



ABAN OFFSHORE LIMITED

Our Company was originally incorporated as Aban Loyd Chiles Offshore Limited on September 25, 1986 in Chennai, India under the Companies Act, 1956 and received the certificate of commencement of business on September 25, 1986. Subsequently our Company changed its name to Aban Offshore Limited with effect from July 27, 2006 pursuant to Section 21 of the Companies Act, 1956. The corporate identification number ("CIN") of our Company is L01119TN1986PLC013473.

Aban Offshore Limited ("AOL", "Issuer" or our "Company") is issuing up to [●] equity shares of face value of ₹ 2 each (the "Equity Shares") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share, aggregating ₹ [●] million (the "Issue").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER.

THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED UNDER THE SEBI REGULATIONS IN RELIANCE UPON CHAPTER VIII OF THE SEBI REGULATIONS AND SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QIBs, AS DEFINED IN THE SEBI REGULATIONS.

YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" ON PAGE 32 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR.

All of our Company's outstanding Equity Shares are listed on the BSE, the NSE and the MSE (collectively the "Stock Exchanges"). The closing price of the outstanding Equity Shares on the BSE and the NSE on June 27, 2014 was ₹ 752.05 and ₹ 760.90 per Equity Share, respectively. No transactions in Equity Shares of our Company currently take place on the MSE. In-principle approvals under Clause 24(a) of the Equity Listing Agreements (as defined hereinafter) for listing of the Equity Shares have been received on June 30, 2014 from the BSE, NSE and MSE. Applications shall be made for the listing of the Equity Shares offered through this Preliminary Placement Document to the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges. A copy of the Placement Document (which will include disclosures prescribed under Form PAS-4) will also be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Tamil Nadu at Chennai (the "RoC") and the Securities and Exchange Board of India ("SEBI") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014. This Preliminary Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "RBI"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by the QIBs. This Preliminary Placement Document has not been and will not be registered as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction. This Preliminary Placement Document has been prepared by our Company solely for providing information in connection with the Issue.

Invitations for subscription of Equity Shares, pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document together with the respective Application Form (as defined hereinafter). For further details, please see section titled "Issue Procedure" on page 124. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The information on the website of our Company or any website directly or indirectly linked to the website of our Company does not form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, any such website.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and will not be offered or sold within the United States. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For further details, please see section titled "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 134 and 144 respectively.

This Preliminary Placement Document is dated June 30, 2014.

GLOBAL COORDINATOR AND BOOK RUNNING LEAD MANAGER



BOOK RUNNING LEAD MANAGERS



The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for QIBs on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares of our Company. It is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be allotted through the Placement Document. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, sale or subscription is not permitted.

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company and the Equity Shares that is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company and the Equity Shares are, in every material respect, true and accurate and not misleading. The opinions and intentions expressed in this Preliminary Placement Document with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company and are based on reasonable assumptions. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements.

Axis Capital Limited (the “**Global Co-ordinator and Book Running Lead Manager/GCBRLM**”), ICICI Securities Limited and SBI Capital Markets Limited (collectively, the “**Book Running Lead Managers**” and together with the GCBRLM, the “**Lead Managers**”) have not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Lead Managers nor any of their shareholders, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Managers or any of their shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with its investigation of the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied on the Lead Managers or on any of their shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares.

No person is authorized to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of the Issuer or the Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian laws, including Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013, and is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the securities including the Equity Shares. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares. This Preliminary Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

The information on our Company’s website www.abanoffshore.com, any website directly and indirectly linked to the website of our Company or the website of the Lead Managers or their affiliates, does not constitute nor form part of this Preliminary Placement Document. Prospective investors should not rely on the information contained in, or available through, such websites.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

This Preliminary Placement Document has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area (“EEA”), from the requirement to produce a prospectus for offers of Equity Shares. The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the

2010 PD Amending Directive, to the extent implemented in the Relevant Member State (as defined below) and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU. Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which is subject of the placement contemplated in this Preliminary Placement Document should only do so in circumstances in which no obligation arises for our Company or the Lead Managers to produce a prospectus for such offer. Neither our Company nor the Lead Managers, have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Lead Managers which constitute the final placement of the Equity Shares contemplated in this Preliminary Placement Document.

The distribution of this Preliminary Placement Document and the Issue may be restricted by law in certain countries or jurisdictions. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Lead Managers which would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials in connection with the Equity Shares may be distributed or published in, or from, any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Our Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act.

The Equity Shares have not been, and will not be registered under the Securities Act or any U.S. state securities laws and, unless so registered, will not be offered, sold or delivered within the United States or to any person within the United States. Each purchaser of the Equity Shares in making its purchase will be required to make or will be deemed to have made certain acknowledgements, representations and agreements. For a description of these and certain further restrictions on offers, sales and transfers of the shares and distribution of this Preliminary Placement Document, please see section titled “*Representations by Investors*” on page 3, and “*Purchaser Representations and Transfer Restrictions*” on page 144.

In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Lead Managers are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations.

REPRESENTATIONS BY INVESTORS

References herein to “you” or “your” is to the prospective investors in the Issue.

By Bidding for and/or subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the Lead Managers, as follows:

- You are a “**QIB**” as defined in Regulation 2(1)(zd) of the SEBI Regulations and not excluded pursuant to Regulation 86(1)(b) of the SEBI Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the SEBI Regulations and undertake to comply with the SEBI Regulations, the Companies Act and all other applicable laws, including any reporting obligations;
- If you are not a resident of India, but a QIB, you are an Eligible FPI or an FII (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution or an FVCI, and are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;
- You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws;
- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;
- You have made, or are deemed to have made, as applicable, the representations set forth under the sections “*Selling Restrictions*” and “*Purchaser Representations and Transfer Restrictions*” on pages 134 and 144, respectively;
- You are aware that the Equity Shares have not been and will not be registered through a prospectus under the Companies Act (as defined hereinafter), the SEBI Regulations or under any other law in force in India. This Preliminary Placement Document has not been reviewed or affirmed by SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs;
- You are entitled to subscribe for, and acquire, the Equity Shares under the laws of all relevant jurisdictions that apply to you and you have: (i) fully observed such laws; (ii) the necessary capacity; and (iii) obtained all necessary consents, governmental or otherwise, and authorizations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;
- Neither our Company, the Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you, or advising you regarding the suitability of any transactions, you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of the Lead Managers. Neither the Lead Managers nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;
- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or our agents (the “**Company Presentations**”) with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Lead Managers may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are, therefore,

unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information relating to our Company and the Issue that was not publicly available;

- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Our Company assumes no responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;
- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public, and the Allotment of the same shall be on a discretionary basis at the discretion of our Company and the Lead Managers;
- You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures;
- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including in particular, the section titled "*Risk Factors*" on page 32;
- In making your investment decision, you have (i) relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of our Company, the Equity Shares and the terms of the Issue based solely on the information contained in this Preliminary Placement Document and have not relied upon any other disclosure or representation by our Company, our Directors, Promoters and affiliates, or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;
- Neither the Lead Managers nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Lead Managers or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or the Lead Managers or any of our respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;
- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or

affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of our respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resale or distribute;

- If you are acquiring the Equity Shares to be issued pursuant to the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;
- You are not a "**Promoter**" (as defined under the SEBI Regulations) of our Company or any of our affiliates and are not a person related to the Promoters, either directly or indirectly, and your Bid does not directly or indirectly represent the "**Promoter**", or "**Promoter Group**", (as defined under the SEBI Regulations) of our Company or persons relating to the Promoter;
- You agree that in terms of Section 42(7) of the Companies Act, 2013, our Company shall file the list of QIBs (to whom this Preliminary Placement Document are circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;
- You have no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors, other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares (which shall not be deemed to be a person related to the Promoter);
- You will have no right to withdraw your Bid after the Bid/Issue Closing Date;
- You are eligible to apply for and hold the Equity Shares Allotted to you together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable regulation;
- The Bid made by you would not result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**");
- To the best of your knowledge and belief, your aggregate holding, together with other QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue. For the purposes of this representation:
 - (a) The expression '**belong to the same group**' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956 (as defined hereinafter); and
 - (b) '**Control**' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;
- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges, as applicable;
- You are aware that (i) applications for in-principle approval, in terms of our Equity Listing Agreements, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) the applications for the final listing and trading approvals will be made only after Allotment. There can be no assurance

that such final approvals for listing and trading in the Equity Shares will be obtained in time, or at all. Our Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Lead Managers have entered into a Placement Agreement with our Company, whereby the Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, agreed to manage the Issue and use reasonable efforts to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;
- You understand that the contents of this Preliminary Placement Document are exclusively the responsibility of our Company, and neither the Lead Managers nor any person acting on our behalf has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of our Company, the Lead Managers or any of our respective affiliates or any other person, and the Lead Managers, our Company or any other person will not be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;
- You understand that the Lead Managers do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us of any of our obligations or any breach of any representations or warranties by us, whether to you or otherwise;
- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;
- You understand that the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States or for the account or benefit of U.S. persons (as defined in Regulation S (“**Regulation S**”) under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. You understand and agree that our Company has not registered and does not intend to register under the Investment Company Act and is relying upon Section 3(c)(7) of the act, and investors will not be entitled to the benefits of the Investment Company Act;
- You are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the Securities Act provided under Regulation S and the Equity Shares may not be eligible for resales under Rule 144A thereunder. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described under the section “*Purchaser Representations and Transfer Restrictions*” on page 144, particularly, you represent and agree that you will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S;
- You are outside the United States, you are not a U.S. person and are purchasing the Equity Shares in an offshore transaction (within the meaning of Regulation S), and not an affiliate of our Company or a person acting on behalf of such an affiliate;
- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of India, and the courts in Chennai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document

and the Placement Document;

- You agree to indemnify and hold our Company and the Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;
- Our Company, the Lead Managers, our respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Lead Managers on their own behalf and on behalf of our Company, and are irrevocable; and
- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, FPIs (which includes FIIs), other than Category III Foreign Portfolio Investor (as defined hereinafter) and unregulated broad based funds, which are classified as Category II foreign portfolio investor (as defined under the SEBI FPI Regulations) by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) (all such offshore derivative instruments are referred to herein as “**P-Notes**”) directly or indirectly, only in the event that (i) such offshore derivative instruments are issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority. P-Notes have not been, and are not being offered, or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Lead Managers and do not constitute any obligations of, or claims on the Lead Managers. Affiliates of the Lead Managers which are FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

- (i) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;
- (ii) warrant that the Equity Shares will be listed, or will continue to be listed, on the Stock Exchanges; or
- (iii) take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for, or otherwise acquire any Equity Shares, may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to, or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER DATA

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to the 'Company', our 'Company', 'we', 'us', 'our' or the 'Issuer' are to Aban Offshore Limited and its Subsidiaries and Joint Ventures on a consolidated basis as described in this Preliminary Placement Document.

In this Preliminary Placement Document, all references to "Indian Rupees", "Rs." and "₹" are to the legal currency of India, all references to "U.S. Dollars", "USD" and "U.S. \$" are to the legal currency of the United States of America. All references herein to the 'U.S.' or the 'United States' are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "Lakh" or "Lac" mean "100 thousand", the word "million" means "10 lakh" and the word "billion" means "1,000 million". All references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

Our Company publishes its financial statements in Indian Rupees. The financial statements of our Company as of and for the Financial Years 2012, 2013 and 2014 included herein (collectively, the "**Audited Financial Statements**") have been prepared in accordance with accounting principles generally accepted in India, or Indian GAAP and the Companies Act, 1956, and have been audited by the Auditors in accordance with the applicable generally accepted auditing standards in India prescribed by the ICAI. Our Company does not quantify the impact of U.S. GAAP or International Financial Reporting Standards ("**IFRS**") on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its financial statements to U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differ in certain significant respects from Indian GAAP. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. Please see section titled "*Risk Factors*" on page 32.

In this Preliminary Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'Financial Year' or 'FY' are to the twelve month period ended on March 31 of that year.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data and certain industry forecasts pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by government bodies, recognized industry sources, professional organizations and analysts, data from other external sources and knowledge of the markets in which our Company operates. Unless stated otherwise, the statistical information included in this Preliminary Placement Document relating to the industry in which our Company operates has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Company nor the Lead Managers have independently verified this data and do not make any representation regarding the accuracy or completeness of such data. Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. While our Company believes our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither our Company nor the Lead Managers can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical facts constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or initiatives of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned operations and services, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- compliance with recently introduced laws and regulations, and any further changes in laws and regulations applicable to the offshore drilling industry in India;
- availability of adequate debt and equity financing at reasonable terms;
- our ability to effectively manage financial expenses;
- our ability to successfully implement our business strategy;
- our ability to manage operating expenses;
- performance of the Indian debt and equity markets;
- enforcement of securities provided by us for our loan facilities;
- competition from other companies in the offshore drilling industry; and
- general, political, economic, social and business conditions in Indian and other global markets.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Industry Overview*” and “*Business*” on pages 32, 64, 87 and 92.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialize, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company incorporated under the laws of India. Majority of the Directors and the key managerial personnel named herein are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended (the “**Civil Procedure Code**”), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. Dollar (in ₹ per U.S. \$ 1.00), for the periods indicated. The exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. Dollars at any particular rate, the rates stated below, or at all.

On June 30, 2014, the exchange rate (RBI reference rate) was ₹ 60.09 to U.S. \$ 1.00. (Source: www.rbi.org.in)

(₹ Per U.S. \$)

Financial Year	Period end
2012	51.16
2013	54.39
2014	60.10
Quarter ended:	
June 30, 2013	59.70
September 30, 2013	62.77
December 31, 2013	61.90
March 31, 2014	60.10
Month ended:	
November 30, 2013	62.39
December 31, 2013	61.90
January 31, 2014	62.48
February 28, 2014	62.07
March 31, 2014	60.10
April 30, 2014	60.34
May 31, 2014	59.03

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein. References to any legislation, act or regulation shall be to such term as amended from time to time.

Term	Description
“AOL” or “Company” or “our Company” or “the Issuer”	Aban Offshore Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at Janpriya Crest, 113 Pantheon Road, Egmore, Chennai 600 008
“we” or “us” or “our” or “Aban Group” or “Group”	Unless the context otherwise requires, Aban Offshore Limited and its Subsidiaries

Company related terms

Term	Description
AOL ESOS	The employee stock option scheme of our Company titled “Employee Stock Option Scheme - 2005”
Articles/Articles of Association	Articles of Association of our Company as amended from time to time
Aban Pearl	The rig that was owned by our Subsidiary Aban Pearl Pte. Ltd.
AHPL	Aban Holdings Pte. Ltd.
AINAS	Aban International Norway AS
AIS	Approved International Shipping Enterprise
AIS Companies	ASPL and its Singapore incorporated subsidiaries
ASPL	Aban Singapore Pte. Ltd.
Auditors	Statutory auditors of our Company being, Ford, Rhodes, Parks & Co., Chartered Accountants
Belati Oilfield Sdn. Bhd.	Belati Oilfield Sdn. Bhd., is a joint venture of our Company, where our Company holds 49% of the total equity share capital
Company Presentations	Investor meetings or presentations by our Company or its agents
Deep Drilling 2 or DD2	Deep Drilling 2 Pte. Limited
Deep Drilling 4 or DD4	Deep Drilling 4 Pte. Limited
Director(s)/Board of Directors/Board	Director(s) of our Company, unless otherwise specified
Equity Shares	Equity shares of face value of ₹ 2.00 each of our Company
FCCB	Foreign Currency Convertible Bonds
Financial Statements	The audited consolidated financial statements of our Company as of and for the Financial Year 2012, 2013 and 2014 prepared in accordance with Indian GAAP
FPSO	Floating Production Storage and Offloading
FPU	Floating Production Unit
IADC	International Association of Drilling Contractors
IEA	International Energy Agency
Joint Venture	Radhapuram Wintech Private Limited, a joint Venture between our Company and New Woodlands Hotels Private Limited
Memorandum/ Memorandum of Association	The memorandum of association of our Company as amended from time to time
MPA	Maritime and Port Authority of Singapore

Term	Description
MSE	Madras Stock Exchange
NELP	New Exploration Licensing Policy
ONGC	Oil and Natural Gas Corporation Limited
OPEC	Organization of Petroleum Exporting Countries
OECD	Organisation for Economic Co-operation and Development
Preference Shares	The cumulative redeemable preference shares of ₹ 10.00 each of our Company
Promoters	The promoters of our Company being Reji Abraham and Aban Investments Private Limited
Registered Office	The registered office of our Company at Janpriya Crest, 113 Pantheon Road, Egmore, Chennai 600 008
Subsidiaries	The subsidiaries of our Company, namely Aban Energies Limited, AHPL, ASPL, Aban 7 Pte. Ltd., Aban 8 Pte. Ltd., Aban Abraham Pte. Ltd., Aban International Norway AS, Aban Labaun Private Limited, Aban Pearl Pte. Ltd., DDI Holding AS, Deep Driller Mexico, S. de. R.L.de. C.V., 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. and Deep Drilling 8 Pte. Ltd.

Issue Related Terms

Term	Description
Allocated, Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by them, and recommendations of the Lead Managers in compliance with Chapter VIII of the SEBI Regulations, as amended
Allotment/Allotted	Unless the context otherwise requires, the allotment and issue of Equity Shares to the successful Bidders pursuant to this Issue
Allottees	Persons to whom Equity Shares of our Company are issued pursuant to the Issue
Application Form	The form pursuant to which the QIBs shall submit a bid in the Issue and includes revisions thereof
Bid/Issue Closing Date	[●], 2014 i.e. the date on which our Company (or the Lead Managers on behalf of our Company) shall cease the acceptance of duly completed Application Forms
Bid/Issue Opening Date	[●], 2014 i.e. the date on which our Company (or the Lead Managers on behalf of our Company) shall commence the acceptance of duly completed Application Forms
Bid(s)/Bidding	An indication of QIBs' interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares in the Issue
Bidding Period	The period between the Bid Opening Date and Bid Closing Date, inclusive of both dates during which prospective subscribers can submit their Bids
Book Running Lead Managers	ICICI Securities Limited and SBI Capital Markets Limited
BSE	BSE Limited
CAN/Confirmation of Allocation Note	Note or advice or intimation to the QIBs confirming the Allocation of Equity Shares to such QIBs after discovery of the Issue Price and to pay the entire Issue Price for all the Equity Shares Allocated to such QIBs
CDSL	Central Depository Services Limited

Term	Description
Cut-off Price	The Issue Price of the Equity Shares which shall be finalized by our Company in consultation with the Lead Managers
Equity Listing Agreement	The Equity Listing Agreement entered by our Company with each of the Stock Exchanges.
Escrow Account	The account titled “ABAN OFFSHORE LIMITED - QIP ESCROW ACCOUNT” with regard to any money received towards the subscription of Equity Shares, opened with the Escrow Bank, subject to the terms of the Escrow Agreement
Escrow Agreement	The escrow agreement dated June 30, 2014 executed between the GCBRLM, Escrow Bank and our Company
Escrow Bank	Axis Bank Limited
Floor Price	The floor price of ₹ 731.97 per Equity Share which has been calculated in accordance with Chapter VIII of the SEBI Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI Regulations
Form PAS-4	Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
Global Coordinator and Book Running Lead Manager/ GCBRLM	Axis Capital Limited
Investment Company Act	The U.S Investment Company Act of 1940, and the related rules and regulations
Issue	The offer, issue and allotment of [●] Equity Shares to Qualified Institutional Buyers, under Chapter VIII of the SEBI Regulations
Issue Price	₹ [●] per Equity Share, which shall be equal to or more than the Floor Price and a discount of not more than 5% calculated on the Floor Price
Issue Size	The issue of [●] Equity Shares aggregating to ₹ [●] million
Lead Managers	The GCBRLM, together with the Book Running Lead Managers
MSE	Madras Stock Exchange Limited
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Pay-in Date	The last date specified in the CAN sent to QIBs, as applicable
Placement Agreement	The placement agreement dated June 30, 2014 executed between the Lead Managers and our Company
Placement Document	The Placement Document to be issued in accordance with Chapter VIII of the SEBI Regulations
Preliminary Placement Document	This Preliminary Placement Document dated June 30, 2014, issued in accordance with Chapter VIII of the SEBI Regulations, as amended
Promoter Group	Promoter Group of our Company is as per definition provided in Regulation 2(1)(zb) of the SEBI Regulations
QIBs or Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2 (1) (zd) of the SEBI Regulations, as amended
QIP or Qualified Institutions Placement	Qualified Institutions Placement as per Chapter VIII of SEBI Regulations, as amended
Regulation S	Regulation S under the Securities Act
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended

Term	Description
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations 1992, as amended
Securities Act	The U.S. Securities Act of 1933, as amended
Stock Exchanges	The BSE, MSE and the NSE

Conventional and general terms

Term	Description
AGM	Annual General Meeting
Bonus Act	Payment of Bonus Act, 1965
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the Notified Sections
Constitution	Constitution of India
Civil Code	The Code of Civil Procedure, 1908, as amended
CLB	Company Law Board
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
CRZ	Coastal Regulation Zone
Depositories Act	The Depositories Act, 1996, as amended
Depository Participant/DP	A depository participant as defined under the Depositories Act, 1996
Depository(ies)	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended
DGH	Directorate General of Hydrocarbons
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
EGM	Extraordinary General Meeting
Environment Protection Act	Environmental Protection Act, 1986
EPF Act	Employees Provident Fund Act, 1952
ESI Act	Employee's State Insurance Act, 1948
EURO or €	The lawful currency of the European Economic Area
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations framed there under
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
Fiscal Year/Financial Year/FY	The period commencing from April 1 of a year and ending on March 31 of the following year
FVCI	Foreign venture capital investor registered under the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product

Term	Description
GoI/Government	Government of India, unless otherwise specified
Gratuity Act	Payment of Gratuity Act, 1972
Guidance Notes	The guidance notes to the Offshore Safety Rules
Hazardous Waste Rules	Hazardous Waste (Management and Handling) Rules, 1989
HSE	Health, safety and the environment
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Ind AS	Indian Accounting Standard
India	The Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India
International Sanctions	International sanctions administered by the United Nations, the European Union, Her Majesty's Treasury of the United Kingdom, the Monetary Authority of Singapore Act (Cap 186) or the Office of Foreign Assets Control of the United States Department of Treasury
IT Act	The Income Tax Act, 1961, as amended
JPY	Japanese Yen, the lawful currency of Japan
MAT	Minimum Alternate Tax
Mn/Million	Million
MNRE	Ministry of New and Renewable Energy
MoPNG	Ministry of Petroleum and Natural Gas
Model PSC	Model Production Sharing Contract
MOU	Memorandum of Understanding
OALP	Open Acreage Licensing System
Offshore Safety Rules	Petroleum & Natural Gas (Safety in Offshore Operations) Rules, 2008
Oilfields Act	Oilfields (Regulation and Development) Act, 1948
NDR	National Data Repository
NELP	New Exploration Licensing Policy
NRI	Non Resident Indian
p.a.	Per Annum
PAN	Permanent Account Number
PCBs	Pollution Control Boards
PELs	Petroleum Exploratory Leases
PMLs	Petroleum Mining Leases
PNG Rules	Petroleum and Natural Gas Rules, 1959
PTC	Pass Through Certificates
QHSE	Quality Health Safety Environment
QHSET	Quality Health Safety Environment Training
OJT	On the Job Training Programme
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Registrar of Companies/ RoC	Registrar of Companies, Tamil Nadu located at Chennai

Term	Description
ROW	Right of way
Rs./Rupees/₹	Indian Rupees
SAT	Securities Appellate Tribunal
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
State Government	Government of a State in India
STT	Securities Transaction Tax
Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
U.S. Dollars, \$, U.S. \$, U.S.D and Dollars	The lawful currency of the United States of America
U.S. or United States	United States of America

**DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED
UNDER THE COMPANIES ACT, 2013**

The table below sets out the disclosure requirements as provided in PAS-4 and the relevant pages in this Preliminary Placement Document where these disclosures, to the extent applicable, have been provided.

S. No.	Disclosure Requirements	Relevant Page of this Preliminary Placement Document
1.	GENERAL INFORMATION	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office.	170
b.	Date of incorporation of the company.	166
c.	Business carried on by the company and its subsidiaries with the details of branches or units, if any.	92 to 105
d.	Brief particulars of the management of the company.	111 to 120
e.	Names, addresses, DIN and occupations of the directors.	111 and 112
f.	Management's perception of risk factors.	32 to 53
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –	
(i)	statutory dues;	Not applicable
(ii)	debentures and interest thereon;	Not applicable
(iii)	deposits and interest thereon; and	Not applicable
(iv)	loan from any bank or financial institution and interest thereon.	F-1 to F-53 and 32
h.	Names, designation, address and phone number, email ID of the nodal/compliance officer of the company, if any, for the private placement offer process.	170
2.	PARTICULARS OF THE OFFER	
a.	Date of passing of board resolution.	166
b.	Date of passing of resolution in the general meeting, authorizing the offer of securities.	166
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	26
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	26
e.	Name and address of the valuer who performed valuation of the security offered.	Not applicable
f.	Amount which the company intends to raise by way of securities.	56
g.	Terms of raising of securities:	
(i)	Duration, if applicable;	Not applicable
(ii)	Rate of dividend;	63
(iii)	Rate of interest;	Not applicable
(iv)	Mode of payment; and	Not applicable
(v)	Repayment.	Not applicable
h.	Proposed time schedule for which the offer letter is valid.	15
i.	Purposes and objects of the offer.	56
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	56

S. No.	Disclosure Requirements	Relevant Page of this Preliminary Placement Document
k.	Principle terms of assets charged as security, if applicable.	Not applicable
3.	DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.	
a.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	120
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	162
c.	Remuneration of directors (during the current year and last three financial years).	115
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	F-4 and F-49
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.	83
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries.	162
g.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.	162
4.	FINANCIAL POSITION OF THE COMPANY	
a.	the capital structure of the company in the following manner in a tabular form-	
(i)(a)	the authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	58
(b)	size of the present offer;	58
(c)	paid up capital:	58
(A)	after the offer; and	58
(B)	after conversion of convertible instruments (if applicable);	Not applicable
(d)	share premium account (before and after the offer).	57
(ii)	the details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	61 and 62
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	Not applicable

S. No.	Disclosure Requirements	Relevant Page of this Preliminary Placement Document
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	F-6
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	63
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	28
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	30
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.	69
5.	A DECLARATION BY THE DIRECTORS THAT	169
a.	the company has complied with the provisions of the Act and the rules made thereunder.	
b.	the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	
c.	the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	

SUMMARY OF BUSINESS

The summary information from this Preliminary Placement Document may not contain all of the information that you should consider in making your investment decision. You should read this summary together with the more detailed information including our financial statements and related notes, elsewhere in this Preliminary Placement Document. You should carefully consider, among other things, the matters discussed in “Risk Factors” on page 32 for an understanding of the risks associated with the purchase of Equity Shares.

Overview

We believe that we are amongst the largest offshore drilling companies in the world based on the number of rigs (such as jack ups, drillships and floating production unit's) owned by us as of May 31, 2014. We provide drilling services to companies engaged in the business of exploration, development and production of oil and gas. We have more than two decades of experience in providing offshore drilling services in India, and have expanded our operations significantly since 2007 to provide drilling services internationally. We provide services in geographical locations across South Asia, South East Asia, the Middle East and South America. Our client base comprises a diverse group of Indian and global energy companies in the oil and gas industry who conduct drilling operations as part of their exploration, development and production activities.

We commenced operations in 1987 with two jack up rigs, providing drilling services to Oil and Natural Gas Corporation Limited (“ONGC”) in India. In the years that followed we strengthened our activities by acquiring Hi Tech Drilling Services (India) Limited in 2001, thereby adding more rigs and a floating production unit (“FPU”) to our fleet. We established our wholly owned Subsidiary Aban Singapore Pte. Ltd. (“ASPL”) in November 2005 to expand our international operations and in March 2007 acquired Sinvest AS, Norway, to strategically expand our operations and increase our fleet strength as well as expand our client base. On June 13, 2012, Sinvest AS merged with Aban International Norway AS (“AINAS”), pursuant to which the assets, right and liabilities of Sinvest AS were taken over by AINAS. Our offshore services include drilling exploration wells, appraisal wells and production wells for oil and gas companies using our portfolio of jack up rigs, drillships and an FPU.

As of May 31, 2014 we own a fleet of 18 offshore drilling rigs which comprises 15 jack up rigs (out of which 14 are cantilever type jack up rigs), two drillships and an FPU. Nine of our jack up rigs is less than eight years old. In this Preliminary Placement Document, we generally refer to our jack up rigs, drillships and FPU each as a “rig” and together as our “rigs”. As of May 31, 2014, 15 of our rigs were contracted for drilling services of which four are deployed in India, five in the Middle East, two in Mexico and one each in Brazil, Brunei, Malaysia and Vietnam. Our contract drilling services backlog as of March 31, 2014 was ₹ 66,368.01 million (U.S. \$ 1,108.35 million) and as of May 31, 2014 was ₹ 59,160.79 million (U.S. \$ 987.99 million).

We have also invested in wind energy generation since 1996, when we set up wind farms in Radhapuram, Pazarhoor and Kavalkinaru districts in Southern India. We expect to derive benefit in the form of stable income from energy produced by these wind farms.

In the Financial Years 2014, 2013 and 2012, our total income was ₹ 39,671.17 million (U.S. \$ 660.75 million), ₹ 36,987.69 million (U.S. \$ 616.05 million) and ₹ 32,286.87 million (U.S. \$ 537.76 million), respectively. Our net profit after minority interest and share of profit of associate in the Financial Years 2014, 2013 and 2012 was ₹ 3,930.65 million (U.S. \$ 65.47 million), ₹ 1,938.73 million (U.S. \$ 32.30 million) and ₹ 3,215.19 million (U.S. \$ 53.55 million), respectively.

Competitive Strengths

We believe our operations benefit from a number of competitive strengths, including the following:

Modern fleet

Our current fleet of 18 offshore drilling rigs includes 15 jack up rigs, of which nine have been constructed within the past eight years. These jack up rigs have the ability to operate in deep water (ranging from 350 feet to 375 feet), drill to depths ranging from 30,000 feet to 35,000 feet and drill wells experiencing conditions of high pressure and temperature. In addition, our two drillships provide us with deep water drilling capability upto a drilling depth of 25,000 feet.

Strong contract drilling service backlog

As of May 31, 2014, 15 of our rigs were contracted for drilling services and the average residual term of our current drilling contracts is 447 days. Most of our existing contracts have the option for extension of the contract term, at the option of our client, for one or more additional periods. Our contract drilling services backlog as of March 31, 2014 was ₹ 66,368.01 million (U.S. \$ 1,108.35 million) and as of May 31, 2014 was approximately ₹ 59,160.79 million (U.S. \$ 987.99 million). We expect approximately 64.14% of our total contract drilling services backlog to be realized in the Financial Year, 2015. Based on our current contracts we have revenue visibility for an average period of 447 days.

Geographical diversity and maximization of asset deployment

We have a modern fleet of rigs deployed to serve a diversified base of clients across South Asia, South East Asia, the Middle East and South America. We believe that this clientele and geographical diversification reduces the exposure of our operations to any individual client or region. Our existing and previous clients include national oil companies as well as established oil and gas multinationals, such as ONGC Limited/ONGC Videsh Limited (Qatar), Gujarat State Petroleum Corporation, Hindustan Oil Exploration Company Limited, Reliance Industries Limited, Cairn Energy, Chevron Texaco, Exxon Mobil, Pemex, Petrobras, Petronas Carigali, Vietsopetro, and Shell Brunei. Crude prices are expected to remain firm due to accelerating crude demand globally, enabling us to benefit from our geographical diversification.

Extensive rig fleet and operational experience

As of May 31, 2014, we own 18 rigs (such as jack ups, drillships and FPU's). We are amongst the largest companies in the world based on the number of rigs (such as jack ups, drillships and floating production unit's) owned by us as of May 31, 2014. We continue to benefit from our operational experience, growth initiatives, customer and supplier relationships, brand and reputation. We have over 20 years of experience in providing offshore oilfield services in the oil and gas exploration and production sector. Based on our considerable experience, we have also developed operating cost efficiencies through effective cost management practices. 12 of our rigs have a reported asset uptime of 100% in the Financial Year 2014. Our EBDITA in the Financial Year 2014 was 60.19%.

Management team with extensive experience

Our senior and operating level management teams have extensive industry experience both in domestic as well as the international market. Our senior management team includes professionals with over 30 years of experience in the drilling industry. Our Managing Director, Reji Abraham has over 20 years of experience in the industry. We believe that their considerable knowledge and experience in the industry enhances our ability to operate effectively. Our management also has substantial experience in identifying and completing the process of acquisition and delivery of rigs. Our executive officers have significant experience in the operational, commercial and financing aspects of the offshore drilling industry. Through their years of experience, our executive officers have built up a wide network of contacts with both clients as well as intermediaries in the finance and offshore drilling services industries and have considerable experience in winning contracts for, and efficiently delivering offshore drilling solutions.

Strategies

Our objective is to be one of the leading providers of offshore drilling services to the oil and gas exploration and production industry. Our strategic objectives seek to employ our strengths to enhance our market position and to selectively pursue opportunities to diversify our fleet and capability. To achieve these objectives we plan to pursue the following strategic initiatives:

Strengthen our balance sheet and continue to develop a stable revenue base

We have significant financing obligations relating to debt incurred in connection with the financing of our acquisition of Sinvest AS in 2007 and our new build rigs. We believe that reducing our financing obligations will improve our ability to meet our strategic goals and enable us to better leverage our asset base to capitalize on market opportunities, withstand competitive pressures and be more flexible in responding to changing business, regulatory and economic conditions. We constantly strive to increase operational efficiencies in our business and to reduce our operational costs. We also intend to continue to develop a stable revenue base by seeking comparatively longer term contracts for our rigs currently being marketed and for future contracts. Longer term contracts ensure continued utilization of our rig fleet.

Continue to maintain and develop strong customer relationships

We aim to be the provider of choice for our clients, with particular emphasis on drilling projects in regions with high growth potential, including in South Asia, South East Asia, the Middle East and South America. We will continue to focus on delivering the highest standards of service, safety and efficiency to our clients in order to maintain and develop strong customer relationships. We customise our rigs, service delivery and management systems to interface with those of our long term clients. We continually seek to improve our health, safety and environmental performance and to optimise the utilization of our rigs by maximizing asset deployment and focussing on high growth geographies.

Continue to diversify our service capabilities and pursue growth opportunities

We continue to evaluate organic and inorganic growth opportunities in the medium to long term to increase our deep water drilling capabilities as well as our oil and gas production services capabilities. We are also leveraging our experience in the oil and gas production services by entering into management and operation services for rig owners.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections “*Risk Factors*”, “*Use of Proceeds*”, “*Issue Procedure*”, “*Placement*” and “*Description of the Equity Shares*” on pages 32, 56, 124, 133 and 150 respectively.

Issuer	Aban Offshore Limited.
Face Value	₹ 2.00 per Equity Share.
Issue Size	Issue of [●] Equity Shares, aggregating ₹ [●] million. A minimum of 10% of the Issue Size i.e. up to [●] Equity Shares shall be available for Allocation to Mutual Funds only, and up to [●] Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other eligible QIBs.
Date of Board Resolution	May 28, 2014 and May 28, 2013.
Date of Shareholders’ Resolution	September 20, 2013.
Floor Price	₹ 731.97 per Equity Share. Under the terms of the SEBI Regulations, the Issue Price cannot be lower than the Floor Price, subject to discount of not more than 5% on the Floor Price which may be considered by our Company.
Issue Price	₹ [●] per Equity Share.
Eligible Investors	QIBs as defined in regulation 2(1)(zd) of the SEBI Regulations and not excluded pursuant to Regulation 86 of the SEBI Regulations. For further details, please see sections titled “ <i>Issue Procedure – Qualified Institutional Buyers</i> ” and “ <i>Purchaser Representations and Transfer Restrictions</i> ” on pages 127 and 144.
Equity Shares issued and fully paid up immediately prior to the Issue	43,516,515 Equity Shares.
Equity Shares issued and fully paid up immediately after the Issue	Immediately after the Issue, [●] Equity Shares will be issued and outstanding.
Listing	Our Company has obtained in-principle approvals in terms of Clause 24(a) of the Equity Listing Agreements, for listing of the Equity Shares issued pursuant to the Issue from the Stock Exchanges. Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.
Lock-up	Our Company has agreed that it will not, without the prior written consent of the Lead Managers, from the date of the Placement Agreement and for a period of up to 60 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention

	<p>with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided, however, that the foregoing restrictions shall not be applicable to (i) any grant of options by our Company under the ESOPs; or (ii) any issue or allotment of the Equity Shares by our Company pursuant to the exercise of any options awarded under the ESOPs; (iii) any issuance, sale, transfer or disposition of Equity Shares by our Company to the extent such issuance, sale, transfer or disposition is required by Indian law. Additionally, our Company has agreed that it will not, directly or indirectly use or make available the Net Proceeds for the purpose of financing the activities of, or otherwise for the benefit of, any country, territory, person or entity currently subject to any International Sanctions. For further details, please see section titled “<i>Placement</i>” on page 133.</p>	
Transferability Restrictions	<p>The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For further details, please see section titled “<i>Purchaser Representations and Transfer Restrictions</i>” on page 144.</p>	
Use of Proceeds	<p>The gross proceeds from the Issue is ₹ [●] million. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹ [●] million. For further details, please see section titled “<i>Use of Proceeds</i>” on page 56 for additional information.</p>	
Risk Factors	<p>For further details, please see section titled “<i>Risk Factors</i>” on page 32 for a discussion of risks you should consider before deciding whether to subscribe for the Equity Shares.</p>	
Pay-In Date	<p>Last date specified in the CAN sent to the QIBs for payment of application money.</p>	
Closing	<p>The Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about [●], 2014 (the “Closing Date”).</p>	
Ranking	<p>The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank <i>pari passu</i> in all respects with the existing Equity Shares, including rights in respect of dividends.</p> <p>The shareholders of our Company will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the Equity Listing Agreements and other applicable laws and regulations. Shareholders of our Company may attend and vote in shareholders’ meetings on the basis of one vote for every Equity Share held. For further details, please see section titled “<i>Description of the Equity Shares</i>” on page 150.</p>	
Security Codes for the Equity Shares	ISIN	INE421A01028
	BSE Code	523204
	NSE Code	ABAN
	MSE Code	ABAN

SELECTED FINANCIAL INFORMATION

The summary consolidated information as of and for the three years ended March 31, 2014, 2013 and 2012 set forth below has been derived from our financial statements included elsewhere in this Preliminary Placement Document which have been audited by Ford, Rhodes, Parks & Co., Chartered Accountants. Our financial statements are prepared and presented in accordance with Indian GAAP. For a summary of our significant accounting policies and the basis of the presentation of our financial statements, please refer to the notes to the financial statements included in this Preliminary Placement Document.

The summary financial information set forth below should be read in conjunction with "Management Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 64 and F-1 to F-53, respectively.

Consolidated Balance Sheet

	Note No:	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 Rs. millions
Equity and Liabilities				
Shareholders' funds				
Share Capital	6	2,897.04	2,897.04	2,897.04
Reserves and Surplus	7	38,374.22	29,940.17	25,719.41
Money received against Share Warrants	8	391.00	-	-
		41,662.26	32,837.21	28,616.45
Minority Interest		0.27	0.07	-
Non-current liabilities				
Long-term borrowings	9	110,508.32	113,613.63	111,443.71
Deferred tax liabilities (net)	10	609.17	387.52	268.56
Long-term provisions	11	35.10	15.69	19.08
		111,152.59	114,016.84	111,731.35
Current liabilities				
Short -term borrowings	12	3,896.04	5,041.16	5,570.69
Trade payables	13	9,116.57	9,116.33	6,410.61
Other current liabilities	13	33,563.00	20,255.07	20,412.64
Short -term provisions	11	1,083.20	618.48	942.97
		47,658.81	35,031.04	33,336.91
TOTAL		200,473.93	181,885.16	173,684.71
Assets				
Non-current assets				
Fixed Assets				
Tangible assets	14.1	112,555.41	104,170.18	100,817.93
Intangible assets	14.2	66,102.91	59,920.94	56,156.58
Capital work-in-progress		-	202.68	245.08
Non-current investments	15	83.27	62.17	34.06
Long-term loans and advances	16	1,883.71	86.29	533.87
Other non-current assets	17.2	69.51	104.95	499.37
		180,694.81	164,547.21	158,286.89
Current assets				
Inventories	18	3,789.60	3,280.63	3,005.92
Trade receivables	17.1	12,796.05	10,885.14	10,116.37
Cash and bank balances	19	1,410.06	1,386.05	844.54
Short-term loans and advances	16	1,783.38	1,781.26	1,332.13
Other current assets	17.2	0.03	4.87	98.86
		19,779.12	17,337.95	15,397.82
TOTAL		200,473.93	181,885.16	173,684.71

Consolidated Profit & Loss for Three Financial years ended 2014, 2013 and 2012

Consolidated Statement of Profit and Loss

	Note No:	For the year ended 31st March 2014 Rs. millions	For the year ended 31st March 2013 Rs. millions	For the year ended 31st March 2012 Rs. millions
Income				
Revenue from operations	20	39,362.55	36,727.01	31,629.21
Other income	21	308.62	260.68	657.66
Total revenue		39,671.17	36,987.69	32,286.87
Expenses				
Consumption of stores, spares, power and fuel	22	2,453.22	1,910.69	1,179.17
Employee benefits expense	23	4,958.29	4,479.58	3,378.24
Finance costs	24	11,406.25	11,884.49	9,890.85
Depreciation and amortization expense	25	5,483.77	4,909.47	5,160.41
Other expenses	26	9,912.09	10,471.56	8,667.63
Total Expenses		34,213.62	33,655.79	28,276.30
Profit before exceptional items and tax		5,457.55	3,331.90	4,010.57
Less : Exceptional items		-	-	-
Profit before tax		5,457.55	3,331.90	4,010.57
Tax expenses				
-Current tax		1,712.77	1,299.28	818.75
- Minimum Alternate Tax (MAT) Credit Entitlement		(389.16)	-	-
-Deferred tax		221.65	118.96	(23.37)
Total tax expense		1,545.26	1,418.24	795.38
Profit for the year after tax and before share in earnings of joint venture		3,912.29	1,913.65	3,215.19
Share of profit of associate		18.36	25.07	-
Profit for the year after tax and after share in earnings of joint venture		3,930.65	1,938.72	3,215.19
Earnings per equity share of Rs.2 each				
	27			
Basic				
Computed on the basis of profit for the year		82.78	37.16	67.16
Diluted				
Computed on the basis of profit for the year		82.78	37.01	66.68

Consolidated Cash Flow Statement

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions	Year ended 31st March 2012 Rs. millions
Cash Flow from operating activities			
Profit before tax from continuing Operations	5,457.55	3,331.90	4,010.57
Profit before tax	5,457.55	3,331.90	4,010.57
<u>Non cash adjustment to reconcile profit before tax to net cash flows</u>			
Depreciation/amortization	5,483.77	4,909.47	5,160.41
Provision for Employee Benefits	25.20	(2.25)	10.03
Loss/(Profit) on sale of Assets	1.49	(9.30)	-
Provision for Doubtful Debts	713.34	464.75	398.84
Unrealized foreign exchange loss/(gain)	371.28	(48.35)	86.97
Net gain on sale of Non Current investments	-	-	(307.69)
Interest expenses	10,776.66	11,425.21	9,771.97
Interest income	(13.11)	(14.00)	(35.77)
Dividend income	(0.85)	(0.68)	(1.15)
Operating profit before working capital changes	22,815.33	20,056.76	19,094.18
<u>Movements in working capital:</u>			
Increase/(Decrease) in trade payables	115.86	2,704.62	772.79
Increase/(Decrease) in other current liabilities	13,380.68	(184.72)	(8,472.10)
Decrease/(Increase) in trade receivables	(2,683.64)	(1,249.31)	(808.31)
Decrease/(Increase) in inventories	(508.97)	(274.36)	(387.76)
Decrease/(Increase) in long term loans and advances	(1,797.41)	447.58	(498.43)
Decrease/(Increase) in short term loans and advances	(187.64)	(236.58)	1,291.76
Decrease/(Increase) in other current assets	4.84	88.64	388.34
Decrease/(Increase) in other non current assets	35.44	394.43	(7.30)
Cash generated from(used in) operations	31,174.49	21,747.05	11,373.17
Direct taxes paid (net of refunds)	(1,257.79)	(1,517.48)	(1,669.97)
Net cash flow from /(used in) operating activities (A)	29,916.70	20,229.57	9,703.20
Cash Flow from investing activities			
Purchase of fixed assets including Intangible Assets	(14,196.91)	(9,313.03)	(6,599.18)
Capital advances	(49.94)	(224.69)	(10.77)
Proceed from sale of fixed assets	1.01	1.91	-
Proceeds from sale of non-current investments	-	-	427.09
Purchase of non-current investments	(21.11)	(3.09)	-
Proceed from sale /maturity of current investment	-	-	350.00
Purchase of Current Investments	-	-	(350.00)
Interest received	17.95	19.34	27.76
Dividends received	0.85	0.68	1.15
Net cash flow from /(used in) investing activities (B)	(14,248.15)	(9,518.88)	(6,153.95)

Cash Flow from financing activities			
Money received against Share Warrants	391.00	-	-
Redemption of preference share capital	-	-	(450.00)
Redemption of foreign currency convertible bonds with premium	-	-	(3,592.56)
Proceeds from long term borrowings	-	2,231.04	3,448.66
Repayment of long term borrowings	(3,530.51)	-	-
Proceeds from short term borrowings	89.94	255.26	1,970.51
Repayment of short term borrowings	(1,236.98)	(780.11)	(276.25)
Interest paid	(10,854.12)	(11,400.27)	(8,758.33)
Dividends paid on equity shares	(156.66)	(156.66)	(156.66)
Dividends paid on preference shares	(275.07)	(252.24)	(278.90)
Tax on equity dividend paid	(26.62)	(25.41)	(25.41)
Tax on preference dividend paid	(46.75)	(40.92)	(45.24)
Net cash flow from / (used in) financing activities (C)	(15,645.77)	(10,169.31)	(8,164.18)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	22.78	541.39	(4,614.93)
Effect of exchange differences on cash and cash equivalents held in foreign currency	1.23	0.13	1.02
Cash and cash equivalents at the beginning of the year	1,386.05	844.54	5,458.45
Cash and cash equivalents at the end of the year	1,410.06	1,386.05	844.54

Components of cash and cash equivalents

Cash on hand	0.85	1.94	0.99
With banks on current account	745.67	843.03	254.14
On deposit account	648.00	530.20	582.28
unpaid dividend account*	15.54	10.88	7.13
Total cash and cash equivalents (note 19)	1,410.06	1,386.05	844.54

*The company can utilize these balances only towards settlement of the respective unpaid dividend liability.

RISK FACTORS

This Preliminary Placement Document contains forward looking statements that involve risks and uncertainties. Prospective investors should carefully consider the following risk factors as well as other information included in this Preliminary Placement Document, and obtain independent advice prior to making a decision to invest in our Equity Shares.

You should read this section in conjunction with the sections titled “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation”, as well as the other financial and statistical information contained in this Preliminary Placement Document.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. The risks described below and any additional risks and uncertainties not presently known to us or that currently are deemed immaterial could adversely affect our business, financial condition, liquidity, results of operations and capital resources. As a result, the trading price of our Equity Shares could decline and investors may lose part or all of their investment.

Risks Related to our Company and our Industry

We have incurred substantial indebtedness which exposes us to various risks which may have an adverse effect on our business, results of operations and financial condition.

As of May 31, 2014, our total secured and unsecured indebtedness was ₹ 143,316.50 million (U.S. \$ 2,424.98 million) and ₹ 675.31 million (U.S. \$ 11.43 million). In addition, we may incur additional indebtedness in the future. The level of our indebtedness could have several important consequences, including but not limited to the following:

- a substantial portion of our cash flow will be used towards repayment of our existing debt, which will reduce the availability of cash flow to fund our working capital, capital expenditures, acquisitions and other general corporate requirements;
- current and future defaults of payment and other obligations under our financing arrangements may result in an event of default, acceleration of our repayment obligations and enforcement of related security interests over our rigs, receivables and other assets;
- a substantial portion of our indebtedness is subject to floating rates of interest. Fluctuations in market interest rates may require us to pay higher rates of interest and will also affect the cost of our borrowings;
- the credit facility underlying our existing foreign currency borrowings has a tenure of 15 years and our existing foreign currency borrowings is of a shorter tenure, requiring it to be rolled over at the end of their respective repayment terms, which may lead to higher interest rate on such rollovers;
- our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favorable to us may be limited; and
- we may be limited in our ability to expand our business and therefore, we may be limited in our capability to withstand competitive pressures.

For further details regarding our indebtedness, please see section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operation-Indebtedness” on page 80.

We have in the past defaulted and we are currently in default on the timely payment of interest and principal on the loan facilities availed by us, which has affected our credit ratings. This could increase our cost of borrowing and make our ability to raise new funds in the future or renew maturing debt more difficult.

We have in the past defaulted and we are currently in default on the timely payment of interest and principal on loan facilities taken by us and our Subsidiaries. As of June 30, 2014, we are in default of our principal and interest repayment obligations to the extent of ₹ 295.05 million (U.S. \$ 4.91 million) and ₹ 194.71 million (U.S. \$ 3.24 million) respectively. In December, 2013, we, in consultation with our lenders, refinanced and consolidated a major portion of our debt amounting to U.S. \$ 2,000.498 million (including \$31.160 million as a

contingent amount to be utilized for shortfall in redemption of bonds and for normal capital expenditure) with 17 banks. As of June 30, 2014, an amount aggregating to \$ 1,969.34 million have been sanctioned by banks towards the refinancing out of which approximately \$ 1,175.61 million have been disbursed. Currently, a majority of our lenders have acceded to the refinancing and consolidation structure. Please see section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operation-Indebtedness*” on page 80 for further details. On the basis of our financial performances, CARE has, vide letters dated February 20, 2014, February 4, 2013 and December 28, 2012 accorded to our Company, the rating of CARE D for our long term and short term debt facilities, indicating that the rated facilities are either in default or expected to be default. We cannot assure you that any upgrading of our credit ratings or grading will take place in the future. Our current credit ratings or grading may increase our cost of borrowings and impair our ability to renew maturing debt, which may have an adverse effect on our business, results of operations and financial condition.

We have not received consents from certain of our lenders in connection with the financing agreements of our Company that require our Company to obtain prior consents from such lenders for undertaking any further issue of shares, including this Issue.

The restrictions in two of our loan agreements (aggregating to a total outstanding borrowing of ₹ 781.10 million as of May 31, 2014) require our Company to obtain the written consent of such lenders, prior to any further issue of equity or preference shares. We have approached such lenders from whom we require consent for their approval for the Issue and we are yet to receive such consent. In the event that we undertake the Issue without the consent of these lenders, it shall constitute a default by our Company under the relevant financing documents. Such a default by us will entitle the respective lenders to trigger the rights under the agreements. There can be no assurance that the lenders, who have not provided consents, shall not initiate action under the terms of the loan agreements at any time. This may have a material adverse effect on our Company’s operations.

We are in breach of certain financial and other covenants under our financing arrangements which could result in acceleration of payment obligations or enforcement of the underlying security, thereby adversely affecting our business and results of operations.

There are various restrictive covenants in the financing agreements that we have entered into with banks for our borrowings, including, but not limited to, the requirement that we obtain prior consent of our lenders inter alia, for:

- implementing a new scheme of expansion;
- borrowing or obtaining any credit facilities from other banks or credit agencies or money lenders;
- creating further charge on the assets provided as security;
- altering the memorandum and articles of association of our Company; and
- entering into any merger or scheme of amalgamation or compromise with our creditors or shareholders or effecting any scheme of amalgamation or reconstruction.

Further certain of our facilities impose restrictions on alteration of the capital structure of our Company or effecting a change in the ownership or constitution of our Company without the prior consent of the concerned lenders. We cannot assure investors that we will receive such approvals in a timely manner or at all. In addition, these restrictive covenants also affect our rights and the rights of the relevant borrowing Subsidiary to pay dividends, if we are in breach of our obligations to pay amounts owed by us under the relevant financing agreement. Such financing agreements may also require us to maintain an appropriate debt to equity ratio. As a result of these restrictive covenants, we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

We have in the past, on occasions, failed to observe certain restrictive covenants and undertakings in our loan documents, have raised new debt and granted security in circumstances where the relevant restrictive covenant prohibited such actions without prior approval. For instance, for one of the loan facilities availed by our Subsidiary, our Company had given an undertaking to raise a sum of U.S. \$ 40 million on or before March 31, 2014. Our Company is in breach of the said undertaking, which may lead to an event of default. We have also in the past received a notice of acceleration from one of our lenders with respect to a loan facility availed by one of our Subsidiaries. We cannot assure you that we shall not receive such notices in the future. Certain of these

breaches have not, as of the date hereof, been cured or waived. We are attempting to cure all such breaches, however, we have no assurance that our lenders will agree to waivers or amendments on acceptable terms and the timelines of obtaining any such waivers are uncertain.

The various remedies available to lenders, as a consequence of breaches under our financing agreements, include, among others, appointment of whole time directors on the Board of our Company, termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements, or lead to an enforcement of any security provided, including any security over our rigs. Additionally, one of our lenders also have the right to convert the defaulted amount of the debt into fully paid up equity shares at par in the event of a default by our Company. Any event of default and disruption in our financing sources may adversely affect our business, results of operations and financial condition. For information on our outstanding indebtedness, please see section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operation - Indebtedness*” on page 80.

Information relating to our contract drilling services backlog may not be representative of our future results.

Our contract drilling services backlog as of May 31, 2014 aggregated approximately ₹ 59,160.79 million (U.S. \$ 987.99 million). For further information on our contract drilling services backlog, please see section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Contract Drilling Services Backlog*” on page 64. Our contract drilling services backlog reflects estimated future revenues attributable to signed drilling contracts and does not take into account potential revenue from any contract extension options exercisable by our clients. We calculate our contract drilling services backlog, or future contracted revenue for our fleet, as the contract operating dayrate multiplied by the estimated number of days remaining on the contract, assuming full utilization, and excluding revenue for mobilization, demobilization, contract preparation and customer reimbursables. The amount of actual revenue earned and the actual periods during which such revenue is earned may be different from the amount disclosed or expected due to various factors. Downtime or non compliance with customer requirements, owing to various operating factors, including loss of rigs, scheduled and unscheduled repairs, maintenance, weather, breakdown of equipment, non-supply of materials and equipment, force majeure, and other factors, may result in lower applicable dayrates than the full contractual operating dayrate. In addition, amounts included in our contract drilling services backlog information may change because drilling contracts and associated dayrates may be varied or modified by mutual consent or clients may exercise their termination rights. For contracts granted for drilling a certain number of wells and not on a fixed term, the number of operating days is usually estimated and may not be accurate. As a result, our backlog as of any particular date may not be indicative of our actual operating results for the subsequent periods for which the backlog is calculated. Please see “*Risk Factors - Our operations are subject to a number of operating risks which could have a material adverse effect on our results of operation and business*”.

We are dependent on a small number of key assets and clients operating in part of a single industry. Loss of contracts could materially affect our operations and business.

Our operations are dependent on a limited number of rigs, comprised mainly of jack up rigs. We are dependent on the oil and gas industry to hire jack up rigs, as opposed to other offshore drilling assets, to deliver drilling solutions and to maintain high levels of exploration, development and production activity in shallow water locations, particularly in the deep subsurface drilling projects, where our jack up rigs are able to operate and for which most of them are equipped. As a result, we will only have a limited number of contracts in place for our rigs and our fleet will be contracted out to only a limited number of clients. For example, in the Financial Year 2014, Petrobras contributed approximately 11.97% of our drilling and production services income. In addition, there are a limited number of potential clients and projects available in the markets in which we operate. A default or delay by the client in payment or loss of any single contract or the loss of any single existing client (for example, if any of our major clients terminates its contract or refuses to award new contracts to us) could have a material adverse effect on our results of operations and business.

Our operations are subject to a number of operating risks which could have a material adverse effect on our results of operation and business.

Our operations expose us to the risk of loss of rigs which may be caused due to factors inherent in the oil field services and offshore oil and gas industries such as fires, natural disasters, earthquakes, adverse weather, storms, strong sea currents, explosions, chemical leakages, accidents, encountering unusual or unexpected geological formations with abnormal pressures, geological uncertainties, blowouts, cratering, reservoir damage, loss of production, loss of well control, punch-throughs, pipeline ruptures and spills, loss of or damage to the drilling

unit and other equipment damage or failure, failure to follow procedures and protocols, the competence of our employees as well as those of our sub-contractors and service providers, capsizing, grounding and collisions and/or other damage to subsea facilities caused by trawlers, anchors, our rigs, or other vessels. For example, in May 2010, Aban Pearl our only semi-submersible rig, owned by our Subsidiary, Aban Pearl Pte. Limited, sank in the Venezuelan waters. The occurrence of any of these events mentioned above could have severe consequences, including monetary liabilities, penalties, indemnities, liens, loss of human life or serious injury, significant damage to our, and/or our clients' vessels, assets and equipment, environmental pollution, personal injury and other litigation, suspension of operations, political consequences and damage to our reputation.

In addition, crew members, suppliers of goods and services to a vessel or rig, shippers of cargo and other parties may be entitled to maritime liens against vessels or rigs, including, in some jurisdictions, any associated vessel or rig owned or controlled by the same owner, for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien-holder may enforce its lien by arresting a vessel or rig and commencing foreclosure proceedings, and our business and financial condition may be adversely affected under such circumstances. There are several factors that could contribute to an accident, including, but not limited to, our inability to inspect the equipments/tools provided to us by our clients prior to their use, human errors, weather conditions and faulty constructions.

The occurrence of any such events, as aforementioned, could prevent us from performing our services for significant periods of time or could in certain circumstances result in a termination of the contract. As a result of any such event, we could also be involved in protracted legal disputes, as well as in conflicts with local or regional governmental authorities regarding environmental clean-up, safety standards and other consequential matters. If we are forced to cease any part of our operations, we may suffer a loss of revenue until we can replace and/or repair the relevant equipment or rig.

However, we may not be able to source a suitable replacement rig that is for sale or charter. If we are unable to purchase or charter an existing replacement rig our results of operations and cash flow will be adversely affected. If we decide to place an order with a shipyard for a new rig, this may involve significant delays due to scarcity of shipyard capacity and the time required for construction. Even if a replacement rig is available for us to purchase or charter, it is likely to take a significant amount of time to complete the acquisition or charter, and the resulting interruption to our operations will have an adverse effect on our revenues. The cost of acquiring a replacement rig could exceed our insurance coverage if the current replacement cost stated in our insurance policy is less than the amount required to purchase a replacement at the relevant time. To the extent, we are not protected under our insurance coverage, we may suffer loss or damage, which could have a material impact on our business and results of operation. Please see *“Risk Factors - Our insurance coverage may not adequately protect us against all material hazards”*.

Certain jurisdictions that we operate in are subject to international sanctions which could have an adverse impact our contractual arrangements.

We generate a significant amount of our revenues from operations in countries subject to international sanctions administered by the United Nations, the European Union, Her Majesty's Treasury of the United Kingdom, the Monetary Authority of Singapore Act (Cap 186) or the Office of Foreign Assets Control of the United States Department of Treasury (collectively, **“International Sanctions”**). We charter drilling rigs for use by unaffiliated counterparties in countries under International Sanctions. At present, five of the 18 rigs owned by our Company and our subsidiaries are chartered for use in countries under International Sanctions. The U.S. Iran Sanctions Act (ISA) and U.S. Executive Order 13590 provide the U.S. government with authority, on a purely extraterritorial basis, to investigate our Company and our Subsidiaries in relation to our non-U.S. transactions involving the energy sector of Iran. Should the U.S. government and/or the European Union and/or other states conduct such investigation and determine to retaliate against our Company and our Subsidiaries, the resulting imposition of sanctions by the United States and/or the European Union and/or other states could impair the operations of our Company.

Further there can be no assurance that our business will not be impacted by the application of International Sanctions in the future, particularly if there are changes to, or more stringent application of, the International Sanctions, or if we make changes to our operations. In addition, as a result of our business activities or a change in the scope or application of International Sanctions, our counterparties, including our vendors and suppliers, that are required to comply with such International Sanctions, may seek to terminate or modify our contractual arrangements to impose additional conditions that may be adverse to our operations, or may be precluded from entering into commercial transactions with us on terms favorable to us or at all. Additionally, if by reason of any such International Sanction, we are prohibited from carrying on our operations in the countries under

International Sanction or in the Middle East, the contracts entered into by us, gives us the option to sell our rig to the contractor under the relevant contract. Our lenders may be required to comply with such International Sanctions, which could result in them accelerating the payments due or even terminate the credit facilities. Future changes in International Sanctions may also require us to discontinue existing operations, or prevent us from doing business, in jurisdictions subject to such International Sanctions, which could have a material adverse effect on our financial condition and results of operations, including as a result of disputes arising from the termination of our existing contractual arrangements.

Our Company will not, directly or indirectly use or make available the Net Proceeds for the purpose of financing the activities of, or otherwise for the benefit of, any country, territory, person or entity currently subject to any International Sanctions.

Our insurance coverage may not adequately protect us against all material hazards.

Under our contracts, we are required to obtain certain insurance policies. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, there can be no assurance that our insurance policies will cover all material losses and claims. Additionally, we may not be able to maintain adequate insurance in the future at rates that we consider reasonable or at all.

We maintain insurance coverage that our management deems prudent and customary in our industry and to the extent insurance is available on reasonable terms. We have insurance coverage to protect our employees and to cover a number of operating hazards, including comprehensive hull and machinery insurance, protection and indemnity insurance, directors' and officers' liability insurance, war risk insurance and general liability insurance. However, we do not have insurance against all foreseeable risks, either because insurance is not available or because of the high premium costs. For example, we do not typically avail loss of hire insurance due to the high cost and significant deductibles involved. Further, insurance policies to cover piracy related risks are availed only when a rig passes through a piracy prone zone and not for all the locations where our rigs are deployed. The insurance coverage is calculated based on a range of variable parameters, inter alia, the age of our rigs, prevailing market rates, incidents in the global drilling industry in general and in particular, the sinking of our rig, Aban Pearl, etc. We cannot assure our investors that our insurance premiums will not increase due to incidents affecting us and our industry in general.

Notwithstanding the insurance coverage that we carry, we may not be fully insured against some business risks and the occurrence of an accident that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could materially and adversely affect our financial condition, cash flows and results of operations. If we are subject to litigation or claims or our operations are interrupted for a sustained period, there can be no assurance that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption. If we suffer a large uninsured loss or if any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition, cash flows and results of operations may be adversely affected. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected.

Our Company has pledged shares held by us in one of our Subsidiaries as security in connection with a loan facility availed by our Subsidiary. Additionally, our Subsidiaries have pledged shares held by them in their respective subsidiaries as security in connection with the said facility. In the event of any default, the lenders may exercise the pledge resulting in the dilution of our shareholding in our respective subsidiaries.

Certain of our Subsidiaries have pledged shares held by them in their respective step down subsidiaries to secure their debt facilities.

Further, our Company has also made an application to the RBI seeking its approval for the proposed pledge of shares of all our Subsidiaries in connection with securing certain additional facilities

We cannot assure you that we will receive the approval in a timely manner or at all which may result in an event of default, under the relevant facility documents and lenders may exercise their rights. This could result in the dilution of our shareholding in our respective subsidiaries, which could adversely impact on our business and financial position.

The construction, maintenance, upgrading, repair and refurbishment of our rigs require substantial expenditure which could have a material impact on our financial condition.

Our operations rely on our rigs and the operational equipment installed on each of them. We are required to maintain our rigs to certain standards and to maintain the certification of such rigs. Construction, maintenance, upgrading and repair projects are generally subject to risks of delay or cost overruns resulting from numerous factors including, but not limited to, those set out below:

- shortages, or unscheduled delays in the delivery, of equipment, materials or skilled labour;
- design and engineering problems, including those relating to the commissioning of newly designed equipment;
- work stoppages including those due to industrial action or power shortages;
- unanticipated cost increases;
- weather interferences or storm damage;
- lack of capacity at the shipyards with the appropriate expertise;
- difficulties in obtaining necessary classification society requirements;
- issues with client acceptance for customized upgrading, resulting in additional work being required;
- shipyard insolvency, failure or performance default, or other problems or disputes with our shipbuilders including as a result of force majeure events; and
- local and international political environment.

Dry-docking typically requires major capital expenditure, and there can be no assurance that there will not be cost overruns. We also have to maintain the operational equipment installed on our rigs, and we may have to repair or refurbish our rigs, and acquire additional spare parts and assets, all of which involves substantial expenditure. There can be no assurance that we will be able to finance such expenditure, or that it will not have a materially adverse effect on our results and profitability. In general, expenditures necessary for maintaining a rig in good operating condition increase with the age of the rig, but are difficult to predict. Currently, six of our rigs are relatively older and in order to comply with any changes in governmental regulations and safety or other equipment standards or to perform necessary repairs or modify the relevant rig to meet such regulations, we may need to take our older rigs out of service for longer periods of time or more often than planned. There can be no assurance that our older rigs will not require extensive repairs, which would result in significant expense and extended periods of time during which these rigs would be out of service. Changes in technology may render our current drilling services obsolete and require us to make substantial capital investment which will negatively affect our results of operations and financial condition.

Additionally, our operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues. Operating revenues may fluctuate as a function of changes in day rates. However, costs for operating a rig are generally fixed or only semi-variable regardless of the day rates being earned. In addition, should our rigs incur idle time between contracts, we typically will not reduce the staff on those rigs because we will use the crew to prepare the rig for its next contract. During times of reduced activity, reductions in costs may not be immediate as portions of the crew may be required to prepare rigs for stacking, after which time the crew members are assigned to active rigs or dismissed. In addition, as our rigs are mobilized from one geographic location to another, the labour and other operating and maintenance costs can vary significantly. In general, labour costs increase primarily due to higher salary levels and inflation, while equipment maintenance expenses fluctuate depending upon the type of activity, the unit is performing and the age and condition of the equipment.

A delay in completion of maintenance, upgrading and repair work on our rigs, for any reason whatsoever, during the term of a drilling contract could lead to loss of revenues for such period. Furthermore, delay in

delivery of any rigs being constructed or if the final price of such rigs exceeds the contract price, our results of operations will be adversely affected. There may also be alterations or changes in the rules of classification societies or in any other applicable rules or regulations to which the construction or operation of our rigs is required to conform, that require us to incur additional expenditure and increase the time required to build, upgrade and maintain our rigs. Such an occurrence could have a material adverse effect on our business, results of operations or financial condition.

Our Company has experienced negative cash flows in recent Financial Years and may experience the same in future.

We have had negative cash flows from investing activities and financial activities as per our audited consolidated financial statements. The detail of cash flow is given below:

(₹ in million)

Particulars	Consolidated		
	Financial Year 2014	Financial Year 2013	Financial Year 2012
Net cash from /(used in) Operating Activities	29,916.70	20,229.57	9,703.20
Net cash from /(used in) Investing Activities	(14,248.15)	(9,518.88)	(6,153.95)
Net cash from /(used in) Financing Activities	(15,645.77)	(10,169.31)	(8,164.18)
Net increase in Cash & Cash Equivalents	22.78	541.38	(4,614.93)

There can be no assurance that we will not have negative cash flows in the future. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our construction and growth plans. As a result, our business, financial condition and results of operations could be materially and adversely affected. For further details please see section titled “*Financial Information*” on pages F-1 to F-53 of this Preliminary Placement Document.

Increases in the costs of operating our rigs may exceed estimates upon which contracts are based and this could adversely affect our results of operations and our financial condition.

As most of our drilling contracts with our clients are, or substantially, on a fixed day rate basis, we have a limited ability to adjust rates in response to any increase in the costs of maintenance, repairs, spare parts, salaries, consumables and compliance with any new rules and regulations. Moreover for certain contracts our dayrates are revised in order to secure extension of contracts. Such costs may be unpredictable and fluctuate based on events beyond our control, and any substantial increase in such costs would adversely impact our profitability. The mismatch of potentially increasing costs and fixed day rates is exacerbated by the option given to clients under some drilling contracts to extend such contracts at the day rates applicable during the initial contractual term.

Our actual costs and any gross profit realized on these fixed day rate contracts will often vary from the estimated amounts on which these contracts were originally based. This may occur for various reasons including, amongst other things, errors in estimates or bidding, changes in availability and cost of labour and materials, and lower day rates applying for longer periods than originally estimated. These variations and the risks inherent in our projects may result in reduced profitability or losses on projects. Depending on the size and duration of a project, variations from estimated contract performance could result in a material adverse effect on our results of operations.

Our results of operations may be adversely affected due to our inability to select or negotiate favorable contractual terms.

Although we generally seek longer term contracts for our rigs, market conditions at the time of negotiating contracts for use of our rigs may result in us accepting shorter term contracts. A failure to negotiate favorable terms of the contract, particularly when a market is at its inflection point, could lock us into low returns and have an adverse effect on our profits and results of operations.

In addition, our ability to negotiate contract terms with our clients may be limited. While we seek to follow the International Association of Drilling Contractors (“IADC”) form of drilling contract, the terms and provisions of each of our contracts are individually negotiated with each client on a case-by-case basis and therefore vary significantly, although all of them are day rate drilling contracts. In some instances, we may be required to use

the standard form of drilling contract adopted as a matter of policy by a client, and this further affects our ability to negotiate such contract terms. In certain instances, the contractual terms agreed upon might not be favorable to us including execution of agreements in the jurisdiction of our clients. In most of our drilling contracts, our liability is capped to a fixed amount. However, some of our contracts do not prescribe a financial cap for liability arising out of gross negligence and willful misconduct. This may have considerable impact on our reputation and our inability to enter into agreements on terms favorable to us may adversely affect our results of operations, business and financial condition.

A breach of our contractual obligations may result in our clients terminating our drilling contracts and/or invoking the performance bonds provided by us. Our inability to obtain contracts for our rigs for any significant period may adversely affect our business, results of operations and financial condition.

Certain of our existing drilling contracts are, and some of our future drilling contracts may be, relatively short-term in nature. The initial term of some of our drilling contracts may be extended on one or more occasions, at the discretion of the client. We may not be able to enter or renew our contracts at terms favorable to us. It is also difficult to predict the period that will be required for the completion of work on our drilling contracts. Management of the mobilization of our fleet for optimal use may therefore be difficult, and significant periods may exist between projects during which our rigs are not on hire.

Most of our drilling contracts are subject to early termination by our clients under certain conditions, such as when drilling operations are suspended for an extended period of time due to our default or force majeure, or in case of our failure to commence drilling operations on schedule, the loss or destruction of the rig, breach of any material provision of the drilling contract, our insolvency or winding up or equivalent event and we may not be entitled to any termination compensation under such circumstances. Certain of our contracts also grant our client a discretionary right to terminate the relevant contract at any time upon relatively short notice, subject to payment of termination payments.

In addition, certain of our contracts grant our clients the right to terminate our contracts or otherwise intervene in the performance of our contracts, if they believe that we are not performing our obligations in a satisfactory manner or in accordance with industry standards, and we are not entitled to any termination compensation in such circumstances.

Upon the termination of any of our drilling contracts, there can be no assurance that we will then be able to obtain other drilling contracts for such rig at equivalent or higher rates, or at all. While most of our contracts provide for a demobilization fee, certain contracts do not provide for the same. If we are unable to obtain drilling contracts for any of our rigs for a significant period, or if we are only able to do so at rates lower than previously obtained, our results of operations may be materially and adversely affected.

We have undertaken to the Lead Managers in the Placement Agreement that we will not, among other things, directly or indirectly use or make available the proceeds from the issuance of the Equity Shares in the Issue for the purpose of financing the activities of, or otherwise for the benefit of, any country, territory, person or entity currently subject to any International Sanctions.

Our business is dependent on industry conditions, which may be influenced by several factors beyond our control. These factors may adversely affect our business, financial condition, results of operations and prospects.

Our business is dependent upon the levels of oil and gas exploration, development and production activities within the markets in which we operate. A reduction in exploration, development and production activities, or in the budgeted expenditure of oil and gas companies, will cause a decline in the demand for our rigs and services, which could have a material adverse effect on our financial performance. Global warming may result in clients pursuing alternatives to oil and gas exploration and leaning toward other sources of renewable energy. Furthermore, there can be no assurance that oil and gas companies will be able to obtain the financing necessary to explore, develop or produce new prospects, resulting in reduced demand for our services. The prevailing and projected prices of oil and gas are major factors influencing our clients' activity levels and planned expenditures. In addition to the prices of oil and gas, exploration, development and production activities in the oil and gas industry are influenced by many other factors over which we have no control. Such factors include:

- overall level of global economic growth and activity;
- actual and perceived changes in the supply and demand for oil and gas;

- political instability or armed conflict in oil and gas producing regions, such as the Middle East and Nigeria;
- domestic and foreign governmental policies, regulations and actions, including export restrictions, taxes, repatriations, nationalizations and environmental regulations;
- worldwide economic conditions, in particular, economic conditions of countries such as the U.S. and China which are significant consumers of oil and gas;
- policies of oil and gas producing countries and the ability of members of the Organization of Petroleum Exporting Countries to agree upon and maintain oil prices and production levels;
- merger and divestiture activity among oil and gas producers;
- exploration, development, production and delivery costs of operators;
- levels of oil and gas reserves and discovery rates of new reserves or decline and depletion rates for oil and gas wells;
- advances in exploration, development and production technology;
- the price and availability of alternative fuels;
- the effect of environmental, climate protection measures and energy conservation measures; and
- seasonal or extraordinary weather conditions.

High oil and gas prices make it viable for our clients to continue or increase their planned exploration, development and production spending. However, significant volatility or any prolonged downward trend or in oil and gas prices, or any perception or expectation of the same by our clients, may cause our clients to reduce or defer expenditures on exploration, development and production projects. In addition, sustained high oil and gas prices could be an impediment to general economic growth and may affect the spending decisions of our clients and adversely affect our financial performance.

Our business and financial condition would be materially and adversely affected if we fail to obtain new contracts, which are in most cases, awarded following competitive bidding process.

Most of the contracts entered into by our Company are either with government companies or entities controlled by governments. Contracts are awarded following competitive bidding processes and satisfaction of prescribed pre-qualification criteria. Bids are usually prepared to address two principal areas: technical capability of the most suitable drilling asset and pricing. A potential client will typically draw up a short-list based on the technical capability statements received and then evaluate the pricing terms offered. Further, once the prospective bidders satisfy the pre-qualification requirements of the tender, the project is usually awarded based on the basis of the quote by the prospective bidder. We cannot assure you that our bids, when submitted would be accepted.

Additionally, the government conducted tender processes may be subject to change in qualification criteria, unexpected delays and uncertainties. There can be no assurance that the projects for which we bid will be tendered within a reasonable time, or at all. Further, our operations are subject to restrictions pursuant to financial regulation and anti-corruption legislations, compliance with which may be onerous and may affect our ability to compete with entities which are not so regulated.

The growth of our business and our cash flows mainly depends on our ability to obtain new contracts in the sectors we operate. For instance, as at the date of the Preliminary Placement Document, two of our rigs (FPU Tahara and Aban VII), which are under marketing and one of our rigs (Aban V) which is under marketing pending repair and refurbishment are not subject to contract and therefore are not generating any revenue. Our future results of operations and cash flows can fluctuate materially from period to period depending on our ability to obtain new contracts and the timing of contract awards.

We operate in regions and countries where the geo-political and economic climates may be challenging and where legal and regulatory frameworks may be uncertain, which exposes us to the inherent risks of the regions and the countries in which we operate.

We operate in countries and regions where the geo-political and economic climates may be challenging, or which may be affected by political upheavals, internal strife, civil commotions, epidemics and terrorist attacks. The instability in some regions and countries also leads to uncertain legal and regulatory frameworks. As such, we are exposed to the inherent risks of the regions and countries in which we operate. These may include:

- political and economic instability;
- civil unrest, acts of terrorism, attacks by pirates, kidnapping, war or other armed conflict;
- unexpected or frequent changes in governmental policies, legal and regulatory environments;
- increasingly complex tax laws, the application of which can be uncertain, increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents;
- difficulties, time and costs involved in complying with a wide variety of complex, uncertain and/or conflicting local laws, treaties and regulations which may be interpreted differently by regulators, government entities, courts (national, regional and municipal) and businesses;
- withholding requirements or tariffs;
- legal uncertainties, timing delays and expenses associated with tariffs, obtaining or renewing permits, export or other licenses, and other trade barriers;
- difficulties enforcing agreements and collecting receivables through local legal systems;
- immigration and labour laws and regulations and wage controls that limit our ability to deploy or hire employees;
- seizure, expropriation, nationalization, requisition of property, exchange controls or other limitations on international currency movements, restrictions on vessels calling on the ports of countries in which we or our clients operate, investment restrictions;
- restrictions on repatriation of income or capital;
- sanctions and embargoes imposed by other governments or international bodies that may affect our ability to do business in the affected country;
- volatility in interest rates and foreign currency exchange rates; and
- high inflation.

Economic conditions in the regions we operate can be unstable, and factors such as those listed above may harm or halt economic growth in these regions. A deterioration of the geo-political or economic climate in one or more of our key markets may require us to discontinue our business operations in the affected country or countries. Target clients may temporarily decrease or stop exploration and production and other business activities, resulting in a decline in demand for our rigs and services. Such a decline may increase the risk that our contracts will not be renewed or extended, or be renewed only on less favorable terms, or be breached or terminated. If we are unable to immediately find new deployment for our rigs, our business, financial conditions and results of operations would be adversely affected. Although we are protected to some extent against loss of capital assets from some of these risks through indemnity provisions in our drilling contracts, generally we are not protected against loss of revenue. In addition, not all of our rigs are insured against risk of loss due to perils such as terrorist acts, civil unrest, expropriation, nationalization and acts of war. Even in relation to those rigs which have been insured against terrorist attacks, such an incident could result in a substantial loss of revenue and large policy claims to be handled, and no assurance can be given that our Company will have sufficient insurance coverage in place for any such losses. Please see *“Risk Factors - Our insurance coverage may not adequately protect us against all material hazards”*.

The ongoing civil unrest in Iraq could have a material adverse effect on our business.

The ongoing political and civil unrest in Iraq and international military intervention in the region could have immediate and long term impact on the international crude oil market and our industry. Continuing hostilities in the region may escalate to a war. We currently operate five rigs in the Middle East and such hostilities may pose

significant risk to our rigs. Please see “*Risk Factors - Our insurance coverage may not adequately protect us against all material hazards*”.

Governments of various jurisdictions we operate in, favor or effectively require the awarding of drilling contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may adversely affect our ability to compete in international markets.

Governments in some foreign countries have also become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries. In addition, government action, including initiatives by OPEC, may continue to cause oil or gas price volatility. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil companies and may continue to do so.

Changes in the legislative and fiscal framework governing the activities of the oil companies could also have an impact on exploration and development activity or affect our Company’s operations directly. For instance, we are required to comply with the safety standards formulated by the Oil Industry Safety Directorate (OISD). Additionally, all drilling in the U.S. Gulf of Mexico must comply with the Increased Safety Measures for Energy Development on the Outer Continental Shelf (Drilling Safety Rule) and the Workplace Safety Rule on Safety and Environmental Management Systems (SEMS). We continue to evaluate these new measures to ensure that our rigs and equipment are in full compliance with all applicable laws. As new standards and procedures are being integrated into the existing framework of offshore regulatory programs, we anticipate that there may be increased costs associated with regulatory compliance and delays in obtaining permits for operations.

The success of our business is dependent on our ability to successfully contract for services and lease equipment from third-party providers.

We contract for services and lease equipment from third-party providers. Our operations rely on a significant supply of capital and consumable spare parts and equipment to maintain and repair our fleet. In addition, we sub-contract for management personnel in connection with the operation of our rigs and we lease or sub-contract for the provision of equipment such as drill pipes, cementing units and catering services. Such services and equipment can be scarce and may not be readily available at the times and places required by us. Shortages in materials, delays in the delivery of necessary spare parts, equipment or other materials, or the unavailability of ancillary services, increase in the cost of services provided by third parties, caused mainly due to regional exploration, development and production activities, could negatively impact our future operations and result in increases in rig downtime, and delays in the repair and maintenance of our fleet.

Furthermore, third party service or equipment providers may default in their obligations to us. Any indemnities that we receive from any such third party may be difficult to enforce if such third party lacks adequate resources or is located in a legal jurisdiction where enforcement of court judgments is problematic. This could adversely affect our ability to perform our obligations under our contracts.

Our net profit would be adversely affected if tax benefits or other incentives currently applicable to us are withdrawn or reduced or there are any changes in the taxation laws applicable to us.

We are an Indian company and operate in various jurisdictions around the world through our various Subsidiaries in Singapore, Norway and Mexico. Consequently, we are subject to tax laws, treaties and regulations in and between the countries in which we operate. Our income taxes are based upon the applicable tax laws and tax rates in effect in the countries in which we operate and earn income as well as upon our operating structures in these countries.

ASPL and its Singapore incorporated subsidiaries (together, the “**MSI-AIS Companies**”) have been awarded the status of Maritime Sector Incentive-Approved International Shipping Enterprise **MSI-AIS** by the Maritime and Port Authority of Singapore (the “**MPA**”) with effect from June 2006 for a period of 10 years. The AIS Companies are exempt from income tax levied by the relevant Singapore authorities on qualifying income from owning or operating rigs in international waters. Non-qualifying income is subject to tax at the current corporate rate of 17%. Without this exemption, we would be taxed on our net taxable profit at the current applicable rate in Singapore of 17%. It is possible that our inability to comply with the conditions, subject to which the tax exemption is granted, could result in higher tax charges and this would increase our costs of operations significantly and could have an adverse impact on our financial condition. In addition, in the event that the tax

exemption is not renewed upon expiry, we will be taxed going forward at the then prevailing tax rate, unless the AIS incentive period is extended.

Our Subsidiaries incorporated in Norway are tax resident in Norway, which has certain anti-tax-deferral rules under its controlled foreign company (NOKUS) legislation for foreign companies that operate in low-tax jurisdictions and are controlled by Norwegian interests. For further information relating to the NOKUS legislation and other Norwegian tax issues, please see section titled “*Management's Discussion and Analysis of Financial Condition and Results of Operations - Provision for Taxation*” on 72. We believe that our Singapore rig-owning Subsidiaries which are held through our Norwegian Subsidiaries and which are enjoying Singapore tax incentives should not be subject to NOKUS taxation so long as they can prove on a yearly basis that they are earning active income from their time charter contracts. However, if there are adverse changes to applicable Norwegian laws, our results of operations may be adversely affected.

The tax authorities of the countries in which we operate could impose additional tax, interest and penalties, which could be material and the applicable tax rates, may vary significantly from country to country. We cannot assure you that the actual amount of our consolidated tax liability will not differ from these estimates, in which case our provision for income taxes could be materially impacted.

Redemption of the non-convertible cumulative redeemable preference shares will result in the reduction of our surplus and reserves and have a material impact on our net worth.

We have issued non-convertible cumulative redeemable preference shares aggregating ₹ 2,810.00 million to several banks and certain individuals. In the Financial Years 2012 and 2013 we sought approval from our preference shareholders to defer the time period for redemption of the preference shares for a period of three years and to revise the coupon rates varying from 8%, 9% and 9.25% to 10%. These preference shareholders have granted approval for the deferment of redemption date and revision of the coupon rate. We cannot assure you that we will not defer the time period for the redemption of our preference shares in the future. Redemption of such shares could result in the reduction of our surplus and reserves and have a material impact on our net worth. The table below is indicative of the redemption schedule.

Financial Year	Date of Maturity	Amount (₹ in million)
2014 – 2015	29.12.2014	550
	28.02.2015	400
	30.03.2015	610
2015 – 2016	16.06.2015	450
2016 – 2017	16.06.2016	600
	03.08.2016	200
Total		2,810

The global supply of rigs may increase sufficiently to reduce demand for our rigs and changes in technology may render our current drilling services obsolete or require us to make substantial capital investment which will negatively affect our results of operations.

Demand for our rigs and services may be subject to fluctuations as a result of industry conditions, with periods of high demand, short supply of rigs and high rates, potentially being followed by periods of low demand, excess supply of rigs and low rates. As a result of high oil prices and significant exploration and development activities in recent years, there are currently a significant number of high-specification rigs under contract for construction, as well as other offshore drilling assets that are being re-activated or upgraded to enhance their operating capability. The entry into service of these new rigs and upgraded or re-activated assets will gradually increase supply and, globally or in regional affected markets, this could curtail any further increases in day rates, reduce day rates, and/or result in lower utilization rates. Lower utilization and day rates in any of the regions in which we operate would adversely affect our revenues and profitability. The construction of a new rig involves a significant period of time, and changing industry conditions during such time may result in us being unable to achieve the anticipated returns of investment in a new rig. Alternatively, periods of low demand intensify the competition in the industry. In a situation of rig over-supply, it is likely that newer and higher specification rigs will be hired before older and lower specification rigs. Currently, six of our jack up rigs are significantly older and have lower technical specifications than the comparatively new nine jack up rigs in our fleet with higher technical capabilities. In addition, during depressed market conditions, clients may no longer require our rigs,

may be able to obtain comparable rigs at lower rates, or elect not to exercise any applicable extension options, seek to re-negotiate contract terms or avoid their obligations. Our ability to renew our contracts or obtain new contracts, and the terms of any such contracts, will depend on market conditions at that time. If demand for our rigs declines, this will have an adverse effect on our rig utilization and day rates, and our results of operations.

In the event that there are any changes in the technological standards of the rigs, equipment and the machinery used by us, including based on the requirements of the business, the drilling services equipment and processes that we currently use may become obsolete or less efficient compared to more advanced technology equipment and processes that may be developed in the future. The cost of upgrading our rigs or drilling equipment or implementation of such advanced technology processes could be significant and could adversely affect our results of operations and financial position.

We are subject to extensive health, safety and the environment (“HSE”) laws and regulations, and potentially substantial liability, that could require significant expenditures and adversely affect our business, results of operations and financial condition.

Our operations and rigs are affected by numerous international and national laws and regulations concerning matters of HSE including, but not limited to, those relating to the health and safety of employees, discharges of hazardous substances into the environment, the removal and clean-up of environmental contamination, the handling and disposal of waste. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with, and this trend is likely to continue. Any failure to comply with these HSE laws and regulations may result in the cancellation or termination of our present drilling contracts, new contracts not being awarded to us or administrative, civil and criminal penalties, the imposition of remedial obligations and the issuance of injunctions that may limit or prohibit our operations. A failure to maintain health, safety and environmental standards could also result in injuries, death, damage to the environment, liability, or damage to our reputation which could make it more difficult for us to recruit and retain skilled personnel.

Additionally, our clients are also subject to HSE laws and regulations, and any material failure by them to comply with applicable HSE requirements could adversely affect their operations and result in a decrease in demand for our services or in our contracts with our clients being terminated.

Certain HSE laws provide for strict, joint and several liability without regard to negligence or fault for natural resource damages, health and safety, remediation, and clean-up costs of spills and other releases of hazardous substances, and such laws may impose liability for personal injury or property damage as a result of exposure to hazardous substances. Such HSE laws and regulations may expose us to liability for the conduct of others or for acts that complied with all applicable HSE laws when they were performed. The enactment of new HSE laws or regulations, or stricter enforcement or new interpretations of existing HSE laws or regulations, could impair demand for our services and/or have a significant impact on our operating costs and require further expenditure to modify operations, install pollution control equipment, perform clean-up operations, curtail or cease certain operations, or pay fines or make other payments for pollution, discharges or other breaches of HSE requirements. There can be no assurance that we will be able to comply with such HSE laws in the future. The failure to comply with such HSE laws or regulations could result in substantial costs and/or liabilities to third parties or government entities. Additionally, the indemnity and limitation of liability provided for under our contracts could be superseded by applicable law. All such liabilities could result in a material adverse effect on our business, financial condition, results of operations and prospects. For further details regarding the different liabilities under our contracts, please see section titled “*Business - Drilling Contracts*” on page 98.

The success of our business is dependant on our ability to employ and retain skilled employees.

The success of our business is dependant on our ability to employ and retain personnel with specialized skills and technical knowledge, such as engineers, rig and operations managers, and sales and service staff. Skilled employees with appropriate experience in the offshore oilfield services industry are scarce and the employment market for such personnel is very competitive. Over the last few years, competition for the labour required for drilling operations, including for turnkey drilling and drilling management services businesses and construction projects, intensified as the number of rigs activated or under construction increased, leading to shortages of qualified personnel in the industry and creating upward pressure on wages and higher turnover. We may experience a reduction in the experience level of our personnel as a result of any increased turnover, which could lead to higher downtime and more operating incidents, which in turn could decrease revenues and increase costs. Competition has resulted in inflationary pressure on hiring, training and retention costs for such personnel. Companies in the oilfield services industry typically offer attractive compensation packages to attract

and retain qualified personnel. The financial resources required to continue to attract and retain such personnel may adversely affect our operating margins. In response to these historical labor market conditions, we increased efforts in our recruitment, training, development and retention programs as required to meet our anticipated personnel needs. If we are unable to continue to attract and retain skilled employees in the future and/or we are subject to labor laws and regulations in a particular country which restrict our skilled personnel from working in such country, there may be an interruption or delay to our operations and may have an adverse effect on our business.

The success of our business also depends to a large extent on the services of many of our experienced and skilled middle and senior management, such as heads of operations, project and rig managers and area managers. Any loss of middle and senior management personnel without timely and suitable replacements may have a material adverse effect on our business and results of operations. In addition, there can be no assurance that key middle and senior management personnel will not join our competitors and use their expertise and knowledge of our operations to help other businesses compete more effectively against us.

We are involved in certain legal and regulatory proceedings that, if determined against us, could have a material adverse impact.

We are party to various legal proceedings in connection with our business and operations, which are pending at different levels of adjudication before various Indian and international courts and tribunals, including certain material proceedings relating to the sale of wind turbine generators used in our wind energy generation business, as well as claims brought against us in connection with certain damage allegedly caused by our FPU Tahara. Additionally, a petition has been filed before the High Court of Madras for our winding up. For further information relating to material legal proceedings that we are involved in, please see section titled “*Legal Proceedings*” on page 162.

Should any new developments arise, such as a change in the applicable law against us by the appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. We cannot assure you that these legal proceedings will be decided in our favor. Further, we may also not be able to quantify all the claims against us. Any adverse decision may affect our business and results of operations. There can be no assurance that further substantial litigation will not be brought against us in the future. Failure to successfully defend these or other claims or if our current provisions prove to be inadequate to meet the legal claims, our business and results of operations could be adversely affected.

Our contingent liabilities could adversely affect our results of operations, cash flows and financial condition.

As of the Financial Year 2014, we had the following contingent liabilities (please see section titled “*Financial Information*” on pages F-1 to F-53:

Particulars	Financial Year 2014 (₹ in million)
Guarantees given by banks on behalf of our Company.	1,893.91
Corporate guarantees given by our Company to banks on behalf of Subsidiaries of our wholly owned foreign Subsidiary.	20,696.93

If any of aforementioned contingent liabilities materialize, our profitability and cash flows may be adversely affected.

Additionally, there are certain tax claims against our Company raised by the Deputy Commissioner of Income Tax, Chennai, India for the assessment year 2009 and 2010 and by the Additional Commissioner of Income Tax, Chennai, India for the assessment year 2008 and 2009, which are currently pending before the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal respectively. The total demand made by the Deputy Commissioner of Income Tax and the Additional Commissioner of Income Tax amounts to ₹ 757.51 million. In the event of any adverse order, our business, results of operations, cash flows and financial condition may be adversely affected.

Our Company’s balance sheet may not accurately reflect our financial position owing to exchange rate fluctuations.

While substantially all of our revenues and a significant portion of our expenses, including crew wages are in U.S. Dollars, our financial statements are reported in Indian rupees. In addition, more than 95% portions of our

financial indebtedness are denominated in U.S. Dollars. We are therefore exposed to fluctuations in the exchange rate between the currencies, which may result in our financial statements reflecting foreign exchange fluctuations and not accurately reflecting our financial position.

We currently do not own the trade mark “Aban”.

The “Aban” trademark is registered with the Registrar of Trademarks in India under Classes 37, 40 and 42 in the name of Aban Investments Private Limited, an entity owned and controlled by our Promoter. The trademark has been licensed to our Company for use on a non-exclusive, non-assignable basis in India in relation to offshore drilling (Class 37) and energy production (Class 40) services until August 2016, subject to any further extension of such agreement. ASPL has also been licensed to use the trademark in Singapore until August 2016, subject to any further extension of such agreement, in relation to offshore drilling (under Class 37) on a non-exclusive and non-assignable basis. Any termination of such licenses to use the “Aban” trademark or any inability to otherwise use this trademark in connection with our business may adversely affect our business, reputation, goodwill, financial condition and results of operations.

The members of our Promoter Group have pledged certain Equity Shares of our Company as security in connection with their financing agreements. In the event of any default by such members of our Promoter Group in their repayment obligations under such financing agreements, the lenders may exercise the pledge resulting in dilution of the Promoter Groups' shareholding.

As of March 31, 2014, 14.24% of our share capital amounting to 6,193,500 Equity Shares, held by members of our Promoter Group was pledged with financial institutions in connection with loans availed by the members of the Promoter Group. In the event that such members are unable to repay the loans in a timely manner or in the event of a default under the terms of such loan agreements, the financial institutions may exercise the pledge and take control of the Equity Shares, which will result in a dilution of our Promoter Groups' shareholding in our Company. A sale of Equity Shares by such financial institutions in the open market may also result in the Promoter Group losing control of our Company, affect the price of our Equity Shares and a breach of certain covenants under our financing arrangements.

Our Promoter and members of our Promoter Group have significant influence over our operations, which will enable them to influence the outcome of matters submitted to shareholders for approval.

As of March 31, 2014, our Promoter together with members of the Promoter Group beneficially owned approximately 54.02% of our share capital. Please see section titled “Principal Shareholders” on page 121. The Promoter Group may be in a position to influence decisions relating to our business and the outcome of matters submitted to shareholders for approval. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for so long as the Promoter Group continues to exercise significant control over our Company, it may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders. The Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which we, our bondholders or our shareholders do not agree.

Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals and other certifications required to operate our business may have a material adverse effect on the results of our operation and business.

We require certain statutory and regulatory permits and approvals for our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in our assets remaining idle and consequently, affecting our ability to obtain new contracts. This could have a material adverse effect on our business, financial condition and results of operations.

Additionally, we are contractually bound to obtain certain certification of our rigs. We have in the past obtained classification certificates from reputed classifications societies, such as American Bureau of Shipping, Sing Class International, Bureau Veritas etc., and certificate of registry from the flag state. Such certifications are subject to periodic review. There can be no assurance that the relevant authorities/classification societies will renew the classification for our rigs. Failure by us to obtain such renewal may result in the interruption of our

operations and may have a material adverse effect on our business, financial condition and results of operations.

Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Indian GAAP contained in this Preliminary Placement Document.

Our financial statements, including the audited consolidated financial statements included elsewhere in this Preliminary Placement Document are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Preliminary Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Indian GAAP. We have made no attempt to quantify the effect of any of those differences. Accordingly, the degree to which the Indian GAAP financial statements included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. There could also be implementation of certain regulatory changes which are currently being proposed by the Government which include among others the direct tax code. In making an investment decision, investors must rely upon their own examination of us, the terms of this Issue and the financial information contained in this Preliminary Placement Document.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of Indian Accounting Standard (“**Ind AS**”) which are largely converged with, the International Financial Reporting Standards, or IFRS, pursuant to which all public companies in India, such as us, will be required to prepare their annual and interim financial statements under Ind AS beginning with financial year period commencing April 1, 2016. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially different under Ind AS than under Indian GAAP. As we transition to Ind AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of Ind AS experienced accounting personnel available as more Indian companies begin to prepare Ind AS financial statements. There can be no assurance that our adoption of Ind AS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt Ind AS by April 1, 2016 could have a material adverse effect on our stock price.

Our ability to pay dividends will depend upon our cash flow from Subsidiaries, future earnings, financial condition, working capital requirements, capital expenditure and lender consents and there can be no assurance that we will be able to pay dividends in the future.

Most of our operations are conducted through our Subsidiaries, which are separate and distinct legal entities. As a result, our cash flow depends upon the revenues of our Subsidiaries. We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, working capital requirements and capital expenditure. In addition, any dividend payments we make are subject to the prior consent of our lenders pursuant to the terms of the agreements we have with them. The ability of our Subsidiaries to provide us with funds is limited by other obligations, such as the terms and conditions of certain current indebtedness which restricts the ability of some of our Subsidiaries to distribute earnings to us through dividends. These factors will therefore limit our Subsidiaries' ability to make dividend payments to our Company and, in turn, our Company's ability to make dividend payments to its shareholders.

We may not be able to sustain our wind energy business and it may not be as profitable as anticipated.

We have invested in wind energy generation since 1994, when we set up a wind farm in the Radhapuram, Pazarhoor and Kavalkinaru districts in Southern India. As of May 31, 2014, our wind energy business has a maximum electricity production capacity of 70.08 MW. While we expect to derive certain benefits from our wind energy business, our growth and success in this sector will depend on, among other things, our assessment of the potential markets and our ability to attract new customers. If market conditions change, if operations do not generate sufficient cash flows or for any other reasons, we may decide to forego our wind energy business.

The financial statements of one of our joint ventures have not been audited.

The financial statements of one of our joint ventures for the Financial Years 2012, 2013 and 2014 are based on

management estimate and are unaudited and therefore our consolidated financial statements for the aforementioned period may not be a true and correct representation of the actual financial condition of our Company.

The Companies Act, 2013 has effected significant changes to the existing Indian company law framework and SEBI has introduced changes to the listing agreement, which are effective from October 1, 2014, which may subject us to higher compliance requirements and increase our compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offer document, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors, insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing and restriction in granting stock option to independent directors. We may also need to spend, in each financial year, at least 2.0% of our average net profits during the three immediately preceding financial years towards corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

The Companies Act, 2013 has introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. For instance, we have, in the past, granted stock options to our Independent Directors and the options continue to be held by them. There is lack of clarity on the interpretation of these provisions and its impact on the constitution of our Board. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations issued by SEBI). Recently, SEBI issued revised corporate governance guidelines which are effective from October 1, 2014. Pursuant to the revised guidelines, we will be required to, inter alia, appoint at least one woman director on our Board, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 or the revised SEBI corporate governance norms, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations. We had in the past delayed in filing certain statutory forms with and obtaining the approval of, the Registrar of Companies as mandated under the Companies Act, 1956, for which we had filed a petition for condonation of delay and an application for compounding of offence. We cannot assure you that all statutory filings shall be carried out by us in a timely manner. For further details, please see section titled “*Legal Proceedings*” on page 162. We have been listed in the website of the Ministry of Corporate Affairs as a plantation company. While we have submitted an application to the RoC for rectification of the same, we cannot assure you that the same will be rectified in a timely manner.

Risks Related to Investments in an Indian Company

Regional conflicts in Asia and other regions could adversely affect the Indian economy and cause our business to suffer.

The Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including between India and Pakistan. Since May 1999, military confrontations between India and Pakistan have repeatedly occurred in Kashmir. Also, in 2003 and 2004, there have been military hostilities and civil unrest in Iraq and there is continuing instability in Afghanistan. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares, and on our business and results of operations.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and could have a material adverse effect on our business, financial condition and results of operations and the trading price of our Equity Shares could decrease.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets in which our Equity Shares will trade on and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. India has experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our business may be adversely affected. The Asian region has from time to time experienced instances of civil unrest and hostilities. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, such as the attacks in Mumbai in November 2008, as well as other acts of violence or war could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

Investors may have difficulty enforcing judgments against us or our management.

The enforcement by investors of civil liabilities, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be affected adversely by the fact that we are incorporated under the laws of the Republic of India and most of our executive officers and directors reside in India. Our assets are primarily located in India, Singapore and Norway and the various jurisdictions in which our rigs are based, and assets of our executive officers and directors are primarily located in India. As a result, it may be difficult to effect service of process upon us and any of these persons outside of India, Singapore, Norway or the jurisdictions in which our rigs are based, or to enforce in courts outside of India and such other jurisdictions, as the case may be, judgments obtained against us and these persons.

Section 44A of the Indian Code of Civil Procedure, 1908, as amended, provides that where a foreign judgment has been rendered by a court in any country or territory outside India, which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. The United Kingdom has been declared by the GoI to be a reciprocating territory for the purposes of Section 44A. However, the United States has not been declared by the Government to be a reciprocating territory for the purposes of Section 44A. A judgment of a court in the United States may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Indian Code of Civil Procedure, 1908, and not by proceedings in execution.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Generally, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered.

Political instability or changes in the Government in India could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally and our business in particular.

Our business, and the market price and liquidity of the Equity Shares, are directly affected by the Indian economy, which in turn may be affected by foreign exchange rates and controls, interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. Since 1996, the Government has changed seven times. The outgoing Government, formed in May 2009, had announced policies and taken initiatives that support the continued economic liberalization policies that have been pursued by previous governments. We cannot assure you that these liberalization policies will continue under the current Government. The rate of economic liberalization could change, and specific laws and policies affecting our industry, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any change in India's economic liberalization and deregulation policies could

adversely affect business and economic conditions in India generally and our business in particular.

There may be less company information available in the securities market of India than securities markets in more developed countries.

There may be differences between the level of regulation and monitoring of the securities market of India and the activities of investors, brokers and other participants and that of the markets in the United States and other more developed countries. SEBI is responsible for approving and improving disclosure and other regulatory standards for the securities market of India. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed countries.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

The Companies Act and related regulations, our Company's Articles of Association and the Equity Listing Agreements govern the corporate affairs of our Company. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder than as a shareholder of a corporation in another jurisdiction.

Any down-grading of India's debt rating by an international rating agency could have a negative impact on our business and the price of the Equity Shares.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the price of the Equity Shares.

A third party could be prevented from acquiring control of us because of the takeover regulations under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control over our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of us. For more information, please see section titled "*The Securities Market of India - Takeover Regulations*" on page 148.

Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

Trade deficits could have a negative effect on our business and the trading price of the Equity Shares.

India's trade relationships with other countries can influence Indian economic conditions. If India's trade deficits increase or become unmanageable, the Indian economy, and consequently our business, future financial performance and the trading price of the Equity Shares could be adversely affected.

Risks Relating to Investment in our Equity Shares

The price of the Equity Shares has historically fluctuated and may continue to fluctuate, which may make future prices of the Equity Shares difficult to predict.

The price of the Equity Shares, like that of other offshore drilling companies, can be volatile. Some of the factors that could affect our share price are:

- speculation in the press or investment community about, or actual changes in, our business, strategic position, market share, organizational structure, operations, financial condition, financial reporting and results, value or liquidity of our investments, exposure to market volatility, prospects, business combination or investment transactions, or executive team;
- the announcement of new drilling projects, comparative services or acquisitions by us or our competitors;
- quarterly increases or decreases in revenue, gross margin, earnings or cash flow from operations, changes in estimates by the investment community or guidance provided by us, and variations between actual and estimated financial results; and
- announcements of actual and anticipated financial results by our competitors and other companies in the offshore drilling industry.

General or industry-specific market conditions or stock market performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance also may affect the price of our Equity Shares. In particular, the stock market as a whole recently has experienced extreme price and volume fluctuations that have affected the market price of many offshore drilling companies in ways that may have been unrelated to those companies' operating performance. For these reasons, investors should not rely on recent trends to predict future share prices, financial condition, results of operations or cash flows.

Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax, or STT, has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of our Equity Shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of our Equity Shares. However, capital gains on the sale of our Equity Shares purchased in the Issue by residents of certain countries will not be taxable in India by virtue of the provisions contained in the taxation treaties between India and such countries.

There are restrictions on daily movements in the trading price of our Equity Shares, which may adversely affect a shareholder's ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.

Our Equity Shares are subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond certain volatility in the trading price of our Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historical volatility in the price and trading volume of our Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker, and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the trading price of our Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

An active market for our Equity Shares may not be sustained, which may cause the price of our Equity Shares to fall.

While our Equity Shares have been traded on the BSE and the MSE since 1988, and on the NSE since 1995, there can be no assurance regarding the continuity of the existing active or liquid market for our Equity Shares, the ability of investors to sell their Equity Shares or the prices at which investors may be able to sell their Equity Shares. In addition, the market for debt and equity securities in emerging markets has been subject to disruptions that have caused volatility in the prices of securities similar to our Equity Shares. There can be no assurance that the market for the Equity Shares offered hereunder will not be subject to similar disruption. Any disruption in these markets may have an adverse effect on the market price of our Equity Shares.

The market value of an investor's investment may fluctuate due to the volatility of the securities market of India.

The securities market of India is smaller and may be more volatile than the securities markets in other more developed jurisdictions. The Stock Exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges in India, in line with global developments, have witnessed substantial volatility in the recent past. The Stock Exchanges have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. In addition, the governing bodies of the Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies, and the Stock Exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

Any further issue of Equity Shares by our Company or significant sales of Equity Shares by our major shareholders may dilute investor's shareholding and affect the trading price of the Equity Shares.

Any future equity offerings by our Company may lead to the dilution of investor shareholding in our Company or affect the market price of the Equity Shares. Additionally, sales of a large number of the Equity Shares by our Company's principal shareholders could adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances might occur could also affect the market price of the Equity Shares. There can be no assurance that our Company will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on recognized Indian stock exchange for a period of 12 months from the date of the Issue of Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of Equity Shares in the Issue, investors subscribing to Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off-market trading in respect of these Equity Shares. There can be no assurance that these restrictions will not have an impact on the price or liquidity of the Equity Shares.

Because our Equity Shares are quoted in Indian Rupees in India, investors may be subject to potential losses arising out of exchange rate risk on the Indian Rupee and risks associated with the conversion of Indian Rupee proceeds into foreign currency.

Investors are subject to currency fluctuation risk and convertibility risk since the Equity Shares are quoted in Indian Rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be paid in Indian Rupees. In addition, investors that seek to sell Equity Shares will have to obtain approval from RBI, unless the sale is made on one of the Stock Exchanges or in connection with an offer made under regulations regarding takeovers. The volatility of the Indian Rupee against the U.S. Dollar and other currencies subjects investors who convert funds into Indian Rupees to purchase our Equity Shares to currency fluctuation risks.

There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after the Equity Shares offered in the Issue have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in

listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The regulation and monitoring of the securities market of India and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The Stock Exchanges have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the Stock Exchanges could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

MARKET PRICE INFORMATION

Our Company's Equity Shares are listed on the BSE, NSE and MSE. Our Company's Equity Shares were first listed on the BSE on August 29, 1988, the NSE on March 29, 1995 and the MSE on August 12, 1988. As at the date of this Preliminary Placement Document, 43,500,000 Equity Shares are issued and outstanding. No transactions in Equity Shares of our Company have taken place on the MSE since January 1, 2009.

On June 27, 2014, the closing price of the Equity Shares on the BSE and the NSE was ₹ 752.05 ₹ 760.90 per Equity Share, respectively. Since the Equity Shares are actively traded on the Stock Exchanges, the market price and other information for each of the BSE and the NSE has been given separately.

- (i) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for Financial Years 2012, 2013 and 2014:

BSE									
Financial Year	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total volume of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total volume of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)
2012	702.15	April 7, 2011	573,611	397.45	327.40	December 20, 2011	112,260	36.91	466.78
2013	482.75	October 4, 2012	448,541	214.03	257.30	March 25, 2013	57,875	15.18	382.93
2014	532.50	March 31, 2014	1,357,670	707.14	209.65	September 3, 2013	45,053	9.63	319.45

NSE									
Financial Year	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total volume of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total volume of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)
2012	701.95	April 7, 2011	1,740,263	1205.22	327.80	December 20, 2011	790,661	259.46	466.99
2013	483.30	October 4, 2012	1,505,533	719.05	258.00	March 25, 2013	193,600	50.84	383.00
2014	531.85	March 31, 2014	4,631,436	2,414.54	209.95	September 3, 2013	153,643	32.87	319.48

(Source: www.bseindia.com and www.nseindia.com)

Notes:

- 1) Average price is based on average of the daily closing prices for the period.
 - 2) High and low prices are based on the daily closing prices.
- (ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months:

BSE									
Month year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total volume of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total volume of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)
Dec 2013	391.55	December 30, 2013	708,848	279.44	335.40	December 16, 2013	176,533	59.96	359.24
Jan 2014	449.05	January 31, 2014	1,852,107	785.83	368.75	January 3, 2014	272,176	100.11	407.71
Feb 2014	522.90	February 5, 2014	1,952,170	1,018.40	478.20	February 3, 2014	1,964,209	952.58	505.84
Mar 2014	532.50	March 31, 2014	1,357,670	707.14	463.40	March 20, 2014	202,741	95.21	494.08
Apr 2014	557.40	April 9, 2014	400,743	224.05	506.75	April 29, 2014	268,486	137.87	528.33
May 2014	713.70	May 28, 2014	1,389,281	988.78	496.65	May 9, 2014	244,392	121.71	591.09

NSE									
Month year	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total volume of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total volume of Equity Shares on date of low (₹ in million)	Average price for the month (₹)
Dec 2013	391.35	December 30, 2013	2,552,518	1,006.33	334.95	December 16, 2013	573,867	194.99	359.22
Jan 2014	448.70	January 31, 2014	6,257,193	2,661.36	368.55	January 3, 2014	1,003,956	368.79	407.92
Feb 2014	524.30	February 5, 2014	6,600,833	3,444.76	478.40	February 3, 2014	7,886,233	3,828.14	505.84
Mar 2014	531.85	March 31, 2014	4,631,436	2,414.54	462.30	March 20, 2014	710,315	332.66	493.98
Apr 2014	557.95	April 9, 2014	1,577,815	881.48	507.00	April 29, 2014	819,054	420.39	528.46
May 2014	714.55	May 28, 2014	5,001,145	3,560.57	497.55	May 8, 2014	591,457	298.05	591.47

(Source: www.bseindia.com and www.nseindia.com)

Notes:

- 1) Average price is based on average of the daily closing prices for the period.
- 2) High and low prices are based on the daily closing prices.
- (iii) The following table set forth the details of the number of Equity Shares traded and the turnover during the last six months and the Financial Years 2012, 2013 and 2014 on the Stock Exchanges:

Period	Number of Equity Shares traded		Turnover (In ₹ in million)	
	BSE	NSE	BSE	NSE
Financial Year 2012	48,971,677	217,921,734	23,786.97	103,633.97
Financial Year 2013	32,121,157	135,097,302	12,777.54	53,812.59
Financial Year 2014	71,566,144	238,910,144	28,297.21	94,797.03
May 2014	8,447,416	27,865,093	3,100.02	10,256.95
April 2014	12,618,372	41,309,771	5,254.05	17,215.81
March 2014	15,343,285	54,368,035	7,811.61	27,670.09
February 2014	8,632,113	27,347,679	4,320.63	13,703.42
January 2014	6,362,532	23,997,612	3,423.53	12,931.96
December 2013	12,113,926	43,290,790	7,649.90	27,294.53

(Source: www.bseindia.com and www.nseindia.com)

The following table sets forth the market price on the Stock Exchanges on May 29, 2013, the first working day following the approval of the Board of Directors for the Issue:

BSE						NSE					
Open	High	Low	Close	Number of Equity Shares traded	Volume (₹ in million)	Open	High	Low	Close	Number of Equity Shares traded	Volume (₹ in million)
310.40	318.75	309.50	312.70	107,712	33.84	312.00	318.70	308.90	312.55	355,168	111.46

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from the Issue will be ₹ [●] million. After deducting the Issue expenses of approximately ₹ [●] million, the net proceeds of the Issue will be approximately ₹ [●] million (the “**Net Proceeds**”).

Subject to compliance with applicable laws and regulations, our Company intends to use the Net Proceeds for whether directly, or by way of investment into, or by way of a loan to, our overseas Subsidiaries, towards repayment of debt obligations including our Bonds or towards capital expenditure or working capital requirements or general corporate purposes.

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends to temporarily invest the funds in bank deposits, liquid funds or other instruments as approved by the Board in accordance with the investment policy.

Our Company will not, directly or indirectly use or make available the Net Proceeds for the purpose of financing the activities of, or otherwise for the benefit of, any country, territory, person or entity currently subject to any International Sanctions.

Our Promoters or Directors are not making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALIZATION STATEMENT

The following table sets forth our Company's capitalisation and total debt as of March 31, 2014 on a consolidated basis and as adjusted to give effect to the Issue pursuant to this Preliminary Placement Document.

This capitalization table derived from the audited consolidated financial statements, should be read in conjunction with the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page number 64 and financial statements and related schedules and notes included in "Financial Information" on F-1 and F-53 in this Preliminary Placement Document.

(₹ in million)

	As of March 31, 2014	As adjusted for the Issue
Debt Funds		
Short term debt: (A)		
Secured	3,295.84	[•]
Unsecured	600.20	[•]
Long term debt: (B)		
Secured	110,508.32	[•]
Unsecured	-	[•]
Current Maturities of Long Term Debt	31,204.45	[•]
Total debt C = (A+B)	145,608.81	[•]
Shareholders' funds:		
Share capital (Equity share capital)*	87.04	[•]
Share capital (preference shares)	2,810.00	
Money received against share warrants	391.00	[•]
Securities premium	8,854.42	[•]
Capital redemption reserve	2,270.00	
General Reserve	1,479.72	[•]
Capital Reserve	0.03	[•]
Investment Allowance Reserve	52.40	
Translation Reserve	10,505.79	
Surplus in statement of profit and loss	15,211.86	[•]
Total funds (excluding loan funds)	41,662.26	[•]
Total capitalization – (C+D)	187,271.07	[•]

*includes 0.0134 million equity shares forfeited amounting to ₹ 0.01 million (partly paid up of ₹1 each)

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Preliminary Placement Document is set forth below:

(₹ in million, except share data)

	Aggregate value at face value
A AUTHORIZED SHARE CAPITAL	
2,500,000,000 Equity Shares of ₹ 2.00 each	5,000.00
1,000,000,000 Cumulative Non Convertible Redeemable Preference Shares of ₹ 10.00 each	10,000.00
B ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE	
43,516,515 Equity Shares of ₹ 2.00 each*	87.04
Preference Shares:	
60,000,000 (March 31, 2013: 60,000,000 at 10%) 10% non-convertible cumulative redeemable preference shares of ₹ 10.00 each	600.00
45,000,000 (March 31, 2013: 45,000,000 at 10%) 10% non-convertible cumulative redeemable preference shares of ₹ 10.00 each	450.00
61,000,000 (March 31, 2013: 61,000,000 at 10%) 10% non-convertible cumulative redeemable preference shares of ₹ 10.00 each	610.00
95,000,000 (March 31, 2013: 95,000,000 at 10%) 10% non-convertible cumulative redeemable preference shares of ₹ 10.00 each	950.00
20,000,000 (March 31, 2013: 20,000,000 at 10%) 10% non-convertible cumulative redeemable preference shares of ₹ 10.00 each	200.00
Total	2,810.00
C PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT	
[•]	[•]
D PAID-UP CAPITAL AFTER THE ISSUE	
[•]	[•]
E SECURITIES PREMIUM ACCOUNT	
Before the Issue	8,854.42
After the Issue	[•]

*which includes 0.01 million Equity Shares forfeited at ₹ 1 each amounting to ₹ 0.01 million

Terms/ rights attached to equity shares

Our Company has only one class of equity shares having a face value of ₹ 2.00 per share. Each holder of equity shares is entitled to one vote per share. Our Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the Financial Year 2014, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 3.60.

Some of the Significant Terms of Non convertible Cumulative Redeemable Preference Shares

S. No.	Terms and Conditions the Preferences Shares	Details
1.	Payment of Dividend	Dividend payments will be made by way of dividend warrants(s)/cheque(s) which will be delivered to the preference shareholders either by hand delivery or by registered post. The dividend will be payable to the registered preference shareholders and in case of joint holders, to the one whose name stands first in the list of beneficial owners given by the

S. No.	Terms and Conditions the Preferences Shares	Details
		depository.
2.	Modification of Rights	The rights, privileges, terms and conditions attached to all preference shares may be varied, modified or abrogated with the consent, in writing, of those holders of the Preference Shares who hold at least three-fourths of the outstanding amount of preference shares or with the sanction accorded pursuant to a resolution passed at a meeting of the preference shareholders, carried by a majority consisting of not less than three-fourths of the persons voting there upon a show of hands or, if a poll is demanded by a majority representing not less than three-fourths in value of the votes cast on such poll, provided that nothing in such consent or resolution shall be operative against the Issuer if the same are not accepted in writing by our Company.
3.	Terms of Redemption	<ul style="list-style-type: none"> • 55,000,000 10% non-convertible cumulative redeemable preference shares will be redeemed at par on December 29, 2014; • 40,000,000 10% non-convertible cumulative redeemable preference shares will be redeemed at par on February 28, 2015; • 61,000,000 10% non-convertible cumulative redeemable preference shares will be redeemed at par on March 30, 2015; • 45,000,000 10% non-convertible cumulative redeemable preference shares will be redeemed at par on June 16, 2015; • 60,000,000 10% non-convertible cumulative redeemable preference shares will be redeemed at par on June 16, 2016; and • 20,000,000 10% non-convertible cumulative redeemable preference shares will be redeemed at par on August 3, 2016.

Warrants

During the Financial Year 2014, our Company has allotted 4,000,000 share warrants on a preference basis to the Promoter/Promoter Group entitling them to apply for and obtain allotment of one equity share of ₹ 2.00 each fully paid at a price of ₹ 391.00 per share against each such share warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches. Our Company has received ₹ 391.00 million being 25% of the aggregate value of the share warrants. The relevant date for the purpose of pricing the warrants was January 10, 2014.

The details of the warrants issued are given in the table below:

S. No.	Name	Date of Allotment	Number of Warrants
1.	Reji Abraham	February 26, 2014	500,000
2.	Deepa Reji Abraham	February 13, 2014	1,800,000
3.	Deepa Reji Abraham	February 14, 2014	1,700,000

Employees Stock Option Scheme

The SEBI issued the Employees Stock Option Scheme and Employees Stock Purchase Scheme Guidelines in 1999 (“**ESOP Guidelines**”), applicable to stock option schemes 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 recognized and amortized on a straight line basis over the vesting period.

Pursuant to the resolution passed by the shareholders at their EGM on April 23, 2005, our Company has adopted the Employee Stock Option Scheme 2005 (“AOL ESOS”). As per the scheme, the Compensation Committee of the Board of Directors evaluates the performance and other criteria of employees and approves the grant of option. These options vest with our employees over a specified period, subject to fulfillment of certain conditions. Upon vesting, our employees are eligible to apply and secure allotment of our Company’s equity share at the prevailing market price on the date of the grant of option.

Our Company has granted ESOP’s to our Directors, including Independent Directors under the AOL ESOS. For more details, please see section titled “Risk Factors - The Companies Act, 2013 has effected significant changes to the existing Indian company law framework and SEBI has introduced changes to the listing agreement, which are effective from October 1, 2014, which may subject us to higher compliance requirements and increase our compliance costs” on page 48.

Our Company has not recognized any deferred compensation expenses, as the exercise price was equal to the market value (as defined under the ESOP Guidelines) of the underlying equity shares on the grant date. Excess of exercise price over the nominal value of equity shares allotted during the Financial Year 2014, under the AOL ESOS and credited to the securities premium account is ₹ Nil. The details of options granted as of March 31, 2014 are given in the table below:

S. No.	Description	AOL ESOS
1.	Maximum number of options that may be granted under the AOL ESOS	1,844,000
2.	Options granted during the Financial Year 2014	1,400,000
3.	Options lapsed during the Financial Year 2014	81,550
4.	Options exercised as of May 31, 2014	Nil
5.	Options outstanding as of May 31, 2014	1,497,650
6.	Options to be granted under the AOL ESOS	251,220

The significant terms and conditions of the Vesting of Options and the Shares under the AOL ESOS are given in the table below:

S. No.	Terms and Conditions of the AOL ESOS	Details
1.	Vesting of Options	<p>The vesting period for options granted to an employee will commence on the date of grant of such options and shall end in the following manner:</p> <p>(a) 30% of the total number of such options granted to the employee (rounded off to nearest 10) shall vest at the end of one year from the date of grant of options;</p> <p>(b) 30% of the total number of such options granted to the employee (rounded off to nearest 10) shall vest at the end of two years from the date of grant of options; and</p> <p>(c) The remaining 40% options granted to the employee shall vest at the end of three years from the date of grant of options.</p>
2.	Terms and Conditions of the Shares	<p>(a) Lock in period: There shall be a minimum lock in period of one year between the grant of options and vesting of options;</p> <p>(b) All shares allotted on exercise of options will rank <i>pari passu</i> will all other equity shares of our Company for the time being in issued.</p> <p>(c) Until the shares are issued (as evidenced by the appropriate entry in the register of members of our Company) no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the shares, notwithstanding the exercise of the</p>

S. No.	Terms and Conditions of the AOL ESOS	Details
		option; (d) Once shares allotted on exercise of option, the purchaser shall have all the rights equivalent to those of a common shareholder; and (e) The shares issued on exercise of the options shall be listed on the stock exchanges where our Company is listed, subject to the terms and conditions of the listing agreements with stock exchanges.

Equity Share Capital History of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of Allotment	No. of Equity Shares Allotted	Face Value (in ₹)	Issue price per Equity Share (in ₹)	Consideration
September 12, 1986	7	10.00	10.00	Cash
March 16, 1987	98,300	10.00	10.00	Cash
March 30, 1987	301,500	10.00	10.00	Cash
June 11, 1987	213,984	10.00	10.00	Cash
November 11, 1987	44,465	10.00	10.00	Cash
February 6, 1988	280,235	10.00	10.00	Cash
July 14, 1988	3,009,400	10.00	10.00	Cash
March 21, 1989	21,309	10.00	10.00	Cash
January 12, 1993	2,308,660	10.00	10.00	Cash
May 26, 1993	50	10.00	10.00	Cash
February 9, 1994	150	10.00	10.00	Cash
November 23, 1994	200	10.00	10.00	Cash
March 15, 1995	500	10.00	10.00	Cash
May 20, 2002	1,085,271	10.00	10.00	Cash
May 20, 2002	13,288	10.00	5(partly paid up)	Cash
On May 11, 2005 there was a stock split of the company whereby the face value of each equity share was reduced to ₹ 2.00 each. As on that date, the company had 13,288 partly paid up shares of ₹ 5.00 each out of which 840 shares were converted to fully paid up shares. Hence the total number of fully paid up shares of face value ₹ 2.00 each as on May 11, 2005 was 36,824,355 and the total number of partly paid up shares were 62,240.				
October 14, 2006	4,680	2.00	431.60	Cash
January 13, 2007	2,820	2.00	431.60	Cash
March 1, 2007	1020	2.00	431.60	Cash
March 30, 2007	48,140	2.00	431.60	Cash
July 3, 2007	590	2.00	1,288.25	Cash
October 12, 2007	960	2.00	1,288.25	Cash
October 22, 2007	54,907	2.00	2,789.04	Cash
October 31, 2007	96,087	2.00	2,789.04	Cash
November 5, 2007	28,826	2.00	2,789.04	Cash
November 6, 2007	93,342	2.00	2,789.04	Cash
November 10, 2007	140,011	2.00	2,789.04	Cash
November 14, 2007	24,708	2.00	2,789.04	Cash
November 17, 2007	54,906	2.00	2,789.04	Cash
November 22, 2007	93,341	2.00	2,789.04	Cash

Date of Allotment	No. of Equity Shares Allotted	Face Value (in ₹)	Issue price per Equity Share (in ₹)	Consideration
2007				
December 3, 2007	60,397	2.00	2,789.04	Cash
December 8, 2007	690	2.00	1,288.25	Cash
December 15, 2007	6,863	2.00	2,789.04	Cash
December 21, 2007	193,549	2.00	2,789.04	Cash
January 12, 2008	600	2.00	1,211.50	Cash
January 12, 2008	210	2.00	1,288.25	Cash
February 19, 2008	4,118	2.00	2,789.04	Cash
September 6, 2008	240	2.00	1,288.25	Cash
September 6, 2008	3800	2.00	431.60	Cash
September 19, 2009	8,860	2.00	431.60	Cash
October 31, 2009	6,280	2.00	431.60	Cash
October 31, 2009	280	2.00	1,228.25	Cash
November 20, 2009	5,697,135	2.00	1,224.30	Cash
December 29, 2009	1,320	2.00	431.60	Cash
May 18, 2010	840	2.00	431.60	Cash
July 27, 2010	1,120	2.00	431.60	Cash
July 27, 2010	8,180	2.00	649.75	Cash
October 28, 2010	1,200	2.00	431.60	Cash
October 28, 2010	2,400	2.00	649.75	Cash
Total*	43,516,515			

*13,400 partly paid up shares were forfeited

Preference Share Capital History of our Company

The history of the preference share capital of our Company is provided in the following table:

Date of Allotment	No. of Preference Shares Allotted	Face Value (in ₹)	Issue price per Preference Share (in ₹)	Form of Consideration
June 17, 2005	150,000,000	10.00	10.00	Cash
December 30, 2006	55,000,000	10.00	10.00	Cash
March 1, 2007	40,000,000	10.00	10.00	Cash
March 31, 2007	61,000,000	10.00	10.00	Cash
August 4, 2008	20,000,000	10.00	10.00	Cash
On July 30, 2012 45,000,000 preference shares were redeemed.				
Total	281,000,000			

DIVIDEND POLICY

The declaration and payment of dividend for Financial Year 2014 has been proposed by our Board of Directors and is subject to the approval of our shareholders at the AGM. The declaration of dividend depends on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

The dividends declared by our Company for the Financial Years 2012, 2013 and 2014 are as under. The dividend for the Financial Year 2014 is subject to shareholders' approval.

(₹ in million, except percentages)

Particulars	Financial Year 2014	Financial Year 2013	Financial Year 2012
Equity Dividend			
Equity Share Capital	87.04	87.04	87.04
Rate of Dividend	180%	180%	180%
Amount of Dividend	156.66	156.66	156.66
Preference Dividend - 8% p.a. Non-Convertible Preference Shares			
Preference Share Capital	-	1,050.00	1,500.00
Rate of Dividend	-	8%	8%
Amount of Dividend	-	17.72	7.57
Preference Dividend - 9% p.a. Non-Convertible Preference Shares			
Preference Share Capital	-	-	1,560.00
Rate of Dividend	-	-	9%
Amount of Dividend	-	-	124.52
Preference Dividend - 9.25% p.a. Non-Convertible Preference Shares			
Preference Share Capital	-	200.00	200.00
Rate of Dividend	-	9.25%	9.25%
Amount of Dividend	-	18.50	18.50
Preference Dividend - 10% p.a. Non-Convertible Preference Shares			
Preference Share Capital	2,810.00	2,610.00	2,610.00
Rate of Dividend	10%	10%	10%
Amount of Dividend	281.00	238.85	101.64
Tax on Dividend (Equity & Preference)	74.38	73.37	66.33

These taxes are not payable by shareholders nor are they withheld or deducted from the dividend payments set forth above. The tax rates imposed on our Company in respect of dividends paid in prior periods has varied. See "Certain Tax Considerations" on page 155 for a summary of certain Indian tax consequences of dividend distributions to holders and beneficial owners of the Equity Shares. The amount paid as dividend is not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. Our Company does not have a formal dividend policy.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend that is declared in respect of the Financial Year in which they have been allotted. Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to assist you in understanding our financial position as at March 31, 2014. You should read the following discussion of our financial condition and results of operations together with our audited consolidated financial statements as of and for the Financial Years 2014, 2013 and 2012, including the schedules, annexures and notes thereto included in the section titled "Financial Information" on pages F-1 to F-53. The audited consolidated financial statements included in this Preliminary Placement Document are prepared in accordance with Indian GAAP, which differs in certain material respects with U.S. GAAP and IFRS. Please see "Risk Factors - Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Indian GAAP contained in this Preliminary Placement Document" on page 47.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Please also read the sections titled "Forward Looking Statements" and "Risk Factors" on pages 11 and 32 respectively of this Preliminary Placement Document which discuss a number of other factors and contingencies that could affect our financial condition and results of operations.

Overview

We believe that we are amongst the largest offshore drilling companies in the world based on the number of rigs (such as jack ups, drillships and floating production unit's) owned by us as of May 31, 2014. We provide drilling services to companies engaged in the business of exploration, development and production of oil and gas. We have more than two decades of experience in providing offshore drilling services in India, and have expanded our operations significantly since 2007 to provide drilling services internationally. We provide services in geographical locations across South Asia, South East Asia, the Middle East and South America. Our client base comprises a diverse group of Indian and global energy companies in the oil and gas industry who conduct drilling operations as a part of their exploration, development and production activities.

We commenced operations in 1987 with two jack up rigs, providing drilling services to Oil and Natural Gas Corporation Limited ("ONGC") in India. In the years that followed we strengthened our activities by acquiring Hi Tech Drilling Services (India) Limited in 2001, thereby adding more rigs and a floating production unit ("FPU") to our fleet. We established our wholly owned Subsidiary Aban Singapore Pte. Ltd. ("ASPL") in November 2005 to expand our international operations and in March 2007, we acquired Sinvest AS, Norway, to strategically expand our operations by increasing our fleet strength as well as expanding our client base. On June 13, 2012, Sinvest AS merged with Aban International Norway AS ("AINAS"), pursuant to which, the assets, right and liabilities of Sinvest AS were taken over by AINAS. Our offshore services include drilling exploration wells, appraisal wells and production wells for oil and gas companies using our portfolio of jack up rigs, drillships and an FPU.

As of May 31, 2014 we own a fleet of 18 offshore drilling rigs which comprises 15 jack up rigs (out of which 14 are cantilever type jack up rigs), two drillships and an FPU. Nine of our jack up rigs are less than eight years old. In this Preliminary Placement Document, we generally refer to our jack up rigs, drillships and FPU each as a "rig" and together as our "rigs". As of May 31, 2014, 15 of our rigs were contracted for drilling services, of which four are deployed in India, five in the Middle East, two in Mexico and one each in Brazil, Brunei, Malaysia and Vietnam. Our contract drilling services backlog as of March 31, 2014 was ₹ 66,368.01 million (U.S. \$ 1,108.35 million) and as of May 31, 2014 was ₹ 59,160.79 million (U.S. \$ 987.99 million).

Performance and other key indicators

Contract drilling services backlog

Our contract drilling services backlog reported below reflects estimated future revenues attributable to signed drilling contracts. We calculate our contract drilling services backlog, or future contracted revenue for our fleet, as the contract operating dayrate multiplied by the estimated number of days remaining on the contract, assuming full utilization, and excluding revenue for mobilization, demobilization, contract preparation, and client reimbursables. Our contract drilling services backlog does not take into account potential revenue from any contract extension options exercisable by our clients. The amount of actual revenue earned and the actual periods during which such revenue is earned will be different than the amount disclosed or expected due to various factors. Downtime due to various operating factors, including scheduled and unscheduled repairs, maintenance, weather and other factors, may result in lower applicable day rates than the full contractual

operating dayrate. Moreover, amounts included in our contract drilling services backlog information may change because drilling contracts may be varied or modified by mutual consent or clients may exercise their termination rights. As a result, our contract drilling services backlog as of any particular date may not be indicative of our actual operating results for the periods for which the backlog is calculated. Please see section titled “Business” on page 92. Please also see section on “Risk factors - Information relating to our contract drilling services backlog may not be representative of our future results” on page 34.

We maintain a backlog of commitments for our contract drilling services. The following table sets forth the amount of our contract drilling services backlog as of March 31, 2014:

(U.S. \$ in million)

	Financial Year					
	2014	2015	2016	2017	2018	2019
Contract Drilling Services						
Drillships	334.26	140.09	140.09	54.08	-	-
Jack Ups	774.09	525.46	224.94	23.69	-	-
Total	1,108.35	665.55	365.03	77.77	-	-

Average Contracted Operating Day Rates

The utilization rate is the number of days in a year during which our rig is generating revenue (whether at operating dayrates, non operating dayrates, repair rates or zero rates and including time for mobilization, de-mobilization (where de-mobilization fees are provided for) and repair rates), compared to the total number of days in that year. Please see section titled ‘Business - General terms of our drilling contracts’ on page 98.

The following table summarizes our average contracted operating dayrates from continuing operations for the periods indicated.

(In U.S. \$ except as stated otherwise)

	Financial Year 2014	Financial Year 2013	Financial Year 2012
Jack ups			
<i>Aban II</i>	51,405.00	51,405.00	63,000.00
<i>Aban III</i>	62,485.00	62,485.00	81,308.00
<i>Aban IV</i>	62,485.00	62,485.00	62,761.00
<i>Aban V (U.S. \$ 156,600 until April 14, 2011)</i>	-	-	156,600.00
<i>Aban V (Euro 90,000 from Oct 27, 2011 until March 17, 2014)</i>	Euro 90,000.00	Euro 90,000.00	Euro 90,000.00
<i>Aban VI (Euro 62,450 until July 2011 and U.S. \$ 60,000 from August 18, 2011)</i>	60,000.00	60,000.00	60,000.00
<i>Aban VII</i>	109,396.60	65,000.00	71,638.55
<i>Aban VIII</i>	162,500.00	160,000.00	160,000.00
<i>Deep Driller 1</i>	149,000.00	125,699.72	107,500.00
<i>Deep Driller 2</i>	177,174.00	176,751.50	176,667.00
<i>Deep Driller 3</i>	139,500.00	152,661.29	165,000.00
<i>Deep Driller 4</i>	178,260.00	176,932.50	176,667.00
<i>Deep Driller 5 (upto July 2014)</i>	178,260.00	176,932.50	176,667.00
<i>Deep Driller 6</i>	125,000.00	125,000.00	125,000.00
<i>Deep Driller 7</i>	149,000.00	137,000.00	85,000.00
<i>Deep Driller 8</i>	108,317.00	102,079.25	100,000.00
Drillships			
<i>Aban Ice (₹ 61,85,000.00 until April 14, 2013)</i>	₹ 61,85,000.00	₹ 61,85,000.00	₹ 61,85,000.00
<i>Aban Ice (U.S. \$ 166,860.00 from November 22, 2014)</i>	166,860.00	-	-
<i>Aban Abraham</i>	261,442.00 ⁽¹⁾	216,948.00	215,014.00
Floating Production Unit			
<i>TAHARA (until July 27, 2011)</i>	-	-	49,000.00

(1) Includes service contract dayrate

Rig utilization and dayrate efficiency

Rig Utilization

Our revenues also depend directly on the utilization rate of our rigs; the higher our utilization rate, the higher our revenues are likely to be. We calculate the utilization rate for a rig on the beginning of the day on which the rig has completed all of its initial refurbishment and other preparation and is available for deployment.

The number of days that each of our rigs are utilized, as well as the operating dayrates payable under our drilling contracts, are largely dependent upon the balance of supply and demand for our drilling services. Our utilization rates are lower during periods when our rigs are off-hire or out of service (due to, for example, dry-docking, maintenance and repair or inability to procure a contract). Each of our rigs is likely to be dry-docked from time to time for exceptional surveys and repairs. When our rigs are dry-docked, they are not available for hire and so do not generate revenue. Our rigs may also be subject to accidents and incidents that may result in their not being available for hire. We are subject to a number of operating risks. The operation, maintenance, building, refurbishing, upgrading and repair of our rigs will require substantial expenditure and may exceed estimates that could adversely affect our utilization rates. Please see “*Risk Factors - Our operations are subject to a number of operating risks which could have a material adverse effect on our results of operation and business*” and “*Risk Factors - The construction, maintenance, upgrading, repair and refurbishment of our rigs require substantial expenditure which could have a material impact on our financial condition*” on pages 34 and 37 respectively.

The following table shows the utilization rates for those of our rigs that were operational for the periods indicated.

	Financial Year 2014	Financial Year 2013	Financial Year 2012
Jack ups			
<i>Aban II</i>	100.00	94.83	46.93
<i>Aban III</i>	100.00	100.00	31.42
<i>Aban IV</i>	100.00	100.00	78.04
<i>Aban V</i>	99.17	100.00	42.08
<i>Aban VI</i>	100.00	100.00	92.65
<i>Aban VII</i>	35.07	20.27	66.67
<i>Aban VIII</i>	100.00	100.00	100.00
<i>Deep Driller 1</i>	61.96	79.90	100.00
<i>Deep Driller 2</i>	100.00	100.00	100.00
<i>Deep Driller 3</i>	100.00	100.00	100.00
<i>Deep Driller 4</i>	100.00	100.00	100.00
<i>Deep Driller 5</i>	33.42	100.00	100.00
<i>Deep Driller 6</i>	100.00	100.00	100.00
<i>Deep Driller 7</i>	100.00	75.07	91.53
<i>Deep Driller 8</i>	100.00	100.00	100.00
Drillships			
<i>Aban Ice</i>	39.02	96.66	100.00
<i>Aban Abraham</i>	100.00	100.00	80.64
Floating Production Unit			
<i>TAHARA(until July 27,2011)</i>	-	-	32.26

Dayrate efficiency

Our rigs earn revenue at different dayrates ranging from full operational rates to lower rates during periods of relocation or stand-by, or to no rates at all for periods of repair or technical failure. Dayrate efficiency is the percentage of the revenue earned by a rig on days when it is under contract to the maximum revenue that could be earned by the rig at the operating dayrate under such contract. The following table shows the dayrate efficiency for those of our rigs that were currently operational during the periods indicated.

	Financial Year 2014	Financial Year 2013	Financial Year 2012
Jack ups			
<i>Aban II</i>	94.11	96.68	95.38
<i>Aban III</i>	99.38	98.07	98.37
<i>Aban IV</i>	96.55	94.52	98.92
<i>Aban V</i>	87.73	97.96	93.76
<i>Aban VI</i>	99.48	88.75	99.32
<i>Aban VII</i>	97.74	56.70	78.07
<i>Aban VIII</i>	97.26	96.97	93.16
<i>Deep Driller 1</i>	79.63	94.10	97.03
<i>Deep Driller 2</i>	95.53	97.27	99.57
<i>Deep Driller 3</i>	97.43	99.46	97.66
<i>Deep Driller 4</i>	97.58	98.41	99.07
<i>Deep Driller 5</i>	95.34	97.19	98.88
<i>Deep Driller 6</i>	98.15	96.73	99.47
<i>Deep Driller 7</i>	87.87	68.27	98.51
<i>Deep Driller 8</i>	96.60	97.04	98.86
Drillships			
<i>Aban Ice</i>	95.21	95.55	96.15
<i>Aban Abraham</i>	95.47	79.69	77.01
Floating Production Unit			
<i>TAHARA (until July 27,2011)</i>	-	-	100.00

Factors affecting our results of operations

Our business and results of operations have been affected by a number of important factors that we believe will continue to affect our business and results of operations in the future.

Size and composition of our rig fleet

The following table shows the year-wise addition of rigs to our fleet since our inception.

Year ended March 31,	Number of rigs added	Rig Particulars
1987	1	Aban II
1992	1	Aban III
2001	2	Aban IV and Tahara
2005	3	Aban V, Aban VI and Aban Ice
2006	1	Aban Abraham
2007	4	Aban VII, Deep Driller 1, Deep Driller 2 and Deep Driller 3
2008*	4	Deep Driller 4, Deep Driller 5, Deep Venture and Aban Pearl
2009	4	Aban VIII, Deep Driller 6, Deep Driller 7 and Deep Driller 8

*Semi-submersible rig *Aban Pearl* sank, off the Venezuelan coast while in operation in May 2010. Drillship *Deep Venture* was being operated through the joint venture company *Venture Drilling AS*. The vessel was redelivered to the owner and our Company exited the joint venture in March 2011.

The number of rigs in our fleet is an important factor that directly affects our results of operations. Our fleet currently consists of 15 jack up rigs, two drillships and an FPU. While all our offshore units are in operational condition, the following rigs were not subject to contract as of the date of the Preliminary Placement Document and are therefore not generating any revenue: (i) FPU Tahara which is currently under marketing, (ii) Aban VII which is currently under marketing, and (iii) Aban V which is currently under repair and refurbishment and is being marketed pending completion.

The composition of our fleet also affects our results of operations, as market demand and dayrates may vary for vessels of different type, age and specification. Out of our total jack up fleet, five of our new jack up rigs are KFELS Super B Class jack up rigs of substantially the same specification, four of the new jack up rigs are BMC

Pacific 375 Class premium jack up rigs of substantially the same specification and six are significantly older jack up rigs of lesser technical specification. Some of these older jack up rigs have been recently upgraded or reactivated. Of our two drillships, one drillship is dynamically positioned while the other drillship is of the mooring type.

In our experience, demand and dayrates for newer and higher specification rigs will, in the absence of other relevant factors, generally be greater than for the older and lower specification rigs. The capital and operational costs involved in acquiring and operating drillships are generally higher, and demand for our drillships is generally stronger, than for our jack up rigs. The drilling contract dayrates for our drillships reflect these costs and strong demand and are generally higher than the rates for jack up rigs.

Dayrates

All of our drilling contracts are dayrate drilling contracts. A dayrate drilling contract is either for a specified period of time or for the drilling of a specified well or group of wells. Our revenue from our drilling contracts is generally driven by our contract dayrates and the period over which our rigs are under contract. Dayrates are negotiated individually with clients for each drilling contract. Our drilling contracts generally require us to conduct drilling operations continuously during the term of the contract. The amount payable to us is calculated as a multiple of the applicable dayrate and the time spent on hire in operational mode or in another mode for which we receive a lower rate, such as stand-by mode, mobilization or relocation

Dayrates are largely dependent upon the balance of supply and demand for offshore drilling rigs such as ours in the markets wherein we currently conduct operations. Dayrates can also be affected by the supply of rigs from markets outside of where we currently conduct operations, as rigs can be moved from one region to another. Due to the cost of moving a rig and the limited availability of rig-moving vessels, the supply and demand balance varies somewhat between regions. However, significant variations between regions do not tend to persist long-term because of rig mobility, and the market in which we operate is generally considered a single, global offshore drilling market.

Apart from the general supply and demand factors, the dayrates which we are able to obtain on our drilling contracts are dependent on rig specifications, the nature of drilling service to be provided, and the age of our rigs. Rig specification variables impacting dayrates include operating water depth capability, drilling depth capability, and other features such as the ability to drill in high pressure and high temperature wells and the number of mud pumps. We generally obtain slightly lower dayrates for our older rigs.

Most of our existing contracts have an initial term ranging from two to three years, and our goal is to increase the number of long-term contracts under which the vessels in our fleet operate. In general, we are able to enter into longer term contracts and obtain higher dayrates for our drillships as compared to our jack up rigs. We prefer entering into longer term contracts, as short-term contracts generally require more management and other resources to ensure continuous employment of our rigs. Short-term contracts also increase the likelihood of idle periods between contracts during which the relevant rig may not be generating any revenue. In contrast, short-term contracts can provide us, where there is no extension option (or where such option is not exercised by the client), the opportunity to benefit if dayrates continue to rise at the expiry of such contracts.

Our audited consolidated financial statements included in this Preliminary Placement Document have been prepared in accordance with generally accepted accounting principles in India (“Indian GAAP”). These financial statements are prepared to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act. The financial statements have been prepared on an accrual basis and under the historical cost convention.

All the assets and liabilities have been classified as current and non-current as per the Group’s normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act. Based on the nature of business operations, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

The consolidated financial statements have been prepared in accordance with the Accounting Standard-21 “Consolidated Financial Statement”, Accounting Standard 23”, “Accounting for Investment in Associates in

Consolidated Financial Statements” Accounting Standard 27, “Financial reporting of Interest in Joint Ventures” issued by the 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 recognized in the financial statements as goodwill/capital reserve. Foreign subsidiaries account for their transactions in U.S. Dollars 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 and expenditure reflected in the profit and loss account are translated at the average exchange rate during the period. The differences arising out of the translation are transferred to Translation Reserve.

The preparation of our financial statements in conformity with Indian GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of such financial statements and the results of operations during the reporting period. Examples of such estimates include estimate of cost expected to be incurred to complete performance under composite arrangements, income taxes, provision for warranty, employment retirement benefit plans, provision for doubtful debts and estimated useful life of the fixed assets. By their nature, these judgments and estimates are subject to a degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, and our observance of trends in the industry, information provided by our clients and information available from other third party sources, as appropriate. There can be no assurance that our judgments will prove correct or that actual results reported in future periods will not differ from our expectations reflected in our accounting treatment of certain items. Any revision to accounting estimates is recognized prospectively in current and future periods.

While all aspects of our financial statements should be read and understood in assessing our current and expected financial condition and results of operations, we believe that the following critical accounting policies warrant particular attention.

Recent Changes in Accounting Policies

There have been no changes in our Company’s accounting policies during the last three financial years.

Income and Expenditure Overview

Income

Operating income

We derive all of our operating revenues substantially from our rig operations and drilling contracts. Our revenues are driven primarily by the number of rigs in our fleet, the number of days during which the rigs in our fleet operate, the dayrates that our rigs earn under their drilling contracts and the amount of time that each of our rigs spends off-hire (which occurs when we are unable to procure drilling services contracts; or when our rigs are dry-docked or otherwise undergoing maintenance and repairs). We also derive income from various other services incidental to our drilling services relating to the provision of supplies and equipment. The related direct costs are recorded as other operating expenses in the period in which the expenses are incurred.

We also derive income from the generation of wind power through the operation of wind turbines which is calculated based on the total number of units of wind power generated at unit rates of power provided under a 20 year power purchase agreement with the Tamil Nadu Electricity Board that expires in 2024. We have also established a new subsidiary company, Radhapuram Wintech Private Ltd (“**RWPL**”) for the supply of wind power and have entered into power purchase agreement with Tata Communications and an energy wheeling agreement with New Woodlands Hotel Private Limited for the sale of captive power for a period of three years pursuant to the terms of these agreements.

The following is a break up of our revenues by geographical segment for the Financial Years 2014, 2013 and 2012:

(₹ in million)

	Financial Year	Financial Year	Financial Year
	2014	2013	2012
Revenues			
India	4,937.11	7,179.62	7,313.02
Americas	9,842.32	5,122.55	4,165.91
Rest of Asia	24,891.74	24,685.51	20,807.94

Other income

Other income consists primarily of income in the form of interest from bank deposits, earnings from current investments, rental income from other assets and other miscellaneous income.

Expenditure

Our expenses consist primarily of consumption of stores, spares, power and fuel, employee benefit expense, finance costs, depreciation and amortization expense and other expenses and are summarized for the periods indicated in the following table:

(₹ in million)

	Financial Year	Financial Year	Financial Year
	2014	2013	2012
Expenditure			
Consumption of stores, spares, power and fuel	2,453.22	1,910.69	1,179.17
Employee Benefit expenses	4,958.29	4,479.58	3,378.24
Finance Costs	11,406.25	11,884.49	9,890.85
Depreciation and amortization expense	5,483.77	4,909.47	5,160.41
Other Expenses			
Rental charges for machinery	397.30	829.60	507.85
Insurance	1,438.48	1,809.36	1,425.34
Repairs to machinery	138.61	135.42	142.60
Drilling services and management fees	1,488.82	1,570.44	1,333.83
Professional and Consultancy expenses	1,552.44	1,214.85	965.59
Travelling conveyance and transportation	681.73	579.67	797.11
Exchange differences (net)	397.15	486.29	-
Provision for doubtful debts and advances	713.34	464.75	398.84
Exchange Losses (net)	612.68	521.37	494.11
Miscellaneous Expenses	2,491.54	2,859.81	2,602.36
Total	34,213.62	33,655.79	28,276.30

Consumption of stores, spares, power and fuel:

Consumption of stores and spares include machinery spares that are replaced on equipment installed on the rigs to ensure uninterrupted drilling operations. This also includes spares used under preventive maintenance programs for periodic overhauling of major drilling and other equipment on the rigs. Fuel consumption consists of high spirit diesel consumed by our drillships.

Employee benefit expenses:

Employee remuneration and benefits comprise salaries and wages paid to our employees as well as the amount of perquisites and welfare benefits, including retirement benefits provided to our employees.

Finance costs

Finance costs include borrowing costs (other than interest payments) on borrowings used to finance the acquisition and construction of rigs that are capitalized during the period of time required to complete and prepare the asset for its intended use, and are recognized in the statement of income on a time-proportion basis.

It also includes bank charges incurred in connection with borrowings like processing fees, commitment charges, if any. Finance cost contributes to almost one third of the total expenditure of our Company and is the largest cost component.

Depreciation and amortization expense:

Depreciation consists of depreciation charges on our rigs, wind turbines, land and building and other office assets.

Other expenses

Other expenses primarily comprise the following:

- *Rental charges for machinery:* Rental charges for machinery drilling and other equipment that is hired on rental basis including boat hire charges.
- *Insurance:* Our insurance costs include premiums paid to insurance providers for covering risks related to our rigs and, to a limited extent, our wind energy turbines. Our insurance costs cover the following: (a) insurance coverage for the hull and machinery of our rigs, covering physical damage to the rig, its machinery and equipment, including total loss of the rigs; (b) protection and indemnity coverage for third party liabilities and pollution; (c) comprehensive general liability coverage for general liabilities arising out of our operations and activities; and (d) war risk coverage for damage to some of our rigs arising out of war or war-like conditions that are excluded from our hull and machinery coverage. We also have subscribed to a worldwide directors' and officers' liability policy to cover liabilities of our directors and officers arising from the execution of their duties.
- *Repairs to machinery:* Repairs to machinery comprise the cost of services for carrying out repairs and other maintenance on our rigs and, to a limited extent, our wind turbines.
- *Drilling services and management fees:* Drilling services and management fees are on account of technical assistance and services and fees for management of drilling operations of certain rigs. This is mainly on account of fees for technicians that are contracted on regular basis and for operations support at certain geographies.
- *Professional and Consultancy expenses:* Professional and consultancy expenses consists of costs for legal and other professional services availed by our Company, including fees for any technical services availed in connection with our operations, and fees to classification societies such as American Bureau of Shipping, Singclass International and Bureau Veritas and Bahamas. We also pay consultancy and professional fees for location approvals in connection with rig moves. In addition, we have various technical personnel working on the rigs hired on consultancy arrangements; these costs are also included under this line item of expenditure.
- *Travelling and transportation expenses:* Travelling expenses include travel, boarding and lodging costs of our employees when they travel in the course of our operations or for training. Transportation expenses comprise costs incurred in hiring offshore support and towing vessels for transporting our rigs (i) from one drilling location to another drilling location; or (ii) to stacked locations when the rigs do not get deployed under other contracts immediately.
- *Exchange difference (fluctuation) loss:* Foreign currency liabilities and assets are re-valued to our functional currency of Indian Rupee or U.S. Dollar (as applicable) at the prevailing rate on the date of the relevant financial statements. This exchange difference can be either favorable or adverse with reference to the exchange rate prevailing on the date of the previous year's financial statements. If the exchange difference is favorable, the difference is recorded as other income. The exchange differences are non-recurring in nature.
- *Provision for doubtful debts and advances:* Provision for doubtful debts and advances is made in case client receivables and advances that are considered as doubtful of recovery by the management.
- *Exchange losses:* These are realized foreign currency losses incurred on settlement of receivables and liabilities in foreign currency. This also includes gains/losses on cancellation of forward contracts entered into with banks for hedging of trade receivables/payables.

- *Other expenses:* Our other expenses comprise costs incurred in the operation of our rigs, including expenses relating to catering services on our rigs, rent, rates and taxes. Other expenses also comprise consultancy and advisory fees, primarily for financial and marketing advisory services, auditors' remuneration and bank charges other than those under finance costs, communication, marketing and other administrative expenses.

Share of profit or loss of associate

Associates are entities for which we have contractual arrangements with one or more parties to jointly share the control over the economic activities of such entities. Share of profit or loss of associate consists of our share in the profits or losses with Belati Oilfield Sdn. Bhd., a Malaysian company in which our subsidiary (Aban Singapore Pte. Ltd.) acquired 49% equity interest during Financial Year 2013.

Provision for Taxation

Provision for taxation comprises current taxes and deferred tax charges or credits. Current tax is calculated in accordance with the applicable laws. For further details, please refer the section titled "*Certain Tax Considerations*" on page 155. Deferred tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Singapore

The Maritime and Port Authority of Singapore (the "MPA") awarded the status of Maritime Sector Incentive-Approved International Shipping Enterprise MSI-AIS") to ASPL and its Singapore subsidiaries for an initial period of 10 years from June 2006. Qualifying income of an AIS company derived from owning rigs operating in international waters under flags other than that of Singapore is exempt from income tax in Singapore. Our wholly owned Subsidiary in Singapore, ASPL and its Singapore incorporated subsidiaries, Aban 7 Pte. Ltd. (Aban VII is Panama flagged) and Aban Abraham Pte. Ltd. (Aban Abraham is Bahamas flagged) DD2 Pte Limited, DD4 Pte Limited, DD6 Pte Limited and Aban VIII Pte Limited, benefit from tax exemptions and incentives under this MSI-AIS program. Furthermore, qualifying income from owning and operating Singapore flagged rigs in international waters are indefinitely exempt from income tax in Singapore for as long as the rigs remain Singapore flagged. The rigs registered with the Singapore Registry of Ships and held by the Singapore subsidiaries of ASPL are accordingly exempt from income tax indefinitely. Other income derived from non-qualifying activities is taxable in Singapore at the prevailing corporate tax rate of 17%.

Norway

Our Subsidiaries incorporated in Norway are tax resident in Norway. The corporate tax rate in Norway is 28%. Limited tax consolidation/group relief is available by way of group contributions, provided that the parent company holds more than 90% of the shares in the subsidiaries. Income from shares is exempt from tax on meeting certain conditions.

Dividends receivable by a Norwegian company from a Singapore subsidiary are not subject to tax in Norway based on the tax treaty provisions between Singapore and Norway, provided that the Norwegian company holds at least 25% of the shares in the Singapore subsidiary. Dividends distributed from one Norwegian company to another Norwegian company are exempt from tax in Norway regardless of the ownership period and percentage of ownership. Norway imposes withholding tax of 25% on dividend payments made by Norwegian companies to foreign shareholders. Based on the tax treaty provisions between Norway and Singapore, this withholding tax rate is reduced to 5% where a Singaporean shareholder holds at least 25% of the shares in a Norwegian company.

The tax exemption model/participation exemption model in Norway allows limited liability companies in Norway to be exempt from tax on capital gains on disposal of shares. However, the tax exemption is not applicable to investments in shares of foreign companies located outside the EU/EEA area, which has low corporate tax rates, as well as to portfolio investments (less than 10%) in shares of foreign companies from the non-EU/EEA block. For shares in non-portfolio investments outside EEA in non-low-tax jurisdictions, exemption from capital gains tax will only apply if such shares have been held for at least two years. As regards low-tax jurisdictions, generally gains on disposal of shares will be taxable at 28% if the corporate tax paid on the company's trading profits amounts to less than two-thirds of the tax that would have been imposed if the company had been resident in Norway. If a Singapore subsidiary is exempt from taxation in Singapore under a tax incentive scheme, the consequence might be that gains on disposal of the shares in the Singapore subsidiary

would be taxable in Norway. Singapore may also be considered a low-tax country based on the normal corporate tax rate of 17%, which is less than two-thirds of the formal corporate tax rate in Norway (28%).

Norway has anti-tax-deferral rules under its controlled foreign company (NOKUS) legislation for foreign companies that operate in low-tax jurisdictions and are controlled by Norwegian interests. According to NOKUS taxation in Norway, Norwegian shareholders in Norwegian-controlled companies resident in low-tax jurisdictions can be subject to 28% taxation in Norway on their proportional shares of the company's income annually, regardless of whether they receive dividends from the foreign company or not. The taxes paid by the company in Singapore and other countries can be credited against the Norwegian shareholders' tax liability, subject to certain conditions.

NOKUS taxation in Norway can affect a foreign company with the following profiles:

- At least 50% of the foreign company is directly or indirectly owned by Norwegian taxpayers (at the beginning and end of each income year), or at least 60% by the end of the year;
- The foreign company is established in a low-tax jurisdiction, i.e. its effective corporate tax rate must be less than two-thirds of the tax payable if the company had been established in Norway. The tax comparison is done on an average “net” basis over several years. Recent court decisions have ruled the effective Norwegian tax rate to be 25.5%. Two-thirds of this amount would be 17%, meaning that Singapore may not be considered a low tax country based on its normal corporate tax rate of 18%; or
- If the company is established in a country with which Norway has entered into a double tax treaty (such as Singapore), NOKUS taxation can take place if the company's income is viewed mainly as passive in nature. The “passive income” test can normally be avoided if the oil rig is chartered out on time charter terms, since such income can be considered “active” income.

The Singapore rig-owning subsidiaries which are held through our Norwegian subsidiaries and which are enjoying Singapore tax incentives should not be subject to NOKUS taxation so long as they can prove on a yearly basis that they are earning active income from their time charter contracts.

With regard to the holding/management company Deep Drilling Invest Pte. Ltd., it should not be subject to NOKUS taxation so long as it performs active management functions, for example strategic, commercial and day-to-day management, and delivers marketing services to its subsidiaries.

Other foreign taxes

As the rigs owned by the Singapore subsidiaries operate in the territorial waters of different countries for extended durations, their activities are likely to create a taxable presence in various jurisdictions in which we conduct our operations. In some of these countries, such tax is required to be withheld by our client from our drilling contract revenues. Our annual tax provision for foreign taxes is based on expected taxable revenues and statutory withholding tax rates in the various jurisdictions in which the rigs are deployed.

Results of Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

Particulars	Financial Year 2014 (₹ in million)	Financial Year 2013 (₹ in million)	Financial Year 2012 (₹ in million)
INCOME			
Income from operations	39,362.55	36,727.01	31,629.21
Other Income	308.62	260.68	657.66
Total	39,671.17	36,987.69	32,286.87
EXPENSES			
Consumption of stores, spares, power and fuel	2,453.22	1,910.69	1,179.17
Employee benefits expense	4,958.29	4,479.58	3,378.24
Finance costs	11,406.25	11,884.49	9,890.85

Particulars	Financial Year 2014 (₹ in million)	Financial Year 2013 (₹ in million)	Financial Year 2012 (₹ in million)
Depreciation and amortization expense	5,483.77	4,909.47	5,160.41
Other expenses			
Rental charges for machinery	397.30	829.60	507.85
Insurance	1,438.48	1,809.36	1,425.34
Repairs to machinery	138.61	135.42	142.60
Drilling services and management fees	1,488.82	1,570.44	1,333.83
Professional and Consultancy expenses	1,552.44	1,214.85	965.59
Travelling conveyance and transportation	681.73	579.67	797.11
Exchange differences (net)	397.15	486.29	-
Provision for doubtful debts and advances	713.34	464.75	398.84
Exchange Losses (net)	612.68	521.37	494.11
Miscellaneous Expenses	2,491.54	2,859.81	2,602.36
Total	34,213.62	33,655.79	28,276.30
Profit before exceptional items and tax	5,457.55	3,331.90	4,010.57
Less: Exceptional items	-	-	-
Profit/(Loss) before tax	5,457.55	3,331.90	4,010.57
Tax expenses			
Current tax	1,712.77	1,299.28	818.75
MAT credit entitlement	(389.16)	-	-
Deferred tax	221.65	118.96	(23.37)
Total tax expense	1,545.26	1,418.24	795.38
Profit/(Loss) for the year after tax and before share in earnings of associate	3,912.29	1,913.65	3,215.19
Share of profit/(loss) of Associate	18.36	25.07	-
Profit/(Loss) for the year after tax and share in earnings of associate	3,930.65	1,938.72	3,215.19

Impact of Exchange Rate Variations on our Results of Operations

While a majority of our income and expenses are denominated in U.S. Dollars or other currencies, we report our results of operations in Indian Rupees. Consequently, the below trends may be apparently accentuated by a variation in the exchange rates between the Indian Rupee and the corresponding foreign currency, and such variations may not result in comparable variations to our EBIDTA or operating margins.

Financial Year 2014 compared to Financial Year 2013

Income from operations

Our income increased 7.18% to ₹ 39,362.55 million in Financial Year 2014 compared to ₹ 36,727.01 million in the Financial Year 2013. This was mainly attributable to increased dayrates and utilization of jack up rig Deep Driller 7 under contract with Pemex and jack up rig Aban VII and also on account of weakening of the Indian Rupee against the U.S. Dollar during the Financial Year 2014. This was partially offset by a reduction in the utilization of our Rigs DD5, DD1 and Aban Ice although DD1 and Aban Ice saw increases in their contract dayrates for the periods utilized.

Other Income

Other income increased 18.39% to ₹ 308.62 million in the Financial Year 2014 from ₹ 260.68 million in the Financial Year 2013. This is mainly on account of the weakening of Indian Rupee against the U.S. Dollar during the Financial Year 2014.

Expenditure

Consumption of stores, spares and fuel

Consumption of stores, spares and fuel during operations increased 28.39% to ₹ 2,453.22 million in the Financial Year 2014 from ₹ 1,910.69 million in the Financial Year 2013 mainly on account of increased

utilization of our jack up rigs Deep Driller 7 and Aban VII and the weakening of the Indian Rupee against the U.S. Dollar during the Financial Year 2014.

Employees benefit expenses

Employee benefit expenses increased 10.69% to ₹ 4,958.29 million in the Financial Year 2014 from ₹ 4,479.58 million in the Financial Year 2013. This increase was mainly on account of general increase in salaries and further weakening of the Indian Rupee against the U.S. Dollar in the Financial Year 2014.

Finance costs

Finance costs decreased 4.02% to ₹ 11,406.25 million in the Financial Year 2014 from ₹ 11,884.49 million in the Financial Year 2013. This is mainly due to the impact of conversion of Indian Rupee term loans borrowings into foreign currency term loans for the full year as against only part of previous Financial Year which had the effect of reducing the effective average interest rate on long term borrowings from 8.41% to 7.53%. For more details in this respect please refer to the heading “*Indebtedness*” appearing later in this chapter.

Depreciation and amortization expense

Depreciation and amortization expense increased 11.70% to ₹ 5,483.77 million in the Financial Year 2014 from ₹ 4,909.47 million in the Financial Year 2013 mainly on account of additional capital expenditure incurred on drillship Aban Ice, purchase of drilling equipment to replace the rented drilling equipment and weakening of the Indian Rupee against the U.S. Dollar during the Financial Year 2014.

Other expenses

Our other expenses marginally decreased 5.34% to ₹ 9,912.09 million in the Financial Year 2014 from ₹ 10,471.56 million in the Financial Year 2013. The various constituents of other expenses are as follow:

- *Rental charges for machinery:* Rental charges for machinery decreased 52.11% to ₹ 397.30 million in the Financial Year 2014 from ₹ 829.60 million in the Financial Year 2013 on account of replacement of rented drilling equipment with own equipment in respect of certain rigs.
- *Insurance:* Insurance costs decreased 20.50% to ₹ 1,438.48 million in the Financial Year 2014 as compared to ₹ 1,809.36 million in the Financial Year 2013 mainly due to a reduction in insurance premium rates in the energy risk market on account of lower claims in offshore industry as a whole
- *Repairs to machinery:* Repairs to machinery marginally increased 2.36% to ₹ 138.61 million in the Financial Year 2014 as compared to ₹ 135.42 million in the Financial Year 2013. This is mainly on account of weakening of the Indian Rupee against the U.S. Dollar during the Financial Year 2014.
- *Drilling Services and management fees:* Drilling services and management fees decreased 5.20% to ₹ 1,488.82 million in the Financial Year 2014 as compared to ₹ 1,570.44 million in the Financial Year 2013. This was mainly on account of decrease in technical assistance fee and operations support fees during the Financial Year 2014.
- *Professional and Consultancy expenses:* Professional and Consultancy expenses increased 27.79% to ₹ 1,552.44 million in the Financial Year 2014 as compared to ₹ 1,214.85 million in the Financial Year 2013. This increase was primarily due to weakening of the Indian Rupee against the U.S. Dollar and on account of increased need for and increased rates of such services during the Financial Year 2014.
- *Travelling, Conveyance and transportation:* Travelling, conveyance and transportation expenses increased 17.61% to ₹ 681.73 million in the Financial Year 2014 as compared to ₹ 579.67 million in the Financial Year 2013. This increase was due to an increase in rig relocation costs due to the deployment of our Deep Driller 1 and rig Aban VII and on account of weakening the Indian Rupee against the U.S. Dollar during the Financial Year 2014.
- *Exchange differences (net):* Loss on account of exchange differences decreased 18.33% to ₹ 397.15 million the Financial Year 2014 as compared to ₹ 486.29 million in the Financial Year 2013 mainly on account of favourable net reinstatement of foreign currency assets and liabilities during the Financial Year 2014.

- *Provision for doubtful debts and advances:* Provision for doubtful debts and advances increased 53.49% to ₹ 713.34 million Financial Year 2014 as compared to ₹ 464.75 million in the Financial Year 2013. The increase is mainly on account of higher provisioning of doubtful debts and due to weakening of Indian Rupee against the U.S. Dollar during the Financial Year 2014.
- *Exchange losses (net):* Exchange losses increased 17.51% to ₹ 612.68 million in the Financial Year 2014 as compared to ₹ 521.37 million in the Financial Year 2013 mainly on account of exchange losses on settlement of foreign currency liabilities and assets and account of cancellation of forward contracts for receivables.
- *Other miscellaneous expenses:* Other miscellaneous expenses decreased 12.88% to ₹ 2,491.54 million in the Financial Year 2014 as compared to ₹ 2,859.81 million in the Financial Year 2013 mainly on account of reduction in social security cost in respect of middle east operations and in respect of operations support cost in respect of rigs operating in Mexico.

Profit before taxation

For the reasons described above, profit before taxation increased 63.80% to ₹ 5,457.55 million in the Financial Year 2014 from ₹ 3,331.90 million in the Financial Year 2013. This increase is mainly attributable to increase in revenues, decrease in finance costs, insurance expenses and other expenses.

Provision for taxation

Provision for current taxation increased 31.82% to ₹ 1,712.77 million in the Financial Year 2014 from ₹ 1,299.28 million in the Financial Year 2013 primarily due to increase in revenue from operations in certain geographies where tax is applied as a percentage of revenue and increase in tax on book profits (Minimum Alternate Tax) from Indian operations. Provision for deferred taxation liability increased 86.32% to ₹ 221.65 million in the Financial Year 2014 as compared to deferred tax asset of ₹ 118.96 million in the Financial Year 2013 mainly on account of timing differences on depreciation. During the Financial Year 2014 the company has recognized Minimum Alternate Tax (MAT) Credit Entitlement to the extent of ₹ 389.16 million. This MAT Credit Entitlement would be written down over the specified period i.e. the period over which the MAT Credit is allowed to be carried forward to the extent there is convincing evidence that Company would pay normal income tax during the specified period.

Profit after taxation

Profit after taxation increased by 104.44% to ₹ 3,912.29 million in the Financial Year 2014 compared to ₹ 1,913.66 million in the Financial Year 2013.

Share of earnings of Associate

During the Financial Year 2014, our Company's share of profit from this associate decreased by 26.77% to ₹ 18.36 million as compared to ₹ 25.07 million in Financial Year 2013 on account of lower operating profit earned by the Associate

Profit after tax and share of earnings of associate

Our profit after tax and after share of earnings of associate increased 102.74% to ₹ 3,930.65 million in the Financial Year 2014 compared to ₹ 1,938.72 million in the Financial Year 2013.

Financial Year 2013 compared to Financial Year 2012

Income

Our income increased 14.56% to ₹ 36,987.69 million in the Financial Year 2013 compared to ₹ 32,286.87 million in the Financial Year 2012. The increase is mainly attributable to higher capacity utilisation during Financial Year 2013 as compared to the lower capacity utilisation in Financial Year 2012 on account of repairs and major refurbishment of three jack up rigs, namely Aban II, Aban III and Aban V in 2012. This increase in the utilisation was however, marginally set off by the decrease in utilization of Aban VII, Deep Driller 1 and Deep Driller 7.

Income from Operations

Total revenue from operations increased 16.12% to ₹ 36,727.01 million in the Financial Year 2013 from ₹ 31,629.21 million in the Financial Year 2012. This increase can largely be attributed to increased revenues from drilling operations due to higher capacity utilisation during the Financial Year 2013 as compared to lower utilisation in the Financial Year 2012 on account of repairs and major refurbishment of three jack up rigs.

Other Income

Other income reduced 60.36% to ₹ 260.68 million in the Financial Year 2013 from ₹ 657.66 million in the Financial Year 2012. The other income was higher in the Financial Year 2012 primarily on account of a gain on sale of non-current investments in the Financial Year 2012. The gain on sale of non-current investment is not recurring.

Expenditure

Consumption of stores, spares, power and fuel

Consumption of stores, spares and fuel during operations increased 62.03% to ₹ 1,910.69 million in the Financial Year 2013 from ₹ 1,179.17 million in the Financial Year 2012. This increase was primarily due to the higher operational time in the Financial Year 2013 as compared to such time in the Financial Year 2012 where in refurbishment work was being carried out on the three jack up rigs, increase in fuel rates and due to weakening of Indian Rupee against the U.S. Dollar during the Financial Year 2013.

Employees benefit expenses

Employee benefit expenses increased 32.60% to ₹ 4,479.58 million in the Financial Year 2013 from ₹ 3,378.24 million in the Financial Year 2012. This increase in such expenses was due to full salaries being paid after commencement of operations by the rigs that were partly idle during the Financial Year 2012 and on account of general increase in salaries coupled with weakening of the Indian Rupee against the U.S. Dollar.

Finance costs

Finance costs increased 20.16% to ₹ 11,884.49 million in the Financial Year 2013 from ₹ 9,890.85 million in the Financial Year 2012. This increase was as a result of increase in the increased interest rates on our foreign currency denominated bonds, increased Indian Rupee borrowings interest rates and weakening of the Indian rupee against the U.S. Dollar in the Financial Year 2013.

Depreciation and amortization expense

Depreciation and amortization expense decreased 4.86% to ₹ 4,909.47 million in the Financial Year 2013 from ₹ 5,160.41 million in the Financial Year 2012 mainly on account on reduction in depreciation rates for the Indian rigs from December 14, 2011 i.e for a period of four months in the Financial Year 2012 as compared the reduced rates of depreciation being applied for the full year during the Financial Year 2013.

Other Expenses:

The other expenses increased 20.81% to ₹ 10,471.56 million in the Financial Year 2013 from ₹ 8,667.63 million in the Financial Year 2012.

- *Rental charges for machinery:* Rental charges for machinery increased 63.36% to ₹ 829.60 million in the Financial Year 2013 from ₹ 507.85 million in the Financial Year 2012 primarily due to increase in the rented equipment hired for the jack up rigs in the Financial Year 2013 as compared to the rented equipment that were hired in the Financial Year 2012 and further weakening of the Indian Rupee against the U.S. Dollar in the Financial Year 2013.
- *Insurance:* Insurance costs increased 26.94% to ₹ 1,809.36 million in the Financial Year 2013 from ₹ 1,425.34 million in the Financial Year 2012 mainly on account of higher premium rates for our rigs which commenced operating in Middle East and also on account of further weakening of the Indian rupee against the U.S. Dollar in the Financial Year 2012.
- *Repairs and maintenance to machinery:* Repairs and maintenance to machinery during operations

decreased 5.04% to ₹ 135.42 million in the Financial Year 2013 from ₹ 142.60 million in the Financial Year 2012 as majority of the repairs were carried out on the rigs during the refurbishments and major repairs carried out in the shipyards in the Financial Year 2012. The costs of such major repairs and refurbishments were accounted as values additions to the rigs.

- *Drilling services and management fee:* Drilling services and management fees increased 17.74% to ₹ 1,570.44 million in the Financial Year 2013 from ₹ 1,333.83 million in the Financial Year 2012. The increase was primarily due to an increase in technical assistance fees and operation support charges during the year and also on account of further weakening of the Indian Rupee against U.S. Dollar in the Financial Year 2013.
- *Professional and Consultancy expenses:* Professional and Consultancy expenses increased 25.81% to ₹ 1,214.85 million in the Financial Year 2013 from ₹ 965.59 million in the Financial Year 2012. This increase was primarily due to additional costs arising from the increased need for such services availed during the Financial Year 2013 and also due to further weakening of the Indian Rupee against the U.S. Dollar during the Financial Year 2013.
- *Travelling, conveyance and transportation expenses:* Travelling, conveyance and transportation cost decreased 27.28% to ₹ 579.67 million in the Financial Year 2013 from ₹ 797.11 million in the Financial Year 2012. The decrease is mainly on account of reduction in transportation of rigs to new locations during the Financial Year 2013 as compared to such transportation of rigs during Financial Year 2012.
- *Exchange difference (fluctuation) loss (net):* Exchange differences increased to ₹ 486.29 million in the Financial Year 2013 as compared to nil in the Financial Year 2012. The increase in loss on account of exchange differences is mainly on account of adverse impact of the depreciation of Indian Rupee against the U.S. Dollars arising as a result of restatement of foreign currency liabilities including term borrowings. There were no outstanding foreign currency borrowings having any exchange risk at the end of Financial Year 2012.
- *Provision for doubtful debts and advances:* Provision for doubtful debts increased 16.53% to ₹ 464.75 million in the Financial Year 2013 as compared to ₹ 398.84 million in the Financial Year 2012. The increase is mainly on account of higher provisioning of certain trade receivables.
- *Exchange Losses (net):* Exchange losses increased 5.52% to ₹ 521.37 million in the Financial Year 2013 as compared to ₹ 494.11 million on account of adverse impact of further weakening of Indian Rupee against the U.S. Dollar on settlement of outstanding foreign currency assets and liabilities.
- *Other expenses:* Other miscellaneous expenses increased 9.89% to ₹ 2,859.81 million in the Financial Year 2013 from ₹ 2,602.36 million in the Financial Year 2012 due to increases in bank guarantee commissions, rent, auditors' remuneration and business promotion expenses.

Profit before taxation

For the reasons described above, profit before taxation decreased 16.92% to ₹ 3,331.90 million in the Financial Year 2013 from ₹ 4,010.57 million in the Financial Year 2012. This decrease was mainly attributable to increase in finance costs and increase in consumption of stores, spares, power and fuel and increase in loss on account of exchange differences.

Provision for taxation

Provision for current taxation increased 58.69% to ₹ 1,299.28 million in the Financial Year 2013 from ₹ 818.75 million in the Financial Year 2012 primarily due to increase in revenue from operations in certain geographies where tax is applied as a percentage of revenue. Provision for deferred taxation liability increased 609.03% to ₹ 118.96 million in the Financial Year 2013 as compared to deferred tax asset of ₹ 23.37 million in the Financial Year 2012 mainly on account of timing differences on depreciation.

Profit after Tax

Profit after taxation decreased 40.48% to ₹ 1,913.65 million in the Financial Year 2013 compared to ₹ 3,215.19 million in the Financial Year 2012.

Share of earnings of Associate

During the Financial Year 2013, our Subsidiary, Aban Singapore Pte. Ltd. acquired 49% equity interest in Belati Oilfield Sdn. Bhd., Malaysia. Our share of profit from this associate in the Financial Year 2013 was ₹ 25.07 million.

Profit after tax and share of earnings of associate

Our profit after tax and after share of earnings of associate decreased 39.70% to ₹ 1,938.72 million in the Financial Year 2013 compared to ₹ 3,215.19 million in the Financial Year 2012.

Liquidity and Capital Resources

We finance our working capital requirements primarily through funds generated from operations, secured and unsecured debt financing from banks and financial institutions to meet our capital requirements with respect to construction/refurbishment of the drilling rigs/ships.

Cash Flows

The following table sets forth certain our cash flows for the periods indicated:

(₹ in million)

	Financial Year 2014	Financial Year 2013	Financial Year 2012
Net cash from/(used in) operating activities	29,916.70	20,229.57	9,703.20
Net cash from/(used in) investing activities	(14,248.15)	(9,518.88)	(6,153.95)
Net cash from/(used in) financing activities	(15,645.77)	(10,169.31)	(8,164.18)
Net increase/(decrease) in cash and cash equivalents	22.78	541.38	(4,614.93)

Cash flows from Operating Activities

Financial Year 2014

Net cash generated from operating activities in the Financial Year 2014 was ₹ 29,916.70 million although profit before tax was ₹ 5,457.55 million. The difference was attributable primarily to adjustments for interest expenses of ₹ 10,776.66 million, depreciation and amortization of ₹ 5,483.77 million, loss on sale of fixed assets of ₹ 1.49 million, provision for doubtful debts of ₹ 713.34 million, increase in trade payables of ₹ 115.86 million, increase in other current liabilities of ₹ 13,380.68 million offset by increase in trade receivables of ₹ 2,683.64 million, increase in long term and short term advances of ₹ 1,985.05 million, increase in inventories of ₹ 508.97 million attributed mainly to increase in operational income from rigs.

Financial Year 2013

Net cash generated from operating activities in the Financial Year 2013 was ₹ 20,229.57 million although profit before tax was ₹ 3,331.90 million. The difference was attributable primarily to adjustments for interest expenses of ₹ 11,425.21 million, depreciation and amortization of ₹ 4,909.07 million, provision for doubtful debts of ₹ 464.75 million, increase in trade payables of ₹ 2,704.62 million, offset by increase in inventories of ₹ 274.36 million and an increase in trade receivables of ₹ 1,249.31 million attributed mainly to increase in operational income from rigs.

Financial Year 2012

Net cash generated from operating activities for the Financial Year 2012 was ₹ 9,703.20 million while profit before tax was ₹ 4,010.57 million. The difference was attributable primarily to adjustments for depreciation and amortization of ₹ 5,160.41 million, adjustments to interest expenses of ₹ 9,771.97 million, adjustments for provision for doubtful debts of ₹ 398.84 million, adjustment of profit on sale of non-current investments of ₹ 307.69 million, an increase in trade and other payables of ₹ 772.79 million to suppliers for goods and services, decrease of short term loans and advances of ₹ 1,291.76 million, offset in part by an increase in inventories of ₹ 387.76 million, a decrease in other current liabilities of ₹ 8,472.10 million and an increase in trade receivables of ₹ 808.31 million related to operational income from rigs due to delay in collections of some of the trade receivables

Cash Flows from Investing Activities

Financial Year 2014

Net cash used in investing activities for the Financial Year 2014 was ₹ 14,248.15 million resulting primarily from the purchase of fixed assets of ₹ 14,196.91 million, capital advances of ₹ 49.94 million, increase in carrying value of investment in associate of ₹ 21.11 million, partially offset by proceeds from interest and dividend received of ₹ 18.80 million, proceeds from sale of assets of ₹ 1.01 million

Financial Year 2013

Net cash used in investment activities for the Financial Year 2013 was ₹ 9,518.88 million resulting purchase of fixed assets of ₹ 9,313.03 million, capital advances of ₹ 224.69 million offset by interest and dividend received of ₹ 20.02 million

Financial Year 2012

Net cash used in investing activities for the Financial Year 2012 was ₹ 6,153.95 million resulting primarily from the purchase of fixed assets of ₹ 6,599.18 million, partially offset by proceeds from the sale of non-current investments of ₹ 427.09 million as well as interest and dividend received of ₹ 28.91 million.

Cash Flows from Financing Activities

Financial Year 2014

Net cash used in financing activities in the Financial Year 2014 was ₹ 15,645.77 million resulting from repayment of long term borrowings of ₹ 3,530.51 million, repayment of short term borrowings of ₹ 1,236.98 million, payment of interest of ₹ 10,854.12 million, dividend payments and tax on dividend of ₹ 505.10 million, partially offset by proceeds from share warrants issued of ₹ 391.00 million and proceeds from short term borrowings of ₹ 89.94 million.

Financial Year 2013

Net cash used in financing activities in the Financial Year 2013 was ₹ 10,169.31 million resulting from payment of interest of ₹ 11,400.27 million, dividend and related payments of ₹ 475.23 million, repayment of short term borrowings of ₹ 780.11 million offset by proceeds from long term borrowings of ₹ 2,231.04 million and short term borrowings of ₹ 255.26 million.

Financial Year 2012

Net cash used in financing activities in the Financial Year 2012 was ₹ 8,164.18 million resulting from redemption of non-convertible redeemable preference shares of ₹ 450.00 million, redemption of foreign currency convertible bonds of ₹ 3,592.56 million, interest payments of ₹ 8,758.33 million, dividend payments and tax on dividend of ₹ 506.21 million, partially offset by proceeds from long term and short term borrowings of ₹ 5,419.17 million

Indebtedness and other contractual obligations

Indebtedness

As of March 31, 2014, we had a total outstanding indebtedness of ₹ 145,608.81 million under more than 30 bilateral and syndicated loan facilities as well as in bonds and credit limits. Our indebtedness comprised borrowings of ₹ 11,532.06 million by our Company and ₹ 134,076.75 million by AHPL and its subsidiaries.

The outstanding indebtedness of our Company as of March 31, 2014 included ₹ 812.40 million under Rupee denominated term-loan facilities from various banks and other financial institutions, ₹ 6,744.62 million in U.S. Dollar denominated term-loan facilities from banks, and ₹ 3,975.04 million in short term borrowings including cash credit limits from banks.

The outstanding indebtedness of AHPL and its subsidiaries, as of March 31, 2014, included ₹ 115,154.68 million under U.S. Dollar denominated term-loan facilities from various banks and an aggregate of ₹ 18,922.08 million in U.S. Dollar denominated secured bonds.

Our secured bonds have all been issued by subsidiaries of AHPL and comprise the following: (i) 12% U.S. Dollar denominated bonds due in the Financial Year 2016, and (ii) 14.25% U.S. Dollar denominated bonds due in the Financial Year 2015. For further information on our bonds, please refer to note 9.4 (i) and (ii) to our audited consolidated financial statements for the Financial Year 2014.

In December, 2013, we, in consultation with our lenders, refinanced and consolidated a major portion of our debt amounting to U.S. \$ 2,000.498 million (including \$31.160 million as a contingent amount to be utilized for shortfall in redemption of bonds and for normal capital expenditure) with 17 banks. As of June 30, 2014, an amount aggregating to \$1,969.34 million have been sanctioned by banks towards the refinancing out of which approximately \$ 1,175.61 million have been disbursed. We believe we will be able to complete the implementation of the refinancing and consolidation structure with the remaining lenders who have acceded thereto, in the near future. Our indebtedness is secured *inter alia* by: (a) mortgage over our rigs; (b) charge over receivables of rigs; (c) pledge of shares held by our Subsidiaries in their respective subsidiaries. Under most of our financing agreements we are subject to various onerous clauses, including:

- a. Restriction on expansion of business;
- b. Restriction on payment of dividend in the event of default;
- c. Appointment of whole time directors in our Company and the Subsidiaries in the event of default; and
- d. Cross default liability.

In pursuing our rapid growth strategy, we have in the past, on occasion, failed to observe certain restrictive covenants in our loan documents, and have raised new debt and granted security in circumstances where the relevant restrictive covenants prohibited such actions. In addition, we have on occasion breached certain representations, undertakings and affirmative covenants in our loan documents, or otherwise caused an event of default to occur directly or through cross default provisions under the terms of our loans and bonds. We are currently in default of timely payment of interest and principal on loan facilities taken by us and our Subsidiaries. As of June 30, 2014, we are in default of our principal and interest repayment obligations to the extent of ₹ 295.05 million (U.S. \$ 4.91 million) and ₹ 194.71 million (U.S. \$ 3.24 million) respectively. Based on our current revised debt obligation, we believe we will be able to close out all of our current defaults by August 31, 2014. The various remedies available to lenders, as a consequence of these breaches, include, among others, appointment of whole time directors on the Board of our Company, termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements, or lead to an enforcement of any security provided, including any security over our rigs. Additionally, one of our lenders also have the right to convert the defaulted amount of the debt into fully paid up equity shares at par in the event of a default by our Company. Any event of default and disruption in our financing sources may adversely affect our business, results of operations and financial condition. Please see “*Risk Factors - We have in the past defaulted and we are currently in default on the timely payment of interest and principal on the loan facilities availed by us, which has affected our credit ratings. This could increase our cost of borrowing and make our ability to raise new funds in the future or renew maturing debt more difficult*” on page 32. Please also see “*Risk Factors - We are in breach of certain financial and other covenants under our financing arrangements which could result in acceleration of payment obligations or enforcement of the underlying security, thereby adversely affecting our business and results of operations*” on page 33.

The following tables set forth certain information relating to our outstanding indebtedness as of March 31, 2014, and to our repayment in the periods indicated:

(₹ in million)

Indebtedness	Outstanding as at March 31	Drawdowns in	Payment due by March 31,					
			2014	2015	2015	2016	2017	2018
Rupee Term loans	812.40		400.00	237.40	100.00	75.00	-	-
U.S. Dollar Term Loans	121,899.29	2,968.85	1,142.08	986.27	5,870.19	8,055.26	10,360.40	98,453.94
Bonds	18,922.08		13,682.58	5,239.50	-	-	-	-
Other short term Borrowings	3,975.04		3,975.04	-	-	-	-	-
Total	145,608.81	2,968.85	19,199.70	6,463.17	5,970.19	8,130.26	10,360.40	98,453.94

(1) The debt service obligations specified in the table above are based on the terms of our financing agreements and do not take into account an acceleration of our repayment obligations under any of our existing financing agreements

(2) Short term borrowings of ₹ 3,975.04 million include cash credit drawals of ₹ 1,258.16 million that are payable on demand and have been considered for repayment in Financial Year 2015

Other contractual obligations

As of March 31, 2014, our other contractual obligations comprised operating lease commitments of ₹ 132.81 million over the next two years. For further information about our operating lease commitments, see note 31 to our audited consolidated financial statements.

Contingent Liabilities

Contingent liabilities as of March 31, 2014 included the following:

Particulars	Amount (₹ in million)
Guarantees provided by banks	1,893.91
Capital and other commitments not provided for	119.17

Claims against the company not acknowledged as debt

Following demands are disputed by the company and not provided for:

- Demand raised by the Deputy Commissioner of Income Tax, Chennai in respect of financial year 2007-2008 for ₹ 339.13 million. Commissioner of Income Tax (Appeals) has ruled the appeal in favour of our Company against which Income Tax Department has preferred an appeal before Income Tax Appellate Tribunal, Chennai. Matter is pending before Income Tax Appellate Tribunal, Chennai
- Demand raised by the Deputy Commissioner of Income Tax, Chennai in respect of financial year 2008-2009 for ₹ 418.38 million. The Company has preferred an appeal against this demand that is pending before the Commissioner of Income Tax (Appeals), Chennai.

Related Party Transactions

We have entered into transactions with a number of related parties. For further information regarding our related party transactions, please see note 34 of our audited consolidated financial statements for the Financial Year 2014.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to various types of market risks in the ordinary course of business, including fluctuations in interest rates and foreign exchange rates.

Exchange rate risk

While substantially all of our revenues and a significant portion of our expenses, including crew wages are in U.S. Dollars, our financial statements are reported in Indian rupees. In addition, significant portions of our financial indebtedness are denominated in U.S. Dollars. We are therefore exposed to fluctuations in the exchange rate between the currencies, which may result in our financial statements reflecting foreign exchange fluctuations and not accurately reflecting our financial position.

Interest rate risk

We have substantial amounts of indebtedness and expect that a majority of our indebtedness will continue to be

subject to floating interest rates. Fluctuations in market interest rates may require us to pay higher rates of interest and will also affect the cost of our borrowings.

Client concentration risk

Our operations are dependent on a limited number of rigs, comprised mainly of jack up rigs. We are dependent on the oil and gas industry to hire jack up rigs, as opposed to other offshore drilling assets, to deliver drilling solutions and to maintain high levels of exploration, development and production activity in shallow water locations, particularly in the deep subsurface drilling projects, where our jack up rigs are able to operate and for which most of them are equipped. As a result, we will only have a limited number of contracts in place for our rigs and our fleet will be contracted out to only a limited number of clients. For example, in the Financial Year 2014, Petrobras contributed approximately 11.97% of our drilling and production services income. In addition, there are a limited number of potential clients and projects available in the markets in which we operate. A default or delay by the client in payment or loss of any single contract or the loss of any single existing client (for example, if any of our major clients terminates their contract or refuses to award new contracts to us) could have a material adverse effect on our results of operations and business.

Asset concentration risk

As our fleet is comprised mainly of jack up rigs, we are particularly dependent on the oil and gas industry maintaining high levels of exploration, development and production activity in shallow water locations, particularly in the deep subsurface drilling projects, where our jack up rigs are able to operate and for which most of them are equipped. We are also dependent on the oil and gas industry continuing to hire jack up rigs, as opposed to other offshore drilling assets, to deliver drilling solutions. We may therefore be more vulnerable to a downturn in our markets, or changing client preferences and requirements, than if we had a more diversified portfolio of assets.

Asset deployment risk

We may not be able to generate our desired return on investments if our assets are not optimally deployed. We enter into both long-term and short-term drilling contracts with clients; the former ensures steady income and cash flow visibility and the latter enables us to capitalize on increasing rig dayrates. However, in a situation where we witness a decrease in oil prices, the renewal of short-term contracts well before expiry may pose a challenging task resulting in idle capacity for some time that may impact our financial condition. Significant volatility or any prolonged downward trend or in oil and gas prices, or any perception or expectation of the same by our clients, may cause our clients to reduce or defer expenditures on exploration, development and production projects. In addition, sustained high oil and gas prices could be an impediment to general economic growth and may affect the spending decisions of our clients and adversely affect our financial performance.

Significant developments after March 31, 2014 that may affect our future results of operations

Except as stated in this Preliminary Placement Document, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Preliminary Placement Document which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Observations by the Auditor

Summary of reservations, qualifications or adverse remarks of auditors, if any, in the last five financial years and their impact on the financial statements and financial position of our Company and the corrective steps taken or proposed to be taken by our Company for each of the said reservations, qualifications or adverse remarks

Financial Year	Observations/References made in the auditors' report on Standalone Financial Statements	Corrective steps taken/proposed to the taken by our Company
2013-14	1.Reference made in the Annexure to Auditors' Report –para ix (b) <i>(b) According to information and explanations given to us, there are no dues of Income Tax, Customs duty, Sales Tax, Value Added Tax, Service</i>	1) The matter relating to FY 2008-09 is still pending with the

Financial Year	Observations/References made in the auditors' report on Standalone Financial Statements	Corrective steps taken/proposed to the taken by our Company															
	<p><i>Tax and Cess which have not been deposited with appropriate authorities on account of dispute, except the following:</i></p> <table border="1" data-bbox="363 409 1158 689"> <thead> <tr> <th data-bbox="363 409 507 501"><i>Nature of dispute</i></th> <th data-bbox="507 409 651 501"><i>Nature of Dues</i></th> <th data-bbox="651 409 799 501"><i>Amount in INR millions</i></th> <th data-bbox="799 409 943 501"><i>Period to which it relates to</i></th> <th data-bbox="943 409 1158 501"><i>Forum where the dispute is pending</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="363 501 507 593"><i>Income Tax Act, 1961</i></td> <td data-bbox="507 501 651 593"><i>Income Tax</i></td> <td data-bbox="651 501 799 593">339.13</td> <td data-bbox="799 501 943 593">2007-08</td> <td data-bbox="943 501 1158 593"><i>Income Tax Appellate Tribunal</i></td> </tr> <tr> <td data-bbox="363 593 507 689"><i>Income Tax Act, 1961</i></td> <td data-bbox="507 593 651 689"><i>Income Tax</i></td> <td data-bbox="651 593 799 689">418.38</td> <td data-bbox="799 593 943 689">2008-09</td> <td data-bbox="943 593 1158 689"><i>Commissioner of Income Tax (Appeals)</i></td> </tr> </tbody> </table> <p>2. Reference made in the Annexure to Auditors' Report –para xi-</p> <p><i>“xi. Based on our audit procedures and according to the information and explanations given to us, we have noted default in repayment of term loan instalments with respect to four bank loan accounts and a loan from a Financial Institution and interest during the year which are due to banks and Financial Institution. The unpaid overdue loan instalments and interest during the year in this regard as at 31st March 2014 were INR 545.61 million and INR 136.71 million respectively. The Company has since paid INR 19.80 million of overdue instalment and INR 29.03 million of overdue interest due to a Bank and Financial Institution before the date of our report.”</i></p>	<i>Nature of dispute</i>	<i>Nature of Dues</i>	<i>Amount in INR millions</i>	<i>Period to which it relates to</i>	<i>Forum where the dispute is pending</i>	<i>Income Tax Act, 1961</i>	<i>Income Tax</i>	339.13	2007-08	<i>Income Tax Appellate Tribunal</i>	<i>Income Tax Act, 1961</i>	<i>Income Tax</i>	418.38	2008-09	<i>Commissioner of Income Tax (Appeals)</i>	<p>ITAT. Since similar grounds of dispute have been decided in favour of our Company by the ITAT in respect of earlier assessments, our Company is of the view that the ITAT would take a favourable stand on this assessment and does not expect further tax liability in respect of this year.</p> <p>2) The issues relating to relating to FY 2008-09 are similar issues relating to FY 2007-08. The Company is of the view that it stands a good chance of a favourable order from the Commissioner of Income tax (Appeals). Matter is still pending before the Commissioner of Income-tax (Appeals), Chennai.</p> <p>The remaining</p>
<i>Nature of dispute</i>	<i>Nature of Dues</i>	<i>Amount in INR millions</i>	<i>Period to which it relates to</i>	<i>Forum where the dispute is pending</i>													
<i>Income Tax Act, 1961</i>	<i>Income Tax</i>	339.13	2007-08	<i>Income Tax Appellate Tribunal</i>													
<i>Income Tax Act, 1961</i>	<i>Income Tax</i>	418.38	2008-09	<i>Commissioner of Income Tax (Appeals)</i>													

Financial Year	Observations/References made in the auditors' report on Standalone Financial Statements	Corrective steps taken/proposed to the taken by our Company
		overdue amount of INR 525.81 million and INR 107.68 million in respect of overdue loan instalment and overdue interest respectively to Banks and Financial Institution have been paid by our Company on various dates.
2012-13	1.Reference in the Annexure to Auditors' Report –para xi (b)- <i>“(b) We have noted default in repayment of term loan instalments with respect to one bank loan account and a loan from a financial institution and interest during the year which are due to the banks and a Financial Institution. The unpaid overdue loan instalments and interest during the year in this regard as at 31st March 2013 were INR 165.60 million and INR 319.40 million respectively. The company has since paid INR 35.60 million of overdue instalment and INR 203.45 million of overdue interest due to Banks and a Financial Institution before the date of our report”</i>	The remaining overdue amount of INR 130.00 million and INR 115.95 million in respect of overdue loan instalment and overdue interest respectively to Banks and Financial Institution have been paid by our Company on various dates.
2011-12	1.Reference in Annexure to Auditors' Report- para xi (b)- <i>“(b) We have noted defaults in repayment of term loan instalment and interest during the year which are due to Banks and a Financial Institution. The unpaid overdue loan instalments and interest during the year in this regard as at 31st March 2012 were Rs.159.04 million and Rs.357.42 million respectively. The company has since paid Rs.132.84 million of overdue instalment and Rs.146.5 million of overdue interest due to Banks and a Financial Institution before the date of our report.”</i>	The remaining overdue amount of Rs. 26.20 million and Rs. 210.92 million on account of overdue instalments and overdue interest respectively to Banks and Financial Institution have been paid by our Company on various dates.
2010-11	No adverse references or observations made in the Auditors Report for FY 2010-11	Not Applicable
2009-10	No adverse references or observations made in the Auditors Report for FY	Not Applicable

Financial Year	Observations/References made in the auditors' report on Standalone Financial Statements	Corrective steps taken/proposed to the taken by our Company
	2009-2010	

INDUSTRY OVERVIEW

The oil & gas industry comprises three segments: Upstream, Midstream and Downstream.

- Upstream segment deals with oil and gas exploration and production;
- Midstream deals with the transportation of crude oil petroleum products, transportation of natural gas and LNG receiving terminals; and
- Downstream segment deals with refining, gas processing and marketing of oil and gas to the ultimate consumers.

In the Indian context, initially companies were set up for a specific purpose but after liberalization, almost all the companies are now getting to be fully integrated (involved in the above mentioned streams). The primary products of the oil and gas industry are crude oil, natural gas liquids, and natural gas. Crude oil consists of a mixture of hydrocarbons having varying molecular weights and properties.

Natural gas can be produced from oil wells, or wells can be drilled to extract natural gas as the primary product. Methane is the predominant component of natural gas, but ethane, propane, and butane could also be the significant components. The heavier components, including propane and butane, exist as liquids when cooled and compressed and these are often separated and processed as LPG.

Operations over water can be conducted using a variety of self-contained mobile offshore drilling units, the choice of which depends on the depth of water, seabed conditions and prevailing meteorological conditions, particularly wind speed, wave height and current speed.

The following are the various types of mobile offshore drilling rigs:

- Jack up rigs: Suitable for shallow water up to 100m deep and transported to location by their own propulsion, or towed by tugs. Once there, electric or hydraulic jacks lower three or four legs to the seafloor to support the drilling platform above water.
- Semi-submersible rigs: Suitable for deep waters and transported to location by their own propulsion, or towed by tugs. The hull is partially submerged and the rig is held in place by a series of anchors.
- Submersible rigs: Limited to shallow waters and towed onto location. It consists of two hulls: an upper hull, or platform, and lower hull that is filled with water and submerged to the seafloor.
- Drilling barges as floating platform: Suitable for shallow waters, estuarine areas, lakes, marshes, swamps and rivers. Not suitable for open or deep water. It is towed onto location.
- Drillships: Designed for drilling in deep water locations. Drilling takes place from a drilling platform and derrick positioned in the middle of the deck, from which drill stems are lowered through a hole in the hull (moonhole).

In offshore production developments, permanent structures are necessary to support the required facilities, since typical exploration units are not designed for full scale production operations. This will involve the installation of an offshore drilling and production platform that is self sufficient in terms of energy and water needs for workforce and for drilling wells and processing hydrocarbons ready for export. There are many types of offshore platforms, including:

- Fixed platforms: Used in water depths up to 500m. They consist of steel or concrete legs (jacket) secured directly to the seabed by steel piles that support a steel deck. Drilling equipment, production facilities and accommodation are typically housed on the deck
- Compliant towers: Used in water depths ranging from 500m to 1,000m. These towers consist of a narrow, flexible tower on a piled foundation supporting a conventional deck.
- Tension leg platforms: Used in water depths of up to 2,000m and consists of a floating facility moored to the seabed and fixed in place by anchors. Mini tension leg platforms (seastars) exist that are used in water depths between 200m and 1,000m.

- Jack up platforms: Used in shallower water up to 100m and transported to location where the legs are lowered by hydraulic jacks into position to support the deck.

Normally, a steel platform is installed to serve as the gathering and processing centre and more than 40 wells may be drilled directionally from this platform. Concrete platforms are sometimes used. If the field is large enough, additional ‘satellite’ platforms may be needed, linked by subsea flow lines to the central facility. In shallow waters, typically a central processing facility is supported by a number of smaller wellhead platforms. Recent technological developments, aimed at optimizing operations, include remotely operated subsea systems, which remove the requirement for satellite platforms. This technology is also being used in deep water where platforms are unsuitable, and for marginal fields where platforms would be uneconomic. In these cases, floating systems – ships and semi-submersibles – ‘service’ the subsea wells on a regular basis.

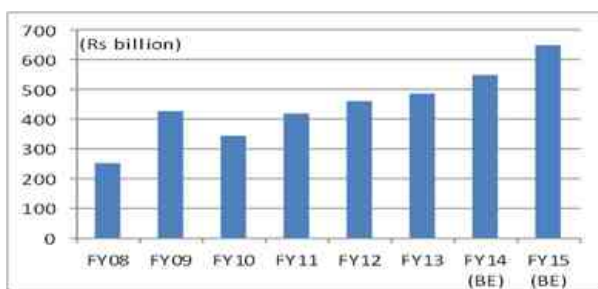
Produced oil and gas may be exported by pipeline, trucks, tankers or rail tank cars. Gasto-liquids is an area of technology development that allows natural gas to be converted to liquid. Gas is often exported, after liquefaction, as liquefied natural gas using specially constructed tankers. Pipelines are constructed in a sequential process, including staking of the right-of-way (“**ROW**”) and pipeline centerline; ROW clearing and grading; trenching (for buried pipeline); pipe laying, welding, and bending; field coating of welded joints; testing; lowering; trench backfilling; and ROW reinstatement. Pumps or compressors are used to transport liquids or gas from the oil and gas fields to downstream or export facilities. During commissioning, flow lines, pipelines, and associated facilities (e.g., block valves and meters, regulators and relief devices, pump stations, pigging stations, storage tanks) are filled with water and hydro tested to ensure integrity. Pipeline operation usually requires frequent inspections (ground and aerial surveillance, and facility inspections) and periodic ROW and facility maintenance. Production and pipeline operation is usually monitored and controlled from a central location through a supervisory control and data acquisition system which allows field operating variables to be monitored such as flow rate, pressure, and temperature and to open and close valves.

Recent advances in horizontal drilling have enhanced directional drilling as a means of concentrating operations at one site and reducing the ‘footprint’ on land of production operations and the number of platforms offshore. The technology now enables access to a reservoir up to several kms from the drill rig, while technology is developing to permit even wider range. This further minimizes the ‘footprint’ by reducing the need for satellite wells. It also offers more flexibility in selecting a drill site, particularly where environmental concerns are raised.

Exploration & production (E&P) data statistics

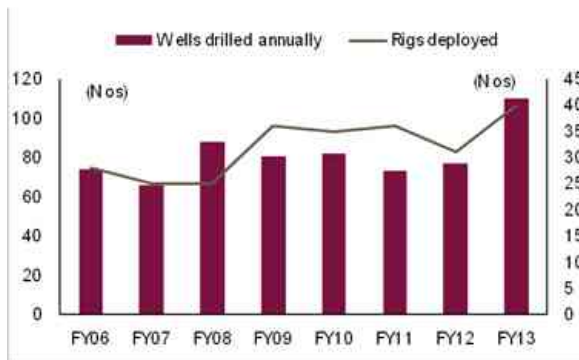
India’s focus on energy security has led to healthy capital spending in domestic E&P. ONGC in itself is planning to monetize 37 discoveries through 13 projects with investment expecting to exceed ₹ 340 billion. The recent reforms initiated by the previous government which includes E&P players being allowed to put existing/new discoveries to production without obtaining Declaration of Commerciality from the Directorate General of Hydrocarbons, the regular gas price hike, monthly diesel price hike and deregulation of the bulk diesel/ Petrol have all impacted the industry in a positive manner. The graphs below indicates that for the past one decade there has been a steady increase on the (a) capital expenditure by State run E&P companies and on the (b) rig deployment and drilling activities of the ONGC. This trend is most likely to continue given the reforms remain constant.

- Capital expenditure by Indian state-run E&P companies:



(Source: Ministry of Petroleum and Natural Gas)

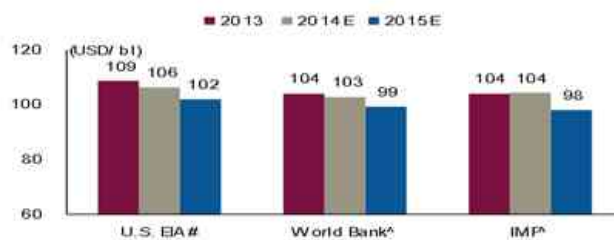
- ONGC's Rig deployment and drilling history:



(Source: Ministry of Petroleum and Natural Gas)

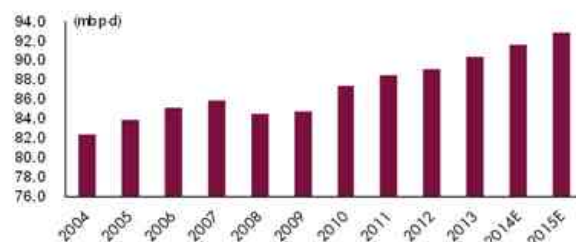
With regards to the rest of the world as well, the demand for crude has been accelerating as a result of which the crude price is likely to remain firm. Moreover since, the oil and gas being non renewable in nature the demand for the same is likely to increase thereby the amount spent on oil and gas upstream is likely to increase at an impressive pace. The graphs below also indicate the same:

- Crude prices as indicated by the US EIA, the World Bank and the IMF for the years 2013, 2014 and 2015:



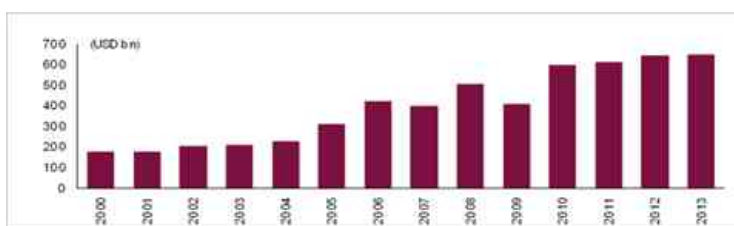
(Source: US EIA Short Term Energy Outlook, May, 2014; World Bank Commodity Market Outlook, April, 2014; IMF Commodity Market Review, May, 2014)

- Crude Demand Globally:



(Source: US EIA Short Term Energy Outlook, May, 2014)

- Global upstream Oil and Gas Spending



(Source: US EIA April, 2014)

Factors Affecting Offshore Production

Apart from the fact that there is a constant demand for oil and gas thereby encouraging offshore drilling, there are also certain factors affecting offshore production, which include the availability and utilization of drilling rigs, trained personnel, and transportation capacity. The circumstances for these factors differ for the shallow and deep water areas: (*Source: Energy Information Administration*)

Availability of Personnel

An important factor in production levels is the availability of personnel, with respect to both numbers and skill levels. The limited number of trained and experienced offshore workers also is likely to constrain rapid offshore development. Previous cuts in personnel have reduced the numbers of skilled workers, and also have discouraged growth in the size of the workforce. Even if higher wages were offered to entice new workers, new experts and workers require time to train. The scarcity of qualified personnel willing to take the risk in such a cyclic industry seems to have more significance for the future than previously seen.

Transmission Capacity

Another essential factor needed for supporting offshore gas supply operations is adequate transmission capacity to move supplies to onshore pipelines and then to market. Additional capacity of 2,600 million cubic feet per day was completed in 1998 to increase flow to onshore Louisiana. This flow rate is the equivalent of four percent of total U.S. gas production. Although it is generally considered that the Gulf of Mexico transportation system is virtually full, claims of actual capacity constraints have not arisen to date. Further, new and expanded capacity in the year 1999 and 2000 is expected to total 2.0 Bcf per day at an estimated cost of more than \$ 410 million. While logistical difficulties may remain, no major bottlenecks appear likely in moving gas onshore in the near term, although requirements over the longer term are expected to be extensive. One study estimated the cost of new transportation pipelines in the offshore would exceed \$700 million during the next 15 years.

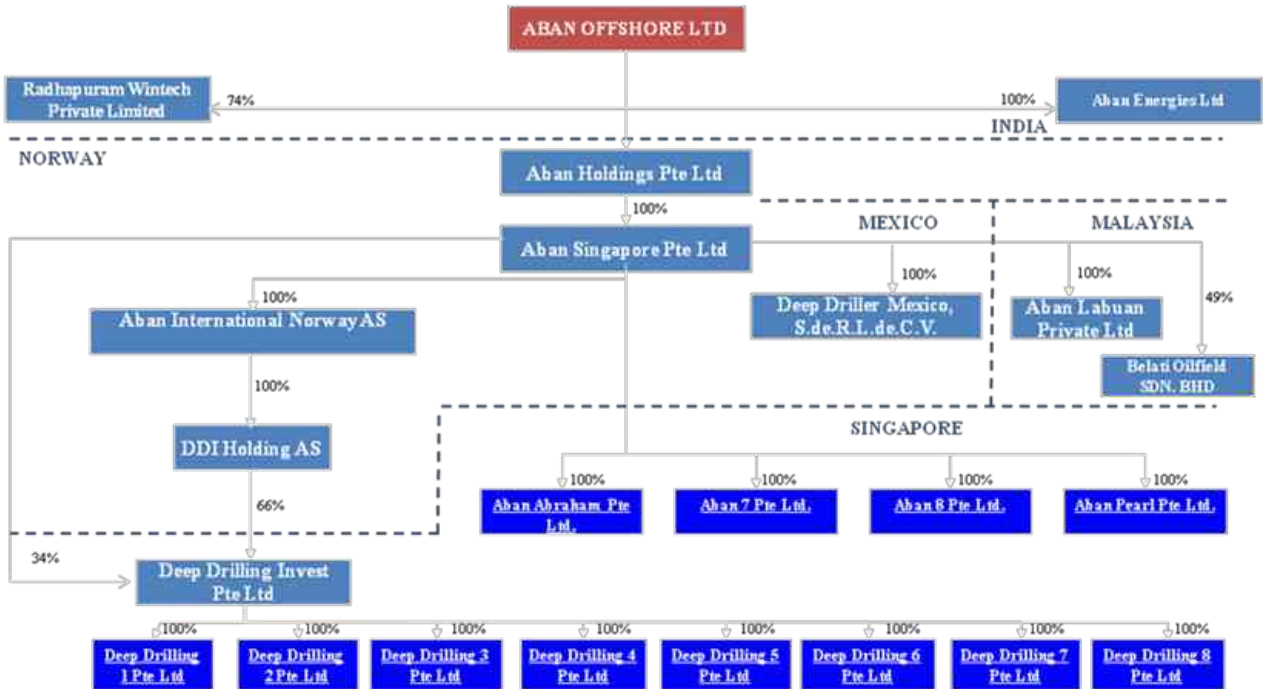
Drilling rigs

At present the industry is proceeding with deep water development activity. In such circumstances, the number of drilling rigs capable of operating in deep waters would be the only constraining factor if interest in project development surged, because the inventory of available prospects is more than sufficient to utilize available equipment and personnel.

During the late 1990's before the falloff owing to low prices, the increase in drilling activities had created tight markets for rigs in the Gulf of Mexico, with signs of rig scarcity appearing regularly. Contracts for two Global Marine jack up rigs in 1997 were secured within a week of a company's announcement of their availability. Nine Deep-water rig rates had increased tremendously during the late 1990's and rapid development of the set of pending deep-water prospects would tend to drive well drilling costs eventually to prohibitive level. A number of new drillings rigs are being built, but unless the industry sees very high utilization rates or guaranteed contracts are offered to motivate new rig manufacture, a reluctance to build in the industry would linger limiting the amount of new rig construction.

THE GROUP STRUCTURE

Group Structure



1

The Company also holds 25% of Frontier Offshore Exploration (India) Limited. The investment has been completely written off.

BUSINESS

We believe that we are amongst the largest offshore drilling companies in the world based on the number of rigs (such as jack ups, drillships and floating production unit's) owned by us as of May 31, 2014. We provide drilling services to companies engaged in the business of exploration, development and production of oil and gas. We have more than two decades of experience in providing offshore drilling services in India, and have expanded our operations significantly since 2007 to provide drilling services internationally. We provide services in geographical locations across South Asia, South East Asia, the Middle East, Mexico and South America. Our client base comprises a diverse group of Indian and global energy companies in the oil and gas industry who conduct drilling operations as part of their exploration, development and production activities.

We commenced operations in 1987 with two jack up rigs, providing drilling services to Oil and Natural Gas Corporation Limited (“ONGC”) in India. In the years that followed we strengthened our activities by acquiring Hitech Drilling Services (India) Limited in 2001, thereby adding more rigs and a floating production unit (“FPU”) to our fleet. We established our wholly owned Subsidiary Aban Singapore Pte. Ltd. (“ASPL”) in November, 2005 and Aban Holdings Pte. Limited in December, 2006, to expand our international operations and in March 2007, acquired Sinvest AS, Norway, to strategically expand our operations and increase our fleet strength as well as expand our client base. On June 13, 2012, Sinvest AS merged with Aban International Norway AS (“AINAS”), pursuant to which the assets, right and liabilities of Sinvest AS were taken over by AINAS. Our offshore services include drilling exploration wells, appraisal wells and production wells for oil and gas companies using our portfolio of jack up rigs, drillships and an FPU.

As of May 31, 2014 we own a fleet of 18 offshore drilling rigs which comprises 15 jack up rigs (out of which 14 are cantilever type jack up rigs), two drillships and an FPU. Nine of our jack up rigs are less than eight years old. In this Preliminary Placement Document, we generally refer to our jack up rigs, drillships and FPU each as a “rig” and together as our “rigs”. As of May 31, 2014, 15 of our rigs were contracted for drilling services of which four are deployed in India, five in the Middle East, two in Mexico and one each in Brazil, Brunei, Malaysia and Vietnam. Our contract drilling services backlog as of March 31, 2014 was ₹ 66,368.01 million (U.S. \$ 1,108.35 million) and as of May 31, 2014 was ₹ 59,160.79 million (U.S. \$ 987.99 million).

We have invested in wind energy generation since 1996, when we set up wind farms in Radhapuram, Pazarhoor and Kavalkinaru districts in Southern India. We expect to derive benefit in the form of stable income from energy produced by these wind farms.

In the Financial Years 2014, 2013 and 2012, our total income was ₹ 39,671.17 million (U.S. \$ 660.75 million), ₹ 36,987.69 million (U.S. \$ 616.05 million) and ₹ 32,286.87 million (U.S. \$ 537.76 million), respectively. Our net profit after minority interest and share of profit of associate in the Financial Years 2014, 2013 and 2012 was ₹ 3,930.65 million (U.S. \$ 65.47 million), ₹ 1,938.73 million (U.S. \$ 32.30 million) and ₹ 3,215.19 million (U.S. \$ 53.55 million), respectively.

Competitive Strengths

We believe our operations benefit from a number of competitive strengths, including the following:

Modern fleet

Our current fleet of 18 offshore drilling rigs includes 15 jack up rigs, of which nine have been constructed within the past eight years and are able to operate in deep water (ranging from 350 feet to 375 feet), drill to depths ranging from 30,000 feet to 35,000 feet and drill wells experiencing conditions of high pressure and temperature. In addition, our two drillships provide us with deep water drilling capability upto a drilling depth of 25,000 feet.

Strong contract drilling service backlog

As of May 31, 2014, 15 of our rigs were contracted for drilling services and the average residual term of our current drilling contracts is 447 days. Most of our existing contracts have the option for extension of the contract term, at the option of our client, for one or more additional periods pending completion of work specified under the relevant contract. Our contract drilling services backlog as of March 31, 2014 was ₹ 66,368.01 million (U.S. \$ 1,108.35 million) and as of May 31, 2014 was approximately ₹ 59,160.79 million (U.S. \$ 987.99 million). We expect approximately 64.14% of our total contract drilling services backlog as of May 31, 2014 to be realized in the Financial Year, 2015. For further information on our contract drilling services backlog, please see section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Contract*”

Drilling Services Backlog” on page 64. Based on our current contracts we have revenue visibility for an average period of 447 days. Please see section on “*Business - Drilling contracts*” on page 98 for further details. Further, please see section titled “*Risk Factors - We are dependent on a small number of key assets and clients operating in part of a single industry. Loss of contracts could materially affect our operations and business*” on page 34.

Geographical diversity and maximization of asset deployment

We have a modern fleet of rigs deployed to serve a diversified base of clients across South Asia, South East Asia, the Middle East, Mexico and South America. We believe that this clientele and geographical diversification reduces the exposure of our operations to any individual client or region. Our existing and previous clients include national oil companies as well as established oil and gas multinationals, such as ONGC Limited/ONGC Videsh Limited (Qatar), Gujarat State Petroleum Corporation, Hindustan Oil Exploration Company Limited, Reliance Industries Limited, Cairn Energy, Chevron Texaco, Exxon Mobil, Pemex, Petrobras, Petronas Carigali, Vietsopetro, and Shell Brunei. Crude prices are expected to remain firm due to accelerating crude demand globally, enabling us to benefit from our geographical diversification. Please see section titled “*Risk Factors - We are dependent on a small number of key assets and clients operating in part of a single industry. Loss of contracts could materially affect our operations and business*” on page 34.

Extensive rig fleet and operational experience

As of May 31, 2014, we own 18 rigs (such as jack ups, drillships and FPU’s). We believe that we are amongst the largest offshore drilling companies in the world based on the number of rigs (such as jack ups, drillships and floating production unit’s) owned by us as of May 31, 2014. We continue to benefit from our operational experience, growth initiatives, customer and supplier relationships, brand and reputation. We have over 20 years of experience in providing offshore oilfield services in the oil and gas exploration and production sector. Based on our considerable experience, we have also developed operating cost efficiencies through effective cost management practices. 12 of our rigs have a reported asset uptime of 100% in the Financial Year 2014. Our EBDITA in the Financial Year 2014 was 60.19%. Please see section titled “*Management Discussion and Analysis - Rig utilization and dayrate efficiency*” on page 66.

Management team with extensive experience

Our senior and operating level management teams have extensive industry experience both in domestic as well as the international market. Our senior management team includes professionals with over 30 years of experience in the drilling industry. Our Managing Director, Reji Abraham has over 20 years of experience in the industry. We believe that their considerable knowledge and experience in the industry enhances our ability to operate effectively. Our management also has substantial experience in identifying and completing the process of acquisition and delivery of rigs. Our executive officers have significant experience in the operational, commercial and financing aspects of the offshore drilling industry. Through their years of experience, our executive officers have built up a wide network of contacts with both clients as well as intermediaries in the finance and offshore drilling services industry and have considerable experience in winning contracts, and efficiently delivering offshore drilling solutions. Please see section titled “*Board of Directors and Senior Management*” on page 111 for further details.

Strategies

Our objective is to be one of the leading providers of offshore drilling services to the oil and gas exploration and production industry. Our strategic objectives seek to employ our strengths to enhance our market position and to selectively pursue opportunities to diversify our fleet and capability. To achieve these objectives we plan to pursue the following strategic initiatives:

Strengthen our balance sheet and continue to develop a stable revenue base

We have significant financing obligations relating to debt incurred in connection with the financing of our acquisition of Sinvest AS in 2007 and our new rigs. We believe that reducing our financing obligations will improve our ability to meet our strategic goals and enable us to better leverage our asset base to capitalize on market opportunities, withstand competitive pressures and be more flexible in responding to changing business, regulatory and economic conditions. Please see section titled “*Management Discussion and Analysis - Indebtedness and other contractual obligations*” on page 80 for further details. We constantly strive to increase operational efficiencies in our business and to reduce our operational costs. We also intend to continue to develop a stable revenue base by seeking comparatively longer term contracts for our rigs currently being

marketed and for future contracts. Longer term contracts ensure continued utilization of our rig fleet. Please see section titled “*Risk Factors - We have incurred substantial indebtedness which exposes us to various risks which may have an adverse effect on our business, results of operations and financial condition*” on page 32.

Continue to maintain and develop strong customer relationships

We aim to serve a diversified base of clients in regions with high growth potential, including in South Asia, South East Asia, the Middle East, Mexico and South America. We will continue to focus on delivering the highest standards of service, safety and efficiency to our clients in order to maintain and develop strong client relationships. We customise our rigs, service delivery and management systems to interface with those of our long term clients. We continually seek to improve our health, safety and environmental performance and to optimise the utilization of our rigs by maximizing asset deployment and focussing on high growth geographies.

Continue to diversify our service capabilities and pursue growth opportunities

We continue to evaluate organic and inorganic growth opportunities in the medium and long term to increase our deep water drilling capabilities as well as our oil and gas production services capabilities. We are also leveraging our experience in the oil and gas production services by entering into management and operation services for rig owners.

Our Fleet

We own all of our 18 offshore drilling rigs which as of May 31, 2014 comprises of 15 jack up rigs (including nine jack up rigs that are less than eight years old), two drillships and an FPU.

A summary of key information relating to our rigs is set out below:

Name of Rig	Ownership	Year built (year of refurbishment)/shipyard	Type	Classification Society	Flag State	Maximum operating water depth (drilling depth) (in feet)
Deep Driller 1	Deep Drilling 1 Pte Limited	2006 / PPL Shipyard, Singapore	Cantilever type jack up rig	American Bureau of Shipping	Singapore	375 (30,000)
Deep Driller 2	Deep Drilling 2 Pte Limited	2006/ Keppel FELS shipyard, Singapore	Cantilever type jack up rig	Singclass International	Mongolia	350 (35,000)
Deep Driller 3	Deep Drilling 3 Pte Limited	2006/ Keppel FELS shipyard, Singapore	Cantilever type jack up rig	American Bureau of Shipping	Singapore	350 (35,000)
Deep Driller 4	Deep Drilling 4 Pte Limited	2007/ SPL Shipyard, Singapore	Cantilever type jack up rig	Singclass International	Mongolia	375 (30,000)
Deep Driller 5	Deep Drilling 5 Pte Limited	2007/ Keppel FELS shipyard, Singapore	Cantilever type jack up rig	Bureau Veritas	Singapore	350 (35,000)
Deep Driller 6	Deep Drilling 6 Pte Limited	2008/ Keppel FELS shipyard, Singapore	Cantilever type jack up rig	Singclass International	Mongolia	350 (35,000)
Deep Driller 7	Deep Drilling 7 Pte Limited	2008/ PPL Shipyard, Singapore	Cantilever type jack up rig	American Bureau of Shipping	Singapore	375 (30,000)
Deep Driller 8	Deep Drilling 8 Pte Limited	2009/ Keppel FELS shipyard, Singapore	Cantilever type jack up rig	American Bureau of Shipping	Singapore	350 (35,000)
Aban II	Aban Offshore	1981(2011)/ Bethlehem Steel	Cantilevered jack up	American Bureau of	Panama	200 (20,000)

Name of Rig	Ownership	Year built (year of refurbishment)/shipyard	Type	Classification Society	Flag State	Maximum operating water depth (drilling depth) (in feet)
	Limited	Corporation, U.S.A.		Shipping		
Aban III	Aban Offshore Limited	1974 (2011) / Marathon Le Tourneau Company, Singapore	Cantilevered type jack up rig	American Bureau of Shipping	Panama	300 (20,000)
Aban IV	Aban Offshore Limited	1983 (1999)/ Promet Private Limited, Singapore	Cantilevered type jack up rig	American Bureau of Shipping	Panama	300 (21,000)
Aban V	Aban Offshore Limited	1982 (2002)/ Ingcall's Ship Building, U.S.A.	Jack up FG L 780 Mod-II	Bureau Veritas	Mongolia	300 (20,000)
Aban VI ⁽¹⁾	Aban Offshore Limited	1975 (2002)/ Far East Levingston, Singapore	Cantilevered type jack up rig	Singclass International	Mongolia	250 (20,000)
Aban VII	Aban 7 Pte Limited	1973 (2008)/ Vicksburg, Mississippi Orange, Texas.	Cantilevered type jack up rig	American Bureau of Shipping	Panama	250 (20,000)
Aban VIII	Aban 8 Pte Limited	2008/ SPC Shipyard, Singapore	Cantilevered type jack up rig	Singclass International	Mongolia	375 (30,000)
Aban Ice	Aban Offshore Limited	1975 (2013)/ Societe Des Ateliers ET Chantiers, France	A1 Drilling Unit	American Bureau of Shipping	Panama	2,000 (20,000)
Aban Abraham	Aban Abraham Pte Limited	1976 (2011)/ The Netherlands	Drillship	Det Norske Veritas, Netherlands	Bahamas	6,600 (25,000)
Tahara	Aban Offshore Limited	1973 (1997)/ Levingston Ship Building Company, U.S.A.	Floating production unit	NA	Liberia	800 (NA)

(1) Our Company acquired the rig Energy Explorer IV in June 2005, and renamed it Aban VI; however, the Aban VI continues to be registered in Mongolia under the name Energy Explorer IV.

Jack up rigs

We currently own 15 jack up rigs of which, 13 are operational and two are being marketed. More than fifty percent of our jack up rigs is less than eight years old.

Jack up rigs are mobile, self elevating drilling platforms equipped with legs that are lowered to the ocean floor until a foundation is established to support the drilling platform. The rig hull includes the drilling rig, jacking system, crew quarters, loading and unloading facilities, storage areas for bulk and liquid materials, heliport and other related equipment. Our jack up rigs is used for drilling in water depths from 20 feet up to, in the case of our higher specification rigs, a maximum of 375 feet. The water depth limit of a particular rig is principally determined by the length of the rig's legs. A jack up rig is towed to the drillsite with its hull floating in the sea, as a vessel, with its legs retracted. When positioned over a drillsite, the legs are lowered until they rest on the seabed and jacking continues until the hull is elevated above the surface of the water. After completion of drilling operations, the hull is lowered until it floats in the water and then the legs are retracted for relocation to another drillsite. We use heavy lift vessels to move jack up rigs over long distances.

Our jack up rigs are:

- capable of drilling to maximum depths ranging from 30,000 to 35,000 feet;
- equipped to operate in maximum water depths ranging from 350 to 375 feet; and
- equipped to operate in high temperature (greater than 300°F) and high pressure (greater than 10,000 psi downhole) conditions.

These features of our jack up rigs increase their operational versatility and provide value to our clients. 14 of our jack up rigs are cantilever type jack up rigs. A cantilever jack up rig is a jack up rig with a cantilever system fitted to allow the drilling package to be moved within the reach of the drilling platform. The drilling package can be skidded laterally and longitudinally to cover all the wells of the drilling platform. This enables wells to be drilled over adjacent development platforms and so groups of wells can be drilled without having to move the entire jack up rig. This function provides more operational versatility and is often a feature desired by the clients. We also have one slot type jack up rig, which has a slot in the hull of the barge through which the drilling operations must be conducted. Drilling operations are therefore confined to one location unless the jack up rig itself is relocated. Slot type jack up rigs are primarily used for drilling exploratory wells.

All our cantilever type jack up rigs have independent legs, which means that each leg can be raised or lowered to different depths independently of the others. This feature provides more operational versatility and is generally a feature required by the clients.

Currently, three of our jack up rigs are deployed in India, the remaining jack up rigs are deployed internationally in various locations; five are in the Middle East, two in Mexico and one each in Brunei, Malaysia and Vietnam respectively.

Drillships

Our two drillships, Aban Ice and Aban Abraham, are self propelled vessels fitted with drilling and station keeping equipment and are capable of operating in deep water up to a maximum of 2,000 feet, and 6,600 feet, respectively. A drillship must stay relatively stationary on location in the water for extended periods of time. In the case of Aban Abraham, this station keeping is accomplished with dynamic positioning systems which allow the drillships to maintain their position at sea, without the need to use anchors or other fixed lines. Onboard computer controlled positioning systems and thrusters work together to keep these drillships almost stationary even in the presence of currents, tides, wind and waves. Aban Abraham is currently deployed in Brazil, while Aban Ice is currently deployed in India.

Floating production unit

We own and operate an FPU, 'Tahara'. This unit is currently awaiting deployment. FPU's generally operate in marginal oil fields in an anchored, semi submerged position. FPU Tahara is provided with separators to separate oil from gas and water. The separated oil is transferred to a storage tanker and thereafter off-loaded for refining. The production capacity of FPU Tahara is approximately 20,000 barrels of oil per day.

Our Services

Drilling process

Our services principally comprise drilling of offshore wells in connection with oil and gas exploration and production activity. The different phases involved in this activity are exploration, appraisal and development. Our rigs and drilling equipment are generally capable of drilling wells during each of these phases.

The oil and gas well drilling process involves several stages. First, a starter hole is drilled to a pre determined depth near to where, seismic survey and other geological data indicate that an oil or gas reservoir is located. The drill bit, collar and drill pipe are placed into the starter hole. The top drive is attached and drilling begins. New sections (or "joints") of drill pipe are added as the hole is drilled deeper. As drilling progresses, drilling fluid, (or "mud"), is pumped down the hole to lubricate the drill bit and remove cuttings during the drilling process. Drilling fluid also controls well pressure and ensures the integrity of the well bore. Drilling fluid design is complex and the compounds and mixtures used are varied to meet the needs of a particular well, drilling process or for production preparation. Our clients arrange for the supply of the appropriate drilling fluid components and our systems are capable of mixing and operating most drilling fluids.

Once the desired depth or stage is reached, the drill bit, collar and drill pipe are removed and metal casing pipe (or “casing”) is inserted into the hole to prevent it from collapsing. Cement is then pumped into the cavity between the outside of the casing and the wall of the hole in a process known as “cementing”. The objective of cementing is to support and strengthen the casing of exploration and development wells against geological pressures and unexpected pressure increases encountered during drilling. The cement is allowed to harden and is then tested for hardness, alignment and a proper seal. Every well has unique cementing requirements (such as density, thickening time and strength) and each type of cement mixture is tailored accordingly. Our clients arrange for the supply of the appropriate cement ingredients and our systems are capable of mixing and operating most cement mixtures. A well is progressed in stages alternating between drilling, cementing and casing.

The rigs in our fleet all have top drive drilling systems, which increases efficiency by enabling them to drill with drill pipes over 90 feet in length as opposed to the standard pipes of 30 feet in length. The top drive drilling system also allows the drill pipe to rotate while entering or exiting a well hole, which increases safety and drilling efficiency. While our six older jack up rigs have two mud pumps each, the nine newer jack up rigs have three high pressure mud pumps each.

Our rigs are also equipped to conduct directional drilling operations, thereby enabling us to carry out drilling from various angles to reach specific reservoirs. In practice, this enables our rigs to reach multiple geological targets from a single surface location of our rig. We also have the ability to drill horizontal wells, which can help to maximize production capacity, and reduce overall development costs, in relation to certain wells. This feature also enables us to improve efficiency, increases operational versatility and is often required by our clients.

Rock cuttings from the drilling fluid are periodically analyzed. When they reveal material indicating the presence of oil or gas reservoir rock, the drilling apparatus is removed from the hole and more detailed tests are performed, including well logging (whereby sensors are lowered into the hole to take measurements of the rock formations), drill stem testing (whereby pressure in the hole is measured) and core sampling (whereby samples of rock are extracted and analyzed for characteristics of reservoir rock). We assist our clients with the collection of data and materials, the installation of sensors and other recording or sampling equipment, as well as other logging activities to enable them to process and analyze reservoir and well information, and plan drilling operations accordingly.

Once the final depth and location are reached, ‘*well completion*’ is carried out to allow oil to flow into the casing in a controlled manner. Well completion activities involve the installation of pipes and equipment required to enable safe and efficient production from a well. A perforating gun loaded with explosive charges is introduced into the well to the production depth. The detonations create perforations in the casing through which oil can flow or gas can pass. After the casing has been perforated, a small diameter pipe is inserted into the hole as a conduit for oil and gas to flow up the well. A device called a packer is run down the outside of the pipe. When the packer is set at the production level, it is expanded to form a seal around the outside of the pipe. Finally, a multi-valved structure called a ‘*Christmas tree*’ is attached to the top of the pipe and it is cemented to the top of the casing. The Christmas tree allows the flow of oil or gas from the well to be controlled.

Once the well is completed, the flow of oil into the well must be induced and controlled. For limestone reservoir rock, acid is pumped down into the well and out of the perforations. The acid dissolves channels in the limestone that allow oil to flow into the well. For sandstone reservoir rock, a specially blended fluid containing proppants (such as sand, walnut shells, and aluminum pellets) is pumped down the well and out of the perforations. The pressure from this fluid makes small fractures in the sandstone that allow oil to flow into the well, while the proppants hold these fractures open. Once oil is flowing, the rig is removed from the site and oil production equipment is installed to extract the oil from the well. All of our rigs are capable of installing requisite casing and other pipes as well as delivering reservoir treatments where required to increase the productivity of a production well.

After a well begins production, our rigs can provide follow up maintenance, or “workovers”, to increase the productivity and extend the lifespan of a well. Workovers typically involve applying processes, chemical treatments and/or materials to the reservoir area, and may include removing and replacing the well casing and downhole equipment.

Incidental Services

From time to time, we provide various incidental services in addition to our normal drilling services through third party contractors and our employees. We refer to these other services as incidental services, which are performed to meet specific client requirements and may be provided on either a dayrate, cost plus or fixed price basis, depending on the daily activity. We have executed a technical collaboration agreement with Vantage International Management Co. to *inter alia* provide assistance in management, operation and maintenance of offshore drilling rig and related services and provide experienced rig crew personnel.

Drilling contracts

The following table provides certain information relating to our current drilling contracts as of May 31, 2014:

Rig	Current Location	Estimated Initial expiry term⁽¹⁾	Operating dayrate (U.S. \$)⁽²⁾
Deep Driller 1	Mexico	September, 2016	149,000.00
Deep Driller 2 ⁽³⁾	Middle East	September, 2015	177,174.00
Deep Driller 3	Malaysia	October, 2015	139,500.00
Deep Driller 4 ⁽³⁾	Middle East	October, 2015	178,260.00
Deep Driller 5	Vietnam	April, 2015	153,000.00
Deep Driller 6	Middle East	August, 2015	125,000.00
Deep Driller 7	Mexico	January, 2016	149,000.00
Deep Driller 8	Brunei	August, 2014	112,015.00
Aban II	India	April, 2015	51,405.00
Aban III	India	December, 2014	62,485.00
Aban IV	India	July, 2014	62,485.00
Aban V		Under marketing	
Aban VI	Middle East	February, 2015	60,000.00
Aban VII		Under marketing	
Aban VIII	Middle East	October, 2014	170,000.00
Aban Abraham	Brazil	June, 2016	261,442.00 ⁽⁴⁾
Aban Ice	India	November, 2016	166,860.00
Tahara		Under marketing	

(1) Contracts for Deep Driller 6 and Aban VIII are on a milestone basis. The date of expiry is based on internal estimate for time required to achieve the milestone.

(2) The dayrate is exclusive of service tax payable. Certain of our drilling contracts provide for nominal annual escalation of the applicable operating dayrates. Please see "General Terms of our drilling contracts - Factors affecting dayrates" below.

(3) The contractor for Deep Driller 2 and Deep Driller 4 contracts has exercised the option to extend the contracts

(4) Includes service contract dayrate.

General terms of our drilling contracts

Form of contract

Most of our contracts for providing offshore drilling services are obtained through competitive bidding against other contractors. While we seek to follow the IADC form of drilling contract, the terms and provisions of each of our contracts are individually negotiated with each client on a case by case basis and therefore vary significantly. Most of our contracts are fixed term contracts; we have also executed a few contracts with a milestone linked term. Our drilling contracts typically provide for us to invoice our clients at the end of a calendar month for work performed during that month, and for clients to pay us normally within 30 to 45 days of the invoice. Please see section titled "Risk Factors - Certain jurisdictions that we operate in are subject to international sanctions which could have an adverse impact our contractual arrangements"; "Our results of operations may be adversely affected due to our inability to select or negotiate favourable contractual terms" and "Our business and financial condition would be materially and adversely affected if we fail to obtain new contracts, which are in most cases, awarded following competitive bidding process" on pages 35, 38 and 40

respectively.

Scope of work, duration and location

A dayrate drilling contract generally extends over a period of time to cover either the drilling of a single well or group of wells, or to cover a stated term. The initial term of some of our drilling contracts may be extended on one or more occasions, at the discretion of the client, by the client exercising their contractual option for the drilling of additional wells or for an additional term or terms. The applicable dayrates for any such extension period is either fixed from the beginning of the contract or is subject to negotiation prior to exercising the extension option. We are usually obligated to complete any wells that we have commenced drilling, even if that requires us to extend the duration of a drilling contract.

Each drilling contract defines the pre-determined geographical area within which drilling operations are to be conducted. This may either be a relatively small area within the waters of a particular country or a much greater area covering the waters of several different countries. Please see section titled “*Risk Factors - Our operations are subject to a number of operating risks which could have a material adverse effect on our results of operation and business*” on page 34.

Factors affecting dayrates

Our drilling contracts generally require us to conduct drilling operations continuously during the term of the contract. The amount payable to us is calculated as a multiple of the applicable dayrate and the time spent on hire in that mode or status. Time spent on hire in a particular mode or status is typically calculated in units of 15 or 30 minutes.

The applicable dayrates vary depending on the mode and status of the relevant rig. Higher dayrates are generally payable while the relevant rig is operating, and this is usually referred to as the ‘operating dayrate’. Depending on the terms of the relevant drilling contract, lower dayrates are applicable during periods when the relevant rig is not operating or in other pre-agreed circumstances. These payments may be in the nature of ‘non operational dayrate’ for repair, suspension of contract, adverse weather conditions affecting operations, re-drilling to correct errors or comply with contractual requirements, for example, relating to well depth and angle, relocation to another well drilling site, the client instructing cessation of drilling activities and being on stand by, or when drilling operations are interrupted or restricted by certain *force majeure* events, usually including adverse environmental conditions and other events or circumstances beyond our control. Certain of our drilling contracts provide that a lump sum is payable to us in consideration of mobilization and/or demobilization of the relevant rig, as opposed to a reduced dayrate. Certain of our drilling contracts provide for nominal annual escalation of the applicable operating dayrates.

Where drilling operations are interrupted or restricted due to our fault, negligence or breach of contract, or other events or circumstances within our control, no dayrate is usually payable to us. Such circumstances may include: periods of dry docking, repairs, breakdown due to loss of or damage to equipment that we are responsible for, labour disputes, strikes or crew insufficiency, inspections or surveys requiring suspension of drilling operations. A short grace period, typically one day per month, may apply allowing us an opportunity to remedy the problem and re-commence drilling operations.

Termination

In circumstances where drilling operations are suspended for an extended period of time due to our default or *force majeure*, the client usually has the right to terminate the drilling contract without any obligation to pay us any termination compensation. Typically, our clients also have the right to terminate our drilling contracts upon the occurrence of certain other circumstances such as our failure to commence drilling operations on schedule, loss or destruction of the rig, breach of any material provision of the drilling contract, our insolvency or winding up or equivalent event, and we are not entitled to any termination compensation in such circumstances. Certain of our contracts grant our clients the right to terminate our contracts, or otherwise intervene in the performance of our contracts, if they believe that we are not performing our obligations in a satisfactory manner or in accordance with industry standards, and we are not entitled to any termination compensation in such circumstances. Certain of our contracts also grant our client a discretionary right to terminate the relevant contract at any time upon relatively short notice, subject to payment of termination payments.

Costs

We are typically responsible for the operating costs of our rigs, such as crew wages, rig maintenance, insurance

and spare parts. We are also generally responsible for all taxes for which we or our subcontractors are liable by reason of performing our contracts, as well as for import or export license fees and stamp duty. All our drilling contracts require us to pay liquidated damages to our client in the event, we fail to commence operation by or before the agreed commencement date. Further, some of our drilling contracts provide the right to our clients to invoke the performance bond and prevent us from bidding for new contracts with the client for a stipulated period. Please see section titled “*Risk Factors - A breach of our contractual obligations may result in our clients invoking the performance bonds provided by us or terminating our drilling contracts. Our inability to obtain contracts for our rigs for any significant period may adversely affect our business, results of operations and financial condition*” on page 39.

In addition to drilling wells meeting the relevant client's requirements, our contracts usually also require us to perform incidental services. Our clients typically pay us for any such incidental services, together with materials needed in connection therewith. Our drilling contracts do not usually provide adjustments to the dayrate on account of our costs increasing or decreasing unless agreed on a case by case basis. Some of our contracts do not provide demobilization fees and we will be required to bear cost of demobilization post termination of the contract. Please see section titled “*Risk Factors - The construction, maintenance, upgrading, repair and refurbishment of our rigs require substantial expenditure which could have a material impact on our financial condition*” and “*Increases in the costs of operating our rigs may exceed estimates upon which contracts are based and this could adversely affect our results of operations and our financial condition*” on pages 37 and 38 respectively.

Mobilization and additional client requirements

Most of our drilling contracts define the technical specifications of the rig, and the equipment, required by the relevant client to conduct drilling operations. Our clients usually also require certain of their own equipment and personnel to be installed on our rigs for the duration of the drilling contract. Significant time may therefore be required to complete the work needed to prepare a rig for operations in accordance with a specific drilling contract. In addition, a client may require us, under the terms of the drilling contract, to meet particular health, safety, environmental and quality standards, and to comply with related codes of conduct and operating systems. We are usually also required to pay for and maintain adequate insurance coverage in compliance with the requirements of our client for the duration of the contract. In addition, we are generally responsible for obtaining any licenses, permits, certifications and authorizations required to conduct our drilling operations, and for importing and exporting our rigs, personnel and equipment.

Liabilities

Our drilling contracts typically provide that we indemnify our clients for injury, loss or damage arising directly from our contractual breach, negligence or fault resulting in personal injury to client personnel, damage to client equipment or property, or certain above the water pollution and other environmental incidents. In most of our drilling contracts, our liability is capped to a fixed amount. However, some of our contracts do not prescribe a financial cap for events arising out of gross negligence and willful misconduct. Most of our drilling contracts provide for our client to assume all liability in relation to oil or gas reservoir damage, in all circumstances. In some of our drilling contracts, performance of our obligations is backed by a performance bond or by a guarantee, including, if required, corporate guarantees provided by us. In most of our drilling contracts, the corporate entity within our Group that owns the relevant rig enters into the drilling contract with the relevant client. However, depending on the terms specified by our clients, an entity within our Group other than the rig owning entity may be required to enter into the drilling contract with the client as the principal obligor and subcontract such work to the rig owning entity. Our contracts usually provide that we are not liable for any consequential or indirect damages or loss of anticipated profits sustained by our clients even if such damage or loss arises from our fault or negligence. To the extent that we incur liability in the performance of our duties under our drilling contracts, we believe that we have insurance for such circumstances in line with standard market practice. Please see section titled “*Risk Factors - Our operations are subject to a number of operating risks which could have a material adverse effect on our results of operation and business*” on page 34.

Management of our Rigs

We presently manage and operate all our 18 rigs.

Clients and Markets

Clients

Our clients are typically drawn from a diverse list of established exploration and production companies in the oil and gas industry, such as Cairn Energy, Chevron, Pemex, Petrobras, Petronas, Vietsopetro and Shell Brunei, as well as leading Indian oil companies, such as Gujarat State Petroleum Corporation, Hindustan Oil Exploration Company Limited, Reliance Industries Limited and ONGC Limited/ONGC Videsh Limited.

Markets

The principal markets for our offshore contract drilling services include the following:

- South Asia, including India and Bangladesh;
- South East Asia, including Malaysia, Thailand, Vietnam and Indonesia;
- Middle East, including United Arab Emirates, Iran, Saudi Arabia, Oman, Kuwait and Qatar;
- West Africa, including Ghana, Equatorial Guinea, Angola and Nigeria; and
- South America, including Venezuela, Mexico and Brazil.

We continue to consider deploying our assets into other regions and locations where we believe there is a strong demand for our services, such as in Australia.

We actively market our rigs worldwide. From time to time, rigs in our fleet operate in various markets throughout the world depending on industry demands and client requirements. The rigs in our fleet are mobile assets and are generally capable of being deployed in various regions and jurisdictions around the world. We are however limited by insurance, regulatory and other requirements, such as weather or geological conditions, which prevent us from operating in certain specific geographical areas. Water depth also restricts where we can deploy our rigs, predominantly in the case of our jack up rigs. Additionally, we believe our performance for a customer in one market segment or area enables us to better understand that client's needs and better serve that client in different market segments or other geographic locations. Please see section titled "*Risk Factors - We operate in regions and countries where the geo political and economic climates may be challenging and where legal and regulatory frameworks may be uncertain, which exposes us to the inherent risks of the regions and the countries in which we operate*" on page 40.

Sales and Marketing

A majority of our marketing activities are conducted by our sales and marketing personnel. However, in certain jurisdictions we also work with external agents and advisors to assist us in our marketing efforts. If an agent successfully assists us in winning a drilling contract, we pay the relevant agent a commission calculated as a percentage of the gross dayrate of the contract.

Typically, we, either directly or through an agent, approach an exploration and production company that we believe is in the market for our drilling services, or solicit from the market expressions of interest or tenders for bids, to which we respond or bid, as the case may be. Bids are usually prepared to address two principal areas: technical capability and pricing. In terms of technical capability, we submit the technical features of the proposed, and most suitable, drilling asset from our available fleet to perform the type of work required, together with a comprehensive description of our credentials. A potential client will typically draw up a short list based on the technical capability statements received and then evaluate the pricing terms offered. Subject to any other relevant commercial considerations, the contract is normally awarded to the short listed bidder whose proposal has the lowest pricing. However, this procedure is not always followed and contracts are occasionally awarded based on negotiations without a formal tendering process.

Suppliers

Our key suppliers include shipyards constructing or upgrading our rigs. Currently we do not have any rig under construction or up gradation.

We contract for services and lease equipment from third party providers. Our operations rely on a significant supply of capital and consumable spare parts and equipment to maintain and repair our fleet. In addition, we subcontract for management personnel in connection with the construction of our rigs and we lease or subcontract for the provision of equipment such as drill pipes, cementing units and catering services. Most of the spare parts and maintenance services on which we rely are typically available from multiple suppliers. Please see section titled “*Risk Factors - The success of our business is dependent on our ability to successfully contract for services and lease equipment from third party providers*” on page 42.

Insurance

The insurance requirements for operating an offshore drilling asset, such as a jack up rig or drillship, are different in nature from those which apply to other industries, as offshore drilling assets operate in seas all over the world. These complex circumstances require specific arrangements for the provision of marine insurance. We generally maintain the following policies for our rigs, and believe our insurance coverage is consistent with industry standards:

- **Hull and Machinery policy:** This covers physical damage to the rig, its machinery and equipment. In addition, each policy covers general salvage, litigation, labour and collision liability. Coverage for our rigs under each hull and machinery policy is written based upon a rig market value, as agreed annually upon between us and the underwriters of the relevant policy.
- **Protection and Indemnity policy:** This covers personal injury and illness of a member of crew, collision with vessels, third parties' liabilities and oil pollution.
- **Comprehensive General Liability policy:** This covers general liabilities arising out of our operations and activities.
- **War Risk policy:** Certain of our rigs are covered by this policy which covers damage to the rig as a result of war or war like conditions, which are excluded from the hull and machinery policy. These policies also cover damage caused by strikes, lockouts, labour disturbance, riots, terrorism and civil unrest.

We typically do not obtain loss of hire insurance, which covers loss due to a rig being wholly or partially unable to generate income as a consequence of an insurable event, due largely to the high cost and significant deductibles involved in such policies. Further, insurance policies to cover piracy related risks are availed only when a rig passes through a piracy prone zone and not for all the locations where our rigs are deployed. We have not experienced any difficulties obtaining or renewing any of our insurance policies, however, our premium costs may change owing to external factors. Please see section titled “*Risk Factors - Our insurance coverage may not adequately protect us against all material hazards*” on page 36. We also have procured directors' and officers' worldwide liability policy to cover liabilities up to a specified limit for our Directors and officers arising out of the execution of their duties.

Competition

We believe that we are amongst the largest offshore drilling companies in the world based on the number of rigs (such as jack ups, drillships and floating production unit's) owned by us as of May 31, 2014.

The market segments and regions in which we operate are highly competitive. Pricing is usually a key factor in determining which contractor is awarded a contract. Some of our competitors are larger, have more diverse fleets and businesses, have greater financial and other resources, and have greater brand recognition and reputation, greater geographical reach and/or lower capital costs than we do. This allows them to better withstand industry downturns, compete on the basis of price, relocate assets more easily, and/or build or acquire additional assets, all of which may affect our revenues or profitability. If other companies relocate or acquire offshore drilling assets for operations in the geographical regions where we operate, the levels of competition in such regions may increase. In addition, new technical solutions, vessels or rigs may be introduced that are more popular than our rigs, causing lower demand and use for our rigs.

The offshore drilling sector is also highly fragmented, with numerous industry participants and none with a dominant market share. We compete with international offshore drilling services providers such as Transocean, Noble, Pride International, Enco International, Diamond Offshore, Sea Drill, Rowan Companies, China Oilfield Services, Fred Olsen Energy, Maersk and Scorpion.

Furthermore, in certain regional markets, we may face significant local competition from other companies. Local competitors in each country in which we operate may have more domestic experience and better relationships with clients than us. In addition, many governments favour, or effectively require drilling contracts to be awarded to, local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

The main factors affecting clients' choice of drilling service providers are price, specification and capabilities of available rigs, quality of service and experience. We seek to differentiate our services from our competitors through factors such as our modern and technically superior rigs, our experienced management team, cost effectiveness, and quality of service.

Wind Energy

We have invested in wind energy generation since 1994, when we set up a wind farm in the Radhapuram, Pazarhoor and Kavalkinaru districts in Southern India. As of May 31, 2014, our wind energy business had a maximum electricity production capacity of 70.08 MW. As of May 31, 2014 our Company had installed and operated 175 wind energy generators at Nagercoil, Tamil Nadu. We expect to derive benefit in the form of stable income from the low cost energy produced by these turbines.

We have entered into power purchase agreements with the Tamil Nadu Electricity Board in relation to the energy produced at its wind farms. We have also entered into a power purchase agreement with Tata Communications and an energy wheeling agreement with New Woodlands Hotel Private Limited for the sale of captive power for a period of three years pursuant to the terms of these agreements.

Pollution Control and Environment

As an offshore drilling service provider and wind energy provider, we are required to comply with various laws and regulations relating to the environment in the various jurisdictions that we operate in. Please see section titled "*Regulations and Policies*" on page 106 for further details. In addition to applicable laws and regulations, we are required to comply with the regulations and guidelines set by the International Maritime Organisation as we operate in a marine environment.

We have taken certain environmental risk management actions including the following:

- Minimising waste by optimal utilisation of resources;
- Measures to minimise risks of spills and incidents by following proper procedures and training;
- Emergency contingency planning for oil spills and natural disasters;
- Training of personnel and regular drills on cyclone evacuation plans for personnel evacuation;
- Ambient air monitoring on a monthly basis;
- Regular analysis of sewage for residual chlorine to permit effective disinfecting; and
- "Noise level measurement" for existing equipment and when any new equipment is added, as well as marking and posting signs in areas exceeding permissible noise limits.

We conduct periodic internal audits/inspections to minimize the harmful impact of our drilling operations on the environment and also to ensure compliance with standard health, safety and environment policy and practices. The requirements are also audited by the Director General of Hydrocarbons and Director General of Mines Safety in India in addition to client third party audits through agencies such as Oil Field Audit Services Limited (OAS) and Moduspec International (L) Limited prior to the commencement of a contract.

Safety

Quality, health, safety and environment considerations are a priority in the provision, planning and development of our services and processes. We are committed to providing a safe workplace for our employees, subcontractors and clients. We endeavour to comply with the best practices and the environmental, health and safety regulations of countries where we work.

With respect to the rigs in our fleet, we have a manual of guidelines and procedures to follow in emergencies affecting our offshore drilling assets and personnel, covering situations such as personnel emergencies (such as illness, injury, toxic or combustible gas leak, person lost overboard, and medical or general evacuation), installation or vessel emergencies (such as oil spill response, fire or explosion, helicopter crash or emergency landing, collision, bomb threat or terrorist incident), and general field emergencies (such as severe weather conditions, failure or damage to a pipeline or subsea facility, diving emergency, defence and security incidents, and drilling or well intervention incidents). The ultimate purpose of these guidelines, procedures and contingency plans is: to protect our employees, contractors and other personnel from injury; to mitigate the effects of any such incident on person, property or environment from possible escalation; and to comply with applicable industry standards.

We have training requirements for all our employees in basic health, safety and environmental procedures, including emergency response, personal survival techniques, fire prevention and fire fighting. We have adopted training standards for our employees to adhere to and we have established procedures for requesting, approving and arranging for employees to attend training courses.

We are committed to carrying out our operations in an environmentally safe and responsible manner. To achieve this, we seek to ensure compliance with all applicable environmental laws and regulations by providing appropriate resources and infrastructure. Our environmental policy also promotes the conservation of resources and the prevention of environmental incidents. Through training programmes, we create environmental protection awareness amongst all our employees and strive to achieve continual improvement in our environment management.

Our Quality Health Safety Environment (“QHSE”) policy can be summarized in one line: *“To provide an Incident Free Workplace.”* To this respect, our Company believes that a “zero tolerance” principle towards deliberate non compliance is also required. We have recognized that the evolution of many management systems, policies and procedures has now reached a point where they do not meet the understanding and needs of the end user, the workforce. To this end, we have prepared a summary of the Quality Health Safety Environment Training (“QHSET”) policies.

We have an *“On the Job Training Programme (“OJT”)* and supporting tools for our employees to ensure they meet the specific needs of each job discipline. Each OJT module is being revised to ensure that specific safety information requirements are understood prior to the technical aspects of the module. In addition, we have introduced additional compliance to support the current rig and QHSET manager audit requirements.

We have introduced various assessment programmes where senior personnel, based onshore or offshore, are assessed on a monthly basis on their QHSET responsibilities for themselves as well as those personnel that they oversee. We hold each senior personnel personally accountable for each drilling unit’s QHSET performance.

Additionally, we recognize that management systems and associated policies and programmes require adequate support resources. In this regard we have established a career progression programme with the intention of involving all disciplines actively in aspects of QHSET. Further, this requirement shall be included while evaluating the promotion of employees.

We believe that the policy summary, *Back to Basics*, OJT programme, personal accountability programmes will allow the entire workforce to achieve better understanding and to take ownership of the management system to achieve the common goal of an *“Incident Free Workplace”*. Please see section titled *“Risk Factors - We operate in regions and countries where the geo political and economic climates may be challenging and where legal and regulatory frameworks may be uncertain, which exposes us to the inherent risks of the regions and the countries in which we operate”* on page 40.

Facilities

Our Company’s registered office is located at Janpriya Crest, 113, Pantheon Road, Egmore, Chennai 600 008, India, at premises owned by our Company. We own or lease other facilities for our business purposes (branch or marketing offices) in jurisdictions including Brunei, Malaysia, Vietnam, Mexico, Mumbai, Dubai, and Singapore.

Intellectual Property

The “Aban” trademark is registered with the Registrar of Trademarks in India under Classes 37, 40 and 42 in the name of Aban Investments Private Limited, an entity owned and controlled by our Promoter. The trademark has

been licensed to our Company for use on a non exclusive, non assignable basis in India in relation to offshore drilling (Class 37) and energy production (Class 40) services until August 2016, subject to any further extension of such agreement. ASPL has also been licensed to use the trademark in Singapore until August 2016, subject to any further extension of such agreement, in relation to offshore drilling (under Class 37) on a non exclusive and non assignable basis. Please see section titled “*Risk Factors - We currently do not own the trade mark ‘Aban’*” on page 46.

Employees

We require highly skilled personnel to operate our drilling units. As a result, we conduct extensive personnel recruiting, training and safety programs. As of May 31, 2014, we approximately have 1,415 employees, including technical consultants on our rigs, whom we usually hire under renewable annual consultancy agreements.

The crew is generally comprised of our own employees and contract labourers. In addition, we may also hire junior crew provided by local contractors in the relevant country of operation, depending on our personnel needs.

We believe we have a good relationship with our employees. We believe that our employees’ salaries and benefits, and the working conditions we provide, are comparable to those provided by our competitors. We currently do not have any collective agreements with our employees, and there is no trade union or other labour organization organized among the employees. Please see section titled “*Risk Factors - The success of our business is dependant on our ability to employ and retain skilled employees*” on page 44.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our operations. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

Indian Legal Framework governing Drilling Operations

Under Article 297 of the Constitution of India (“**Constitution**”), jurisdiction over petroleum and natural gas occurring in their natural state in India, is vested upon the Union of India. The Ministry of Petroleum and Natural Gas (“**MoPNG**”) is the principal regulator of exploration and production of oil and natural gas in India and is responsible for regulating exploration, production, distribution, marketing, import, export and pricing of petroleum resources, including crude oil and natural gas, and is also responsible for planning, development and regulation of oil field services.

Oil and natural gas exploration activities are governed by the Oilfields (Regulation and Development) Act, 1948 (“**Oilfields Act**”), which provides for the regulation of oilfields and the development of mineral oil resources. The Oilfields Act vests upon the Government of India, the authority to make rules including for regulating drilling and re-drilling of oil wells.

Further, the Petroleum and Natural Gas Rules, 1959 (“**PNG Rules**”), notified by the Government of India in exercise of the power conferred under the Oilfields Act, primarily deals with the grant of Petroleum Exploratory Leases (“**PELs**”) and Petroleum Mining Leases (“**PMLs**”). The PNG Rules prohibit prospecting or mining of any oil or natural gas unless a license or lease has been granted under the PNG Rules. Whilst the PELs entitle the licensee to an exclusive right to carry out information drilling and test drilling operations for petroleum in the area covered by the license, the PMLs entitle the holder with an exclusive right to conduct mining operations for petroleum and natural gas from the contract area. PELs and PMLs are granted by MoPNG for offshore areas.

Petroleum & Natural Gas (Safety in Offshore Operations) Rules, 2008

The Petroleum & Natural Gas (Safety in Offshore Operations) Rules, 2008 (“**Offshore Safety Rules**”), notified by the Government of India in exercise of the power conferred under the Oilfields Act, provide regulations for maintaining safety in offshore oil and natural gas exploration, exploitation, production/drilling and matters connected therewith. These Offshore Safety Rules apply to all public sector undertakings, private/joint ventures companies operating in the territorial waters, contiguous zone, continental shelf and exclusive economic zone of India in offshore upstream petroleum and natural gas sector. These rules seek to enhance safety levels, bring uniformity in safety standards across all companies, minimize production loss/accidents and optimize use of precious oil and gas resources of the country.

Oil Industry Safety Directorate

The MoPNG has, in exercise of powers conferred under Section 8 of the Oilfields Act, designated the Oil Industry Safety Directorate (“**OISD**”) as the competent authority to exercise the powers and functions under the Offshore Safety Rules. The OISD is a technical directorate that formulates and coordinates the implementation of self regulatory measures aimed at enhancing the safety in the oil and gas industry in India. The OISD gets its directions and guidance from the Safety Council, an apex body consisting of senior officials of the MoPNG, chief executives of oil/gas companies and heads of concerned statutory and advisory bodies.

The guidance notes to the Offshore Safety Rules (“**Guidance Notes**”) was issued by the OISD in November, 2009 for ease of understanding as to what the operators are required to do, to comply with the requirements arising out of these rules. The said Guidance Notes are reviewed periodically and the revision for April, 2012 has been issued by OISD. As the Offshore Safety Rules are goal based, the Guidance Notes supplement it by indicating possible solutions for complying with the requirements arising out of the rules. Operators can choose a solution other than that which is mentioned in the Guidance Notes as long as it fulfils the functional requirements, and can be demonstrated to be equal to or better than the solution given in the Guidance Notes.

Additionally, the OISD has from time to time issued guidance notes on specific safety aspects, including those pertaining to application for consent for fixed offshore installations, design intimation for fixed offshore installations, application for consent for mobile offshore installations, application for consent for mobile drilling rigs, and verification of fitness of offshore drilling rigs. In October 2013, the OISD has laid down guidelines for

identifying the hazards and establishing control measures in the exploration and production industry.

Directorate General of Hydrocarbons

The Directorate General of Hydrocarbons (the “**DGH**”) was established in 1993 under the administrative control of the MoPNG. The objectives of the DGH are to promote sound management of oil and natural gas resources having a balanced regard for environment, safety, technological and economic aspects of the petroleum activity. The responsibilities of the DGH *inter alia* include implementation of the New Exploration Licensing Policy, matters concerning production sharing contracts for discovered fields and exploration blocks, promotion of investment in the exploration and production sector and monitoring of exploration and production activities. In addition, the DGH is also engaged in opening up of new unexplored areas for future exploration and development of non-conventional hydrocarbon energy sources like coal bed methane and futuristic hydrocarbon energy resources like gas hydrates and oil shale.

New Exploration Licensing Policy

The New Exploration Licensing Policy (“**NELP**”) was formulated by the Government of India in 1997 - 1998, to provide a level playing field where prospective contractors, including the public as well as the private sector, compete on equal terms for the award of exploration and mining acreage. To this end, the NELP notification of 1999 specified that there would be no mandatory state participation through the national oil companies and that national oil companies would have to compete for obtaining PELs on a competitive basis instead of the previous system of obtaining PELs on a nomination basis. Further, a model production sharing contract (“**Model PSC**”) was notified in terms of the NELP, to be regulated under the PNG Rules, between the Government of India and a licensee or lessee with respect to the grant of a PEL or PML.

Amongst other things, the Model PSC requires the Government of India approval for (a) an appraisal programme appraising any discovery, delineating petroleum reservoirs in terms of thickness and lateral extent and determining the quantity of recoverable petroleum therein; (b) a development plan with respect to the development of each commercial discovery; (c) an annual work programme for the duration of the contract period; (d) a minimum work programme with respect to each exploration phase; and (e) any abandonment or site restoration plans. Accordingly, any drilling activity would have to be in accordance with the terms of the PSC and the relevant PELs/PMLs.

Open Acreage Licensing System

In September 2009, the Government of India announced that it would move gradually towards the Open Acreage Licensing System (“**OALP**”) from the current NELP as it would allow a continuous window of exploration opportunities to bidders. Moreover, the bidders would have the flexibility of choosing the areas where they intend to carry out explorations and do not have to wait for the announcement of bids under NELP. All the open areas that are yet to be licensed or leased, are put on a grid system and are open to offers by interested bidders. Data for these blocks were to be made available to bidders through the National Data Repository (“**NDR**”). Expression of interest received for an area or areas would be advertised through a global bidding system and other companies may also participate on equal terms and conditions under OALP. Various activities including the preparation of maps on different scales, compilation of data in grid form (wherever available) and the bidding procedure are being undertaken for formulating OALP.

The Ashok Chawla Committee Report, submitted to the Government in May 2011, reiterated the need to shift towards the OALP for the allocation of oil and gas blocks. The Government of India has initiated action to formulate Open Acreage Licensing Policy and offer open exploration acreages under OALP. The DGH has initiated action to establish the NDR, which is a pre-requisite for formulation of OALP. Pursuant to a bidding process, the DGH has awarded the NDR project management contract to M/s. Halliburton.

Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976

Subject to the conditions laid down in the Act, the Government of India is empowered to extend the application of any Central Government legislation to the territorial waters, continental shelf, exclusive economic zone and other maritime zones of India. Accordingly, the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 provides for the grant, by way of licenses or letter of authority, by the Government of India to explore and exploit resources of the continental shelf and exclusive economic zone.

International Conventions

In order to establish uniform principles and rules with respect to grant of certification for our rigs; classification societies like American Bureau of Shipping, Bureau Vistas etc. usually provide us with the various clearance certificates based on the checks and procedures set forth in various conventions. The conventions based on which the clearances are given essentially deal with maritime safety, prevention of marine pollution, facilitation, tonnage measurement, load line, accommodation etc. Some of these conventions are:

- International Convention for the Prevention of Pollution from Ships, 1973;
- International Tonnage Measurement Convention 1969;
- International Load Line Certificate Convention 1966;
- Merchant Shipping Crew Accommodation Regulation 1997; and
- International Code for the Security of Ships.

Environmental Regulations

The Environmental Protection Act, 1986 (“**Environment Protection Act**”), Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 provide for the prevention, control and abatement of pollution. Pollution Control Boards (“**PCBs**”) have been constituted in all the States in India to exercise the authority provided under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain approvals of the relevant State PCBs for the emission and discharge of effluents into the environment. The Hazardous Waste (Management and Handling) Rules, 1989 (“**Hazardous Waste Rules**”) include waste oil and oil emulsions under the definition of hazardous wastes and it imposes an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal. Every occupier and operator of the facility generating hazardous waste is required to obtain an approval from the PCB for collecting, storing and treating the hazardous waste.

Further, through a notification dated August 30, 2005, the Ministry of Environment and Forests, the Government of India has amended the Environment Protection Rules, 1986 (which were promulgated under the Environment Protection Act) to include guidelines for disposal of solid waste, drill cutting and drilling fluids for offshore and onshore drilling operations. The said guidelines stipulate various requirements in relation to offshore drilling including regulating the use of certain materials for drilling, toxicity requirements for such materials, recycling of such materials and the manner in which certain effluents are to be treated prior to their discharge into the sea. Oil drilling operators are required to record daily discharge of certain materials, monitor daily the effluent quality and submit a compliance report once in every six months to Ministry of Environment and Forests, the Government of India.

Coastal Regulation Zone Notifications

To protect the coastline of entire India, under the Environment Protection Act 1986, Government of India has issued a notification in February 1991, for regulation of activities in the coastal area by the Ministry of Environment and Forests. The said notification was replaced by the Coastal Regulation Zone Notification, 2011. As per the said notification, the coastal land up to 500m from the High Tide Line (HTL) and a stretch of 100m along banks of creeks, estuaries, backwater and rivers subject to tidal fluctuations, is declared as the Coastal Regulation Zone (“**CRZ**”). CRZ along the country was divided into four categories. The notification includes only the inter-tidal zone and land part of the coastal area excluding the ocean part. The notification imposed restrictions on the setting up and expansion of industries, operations or processes etc. in the said CRZ.

Labour Legislation

As part of our operations, we are required to comply from time to time with the laws, rules and regulations in relation to the hiring and employment of labour. Labour legislation in India classifies persons into ‘employees’ and ‘workmen’ based on factors which, among others, include the nature of work and remuneration. While workmen are typically entitled to various statutory benefits including gratuity, bonus, retirement benefits and insurance protection, employees are governed by the terms of their employment contracts.

A brief description of certain legislations which are applicable to our operations and workmen is set forth below:

- **Minimum Wages Act, 1948** - The legislation provides a framework for state governments to stipulate the minimum wages applicable to a particular industry. Workmen are also to be paid for overtime at overtime rates stipulated by the appropriate government.
- **Employees Provident Fund Act, 1952 (“EPF Act”)** - The EPF Act has been enacted to provide for the institution of provident funds, family pension fund and deposit linked insurance fund for employees in factories and other establishments.
- **Employee’s State Insurance Act, 1948 (“ESI Act”)** - The ESI Act was enacted to provide for certain benefits to employees in case of sickness, maternity and employment injury. All employees in factories or establishments, in an ESI notified area, shall be insured in the manner provided by the ESI Act.
- **Payment of Gratuity Act, 1972 (“Gratuity Act”)** - In terms of the Gratuity Act, an employer has a statutory obligation to secure the liability of payment of gratuity to his employees, which has to be backed by either a gratuity fund formed especially in connection with this, or vide an adequate insurance cover.
- **Contract Labour (Regulation and Abolition) Act, 1970 (“CLRA”)** - To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer, in whose establishment, the contract labourers are deployed, is under an obligation to provide these facilities within a prescribed time period.
- **Payment of Bonus Act, 1965 (“Bonus Act”)** - The Bonus Act was enacted with an intent to provide for the payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity.

In addition to the above, and depending upon the nature of the operations undertaken by us, our Company may also be required to comply with other applicable environmental and labour laws and regulations, which include the following:

- Factories Act, 1948;
- Industrial Disputes Act, 1947;
- Industrial Employment (Standing Orders) Act, 1946;
- Inter State Migrant Workers Act, 1979;
- Relevant State Shops and Commercial Establishments Acts, where applicable;
- Workmen’s Compensation Act, 1923;
- Equal Remuneration Act, 1976;
- Maternity Benefit Act, 1961;
- Payment of Wages Act, 1936;
- Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- Labour Welfare Fund Act, 1972; and
- Apprentices Act, 1961.

Laws relating to the wind energy sector in India

The Ministry of New and Renewable Energy (the “MNRE”) of the Government of India is responsible for administration of research, development, commercialization and deployment of renewable energy

systems/devices for various applications in rural, urban, industrial and commercial sector in India. The MNRE has also established specialist financial and technical institutions to complement its role in development of the wind energy sector in India. The Wind Power Division of MNRE has been dedicated by MNRE to facilitate wind power projects in India. The main function of this division is to undertake wind power programmes which broadly aim to crystallize commercialization of grid interactive wind power.

Central Electricity Laws

The Electricity Act, 2003 and the Energy Conservation Act, 2001 and rules and regulations made thereunder primarily govern the legislative framework of the electricity sector in India. The Electricity Act is the central legislation which covers, amongst others, generation, transmission, distribution, trading and use of electricity.

Under the Electricity Act 2003, the activity of generation of the power does not require any license or permission. Necessary registrations for generation of wind and permission for inter-grid connectivity are required to be obtained from the respective state nodal agencies. The Electricity Act, 2003 further mandates that certain percentage of power generation should be procured from non-renewable energy sources by all distribution companies. The tariffs and wheeling charges are required to be stipulated by the respective state regulatory commissions as provided under the Electricity Regulatory Commissions Act, 1998. The National Electricity Policy was framed under the provisions of section 3(1) of the Electricity Act, 2003 which is aimed at the development of the power sector, development of non-conventional sources of energy, providing supply of electricity to all areas, economics of generation using different resources energy security issues and reduction of costs of electricity generation.

Various initiatives have been undertaken by MNRE for generation of power from renewable energy sources. These initiatives are in the form of regulations, orders, policies, guidelines, schemes for promotion and establishment of renewable energy projects include separate tariff regulations for purchase of electricity from renewable energy sources, recognition and issuance of renewable energy certificate from generation of renewable energy.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Directors

As per the Articles of our Company and subject to the provisions of Section 149 of the Companies Act, 2013, the number of directors shall not be less than three and more than 15, unless otherwise determined by our Company in our General Meeting. At present, our Company has six Directors including three executive Director and three non executive Directors.

At every AGM of our Company, one-third of the Directors are liable to retire for the time being or, if their number is not three or multiple of three, then the number nearest to one-third shall retire from office. Pursuant to the provisions of the Companies Act, 2013, at least two-third of the total number of directors excluding the independent directors are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring director is eligible for re-election. Further, the independent directors may be appointed for a maximum of two terms of up to five consecutive years each. Any re-appointment of independent directors shall *inter alia* be on the basis of the performance evaluation report and approved by the shareholders by way of special resolution. Please also see section titled “*Risk Factors - The Companies Act, 2013 has effected significant changes to the existing Indian company law framework and SEBI has introduced changes to the listing agreement, which are effective from October 1, 2014, which may subject us to higher compliance requirements and increase our compliance costs*” on page 48.

The Articles provide that the Directors who are liable to retire are those who have been in the office for the longest period since their last appointment but as between persons who become Directors on the same day, those liable to retire shall in default of and subject to any agreement among themselves, be determined by lot.

The Directors are not required to hold any Equity Shares to qualify to be a Director. Our Company has adopted the AOL ESOS, pursuant to which, ESOP’s have been granted to our Directors. For more details, please see section titled “*Capital Structure - Employees Stock Option Scheme*” on page 59.

The Articles provide that any trust deed for the securing of any debentures or debenture stock and/or any mortgage deed or other bond for securing payment of moneys borrowed by or due by our Company and/or any contract or any agreement entered into by our Company with any person, firm, body corporate, financial institutions, banks who may render or agree to render any financial assistance to our Company by way of loans or guaranteeing any loans borrowed or other obligations of our Company, may provide for the appointment of from time to time, one or more persons to be Director or Directors of our Company by such lender, trustee, holders of debentures or contracting party. The Articles of our Company state that Directors who are appointed as nominees of lenders or nominees of person, bodies corporate or firms from whom financial assistance has been availed would not be liable to retire by rotation or be removed by our Company.

The Board of Directors are authorised by the Articles to appoint any person as a Director as an addition to the Board so that the total number of Directors shall not, at any time exceed, the maximum number fixed by the Articles. The Director so appointed shall hold office only up to the date of the next AGM of our Company and shall be eligible for re-election. The Articles, subject to the Companies Act, 2013 allow the Board of Directors to appoint any person from the State in which meetings of the Board are ordinarily held to act as an alternate Director during the absence of any Director at such meetings.

The following table sets forth details regarding the Board of Directors as at the date of this Preliminary Placement Document:

S. No.	Name, Address, DIN, Term, Nationality and Occupation	Age	Designation
1.	<p>P. Murari Address: 2, Gilchrist Avenue, Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India</p> <p>DIN: 0020437 Term: Liable to retire by rotation Nationality: Indian Occupation: Professional</p>	79	Chairman and Non-Executive Independent Director

S. No.	Name, Address, DIN, Term, Nationality and Occupation	Age	Designation
2.	<p>Reji Abraham Address: Door No.4, 15th Avenue, Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India</p> <p>DIN: 00210557 Term: five years from September 26, 2012 to September 25, 2017 Nationality: Indian Occupation: Professional</p>	48	Managing Director
3.	<p>K. Bharathan Address: 13, St. Mary's Road, Mandavelli, Chennai 600 028, Tamil Nadu, India</p> <p>DIN: 00210433 Term: Liable to retire by rotation Nationality: Indian Occupation: Professional</p>	64	Non-Executive and Independent Director
4.	<p>Ashok Kumar Rout Address: 202, Atlantic, Sherly Rajan Road, Bandra (W), Mumbai 400 050, Maharashtra, India</p> <p>DIN: 00002605 Term: Liable to retire by rotation Nationality: Indian Occupation: Professional</p>	51	Non-Executive and Independent Director
5.	<p>P. Venkateswaran Address: Old No. 6, New No. 11, Radhakrishna Nagar Main Road, Thiruvanmiyur, Chennai 600 041, Tamil Nadu, India</p> <p>DIN: 00379595 Term: August 1, 2011 to July 31, 2016 Nationality: Indian Occupation: Professional</p>	63	Deputy Managing Director
6.	<p>C. P. Gopalkrishnan Address: No. 5, Old No. 27, Mc. Nichols Road, Chetpet, Chennai 600 031, Tamil Nadu, India</p> <p>DIN: 00379618 Term: August 1, 2011 to July 31, 2016 Nationality: Indian Occupation: Professional</p>	58	Deputy Managing Director, Chief Financial Officer, Company Secretary & Compliance Officer

Reji Abraham is the Promoter Director on our Board.

Brief Biographies of the Directors

P. Murari is the Chairman of our Company. He is a retired civil servant and has held several senior positions with the GoI and State Government of Tamil Nadu. Murari has been a member of the Board since 1996.

Reji Abraham is the Managing Director of our Company. Reji Abraham joined the Board in 1994, was appointed as a whole-time director in 1997 and re-appointed as Managing Director in 2012. He has approximately 20 years of experience in business.

K. Bharathan is an Independent Non Executive Director of our Company. He was appointed to the Board in 2003. He is a Chartered Accountant by qualification and is a banker with over 39 years of experience in commercial and development banking and insurance.

Ashok Kumar Rout is an Independent Non Executive Director of our Company. He graduated in engineering from the Indian Institute of Technology, Kharagpur and holds an MBA from the Indian Institute of Management, Bangalore and has over 29 years of experience.

P. Venkateswaran is the Deputy Managing Director of our Company. He has graduated in technology from the Indian Institute of Technology, Chennai and has over 42 years of experience in operations. He has been associated with our Company since its inception.

C.P. Gopalkrishnan is the Deputy Managing Director, Chief Financial Officer & Company Secretary of our Company. He is also the Compliance Officer of our Company. He is a Chartered Accountant and a Company Secretary by qualification. He has over 36 years of experience in finance. He has been associated with our Company since 1987.

Relationship with other Directors

No Directors of our Company are related to each other.

Borrowing Powers of the Directors of our Company

Pursuant to a resolution passed by the shareholders of our Company at their EGM held on April 23, 2005 and in accordance with provisions of the Companies Act, the Board has been authorised to borrow up to ₹ 40,000 million, apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business, notwithstanding that such borrowings may exceed the aggregate of the paid-up share capital and free reserves of our Company.

Interest of the Directors

All the Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. The Managing Director and the Executive Directors are interested to the extent of remuneration and commission paid to them for services rendered as officers or employees of our Company.

Except as otherwise disclosed in section titled "*Management Discussion and Analysis of Financial Condition and Results of Operations - Related Party Transactions*" on page 82 of this Preliminary Placement Document, the personal guarantees given by Reji Abraham to banks towards availment of loans and non-fund based facilities amounting to ₹ 17,139.00 million (U.S. \$ 290.00 million) and the rent paid to Reji Abraham amounting to ₹ 4.18 million, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested parties as of May 31, 2014.

The Directors, including independent Directors are eligible for ESOP's under the AOL ESOS, if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. The Directors, including independent Directors, may also be regarded as interested in the Equity Shares held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners or trustees. Please also see section titled "*Risk Factors - The Companies Act, 2013 has effected significant changes to the existing Indian company law framework and SEBI has introduced changes to the listing agreement, which are effective from October 1, 2014, which may subject us to higher compliance requirements and increase our compliance costs*" on page 48.

All of the Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity. Except as otherwise stated in this Preliminary Placement Document and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements, arrangements during the preceding two years from the date of this Preliminary Placement Document in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements, arrangements which are proposed to be made with them. Except as otherwise disclosed in section titled "*Management Discussion and Analysis of Financial Condition and Results of Operations - Related Party Transactions*" on page 82, none of the Directors have

availed any loans from our Company that is outstanding as of the period ended May 31, 2014.

Shareholding of Directors

The following table sets forth the shareholding of the Directors as of May 31, 2014:

Name	Number of Equity Shares	Shareholding (%) of Pre issue Equity Share Capital	Number of Warrants	As a (%)total number of Warrants of the same class
Reji Abraham	5,127,840	11.78	500,000	12.5
K. Bharathan	3,500	0.00*	0	0.00
P. Venkateswaran	11,505	0.03	0	0.00
C. P. Gopalkrishnan	21,500	0.05	0	0.00

*less than 0.01

Options held by the Directors as of May 31, 2014:

The following employee stock options have been granted to the Directors under the AOL ESOS, the details of which are set out below:

Name of the Director to whom Employee Stock Options have been Granted	Applicable ESOP plan	Number of Stock Options Granted	Number of Stock Options Vested and Unexercised as on May 31, 2014	Total number of Equity Shares that would be Issued as a result of full Exercise of Options already Vested
P. Murari	AOL ESOS	17,000	5,000	5,000
K. Bharathan	AOL ESOS	17,000	3,500	3,500
Ashok Kumar Rout	AOL ESOS	5,000	NA	NA
P. Venkateswaran	AOL ESOS	124,250	65,750	65,750
C.P. Gopalkrishnan	AOL ESOS	124,250	65,750	65,750

Please also see section titled “Risk Factors - The Companies Act, 2013 has effected significant changes to the existing Indian company law framework and SEBI has introduced changes to the listing agreement, which are effective from October 1, 2014, which may subject us to higher compliance requirements and increase our compliance costs” on page 48.

Remuneration of the Directors

A. Executive Directors

Terms of Employment and Compensation of our Executive Directors

1. Reji Abraham, Managing Director

Pursuant to a resolution of the shareholders passed at their AGM on September 21, 2012, Reji Abraham was re-appointed as the Managing Director of our Company with effect from September 26, 2012 to September 25, 2017. The said resolution further recorded that he would be entitled to a salary in the range of ₹ 1.50 million to ₹ 2.50 million per month, an allowance amounting to 60% of the salary and commission at a rate not exceeding 2% of the net profits of our Company. In addition to the above, he would be entitled to certain other benefits in accordance with our Company’s policy, including free furnished accommodation or specified house rent allowance in lieu thereof, reimbursement of certain expenditure for utilities, medical reimbursement, leave travel concession for self and family, club fees and medical insurance. All remuneration payable to him would be subject to the overall limits stipulated under the Companies Act and is valid for a period of three years with effect from September 26, 2012.

2. **P. Venkateswaran, Deputy Managing Director**

Pursuant to a resolution of the shareholders passed at their AGM on September 28, 2011, P. Venkateswaran was reappointed as a whole time Director of our Company, liable to retire by rotation, with effect from August 1, 2011 for a period of five years. The above resolution was partially modified vide the resolution passed by the shareholders at their AGM held on September 21, 2012 wherein his salary was revised to ₹ 0.80 million per month and commission at a rate not exceeding 0.50% of the net profits of our Company. In addition to the above, he would be entitled to certain other benefits in accordance with our Company's policy, including specified house rent allowance, reimbursement of certain expenditure for utilities, medical reimbursement, leave travel concession for self and family, club fees and medical insurance. All remuneration payable to him would be subject to the overall limits stipulated under the Companies Act.

3. **C.P. Gopalkrishnan, Deputy Managing Director, Chief Financial Officer & Secretary**

Pursuant to a resolution of the shareholders passed at their AGM on September 28, 2011, C.P. Gopalkrishnan was reappointed as a whole-time Director of our Company, liable to retire by rotation, with effect from August 1, 2011 for a period of five years. The above resolution was partially modified vide the resolution passed by the shareholders at their AGM held on September 21, 2012 wherein his salary was revised to ₹ 0.80 million per month and commission at a rate not exceeding 0.50% of the net profits of our Company. In addition to the above, he would be entitled to certain other benefits in accordance with our Company's policy, including specified house rent allowance, reimbursement of certain expenditure for utilities, medical reimbursement, leave travel concession for self and family, club fees and medical insurance. All remuneration payable to him would be subject to the overall limits stipulated under the Companies Act and further subject to his confirmation, to the Board, that he has not received any remuneration from the Subsidiaries of our Company during the financial year.

The following table sets forth all compensation paid by our Company to the executive Directors as of May 31, 2014:

Reji Abraham

Period	Remuneration (₹ in million)	Perquisites and Allowances (₹ in million)	Commission (₹ in million)	Total (₹ in million)
April 1, 2014 to May 31, 2014	5.00	1.59	-	6.59
Financial Year 2014	30.00	9.54	42.16	81.70
Financial Year 2013	4.80	1.53	-	6.33
Financial Year 2012	4.80	1.53	-	6.33

P. Venkateswaran

Financial Year	Remuneration (₹ in million)	Perquisites and Allowances (₹ in million)	Commission (₹ in million)	Total (₹ in million)
April 1, 2014 to May 31, 2014	0.80	0.25	-	1.05
Financial Year 2014	4.80	1.53	-	6.33
Financial Year 2013	4.80	1.53	-	6.33
Financial Year 2012	4.80	1.59	-	6.39

C.P. Gopalkrishnan

Financial Year	Remuneration (₹ in million)	Perquisites and Allowances (₹ in million)	Commission (₹ in million)	Total (₹ in million)
April 1, 2014 to May 31, 2014	0.80	0.25	-	1.05
Financial Year 2014	4.80	1.53	-	6.33
Financial Year 2013	4.80	1.53	-	6.33
Financial Year 2012	4.80	1.59	-	6.39

B. *Non-Executive Directors*

The non-executive Directors are paid remuneration by way of sitting fees and other expenses (travelling, boarding and lodging incurred for attending the Board/Committee meetings).

Pursuant to the Board Resolution dated September 21, 2012, our Company pays sitting fees of ₹ 15,000.00 per meeting to the non-executive Directors for attending meetings of the Board and ₹ 5,000.00 per meeting to the non-executive Directors for attending meetings of any of the Committees of the Board.

The following tables set forth all compensation paid by our Company to the non-executive Directors as of May 31, 2014:

April 1, 2014 to May 31, 2014:

Name of the Directors	Commission (₹ in million)	Perquisites (₹ in million)	Sitting Fees (₹ in million)	Total (₹ in million)
P. Murari	-	-	0.02	0.02
K. Bharathan	-	-	0.03	0.03
Ashok Kumar Rout	-	-	0.01	0.01

Financial Year 2014

Name of the Directors	Commission (₹ in million)	Perquisites (₹ in million)	Sitting Fees (₹ in million)	Total (₹ in million)
P. Murari	-	-	0.12	0.12
K. Bharathan	-	-	0.15	0.15
Ashok Kumar Rout	-	-	0.08	0.08

Financial Year 2013

Name of the Directors	Commission (₹ in million)	Perquisites (₹ in million)	Sitting Fees (₹ in million)	Total (₹ in million)
P. Murari	-	-	0.08	0.08
K. Bharathan	-	-	0.10	0.10
Ashok Kumar Rout	-	-	0.03	0.03

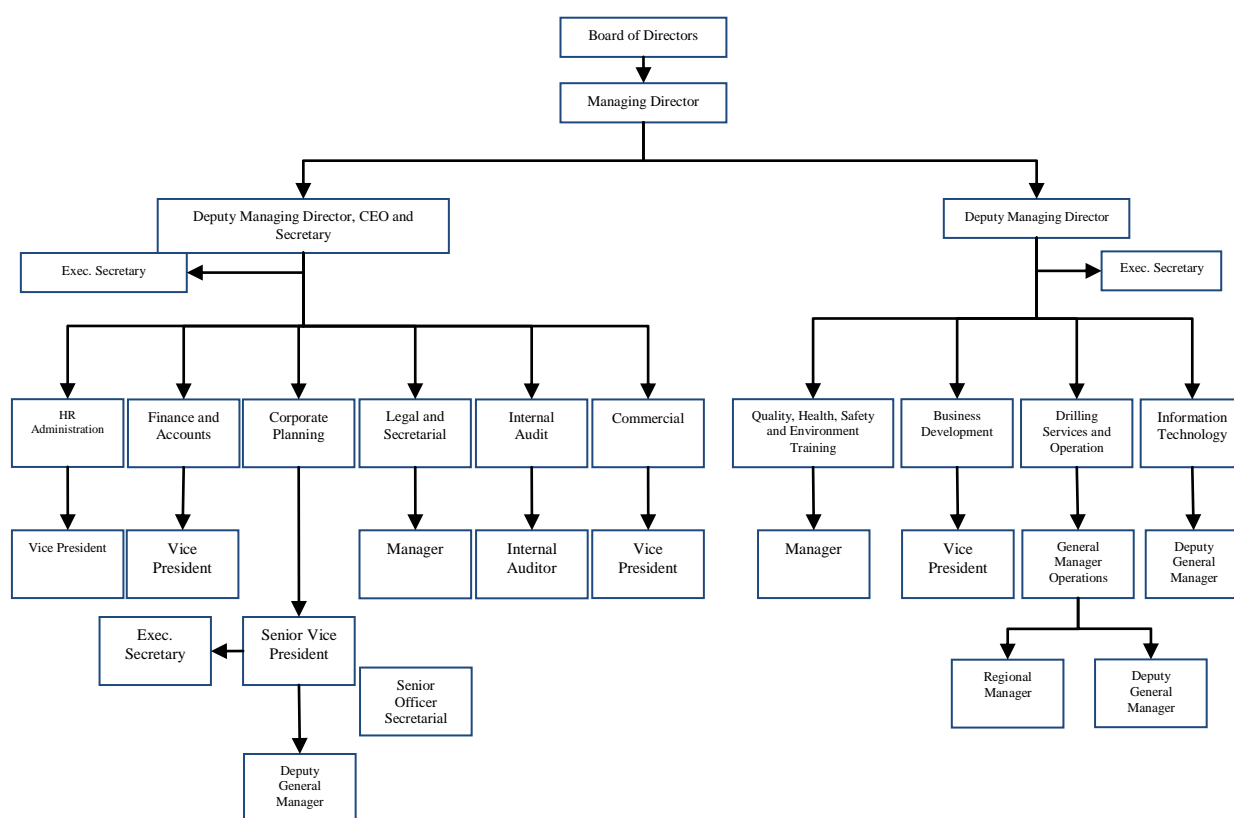
Financial Year 2012

Name of the Directors	Commission (₹ in million)	Perquisites (₹ in million)	Sitting Fees (₹ in million)	Total (₹ in million)
P. Murari	-	-	0.06	0.06
K. Bharathan	-	-	0.08	0.08

Changes in the Board during the last three years

Name of the Directors	Date of Change	Reasons for Change
K.M. Jayarao	October 15, 2012	Withdrawal of nomination by ICICI
V.S. Rao	January 25, 2012	Resigned
Satish Chandra Gupta	November 8, 2011	Resigned
Ashok Kumar Rout	September 20, 2013	Appointment as Director
P. Murari	November 1, 2012	Appointed as Chairman
Ashok Kumar Rout	November 1, 2012	Appointment as Additional Director
Reji Abraham	May 30, 2012	Re-appointment as Managing Director
K. Bharathan	September 21, 2012	Re-appointed as a Director (liable to retire by rotation)
P. Venkateswaran	September 28, 2011	Re-appointed as Deputy Managing Director
C.P. Gopalkrishnan	September 28, 2011	Re-appointed as Deputy Managing Director
C.P. Gopalkrishnan	May 28, 2014	Re-designated as Deputy Managing Director, Chief Financial Officer & Secretary

Organisational Chart for our Company



Key Managerial Personnel

Our Company's key managerial personnel are as follows:

- (i) Reji Abraham;
- (ii) P. Venkateswaran; and
- (iii) C.P. Gopalkrishnan.

For brief biographies on the key managerial personnel please see section titled "Board of Directors and Senior Management-Brief Biographies of the Directors".

Senior Management

The Senior Management of our Company are permanent employees. The details of our Senior Management are as follows:

S. Srinivasan is our Senior Vice President - Corporate Planning. He is a graduate in chemical engineering from the Indian Institute of Technology, Chennai and a management graduate from the Indian Institute of Management, Kolkata. He has over 21 years of experience with corporate finance, project financing and equity markets and was previously employed with ICICI Bank Limited.

V. Ramasubramonian is our Vice President - Business Development. He is a graduate in technology in mechanical engineering and a post graduate in diploma management. He has over 24 years of experience in business development, marketing and operations in the engineering industry and he was previously employed with ArcelorMittal.

Vijay Saheta is our Vice President – Finance and Accounts. He is a qualified chartered accountant with over 23 years of experience in accounts, taxation, insurance and finance. He was previously employed with WIMCO Limited having experience of over 23 years in accounts, taxation and finance.

Vinod Pillai is our Vice President - Human Resources and Administration. He is a Post Graduate in Commerce from Mumbai University, Master Degree in Human Resources from Mumbai University with over 20 years of experience in field of employees' related matters. He was previously employed with Gujarat Ambuja Cements.

B.S. Shivakumar is our General Manager – Operations (Jacks Ups). He is a mechanical engineering graduate with over 25 years of experience in this industry. He was previously employed with ONGC.

Senior Management of ASPL

Steve Ogston is our General Manager – Operations (Jack Ups). He is a graduate in Electrical Engineering (Northern Alberta Institute, Canada) with over 30 years of experience in the drilling industry. He was previously employed with COSL, Sea Drill, Noble.

Adrian Grey is our General Manager – QHSET. He is a graduate in business administration from the Royal Military College, United Kingdom with over 43 years of experience in the drilling industry in the fields of compliance, quality, health and safety. He was previously employed with IADC, Transocean and Amoco.

Narayan Venkatramanan is our Vice President – Finance and Accounts. He is a qualified chartered accountant with 26 years of experience in accounts, taxation and finance.

Alun Roberts is our General Manager – Floaters. He has experience of over 46 years in the drilling industry. He has previously worked with Global Santa Fe, Transocean, Robertson Research and IDC.

As of May 31, 2014, except as stated below, none of the senior management hold Equity Shares in our Company:

Name	Number of Equity Shares	Percentage of total number of outstanding Equity Shares (%) [*]
Steve Ogston	-	0.00
S. Srinivasan	11,432	0.00
V. Ramasubramonian	1,000	0.00
Adrian Grey	-	0.00
Vijay Saheta	4,250	0.00
Narayan Venkatramanan	2,000	0.00
Alun Roberts	-	0.00
Vinod Pillai	-	0.00
B.S. Shivakumar	-	0.00

^{*}less than 0.01%

Changes in the senior management during the last three years

Name of the Senior Management	Designation	Date of Appointment/Change	Appointment/Resignation
A.P.S. Sandhu	Chief Operating Officer	August 7, 2013	Retired as Chief Operating Officer
Larry Albert Noel Austin	Operations Manager - Jack ups	February 1, 2013	Retired
Steve Ogston	General Manager - Operations	February 4, 2013	Appointment
Vinod Pillai	Vice-President - Human Resources and Administration	April 1, 2014	Promoted as Vice-President Human Resources from General Manager Human Resources

Interests of Senior Management

Except as disclosed above and other than to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business, the senior management of our Company do not have any interest in our Company.

None of our senior management has been paid any consideration of any nature from our Company, other than their remuneration.

Corporate Governance

Our Company has been complying with the requirements of the applicable regulations, including the listing agreement with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and committees of the Board (“**Committees**”) thereof. The corporate governance framework is based on an effective independent Board of Directors, separation of the supervisory role of the Board of Directors from the executive management team and constitution of the committees of the Board of Directors, as required under applicable law.

The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas. The executive management of our Company provides the Board of Directors with detailed reports on its performance periodically. Currently, the Board of Directors comprises of six Directors. Consequently, in compliance with the requirements of Clause 49 of the Equity Listing Agreement, the Board of Directors consists of three independent Directors.

As per the mandatory requirements of Clause 49 of the Listing Agreement, our Company has constituted the following Committees and brief details of each of such Committee, its scope and composition are given below:

1. Committees of the Board

In terms of Clause 49 of the Equity Listing Agreement, our Company has constituted the following committees of Directors namely:

- (i) Audit Committee;
- (ii) Compensation Committee;
- (iii) Nomination and Remuneration Committee;
- (iv) Stakeholders’ Relationship Committee; and
- (v) Corporate Social Responsibility Committee.

Our Company has also constituted a Capital Issue Committee.

Committee	Members
Audit Committee	(i) P. Murari (Chairman); (ii) K. Bharathan (Member); and (iii) P. Venkateswaran (Member)
Compensation Committee	(i) P. Murari (Chairman); (ii) K. Bharathan (Member); and (iii) Reji Abraham, (Member).
Remuneration Committee	(i) P. Murari (Chairman); (ii) K. Bharathan (Member);and (iii) Ashok Kumar Rout (Member)

Committee	Members
Stakeholders' Relationship Committee	(i) K. Bharathan (Chairman); (ii) P. Venkateswaran (Member); and (iii) C.P. Gopalkrishnan (Member)
Corporate Social Responsibility Committee	(i) Ashok Kumar Rout (Chairman); (ii) Reji Abraham (Member); and (iii) C.P. Gopalkrishnan (Member).

Our Company will also be required to comply with new corporate governance requirements under Clause 49 of the Equity Listing Agreement with effect from October 1, 2014.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Regulation 12(1) of the Insider Trading Regulations applies to our Company and our employees and requires our Company to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the Insider Trading Regulations. As per the code of internal procedures and conduct for the prevention of insider trading adopted by our Company, our Company Secretary of our Company, shall be the compliance officer of our Company for the purposes of this code.

Other Confirmations

None of the Directors, Promoters or Senior Management of our Company has any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Related Party Transactions

For further details in relation to the related party transactions entered by our Company during the last three Financial Years, please see section titled "*Management Discussion and Analysis of Financial Condition and Results of Operations- Related Party Transactions*" on page 82.

PRINCIPAL SHAREHOLDERS

Our Company was originally incorporated as Aban Loyd Chiles Offshore Limited on September 25, 1986 in Chennai, India under the Companies Act, 1956 vide Registration No. 13473 of 1986 and subsequently changed our name to Aban Offshore Limited with effect from July 27, 2006 pursuant to Section 21 of the Companies Act, 1956. The registered office of our Company is Janpriya Crest, Post Box No. 113, Pantheon Road, Egmore, Chennai 600 008, India. The CIN of our Company is L01119TN1986PLC013473

Shareholding Pattern:

A. The shareholding pattern of our Company as of March 31, 2014 is detailed in the table below:

S. No.	Category of shareholder	No. of shareholders	Total no. of Equity Shares	No. of Equity Shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Equity Shares pledged or otherwise encumbered	
					% of Equity Shares (A+B)	% of Equity Shares (A+B+C)	Number of Equity Shares	% No. of Equity Shares
(A) Shareholding of Promoter and Promoter Group								
(1) Indian								
(a)	Individuals/ Hindu Undivided Family	4	8,484,721	8,484,721	19.50	19.50	0	0.00
(b)	Central Government/State Government	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	2	6,693,070	6,693,070	15.38	15.38	6,193,500	92.54
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others-Trusts	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(1)	6	15,177,791	15,177,791	34.88	34.88	6,193,500	40.81
(2) Foreign								
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	1	8,328,750	8,328,750	19.14	19.14	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Others-FII Sub Account	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2)	1	8,328,750	8,328,750	19.14	19.14	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	7	23,506,541	23,506,541	54.02	54.02	6,193,500	26.35
(B) Public shareholding								
(1) Institutions								
(a)	Mutual Funds/ UTI	2	2,389	389	0.01	0.01	0	0.00
(b)	Financial Institutions/ Banks	15	1,712,624	1,712,624	3.94	3.94	0	0.00
(c)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	54	3,557,007	3,555,007	8.17	8.17	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(i)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B)(1)	71	5,272,020	5,268,020	12.11	12.11	0	0.00
(2) Non- Institutions								
(a)	Bodies Corporate	1389	2,805,262	2,793,637	6.45	6.45	0	0.00
(b) Individuals								
(i)	Individual shareholders holding nominal share capital up to ₹ One lakh	130,364	10,160,056	9,751,932	23.35	23.35	0	0.00
(ii)	Individual shareholders holding nominal share capital in excess of ₹ One lakh	1	100,000	100,000	0.23	0.23	0	0.00
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(d)	Any Other (specify)	4,641	1,672,636	1,642,141	3.84	3.84	0	0.00
(i)	Clearing Members	374	713,187	713,187	1.64	1.64	0	0.00
(ii)	ESOP/ESOS/ESPS	28	21,022	18,092	0.05	0.05	0	0.00
(iii)	Directors & their Relatives	7	59,805	59,800	0.14	0.14	0	0.00
(iv)	NRI	1,897	589,037	561,477	1.35	1.35	0	0.00
(v)	Trusts	5	405	405	0.00	0.00	0	0.00
(vi)	Hindu Undivided Families	2,329	289,090	289,090	0.66	0.66	0	0.00
(vii)	Foreign Nationals	1	90	90	0.00	0.00	0	0.00
(viii)	Foreign Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(ix)	Resident Directors	0	0	0	0.00	0.00	0	0.00
(x)	Non Resident	0	0	0	0.00	0.00	0	0.00
	Sub-Total(B)(2)	136,395	14,737,954	14,287,710	33.87	33.87	0	0.00
	Total Public Shareholding	136,466	20,009,974	19,555,730	45.98	45.98	0	0.00

S. No.	Category of shareholder	No. of shareholders	Total no. of Equity Shares	No. of Equity Shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Equity Shares pledged or otherwise encumbered	
					% of Equity Shares (A+B)	% of Equity Shares (A+B+C)	Number of Equity Shares	% No. of Equity Shares
	(B)= (B)(1)+(B)(2)							
	TOTAL(A)+(B)	136,473	43,516,515	43,062,271	100.00	100.00	6,193,500	14.23
(C)	Equity Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
(i)	Promoter and Promoter Group	0	0	0	0.00	0.00	0	0.00
(ii)	Public	0	0	0	0.00	0.00	0	0.00
	Sub-Total (C)	0	0	0	0.00	0.00	0	0.00
	GRAND TOTAL (A)+(B)+(C)	136,473	43,516,515	43,062,271	0.00	100.00	6,193,500	14.23

B. Statement showing shareholding of persons belonging to the category “Promoter and Promoter Group” as of March 31, 2014 is detailed in the table below:

S. No	Name of the Shareholder	Details of Equity Shares held		Encumbered Equity Shares		Details of warrants			Details of Convertible Securities		Total shares (including underlying Shares assuming full conversion of warrants and convertible securities) as a % of Diluted Share Capital
		Number of Equity Shares held	As a % of grand total (A)+(B)+(C)	Number of Equity Shares	As a Percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)	Number of Warrants held	As a % total number of Warrants of the same class	Number of Convertible Securities held	As a % total number of Convertible Securities of the same class	
1.	India Offshore Inc.	8,328,750	19.14	0	0.00	0.00	0	0.00	0	0.00	19.14
2.	Aban Investments Limited	5,653,070	12.99	5,643,500	99.83	12.97	0	0.00	0	0.00	12.99
3.	Aban Ventures Private Limited	1,040,000	2.39	550,000	52.88	1.26	0	0.00	0	0.00	2.39
4.	Reji Abraham	5,127,840	11.78	0	0.00	0.00	500,000	12.50	0	0.00	11.84
5.	Saley Abraham	21,58,000	4.96	0	0.00	0.00	0	0.00	0	0.00	4.96
6.	Deepa Reji Abraham	538,500	1.24	0	0.00	0.00	3,500,000	87.50	0	0.00	8.50
7.	Shema Renny Abraham	660,381	1.52	0	0.00	0.00	0	0.00	0	0.00	1.52
	Total	23,506,541	54.02	6,193,500	26.35	14.23	4,000,000	100	0	0.00	61.34

C. Statement showing shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of Equity Shares as of March 31, 2014 is detailed in the table below:

S. No	Name of the Shareholder	Number of Equity Shares	As a % of grand total (A)+(B)+(C)	Details of Warrants		Details of Convertible Securities		Total shares (including underlying Shares assuming full conversion of Warrants and Convertible Securities) as a % of Diluted Share Capital
				Number of Warrants held	As a % total number of Warrants of the same class	Number of Convertible Securities held	% w.r.t total number of Convertible Securities of the same class	
1.	Life Insurance Corporation of India	1,000,000	2.30	0	0.00	0	0.00	2.30
2.	GMO Emerging Markets Fund	828,393	1.90	0	0.00	0	0.00	1.90
3.	Merrill Lynch Capital Markets Espana SASS V	666,575	1.53	0	0.00	0	0.00	1.53
4.	Aban Offshore Limited Unclaimed Suspenses Account	578,672	1.33	0	0.00	0	0.00	1.33
	Total	3,073,640	7.06	0	0.00	0	0.00	7.06

- D. Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category “Public” and holding more than 5% of the total number of Equity Shares of our Company as of March 31, 2014.

S. No.	Name(s) of the Shareholder(s) and the Persons Acting in Concert (PAC) with them	No. of Equity Shares	Shares as a Percentage of the total number of Shares (i.e. Grand total (A)+(B)+(C) indicated above	Details of Warrants		Details of convertible securities		Total Shares (including underlying Shares assuming full Conversion of Warrants and Convertible Securities) as a % of Diluted Share Capital
				Number of Warrants held	As a % total number of Warrants of the same class	Number of Convertible Securities held	% w.r.t. total number of Convertible Securities of the same class	
1.	Nil	0	0.00	0	0.00	0	0.00	0.00
	Total:	0	0.00	0	0.00	0	0.00	0.00

- E. Statement showing top 10 shareholders of our Company as of March 31, 2014 is detailed in the table below:

S. No.	Name of the Shareholder	Number of Equity Shares	Equity Shares as a Percentage of Total Number of Shares (%)
1.	India Offshore Inc.	8,328,750	19.14
2.	Aban Investments Limited	5,653,070	12.99
3.	Reji Abraham	5,127,840	11.78
4.	Saley Abraham	2,158,000	4.96
5.	Aban Ventures Private Limited	1,040,000	2.39
6.	Shema Renny Abraham	660,381	1.52
7.	Deepa Reji Abraham	538,500	1.24
8.	Life Insurance Corporation of India	1,000,000	2.30
9.	GMO Emerging Markets Fund	828,393	1.90
10.	Merrill Lynch Capital Markets Espana SASS V	666,575	1.53
	Total	26,001,509	59.75%

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Company or the Lead Managers. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Please see sections titled “Selling Restrictions” and “Purchaser Representations and Transfer Restrictions” on pages 134 and 144, respectively.

Qualified Institutions Placement

The Issue is being made in reliance upon Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013 through the mechanism of Qualified Institutions Placement wherein a listed company in India may issue and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants or any other security (other than warrants) which are convertible into or exchangeable with equity shares at a later date to QIBs on a private placement basis, provided that:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must specify (a) that the allotment of securities is proposed to be made pursuant to the QIP; and (b) the relevant date;
- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;
- the aggregate of the proposed QIP and all previous qualified institutions placements made by the issuer in the same financial year does not exceed five times the net worth (as defined in the SEBI Regulations) of the issuer as per the audited balance sheet of the previous financial year;
- the issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;
- the issuer shall have completed allotments with respect to any prior offer or invitation made by the issuer or shall have withdrawn or abandoned any prior invitation or offer made by the issuer;
- the issuer shall offer to each Allottee at least such number of the securities in the issue which would aggregate to at least ₹ 20,000.00 calculated at the face value of the securities.

Prospective purchasers will be required to make certain certifications in order to participate in the Issue, including that they are outside the U.S. and not a U.S. person and are purchasing the Equity Shares in an offshore transaction (as defined in Regulation S). For further details, please see section titled “Purchaser Representations and Transfer Restrictions” on page 144.

Investors are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the related Equity Shares quoted on the stock exchange during the two weeks preceding the relevant date. However, a discount of up to 5% of the Floor Price is permitted in accordance with the provisions of the SEBI Regulations.

The “relevant date” referred to above, for the Allotment, will be the date of the meeting in which the Board or the committee of Directors duly authorised by the Board decides to open the Issue and “stock exchange” means any of the recognised stock exchanges in India on which the Equity Shares of the Issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the relevant date.

Our Company has applied for the in-principle approval of the Stock Exchanges under Clause 24 (a) of the Equity Listing Agreements for the listing of the Equity Shares on the Stock Exchanges, and the approvals have been received. Our Company has also filed a copy of the Preliminary Placement Document with the Stock Exchanges.

Our Company shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Issue has been authorized by (i) the Board pursuant to resolutions passed on May 28, 2014 and May 28, 2013, and (ii) the shareholders, pursuant to resolutions passed under Section 81(1)(A) of the Companies Act, 1956 passed on September 20, 2013.

The Equity Shares will be allotted within 12 months from the date of the shareholders' resolution approving the QIP and within 60 days from the date of receipt of subscription money from the relevant QIBs.

The Equity Shares issued pursuant to the QIP must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule XVIII of the SEBI Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 2,500.00 million; and
- five, where the issue size is greater than ₹ 2,500.00 million.

No single allottee shall be allotted more than 50% of the issue size.

QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For further details of what constitutes "same group" or "common control", please see section titled "*Issue Procedure - Application Process - Application Form*" on page 129.

The Equity Shares offered hereby have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of certain restrictions on transfer of the Equity Shares, please see sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 134 and 144 respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. Our Company and the Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to the QIBs and the Application Form will be specifically addressed to such QIBs. In terms of Section 42(7) of the Companies Act, 2013, our Company shall maintain complete records of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with RoC and the SEBI within the stipulated time period as required under the Companies Act, 2013.
2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.
3. Bidders shall submit Bids for, and our Company shall issue and Allot to each Allottee at least such number of Equity Shares in the Issue which would aggregate to at least ₹ 20,000.00 calculated at the

face value of the Equity Shares.

4. QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the Lead Managers.
5. QIBs will be required to indicate the following in the Application Form:
 - name of the QIB to whom Equity Shares are to be Allotted;
 - number of Equity Shares Bid for;
 - price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit a Bid at “Cut-off Price”; which shall be any price as may be determined by our Company in consultation with the Lead Managers at or above the Floor Price or the Floor Price net of such discount as approved in accordance with SEBI Regulations;
 - details of the depository account to which the Equity Shares should be credited; and
 - a representation that it is outside the United States, is not a U.S. person (as defined in Regulation S under the Securities Act) and it has agreed to certain other representations set forth in the Application Form.

Note: Each sub-account of an FII other than a sub-account which is a foreign corporate or a foreign individual will be considered as an individual QIB and separate Application Forms would be required from each such sub-account for submitting Bids.

6. Once a duly completed Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

7. Upon receipt of the Application Form, after the Bid/Issue Closing Date, our Company shall determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue in consultation with the Lead Managers. Upon determination of the final terms of the Equity Shares, the Lead Managers will send the serially numbered CAN along with the Placement Document to the QIBs who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the QIB to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. **Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the Lead Managers.**
8. Pursuant to receiving a CAN, each QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Company’s designated bank account by the Pay-In Date as specified in the CAN sent to the respective QIBs. No payment shall be made by QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013.
9. Upon receipt of the application monies from the QIBs, our Company shall Allot Equity Shares as per the details in the CAN sent to the QIBs.

10. After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. Our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the QIBs.
11. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees.
12. Our Company will then apply for the final trading approvals from the Stock Exchanges.
13. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.
14. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, our Company shall inform the Allottees of the receipt of such approval. Our Company and the Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of the SEBI Regulations are eligible to invest. Currently, under Regulation 2(1)(zd) of the SEBI Regulations, a QIB means:

- alternate investment funds registered with SEBI;
- eligible FPIs;
- foreign venture capital investors registered with SEBI;
- insurance companies registered with Insurance Regulatory and Development Authority;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- mutual fund;
- pension funds with minimum corpus of ₹ 250.00 million;
- provident funds with minimum corpus of ₹ 250.00 million;
- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India; and
- venture capital funds registered with SEBI.

Eligible non-resident QIBs can participate in the Issue under Schedule 1 of FEMA 20.

FII (other than a sub-account which is a foreign corporate or a foreign individual) and Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule 2 and Schedule 2A of FEMA 20 respectively, in this Issue. FIIs and Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA 20, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company. The shareholders of our Company have passed a special resolution at their AGM held on August 16, 2007 increasing the investment limits by FIIs, pursuant to which, we are entitled to 100% foreign direct investment inflow.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The existing investment limit for FIIs in our Company is 74% of the paid up capital of our Company.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA 20, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Under Regulation 86(1)(b) of the SEBI Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or persons related to the Promoters;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company and the Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Note: Affiliates or associates of the Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.

Application Process

Application Form

QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections “*Notice to Investors*”, “*Selling Restrictions*” and “*Purchaser Representations and Transfer Restrictions*” on pages 1, 134 and 144, respectively:

1. The applicant confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI Regulations and is not excluded under Regulation 86 of the SEBI Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;
2. The QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;
3. The QIB confirms that it has no rights under a shareholders’ agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;
4. The QIB acknowledges that it has no right to withdraw its Bid after the Bid/Issue Closing Date;
5. The QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;
6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;
7. The QIB confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Regulations;
8. The QIB confirms that together with other QIBs in the Issue that belongs to the same group or are under same control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:
 - (a) The expression “**belongs to the same group**” shall derive meaning from the concept of “companies under the same group” as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and
 - (b) “**Control**” shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;
9. The QIBs shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

The QIB confirms that it is outside the United States and is a non-U.S. person and it is purchasing the Equity Shares in an offshore transaction (as defined in Regulation S under the Securities Act). It agrees that it will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction, including India.

QIBs MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PAN, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, E-MAIL ID, BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB ACCOUNTS OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by a QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the QIB upon issuance of the CAN by our Company in favour of the QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for. All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Lead Managers as per the details provided in the respective CAN. The Application Form shall be submitted to the Lead Managers either through electronic form or through physical delivery at the following address:

Name of Lead Manager	Address	Contact Person	Email	Phone (Telephone/Fax)
Axis Capital Limited	Axis House 1 st Floor C-2, Wadia International Centre P.B Marg, Worli Mumbai 400 025	G. Venkatesh	venkatesh.iyer@axiscap.in	Tel: (91 22) 4325 5587 Fax: (91 22) 4325 5599
ICICI Securities Limited	ICICI Centre, H.T. Parekh Marg Churchgate Mumbai 400 020	Sumit Agarwal	project.groupenergy@icicisecurities.com	Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580
SBI Capital Markets Limited	202, Maker Tower 'E' Cuffe Parade Mumbai 400 005	Avinash Kulkarni	avinash.kulkarni@sbicaps.com	Tel: (91 22) 2217 8300 Fax: (91 22) 2218 8332

The Lead Managers shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each QIB should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build up of the Book

The QIBs shall submit their Bids (including the revision of bids) within the Bidding Period to the Lead Managers. Such Bids cannot be withdrawn after the Bid/Issue Closing Date. The book shall be maintained by the Lead Managers.

Price Discovery and Allocation

Our Company, in consultation with the Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI Regulations.

After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Lead Managers on a discretionary basis and in compliance with Chapter VIII of the SEBI Regulations.

Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBs. QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY AND QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on the Application Forms received, our Company, in consultation with the Lead Managers, in our sole and absolute discretion, shall decide the QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such QIBs. Additionally, a CAN will include details of the relevant Escrow Bank Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective QIB's account.

The eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to the QIBs shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Lead Managers and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

Our Company has opened the "ABAN OFFSHORE LIMITED - QIP ESCROW ACCOUNT" with Axis Bank Limited in terms of the arrangement among our Company, the Lead Managers and Axis Bank Limited as escrow bank. The QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in, and in accordance with, the respective CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

If the payment is not made favouring the "ABAN OFFSHORE LIMITED - QIP ESCROW ACCOUNT" within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

Our Company undertakes to utilise the amount deposited in "ABAN OFFSHORE LIMITED - QIP ESCROW ACCOUNT" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

In case of cancellations or default by the QIBs, our Company, in consultation with the Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at our sole and absolute discretion.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless the QIBs pay the Issue Price to the “ABAN OFFSHORE LIMITED - QIP ESCROW ACCOUNT” as stated above.

The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Our Company, at our sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the QIBs’ Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges.

In the case of QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website.

The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Company after Allotment of Equity Shares to QIBs.

In accordance with the Companies Act, 2013, in the event that our Company is unable to issue and Allot the Equity Shares offered in the Issue or there is a cancellation of the Issue within 60 days from the date of receipt of application money from a QIB, our Company shall repay the application money within 15 days from expiry of 60 day period, failing which our Company shall repay that money to such QIBs with interest at the rate of 12% per annum from expiry of the sixtieth day. **The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the QIBs.**

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e. not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

A QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the QIBs.

PLACEMENT

Placement Agreement

The Lead Managers have entered into a Placement Agreement with our Company, pursuant to which the Lead Managers have agreed to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription for Equity Shares to be placed with the QIBs, pursuant to Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013.

The Placement Agreement contains customary representations and warranties and conditions precedent, as well as indemnities from our Company and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

In connection with the Issue, the Lead Managers (or their affiliates) may, for its own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions.

From time to time, the Lead Managers and their affiliates may engage in transactions with and perform services of our Company in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company or our affiliates, for which they have received compensation and may in the future receive compensation.

Lock-up

Our Company has agreed that it will not, without the prior written consent of the Lead Managers, from the date of the Placement Agreement and for a period of up to 60 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided, however, that the foregoing restrictions shall not be applicable to (i) any grant of options by our Company under the ESOPs; or (ii) any issue or allotment of the Equity Shares by our Company pursuant to the exercise of any options awarded under the ESOPs; (iii) any issuance, sale, transfer or disposition of Equity Shares by our Company to the extent such issuance, sale, transfer or disposition is required by Indian law. Our Promoters and members of our Promoter Group have agreed that they shall not for a period of one year from the date of Allotment, sell any of the securities of our Company currently held by them.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Preliminary Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

No action has been taken or will be taken in any jurisdiction by our Company or the Lead Managers that would permit a public offering of the Equity Shares or the possession, circulation or distribution of this Preliminary Placement Document or any other materials relating to our Company or the Equity Shares in the Issue in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares in the Issue may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any other offering material or advertisements in connection with the Equity Shares issued pursuant to the Issue may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on our Company or the Lead Managers. The Issue will be made in compliance with the applicable SEBI Regulations and the Companies Act, 2013. Each subscriber of the Equity Shares in the Issue will be required to make, or will be deemed to have made, as applicable, the acknowledgments and agreements as described under “*Purchaser Representations and Transfer Restrictions*” on page 144.

Australia

This Preliminary Placement Document is not a disclosure document under Chapter 6D of the Corporations Act 2001 (9th) (the “**Australian Corporations Act**”), has not been lodged with the Australian Securities & Investments Commission and does not purport to include the information required of a disclosure document under the Australian Corporations Act. (i) The offer of Equity Shares under this Preliminary Placement Document is only made to persons to whom it is lawful to offer Equity Shares without disclosure to investors under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in Section 708 of the Australian Corporations Act; (ii) this Preliminary Placement Document is made available in Australia to persons as set forth in Clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in Clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Share sold to the offeree within 12 months after their transfer to the offeree under this Preliminary Placement Document.

Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice. This Preliminary Placement Document is for your information only and nothing in this Preliminary Placement Document is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. The Preliminary Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and the Preliminary Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency (“**BMA**”) has not reviewed, nor has it approved, the Preliminary Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Belgium

The Equity Shares may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 3 §1 of the Belgian Law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets (the “**Prospectus Law**”), save in those circumstances set out in Article 3 §2 of the Prospectus Law.

The Issue is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and the Preliminary Placement Document or any other offering material relating to

the Equity Shares has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission (“**Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen**”).

Accordingly, the Issue may not be advertised and the Lead Managers have represented, warranted and agreed that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell transfer or deliver, the Equity Shares, and that it has not distributed, and will not distribute, any memorandum, information circular, brochure or any similar documents, directly or indirectly, to any individual or legal entity in Belgium other than:

- (i) qualified investors, as defined in Article 10 of the Prospectus Law;
- (ii) investors required to invest a minimum of €50,000 (per investor and per transaction);

and in any other circumstances set out in Article 3 §2 of the Prospectus Law.

This Preliminary Placement Document has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Issue of Equity Shares. Accordingly, the information contained herein may not be used for any other purpose nor disclosed to any other person in Belgium.

Cayman Islands

No offer or invitation to purchase Equity Shares may be made to the public in the Cayman Islands.

Denmark

This Preliminary Placement Document has not been filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in the Kingdom of Denmark. The Equity Shares have not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark, unless in compliance with chapter 6 or chapter 12 of the Danish Act on Trading in Securities and executive orders issued pursuant thereto as amended from time to time. Accordingly, this Preliminary Placement Document may not be made available nor may the Equity Shares otherwise be marketed and offered for sale in Denmark other than in circumstances which are deemed not to be a marketing activity or an offer to the public in Denmark.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the “**Relevant Implementation Date**”), the Equity Shares may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and the 2010 Amending Directive, except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time:

- to persons or entities that are “qualified investors” as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive;
- to (i) fewer than 100 natural or legal persons (other than “**qualified investors**” as defined in the Prospectus Directive); or (ii) if that Relevant Member State has implemented the 2010 Amending Directive, fewer than 150 natural or legal persons (other than “qualified investors” as defined in the 2010 Amending Directive), in each case subject to obtaining the prior consent of the Underwriters; or
- in any circumstances falling within Article 3(2) of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive,

provided that no such offering of Equity Shares shall result in a requirement for the publication by our Company or the Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 Amending Directive**” means Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant Member State to “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive (as amended, to the extent implemented in a Relevant Member State, by the 2010 Amending Directive) or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale. The Company, the Lead Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a “qualified investor” as so defined and who has notified the Lead Managers of such fact in writing may, with the consent of the Lead Managers, be permitted to subscribe for or purchase Equity Shares in the Issue subject to compliance at all times by our Company and the Lead Managers with the provisions of Article 3(2) of the Prospectus Directive as amended (to the extent implemented) by Article 1(3) of the 2010 Amending Directive.

Finland

This Preliminary Placement Document has not been approved by or filed with the Finnish Financial Supervision Authority pursuant to the Finnish Securities Market Act. The Equity Shares may not be offered or sold, directly or indirectly, to the public in Finland, and any offer or sale of the Equity Shares in Finland may be made only to qualified investors under the Securities Markets Act, and/or to less than 100 pre-selected investors or otherwise in circumstances which do not constitute a public offer under the laws of Finland.

France

Neither this Preliminary Placement Document nor any other offering material relating to the Equity Shares has been prepared in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (the “**MFC**”) and Articles 211-1 of the General Regulations (Règlement Général) of the French financial markets regulator (the “*Autorité des marchés financiers*” or “**AMF**”) and none of them have, therefore, been submitted to the prior visa (“*visa préalable*”) of the AMF or the competent authority of another member state of the European Economic Area and notified to the AMF.

The Equity Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this Preliminary Placement Document nor any other offering material relating to the Equity Shares has been or will be pursuant to French applicable law and regulation:

- released, issued, distributed or caused to be released, issued or distributed, directly or indirectly, to the public in France; or
- used in connection with any offer for subscription or sale of the Equity Shares to the public in France.

Such offers, sales and distributions may be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d’investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2 II, 2, articles D.411-1 to D.411-4, articles D.734-1, D.744-1, D.754-1 and D.764-1 of the MFC;
- to persons providing investment services relating to portfolio management for the account of third parties (“*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*”) in accordance with article L 411-2 II, 1 of the MFC; or

- in a transaction that, in accordance with article L.411-2, I of the MFC and article 211-2 of the General Regulations (*Règlement Général*) of the AMF, does not constitute a public offering.

The Equity Shares may be resold or otherwise transferred, directly or indirectly, in France only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the MFC.

Germany

This Preliminary Placement Document has not been prepared in accordance with the requirements for a sales prospectus under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the German Sales Prospectus Act (*Verkaufprospektgesetz*), or the German Investment Act (*Investmentgesetz*). Neither the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht—BaFin*) nor any other German authority has been notified of the intention to distribute the Equity Shares in Germany. The Equity Shares may therefore not be distributed in the Federal Republic of Germany by way of public offering, public advertising or in a similar manner and this Preliminary Placement Document and any other document relating to this offering, as well as information or statements contained therein, may not be supplied to the public in the Federal Republic of Germany or used in connection with any offer for subscription of the Equity Shares to the public in the Federal Republic of Germany or any other means of public marketing. The Equity Shares will not be admitted to trading on an organized market situated or operating in the Federal Republic of Germany. Any resale of the Equity Shares in the Federal Republic of Germany may only be made in accordance with the provisions of the Securities Prospectus Act and any other laws applicable in the Federal Republic of Germany concerning the sale and offering of securities. The Equity Shares are being offered and sold in Germany only to (i) qualified investors in the meaning of Section 3, paragraph 2 no. 1, in connection with Section 2, no. 6, of the German Securities Prospectus Act, or (ii) a limited number (less than 100) of individualized, unqualified investors that are being pre-selected and specifically addressed. This Preliminary Placement Document is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

Hong Kong

The Equity Shares may only be offered or sold in Hong Kong (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) (“SFO”) and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a ‘prospectus’ as defined in the Companies Ordinance (Cap. 32) or which do not constitute an offer to the public within the meaning of that Ordinance.

The Lead Managers have not issued, or had in their possession for the purposes of issue, and will not issue, or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

This Preliminary Placement Document and the Equity Shares have not been and will not be registered with the Securities and Futures Commission of Hong Kong and/or the Stock Exchange of Hong Kong. There are no public markets or platforms in Hong Kong for the purchase or disposal of the Equity Shares. If you are in doubt as to the contents of this Preliminary Placement Document, you must immediately seek legal and investment advice from your solicitor, accountant and/or professional advisors.

Ireland

The Equity Shares may be publicly offered and sold in Ireland only in accordance with the European Communities (Transferable Securities and Stock Exchange) Regulations 1992, if applicable, the Investment Intermediaries Act 1995, as amended, the Companies Acts 1963 to 2003 and all other applicable Irish laws and regulations. This Preliminary Placement Document does not constitute an offer to the public in Ireland by virtue of the fact that it shall only be made to persons in Ireland whose ordinary business is to buy or sell shares or debentures (whether as principal or agent) and, accordingly, has not been registered with the Registrar for Companies in Ireland. By accepting delivery of this Preliminary Placement Document, the addressee in Ireland warrants that it is a person whose ordinary business, whether as principal or agent, is to buy and sell shares and debentures. This Preliminary Placement Document does not and shall not be deemed to constitute an invitation to individuals (i.e. natural persons) in Ireland to purchase Equity Shares. There will be no offering to the public in Ireland of the Equity Shares and this Preliminary Placement Document does not constitute a prospectus

within the meaning of the Irish Companies Acts 1963 to 2003.

Italy

The offering of the Equity Shares has not been registered with the Commissione Nazionale per la società e la Borsa (“**CONSOB**”) (the Italian securities and exchange commission) pursuant to the Italian securities legislation and the Lead Managers have represented and agreed that it has not offered, sold or delivered any Equity Shares nor distributed any copies of the Preliminary Placement Document or any other document relating to the Equity Shares, and will not offer, sell or deliver any Equity Shares nor distribute any copies of the Preliminary Placement Document or any other document relating to the Equity Shares in the Republic of Italy in a solicitation to the public at large (*sollecitazione all’investimento*), and that the Equity Shares in Italy shall only be:

- offered and sold to professional investors (*operatori qualificati*) as defined in Article 31, second paragraph of CONSOB Regulation No 11522 of 1 July 1998 (the “**Regulation No 11522**”), as amended; or
- offered or sold in circumstances where an exemption from the rules governing solicitations to the public at large applies, pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (the “**Financial Services Act**”) and Article 33, first paragraph, of CONSOB Regulation No 11971 of 14 May 1999 (the “**Regulation No 11971**”), as amended, and shall in any event be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations.

Moreover and subject to the foregoing, the Lead Managers have represented and agreed that the Equity Shares may not be offered, sold or delivered and neither the Preliminary Placement Document nor any other material relating to the Equity Shares may be distributed or made available in Italy unless such offer, sale or delivery of Equity Shares or distribution or availability of copies of the Preliminary Placement Document or any other material relating to the Equity Shares in Italy:

- is in compliance with Article 129 of Legislative Decree No 385 of 1 September 1993 (the “**Italian Banking Act**”) and the implementing guidelines of the Bank of Italy, pursuant to which the issue or the offer of Equity Shares in Italy may need to be followed by an appropriate notice to be filed with the Bank of Italy depending, inter alia, on the aggregate value of the securities issued or offered in Italy and their characteristics; and
- is made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, the Italian Banking Act, the Regulation No 11522, the Regulation No 11971 and any other applicable laws and regulations.

Japan

The Equity Shares have not been and will not be registered under the Securities and Exchange Law of Japan (Law. No. 25 of 1948 as amended) (the “**SEL**”) and disclosure under the SEL has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan except (1) pursuant to an exemption from the registration requirements of the SEL and (2) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

Jordan

The Preliminary Placement Document has not been and will not be filed with the Jordanian Securities Commission. The Preliminary Placement Document has not been and will not be distributed, and offers to sell, and sales of the Equity Shares will not be made to more than 30 Jordanian residents. It may not be used for a public offering in Jordan of the Equity Shares. Offers of the Equity Shares are being made from outside Jordan on a private one-on-one contact basis to pre-identified potential investors in Jordan by persons who are not resident within Jordan and accordingly no registration, local prospectus filing and local agent requirements apply. The Preliminary Placement Document is strictly for private use by its holder and may not be passed on to third parties or otherwise distributed publicly.

Korea

This Preliminary Placement Document is not, and under no circumstances is to be considered as, a public offering of securities in Korea for the purposes of the Financial Investment Services and Capital Market Act of Korea (the “FSCMA”). Neither our Company nor the Lead Managers may make any representation with respect to the eligibility of any recipients of this Preliminary Placement Document to acquire the Equity Shares offered hereby under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act of Korea and the regulations thereunder (the “FETA”). The Equity Shares offered hereby have not been registered under the FSCMA and the Equity Shares may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined in the FETA), except otherwise permitted by applicable laws and regulations of Korea, including, without limitation, the FSCMA and the FETA.

Kuwait

The Preliminary Placement Document is being provided solely for information purposes upon the request of the recipient and for his convenience. Receipt of this Preliminary Placement Document does not constitute an offer to sell the securities referred to herein. No private or public offering of the securities mentioned here is being made in Kuwait, and no agreement relating to the sale of securities will be conducted in Kuwait. No mass-media means of contact are being used to market the securities.

The Issue has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has our Company received authorization or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Shares within Kuwait. Therefore, no services relating to the offering, including the receipt of applications and/or the allotment of Equity Shares, may be rendered within Kuwait by our Company or persons representing our Company.

Luxembourg

The Equity Shares offered in this Preliminary Placement Document may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This Preliminary Placement Document is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Equity Shares. Distribution of this Preliminary Placement Document to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized and any disclosure of any of its contents, without prior written consent of our Company, is prohibited.

Malaysia

No approval of the Securities Commission of Malaysia has been or will be obtained in connection with the offer and sale of the Equity Shares in Malaysia nor will any prospectus or other offering material or document in connection with the offer and sale of the Equity Shares be registered with the Securities Commission of Malaysia. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

The Netherlands

The Equity Shares may only be offered, sold or delivered in or from The Netherlands as part of their initial distribution or at any time thereafter, directly or indirectly, to individuals or legal entities who or which trade or invest in securities in the conduct of a profession or trade (which includes, but is not limited to, banks, investment banks, securities firms, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises).

New Zealand

The Preliminary Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the “**New Zealand Securities Act**”). The Preliminary Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act (“**Habitual Investors**”). By accepting the Preliminary Placement Document, each investor represents and warrants that if they receive the Preliminary Placement Document in New Zealand they are a Habitual Investor and they will not disclose the Preliminary Placement Document to any person who is not also a Habitual Investor.

Norway

This Preliminary Placement Document has not been approved by or registered with any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act 1997. Accordingly, neither this Preliminary Placement Document nor any other offering material relating to the Equity Shares constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act 1997 and is only made to qualified professional investors pursuant to the Norwegian Regulation of December 9, 2005 regarding exemption from the obligation to publish a prospectus or otherwise only in circumstances where an exemption from the obligation to publish a prospectus under the Norwegian Securities Trading Act 1997 is available.

Portugal

This Preliminary Placement Document has not been nor will be subject to the approval of the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*). The Lead Managers have represented, warranted and agreed, that it has not offered or sold, and it will not offer or sell any Equity Shares in Portugal or to residents of Portugal otherwise than in accordance with applicable Portuguese Law.

No action has been or will be taken that would permit a public offering of any of the Equity Shares in Portugal. Accordingly, no Equity Shares may be offered, sold or delivered except in circumstances that will result in compliance with any applicable laws and regulations. In particular, the Lead Managers have represented, warranted and agreed that no offer has been addressed to more than 100 (non-qualified) Portuguese investors; no offer has been preceded or followed by promotion or solicitation to unidentified investors, or followed by publication of any promotional material. The offer of Equity Shares is intended for Qualified Investors. Qualified Investors within the meaning of Article 30 of the Securities Code (“*Código dos Valores Mobiliários*”) includes credit institutions, investment firms, insurance companies, collective investment institutions and their respective managing companies, pension funds and their respective pension fund-managing companies, other authorized or regulated financial institutions, notably securitization funds and their respective management companies, all other financial companies, securitization companies, venture capital companies, venture capital funds and their respective management companies, financial institutions incorporated in a state that is not a member state of the European Union that carry out activities similar to those previously mentioned, entities trading in financial instruments related to commodities and regional and national governments, central banks and public bodies that manage debt, supranational or international institutions, namely the European Central Bank, the European Investment Bank, the International Monetary Fund and the World Bank, any companies which have two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual turnover of more than 50,000,000, as shown in its last annual or consolidated accounts, and any legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities.

Qatar

This document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorized or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither our

Company nor persons representing our Company are authorized or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither our Company nor persons representing our Company are, by distributing this document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Saudi Arabia

The Preliminary Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of the Preliminary Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of the Preliminary Placement Document, you should consult an authorized financial adviser.

Singapore

The Preliminary Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Future Act (Chapter 289) of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Unless otherwise permitted under the SFA, where the Equity Shares are acquired by a person pursuant to Section 274 or 275 of the SFA, such Equity Shares shall not be transferable for six months after that person has acquired the Equity Shares, except (i) to another person who is an institutional investor or a relevant person, or (ii) pursuant to Section 275(1A) of the SFA.

Unless otherwise permitted under the SFA, where the Equity Shares are subscribed or purchased pursuant to Section 275 of the SFA by a relevant person which is:

- a corporation which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on the terms that such Equity Shares, debentures and units of Equity Shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than Singapore Dollars 200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by

exchange of securities or other assets, in accordance with the conditions, specified in Section 275 of the SFA as applicable; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Spain

This Preliminary Placement Document has not been registered with the *Comisión Nacional del Mercado de Valores*, and therefore a public offer for sale of the Equity Shares will not be promoted in the Kingdom of Spain. The Equity Shares may not be offered or sold in the Kingdom of Spain, except in accordance with the requirements of the Spanish securities market law (*ley 24/1998, de 28 de julio, del Mercado de valores*), as amended, and Royal Decree 1310/2005, which partially develops the Securities Market Law, on admission to trading, public offerings and prospectus (*RD 1310/2005, por el que se desarrolla parcialmente la Ley del Mercado de Valores en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended, and the decrees and regulations issued thereunder.

Switzerland

Neither this Preliminary Placement Document nor any documents related to the Equity Shares constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations. The Equity Shares will not be listed on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this Preliminary Placement Document does not necessarily comply with the information standards set out in the listing rules in SIX Swiss Exchange. Accordingly, the Equity Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, which do not subscribe the Shares with a view to distribution to the public. The investors will be individually approached by the Lead Managers. In addition, the Equity Shares do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act (“CISA”) and they are neither subject to approval nor supervision by the Swiss Federal Banking Commission. Therefore, investors in the Equity Shares do not benefit from protection under CISA or supervision by the Swiss Federal Banking Commission or any other regulatory authority in Switzerland.

The Preliminary Placement Document is personal to each offeree and does not constitute an offer to any other person. The Preliminary Placement Document may only be used by those persons to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of the Issuer. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

United Arab Emirates (Excluding the Dubai International Financial Centre)

The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (“U.A.E.”) other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Preliminary Placement Document does not constitute a public offer of securities in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. The Company and the Equity Shares have not been approved or licensed by or registered with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the U.A.E. This Preliminary Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority. This Preliminary Placement Document is being issued to a limited number of selected institutional and sophisticated investors, is not for general circulation in the U.A.E. and may not be provided to any person other than the original recipient or reproduced or used for any other purpose. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial adviser. This Preliminary Placement Document is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

Dubai International Financial Centre

This Preliminary Placement Document relates to an exempt offer (an “**Exempt Offer**”) in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the “**DFSA**”). This Preliminary Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents

in connection with Exempt Offers. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Preliminary Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial adviser. For the avoidance of doubt, the Equity Shares are not interests in a “fund” or a “**collective investment scheme**” within the meaning of either the Collective Investment Law (DIFC Law No. 2 of 2010) or the Collective Investment Rules Module of the Dubai Financial Services Authority Rulebook.

United Kingdom

The Equity Shares cannot be promoted in the United Kingdom to the general public. The contents of this Preliminary Placement Document have not been approved by an authorized person within the meaning of FSMA. The Lead Managers (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which section 21(1) of the FSMA does not apply to our Company; and (b) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Terms used in this paragraph have the meaning given to them in Regulation S.

Each purchaser of the Equity Shares offered by this Preliminary Placement Document will be deemed to have made the representations, agreements and acknowledgements as described under “*Purchaser Representation and Transfer Restrictions*” on page 144.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Investors are advised to consult with legal counsel prior to purchasing any Equity Shares or making any resale, pledge or transfer of such Equity Shares.

Purchasers are not permitted to sell the Equity Shares Allotted pursuant to the Issue for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. Additionally, purchasers are deemed to have represented, agreed and acknowledged as below with respect to purchase and sale of Equity Shares. Since the following additional restrictions will apply, investors are advised to consult legal counsel prior to making any resale, pledge or transfer of our Company's Equity Shares.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

Subject to the foregoing, by accepting this Preliminary Placement Document and purchasing any Equity Share in this Issue, each Purchaser of the Equity Shares is deemed to have represented, agreed and acknowledged as follows:

1. You certify that either (A) you are (or at the time the Equity Shares are purchased will be) the beneficial owner of the Equity Shares and (i) you are not a U.S. person (as defined in Regulation S under the Securities Act) and (ii) you are located outside the United States (within the meaning of Regulation S); or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S) and is not a U.S. person (as defined in Regulation S).
2. You are authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.
3. You are not an affiliate of our Company or a person acting on behalf of an affiliate of our Company.
4. You are not purchasing the Equity Shares as a result of any directed selling efforts (as defined in Regulation S under the Securities Act), or any general solicitation or general advertising (as defined in Regulation D under the Securities Act).
5. You will base your investment decision on a copy of this Preliminary Placement Document or the final placement document relating to the Issue. You acknowledge that neither our Company nor any of our affiliates nor any other person (including the Lead Managers) or any of their respective affiliates have made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company and our affiliates only) the information contained in this Preliminary Placement Document or the final placement document relating to the Issue. You acknowledge that you have not relied on and will not rely on any investigation by, or on any information contained in any research reports prepared by, the GCBLRM or any of its affiliates.
6. You acknowledge (or if acting for the account of another person, such person has confirmed that you acknowledge) that, the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and that our Company has not registered as an investment company under the Investment Company Act in reliance on sections 3(c)(7) thereof and that it will not be entitled to the benefits of that act. You understand that our Company has elected to impose the transfer and offering restrictions as described herein so that our Company will have no obligation to register as an investment company under the Investment Company Act. You understand that the transfer restrictions will remain in effect until our Company determines, in our sole discretion, to remove them.
7. You are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rules 903 or 904 of Regulation S and you agree, on your own behalf and on behalf of any accounts for which you are acting, that you will not reoffer, resell, pledge or otherwise transfer the Equity Shares, except in an offshore transaction on a recognized Indian stock exchange in compliance with Regulation S under the Securities Act.

8. None of you, any of your affiliates nor any person acting on behalf of you or any of your affiliates, has made or shall make any directed selling efforts (as defined in Regulation S under the Securities Act), or any general solicitation or general advertising (as defined in Regulation D under the Securities Act), with respect to the Equity Shares.
9. You agree that, prior to any sale of the Equity Shares, you shall notify the purchaser of such Equity Shares or the executing broker, as applicable, (a) of any transfer restrictions that are applicable to the Equity Shares being sold, (b) that the Equity Shares have not been and will not be registered under the Securities Act and (c) that our Company has not been will not be registered as an investment company under the Investment Company Act.
10. You understand and acknowledge that our Company shall have no obligation to recognize any offer, sale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that our Company may make notation on our records or give instructions to any transfer agent of the Equity Shares.
11. You understand that the foregoing representations, warranties, agreements, undertakings and acknowledgements are required in connection with United States and other securities laws and that our Company, the GCBLRM and our respective affiliates, and others are entitled to rely upon the truth and accuracy of the representations, warranties, agreements, undertakings or acknowledgements contained herein. You agree that if any of the representations, warranties, agreements, undertakings and acknowledgements made herein are no longer accurate, you shall promptly notify our Company and the GCBLRM in writing. All representations, warranties, agreements, undertakings and acknowledgements you have made in this document shall survive the execution and delivery hereof.

Any resale or other transfer or attempted resale or other transfer, made other than in compliance with the above stated restrictions will not be recognized by our Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Lead Managers or any of our respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the “SCRA”) and the Securities Contracts (Regulation) Rules, 1957 (the “SCRR”). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time (the “SEBI Act”), notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the “SCR (SECC) Rules”), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the securities market of India, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

There are recognized stock exchanges in India. Most of the stock exchanges have their own governing board for self regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalization and trading activity.

With effect from April 1, 2003, the stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the stock exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

Listing

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the listing agreements of the respective stock exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non compliance with any of the conditions of admission to dealings or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend such equity listing agreements and bye-laws of the stock exchanges in India, to overrule a stock exchange’s governing body and withdraw recognition of a recognized stock exchange.

Pursuant to an amendment to the SCRR in June 2010, all listed companies (except public sector companies) are required to ensure a minimum public shareholding of at least 25% and were given a period of three years to comply with such requirement. The SCRR also provides that if the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall in the manner prescribed. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in

compliance with this minimum public shareholding requirement.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

With effect from October 1, 2013, the Stock Exchanges, shall on a daily basis translate the 10%, 15% and 20% circuit breaker limits of market wide index variation based on the previous days' closing level of the index.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. The BSE was the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the BSE and the NSE occurs from Monday through Friday, from 9.00 a.m. to 3.30 p.m. Indian Standard Time. The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted by SEBI to set their own trading hours (in cash and derivatives segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated screen based trading system called National Exchange for Automated Trading (“**NEAT**”), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the “**Takeover Regulations**”), which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company’s shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Prohibition of Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the “**Insider Trading Regulations**”) have been notified by SEBI to prohibit and penalize insider trading in India. An insider is, among other things, prohibited from dealing either on his own behalf or on behalf of any other person, in the securities of a listed company when in possession of unpublished price sensitive information.

The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, persons who are promoters or part of the promoter group and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of “insider” includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company.

Depositories

The Depositories Act, 1996, provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of thesecurities market of India.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term “securities”, as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI. Derivatives products were introduced in phases in India, starting with index futures contracts in June 2000 and index options, stock options and stock futures in June 2001, July 2001 and November 2001, respectively. SEBI, by a circular dated August 6, 2008, as modified by its circular dated March 24, 2009, has issued guidelines on exchange traded currency derivatives. The circular lays down the framework for the launch of exchange traded currency futures in terms of eligibility norms for existing and new exchanges and their clearing corporations or clearing houses,

eligibility criteria for members of such exchanges or clearing corporations or clearing houses, product design, risk management measures, surveillance mechanism and other related issues.

DESCRIPTION OF EQUITY SHARES

Set forth below is certain information relating to our share capital, including a brief summary of some of the provisions of our Memorandum and Articles of Association, the Companies Act and certain related legislation of India, all as currently in effect. Prospective investors are urged to read our Company's Memorandum and Articles of Association carefully, and consult with your advisors, as our Company's Memorandum and Articles of Association and applicable Indian law, and not this summary, governs the rights of the holders of the Equity Shares.

General

As of date, our Company's authorised share capital totalled ₹ 15,000.00 million consisting of ₹ 2,500.00 million Equity Shares of ₹ 2.00 each and 1,000 million Cumulative Non-Convertible Redeemable Preference Shares of ₹ 10.00 each. The Equity Shares are listed on the BSE, the NSE and the MSE.

2,810 million Preference Shares issued by our Company are listed on the BSE. The Equity Shares under this Issue will be fully paid-up on issuance. As of March 31, 2014 our Company's issued capital totalled ₹ 2,897.04 million and subscribed and called-up capital totalled ₹ 2,897.04 million consisting of 43.51 million fully paid-up Equity Shares and 281 million Preference Shares.

The Company has reserved 18,40,000 Equity shares of ₹ 2.00 each for offering to employees under the AOL ESOS, out of which 95,130 Equity shares of ₹ 2.00 each have already been allotted as on March 31, 2014 under the said scheme.

Dividend

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM of shareholders held each financial year. Under the Companies Act, 2013, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions specified under Section 123 of the Companies Act, 2013 and the rules made thereunder, no dividend can be declared or paid by a company for any financial year except (a) out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013; or (b) out of the profits of the company for any previous financial year(s) arrived at in accordance with the Companies Act, 2013 and remaining undistributed; or (c) out of both; or (d) out of money provided by the Central Government or a state Government for payment of dividend by our Company in pursuance of a guarantee given by that Government. Pursuant to the equity listing agreements, listed companies are required to declare and disclose their dividends on per share basis only. The dividend recommended by the board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid up value of their shares as at the record date for which such dividend is payable. In addition, as is permitted by the articles of association, the board of directors may declare and pay interim dividend as appear to it are justified by the profits of the company. The Equity Shares pursuant to this Preliminary Placement Document, shall rank *pari passu* with the existing equity shares in all respects including entitlements to any dividends that maybe declared by our Company. Under the Companies Act, 2013, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date which is specified as the "record date" or "book closure date". No shareholder is entitled to a dividend while unpaid calls on any of his shares are outstanding.

Dividends must be paid within 30 days from the date of the declaration and any dividend that remains unpaid or unclaimed after that period must be transferred within seven days to a special unpaid dividend account held at a scheduled bank. Any money that remains unpaid or unclaimed for seven years from the date of such transfer must be transferred by the company to the Investor Education and Protection Fund established by the Government and thereafter any claim with respect thereto will lapse.

The Companies Act, 2013 and the Companies (Declaration of Dividend) Rules, 2014, provide that if the profit for a year is insufficient, the dividend for that year may be declared out of free reserves, subject to certain conditions prescribed under those legislations.

Capitalisation of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to capitalize its profits or reserves for the purpose of issuing fully paid-up bonus shares, which are similar to stock

dividend. The Companies Act, 2013 permits the issue of fully paid up bonus shares from its free reserves, securities premium account or capital redemption reserve account, provided that bonus shares shall not be issued by capitalizing reserves created by revaluation of assets. These bonus equity shares must be distributed to shareholders in proportion to the number of equity shares owned by them as recommended by the board of directors. Any issue of bonus shares by a listed company would be subject to the SEBI Regulations. The relevant SEBI guidelines prescribe that no company shall, pending conversion of compulsorily convertible securities, issue any shares by way of bonus unless a similar benefit is extended to the holders of such compulsorily convertible securities, through a proportionate reservation of shares. Further, in order to issue bonus shares, a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption thereof and should have sufficient reason to believe that it has not defaulted in respect of any statutory dues of the employees. A bonus issue may be made out of free reserves built out of genuine profits or share premium collected in cash and not from reserves created by revaluation of fixed assets. The issue of bonus shares must take place within 15 days from the date of approval by the board, if the articles of association of a company do not require such company to seek shareholders' approval for capitalization of profits or reserves for making bonus issues. If a company is required to seek shareholders' approval for capitalization of profits or reserves for making bonus issues, then the bonus issue should be implemented within two months from the date of the board of directors meeting wherein the decision to issue bonus shares was taken subject to shareholders' approval.

As per the Articles of Association of our Company, upon resolution in the general meeting, our Company may capitalize and distribute amongst the shareholders, any amount standing to the credit of our Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution amongst other things for paying up any amounts for the time being unpaid on shares held by such members respectively. The Articles also authorize our Company to utilize such amounts towards paying up in full, unissued share of our Company to be allotted and distributed, credited as fully paid up, to and amongst the members in the proportions of their shareholding.

A securities premium account and a capital redemption reserve account may only be applied in the paying up of unissued shares to be issued to members of our Company as fully paid bonus shares.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, 2013, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act, 2013 such new shares shall be offered to existing shareholders in proportion to the paid up share capital on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date or on receipt of earlier intimation from the persons to whom such notice is given that they decline to accept the shares offered, the board of directors may dispose of the shares offered in respect of which no acceptance has been received in a manner which shall not be disadvantageous to the shareholders of the company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014, new shares may be offered to any persons whether or not those persons include existing shareholders or employees to whom shares are allotted under a scheme of employees stock options, either for cash or for consideration other than cash, if a special resolution to that effect is passed by the company's shareholders in a general meeting.

The Articles provide that our Company may consolidate or sub-divide our Company's share capital, convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares or cancel shares which have not been taken up by any person. Our Company can also alter its share capital by way of a reduction of capital, in accordance with the Companies Act, 2013.

General Meetings of Shareholders

There are two types of general meetings of shareholders: Annual General Meetings ("AGM") and Extraordinary General Meetings ("EGM"). A company is required to convene its AGM within 15 months of the previous AGM or not later than six months after the end of each financial year, whichever is earlier. The Registrar of Companies ("RoC") may extend this period under special circumstances to a period not exceeding three

months. The board of directors may convene an extraordinary general meeting of shareholders when necessary and shall convene such a meeting at the request of a shareholder or shareholders' holding in the aggregate, not less than 10% of the company's issued paid-up capital.

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. Under the Companies Act, 2013, unless, the articles of association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of the company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act, 2013 have to be physically complied with.

A listed company intending to pass a resolution relating to matters such as, but not limited to, alteration in the objects clause of the memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares under the Companies Act, 2013 giving loans or extending guarantees or providing security in excess of limits prescribed under the Companies Act, 2013 is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of dispatch of the notice. Shareholders may exercise their right to vote at general meetings or through postal ballot by voting through e-voting facilities in accordance with the circular dated April 17, 2014 issued by SEBI and the Companies Act, 2013.

The AGM is required to be held in the city in which the company's registered office is located. General meetings other than the AGM may be held at any location, if so determined by a resolution of the board of directors. Our Company's registered office is situated at Janpriya Crest, 113 Pantheon Road, Egmore, Chennai 600 008, India.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person, has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion to such shareholders share of the paid up equity capital of the company. The chairman of the meeting has a casting vote. Resolutions are adopted at a general meeting by a majority of the shareholders having voting rights present or represented. The quorum for a general meeting is five members personally present. Generally, resolutions may be passed by simple majority of the shareholders present and voting at any general meeting.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. The Companies Act, 2013 provides that to amend the articles of association of a company, a special resolution is required to be passed in a general meeting.

As provided in our Company's Articles, a shareholder may exercise his/her voting rights by appointing a person as proxy through the use of forms set out in Schedule IX of the Companies Act. This proxy, however, is required to be lodged with our Company at least 48 hours before the time of the relevant meeting. A shareholder may, by a single power of attorney, grant general power of representation covering several general meetings. A proxy may not vote except on a poll and does not have a right to speak at meetings. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at all general meetings. A proxy may not vote except on a poll and does not have the right to speak at meetings. A shareholder, which is a legal entity, may appoint an authorized representative who can vote in all respects as if a member both on a show of hands and a poll.

The Companies Act, 2013 allows our Company to issue shares with differential rights as to dividend, voting or otherwise, subject to certain conditions. In this regard, the law requires that for a company to issue shares with differential voting rights, the company must have, *inter alia*, had distributable profits in terms of the Companies Act, 2013 for the last three Financial Years and the company must not have defaulted in filing annual accounts and annual returns for the immediately preceding three Financial Years.

Register of Shareholders and Record Dates

A company is required to maintain a register of its shareholders at its registered office, which contains details of all shareholders holding shares in physical mode, unless a special resolution is passed in a general meeting authorizing the keeping of the register at any other place within the city, town or village in which the registered office is situated or any other place in India in which more than one-tenth of the total shareholders entered in the register of members reside. A company recognizes as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In the case of shares held in physical form, transfers of shares are registered on the register of shareholders upon lodgement of the share transfer form duly complete in all respects accompanied by a share certificate or, if there is no certificate, the letter of allotment in respect of shares transferred together with duly stamped transfer forms. However, in respect of shareholders holding shares in dematerialised form, the register and index of beneficial owners maintained by a depository under the Depositories Act, 1996 is deemed to be an index of members. A company is required to annually close its share transfer books or fix a record date for the purpose of determining shareholders entitled to, *inter alia*, dividend, bonus shares or issue of shares on conversion of debentures under the provisions of the Companies Act and the listing agreements with the Stock Exchanges.

For the purpose of determining the shareholders, the register may be closed for periods not exceeding 45 days in any one year or 30 days at any one time at such times, as the board of directors may deem expedient in accordance with the provisions of the Companies Act, 2013. Under the listing agreements of the Stock Exchanges on which our Company's outstanding shares are listed, our Company may, upon at least seven working days' advance notice to such Stock Exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Under the Companies Act, 2013, a company is also required to maintain a register of debenture holders and a register of any other security holders.

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of the company.

Under the Companies Act, 2013, a company must file its balance sheet and profit and loss account with the RoC within 30 days from the date of the annual general meeting. The Companies Act, 2013 also requires listed companies to place their financial statements, including consolidated financial statements, if any, and all other documents required to be attached thereto, on their website. As required under the listing agreements, copies are required to be simultaneously sent to the Stock Exchanges on which the shares are listed. A company must also publish its financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a daily newspaper published in the language of the region of its registered office.

Transfer of Shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services India Limited. SEBI requires that our Company's shares, for trading and settlement purposes, be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company is required to keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the listing agreements with the Stock Exchanges, in the event, our Company has not effected the transfer of shares within one month or where our Company has failed to communicate to the transferee, any valid objection to the transfer within the stipulated time period of one month, we is required to compensate the

aggrieved party for the opportunity loss caused during the period of the delay.

The shares of a company shall be freely transferable subject to the provisions of the Companies Act, 2013. If a public company without sufficient cause refuses to register a transfer of shares within 30 days from the date on which the instrument of transfer or intimation of transmission, as the case may be, is delivered to the company, the transferee may appeal to our Company Law Board seeking to register the transfer. The Company Law Board is proposed to be replaced with the National Company Law Tribunal with effect from a date that is yet to be notified. Under the listing agreements with the Stock Exchanges, notice of such refusal must be sent to the transferee within one month of the date on which the transfer was lodged with the company. According to the Articles, any person who becomes entitled to shares by reason of death, lunacy, bankruptcy or insolvency of a member shall be entitled to the same dividend and other advantages to which he would be entitled if he was a registered member.

Acquisition by our Company of its own Shares

A company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75% of its shareholders, voting on it in accordance with the Companies Act, 2013 and sanctioned by the High Court of competent jurisdiction (or the National Company Law Tribunal once it is notified). Subject to certain conditions, a company is prohibited from giving, whether directly or indirectly and whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person for any shares in the company or its holding company. However, pursuant to the Companies Act, 2013, a company has been empowered to purchase its own shares or other specified securities out of its free reserves, the securities premium account or the proceeds of any fresh issue of shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back) subject to certain conditions, including:

- the buy-back should be authorized by the articles of association of the company;
- a special resolution has been passed in a general meeting authorizing the buy-back (in the case of listed companies, by means of a postal ballot);
- the buy-back is limited to 25% of the total paid up capital and free reserves;
- the debt owed by the company is not more than twice the capital and free reserves after such buy-back; and
- the buy-back is in accordance with the SEBI (Buy-Back of Securities) Regulations 1998, as amended.

A board resolution will constitute sufficient corporate authorization for a buy-back that is for less than 10% of the total paid up equity capital and free reserves of the company. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back. Further, a company buying back its securities is not permitted to buy back any securities for a period of one year from the buy-back or to issue the same kind of shares or specified securities for six months subject to certain limited exceptions.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company including its own subsidiary companies or through any investment company. Further, a company is prohibited from purchasing its own shares or specified securities, if the company is in default in the repayment of deposit or interest, in the redemption of debentures or preference shares, in payment of dividend to a shareholder, in repayment of any term loan or interest payable thereon to any financial institution or bank or in the event of non-compliance with certain other provisions of the Companies Act, 2013.

Liquidation Rights

Subject to the rights of depositors, creditors, employees, the Government or any State Government in the event of a company winding up; the holders of the equity shares are entitled to be repaid the amount of capital paid-up or credited as paid-up on these equity shares. All surplus assets remaining, after the above payments are made, belong to the holders of the equity shares in proportion to the amount paid-up or credited as paid-up on these equity shares, respectively, at the commencement of the winding-up.

CERTAIN TAX CONSIDERATIONS

FORD, RHODES, PARKS & CO., CHARTERED ACCOUNTANTS

"PARUVATHAM"
No.2, 58th Street, Off 7th Avenue,
Ashok Nagar, Chennai - 600 083

Phone : 24894498 / 42029940
Fax : 24894498
e-mail : frpchennai@gmail.com
website : www.fordrhodesperks.com

TAX BENEFIT

To
The Board of Directors
Aban Offshore Limited
Janpriya Crest
113 Pantheon Road
Egmore, Chennai 600 008

Axis Capital Limited
Axis House, 1st Floor
C-2, Wadia International Centre
P.B Marg, Worli, Mumbai 400 025
India

Re: Proposed Qualified Institutions Placement ("Issue") of equity shares by Aban Offshore Limited (the "Company") under Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations") and the Section 42 of the Companies Act, 2013.

Dear Sirs,

1. We hereby report that the enclosed statement outlining the possible tax benefits available to the Company, under the Income Tax Act, 1961 as amended by Finance Act, 2013 presently in force in India, and to the shareholders of the Company under the Income Tax Act, 1961 as amended by Finance Act, 2013, and Wealth Tax Act, 1957, presently in force in India.
2. Several of these tax benefits/consequences are dependent on the Company or the QIBs fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.



Page 1 of 2

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3. The enclosed annexure is only intended to provide general information to the investors in the Issue and is neither designed nor intended to be a substitute for professional tax advice. A potential investor is advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.
4. The enclosed annexure is for your information and for inclusion in the *Preliminary Placement Document and the Placement Document*, as amended or supplemented thereto or any other written material in connection with the proposed Issue.

**For Ford, Rhodes, Parks & Co.,
Chartered Accountants
ICAI Registration No: 102860W**


Ramaswamy Subramanian
Partner
Membership No: 016059
Place: Chennai
Date : May 28, 2014



'Annexure A'

TAX SUMMARY ANNEXURE

As per the taxation laws in force, the tax benefits/consequence as applicable, to the Qualified Institutional Investors (not being individuals/HUFs) investing in the Equity Shares of the company (on the assumption that the shares are not as stock-in-trade) are stated as follows:

Indian Tax Considerations

For these purpose "Non Resident" means a person who is not resident in India. For the purpose of the Income Tax Act, 1961, an individual is considered to be resident of India during any financial year if he or she is in India in that year for:

- A period or periods amounting to 182 days or more;
- 60 days or more if within the four preceding years he/she has been in India for a period or periods amounting to 365 days or more;
- 182 days or more, in the case of a citizen of India or a person of India origin living abroad who visits India and within the four preceding years has been in India for a period of or periods amounting to 365 days or more;
- 182 days or more, in the case of a citizen of India who leaves India for the purpose of employment outside India in any previous year and has within the four preceding years been in India for a period or periods amounting to 365 days or more.

A company is resident in India if it is formed and incorporated in accordance with Companies Act and has its registered office in India or the control and management of its affairs is situated wholly in India. A firm or other association of persons is resident in India except where the control and management of its affairs is situated wholly outside India.

The following is based on the provisions of Indian tax laws as of the date hereof.

1. Benefits available to resident shareholders

1.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act. However, the Company will be liable to pay dividend distribution tax at the rate of 16.995% (which includes tax rate of 15% plus a surcharge of 10% on dividend distribution tax and various education cess of 3% on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend. Under Section 14A expenditure incurred in relation to exempted income, which does not form part of the total income shall not be allowed for arriving at the taxable income.

1.2 Computation of capital gains

- 1.2.1** Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units or zero coupon bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".



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- 1.2.2 Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital assets, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
- 1.2.3 As per the provisions of Section 112 of the IT Act, long term capital gains as computed above that are not exempt under Section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and various education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 percent without indexation benefit, then such excess shall be ignored for the purpose of computing the tax on capital gains and therefore, would be chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and various education cess) without indexation benefits.
- 1.2.4 As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to Securities Transaction Tax ("STT") shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and various education cess) in addition to the other requirements, as specified in the section. In case short-term capital gains arise on sale of equity shares, where the transaction of sale is not entered on a recognized stock exchange in India or is not chargeable to STT, such capital gains shall be subject to tax at a rate of 30 per cent (plus applicable surcharge and education cess) in the case of a company or a firm.
- 1.2.5 As per Section 74 of the Act, Short term capital loss suffered during the year is allowed to be set off against short term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent years' short term as well as long term capital gains. Long term capital loss suffered during the year is allowed to be set off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent years' long term capital gains.
- 1.2.6 *Exemption of capital gain from income tax*
- According to Section 10(38) of the IT Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT and transferred through recognized stock exchange shall be exempt from tax. However, in case of shareholders being a company, profits on transfer of above referred long term capital asset shall not be reduced in computing the book profits for the purposes of computation of MAT under Section 115JB of the IT Act.
 - According to the provisions of Section 54EC of the IT Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment permissible for the purpose of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.

2. Benefits available to Non-residents (Other than Foreign Institutional Investors)

2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act. However, the Company will be liable to pay dividend distribution tax at the rate of 16.995% (which includes tax rate of 15% plus a surcharge of 10% on dividend distribution tax and various education cess of 3% on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.



2.2 **Computation of capital gains**

- 2.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units or zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".
- 2.2.2 Section 48 of the IT Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by non-residents. Computation of capital gains arising on transfer of shares in the case of non-residents must be done in the original foreign currency used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. The shareholders are not entitled to indexation benefit.
- 2.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost.
- 2.2.4 As per the provisions of Section 112 of the IT Act, long term capital gains as computed above that are not exempt under Section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and various education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such excess shall be ignored for the purpose of computing the tax on capital gains and therefore, capital gains would be chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and various education cess) without indexation benefits.
- 2.2.5 As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and various education cess) in addition to the other requirements, as specified in the section. In case the short-term capital gains arise on sale of equity shares, where the transaction of sale is not entered on a recognized stock exchange in India or is not chargeable to STT, such capital gains arising to a foreign company shall be subject to tax at a rate of 40 per cent (plus applicable surcharge and education cess).
- 2.2.6 As per Section 74 of the Act, Short term capital loss suffered during the year is allowed to be set off against short term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent years' short term as well as long term capital gains. Long term capital loss suffered during the year is allowed to be set off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent years' long term capital gains.
- 2.2.7 *Exemption of capital gain from income tax*
- According to Section 10(38) of the IT Act, long-term capital gains on sale of equity shares or unit of equity oriented fund where the transaction of sale is chargeable to STT and transferred through recognized stock exchange shall be exempt from tax. However, in case of companies, long term capital gains so earned (which are exempt under Section 10(38) of the IT Act) shall be taken into account in computing the book profit for the purposes of computation of MAT.



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- According to the provisions of Section 54EC of the IT Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under Section 10(38) and arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment permissible for the purpose of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.

3. Benefits available to Foreign Institutional Investors ('FIIs')

3.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act. However, the Company will be liable to pay dividend distribution tax at the rate of 16.995% (which includes tax rate of 15% plus a surcharge of 10% on dividend distribution tax and various education cess of 3% on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.

3.2 Taxability of capital gains

As per the provisions of Section 115AD of the IT Act, FIIs will be taxed on the capital gains that are not exempt under Section 10(38) of the IT Act at the following rates:

<u>Nature of income</u>	<u>Rate of tax (%)</u>
Long term capital gains	10
Short term capital gains	30

The above tax rates would be increased by the applicable surcharge and various education cess. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the IT Act are not available to an FII.

According to Section 111A of the IT Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and various education cess) in addition to the other requirements, as specified in the section.

As per Section 74 of the Act, Short term capital loss suffered during the year is allowed to be set off against short term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent years' short term as well as long term capital gains. Long term capital loss suffered during the year is allowed to be set off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent years' long term capital gains.

3.3 Exemption of capital gain from income tax

- According to Section 10(38) of the IT Act, long-term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from tax. However, in case of companies, long term capital gain so earned may be required to be taken into account in computing the book profit for the purpose of computation of MAT.



- According to the provisions of Section 54EC of the IT Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under Section 10(38) and arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment permissible for the purpose of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.

4. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify on this behalf. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the IT Act.

5. Tax Deduction at Source

No income-tax is deductible at source from income by way of capital gains under the present provisions of the IT Act in case of residents. However, the provisions of Section 195 of the IT Act may apply to non-residents (other than Foreign Institutional Investors and long-term capital gains exempt under Section 10(38) of the IT Act), requiring tax to be deducted at source at the specified rates.

Accordingly income tax may have to be deducted at source in the case of a non-resident (other than foreign companies) at the rate of 15% (plus applicable surcharge and various education cess) on short-term capital gains referred to in Section 111A and at the rate of 30% (plus applicable surcharge and various education cess) in case of short-term capital gains (other than under Section 111A), unless a lower withholding tax certificate is obtained from the tax authorities, and at the rate of 20% (plus applicable surcharge and various education cess) in case of long-term capital gains, unless a lower withholding tax certificate is obtained from the tax authorities.

In the case of foreign companies the rate of tax to be deducted at source on short-term capital gains referred to in Section 111A would be 15% (plus applicable surcharge and various education cess) and at the rate of 40% (plus applicable surcharge and various education cess) in case of short-term capital gains (other than under Section 111A), unless a lower withholding tax certificate is obtained from the tax authorities, and at the rate of 20% (plus applicable surcharge and various education cess) in case of long term capital gains, unless a lower withholding tax certificate is obtained from the tax authorities.

In case of FII, no income-tax is deductible at source from income by way of capital gains arising from transfer of securities u/s 196D of the IT Act.

6. Tax Treaty Benefits

An investor has an option to be governed by the provisions of the IT Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

7. Benefits available under the Wealth Tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

8. Benefits available under the Gift-tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.



LEGAL PROCEEDINGS

Our Company is subject to various legal proceedings from time to time, mostly arising in the ordinary course of our business. As of the date of this Preliminary Placement Document, except as disclosed hereunder, our Company is not involved in any material governmental, legal or arbitration proceedings and our Company is not aware of any pending or threatened material governmental, legal or arbitration proceedings or litigation relating to our Company which, in either case, to the extent quantifiable exceeds the amount of ₹ 10.00 million or may have a significant effect on the performance of our Company.

Cases filed against our Company

Civil Litigation

1. International Tubalars FZE (“**ITF**”) has filed a winding up petition being C.P. No. 120 of 2013 before the High Court of Judicature at Madras towards non payment of certain outstanding amounts owed by our Company. In the said petition ITF have stated that they had supplied certain materials pursuant to purchase orders placed by our Company, between March 2012 and June 2014, and have alleged non payment of sums by our Company, towards the invoices raised by them. ITF has further alleged that our Company has willfully neglected the payment of sums due towards ITF and that as on February 7, 2013, our Company is liable to pay them a sum of U.S. \$ 2.33 million together with interest thereon at the rate of 0.1% per day till the date of payment. Additionally, ITF has sought for the winding up of our Company in accordance with Sections 433 and 434 of the Companies Act, 1956. The matter is currently pending adjudication.
2. Simplex Concrete Piles (India) Limited (“**Simplex**”) has filed a civil suit being C.S. No. 240 of 2002 against our Company and Aban Energies Limited before the High Court of Judicature at Madras for alleged losses arising out of two wind turbines supplied, installed and commissioned by us, and thereafter, being operated and maintained by us. In the said civil suit, Simplex has alleged that the potential output represented by us at the time of sale of the wind turbines was not realized and that an alleged unilateral increase in operation and maintenance costs charged by our Company resulted in Simplex incurring significant losses. In the said civil suit, Simplex has sought for a direction that our Company be required to perform our obligations under the concerned contract without any deviation therefrom and pay an amount of ₹ 2.55 million together with interest thereon at the rate of 24% per annum from the date of the plaint till the date of payment, or alternatively, a declaration that our Company has failed to perform its obligations under the concerned contract and a direction that our Company be required to pay an amount of ₹ 82.54 million together with interest thereon at the rate of 24% per annum from the date of the plaint till the date of payment. The matter is currently pending adjudication.
3. Oil and Natural Gas Corporation Limited (ONGC) has filed an admiralty suit being Admiralty Suit No. 54 of 1999 against our FPU *Tahara* and Hi Tech Drilling Services India Limited before the High Court of Judicature at Bombay for alleged damage caused to the Heera-Uran Trunk (HUT) pipeline. In the said admiralty suit, ONGC has alleged that our FPU *Tahara*, which had been anchored idle in the vicinity of the HUT pipeline without adequate motive power, had failed to take action upon receipt of information of an oncoming cyclonic storm, and consequently, had dragged her anchors and damaged the HUT pipeline. In the said admiralty suit, ONGC has *inter alia* sought for a decree of ₹ 83.91 million, U.S. \$ 4.53 million and Great Britain Pounds 12,340 together with interest thereon at the rate of 18% per annum from the date of the suit till the date of payment towards costs incurred by ONGC in repairing the HUT pipeline. Additionally, ONGC has also sought for the arrest of our FPU *Tahara* along with her engines, machinery, hull, articles and other things onboard and the sale proceeds thereof to be appropriated towards satisfaction of ONGC’s claim. The matter is currently pending adjudication.
4. ONGC has filed a Special Leave Petition being S.L.P. No. 26815-26816/2013 before the Supreme Court of India against orders dated May 27, 2013 and July 30, 2013 passed by the High Court Judicature of Uttarakhand. The dispute is in relation to a contract dated 1991, entered into between ONGC and our Company with respect to drilling operations carried on at Dangewala and Langewala. Due to certain payment related disputes under the said contract our Company had invoked the arbitration clause under the said contract, pursuant to which an arbitral award dated May 31, 1997 was passed in favour of our Company vide which ONGC was directed to pay, *inter-alia*, 75% of the operating day rates amounting to ₹ 1.49 million inter locating charges of ₹ 4.17 million, loss of down hole equipment charges of ₹ 1.25 million along with interest of 18% thereon from the date of statement

of claim until the date of payment by ONGC. Aggrieved by the arbitral award, ONGC had filed a petition being Miscellaneous Case No. 118 of 1997 before the Court of Civil Judge (Senior Division), Dehradun. Thereafter, aggrieved by the order of the Civil Judge, Dehradun, ONGC had preferred an appeal being MCC No. 435/2013 before the High Court Judicature of Uttarakhand. Aggrieved by the final orders of the High Court Judicature of Uttarakhand, ONGC has filed S.L.P. No. 26815-26816/2013. The matter is currently pending adjudication.

Tax Litigation/ Orders or Notices received by our Company

Income Tax

1. Our Company has filed an appeal before the Commissioner of Income Tax (Appeals), Chennai against an assessment order dated May 7, 2013 passed by the Deputy Commissioner of Income Tax, Chennai wherein a demand of ₹ 418.38 million was raised against our Company towards income tax payable by our Company on an alleged income of ₹ 5,426.36 million in the assessment year 2009-2010. In the appeal, our Company has claimed a total income of only ₹ 4,600.55 million during the period under review. The matter is currently pending adjudication.
2. The Department has filed an appeal being appeal No. 1343/2013 before the Income Tax Appellant Tribunal, Chennai seeking setting aside of an order dated March 28, 2012 passed by Commissioner of Income Tax (Appeals), Chennai. The matter pertains to an assessment order dated December 30, 2011 passed by the assessing officer wherein a demand of ₹ 339.13 million was raised against our Company towards income tax payable by our Company on an alleged income of ₹ 2,726.20 million in the assessment year 2008- 2009. Our Company had preferred an appeal before the Commissioner of Income Tax (Appeals) wherein our Company had claimed a total income of only ₹ 2,341.46 million during the period under review. Our appeal was allowed by the Commissioner of Income Tax (Appeals), Chennai vide order dated March 28, 2012. The Department has filed the instant appeal seeking setting aside of the said order of Commissioner of Income Tax (Appeals), Chennai and restoration of the assessment order dated December 30, 2011.

Customs Duty

1. The Customs Department has filed a Special Leave Petition being S.L.P. Nos. 466-469/2003 before the Supreme Court of India against an order dated June 30, 2003 passed by the Customs and Excise Service Tax Appellate Tribunal (“CESTAT”). The dispute is in relation to the confiscation of our rig, Aban II (erstwhile Alexander Griffin III), which was later released upon the payment of ₹ 10.00 million (₹ 6.00 million by way of recovery deposit and ₹ 4.00 million by way of bank guarantee). The Customs Department had sought to levy a duty of ₹ 279.13 million and impose of a penalty of ₹ 20.00 million on our Company for alleged non-compliance by our Company with certain procedures while bringing our rig into Indian waters. Our Company had preferred an appeal before the CESTAT against the order of the Customs Department, wherein the CESTAT had passed the impugned order reducing the penalty to ₹ 1.00 million and setting aside the duty of ₹ 279.13 million imposed by the Customs Department. The matter is currently pending adjudication.
2. Our Company has filed an appeal being Appeal No. C/178/06/ 2006 before the CESTAT, Mumbai against an order dated January 20, 2006 passed by the Commissioner of Appeals, Mumbai wherein a demand for refund of ₹ 5.00 million raised by our Company was rejected. The company had paid ₹ 6.00 million as a revenue deposit for the release of Aban II (erstwhile Alexander Griffin III) which was confiscated by the customs officials. Post an order passed by the CESTAT dated June 30, 2003 which reduced the penalty for confiscation to ₹ 1.00 million; the company had filed for a refund of the remaining ₹ 5.00 million which was rejected by way of order bearing appeal No. 35/2006 MCH/A.C./VB/05 dated January 20, 2006, hence, the appeal. The matter is currently pending adjudication.

Land Dispute

Soundarapandian has filed a second appeal being S.A. No. 1883/2003 before the High Court of Judicature at Madras against our Company and certain other individuals. The matter pertains to a dispute over ownership of certain land parcels measuring about 3.02 acres, which were acquired by our Company as part of a larger extent of land for the purpose of setting up a wind farm. Soundarapandian has alleged ownership over the said land parcels, and had filed an original civil suit being O.S. No. 233/1995 before the Principal District Munisiff Court,

Valliyoor for recovery of possession of the property. Aggrieved by the final order of the Principal District Munisiff Court, Valliyoor, Soundarapandian had subsequently filed a first appeal being A.S. No. 176/2000 before the 2nd Additional District Judge, Tirunelveli. Thereafter, aggrieved by the final order of the 2nd Additional District Judge, Tirunelveli, Soundarapandian has filed S.A. No. 1883/2003. The matter is currently pending adjudication.

Cases filed by our Company

Civil Litigation

1. Our Company had filed a writ petition being W.P. 4469 of 2005 against the Chief Controlling Revenue Authority (the “**CCRA**”), Pune and the Superintendent of Stamps, Mumbai before the High Court of Judicature at Bombay (“**High Court**”) against an impugned order dated May 31, 2003 passed by the Superintendent of Stamps, Mumbai. The order imposed a stamp duty of ₹ 12.15 million on the amalgamation of High Tech Drilling Services Limited with our Company as it included erroneously the cancelled shares while calculating the stamp duty to be paid. Our Company had appealed against the order dated May 31, 2005 before the CCRA, and the CCRA by its letter order dated April 16, 2005 and April 20, 2005 upheld the order passed by the Superintendent of Stamps, Mumbai dated May 31, 2005. The High Court stayed the aforesaid order of the Superintendent of Stamps, Mumbai subject to our Company depositing ₹ 2.07 million. The High Court further remanded the matter back to the CCRA. The CCRA post hearing both parties, once again passed an order dated December 13, 2005 directing our Company to pay ₹ 10.09 million as deficit stamp duty in lieu of the aforesaid amalgamation. Aggrieved by the aforesaid order dated December 13, 2005, our Company has filed a writ petition against this order. The matter is currently pending adjudication.
2. Our Company has invoked arbitral proceedings against Hardy Exploration & Production Inc. and has filed an arbitration petition No. 31 of 2013 before the Supreme Court of India. The Supreme Court of India vide order dated February 14, 2014 has allowed the same, pursuant to which an arbitral tribunal has been set up. The arbitral tribunal vide procedural order dated May 30, 2014, has granted our Company time upto June 28, 2014 for filing its statement of claim. The matter is currently pending adjudication and the next date of hearing is expected to be on December 5, 2014.

Regulatory Actions taken against our Company in the last three years

1. Our Company, together with Reji Abraham, C.P. Gopalkrishnan and P. Venkateswaran, Directors of our Company filed an application bearing No. 124/621A/CB/2013 before the Company Law Board, Chennai Bench (the “**CLB**”) under Section 621A of the Companies Act, 1956 for compounding the offence of not having sought approval for entering into a contract with M/s. Hydril Pressure Control Private Limited, wherein the said Directors of our Company had interests, as mandated under Section 297 of the Companies Act, 1956. The contract was entered into for repairing and recertification of blow out preventers. The CLB, vide order dated May 16, 2013 compounded the offence by levying compounding fee of ₹ 0.10 million on our Company and ₹ 50,000.00 each on Reji Abraham, C.P. Gopalkrishnan and P. Venkateswaran, payable within 15 days from the date of receipt of the order. The requisite compounding fee has been remitted by our Company and the same has been acknowledged vide the said order.
2. Our Company filed a petition bearing CP No. 869/141/RD(SR)/2013 before the Regional Director (Southern Region), Ministry of Corporate Affairs, Chennai under Section 141 of the Companies Act, 1956 for condoning the delay of 227 days in filing the particulars of charge created with the Registrar of Companies. Our Company had availed a loan facility from State Bank of Mysore, Mumbai by offering our assets as collateral security for securing the said facility vide Agreement of Hypothecation of Goods and Assets dated March 28, 2013. Vide order dated February 14, 2014 the Regional Director, condoned the delay by levying a fee of ₹ 15,000.00 as cost under Section 141(2) of the Companies Act, 1956. The requisite fee has been remitted by our Company.

Other Confirmations

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of this Preliminary Placement Document with respect to our Company or our Subsidiaries.

There have not been any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of circulation of this Preliminary Placement Document with respect to our Company or our Subsidiaries.

There have been no material frauds committed against our Company in the last three years

Litigation involving the Promoters

There are no litigation or legal action pending or taken by any ministry or department of the Government or statutory authority against any of our Promoters during the last three years immediately preceding the year of the circulation of this Preliminary Placement Document and any direction issued by such ministry or department of the Government or statutory authority upon conclusion of such litigation or legal action.

Certain other cases

In addition to the above cases, our Company is also involved in certain other legal proceedings before various forums which are at different stages and pending adjudication. The aggregate claim amount for these cases is of ₹ 18.25 million.

GENERAL INFORMATION

1. Aban Offshore Limited was originally incorporated as Aban Loyd Chiles Offshore Limited on September 25, 1986 in Chennai, India under the Companies Act, 1956 vide Registration No. 13473 of 1986 and subsequently changed its name to Aban Offshore Limited with effect from July 27, 2006 pursuant to Section 21 of the Companies Act, 1956.
2. The registered office of Aban Offshore Limited is at Janpriya Crest, 113 Pantheon Road, Egmore, Chennai 600 008.
3. The CIN of our Company is L01119TN1986PLC013473.
4. The Board of Directors, through the resolution passed at its meeting on May 28, 2014 and May 28, 2013 and the shareholders of our Company, through postal ballot on September 20, 2013, approved the Issue for an aggregate amount not exceeding ₹ 25,000.00 million.
5. Our Company has received in-principle approvals in terms of Clause 24(a) of the Equity Listing Agreements for listing of the Equity Shares on June 30, 2014 from the BSE, the NSE and the MSE.
6. Copies of the Memorandum and Articles of Association will be available for inspection during usual business hours on any weekday between 10.00 a.m. to 1.00 p.m. (except public holidays), at the Registered Office during the Bid/Issue Period.
7. Our Company has issued 2,810 million cumulative redeemable preference shares listed on the BSE.
8. Our Company has issued and allotted 4,000,000 warrants to the Promoters.
9. Except as disclosed in this Preliminary Placement Document, our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.
10. Except as disclosed in this Preliminary Placement Document, there has been no material adverse change in our Company's financial condition since March 31, 2014, the date of the latest audited financial statements, prepared in accordance with Indian GAAP, included herein.
11. Except as disclosed in this Preliminary Placement Document, there are no legal or arbitration proceedings against or affecting our Company or our assets or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of the Issue.
12. Our Company's statutory auditors, Ford, Rhodes, Parks & Co., Chartered Accountants have audited the financial statements for the Financial Years 2012, 2013 and 2014, included in this Preliminary Placement Document.
13. Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the Equity Listing Agreements with the Stock Exchanges.
14. The Floor Price for the Equity Shares under the Issue is ₹ 731.97 per Equity Share which has been calculated in accordance with Chapter VIII of the SEBI Regulations.

FINANCIAL INFORMATION

S. No	Contents	Page Number
1.	Independent Auditors Report and Consolidated Financial Statements for the Financial Years ended March 31, 2014, 2013 and 2012	F1- F53

FORD, RHODES, PARKS & CO.,
CHARTERED ACCOUNTANTS

"PARUVATHAM"
No.2, 56th Street, Off 7th Avenue,
Ashok Nagar, Chennai - 600 083.

Phone : 24894498 / 42029940
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To
The Board of Directors
Aban Offshore Limited
'Janpriya Crest'
113, Pantheon Road
Egmore
Chennai-600008
Tamilnadu
India

We have audited the attached Consolidated Balance Sheets of Aban Offshore Limited and its subsidiaries as at 31st March 2014, as at 31st March 2013 and as at 31st March 2012, the Consolidated Statements of Profit and loss, the Consolidated Cash Flow Statements for the year ended on those dates and the accompanying notes. These consolidated financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements of the entities of Aban Offshore Ltd and its subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.

- (1) The figures disclosed in the Consolidated Financial Statements are extracted from the audited Consolidated Financial Statements for the years ended 31st March 2014, 31st March 2013, and 31st March 2012 and reported upon by us in our reports dated 28th May 2014, 28th May 2013 and 30th May 2012, respectively and our opinion on the consolidated financial statement stated herein is as stated in the opinion for each of the aforesaid years.
- (2) The financial statements for the year ended 31st March 2014, 31st March 2013 and 31st March 2012 are prepared as per the requirements of Revised Schedule VI of the Companies Act, 1956.
- (3) We conducted our audit in accordance with 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 misstatement. An audit includes examining, on 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.

Page 1 of 2



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- (4) We have audited the financial statements of M/s Aban Energies Limited, wholly owned Indian subsidiary for the years ended 31st March 2014, 31st March 2013 and 31st March 2012, and we have also audited the financial statement of M/s Radhapuram Wintech Private Limited (Formerly Nagani Solar Energy Private Limited) Indian subsidiary of Aban Offshore Limited for the years ended 31st March 2014 and 31st March 2013. The consolidated financial statements of Aban Holdings Pte Limited, Singapore, the foreign wholly owned subsidiary of Aban Offshore Limited for the year ended 31st March 2014 have been audited by other auditor whose report have been furnished to us and our opinion in respect of the said subsidiary is based solely on the report of the other auditor. The financial statements of Aban Holdings Pte Limited, Singapore, the foreign wholly owned subsidiary of Aban Offshore Limited and the consolidated financial statement of foreign subsidiary's immediate subsidiary company, Aban Singapore Pte Limited, Singapore and its subsidiaries for the years ended 31st March 2013 and 31st March 2012, 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 those auditors.
- (5) The audited consolidated financial statements of Aban Holdings Pte Ltd., Singapore reflects total assets of INR 186691.78 Million as at March 31, 2014 (audited standalone financial statement reflects assets of INR 30801.95 Million – 2013, INR 38809.46 Million - 2012) and total consolidated revenue of INR 31168.67 Million for the year then ended (stand-alone revenue of INR NIL – 2013, INR NIL – 2012). The audited consolidated financial statements of M/s Aban Singapore Pte Ltd., Singapore and its subsidiaries reflect total net assets of INR 153706.50 Million as at March 31, 2013 (INR 125342.09 Million – 2012) and total net revenue of INR 28943.98 Million for the year ended March 31, 2013 (INR 25366.79 Million – 2012). The unaudited financial statements of Deep Driller Mexico S de RL de CV, Mexico a subsidiary of Aban Singapore Pte Ltd reflects total assets of INR 1425.43 Million as at March 31, 2014 (INR 612.92 Million – 2013, INR 2.59 Million – 2012) and total revenue of INR 5113.73 Million for the year then ended (INR 1832.29 Million – 2013, INR NIL – 2012).
- (6) We report that the Consolidated Financial Statements have been prepared by the company's management in accordance with the requirements of Accounting Standards (AS) 21 "Consolidated Financial Statement", Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and prescribed by Central Government u/s 211(3C) of The Companies Act, 1956 and other recognized accounting practices and policies.
- (7) Based on our audit and on consideration of reports of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements read with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India.
- (a) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of Aban Offshore Limited and its subsidiaries as at 31st March 2014, 31st March 2013, and 31st March 2012;



FORD, RHODES, PARKS & CO.,

- (b) In the case of Consolidated Statement of Profit and Loss, of the consolidated results (Profit) of operations for the years ended 31st March 2014, 31st March 2013, and 31st March 2012; and
- (c) In the case of Consolidated Cash Flow statement, of the consolidated cash flows for the years ended 31st March 2014, 31st March 2013, and 31st March 2012.

For FORD, RHODES, PARKS & CO.
Chartered Accountants
Registration No: 102860W


Ramaswamy Subramanian
Partner
Membership No: 016059
Place: Chennai
Date: May 28, 2014



Aban Offshore Limited

Consolidated Balance Sheet

Note No:	As at	As at	As at
	31st March 2014	31st March 2013	31st March 2012
	Rs. millions	Rs. millions	Rs. millions
Equity and Liabilities			
Shareholders' funds			
Share Capital	6	2,897.04	2,897.04
Reserves and Surplus	7	38,374.22	29,940.17
Money received against Share Warrants	8	391.00	-
		<u>41,662.26</u>	<u>28,616.45</u>
Minority Interest		0.27	0.07
Non-current liabilities			
Long-term borrowings	9	110,508.32	113,613.63
Deferred tax liabilities (net)	10	609.17	387.52
Long-term provisions	11	35.10	15.69
		<u>111,152.59</u>	<u>114,016.84</u>
Current liabilities			
Short-term borrowings	12	3,895.04	5,041.16
Trade payables	13	9,116.57	9,116.33
Other current liabilities	13	33,553.00	20,255.07
Short-term provisions	11	1,083.20	618.48
		<u>47,658.81</u>	<u>35,031.04</u>
TOTAL		<u>200,473.93</u>	<u>173,684.71</u>
Assets			
Non-current assets			
Fixed Assets			
Tangible assets	14.1	112,555.41	104,170.18
Intangible assets	14.2	66,102.91	59,920.94
Capital work-in-progress		-	202.68
Non-current investments	15	83.27	62.17
Long-term loans and advances	16	1,883.71	86.29
Other non-current assets	17.2	69.51	104.95
		<u>180,694.81</u>	<u>164,547.21</u>
Current assets			
Inventories	18	3,789.60	3,280.63
Trade receivables	17.1	12,796.05	10,885.14
Cash and bank balances	19	1,410.06	1,386.05
Short-term loans and advances	16	1,783.38	1,781.26
Other current assets	17.2	0.03	4.87
		<u>19,779.12</u>	<u>17,337.95</u>
TOTAL		<u>200,473.93</u>	<u>173,684.71</u>

The accompanying notes 1 to 38 are an integral part of the financial statements



As per our report of even date
For Ford, Rhodes, Parks & Co.
Chartered Accountants
ICAI-Registration No.102860W


Ramaswamy Subramanian
Partner
Membership No: 016059
Place: Chennai
Date: 28th May 2014

For and on behalf of the Board


Reji Abraham
Managing Director



C.P. Gopalkrishnan
Dy. Managing Director & Secretary



P. Venkateswaran
Dy. Managing Director



Aban Offshore Limited

Consolidated Statement of Profit and Loss

		For the year ended 31st March 2014 Rs. millions	For the year ended 31st March 2013 Rs. millions	For the year ended 31st March 2012 Rs. millions
Income				
Revenue from operations	20	39,362.55	35,727.01	31,629.21
Other income	21	308.62	260.68	657.66
Total revenue		39,671.17	36,987.69	32,286.87
Expenses				
Consumption of stores, spares, power and fuel	22	2,453.22	1,910.69	1,179.17
Employee benefits expense	23	4,958.29	4,479.58	3,378.24
Finance costs	24	11,406.25	11,834.49	9,890.85
Depreciation and amortization expense	25	5,483.77	4,909.47	5,160.41
Other expenses	26	9,912.09	10,471.56	8,667.63
Total Expenses		34,213.62	33,655.79	28,276.30
Profit before exceptional items and tax		5,457.55	3,331.90	4,010.57
Less : Exceptional items		-	-	-
Profit before tax		5,457.55	3,331.90	4,010.57
Tax expenses				
- Current tax		1,712.77	1,299.28	818.75
- Minimum Alternate Tax (MAT) Credit Entitlement		(389.16)	-	-
- Deferred tax		221.65	118.96	(23.37)
Total tax expense		1,545.26	1,418.24	795.38
Profit for the year after tax and before share in earnings of joint venture		3,912.29	1,913.65	3,215.19
Share of profit of associate		18.36	25.07	-
Profit for the year after tax and after share in earnings of joint venture		3,930.65	1,938.72	3,215.19
Earnings per equity share of Rs.2 each	27			
Basic				
Computed on the basis of profit for the year:		82.78	37.16	67.16
Diluted				
Computed on the basis of profit for the year		82.78	37.01	66.68

The accompanying notes 1 to 38 are an integral part of the financial statements



As per our report of even date
For Ford, Rhodes, Parks & Co.
Chartered Accountants
ICAI-Registration No.102860W


Ramaswamy Subramanian
Partner
Membership No: 016059
Place: Chennai
Date: 28th May 2014



For and on behalf of the Board


Reji Abraham
Managing Director



C.P. Gopalkrishnan
Dy. Managing Director & Secretary



P. Venkateswaran
Dy. Managing Director

Aban Offshore Limited

Consolidated Cash Flow Statement

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions	Year ended 31st March 2012 Rs. millions
Cash Flow from operating activities			
Profit before tax from continuing Operations	5,457.55	3,331.90	4,010.57
Profit before tax	5,457.55	3,331.90	4,010.57
Non cash adjustment to reconcile profit before tax to net cash flows			
Depreciation/amortization	5,483.77	4,909.47	5,160.41
Provision for Employee Benefits	25.20	(2.25)	10.03
Loss/(Profit) on sale of Assets	1.49	(9.30)	-
Provision for Doubtful Debts	713.34	464.75	398.84
Unrealized foreign exchange loss/(gain)	371.28	(48.35)	86.97
Net gain on sale of Non Current investments	-	-	(307.69)
Interest expenses	10,776.66	11,425.21	9,771.97
Interest income	(13.11)	(14.00)	(35.77)
Dividend income	(0.85)	(0.68)	(1.15)
Operating profit before working capital changes	22,815.33	20,056.76	19,094.38
Movements in working capital:			
Increase/(Decrease) in trade payables	115.86	2,704.62	777.79
Increase/(Decrease) in other current liabilities	13,380.68	(184.72)	(8,472.10)
Decrease/(increase) in trade receivables	(2,683.64)	(1,249.31)	(808.31)
Decrease/(increase) in inventories	(508.97)	(274.36)	(387.76)
Decrease/(increase) in long term loans and advances	(1,797.41)	447.58	(498.43)
Decrease/(Increase) in short term loans and advances	(187.64)	(236.58)	1,291.76
Decrease/(Increase) in other current assets	4.84	88.64	388.34
Decrease/(Increase) in other non current assets	35.44	394.43	(7.30)
Cash generated from/(used in) operations	31,174.49	21,747.05	11,373.17
Direct taxes paid (net of refunds)	(1,257.79)	(1,517.48)	(1,669.97)
Net cash flow from/(used in) operating activities (A)	29,916.70	20,229.57	9,703.20
Cash Flow from investing activities			
Purchase of fixed assets including Intangible Assets	(14,196.91)	(9,313.03)	(6,599.18)
Capital advances	(49.94)	(224.69)	(10.77)
Proceed from sale of fixed assets	1.01	1.91	-
Proceeds from sale of non-current investments	-	-	427.09
Purchase of non-current investments	(21.11)	(3.09)	-
Proceed from sale /maturity of current investment	-	-	350.00
Purchase of Current investments	-	-	(350.00)
Interest received	17.95	19.34	27.76
Dividends received	0.65	0.68	1.15
Net cash flow from/(used in) investing activities (B)	(14,248.15)	(9,518.88)	(6,153.95)



	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions	Year ended 31st March 2012 Rs. millions
Cash Flow from financing activities			
Money received against Share Warrants	391.00	-	-
Redemption of preference share capital	-	-	(450.00)
Redemption of foreign currency convertible bonds with premium	-	-	(3,592.56)
Proceeds from long term borrowings	-	2,231.04	3,448.66
Repayment of long term borrowings	(3,530.51)	-	-
Proceeds from short term borrowings	89.94	255.26	1,970.51
Repayment of short term borrowings	(1,236.58)	(780.11)	(276.35)
Interest paid	(10,854.12)	(11,400.27)	(8,758.33)
Dividends paid on equity shares	(156.66)	(156.66)	(156.66)
Dividends paid on preference shares	(275.07)	(252.24)	(278.90)
Tax on equity dividend paid	(26.62)	(25.41)	(25.41)
Tax on preference dividend paid	(46.75)	(40.92)	(45.24)
Net cash flow from / (used in) financing activities (C)	(15,645.77)	(10,169.31)	(8,164.18)
Net Increase / (decrease) in cash and cash equivalents (A+B+C)	22.78	541.39	(4,614.93)
Effect of exchange differences on cash and cash equivalents held in foreign currency	1.23	0.13	1.02
Cash and cash equivalents at the beginning of the year	1,386.05	844.54	5,458.45
Cash and cash equivalents at the end of the year	1,410.06	1,386.05	844.54

Components of cash and cash equivalents

Cash on hand	0.85	1.94	0.99
With banks on current account	745.67	843.03	254.14
On deposit account	648.00	530.20	582.28
unpaid dividend account*	15.54	10.88	7.13
Total cash and cash equivalents (note 19)	1,410.06	1,386.05	844.54


*The company can utilize these balances only towards settlement of the respective unpaid dividend liability.

As per our report of even date
For Ford, Rhodes, Parks & Co.
Chartered Accountants
ICAI-Registration No.102860W



Ramaswamy Subramanian
Partner
Membership No: 016059
Place: Chennai
Date: 28th May 2014



For and on behalf of the Board


Reji Abraham
Managing Director


C.P. Gopalkrishnan
Dy. Managing Director & Secretary


P. Venkateswaran
Dy. Managing Director

1. Corporate Information

Aban Offshore Limited (AOL) (the Parent Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act,1956. Its shares are listed on three stock exchanges in India. The Parent Company and its 21 subsidiaries are referred to as "Group" for the purpose of this Consolidated Financial Statements. The Parent Company has two Indian subsidiary companies - Aban Energies Ltd (wholly owned subsidiary),Radhapuram Wintech Private Limited and a wholly owned foreign subsidiary Aban Holdings Pte. Limited, Singapore. The Parent Company, the wholly owned foreign subsidiary and it's step-down subsidiaries are engaged in the business of providing offshore drilling and production services to companies engaged in exploration, development and production of oil and gas both in domestic and international markets. The Parent Company and it's Indian subsidiaries are engaged in the ownership, operation and maintenance of wind turbines for generation of electricity through wind power in India

2. Basis of preparation

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act,1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

All the assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act,1956. Based on the nature of business operations, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

3. Principles of consolidation

The consolidated financial statements have been prepared in accordance with the Accounting Standard-21 "Consolidated Financial Statement", Accounting Standard - 27 - "Financial reporting of Interests in Joint Ventures", and Accounting Standard - 23 - "Accounting for Investment in Associates in Consolidated Financial Statements" 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 recognized 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".

4. Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result on the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day to day repair and maintenance expenditure are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the assets are derecognized.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV of the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets-



Fixed Assets	Rates (SLM)
Buildings	1.63%
Drilling Rigs	3.34%
Drillship	3.34%
Office Equipment	13.91%
Computers	16.21%
Windmills	10.00%
Furniture and fixtures	6.33%
Vehicles	9.50%

Depreciation on fixed assets of foreign subsidiaries is determined using the straight line method over the useful life of assets based on the technical evaluation of the expected useful life.

d. Intangible assets

Intangible assets include Goodwill that 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.

e. Leases

Where the Company is a lessee

Leases in which significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

f. Borrowings costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its

intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

g. Impairment of tangible assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Income in the year when 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.

h. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments, if any, are carried in the financial statements at lower of cost or fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

i. Inventories

Inventory of stores, spares and fuel is valued at cost or net realizable value, whichever is lower, based on a weighted average cost/ first-in-first-out basis.

j. Revenue recognition

Income from drilling and production services is recognized as earned, based on contractual daily rates billed on monthly basis. Mobilization /demobilization fees received, if any, is recognized as earned in the year of mobilization/demobilization.

Income from generation of electricity through wind power 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 the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.



k. Foreign currency translation
Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Realized gains and losses on foreign exchange transactions during the year are recognized in the Statement of Profit and Loss. Exchange differences in respect of foreign currency loans/liabilities relating to fixed assets are accounted in the Statement of Profit and Loss.

Conversion

Foreign currency current assets and current liabilities are translated at the exchange rates prevailing on the reporting date. In circumstances, where the rate prevailing on the reporting date is not stable/ highly volatile, monetary items shall be reported based on subsequent actual realization rate. Resulting gains / losses are recognized in the Statement of Profit and Loss. Non-monetary items such as investments, fixed assets, denominated in foreign currency are translated at exchange rate prevailing on the date of transaction.

Exchange differences

All exchange differences are recognized as income or as expense in the Statement of Profit and Loss during the period in which they arise.

Forward exchange contracts/derivative contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward contract is also recognized as income or as expense for the period under the respective head of account for the period. In respect of derivative contracts, gains / losses on any such contracts are recognized in the Statement of Profit and Loss.

Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations".

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the Balance Sheet date and the Statement of Profit and Loss are translated at average daily rates prevailing during the reporting period. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

Where there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of change in the classification.

l. Retirement and other 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 statement of profit and loss 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 the statement of Profit and Loss
- (c) Annual contribution is made 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 statement of profit and loss. Amount of contribution, computed by the insurers is paid by the company and charged to statement of profit and loss. No additional liability is anticipated under the scheme administered by the Insurance Companies.
- (d) Provision for leave encashment is based on actuarial valuation carried out by an independent actuary at the Balance Sheet date.

m. Taxes on income

The income tax provision comprises of current tax and deferred tax. Current tax is the amount of tax payable in respect of income for the 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 realizability in future years.

Minimum Alternate Tax (MAT) credit – MAT is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period i.e the period for which MAT credit is allowed to be carried forward. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is shown as MAT credit entitlement in the Balance Sheet. The company reviews the MAT credit entitlement asset at each reporting date and writes down the carrying amount of MAT credit entitlement asset to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.



n. Segment reporting

Identification of segments

The Group's operating businesses are organized and managed separately according to the nature of services provided with each segment representing strategic business unit that offers different services. The analysis of geographical segments is based on the areas in which the main assets of the company operate.

Segment accounting policies

The segment information in the financial statement for the Group is prepared in conformity with the accounting policies.

o. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p. Provisions

A provision is recognized when the entity has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefits will be required to settle obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. The estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

q. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where the liability cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but disclose its existence in the financial statements.

Aban Offshore Limited
Notes to Consolidated Financial Statements

r. Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

5. 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	Accounts considered	Accounts considered	Reporting Currency
Aban Energies Ltd	India	100%	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	Indian Rupee
Radhapuram Wintech Pvt Ltd	India	74%	31 st March 2014 (audited)	31 st March 2013 (audited)	-	Indian Rupee
Aban Holdings Pte Ltd	Singapore	100%	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Aban Singapore Pte Ltd	Singapore	(a)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Aban International Norway AS	Norway	(b)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Aban 7 Pte Ltd	Singapore	(b)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Aban 8 Pte Ltd	Singapore	(b)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Aban Abraham Pte Ltd	Singapore	(b)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars



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Aban Pearl Pte Ltd	Singapore	(b)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Sinvest AS	Norway	(c)	-	-	31 st March 2012 (audited)	US Dollars
DDI Holding AS	Norway	(c)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Deep Drilling Invest Pte Ltd	Singapore	(d)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Deep Drilling 1 Pte Ltd	Singapore	(e)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Deep Drilling 2 Pte Ltd	Singapore	(e)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Deep Drilling 3 Pte Ltd	Singapore	(e)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Deep Drilling 4 Pte Ltd	Singapore	(e)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Deep Drilling 5 Pte Ltd	Singapore	(e)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Deep Drilling 6 Pte Ltd	Singapore	(e)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Deep Drilling 7 Pte Ltd	Singapore	(e)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars



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Deep Drilling 8 Pte Ltd	Singapore	(c)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (audited)	US Dollars
Deep Driller Mexico S de RL de CV, Mexico	Mexico	(e)	31 st March 2014 (audited)	31 st March 2013 (audited)	31 st March 2012 (unaudited)	US Dollars
Aban Labuan (P) Ltd	Malaysia	(b)	31 st March 2014 (audited)	31 st March 2013 (audited)	-	US Dollars

Note:

- a) Wholly-owned subsidiary of Aban Holdings Pte Ltd
- b) Wholly-owned subsidiaries of Aban Singapore Pte Ltd
- c) Wholly-owned subsidiary of Aban International Norway AS
- d) Subsidiary of DDI Holding AS (66%) and Aban Singapore Pte Ltd(34%)
- e) Wholly-owned subsidiaries of Deep Drilling Invest Pte Ltd

Besides the above, the financials of Belati Oilfield Sdn Bhd, Malaysia, an associate company with 49% interest held by Aban Singapore Pte Ltd, have been considered (2014,2013) in the consolidated accounts of Aban Holdings Pte Ltd under Equity method of accounting.

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.



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6. Share Capital

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 Rs. millions
Authorised shares (No. millions)			
2,500 (31 March 2013: 2,500) equity shares of Rs.2/- each	5,000.00	5,000.00	5,000.00
1000 (31 March 2013: 1000) Cumulative non convertible redeemable preference shares of Rs.10/- each	10,000.00	10,000.00	10,000.00
	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>
Issued , subscribed and fully paid -up shares (No. millions)			
Equity shares:			
36.88 (31 March 2013: 36.88) equity shares of Rs.2/- each	73.75	73.75	73.75
0.85 (31 March 2013: 0.85) equity shares of Rs.2/- each issued against conversion of foreign currency convertible bonds	1.70	1.70	1.70
0.09 (31 March 2013: 0.09) equity shares of Rs.2/- each issued against employee stock option scheme	0.19	0.19	0.19
5.69 (31 March 2013: 5.69) equity shares of Rs.2/- each issued against qualified institutional placement	11.39	11.39	11.39
Shares Forfeited, 0.01(31 March 2013: 0.01) equity shares at Re 1/- each	0.01	0.01	0.01
	<u>87.04</u>	<u>87.04</u>	<u>87.04</u>
Preference shares:			
Preference Shares			
60 (31 March 2013: 60 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	600.00	600.00	770.00
45 (31 March 2013: 45 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	450.00	450.00	280.00
61 (31 March 2013: 61 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	610.00	610.00	610.00
95 (31 March 2013: 95 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	950.00	950.00	950.00
20 (31 March 2013:20 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	200.00	200.00	200.00
	<u>2,810.00</u>	<u>2,810.00</u>	<u>2,810.00</u>
	<u>2,897.04</u>	<u>2,897.04</u>	<u>2,897.04</u>



a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31st March 2014		As at 31st March 2013		As at 31st March 2012	
	No. millions	Rs. millions	No. millions	Rs. millions	No. millions	Rs. millions
Equity shares (A) of Rs.2 each						
At the beginning of the period	43.51	87.04	43.51	87.04	43.51	87.04
Issued during the period-ESOP	-	-	-	-	-	-
Outstanding at the end of the period	43.51	87.04	43.51	87.04	43.51	87.04
Preference shares (B) of Rs.10 each						
At the beginning of the period	261.00	2,810.00	261.00	2,810.00	326.00	3,260.00
Issued during the period	-	-	-	-	-	-
Redeemed during the period	-	-	-	-	45.00	450.00
Outstanding at the end of the period	261.00	2,810.00	261.00	2,810.00	281.00	2,810.00
Total Value of Outstanding Shares (A) + (B)		2,897.04		2,897.04		2,897.04

b. Terms/ rights attached to equity shares

The Parent Company has only one class of equity shares having a face value of Rs.2 per share. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2014, the amount of per share dividend recognized as distributions to equity shareholders is Rs 3.60 (31st March 2013: Rs.3.60).

Terms of redemption of Non-convertible Cumulative Redeemable Preference shares

The terms and conditions of the Non-Convertible Cumulative redeemable preference shares are as under:

- 55 million 10% non-convertible cumulative redeemable preference shares will be redeemed at par on 29-12-2014
- 40 million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 28-02-2015
- 61million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 30-03-2015

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- 45 million 10% non- convertible cumulative redeemable preference shares will be redeemed at par on 16-06-2015
 - 60 million 10% non-convertible cumulative redeemable preference shares will be redeemed at par on 16-06-2016
 - 20 million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 03-08-2016
- c. The company has reserved 1.84 million equity shares of Rs.2 each for offering to employees under the Employee Stock Option Scheme (ESOS) (31st March 2013:1.84 million equity shares of Rs.2 each) out of which 0.095 million equity shares of Rs.2 each have been already allotted upto the balance sheet date under the scheme and included under the paid up capital (31st March 2013: 0.095 million equity shares of Rs.2 each) (Refer note 28 for details)



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d. Details of shareholders holding more than 5% shares in the Parent Company

	As at 31st March 2014		As at 31st March 2013		As at 31st March 2012	
	No. millions	% holding in the class	No. millions	% holding in the class	No. millions	% holding in the class
Equity shares of Rs.2 each fully paid						
Rej Abraham	5.13	11.78%	5.13	11.78%	5.13	11.78%
Indis Offshore Inc	8.33	19.14%	8.33	19.14%	8.33	19.14%
Aban Investments Private Limited	5.65	12.95%	5.65	12.95%	5.65	12.95%
	19.11	43.91%	19.11	43.91%	19.11	43.91%
Preference shares of Rs.10 each fully paid						
8% and 10% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10 Each						
Syndicate Bank	10.50	10.00%	10.50	10.00%	10.50	10.00%
Canara Bank	17.50	16.67%	17.50	16.67%	17.50	16.67%
Indian Overseas Bank	14.00	13.33%	14.00	13.33%	14.00	13.33%
Vijaya Bank	17.50	16.67%	17.50	16.67%	17.50	16.67%
Axis Bank Limited	42.00	40.00%	42.00	40.00%	42.00	40.00%
	101.50	96.67%	101.50	96.67%	101.50	96.67%
9% and 10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 Each						
Indian Bank	10.00	16.39%	10.00	16.39%	10.00	16.39%
Vijaya Bank	5.00	8.20%	5.00	8.20%	5.00	8.20%
UCO Bank	10.00	16.39%	10.00	16.39%	10.00	16.39%
Indusind Bank Limited	30.00	49.18%	30.00	49.18%	30.00	49.18%
Yes Bank Limited	5.00	8.20%	5.00	8.20%	5.00	8.20%
	60.00	98.36%	60.00	98.36%	60.00	98.36%
10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 Each						
Punjab National Bank	20.00	50.00%	20.00	50.00%	20.00	50.00%
Centura Bank	10.00	25.00%	10.00	25.00%	10.00	25.00%
Indian Overseas Bank	10.00	25.00%	10.00	25.00%	10.00	25.00%
	40.00	100.00%	40.00	100.00%	40.00	100.00%
10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 Each						
Syndicate Bank	15.00	27.27%	15.00	27.27%	15.00	27.27%
Bank of India	15.00	27.27%	15.00	27.27%	15.00	27.27%
Central Bank of India	5.00	9.10%	5.00	9.10%	5.00	9.10%
Bank of Baroda	10.00	18.18%	10.00	18.18%	10.00	18.18%
Oriental Bank of Commerce	10.00	18.18%	10.00	18.18%	10.00	18.18%
	55.00	100.00%	55.00	100.00%	55.00	100.00%
10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 Each						
Bank of India	20.00	100.00%	20.00	100.00%	20.00	100.00%

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As per the records of the company, including its register of shareholders/members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

7. Reserves and Surplus

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 Rs. millions
Capital Reserve - as per last Balance Sheet	0.03	0.03	0.03
Securities Premium Account			
Balance as per last financial statements	8,854.42	8,854.42	9,545.88
Add: on allotment under ESOS	-	-	-
Less: amounts utilized towards redemption of foreign currency convertible bonds *	-	-	(691.46)
	<u>8,854.42</u>	<u>8,854.42</u>	<u>8,854.42</u>
Investment Allowance Reserve (utilised) -as per last Balance Sheet	52.40	52.40	52.40
Capital Redemption Reserve			
Balance as per last financial statements	2,000.00	2,000.00	2,000.00
Add: Transfer from statement of profit and loss	270.00	-	-
	<u>2,270.00</u>	<u>2,000.00</u>	<u>2,000.00</u>
General Reserve			
Balance as per last financial statements	1,299.29	1,299.29	1,299.29
Add: Transfer from statement of profit and loss	180.43	-	-
	<u>1,479.72</u>	<u>1,299.29</u>	<u>1,299.29</u>
Surplus/(deficit) In the statement of profit and loss			
Balance as per last financial statements	12,243.68	10,810.05	8,070.09
Profit/(loss) for the year	3,930.65	1,938.73	3,215.19
Less: Appropriations			
Transfer to capital redemption reserve	(270.00)	-	-
Transfer to general reserve	(180.43)	-	-
Proposed equity dividend-Rs.3.60 Per equity share (31st March 2013-Rs.3.60 Per equity share)	(156.66)	(156.66)	(156.66)
Tax on proposed equity dividend	(26.62)	(26.62)	(25.41)
Dividend on preference shares	(381.00)	(275.07)	(252.24)
Tax on preference dividend	(47.76)	(46.75)	(40.92)
Total appropriations	<u>(962.47)</u>	<u>(505.10)</u>	<u>(475.23)</u>
Net Surplus/(deficit) in the statement of profit and loss	<u>15,211.86</u>	<u>12,243.68</u>	<u>10,810.05</u>
Translation Reserve	10,505.79	5,490.35	2,703.22
Total reserves and surplus	<u>38,374.22</u>	<u>29,940.17</u>	<u>25,719.41</u>

** Premium on redemption of foreign currency convertible bond including withholding tax has been adjusted against the securities premium account.



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8. Money received against Share Warrants:

During the year 2013-14, the Company has allotted 4.00 million share warrants on a preference basis to the Promoter/ Promoter Group entitling them to apply for and obtain allotment of one equity share of Rs 2/- each fully paid at a price of Rs 391/- per share against each such share warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches. The Company has received Rs 391.00 million being 25% against these share warrants.

9. Long term borrowings

	Non-Current maturities			Current maturities		
	As at	As at	As at	As at	As at	As at
	31st March 2014	31st March 2013	31st March 2012	31st March 2014	31st March 2013	31st March 2012
	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
Term loans						
Rupee term loans from banks (secured)	202.60	4,037.06	34,325.24	100.00	625.30	305.32
Rupee term loan from Financial Institution (secured)	150.00	250.00	500.00	500.00	250.00	318.75
Foreign currency term loans from banks (secured)	304,856.62	92,094.11	24,425.78	17,242.67	14,791.54	15,856.88
	-	-	-	-	-	-
Other loans						
Bonds	5,200.50	27,102.88	17,901.68	15,922.06	2,051.22	625.96
Time purchase loan (secured)	-	-	0.43	-	0.43	2.87
Foreign currency convertible bonds (unsecured)	-	-	-	-	-	-
From a company (unsecured)	-	-	52.00	79.00	100.00	299.60
	120,508.32	113,613.68	117,443.71	81,204.66	17,812.55	18,120.66
	-	-	-	-	-	-
The above amount includes:						
Secured borrowings	320,528.32	113,613.68	111,889.11	31,325.45	17,712.55	17,120.60
Unsecured borrowings	-	-	50.60	79.00	100.00	899.60
Amount disclosed under the head "Other current liabilities" (note 12)	-	-	-	(91,364.89)	(17,812.55)	(18,120.66)
Net Amount	120,508.32	113,613.68	117,443.71	-	-	-

1. The rupee term loans from banks include the following:

- Indian Rupee Loan of Rs.362.40 million (31st March 2013 - Rs.424.62 million) from a bank carries interest @ 15 % p.a. (31st March 2013 - 14.75% p.a.). The loan is repayable in 19 unequal quarterly installments along with interest from 30th June 2013. The loan is secured by First charge on the specific offshore drill rig owned by foreign subsidiaries. Amount overdue as on the balance sheet date on account of principal and interest is Rs.19.80 million and Rs.9.00 million respectively for a period of 1 day and 2 months respectively. Amount since paid is Rs.28.80 million.
- Indian Rupee term Loans from five Banks aggregating to Rs 4,221.52 million that were outstanding as at the beginning of the financial year 2013-14 have been fully



repaid during the year and the corresponding charges on security have been satisfied.

2. Rupee term loan from a financial institution:

Rupee term loan from a financial institution of Rs.450.00 million (31st March 2013 - Rs.700.00 million) carries interest @ 13.00% p.a. (31st March 2013 – 13.00% p.a.). The loan is repayable in 11 quarterly installments of Rs.50 million each along with interest from June 2013. The loan is secured by paripassu first charge on drill ship and drilling rig. Amount overdue as on the balance sheet date on account of principal and interest is Rs.100.00 million and Rs.26.90 million respectively for a period 1 to 5 months. Amount since paid is Rs 19.94 Million.

3. The Foreign currency term loans from banks include the following:

- i Foreign currency term loan of Rs.4,829.38 million [USD 80.65 million] (31st March 2013 - Rs.4,830.58 million [USD 88.99 million]) from a bank carries interest @ 6 Months LIBOR + 6% p.a. (31st March 2013 -6 Months LIBOR + 6% p.a.).The Loan is repayable in 32 quarterly installments of USD 2.78 million each along with interest from 30th June 2013. The loan is secured by second charge on the specific offshore drill rigs, Floating Production Unit and Second charge on drilling rig owned by foreign subsidiaries. Amount overdue on account of interest and principal as on balance sheet date is USD 1.32 million and USD 2.78 million for a period of 1 month and 2 months.
- ii. Foreign currency term loan of Rs.1,915.24 million [USD 31.99 million] (31st March 2013 - Rs.1,852.06 million [USD 34.12 million]) from a bank carries interest @ 6 Months LIBOR + 7.25% p.a. (31st March 2013 - 6 Months LIBOR + 7% p.a.). The Loan is repayable in 96 monthly installments of USD 0.36 Million each along with interest from 30th September 2013. The loan is secured by first charge on the specific offshore drill rig owned by foreign subsidiaries. Amount overdue as on the balance sheet date on account of interest and principal as on balance sheet date is USD 0.23 million and USD 0.36 million for a period of 1 month and 1 day respectively.
- iii. Term loan of Rs.1,509.74 million [USD 25.21 million](31st March 2013: Rs.6,920.73 million [USD 127.50 million] is secured by a charge over escrow account into which dividends from such shares are to be deposited and a second preferred mortgage over a rig owned by a step-down subsidiary and a second priority mortgage over a rig owned by another step-down subsidiary.The borrowings mature on 26th March 2019 and have an interest rate of 4.00%-4.50% p.a. (31st March 2013: 4.00%p.a.). Amount overdue on the balance sheet date on account of principal and interest is Rs. 97.82 million and Rs.16.18 million respectively for a period of 2 – 4 days.



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- iv. Term loan of Rs.4,371.24 million [USD 73.00 million] (31st March 2013: Rs.5,806.87 million [USD 106.98 million] is secured by a corporate guarantee of the Parent Company and a first pari-passu charge on two rigs and a floating production unit owned by the Parent Company. The borrowings mature on 26th September 2017 and have an interest rate of 7.00% - 7.50% p.a. (31st March 2013: 7.00% p.a.). Amount overdue on the balance sheet date on account of principal and interest is Rs. 538.92 million and Rs.60.30 million respectively for a period of 4 – 58 days.
- v. Term loan of Rs.3,574.59 million [USD 59.70 million] (31st March 2013: Rs.3,635.46 million [USD 66.98 million] is secured by a standby letter of credit issued by a bank, which is secured by a corporate guarantee of the Parent Company and a first pari-passu charge on two rigs and a floating production unit owned by the Parent Company. The borrowings mature on 26th March 2019 and have an interest rate of 4.00% - 4.50% p.a. (31st March 2013: 4.00% p.a.). Amount overdue on the balance sheet date on account of principal and interest is Rs. 87.19 million and Rs.45.08 million respectively for a period of 4-180 days.
- vi. Term loan of Rs.1,437.12 million [USD 24.00 million] (31st March 2013: Rs.1,302.72 million [USD 24.00 million] is secured by a standby letter of credit issued by a bank, which is secured by a corporate guarantee of the Parent Company and a first pari-passu charge on two rigs and a floating production unit owned by the Parent Company. The borrowings mature on 26th December 2017 and have an interest rate of 5.00%- 5.50% p.a. (31st March 2013: 5.00% p.a.). Amount overdue on the balance sheet date on account of interest is Rs. 28.74 million for a period of 2-270 days. This loan is a bullet repayment to be done on 26th December,2017.
- vii. Term loan of Rs. 1,077.84 million [USD 18.00 million] (31st March 2013: Rs. 1,465.56 million [USD 27.00 million] is secured by a standby letter of credit issued by a bank, which is secured by a corporate guarantee of the Parent Company and a second priority mortgage on a rig owned by a step-down subsidiary of the wholly-owned foreign subsidiary. The borrowings mature on 31st December 2015 and have an interest rate of 4.50%-5.00% p.a. (31st March 2013: 4.50% p.a.).
- viii. Term loan of Rs.1,790.59 million [USD 29.90 million](31st March 2013: Rs.1,635.19 million [USD 30.13 million] is secured by a second priority mortgage on a rig of a step-down subsidiary of the Company that owns this rig and second pari-passu charge on a drill ship owned by the Parent Company and a second pari-passu charge on a rig owned by the Parent Company, and a corporate guarantee of the Parent Company & Deep Drilling 2 Pte Ltd. The borrowings mature on 31st March 2022 and have an interest rate of 6.50-7.00% p.a. (31st March 2013: 6.50% p.a.). Amount overdue at the balance sheet date on account of Principal and interest is Rs 4.49 million and Rs. 13.11 million for a period of 1-130 days.
- ix. Term loan of Rs.3,099.99 million [USD 51.77 million] (31stMarch 2013: Rs.2, 810.08 million [USD 51.77 million]) is secured by a first pari-passu charge on two rigs owned by the Parent Company and a corporate guarantee of the Parent Company. The borrowings mature on 31st March 2023 and have an interest rate of 5.90%-6.50%



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- p.a. (31st March 2013: 5.90% p.a.). Amount overdue at the balance sheet date on account of interest is Rs. 208.02 million for a period of 25-300 days. This loan carries a moratorium in respect of repayment of principal for a period of 16 months ending 30th June 2014.
- x. Term loan of Rs.2,874.24 million [USD 48.00 million] (31st March 2013: Rs.2,605.44 million [USD 48.00 million] is secured by a first pari-passu charge on two rigs owned by the Parent Company and a corporate guarantee of the Parent Company. The borrowings mature on 31st March 2023 and have an interest rate of 5.50-6.00% p.a. (31st March 2013: 5.50% p.a.). Amount overdue at the balance sheet date on account of interest is Rs. 137.72 million for a period of 5 days. This loan carries a moratorium in respect of repayment of principal for a period of 15 months ending 30th June 2014.
- xi. Term loan of Rs. 595.81 million [USD 9.95 million] (31st March 2013: Rs. Nil [USD Nil] is secured by a standby letter of credit issued by a bank, which is secured by a first pari-passu charge on a drill ship owned by the Parent Company. The borrowings mature on 30th June 2022 and have an interest rate of 6.00-6.50% p.a.(31st March 2013: Nil p.a.) at the balance sheet date. Amount overdue as on the balance sheet date on account of principal and interest is Rs 1.50 million and Rs.37.13 million respectively for a period of 1-5 days.
- xii. Term loan of Rs.874.25 million [USD 14.60 million] (31st March 2013: Rs. Nil [USD Nil]) is secured by a standby letter of credit issued by a bank, which is secured by a first pari-passu charge on a drill ship owned by the Parent Company, a first pari-passu charge on a rig owned by the Parent Company. The borrowings mature on 30th Sep 2023 and have an interest rate of 6.25-6.75% p.a.(31st March 2013: Nil p.a.). Amount overdue as on the balance sheet date on account of interest is Rs.4.37 million for a period of 4 days. This loan carries a moratorium in respect of repayment of principal for a period of 15 months ending 31st December 2014.
- xiii. Term loans aggregating to Rs 34,453.26 million [USD 575.37 million] (31st March 2013 :Rs. Nil [USD Nil]) are secured / to be secured by a first / second priority mortgages over the rigs / drillships owned by the company / foreign subsidiaries, a first charge on the receivables of the rigs owned by the foreign subsidiaries and pledge of shares of the foreign subsidiaries. The borrowings mature between on 31st March 2028 and have an interest rate of 5.00%-6.00% p.a. (31st March 2013: NIL). Amount overdue as on the balance sheet date on account of interest is Rs.132.69 million for a period of 1-90 days. Amount since paid Rs 115.40 million. These loans carry a moratorium in respect of repayment of principal ranging up to a period of 35 months ending 30th June 2016.
- xiv. Term Loan of Rs. 4,614.95 million [USD 77.07 million] (31st March 2013: Rs. 4,582.51 million [USD 84.42 million]) is secured by a first priority mortgage on a drill ship and first charge by way of hypothecation of moveable assets and receivables of a step-down subsidiary of the wholly-owned foreign subsidiary that owns this drill ship and a pledge over 30% of the shares in a step-down subsidiary of the wholly-owned foreign subsidiary. The borrowings mature on 1st February 2019 and have an interest rate of 5.50% p.a. (31st March 2013: 4.00% p.a.).Amount overdue at the balance sheet date on account of principal and interest is Rs.109.46 million and Rs.41.80 million respectively for a period of 30- 60 days.

- xy. Term loan of Rs.925.61 million [USD 15.46 million] (31st March 2013: Rs.931.01 million [USD 17.15 million]) is secured by a first priority mortgage on a drill ship and first charge by way of hypothecation of moveable assets and receivables of a step-down subsidiary of the wholly-owned subsidiary that owns this drill ship and a pledge over 30% of the shares in a step-down subsidiary held by the wholly-owned foreign subsidiary. The borrowings mature on 1st February 2019 and have an interest rate of 4.00% - 4.50% p.a. (31st March 2013: 4.00% p.a.). Amount overdue at the balance sheet date on account of interest is Rs.6.05 million for a period of 30 – 60 days.
- xvi. Term loan of Rs.3,500.34 million [USD 58.46 million](31st March 2013: Rs.3,377.26 million [USD 62.22 million]) is secured by a first priority mortgage on a drill ship , and first charge by way of hypothecation of moveable assets and receivables of a step-down subsidiary of the wholly-owned foreign subsidiary the that owns the drill ship and a pledge over 30% of the shares of a step-down subsidiary of the wholly-owned subsidiary of the Parent Company. The borrowings mature on 1st February 2019 and have an interest rate of 6.00% to 6.50% p.a. (31st March 2013: 5.50 p.a.%). Amount overdue at the balance sheet date on account of principal and interest is Rs.75.09 million and Rs. 37.19 million respectively for a period of 30 – 60 days.
- xvii. Term loan of Rs.1,226.35 million [USD 20.48 million](31st March 2013: Rs.1,204.72 million [USD 22.19 million]) is secured by a first priority mortgage on a drill ship and first charge by way of hypothecation of moveable assets and receivables of a step down foreign subsidiary that owns the drill ship and a pledge over 30% of the shares of a step down subsidiary of the wholly-owned foreign subsidiary of the Parent Company. The borrowings mature on 1st February 2019 and have an interest rate of 4.50% to 4.00% p.a. (31st March 2013: 4.00% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs.27.01 million and Rs.12.87 million respectively for a period of 60 days.
- xviii. Term loan of Rs.17,564.24 million [USD293.32Million] (31st March 2013: Rs.17,913.79 million [USD329.88Million]) is secured by a by a pari-passu pledge over 100% of the shares in a step down subsidiary of the wholly owned foreign subsidiary of the company, a charge over escrow account into which dividends from such shares are to be deposited and a second charge over a drill ship owned by a step-down subsidiary of the wholly-owned foreign subsidiary. Further a portion of the loan, to the extent of Rs.7,664.64 million [USD128.00Million] is also secured by a guarantee from a shareholder of the Parent Company. The borrowings mature on 3rd January 2019 and have an interest rate of 4.00%-5.50% p.a. (31st March 2013: 4.00%-5.50% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs.132.93 million and Rs.166.28 million respectively for a period of 30 – 88 days. Amount since paid Rs 169.06 million.

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- xix. Term loan of Rs.1,820.90 million [USD 30.41 million] (31st March 2013: Rs.2,727.57 million [USD 50.25 million]) is secured by a pari-passu pledge over 100% of the shares in a step down subsidiary of the wholly owned foreign subsidiary of by the company, a charge over escrow account into which dividends from such shares are to be deposited, and a third priority mortgage on a rig owned by a step-down subsidiary. The borrowings mature in 26th February 2016 and have an interest rate of 5.00% p.a. (31st March 2013: 5.00% p.a.)
- xx. Term loan of Rs.1,857.17 million [USD 31.01 million] (31st March 2013: Rs.2,158.82 million [USD 39.77 million]) is secured by a first preferred mortgage on a rig , a pledge over 100% of the shares in a step-down subsidiary of the wholly-owned foreign subsidiary held by the Company, and assignment of contracts and insurances, in respect of the rig. The borrowings mature on 31st January 2019 and have an interest rate of 5.00-5.50% p.a. (31st March 2013: 5.00% p.a.)
- xxi. Term loan of Rs.4,073.04 million [USD 68.02 million] (31st March 2013: Rs.7,817.41 million [USD 144.02 million]) is secured by a first priority mortgage on a rig, first charge on the receivables from the rig and a corporate guarantee from Aban Singapore Pte Ltd. The borrowings mature on 5th February 2019 and have an interest rate of 4.00% p.a. (31st March 2013: 4.00% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs. 68.26 million and Rs. 45.57 million respectively for a period of 54 days.
- xxii. Term loan of Rs.6,804.64 million [USD 113.64 million] (31st March 2013: Rs.6,918.31 million [USD 127.46 million]) is secured by a first priority mortgage on a rig, first charge on the receivables from the rig and the bank account into which such receivables are deposited and a corporate guarantee from Aban Singapore Pte Ltd. The borrowings mature on 8th February 2020 and have an interest rate of 4.79% p.a. (31st March 2013: 4.79% p.a.)
- xxiii. Term loan of Rs.1001.50 million [USD 16.73 million] (31st March 2013: Rs.914.70 million [USD 16.85 million]) is secured by a first priority mortgage on a rig of a step-down subsidiary of the Company that owns this rig and second pari-passu charge on a drill ship owned by the Parent Company and a second pari-passu charge on a rig owned by the Parent Company, and a corporate guarantee of the Parent Company & Aban Singapore Pte Ltd. The borrowings mature on 31st March 2022 and have an interest rate of 5.65% p.a. (31st March 2013: 5.65% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs 2.51 million and Rs. 19.94 million for a period of 1- 186 days.
- xxiv. Term loan of Rs.586.82 million [USD 9.80 million] (31st March 2013: Rs.271.40 million [USD 5.00 million]) is secured by a first priority mortgage on a rig, first charge by way of hypothecation of stocks and receivables of a step-down subsidiary of the Company that owns this rig and a corporate guarantee of Aban Singapore Pte Ltd & Deep Drilling Invest Pte Ltd. The borrowings mature on 30th June 2020 and have an interest rate of 5.50% - 6.00% p.a. (31st March 2013: 5.50% p.a.). Amount



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- overdue at the balance sheet date on account of Principal and interest is Rs 23.95 and Rs. 18.68 million for a period of 1- 90 days.
- xxv. Term loan of Rs.2,589.81 million [USD 43.25 million] (31st March 2013: Rs.2,605.44 million [USD 48.00 million]) is secured by a first priority mortgage on a rig, first charge by way of hypothecation of stocks and receivables of a step-down subsidiary of the Company that owns this rig and a corporate guarantee of Aban Singapore Pte Ltd & Deep Drilling Invest Pte Ltd. The borrowings mature on 30th June 2019 and have an interest rate of 6.75% -7.00% p.a. (31st March 2013: 6.75% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs. 74.85 million and Rs 32.52 million for a period of 1 - 59 days.
- xxvi. Term loan of Rs. 898.20 million [USD 15.00 million] (31st March 2013: Rs.Nil [USD Nil]) is secured by a first priority mortgage on a rig and a corporate guarantee of Aban Singapore Pte Ltd. The borrowings mature on 31st March 2023 and have an interest rate of 5.50%-6.00% p.a. (31st March 2013: Nil.). Amount overdue at the balance sheet date on account of interest is Rs 24.01 million for a period of 1 day. This loan carries a moratorium in respect of repayment of principal for a period of 18 months ending 30th September 2014.
- xxvii. Term loan of Rs.2,754.48 million [USD 46.00 million] (31st March 2013: Rs.3,074.08 million [USD 56.63 million]) is secured by a first and second priority mortgage on a rig, a pledge over 100% of the shares in a step-down subsidiary of the wholly-owned foreign subsidiary, assignment of insurances; and a charge over revenues and bank accounts to be maintained by the Borrower in respect of the rig. The borrowings mature on 30th August 2014 and have an interest rate 5% - 5.50% p.a.(31st March 2013: 1.35%-4.00% p.a.). This loan is a bullet repayment to be done on 30th August, 2014.
- xxviii. Term loan of Rs.841.65 million [USD 14.06 million](31st March 2013: Rs.1,373.96 million [USD 25.31 million]) is secured by a first priority mortgage on a rig, first charge by way of hypothecation of moveable assets and receivables of a step-down subsidiary of the Company that owns this rig and a corporate guarantee of Aban Singapore Pte Ltd. The borrowings mature on 1st March 2015 and have an interest rate of 4.75% -5.25% p.a. (31st March 2013: 4.25% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs. 168.50 million and Rs.7.54 million respectively for a period of 30-58 days.
- xxix. Term loan of Rs.5,690.70 million [USD 95.04 million] (31st March 2013: Rs.5,628.56 million [USD 103.70 million]) is secured a first priority mortgage over a rig of a step-down subsidiary of the wholly-owned foreign subsidiary, a first charge by way of hypothecation of moveable assets and receivables of a step-down subsidiary of the wholly-owned subsidiary of the Parent Company that owns this rig and a corporate guarantee of the Aban Singapore Pte Ltd. The borrowings mature on 24th March 2019 and have an interest rate of 5.00%-5.90% p.a. (31st March 2013: 5.00% p.a.-5.90% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs.191.32 million and Rs.163.17 million for a period of 6 - 280 days.
- xxx. Term loan of Rs.2,745.60 million [USD 45.85 million] (31st March 2013: Rs.2,657.10 million [USD 48.95 million]) is secured by second mortgages on two rigs of two step-



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down subsidiaries of the wholly-owned foreign subsidiary. The borrowings mature on 12th March 2019 and have an interest rate of 4.58%-4.75% p.a. (31st March 2013: 4.58%-4.75% p.a.) at the balance sheet date. Amount overdue on account of principal and interest is Rs.23.20 million and Rs.12.04 million respectively for a period of 19 - 292 days.

4. Bonds

- i. Bond of Rs. 5,988.00 million [USD100.00 million] (31st March 2013: Rs.6,106.50 million [USD112.50 million]) is secured by a first priority mortgage on a rig owned by a step-down subsidiary of the wholly-owned foreign subsidiary, a pledge over 100% of the shares in a step-down subsidiary of the wholly-owned foreign subsidiary, assignment of insurances, corporate guarantee of a step-down subsidiary of the wholly-owned foreign subsidiary of the Parent Company, and a charge over bank accounts to be maintained by the Borrower in respect of the rig. The borrowings partly mature on 4th March 2015 and partly mature on 21st December 2015 and have an interest rate 12.00% p.a. (31st March 2013: 12.00% p.a.)
 - ii. Bond of Rs. 12,934.08 million [USD216.00 million] (31st March 2013: Rs. 13,027.20 million [USD240.00 million]) is secured by a first priority mortgage on two rigs owned by step-down subsidiaries of the wholly-owned subsidiary, a pledge over 100% of the shares in two step-down subsidiaries of the wholly-owned foreign subsidiary of the Parent Company, assignment of insurances, corporate guarantee of a step-down subsidiary of the wholly-owned foreign subsidiary of the Parent Company, assignment of sub-charters in respect of these two rigs, and a charge over bank accounts to be maintained by the Borrower in respect of these two rigs. The borrowings mature on 5th March 2015 and have an interest rate 14.25% p.a. (31st March 2013: 14.25% p.a.)
5. The Company has an outstanding unsecured loan from a company amounting to Rs.79.00 million (31st March 2013: Rs.100.00 million) at 16.50% p.a. (31st March 2013 : 15.60% p.a.). The loan is repayable in 12 monthly instalments along with interest.

10. Deferred tax liabilities(net)

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs.millions	As at 31st March 2012 Rs.millions
Deferred tax liability on timing differences	609.17	387.52	268.56
On depreciation	609.17	387.52	268.56



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11. Provisions

	Long-Term			Short-Term		
	As at	As at	As at	As at	As at	As at
	31st March 2014	31st March 2013	31st March 2012	31st March 2014	31st March 2013	31st March 2012
	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
Provision for employee benefits	-	-	-	4.58	1.39	1.63
Provision for provident fund	-	-	-	-	-	-
Provision for gratuity	19.14	6.02	8.45	3.05	1.79	0.19
Provision for leave encashment	15.96	9.67	10.63	2.25	3.49	3.71
	<u>35.10</u>	<u>15.69</u>	<u>19.08</u>	<u>9.88</u>	<u>6.67</u>	<u>5.53</u>
Other provisions						
Proposed equity dividend	-	-	-	156.66	156.66	156.66
Provision for tax on proposed equity dividend	-	-	-	26.62	26.62	25.41
Proposed preference dividend	-	-	-	281.00	275.07	252.24
Provision for tax on proposed preference dividend	-	-	-	47.76	46.75	40.92
Provision for taxation (net of advance payment of taxes)	-	-	-	502.30	126.71	462.21
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,013.34</u>	<u>611.81</u>	<u>937.44</u>
	<u>35.10</u>	<u>15.69</u>	<u>19.08</u>	<u>1,053.20</u>	<u>618.48</u>	<u>942.97</u>

12. Short term borrowings

	As at	As at	As at
	31st March 2014	31st March 2013	31st March 2012
	Rs. millions	Rs. millions	Rs. millions
Cash credit from banks (secured)	1,258.16	1,848.01	1,791.02
Short term borrowings from banks (secured)	2,037.68	2,802.29	3,624.67
Short term borrowings from banks (unsecured)	12.06	122.99	-
Deposits (unsecured)	-	-	-
-intercorporate deposits repayable on demand	588.14	387.27	255.00
	<u>3,896.04</u>	<u>5,041.16</u>	<u>5,570.69</u>
the above amount includes			
Secured borrowings	3,295.84	4,530.90	5,315.69
Unsecured borrowings	600.20	510.26	255.00
	<u>3,896.04</u>	<u>5,041.16</u>	<u>5,570.69</u>



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1. Cash credit from banks is 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 cash credit is repayable on demand and carries interest @14.75 % to 16.75 % p.a.
2. Short term borrowings (secured) from banks represent buyer's credit availed against letters of credit/packing credit secured by charge on current assets and second charge on three offshore jack-up rigs and a drill ship of the company. These short term borrowings are repayable over 180 - 360 days and carry interest @ 3% to 5.35% p.a.
3. Short term borrowings (unsecured) represent overdrawn bank balances from a bank that are repayable on demand

13. Other current liabilities

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 Rs. millions
Trade payables	9,116.57	9,116.33	6,410.61
Other liabilities			
Current maturities of long term borrowings (note 5)	31,204.45	17,812.58	18,120.06
Interest accrued but not due on borrowings	1,981.41	1,856.15	1,551.09
Interest accrued and due on borrowings	135.28	338.00	618.12
Investor Education and Protection Fund will be credited by following amounts (as and when due)			
- Unpaid dividend	-	-	-
- Unclaimed dividends	15.54	13.60	11.58
Others			
Service tax payable/Other Liabilities	189.23	220.41	53.98
Tax deducted at source payable	37.09	14.33	57.81
	33,563.00	20,255.07	20,412.64
	42,679.58	29,371.40	26,823.25

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14.1 Tangible assets

Rs.millions

	Land- Freehold	Buildings	Offshore Jack-up rig	Drillship	Other Machineries	Wind Mills	Office Equipment	Furniture & Fixtures	Vehicles	Total
Cost										
At 1st April 2013	128.57	150.37	105,805.26	33,047.28	80.82	2,362.01	99.39	68.01	59.60	141,801.31
Additions	-	-	1,014.52	2,695.66	-	28.50	2.95	0.33	4.67	3,746.64
Disposals	-	-	-	-	-	(510.52)	-	-	(4.38)	(514.90)
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	9,794.68	3,105.99	-	-	2.75	4.51	0.35	12,908.28
At 31st March 2014	128.57	150.37	116,614.46	38,848.93	80.82	2,880.99	105.10	72.85	60.21	157,947.33
At 1st April 2012	128.57	150.37	98,056.89	30,896.62	80.82	2,396.81	91.14	64.33	58.53	131,925.08
Additions	-	-	1,865.54	276.04	-	11.34	5.31	0.82	4.28	2,167.31
Disposals	-	-	-	-	-	(45.14)	-	-	(7.40)	(52.54)
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	5,887.89	1,874.62	-	-	2.04	2.76	0.21	7,762.46
At 31st March 2013	128.57	150.37	105,805.26	33,047.28	80.82	2,362.01	99.39	68.01	59.60	141,801.31
At 1st April 2011	128.57	150.37	84,527.35	25,333.00	80.82	2,396.81	85.01	58.27	57.00	113,817.30
Additions	-	-	2,770.21	1,364.81	-	-	3.38	-	0.54	4,210.44
Disposals	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	10,720.51	3,900.29	-	-	8.15	3.06	0.39	14,630.20
-Borrowing costs	-	-	38.32	-	-	-	-	-	-	38.32
At 31st March 2012	128.57	150.37	96,056.89	30,896.62	80.82	2,396.81	92.14	64.33	58.53	131,925.08
Depreciation										
At 1st April 2013	-	39.36	29,945.12	5,198.05	76.74	2,229.48	79.71	35.46	27.19	37,632.13
Charge for the year	-	2.32	3,963.09	1,501.21	-	4.86	5.58	1.46	5.74	5,483.77
Disposals	-	-	-	-	-	(485.00)	-	-	(1.80)	(486.80)
-Exchange differences	-	-	2,172.54	361.96	-	-	2.01	1.79	-	2,757.90
At 31st March 2014	-	41.69	36,280.75	7,060.82	76.74	1,749.34	87.30	39.73	30.55	45,356.92
At 1st April 2012	-	36.91	24,956.05	3,736.58	76.74	2,166.18	71.90	33.71	29.07	31,107.15
Charge for the year	-	2.45	3,556.26	1,212.78	-	105.67	6.48	1.49	4.34	4,909.47
Disposals	-	-	-	-	-	(42.37)	-	-	(6.12)	(48.50)
-Exchange differences	-	-	1,432.80	278.69	-	-	1.33	1.28	-	1,664.10
At 31st March 2013	-	39.36	29,945.12	5,198.05	76.74	2,229.48	79.71	35.46	27.19	37,632.13
At 1st April 2011	-	34.44	19,515.73	2,255.47	76.74	1,951.15	63.78	30.20	24.71	23,982.22
Charge for the year	-	2.43	3,020.13	1,340.17	-	185.03	6.45	1.82	4.36	5,180.41
Disposals	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	1,820.20	148.94	-	-	1.69	1.69	-	1,964.52
At 31st March 2012	-	36.91	24,956.06	3,736.58	76.74	2,166.18	71.90	33.71	29.07	31,107.15
Net Block										
At 31st March 2014	128.57	708.68	80,333.71	31,788.11	4.08	131.65	17.80	33.12	29.69	112,505.41
At 31st March 2013	128.57	111.01	75,869.14	27,848.23	4.08	133.53	19.68	33.53	32.41	104,170.18
At 31st March 2012	128.57	113.46	73,100.83	27,160.04	4.08	230.63	20.24	30.62	29.46	100,817.89

a. Capitalized borrowing costs

The borrowing cost capitalized during the year ended 31st March 2014 was Rs.1.27 Million (31st March 2013: Nil, 31st March 2012 – Rs 38.32 Million). The company capitalized the borrowing cost in the Drillship/Offshore jackup rig



Aban Offshore Limited
Notes to Consolidated Financial Statements

14.2 Intangible assets

	Rs.millions	
	Goodwill	Total
Cost		
At 1st April 2013	59,920.94	59,920.94
Additions		
Disposals		
Other adjustments		
-Exchange differences	6,181.97	6,181.97
At 31st March 2014	<u>66,102.91</u>	<u>66,102.91</u>
At 1st April 2012	56,156.58	56,156.58
Additions		
Disposals		
Other adjustments		
-Exchange differences	3,764.36	3,764.36
-Borrowing costs	-	-
At 31st March 2013	<u>59,920.94</u>	<u>59,920.94</u>
At 1st April 2010	49,223.93	49,223.93
Additions		
Disposals		
Other adjustments		
-Exchange differences	6,932.65	6,932.65
At 31st March 2012	<u>56,156.58</u>	<u>56,156.58</u>
Net Block		
At 31st March 2014	66,102.91	66,102.91
At 31st March 2013	59,920.94	59,920.94
At 31st March 2012	56,156.58	56,156.58

Goodwill on consolidation (acquisition of foreign subsidiaries) is tested for impairment annually and whenever there is an impairment indication, the goodwill may be impaired. For the year 2013-14, 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.



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Notes to Consolidated Financial Statements

14. Non- current investments

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs.millions	As at 31st March 2012 Rs.millions
Investment in Joint ventures/associate			
0.05 million (31st March 2013: 0.05 million) equity shares of Rs.10 each fully paid in Frontier Offshore Exploration (India) Limited (at cost less provision for other than temporary diminution in value Rs. 4.99 million (31st March 2013: Rs. 4.59 million))			
0.17 million (31st March 2013 : 0.17 million) equity shares of MYR 1 each in Belati Oilfield Sdn Bhd	49.21	26.11	-
Other Investments			
0.3 million (31st March 2013: 0.3 million) equity shares of Rs.10 each fully paid in Aban Informatics Private Limited	19.85	19.85	19.85
	<u>69.06</u>	<u>47.96</u>	<u>19.85</u>
Non-trade Investments (valued at cost unless stated otherwise)			
Investment in equity shares (quoted)			
-0.01 million (31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in Arhant Threads Ltd (at cost less provision for other than temporary diminution in value of Rs.0.17 million (31st March 2013: Rs.0.17 million))	-	-	-
-0.01 million (31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in Punjab Woolcombers Ltd at cost less provision for other than temporary diminution in value of Rs.0.02 million (31st March 2013 : Rs 0.02 million)	-	-	-
(at cost less provision for other than temporary diminution in value of Rs.0.02 million (31st March 2013: Rs.0.02 million))			
-0.01 million (31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in State Bank of Travancore Ltd	0.15	0.15	0.15
-0.01 million (31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in ICICI Bank Ltd	0.79	0.79	0.79
-0.05 million (31st March 2013: 0.05 million) equity shares of Rs.5 each fully paid in Oil and Natural Gas Corporation Limited	6.32	6.32	6.32
-0.03 million (31st March 2013: 0.03 million) equity shares of Rs.10 each fully paid in Indian Bank Ltd	2.95	2.95	2.95
Investment in equity shares (unquoted)			
0.01 million (31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in Madras Stock Exchange Limited	4.00	4.00	4.00
	<u>14.21</u>	<u>14.21</u>	<u>14.21</u>
	<u>83.27</u>	<u>62.17</u>	<u>34.06</u>
Aggregate amount of quoted investments(Market value: Rs.36.06 million (31st March 2013: Rs.24.84 million, 31st March 2012: Rs 24.80 Million)	10.21	10.21	10.21
Aggregate amount of unquoted investments	73.07	51.96	23.85
Aggregate provision for diminution in value of Investments	5.18	5.18	5.18



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15. Loans and advances

	Long-term			Short-term		
	As at	As at	As at	As at	As at	As at
	31st March 2014	31st March 2013	31st March 2012	31st March 2014	31st March 2013	31st March 2012
	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
Capital advances						
Secured, considered good	-	-	-	-	-	-
Unsecured, considered good	-	-	-	49.94	235.46	10.77
(A)	-	-	-	49.94	235.46	10.77
Security deposit						
Secured, considered good	-	-	-	-	-	-
Unsecured, considered good	4.62	3.29	1.75	5.84	7.59	50.85
Doubtful	-	-	-	-	-	-
	4.62	3.29	1.75	5.84	7.59	50.85
Provision for doubtful security deposit	-	-	-	-	-	-
(B)	4.62	3.29	1.75	5.84	7.59	50.85
Loans and advances to related parties						
Unsecured, considered good	30.35	-	-	-	-	-
(C)	30.35	-	-	-	-	-
Advances recoverable in cash or kind						
Secured considered good	-	-	-	-	-	-
Unsecured considered good	261.29	-	-	55.21	694.76	88.28
Doubtful	-	-	-	-	-	-
	261.29	-	-	55.21	694.76	88.28
Provision for doubtful advances	-	-	-	-	-	-
(D)	261.29	-	-	55.21	694.76	88.28
Other loans and advances						
Advance income tax (net of provision for taxation)	-	-	-	-	-	12.14
MAT Credit Entitlement Amount	389.16	-	-	-	-	-
Prepaid expenses	1,151.90	45.45	501.48	1,605.93	832.41	1,157.23
Loans to employees	20.11	11.26	4.43	5.72	7.93	8.57
Balances with statutory/government authorities	26.76	26.29	26.21	0.74	3.11	4.29
(E)	1,587.45	83.00	532.12	1,672.39	843.45	1,182.23
Total (A+B+C+D+E)	1,883.71	86.29	533.87	1,783.36	1,781.26	1,332.13



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16. Trade receivables and other assets
17.1 Trade receivables

	Non-current			Current		
	As at	As at	As at	As at	As at	As at
	31st March 2014	31st March 2013	31st March 2012	31st March 2014	31st March 2013	31st March 2012
	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
Unsecured, considered good unless stated otherwise						
Outstanding for a period exceeding six months from the date they are due for payment						
Secured, considered good	-	-	-	5,116.95	3,957.88	3,118.41
Unsecured, considered good	-	-	-	2,022.28	1,117.40	682.50
Doubtful	-	-	-	7,145.26	5,075.28	3,800.91
Provision for doubtful receivables	-	-	-	(12,022.28)	(1,117.40)	(682.50)
(A)	-	-	-	5,125.96	3,957.88	3,118.41
Other receivables						
Secured, considered good	-	-	-	-	0.75	-
Unsecured, considered good	-	-	-	7,689.07	5,925.51	6,997.96
Doubtful	-	-	-	-	-	-
Provision for doubtful receivables	-	-	-	-	-	-
(B)	-	-	-	7,689.07	6,927.26	6,997.96
Total (A+B)	-	-	-	12,795.05	10,885.14	10,116.37

17.2 Other assets

	Non-current			Current		
	As at	As at	As at	As at	As at	As at
	31st March 2014	31st March 2013	31st March 2012	31st March 2014	31st March 2013	31st March 2012
	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
Unsecured, considered good unless stated otherwise						
Non-current bank balances	69.51	104.95	499.37	-	-	-
(A)	69.51	104.95	499.37	-	-	-
Others						
Interest accrued on fixed deposits	-	-	-	0.03	4.87	17.61
Others	-	-	-	-	-	88.64
(B)	-	-	-	0.03	4.87	98.66
Total (A+B)	69.51	104.95	499.37	0.03	4.87	98.66

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18. Inventories

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 Rs. millions
Stores, Spares and Fuel (including stock-in-transit)	3,789.60	3,280.63	3,005.92
	<u>3,789.60</u>	<u>3,280.63</u>	<u>3,005.92</u>

19. Cash and bank balances

	Non-current			Current		
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 Rs. millions
Cash and cash equivalents						
Balances with banks:						
- On current accounts	-	-	-	745.67	843.03	254.14
- Deposits with original maturity of less than three months	-	-	-	-	465.41	434.57
- On unpaid dividend account	-	-	-	15.54	10.88	7.13
Cash on hand	-	-	-	0.85	1.54	0.95
	<u>-</u>	<u>-</u>	<u>-</u>	<u>762.06</u>	<u>1,321.76</u>	<u>697.23</u>
Other bank balances:						
- Deposits with original maturity for more than 12 months	0.57	104.95	499.37	-	-	-
- Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	66.38	20.23	0.49
- Margin money deposit	68.94	-	-	579.62	44.56	146.82
	<u>69.51</u>	<u>104.95</u>	<u>499.37</u>	<u>646.00</u>	<u>64.79</u>	<u>147.31</u>
	<u>69.51</u>	<u>104.95</u>	<u>499.37</u>	<u>1,410.06</u>	<u>1,386.05</u>	<u>844.54</u>
Amount disclosed under non-current assets	<u>(69.51)</u>	<u>(104.95)</u>	<u>(499.37)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>*</u>	<u>*</u>	<u>*</u>	<u>1,410.06</u>	<u>1,386.05</u>	<u>844.54</u>

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20. Revenue from operations

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions	Year ended 31st March 2012 Rs. millions
Revenue from drilling and production services	39,900.01	36,649.52	31,570.46
Revenue from generation of electricity from wind power	62.54	77.49	58.75
	<u>39,962.55</u>	<u>36,727.01</u>	<u>31,629.21</u>

21. Other Income

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions	Year ended 31st March 2012 Rs. millions
Interest income on			
-Bank deposits	13.11	14.00	35.77
Dividend income on			
-Long term investments	0.85	0.68	0.78
-Current investments	-	-	0.37
Exchange Difference (Net)	-	-	182.80
Miscellaneous Income	291.68	231.69	126.44
Net gain on sale of Non current investments	-	-	307.69
Net gain on sale of assets	-	9.30	-
Rental Income	3.06	5.01	3.81
	<u>308.62</u>	<u>260.68</u>	<u>657.66</u>

22. Consumption of stores, spares, power and fuel

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions	Year ended 31st March 2012 Rs. millions
Consumption of stores and spares	2,287.35	1,550.68	982.74
Power and Fuel	165.87	360.01	196.43
	<u>2,453.22</u>	<u>1,910.69</u>	<u>1,179.17</u>



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23. Employee benefit expense

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions	Year ended 31st March 2012 Rs. millions
Salaries, wages and bonus	4,821.75	4,380.23	3,277.53
Contribution to provident and other fund	41.19	28.95	26.93
Gratuity expense	14.35	5.50	6.34
Staff welfare expenses	81.00	75.90	65.44
	<u>4,958.29</u>	<u>4,479.58</u>	<u>3,378.24</u>

24. Finance costs

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions	Year ended 31st March 2012 Rs. millions
Interest *	10,776.65	11,425.21	9,771.97
Loan Processing Charges	188.65	99.44	74.75
Amortization of ancillary borrowings costs	438.83	301.67	31.32
Exchange difference to the extent considered as an adjustment to borrowings costs	2.11	(31.83)	12.61
	<u>11,406.25</u>	<u>11,884.49</u>	<u>9,890.65</u>

*Excludes interest capitalized @ 1.27 million (31st March 2013 - Rs NIL, 31st March 2012 @ Rs. 32 million)

25. Depreciation and amortization expense

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions	Year ended 31st March 2012 Rs. millions
Depreciation on tangible assets	5,483.77	4,909.47	5,160.41
	<u>5,483.77</u>	<u>4,909.47</u>	<u>5,160.41</u>



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26. Other expenses

	Year ended 31st March 2014	Year ended 31st March 2013	Year ended 31st March 2012
	Rs. millions	Rs. millions	Rs. millions
Freight and forwarding cost	47.80	42.79	41.66
Rent	98.85	87.35	90.11
Rates and taxes	22.98	12.53	21.14
Rental charges for machinery	397.30	829.60	507.85
Insurance	1,438.48	1,809.38	1,425.34
Repairs and maintenance			
-Plant and machinery	138.61	135.42	142.60
-Buildings	2.43	2.13	2.38
-Others	5.77	4.72	39.94
Drilling services and management fees	1,488.82	1,570.44	1,333.83
Advertising and sales promotion	5.36	6.58	2.71
Exchange differences(net)	397.15	466.29	-
Travelling ,conveyance and transportation	681.73	579.67	797.11
Communication costs	147.02	99.37	71.83
Printing and stationery	5.07	6.00	5.01
Professional and Consultancy Expenses	1,552.44	1,214.85	965.59
Catering expenses	440.31	322.92	216.36
Directors' sitting fees	0.34	0.23	0.24
Payment to auditors			
As auditor			
-Audit fee	39.70	45.66	42.96
-Tax audit fee	0.85	0.72	0.48
-limited review	1.58	1.41	1.15
In other capacity			
-Taxation matters	0.50	0.40	0.35
-Other services(certification fees)	1.89	1.65	0.88
Reimbursement of expenses	-	0.03	0.18
Exchange losses(net)	612.68	521.37	494.11
Loss on sale of assets	1.49	-	-
Provision for doubtful debts and advances	713.34	464.75	398.84
Miscellaneous expenses	1,669.60	2,225.32	2,065.00
	9,912.09	10,471.56	8,667.63



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27. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions	Year ended 31st March 2012 Rs. millions
Profit after tax	3,930.65	1,938.73	3,215.19
Less: Dividends on preference shares and tax thereon	328.76	321.82	293.16
Net profit for calculation of EPS	3,601.90	1,616.91	2,922.03
	No. millions	No. millions	No. millions
Weighted average number of equity shares in calculating basic EPS	43.51	43.51	43.51
Effect of dilution:			
Stock options/Share Warrants Outstanding less number of shares that would have been issued at par value. *	-	0.18	0.31
Weighted average number of equity shares in calculating diluted EPS	43.51	43.69	43.82
Earning per share -basic (in Rs)	82.78	37.16	67.16
Earning per share -diluted (in Rs)	82.78	37.01	66.68

* Since diluted earnings per share shows an increase as compared to basic earnings when taking the options/warrants into account, the options/warrants are anti-dilutive as at the year end and are ignored in the calculation of diluted earnings per share as required under the Accounting Standard.

28. Employee stock option scheme

The Parent Company has instituted Employee Stock Option Scheme-2005 (ESOS) duly approved by the shareholders in the extra-ordinary general meeting of the company held on 23rd April 2005. As per the scheme, the compensation committee of the board evaluates 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 equity share at the prevailing market price on the date of the grant of option.



The Securities Exchange Board of India (SEBI) issued the Employee Stock Option Scheme and Employees Stock Purchase Scheme guidelines in 1999, applicable to stock option schemes on or after 19th June 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 recognized and amortized on a straight line basis over the vesting period.

The Company has not recognized any deferred compensation expenses, as the exercise price was 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 allotted during the year under ESOS and credited to securities premium account is Rs.Nil (31st March 2013: Rs. Nil, 31st March 2012 : Rs Nil)

The details of option granted are given below:

Maximum number of options that may be granted under the scheme is 1.84 million equity shares of Rs.2 each. Options granted during the year-1.40 million (up to 31st March 2013: 0.443 Million equity shares of Rs.2 each)-Options lapsed during the year 0.082 million shares equity shares of Rs2 each (up to 31st March 2013: 0.169 million equity shares of Rs.2 each)-Options exercised during the year- Nil (up to 31st March 2013: 0.095 million equity shares of Rs.2 each)-Options outstanding at the end of year :1.498 million equity shares of Rs.2 each (up to 31st March 2013: 0.179 million equity shares of Rs.2 each)-Options yet to be granted under the scheme: 0.251 million equity shares of Rs.2 each (31st March 2013: 1.57 million equity shares of Rs.2 each)

29. 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 25th 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 as on 31st March, 2014 is 2,462,000 share options. (31st March 2013: 2,462,000 share options). There were no options forfeited, exercised or lapsed for the financial year ended 31st March 2014.

30. 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 and with effect from 27th June 2006 for some of its subsidiaries 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.

31. Leases

Operating lease: Company as lessee

The wholly owned foreign subsidiary leases, office space and accommodation for certain employees from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

The future aggregate minimum payments under the operating leases contracted for at the balance sheet date but not recognized as liabilities are analyzed as follows:

	31st March 2014 Rs.millions	31st March 2013 Rs.millions	31st March 2012 Rs.millions
Within one year	78.62	92.17	76.20
After one year but not more than two years	54.19	44.02	67.00
	132.81	136.19	143.20

32. Interest in joint venture/associate

(a) The Parent company's interest, in joint venture entity/associate is as follows:

Name of the company	Country of incorporation	Nature of Interest	Proportion of ownership interest 31 st March 2014	Proportion of ownership interest 31 st March 2013	Proportion of ownership interest 31 st March 2012
Frontier Offshore Exploration (India) Limited	India	Joint Venture	25%	25%	25%
Belati Oilfield Sdn Bhd	Malaysia	Associate	49%	49%	NA

The company has ceased to have joint control over Frontier Offshore Exploration (India) Limited and has also provided for diminution in the value of long term investment considering the state of affairs of the joint venture company.

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(b) The company's share of the assets, liabilities, Revenue and Profit in the associate company –Belati Oilfield Sdn Bhd, based on the audited financial statements are as follows:

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Assets	454.43	547.85
Liabilities	(405.22)	(519.74)
Revenue	1,731.96	758.99
Net Profit	18.36	25.07

33 . Segment information

- A. Primary Segment-**The company's primary segments are offshore oil drilling and production services and wind power generation (Wind energy). The said 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 offshore rigs, relating to the drilling and production services that are operating in India and Rest of Asia. The assets relating to the wind energy are operating in India only.



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Primary Segment information	31st March 2014		31st March 2013		31st March 2012	
	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
1. Segment revenue						
- Drilling	39,608.62		36,907.93		32,228.12	
- Wind energy	62.55	29,671.17	79.76	36,987.69	58.75	32,286.87
2. Segment results						
- Drilling	16,232.12		14,840.58		13,950.84	
- Wind energy	2.09		(83.47)		(178.30)	
	16,234.21		14,757.11		13,782.54	
less: interest expenses	(10,776.66)	5,457.55	(11,426.21)	3,301.90	(9,771.87)	4,010.57
3. Segment assets						
- Drilling	200,107.93		181,665.46		173,262.99	
- Wind energy	366.00	200,473.98	319.70	181,885.16	421.72	173,684.71
4. Segment liabilities						
- Drilling	158,792.20		149,011.23		145,012.39	
- Wind energy	19.47	158,811.67	38.65	149,047.88	55.87	145,088.26
5. Depreciation						
- Drilling	5,478.91		4,803.75		4,975.38	
- Wind energy	4.86	5,483.77	106.72	4,908.47	185.03	5,160.41
6. Capital expenditure including work in progress						
- Drilling	22,571.85		13,640.39		25,110.44	
- Wind energy	62.37	22,634.22	11.34	13,651.73	-	25,110.44



Aban Offshore Limited
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The following table shows revenue by area of drilling and production operations and wind power generation, the carrying amount of segment assets and additions to fixed assets by geographical area in which such assets relating to the drilling and production operations and wind energy are located

Secondary Segment Information Geographical Segment Information	31st March 2014		31st March 2013		31st March 2012	
	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
1. Segment revenue						
- India	4,937.11		7,179.62		7,313.02	
-Americas	9,842.32		5,122.55		4,165.91	
-Rest of Asia	24,691.74	39,671.17	24,691.52	36,993.09	20,807.94	32,286.87
2. Carrying amount of Segment assets						
- India	10,363.78		18,836.87		17,696.47	
-Americas	30,278.80		37,249.22		76,259.74	
-Rest of Asia	159,831.35	200,473.93	125,799.07	181,885.16	79,529.56	173,684.71
3. Capital expenditure including Capital Work In Progress						
- India	2,720.39		1,353.42		3,123.00	
-Americas	8,387.53		7,362.29		12,191.28	
-Rest of Asia	11,526.30	22,694.22	4,906.02	13,651.73	9,796.36	25,110.44

34. Related Party Disclosures

Names of related parties and related party relationship

Related parties where control exists

A. Subsidiary companies

	2013-14	2012-13	2011-12
Aban Energies Limited India #	Y	Y	Y
Radhapuram Wintech Pvt Limited	Y	Y	NA
Aban Holdings Pte Limited Singapore #	Y	Y	Y

Wholly owned subsidiaries

B. Subsidiaries of Aban Holdings Pte Limited, Singapore

	2013-14	2012-13	2011-12
Aban Singapore Pte Ltd Singapore	Y	Y	Y
Aban 7 Pte Ltd Singapore	Y	Y	Y
Aban 8 Pte Ltd Singapore	Y	Y	Y
Aban Abraham Pte Ltd Singapore	Y	Y	Y
Aban Pearl Pte Ltd Singapore	Y	Y	Y
Aban International Norway As Norway	Y	Y	Y
DDI Holding AS Norway	Y	Y	Y



Aban Offshore Limited
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Deep Drilling Invest Pte Ltd Singapore	Y	Y	Y
Deep Drilling 1 Pte Ltd Singapore	Y	Y	Y
Deep Drilling 2 Pte Ltd Singapore	Y	Y	Y
Deep Drilling 3 Pte Ltd Singapore	Y	Y	Y
Deep Drilling 4 Pte Ltd Singapore	Y	Y	Y
Deep Drilling 5 Pte Ltd Singapore	Y	Y	Y
Deep Drilling 6 Pte Ltd Singapore	Y	Y	Y
Deep Drilling 7 Pte Ltd Singapore	Y	Y	Y
Deep Drilling 8 Pte Ltd Singapore	Y	Y	Y
Deep Driller Mexico S de RL de CV Mexico	Y	Y	Y
Aban Labuan Pvt Ltd, Malaysia	Y	Y	NA

C. Associate Company

Belati Oilfield Sdn Bhd, Malaysia

D. Related parties with whom transactions have taken place during the year

a. Key Management personnel

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



Aban Offshore Limited
Notes to Consolidated Financial Statements

Related Party transactions during the year

Nature of transaction	Key Management Personnel		
	31st March 2014	31st March 2013	31st March 2012
	Rs. millions	Rs. millions	Rs. millions
1. Rent paid	4.18	4.14	7.63
2. Remuneration	147.58	58.08	36.8
3. Dividend paid	18.58	18.58	18.58

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

	31st March 2014	31st March 2013	31st March 2012
	Rs. millions	Rs. millions	Rs. millions
1. Remuneration to Key management personnel			
- Mr. Reji Abraham	81.70	6.33	6.34
- Mr. P.Venkateswaran	23.00	19.37	6.39
- Mr. C.P.Gopalkrishnan	42.88	32.38	24.07
2. Rent paid			
- Reji Abraham	4.18	4.14	7.63
3. Dividend paid			
- Reji Abraham	18.46	18.46	18.46

Other transactions

Personal guarantee given by Managing Director of the Company to banks towards avilment of Loan and non-fund based facilities-Rs 11,470 million (31st March 2013 : Rs 11,295 million)



35. Capital and other commitments

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 Rs. millions
Capital and Other commitments not provided for	119.17	659.86	104.16

36. Contingent liabilities

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 Rs. millions
(a) Guarantees given by banks on behalf of the company	1,893.91	967.15	710.25

(b) Claims against the company not acknowledged as debt (2014)

- Following demands are disputed by the company and not provided for:

(i) Demand raised by the Deputy Commissioner of Income Tax, Chennai in respect of financial year 2007-2008 for Rs 339.13 Million.

Commissioner of Income Tax (Appeals) has ruled the appeal in favour of the Company against which Income Tax Department has preferred an appeal before Income Tax Appellate Tribunal, Chennai. Matter is pending before Income Tax Appellate Tribunal, Chennai.

(ii) Demand raised by the Deputy Commissioner of Income Tax, Chennai in respect of financial year 2008-2009 for Rs 418.38 Million.

The Company has preferred an appeal against this demand that is pending before the Commissioner of Income Tax (Appeals), Chennai.

37. Derivative instruments and unhedged foreign currency exposures

a. Outstanding forward cover contracts/derivatives as at the balance sheet date

a. Derivative contracts outstanding as at the balance sheet date

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 Rs. millions	Purpose
- Currency forward contracts/options	-	2,551.16	7,217.71	Hedging risk of exchange rate fluctuations



Aban Offshore Limited
Notes to Consolidated Financial Statements

b. Particulars of unhedged foreign currency exposures as at the balance sheet date

	As at 31st March 2014 FCY millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 FCY millions	As at 31st March 2013 Rs. millions	As at 31st March 2012 FCY millions	As at 31st March 2012 Rs. millions
Receivables						
- in USD	USD 125.85	7523.81	-	-	-	-
- in EUR	EUR 23.71	2445.93	-	-	-	-
Import payables						
- in USD	USD 13.58	813.35	USD 51.00	2,358.28	USD 48.00	2441.26
- in SGD	SGD 5.91	282.17	-	-	-	-
Foreign currency term loans / Working capital loans (including interest payable) USD	USD 117.90	7,980.15	USD 123.11	6,662.64	-	-

38. Previous year figures

The Group has reclassified previous year figures to conform to this year's classification

As per our report of even date
For Ford, Rhodes, Parks & Co.
Chartered Accountants
ICAI-Registration No.102860W

Ramaswamy Subramanian
Partner
Membership No: 016059
Place: Chennai
Date: 28th May 2014

For and on behalf of the Board

Reji Abraham
Managing Director

C.P. Gopalkrishnan
Dy. Managing Director & Secretary

P. Venkateswaran
Dy. Managing Director



DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII read with Schedule XVIII of the SEBI Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the same. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

Signed by:

Reji Abraham, Managing Director and Chief Executive Officer

Date: June 30, 2014

Place: Chennai, India

DECLARATION

We, the Directors of our Company certify that:

- (i) our Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;
- (ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and
- (iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

Reji Abraham, Managing Director and Chief Executive Officer

I am authorized by the Capital Issue Committee, a committee of the Board of Directors of our Company, vide resolution dated June 30, 2014 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Reji Abraham, Managing Director and Chief Executive Officer

Date: June 30, 2014

Place: Chennai, India

ABAN OFFSHORE LIMITED

Registered and Corporate Office

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Chennai 600 008, India

Website: www.abanoffshore.com; **CIN:** L01119TN1986PLC013473

Contact Person: C.P. Gopalkrishnan, Company Secretary and Compliance Officer

Address of Compliance Officer:

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