

# Aban Offshore Limited

Annual Report 2011-12



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## Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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

– M. A. Abraham, 1939 - 2004

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

V. S. Rao	- Chairman (upto 25.01.2012)
P. Murari	- Vice Chairman
Reji Abraham	- Managing Director
K. Bharathan	- Director
K. M. Jayarao	- Nominee Director of ICICI Bank
Satish chandra Gupta	- Director (upto 8.11.2011)
P. Venkateswaran	- Deputy Managing Director
C. P. Gopalkrishnan	- Deputy Managing Director & Secretary

## AUDIT COMMITTEE

V. S. Rao	- Chairman (upto 25.01.2012)
P. Murari	- Chairman (from 31.01.2012)
K. Bharathan	- Member
K. M. Jayarao	- Member (from 31.01.2012)
P. Venkateswaran	- Member (from 31.01.2012)

## SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

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

## COMPENSATION COMMITTEE

V. S. Rao	- Chairman (Upto 25.01.2012)
P. Murari	- Chairman (from 31.01.2012)
K. Bharathan	- Member
Reji Abraham	- Member

## REMUNERATION COMMITTEE (CONSTITUTED ON 31.01.2012)

P. Murari	- Chairman
K. Bharathan	- Member
K. M. Jayarao	- Member

## AUDITORS

FORD, RHODES, PARKS & CO.,  
Chartered Accountants  
Paruvatham  
No.2, 56th Street,  
Off: 7th Avenue, Ashok Nagar  
Chennai – 600 083

## REGISTERED OFFICE

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

## BANKERS & FINANCIAL INSTITUTIONS

AXIS BANK LIMITED  
BANK OF BARODA  
BANK OF INDIA  
CANARA BANK  
CENTRAL BANK OF INDIA  
CORPORATION BANK  
DBS BANK LTD  
DnB NOR BANK ASA  
EXPORT IMPORT BANK OF INDIA  
ICICI BANK LIMITED  
IDBI BANK LTD  
INDIAN BANK  
INDIAN OVERSEAS BANK  
LIFE INSURANCE CORPORATION OF INDIA  
ORIENTAL BANK OF COMMERCE  
PUNJAB NATIONAL BANK  
STATE BANK OF HYDERABAD  
STATE BANK OF INDIA  
STATE BANK OF MYSORE  
STATE BANK OF TRAVANCORE  
SYNDICATE BANK  
THE LAKSHMI VILAS BANK LTD  
UNION BANK OF INDIA  
UCO BANK

## REGISTRAR AND SHARE TRANSFER AGENT

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



## Aban Offshore Limited

Registered Office

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

### NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of **ABAN OFFSHORE LIMITED** will be held on Friday, the 21st September 2012 at 10.15 A.M at Narada Gana Sabha Trust (Sathguru Gnanananda Hall), No.314 (old No.254) T.T.K. Road, Chennai – 600 018 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the year ended as on that date, together with the reports of the Board of Directors and Auditors thereon.
2. To consider and declare a dividend @ 8% p.a on the paid up Non Convertible Cumulative Redeemable Preference Share capital of the Company for the year ended 31st March 2012.
3. To consider and declare pro-rata dividend @ 9% p.a upto 29<sup>th</sup> December, 2011 and pro-rata dividend @ 10% p.a from 30<sup>th</sup> December, 2011 on Non Convertible Cumulative Redeemable Preference Shares for the year ended 31st March 2012.
4. To consider and declare pro-rata dividend @ 9% p.a upto 28<sup>th</sup> February, 2012 and pro-rata dividend @ 10% p.a from 1<sup>st</sup> March 2012 on Non Convertible Cumulative Redeemable Preference Shares for the year ended 31st March 2012.
5. To consider and declare pro-rata dividend @ 9% p.a upto 30<sup>th</sup> March, 2012 and pro-rata dividend @ 10% p.a for one day (i.e) 31<sup>st</sup> March 2012 on Non Convertible Cumulative Redeemable Preference Shares for the year ended 31st March 2012.
6. To consider and declare a dividend @9.25% p.a. on Non Convertible Cumulative Redeemable Preference Shares for the year ended 31st March 2012
7. To consider and declare a dividend on Equity Shares for the year ended 31st March 2012
8. To appoint a Director in place of Mr. P. Murari who retires by rotation and being eligible offers himself for re-appointment.
9. To appoint a Director in place of Mr. K.Bharathan who retires by rotation and being eligible offers himself for re-appointment.

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

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

#### SPECIAL BUSINESS

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

**"RESOLVED THAT** in partial modification of the resolution passed earlier and in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII to the Act and subject to approval of Central Government, Mr.P.Venkateswaran Deputy Managing Director be paid the following revised remuneration for the a period of three years effective 01.04.2012

1. Basic Salary - Rs.8,00,000/-per month.
2. House Rent allowance - Rs.4,80,000/- per month
3. Gas, Electricity, water or reimbursement of expenses in lieu thereof shall be in accordance with the schemes and rules of the Company.
4. Medical Reimbursement - Reimbursement of expenses incurred for Self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
5. Leave Travel Concession - Reimbursement of expenditure incurred for self and family once a year subject to a maximum of one month's salary.
6. Club Fees - Actual fees for a maximum of two clubs subject to a maximum of Rs.20,000/- per annum. No admission and life membership fee will be paid.

7. Personal Accident Insurance and other term insurance  
- The Premium shall be paid as per the rules of the Company.
8. Contribution to Provident Fund and Superannuation Fund shall be paid as per the rules of the Company and shall not be included in the Computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
9. Gratuity shall not exceed half a month's salary for each completed year of service.

#### Commission

The Deputy Managing Director shall be paid Commission not exceeding 0.50 % of the net profits of the Company, as may be decided by the Board or Committee thereof from time to time subject to the overall ceiling laid down under the Sections 198 and 309 of the Companies Act, 1956.

The Remuneration Committee be and is hereby authorized in its absolute discretion and from time to time to fix within the range stated above, the remuneration payable to Mr P Venkateswaran.

#### Minimum Remuneration

Notwithstanding anything stated herein, where in any financial year, Company has no profits or its profits are inadequate, the Company shall pay the above remuneration as minimum remuneration.

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

**"RESOLVED THAT** in partial modification of the resolution passed earlier and in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII to the Act and subject to approval of Central Government, Mr.C.P.Gopalkrishnan Deputy Managing Director be paid the following revised remuneration for the a period of three years effective 01.04.2012.

1. Basic Salary - Rs.8,00,000/-per month.
2. House Rent allowance - Rs.4,80,000/- per month
3. Gas, Electricity, water or reimbursement of expenses in lieu thereof shall be in accordance with the schemes and rules of the Company.
4. Medical Reimbursement - Reimbursement of expenses incurred for Self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
5. Leave Travel Concession - Reimbursement of expenditure incurred for self and family once a year subject to a maximum of one month's salary.

6. Club Fees - Actual fees for a maximum of two clubs subject to a maximum of Rs.20,000/- per annum. No admission and life membership fee will be paid.
7. Personal Accident Insurance and other term insurance  
- The Premium shall be paid as per the rules of the Company.
8. Contribution to Provident Fund and Superannuation Fund shall be paid as per the rules of the Company and shall not be included in the Computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
9. Gratuity shall not exceed half a month's salary for each completed year of service.

#### Commission

The Deputy Managing Director shall be paid Commission not exceeding 0.50 % of the net profits of the Company, as may be decided by the Board or Committee thereof from time to time subject to the overall ceiling laid down under the Sections 198 and 309 of the Companies Act, 1956 and further subject to the Deputy Managing Director confirming to the Board that no remuneration has been received by him from subsidiaries of the Company during the financial year.

The Remuneration Committee be and is hereby authorized in its absolute discretion and from time to time to fix within the range stated above the remuneration payable to Mr C.P.Gopalkrishnan.

#### Minimum Remuneration

Notwithstanding anything stated herein, where in any financial year, Company has no profits or its profits are inadequate, the Company shall pay the above remuneration as minimum remuneration.

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198,269, 309 and 310 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 and subject to approval Central Government, consent of the Company be and is hereby accorded for re-appointment of Mr. Reji Abraham as Managing Director of the Company for a period of 5 years with effect from 26.09.2012 to 25.09.2017 on the following terms and conditions

- A. Remuneration
  - a) Basic Salary

Between Rs.15 Lacs to Rs.25 Lacs per month

The remuneration committee be and is hereby authorized in its absolute discretion and from time to time to fix within the range stated above the Salary Payable to Mr. Reji Abraham



## Commission

The Managing Director shall be paid Commission not exceeding 2% of the net profits of the Company, as may be decided by the Board or Committee thereof from time to time subject to the overall ceiling laid down under the sections 198 and 309 of the Companies Act, 1956.

## Perquisites

In addition to the salary and commission payable to Mr. Reji Abraham, he shall also be entitled to perquisites like free furnished accommodation or house rent allowance of 60% of salary and reimbursement of other expenditure or allowances for utilities including furnishing and repair gas electricity and water, medical reimbursement incurred in India and abroad, leave travel concession for self and family, club fees (this will not include Admission and Life Membership fees) medical personal accident and term insurance and such other perquisites and allowances (for self and family wherever applicable) as per the Company Policy applicable from time to time to the senior management personnel of the company or as may be decided by the Board or Committee of Board from time to time. Such perquisites and allowances will be subject to ceiling limit as may be fixed by the Committee of Directors from time to time.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax rules wherever applicable. In the absence of any such Rule perquisites and allowances shall be evaluated at such actual cost incurred by the Company in providing such perquisites and allowances. Use of car for official duties and adequate communication facilities at residence shall not be included in the computation of perquisites for the purpose of calculating ceiling

Privilege Leave: On full pay and allowance as per the rules of the company. Encashment of the leave at the end of the tenure will not be included in the computation of ceiling and perquisites. He will also be entitled to Casual and sick leave as per the rules of the Company.

Company's contribution to Provident Fund, Gratuity, Superannuation or Annuity Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961

The total remuneration of Mr. Reji Abraham as per "a" & "b" above inclusive of value of perquisites will however be limited to the overall ceiling laid down under the sections 198 and 309 of the Companies Act, as amended from time to time."

## B. Minimum Remuneration

Where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, Managing Director shall be paid remuneration by way of salary and perquisites as specified above.

**"RESOLVED FURTHER THAT** the above remuneration shall be payable to Mr. Reji Abraham for a period of three years with effect from 26.09.2012"

**"RESOLVED FURTHER THAT** Mr. Reji Abraham shall not retire by rotation during his tenure as Managing Director."

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

**"RESOLVED THAT,** in accordance with the provisions of Section 81 and 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and relevant provisions of the Memorandum of Association and Articles of Association of the Company, Foreign Exchange Management Act, 1999, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, guidelines prescribed by the Securities and Exchange Board of India ("SEBI") and subject to such approvals, consents, permissions and / or sanction of the Ministry of Finance of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such terms and conditions, modifications, alterations as may be prescribed and/or specified by any of them in granting any such approval, consent, permission or sanction, the consent, authority and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee thereof) to offer, issue, and allot, in the course of one or more offerings, in one or more foreign markets, any securities (including but not limited to Equity Shares, Global Depository Receipts American Depository Receipts/Shares, Foreign Currency Convertible Bonds, Convertible Bonds, Euro - Convertible Bonds that are convertible at the option of the Company and / or at the option of the holders of such securities, securities partly or fully convertible into Equity Shares and / or securities linked to Equity Shares and / or any instruments or securities with or without detachable warrants secured or unsecured or such other types of securities representing either Equity Shares or convertible securities) (hereinafter referred to as "Securities") to Foreign/Domestic investors, Non-residents, Foreign Institutional Investors/Foreign Companies/NRI(s)/ Foreign National(s) or such other entities or persons as may be decided by the Board, whether or not such persons/entities/investors are Members of the Company through Prospectus, Offering Letter, Circular to the general public and / or through any other mode or on private placement basis as the case may be from time to time in one or more tranches as may be deemed appropriate by the Board on such terms and conditions as the Board may in its absolute discretion deem fit for an amount not exceeding US\$ 400 Million (US Dollar Four hundred Million only) or its equivalent currencies including green shoe option on such terms and conditions including pricing as the Board may in its sole discretion decide including the form and the persons to whom such Securities may be issued and all other terms and conditions and matters connected therewith."

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

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

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

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

**“RESOLVED FURTHER THAT** the Company may enter into any arrangement with any agency or body for issue of Depository Receipts representing underlying Equity Shares/Preference Shares / other securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent.”

**“RESOLVED FURTHER THAT** the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue

of the Securities in the international market and may be governed by applicable foreign laws.”

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

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

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

**“RESOLVED THAT** pursuant section 81(1A) and all other applicable provisions of the Companies Act 1956(including any statutory modification or re-enactment thereof for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into with the Stock



Exchanges and subject to the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 as amended from time to time the provisions of the Foreign Exchange management Act, 1999 and the Foreign Exchange Management (Transfer or issue of security by a Person Resident Outside India) Regulations 2000 applicable rules, regulations, guidelines or laws and / or any approval consent, permission or sanction of the Central Government, Reserve Bank of India or any other appropriate authorities, institution or bodies (hereinafter collectively referred to as the "appropriate authorities") and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and / or sanction (hereinafter referred to as the requisite approvals) which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) the Board be and is hereby authorized to issue offer and allot equity shares / fully convertible debentures / partly convertible debentures / non convertible debentures with warrants / any other securities (other than warrants) which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities") to the Qualified Institutional Buyers (QIBs) as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 as Amended s, on the basis of placement document(s) at such time and times in one or more tranche or tranches at par or at such price or prices and on such terms and conditions and in such manner as the Board may in its absolute discretion determine in consultation with the Lead Managers, Advisors or other intermediaries for an amount not exceeding RS.2500 crores (Rupees two thousand five hundred crores only) including such premium amount as may be finalized by the Board."

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

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

Company in all respects as may be provided under the terms of the issue and in the offering document."

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

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

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

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

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to appoint such consultants, Book runners, Lead Managers, underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Lawyers, Merchant Bankers and any other advisors and professionals as may be required and to pay them such fees, Commissions and other expenses as they deem fit.

**"RESOLVED FURTHER THAT** the allotment of securities shall be to Qualified Institutional Buyers in accordance with the Qualified Institutional Placement (QIP), Chapter VIII of Securities Exchange Board of India (Issue of Capital and

Disclosure Requirements) Regulations 2009 as amended from time to time, and such securities shall be fully paid up and the allotment of such securities shall be completed within 12 months from the date of this resolution without the need for fresh approval from the shareholders and placements made in pursuance of this resolution if approved shall be separated by at least 6 months between each placement."

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

By Order of the Board

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

Chennai – 600 008  
Date : 30<sup>th</sup> May 2012

#### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the meeting
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 14.09.2012 to 21.09.2012 (both days inclusive)
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating the Special Business to be transacted at the Meeting is annexed hereto
5. Dividend on Equity Shares if declared at the Annual General Meeting will be paid on or after 21.09.2012 to those persons or their mandates.
  - (i) Whose names appear as Beneficial Owners as at the end of the business hours on 13.09.2012 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held on electronic form; and
  - (ii) Whose name appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Share Transfer Agent on or before 13.09.2012
6. Dividend on Preference Shares if declared at the Annual General Meeting will be paid on or after 21.09.2012
7. Members holding shares in Physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares. Members can contact the Company or Company's Share Transfer Agent, M/s. Cameo Corporate Services Limited in this regard.
8. Members / Proxies should bring the enclosed attendance slip duly filled in for attending the meeting along with the Annual Report. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the Meeting.
9. Members holding shares in physical form may obtain the Nomination Forms from the Company's Registrar and Share Transfer Agent  
  
Members holding shares in electronic form may obtain the Nomination Forms from their respective Depository Participants
10. Pursuant to the provisions of Section 205 (A) and 205 (c) of the Companies Act, 1956, Company has transferred unclaimed / unpaid dividends for the financial years 1995-96 to 2003 – 04, to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the Company in respect of unpaid/ unclaimed dividend after a period of seven years from the dates they first became due for payment.
11. Members who are holding physical shares in identical order of names in more than one account are requested to intimate to the Share Transfer Agent the ledger folio of such accounts and send the share certificates to enable the Company to consolidate all the holdings into an account. The share certificate will be returned to the members after making necessary endorsements in the due course.
12. Members desiring any information as regards accounts of the Company are requested to write to the Company at an early date so as to enable the Company to keep information ready.
13. Members desirous of receiving Notice/ Annual Report in electronic form may furnish their e mail id to the Company / Registrar and Share Transfer Agent.
14. Brief resume of these directors, nature of their expertise in specific functional areas, names of companies in which they hold directorships, memberships and chairmanships in committees, shareholding and relationships between

directors inter-se as stipulated. In the listing agreement with Stock Exchanges in India are provided in the report on Corporate Governance forming part of the report.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS CONTAINED IN THE NOTICE DATED 30.05.2012**

**ITEM NO: 11**

Mr.P.Venkateswaran was appointed as a Deputy Managing Director for a period of five years effective 01.08.2011 and the same was approved by the share holders at the twenty fifth Annual General Meeting held on 28 September, 2011. It has been proposed to revise the remuneration payable to Mr.P.Venkateswaran with effect from 01.04.2012. In view of the losses suffered during the financial year 2011-12, approval of shareholders is being sought to pay the revised remuneration as contained in the proposed resolution for a period of three years effective 01.04.2012.

The details as required under sub-paragraph (C) of paragraph 1 under Section II of Part II of Schedule XIII are furnished hereunder:

- i. The payment of remuneration was approved by the Remuneration Committee at its meeting held on 15 February, 2012.
- ii. There have been delays by the Company in its debt repayment obligations including interest on such debts, to its lenders. However, the Company has not made any default in repayment of any of its debts for a continuous period of 30 days in the preceding financial year before the date of his appointment.
- iii. Other particulars:

**I. GENERAL INFORMATION:**

Sl. No.	Particulars	Details
1.	Nature of Industry	Oil field services
2.	Date or expected date of commencement of Commercial production	Not Applicable
3.	In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus.	Not Applicable
4.	Financial performance based on given indicators	The Company suffered losses during the financial year 2011-2012. However consolidated accounts show a profit of Rs.3,215.19 Million.
5.	Export performance and net foreign exchange collaborations:	Net foreign exchange earned during the financial year 2011-12 is Rs. 4592.10 Million
6.	Foreign Investments or collaborators, if any	The Company has a foreign collaborator "India Offshore Inc" holding 19.13 % equity.

**II. INFORMATION ABOUT THE APPOINTEE:**

Sl. No.	Particulars	Details
1.	Background details	Mr.P.Venkateswaran is a graduate in Technology from Indian Institute of Technology. He has been with Company since 1986.
2.	Past Remuneration	Mr.Venkateswaran's remuneration for the year 2010 – 11 was Rs.13.65 million. For the financial year 2011-12 his remuneration was Rs. 6.39 Million
3.	Recognition or awards	NIL
4.	Job profile and his suitability	Mr.Venkateswaran is head of Operations of the Company. As Deputy Managing Director with more than two decades of experience in the drilling industry, he is ideally suited for the current assignment.

5.	Remuneration proposed	As proposed in the resolution
6.	Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of origin.	There is no company of comparable size in drilling industry in India.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Apart from remuneration payable to Mr.P.Venkateswaran, there is no pecuniary relationship directly or indirectly with the company.

### III. OTHER INFORMATION:

Sl. No.	Particulars	Details
1.	Reasons of loss or inadequate profits	Majority of Company's operating assets were idle on account of repairs and major refurbishments during the financial year 2011-12 and hence suffered losses during the financial year.
2.	Steps taken or proposed to be taken for improvement.	The rigs which were refurbished have gone into operation and there will be steady revenue for the Company during the current year.
3.	Expected increase in productivity and profits in measurable terms.	Since all the rigs are in operation during the current year, the Company hopes to make marginal profits.

The notice may be treated as the abstract of terms and conditions of the appointment of a Whole time Director, in terms of Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. P.Venkateswaran, is interested in this resolution.

#### Item No.12:

Mr.C.P.Gopalkrishnan was appointed a Deputy Managing Director for a period of five years effective 01.08.2011 and the same was approved by the shareholders at the Twenty Fifth Annual General Meeting held on 28<sup>th</sup> September, 2011. It has been proposed to revise the remuneration payable to Mr.C.P.Gopalkrishnan with effect from 01.04.2012. In view of the losses suffered during the financial year 2011-12, approval of shareholders is being sought to pay the remuneration as contained in the proposed resolution for a period of three years with effect from 01.04.2012.

The details as required under sub-paragraph (C) of paragraph 1 under Section II of part II of Schedule XIII are furnished hereunder:

- i. The payment of remuneration was approved by the Remuneration Committee at its meeting held on 15 February, 2012.
- ii. There have been delays by the Company in its debt repayment obligations including interest on such debts, to its lenders. However, the Company has not made any default in repayment of any of its debts for a continuous period of 30 days in the preceding financial year before the date of his appointment.
- iii. Other particulars:

### I. GENERAL INFORMATION:

Sl. No.	Particulars	Details
1.	Nature of Industry	Oil field services
2.	Date or expected date of commencement of Commercial production	Not Applicable
3.	In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus.	Not Applicable

4.	Financial performance based on given indicators	The Company suffered losses during the financial year 2011-2012. However accounts shows a profit of Rs.3,215.19 Million.
5.	Export performance and net foreign exchange collaborations:	Net foreign exchange earned during the financial year 2011-12 is Rs.4230 Million
6.	Foreign Investments or collaborators, if any	The Company has a foreign collaborator "India Offshore Inc" holding 19.13 % equity.

## II. INFORMATION ABOUT THE APPOINTEE:

Sl. No.	Particulars	Details
1.	Background details	Mr.C.P.Gopalkrishnan is a Member of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and a law graduate. He has been with Company since 1987.
2.	Past Remuneration	Mr.C.P.Gopalkrishnan's remuneration for the year 2010 – 11 was Rs.9.40 Million. During the financial year 2012-12, he was paid a remuneration of Rs.6.39 Million.
3.	Recognition or awards	NIL
4.	Job profile and his suitability	Mr.Gopalkrishnan is head of finance and Company Secretary. As Deputy Managing Director and Company Secretary with more than two decades of experience in the drilling industry, he is ideally suited to for the current assignment.
5.	Remuneration proposed	As proposed in the resolution
6.	Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of origin.	There is no company of comparable size in drilling industry in India.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Apart from remuneration payable to Mr.C.P.Gopalkrishnan, there is no pecuniary relationship directly or indirectly with the company.

## III. OTHER INFORMATION:

Sl. No.	Particulars	Details
1.	Reasons of loss or inadequate profits	Majority of Company's operating assets were idle on account of repairs and major refurbishments during the financial year 2011-12 and hence suffered losses during the financial year 2011-12.
2.	Steps taken or proposed to be taken for improvement.	The rigs which were refurbished have gone into operation and there will be steady revenue for the Company during the current year.
3.	Expected increase in productivity and profits in measurable terms.	Since all the rigs are in operation during the current year, the Company hopes to make marginal profits.

The notice may be treated as the abstract of terms and conditions of the appointment of a Whole time Director in terms of Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. C.P.Gopalkrishnan, is interested in this resolution.

### Item No.13:

Mr.Reji Abraham was appointed as Managing Director for a period of five years effective 26.09.2007 by the members at the Annual General Meeting held on 16 August, 2007. His term expires on 25.09.2012.

Considering his contributions to the growth and in the best interest of the company, the Directors at their meeting held on 30.05.2012 recommended the re-appointment of Mr.Reji Abraham as Managing Director for a further period of five years effective 26.09.2012 with revision in terms of remuneration as detailed in the resolution. The resolution requires approval of the members and hence the item is placed before the Meeting.

The terms of contract and the interest of the Director set out in the resolution and the Explanatory Statement may be treated as the abstract of the Memorandum under Section 302 of the Companies Act, 1956.



The details as required under sub-paragraph (C) of paragraph 1 under Section II of part II of Schedule XIII are furnished hereunder:

- i. The payment of remuneration was approved by the Remuneration Committee at its meeting held on 30<sup>th</sup> May, 2012.
- ii. There have been delays by the Company in its debt repayment obligations including interest on such debts, to its lenders.
- iii. Other particulars:

**I. GENERAL INFORMATION:**

Sl. No	Particulars	Details
1.	Nature of Industry	Oil field services
2.	Date or expected date of commencement of Commercial production	Not Applicable
3.	In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus.	Not Applicable
4.	Financial performance based on given indicators	The Company suffered losses during the financial year 2011-2012. However Consolidated accounts shows a profit of Rs.3,215.19 Million.
5.	Export performance and net foreign exchange collaborations:	Net foreign exchange earned during the financial year 2011-12 was Rs.4592.10 Million.
6.	Foreign Investments or collaborators, if any	The Company has a foreign collaborator holding 19.13 % equity.

**II. INFORMATION ABOUT THE APPOINTEE:**

Sl. No.	Particulars	Details
1.	Background details	Mr.Reji Abraham is a graduate in Engineering and a Post Graduate in Management Studies. He is a Promoter and has nearly 20 years of experience in business.
2.	Past Remuneration	Mr.Reji Abraham's remuneration for the year 2010 – 11 was Rs.84.66 million. During the financial year 2011-12 he was paid a remuneration of Rs.6.34 Million.
3.	Recognition or awards	NIL
4.	Job profile and his suitability	With nearly two decades of experience in the drilling industry and being a Promoter of the Company and as Managing Director since August, 2004, he is ideally suited to lead the Company.
5.	Remuneration proposed	As proposed in the resolution
6.	Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of origin.	There is no company of comparable size in drilling industry in India.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr.Reji Abraham is a Promoter of the Company. He is paid remuneration and rent for a portion of our Mumbai office premises owned by him.

**III. OTHER INFORMATION:**

Sl. No.	Particulars	Details
1.	Reasons of loss or inadequate profits	Majority of Company's operating assets were idle on account of repairs and major refurbishments during the financial year 2011-12 and hence suffered losses during the financial year.
2.	Steps taken or proposed to be taken for improvement.	The rigs which were refurbished have gone into operation and there will be steady revenue for the Company during the current year.
3.	Expected increase in productivity and profits in measurable terms.	Since all the rigs are in operation during the current year, the Company hopes to make marginal profits.

The notice may be treated as the abstract of terms and conditions of the appointment of a Managing Director in terms of Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Reji Abraham, is interested in this resolution.

#### **Item No.14**

In view of the growing operations of the Company and to augment the fund requirements of the Company, your Company proposed to create offer issue and allot equity shares GDRs, ADRs, FCCBs, etc., as stated in the resolution. The proposed resolution would be for renewal of approval of issuance of equity shares FCCBs, GDRs, ADRs, etc. for an amount not exceeding USD 400 Million approved by the Members of the Company at the Annual General Meeting held on 28th September, 2011.

None of the Directors is concerned or interested in the resolution.

#### **Item No.15**

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

The proposed special resolution, being an enabling authorization seeks the approval of the Members to the Board of Directors without the need of any further approval from the shareholders under the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB") in accordance with the provisions of SEBI. Pursuant to the above, the Board may in one or more tranches issue and allot equity shares / fully convertible debentures / partly convertible debentures / non convertible debentures with warrants / any other securities (other than warrants) which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (Collectively referred to as "QIP Securities")

The said QIP by the Board shall be subject to the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 (as amended from time to time) including the pricing which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the relevant. The relevant date for the determination of applicable price for the issue of the QIP securities shall be the date of the meeting in which the Board of the Company decide to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be. For reasons aforesaid an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of issue. The securities issued pursuant to the offering would be listed on the Indian Stock Exchanges.

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

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

The Board recommend passing of this resolution

None of the directors is concerned or interested in the resolution.

Chennai - 600 008  
30.05.2012

By Order of the Board

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

Aban Offshore is the largest offshore rig provider based in India.



**Assets**

Number of assets	Employees	Uninterrupted dividend	Market capitalisation
<b>18</b>	<b>1,491</b>	<b>25</b>	Rs. <b>18.8</b>
As on 31st March 2012	As on 31st March 2012	years	As on 31st March 2012 billion

**Our vision**

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

**Lineage**

Aban Offshore (promoted by the late M.A Abraham in 1986) is the flagship company of the Aban Group. The promoters held a 54.11% stake in the Company as on 31st March, 2012.

**Competence**

The Company provides drilling services for offshore exploration and production (E&P) of hydrocarbons globally. It provides drilling services in shallow to deep waters with complete operations management.

**Presence**

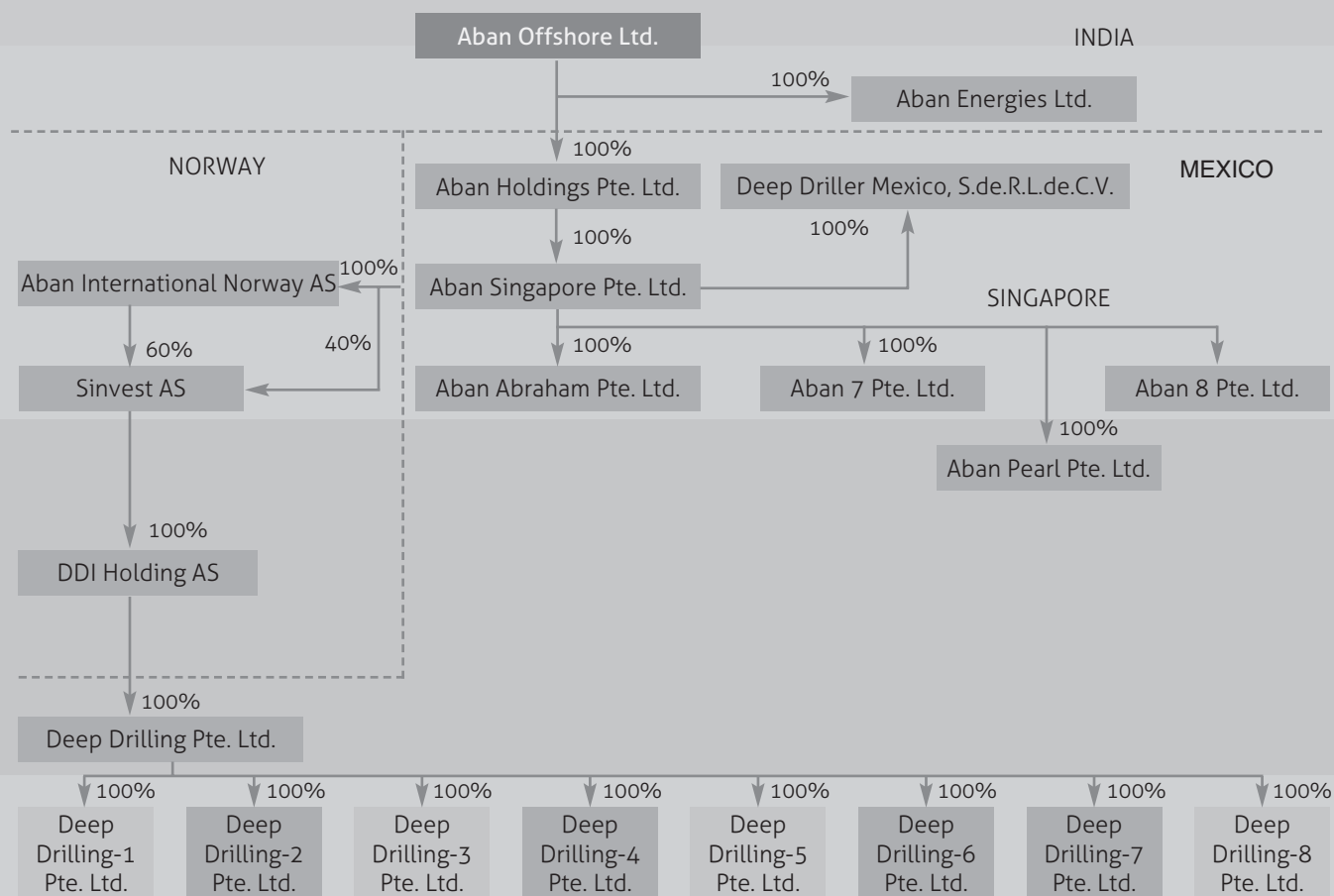
Headquartered in Chennai, India, the Company has a presence across six countries. It has two subsidiaries, namely Aban Energies Limited (India) and Aban Holdings Pte. Limited (Singapore). The Company's shares are listed on the Madras, Bombay and National stock exchanges in India.

**Clients**

- Oil & Natural Gas Corporation of India Ltd. (ONGC) • OVL (Qatar) • Reliance Industries Ltd. (RIL) • Hardy Exploration & Production (India) Inc. • Shell Brunei • Shell Malaysia
- Petronas Carigali SDN BHD (Malaysia)
- Gujarat State Petroleum Corporation Ltd. (GSPC) • Hindustan Oil Exploration Co. Ltd.
- Cairn Energy (U.K.) • Chevron (Thailand)
- Kosmos Energy • Petro SA • PEMEX Mexico
- Total E&P Qatar • Petrobras • Exxon Mobil (Malaysia) and Petrogas E & P



## Aban Group holding structure







## Consolidated results of AOL and its subsidiaries

(Rs. in millions)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Turnover	31,629.21	33,472.23
Less: Expenditure	12,730.93	11,505.15
EBIDTA	18,898.28	21,967.08
EBIDTA %	59.75%	65.63%
Add: Other income	657.66	259.81
Less: Interest	9,890.85	9,335.37
Less: Depreciation	5,160.41	4,907.14
Profit before tax	4,504.68	7,983.78
Add: share of profit in joint venture	-	665.41
Profit before tax and after share in joint venture	4,504.68	8,649.19
Less: Provision for tax	795.38	2,530.86
Core profit after tax	3,709.30	6,118.33
Exchange fluctuation (Loss)/Gain	494.11	7,82.96
Impairment of investment/asset	-	3,885.92
Profit after tax	3,215.19	1,449.45

## Highlights (consolidated), 2011-12

## Total revenue (Rs. in millions)

2009-10	33,586.60
2010-11	33,472.23
2011-12	31,629.21

## PAT margin (%)

2009-10	9.26
2010-11	4.33
2011-12	10.16

## EBIDTA (Rs. in millions)

2009-10	21,004
2010-11	21,967.08
2011-12	18,898.28

## EPS (Rs.)

2009-10	69.84
2010-11	25.86
2011-12	67.16

## EBIDTA margin (%)

2009-10	62.54
2010-11	65.63
2011-12	59.75

## Return on capital employed (%)

2009-10	8.57
2010-11	11.52
2011-12	9.79

## PAT (Rs. in millions)

2009-10	3,110.00
2010-11	1,449.45
2011-12	3,215.19

## Return on networth (%)

2009-10	14.26
2010-11	6.79
2011-12	11.24

## Managing Director's review

**“At Aban, we will focus on enhanced asset utilisation, increased revenues and debt reduction in 2012-13.”**

Reji Abraham reviews the Company's 2011-12 performance and prospects

*Dear Shareholders,*

**Overview**

The financial year under review represented an interesting paradox – while the global economy slowed, oil prices increased and yet Aban Offshore's performance declined – a 5.50% decline in revenues and 13.97% decline in EBITDA margin. However, profit after tax improved from Rs.1449.5 million to Rs. 3215.19 million, mainly on account of loss on the sunk asset of 2010-11.

The investments by oil companies in fresh oil exploration are largely dependent on their cash flows and oil prices. In 2011-12, oil prices remained robust at around USD 90-100. A number of high-cost oil wells, that were out of production when oil realisations were extremely low, now returned to production. The improved financials prompted a number of oil companies to reinvest in their exploration programmes as a result of which global rig utilisation increased from 73% in 2010 to 80% in 2011.

**Refurbishment**

It will be pertinent to explain to our

shareholders that Aban Offshore reported a conscious decline in its performance. Every few years, the Company is required to refurbish some of its assets in rotation. This is also a necessary compliance with society and safety requirements, which enhances our asset efficiency and reliability.

During the year under review, Aban management considered it prudent to contract upgrade the following assets:

- Aban II was under contract upgrade during the financial year under review
- Aban III and Aban V were refurbished during the financial year under review

We must assure shareholders that this refurbishment is a normal part of our business and was factored into our 2011-12 operational budget. However, we could not avoid bunching of such refurbishment/contract upgrades due to the completion of earlier contracts and commencement of new contracts.

**Positives**

Some of the positives that transpired during the financial year under review comprised the following: our deepest drill ship Aban Abraham continued to be deployed with Petrobras since June 2011.

**Looking ahead**

I am pleased to state that following refurbishment, most of these assets were brought back on stream during the later part of the financial year under review and during the first quarter of the current year.

- Aban II was put back on stream from 19 April, 2012
- Aban III was put back on stream from 22 December, 2011
- Aban V was put back on stream from 26 October, 2011

As a result, we expect to have all our rigs deployed through the current financial year (except for our FPU Tahara) at relatively attractive rates across fairly long tenures, which should translate into revenue and profit predictability.



At Aban Offshore, one of the major objectives is the need to rationalise our debt. Over the last few years, we focused on doing precisely this: through repayment, extension of tenures and reduction in the coupon rate.

### Strategy

At Aban Offshore, one of the major objectives is the need to rationalise our debt. Over the last few years, we focused on doing precisely this: through repayment, extension of tenures and reduction in the coupon rate.

This initiative extended into the financial year under review. Our debt maturity profile of around Rs. 1,80,000 millions was revised from three years to ten years. This indicates that banks reposed continued confidence in our sector, business model, fundamentals, integrity and prospects.

Further, preference shares of 450 million were redeemed, foreign currency convertible bonds valued at Rs. 34,900 millions were redeemed and we reissued and redeemed bonds worth USD 365 million.

Your Company possesses adequate resources to address these periodic liabilities. Once these liabilities are liquidated and gearing improves, we expect to mobilise additional cash

resources at a low cost whenever required to address probable inorganic growth opportunities.

### Going ahead

At Aban, we will always focus on enhancing our profitability through the following initiatives:

- Timely deployment of our rigs.
- Negotiating higher day rates
- Locking our assets through long-term tenures in exchange for predictable revenue inflow and short-term contracts where the Company needed to respond to improving day rates
- Retaining our position as one of the most cost-effective rig service providers
- Strengthening our safety and environmental standards in line with growing industry regulations
- Achieving a high asset uptime through rigorous compliance with safe operational and environmental benchmarks

### Outlook

The oil demand outlook continues to be robust as the world inches to recovery. The result is that oil prices are either expected to stabilise at the upper level, which could trigger higher E&P spending by oil and gas companies and generate opportunities for rig service providers like us.

Aban is attractively placed to capitalise on this emerging reality. The Company possesses an adequately diversified rig mix to address deepwater requirements which doubled in the last five years and are expected to double again over the next five years.

Going ahead, we expect to enhance value through long-term deployment at attractive rates, effective cost management, progressive debt management and strengthened margins leading to enhanced shareholder value.

# STRENGTHS

Aban is the largest Indian-owned offshore drilling rig provider.





Aban deploys its rigs across six countries

**Legacy**

Aban is the largest Indian-owned offshore drilling rig provider. The Company is among the world’s ten largest offshore oil rig service providing companies. Over the last decade, the Company emerged as one of the world’s fastest-growing oil rig service providing companies.

**Asset mix**

Aban provides a diverse rig portfolio to suit varied customer needs: 15 jack-ups, two floaters and one floating production unit.

**Indian multinational**

Aban deploys its rigs across six countries, demonstrating its operational flexibility.

**Knowledge excellence**

Aban’s growing industry presence is characterised by low-cost operations, high asset uptime, global competitiveness and industry respect.

**Technology**

Aban invested in asset youthfulness that translates into operational dependability. The average age of nine jack-ups was four and a half years, resulting in high uptime and attractive day rates.

**Premium clientele**

Aban’s clientele comprises of 25 major international exploration and production companies. The Company enjoys a trusting relationship with ONGC for over two decades.



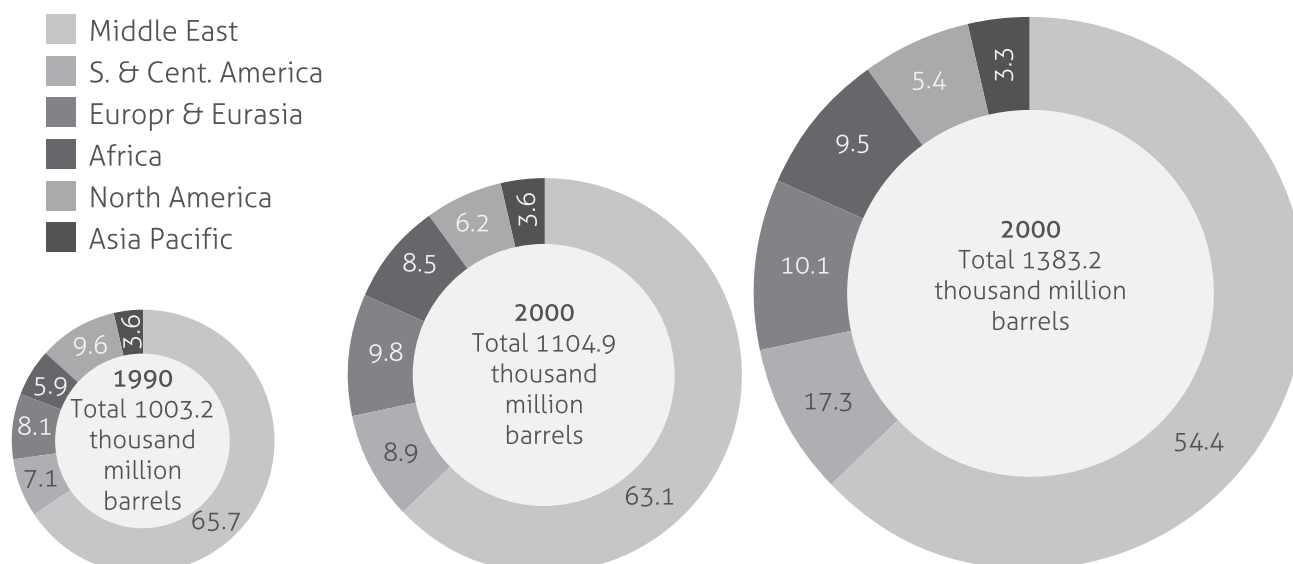
# MANAGEMENT DISCUSSION AND ANALYSIS

## Global oil industry

In 2010, world oil production grew by 1.8 Mb/d and surpassed the level reached in 2008. Growth was the largest since 2004 and was divided evenly between OPEC and non-OPEC countries. The largest OPEC increases were in Nigeria (+340,000 b/d) and Qatar (+220,000 b/d). Non-OPEC output increased by 0.9 Mb/d, the highest since 2002, and was led by China (+271 Kb/d) – recording its

largest increase ever was the US (+242 Kb/d) and Russia (+236 Kb/d). Growth remained robust in China and the Middle East with Chinese consumption growing by 860,000 b/d or 10.4%. OECD oil consumption rose by 480 Kb/d – making 2010 the first year of annual OECD growth since 2005. Despite the increase, consumption in 2010 was still 3.6 Mb/d below the peak in 2005 (*Source: BP statistical review*).

## Distribution of proved reserves in 1990, 2000 and 2010 (%)



MODU demand will increase over 2010-2020. The capital investments of projects increased significantly in the last decade along with an increase in the number of barrels produced per day, water depths and complexity of reservoir and drilling units with the latest equipment.

### Energy production

Oil production continues to grow across various regions, prima facie growing in the Middle East. While the world witnessed moderate growth between 2005 and 2010, the

world will see an overall growth of more than 4% by 2015. The North American region will also play a big role, where 8% growth will make a significant contribution to the world production by 2015.

Million tonnes oil equivalent	1990	1995	2000	2005	2010	2015
North America	655.6	646.0	650.8	645.3	648.2	700.1
S and C America	230.3	295.7	345.3	347.1	350.0	395.5
Europe and Eurasia	788.3	669.4	724.7	844.8	853.3	836.7
Middle East	851.8	980.5	1140.9	1217.9	1184.6	1285.0
Africa	320.9	339.3	370.9	470.7	478.2	475.1
Asia Pacific	324.9	353.6	379.2	380.8	399.4	397.1
<b>Total Oil Production</b>	<b>3171.8</b>	<b>3284.4</b>	<b>3611.8</b>	<b>3906.6</b>	<b>3913.7</b>	<b>4089.4</b>

(Source: BP outlook, 2012)

### Indian oil industry

Hydrocarbons satisfy a major energy demand in India; coal and oil together represent about two-thirds of the total energy used. India is the fifth-largest energy consumer globally and likely to surpass Japan and Russia to become the world's third-largest energy consumer by 2030. Crude oil production was recorded at 31.87 million metric tonnes (MMT) for April-January 2012 compared with 31.41 MMT in April-January 2011 (Source: ibef.org).

### Drilling market

Offshore drilling is primarily dominated by mobile offshore drilling units. Global MODU leasing contracts until 2010 was in the region of USD 25.5 bn. Further, technological changes are occurring within the MODU industry and based on available information on leasing MODU between 2010 and 2020, global expenditure on MODU construction, leasing, maintenance and upgrades stands at USD 48.65bn in 2011. This clearly highlights the fact that MODU demand will increase over 2010-2020. The capital investments of projects increased significantly in the last decade along with an increase in the number of barrels produced per day, water depth as well as complexity of reservoir and drilling units with the latest equipment.

As of December 2011	(in operation worldwide )
Drill barges	48
Drill ships	73
Inland barges	74
Jack-ups	491
Platform rigs	250
Semi-subs	210
Submersibles	5
Tenders	40

(Source: SbWire research)

### Outlook

According to Business Monitor International's (BMI) India Oil and Gas Report for the first quarter of 2012, India's average oil and gas production for 2011 was estimated at 1.04 million barrels per day (B/D) which will reach peak production at 1.06 million B/D in 2012. Given its demand outlook, BMI project consumption is expected to rise sharply to 4.29 million B/D by 2016 from 3.44 million B/D in 2011. Total gas consumption is estimated by BMI to be around 81 billion cubic meters (BCM) in 2016 from around 58 BCM in 2011 (Source: IBEF Research).

**World oil demand outlook in the reference case**

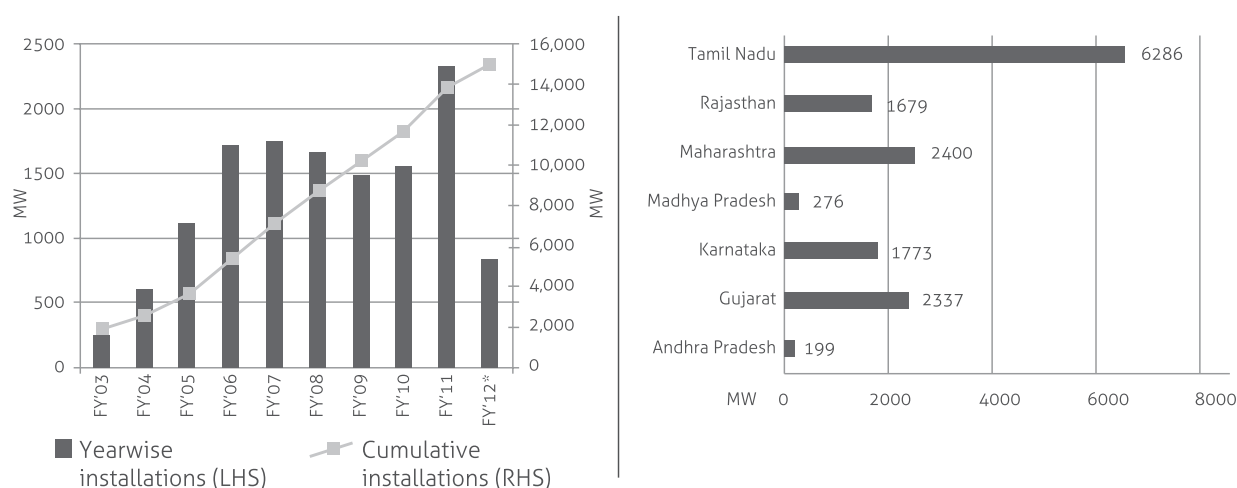
mb/d

Particulars	2010	2015	2020	2035
OECD	46.1	46.0	45.2	41.9
Developing countries	35.9	41.8	47.2	61.9
Transition economies	4.8	5.1	5.3	5.9
World	86.8	92.9	97.8	109.7

(Source: BP outlook, 2012)

**Wind energy**

India has added around 2,400 MW of wind energy capacity during FY2011-12, growing at an annual 15%. Further, trading of Renewable Energy Certificates (REC) on the power exchange since March 2011 acts as a positive incentive for more addition.

**Growth in capacity addition at 15% going forward; IPP segment to remain a key driver**

(Source: ICRA Research, Website of C-Wet, \*Till August 2011)

**OPPORTUNITIES AND THREATS:****Opportunities for the rig industry**

Exploration and production activities by oil and gas companies are expected to grow owing to rising oil demand and prices thus, strengthening the growth prospects for the world rig industry.

**Threats for the rig industry**

- The number of players entering the field is increasing due to the new built-up jack rigs which are affecting the charter rates negatively. This could impact the Company's performance slightly.
- The global E&P business capex is connected to crude oil prices. Low crude oil prices and reducing rig-rates could result in low E&P spends in the near future.
- The Company's vital revenue spinner may be affected in the long term owing to increased emphasis on deep-sea drilling and jack-up rig demand

### Opportunities for the wind energy business

- Wind power receives various excise duties and income tax exemptions, encouraging wind power generation. Hence, wind energy is the fastest-growing energy sector
- Wind turbine is suitable to install in remote rural areas, water pumping and grinding mills
- Wind energy can be used for both distributed generation or grid interactive power generation using on-shore or off-shore technologies
- Average capacity factor can be close or higher than 30%
- It is a pollution-free, clean source of energy, with no greenhouse gas effects or harmful emissions
- Wind turbines require less space for installation on farms and ranches. The turbine occupies about 2% of the total area (the turbine's foundation is located underground), making the land available for other purposes
- **National action plan for climate change (NAPCC)** – Released in June 2008 by GOI, NAPCC suggests a target of a minimum renewable energy purchase obligation (RPO) of 5% since 2009-10 with 1% increase for the next 10 years
- **Renewable Energy Certificate mechanism** – The key objective of the REC mechanism is to develop renewable energy and facilitate its inter-state flow; this will enable obligated entities (distribution utilities and open access customers) across states to meet their RPO targets as recommended by the NAPCC. Since March 2011, RECs are traded on the power exchange for market-based price discovery, with the floor and cap being set by the CERC.

### Threats in wind energy

- Inconsistent RPO norms across states
- Irregular monitoring system and compliance norms
- Execution risk beyond inter-connection points
- Variation and inconsistency in tariff across states

### Future ahead

The global wind industry will install more than 46 GW of new wind energy capacity in 2012, according to a five-year industry forecast published recently by the Global Wind Energy Council (GWEC) at the EWEA 2012 Conference at Bella Center in Copenhagen. By the end of 2016, total global wind power capacity will be just under 500 GW, with an annual market in that year of about 60 GW.

Overall, GWEC projects average annual market growth rates of about 8% for the next five years, but with a strong 2012 and a substantial dip in 2013, total installations for the 2012-2016 period are expected to reach 255 GW, with a cumulative market growth averaging just under 16%.

For the second consecutive year, the majority of new installations were outside the OECD and this trend will no doubt continue. Asia will continue to be the world's largest market with far more new installations than any other region, installing 118 GW between now and 2016, and surpassing Europe as the world leader in cumulative installed capacity sometime during 2013, ending the period with about 200 GW in total.

After nearly a decade of double and triple digit growth, the Chinese market has finally stabilised, and will remain roughly at current levels for the next few years. Having achieved a 3 GW market for the first time in 2011, the annual market in India is expected to reach 5 GW by 2015. The future of Japan's energy system, with the near-universal rejection of nuclear power after the triple tragedy on 11 March 2011, gives hope for a new beginning for the wind industry in Japan.

## Operational review

**Drilling division:** Revenue generated from drilling declined to Rs. 32228.12 million in 2011-12 compared with Rs. 33634.05 million in the previous year. As on 31st March 2012, all rigs were operational, forecasting a positive revenue generation in the coming financial year.

**Wind energy division:** Revenue from the Company's wind energy division declined to Rs. 58.75 million in 2011-12 compared with Rs 97.99 million in 2010-11. Further, 21.94 million units of power were generated in 2011-12 compared with 31.57 million units of power in 2010-11.

## Segment wise performance (Consolidated)

(Rs. in millions)

Years	Drilling		Wind Energy	
	Revenues	Profit	Revenues	Profit/ (Loss) before tax
2008-09	3,4419.05	7,017.5	124.55	(215.4)
2009-10	33,670.50	4,618.3	134.18	(187.9)
2010-11	3,3634.05	3,475.3	97.99	(160.4)
2011-12	32,228.12	4,205.39	58.75	(194.82)

## Financial review

The Company reported a consolidated total income of Rs. 32,286.87 million in 2011-12 (Rs. 33,732.04 million in 2010-11). The Company's core profit after tax stood at Rs. 3,709.30 million in 2011-12 against Rs. 6,118.33 million in 2010-11.

## Risks and concerns

The section has been addressed in a later part of the report.

## Human resource management

Human resource management is critical to the Company's growth through people recruitment, retention and enrichment. A value-centric management ensures employee loyalty, provides various compensation packages and performance-based incentives. Training and development programmes are conducted on a regularly to

ensure that employees receive an opportunity to upgrade their knowledge. Aban's employee strength at the end of 31 March, 2012 was 1,491.

## Internal audit and controls

The internal audit reviews internal control checks of the Company's various significant operations. It is carried out regularly to ensure the effectiveness of its internal control. The Company also has an Audit Committee which is responsible for reviewing the Audit Report submitted by the internal auditors. The feedback from the Committee is considered and the necessary implementations are carried out. The Audit Committee also invites the statutory and internal auditors for regular meetings to review its internal control system. The Board of Directors are kept informed from time to time about any major observations.



# MINIMISING RISKS AT ABAN

01

A slowdown in the economy can affect the Company's prospects

## Mitigation

Despite a global economic slowdown, oil prices performed buoyantly over the last year, driven partly by growing demand and declining availability. India's average oil and gas production is estimated to reach a peak production of 1.06 million b/d in 2012.

02

Concentration in specific geographies could affect prospects in the case of a slowdown in those regions

## Mitigation

The Company's footprint extends across South East Asia, South Asia, Latin America, West Africa and the Middle East. The Company derived 20% of revenues from international markets and 82% from Indian market, an adequate de-risking. .

03

Increasing competition could affect realisations.

## Mitigation

New rig costs are estimated as high as USD 180-200 million with a payback period of around 6-8 years, an effective entry barrier. The Company progressively emerged as one of the world's lowest cost rig service providers, coupled with enduring customer relationships, strengthening its overall competitiveness.

04

Obsolete assets could lead to lower uptime and revenue decline.

## Mitigation

The Company owns 18 rigs with an average age of nine of its rigs being four and half years – one of the youngest large rig fleets globally. The Company engages in periodic refurbishment and dry docking, making its assets safe on the one hand and delivering a high uptime on the other.

05

An improper utilisation of assets could affect business returns

## Mitigation

The Company deploys rig assets across a judicious mix of long-term and short-term contracts, which enhances revenue predictability on the one hand and makes it possible to capitalise on attractive short-term rates on the other. Its two-decade rich industry presence and enduring customer relationships with leading oil and gas exploration companies makes it possible to renew contracts on schedule.



# DIRECTORS' REPORT

The Directors of your company are pleased to present the Twenty Sixth Annual Report along with the accounts for the year ended 31st March 2012.

## 1. FINANCIAL RESULTS

Particulars	Rs. Millions		Rs. Millions	
	Standalone		Consolidated	
	For the year ended			
	31 March, 2012	31 March, 2011	31 March, 2012	31 March, 2011
Income from Operations	6,385.28	11,907.43	31,629.21	33,472.23
Other Income	758.85	765.70	657.66	259.81
Less Expenditure	3,726.19	4,614.54	13,225.04	12,801.16
Profit before Interest and Depreciation	3,417.94	8,058.59	19,061.83	20,930.88
Less Interest	3,662.53	3,354.76	9,890.85	9,335.97
Less Depreciation	986.10	1,148.07	5,160.41	4,907.14
Profit for the year before Tax before Exceptional Items	(1,230.69)	3,555.76	4,010.57	6,687.77
Less Exceptional Items	-	-	-	3,372.87
Profit for the year before Tax	(1,230.69)	3,555.76	4,010.57	3,314.90
Provision for Tax	-	1,360.00	818.75	2,674.58
Fringe Benefit Tax	-	-	-	-
Provision for Deferred Tax	(23.38)	(143.70)	(23.37)	(143.72)
Profit after Tax before share in Earnings of joint Ventures	(1,207.31)	2,339.46	3,215.19	784.04
Share in earnings of Joint Ventures	-	-	-	665.41
Profit for the year after tax and after share in earnings of joint venture	(1,207.31)	2,339.46	3,215.19	1,449.45
Profit brought forward from the previous year	7,360.90	6,267.65	8,070.09	7,866.85
Available for appropriation	6,153.59	8,607.11	11,285.28	9,316.30
Transfer to Capital Redemption Reserve	-	500.00	-	500.00
Transfer to General Reserve	-	240.00	-	240.00
Proposed Divided – Preference	252.24	278.90	252.24	278.90
Proposed Dividend- Equity	156.66	156.66	156.66	156.66
Tax on Dividend – Preference	40.92	45.24	40.92	45.24
Tax on Dividend – Equity	25.41	25.41	25.41	25.41
Balance Carried forward	5,678.36	7,360.90	10,810.05	8,070.09

## 2. PERFORMANCE

Revenue earned during the year under review stood at Rs.7,144.13 millions. Rigs Aban II, Aban III, Aban IV, Aban V, Aban VI and Drillship Aban Ice were working satisfactorily under the existing contracts. Floating Production Unit Tahara is being actively marketed.

## 3. CHANGES IN SHARE CAPITAL

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

Preference shares to the extent of 450 Million were redeemed during the year. Preference shares which were due for redemption on 29<sup>th</sup> December, 2011, 28 February, 2012 and 30<sup>th</sup> March 2012 have been extended by another three years and the coupon rates have also been revised to 10%.

## 4. SUBSIDIARY COMPANIES

### INDIAN

#### Aban Energies Limited

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

### INTERNATIONAL

All Rigs are under contract and are performing well

## 5. CONSOLIDATION OF ACCOUNTS

The Audited consolidated accounts and cash flow statement comprising Aban Offshore Ltd and its Subsidiaries in accordance with the Accounting Standard Rules 2006 prescribed by the Institute of the Chartered Accountants of India in this regard is attached.

Government of India, Ministry of Company Affairs, vide General Circular No. 2/2011 dated 08.02.2011 has granted general exemption under section 212(8) of the Companies Act, 1956 from the year ending 31st March, 2011 from not attaching the full text of the financial statements of subsidiaries subject to fulfillment of certain conditions prescribed in the circular.

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

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

The subsidiary Company accounts details shall be available in the Company's website.

## 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

## 7. DIVIDEND

The Directors are pleased to recommend a dividend of 8 % p.a, 9% p.a upto 29<sup>th</sup> December, 2011, 28<sup>th</sup> February 2012 and 30<sup>th</sup> March 2012 and @ 10% p.a from 30 December, 2011, 01 March 2012 and 31<sup>st</sup> March 2012 respectively and 9.25 % p.a on the Non-Convertible Cumulative Redeemable Preference Share Capital of the Company and a dividend of 180 % (Rs.3.60 per share) on the paid-up Equity Share Capital of the Company for the year ended 31st March 2012.

## 8. DIRECTORS

Mr.V.S.Rao and Mr.Satish Chandra Gupta resigned from the Board. The Board wishes to place on record its sincere appreciation for the valuable services rendered by Mr.Rao and Mr.Gupta during their tenure.

Mr.P.Murari and Mr.K.Bharathan retire by rotation and being eligible, offer themselves for re appointment.

The Board recommends the re appointment of Mr.Reji Abraham as Managing Director for a further period of 5 years effective 26.09.2012. He shall not be liable to retire by rotation.

## 9. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts for the financial year ended on 31st March 2012, the applicable accounting standards had been followed along with a proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Directors had prepared the accounts for the financial year ended on 31st March 2012 on a going concern basis.

## 10. STOCK EXCHANGES

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

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

Preference Shares aggregating to Rs.2,810 Million issued by the Company are listed with Bombay Stock Exchange Ltd.

Necessary stock exchange regulations are complied with. Applicable listing fees for the year 2012 - 13 has already been paid to the respective stock exchanges.

## 11. Auditors

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

## 12. Additional Disclosures

In line with the requirements of Accounting Standards Rules 2006 of the Institute of Chartered Accountants of India, your Company has made additional disclosures in respect of the financial reporting of interests in the joint venture in the notes on accounts

## 13. Particulars of employees

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and relevant particulars of the employees who were employed throughout the financial year / part of the financial year under review and were in receipt of remuneration for the

Financial Year in aggregate of not less than Rs.60,00,000 (Rs.5,00,000 per month or part thereof), are annexed.

**A. Conservation of Energy**

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

**B. Research and development**

The Company's research and development activities are focused on indigenization of equipment, tools and spares, which are used in rigs and wind mills.

**C. Technology absorption, adoption and innovation**

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

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

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**FOREIGN EXCHANGE EARNINGS AND OUTGO**

	(Rupees in Millions)	
	2011 - 12	2010 - 11
Foreign exchange earned during the year	4592.10	10049.87
Foreign exchange outflow during the year	1293.38	930.43

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**15. Corporate Governance**

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

**16. Compliance Certificate**

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

**17. Acknowledgements**

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

For and on behalf of the Board

Place: Chennai  
Date:30.05.2012

**Reji Abraham**  
*Managing Director*

**P.Murari**  
*Vice Chairman*

**Cautionary Statement:**

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



## ANNEXURE TO THE REPORT OF THE DIRECTORS

Statement as at 31st March 2012 pursuant to clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999

### Employee Stock Options - 2005

	2005	2006	2008	2009	Total
a) (i) No of options granted	96200	47000	125000	175000	443200
b) Pricing Formula	Options were granted at the closing market price of the Equity Shares of the Company on the Stock Exchange where high volume of shares were traded on the day preceding the date of grant of options				
c) Exercise Price	431.60	1288.25 & 1211.50	3622.85	649.75	
d) Total No. of Options vested	3,73,200				
e) Total No. of Options exercise	95,130				
f) Total No of equity shares arising as a result of exercise of options	95,130 Equity shares of Rs.2/- Per share fully paid				
g) Total No. of Options Lapsed	1,18,780				
h) Variation of terms of Options	None				
i) Money raised by exercise of options	Rs. 2,28,08,794/-				
j) Total No of options in force	1,59,290				
j) Details of Options granted to Senior managerial personnel	No options were granted during the year 2011-12				
S. No	Name	Designation	No of Options granted during the year		
	Not Applicable	Not Applicable	NIL		
k)	Any other employee who received grant in any one year of options amounting to 5% or more of the options granted during the year	No			
l)	Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant)	None			
m)	Diluted Earnings per Share (EPS) pursuant to issue of Equity Share on exercise of options calculated in accordance with the accounting standard (AS 20) Earnings per share	Rs .(34.24)			
n)	Method of calculation of employee compensation cost	The employee compensation cost has been calculated using the intrinsic value method of accounting to account for the options issued under the Aban Employee Stock Option Scheme. The Stock based Compensation cost as per the intrinsic value method for the financial year 2011 -12 is NIL.			
	Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options	NIL			
	The impact of this difference on profits and on EPS of the Company	Not Applicable			



o) Weighted average exercise prices and weighted average fair values of options granted for options whose exercise price either equals or exceeds or is less than the market price of the stock

p) A description of the method and significant assumptions used during the year to estimate the fair values of Options

Weighted average exercise price - Rs.1507.60

Weighted average fair value – Rs.473.86

The fair value of each option is estimated using the Black Scholes Option pricing model after applying the key assumptions

i) risk free interest rate – 6.9694%

ii) Expected Life – 3 years

iii) Expected volatility – 43.72%

iv) Expected dividends – Rs.3.42 per share

v) The price of the underlying

Share in the market at the

Time of option grant Rs.787.05

## Annexure to the Directors' Report

Information as per section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (amendment) Rules 1988, and forming part of the Directors Report for the year ended 31st March 2011. Employed throughout the Financial Year under review, were in receipt of remuneration for the Financial year in aggregate of not less than Rs. 60,00,000/- (Rupees Sixty Lakhs only) per annum or Rs.5,00,000/- (Rupees Five Lakhs only) per month where employed for the part of the year

S. No.	Name	Age	Remuneration (Rs.)	Nature of Duties / Designation	Qualification (s)	Date of commencement of employment	Experience in Years	Details of Previous Employment
1	A.C.D' souza	55	69,67,997	Tool Pusher	SSC	5/2/1987	36	Derrick Man, Zapata Offshore Drilling Co.
2	A.P.S. Sandhu	60	1,33,71,984	Chief Operating Officer	B.Sc Engg (Mechanical)	3/20/1992	36	Chief Engineer - ONGC Ltd
3	Abraham Nakrampurathu Chacko	53	79,32,330	Sr Tool Pusher	DME	2/7/1997	30	Nadirco Saudi Ltd
4	Anil Kishore Sharma	44	69,40,561	Rig Manager	B.E. (Mech)	3/18/2009	30	Saudi Aramco - Drilling Supervisor
5	James Ravichandran	52	86,85,367	Chief Mechanic	ITI	4/13/1988	28	Not Applicable
6	K.Jayarajan	51	70,44,262	General Manager (Operations)	B.Sc Engg (Mechanical)	8/11/1997	30	Dy . SE (Drilling) - ONGC Ltd
7	KC Kushalappa	47	78,16,597	Rig Manager	B.E. (Industrial and Production Engineering)	3/27/1992	24	G.E.T. in Triveni Engineering Works Ltd
8	Radhesam Varma	54	69,75,103	Rig Manager	B.E. (Mech)	9/26/2008	30	Saudi Aramco - Drilling Supervisor
9	Rajesh Kumar Agarwal	50	83,05,554	Sr Tool Pusher	DME, AMIE in Mechanical Engg.	8/24/2008	29	NDC
10	Sunil G. Abraham	49	64,93,206	Tool Pusher	B. Tech(Mech.)	2/21/1992	20	Not Applicable
11	Suresh Kumar	51	95,08,095	Tool Pusher	B.E. (Mechanical)	4/1/2002	30	Rig Superintendent - Jagson International
12	Taneja D.K.	54	87,67,911	Tool Pusher	Diploma (Mechanical Engg.)	7/10/1996	32	Drilling Superintendent-Triveni Oil Field Services
13	Tomar R.S.	46	75,84,321	Driller	SSC	6/1/1996	21	Roustabout Arya Offshore Limited
14	Vinodhan V.K.	59	60,54,097	Rig Manager	B.Sc Engg (Mechanical)	11/23/2004	36	Base-Manager -NICO Resources Ltd

### Notes

- (a) Remuneration includes Salary and taxable value of perquisites as per Income tax rules  
(b) Nature of employment is contractual

# CORPORATE GOVERNANCE

## ABAN'S GOVERNANCE PHILOSOPHY

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

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

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

The names of the Directors on the Board, their attendance at the meetings and the other Directorships that they held as on 31st March, 2012 are set out below:

## I BOARD OF DIRECTORS

### COMPOSITION OF BOARD

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

The Company's Board met 6 times during the year 2011 - 12 on the following dates: 26.05.2011,05.08.2011,28.09.2011,08.11.2011,22.12.2011 and 31.01.2012

Name of Director(s)	Category Of Directorship	Financial year 2011-2012 Attendance at		As on 31st March 2012			
				No. of Other Directorships		Committee Positions in other Companies*	
		Board Meetings	Last AGM	Public Ltd. Cos.	Private Ltd. Cos	Member	Chairman
V. S. Rao (upto 25.01.2012)	Non - Executive - Independent	5	Yes	-	-	-	-
P. Murari	Non - Executive - Independent	5	Yes	9	-	2	3
Reji Abraham	Executive - Promoter	6	Yes	7	17	-	-
Satish Chandra Gupta (upto 08.11.2011)	Non - Executive Independent	1	-	9	-	-	-
K Bharathan	Non - Executive Independent	6	Yes	2	-	-	-
K.M. Jaya Rao	Non - Executive Independent Nominee – ICICI Bank Ltd. (lender)	3	Yes	1	-	-	-
P. Venkateswaran	Executive Non Promoter	6	Yes	4	5	-	-
C.P. Gopalkrishnan	Executive Non Promoter	6	Yes	4	16	-	-

Excludes directorships in associations foreign and section 25 companies

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

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

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

The Board recommends the re-appointment of Mr. P. Murari and Mr.K . Bharathan as Directors. The Board also recommends the re-appointment of Mr. Reji Abraham as Managing Director for a further period of five years effective 26.09.2012.

Name of Director	P Murari	K Bharathan
Date of Birth	19.08.1934	15.04.1960
Nationality	Indian	Indian
Date of Appointment on Board	18.09.1996	26.12.2003
Qualifications	M.A(Economics)	ACA
Shareholding in the Company Equity Shares of Rs.2/- each	Nil	
Membership in Committees of the Company	Compensation Committee and Remuneration Committee	Audit Committee, Compensation Committee and Remuneration Committee
Chairmanship in Committees of the Company	Audit Committee	Shareholders'/Investors' Grievance Committee
List of Companies in India which Directorship held	Adayar Gate Hotel Ltd HEG Ltd Aditya Birla Nuva Ltd Xpro India Ltd Great Eastern Energy Corporation Ltd. IDEA Cellular Ltd\ Bajaj Holding and Investment Ltd Bajaj Auto Ltd Fortis Malar Hospital Ltd.	Ponni Sugars (Erode) Limited.
Membership / Chairmanship in other Companies	Aditya Birla Nuva Ltd. Fortis Malar Hospital Ltd. Xpro India Ltd Great Eastern Energy Ltd Adayar Gate Hotel Ltd.	

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

#### REMUNERATION TO DIRECTORS

*Amount in Rupees*

Name of the Director (s)	Consolidated Salary	Perquisites and other benefits	Commission	Sitting Fees	Total
V S Rao	--	--	--	59,000	59,000
P Murari	--	--	--	59,000	59,000
K Bharathan	--	--	--	84,000	84,000
Reji Abraham	48,00,000	15,26,400	--	--	63,26,400
Satish Chandra Gupta	--	--	--	10,000	10,000
K M Jayarao	--	--	--	30,000	30,000
P Venkateswaran	48,00,000	15,95,520	--	--	63,95,520
C P Gopalkrishnan	48,00,000	15,95,520	--	--	63,95,520

- Sitting fees for the meetings attended by Mr. Jayarao was paid to the institution M/s ICICI Bank Ltd.

#### REMUNERATION TO NON-EXECUTIVE DIRECTORS

No remuneration, other than sitting fees and other expenses (travelling, boarding and lodging incurred for attending the Board/ Committee meetings) were paid to the non-executive Directors in 2011-12

#### Code of Conduct

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

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

#### II. COMMITTEES OF THE BOARD

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

## A. AUDIT COMMITTEE

### Terms of Reference

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

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

Reviewing with the Management the annual financial statements of the Indian Subsidiary Company

4 meetings of Audit Committee were held during the year ended 31st March 2012 on the following dates: 26.05.2011, 05.08.2011, 08.11.2011 and 31.01.2012

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

### Composition and Attendance

Name	Category	No. of Meeting Attended
V. S. Rao	Chairman (upto 25.01.2012)	3
P. Murari	Chairman (from 31.01.2012)	3
K. Bharathan	Member	4
K.M.Jayarao	Member (from 31.01.2012)	1
P. Venkateswaran	Member (from 31.01.2012)	1

Mr.P.Murari was appointed as Chairman of Audit Committee consequent to resignation of Mr.V.S.Rao.

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

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

## B. SHAREHOLDER'S / INVESTORS' GRIEVANCE COMMITTEE

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

The Committee met 4 times during the year on 26.05.2011, 05.08.2011, 08.11.2011 and 31.01.2012

### Composition and Attendance

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

The Company received 32 Complaints from shareholders which were answered and resolved, there were no pending complaints at the beginning or at the end of the year.

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

## C. COMPENSATION COMMITTEE

The Compensation Committee has been formed in the year 2005 with the following powers:

- a) Identification of Classes of employees entitled to participate in the Employee Stock Option Scheme (ESOS) and the quantum of option to be granted under ESOS per employee and in aggregate.
- b) Conditions under which option vested in employees shall lapse.
- c) The exercise period within which the employee should exercise the option granted and the conditions where the granted options will lapse on failure to exercise the option within the exercise period.

- d) Specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee, the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
- e) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and other.
- f) Grant, vest and exercise of option in case of employee who are on long leave.
- g) Framing suitable policies and systems to ensure that there is no violation of Securities and Exchange Board of India (Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations 1995, by any employee

- h) Monitoring and from time to time altering ESOS 2005

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

Maximum number of options that may be granted under the scheme is 18,44,000 equity shares of Rs.2/- each - Options granted during the year NIL (upto Previous Year: 4,43,200 Equity Shares of Rs.2/- each) - Options lapsed during the year 78,570 Equity Shares of Rs.2/- each (Upto Previous Year: 40,210 Equity Shares of Rs.2/- each) - Options exercised during the year: Nil (upto Previous Year: 95,130 Equity Shares of Rs.2/- each) Outstanding at the end of the year: 2,29,290 Equity Shares of Rs.2/- each (upto Previous Year: 3,07,860 Equity Shares of Rs.2/- each), Options yet to be granted under the scheme: 15,19,580 Equity Shares of Rs.2/- each (Previous year: 14,41,010/- Equity Shares of Rs.2/- each).

There was no committee meeting during the year.

#### REMUNERATION COMMITTEE:

The Company has set up a Remuneration Committee during the year.

Terms of reference:

- (i) To recommend /review the remuneration payable to Managing Director and Whole time Directors based on their performance and defined assessment criteria.
- (ii) Any other matter relating to remuneration payable to Managing Director and Whole Time Directors.

Remuneration Policy: The remuneration policy of the company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

#### Composition and Attendance

<u>Name</u>	<u>Category</u>	<u>No. of Meetings attended</u>
Mr. P.Murari	Chairman	1
Mr. K.Bharathan	Member	1
Mr. K.M.Jayarao	Member	1

#### III. Subsidiary Company

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

#### IV. GENERAL BODY MEETINGS

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

<u>Annual General Meeting</u>	<u>Day and Date</u>	<u>Time</u>	<u>Venue</u>
25th Annual General Meeting***	Wednesday 28.09.2011	11.00 A M	Narada Gana Sabha Trust (Sathguru Gnananda Hall), T.T.K Road, Chennai 600 018.
24th Annual General Meeting**	Friday 24.09.2010	11.00 A.M	Mini Hall, Music Academy No.168(old No.306), T.T.K Road, Royapettah, Chennai-600 014
23rd Annual General Meeting*	Wednesday 16.09.2009	11.00 A.M	Mini Hall, Music Academy No.168(old No.306), T.T.K Road, Royapettah, Chennai-600 014

\*\*\* Five Special Resolutions were passed and No Postal Ballot were used / invited for voting.

\*\* Three Special Resolutions were passed and No Postal Ballot were used / invited for voting.

\* Three Special Resolutions were passed. No Postal Ballot were used / invited for voting.

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



1. \*\*\* AGM held on 28th September 2011
  - a. Auditors appointment
  - b. Re-appointment of Mr. P. Venkateswaran as Deputy Managing Director of the Company for a period of 5 years from 1.8.2011 to 31.07.2016.
  - c. Re-appointment of Mr. C.P. Gopalkrishnan as Deputy Managing Director of the Company for a period of 5 years from 1.8.2011 to 31.07.2016.
  - d. Raising fund through issue of FCCBs, GDRs, ADRs, etc
  - e. Issue of equity related securities to QIBs
2. \*\*AGM held on 24th September 2010
  - a. Auditors appointment
  - b. Raising fund through issue of FCCBs, GDRs, ADRs, etc
  - c. Issue of equity related securities to QIBs
3. \*AGM held on 16th September 2009
  - a. Auditors appointment.
  - b. Raising fund through issue of FCCBs, GDRs, ADRs, etc
  - c. Issue of equity related securities to QIBs

## V. CEO /CFO CERTIFICATION

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

## VI. DISCLOSURES

### Related Party Disclosure

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

### Details of Non-compliance

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

## VIII. GENERAL INFORMATION FOR SHAREHOLDERS

### Financial Calendar

Financial Year	
1st April 2012 to 31st March 2013	
Board meeting for considering the accounts and Dividend	30.05.2012
Posting of Annual Report	On or before 20.08.2012
Book closure dates	14.09.2012 – 21.09.2012
Last date for the receipt of proxy forms	18.09.2012
Twenty Sixth Annual General Meeting	21.09.2012
Venue	Narada Gana Sabha Trust 314, T T K Road, Chennai - 600 018
Time	10.15 a.m.
Dividend payment date	On or after 21.09.2012
Probable date of dispatch of dividend warrants	On or after 21.09.2012
Board Meeting to consider unaudited results for the first 3 quarters of the financial year 2012-2013	
Results of the quarter ended on 30th June 2012	On or before 14.08.2012
Results of the quarter ended on 30th September 2012	On or before 15.11.2012
Results of the quarter ended on 31st December 2012	On or before 15.02.2013

## VII. Means of Communication

A timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, Quarterly un-audited financial results were published in Business Standard (English) and Makkal Kural (Vernacular language). The results were also displayed on the company's web site, [www.abanoffshore.com](http://www.abanoffshore.com)

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

The Company also regularly posts information relating to its Financial Results and Shareholding Pattern on Corp filing.

Management Discussion and Analysis forms Part of the Annual Report.

## Listing on Stock Exchanges

### a. Equity shares of the Company are listed on the following Stock Exchanges

#### **Madras Stock Exchange Limited**

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

#### **Bombay Stock Exchange Limited**

Phiroze Jeejeebhoy Towers  
21st Floor, Dalal Street  
Mumbai – 400 001

#### **National Stock Exchange of India Limited**

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

The listing fees for the Financial Year 2012-13 were paid to the Stock Exchanges in India where the Company's Equity and Preference shares are listed.

## STOCK CODES:

### EQUITY SHARES:

Madras Stock Exchange Limited	ABAN
Bombay Stock Exchange Limited	523204
National Stock Exchange of India Limited	ABAN
ISIN No. for Dematerialised shares	INE421A01028

The Non Convertible Cumulative Redeemable Preference Shares are listed on the Bombay Stock Exchange Limited.

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

**ISIN No. of 105,00,00,000 - 8% p.a. Non convertible Cumulative Redeemable Preference Shares**  
INE 421A04014

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

**ISIN No of 4,00,00,000 - 10% Non Convertible Cumulative Redeemable Preference shares**  
INE421A04063

**ISIN No of 5,50,00,000 - 10% Non Convertible Cumulative Redeemable Preference shares**  
INE421A04071

**ISIN No of 6,10,00,000 - 10% Non – Convertible Cumulative Redeemable Preference shares**  
INE421A04089

## Care Rating

Credit Analysis & Research Ltd. (CARE) has revised the ratings for the Non-Convertible Cumulative Redeemable Preference Shares (CRPS) issued by the Company. The revised ratings stands at 'CARE C (RPS)' [C (Redeemable Preference Shares)].

## INVESTOR'S HELP DESK

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

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

M/s Cameo Corporate Services Ltd.,

Unit : Aban Offshore Ltd.

Subramanian Buildings

1 Club House Road

Chennai -600 002.

Phone: 91-44-28460390

Fax: 91-44-28460129

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

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

**Share Transfer System**

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

The Company obtains certificate from Mr.G. Ramachandran Company Secretary in Practice for compliance of Listing Agreement provisions and submit the same to the Stock Exchanges where the Company's shares are listed.

**Liquidity**

The Company's Equity Shares are among the most liquid and actively traded shares on the Indian Stock Exchanges more specifically in National Stock Exchange of India Ltd and Bombay Stock Exchange Limited. The Company's Non convertible Cumulative Redeemable Preference Shares are listed in the Bombay Stock Exchange Limited.

**Dematerialisation of shares**

97.51 % of Equity shares of the Company have been dematerialized as at 31st March, 2012. The company has entered into agreement with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) whereby share holders have an option to dematerialize their shares with either of the depositories.

**Plant Locations**

DRILLING LOCATIONS as at 31 March, 2012

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

**WIND ENERGY DIVISION**

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

**Whistleblower Policy**

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

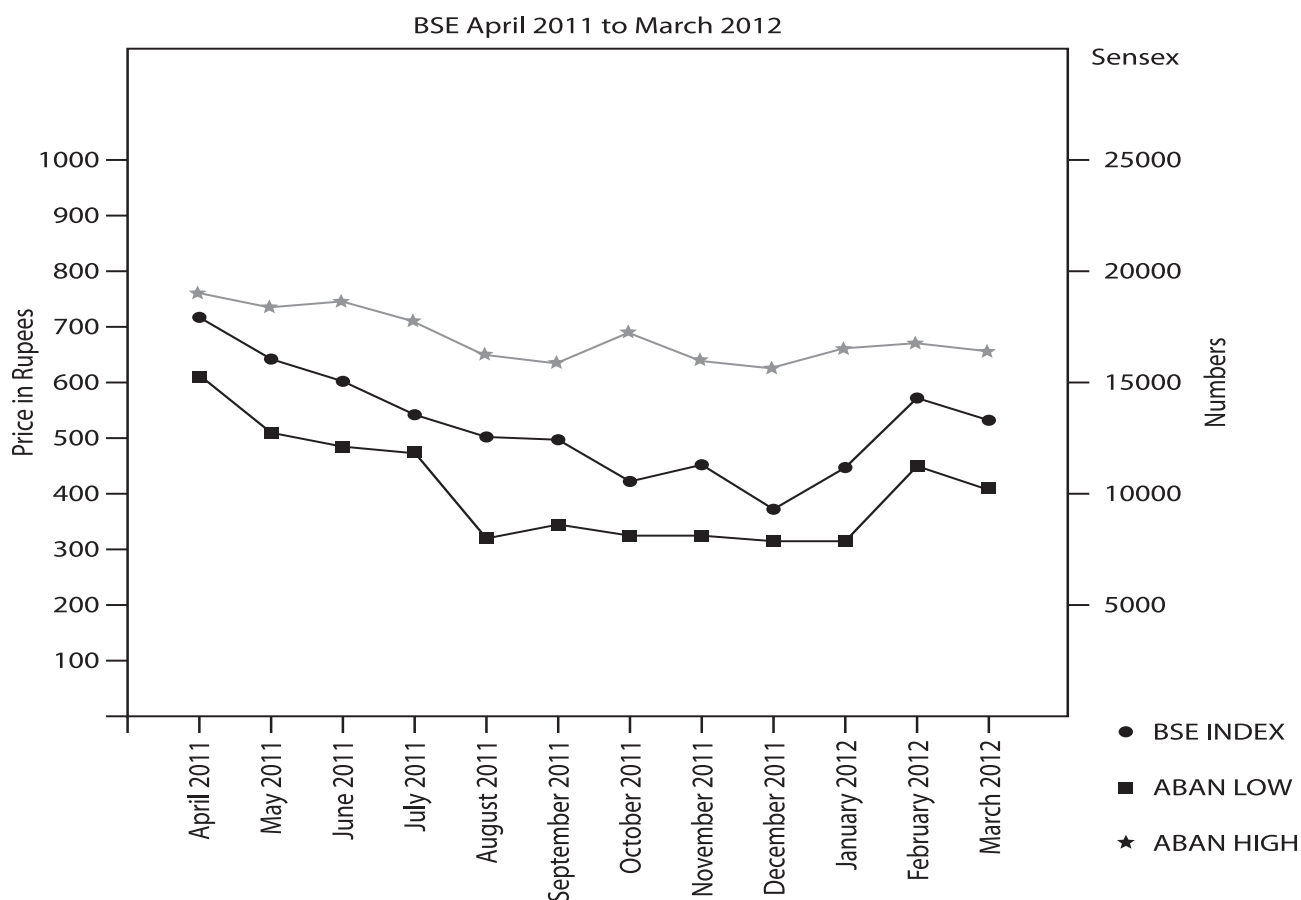
**Categories of shareholders as on 31st March 2012**

<u>Category</u>	<u>Number of folios</u>	<u>Number of shares</u>	<u>%</u>
Promoters	6	1,52,18,791	34.97
Collaborators	1	83,28,750	19.14
FIIs, NRIs/OCB	2,627	54,55,471	12.54
Mutual Funds, FIs, Banks	24	2,03,118	0.47
Bodies Corporate	1,712	20,51,426	4.71
Public	1,67,500	1,22,58,959	28.17
Total	1,71,870	4,35,16,515	100.00

## Share Price Volume

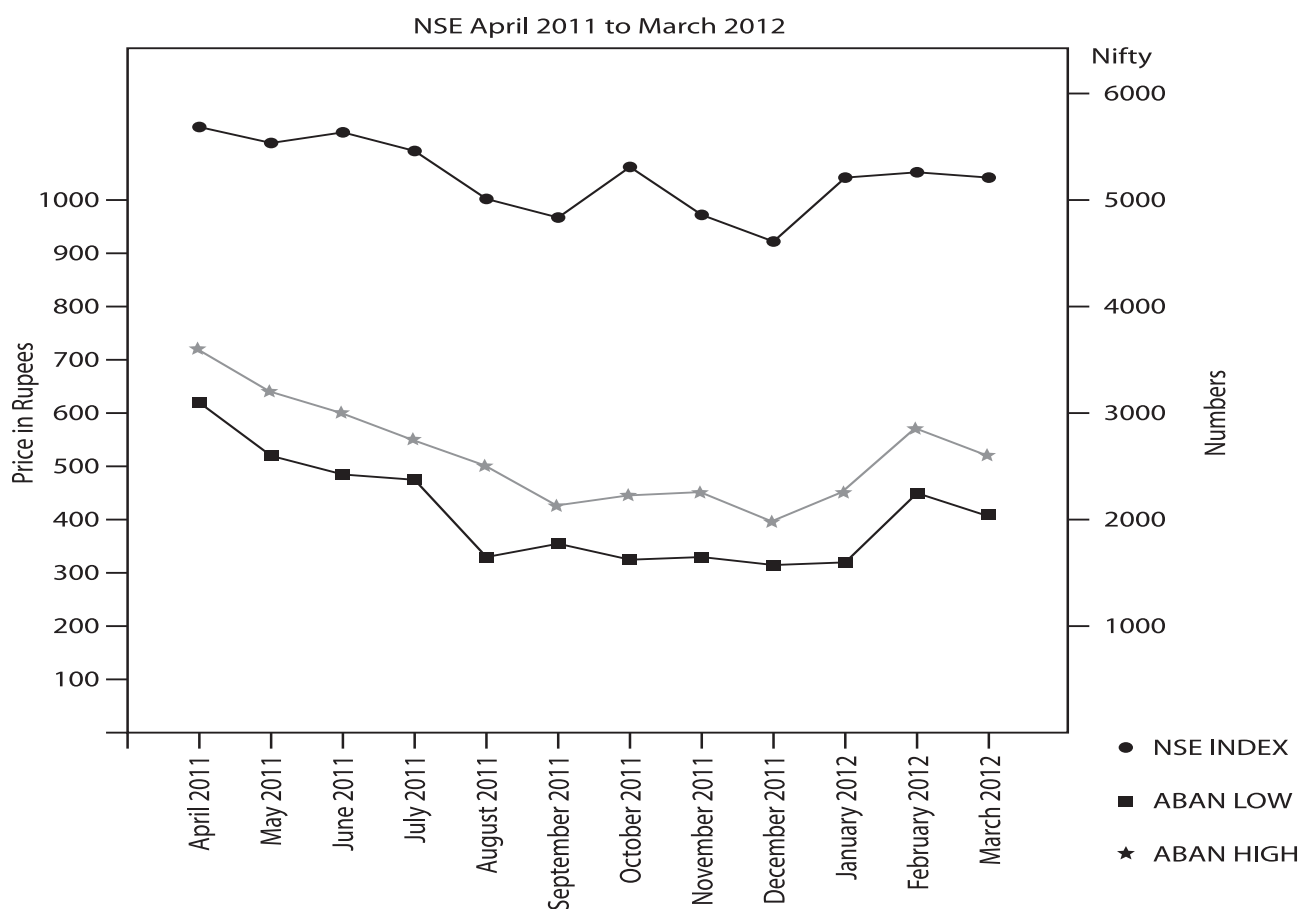
The monthly high and low quotation and the volume of shares traded on BSE & NSE are as under:

Month	Bombay Stock Exchange			National Stock Exchange		
	High	Low	Volume	High	Low	Volume
April 2011	718.90	615.80	49,02,686	719.10	617.00	1,84,07,930
May 2011	641.00	517.05	36,90,212	640.45	527.80	1,51,25,807
June 2011	600.90	490.95	36,49,868	601.00	490.10	1,41,72,725
July 2011	550.00	486.00	41,19,280	549.95	486.00	1,65,29,018
August 2011	497.95	333.25	36,24,513	497.95	333.00	1,66,35,860
September 2011	422.00	348.00	32,54,750	421.90	348.10	1,59,45,194
October 2011	439.45	335.70	28,53,157	439.50	331.80	1,40,20,180
November 2011	450.00	340.00	35,85,538	450.70	339.35	1,85,46,811
December 2011	377.40	324.45	27,53,802	398.00	323.50	1,47,76,186
January 2012	458.00	327.70	44,69,731	457.80	326.70	2,03,33,892
February 2012	571.50	444.60	75,21,955	571.90	444.70	3,19,75,874
March 2012	526.45	405.10	45,46,185	527.00	405.55	2,14,52,257



Distribution of shareholdings as on 31st March 2012

Category (Shares)	Folio (s)		Shares	
	Numbers	%	Numbers	%
1-100	1,49,046	86.72	40,86,709	9.39
101-500	18,952	11.03	43,26,981	9.95
501-1,000	2,365	1.38	18,01,875	4.14
1,001-2,000	861	0.50	12,58,226	2.89
2,001-3,000	247	0.14	6,23,723	1.43
3,001-4,000	106	0.06	3,73,459	0.86
4,001-5,000	69	0.04	3,19,735	0.73
5,001 -10,000	93	0.05	6,44,940	1.48
10,001 & above	131	0.08	3,00,80,867	69.13
Total	<u>1,71,870</u>	<u>100.00</u>	<u>4,35,16,515</u>	<u>100.00</u>



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

In accordance with Clause 49 1D of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Business Conduct Guidelines (Code of Conduct) as applicable to them, for the Financial Year ended on 31st March 2012.

Chennai  
30.05.2012

**Aban Offshore Limited**

**Reji Abraham**  
*Managing Director*

**Certificate by the Chief Executive Officer/Chief Financial Officer pursuant to Clause 49 of the Listing Agreement.**

We Reji Abraham and C.P. Gopalkrishnan certify that

- a) We have reviewed the financial statements and cash flow statements of M/s. Aban Offshore Limited ("the Company") for the year ended 31st March 2012 and to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) we accept responsibility for establishing and maintaining internal control and that we have evaluated the effectiveness of internal control systems of the Company. There are no deficiencies in the design or operation of internal control.
- d) we have indicated to the auditors and the Audit Committee that there are no
  - i) Significant changes in the internal control during the year.
  - ii) Significant changes in accounting policies during the year.
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**Aban Offshore Limited.**

Chennai  
30.05.2012

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

**Reji Abraham**  
*Managing Director*



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF ABAN OFFSHORE LIMITED

We have examined the compliance of conditions of Corporate Governance by Aban Offshore Limited for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance as prescribed in clause 49 of the above mentioned Listing Agreement. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

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

**For Ford, Rhodes, Parks & Co.,**  
*Chartered Accountants*  
ICAI – Registration No: 102860W

**RAMASWAMY SUBRAMANIAN**  
*Partner*  
Membership No: 016059

Place: Chennai  
Date : May 30, 2012



Aban Offshore Limited

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF ABAN OFFSHORE LIMITED

We have audited the attached Balance Sheet of M/s Aban Offshore Limited, as at 31st March 2012, Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows:

- 1 As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2 Further to our comments in the annexure referred to in paragraph 1 above, we report that:
  - a We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - c The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March 2012 prima-facie disqualified from being appointed as director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
  - f In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - ii. in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Ford, Rhodes, Parks & Co.,**  
*Chartered Accountants*  
ICAI – Registration No: 102860W

**RAMASWAMY SUBRAMANIAN**  
*Partner*  
Membership No: 016059

Place: Chennai  
Date : May 30, 2012

## ANNEXURE TO THE AUDITORS' REPORT

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

- i (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the Management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As explained to us no material discrepancies have come to the notice on such physical verification.
- (c) The Company has not disposed off any substantial part of fixed assets during the year so as to affect its going concern status.
- ii (a) As explained to us the inventories have been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been dealt with in the books of account.
- iii (a) The Company has not granted any loan secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year, except unsecured loans to its wholly owned foreign subsidiary as shown below:

Company	Unsecured Loan granted during the year	Amount Outstanding including interest receivable and exchange difference at the end of the year	Maximum amount outstanding including interest receivable during the year
	Rupees in Millions	Rupees in Millions	Rupees in Millions
Aban Holdings Pte., Ltd., Singapore	1858.30	2942.68	7455.74

- (b) The rate of interest and other terms and conditions of such loan are, in our opinion, prima facie, not prejudicial to the interest of the Company.
- (c) The repayment of principal and payment of interest is on "on demand" basis as per the loan agreement.
- (d) The loan given by the Company to its wholly owned foreign subsidiary company is repayable on demand and therefore the question of overdue amount does not arise.
- (e) The Company has taken loan from Companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year, as shown below:

Company	Unsecured Loan taken during the year	Amount Outstanding including interest payable at the end of the year	Maximum amount outstanding including interest payable during the year
	Rupees in Millions	Rupees in Millions	Rupees in Millions
Aban Investments Private Limited	NIL	1058.1	1510.1
Aban Ventures Private Limited	231.8	234.5	234.5

- (f) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie, not prejudicial to the interest of the Company.
- (g) The repayment of principal during the year and payment of interest is as per stipulations.
- iv In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.
- v
  - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, that need to be entered into the Register maintained under the said Section have been entered in the said Register.
  - (b) In our opinion and according the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in (a) above and exceeding the value of rupees five lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules made there under.
- vii In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the wind power generating activity of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the same.
- ix
  - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Customs Duty, Sales Tax, Value Added Tax, Service Tax, Cess and other material statutory dues applicable to it. However minor delays have been noted during the year in the remittance of Service Tax. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information explanations given to us, no undisputed amounts payable in respect of above were in arrears as at 31st March 2012 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there are no dues of Income Tax, Customs Duty, Sales Tax, Value Added Tax, Service Tax and Cess, which have not been deposited with appropriate authorities on account of any dispute.
- x The Company does not have accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by the audit though in the immediately preceeding financial year the Company has not incurred cash loss.
- xi
  - (a) Based on our verification and according to the information and explanations given to us, we have noted that the company has rescheduled 10 term loans taken by the company from banks that have aggregate value of Rs.17,746.03 Million as at 31st march 2012.
  - (b) We have noted default in repayment of term loan instalments 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 over due instalment and Rs.146.5 Million of over due interest due to Banks and a Financial Institution before the date of our report.

- (c) During the year, the Company has repaid the amount of outstandings on account of Foreign Currency Convertible Bonds in full on the due date.
- xii Based on our examination of records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- xv The Company has given guarantees for loans taken from banks by a subsidiary of its wholly owned foreign subsidiary. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima-facie prejudicial to the interest of the Company.
- xvi In our opinion and according to the explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- xvii According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilised short-terms funds towards long-term investment.
- xviii According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix No debentures have been issued by the Company during the year and hence, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- xx During the year the Company has not raised money by way of public issue. Hence the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- xxi During the course of our examination of the books of account, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of any such case by the management.

**For Ford, Rhodes, Parks & Co.,**  
*Chartered Accountants*  
ICAI - Registration No: 102860W

**RAMASWAMY SUBRAMANIAN**  
*Partner*  
Membership No: 016059  
Place: Chennai  
Date : May 30, 2012



Aban Offshore Limited

## Balance Sheet

As at 31<sup>st</sup> March 2012

	Note No:	As at 31 <sup>st</sup> March, 2012 Rs. Millions	As at 31 <sup>st</sup> March, 2011 Rs. Millions
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	3	2,897.04	3,347.04
Reserves and Surplus	4	17,849.59	20,223.59
		<b>20,746.63</b>	<b>23,570.63</b>
<b>Non - current liabilities</b>			
Long - term borrowings	5	19,086.27	19,973.40
Deferred tax liabilities (net)	6	268.61	291.98
Long - term provisions	7	18.18	12.70
		<b>19,373.06</b>	<b>20,278.08</b>
<b>Current liabilities</b>			
Short - term borrowings	8	5,570.69	3,772.83
Trade payables	9	3,308.25	2,693.18
Other current liabilities	9	2,438.25	5,391.94
Short - term provisions	7	480.72	1,016.43
		<b>11,797.91</b>	<b>12,874.38</b>
<b>TOTAL</b>		<b>51,917.60</b>	<b>56,723.09</b>
<b>Assests</b>			
<b>Non - Current Assets</b>			
<b>Fixed Assests</b>			
Tangible assests	10	5,738.65	4,798.83
Capital work-in-progress		245.11	175.09
Non - current investments	11	39,471.29	39,590.69
Long - term loans and advances	12	32.27	35.34
		<b>45,487.32</b>	<b>44,599.95</b>
<b>Current Assets</b>			
Inventories	13	814.92	773.70
Trade receivables	14.1	2,209.62	2,646.97
Cash and bank balances	15	279.28	810.04
Short - term loans and advances	12	3,116.24	7,890.22
Other current assests	14.2	10.22	2.21
		<b>6,430.28</b>	<b>12,123.14</b>
<b>TOTAL</b>		<b>51,917.60</b>	<b>56,723.09</b>
Summary of significant accounting policies	2.1		
The accompanying notes 1 to 40 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 : 30<sup>th</sup> May 2012

For and On behalf of the Board

P.Murari  
Vice Chairman

K. M. Jayarao  
Director

Reji Abraham  
Managing Director

C.P. Gopalkrishnan  
Deputy Managing Director & Secretary

K. Bharathan  
Director



## Statement of Profit and Loss Account

For the year ended 31<sup>st</sup> March 2012

Note No:	Year ended 31 <sup>st</sup> March, 2012 Rs. Millions	Year ended 31 <sup>st</sup> March, 2011 Rs. Millions
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<b>Income</b>			
Revenue from Operations	16	6,385.28	11,907.43
Other Income	17	758.85	765.70
<b>Total revenue (I)</b>		<b>7,144.13</b>	<b>12,673.13</b>
<b>Expenses</b>			
Consumption of stores, spares, power and fuel	18	474.33	697.31
Employee benefits expense	19	739.18	785.85
Finance costs	20	3,662.53	3,354.76
Depreciation and amortization expense	21	986.10	1,148.07
Other Expenses	22	2,512.68	3,131.38
<b>Total (II)</b>		<b>8,374.82</b>	<b>9,117.37</b>
<b>Profit / (loss) before tax</b>		<b>(1,230.69)</b>	<b>3,555.76</b>
<b>Tax expenses</b>			
Current tax		-	1,360.00
Deferred tax		(23.38)	(143.70)
<b>Total tax expense</b>		<b>(23.38)</b>	<b>1216.30</b>
<b>Profit / (loss) for the year</b>		<b>(1,207.31)</b>	<b>2,339.46</b>
<b>Earnings per equity share of Rs. 2 each(31 st March 2011: Rs. 2 each)</b>	23		
<b>Basic</b>			
Computed on the basis of profit / (loss) for the year		(34.49)	46.32
<b>Diluted</b>			
Computed on the basis of profit / (loss) for the year		(34.24)	46.05
Summary of significant accounting policies	2.1		
The accompanying notes 1 to 40 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 : 30<sup>th</sup> May 2012

**P. Murari**  
Vice Chairman

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

For and On behalf of the Board

**K. M. Jayarao**  
Director

**Reji Abraham**  
Managing Director

**K. Bharathan**  
Director

## Cash Flow Statement

For the year ended 31<sup>st</sup> March 2012

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
<b>Cash flow from operating activities:</b>		
Profit before tax from continuing Operations	(1,230.69)	3,555.76
<b>Profit before tax</b>	<b>(1,230.69)</b>	<b>3,555.76</b>
Non cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization on continuing operations	986.10	1,148.07
Loss / (profit) on sale of fixed assests	-	(4.06)
Provision for Employee Benefits	9.63	6.95
Unrealised foreign exchange Loss	(504.23)	463.93
Net gain on sale of Non Current investments	(307.69)	-
Interest expenses	3,575.35	3,354.76
Interest income	(236.93)	(689.42)
Dividend income	(1.15)	(19.66)
Operating profit before working capital changes	<b>2,290.39</b>	<b>7,816.33</b>
<b>Movements in working capital:</b>		
Increase / (Decrease) in trade payables	613.18	(3.84)
Increase / (Decrease) in other current liabilities	(497.45)	-
(Decrease) / Increase in trade receivables	452.25	(1022.30)
(Decrease) / Increase in inventories	(38.63)	(114.63)
(Decrease) / Increase in long term loans and advances	3.07	-
(Decrease) / Increase in short term loan and advances	275.75	-
Cash generated from (used in) operations	<b>3,098.57</b>	<b>6,675.56</b>
Direct taxes paid (net of refunds)	(514.64)	(976.52)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b><u>2,583.93</u></b>	<b><u>5,699.04</u></b>
<b>Cash flow from Investing activities</b>		
Purchase of fixed assests	(1,995.95)	(367.45)
Capital advances	(10.77)	-
Proceed from sale of fixed assests	-	5.89
Proceed from sale of non - current investments	427.09	-
Proceed from sale / maturity of current investment	350.00	12,393.07
Purchase of current investments	(350.00)	(12,331.33)
Interests received	2.55	18.04
Dividend received	1.15	19.66
<b>Net cash flow from / (used in) Investing activities (B)</b>	<b><u>(1,575.93)</u></b>	<b><u>(262.12)</u></b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of share captial	-	8.08
Redemption of preference shares	(450.00)	-
Redemption of foreign currency convertible bonds with premium	(3,592.56)	-
Repayment of long term borrowings	(887.13)	(3,012.08)
Proceeds from short term borrowings	1,970.51	-
Repayment of short term borrowings	(276.25)	-
Repayment of loan by foreign subsidiary	5,338.40	1,420.14
Interest paid	(3,136.53)	(3,132.45)
Dividends paid on equity shares	(156.66)	(156.61)
Dividends paid on preference shares	(278.90)	(278.90)

## Cash Flow Statement

For the year ended 31<sup>st</sup> March 2012

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Tax on equity dividend paid	(25.41)	(26.62)
Tax on preference dividend paid	(45.24)	(47.40)
<b>Net cash flow from (used in) financing activities (C)</b>	<b>(1539.77)</b>	<b>(5225.84)</b>
<b>Net increase / decrease in cash and cash equivalents (A+B+C)</b>	<b>(531.77)</b>	<b>211.08</b>
<b>Effect of exchange differences on cash and cash equivalents held in foreign currency</b>	<b>1.01</b>	<b>(31.65)</b>
Cash and cash equivalents at the beginning of the year	810.04	630.61
<b>Cash and cash equivalents at the end of the year</b>	<b>279.28</b>	<b>810.04</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	0.22	0.71
With banks on current account	124.62	647.10
On deposit account	147.31	154.23
unpaid dividend account*	7.13	8.00
<b>Total cash and cash equivalents (note 17)</b>	<b>279.28</b>	<b>810.04</b>
Summary of significant accounting policies	2.1	

\*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 : 30<sup>th</sup> May 2012

**P. Murari**  
*Vice Chairman*

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

For and On behalf of the Board

**K. M. Jayarao**  
*Director*

**Reji Abraham**  
*Managing Director*

**K. Bharathan**  
*Director*



**1. Corporate Information**

Aban Offshore Limited (the 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 Company is 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 Company is also engaged in the ownership and operation of wind turbines for generation of wind power in India.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company 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 Company'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 Company 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.

**2.1 Summary of significant accounting policies**

**a. Change in accounting policy**

**Presentation and disclosure of financial statements**

During the year ended 31<sup>st</sup> March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

**b. 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.

**c. 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.

**d. 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%
Wind Mills	10.00%
Furniture and fixtures	6.33%
Vehicles	9.50%

\*Pursuant to notification of Government of India, Ministry of Corporate Affairs dated 14th December 2011, the rate of depreciation on Rigs has been reduced to 3.34% p.a. on straight line basis. The depreciation on rigs and drillship has been charged accordingly with effect from the date of such notification.

**e. 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.

**f. 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.

**g. 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 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.

**h. Inventories**

Inventory of stores, spares and fuel is valued at cost based on a weighted average cost/ first-in-first-out basis.

**i. 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 wind power generation is recognized based on the number of units of power generated every month at contracted rates.

Interest income is recognized on time proportion basis taking into account the amount outstanding and 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.

**j. 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.

**k. 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) The company makes annual contribution to Gratuity Funds administered by Insurance Companies, which is considered as defined benefit plan. The present value of the defined benefit is measured using the 'Projected Unit Credit method with actuarial valuation being carried out at each Balance Sheet date by an independent valuer. Actuarial gain and losses are immediately recognized in the 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) The Company makes provision for leave encashment based on actuarial valuation carried out by an independent actuary at the Balance Sheet date.

**l. 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.

**m. Segment reporting**

**Identification of segments**

The Company'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.

**Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies and presents the financial statements of the Company as a whole.

**n. 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.

**o. Provisions**

A provision is recognized when the company 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.

**p. 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 that 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.

**q. 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.





## Aban Offshore Limited

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2012

#### 3. Share Capital

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Authorised shares (No. Millions)</b>		
2,500 (31 March 2011: 2,500 ) equity shares of Rs.2/- each	5,000.00	5,000.00
1000 (31 March 2011: 1000) Cumulative non convertible redeemable preference shares of Rs.10/- each	10,000.00	10,000.00
	<b>15,000.00</b>	<b>15,000.00</b>
<b>Issued , subscribed and fully paid -up shares (No. Millions)</b>		
<b>Equity Shares:</b>		
36.88 (31 March 2011: 36.88) equity shares of Rs.2/- each	73.75	73.75
0.85 (31 March 2011: 0.85) equity shares of Rs.2/- each issued against conversion of foreign currency convertible bonds	1.70	1.70
0.09 (31 March 2011: 0.09 ) equity shares of Rs.2/- each issued against employee stock option scheme	0.19	0.19
5.69 (31 March 2011: 5.69) equity shares of Rs.2/- each issued against qualified institutional placement	11.39	11.39
Shares Forfeited, 0.01(31 March 2011: 0.01) equity shares at Re 1/- each	0.01	0.01
(A)	<b>87.04</b>	<b>87.04</b>
<b>Preference Shares:</b>		
77 (31 March 2011: 122) 8% non-convertible cumulative redeemable preference shares of Rs.10/-each	770.00	1,220.00
28 (31 March 2011: 28.00 @ 8%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	280.00	280.00
61 (31 March 2011: 61 @ 9%) 9% non-convertible cumulative redeemable preference shares of Rs.10/-each	610.00	610.00
95 (31 March 2011: 95 @ 9%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	950.00	950.00
20 (31 March 2011:20 @ 9.25%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	200.00	200.00
(B)	<b>2,810.00</b>	<b>3,260.00</b>
<b>TOTAL(A+B)</b>	<b>2,897.04</b>	<b>3,347.04</b>

#### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31st March 2012		31st March 2011	
	No. Millions	Rs. Millions	No. Millions	Rs. Millions
<b>Equity shares (A)</b>				
<b>of Rs 2 each</b>				
At the beginning of the period	43.51	87.04	43.50	87.02
Issued during the period-ESOP	-	-	0.01	0.02
<b>Outstanding at the end of the period</b>	<b>43.51</b>	<b>87.04</b>	<b>43.51</b>	<b>87.04</b>

	31st March 2012		31st March 2011	
	No. Millions	Rs. Millions	No. Millions	Rs. Millions
Preference shares (B)				
of Rs 10 each				
At the beginning of the period	326.00	3,260.00	326.00	3,260.00
Issued during the period	-	-	-	-
Redeemed during the period	45.00	450.00	-	-
Outstanding at the end of the period	<u>281.00</u>	<u>2,810.00</u>	<u>326.00</u>	<u>3,260.00</u>
Total Value of Outstanding Shares (A) +(B)		<u>2,897.04</u>		<u>3,347.04</u>

**b. Terms/ rights attached to equity shares**

The 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 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 2012, the amount of per share dividend recognized as distributions to equity shareholders is Rs3.60 (31st March 2011: Rs.3.60).

**c. Terms of redemption of Non-convertible Cumulative redeemable preference shares**

As on 31st March 2011, the terms and conditions of the Non-Convertible Cumulative redeemable preference shares were as under:

- 150 Million 8% non- convertible cumulative redeemable preference shares will be redeemed at par on 16-06-2011, 16-06-2012 and 16-06-2013 in the ratio of 30:30:40 respectively. During the year 45 Million non-convertible redeemable preference shares which were due for redemption on 16-06-2011 were redeemed.
- 156 Million 9 % non-convertible cumulative redeemable preference shares were originally scheduled for redemption at par at the end of the 5th year from the date of allotment of shares as per details given below:
  - 55 Million shares to be redeemed on 29-12-2011
  - 40 Million shares to be redeemed on 28-02-2012
  - 61 Million shares to be redeemed on 30-03-2012

- 20 Million 9.25% non-convertible redeemable preference shares were originally scheduled for redemption at par on 03-08-2013

Pursuant to approval of the Board of Directors and with the consent of preference shareholders, the terms and conditions of the Non-Convertible Cumulative Redeemable Preference shares have been altered 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
- 61 Million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 30-03-2015
- 20 Million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 03-08-2016

- d.** 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 2011:1.84 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 2011: 0.095 Million equity shares of Rs.2 each)(Refer note 25 for details)



## Aban Offshore Limited

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2012

#### e. Details of shareholders holding more than 5% shares in the company

	31st March 2012		31st March 2011	
	No. Millions	% holding in the class	No. Millions	% holding in the class
<b>Equity shares of Rs.2 each fully paid</b>				
Reji Abraham	5.13	11.78%	5.13	11.78%
India Offshore Inc	8.33	19.14%	8.33	19.14%
Aban Investments Private Limited	5.65	12.99%	5.65	12.99%
	<b>19.11</b>	<b>43.91%</b>	<b>19.11</b>	<b>43.92%</b>
	31st March 2012		31st March 2011	
	No. Millions	% holding in the class	No. Millions	% holding in the class
<b>Preference shares of Rs.10 each fully paid</b>				
<b>8% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10 Each</b>				
Syndicate Bank	10.50	10.00%	15.00	10.00%
Canara Bank	17.50	16.67%	25.01	16.67%
Indian Overseas Bank	14.00	13.33%	20.00	13.33%
Vijaya Bank	17.50	16.67%	25.01	16.67%
Axis Bank Limited	42.00	40.00%	60.00	40.00%
	<b>101.50</b>	<b>96.67%</b>	<b>145.02</b>	<b>96.67%</b>
<b>9% and 10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 Each</b>				
Indian Bank	10.00	16.39%	10.00	16.39%
Vijaya Bank	5.00	8.20%	5.00	8.20%
UCO Bank	10.00	16.39%	10.00	16.39%
Indusind Bank Limited	30.00	49.18%	30.00	49.18%
Yes Bank Limited	5.00	8.20%	5.00	8.20%
	<b>60.00</b>	<b>98.36%</b>	<b>60.00</b>	<b>98.36%</b>
<b>10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 Each</b>				
Punjab National Bank	20.00	50.00%	20.00	50.00%
Canara Bank	10.00	25.00%	10.00	25.00%
Indian Overseas Bank	10.00	25.00%	10.00	25.00%
	<b>40.00</b>	<b>100.00%</b>	<b>40.00</b>	<b>100.00%</b>
<b>10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 Each</b>				
Syndicate Bank	15.00	27.27%	15.00	27.27%
Bank of India	15.00	27.27%	15.00	27.27%
Central Bank of India	5.00	9.10%	5.00	9.10%
Bank of Baroda	10.00	18.18%	10.00	18.18%
Oriental Bank of Commerce	10.00	18.18%	10.00	18.18%
	<b>55.00</b>	<b>100.00%</b>	<b>55.00</b>	<b>100.00%</b>
<b>10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 Each</b>				
Bank of India	<b>20.00</b>	<b>100.00%</b>	<b>20.00</b>	<b>100.00%</b>

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.

## 4. Reserves and Surplus

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Capital Reserve - as per last Balance Sheet</b>	<b>0.03</b>	<b>0.03</b>
<b>Securities Premium Account</b>		
Balance as per last financial statements	9,510.90	9,502.69
Add: on allotment under ESOS		8.21
Less: amounts utilized towards redemption of foreign currency convertible bonds*	(691.46)	-
	<b>8,819.44</b>	<b>9,510.90</b>
<b>Investment Allowance Reserve (utilised) -as per last Balance Sheet</b>	<b>52.40</b>	<b>52.40</b>
<b>Capital Redemption Reserve</b>		
Balance as per last financial statements	2,000.00	1,500.00
Add: Transfer from statement of profit and loss		500.00
	<b>2,000.00</b>	<b>2,000.00</b>
<b>General Reserve</b>		
Balance as per last financial statements	1,299.36	1,059.36
Add: Transfer from statement of profit and loss		240.00
	<b>1,299.36</b>	<b>1,299.36</b>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	7,360.90	6,267.65
Profit/(loss) for the year	(1,207.31)	2,339.46
Less: Appropriations		
Transfer to capital redemption reserve		(500.00)
Transfer to general reserve		(240.00)
Proposed equity dividend-Rs. 3.60 Per equity share (31st March 2011-Rs.3.60 Per equity share)	(156.66)	(156.66)
Tax on proposed equity dividend	(25.41)	(25.41)
Dividend on preference shares	(252.24)	(278.90)
Tax on preference dividend	(40.92)	(45.24)
<b>Total appropriations</b>	<b>(475.23)</b>	<b>(1,246.22)</b>
<b>Net Surplus/(deficit) in the statement of profit and loss</b>	<b>5,678.36</b>	<b>7,360.90</b>
<b>Total reserves and surplus</b>	<b>17,849.59</b>	<b>20,223.59</b>

\* Premium on redemption of foreign currency convertible bond including withholding tax has been adjusted against the securities premium account

**5. Long term borrowings**

	Non-current maturities		Current maturities	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Term loans</b>				
Rupee term loans from banks (secured)	18,535.24	18,218.56	305.12	1,393.66
Rupee term loan from institution (secured)	500.00	750.00	319.74	250.00
<b>Other loans</b>				
Hire purchase loan (secured)	0.43	4.84	3.89	4.56
Foreign currency convertible bonds (unsecured)	--	--	--	2,901.10
From a company (unsecured)	50.60	1,000.00	999.60	500.00
	<b>19,086.27</b>	<b>19,973.40</b>	<b>1,628.35</b>	<b>5,049.32</b>
<b>The above amount includes</b>				
Secured borrowings	19,035.67	18,973.40	628.75	1,648.22
Unsecured borrowings	50.60	1,000.00	999.60	3,401.10
Amount disclosed under the head "Other current liabilities" (Refer Note 9)	--	--	--	--
	--	--	(1,628.35)	(5,049.32)
<b>Net Amount</b>	<b>19,086.27</b>	<b>19,973.40</b>	<b>--</b>	<b>--</b>

**1. The rupee term loans from banks include the following:**

- Term Loan of Rs.63 Million (31st March 2011:Rs.87.95 Million) from a bank carries interest @ 13% p.a. (31st March 2011:10.75% p.a.) The loan is repayable in 96 equal monthly installments along with interest from 30th April 2013. The loan is secured by pari-passu first charge on the specific offshore drilling rigs.
- Term Loan of Rs.2554.20 Million (31st March 2011:Rs.2721.07 Million) from a bank carries interest @ 14.50% p.a. (31st March 2011:11.00% p.a.). The loan is repayable in 96 equal monthly installments alongwith interest from 30th April 2013. The loan is secured by pari-passu first charge on the specific offshore drilling rigs.
- Term Loan of Rs.2761.73 Million (31st March 2011:Rs.2862.53 Million) from a bank carries interest @ 13.50% p.a. (31st March 2011: 11.70% p.a.). The Loan is repayable in 96 equal monthly installments alongwith interest from 30th April 2013. The loan is secured by pari-passu first charge on the specific offshore drilling rigs. Amount overdue on account of interest as on balance sheet date is Rs.63.94 Million for a period of 1 to 2 months. Amount since paid is Rs.32.86 Million.
- Term Loan of Rs.2707.30 Million (31st March 2011:Rs.2757.60 Million) from a bank carries interest @ 13.50% p.a. (31st March 2011:10.50% p.a.). The Loan is repayable in 96 equal monthly installments alongwith interest from 30th April 2013. The loan is secured by pari-passu first charge on the specific offshore drill ship and drilling rigs.Amount overdue on account of interest as on balance sheet date is Rs32.22 Million for a period of 1 to 2 months which is since paid.
- Term Loan of Rs. 900.10 Million (31st March 2011:Rs.945.10 Million) from a bank carries interest @ 13.40% p.a. (31st March 2011:12.00% p.a.). The Loan is repayable in 32 equal quarterly installments alongwith interest from 30th June 2013. The loan is secured by pari-passu first charge on the specific offshore drill ship and drilling rigs.Amount overdue on account of interest as on balance sheet date is Rs.21.17 Million for a period of 1 to 2 months and amount since paid is Rs.10.58 Million.
- Term Loan of Rs.49.52 Million (31st March 2011:Rs.167.10 Million) from a bank carries interest @ 13.75% p.a. (31st March 2011:13.00% p.a.). The Loan is repayable in 4 monthly installments alongwith interest from January 2012.The loan is secured by first charge on windMills.Amount overdue on account of principal and interest as on balance sheet date is Rs.41.32 Million for a period of 1 to 3 months. Amount since paid is Rs.14.21Million.

- g. Term Loan of Rs.4859.60 Million (31st March 2011:Rs.4996.82 Million) from a bank carries interest @ 16.25% p.a. (31st March 2011:15.50% p.a.). The Loan is repayable in 32 equal quarterly installments alongwith interest from 30th June 2013. The loan is secured by first charge on the specific offshore drilling rigs, Floating Production Unit and second charge on drilling rig owned by foreign subsidiary.Amount overdue on account of interest as on balance sheet date is Rs.136.53 Million for a period of 1 to 2 months. Amount since paid is Rs.14.80 Million.
- h. Term Loan of Rs.1849.30 Million (31st March 2011: Rs.1924.49 Million) from a bank carries interest @ 15.00% p.a. (31st March 2011: 14.25% p.a.). The Loan is repayable in 96 monthly installments alongwith interest from 30th September 2013. The loan is secured by first charge on the specific offshore drilling rig owned by foreign subsidiary.Amount overdue on account of interest as on balance sheet date is Rs.46.72 Million for a period of 1 to 2 months. Amount since paid is Rs.23.99 Million.
- i. Term Loan of Rs.1500.79 Million (31st March 2011:Rs.1499.80 Million) from a bank carries interest @ 15.00 % p.a. (31st March 2011:14.25% p.a.). The Loan is repayable in 32 quarterly installments alongwith interest from 29th January 2014. The loan is secured by Second charge on the specific offshore drill ship and drilling rig.Amount overdue on account of interest as on balance sheet date is Rs.37.25 Million for a period of 1 to 2 months. Amount since paid is Rs.19.14 Million.
- j. Term Loan of Rs.469.99 Million (31st March 2011:Nil) from a bank carries interest @ 15.25 % p.a. (31st March 2011:14.25% p.a.). The Loan is repayable in 13 quarterly installments alongwith interest from 30th June 2012. The loan is secured by First charge on the specific offshore drill rig of foreign subsidiary.Amount overdue on account of interest as on balance sheet date is Rs.11.88 Million for a period of 1 to 2 months. Amount since paid is Rs.6.11 Million.
- k. Term Loan of Rs.100 Million (31st March 2011:Rs. 499.69 Million) from a bank carries interest @ 15.00 % p.a. (31st March 2011:13.25% p.a.). The Loan is repayable in one installment along with interest from 28th February 2012. The loan is secured by pari-passu First charge on the specific offshore drilling rig and drill ship.Amount overdue on account of principal as on balance sheet date is Rs.100.00 Million for a period of 1 month that has been since paid.
- l. Term Loan of Rs.200.00 Million (31st March 2011:Rs. 250.15 Million) from a bank carries interest @ 16.00 % p.a. (31st March 2011:14.00% p.a.). The Loan is repayable in 20 quarterly installments alongwith interest from 31st December 2013. The loan is secured by pari-passu First charge on the specific offshore drilling rig and drill ship.
- m. Term Loan of Rs.350.00 Million (31st March 2011: Rs.399.98 Million) from a bank carries interest @ 16.00 % p.a. (31st March 2011:13.75% p.a.). The Loan is repayable in20 quarterly installments alongwith interest from 31st December 2013. The loan is secured by pari-passu First charge on the specific offshore drilling rig and drillship.
- n. Term Loan of Rs.474.91Million (31st March 2011:Rs.499.82 Million) from a bank carries interest @ 14.75 % p.a. (31st March 2011: 13.25% p.a.). The Loan is repayable in 23 quarterly installments alongwith interest from 30th June 2012. The loan is secured by First charge on the specific offshore drilling rig owned by foreign subsidiary.Amount overdue on account of interest as on balance sheet date is Rs.5.68 Million for a period of 1 month.

## 2. Rupee Term Loan from a Financial Institution

- Rupee Term loan from a financial institution of Rs.819.74 Million (31st March 2011:Rs.1,000.00 Million) carries interest @ 13% p.a.(31st March 2011:13% p.a.). The loan is repayable in 16 quarterly installments along with interest from March 2012. The loan is secured by pari-passu first charge on drill Ship and offshore drilling Rig. Amount overdue on account of interest as on balance sheet date is Rs.19.73 Million for a period of 3 months that has been since paid.
3. Hire purchase loan for vehicles availed from a non-banking finance company of Rs.4.32 Million (31st March 2011:Rs.9.41 Million) secured by hypothecation of vehicles.
4. The company has an outstanding unsecured loan from a company amounting to Rs.1050.20 Million (31st March 2011:Rs.1500 Million) at 14.50% p.a. repayable in 12 yearly installments alongwith interest.
5. Foreign currency convertible bonds (FCCB) –The Company had issued 1161 unsecured zero coupon FCCB of Japanese Yen 10,000,000 each aggregating to Japanese Yen 11,610 Million in April 2006.Unless previously redeemed, converted or repurchased and cancelled, the company had to redeem each bond at 121.811% of its principal amount on 15th April 2011, being the maturity date. Until this date, 620 bonds aggregating to Japanese yen 6200 Million were converted into 8,51,055 equity shares of Rs.2 each at the conversion price of Rs.2,789.04 per equity share. The remaining 541 bonds outstanding as on the maturity date were redeemed by the company @ 121.811 % of its principal amount during the year.



## Aban Offshore Limited

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2012

#### 6. Deferred tax liabilities (net)

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
Deferred tax liability on timing differences		
On depreciation	268.61	291.98
	<u>268.61</u>	<u>291.98</u>

#### 7. Provisions

	Long - Term		Short -term	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Provision for employee benefits</b>				
Provision for provident fund	--	--	1.59	3.85
Provision for gratuity	8.11	4.49	0.19	0.11
Provision for leave encashment	10.07	8.21	3.71	3.44
(A)	<u>18.18</u>	<u>12.70</u>	<u>5.49</u>	<u>7.40</u>
<b>Other provisions</b>				
Proposed equity dividend	--	--	156.66	156.66
Provision for tax on proposed equity dividend	--	--	--	--
Proposed preference dividend	--	--	25.41	25.41
Provision for tax on proposed preference dividend	--	--	252.24	278.90
Provision for taxation (net of advance payment of taxes)	--	--	40.92	45.24
(B)	<u>--</u>	<u>--</u>	<u>475.23</u>	<u>1,009.03</u>
<b>TOTAL(A+B)</b>	<u>18.18</u>	<u>12.70</u>	<u>480.72</u>	<u>1,016.43</u>

#### 8. Short term borrowings

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
Cash credit from banks (secured)	1,791.02	2,067.27
Short term borrowings from banks(secured)	3,524.67	1,705.56
Deposits (unsecured)	--	--
-Intercompany deposits repayable on demand	--	--
	255.00	--
	<u>5,570.69</u>	<u>3,772.83</u>
<b>the above amount includes</b>		
Secured borrowings	5,315.69	3,772.83
Unsecured borrowings	255.00	--
	<u>5,570.69</u>	<u>3,772.83</u>



Notes to Financial Statements for the year ended 31<sup>st</sup> March 2012

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 @15 % to 18 % p.a.
2. Short term borrowings from banks represent buyer's credit availed against letters of 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 3.50%p.a.

## 9. Other current liabilities

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
Trade payables	3,308.25	2,693.18
<b>Other liabilities</b>		
Current maturities of long term borrowings (note 5)	1,628.35	5,049.33
Interest accrued but not due on borrowings	68.57	18.68
Interest accrued and due on borrowings	618.12	229.19
Investor Education and Protection Fund will be credited by following amounts (as and when due)	--	--
- Unpaid dividend	--	--
- Unclaimed dividends	11.58	10.04
<b>Others</b>		
Service tax payable	53.86	60.43
TDS payable	57.77	24.27
	<u>2,438.25</u>	<u>5,391.94</u>
	<u>5,746.50</u>	<u>8,085.12</u>

## 10. Tangible assets

	Rs. Millions									
	Land- Freehold	Buildings	Offshore Jack-up rigs	Drillship	Other Machineries	Wind Mills	Office Equipment	Furniture & Fixtures	Vehicles	Total
<b>Cost</b>										
At 1st April 2011	128.57	150.37	8,408.32	2,898.37	80.82	2,396.81	57.99	23.37	52.47	14,197.09
Additions	-	-	1,850.86	32.87	-	-	3.33	-	0.54	1,887.60
Disposals	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	-	-	-	-	-	-	-	-
-Borrowing costs	-	-	38.32	-	-	-	-	-	-	38.32
<b>At 31st March 2012</b>	<b>128.57</b>	<b>150.37</b>	<b>10,297.50</b>	<b>2,931.24</b>	<b>80.82</b>	<b>2,396.81</b>	<b>61.32</b>	<b>23.37</b>	<b>53.01</b>	<b>16,123.01</b>
At 1st April 2010	128.57	150.37	8,098.03	2,886.19	80.82	2,407.81	53.34	23.10	48.07	13,876.30
Additions	-	-	310.29	12.18	-	-	4.65	0.27	4.40	331.79
Disposals	-	-	-	-	-	(11.00)	-	-	-	(11.00)
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	-	-	-	-	-	-	-	-
-Borrowing costs	-	-	-	-	-	-	-	-	-	-
<b>At 31st March 2011</b>	<b>128.57</b>	<b>150.37</b>	<b>8,408.32</b>	<b>2,898.37</b>	<b>80.82</b>	<b>2,396.81</b>	<b>57.99</b>	<b>23.37</b>	<b>52.47</b>	<b>14,197.09</b>

	Land-Freehold	Buildings	Offshore Jack-up rigs	Drillship	Other Machineries	Wind Mills	Office Equipment	Furniture & Fixtures	Vehicles	Total
<b>Depreciation</b>										
At 1st April 2011	-	34.46	6,094.12	1,122.75	76.74	1,981.15	50.44	16.30	22.30	9,398.26
Charge for the year	-	2.45	527.56	260.49	-	185.03	4.96	1.48	4.13	986.10
Disposals	-	-	-	-	-	-	-	-	-	-
<b>At 31st March 2012</b>	<b>-</b>	<b>36.91</b>	<b>6,621.68</b>	<b>1,383.24</b>	<b>76.74</b>	<b>2,166.18</b>	<b>55.40</b>	<b>17.78</b>	<b>26.43</b>	<b>10,384.36</b>
At 1st April 2010	-	32.01	5,466.42	795.79	76.74	1,811.35	44.26	14.83	17.96	8,259.36
Charge for the year	-	2.45	627.70	326.96	-	178.97	6.18	1.47	4.34	1,148.07
Disposals	-	-	-	-	-	(9.17)	-	-	-	(9.17)
<b>At 31st March 2011</b>	<b>-</b>	<b>34.46</b>	<b>6,094.12</b>	<b>1,122.75</b>	<b>76.74</b>	<b>1,981.15</b>	<b>50.44</b>	<b>16.30</b>	<b>22.30</b>	<b>9,398.26</b>
<b>Net Block</b>										
<b>At 31st March 2012</b>	<b>128.57</b>	<b>113.46</b>	<b>3,675.82</b>	<b>1,548.00</b>	<b>4.08</b>	<b>230.64</b>	<b>5.92</b>	<b>5.59</b>	<b>26.58</b>	<b>5,738.65</b>
<b>At 31st March 2011</b>	<b>128.57</b>	<b>115.91</b>	<b>2,314.20</b>	<b>1,775.62</b>	<b>4.08</b>	<b>415.66</b>	<b>7.55</b>	<b>7.07</b>	<b>30.17</b>	<b>4,798.83</b>

- Capitalized borrowing costs  
The borrowing cost capitalized during the year ended 31 March 2012 was Rs.38.32 Million (31st March 2011: Rs.Nil).The company capitalized the borrowing cost in the offshore jack-up rigs.
- Vehicles include certain vehicles taken on hire purchase arrangement:
  - Gross block: Rs 14.77 Million (31st March 2011: Rs.14.77 Million)
  - Depreciation charge for the year: Rs.1.25 Million(31st March 2011:Rs.1.26 Million)
  - Accumulated depreciation: Rs.4.07 Million (31st March 2011: Rs.2.82 Million)
  - Net book value: Rs.10.69 Million (31st March 2011: Rs.11.95 Million)

# **11. Non- current investments**

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs.Millions
<b>Trade Investment (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity shares</b>		
<b>Investment in subsidiaries-wholly owned</b>		
0.2 Million (31st March 2011:0.2 Million) equity shares of Rs.10 each fully paid in Aban Energies Limited	2.00	2.00
850 Million(31st March 2011:850 Million) equity shares in Aban Holdings Pte Ltd, Singapore #	39,435.23	39,435.23
<b>Investment in joint ventures</b>	--	--
0.05 Million(31st March 2011:0.05 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 2011:Rs.4.99 Million) )	--	--
<b>Other Investments</b>	--	--
0.3 Million (31st March 2011: 0.3 Million) equity shares of Rs.10 each fully paid in Aban Informatics Private Limited	19.85	19.85
Nil (31st March 2011: 11.9 Million) equity shares of Rs.10 each fully paid in Lanco Tanjore Power Company Limited(earlier known as Aban Power Company Limited)	--	119.40
	<b>39,457.08</b>	<b>39,576.48</b>

**Non-trade investments (valued at cost unless stated otherwise)****Investment in equity shares (quoted)**

-0.01 Million (31st March 2011: 0.01 Million) equity shares of Rs.10 each fully paid in Arihant Threads Ltd.

(at cost less provision for other than temporary diminution in value of Rs.0.17 (31st March 2011: Rs.0.17 Million))

-0.01 Million (31st March 2011: 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 2011: 0.02 Million))

-0.01 Million (31st March 2011: 0.01 Million) equity shares of Rs.10 each fully paid in State Bank of Travancore Ltd.

-0.01 Million (31st March 2011: 0.01 Million) equity shares of Rs.10 each fully paid in ICICI Bank Ltd.

-0.05 Million (31st March 2011: 0.05 Million) equity shares of Rs.5 each fully paid in Oil and Natural Gas Corporation Limited

-0.03 Million (31st March 2011: 0.03 Million) equity shares of Rs.10 each fully paid in Indian Bank Ltd.

**Investment in equity shares (unquoted)**

0.01 Million (31st March 2011: 0.01 Million) equity shares of Rs.10 each fully paid in Madras Stock Exchange Limited

Aggregate amount of quoted investments (Market value: Rs.24.80 Million (31st March 2011: Rs.26.36 Million))

Aggregate Value of unquoted investments

Aggregate provision for diminution in value of investments

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

**12. Loans and advances**

	Long-term		Short-term	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Capital advances</b>				
Secured, considered good	--	--	--	--
Unsecured, considered good	--	--	10.77	--
(A)	<u>--</u>	<u>--</u>	<u>10.77</u>	<u>--</u>
<b>Security deposit</b>				
Secured, considered good	--	--	--	--
Unsecured, considered good	1.75	3.14	8.77	26.03
Doubtful	--	--	--	--
	<u>1.75</u>	<u>3.14</u>	<u>8.77</u>	<u>26.03</u>
Provision for doubtful security deposit	--	--	--	--
(B)	<u>1.75</u>	<u>3.14</u>	<u>8.77</u>	<u>26.03</u>
<b>Loans and advances to related parties (note 28)</b>				
Unsecured, considered good	--	--	2,951.66	7,461.71
(C)	<u>--</u>	<u>--</u>	<u>2,951.66</u>	<u>7,461.71</u>



## Aban Offshore Limited

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2012

<b>Advances recoverable in cash or in kind</b>				
Secured considered good	--	--	--	--
Unsecured considered good	--	--	88.23	313.37
Doubtful	--	--	--	--
	--	--	88.23	313.37
Provision for doubtful advances	--	--	--	--
<b>(D)</b>	<b>--</b>	<b>--</b>	<b>88.23</b>	<b>313.37</b>
<b>Other loans and advances</b>				
Advance income-tax(net of provision for taxation)	--	--	11.82	--
Prepaid expenses	--	--	32.32	81.11
Loans to employees	4.31	6.02	8.38	5.00
Balances with statutory/government authorities	26.21	26.18	4.29	3.00
<b>(E)</b>	<b>30.52</b>	<b>32.20</b>	<b>56.81</b>	<b>89.11</b>
<b>Total(A+B+C+D+E)</b>	<b>32.27</b>	<b>35.34</b>	<b>3,116.24</b>	<b>7,890.22</b>

### 13. Inventories

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
Stores, Spares and Fuel (including stock-in- transit)	814.92	773.70
	<b>814.92</b>	<b>773.70</b>

### 14. Trade receivables and other assets

#### 14.1 Trade receivables

	Non-current		Current	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good	--	--	--	--
Unsecured, considered good	--	--	299.43	345.88
Doubtful	--	--	--	--
	--	--	299.43	345.88
Provision for doubtful receivables	--	--	--	--
<b>(A)</b>	<b>--</b>	<b>--</b>	<b>299.43</b>	<b>345.88</b>
<b>Other receivables</b>				
Secured, considered good	--	--	--	--
Unsecured, considered good	--	--	1,910.19	2,301.09
Doubtful	--	--	--	--
	--	--	1,910.19	2,301.09
Provision for doubtful receivables	--	--	--	--
<b>(B)</b>	<b>--</b>	<b>--</b>	<b>1,910.19</b>	<b>2,301.09</b>
<b>Total (A+B)</b>	<b>--</b>	<b>--</b>	<b>2,209.62</b>	<b>2,646.97</b>

## 14.2 Other assets

	Non-current		Current	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances	--	--	--	--
(A)	--	--	--	--
<b>Others</b>				
Interest accrued on fixed deposits	--	--	10.22	2.21
Interest accrued on investments	--	--	--	--
Others	--	--	--	--
(B)	--	--	10.22	2.21
<b>Total (A+B)</b>	<b>--</b>	<b>--</b>	<b>10.22</b>	<b>2.21</b>

## 15. Cash and bank balances

	Non-current		Current	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Cash and cash equivalents</b>				
<b>Balances with banks:</b>				
-On current accounts	--	--	124.62	647.10
-Deposits with original maturity of less than three months	--	--	--	--
-On unpaid dividend account	--	--	7.13	8.00
Cash on hand	--	--	0.22	0.71
	<b>--</b>	<b>--</b>	<b>131.97</b>	<b>655.81</b>
<b>Other bank balances</b>				
-Deposits with original maturity for more than 12 months	--	--	--	--
-Deposits with original maturity for more than 3 months but less than 12 months	--	--	0.49	33.48
- Margin money deposit	--	--	146.82	120.75
	<b>--</b>	<b>--</b>	<b>147.31</b>	<b>154.23</b>
	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
	<b>--</b>	<b>--</b>	<b>279.28</b>	<b>810.04</b>

## 16. Revenue from operations

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
<b>Revenue from operations</b>		
Revenue from drilling and production services	6,326.53	11,820.99
Revenue from wind power generation	58.75	86.44
	<b>6,385.28</b>	<b>11,907.43</b>



## Aban Offshore Limited

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2012

#### 17. Other Income

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
<b>Interest income on</b>		
-Bank deposits	10.56	2.62
-Loan to foreign subsidiaries	226.37	686.80
-Others	-	0.01
<b>Dividend income on</b>		
-Non current investments	0.78	1.16
-Current investments	0.37	18.50
Miscellaneous Income	209.27	46.20
Net gain on sale of non current investments	307.69	-
Net gain on sale of assets	-	4.06
Rental income	3.81	6.35
	<b>758.85</b>	<b>765.70</b>

#### 18. Consumption of stores, spares, power and fuel

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Consumption of stores and spares	298.79	472.87
Power and Fuel	175.54	224.44
	<b>474.33</b>	<b>697.31</b>

#### 19. Employee benefit expense

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Salaries, wages and bonus	673.56	713.03
Contribution to provident and other fund	28.37	27.32
Gratuity expense (note 30)	5.99	4.59
Staff welfare expenses	31.26	40.91
	<b>739.18</b>	<b>785.85</b>

#### 20. Finance Costs

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Interest *	3,575.35	3,286.57
Loan processing charges	74.37	68.19
Exchange difference to the extent considered as an adjustment to borrowings costs	12.81	--
	<b>3,662.53</b>	<b>3,354.76</b>

\* Excludes interest capitalized Rs :38.32 Million (31st March 2011:Nil)

**21. Depreciation and amortization expense**

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Depreciation on tangible assets	986.10	1,148.07
	<u>986.10</u>	<u>1,148.07</u>

**22. Other expenses**

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Freight and forwarding cost	41.66	40.18
Rent	10.28	7.80
Rates and taxes	20.59	25.98
Rental charges for machinery	377.38	313.28
Insurance	395.85	192.39
<b>Repairs and maintenance</b>		
-Plant and machinery	151.83	470.16
-Buildings	2.38	1.59
-Others	37.23	6.64
Drilling services and management fees	205.82	365.45
Advertising and sales promotion	2.71	0.75
Travelling ,conveyance and transportation	206.30	145.92
Communication costs	17.92	17.35
Printing and stationery	4.90	4.94
Legal and professional fees	422.22	368.02
Catering expenses	60.88	58.44
Directors' sitting fees	0.24	0.32
<b>Payment to auditors</b>		
<b>As auditor</b>		
-Audit fee	2.50	2.50
-Tax audit fee	0.40	0.56
-Limited review	1.15	1.20
<b>In other capacity</b>		
-Taxation matters	0.35	-
-Other services(certification fees)	0.88	1.39
<b>Reimbursement of expenses</b>	0.17	0.13
Exchange Losses (net)	469.58	500.19
Exchange differences(net)	-	500.27
Miscellaneous expenses	79.46	105.93
	<u>2,512.68</u>	<u>3,131.38</u>



**23. Earnings per share(EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Profit/(Loss) after tax	(1,207.31)	2,339.46
Less: Dividends on preference shares and tax thereon	293.16	324.14
<b>Net profit/(loss) for calculation of EPS</b>	<b>(1,500.47)</b>	<b>2,015.31</b>
	<b>No. Millions</b>	<b>No. Millions</b>
Weighted average number of equity shares in calculating basic EPS	43.51	43.51
<b>Effect of dilution:</b>		
Stock options granted under ESOS	0.31	0.25
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>43.82</b>	<b>43.76</b>
<b>Earning per share -basic</b>	<b>(34.49)</b>	<b>46.32</b>
<b>Earning per share -diluted</b>	<b>(34.24)</b>	<b>46.05</b>

**24. Gratuity and other defined benefit plans**

The company operates a gratuity benefit plan which is funded with an insurance company in the form of a qualifying insurance policy. The company operates a leave encashment plan which is not funded

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and the amounts recognized in the balance sheet for such plans

**Statement of profit and loss**
**Net employee benefit expense recognised in the employee cost**

	Gratuity		Leave encashment	
	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
<b>Components of employer expense</b>				
-Current service cost	5.54	5.44	0.50	0.49
-Interest cost	4.53	4.26	0.99	0.92
-Expected return on plan assets	(4.10)	(4.04)	-	-
-Past service cost	-	-	-	-
-Actuarial losses/(gains)	0.02	(3.37)	0.84	(0.57)
<b>Total expense recognized in the statement of profit and loss</b>	<b>5.99</b>	<b>2.29</b>	<b>2.33</b>	<b>0.84</b>
<b>Actual return on plan assets</b>	<b>3.28</b>	<b>6.05</b>		

## Balance sheet

## Benefit (asset)/liability recognized in the balance sheet

	Gratuity		Leave encashment	
	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
Present value of defined benefit obligation	59.06	56.34	13.78	11.64
Fair value of plan assets	50.76	51.75	-	-
Status [Deficit/(Surplus)]	8.30	4.59	13.78	11.64
Contribution made towards the fund	-	-	-	-
<b>(Net asset)/liability recognised in balance sheet</b>	<b>8.30</b>	<b>4.59</b>	<b>13.78</b>	<b>11.64</b>

## Changes in the present value of the defined benefit obligation are as follows:

	Gratuity		Leave encashment	
	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
<b>Present value of the DBO at the beginning of the year</b>	<b>56.34</b>	<b>51.55</b>	<b>11.64</b>	<b>10.80</b>
Current service cost	5.54	5.44	0.50	0.49
Interest cost	4.54	4.26	0.99	0.92
Actuarial (gains)/losses	(0.80)	(1.36)	0.84	(0.57)
Benefits paid	(6.56)	(3.54)	(0.19)	-
<b>Present value of the DBO at the end of the year</b>	<b>59.06</b>	<b>56.35</b>	<b>13.78</b>	<b>11.64</b>

## Changes in the fair value of plan assets are as follows:

	Gratuity	
	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
<b>Plan assets at the beginning of the year</b>	<b>51.75</b>	<b>49.25</b>
Expected return on plan assets	4.10	4.04
Actuarial gains/(losses)	(0.82)	2.01
Actual company contribution	2.29	-
Benefits paid	(6.56)	(3.54)
<b>Plan assets at the end of the year</b>	<b>50.76</b>	<b>51.76</b>

## Major category of plan assets as a percentage of the fair value of the total plan assets are as follows:

	Gratuity	
	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
Mutual Funds	100%	100%

The principal assumptions used in determining gratuity obligations for the company's plans are shown below:

	Gratuity		Leave encashment	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
	%	%	%	%
Discount rate	8.55	8.55	8.55	8.55
Expected return on plan assets	8.00	8.00	-	--
Rate of increase in compensation levels	6.00	6.00	6.00	6.00

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

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

Amounts for the current and previous four periods are as follow:

	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions	31st March 2010 Rs. Millions	31st March 2009 Rs. Millions	31st March 2008 Rs. Millions
<b>Gratuity</b>					
Defined benefit obligation	59.06	56.35	51.55	43.88	30.53
Plan assets	50.76	51.76	49.25	28.07	30.25
Surplus/(deficit)	8.30	4.59	2.30	15.81	0.29
Experience adjustments on plan liabilities	0.80	(0.67)	0.54	(7.06)	--
Experience adjustment on plan assets	(0.82)	2.01	(4.41)	5.85	--
<b>Leave encashment</b>					
Defined benefit obligation	13.78	11.64	10.80	8.87	6.66
Experience adjustments on plan liabilities	0.46	2.00	0.24	(1.28)	-

## 25. Employee stock option scheme

The Company has instituted Employee Stock Option Scheme-2005 (ESOS) duly approved by the shareholders in the extraordinary general meeting of the Company held on 23rd April 2005. As per the scheme, the compensation committee of the board 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 2011: Rs.8.21 Million)

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-NIL (up to 31st March 2011: 0.44 Million equity shares of Rs.2 each)-Options lapsed during the year 0.078 Million shares equity shares of Rs2 each (up to 31st March 2011: 0.04 Million equity shares of Rs.2 each)-Options exercised during the year- NIL (up to 31st March 2011: 0.095 Million equity shares of Rs.2 each)-Options outstanding at the end of year

:0.23 Million equity shares of Rs.2 each (up to 31st March 2011: 0.31 Million equity shares of Rs.2 each)-Options yet to be granted under the scheme: 1.52 Million equity shares of Rs.2 each (31st March 2011: 1.441 Million equity shares of Rs.2 each)

## 26. Interest in joint venture

The company's interest, as a venturer, in jointly controlled entity is as follows:

Name of the company	Country of incorporation	Proportion of ownership interest 31st March 2012	Proportion of ownership interest 31st March 2011
Frontier Offshore Exploration (India) Limited	India	25%	25%

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

## 27. 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, which are mobile assets and can operate across the world, in view of which geographical segment is not considered.

### Primary Segment information

	31st March 2012		31st March 2011	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
1. Segment revenue				
- Drilling	7,085.38		12,579.05	
-Wind energy	58.75	7,144.13	94.08	12,673.13
2. Segment results				
- Drilling	2,522.95		6,978.13	
-Wind energy	(178.29)		(135.80)	
	2,344.66		6,842.33	
less: interest expenses	(3,575.35)	(1,230.69)	(3,286.57)	3,555.76
3. Segment assets				
- Drilling	51,495.89		56,061.45	
-Wind energy	421.71	51,917.60	601.24	56,662.69
4. Segment liabilities				
- Drilling	31,115.10		31,618.16	
-Wind energy	55.87	31,170.97	172.85	31,791.01
5. Depreciation				
- Drilling	801.07		969.11	
-Wind energy	185.03	986.10	178.96	1,148.07
6. Capital expenditure including work in progress				
- Drilling	1,995.96		367.45	
-Wind energy	-	1,995.96	-	367.45



## Aban Offshore Limited

Notes to Financial Statements for the year ended 31<sup>st</sup> March 2012

### 28. Related party disclosures

#### Names of related parties and related party relationship

#### Related parties where control exists

#### A. Subsidiary companies (wholly owned subsidiaries)

Aban Energies Limited, India  
Aban Holdings Pte Limited, Singapore

#### B. Subsidiaries of Aban Holdings Pte Limited, Singapore

Aban Singapore Pte Ltd, Singapore  
Aban 7 Pte Ltd, Singapore  
Aban 8 Pte Ltd, Singapore  
Aban Abraham Pte Ltd, Singapore  
Aban Pearl Pte Ltd, Singapore  
Aban International Norway AS, Norway  
Sinvest AS, Norway  
DDI Holding AS, Norway  
Deep Drilling Invest Pte Ltd, Singapore  
Deep Drilling 1 Pte Ltd, Singapore  
Deep Drilling 2 Pte Ltd, Singapore  
Deep Drilling 3 Pte Ltd, Singapore  
Deep Drilling 4 Pte Ltd, Singapore  
Deep Drilling 5 Pte Ltd, Singapore  
Deep Drilling 6 Pte Ltd, Singapore  
Deep Drilling 7 Pte Ltd, Singapore  
Deep Drilling 8 Pte Ltd, Singapore  
Deep Driller Mexico S de RL de CV, Mexico

#### C. Others related parties with whom the company had transactions

##### a. Key Management personnel

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

### Transaction with related parties during the year

#### Nature of transaction

	Subsidiary companies		Key Management Personnel	
	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
1. Machinery maintenance charges paid	10.59	10.59	-	-
2. Rent paid	-	-	7.63	5.31
3. Remuneration (Including Retirement Benefits)	-	-	19.12	107.71
4. Interest received/receivable	226.37	686.80	-	0.01
5. Advances recoverable/(payable)	15.21	6.18	-	-
6. Loan given to foreign subsidiary	2,481.33	4,194.01	-	-
7. Loan repaid	6,991.38	5,704.11	-	-
8. Dividend paid	-	-	18.58	17.79
9. Amount outstanding as at 31st March 2012				
- Receivable	2,951.66	7,461.71	-	-
- Payable	-	-	-	-

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 2012 Rs. Millions	31st March 2011 Rs. Millions
<b>1. Machinery maintenance charges paid</b>		
- Aban Energies Limited	10.59	10.59
<b>2. Remuneration to Key management personnel</b>		
- Mr. Reji Abraham	6.34	84.66
- Mr. P.Venkateswaran	6.39	13.65
- Mr. C.P.Gopalkrishnan	6.39	9.40
<b>3. Interest received/ receivable</b>		
- Aban Holdings Pte Ltd, Singapore	226.37	686.80
<b>4. Advances recoverable</b>		
- Aban Energies Limited	8.98	6.18
- Aban Holdings Pte Ltd, Singapore	6.23	--
<b>5. Loan given to foreign subsidiary</b>		
- Aban Holdings Pte Ltd, Singapore	2,481.33	4,194.01
<b>6. Loan repaid by foreign subsidiary</b>		
- Aban Holdings Pte Ltd, Singapore	6,991.38	5,704.11
<b>7. Rent paid</b>		
- Reji Abraham	7.63	5.31
<b>8. Dividend paid</b>		
- Reji Abraham	18.46	17.67
<b>9. Amount payable towards commission to:</b>		
- Mr. Reji Abraham	--	73.20
- Mr.P.Venkateswaran	--	3.66

**Other transactions**

Indian rupee loans guaranteed by personal guarantee of the Managing Director of the company-Rs.5,000.00 Million (31st March 2011: Nil)

**29. Capital and other commitments**

**Capital and other commitments**

	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
Capital and Other commitments not provided for	104.16	63.24

**30. Contingent liabilities**

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
Guarantees given by banks on behalf of the company	510.65	1,008.94
Corporate guarantees given by the company to banks on behalf of subsidiaries of company's wholly owned foreign subsidiary	20,749.95	20,232.27

**31. Derivative instruments and unhedged foreign currency exposures**
**a. Outstanding forward cover contracts/derivatives as at the balance sheet date**

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	Purpose
- Currency forward contracts/options	7,217.71	8,355.40	Hedging risk of exchange rate fluctuations
- Foreign currency convertible bonds	-	975.30	Hedging risk of exchange rate fluctuations

**b. Particulars of unhedged foreign currency exposures as at the balance sheet date**

	As at 31st March 2012 USD Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 USD Millions	As at 31st March 2011 Rs. Millions
- Import payables	48.00	2,441.76	45.00	2,006.60
- Foreign currency convertible bond	-	-	43.19	1,925.90

**32. Loans and advances in the nature of loans given to subsidiaries**

Particulars	Subsidiary	Balance outstanding as at 31st March 2012 Rs. Millions	Maximum balance outstanding during the year Rs. Millions	Balance outstanding ast 31st March 2011 Rs. Millions	Maximum balance outstanding during the previous year Rs. Millions
Aban Energies Limited (advance)	Indian subsidiary	8.98	9.97	5.96	10.16
Aban Holdings Pte Ltd (Loan & advance)	Foreign subsidiary	2,942.68	7,455.74	7,455.74	9,617.36

**33. Value of imports calculated on CIF basis**

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
a. Capital items	334.08	192.67
b. Stores and spare parts	415.19	367.46

**34. Expenditure in foreign currency**

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
a. Interest on foreign currency loans	52.01	29.86
b. Drilling services and management fees	80.20	106.95
c. Travel and transport	24.21	55.73
d. Consultancy fees	197.05	137.12
e. Rental charges for machinery	293.51	300.44
f. Insurance	375.09	141.08



Notes to Financial Statements for the year ended 31<sup>st</sup> March 2012

g. Repairs to machinery	5.22	1.10
h. Catering	25.29	20.36
i. Salary and staff welfare	225.17	123.78
j. Others	15.63	14.00

## 35. Imported and indigenous stores and spares consumed

	Year ended 31st March 2012 Value (Rs. Millions)	Year ended 31st March 2012 % of total consumption	Year ended 31st March 2011 Value (Rs. Millions)	Year ended 31st March 2011 % of total consumption
<b>Stores and spares</b>				
Imported	89.09	29.82%	291.02	61.54%
Indigenous	209.70	70.18%	181.85	38.46%

## 36. Dividend remitted in foreign currency

Year of remittance (ending on)	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
Period to which it relates	2010-11	2009-10
Number of non-resident shareholders	1	1
Number of equity shares held	8.33	8.33
Net dividend remitted	29.98	29.98

## 37. Earnings in foreign currency

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
a. Drilling and production services	4,156.79	9,317.08
b. Interest from foreign subsidiary	226.37	686.80
c. Others	208.94	45.99

## 38. Generation of wind power (net)

31st March 2012		31st March 2011	
Units	Rs. Millions	Units	Rs. Millions
21,370,997	58.75	31,575,597	86.44

## 39. Dues to micro and small enterprises

The Company has no dues to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 (31st March 2011: Nil)



**Aban Offshore Limited**

**Notes to Financial Statements for the year ended 31<sup>st</sup> March 2012**

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**40. Previous year figures**

Till the year ended 31st March 2011, the Company was using the pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company 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

**P. Murari**  
*Vice Chairman*

**For and On behalf of the Board**

**K. M. Jayarao**  
*Director*

**Reji Abraham**  
*Managing Director*

**Ramaswamy Subramanian**

*Partner*

Membership No: 016059

Place: Chennai

Date : 30<sup>th</sup> May 2012

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

**K. Bharathan**  
*Director*

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

1	Name of the Subsidiary Company	Aban Energies Limited	Aban Holdings Pte Ltd
2	Financial Year of the Subsidiary Company	Year Ended 31.03.2012	Year Ended 31.03.2012
3	Shares of the Subsidiary Company held by Aban Offshore Limited		
	(a) Number of Shares	2,00,070	85,00,00,000
	(b) Face Value	Rs.10	Not Applicable
	(c) Paid up value	Rs.10	USD 850,000,000
	(d) Extent of Holding	100%	100%
4	Net aggregate amount of Profit / (Loss) of the subsidiary Company so far as they concern the members of Aban Offshore Limited not dealt with in the accounts of the Aban Offshore Limited amount to:		
		<b>Rs.in Million</b>	<b>Rs.in Million</b>
	(a) For the Subsidiary Company's financial year ended on 31.03.2012	(2.17)	4,424.69
	(b) For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	(6.07)	842.87
5	Net aggregate amount of Profit / (Loss) of the Subsidiary Company, dealt with in the Accounts of Aban Offshore Limited amount to:		
	(a) For subsidiary Company's Financial Year ended 31.03.2012	NIL	NIL
	(b) For the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	NIL	NIL
6	As the financial year of the Subsidiary Company coincides with the financial year of the Holding Company, Section 212(5) of the Companies Act is not applicable		
	Note: Aban Holdings Pte Ltd is having the following subsidiaries. Financial year of these Companies ended on 31st March 2012		
	(a) Aban Singapore Pte Ltd	(j) Deep Drilling 1 Pte Ltd, Singapore	
	(b) Aban 7 Pte Ltd, Singapore	(k) Deep Drilling 2 Pte Ltd, Singapore	
	(c) Aban 8 Pte Ltd, Singapore	(l) Deep Drilling 3 Pte Ltd, Singapore	
	(d) Aban Abraham Pte Ltd, Singapore	(m) Deep Drilling 4 Pte Ltd, Singapore	
	(e) Aban Pearl Pte Ltd, Singapore	(n) Deep Drilling 5 Pte Ltd, Singapore	
	(f) Aban International Norway AS	(o) Deep Drilling 6 Pte Ltd, Singapore	
	(g) Sinvest ASA, Norway	(p) Deep Drilling 7 Pte Ltd, Singapore	
	(h) DDI Holding AS Norway	(q) Deep Drilling 8 Pte Ltd, Singapore	
	(i) Deep Drilling Invest Pte Ltd, Singapore	(r) Deep Driller Mexico S de RL de CV, Mexico	

For and on behalf of the Board

**P. Murari**  
Vice Chairman

**Reji Abraham**  
Managing Director

**K.Bharathan**  
Director

**K.M.Jayarao**  
Director

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

Place: Chennai  
Date: 30th May 2012

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

Name of the subsidiary Company	Aban Energies Ltd India	Aban Holdings Pte Ltd, Singapore	Aban Singapore Pte Ltd, Singapore	Aban Abraham Pte Ltd, Singapore	Aban 7 Pte Ltd, Singapore	Aban 8 Pte Ltd, Singapore	Aban Pearl Pte Ltd, Singapore	Aban International Norway AS, Norway
a) Share Capital	Rs in Millions	Rs in Millions	Rs in Millions	Rs in Millions	Rs in Millions	Rs in Millions	Rs in Millions	Rs in Millions
b) Reserves & Surplus *	2.00	39,435.22	25,435.00	2,543.50	1,068.27	1,933.06	2,950.46	14,737.57
c) Total Assets	(8.24)	(3,600.77)	(6,789.51)	(371.91)	(239.87)	5,017.43	(1,784.37)	(10,713.79)
d) Total Liabilities	4.49	13,374.46	2,237.23	25,149.82	5,724.56	14,811.92	1,878.24	551.29
e) Investments (except in case of investment in subsidiaries)	10.73	2,975.01	32,047.74	22,978.23	4,896.15	7,861.43	712.15	36,929.33
f) Turnover	-	25,435.00	48,456.01	-	-	-	-	40,401.83
g) Profit/(Loss) before Taxation	11.91	-	7,397.40	1,132.17	442.56	1,806.02	30.08	2,091.71
h) Provision for Taxation	(2.16)	(384.59)	2,238.19	(529.73)	(214.58)	1,699.34	(282.80)	(2,445.14)
i) Profit/(Loss) after Taxation	0.01	-	(421.37)	-	(29.78)	(130.92)	-	-
j) Proposed Dividend	(2.15)	(384.59)	1,816.82	(529.73)	(244.36)	1,568.42	(282.80)	(2,445.14)

Name of the subsidiary Company	Sininvest AS, Norway	DDI Holding AS, Norway	Deep Drilling Invest Pte Ltd, Singapore	Deep Drilling 1 Pte Ltd, Singapore	Deep Drilling 2 Pte Ltd, Singapore	Deep Drilling 3 Pte Ltd, Singapore	Deep Drilling 4 Pte Ltd, Singapore	Deep Drilling 5 Pte Ltd, Singapore
a) Share Capital	Rs in Millions	Rs in Millions	Rs in Millions	Rs in Millions	Rs in Millions	Rs in Millions	Rs in Millions	Rs in Millions
b) Reserves & Surplus *	6,998.24	24,400.62	32,701.30	6,889.76	7,414.83	6,610.68	1,919.57	3,466.61
c) Total Assets	22,589.58	(15,894.98)	928.90	4,561.50	8,836.50	8,510.67	5,771.23	6,897.67
d) Total Liabilities	235.88	0.81	498.30	17,995.59	16,521.55	22,223.98	12,334.21	12,469.74
e) Investments (except in case of investment in subsidiaries)	234.98	42,741.09	482.84	6,544.33	270.22	7,102.64	4,643.42	2,105.46
f) Turnover	29,586.32	51,245.91	33,614.74	-	-	-	-	-
g) Profit/(Loss) before Taxation	41.52	-	57.04	1,271.47	1,839.28	2,093.77	1,855.69	1,830.37
h) Provision for Taxation	23.38	(2,456.08)	68.92	410.81	1,569.74	1,470.90	1,417.84	1,349.11
i) Profit/(Loss) after Taxation	-	-	9.47	(87.12)	194.88	(402.57)	-	-
j) Proposed Dividend	23.38	(2,456.08)	78.39	323.69	1,764.62	1,068.33	1,417.84	1,349.10

Note :

1. The Ministry of Corporate Affairs, Government of India, vide General Circular No-2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.

2. Other than the Indian subsidiary Aban Energies Ltd, where accounts is in Indian Rupee, other 19 subsidiary accounts which are in US Dollar are converted into Indian Rupee at the Exchange rate of 1USD = Rs. 50.87 for the purpose of the details given above.

\* includes translation reserve

**P. Murari**  
Vice- Chairman

Place: Chennai

Date: 30th May 2012

**Reji Abraham**  
Managing Director

**K.M. Jayarao**  
Director

**K. Bharathan**  
Director

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

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors  
Aban Offshore Limited  
Chennai  
India

We have audited the attached Consolidated Balance Sheet of Aban Offshore Limited the parent company and its subsidiaries as at 31st March 2012, the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year then ended.

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

We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21 - "Consolidated Financial Statements" and AS 27 - "Financial reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India and notified by Government of India under the Companies (Accounting Standard) Rules, 2006.

We have audited the financial statements of M/s Aban Energies Limited, Chennai, India, the Indian subsidiary of the Parent Company. The Financial Statements of Aban Holdings Pte., Ltd., Singapore, the foreign subsidiary of the Parent Company and the Consolidated Financial Statements of Foreign Subsidiary's immediate subsidiary company, Aban Singapore Pte., Ltd., Singapore and its 17 subsidiaries, have been audited by other Auditors whose reports have been furnished to us and our opinion in respect of these subsidiaries is based solely on the report of those auditors. The financial statements of a newly incorporated subsidiary Deep Driller Mexico S de RL de CV, Mexico has not been audited.

The audited financial statement of Aban Holdings Pte Ltd., Singapore reflects total assets of Rs. 38809.46 Millions as at 31st March 2012 and total revenue of Rs. Nil for the year then ended. The Audited Consolidated Financial Statements of M/s Aban Singapore Pte., Limited, Singapore and its subsidiaries reflect total net assets of Rs. 125342.09 Millions as at 31st March 2012 and total net revenue of Rs. 25366.79 Millions for the year then ended. The unaudited financial statements of Deep Driller Mexico S de RL de CV, Mexico a newly incorporated subsidiary of Aban Singapore Pte Limited reflects total assets of Rs. 2.59 Million as at 31st March 2012 and total revenue of Rs. NIL for the year then ended.

On the basis of information and explanations provided to us, the audit reports on individual financial statements of Aban Offshore Limited, its Indian subsidiary, and aforesaid foreign subsidiaries, we are of the opinion that:

- a. The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Aban Offshore Limited, and its subsidiaries as at 31st March 2012;
- b. The Consolidated Statement of Profit and Loss gives a true and fair view of the consolidated results of operations of Aban Offshore Limited, and its subsidiaries for the year then ended; and
- c. The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Aban Offshore Limited and its subsidiaries for the year then ended.

For FORD, RHODES, PARKS & CO.,  
*Chartered Accountants*  
ICAI – Registration No: 102860W

**RAMASWAMY SUBRAMANIAN**  
*Partner*  
Membership No: 016059

Place : Chennai  
Date : May 30, 2012



Aban Offshore Limited

## Consolidated Balance Sheet

As at 31<sup>st</sup> March 2012

	Note No:	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	6	2,897.04	3,347.04
Reserves and Surplus	7	25,719.41	17,990.68
		<u>28,616.45</u>	<u>21,337.72</u>
<b>Non-current liabilities</b>			
Long-term borrowings	8	111,443.71	97,128.60
Deferred tax liabilities (net)	9	268.56	291.93
Long-term provisions	10	19.08	13.18
		<u>111,731.35</u>	<u>97,433.71</u>
<b>Current liabilities</b>			
Short -term borrowings	11	5,570.69	3,772.83
Trade payables	12	6,410.61	5,635.89
Other current liabilities	12	20,412.64	30,764.78
Short -term provisions	10	942.97	1,828.46
		<u>33,336.91</u>	<u>42,001.96</u>
<b>TOTAL</b>		<u><b>173,684.71</b></u>	<u><b>160,773.39</b></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible assets	13.1	100,817.93	89,835.08
Intangible assets	13.2	56,156.58	49,223.93
Capital work-in-progress		245.08	175.10
Non-current investments	14	34.06	153.46
Long-term loans and advances	15	533.87	35.45
Other non-current assets	16.2	499.37	492.08
		<u>158,286.89</u>	<u>139,915.10</u>
<b>Current assets</b>			
Inventories	17	3,005.92	2,615.59
Trade receivables	16.1	10,116.37	9,691.94
Cash and bank balances	18	844.54	5,458.45
Short-term loans and advances	15	1,332.13	2,613.12
Other current assets	16.2	98.86	479.19
		<u>15,397.82</u>	<u>20,858.29</u>
<b>TOTAL</b>		<u><b>173,684.71</b></u>	<u><b>160,773.39</b></u>

Summary of significant accounting policies

4

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: May 30, 2012

For and on behalf of the Board

*Reji Abraham*  
Managing Director

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

## Consolidated Statement of Profit and Loss Account

For the year ended 31<sup>st</sup> March 2012

	Note No:	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
<b>Income</b>			
Revenue from operations	19	31,629.21	33,472.23
Other income	20	657.66	259.81
<b>Total revenue (I)</b>		<b>32,286.87</b>	<b>33,732.04</b>
<b>Expenses</b>			
Consumption of stores, spares and fuel	21	1,179.17	1,368.85
Employee benefits expense	22	3,378.24	2,895.44
Finance costs	23	9,890.85	9,335.97
Depreciation and amortization expense	24	5,160.41	4,907.14
Other expenses	25	8,667.63	8,536.87
<b>Total Expenses (II)</b>		<b>28,276.30</b>	<b>27,044.27</b>
Profit before exceptional items and tax		<b>4,010.57</b>	<b>6,687.77</b>
Less Exceptional items	26	-	3,372.87
<b>Profit/(Loss) before tax</b>		<b>4,010.57</b>	<b>3,314.90</b>
<b>Tax expenses</b>			
-Current tax		818.75	2,674.58
-Deferred tax		(23.37)	(143.72)
<b>Total tax expense</b>		<b>795.38</b>	<b>2,530.86</b>
<b>Profit/(Loss) for the year after tax and before share in earnings of joint venture</b>		<b>3,215.19</b>	<b>784.04</b>
Share of profit/(loss) in joint venture	-		665.41
<b>Profit/(Loss) for the year after tax and after share in earnings of joint venture</b>		<b>3,215.19</b>	<b>1,449.45</b>
<b>Earnings per equity share of Rs.2 each</b> (31st March 2011: Rs.2 each)	27		
<b>Basic</b>			
Computed on the basis of profit/(loss) for the year		67.16	25.86
<b>Diluted</b>			
Computed on the basis of profit/(loss) for the year		66.68	25.71

Summary of significant accounting policies

4

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: May 30, 2012

For and on behalf of the Board

Reji Abraham  
Managing Director

C.P.Gopalkrishnan  
Dy.Managing Director & Secretary





Aban Offshore Limited

## Consolidated Cash Flow Statement

For the year ended 31<sup>st</sup> March 2012

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
<b>Cash Flow from operating activities</b>		
Profit before tax from continuing Operations	4,010.57	3,314.90
<b>Profit before tax</b>	<b>4,010.57</b>	<b>3,314.90</b>
<u>Non cash adjustment to reconcile profit before tax to net cash flows</u>		
Depreciation/amortization on continuing operations	5,160.41	4,907.13
Provision for Employee Benefits	10.03	8.34
Profit on sale of Long Term and Current Investments (Net)/joint venture interest	-	(108.27)
Loss on sale of Assets (Net)/Assets Sunk (Exceptional Item)	-	3,372.87
Provision for Diminution in the value of long term investments	-	513.05
Provision for Doubtful Debts	398.84	344.08
Unrealized foreign exchange loss	86.97	653.44
Net gain on sale of Non Current investments	(307.69)	-
Interest expenses	9,771.97	9,237.69
Interest income	(35.77)	(24.17)
Dividend income	(1.15)	(19.66)
Operating profit before working capital changes	<b>19,094.18</b>	<b>22,199.40</b>
<u>Movements in working capital:</u>		
Increase/(Decrease) in trade payables	772.79	(1,244.62)
Increase/(Decrease) in other current liabilities	(8,472.10)	-
Decrease/(Increase) in trade receivables	(808.31)	(3,327.05)
Decrease/(Increase) in inventories	(387.76)	(137.54)
Decrease/(Increase) in long term loans and advances	(498.43)	-
Decrease/(Increase) in short term loans and advances	1,291.76	-
Decrease/(Increase) in other current assets	388.34	-
Decrease/(Increase) in other non current assets	(7.30)	(492.08)
Cash generated from(used in) operations	11,373.17	16,998.11
Direct taxes paid (net of refunds)	(1,669.97)	(2,286.31)
<b>Net cash flow from /(used in) operating activities (A)</b>	<b>9,703.20</b>	<b>14,711.80</b>
<b>Cash Flow from investing activities</b>		
Purchase of fixed assets including Intangible Assets	(6,599.18)	(5,635.50)
Capital advances	(10.77)	-
Proceed from sale of fixed assets	-	10,661.47
Proceeds from sale of non-current investments	427.09	-
Proceed from sale /maturity of current investment	350.00	16,686.25
Purchase of Current Investments	(350.00)	(12,331.33)
Interest received	27.76	59.24
Dividends received	1.15	-
<b>Net cash flow from /(used in) investing activities (B)</b>	<b>(6,153.95)</b>	<b>9,440.13</b>



Aban Offshore Limited

## Consolidated Cash Flow Statement

For the year ended 31<sup>st</sup> March 2012

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
<b>Cash Flow from financing activities</b>		
Proceeds from issuance of share capital	-	8.08
Proceeds from issuance of preference share capital	(450.00)	-
Redemption of foreign currency convertible bonds with premium	(3,592.56)	-
Proceeds from long term borrowings	3,448.66	(11,628.80)
Proceeds from short term borrowings	1,970.51	-
Repayment of short term borrowings	(276.25)	-
Interest paid	(8,758.33)	(8,891.65)
Dividends paid on equity shares	(156.66)	(156.61)
Dividends paid on preference shares	(278.90)	(278.90)
Tax on equity dividend paid	(25.41)	(26.62)
Tax on preference dividend paid	(45.24)	(47.40)
<b>Net cash flow from /(used in) financing activities (C)</b>	<b>(8,164.18)</b>	<b>(21,021.90)</b>
<b>Net increase /(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(4,614.93)</b>	<b>3,130.03</b>
<b>Effect of exchange differences on cash and cash equivalents held in foreign currency</b>	<b>1.02</b>	<b>(31.68)</b>
Cash and cash equivalents at the beginning of the year	5,458.45	2,360.10
<b>Cash and cash equivalents at the end of the year</b>	<b>844.54</b>	<b>5,458.45</b>
<b><u>Components of cash and cash equivalents</u></b>		
Cash on hand	0.99	3.37
With banks on current account	254.14	4,486.32
On deposit account	582.28	960.76
unpaid dividend account*	7.13	8.00
<b>Total cash and cash equivalents (note 17)</b>	<b>844.54</b>	<b>5,458.45</b>

Summary of significant accounting policies

4

\*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: May 30, 2012

For and on behalf of the Board

*Reji Abraham*  
Managing Director

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



**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 19 subsidiaries are referred to as "Group" for the purpose of this Consolidated Financial Statements. The Parent Company has a wholly-owned Indian Subsidiary Aban Energies Ltd and a wholly owned foreign subsidiary Aban Holdings Pte. Limited, Singapore. The Parent Company, the wholly owned foreign subsidiary and its 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 its wholly-owned Indian subsidiary are engaged in the ownership, operation and maintenance of wind turbines for generation of 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" and Accounting Standard -27 – "Financial reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India. (ICAI)/Companies (Accounting Standards) Rules, 2006.

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

The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in consolidated Subsidiaries at the respective dates on which the investment in such entities was made is 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. Change in accounting policy**

**Presentation and disclosure of financial statements**

During the year ended 31<sup>st</sup> March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year

**b. 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.

**c. 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.

**d. 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%

Pursuant to notification of Government of India, Ministry of Corporate Affairs dated 14th December 2011, the rate of depreciation on Rigs has been reduced to 3.34% p.a. on straight line basis. The depreciation on rigs and drillship has been charged accordingly with effect from the date of such notification

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.

**e. 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.

**f. 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.

**g. 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.

**h. 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.

**i. 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 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.

**j. Inventories**

Inventory of stores, spares and fuel is valued at cost based on a weighted average cost/ first-in-first-out basis.

**k. 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 wind power generation is recognized based on the number of units of power generated every month at contracted rates.

Interest income is recognized on time proportion basis taking into account the amount outstanding and 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

**l. 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 reporting 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.

**m. 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.

**n. 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.

**o. 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.

**Segment accounting policies**

The segment information is prepared in conformity with the accounting policies and presenting the financial statements of the Group as a whole.

**p. 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.

**q. 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.

**r. 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 that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**s. 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	Reporting Currency
Aban Energies Ltd	India	100%	31st March 2012 (audited)	Indian Rupee
Aban Holdings Pte Ltd	Singapore	100%	31st March 2012 (audited)	US Dollars
Aban Singapore Pte Ltd	Singapore	(a)	31st March 2012 (audited)	US Dollars
Aban International Norway AS	Norway	(b)	31st March 2012 (audited)	US Dollars
Aban 7 Pte Ltd	Singapore	(b)	31st March 2012 (audited)	US Dollars
Aban 8 Pte Ltd	Singapore	(b)	31st March 2012 (audited)	US Dollars
Aban Abraham Pte Ltd	Singapore	(b)	31st March 2012 (audited)	US Dollars
Aban Pearl Pte Ltd	Singapore	(b)	31st March 2012 (audited)	US Dollars
Sinvest AS	Norway	(c)	31st March 2012 (audited)	US Dollars
DDI Holding AS	Norway	(d)	31st March 2012 (audited)	US Dollars
Deep Drilling Invest Pte Ltd	Singapore	(e)	31st March 2012 (audited)	US Dollars
Deep Drilling 1 Pte Ltd	Singapore	(f)	31st March 2012 (audited)	US Dollars
Deep Drilling 2 PteLtd	Singapore	(f)	31st March 2012 (audited)	US Dollars
Deep Drilling 3 PteLtd	Singapore	(f)	31st March 2012 (audited)	US Dollars
Deep Drilling 4 Pte Ltd	Singapore	(f)	31st March 2012 (audited)	US Dollars
Deep Drilling 5 Pte Ltd	Singapore	(f)	31st March 2012 (audited)	US Dollars
Deep Drilling 6 Pte Ltd	Singapore	(f)	31st March 2012 (audited)	US Dollars
Deep Drilling 7 Pte Ltd	Singapore	(f)	31st March 2012 (audited)	US Dollars
Deep Drilling 8 Pte Ltd	Singapore	(f)	31st March 2012 (audited)	US Dollars
Deep Driller Mexico S de RL de CV, Mexico	Mexico	(b)	31st March 2012 (unaudited)	US Dollars



**Aban Offshore Limited**

**Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012**

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Note:

- a) Wholly-owned subsidiary of Aban Holdings Pte Ltd
- b) Wholly-owned subsidiaries of Aban Singapore Pte Ltd
- c) Subsidiary of Aban International Norway AS (60%) and Aban Singapore Pte Ltd (40%)
- d) Wholly-owned subsidiary of Sinvest AS
- e) Wholly-owned subsidiaries of DDI Holding AS
- f) Wholly-owned subsidiary of Deep Drilling Invest Pte Ltd

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

## 6. Share Capital

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Authorised shares (No. Millions)</b>		
2,500 (31 March 2011: 2,500 ) equity shares of Rs.2/- each	5,000.00	5,000.00
1000 (31 March 2011: 1000 ) Cumulative non convertible redeemable preference shares of Rs.10/- each	<u>10,000.00</u>	<u>10,000.00</u>
	<b><u>15,000.00</u></b>	<b><u>15,000.00</u></b>
<b>Issued , subscribed and fully paid -up shares (No. Millions)</b>		
<b><u>Equity shares:</u></b>		
36.88 (31 March 2011: 36.88) equity shares of Rs.2/- each	73.75	73.75
0.85 (31 March 2011: 0.85) equity shares of Rs.2/- each issued against conversion of foreign currency convertible bonds	1.70	1.70
0.09 (31 March 2011: 0.09 ) equity shares of Rs.2/- each issued against employee stock option scheme	0.19	0.19
5.69 (31 March 2011: 5.69) equity shares of Rs.2/- each issued against qualified institutional placement	11.39	11.39
Shares Forfeited, 0.01(31 March 2011: 0.01) equity shares at Re 1/- each	0.01	0.01
(A)	<b><u>87.04</u></b>	<b><u>87.04</u></b>
<b><u>Preference shares:</u></b>		
77 (31 March 2011: 122) 8% non-convertible cumulative redeemable preference shares of Rs.10/-each	770.00	1,220.00
28 (31 March 2011: 28.00 @ 8%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	280.00	280.00
61 (31 March 2011: 61 @ 9%) 9% non-convertible cumulative redeemable preference shares of Rs.10/-each	610.00	610.00
95 (31 March 2011: 95 @ 9%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	950.00	950.00
20 (31 March 2011:20 @ 9.25%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	200.00	200.00
(B)	<b><u>2,810.00</u></b>	<b><u>3,260.00</u></b>
<b>TOTAL (A+B)</b>	<b><u>2,897.04</u></b>	<b><u>3,347.04</u></b>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	31st March 2012		31st March 2011	
	No. Millions	Rs. Millions	No. Millions	Rs. Millions
<b>Equity shares (A)</b>				
<b>of Rs 2 each</b>				
At the beginning of the period	43.51	87.04	43.50	87.02
Issued during the period-ESOP	-	-	0.01	0.02
<b>Outstanding at the end of the period</b>	<b><u>43.51</u></b>	<b><u>87.04</u></b>	<b><u>43.51</u></b>	<b><u>87.04</u></b>
	31st March 2012		31st March 2011	
	No. Millions	Rs. Millions	No. Millions	Rs. Millions
<b>Preference shares (B)</b>				
<b>of Rs 10 each</b>				
At the beginning of the period	326.00	3,260.00	326.00	3,260.00
Issued during the period	-	-	-	-
Redeemed during the period	45.00	450.00	-	-
<b>Outstanding at the end of the period</b>	<b><u>281.00</u></b>	<b><u>2,810.00</u></b>	<b><u>326.00</u></b>	<b><u>3,260.00</u></b>
<b>Total Value of Outstanding Shares (A) +(B)</b>		<b><u>2,897.04</u></b>		<b><u>3,347.04</u></b>

**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 2012, the amount of per share dividend recognized as distributions to equity shareholders is Rs3.60 (31st March 2011: Rs.3.60).

**c. Terms of redemption of Non-convertible Cumulative Redeemable Preference shares**

As on 31st March 2011, the terms and conditions of the Non-Convertible Cumulative redeemable preference shares were as under:

- 150 million 8% non- convertible cumulative redeemable preference shares will be redeemed at par on 16-06-2011, 16-06-2012 and 16-06-2013 in the ratio of 30:30:40 respectively. During the year 45 million non-convertible redeemable preference shares which were due for redemption on 16-06-2011 were redeemed.
- 156 million 9 % non-convertible cumulative redeemable preference shares were originally scheduled for redemption at par at the end of the 5th year from the date of allotment of shares as per details given below:  
55 million shares to be redeemed on 29-12-2011  
40 million shares to be redeemed on 28-02-2012  
61 million shares to be redeemed on 30-03-2012
- 20 million 9.25% non-convertible redeemable preference shares were originally scheduled for redemption at par on 03-08-2013

Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012

Pursuant to approval of the Board of Directors and with the consent of preference shareholders, the modified 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
- 20 million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 03-08-2016
- d. 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 2011:1.84 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 2011: 0.095 million equity shares of Rs.2 each) (Refer note 28 for details)

## e. Details of shareholders holding more than 5% shares in the Parent Company

	31st March 2012		31st March 2011	
	No. Millions	% holding in the class	No. Millions	% holding in the class
<b>Equity shares of Rs.2 each fully paid</b>				
Reji Abraham	5.13	11.78%	5.13	11.78%
India Offshore Inc	8.33	19.14%	8.33	19.14%
Aban Investments Private Limited	5.65	12.99%	5.65	12.99%
	<u>19.11</u>	<u>43.91%</u>	<u>19.11</u>	<u>43.91%</u>
	31st March 2012		31st March 2011	
	No. Millions	% holding in the class	No. Millions	% holding in the class
<b>Preference shares of Rs.10 each fully paid</b>				
<b>8% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10 each</b>				
Syndicate Bank	10.50	10.00%	15.00	10.00%
Canara Bank	17.50	16.67%	25.01	16.67%
Indian Overseas Bank	14.00	13.33%	20.00	13.33%
Vijaya Bank	17.50	16.67%	25.01	16.67%
Axis Bank Limited	42.00	40.00%	60.00	40.00%
	<u>101.50</u>	<u>96.67%</u>	<u>145.02</u>	<u>96.67%</u>



## Aban Offshore Limited

### Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012

#### 9% and 10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 each

Indian Bank	10.00	16.39%	10.00	16.39%
Vijaya Bank	5.00	8.20%	5.00	8.20%
UCO Bank	10.00	16.39%	10.00	16.39%
Indusind Bank Limited	30.00	49.18%	30.00	49.18%
Yes Bank Limited	5.00	8.20%	5.00	8.20%
	<u>60.00</u>	<u>98.36%</u>	<u>60.00</u>	<u>98.36%</u>

#### 10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 each

Punjab National Bank	20.00	50.00%	20.00	50.00%
Canara Bank	10.00	25.00%	10.00	25.00%
Indian Overseas Bank	10.00	25.00%	10.00	25.00%
	<u>40.00</u>	<u>100.00%</u>	<u>40.00</u>	<u>100.00%</u>

#### 10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 each

Syndicate Bank	15.00	27.27%	15.00	27.27%
Bank of India	15.00	27.27%	15.00	27.27%
Central Bank of India	5.00	9.10%	5.00	9.10%
Bank of Baroda	10.00	18.18%	10.00	18.18%
Oriental Bank of Commerce	10.00	18.18%	10.00	18.18%
	<u>55.00</u>	<u>100.00%</u>	<u>55.00</u>	<u>100.00%</u>

#### 10% Non Convertible Cumulative Redeemable Preference Shares of Rs.10 each

Bank of India	<u>20.00</u>	<u>100.00%</u>	<u>20.00</u>	<u>100.00%</u>
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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

	CONSOLIDATED	
	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
<b>Capital Reserve - as per last Balance Sheet</b>	<b>0.03</b>	<b>0.03</b>
<b>Securities Premium Account</b>		
Balance as per last financial statements	9,545.88	9,537.67
Add: on allotment under ESOS	-	8.21
Less: amounts utilized towards redemption of foreign currency convertible bonds *	(691.46)	-
	<b>8,854.42</b>	<b>9,545.88</b>
<b>Investment Allowance Reserve (utilised) -as per last Balance Sheet</b>	<b>52.40</b>	<b>52.40</b>
<b>Capital Redemption Reserve</b>		
Balance as per last financial statements	2,000.00	1,500.00
Add: Transfer from statement of profit and loss	-	500.00
	<b>2,000.00</b>	<b>2,000.00</b>
<b>General Reserve</b>		
Balance as per last financial statements	1,299.29	1,059.29
Add: Transfer from statement of profit and loss	-	240.00
	<b>1,299.29</b>	<b>1,299.29</b>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	8,070.09	7,866.85
Profit/(loss) for the year	3,215.19	1,449.45
Less: Appropriations		
Transfer to capital redemption reserve	-	(500.00)
Transfer to general reserve	-	(240.00)
Proposed equity dividend-Rs.3.60 Per equity share (31st March 2011-Rs.3.60 Per equity share)	(156.66)	(156.66)
Tax on proposed equity dividend	(25.41)	(25.41)
Dividend on preference shares	(252.24)	(278.90)
Tax on preference dividend	(40.92)	(45.24)
<b>Total appropriations</b>	<b>(475.23)</b>	<b>(1,246.21)</b>
<b>Net Surplus/(deficit) in the statement of profit and loss</b>	<b>10,810.05</b>	<b>8,070.09</b>
<b>Translation Reserve</b>	<b>2,703.22</b>	<b>(2,977.01)</b>
<b>Total reserves and surplus</b>	<b>25,719.41</b>	<b>17,990.68</b>

\* Premium on redemption of foreign currency convertible bond including withholding tax



has been adjusted against the securities premium account

## 8. Long term borrowings

	Non-Current maturities		Current maturities	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Term loans</b>				
Rupee term loans from banks (secured)	18,535.24	18,218.56	305.12	1,393.66
Rupee term loan from Financial institution (secured)	500.00	750.00	319.74	250.00
Foreign currency term loans from banks (secured)	74,425.76	77,155.20	15,855.83	5,429.67
<b>Other loans</b>				
Bonds	17,931.68	-	635.88	18,868.23
Hire purchase loan (secured)	0.43	4.84	3.89	4.56
Foreign currency convertible bonds (unsecured)	-	-	-	2,901.10
From a company (unsecured)	50.60	1,000.00	999.60	500.00
	<u>111,443.71</u>	<u>97,128.60</u>	<u>18,120.06</u>	<u>29,347.22</u>
<b>The above amount includes</b>				
Secured borrowings	111,393.11	96,128.60	17,120.46	25,946.12
Unsecured borrowings	50.60	1,000.00	999.60	3,401.10
Amount disclosed under the head "Other current liabilities" (note 12 )	-	-	(18,120.06)	(29,347.22)
<b>Net Amount</b>	<u>111,443.71</u>	<u>97,128.60</u>	<u>-</u>	<u>-</u>

### 1. The rupee term loans from banks include the following:

- Term Loan of Rs.63 million (31st March 2011:Rs.87.95 million) from a bank.The loan is repayable in 96 equal monthly installments along with interest from 30th April 2013. The loan is secured by pari-passu first charge on the specific offshore drilling rigs and carries interest @ 13% p.a. (31st March 2011:10.75% p.a.)
- Term Loan of Rs.2554.20 million (31st March 2011:Rs.2721.07 Million) from a bank. The loan is repayable in 96 equal monthly installments along with interest from 30th April 2013. The loan is secured by pari-passu first charge on the specific offshore drilling rigs and carries interest @ 14.50% p.a. (31st March 2011:11.00% p.a.).
- Term Loan of Rs.2761.73 million (31st March 2011:Rs.2862.53 million) from a bank.The Loan is repayable in 96 equal monthly installments along with interest from 30th April 2013. The loan is secured by pari-passu first charge on the specific offshore drilling rigs. Amount overdue on account of interest as on balance sheet date is Rs.63.94 million for a period of 1 to 2 months. Amount since paid is Rs.32.86 million and carries interest @ 13.50% p.a. (31st March 2011: 11.70% p.a.).
- Term Loan of Rs.2707.30 Million (31st March 2011:Rs.2757.60 Million) from a bank The Loan is repayable in 96 equal monthly installments along with interest from 30th April 2013. The loan is secured by pari- passu first charge on the specific offshore drill ship and drilling rigs and carries interest @ 13.50% p.a. (31st March 2011:10.50% p.a.). Amount overdue on account of interest as on balance sheet date is Rs32.22 million for a period of 1 to 2 months which is since paid.
- Term Loan of Rs. 900.10 million (31st March 2011:Rs.945.10 million) from a bank. The Loan is repayable in 32 equal quarterly installments along with interest from 30th June 2013. The loan is secured by pari-passu first charge on the specific offshore drill ship and drilling rigs and carries interest @ 13.40% p.a. (31st March 2011:12.00% p.a.). Amount overdue on

account of interest as on balance sheet date is Rs.21.17 million for a period of 1 to 2 months and amount since paid is Rs.10.58 million.

- f. Term Loan of Rs.49.52 million (31st March 2011:Rs.167.10 million) from a bank The Loan is repayable in 4 monthly installments along with interest from January 2012.The loan is secured by first charge on windmills and carries interest @ 13.75% p.a. (31st March 2011:13.00% p.a.). Amount overdue on account of principal and interest as on balance sheet date is Rs.41.32 million for a period of 1 to 3 months. Amount since paid is Rs.14.21million.
  - g. Term Loan of Rs.4859.60 million (31st March 2011:Rs.4996.82 million) from a bank. The Loan is repayable in 32 equal quarterly installments along with interest from 30th June 2013. The loan is secured by first charge on the specific offshore drilling rigs, Floating Production Unit and second charge on drilling rig owned by foreign subsidiary and carries interest @ 16.25% p.a. (31st March 2011:15.50% p.a.).Amount overdue on account of interest as on balance sheet date is Rs.136.53 million for a period of 1 to 2 months. Amount since paid is Rs.14.80 million.
  - h. Term Loan of Rs.1849.30 million (31st March 2011: Rs. 1924.49 million) from a bank. The Loan is repayable in 96 monthly installments along with interest from 30th September 2013. The loan is secured by first charge on the specific offshore drilling rig owned by foreign subsidiary and carries interest @ 15.00% p.a. (31st March 2011: 14.25% p.a.). Amount overdue on account of interest as on balance sheet date is Rs.46.72 million for a period of 1 to 2 months. Amount since paid is Rs.23.99 million.
  - i. Term Loan of Rs.1500.79 million (31st March 2011:Rs.1499.80 million) from a bank. The Loan is repayable in 32 quarterly installments along with interest from 29th January 2014. The loan is secured by Second charge on the specific offshore drill ship and drilling rig and carries interest @ 15.00 % p.a. (31st March 2011:14.25% p.a.). Amount overdue on account of interest as on balance sheet date is Rs.37.25 million for a period of 1 to 2 months. Amount since paid is Rs.19.14 million.
  - j. Term Loan of Rs.469.99 million (31st March 2011:Nil) from a bank The Loan is repayable in 13 quarterly installments along with interest from 31st March 2012. The loan is secured by First charge on the specific offshore drill rig of foreign subsidiary and carries interest @ 15.25 % p.a. (31st March 2011:14.25% p.a.). Amount overdue on account of interest as on balance sheet date is Rs.11.88 million for a period of 1 to 2 months. Amount since paid is Rs.6.11 million.
  - k. Term Loan of Rs.100 Million (31st March 2011:Rs. 499.69 million) from a bank The Loan is repayable in one installment along with interest from 28th February 2012. The loan is secured by pari-passu First charge on the specific offshore drilling rig and drill ship and carries interest @ 14.25 % p.a. (31st March 2011:13.25% p.a.). Amount overdue on account of principal as on balance sheet date is Rs.100.00 million for a period of 1 month that has been since paid.
  - l. Term Loan of Rs.200.00 million (31st March 2011:Rs. 250.15 million) from a bank The Loan is repayable in 20 quarterly installments along with interest from 31st December 2013. The loan is secured by pari-passu First charge on the specific offshore drilling rig and drill ship and carries interest @ 16.00 % p.a. (31st March 2011:14.00% p.a.).
  - m. Term Loan of Rs.350.00 million (31st March 2011: Rs.399.98 million) from a bank The Loan is repayable in20 quarterly installments along with interest from 31st December 2013. The loan is secured by pari-passu First charge on the specific offshore drilling rig and drill ship and carries interest @ 16.00 % p.a. (31st March 2011:13.75% p.a.).
  - n. Term Loan of Rs.474.91million (31st March 2011:Rs.499.82 million) from a bank The Loan is repayable in 24 quarterly installments along with interest from 31st March 2012. The loan is secured by First charge on the specific offshore drilling rig owned by foreign subsidiary and carries interest @ 14.75 % p.a. (31st March 2011: 13.25% p.a.). Amount overdue on account of interest as on balance sheet date is Rs.5.68 million for a period of 1 month.
- 2. Rupee Term Loan from a financial institution**
- Rupee Term loan from a financial institution of Rs.819.74 million (31st March 2011:Rs.1,000.00 million) The loan is repayable in 16 quarterly installments along with interest from March 2012. The loan is secured by pari-passu first charge on drill Ship and offshore drilling Rig and carries interest @ 13% p.a. (31st March 2011:13% p.a.). Amount overdue on account of interest as on balance sheet date is Rs.19.73 million for a period of 3 months that has since been paid.

**3. Foreign Currency Term Loans from banks include the following:**

- i. Term loan of Rs.2,138.56 million [US\$42,040,000] (31st March 2011: Rs.2,003.78 million[US\$44,938,000]) 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 31 January 2019 and have an interest rate of 5.00% p.a.(31st March 2011: 5.30% p.a.) at the balance sheet date.
- ii. Term loan of Rs.846.32 million [US\$16,637,000] (31st March 2011: Nil) is secured by a second priority mortgage on a rig owned by a step-down subsidiary of the wholly-owned subsidiary, and corporate guarantee of Aban Singapore Pte Ltd. The borrowings mature on 23 February 2019 and have an interest rate 7.00% p.a.(31st March 2011: Nil) at the balance sheet date.
- iii. Term Loan of Rs. 4,675.12 Million[US\$91,903,381] (31st March 2011: Rs.4,345.19 million [US\$97,513,000]) 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 1 February 2019 and have an interest rate of 4.00% p.a.(31st March 2011: 4.46% p.a.) at the balance sheet date. Amount overdue on account of principal and interest is Rs. 95.13 million and Rs.41.53 million respectively for a period of 30 – 60 days.
- iv. Term loan of Rs.969.19 million [US\$19,052,000] (31st March 2011: Rs.899.78 million [US\$20,192,500]) 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 1 February 2019 and have an interest rate of 4.00% p.a.(31st March 2011: 4.46% p.a.) at the balance sheet date. Amount overdue on account of principal and interest is Rs.19.33 million and Rs.5.10 million respectively for a period of 30 – 60 days
- v. Term loan of Rs.17,344.99 million [US\$340,967,000] (31st March 2011:Rs.15,790.95 million [ US\$354,375,000]) is secured by a guarantee from a shareholder of the Parent Company, to the extent of Rs. 6,511.36 million [US\$128,000,000], a first priority pledge over 42.86% of the shares in a subsidiary, 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. The borrowings mature on 3 January 2019 and have an interest rate of 4.00%-5% p.a.(31st March 2011: 4.00%-4.50% p.a.) at the balance sheet date. Amount overdue on account of interest is Rs.129.44 million for a period of 30 – 60 days
- vi. Term loan of Rs.3,179.38 million[US\$62,500,000] (31st March 2011: Rs.3,286.30 million [US\$73,750,000]) is secured by a first priority pledge over 17.14% of the shares in a step-down subsidiary , a charge over escrow account into which dividends from such shares are to be deposited, 100% of the shares in another step-down subsidiary held by the wholly-owned foreign subsidiary and a third priority mortgage on a rig owned by a step-down subsidiary. The borrowings mature in February 2016 and have an interest rate of 5.00% p.a.(2011: 5.29% p.a.) at the balance sheet date.
- vii. Term loan of Rs.4,383.56 million [US\$86,171,800] (31st March 2011: Rs.4,707.99 million [US\$105,655,000]) 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 30 August 2014 and have an interest rate 1%-4% p.a.(31st March 2011: 1%-4.25% p.a.%) at the balance sheet date.
- viii. Term loan of Rs.1,859.93 million[US\$36,562,500] (31st March 2011: Rs.2,005.20 million [US\$45,000,000]) 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 1 March 2015 and have an interest rate of 5.25% p.a.(31st March 2011: 4.55% p.a.) at the balance sheet date. Amount overdue on account of principal and interest is Rs. 143.10 million and Rs.25.25 million respectively for a period of 31 days
- ix. Term loan of Rs.101.61 million [US\$1,997,500](31st March 2011: Rs.267.03 million [US\$5,992,500]) is secured by a standby letter of credit issued by a bank, which is secured by cash deposit held in a pledged account with the same bank. The borrowings mature on 14 March 2013 and have an interest rate of 2.00% p.a.(31st March 2011: 2.00% p.a) at the balance sheet date.

- x. Term loan of Rs.111.06 million [US\$2,183,000] (31st March 2011: Rs.291.86 million [US\$6,549,900]) is secured by a standby letter of credit issued by a bank, which is secured by cash deposit held in a pledged account with the same bank. The borrowings mature on 14 March 2013 and have an interest rate of 2.00% p.a. (31st March 2011: 2.00% p.a.) at the balance sheet date.
- xi. Term loan of Rs.1,193.13 million[US\$23,454,430] (31st March 2011: Rs.1,069.19 million [US\$23,994,400]) 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 1 February 2019 and have an interest rate of 4.00% p.a. (31st March 2011: 4.29% p.a.) at the balance sheet date. Amount overdue on account of principal and interest is Rs.9.16 million and Rs.11.28 million respectively for a period of 60 days.
- xii. Term loan of Rs.3,393.94 million [US\$66,718,963] (31st March 2011: Rs.3,039.79 million [US\$68,217,992]) 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 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 1 February 2019 and have an interest rate of 5.50% p.a.(31st March 2011: 5.20% p.a) at the balance sheet date. Amount overdue on account of principal and interest is Rs.25.44 million and Rs. 32.94 million respectively for a period of 30 – 60 days.
- xiii. Term loan of Rs.5469.54 million [US\$107,520,000] (31st March 2011: Rs.4,990.72 [US\$110,317,000]) is secured by 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 24 March 2019 and have an interest rate of 5%-6% p.a. (31st March 2011: 5.63% p.a.) at the balance sheet date. Amount overdue on account of interest is Rs.25.35 million for a period of 6 days.
- xiv. Term loan of Rs. 7,558.26 million [US\$148,580,000] (31st March 2011: Rs.6,773.12 million [US\$152,000,000]) 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 5 February 2019 and have an interest rate of 4.00% p.a.(31st March 2011: 4.29% p.a.) at the balance sheet date. Amount overdue on account of principal and interest is Rs. 58.00 million and Rs. 78.62 million respectively for a period of 55 days.
- xv. Term loan of Rs.2,549.30 million [US\$50,114,080] (31st March 2011: Rs.2,302.15 million [US\$51,664,000]) is secured by second mortgages on two rigs of two step-down subsidiaries of the wholly-owned foreign subsidiary. The borrowings mature on 12 March 2019 and have an interest rate of 5.25% p.a. (31st March 2011: 5.63% p.a.) at the balance sheet date.
- xvi. Term loan of Rs.6,871.11 million [US\$135,072,000] (31st March 2011: Rs.5,659.12 million [ US\$127,000,000]) 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 8 February 2020 and have an interest rate of 4.79% p.a.(31st March 2011: 4.79% p.a.) at the balance sheet date. Amount overdue on account of principal and interest is Rs. 66.94 million and Rs.54.41 million respectively for a period of 6 – 53 days.
- xvii. Term loan of Rs. 7,223.54 million [US\$142,000,000] (31st March 2011: Rs. 6,684.00 million [US\$150,000,000]) 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 26 September 2017 and have an interest rate of 7.00% p.a.(31st March 2011: 5.21% p.a.) at the balance sheet date. Amount overdue on account of principal and interest is Rs. 406.96 million and Rs.86.88 million respectively for a period of 6 – 60 days.
- xviii. Term loan of Rs.7,041.53 million [US\$138,422,058] (31st March 2011: Rs.6,392.13 million[US\$143,450,000]) is secured by a first priority pledge over 40% of the shares in a step-down subsidiary of the wholly-owned subsidiary, 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 26 March 2019 and have an interest rate of 4.00% p.a.(31st March 2011: 4.00%-4.50% p.a.) at the balance sheet

date. Amount overdue on account of principal and interest is Rs. 172.31 million and Rs.84.56 million respectively for a period of 3 – 6 days.

- xix. Term loan of Rs.3,815.25 million[US\$75,000,000] (31st March 2011: Rs.4,456.00 million [US\$100,000,000]) 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, a corporate guarantee of the Parent Company. The borrowings mature on 26 February 2017 and have an interest rate of 3.00% p.a.(31st March 2011: 3.30% p.a.) at the balance sheet date.
- xx. Term loan of Rs. 2,097.88 million [US\$41,240,000] (31st March 2011: Rs. 1,980.25 million [US\$44,440,000]) is secured by a corporate guarantee from the Parent Company and a third priority mortgage on a rig owned by a step-down subsidiary of wholly-owned foreign subsidiary. The borrowings mature on 11 January 2019 and have an interest rate of 5.00% p.a.(31st March 2011: 5.30% p.a.) at the balance sheet date.
- xxi. Term loan of Rs.813.92 million [US\$16,000,000] (31st March 2011: Rs.712.96 million [US\$16,000,000]) 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 26 December 2017 and have an interest rate of 3.70% p.a.(31st March 2011: 4.00%p.a. ) at the balance sheet date. Amount overdue on account of principal and interest is Rs. 43.39 million and Rs.8.78 million respectively for a period of 6 days.
- xxii. Term loan of Rs.3,592.24 million [US\$70,616,000] (31st March 2011: Rs. 3,243.97 million [US\$72,800,000]) 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 26 March 2019 and have an interest rate of 3.70% p.a.(31st March 2011: 4.00%p.a.) at the balance sheet date. Amount overdue on account of principal and interest is Rs. 37.03 million and Rs.38.46 million respectively for a period of 6 days
- xxiii. Term loan of Rs. 1,220.88 million [US\$24,000,000] (31st March 2011: Rs. 1,069.44 million[US\$24,000,000]) is secured by a standby letter of credit issued by a bank, which is secured by a corporate guarantee of the Parent Company holding company and a first pari-passu charge on two rigs and a floating production unit owned by the Parent Company. The borrowings mature on 26 December 2017 and have an interest rate of 3.00% p.a. (31st March 2011: 3.42% p.a.) at the balance sheet date. Amount overdue on account of interest is Rs. 5.66 million for a period of 4 days.
- xxiv. Term loan of Rs. 1,831.32 million [US\$36,000,000 (31st March 2011: Rs 2,005.20 million [US\$45,000,000]) 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 priority mortgage on a rig owned by a step-down subsidiary of the wholly-owned foreign subsidiary. The borrowings mature on 31 December 2015 and have an interest rate of 2.85% p.a.(31st March 2011: 3.28% p.a.) at the balance sheet date. Amount overdue on account of interest is Rs. 4.53 million for a period of 92 days.

#### **4. Bonds**

- i. Bond of Rs.6,358.75 million [US\$125,000,000] (31st March 2011: Nil) 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 mature on 21 December 2015 and have an interest rate 12.00% p.a. (31st March 2011: NA) at the balance sheet date.
- ii. Bond of Rs. 12,208.80 million US\$240,000,000 (31st March 2011: Nil) 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 subsidiary of the 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 5 March 2015 and have an interest rate 14.25% p.a.(31st March 2011: NA) at the balance sheet date.



Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012

5. Hire purchase loan for vehicles availed by Parent Company from a non-banking finance company of Rs.4.32 million (31<sup>st</sup> March 2011:Rs.9.41 million) secured by hypothecation of vehicles.
6. The Parent Company has an outstanding unsecured loan from a company amounting to Rs.1050.20 million (31<sup>st</sup> March 2011:Rs.1500 million) at 14.50% p.a. repayable in 12 yearly installments along with interest.
7. Foreign currency convertible bonds (FCCB) –The Parent Company had issued 1161 unsecured zero coupon FCCB of Japanese Yen 10,000,000 each aggregating to Japanese Yen 11,610 million in April 2006. Unless previously redeemed, converted or repurchased and cancelled, the company had to redeem each bond at 121.811% of its principal amount on 15<sup>th</sup> April 2011, being the maturity date. Until this date, 620 bonds aggregating to Japanese yen 6200 million were converted into 8,51,055 equity shares of Rs.2 each at the conversion price of Rs.2,789.04 per equity share. The remaining 541 bonds outstanding as on the maturity date were redeemed by the company @ 121.811 % of its principal amount during the year.

## 9. Deferred tax liabilities (net)

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
Deferred tax liability on timing differences		
On depreciation	268.56	291.93
	<u>268.56</u>	<u>291.93</u>

## 10. Provisions

	Long - Term		Short - Term	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Provision for employee benefits</b>				
Provision for provident fund	-	-	1.63	5.27
Provision for gratuity	8.45	4.49	0.19	0.11
Provision for leave encashment	10.63	8.69	3.71	3.44
	<u>19.08</u>	<u>13.18</u>	<u>5.53</u>	<u>8.82</u>
<b>Other provisions</b>				
Proposed equity dividend	-	-	156.66	156.66
Provision for tax on proposed equity dividend	-	-	25.41	25.41
Proposed preference dividend	-	-	252.24	278.90
Provision for tax on proposed preference dividend	-	-	40.92	45.24
Provision for taxation (net of advance payment of taxes)	-	-	462.21	1,313.43
	<u>-</u>	<u>-</u>	<u>937.44</u>	<u>1,819.64</u>
	<u>19.08</u>	<u>13.18</u>	<u>942.97</u>	<u>1,828.46</u>

**11. Short term borrowings**

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
Cash credit from banks (secured)	1,791.02	2,067.27
Short term borrowings from banks (secured)	3,524.67	1,705.56
Deposits (unsecured)		
-Intercompany deposits repayable on demand	255.00	-
	<u>5,570.69</u>	<u>3,772.83</u>
<b>the above amount includes</b>		
Secured borrowings	5,315.69	3,772.83
Unsecured borrowings	255.00	-
	<u>5,570.69</u>	<u>3,772.83</u>

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 @15 % to 18 % p.a.
2. Short term borrowings from banks represent loan (buyer's credit) availed against letters of 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 on demand and carry interest @ 2% to 4% p.a.

**12. Other current liabilities**

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
Trade payables	6,410.61	5,635.89
<b>Other liabilities</b>		
Current maturities of long term borrowings (note 5)	18,120.06	29,347.22
Interest accrued but not due on borrowings	1,551.09	926.38
Interest accrued and due on borrowings	618.12	229.19
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid dividend	-	-
- Unclaimed dividends	11.58	10.04
<b>Others</b>		
Service tax payable/Other Liabilities	53.98	227.68
Tax deducted at source payable	57.81	24.27
	<u>20,412.64</u>	<u>30,764.78</u>
	<u>26,823.25</u>	<u>36,400.67</u>



Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012

## 13.1 Tangible assets

Rs.Millions

	Land- Freehold	Buildings	Offshore Jack-up rigs	Drillship	Other Machineries	Wind Mills	Office Equipment	Furniture & Fixtures	Vehicles	Total
<b>Cost</b>										
At 1st April 2011	128.57	150.37	84,527.35	26,331.50	80.82	2,396.81	85.01	59.27	57.60	113,817.30
Additions	-	-	2,770.71	1,264.83	-	-	3.38	-	0.54	4,039.46
Disposals	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	10,720.51	3,300.29	-	-	3.75	5.06	0.39	14,030.00
-Borrowing costs	-	-	38.32	-	-	-	-	-	-	38.32
<b>At 31st March 2012</b>	<b>128.57</b>	<b>150.37</b>	<b>98,056.89</b>	<b>30,896.62</b>	<b>80.82</b>	<b>2,396.81</b>	<b>92.14</b>	<b>64.33</b>	<b>58.53</b>	<b>131,925.08</b>
At 1st April 2010	128.57	150.37	96,521.74	24,216.87	80.82	2,407.81	73.69	59.24	53.22	123,692.33
Additions	-	-	2,440.35	2,704.99	-	-	11.45	0.27	4.40	5,161.46
Disposals	-	-	(13,843.80)	(447.81)	-	(11.00)	-	-	-	(14,302.61)
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	(590.94)	(142.55)	-	-	(0.13)	(0.24)	(0.02)	(733.88)
-Borrowing costs	-	-	-	-	-	-	-	-	-	-
<b>At 31st March 2011</b>	<b>128.57</b>	<b>150.37</b>	<b>84,527.35</b>	<b>26,331.50</b>	<b>80.82</b>	<b>2,396.81</b>	<b>85.01</b>	<b>59.27</b>	<b>57.60</b>	<b>113,817.30</b>
<b>Depreciation</b>										
At 1st April 2011	-	34.46	19,515.73	2,255.47	76.74	1,981.15	63.76	30.20	24.71	23,982.22
Charge for the year	-	2.45	3,620.13	1,340.17	-	185.03	6.45	1.82	4.36	5,160.41
Disposals	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	1,820.20	140.94	-	-	1.69	1.69	-	1,964.52
<b>At 31st March 2012</b>	<b>-</b>	<b>36.91</b>	<b>24,956.06</b>	<b>3,736.58</b>	<b>76.74</b>	<b>2,166.18</b>	<b>71.90</b>	<b>33.71</b>	<b>29.07</b>	<b>31,107.15</b>
At 1st April 2010	-	32.01	16,390.85	1,178.31	76.74	1,811.35	59.03	40.62	20.15	19,609.06
Charge for the year	-	2.45	3,606.26	1,103.08	-	178.97	9.57	2.25	4.56	4,907.14
Disposals	-	-	(233.54)	(26.28)	-	(9.17)	-	-	-	(268.99)
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	(247.84)	0.36	-	-	(4.84)	(12.67)	-	(264.99)
<b>At 31st March 2011</b>	<b>-</b>	<b>34.46</b>	<b>19,515.73</b>	<b>2,255.47</b>	<b>76.74</b>	<b>1,981.15</b>	<b>63.76</b>	<b>30.20</b>	<b>24.71</b>	<b>23,982.22</b>
<b>Net Block</b>										
<b>At 31st March 2012</b>	<b>128.57</b>	<b>113.46</b>	<b>73,100.83</b>	<b>27,160.04</b>	<b>4.08</b>	<b>230.63</b>	<b>20.24</b>	<b>30.62</b>	<b>29.46</b>	<b>100,817.93</b>
At 31st March 2011	128.57	115.90	65,011.61	24,076.03	4.09	415.66	21.25	29.07	32.89	89,835.08

a. Capitalized borrowing costs

The borrowing cost capitalized during the year ended 31 March 2012 was Rs.38.32 million (31st March 2011: Rs. Nil). The company capitalized the borrowing cost in the offshore jack-up rigs.

b Vehicles include certain vehicles taken on hire purchase arrangement:

- Gross block: Rs 14.77 million (31st March 2011: Rs.14.77 million)
- Depreciation charge for the year: Rs.1.25 million (31st March 2011: Rs.1.26 million)
- Accumulated depreciation: Rs.4.07 million (31st March 2011: Rs.2.82 million)
- Net book value: Rs.10.69 million (31st March 2011: Rs.11.95 million)

13.2 Intangible assets

		Rs.Millions
	<u>Goodwill</u>	<u>Total</u>
<b>Cost</b>		
At 1st April 2011	49,223.93	49,223.93
Additions	-	-
Disposals	-	-
Other adjustments		
-Exchange differences	6,932.65	6,932.65
-Borrowing costs	-	-
<b>At 31st March 2012</b>	<u><b>56,156.58</b></u>	<u><b>56,156.58</b></u>
At 1st April 2010	49,555.11	49,555.11
Additions	-	-
Disposals	-	-
Other adjustments		
-Exchange differences	(331.18)	(331.18)
-Borrowing costs	-	-
<b>At 31st March 2011</b>	<u><b>49,223.93</b></u>	<u><b>49,223.93</b></u>
	<u>Goodwill</u>	<u>Total</u>
<b>Impairment</b>		
As at 1st April 2011	-	-
Charge for the year	-	-
<b>At 31st March 2012</b>	<u><b>-</b></u>	<u><b>-</b></u>
At 1st April 2010	-	-
Charge for the year	-	-
Other adjustments		
-Exchange differences	-	-
<b>At 31st March 2011</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>Net Block</b>		
<b>At 31st March 2012</b>	<b>56,156.58</b>	<b>56,156.58</b>
At 31st March 2011	49,223.93	49,223.93

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 2011-12, 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. As the assets and liabilities & Non-integral foreign operation are translated at the exchange rate as at balance sheet date, the difference in exchange rate is reflected under exchange difference against respective assets

#### 14. Non-current investment

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Investment in joint ventures</b>		
0.05 million(31st March 2011:0.05 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 2011:Rs.4.99 million) )	-	-
<b>Other Investments</b>		
0.3 million (31st March 2011: 0.3 million) equity shares of Rs.10 each fully paid in Aban Informatics Private Limited	19.85	19.85
Nil (31st March 2011: 11.9 million) equity shares of Rs.10 each fully paid in Lanco Tanjore Power Company Limited (earlier known as Aban Power Company Limited)	-	119.40
11.72 Million (31st March 2011: 11.72 Million) equity shares in Petrojack ASA of Nok 5 each (at cost less diminution in value of investment of Rs. 1718.21 Million (31st March 2011: 1718.21 Million)	-	-
	<b>19.85</b>	<b>139.25</b>
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in equity shares (quoted)</b>		
-0.01 million (31st March 2011: 0.01 million) equity shares of Rs.10 each fully paid in Arihant Threads Ltd (at cost less provision for other than temporary diminution in value of Rs.0.17 Million (31st March 2011: Rs.0.17 million)		
-0.01 million (31st March 2011: 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 2011 ; 0.02 Million		
-0.01 million(31st March 2011: 0.01 million) equity shares of Rs.10 each fully paid in State Bank of Travancore Ltd	0.15	0.15
-0.01 million(31st March 2011: 0.01 million) equity shares of Rs.10 each fully paid in ICICI Bank Ltd	0.79	0.79
-0.05 million(31st March 2011: 0.05 million)equity shares of Rs.5		



## Aban Offshore Limited

### Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012

each fully paid in Oil and Natural Gas Corporation Limited	6.32	6.32
-0.03 million(31st March 2011:0.03 million)equity shares of Rs.10		
each fully paid in Indian Bank Ltd	2.95	2.95
<b>Investment in equity shares (unquoted)</b>		
0.01 million (31st March 2011: 0.01 million)equity shares of Rs.10		
each fully paid in Madras Stock Exchange Limited	4.00	4.00
	<u>14.21</u>	<u>14.21</u>
	<u>34.06</u>	<u>153.46</u>
Aggregate amount of quoted investments( Market value: Rs.24.80 million (31st March 2011: Rs.26.36 million)	10.21	10.21
Aggregate amount of unquoted investments	23.85	143.25
Aggregate provision for diminution in value of investments	1,723.39	1,723.39

#### 15. Loans and advances

	Long-term		Short-term	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs.Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs.Millions
<b>Capital advances</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	10.77	-
(A)	<u>-</u>	<u>-</u>	<u>10.77</u>	<u>-</u>
<b>Security deposit</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	1.75	3.16	50.85	76.46
Doubtful	-	-	-	-
	<u>1.75</u>	<u>3.16</u>	<u>50.85</u>	<u>76.46</u>
Provision for doubtful security deposit	-	-	-	-
(B)	<u>1.75</u>	<u>3.16</u>	<u>50.85</u>	<u>76.46</u>
<b>Loans and advances to related parties</b>				
Unsecured, considered good	-	-	-	-
(C)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Advances recoverable in cash or kind</b>				
Secured considered good	-	-	-	-
Unsecured considered good	-	-	88.28	1,709.29
Doubtful	-	-	-	-
	<u>-</u>	<u>-</u>	<u>88.28</u>	<u>1,709.29</u>
Provision for doubtful advances	-	-	-	-
(D)	<u>-</u>	<u>-</u>	<u>88.28</u>	<u>1,709.29</u>

Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012

<b>Other loans and advances</b>				
Advance income-tax(net of provision for taxation)	-	-	12.14	-
Prepaid expenses	501.48	-	1,157.23	819.22
Loans to employees	4.43	6.11	8.57	5.15
Balances with statutory/government authorities	26.21	26.18	4.29	3.00
(E)	<u>532.12</u>	<u>32.29</u>	<u>1,182.23</u>	<u>827.37</u>
<b>Total (A+B+C+D+E)</b>	<u>533.87</u>	<u>35.45</u>	<u>1,332.13</u>	<u>2,613.12</u>

## 16. Trade receivables and other assets

## 16.1 Trade receivables

	Non-current		Current	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	3,118.41	3,143.11
Doubtful	-	-	682.50	344.08
	<u>-</u>	<u>-</u>	<u>3,800.91</u>	<u>3,487.19</u>
Provision for doubtful receivables	-	-	(682.50)	(344.08)
(A)	<u>-</u>	<u>-</u>	<u>3,118.41</u>	<u>3,143.11</u>
<b>Other receivables</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	6,997.96	6,548.83
Doubtful	-	-	-	-
	<u>-</u>	<u>-</u>	<u>6,997.96</u>	<u>6,548.83</u>
Provision for doubtful receivables	-	-	-	-
(B)	<u>-</u>	<u>-</u>	<u>6,997.96</u>	<u>6,548.83</u>
<b>Total (A+B)</b>	<u>-</u>	<u>-</u>	<u>10,116.37</u>	<u>9,691.94</u>

**16.2 Other assets**

	Non-current		Current	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances	499.37	492.08	-	-
(A)				
Others				
Interest accrued on fixed deposits	-	-	10.22	2.21
Interest accrued on investments	-	-	-	-
Others	-	-	88.64	476.98
(B)	-	-	98.86	479.19
<b>Total (A+B)</b>	<b>499.37</b>	<b>492.08</b>	<b>98.86</b>	<b>479.19</b>

**17. Inventories**

	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
Stores, Spares and Fuel (including stock-in- transit)	3,005.92	2,615.59
	<u>3,005.92</u>	<u>2,615.59</u>

**18. Cash and bank balances**

	Non-current		Current	
	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 Rs. Millions
<b>Cash and cash equivalents</b>				
<b>Balances with banks:</b>				
-On current accounts	-	-	254.14	4,978.40
-Deposits with original maturity of less than three months	-	-	434.97	314.45
-On unpaid dividend account	-	-	7.13	8.00
Cash on hand	-	-	0.99	3.37
	<u>-</u>	<u>-</u>	<u>697.23</u>	<u>5,304.22</u>
<b>Other bank balances</b>				
-Deposits with original maturity for more than 12 months	499.37	492.08	-	-
-Deposits with original maturity for more than 3 months but less than 12 months	-	-	0.49	-
- Margin money deposit	-	-	146.82	120.75
	<u>499.37</u>	<u>492.08</u>	<u>147.31</u>	<u>154.23</u>
	<u>499.37</u>	<u>492.08</u>	<u>844.54</u>	<u>5,458.45</u>
Amount disclosed under non current assets	<u>(499.37)</u>	<u>(492.08)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>844.54</u>	<u>5,458.45</u>

**19. Revenue from operations**

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
<b>Revenue from operations</b>		
Revenue from drilling and production services	31,570.46	33,385.79
Revenue from wind power generation	58.75	86.44
	<u>31,629.21</u>	<u>33,472.23</u>

**20. Other income**

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Interest income on		
-Bank deposits	35.77	24.16
-Others	-	0.01
<b>Dividend income on</b>		
-Long term investments	0.78	1.16
-Current investments	0.37	18.50
Exchange Difference (Net)	182.80	-
Miscellaneous Income	126.44	97.30
Net gain on sale of current investments	307.69	-
Net gain on sale of assets	-	4.06
Profit on sale of joint venture interest	-	108.27
Rental income	3.81	6.35
	<u>657.66</u>	<u>259.81</u>

**21. Consumption of stores, spares, power and fuel**

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Consumption of stores and spares	982.74	1,049.18
Power and Fuel	196.43	319.67
	<u>1,179.17</u>	<u>1,368.85</u>

**22. Employee benefit expense**

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Salaries,wages and bonus	3,277.53	2,754.39
Contribution to provident and other fund	28.93	32.61
Gratuity expense	6.34	4.59
Staff welfare expenses	65.44	103.85
	<u>3,378.24</u>	<u>2,895.44</u>





## Aban Offshore Limited

### Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012

#### 23. Finance costs

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Interest	9,771.97	9,237.69
Loan Processing Charges	74.75	98.28
Amortization of ancillary borrowings costs	31.32	-
Exchange difference to the extent considered as an adjustment to borrowings costs	12.81	-
	<u>9,890.85</u>	<u>9,335.97</u>

#### 24. Depreciation and amortization expense

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Depreciation on tangible assets	5,160.41	4,907.14
	<u>5,160.41</u>	<u>4,907.14</u>

#### 25. Other expenses

	Yearended 31st March 2012 Rs. Millions	Yearended 31st March 2011 Rs. Millions
Freight and forwarding cost	41.66	40.18
Rent	90.11	87.76
Rates and taxes	21.14	26.00
Rental charges for machinery	507.85	439.38
Insurance	1,425.34	593.66
<b>Repairs and maintenance</b>		
-Plant and machinery	142.60	461.57
-Buildings	2.38	1.59
-Others	39.94	6.64
Drilling services and management fees	1,333.83	1,075.82
Advertising and sales promotion	2.71	0.75
Travelling ,conveyance and transportation	797.11	745.78
Communication costs	71.83	78.10
Printing and stationery	5.01	4.94
Legal and professional fees	965.59	891.87
Catering expenses	216.36	265.97
Directors' sitting fees	0.24	0.32
<b>Payment to auditors</b>		
<b>As auditor</b>		
-Audit fee	42.96	40.79
-Tax audit fee	0.46	0.62

-Limited review	1.15	1.20
<b>In other capacity</b>		
-Taxation matters	0.35	-
-Other services(certification fees)	0.88	1.39
<b>Reimbursement of expenses</b>	0.18	0.13
Provision for diminution in value of long term investments	-	513.05
Exchange losses(net)	494.11	500.19
Exchange differences(net)	-	782.96
Provision for doubtful debts and advances	398.84	344.08
Miscellaneous expenses	2,065.00	1,632.13
	<u>8,667.63</u>	<u>8,536.87</u>

**26. Exceptional items**

	Year ended 31st March 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Loss on asset sunk	-	3,372.87
	<u>-</u>	<u>3,372.87</u>

**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 2012 Rs. Millions	Year ended 31st March 2011 Rs. Millions
Profit/(Loss) after tax	3,215.19	1,449.45
Less: Dividends on preference shares and tax thereon	293.16	324.14
Net profit/(loss) for calculation of EPS	<u>2,922.03</u>	<u>1,125.31</u>
	<u>No. Millions</u>	<u>No. Millions</u>
Weighted average number of equity shares in calculating basic EPS	43.51	43.51
<b>Effect of dilution:</b>		
Stock options granted under ESOS	0.31	0.25
Weighted average number of equity shares in calculating diluted EPS	43.82	43.76
<b>Earning per share -basic</b>	67.16	25.86
<b>Earning per share -diluted</b>	66.68	25.71

**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 2011: Rs.8.21 million)

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-NIL (up to 31st March 2011: 0.44 million equity shares of Rs.2 each)-Options lapsed during the year 0.078 million equity shares of Rs2 each (up to 31st March 2011: 0.04 million equity shares of Rs.2 each)-Options exercised during the year- NIL (up to 31st March 2011: 0.095 million equity shares of Rs.2 each)-Options outstanding at the end of year :0.23 million equity shares of Rs.2 each (up to 31st March 2011: 0.31 million equity shares of Rs.2 each)-Options yet to be granted under the scheme: 1.52 million equity shares of Rs.2 each (31st March 2011: 1.441 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,2012 is 2,462,000 share options.(Previous year: 2,462,000 share options). There were no options forfeited, exercised or lapsed for the financial year ended 31st March 2012.

**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 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 analysed as follows:

	<b>31st March 2012</b> <b>Rs.Millions</b>	<b>31st March 2011</b> <b>Rs.Millions</b>
Within one year	<b>76.20</b>	58.10
After one year but not more than two years	<b>67.00</b>	8.43
	<b>143.20</b>	<b>66.53</b>

**32. Interest in joint venture**

The Parent company's interest, as a venturer, in jointly controlled entity is as follows:

Name of the company	Country of incorporation	Proportion of ownership interest 31st March 2012	Proportion of ownership interest 31st March 2011
Frontier Offshore Exploration (India) Limited	India	25%	25%

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

**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, which are mobile assets and can operate across the world, in view of which geographical segment is not considered.

**Primary Segment information**

	31st March 2012		31st March 2011	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
1. Segment revenue				
- Drilling	32,228.12		33,634.05	
- Wind energy	58.75	32,286.87	97.99	33,732.04
2. Segment results				
- Drilling	13,992.16		12,684.72	
- Wind energy	(178.30)		(132.13)	
less: interest expenses	(9,803.29)	4,010.57	(9,237.69)	3,314.90
3. Segment assets				
- Drilling	173,262.99		160,108.52	
- Wind energy	421.71	173,684.71	604.45	160,712.97
4. Segment liabilities				
- Drilling	145,012.39		137,083.09	
- Wind energy	55.87	145,068.26	180.57	137,263.66
5. Depreciation				
- Drilling	4,975.38		4,727.94	
- Wind energy	185.03	5,160.41	179.20	4,907.14
6. Capital expenditure including work in progress				
- Drilling	25,110.44		5,205.20	
- Wind energy	-	25,110.44	-	5,205.20



## Aban Offshore Limited

Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012

### 34. Related Party Disclosures

#### Names of related parties and related party relationship

#### Related parties where control exists

##### A. Subsidiary companies (wholly owned subsidiaries)

Aban Energies Limited, India

Aban Holdings Pte Limited, Singapore

##### B. Subsidiaries of Aban Holdings Pte Limited, Singapore

Aban Singapore Pte Ltd, Singapore

Aban 7 Pte Ltd, Singapore

Aban 8 Pte Ltd, Singapore

Aban Abraham Pte Ltd, Singapore

Aban Pearl Pte Ltd, Singapore

Aban International Norway AS, Norway

Sinvest AS, Norway

DDI Holding AS, Norway

Deep Drilling Invest Pte Ltd, Singapore

Deep Drilling 1 Pte Ltd, Singapore

Deep Drilling 2 Pte Ltd, Singapore

Deep Drilling 3 Pte Ltd, Singapore

Deep Drilling 4 Pte Ltd, Singapore

Deep Drilling 5 Pte Ltd, Singapore

Deep Drilling 6 Pte Ltd, Singapore

Deep Drilling 7 Pte Ltd, Singapore

Deep Drilling 8 Pte Ltd, Singapore

Deep Driller Mexico S de RL de CV, Mexico

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

##### a. Key Management personnel

(i) Reji Abraham - Managing Director

(ii) Mr. P. Venkateswaran - Dy. Managing Director

(iii) Mr. C. P. Gopalkrishnan - Dy. Managing Director and Secretary

#### Transactions with related parties during the year

Nature of transaction	Key Management Personnel	
	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
1. Rent paid	7.63	5.31
2. Remuneration	36.80	124.75
3. Interest received/receivable	-	0.01
4. Loan repaid	-	0.38
5. Dividend paid	18.58	17.79
6. Amount outstanding as at 31st March 2012	-	
-Payable	-	76.85

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 2012 Rs. Millions	31st March 2011 Rs. Millions
<b>1. Remuneration to Key management personnel</b>		
- Mr. Reji Abraham	6.34	84.66
-Mr. P.Venkateswaran	6.39	13.65
-Mr. C.P.Gopalkrishnan	24.07	26.44
<b>2. Rent paid</b>		
- Reji Abraham	7.63	5.31
<b>3. Dividend paid</b>		
- Reji Abraham	18.46	17.67
<b>4. Amount payable towards commission to:</b>		
- Mr. Reji Abraham	-	73.20
- Mr.P.Venkateswaran	-	3.65

**Other transactions**

Loans guaranteed by personal guarantee by the managing director of the company-Rs.14,648 million

**35. Capital and other commitments**

	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
Capital and Other commitments not provided for	104.16	63.24

**36. Contingent liabilities**

	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
Guarantees given by banks on behalf of the company	710.25	1,183.90



## Aban Offshore Limited

### Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012

#### 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 2012 Rs. Millions	As at 31st March 2011 Rs. Millions	Purpose
- Currency forward contracts/options	7,217.71	9,023.40	Hedging risk of exchange rate fluctuations
- Foreign currency convertible bonds	-	975.30	Hedging risk of exchange rate fluctuations

##### b. Particulars of unhedged foreign currency exposures as at the balance sheet date

	As at 31st March 2012 USD Millions	As at 31st March 2012 Rs. Millions	As at 31st March 2011 USD Millions	As at 31st March 2011 Rs. Millions
- Import payables	48.00	2,441.76	45.00	2,006.60
- Foreign currency convertible bond	-	-	43.19	1,925.90
- Bond Loans denominated in Norwegian Kroners in Foreign Subsidiary	-	-	57.33	2556.30

#### 38. Previous year figures

Till the year ended 31st March 2011, the Group was using the pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Group. 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

For and on behalf of the Board

Reji Abraham  
Managing Director

Ramaswamy Subramanian  
Partner  
Membership No: 016059  
Place: Chennai  
Date: May 30, 2012

C.P.Gopalkrishnan  
Dy.Managing Director & Secretary



## Financial Highlights - 5 years at a glance (Standalone)

PARTICULARS	2011-12 (Rs. Millions)	2010-11 (Rs. Millions)	2009-10 (Rs. Millions)	2008-09 (Rs. Millions)	2007-08 (Rs. Millions)
<b>PROFIT &amp; LOSS ACCOUNT</b>					
Income from Operation & Other Income	7144.13	12,673.14	13,638.33	12,295.90	7,387.71
PBDIT	3417.94	7,990.44	8,777.18	7,578.11	4,179.65
Finance Cost	3662.53	3,286.57	3,371.42	2,550.62	692.43
Depreciation/Exceptional Items	986.10	1,148.08	1,091.16	972.44	954.47
Goodwill Amotized	-	-	-	-	62.93
Profit before Tax	(1,230.69)	3,555.79	4,314.60	4,055.05	2,469.82
Tax	-	1,216.30	1,510.17	1,457.43	878.80
Profit after Tax	(1,230.69)	2,339.49	2,804.43	2,597.62	1,591.01
<b>BALANCE SHEET</b>					
Net Fixed Asset	5983.76	4,973.96	5,756.42	5,242.53	5,702.32
Investment	39471.29	39,590.68	39,686.38	13,807.49	9,785.08
Net Current Asset	217.15	8,322.76	8,253.69	24,747.13	9,858.50
Total	<b>45,672.20</b>	<b>52,887.40</b>	<b>53,696.49</b>	<b>43,797.15</b>	<b>25,345.90</b>
Share Holders Fund	20746.63	23,570.66	21,729.31	12,451.76	10,129.14
Borrowings	24656.96	29,024.75	31,531.50	30,829.88	14,563.19
Deffered Tax Liability	268.61	291.98	435.68	515.51	653.58
Total	<b>45,672.20</b>	<b>52,887.40</b>	<b>53,696.49</b>	<b>43,797.15</b>	<b>25,345.90</b>
Return on Networth	(5.93%)	9.93%	12.91%	20.86%	15.71%
EPS (Basic)-Rs.	(34.49)	46.32	62.18	60.30	34.54
EPS (Dilluted)-Rs.	(34.24)	46.05	61.22	60.04	33.80
Debt Equity Ratio	1.19	1.23	1.45	2.48	1.44





## Aban Offshore Limited

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

### Twenty Sixth Annual General Meeting

Folio No. / DP ID & Client ID.....

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

Name of Member / Joint Holder

Please tick (✓) whether

Member	
Joint Holder 1.	
Joint Holder 2.	
Proxy	

I/We hereby record my presence at the 26<sup>th</sup> Annual General meeting of Aban Offshore Ltd, held on Friday, the 21<sup>st</sup> September, 2012 at 10.15 a.m. at Narada Gana Sabha Trust, (Sathguru Gnanananda Hall) No.314 TTK Road, Chennai - 600 014.

Member(s) or Proxy(s) Signature

Note :

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



## Aban Offshore Limited

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

### PROXY FORM

Folio No. / DP ID & Client ID.....

I/We ..... of ..... in the district of .....  
being members of Aban Offshore Ltd. hereby appoint ..... of ..... in the district of ...  
..... as my / our proxy to vote for me / us on my / our behalf at the 26<sup>th</sup> Annual General Meeting of the  
Company on to be held on Friday, the 21<sup>st</sup> September, 2012 at 10.15 a.m. at Narada Gana Sabha Trust, (Sathguru Gnanananda Hall) No.314 TTK Road, Chennai - 600 014.

Signed this ..... day of .....2012

Note :

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

Affix  
Re. 1  
Revenue  
Stamp





To,

*If Undelivered please return to:*



**Aban Offshore Limited**

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