aban Holdings Pte Ltd	412,32,69,835	191,12,36,200
Aban Singapore Pte Ltd	-	19,20,93,117
viii) Rent paid		
Mr. Reji Abraham	53,66,304	53,11,920
ix) Dividend paid		
Mr. Reji Abraham	1,74,10,702	1,45,08,918

### 13. SEGMENT REPORTING

#### A. Primary Segment

The company's primary segments are Offshore Oil Drilling and Production 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/Drillship, which are mobile assets and can operate across the world, in view of which geographical segment is not considered.

#### Primary Segment Information

	2008-09		2007-08	
	Rs.	Rs.	Rs.	Rs.
1. Segment revenue				
- Drilling	1,218,52,62,339		726,95,60,929	
- Wind Energy	11,06,33,296	1,229,58,95,635	11,81,50,486	738,77,11,415
2. Segment Result				
- Drilling	675,25,16,512		330,27,26,270	
- Wind Energy	(14,68,45,463)		(14,04,81,286)	
	660,56,71,049		316,22,44,984	
Less : Interest Expenses	(255,06,19,842)		(69,24,29,966)	
		405,50,51,207		246,98,15,018
3. Segment Assets				
- Drilling	4,563,78,32,175		2,590,85,60,163	
- Wind Energy	96,66,73,743	4,660,45,05,918	118,33,98,870	2,709,19,59,033
4. Segment liabilities				
- Drilling	3,257,27,66,491		1,517,69,12,491	
- Wind Energy	48,45,08,712	3,305,72,75,203	64,26,20,034	1,581,95,32,525
5. Depreciation				
- Drilling	75,65,13,972		73,85,44,831	
- Wind Energy	21,59,24,160	97,24,38,132	21,59,24,160	95,44,68,991
6. Goodwill Amortised				
- Drilling			6,29,32,528	
- Wind Energy	-		-	6,29,32,528
7. Capital Expenditure				
- Drilling	52,51,26,741		38,28,46,969	
- Wind Energy	-	52,51,26,741	-	38,28,46,969

#### 14. Loans and Advances include the following:

Particulars		Balance outstanding as at 31st March 2009	Maximum Balance outstanding during the Year	Balance outstanding as at 31st March 2008	Maximum Balance outstanding during the previous year
		Rs.	Rs.	Rs.	Rs.
Aban Energies Ltd, India (Advance)	Indian Subsidiary	1,30,75,217	1,41,10,506	1,41,10,506	1,56,14,818
Aban Holdings Pte Ltd, Singapore (Loan & Advance)	Foreign Subsidiary	2,215,54,66,019	2,215,54,66,019	837,28,19,781	837,28,19,781
Aban Singapore Pte Ltd, Singapore (Loan)	Subsidiary of Foreign Subsidiary	-	-	-	19,26,20,878
Aban 7 Pte Ltd, Singapore (Advance)	Subsidiary of Foreign Subsidiary	-	-	-	3,87,62,459
Aban 8 Pte Ltd, Singapore (Advance)	Subsidiary of Foreign Subsidiary	-	-	-	30,83,919
Aban Abraham Pte Ltd, Singapore (Advance)	Subsidiary of Foreign Subsidiary	-	-	-	1,38,34,689

15. Loans and Advances include loan to a Deputy Managing Director of the Company who was an officer at the time of taking the loan Rs.9,15,000/- (previous year Rs.14,55,000/-). Maximum amount outstanding during the the year Rs. 14,55,000/--(Previous Year Rs.18,75,000/-).
16. The Company has terminated the joint Operating Agreement with Prize Petroleum Limited as at 31-03-2008 subject to certain formalities relating to termination which are still under process.
17. Earning per share is calculated as shown below: (Equity shares of Rs.2/- each)

		<b>2008-09</b>	2007-08
a) Profit after tax, preference dividend and tax thereon	Rs.	<b>227,87,30,443</b>	128,63,57,038
		No. of shares	No. of shares
b) Weighted average number of fully paid equity shares used in calculating Basic earnings per share		<b>3,77,73,816</b>	3,72,24,377
Add: Partly paid Equity shares calculated as fully paid		<b>13,270</b>	14,270
<b>TOTAL</b>		<b>3,77,87,086</b>	3,72,38,647
Basic earnings per share (Rupees)	(a/b)	<b>60.30</b>	34.54
c) Weighted average number of fully paid equity shares used in calculating Diluted earnings per share		<b>3,79,42,122</b>	3,80,48,163
Add: Partly paid Equity shares calculated as fully paid		<b>13,270</b>	14,270
<b>TOTAL</b>		<b>3,79,55,392</b>	3,80,62,433
Diluted Earning per Share - (Rupees)	(a/c)	<b>60.04</b>	33.80

18. The Company has instituted Employees Stock Option Scheme - 2005 duly approved by the shareholders in the Extraordinary General Meeting of the Company held on 23rd April 2005 As per the scheme, the compensation committee of the board evaluate the performance and other criteria of employees and approves the grant of option. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's share at the prevailing market price on the date of grant of option.

The Securities Exchange Board of India (SEBI) issued the Employees Stock Option scheme and Employee Stock purchase scheme Guidelines in 1999, applicable to stock option schemes established on or after June 19, 1999. Under these Guidelines, the excess of the market price of the underlying equity shares as of the date of the grant over the exercise price of the option is to be recognised and amortized on a straight- line basis over the vesting period

The Company has not recorded any Deferred Compensation Expenses, as the exercise price as equal to the market value as defined by SEBI of the underlying Equity shares on the grant date. Excess of exercise price over the nominal value of equity shares issued under ESOS has been credited to securities premium account Rs. 30,98,805/- (Previous year Rs. 38,77,013/-)

The details of option granted are given below:

Maximum number of options that may be granted under the scheme is 18,44,000 numbers of equity shares of Rs.2/- each - Options granted during the year - Nil (upto previous year 2,68,200 Equity shares of Rs.2/- each) - Options lapsed during the year - 2880 (upto previous year 4,210 Equity shares of Rs.2/- each) - Options exercised during the year 4,940 number of equity shares of Rs.2/- each (upto previous year 59,710 Equity shares of Rs.2/- each) - Outstanding at the end of the year 1,96,460 number of equity shares of Rs.2/- each (upto previous year 2,04,280 Equity shares of Rs.2/- each) - Options yet to be granted under the scheme 15,82,890 number of equity shares of Rs.2/- each.

19. The Company had issued 1161 unsecured unrated zero coupon Foreign Currency Convertible Bonds (FCCB) of Japanese Yen 10,000,000 each aggregating to Japanese Yen 11,610,000,000 (Rs.428,49,22,220/-) in April 2006.

The Bondholder has an option to convert these bonds into Equity shares of Rs.2/- each of the Company at a conversion price on or after 19th April 2007 and upto the close of the business on the 8th April 2011. The conversion price has been fixed as Rs.2,789.04 per Equity shares of Rs.2/- each. Till 31st March 2009, 620 Bonds aggregating to Japanese Yen 6200 million have been converted into 8,51,055 Equity shares of Rs.2/- each at a conversion price of Rs.2,789.04. As a result of this conversion, the share capital of the company has increased by Rs.17,02,110/- and the securities premium account has gone up by Rs.2,37,19,24,326. After conversion, 541 Bonds are outstanding as at 31st March 2009 aggregating to 5410 Million Japanese Yen (Rs.278,75,02,500). The Company has an option to redeem the bonds at their accredited principal amount in whole and not in part at any time on or after 14th April 2009 and on or prior to 8th April 2011 subject to certain terms and conditions. No interest

accrues or is payable on the bonds unless wilful default is made in respect of any payment in which case the overdue sum shall bear interest at the rate of 4% per annum from the due date. Unless previously redeemed, converted or repurchased and cancelled, the Company will redeem each bond at 121.811% of its principal amount on 15th April 2011, being the Maturity date of the Bond. Excess of conversion price over the nominal value of equity shares issued on conversion of Bonds have been credited to securities premium account Rs.Nil (Previous year Rs. 237,19,24,326/-)

20. The year end foreign currency exposures that have not been hedged by Derivative Instruments or otherwise:

Serial Number	Underlying Exposure	2008-09		2007-08	
		Amount in USD (Million)	Amount in INR (crores)	Amount in USD (Million)	Amount in INR (crores)
1	Payables	20.00	101.44	20.00	80.24
2	Foreign currency loans	-	-	1.11	4.46
3	Foreign currency convertible Bonds	54.96	278.75	54.43	218.36

21. The Company has entered into derivatives for hedging currency and interest related risks. The outstanding value of hedged forward covers / derivatives as at 31st March 2009 are Rs.1,151.49 crores (previous year Rs. 1,123.44 crores) the details of which are given below:

As at 31st March 2009, the following derivative transactions are outstanding :

Nature of Derivative Transactions	2008-09	2007-08	Purpose
	Amount INR (Crores)	Amount INR (Crores)	
Currency Forward contracts	1,037.57	875.00	Hedging the risk of exchange rate fluctuations
Interest swap	113.92	248.44	Hedging the risk of interest rate movements

22. In accordance with the Principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standard ) Rules , 2006 and considering the events occurring after the Balance Sheet date, the Company has recognised an amount of Rs.30 crores in the profit and loss account in respect of derivative contracts outstanding as at 31st March 2009. (Previous year Rs. 6.96 crores). The same has been included in the amount shown under Schedule - 14 "Loss on cancellation of Forward contracts, Options/ Swaps / Derivatives (Net)".

23. 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 operations are :

Name of the Company	Country of Incorporation	Proportion of ownership interest 2008-09	Proportion of ownership interest 2007-08
Frontier Offshore Exploration (India) Limited (Formerly known as Frontier Aban Drilling (India) Ltd) - Jointly controlled entity (Refer Note "a" below)	India	25% of share capital	25% of share capital
Prize Petroleum Limited - Jointly controlled assets (Refer Note "b" below)	India	Nil Refer Note (b) below	Nil Refer Note (b) below

Note (a): The Company's interests in the joint venture - Frontier Offshore Exploration (India) Limited (formerly known as Frontier Aban Drilling (India) Ltd) The Company has ceased to have joint control over Frontier Offshore Exploration (India) Limited (Formerly known as Frontier Aban Drilling (India) Ltd) However the Company has provided for Diminution in value of this long term investment considering the state of affairs of the Venture Company.

Note (b): The Company has terminated the joint Operating Agreement with Prize Petroleum Limited as at 31-03-2008 subject to certain formalities relating to termination which are still under process during the year.

24. Defined benefit plans / Long Term Compensated Absences - As per Actuarial Valuations as on 31-3-2009 and recognised in the financial statements in respect of Employee Benefit Schemes:

	Gratuity Funded Rs. 2008-09	Gratuity Funded Rs. 2007-08	Leave encashment Unfunded Rs. 2008-09	Leave encashment Unfunded Rs. 2007-08
<b>I Components of Employer Expense</b>				
1. Current Service cost	45,60,318	32,99,271	4,06,585	4,69,651
2. Interest cost	18,29,014	15,78,089	5,32,436	3,66,834
3. Expected return on plan assets	(23,32,705)	(19,22,598)	12,80,200	12,33,543
4. Past service cost	-	21,43,897	-	9,08,425
5. Actuarial losses / (gains)	1,14,63,004	44,64,078	12,80,200	12,33,543
6. Total expense recognised in the statement of Profit & Loss Account	1,55,19,631	95,62,737	22,19,221	29,78,453
The gratuity expense has been recognised in 'contribution to Provident Fund and other Funds' and Leave encashment in 'Salaries, and Bonus' under schedule 14.				
II. Actual returns for the year ended March 31, 2009	(20,72,677)	36,26,192	-	-
III. (Net Asset) / Liability recognised in Balance Sheet as at March 31, 2009				
1. Present value of defined benefit obligation	4,38,79,682	3,05,34,421	88,74,677	66,55,456
2. Fair Value on plan assets	2,80,71,630	3,02,46,000	-	-
3. Status [Deficit / (Surplus)]	1,58,08,052	2,88,421	88,74,677	66,55,456
4. Contribution made towards the fund	1,58,08,052	-	-	-
5. (Net asset) / Liability recognised in Balance sheet	-	2,88,421	88,74,677	66,55,456
IV. Change in defined benefit obligations (DBO) during the year ended March 31, 2009				
1. Present value of DBO at the beginning of the year	3,05,34,421	1,99,62,837	66,55,456	45,85,428
2. Current service cost	45,60,318	32,99,271	4,06,585	4,69,651
3. Interest cost	18,29,014	15,78,089	5,32,436	3,66,834
4. Actuarial (Gains) / Losses	70,57,622	61,67,672	12,80,200	12,33,543
5. Benefits paid	(1,01,693)	(4,73,448)	-	-
6. Present value of DBO at the end of the year	4,38,79,682	3,05,34,421	88,74,677	66,55,456
V. Change in Fair value of Assets during the year ended March 31, 2009				
1. Plan Assets at the beginning of the year	3,02,46,000	1,78,18,940	-	-
2. Expected return on plan assets	23,32,705	19,22,598	-	-
3. Actuarial Gains / (Losses)	(44,05,382)	17,03,594	-	-
4. Actual Company contribution	-	92,74,316	-	-
5. Benefits paid	(1,01,693)	(4,73,448)	-	-
6. Plan assets at the end of the year	2,80,71,630	3,02,46,000	-	-
VI. Actuarial assumptions				
1. Discount rate (%)	8.00	8.00	8.00	8.00
2. Expected return on plan assets (%)	8.00	8.00	-	-
3. Rate of increase in compensation levels (%)	5.00	5.00	5.00	5.00

The estimate of future salary increases, considered in Actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

VII. Major category of plan assets as a % of the total plan assets as at	March 31, 2009	March 31, 2008
1. Mutual Funds	100%	100%

VIII. Basis used to determine the expected rate of return on plan assets

The expected rate of return on plan assets is based on the current investments strategy and market scenario. The above information is certified by the Actuary.

25. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days at the balance sheet date. The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of data available with the Company.
26. Audit fees include Rs. 8,82,400/- for special purpose Audit carried out towards investments in shares/loans to foreign subsidiaries (previous year Rs. 7,80,060/-)
27. Previous year's figures are re-grouped/re-arranged wherever necessary, to conform to the current year's presentation.

Per our Report attached

For and On behalf of the Board

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

**V. S. Rao**  
Chairman

**P. Murari**  
Vice-Chairman

**Reji Abraham**  
Managing Director

**CA. R.Subramanian**  
Partner

Membership No: 016059

Place: Chennai

Date : 31st July 2009

**C.P.Gopalkrishnan**  
Deputy Managing Director & Secretary

**P.Venkateswaran**  
Deputy Managing Director

**K. Bharathan**  
Director



**Aban Offshore Limited**

## Balance Sheet Abstract

As at 31st March 2009

Additional Information as per Part IV of Schedule VI to the Companies Act, 1956  
Balance Sheet Abstract and Company's General Business Profile

### I REGISTRATION DETAILS:

Registration No.  State Code   
Balance Sheet Date

### II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue  Right Issue   
Bonus Issue  Private Placement (ESOS)   
Private Placement   
(9.25% Preference shares)

### III POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Assets  Total Liabilities

#### SOURCES OF FUNDS

Paid-up Capital  Reserves & Surplus   
Secured Loans  Unsecured Loans   
Deferred Tax (Net)  Total

#### APPLICATION OF FUNDS (Amount in Rs. Thousands)

Net Fixed Assets  Investments   
Net Current Assets  Total

### IV PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover  Other Income   
Total Expenditure  Profit before tax   
Profit after tax  EPS Basic in - Rs.   
EPS Diluted in - Rs.  Dividend Rate (Equity share capital)   
Dividend Rate (8% Preference share capital)  Dividend Rate(9% preference share capital)   
Dividend Rate  
(9.25% preference share capital)

### V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

Item Code No. (ITC Code)	Product Description
<input type="text" value="842,831.02"/>	<input type="text" value="Oil Well Drilling"/>
<input type="text" value="890,520.00"/>	<input type="text" value="Oil/Gas Production"/>
<input type="text" value="N/A"/>	<input type="text" value="Wind Power Generation"/>



## Statement Pursuant to Section 212(1) (e) of the Companies Act, 1956

1	Name of the Subsidiary Company	<b>Aban Energies Limited</b>	<b>Aban Holdings Pte Ltd</b>
2	Financial Year of the Subsidiary Company	Year Ended 31.03.2009	Year Ended 31.03.2009
3	Shares of the Subsidiary Company held by Aban Offshore Limited		
	(a) Number of Shares	2,00,070	32,35,66,000
	(b) Face Value	Rs.10	Not Applicable
	(c) Paid up value	Rs.10	USD 323,566,000
	(d) Extent of Holding	100%	100%
4	Net aggregate amount of Profit / (Loss) of the subsidiary Company so far as they concern the members of Aban Offshore Limited not dealt with in the accounts of the Aban Offshore Limited amount to:		
	(a) For the Subsidiary Company's financial year ended on 31.03.2009	Rs. 80,801	Rs. 280,92,36,258
	(b) For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	(1,09,06,422)	(1,377,170,839)
5	Net aggregate amount of Profit / (Loss) of the Subsidiary Company, dealt with in the Accounts of Aban Offshore Limited amount to:		
	(a) For subsidiary Company's Financial Year ended 31.03.2009	NIL	NIL
	(b) For the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	NIL	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		
	Note: Aban Holdings Pte Ltd is having the following subsidiaries. Financial year of these Companies ended on 31st March 2009		
	(a) Aban Singapore Pte Ltd, Singapore		
	(b) Aban 7 Pte Ltd, Singapore		
	(c) Aban 8 Pte Ltd, Singapore		
	(d) Aban Abraham Pte Ltd, Singapore		
	(e) Aban Pearl Pte Ltd, Singapore		
	(f) Aban International Norway AS, Norway		
	(g) Sinvest AS, Norway		
	(h) DDI Holding AS, Norway		
	(i) Deep Drilling Invest Pte Ltd, Singapore		
	(j) Deep Drilling 1 Pte Ltd, Singapore		
	(k) Deep Drilling 2 Pte Ltd, Singapore		
	(l) Deep Drilling 3 Pte Ltd, Singapore		
	(m) Deep Drilling 4 Pte Ltd, Singapore		
	(n) Deep Drilling 5 Pte Ltd, Singapore		
	(o) Deep Drilling 6 Pte Ltd, Singapore		
	(p) Deep Drilling 7 Pte Ltd, Singapore		
	(q) Deep Drilling 8 Pte Ltd, Singapore		
	(r) Beta Drilling Pte Ltd, Singapore		
	(s) Venture Drilling Pte Ltd, Singapore		
	(t) Sinvest Cyprus Ltd, Cyprus		

For and on behalf of the Board

Chennai  
31 st July, 2009

**V.S. Rao**  
*Chairman*

**P.Murari**  
*Vice Chairman*

**Reji Abraham**  
*Managing Director*

**K.Bharathan**  
*Director*

**P.Venkateswaran**  
*Dy. Managing Director*

**C.P.Gopalkrishnan**  
*Dy. Managing Director & Secretary*

### Disclosure under Clause 32 of the Listing Agreement

Name of the listed Company: Aban Offshore Limited

<b>Subsidiary</b>	<b>Amount outstanding as at 31st March 2009</b>	<b>Value of Investments as at 31st March 2009</b>	<b>Terms</b>
	<b>Rs.</b>	<b>Rs.</b>	
Aban Holdings Pte Ltd, Singapore	2,215,54,66,019	1,365,09,54,716	Repayment of principal and payment of interest is on demand as per the loan agreement.

## Statement of details to be furnished for subsidiaries as prescribed by the Ministry of Corporate Affairs

Name of the subsidiary Company	Aban Energies Ltd India	Aban Holdings Pte Ltd, Singapore	Aban Singapore Pte Ltd, Singapore	Aban Abraham Pte Ltd, Singapore	Aban 7 Pte Ltd, Singapore	Aban 8 Pte Ltd, Singapore	Aban Pearl Pte Ltd, Singapore	Aban International Norway, AS/Norway
a) Share Capital	2,000,700	13,650,954,716	8,368,800,000	2,536,000,000	1,065,120,000	1,927,360,000	2,941,760,000	475,057,316
b) Reserves & Surplus *	(10,825,621)	668,202,632	(5,861,028,785)	66,145,894	892,699,318	424,659,590	3,071,566	(646,409,663)
c) Total Assets	5,687,146	36,651,349,801	67,940,614,173	17,539,568,576	6,284,658,272	10,263,234,655	15,076,890,270	40,944,288,774
d) Total Liabilities	14,512,067	22,332,192,453	65,432,842,958	14,937,422,682	4,326,838,954	7,911,215,065	12,132,058,704	41,115,641,121
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-
f) Turnover	13,921,242	6,063,444	662,877,342	105,300,072	1,210,030	2,838,171,894	29,438,344	18,906
g) Profit/(Loss) before Taxation	568,187	(1,736,670,200)	(1,366,068,302)	77,532,218	(508,149,902)	1,431,499,254	4,401,602	(1,576,389,962)
h) Provision for Taxation	(487,386)	(53,774)	-	-	16,486,814	(141,635,334)	-	-
i) Profit/(Loss) after Taxation	80,801	(1,736,723,974)	(1,366,068,302)	77,532,218	(491,663,088)	1,289,863,920	4,401,602	(1,576,389,962)
j) Proposed Dividend	-	-	-	-	-	920,000,000	-	-
Name of the subsidiary Company	Sinvest AS, Norway	DDI Holding AS Norway	Deep Drilling Invest Pte Ltd, Singapore	Deep Drilling 1 Pte Ltd, Singapore	Deep Drilling 2 Pte Ltd, Singapore	Deep Drilling 3 Pte Ltd, Singapore	Deep Drilling 4 Pte Ltd, Singapore	Deep Drilling 5 Pte Ltd, Singapore
a) Share Capital	2,737,459,840	22,008,228,913	32,604,872,162	6,869,443,865	7,392,967,234	6,591,184,105	1,913,905,962	3,456,386,575
b) Reserves & Surplus *	12,377,613,627	(4,910,883,203)	(82,529,302)	4,673,273,241	4,475,709,813	4,640,966,376	2,079,798,199	2,634,029,790
c) Total Assets	24,582,026,410	53,721,261,305	47,297,537,067	11,999,040,635	12,465,050,582	11,726,505,663	11,988,422,418	8,870,069,051
d) Total Liabilities	9,466,952,943	36,623,915,594	14,775,194,207	456,323,529	596,373,534	494,355,182	7,994,718,256	2,779,652,687
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-
f) Turnover	947,981,543	27,649,835	206,373,153	3,337,365,864	2,893,827,256	3,466,672,075	3,568,908,874	3,121,665,414
g) Profit before Taxation	3,324,724,148	(756,335,310)	197,034,015	2,164,217,652	1,557,082,005	2,045,098,712	1,699,498,917	1,578,028,849
h) Provision for Taxation	-	-	(3,953,761)	(140,068,499)	(183,052,852)	(118,239,321)	(157,011,982)	(148,271,808)
i) Profit after Taxation	3,324,724,148	(756,335,310)	193,080,254	2,024,149,153	1,374,029,153	1,926,859,391	1,542,486,936	1,429,757,041
j) Proposed Dividend	-	-	-	-	-	-	-	-
Name of the subsidiary Company	Deep Drilling 6 Pte Ltd, Singapore	Deep Drilling 7 Pte Ltd, Singapore	Deep Drilling 8 Pte Ltd, Singapore	Beta Drilling Pte Ltd, Singapore	Sinvest Cyprus Ltd, Cyprus	Venture Drilling Pte Ltd, Singapore		
a) Share Capital	2,602,545,857	2,849,314,837	1,423,018,123	1,546,960,000	137,045	5,072		
b) Reserves & Surplus *	(398,191,917)	298,867,854	(41,333,351)	(4,829,565,349)	(2,089,360)	(1,526,926)		
c) Total Assets	8,440,973,669	7,975,320,593	7,927,253,808	26,639,971	5,072	5,072		
d) Total Liabilities	6,236,619,729	4,827,137,903	6,545,569,036	3,309,245,320	1,952,314	1,526,926		
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	-	-		
f) Turnover	1,099,920	1,088,468,433	2,344,896	872,244,813	-	-		
g) Profit before Taxation	(317,651,301)	500,458,722	(25,631,347)	(3,509,781,905)	(415,610)	(415,610)		
h) Provision for Taxation	-	(132,284,650)	-	(41,653,371)	-	-		
i) Profit after Taxation	(317,651,301)	368,174,072	(25,631,347)	(3,551,435,276)	(415,610)	(415,610)		
j) Proposed Dividend	-	-	-	-	-	-		

\* includes translation reserve

Chennai  
31st July, 2009Reji Abraham  
Managing DirectorV.S. Rao  
ChairmanP. Murari  
Vice ChairmanK. Bharathan  
DirectorP. Venkateswaran  
Dy. Managing DirectorC.P. Gopalkrishnan  
Dy. Managing Director & Secretary

On behalf of the Board

Note 1: As per the approval granted by the Ministry of Corporate Affairs, under Section 212 (8) of the Companies Act, 1956 the Company has been exempted from attaching the Balance sheet and Profit and Loss Account of twenty two of its subsidiaries to the Annual audited accounts of the Parent Company for the year ended 31.3.2009. However, as directed by the Ministry of Corporate Affairs the aforesaid details are provided.

2. Other than the Indian subsidiary Aban Energies Ltd, where accounts is in Indian Rupee, other 21 subsidiary accounts which are in US Dollar are converted into Indian Rupee at the Exchange rate of 1USD = Rs. 50.72 for the purpose of the details given above.

# Auditors' Report on Consolidated Financial Statements

To  
The Board of Directors  
Aban Offshore Limited  
Chennai  
INDIA

We have audited the attached Consolidated Balance Sheet of Aban Offshore Limited the parent company and its subsidiaries as at 31<sup>st</sup> March 2009, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of Aban 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 also 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 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 company in accordance with the requirements of Accounting Standard (AS) 21 - "Consolidated Financial Statements" and AS 27 - "Financial reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.

We have audited the financial statements of M/s Aban Energies Limited, Chennai, India, the Indian subsidiary of the Parent Company. The Financial Statements of Aban Holdings Pte., Ltd., Singapore, the foreign subsidiary of the Parent Company and the Consolidated Financial Statements of Foreign Subsidiary's immediate subsidiary company, Aban Singapore Pte., Ltd., Singapore and its 19 subsidiaries, have been audited by other Auditors whose reports have been furnished to us and our opinion in respect of these subsidiaries is based solely on the report of the auditors and the Management's representation to us in relation to the special purpose financial statements. With regard to the Foreign Subsidiaries, the Auditors Report refers to "Special Purpose Financial Statements" of the immediate subsidiary of the parent Company and the Consolidated Financial Statements of its subsidiaries. As per the information provided to us, we report that the Financial Statements of one of the subsidiaries of Aban Singapore Pte., Ltd., viz., Sinvest Cyprus Limited has not been audited.

The unaudited financial statement of Sinvest Cyprus Limited reflect total assets of Rs. Nil and total revenue of Rs. Nil as at 31<sup>st</sup> March 2009. The audited financial statement of Aban Holdings Pte Ltd., Singapore reflects total assets of Rs.3665 Crores as at 31<sup>st</sup> March 2009 and total revenue of Rs. 0.61 Crores for the year then ended. The Special Purpose Audited Consolidated Financial Statements of M/s Aban Singapore Pte., Limited, Singapore and its subsidiaries reflect total net assets of Rs.18603 Crores as at 31<sup>st</sup> March 2009 and total net revenue of Rs. 2376 Crores for the year then ended.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports and a special purpose audit report on individual financial statements of Aban Offshore Limited, its Indian subsidiary and its aforesaid foreign subsidiaries, 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 Offshore Limited, and its subsidiaries as at 31<sup>st</sup> March 2009;
- b. The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Aban Offshore Limited, and its subsidiaries 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 Offshore Limited and its subsidiaries for the year then ended.

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

CA. R. SUBRAMANIAN  
Partner  
Membership No: 016059  
Place : Chennai  
Date : 31st July, 2009



**Aban Offshore Limited**

**Consolidated Balance Sheet**

As at 31st March 2009

	Schedule	As at		As at
		Rupees	Rupees	31st March, 2008
				Rupees
<b>I. SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>				
(a) Share Capital	1		333,55,78,060	313,55,66,180
(b) Reserves and Surplus	2		1,410,46,03,981	498,34,63,958
<b>2. Minority Interest</b>			77,50,770	42,43,310
<b>3. Loan Funds</b>				
Secured Loans	3		15,608,16,00,741	11,737,09,76,252
Unsecured Loan	4		1,027,30,76,136	1,306,30,16,780
<b>3. Deferred Tax (Net)</b>	5		51,55,33,032	65,36,46,903
<b>TOTAL FUNDS EMPLOYED</b>			<b>18,431,81,42,720</b>	<b>13,921,09,13,383</b>
<b>II APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>	6			
Gross Block		14,411,33,77,607		9,234,84,68,989
Less: Depreciation and Impairment		1,551,28,40,918		881,98,13,957
Net Block		12,860,05,36,689		8,352,86,55,032
Add: Capital Work in Progress (including capital advances)		4,700,29,83,534		4,271,82,72,012
			17,560,35,20,223	12,624,69,27,044
<b>2. Investments</b>	7		575,05,16,801	639,08,62,081
<b>3. Current Assets, Loans and Advances</b>				
(a) Inventory of Stores, Spares and Fuel		227,48,67,531		164,68,17,350
(b) Sundry Debtors	8	576,64,24,303		471,21,29,074
(c) Cash and Bank Balances	9	594,77,97,119		645,31,15,401
(d) Loans and Advances	10	306,46,79,836		127,76,70,634
		1,705,37,68,789		1,408,97,32,459
<b>Less: Current Liabilities and Provisions</b>	11			
(A) Current Liabilities		1,274,16,67,980		656,80,22,394
(B) Provisions		134,79,95,113		94,85,85,807
		1,408,96,63,093		751,66,08,201
<b>Net Current Assets</b>			296,41,05,696	657,31,24,258
<b>TOTAL ASSETS</b>			<b>18,431,81,42,720</b>	<b>13,921,09,13,383</b>
<b>Notes to Accounts</b>	16			

Per our Report attached

For and On behalf of the Board

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

CA. R.Subramanian  
Partner  
Membership No: 016059  
Place: Chennai  
Date: 31st July 2009

**Reji Abraham**  
Managing Director

**C.P.Gopalkrishnan**  
Deputy Managing Director & Secretary

Consolidated Profit and Loss Account

For the year ended 31st March 2009

	Schedule	Year ended 31st March 2009 Rupees	Year ended 31st March, 2008 Rupees
<b>I INCOME</b>			
Income from Operations	12	3,050,09,12,549	2,046,95,99,894
Other Income	13	404,26,94,236	88,04,85,750
TOTAL		<u>3,454,36,06,785</u>	<u>2,135,00,85,644</u>
<b>II EXPENDITURE</b>			
Operating, Administrative and Other Expenses	14	1,317,37,75,591	974,44,01,190
Interest	15	855,30,34,262	665,84,70,167
Depreciation and Impairment		601,47,24,926	307,74,67,940
Goodwill Amortised		-	6,29,32,528
TOTAL		<u>2,774,15,34,779</u>	<u>1,954,32,71,825</u>
<b>Profit for the year before taxation</b>		<b>680,20,72,006</b>	180,68,13,819
Less: Provision for taxation			
- Current Tax		263,49,88,538	150,70,93,447
- Fringe Benefit Tax		1,07,85,319	68,56,999
- Deferred Tax		(13,81,13,871)	(8,38,26,528)
Profit / (Loss) for the year after taxation before share in earnings of Associates / Joint Ventures		429,44,12,020	37,66,89,901
Share in Earnings of Associates / Joint Ventures		111,60,29,644	85,30,76,996
Profit / (Loss) after share in earnings of Associates / Joint Ventures		541,04,41,664	122,97,66,897
Minority Interest		35,07,460	(1,08,550)
Profit / (Loss) after tax and minority interest		540,69,34,204	122,98,75,447
Add: Profit brought forward from Previous Year		188,75,13,380	158,14,88,590
<b>Profit available for Appropriation</b>		<b>729,44,47,584</b>	281,13,64,037
Transfer to Capital Redemption Reserve		50,00,00,000	30,00,00,000
Transfer to General Reserve		26,00,00,000	16,00,00,000
Proposed Dividend - Preference		27,25,64,385	26,04,00,000
Proposed Dividend - Equity		13,60,88,280	13,60,70,496
Tax on Preference Dividend		4,63,22,317	4,42,54,980
Tax on Equity Dividend		2,31,28,203	2,31,25,181
<b>Balance Carried to Balance Sheet</b>		<b>605,63,44,399</b>	188,75,13,380
<b>Earnings per Equity Share of Rs. 2/- each (see Note 23)</b>			
- Basic		134.65	24.85
- Diluted		134.05	24.31
Notes to Accounts	16		

Per our Report attached

For and On behalf of the Board

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

CA. R.Subramanian  
Partner  
Membership No: 016059  
Place: Chennai  
Date: 31st July 2009

**Reji Abraham**  
Managing Director

**C.P.Gopalkrishnan**  
Deputy Managing Director & Secretary



Aban Offshore Limited

## Consolidated Cash Flow Statement

For the year ended 31st March 2009

	2008-09 Rupees in Lakhs	2007-08 Rupees in Lakhs
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>NET PROFIT BEFORE TAX</b>	<b>68,020.72</b>	<b>18,068.14</b>
<b>ADJUSTMENTS FOR:</b>		
Depreciation and Impairment	60,147.25	30,774.68
Goodwill written off	-	629.33
Interest	85,530.34	66,584.70
Interest and Dividend Income	(2,453.64)	(4,529.18)
Loss / (Profit) on sale of Long Term and Current Investments (Net)	449.92	(247.01)
Loss / (Profit) on sale of Assets (Net)	(78.09)	(27.17)
Provision for Employee Benefits	32.07	45.05
Loss on sale of Joint venture Interests	-	64.91
Provision for Loss on Derivative contracts	3,000.00	696.00
Unrealised Exchange (Gain) / Loss - Net	(2,949.07)	(1,415.62)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>211,699.50</b>	<b>110,643.83</b>
<b>ADJUSTMENTS FOR:</b>		
Inventories	(6,280.50)	(6,245.43)
Trade and other receivables	(28,406.82)	(10,941.36)
Trade and other payables	57,820.67	644.33
<b>CASH GENERATED FROM OPERATIONS</b>	<b>234,832.85</b>	<b>94,101.37</b>
Direct taxes paid	(24,063.41)	(10,696.12)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>210,769.44</b>	<b>83,405.25</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including Capital advances	(507,988.18)	(326,469.61)
Sale of fixed assets	571.67	85.44
Interest and dividend received	2,447.42	4,578.60
Purchase of Investments	(137,188.91)	(218,032.45)
Sale of Investments	160,324.26	212,876.34
Sale proceeds of joint venture interests	-	1,300.00
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(481,833.74)</b>	<b>(325,661.68)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds/(Repayment) of Term Borrowings	353,169.93	245,467.38
Proceeds from partly paid shares	0.02	0.21
Proceeds from fresh allotment under ESOS	31.09	38.83
Proceeds from preference shares allotment	2,000.00	-
Dividend paid including tax on dividend	(4,638.51)	(2,884.04)
Interest paid	(84,572.05)	(68,487.77)
<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>	<b>265,990.48</b>	<b>174,134.61</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(5,073.82)</b>	<b>(68,121.82)</b>
<b>CASH AND CASH EQUIVALENTS -at beginning of the year</b>	<b>64,531.15</b>	<b>132,639.59</b>
<b>Effect of Exchange (Loss) / Gain on cash and cash equivalents</b>	<b>20.64</b>	<b>13.38</b>
<b>CASH AND CASH EQUIVALENTS- at end of the year</b>	<b>59,477.97</b>	<b>64,531.15</b>

Per our Report attached

For and On behalf of the Board

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

CA. R.Subramanian  
Partner  
Membership No: 016059  
Place: Chennai  
Date: 31st July 2009

**Reji Abraham**  
Managing Director

**C.P.Gopalkrishnan**  
Deputy Managing Director & Secretary

## Schedules annexed to and forming part of the consolidated accounts

<b>SCHEDULE 1</b>	<b>As at 31st March 2009 Rupees</b>	<b>As at 31st March, 2008 Rupees</b>
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
250,00,00,000 Equity Shares of Rs.2/- each (Previous year 250,00,00,000 Equity Shares of Rs.2/- each)	<b>500,00,00,000</b>	500,00,00,000
100,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each (Previous year 50,00,00,000 cumulative redeemable Preference Shares of Rs.10/- each)	<b>1,000,00,00,000</b>	500,00,00,000
	<b>1,500,00,00,000</b>	1,000,00,00,000
<b>Issued and Subscribed</b>		
3,68,86,595 Equity Shares of Rs.2/- each. (Previous Year: 3,68,86,595 Equity Shares of Rs.2/- each) Out of the above, 54,92,795 Equity shares of Rs.2/- each, have been issued in pursuance of Scheme of Amalgamation of Hitech Drilling Services India Ltd with the Company	<b>7,37,73,190</b>	7,37,73,190
8,51,055 Equity Shares of Rs.2/- each issued against conversion of Foreign currency convertible Bonds (Previous year 851055 Equity Shares of Rs.2/- each) (See Note No 19).	<b>17,02,110</b>	17,02,110
64,650 Equity Shares of Rs.2/- each issued against Employee Stock Options Scheme (Previous Year : 59,710 Equity Shares of Rs.2/- each) (See Note 18)	<b>1,29,300</b>	1,19,420
15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous Year :15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	<b>150,00,00,000</b>	150,00,00,000
15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous year: 15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	<b>156,00,00,000</b>	156,00,00,000
2,00,00,000 9.25% Non convertible Cumulative Redeemable Preference Shares of Rs.10/- each (Previous year Nil)	<b>20,00,00,000</b>	-
	<b>333,56,04,600</b>	313,55,94,720
<b>Called up and Paid up</b>		
3,68,86,595 Equity Shares of Rs.2/- each (Previous Year: 3,68,86,595 Equity Shares of Rs.2/- each)	<b>7,37,73,190</b>	7,37,73,190
8,51,055 Equity Shares of Rs.2/- each against conversion of Foreign currency convertible Bonds (Previous year 8,51,055 Equity Shares of Rs.2/- each) (See Note No 19).	<b>17,02,110</b>	17,02,110
64,650 Equity shares of Rs.2/- each against exercise of Stock Options under the Employees Stock Option Scheme.(Previous Year : 59,710 Equity shares of Rs.2/- each) (See Note 18)	<b>1,29,300</b>	1,19,420
Less: Calls in arrears of Re.1 per share on 26,540 Equity Shares (Previous Year : 28,540 Equity Shares)	<b>26,540</b>	28,540
	<b>7,55,78,060</b>	7,55,66,180
15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous Year :15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	<b>150,00,00,000</b>	150,00,00,000
15,60,00,000 9% Non convertible Cumulative Redeemable Preference Shares of Rs.10/- each (Previous Year :15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	<b>156,00,00,000</b>	156,00,00,000
2,00,00,000 9.25% Non convertible Cumulative Redeemable Preference Shares of Rs.10/- each (Previous year Nil)	<b>20,00,00,000</b>	-
<b>TOTAL</b>	<b>333,55,78,060</b>	313,55,66,180

## Schedules annexed to and forming part of the consolidated accounts

**Notes:**

- a. 15,00,00,000, 8% Non-Convertible Cumulative Redeemable Preference Shares will be redeemed at par on 16-06-2011, 16-06-2012 & 16-06-2013 in the ratio of 30:30:40 respectively.
- b. 15,60,00,000, 9% Non Convertible Cumulative Redeemable Preference Shares will be redeemed at par at the end of 5th year from the date of allotment of shares as per details given below:  
 5,50,00,000 shares will be redeemed on 29-12-2011  
 4,00,00,000 shares will be redeemed on 28-02-2012  
 6,10,00,000 shares will be redeemed on 30-03-2012  
 The Company has call option at the end of 3rd year (2009-10) to call Non Convertible Cumulative redeemable preference Shares at par.
- c. 2,00,00,000, 9.25% Non-Convertible Cumulative Redeemable Preference Shares will be redeemed at par on 03-08-2013. The Company has call option at the end of 3rd year (2010-11) to call Non Convertible Cumulative redeemable preference Shares at par.
- d. In April 2006, the Company has issued 1,161 un secured Foreign Currency Convertible Bonds(FCCB) of Japanese Yen (JPY) 10,000,000 each aggregating JPY 11.61 Billion . As per the terms of issue, the bond holders shall have the right to convert the Bonds into equity shares on or after 19th April 2007 upto and including 8th April 2011. The conversion price of Equity Shares of Rs.2/- each for the purpose of the Bond has been fixed at Rs.2,789.04 per equity share. As on 31-03-009, 620 bonds have been converted into 851055 Equity shares. Outstanding Bonds as at 31-03-2009 -541 Bonds - (See Note 19)
- e. The Company has reserved 18,44,000 Equity shares of Rs.2/- each for offering to Employees under Employees stock option scheme (upto previous year 18,44,000 equity shares of Rs.2/- each), out of which 64,650 equity shares of Rs.2/- each have been already allotted upto the date of Balance Sheet under the said scheme and included under paid up capital (upto previous year 59,710 equity shares of Rs. 2/- each allotted) (See Note 18)

	Rupees	As at 31st March 2009 Rupees	As at 31st March,2008 Rupees
<b>SCHEDULE 2</b>			
<b>RESERVES AND SURPLUS</b>			
(a) Capital Reserve		<b>33,500</b>	33,500
(b) Securities Premium Account			
- As per last Balance Sheet	<b>256,35,33,127</b>		15,27,44,736
Add: On Allotment under ESOS (see Note 18)	<b>30,98,805</b>		38,77,013
Add: On conversion of Foreign Currency Convertible Notes	-		3,49,87,052
Add: On conversion of Foreign Currency Convertible Bonds (see Note 19)	-		237,19,24,326
		<b>256,66,31,932</b>	256,35,33,127
(c) Investment Allowance Reserve-Utilised		<b>5,24,00,000</b>	5,24,00,000
(d) Capital Redemption Reserve			
As per last Balance Sheet	<b>50,00,00,000</b>		20,00,00,000
Transfer from Profit and Loss Account	<b>50,00,00,000</b>		30,00,00,000
		<b>100,00,00,000</b>	50,00,00,000
(e) General Reserve			
- As per last Balance Sheet	<b>50,92,91,943</b>		34,92,91,943
Add: Transfer from Profit and Loss Account	<b>26,00,00,000</b>		16,00,00,000
		<b>76,92,91,943</b>	50,92,91,943
(f) Profit and Loss Account		<b>605,63,44,399</b>	188,75,13,380
(g) Translation Reserve		<b>365,99,02,207</b>	(52,93,07,992)
<b>TOTAL</b>		<b>1410,46,03,981</b>	498,34,63,958
<b>SCHEDULE 3</b>			
<b>SECURED LOANS</b>			
a. Rupee Term Loans from Banks		<b>2,653,66,72,951</b>	906,42,70,856
b. Rupee Term Loans from Others		<b>120,00,00,000</b>	-
c. Foreign Currency Term Loans from Banks		<b>9,521,71,76,649</b>	7,474,40,61,697
d. Bond Loans		<b>2,860,78,29,333</b>	2,521,77,96,035
e. Notes / Convertible Notes (See Note No.8)		<b>227,22,56,000</b>	597,78,80,000
f. Cash Credit from Banks		<b>20,71,69,776</b>	27,08,10,000
g. Foreign currency Term Loan from others		<b>204,04,96,032</b>	209,61,57,664
<b>TOTAL</b>		<b>15,608,16,00,741</b>	11,737,09,76,252



## Schedules annexed to and forming part of the consolidated accounts

**Notes:**

1. Rupee Term Loans from Banks are secured by first pari-passu charge on the specific offshore drilling rigs, drillship and accessories and windmills and by second charge on three offshore drilling rigs and drill ship.
2. Cash Credits from Banks are secured by way of hypothecation of inventory of stores and spares and Book debts. Moreover, two offshore Jack up rigs of the Company have been offered as a second charge for certain cash credit facilities.
3. Rupee term loan from others is secured by hypothecation of two specific rigs of the Company by way of first pari passu charge to a financial institution. The Company is in the process of filing the charge with the specified authority.
4. The parent Company has offered a first pari passu charge on three offshore drilling rigs and a floating production unit and a second charge on two offshore drilling rigs and first pari passu charge on drill ship for some of the term loans availed by its indirect subsidiaries.
5. Some of the term loans availed by the indirect subsidiaries are secured by first priority pledge over shares held by such indirect subsidiary in other indirect subsidiaries, first and second charge over the rigs / drill ships owned by indirect subsidiaries, assignment of utilisation contract, insurances and first charge on receivables.
6. Bond loans issued by indirect subsidiaries are secured by first pledge on rigs and assignment of insurances. Some of the bond loans have dividend covenants. The issuer has call options to buy back the bonds at premium.
7. Convertible notes issued by indirect subsidiary are secured by a second charge on a rig of another indirect subsidiary company
8. Foreign currency term loan from others are guaranteed / secured by stand-by letter of credit issued by Banks, which are secured by cash deposits held in pledged account with the respective Banks.

	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 4</b>		
<b>UNSECURED LOAN</b>		
Foreign Currency Convertible Bonds (See Note No.19)	278,75,02,500	218,36,11,250
Bond Loans	748,55,73,636	787,94,90,207
Unsecured Loans - From Banks	-	299,99,15,323
<b>TOTAL</b>	<b>1,027,30,76,136</b>	<b>1,306,30,16,780</b>
<b>SCHEDULE 5</b>		
<b>DEFERRED TAX (NET)</b>		
<b>Deferred tax Asset on Timing differences</b>		
On Provision for diminution in the value of investments	-	(17,61,498)
<b>Deferred Tax Liability on Timing differences</b>		
On depreciation	51,55,33,032	65,54,08,401
<b>TOTAL</b>	<b>51,55,33,032</b>	<b>65,36,46,903</b>

## Schedules annexed to and forming part of the consolidated accounts

## SCHEDULE 6

## FIXED ASSETS

(Rupees)

Description of the asset	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at 1st April, 2008	Additions during the year *	Deductions during the year	Exchange Difference #	As at 31st March, 2009	As at 1st April, 2008	Additions during the year	Impairments during the year	On Deductions during the year	Exchange Difference #	As at 31st March, 2009	As at 31st March, 2008
Goodwill	4,428,93,94,050	-	-	1,170,17,29,549	5,599,11,23,599	-	-	-	-	-	5,599,11,23,599	4,428,93,94,050
Land-Freehold	14,09,02,695	-	1,23,32,787	-	12,85,69,908	-	-	-	-	-	12,85,69,908	14,09,02,695
Building	15,03,66,491	-	-	-	15,03,66,491	2,71,09,701	24,50,974	-	-	-	12,08,05,816	12,32,56,790
Offshore Jackup Drilling Rigs, Floating Production unit and connected machineries	4,395,73,57,571	2,969,00,61,753	5,93,42,400	1,033,88,12,683	8,392,68,89,607	686,58,79,421	403,98,36,590	160,05,24,000	2,24,68,960	69,94,67,439	7,074,36,51,117	3,709,14,78,150
Drillship and connected machineries	119,48,30,925	6,99,99,059	-	-	126,48,29,984	39,99,00,184	13,93,34,340	-	-	-	72,55,95,460	79,49,30,741
Other Machineries	8,08,24,706	-	-	-	8,08,24,706	7,67,35,196	-	-	-	-	40,89,510	40,89,510
Wind Mills and connected machineries	240,78,13,800	-	-	-	240,78,13,800	137,95,02,065	21,59,24,160	-	-	-	81,23,87,575	102,83,11,735
Office Equipment	5,92,76,517	23,67,272	-	26,87,768	6,43,31,557	4,22,47,848	40,72,943	-	-	8,86,645	171,44,121	170,28,669
Furniture and Fixtures	3,48,67,993	2,26,39,862	-	31,59,012	6,06,66,867	1,37,22,895	96,23,165	-	-	4,85,999	3,66,34,808	2,11,45,098
Vehicles	3,28,34,241	53,26,847	2,00,000	-	3,79,61,088	1,47,16,647	29,58,754	-	49,088	-	2,03,34,775	1,81,17,594
<b>TOTAL</b>	9,234,84,68,989	2,979,03,94,793	7,18,75,187	2,204,63,89,012	14,411,33,77,607	881,98,13,957	441,42,00,926	160,05,24,000	2,25,18,048	70,08,20,083	12,860,05,36,689	8,352,86,55,032
Capital Work- in- progress **	4,271,82,72,012	1,920,41,60,980	2,855,37,23,408	1,363,42,73,950	4,700,29,83,534	-	-	-	-	-	4,700,29,83,534	4,271,82,72,012
<b>TOTAL</b>	13,506,67,41,001	4,899,45,55,773	2,862,55,98,595	3,568,06,62,962	19,111,63,61,141	881,98,13,957	441,42,00,926	160,05,24,000	2,25,18,048	70,08,20,083	17,560,35,20,223	12,624,69,27,044
Previous Year	10,343,84,08,893	50,43,21,02,924	1,171,53,23,160	(708,84,47,656)	13,506,67,41,001	579,08,94,648	248,56,45,940	59,18,22,000	37,68,880	(4,47,79,751)	12,624,69,27,044	9,764,75,14,245

\*\* Includes Capital advance Rs.6,67,52,491/- (Previous year Rs.7,39,70,842/-)

\* Includes interest on borrowings Rs.170,64,62,782/- (Previous year Rs.91,53,43,268/-)

# As the Assets and Liabilities of non integral foreign operations are translated at the exchange rate as at Balance Sheet date, the difference in exchange rate is reflected under exchange difference against respective assets.

Schedules annexed to and forming part of the consolidated accounts

	No. of Shares	Face Value Rupees	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 7</b>				
<b>INVESTMENTS</b>				
<b>LONG TERM INVESTMENTS (AT COST)</b>				
<b>A. Trade Investments</b>				
Equity Shares - Fully Paid (Unquoted )				
Aban Informatics Private Ltd	3,00,750	10.00	1,98,49,500	1,98,49,500
Frontier Offshore Exploration (India) Ltd (Formerly known as Frontier Aban Drilling (India) Ltd)	49,993	100.00	49,99,300	49,99,300
Aban Power Company Ltd	1,19,40,000	10.00	11,94,00,000	11,94,00,000
Equity Shares - Fully Paid (quoted )				
Petro Jack ASA	1,17,24,000	Nok 5	194,52,57,211	162,09,30,086
Ocean Heavy Lift	5,00,000	Nok 2	-	10,23,79,580
<b>B. Others (Non Trade)</b>				
Equity Shares - Fully paid (Quoted)				
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
ICICI Bank Ltd	2,100	10.00	7,86,374	7,86,374
Oil & Natural Gas Corporation Ltd (includes Bonus shares - 4214)	12,643	10.00	63,21,750	63,21,750
Indian Bank	32,318	10.00	29,40,938	29,40,938
Equity Shares - Fully paid (Unquoted)				
Madras Stock Exchange Limited	7,995	10.00	39,97,500	39,97,500
<b>C. Investment in Joint Venture (Trade)</b>				
Venture Drilling ASA - Unquoted	30,177,466	Nok 1	365,07,25,220	225,68,70,360
<b>CURRENT INVESTMENTS ( At lower of cost and fair value) (See note no: 3 )</b>				
Mutual Funds (Unquoted)				
AIG India Treasury Plus Fund	25,669,033.39	10.00	-	25,70,15,387
AIG India Liquid Fund	39,974.80	1,000.00	-	4,00,07,341
Birla Sunlife Liquid Plus Fund	11,035,545.76	10.00	-	11,04,30,499
Grindlays Floating Rate Fund - Daily Dividend	86,335,818.30	10.00	-	86,38,28,002
ICICI Prudential Floating Rate Fund - Daily Dividend	10,123,159.80	10.00	-	10,12,52,857
ICICI Prudential Flexible Income Plan	2,855,790.18	10.00	-	3,01,95,697
ICICI Prudential Institutional Liquid Plan	92,409.18	10.00	10,77,408	10,77,408
J M Arbitrage Fund	1,500,000.00	10.00	-	1,50,00,000
Principal Floating Rate Fund - Fixed Maturity Plan	4,574,845.81	10.00	-	4,58,04,729
SBI Liquid Plus Institutional Plan - Daily Dividend	10,127,271.78	10.00	-	10,13,23,354

**Schedules annexed to and forming part of the consolidated accounts**

	No. of Shares	Face Value Rupees	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 7 - Contd.</b>				
Standard Chartered Fixed Maturity Plan	20,000,000.00	10.00	-	20,00,00,000
Grindlays Liquidity Manager Plus	250,172.21	1,000.00	-	25,02,24,742
Sundaram BNP Paribas Liquid Plus Institutional Daily Dividend	18,018,983.34	10.00	-	18,06,26,183
UTI Fixed Income Interval Fund	3,043,303.03	10.00	-	3,04,33,030
UTI Liquid Cash Plan Institutional Fund - Daily Income Option	29,433.51	1,000.00	-	3,00,05,864
			<b>575,56,99,201</b>	639,60,44,481
Less: Provision for diminution in value of Long Term Investment including provision relating to joint venture investment of Rs.49,99,300/- (Previous Year : Rs.49,99,300/-)			<b>51,82,400</b>	51,82,400
			<b>575,05,16,801</b>	639,08,62,081
Aggregate Value of Quoted Investments-Cost (Net of provision for Diminution in value of investments)			<b>195,54,67,173</b>	173,35,19,628
Aggregate Value of Quoted Investments- Market Value			<b>21,07,33,581</b>	155,80,94,378
Aggregate Value of Unquoted Investments-Cost (Net of provision for Diminution in value of investments)			<b>379,50,49,628</b>	465,73,42,453
<b>SCHEDULE 8</b>				
<b>SUNDRY DEBTORS</b>				
Considered Good-Unsecured				
(a) Outstanding for more than six months			<b>14,08,55,421</b>	4,57,74,085
(b) Others			<b>562,55,68,882</b>	466,63,54,989
<b>TOTAL</b>			<b>576,64,24,303</b>	471,21,29,074
<b>SCHEDULE 9</b>				
<b>CASH AND BANK BALANCES</b>				
Cash on Hand			<b>18,22,217</b>	17,92,568
Balances with Scheduled Banks				
- In Current Accounts			<b>77,72,13,635</b>	33,67,35,211
- In Deposit Accounts *			<b>179,85,97,653</b>	135,74,86,702
Balances with other banks in current account				
Standard Chartered Bank, Dubai			<b>1,20,30,464</b>	76,62,557
Emirates bank, Dubai			<b>34,97,127</b>	59,27,711
HSBC			<b>5,69,90,911</b>	3,09,44,735
OCBC			<b>26,11,64,771</b>	1,55,37,905
DnB NoR			<b>34,60,33,764</b>	30,95,26,454
Swed Bank			<b>17,32,236</b>	30,81,308
Standard Chartered Bank, Singapore			<b>11,06,58,647</b>	12,10,904
ICB, China			-	1,72,87,977
United Overseas Bank, Singapore			<b>25,99,108</b>	24,55,70,105
Wells Fargo			<b>6,93,39,792</b>	70,19,29,868
DBS Bank			<b>9,42,73,518</b>	-
Pluss Bank			<b>6,74,227</b>	-
Siam Commercial Bank			<b>6,906</b>	-
Balances with other Banks in Deposit Account				
DnB NoR			<b>206,78,34,707</b>	341,84,21,396

Schedules annexed to and forming part of the consolidated accounts

	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>SCHEDULE 9 - Contd.</b>		
Societe General	611	-
United Overseas Bank, Singapore	34,33,26,825	-
<b>TOTAL</b>	<b>594,77,97,119</b>	<b>645,31,15,401</b>
Maximum amount outstanding at any time during the year with other banks, - In current Accounts:		
Standard Chartered Bank, Dubai	1,56,20,742	2,11,46,427
Emirates Bank, Dubai	59,27,711	67,28,248
HSBC	9,26,14,325	3,09,44,735
OCBC	30,15,25,527	1,55,37,905
DnB NoR	695,80,14,917	180,69,08,684
Swed Bank	1,08,57,806	2,75,21,081
ICB, China	-	1,72,87,977
Standard Chartered Bank, Singapore	116,55,02,582	1,82,09,336
United Overseas Bank, Singapore	101,15,44,474	24,55,70,105
Wells Fargo	43,77,50,077	70,19,29,867
DBS Bank	16,02,88,448	-
Pluss Bank	6,74,227	-
Siam Commercial Bank	6,906	-
-In Deposit Accounts:		
DnB NoR	206,78,34,707	341,84,21,396
Societe General	611	-
United Overseas Bank, Singapore	34,33,26,825	-
* includes unutilised proceeds from foreign currency convertible bonds issued - Rs. 0.68 crores ( previous year Rs. 6.90 Crores)		
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b> (Unsecured, Considered Good)		
Advance recoverable in Cash or in Kind or for value to be received (See Note No.15)	293,99,68,448	118,76,78,702
Deposit with Customs	2,61,82,828	2,61,82,828
Sundry Deposits	9,85,28,560	6,38,09,104
<b>TOTAL</b>	<b>306,46,79,836</b>	<b>127,76,70,634</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>(A) Current Liabilities</b>		
(a) Sundry Creditors - Amount due to Micro Enterprises and Small Enterprises	-	-
(b) Sundry Creditors - others	1,055,54,87,715	494,80,57,446
(c) Unclaimed Dividends*	68,55,960	56,28,133
(d) Other Liabilities	83,06,14,967	36,14,56,309
(e) Interest accrued but not due on secured loans	134,87,09,338	125,28,80,506
*Note : No amount is due to Investor Education & Protection Fund.		
	<b>1,274,16,67,980</b>	<b>656,80,22,394</b>
<b>(B) Provisions</b>		
(a) Provision for taxation (Net of Advance payment of taxes)	85,81,64,777	47,53,46,670
(b) Proposed Dividend - Preference	27,25,64,385	26,04,00,000
(c) Proposed Dividend - Equity	13,60,88,280	13,60,70,496
(d) Tax on Dividend	6,94,50,520	6,73,80,161
(e) Provision for Provident Fund	24,65,714	22,02,603
(f) Provision for Leave Encashment and Gratuity	92,61,437	71,85,877
	<b>134,79,95,113</b>	<b>94,85,85,807</b>
<b>TOTAL (A+B)</b>	<b>1,408,96,63,093</b>	<b>751,66,08,201</b>

**Schedules annexed to and forming part of the consolidated accounts**

	Rupees	Year ended 31st March 2009 Rupees	Year ended 31st March,2008 Rupees
<b>SCHEDULE 12</b>			
<b>INCOME FROM OPERATIONS</b>			
Drilling and Production Services		3,040,61,58,891	2,036,83,12,440
Wind Power generation		9,47,53,658	10,12,87,454
<b>TOTAL</b>		<b>3,050,09,12,549</b>	<b>2,046,95,99,894</b>
<b>SCHEDULE 13</b>			
<b>OTHER INCOME</b>			
(a) Rental Income		1,89,53,371	2,01,14,836
(b) Dividend Income from Long term Investments		12,51,304	3,34,542
(c) Dividend Income from Current Investments		10,53,88,381	12,49,81,672
(d) Interest on Bank Deposits		12,97,15,479	32,34,83,957
(e) Interest-Others			
-On Intercorporate deposits		-	4,11,981
-On Staff loans	1,20,750		1,68,250
-On Income-tax refund	88,71,045		33,75,652
-On call money relating to equity shares	17,061	90,08,856	1,61,887
(f) Foreign currency exchange difference (Net)		368,01,95,285	-
(g) Miscellaneous Income		9,03,72,149	38,00,35,224
(h) Profit on Sale of Assets (Net)		78,09,411	27,16,667
(i) Profit on Sale of Long Term Investments (Net)		-	38,16,253
(j) Profit on Sale of Current Investments (Net)		-	208,84,829
<b>TOTAL</b>		<b>404,26,94,236</b>	<b>88,04,85,750</b>
<b>SCHEDULE 14</b>			
<b>OPERATING, ADMINISTRATIVE AND OTHER EXPENSES</b>			
Consumption - Stores and Spares		173,46,29,143	96,08,65,570
Power and Fuel		15,85,04,925	23,90,51,011
Salaries and Bonus		315,27,80,312	185,95,86,626
Contribution to Provident funds and Other funds		7,32,65,470	3,71,57,832
Staff Welfare		21,61,04,432	10,63,22,088
Rent		9,70,77,016	2,20,37,570
Rates and Taxes		1,85,08,559	2,95,86,540
Rental Charges for Machinery		111,12,01,943	63,78,83,607
Repairs and Maintenance		-	
- Machinery	57,43,09,409	-	44,43,73,808
- Buildings	37,83,175	-	54,40,391
- Other assets	62,32,965	58,43,25,549	18,50,000
Insurance		62,82,07,954	55,67,83,016
Drilling Services and Management Fees		100,21,47,125	61,83,86,366
Consultancy and Professional Fees		98,98,93,523	69,12,56,307
Catering Expenses		18,65,59,134	4,69,23,961
Postage, Telegram and Telex		1,74,47,328	4,41,52,172
Printing and Stationery		61,54,632	45,62,336
Travelling and Transportation Expenses		165,87,09,478	38,13,86,631
Guarantee Commission , Bank and Other Charges		31,08,68,056	20,24,89,015
Foreign currency exchange difference (Net)		-	194,37,82,164

Schedules annexed to and forming part of the consolidated accounts

	Rupees	Year ended 31st March 2009 Rupees	Year ended 31st March,2008 Rupees
<b>SCHEDULE 14 - Contd.</b>			
Loss on cancellation of Forward contract, Options / Swaps / Derivatives (Net)		39,61,57,367	6,96,00,000
Loss on Sale of Investments (Net)		4,49,91,564	-
Loss on transfer of interest in Joint venture (See Note No.17)		-	64,91,065
Auditors' Remuneration :		-	-
Audit Fees	4,76,86,733	-	3,98,06,044
Tax Audit Fee	4,50,000	-	2,65,000
For Certification and Other Services	13,09,632	-	15,00,878
Reimbursement of Expenses	1,18,058	4,95,64,423	1,05,000
Other Expenses		73,66,77,658	79,27,56,192
<b>TOTAL</b>		<b>1,317,37,75,591</b>	<b>974,44,01,190</b>
<b>SCHEDULE 15</b>			
<b>INTEREST</b>			
On Term Loans		1,006,92,84,671	716,46,82,723
On Convertible Notes		17,98,61,472	38,60,14,088
Others		1,03,50,901	2,31,16,624
<b>TOTAL</b>		<b>1,025,94,97,044</b>	<b>757,38,13,435</b>
Less: Interest Capitalised		170,64,62,782	91,53,43,268
<b>TOTAL</b>		<b>855,30,34,262</b>	<b>665,84,70,167</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009**

**SCHEDULE 16 – Notes attached to and forming part of the Accounts.**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**A. ACCOUNTING CONVENTIONS AND CONCEPTS**

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

**B. BASIS OF PRESENTATION**

The financial statements have been prepared to comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI")/Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ("the Act"). The Accounting Policies have been applied consistently by the Company.

**C. PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements have been prepared in accordance with the Accounting Standard-21 "Consolidated Financial Statement" and Accounting Standard -27 – "Financial reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India. (ICAI)/Companies (Accounting Standards) Rules, 2006.

The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and profits in full.

The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in consolidated Subsidiaries at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill/capital reserve.

Foreign Subsidiaries account their transactions in United State Dollar as Reporting currency. Foreign subsidiaries are non-integral in nature. For the purpose of consolidation, monetary items and non-monetary items of assets and liabilities are translated at exchange rate prevailing at the Balance Sheet date. The items of revenue income and expenditure reflected in the Profit and Loss Account are translated at the average exchange rate during the period. The differences arising out of translation are transferred to "Translation Reserve".

Minority interest in subsidiaries is arrived at based on the minority shareholders proportionate share of Net Assets and Net income of the Parent Company's majority owned foreign subsidiaries.

**D. USE OF ESTIMATES**

The preparation of the financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

**E. FIXED ASSETS**

Fixed Assets are capitalised at cost inclusive of installation expenses and interest upto the date the asset is put to use. Consequent to the introduction of Companies (Accounting Standards) Rules, 2006 with effect from April 1, 2007, the exchange differences of foreign currency loans /liabilities relating to Fixed Assets are accounted in the Profit and Loss Account. Capital work-in-progress includes the cost of Fixed Assets that are not ready for use at the Balance Sheet date and advances paid to acquire Fixed Assets before the Balance Sheet date.

**F. DEPRECIATION**

Depreciation on Fixed Assets is provided on the Straight Line Method based on the 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% p.a. on Straight Line Method based on technical evaluation of the expected useful life. Depreciation on windmills is provided at a higher rate of 10% p.a. on straight line method based on technical evaluation of the expected useful life. Depreciation on Fixed Assets of subsidiaries is determined using the Straight line method over the useful life of the assets based on the technical evaluation of the expected useful life.

**G. GOODWILL AND AMORTISATION**

Goodwill reflects the excess of the purchase price over the book value of the net assets acquired. Goodwill arising on consolidation (acquisition of subsidiaries) is not amortized but tested for impairment on an annual basis.

**H. INVENTORY VALUATION**

Inventory of stores, spares and fuel is valued at cost based on First-in-First out cost formula.



## I. REVENUE RECOGNITION

Income from drilling and production operations is recognized as earned, based on contractual daily rates billed on monthly basis. Mobilisation/demobilization fees received, if any, is recognized as earned in the year of mobilization/demobilization. Income from windpower generation is recognized based on the number of units of power generated every month at contracted rates.

Interest income is recognized on time proportion basis, taking into account the amount outstanding and applicable rate. Dividend income is recognized when the Company's right to receive the payment is established.

## J. FOREIGN CURRENCY TRANSACTIONS AND DERIVATIVES

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Realised gains and losses on foreign exchange transactions during the year are accounted in the Profit and Loss Account. Foreign currency Currents assets and Current liabilities are translated at year end exchange rates. Resulting gains/losses are recognized in the Profit and Loss account. Exchange differences in respect of foreign currency loans/liabilities relating to Fixed Assets are accounted in the Profit and Loss Account.

In circumstances, where the year end rate is not stable/highly volatile, monetary items shall be reported based on the subsequent actual realization rate. In case of forward exchange contracts / options relating to foreign currencies, the premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of such contracts is recognized as income/expense under respective heads of account for the period.

In respect of derivative contracts, gains/losses on settlement and provision for losses, if any on such contracts, is recognized in the Profit and loss account.

## K. INVESTMENTS

- (a) Long Term Quoted investments are stated at cost unless there is a permanent diminution in the value. A provision for diminution is made to recognize a decline other than temporary, in the value of long term investments.
- (b) Long Term Unquoted Investments in Joint Venture Company are stated at cost and no loss is recognized in the fall in their net worth unless there is a permanent fall in their net worth. However, a provision for diminution in value of investment is made if a fall in net worth is anticipated.
- (c) Current investments are stated at lower of cost and fair value of the category of such investments.

## L. PROPOSED DIVIDEND

The dividend on Preference Share Capital and Equity Share Capital as proposed by the Board of Directors is provided in the books of account pending the approval of the shareholders at the Annual General Meeting.

## M. EMPLOYEE BENEFITS

- (a) Contribution to Provident Fund which is a defined contribution retirement plan is made monthly at a predetermined rate to the Provident Fund Authorities and is debited to the Profit and Loss account on accrual basis.
- (b) Contribution to Superannuation Scheme which is defined contribution retirement plan is made annually at predetermined rate to insurance companies which administer the fund and debited to Profit and Loss Account.
- (c) The Company makes annual contribution to Gratuity Funds administered by Insurance Companies, which is considered as defined benefit plan. The present value of the defined benefit is measured using the 'Projected Unit Credit method with actuarial valuation being carried out at each Balance Sheet date by an independent valuer. Actuarial gain and losses are immediately recognized in the Profit and Loss Account. Amount of contribution, computed by the insurers is paid by the company and charged to Profit and Loss Account. No additional liability is anticipated under the scheme administered by the Insurance Companies.
- (d) The Company makes provision for leave encashment based on actuarial valuation carried out by an independent actuary at the Balance Sheet date.

## N. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such asset. 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.

## O. TAXES ON INCOME

The income tax provision comprises of current tax, fringe benefit tax and deferred tax. Current tax is the amount of tax payable in respect of income for the year. 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 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 recognized to the extent of their virtual /reasonable certainty about its realisability in future years.

#### P. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there is a change in the estimate of recoverable value.

#### Q. OPERATING LEASES

Lease arrangements, where substantially all the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases are recognized in the Profit and Loss Account on a straight line basis over the period of the lease.

#### R. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

All liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated values in the notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

2. The Consolidated financial statements include the financial statements of Aban Offshore Limited ("the Parent Company"), its subsidiaries and joint operating company. The details of the subsidiaries and the joint operating company are given below:

Name of the company	Country of Incorporation	Percentage of holding	Accounts considered	Reporting Currency
Aban Energies Ltd	India	100%	31 <sup>st</sup> March 2009 (audited)	Indian Rupee
Aban Holdings Pte Ltd	Singapore	100%	31 <sup>st</sup> March,2009(audited)	US Dollars
Aban Singapore Pte Ltd	Singapore	(a)	31 <sup>st</sup> March,2009(audited) [Special Purpose]	US Dollars
Aban International Norway AS	Norway	(b)	31 <sup>st</sup> March,2009(audited)	US Dollars
Aban 7 Pte Ltd	Singapore	(b)	31 <sup>st</sup> March,2009(audited)	US Dollars
Aban 8 Pte Ltd	Singapore	(b)	31 <sup>st</sup> March,2009(audited)	US Dollars
Aban Abraham Pte Ltd	Singapore	(b)	31 <sup>st</sup> March,2009(audited)	US Dollars
Aban Pearl Pte Ltd	Singapore	(b)	31 <sup>st</sup> March,2009(audited)	US Dollars
Sinvest AS, Norway	Norway	(b)	31 <sup>st</sup> March,2009(audited)	US Dollars
DDI Holding AS	Norway	(c)	31 <sup>st</sup> March,2009(audited)	US Dollars
Sinvest(Cyprus) Ltd	Cyprus	(c)	31 <sup>st</sup> March,2009(unaudited)	US Dollars
Deep Drilling Invest Pte Ltd	Singapore	(d)	31 <sup>st</sup> March,2009(audited)	US Dollars
Deep Drilling 1 Pte Ltd	Singapore	(e)	31 <sup>st</sup> March,2009( audited)	US Dollars
Deep Drilling 2 PteLtd	Singapore	(e)	31 <sup>st</sup> March,2009 (audited)	US Dollars
Deep Drilling 3 PteLtd	Singapore	(e)	31 <sup>st</sup> March,2009 (audited)	US Dollars
Deep Drilling 4 Pte Ltd	Singapore	(e)	31 <sup>st</sup> March,2009 (audited)	US Dollars
Deep Drilling 5 Pte Ltd	Singapore	(e)	31 <sup>st</sup> March,2009 (audited)	US Dollars
Deep Drilling 6 Pte Ltd	Singapore	(e)	31 <sup>st</sup> March,2009 (audited)	US Dollars
Deep Drilling 7 Pte Ltd	Singapore	(e)	31 <sup>st</sup> March,2009 (audited)	US Dollars
Deep Drilling 8 Pte Ltd	Singapore	(e)	31 <sup>st</sup> March,2009 (audited)	US Dollars
Beta Drilling Pte Ltd	Singapore	(c)	31 <sup>st</sup> March,2009(audited)	US Dollars
Venture Drilling Pte Ltd	Singapore	(c)	31 <sup>st</sup> March, 2009(audited)	US Dollars

The financials of the following Joint Ventures have also been considered by Aban Singapore Pte Ltd in their consolidated accounts:

1. Premium Drilling AS, Norway
2. Venture Drilling AS, Norway
3. Premium Drilling Pte Ltd, Singapore (unaudited)

**Note:**

- a) Subsidiary of Aban Holdings Pte Ltd
- b) Wholly-owned subsidiaries of Aban Singapore Pte Ltd
- c) Wholly-owned subsidiary of Sinvest AS
- d) Wholly-owned subsidiary of DDI Holding AS
- e) Wholly-owned subsidiaries of DDI Investment Pte Ltd

The consolidated Financial Statements have been prepared after considering adjustments to align the accounts of foreign subsidiaries with the requirements of applicable Indian Accounting Standards.

	As at 31st March 2009 Rupees	As at 31st March, 2008 Rupees
<b>3. Contingent Liabilities not provided for</b>		
a. Guarantees given by banks on behalf of the Parent Company	127,94,33,297	122,59,69,408
b. Letters of Credit	21,35,39,861	-
c. Corporate Guarantees given by the Parent Company for its subsidiaries	78,61,60,000	62,18,60,000
d. Capital commitments not provided for	49,31,51,803	964,12,20,840
e. Indemnity obligation pursuant to Novation Agreement	75,00,000	75,00,000
<b>4. Operating Lease commitments</b>		
The future minimum lease payments under non-cancellable operating lease contracted for at the Balance Sheet date but not recognized as liabilities are as follows:		
<b>Nature of operating lease</b>		
Operating Lease - rig		
- Within 1 year	-	46,86,01,600
- Between 1-5 years	-	31,26,15,040
Operating Lease –Others		
-Within 1 year	9,03,32,320	2,65,45,799
-Between 1-5 years	10,51,42,560	2,41,52,320
<b>5. Managerial Remuneration</b>		
Salary and Allowances	2,84,65,160	2,48,45,492
Monetary value of perquisites	52,44,034	32,08,102
Sitting Fees	3,04,000	2,73,000
Commission	8,64,93,437	5,60,71,145
<b>TOTAL</b>	<b>12,05,06,631</b>	<b>8,43,97,739</b>
<b>6. Related Party Disclosure</b>		
<b>Enterprise where control exists</b>		
<b>A. Subsidiary Companies (Wholly-owned subsidiaries)</b>		
Aban Energies Limited , India		
Aban Holdings Pte Ltd, Singapore		
<b>B. Subsidiaries of Aban Holdings Pte Ltd</b>		
Aban Singapore Pte Ltd, Singapore		
Aban 7 Pte Ltd, Singapore		
Aban 8 Pte Ltd, Singapore		
Aban Abraham Pte Ltd, Singapore		
Aban Pearl Pte Ltd, Singapore		
Aban International Norway AS, Norway		
Sinvest AS, Norway		
DDI Holding AS, Norway		

Sinvest (Cyprus) Ltd, Cyprus  
 Deep Drilling Invest Pte Ltd, Singapore  
 Deep Drilling 1 Pte Ltd, Singapore  
 Deep Drilling 2 Pte Ltd, Singapore  
 Deep Drilling 3 Pte Ltd, Singapore  
 Deep Drilling 4 Pte Ltd, Singapore  
 Deep Drilling 5 Pte Ltd, Singapore  
 Deep Drilling 6 Pte Ltd, Singapore  
 Deep Drilling 7 Pte Ltd, Singapore  
 Deep Drilling 8 Pte Ltd, Singapore  
 Beta Drilling Pte Ltd, Singapore  
 Venture Drilling Pte Ltd, Singapore

**C. Other related parties with whom the Company had transactions**

**(a) Joint Venture Operator**

Prize Petroleum Limited- (See Note No:17)

**(b) Key Management Personnel**

- (i) Mr.Reji Abraham - Managing Director
- (ii) Mr.P.Venkateswaran - Dy. Managing Director
- (iii) Mr.C.P.Gopalkrishnan - Dy. Managing Director & Secretary

**Transactions with related parties during the year**

Nature of transaction	Joint Venture Operator		Key Management Personnel	
	Rs.		Rs.	
	2008-09	2007-08	2008-09	2007-08
i) Rent paid	-	-	53,66,304	53,11,920
ii) Remuneration	-	-	12,02,02,631	7,46,23,379
iii) Interest received	-	-	1,20,750	1,68,250
iv) Loan repaid	-	-	5,40,000	4,20,000
v) Operation call money	-	1,25,00,000	-	-
vi) Dividend paid	-	-	1,75,41,940	1,46,31,783
vii) Advance recoverable	-	7,00,000	-	-
viii) Amount outstanding as at 31.03.2009				
- Receivable	-	-	9,15,000	14,55,000
- Payable	-	-	8,64,93,438	5,60,71,145

Note: Transactions relating to subsidiary companies have been eliminated in consolidated financial statements. Hence, details of such transactions have not been provided above.

**Disclosure in respect of transactions that are more than 10% of the same type with related parties during the year:**

	2008-09	2007-08
	Rs.	Rs.
1. Rent paid to Mr.Reji Abraham	53,66,304	53,11,920
2. Dividend paid to Mr.Reji Abraham	1,74,10,702	1,45,08,918
3. Remuneration to Key Management Personnel		
- Mr. Reji Abraham	9,23,01,857	5,73,37,724
- Mr.P.Venkateswaran	1,09,85,162	76,98,919
- Mr.C.P.Gopalkrishnan	1,69,15,613	95,86,736

## 7. Segment Reporting as per Accounting Standard 17

### A. Primary Segment

The Group's primary segments are Offshore Drilling and Production Services, Wind Energy 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

The substantial assets of the Company are rigs/drillships which are mobile assets and can operate across the world in view of which geographical segment is not considered

	2008-09		2007-08	
	Rs.	Rs.	Rs.	Rs.
<b>1. Segment Revenue</b>				
- Drilling	3,441,90,52,246		2,122,92,15,237	
- Wind Energy	12,45,54,538		12,08,70,407	
		<b>3,454,36,06,784</b>		<b>2,135,00,85,644</b>
<b>2. Segment Result</b>				
- Drilling	1,550,13,83,542		861,65,20,030	
- Wind Energy	(14,62,77,276)		(15,12,36,045)	
Less: Interest Expenses	(855,30,34,262)		(665,84,70,167)	
		<b>680,20,72,004</b>		<b>180,68,13,818</b>
<b>3. Segment Assets</b>				
- Drilling	19,743,54,44,924		14,553,79,41,704	
- Wind Energy	97,23,60,890		118,95,79,880	
		<b>19,840,78,05,814</b>		<b>14,672,75,21,584</b>
<b>4. Segment Liabilities</b>				
- Drilling	17,862,21,49,084		13,636,74,27,504	
- Wind Energy	48,59,22,923		64,39,76,402	
		<b>17,910,80,72,007</b>		<b>13,701,14,03,906</b>
<b>5. Depreciation and impairment</b>				
- Drilling	579,85,18,312		286,12,74,387	
- Wind Energy	21,62,06,614		21,61,93,553	
		<b>601,47,24,926</b>		<b>307,74,67,940</b>
<b>6. Goodwill Amortised</b>				
- Drilling	-		6,29,32,528	
- Wind Energy	-		-	6,29,32,528
<b>6. Capital Expenditure</b>				
- Drilling	2,044,08,32,366		3,891,64,53,029	
- Wind Energy	-		4,14,700	
		<b>2,044,08,32,366</b>		<b>3,891,68,67,729</b>

8. On 20<sup>th</sup> February 2007, Aban Singapore Pte Ltd (ASPL) issued 5.50% Convertible notes with principal amount of USD 150 million. The convertible notes were to mature in 2014, but may be redeemed by ASPL at anytime after 20<sup>th</sup> August 2007 but not less than seven days prior to maturity. Pursuant to terms and conditions of the Convertible notes, the note holders were granted put option whereby the note holders may require ASPL to purchase all or some of the Convertible notes on fixed dates. On 3<sup>rd</sup> December 2008, ASPL restructured its convertible notes whereby the immediate holding company (Aban Holdings Pte Ltd) purchased 70% of the Notes from the Noteholders. The remaining 30% (224 notes) will be repayable by ASPL on 20<sup>th</sup> February, 2014. Notwithstanding ASPL's obligations to repay 30% of remaining notes on 20<sup>th</sup> February 2014, the immediate holding company has the obligation to purchase the remaining 30% notes in November 2010. Such notes are to be cancelled between ASPL and its immediate holding company once they are purchased by immediate holding company.

The remaining 30% of notes are secured by secondary charge on rig of subsidiary company.

9. Minority interest reflects ordinary shares issued to Convertible Noteholders consequent to conversion of Convertible Notes issued by Aban Singapore Pte Ltd for USD 1 million. . The share of profit or loss of the minority interest in the consolidated subsidiary has been adjusted against the equity attributable to them.
10. The Maritime and Port Authority of Singapore has awarded "Approved International Shipping Enterprise" (AIS) status to Aban Singapore Pte Ltd and its subsidiaries with effect from 1 June 2006 for an initial period of 10 years. Aban Singapore and its operating subsidiaries are exempted from Singapore Income tax from the qualifying income under Section 13F of the Singapore Income Tax Act. However, in respect of income earned outside Singapore, necessary provision for tax has been made in accordance with applicable tax laws in respective countries.
11. Aban Singapore Pte Ltd ("Aban Singapore") operates a share option scheme to provide an incentive to directors and employees of Aban Singapore and related corporations to participate in the equity of the Company. Under the Scheme, the number of shares of Aban Singapore under option shall not exceed 2% of the total number of issued and paid-up shares of Aban Singapore. The options were granted on 25<sup>th</sup> August 2007. No options were granted during the current financial year. The number of outstanding options held by employees of Aban Singapore and related corporations is 2,462,000 share options. There were no options forfeited, exercised or lapsed for the financial year ended 31<sup>st</sup> March 2009.
12. In April 2008, the Russian Federal State Property Agency (SPA) has sought to invalidate the Charter between the Arktik (Owner) and the Joint venture Company Venture Drilling AS (Charterer) and for the return of the vessel to the Owner on grounds that the advance statutory approval was not obtained by the Owner for the bareboat charter. On 9<sup>th</sup> June, 2009, the Commercial Court of the Murmansk ruled in favour of the SPA, the effect being that the Charter is allegedly invalid and that the vessel should be redelivered according to Russian law.  
  
Management, based on advice by legal counsel, has filed an appeal on 3<sup>rd</sup> July 2009 against abovementioned judgement of the Commercial Court of Murmansk and are of the opinion that the Charter, governed under Norwegian law is valid and the Charterer has the legal right to enjoy the use of the vessel for the remaining charter period. Should the right be prematurely cancelled by the Owner, or if an arrest or seizure is sought by the Owner or SPA, it is the opinion of the management and its legal counsel that the Charterer will have a strong case under Norwegian law to claim for compensation against the Owner to cover economic loss that will be suffered by the Charterer.
13. Goodwill on consolidation (acquisition of foreign subsidiaries) is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. For the year 2008-09, the management did not note any indication that the goodwill related to the acquisition of such foreign subsidiaries may be impaired due to any reason.
14. In the current financial year, an impairment charge of Rs.160,05,24,000 /- was made on the drilling equipments and improvements on vessel to fully write off the carrying value as at 31<sup>st</sup> March 2009 arising from the expected disposal of the assets before the end of useful lives.
15. Loans and Advances include loan to a Dy. Managing Director of the Parent Company who was an Officer at the time of taking the loan-Rs.9,15,000 /- (Previous year: Rs.14,55,000/-) Maximum amount outstanding during the year: Rs.14,55,000 /-(Previous year: Rs.18,75,000/-).
16. Rent includes operating lease rentals in respect of property amounting to Rs.6,12,97,800 /- (previous year Rs.1,46,04,597/- ) and Rental for Machinery includes operating lease rentals in respect of a rig amounting to Rs.39,86,68,110/- (previous year Rs.11,99,74,800/- ).
17. The Company has terminated the joint operating agreement with Prize Petroleum Limited as at 31<sup>st</sup> March 2008 subject to certain formalities relating to termination which are still under process.
18. The Parent Company has instituted Employee Stock Option Scheme-2005 duly approved by the shareholders in the Extraordinary General Meeting of the Company held on 23<sup>rd</sup> April, 2005. As per the scheme, the Compensation Committee of the Board evaluates the performance and other criteria of the employees and approves the grant of options. These options vest with the employees over a specified period subject to fulfillment of certain conditions. Upon vesting, the employees are eligible to apply and secure allotment of Parent Company's share at the prevailing market price on the date of grant of option.

The Securities Exchange Board of India (SEBI) issued the Employee Stock Option Scheme and the Employee Stock Purchase Scheme guidelines in 1999 applicable to stock options established on or after June 19, 1999. Under these guidelines, the excess of market price of the underlying equity shares as of the date of grant of option over the exercise price of the option is to be recognized and amortised on a straight line basis over the vesting period. The Parent Company has not recorded any deferred compensation expenses as the exercise price was equal to the market value of the underlying shares on the grant date. The

excess of exercise price over the nominal value of equity shares issued under ESOS has been credited to securities premium account Rs.30,98,805/- (previous year Rs.38,77,013/-).

The details of options granted are given below:

Maximum number of options that may be granted under the scheme: 18,44,000 equity shares of Rs.2/- each (Previous year: 18,44,000 equity shares of Rs.2/- each)- Options granted during the year: Nil. (upto Previous year: 2,68,200 equity shares of Rs.2/- each)-Options lapsed during the year: 2880 Equity shares of Rs.2/- each (upto Previous year: 4,210 equity shares of Rs.2/- each)-Options exercised during the year:4,940 Equity shares of Rs.2/- each (upto Previous year: 59,710 equity shares of Rs.2/- each)-Outstanding at the end of the year: 1,96,460 Equity shares of Rs.2/- each (upto Previous year:2,04,280 Equity shares of Rs.2/- each))-Options yet to be granted under the scheme:15,82,890 Equity shares of Rs.2/- each .

19. The Parent Company had issued 1,161 unsecured unrated zero coupon Foreign Currency Convertible Bonds (FCCB) of Japanese Yen of 10,000,000 each aggregating to JPY 11,610,000,000 (Rs.428,49,22,220) in April 2006. The bondholder has an option to convert these bonds into equity shares of Rs.2/- each of the Parent Company at a conversion price on or after 19<sup>th</sup> April,2007 and upto the close of business on 8<sup>th</sup> April,2011. The conversion price has been fixed as Rs.2,789.04 per equity share of Rs.2/- each. Until 31<sup>st</sup> March,2009, 620 Bonds aggregating to Japanese Yen 6200 million have been converted into 8,51,055 Equity shares of Rs.2/- each at a conversion price of Rs.2,789.04 per equity share of Rs.2/- each. As a result of this conversion, the share capital of the Parent Company has increased by Rs.17,02,110/- and the securities premium account has increased by Rs. 237,19,24,326/-. After conversion, 541 bonds are outstanding as at 31<sup>st</sup> March,2009 aggregating to Japanese Yen 5410 million (Rs.278,75,02,500). The Parent Company has an option to redeem the bonds at the accreted principal amount in whole and not in part at any time on or after 14<sup>th</sup> April,2009 and on or prior to 8<sup>th</sup> April,2011 subject to certain terms and conditions. No interest accrues or is payable on the bonds unless willful default is made in respect of any payment in which case the overdue sum shall bear interest at the rate of 4% per annum from the due date. Unless previously redeemed, converted or re-purchased and cancelled, the Parent Company will redeem each bond at 121.811% of its principal amount on 15<sup>th</sup> April,2011 being the maturity date of the bond.

Excess of conversion price over the nominal value of equity shares issued on conversion of Bonds during the year have been credited to securities premium account Rs. Nil (previous year Rs.237,19,24,326/-)

20. The year-end foreign currency exposure that have not been hedged by derivative instruments are as under:

S.No.	Underlying Exposure	2008-09 USD (million)	2008-09 Rs.(crores)	2007-08 USD (million)	2007-08 Rs.(crores)
1.	Payables	20.00	101.44	20.00	80.24
2.	Foreign Currency Loans	-	-	1.11	4.46
3.	Foreign Currency Convertible Bonds	54.96	278.75	54.43	218.36
4.	Bond Loans denominated in Norwegian Kroners in Foreign subsidiary	59.42	301.40	274.95	1103.13

21. The Parent Company and its foreign subsidiary has also entered into derivatives for hedging currency and interest related risks.. The outstanding value of hedged forward covers/derivatives as at 31<sup>st</sup> March, 2009 are Rs.2,533.91 crores ( Previous year: Rs.1,872.04 crores). The details are given below:

Nature of Derivative transaction	2008-09 Rs.crores	2007-08 Rs.crores	Purpose
Currency Forward Contracts and options	2,293.19	1,523.00	Hedging the risk of exchange rate fluctuations
Interest Swaps	240.72	349.04	Hedging the risk of interest rate movements

In accordance with the principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and considering the events occurring after the Balance Sheet date, the parent company has recognized an amount of Rs.30.00 crores in the Profit and Loss Account in respect of derivative contracts as at 31<sup>st</sup> March,2009. (Previous year Rs.6.96 crores). The same has been included in the amount shown under Schedule -14 'Loss on cancellation of Forward Contracts/options/swaps/derivatives (Net)'



22. Disclosure under Accounting Standard 27-Financial Reporting of interest in Joint Ventures. The Parent Company's interest as venturer in jointly controlled entity and jointly controlled operation are as under:

<b>Name of the Company</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest 2008-09</b>	<b>Proportion of ownership interest 2007-08</b>
Frontier Offshore Exploration India Ltd (Formerly known as Frontier Aban Drilling India Ltd)-Jointly controlled entity (Please refer note below)	India	25% of share capital	25% of share capital
Prize Petroleum Ltd –Joint Controlled assets (Please refer to Note No: 17)	India	NIL (See Note No:17)	NIL (See Note No:17)

The Parent Company's interest in joint venture –Frontier Offshore Exploration India Ltd is reported as Long Term Investment and stated at cost less provision for diminution in value.

The Parent Company has ceased to have joint control over Frontier Offshore Exploration India Ltd. However, the Parent Company has provided for diminution in value of this Long term investment considering the state of affairs of the venture company

23. Earnings per share is calculated as shown below: (Equity shares of Rs.2/-each)

	<b>2008-09 Rs.</b>	<b>2007-08 Rs.</b>
a) Profit after tax ,preference dividend and tax thereon	<b>508,78,70,171</b>	92,52,20,466
	<b>No. of shares</b>	<b>No.of shares</b>
b) Weighted average number of fully paid equity shares used in calculating basic earnings per share	<b>3,77,73,816</b>	3,72,24,377
Add: Partly paid Equity Shares calculated as fully paid	<b>13,270</b>	14,270
<b>TOTAL</b>	<b>3,77,87,086</b>	3,72,38,647
Basic Earnings per share (Rupees) (a/b)	<b>134.65</b>	24.85
(c) Weighted average number of fully paid equity shares used in calculating -Diluted Earnings per share	<b>3,79,42,122</b>	3,80,48,163
Add: Partly paid Equity shares calculated as fully paid	<b>13,270</b>	14,270
<b>TOTAL</b>	<b>3,79,55,392</b>	3,80,62,433
Diluted earnings per share (Rupees) (a/c)	<b>134.05</b>	24.31

24. Previous year's figures are regrouped/ rearranged wherever necessary to conform to the current year's classification .

Per our Report attached

For and On behalf of the Board

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

CA. R.Subramanian  
Partner  
Membership No: 016059  
Place: Chennai  
Date: 31st July 2009

**Reji Abraham**  
Managing Director

**C.P.Gopalkrishnan**  
Deputy Managing Director & Secretary





## Aban Offshore Limited

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

### Twenty Third Annual General Meeting

Folio No. / DP ID & Client ID

No. of Shares : \_\_\_\_\_

Name of Member / Joint Holder

Please tick (✓) whether

Member	
Joint Holder 1.	
Joint Holder 2.	
Proxy	

I/We hereby record my presence at the 23rd Annual General meeting of Aban Offshore Ltd, held on Wednesday, the 16th September, 2009 at 11.00 a.m. at the Mini Hall of Music Academy, 168 (old no.306) TTK Road, Royapettah, Chennai - 600 014.

Member(s) or Proxy(s) Signature

Note :

1. The Shareholder / Proxy must bring the admission slip to the meeting duly completed and signed and it must be handed over at the entrance.
2. Shareholders intending to require information about accounts to be explained at the meeting are requested to inform the Company at least a week in advance of their intention to do so, so that the papers relating thereto may be made available if permissible.



## Aban Offshore Limited

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

### PROXY FORM

Folio No. / DP ID & Client ID

I/We ..... of ..... in the district of ..... being members of Aban Offshore Ltd. hereby appoint ..... of ..... in the district of ..... as my / our proxy to vote for me / us on my / our behalf at the 23rd Annual General Meeting of the Company to be held on Wednesday, the 16th September, 2009 at 11.00 a.m. at the Mini Hall of Music Academy, 168 (old no.306) TTK Road, Royapettah, Chennai - 600 014 or any adjournment thereof.

Signed this ..... day of .....2009

Note :

1. The form should be signed across the stamp as per the specimen signature registered with the Company
2. The proxy form duly completed must reach the Registered Office of the Company at Janpriya Crest, 113 Pantheon Road, Egmore, Chennai - 600 008. not less than 48 hours before the Meeting.
3. The Proxy need not be a member.

Affix  
Re. 1  
Revenue  
Stamp









[www.abanoffshore.com](http://www.abanoffshore.com)