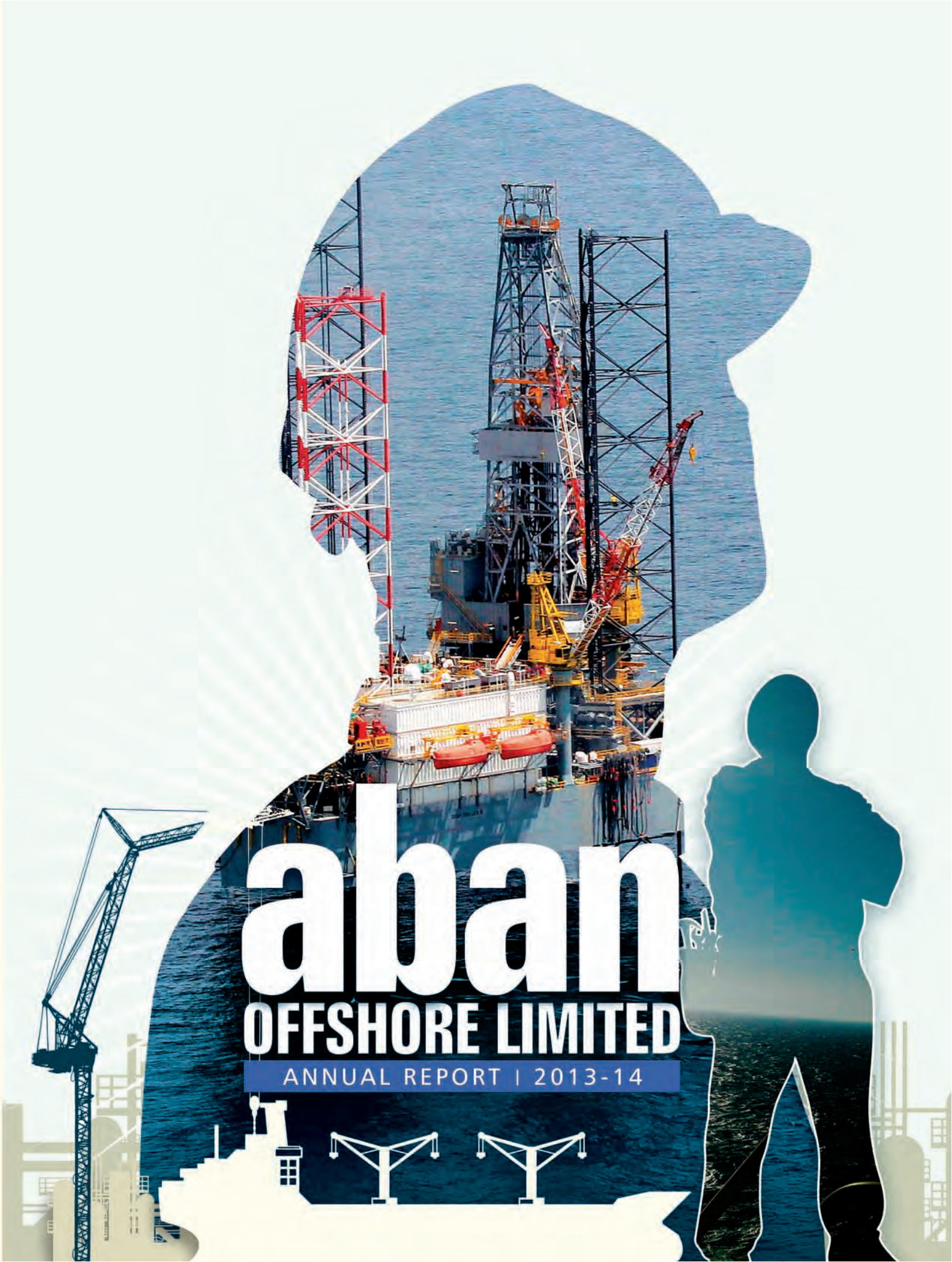




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OFFSHORE LIMITED

ANNUAL REPORT | 2013-14



For Aban Offshore Limited, the last few years have been challenging.

Sectoral slowdown on the one hand and global meltdown on the other.

The Company responded to these realities through various initiatives.

Maximised asset deployment.

Implemented fiscal austerity. De-risked comprehensively. Entered into long-term rig contracts. Initiated longer-term debt refinancing.

The results have begun to show. The Company reported a 102.74 per cent improvement in profit after tax in a challenging 2013-14.



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“Do not follow where the path may lead.
Go instead where there is no path and
leave a trail.”

M. A. Abraham | 1939 - 2004

CORPORATE INFORMATION

BOARD OF DIRECTORS

P. Murari	- Chairman
Reji Abraham	- Managing Director
K. Bharathan	- Director
Ashok Kumar Rout	- Director
P. Venkateswaran	- Deputy Managing Director
C.P. Gopalkrishnan	- Deputy Managing Director, Chief Financial Officer & Secretary

AUDIT COMMITTEE

P. Murari	- Chairman
K. Bharathan	- Member
Mr. P. Venkateswaran	- Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

COMPENSATION COMMITTEE

P. Murari	- Chairman
K. Bharathan	- Member
Reji Abraham	- Member

NOMINATION & REMUNERATION COMMITTEE

K. Bharathan	- Chairman
P. Murari	- Member
Ashok Kumar Rout	- Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Ashok Kumar Rout	- Chairman
Reji Abraham	- Member
C.P. Gopalkrishnan	- Member

STATUTORY AUDITORS

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

BANKERS & FINANCIAL INSTITUTIONS

AXIS BANK LIMITED
BANK OF BARODA
BANK OF INDIA
CANARA BANK
CENTRAL BANK OF INDIA
CORPORATION BANK
DBS BANK LTD
EXPORT IMPORT BANK OF INDIA
ICICI BANK LIMITED
IDBI BANK LIMITED
INDIAN BANK
INDIAN OVERSEAS BANK
KOTAK MAHINDRA BANK LIMITED
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

REGISTERED OFFICE

CIN : L01119TN1986PLC013473
“Janpriya Crest”
113 Pantheon Road
Egmore
Chennai 600 008.
Website : www.abanoffshore.com
Email ID : ir@aban.com
Phone : 044 – 49060606
Fax : 044 – 28195527

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 Eighth Annual General Meeting of the Members of ABAN OFFSHORE LIMITED will be held on Friday, the 19th September, 2014 at 10.15 A.M at Narada Gana Sabha Trust (Sathguru Gnananandha 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, 2014 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 @ 10% p.a on the paid up Non Convertible Cumulative Redeemable Preference Shares for the year ended 31st March, 2014.
3. To consider and declare a dividend on Equity Shares for the year ended 31st March, 2014.
4. To appoint a Director in place of Mr. P.Venkateswaran (DIN : 00379595) who retires by rotation and being eligible offers himself for reappointment.
5. To appoint M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, Chennai as Statutory of the Company and fix their remuneration and in this connection to consider and if thought fit to pass with or without modification(s), the following resolution as an **ordinary resolution**
“**RESOLVED THAT** M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, Chennai (Firm Registration No. 102860W) be and are hereby re appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting (“AGM”) till the conclusion of the thirty first AGM to be held in the year 2017 (subject to their ratification of their appointment at every AGM) 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

6. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:
RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr.P.Murari (DIN

: 00020437) Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice, in writing, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 18th September, 2019.

7. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr.K.Bharathan(DIN 00210433), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 18th September, 2019.

8. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr.Ashok Kumar Rout (DIN 00002605), Director of the Company whose period of office is liable to determination by retirement by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 18th September, 2019.

9. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in supersession of the Resolution passed at the Extraordinary General Meeting of the Members of the Company held on 23rd April, 2005 and pursuant to Section 180 (1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) thereof and any rules thereunder for the time being in force) consent of the Company be and is hereby accorded to the Board of

Directors (including a duly constituted committee thereof) to borrow any sum or sums of money(s) as they may deem fit, notwithstanding that the aggregate of such borrowings exceeds the paid up Capital and free reserves of the Company provided however that the aggregate of amounts borrowed and outstanding at any one time (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed the amount of the paid up capital and free reserves by more than Rs. 4,000 Crores (Rupees Four thousand crores only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do or cause to be done all such acts, matters, deeds and other things as may be required or considered necessary or incidental thereto, for giving effect to the aforesaid resolution."

10. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the Resolution passed at the Extraordinary General Meeting of the Members of the Company held on 23rd April, 2005 and pursuant to Section 180 (1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) thereof and any rules thereunder for the time being in force) consent of the Company be and is hereby accorded to the Board of Directors (including a duly constituted committee thereof) to secure, if deemed fit, the entire or any part of the securities together with interests, costs, charges and other amounts payable in respect of thereof by creation of mortgage/charge on the whole of or part of the company's immovable and/or movable properties, present and/or future, with such ranking and other terms as may be decided by the Board"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do or cause to be done all such acts, matters, deeds and other things as may be required or considered necessary or incidental thereto, for giving effect to the aforesaid resolution."

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

"RESOLVED that in partial modification of the resolution passed earlier and in accordance with the provisions of Sections 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under Mr.P.Venkateswaran (DIN : 00379595) Deputy Managing Director be paid the following revised remuneration from 01.04.2014 to 31.07.2016

A. Basic Salary

In the range of Range of Rs.8,00,000 – Rs.15,00,000

b. Perquisites

i. Housing :

Expenditure by the Company on hiring furnished accommodation shall be subject to a ceiling of 60 % of Salary.

If the Company does not provide accommodation the HRA will be paid upto 60 % of basic salary.

Gas, Electricity, water or reimbursement of expenses in lieu thereof shall be in accordance with the schemes and rules of the Company.

ii. 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.

iii. Leave Travel Concession

Reimbursement of expenditure incurred for self and family once a year subject to a maximum of one month's salary.

iv. Club Fees

Subscription fees only.

v. Personal Accident Insurance and other term insurance

The Premium shall be paid as per the rules of the Company.

vi. 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.

vii. Gratuity shall not exceed half a month's salary for each completed year of service.

viii. Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company.

ix. Leave

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 leave and Sick Leave as per the leave rules of the Company.

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 197 of the Companies Act, 2013 read with applicable rules.

The Nomination & 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 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under Mr.C.P.Gopalkrishnan, (DIN : 00379618) Deputy Managing Director be paid the following revised remuneration for the period 01.04.2014 to 31.07.2016.
- A. Basic Salary
In the range of Range of Rs.8,00,000 – Rs.15,00,000
 - b. Perquisites
 - i. Housing :
Expenditure by the Company on hiring furnished accommodation shall be subject to a ceiling of 60 % of Salary.
If the Company does not provide accommodation the HRA will be paid upto 60% of basic salary.
Gas, Electricity, water or reimbursement of expenses in lieu thereof shall be in accordance with the schemes and rules of the Company.
 - ii. 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.
 - iii. Leave Travel Concession
Reimbursement of expenditure incurred for self and family once a year subject to a maximum of one month's salary.
 - iv. Club Fees
Subscription fees only.
 - v. Personal Accident Insurance and other term insurance
The Premium shall be paid as per the rules of the Company.
 - vi. 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.
 - vii. Gratuity shall not exceed half a month's salary for each completed year of service.
 - viii. Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company.
 - ix. Leave
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 leave and Sick Leave as per the leave rules of the Company.

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 197 of the Companies Act, 2013 read with applicable rules 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 Nomination & 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 though fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to provisions of Section 42, 62 (1) (b) and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) read with Rules and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations / guidelines, prescribed by SEBI or any other relevant authority from time to time to the extent applicable and subject to such approvals consents, permissions and sanctions as may be required, the Board (which term shall be deemed to include any “Compensation Committee”, or any “Sub Committee” thereof constituted by the Board to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised on behalf of the Company to grant from time to time in one or more tranches, options to apply for Equity Shares of the face value of Rs. 2/- each of the Company to or for the benefit of the employees (including Wholtime Directors of the Company) under the Scheme titled “Employee Stock Option Scheme-2014” (hereinafter referred to as “ESOS 2014”) to be evolved in this regard and consequently create, issue, offer, allocate at any time and from time to time Equity Shares not exceeding 21,75,825 (Twenty one lakhs seventy five thousand and eight hundred and twenty five only) of Rs. 2/- each in terms of such options. The options and the consequential issue, offer, allocation and allotment of shares shall be at such price including at a discount, in such manner, during such period in one or more tranches and on such other terms and conditions as the Board may decide. The Board is further authorised to fix such price including at par / discount / premium, terms and conditions and criteria for grant of option as the Board may deem fit in respect of each tranche of options granted by the

Board. The Board is further authorised to grant such options in the form of warrants with an option exercisable by the warrant holder to subscribe to Equity Shares / equity securities and / or bonds, debentures preference shares or any other securities convertible into Equity Shares (collectively referred to as equity-linked securities) at a price including at a discount or grant such options in any other manner whatsoever, provided the total number of options granted in the aggregate and the consequential creation issue, offer allocation and allotment, shall not exceed 21,75,825 (Twenty one lakhs seventy five thousand and eight hundred and twenty five only) Equity Shares of Rs. 2/- each.”

“RESOLVED FURTHER THAT to the extent permitted as per the existing provisions of law in this regard all / any Equity Shares resulting from the conversion of the Options to be allotted as an outcome of the above mentioned resolution shall upon allotment rank paripassu in all respects inter-se as also with the then existing Equity Shares including dividend entitlement.”

“RESOLVED FURTHER THAT to determine all other terms and conditions for the purpose of giving effect to any offer, issue or allotment of Equity Shares or securities or instruments representing the same as described above under ESOS 2014 the Board be and is hereby authorised 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 with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) / allotment(s) including to amend or modify any of the terms of such issue or allotment(s) without being required to seek any further consent or approval of the members”.

“RESOLVED FURTHER THAT with regard to ESOS 2014 the Board be and is hereby authorised to delegate all or any of its powers to any sub committee consisting of one or more officers / Directors of the Company and such sub committee shall report periodically to the Board / Compensation Committee.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the shares allotted under Employees Stock Option Scheme in one or more recognised Stock Exchanges where the Company's shares are listed, as per the terms and conditions of the Listing Agreement with the Stock Exchanges concerned and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing.”

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

“RESOLVED THAT the benefits of ESOS 2014 contained in resolution 13 of this notice be extended to the employees (as may be determined by the Compensation Committee of the Company) of the Subsidiary Company(s) on the terms and conditions as may be decided by the Board of Directors of the Company or the Compensation Committee in accordance with Resolution 13 contained in the notice”

15. 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 42 and 62 (1) (c) and all other applicable provisions, if any, of the Companies Act, 2013 read with Rules (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 paripassu 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 180 (1) (a) and Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 read with rules 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 of by the Board to such person in such manner and on such terms as the Board in its absolute discretion thinks fit, in the best interest of the Company and as is permissible in law.”

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

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

“RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board be and is hereby authorised to determine the form, terms and timing of the offering(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue, conversion of Securities, Exercise of warrants / Redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and on behalf of the Company to do all such acts, deeds,

matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the Appointment of Registrar, Book-Runner, Lead-Managers, Trustees / Agents, Bankers, Global Co-ordinators, Custodians, Depositories, Consultants, Solicitors, Accountants, entering into arrangements for underwriting, marketing, listing, trading, depository and such other arrangements and agreements, as may be necessary and to issue any offer document(s) and sign all deeds, documents and to pay and remunerate all agencies / intermediaries by way of commission, brokerage, fees, charges, out of pocket expenses and the like as may be involved or connected in such offerings of securities, and also to seek listing of the securities or securities representing the same in any Indian and / or in one or more international stock exchanges with power on behalf of the Board to settle any questions, difficulties or doubts that may arise in regard to any such issue, offer or allotment of securities and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

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

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

“RESOLVED THAT pursuant to Section 42 and 62 (1) (c) read with rules and all other applicable provisions of the Companies Act, 2013 (including any amendments, statutory modification, variation or re-enactment thereof for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, 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, in its absolute discretion

create, 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 SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, 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 at a discount or premium to the price or prices in such manner, determined in accordance with the pricing formula prescribed under Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended 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.2,500 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 the applicable price for the issue of the QIP Securities (which are Equity Shares), if any, shall be the date on which the Board of the Company decides to open the proposed issue ("Relevant Date")."

"RESOLVED FURTHER THAT the relevant date for the determination of the applicable price for the issue of any other type of QIP 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 and such applicable price shall be subject to appropriate adjustments in the applicable rules/regulations/statutory provisions ("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 paripassu 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 the Board be and is hereby authorized to offer such equity shares at a price which shall not be less than the price prescribed in Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time including a discount of not more than 5% (or such other discount as may be prescribed by SEBI from time to time) as prescribed in the proviso to Regulation 85(1) of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended."

"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 reorganisation 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 class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, face value, discount or premium amount on issue/conversion of the Securities, if any, the creation of such mortgage/charge under Section 180 (1) (a) of the said Act in respect of the aforesaid Securities either on paripassu basis or otherwise 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 complete within 12 months from the date of this resolution without the need for fresh approval from the shareholder and placements made in pursuance of this resolution if approved shall be separated by atleast 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, CFO & Secretary

Chennai – 600 008
Date : May 28, 2014

Address: “Janpriya Crest”
113 Pantheon Road
Egmore
Chennai 600 008.
CIN No : L01119TN1986PLCO13473
Website : www.abanoffshore.com
Email ID : ir@aban.com
Phone : 044 – 4906 0606
Fax : 044 – 2819 5527

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.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

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 **12.09.2014 to 19.09.2014** (both days inclusive)
4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 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 19.09.2014 to those persons or their mandates.
 - (i) Whose names appear as Beneficial Owners as at the end of the business hours on 11.09.2014 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 11.09.2014

6. Dividend on Preference Shares if declared at the Annual General Meeting will be paid on or after 19.09.2014.
7. The Securities Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Company's Registrar and Share Transfer Agent.
8. 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.
9. 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.
10. As per the provisions of Section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital & Debentures) Rules, 2014, members holding shares in physical form may file Nomination in the prescribed SH-13 with Company's Registrar and Share Transfer Agent
Members holding shares in electronic form may file the Nomination Forms with their respective Depository Participants.
11. Pursuant to the provisions of Section 205A, and 205C of the Companies Act, 1956, Company has transferred unclaimed / unpaid dividends for the financial years 1995-96 to 2005 – 06) 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.
12. 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.
13. 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.
14. Members desirous of receiving Notice/ Annual Report in electronic form may furnish their e mail id to the Company/ RTA. Members who have not provided their e mail id are requested to provide the same to the DP / RTA to enable the

company to send the report in electronic form.

15. 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.
16. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, Members have been provided with e voting facility to cast their votes electronically, through the e voting services provided by National Securities Depositories Ltd ("NSDL"), on all resolutions set forth in this notice.

Notice and the instructions for e voting along with Attendance Slip and Proxy Form is being sent in electronic form to all the Members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any Member has requested for physical copy of the same.

For Members who have not registered their e mail address, physical copies of the aforesaid documents is being sent in permitted mode. Members may also note that the Notice of the Annual General Meeting will also be available on the company's website www.abanoffshore.com.

Instructions for e voting:

The e voting available at the link: <https://www.evoting.nsdl.com/> and will be available for the following period:

Commencement of e voting period	End of e voting period
13 th September, 2014, Saturday @ 9.30 A.M	15 th September, 2014, Monday @ 6.00 P.M

Members who are desirous of casting their votes electronically are requested to adhere to the following instructions:

- (a) In case of Shareholder's receiving e-mail from NSDL
 - (i) Open e-mail and open PDF file viz; "ABANOFFSHOREe-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder – Login
 - (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.

- (vii) Select "EVEN" of ABAN OFFSHORE Limited.
- (viii) Now you are ready for e-Voting as Cast Vote page opens
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (ie. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail ramgcs@gmail.com with a copy marked to evoting@nsdl.co.in.

- (b) In case of Shareholders' receiving Physical copy of Notice of AGM (for Members whose e mail IDs are not registered with the Company/Depository Participant or requesting physical copy):

- (I) Initial password is provided as below/at the bottom of the Proxy cum Attendance Slip.

EVEN		
(E Voting Event Number)	USER ID	PASSWORD/PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.
- (c) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- (d) You can also update your mobile number and email id in the user profile details of the folio which may be used for sending future communication(s).
- (e) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL via e mail at evoting@nsdl.co.in.
2. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut off date (i.e record date) 8th August, 2014.
3. The Company has appointed Mr.G. Ramachandran, Practising Company Secretary as the scrutinizer for conducting the Postal Ballot process in a fair and transparent manner
4. The e-voting period commences on 13 September 2014 (09:30 hours) and ends on the close of working hours (i.e. 18:00 hours), 15th September, 2014. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date (i.e record date) 8th August, 2014, may cast their votes electronically. The e-voting module shall also be disabled by NSDL for voting thereafter.
5. The Scrutinizer shall, within a period of not exceeding three

working days from the conclusion of the e voting period, unlock the votes in the presence of atleast two witnesses, not in the employment of the Company and make a Scrutinizer's report of the votes cast in favour of or against, if any forthwith to the Chairman of the Company.

6. The result of the e voting/Postal Ballot will be announced shall be declared on or after the 28th AGM of the Company. The results declared along with the Scrutinizer's report shall also be displayed on the Company's website www.abanoffshore.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchanges where the Company's shares are listed. The date of declaration of voting result will be taken to be the date of passing of the resolutions.

EXPLANATORY STATEMENT PURSUANT TO SECTION 101(2) OF THE COMPANIES ACT, 2013 IN RESPECT OF SPECIAL BUSINESS CONTAINED IN THE NOTICE DATED 28.05.2014

Item No.6

Mr.P.Murari is an Independent Director and Chairman of the Company. He joined the Board in September, 1996. Mr.Murari is the Chairman of the Audit Committee and Compensation Committee and Member of Nomination & Remuneration Committee.

Mr.Murari is a Post graduate in Economics and retired Civil Servant and has held several senior positions in the Government of India and Government of State of Tamil Nadu.

Mr.Murari retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Under Sec 149 and other applicable provisions, if any of the Companies Act, 2013 read with Rules, Mr.Murari being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 19th September, 2019. A notice has been received from a member proposing Mr.Murari for the office of Independent Director.

In the opinion of the Board, Mr.Murari fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director and is independent of the management. The Board is of the opinion that his continued association would be of immense value and benefit to the Company. Accordingly, the Board recommends the resolution in relation to appointment of Mr.Murari as an Independent Director.

Except Mr. Murari, none of the Directors and Key Managerial Personnel and their relatives is in any way concerned or interested in the item of business.

Item No.7

Mr.K.Bharathan is an Independent Director of the Company. He joined the Board in December, 2003. Mr.Bharathan is the Chairman of the Nomination & Remuneration Committee and Stake Holders Relationship Committee and member of Audit Committee and Compensation Committee.

Mr.Bharathan is a Chartered Accountant and has over forty years experience in banking and insurance.

Mr.Bharathan retires by rotation at the ensuing Annual General

Meeting under the erstwhile applicable provisions of Companies Act, 1956. Under Sec 149 and other applicable provisions, if any of the Companies Act, 2013 read with Rules, Mr.Bharathan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 19th September, 2019. A notice has been received from a member proposing Mr.Bharathan for the office of Independent Director.

In the opinion of the Board, Mr.Bharathan fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director and is independent of the management. The Board is of the opinion that his continued association would be of immense value and benefit to the Company. Accordingly, the Board recommends the resolution in relation to appointment of Mr.Bharathan as an Independent Director.

Except Mr. Bharathan, none of the Directors and Key Managerial Personnel and their relatives is in any way concerned or interested in the item of business.

Item No.8

Mr.Ashok Kumar Rout is an Independent Director of the Company. He joined the Board in November, 2012. Mr.Rout is the Chairman of the Corporate Social Responsibility and Member of Nomination & Remuneration Committee.

Mr.Rout is a Graduate from Indian Institute of Technology, Kharagpur and Post Graduate Diploma in Business Management from Indian Institute of Management, Bangalore.

Mr.Rout is a Director whose period of office is liable to determination by retirement by rotation under the erstwhile applicable provisions of Companies Act, 1956. Under Sec 149 and other applicable provisions, if any of the Companies Act, 2013 read with Rules, Mr.Rout being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 19th September, 2019. A notice has been received from a member proposing Mr.Rout for the office of Independent Director.

In the opinion of the Board, Mr.Rout fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director and is independent of the management. The Board is of the opinion that his continued association would be of immense value and benefit to the Company. Accordingly, the Board recommends the resolution in relation to appointment of Mr.Rout as an Independent Director.

Except Mr. Ashok Kumar Rout, none of the Directors and Key Managerial Personnel and their relatives is in any way concerned or interested in the item of business.

Item No: 9 & 10

Members of the company at the Extraordinary General Meeting held on 23rd April, 2005 had accorded their approval by way of an ordinary resolution to borrow any sum or sums of money(s) as they may deem fit, notwithstanding that the aggregate of such borrowings exceeds the paid up Capital and free reserves of the Company provided however that the aggregate of amounts borrowed and outstanding at any one time (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business)

shall not exceed the amount of the paid up capital and free reserves by more than Rs. 4,000 Crores (Rupees Four thousand crores only). However as required under Section 180 (1) (c) of the Companies Act, 2013, the Company has to pass a Special Resolution for making such borrowings. The approval of the members is therefore sought accordingly.

Members have at the Extraordinary General Meeting held on 23 April, 2005 had accorded their approval by way of an ordinary resolution to create mortgage/charge/hypothecate on the movable and immovable properties of the company not exceeding Rs. 4,000 Crores (Rupees Four thousand crores only). However as required under Section 180 (1) (a) of the Companies Act, 2013, the Company has to pass a Special Resolution for creation of mortgage/charge. The approval of the members is therefore sought accordingly.

Note: None of the Directors and Key Managerial Personnel and their relatives is concerned or interested in the item of business

Item No.11

Mr.P.Venkateswaran was appointed a whole time director for a period of five years from 01.08.2011 to 31.07.2016 on a remuneration as approved by the shareholders at the Annual General Meeting held on 28th September, 2011. In 2012, your company suffered a loss and therefore the salary of Mr.Venkateswaran was revised in accordance with a resolution passed by the shareholders at the Annual General Meeting held on 21st September, 2012 subject to approval of Central Government for a period of three years from 01.04.2012 to 31.03.2015.

Your company is back to profits and accordingly it has been decided by the Board of Directors to revise the remuneration of Mr.Venkateswaran from 01.04.2014 to 31.07.2016.

None of the Directors and Key Managerial Personnel and their relatives except Mr.P.Venkateswaran is concerned or interested in the item of business.

Item No.12

Mr.C.P.Gopalkrishnan was appointed a whole time director for a period of five years from 01.08.2011 to 31.07.2016 on a remuneration as approved by the shareholders at the Annual General Meeting held on 28th September, 2011. In 2012, your company suffered a loss and therefore the salary of Mr.Gopalkrishnan was revised in accordance with a resolution passed by the shareholders at the Annual General Meeting held on 21st September, 2012 subject to approval of Central Government for a period of three years from 01.04.2012 to 31.03.2015.

Your company is back to profits and accordingly it has been decided by the Board of Directors to revise the remuneration of Mr.Gopalkrishnan from 01.04.2014 to 31.07.2016.

None of the Directors and Key Managerial Personnel and their relatives except Mr.C.P.Gopalkrishnan is concerned or interested in the item of business.

Item 13 & 14:

Your Company in order to attract, motivate and retain talent propose to offer stock options to its employees. The stock options granted in 2005 have been exhausted.

The Scheme will be in accordance with SEBI guidelines. The maximum nos that can be allotted will be not more than 5% of the capital which would be 21,75,825. The scheme would be applicable to all employees of your company and its subsidiaries. Your Company already has a Compensation committee and the said committee would decide the number of options that may be granted to employees based on certain criteria fixed by the company.

In case the options are made available to Directors/Key Managerial Personnel of the Company/Subsidiary (other than the Promoter Director), then such Director/Key Managerial Personnel may be deemed to be concerned or interested

Item No.15:

In view of the growing operations of the Company and to augment the fund requirements of the Company, your Company propose to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, etc., as stated in the resolution. The proposed resolution would be for approval of issuance of equity shares, FCCBs, GDRs, ADRs, etc. for an amount not exceeding USD 400 Million. The Board recommends the resolution in the best interest of the Company

None of the Directors and Key Managerial Personnel and their relatives is in any way concerned or interested in the resolution.

Item No.16

Your Company, in order 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 seeks the approval of the Members to the Board without the need for seeking any further approval from the Members for the proposed Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB") in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended from time to time) ("SEBI ICDR Regulations"). 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 at such price or prices, at a discount or premium to the price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations 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 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 a 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 180(1) (a) of the Companies Act, 2013.

Section 62 of the Companies Act, 2013 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 recommends the above resolution for your approval in the best interest of the Company.

None of the Directors and Key Managerial Personnel and their relatives in any way concerned or interested in the resolution.

By Order of the Board

C.P. Gopalkrishnan
Deputy Managing Director, CFO & Secretary

Chennai – 600 008

Date : May 28, 2014

Aban Offshore Limited.

Reputed offshore oil drilling service provider.

Provides services at par with those of the best in the world.

One of the most competitive companies in the global rig service industry.



54.02%

The promoter and promoter group's shareholding as on March 31, 2014

Vision & Mission

We are driven by a vision to achieve far-reaching success in every field by developing innovative, integrated, enterprising and world-class services for the global market.

Aban believes in providing its clients an unmatched value proposition, through its entrenched experience, modern technology and diverse range of services.

The operations are manned by a team of qualified and experienced professionals with a proven track record across Indian and international projects.

Our mission is to be at the forefront, in the fiercely competitive business environment of today, through our managerial, technical and operational excellence, range of services and skilled manpower.

Our pedigree

Aban Offshore Limited, promoted by the late M. A. Abraham in 1986, is the flagship company of the Aban Group. The promoter and promoter group's shareholding was 54.02% as on 31st March, 2014.

Our services

Aban Offshore Limited provides offshore drilling services worldwide (shallow and deep waters) for offshore hydrocarbons exploration and production (E&P).

Our presence

Aban Offshore Limited is headquartered in Chennai with offices in eight countries and three subsidiaries (Aban Energies Limited and Radhapuram Wintech Private Limited in India and Aban Holdings Pte Limited in Singapore).

The Company's shares are listed and actively traded on the Madras, Bombay and National Stock Exchanges in India.

Our clientele

- Oil & Natural Gas Corporation of India Ltd (ONGC)/ONGC Videsh Ltd (Qatar)
- Reliance Industries Ltd (RIL)
- Hardy Exploration & Production (India) Inc.
- Shell Brunei
- Shell Malaysia
- Petronas Carigali Sendirian Berhad
- Gujarat State Petroleum Corporation Ltd (GSPC)
- Hindustan Oil Exploration Co. Ltd
- Cairn Energy PLC (UK)
- Chevron (Thailand)
- Kosmos Energy (Ghana)
- PetroSA (South Africa)
- PEMEX (Mexico)
- Total E&P (Qatar)
- Petrobras (Brazil)
- Vietsovpetro (Vietnam)



2013-14 in retrospect (consolidated)

7.26

% increase in revenues from
₹36,987.60 million in 2012-13 to
₹39,671.10 million in 2013-14

1.92

% increase in EBIDTA from
₹20,125.90 million in 2012-13 to
₹22,347.60 million in 2013-14

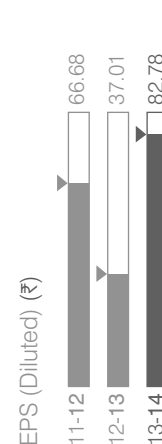
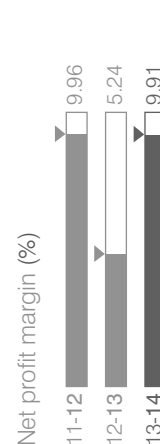
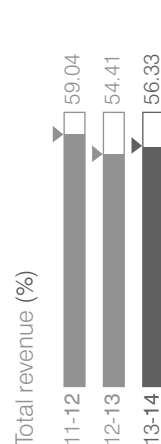
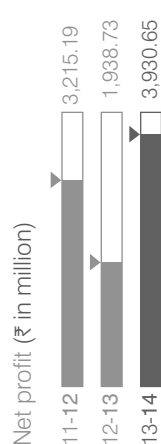
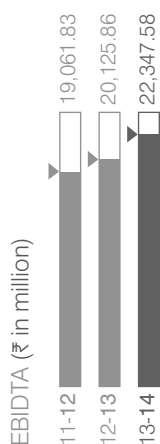
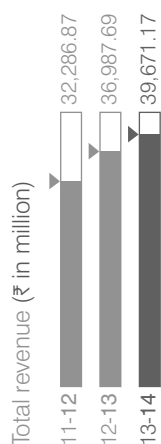
102.74

% increase in Net profit from
₹1,938.70 million in 2012-13 to
₹3,930.60 million in 2013-14

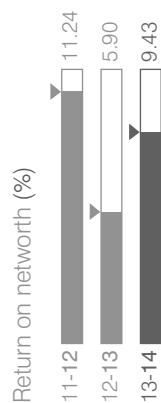
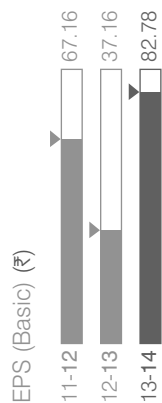
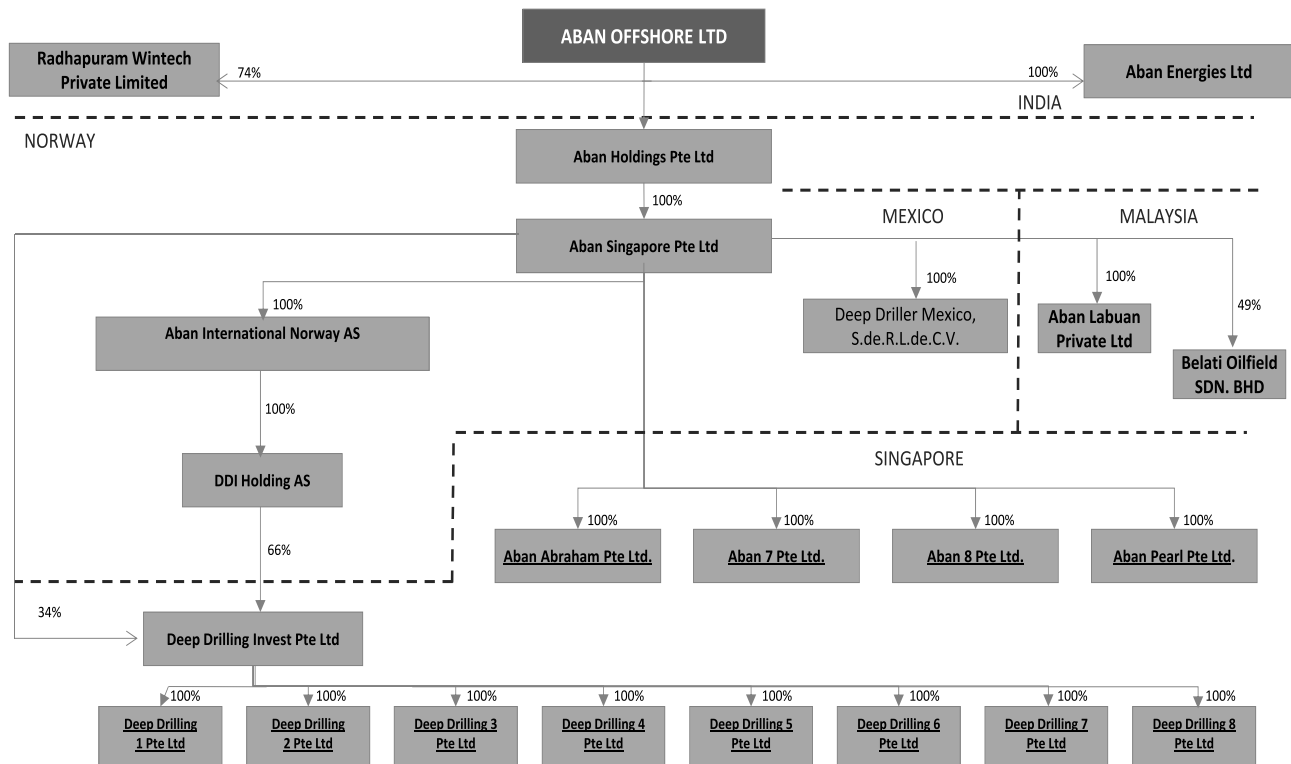
Consolidated results

(₹ million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Turnover	39,362.55	36,727.01
Less: Expenditure	16,710.92	16,340.45
EBIDTA	22,651.63	20,386.56
EBIDTA (%)	57.55	55.51
Add: Other income	308.62	260.68
Less: Interest	11,406.25	11,884.50
Less: Depreciation	5,483.77	4,909.47
Profit before tax	6,070.23	3,853.27
Add: Share of profit in joint venture	18.36	25.07
Profit before tax and after share in joint venture	6,088.59	3,878.34
Less: Provision for tax	1545.26	1,418.24
Core Profit after tax	4,543.33	2,460.10
Exchange fluctuation (loss)/gain	(612.68)	(521.37)
Impairment of investment/asset	-	-
Profit after tax	3,930.65	1,938.73



Aban Group Holding Structure



Managing Director's review

Dear shareholders,

The financial year 2013-14 was a decisive one in the Company's existence, reflecting a significant improvement in its performance, both physically and financially. This performance has also signaled unambiguously that the Company has overcome a sectoral hump and is poised for better days.

Operational highlights

Rigs Aban III and Aban VI had incident-free operations for a continuous period of six and seven years, respectively.

₹3,930.65 mn

Profit after tax in 2013-14 from ₹1,938.73 mn in 2012-13

₹9,246.90 mn

Cash profit in 2013-14 from ₹6,967.20 mn in 2012-13

The Company reported a 102.74 per cent increase in its profit after tax from ₹1,938.73 million in 2012-13 to ₹3,930.65 million in 2013-14. Correspondingly, the Company's cash profit (profit after tax plus depreciation) strengthened from ₹6,967.20 million to ₹9,246.90 million during the period.

At Aban, this improvement was the result of some decisive initiatives in improving its deployment, operational and financial performance.

One, the Company successfully deployed almost all its rigs on contract, resulting in a high asset utilisation. Add to this the fact that the Aban Ice commenced on a new contract during the year under review at an enhanced day rate. As most of the contracts are in USD, the depreciation of the Indian rupee against USD during the year resulted

in higher revenues in Indian rupee and a correspondingly higher profit.

Two, the Company refinanced its debt for a longer tenure of 15 years, which aligned debt tenures with the long-term nature of the Company's assets and reduced considerable stress on the Company's repayment capability and projected cash flows.

Three, the Company sustained prevailing rates for long-term contracts and capitalised on higher rates where rig contracts were renewed.

Four, even as the external currency environment remained volatile, the Company converted all its loans into dollar denomination, progressively emerging as a currency-neutral corporate with revenues also in dollar denomination.

E&P

East Africa is one such E&P destination where there has been an increase in the demand for oil rigs accompanied by attractive contract tenures and realisations.



This was a significant step in the area of risk management.

At Aban, we had foreseen this positive development for various reasons. Rig rates had declined following the 2008 financial crisis and were poised for correction. During the year under review, the Company graduated from legacy to contemporary rates, moved a rig from Iran to other regions with long-term potential, deployed one more rig in Mexico and reinforced its global positioning, with 80 per cent of its revenues derived from international waters as opposed to a decade ago when the reverse scenario prevailed.

Operational highlights

Rigs Aban III and Aban VI had incident-free operations for a continuous period of six and seven years respectively.

Prospects

At Aban, we are optimistic of our prospects for a number of pertinent reasons.

The high oil realisations have translated into attractive earnings for a number of oil majors, which they have prudently deployed into fresh oil & gas exploration. One of the interesting developments is that some new global exploration frontiers have emerged, widening the market for drilling and rig deployment. East Africa is one such E&P destination where there has been an increase in the demand for oil rigs accompanied by attractive contract tenures and realisations.

The global rig market is not just marked by an increased demand for new rigs; it is also marked by a significantly higher demand for new rigs with correspondingly higher realisations. At Aban, we are attractively placed to

capitalise on this market divergence on account of an ownership of nine new rigs enjoying a high uptime, low costs, attractive realisations and a relatively young fleet. The Company continues to lay an emphasis on safety. The Company intends to strengthen its Balance Sheet by refinancing debt for a longer tenure resulting in a comfortable interest cover.

Over the foreseeable future, the Company expects to report an increase in earnings which are not driven as much out of an increase in day rates but by a decline in interest outflow, strengthening the Company's ability to ride through various market cycles and reinforce its long-term sustainability.

Warm regards,

Reji Abraham,
Managing Director

Competitive advantage at Aban

01

Global presence

The Company deploys rigs across seven countries, demonstrating a geographically diversified portfolio.

02

Brand

The Company's growing industry presence is marked by optimised costs, high uptime, global competitiveness and workplace safety.

03

Technology

The average age of nine of its jack-ups was six and half years as on 31st March, 2014, resulting in high uptime and attractive day rates.

04

Assets

The Company offers a diverse rig portfolio comprising 15 jack-ups, two drill ships and one floating production unit to suit diverse customer requirements.



05 Clients

The Company's clientele comprises 25 major international E&P companies. The Company has been enjoying cordial relationships with ONGC for over two decades.

06 Competitive

The Company is amongst the most competitive offshore drilling service providers in the world, reflected in a high uptime on the one hand with one of the most attractive costs on the other.

07 Experience

The Company enjoys nearly three decades of sectoral experience; it is India's largest offshore drilling service provider in the private sector and amongst the top twelve offshore drilling service providers in the world.

Largest

drilling contractor in India and among the top-12 in the world



Risk management

At Aban, relevant processes and controls have been instituted to manage the extensive risks affecting the business.



01 Economy risk

Any slowdown in the economy could affect oil exploration and the Company's profitability.

Mitigation

Douglas-Westwood has forecast a global capex of over USD 223 billion for the 2013-17 period, almost double the amount spent in the preceding five years.

02 Competition risk

An increase in global and domestic competition could have an adverse impact on day rig service rates.

Mitigation

- The Company is India's largest drilling contractor and among the top-12 in the world.
- The Company possesses a diversified portfolio, making it possible to deploy a variety of rigs addressing customer needs. In 2013-14, jack-up rentals increased from USD 150,000 a day to USD 170,000 a day, indicating increased demand over supply.

03 Geography risk

A high dependence on a single geography could affect returns.

Mitigation

- The Company's offshore services are spread globally, which ensures the maximum utilisation of its assets.
- The Company's operations are spread across South East Asia, South Asia, Latin America, West Africa and the Middle East.

"Fear of failure must never be a reason not to try something."
– Frederick Smith



04 Technology risk

In a technology-driven industry, obsolescence could affect viability.

Mitigation

The average age of nine of 18 rigs was 6.5 years against the normal life span of 30 years. The Company refurbished one drillship in 2013-14 and expected to repair/statutory survey another three in 2014-15.

05 Human capital risk

The Company's operations can be affected by manpower attrition.

Mitigation

- The Company has in place a long-term retention plan, performance-based remuneration and motivating work environment for employees
- The Company has devised a mechanism to identify high potential employees and retain them.

During the year, the Company granted options to key employees under ESOP scheme.

- The Company's employee base stood at 1,415 at the end of the year under review.

06 Capital risk

The Company's operations can be affected by a paucity of capital.

Mitigation

Aban works with large and liquid customers. Besides, the Company intends to de-leverage and right size its Balance Sheet through an infusion of equity. This is expected to moderate the Company's gearing. Besides, the Company's high margins are expected to translate into higher cashflows.

Management discussion analysis

Global economy

After a relatively weak first quarter 2013, the global economy gained momentum. The eurozone gradually moved out of recession while the US economy expanded despite fiscal adjustments. Global GDP growth was estimated at a modest 2.9% in 2013, strengthening to 3.5% in 2014 mainly as a result of growing momentum in OECD economies.

However, challenges included postponed fiscal negotiations in the US, the future monetary policy of major central banks, longevity of the eurozone recovery and continued reforms in emerging economies. As a result, recovery signs are visible thanks to rising global industrial production.



4th

largest primary energy consumer after China, the US and Russia

Indian economy

Buoyed by a good performance of the farm sector, economic growth in the current fiscal is estimated to rise to 5.6 percent.

The growth in GDP during 2013-14 is estimated at 4.7 percent compared to the growth rate of 4.5 percent in 2012-13 (Source: Central Statistics Office).

Global hydrocarbons outlook

Oil demand for the medium-term period (2012–2018) could increase by an average of 0.9 mbpd annually, reaching 94.4 mbpd by 2018. Over this period, demand in OECD America has remained stable, but fallen in other OECD regions, having peaked in 2005.

Demand in Russia and other Eurasian countries have increased slowly. As in previous projections, the main demand increased in developing countries, with an annual rise of 1.1 mbpd (Source: OPEC).

Increased global oil production and consumption

The global oil production in 2013-14 was 91.58 million bbl/d compared to 90.40 mbd in 2012-13 (Source: EIA).

OPEC accounted for about three-quarters of the global increase despite a decline in Iranian output (-680,000 b/d) due to international sanctions. Libyan output (+1 million b/d) nearly regained all of the ground lost in 2011. For the second consecutive

year, output reached record levels in Saudi Arabia, the UAE and Qatar. Iraq and Kuwait registered significant increases. Non-OPEC output grew by 490,000 b/d, with increases in the US (+1 million b/d), Canada, Russia and China offsetting unexpected outages in Sudan/South Sudan (-340,000 b/d) and Syria (-160,000 b/d), as well as declines in mature provinces such as the United Kingdom and Norway (Source: BP Statistics).

Global oil consumption grew by 0.9% or 890,000 barrels per day (b/d). The oil sector reported the weakest global growth rate among fossil fuels for the third consecutive year. OECD consumption declined by 3% (530,000 b/d), the sixth decrease in the past

seven years; the OECD now accounts for just 50.2% of global consumption, the smallest share on record. Outside the OECD, consumption grew by 1.4 million b/d, or 3.3%. China recorded the largest increment to global consumption (+470,000 b/d, +5%) although the growth rate was below the 10-year average. Japanese consumption grew by 250,000 b/d (+6.3%), the strongest growth increment since 1994.

World energy demand outlook

Emerging economies continue to dominate in terms of energy production with the Asia-Pacific region accounting for nearly half the global growth. The world primary energy production growth

caught up with the consumption rate, growing by 1.6% per annum from 2011 to 2030. Going forward, growth in production will be dominated by non-OECD countries, which will account for 78% of the world's increase. These countries will supply 71% of the global energy production in 2030, up from 69% in 2011 and 58% in 1990. The Asia-Pacific region, the largest regional energy producer, has demonstrated the most rapid growth rate at 2.2% per year due to a large indigenous coal production and accounts for 48% of the global energy production growth. The Middle East and the North American continent contribute the next largest increment for supply growth with the latter remaining the second largest regional energy producer.

Energy consumption in India

India is the fourth largest global economy in terms of GDP (Gross Domestic Product) as per PPP (Purchasing Power Parity) after the US, China and Japan. The fast-paced growth of the Indian economy resulted in an energy demand surge, which increased energy consumption in India. When coupled with demand increase in China, there was a stretch in global energy demand, shifting the centre of energy demand from OECD countries to Asia.

India was the fourth largest primary energy consumer after China, the US and Russia. Total primary energy consumption in 2009 was pegged at 487.6 million tonnes of oil equivalent

Medium-term oil demand outlook

(mbpd)

	2012	2013	2014	2015	2016	2017	2018
OECD America	23.7	23.8	23.9	23.9	23.9	23.8	23.8
OECD Europe	13.8	13.4	13.2	13.1	12.9	12.8	12.7
OECD Asia-Oceania	8.5	8.4	8.3	8.3	8.2	8.2	8.1
OECD	46	45.6	45.4	45.2	45	44.8	44.6
Latin America	5.2	5.4	5.6	5.7	5.8	5.9	6.0
Middle East and Africa	3.4	3.4	3.5	3.5	3.6	3.7	3.8
India	3.7	3.8	3.9	4.0	4.2	4.4	4.6
China	9.7	10.1	10.4	10.8	11.1	11.5	11.9
Other Asian countries	7.2	7.3	7.4	7.6	7.8	8.0	8.2
OPEC	8.7	9.0	9.3	9.5	9.6	9.8	9.9
Developing countries	37.8	38.9	40.1	41.1	42.2	43.3	44.4
Russia	3.4	3.5	3.5	3.5	3.6	3.6	3.6
Other Eurasian countries	1.6	1.7	1.7	1.7	1.8	1.8	1.8
Eurasia	5.0	5.1	5.2	5.3	5.3	5.4	5.4
World	88.9	89.6	90.7	91.6	92.5	93.5	94.4

or 4.6 percent of total global primary energy consumption. Primary energy consumption is expected to reach 738.07 million tonnes of oil equivalent by 2016-17, of which approximately 38 percent would be met through imports (Source: *Planning Commission*).

India's per capita energy consumption has increased from 1,204 kWh in 1970-71 to 6,419 kWh in 2011-12, with an annual growth of 4.06 per cent. However, with high growth projected, India's per capita energy consumption is expected to more than double by 2031-32, around 1,124 kilograms of oil equivalent, which would still be lower than the 2009 world average of 1,797 kilograms of oil equivalent.

Indian oil industry

India ranks fourth among the world's biggest oil consuming countries; its oil consumption is estimated to expand at a CAGR of 3.4 per cent during FY 2008-16 to 4 mbpd by 2016. India has overtaken Japan as the world's third-biggest crude oil importer in 2013. Crude oil production across the industry during April to March, 2013-14 stood at 37.776 MMT as against 37.861

MMT achieved in the previous year. India holds about 0.7% of the world's proven oil reserves while accounting for 3.9% of the global oil consumption - thus importing about 75% plus of its oil consumed. In 2013-14: India shipped in about 3.81 million b/d of crude oil in 2013-14, a growth of 2.6% over the previous year. The country imports most of the crude oil from the Middle East and has the fifth largest refining capacity in the world.

Outlook for India

India will become the largest single source of global oil demand growth after 2020. The centre of gravity of energy demand is switching decisively in favour of emerging economies, particularly China, India and the Middle East, which will drive global energy use by 33%.

China dominates the picture within Asia, before India takes over from 2020 onwards as the principal engine of growth. The shift in demand is further underlined by India becoming the largest single source of global oil demand growth after 2020. However, India's energy demand will double by

2035 on back of economic growth and rise in population.

While the energy demand will double, per capita consumption in India will still be one-fourth of the OECD average. The global oil demand is expected to reach 101 mbpd by year 2035 from today's level of around 87 mbpd. India's oil consumption will exceed 8 mbpd by 2035 (Source: *The International Energy Agency*).

Offshore rig industry

The rig service sector had concerns over the deepwater market in 2013 but generally remained positive in the jackup segment, despite higher new build deliveries of jackups over floaters. During the last year, the increase in demand and rates was not driven by fleet removals. Only four units were removed in 2013 (in addition to the accidents) as rates continued to harden, particularly for the older rigs.

The deepwater market was largely driven by oil majors like Petrobras. In total, 81 of 123 in-the-water Ultra Deep Waters (excluding North Sea) were contracted by these companies. This

3.81 mbpd

crude oil shipped by India
in 2013-14



market reported a fundamental increase in long-term demand. However as these companies held back on exploration budgets and campaigns were pushed further out, a temporary cooling-off was reported.

In the jackup market, which did not enjoy the same long-term prospects, 259 rigs of 424 were drilling for NOCs. The demand increase in the market was not driven by good exploration results, like on the deepwater side, but by under investment over several years from many clients with older fields, South East Asian countries having become net oil importers of oil and intending to reverse the situation.

Activity in the jackup market continued to be significantly higher than on the floater side with stable day rates of ~USD 150,000-170,000/day. Fixture activity for the older jackups was slower and driven by 6-12 month-long contracts. Activity was broadly based with cumulative backlog relatively unchanged (at high levels) over the past few months.

Drilling market

Douglas-Westwood estimates that growth in global active rig demand could average 5% per annum over the 2012-2016 period. This insight from Douglas-Westwood suggests an increasingly important role for frontier markets globally with an estimated two-thirds of active rig demand coming from regions outside North America by 2016. While countries such as Kazakhstan, Mexico and Oman likely to witness a decline, other markets including China, Colombia, Russia, Saudi Arabia, and Iraq are all expected to see an increase in the number of rigs required.

OPPORTUNITIES AND THREATS

Rig industry

Opportunities: Global E&P spending is poised to reach a record \$723 billion in 2014, up 6.1% from \$682 billion in 2013. The year 2014 will accelerate growth in North America to over 7% (led by the US) coupled with sustained growth (+6%) in the international markets, particularly in the Middle East, Latin America, and Russia. E&P spending in

4mbpd

India's oil consumption by 2016, CAGR of 3.4 per cent during FY2008-16

723(\$/bn)

Global E&P spending in 2014 from \$682 bn in 2012-13



North America is expected to rise over 7% in 2014, following growth of 2% 2013 and 4% in 2012.

Increased spending coupled with a rise in service-intensive, multi-well, horizontal drilling and production growth is driving this trend and should lead to increased spending. E&P spending outside North America is expected to reach a record \$524 billion (+6%) in 2014. This compares to a spending of \$496 billion in 2013 (+10% from 2012).

The global offshore drilling market is expected to report rapid growth at a CAGR of 10.9 percent during 2013-18. One of the key factors contributing to this growth is expected to be an increase in the drilling of offshore oil reserves due to the maturing of onshore oil reserves. A rise in global offshore drilling and E&P spending are increasing the expectations of attractive rig deployment in Latin America, Africa and the Middle East.

Threats

High oil prices above \$120/bbl in 2013-14 could prove to be counter-productive in a fragile global economy.

High oil prices increase costs and stagger global economic growth, causing oil prices to decline. A high oil price could also enhance fuel efficiency and the development of alternatives like coal, shale gas and renewable energy (*Source: Global Subsea*).

A significant increase in the number of rigs under construction could have a negative impact on the day rate and utilisation.

Enforcement of regulations regarding greenhouse gas emissions and climate change could have a negative impact on the oil & gas industry.

Development and exploitation of alternative fuels could have an adverse impact on the oil & gas industry.

Development of new technologies for enhanced oil recovery from existing fields and shale gas along with increasing onshore activity could have an impact on offshore drilling.

Wind energy

India, with a total of 21,128 MW as of 31st March, 2014, has the fifth largest installed capacity of wind power in the world. India is just behind China,

the US, Germany and Spain. The targeted capacity addition in India for the period between April 2012 and March 2013 was 2,500 MW. The total capacity added during FY 2012-2013 was around 1,700 MW and in 2013-14, the capacity addition was 2,126 MW. In its 12th Five Year Plan (2012 -17), Government of India set a target of 18,500 MW of renewable energy out of which 11,000 MW would be contributed by wind, 4,000 MW by solar and the balance by other sources.

Outlook

The scope for this renewable business is significant; the potential for wind energy is 20 times the global population requirement considering that wind turbines are space-efficient, account for about 2.5% of worldwide electricity production but growing at 25% annually, are increasingly affordable (as prices have declined 80% since 1980) and enjoy low operational costs. The biggest advantage with wind energy is that the fuel is free and does not generate emissions and is considered as the most cost-effective of all energy resources.

2,126MW

Total wind energy capacity added in 2013-14



Overall the future for wind energy is bright and is expected to boost India's as energy security and self-sufficiency.

Opportunities

Energy security concerns: India ranks third and sixth globally as the largest importer of oil, and of petroleum products and LNG, respectively. The increased use of indigenous renewable resources is expected to reduce India's dependence on expensive imported fossil fuels.

Government support: The government is playing an active role in promoting the adoption of renewable energy resources by offering various incentives such as generation-based incentives and tax holidays.

Climate change: The National Solar Mission aims to promote the development and use of solar energy for power generation and other uses, with the ultimate objective of making solar energy compete with fossil-based energy options.

Increasing cost-competitiveness of renewable energy technology: Renewable energy is becoming

increasingly cost-competitive compared to fossil fuel-based generation.

Distributed electricity demand:

Renewable energy is a distributed and scalable resource, making it well-equipped to meet the need for power in remote areas, which lack grid and road infrastructure.

Favourable foreign investment policy:

The government has created a liberal environment for foreign investment in renewable energy projects.

Vast untapped potential: India has abundant untapped renewable energy resources. India also has significant potential to produce energy from biomass derived from agricultural and forestry residues.

Threats

Non-availability of grid and evacuation facility is a major bottleneck for future capacity expansion.

The generation based incentive for independent power producers is not yet implemented and inconsistent policies on fiscal incentives have dampened the growth of wind energy.

10.9%

CAGR of global offshore drilling market during 2013-18.

5th

India's ranking among countries in terms of installed capacities of wind power in the world



Delay in payment by various State Electricity Boards could have a serious impact on cashflows.

Operational review

Drilling division: Revenue generated from the Company's rig service business increased to ₹39,608.62 million in 2013-14 compared with ₹36,908 million in the previous year. As of 31st March, 2014, 17 rigs were operational, indicating attractive prospective returns.

Wind energy division: Revenue from the Company's wind energy division decreased to ₹62.55 million in 2013-14 from ₹79.70 million in 2012-13. 20.70 million units of power were generated in 2013-14 compared with 28.70 million units of power in 2012-13.

Financial review

The Company reported a total income of ₹39,671.17 million in 2013-14 compared to ₹36,987.69 million in 2012-13. The Company's core profit after tax stood at ₹4,543.33 million in 2013-14 against ₹2,460.10 million in 2012-13.

Human Resource Management

Human resource is one of the Company's most critical success drivers. The Company continued to enhance employee productivity, quality and occupational safety. The Company undertook systematic recruitment, retention and enhancement programmes coupled with attractive compensation and performance-based incentives. The result is that the Company successfully invested in its

knowledge capital which was reflected in a growing global competitiveness. The Company's employee strength stood at 1,415 as on 31st March, 2014.

Internal audit and controls

The Company's internal audit system was geared towards ensuring adequate controls for asset safeguarding, identifying weaknesses, improvement areas and addressing compliances. The Company's Audit Committee was responsible for reviewing the Audit Report submitted by internal auditors. The Committee's feedback was considered with necessary implementation. The Audit Committee invited Statutory and Internal Auditors for regular meetings to review internal control systems. The Board of Directors was kept informed about all major observations.

Segment performance

(₹ in million)

Years	Drilling		Wind energy	
	Revenues	Profit	Revenues	Profit/(Loss) before tax
2010-11	336,340	34,753	979	(1,604)
2011-12	31,570.45	14,078.99	587.54	(178.30)
2012-13	369,138.78	34,153.67	797.62	(834.69)
2013-14	39,608.62	5455.46	62.55	2.09

1,415

Company's employee strength as on 31st March, 2014

DIRECTORS' REPORT

The Directors of your company are pleased to present the Twenty Eighth Annual Report along with the accounts for the year ended 31st March, 2014.

1. FINANCIAL RESULTS

Particulars	Rs. Millions		Rs. Millions	
	Standalone		Consolidated	
	For the year ended			
	31 March, 2014	31 March, 2013	31 March, 2014	31 March, 2013
Income from Operations	8,199.44	7,968.65	39,362.55	36,727.01
Other Income	443.65	490.85	308.62	260.68
Less Expenditure	4,362.26	4,816.05	17,323.60	16,861.83
Profit before Interest and Depreciation	4,280.83	3,643.45	22,347.57	20,125.86
Less Interest	1,784.67	3,296.29	11,406.25	11,884.49
Less Depreciation	417.90	491.31	5,483.77	4,909.47
Profit for the year before Tax	2,078.26	(144.15)	5,457.55	3,331.90
Provision for Tax	442.28	(136.83)	1,712.77	1,299.28
Minimum Alternate Tax (MAT) Credit Entitlement	(389.16)	-	(389.16)	-
Provision for Deferred Tax	220.89	118.95	221.65	118.96
Profit after Taxbefore share in Earnings of joint Ventures	1,804.25	(126.27)	3,912.29	1,913.66
Share in earnings of Joint Ventures	-	-	18.36	25.07
Profit for the year after tax and after share in earnings of joint ventures	1,804.25	(126.27)	3,930.65	1,938.73
Profit brought forward from the previous year	5,046.99	5,678.36	12,243.68	10,810.05
Available for appropriation	6,851.24	5,552.09	16,174.33	12,748.78
Transfer to Capital Redemption Reserve	270.00	-	270.00	-
Transfer to General Reserve	180.43	-	180.43	-
Proposed Divided – Preference	281.00	275.07	281.00	275.07
Proposed Dividend- Equity	156.66	156.66	156.66	156.66
Tax on Dividend – Preference	47.76	46.75	47.76	46.75
Tax on Dividend – Equity	26.62	26.62	26.62	26.62
Balance Carried forward	5,888.77	5,046.99	15,211.86	12,243.68

2. PERFORMANCE

The Revenue earned during the year under review stood at Rs 8643.09 millions. Rigs Aban II, Aban III, Aban IV, Aban V, Aban VI were working satisfactorily under the existing contracts. Drillship Aban Ice commenced new contract during the year under review and has been working satisfactorily. Floating Production Unit Tahara is being actively marketed.

3. CHANGES IN SHARE CAPITAL

There were no changes in the share capital of the company during the year under review. However your Company allotted 40,00,000 warrants to Promoter/Promoter group under Preferential allotment. In terms of the said issue 25% of the consideration has been paid by the Promoter/Promoter group. The balance 75% of the consideration is payable on or before 18 months from the date of allotment. Upon payment, said warrants shall be converted into equity shares. Your Company also granted 14,00,000 options to employees including two whole time directors and three independent directors.

4. SUBSIDIARY COMPANIES

INDIAN

Aban Energies Limited

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

Radhapuram Wintech Private Ltd

The company has entered into agreement with couple of business entities for supply of green power under group captive scheme. The performance 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.

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 10% p.a for the year ended 31.03.2014 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 2014.

8. DIRECTORS

Mr. P.Venkateswaran is liable to retire by rotation and being eligible offers himself for re appointment.

Mr.P.Murari, Mr.K.Bharathan and Mr.Ashok Kumar are being recommended for appointment as Independent Directors for a period of 5 years.

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 2014, 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 2014 on a going concern basis.

10. STOCK EXCHANGES

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

Madras Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited.

Preference Shares aggregating to Rs. 2,610 million issued by the Company are listed with BSE Limited.

Necessary stock exchange regulations are complied with. Applicable listing fees for the year 2014 -15 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 for a period of three ie till the conclusion of 31st Annual General Meeting (subject to ratification at every Annual General Meeting).

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.

- 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.

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.

FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rupees in Millions)	
	2013 - 14	2012 - 13
Foreign exchange earned during the year	8,437.95	6,274.53
Foreign exchange outflow during the year	1577.89	1,829.35

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

C. P. Gopalakrishnan
Deputy Managing Director, CFO & Secretary

Reji Abraham
Managing Director

Place: Chennai

Date: May 28, 2014

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, Tax 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 2014 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	2014	Total
a) (i) No of options granted	96,200	47,000	1,25,000	1,75,000	14,00,000	18,43,200
b) Pricing Formula	Options were granted at the closing market price of the Equity Shares of the Company on the Stock Exchange where high volume of shares were traded on the day preceding the date of grant of options					
c) Exercise Price (in INR)	431.60	1288.25 & 1211.50	3622.85	649.75	416.55	
d) Total No. of Options vested	4,43,200					
e) Total No. of Options exercised	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	2,50,420					
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	97,650					
k) Details of Options granted to Senior managerial personnel						

Sl. No.	Name	Designation	No. of options granted during the year
1.	P. Venkateswaran	Deputy Managing Director	50,000
2.	C.P. Gopalkrishnan	Deputy Managing Director, CFO & Secretary	50,000

l) Any other employee who received grant in any one year of options amounting to 5% or more of the options granted during the year	No
m) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant)	None
n) Diluted Earnings per Share (EPS) pursuant to issue of Equity Share on exercise of options calculated in accordance with the accounting standard (AS 20) Earnings per share	Rs . 30.11
o) Method of calculation of employee compensation cost	The employee compensation cost has been calculated using the intrinsic value method of accounting to account for the options issued under the Aban Employee Stock Option Scheme. The Stock based Compensation cost as per the intrinsic value method for the financial year 2013 -14 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 The impact of this difference on profits and on EPS of the Company	NIL Not Applicable
p) Weighted average exercise prices and weighted average fair values of options granted for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price - Rs.678.90 Weighted average fair value – Rs.188.17
q) A description of the method and significant assumptions used during the year to estimate the fair values of Options	The fair value of each option is estimated using the Black Scholes Option pricing model after applying the key assumptions i) risk free interest rate – 8.115% ii) Expected Life – 3 years iii) Expected volatility – 54.57% iv) Expected dividends – Rs.3.60 per share v) The price of the underlying Share in the market at the Time of option grant Rs.411.40

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 2014.

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 were 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	Abraham Nakrampurathu Chacko	54	10,784,523	Sr Tool Pusher	DME	07/02/1997	32	Nadirco Saudi Ltd
2	Anil Kishore Sharma	46	9,096,654	Rig Manager	B.E. (Mech)	18/03/2009	32	Soudi Aramco - Drilling Supervisor
3	Balakrishnan D.N.	47	7,091,694	Driller	SSLC+ITI	28/11/1988	25	Worked with Hitech Drilling
4	Balarethinam K.	55	7,916,395	Day Tool Pusher	PUC	24/02/2005	32	Driller with MB Petroleum Oman
5	Cheten Mathre	46	9,718,973	Barge Engineer	LME	11/04/2007	27	EE Mech with ONGC
6	Deep Narayan Rai	45	7,167,754	Tool Pusher	Diploma in Mining	16/06/2013	23	Driller with Transocean
7	D'souza A.C.	57	9,129,678	Tool Pusher	SSC	02/05/1987	38	Derrick Man, Zapata Offshore Drilling Co.
8	Gopalkrishnan C.P.	58	6,326,400	Deputy Managing Director, CFO and Secretary	B.Com (Hons),ACA,ACS,LLB	11/11/1987	35	Deputy Manager-Nirlon Synthetic Fibres and Chemicals Ltd
9	Gurpreet Singh	52	12,093,773	Tool Pusher	SSLC	24/12/2004	32	Driller with Pride International
10	Ivan Nathan	51	7,166,879	Driller	Dipoma in Electrical	27/06/2005	31	ITM
11	John A.V.	40	7,584,005	Chief Mechanic	SSLC+ITI	28/07/1995	21	Roustabout -Saipem Aban Drilling Company
12	Jude Dexter Nathan	51	7,158,922	Chief Electrician	Dipoma in Electrical	29/09/2013	17	ITM
13	Karmakar T.J.	55	6,448,683	DGM -Operations	B.Sc. Engg. (Mech.)	07/01/1992	28	ONGC
14	Khan M.A.	49	7,220,409	Driller	SSC	07/07/1997	26	Derrickman with Hitech Drilling
15	Krishnan B.G.	60	12,008,801	Tool Pusher	SSLC	27/09/2006	38	Driller with Saipem.
16	Kulvir Kotwal	39	6,909,242	Subsea Engineer	B.E. (Mechanical)	04/01/2007	14	Asst Sub Sea EngineerGREAT EASTERN SHIPPING CO.
17	Kushalappa K.C.	49	13,703,135	Rig Manager	B.E. (Industrial and Production Engineering)	27/03/1992	26	G.E.T. in Triveni Engineering Works Ltd
18	Kutty T.P.A.	59	11,688,046	Barge Engineer	PDC+ITI	08/04/1992	39	Asst. Chief Electrician with Mahindra and Mahindra
19	Nayyer Jatinder Mohan	58	7,967,743	ToolPusher	12th Std.	16/01/2003	27	Asst Driller with Ensco.

20	Padma Kumar	50	7,510,364	Tool Pusher	Pre Degree	17/01/1992	22	With Aban Only
21	Radhesam Varma	56	9,829,660	Rig Manager	B.E. (Mech)	26/09/2008	32	Soudi Aramco - Drilling Supervisor
22	Rajesh Kumar Agarwal	52	12,231,108	Sr Tool Pusher	DME+AMIE in Mechanical Engg	24/08/2008	31	NDC
23	Ram Kumar Bhal	45	14,578,138	Rig Manager	Diploma (Mechanical Engg.)	19/09/2012	26	Premium Drilling Company
24	Reji Abraham	48	81,699,957	Managing Director	BE, PGDM	26/09/1997	23	Business
25	Sandhu A.P.S. *	62	7,788,451	Chief Operating Officer	B.Sc Engg (Mechanical)	20/03/1992	38	Chief Engineer - ONGC Ltd
26	Saroj Kumar	40	6,003,544	Driller	Intermediate	11/08/2006	16	Derrickman with Transocean
27	Sharma M.S.	51	8,144,947	Chief Mechanic	SSC	01/08/1991	23	Hitech Drilling Services India Ltd.
28	Shivakumar B.S.	53	7,112,213	General Manager (Operations)	B.E. (Mechanical)	17/11/1995	29	ONGC
29	Shyam Kabadkar	42	11,886,874	OIM	HSC	21/09/2011	21	Asst Rig Manager with Noble Drilling
30	Shyam Sunder Sharma	52	10,031,549	Tool Pusher	SSLC	06/12/2008	32	Tool Pusher with ETA Star Holding.
31	Sibbala Gopi Kiran Kumar	35	6,188,543	Chief Mechanic	BE – Mechanical Eng	02/12/2008	6	Worked with Aban Only
32	Srinivasan S	46	7,560,409	Senior Vice President -Corporate Planning	B Tech,MBA	01/04/1997	23	Asst General Manager-(CICI Bank Ltd
33	Sukumaran M.K.	53	6,614,653	Driller	SSLC	27/11/2001	29	Worked with Hamad & Partners Kuwait
34	Sunil G. Abraham	51	7,836,663	Tool Pusher	B. Tech(Mech.)	21/02/1992	22	Not Applicable
35	Suresh Kumar	53	12,353,725	Tool Pusher	B.E. (Mechanical)	01/04/2002	32	Rig Superintendent - Jagson International
36	Taneja D.K.	56	10,189,984	Tool Pusher	Diploma (Mechanical Engg.)	10/07/1996	34	Drilling Superintendent-Triveni Oil Field Services
37	Tomar S.S.	48	7,533,574	Driller	SSC	01/06/1996	23	Roustabout Arya Offshore Limited
38	Venkateswaran P.	63	6,326,400	Dputy Managing Director	B. Tech	10/01/1986	41	Project Manager-Aban Constructions

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

(b) Nature of employment is contractual

* Employed for the part of the year.

CORPORATE GOVERNANCE

ABAN'S GOVERNANCE PHILOSOPHY

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

The Company's 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.

I BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD

Aban's Board comprises of Six Directors -One Promoter Director, Three Non - Executive Independent Directors, Two Executive Directors. The Board functioned directly or through various focused committees (Audit Committee, Stakeholders'/Investors' Grievance Committee Compensation Committee, Nomination & 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 7 times during the year 2013 - 14 on the following dates:

15.04.2013, 28.05.2013, 07.08.2013, 20.09.2013, 13.11.2013, 10.01.2014 and 06.02.2014

The names of the Directors on the Board, their attendance at the meetings and the other Directorships that they held as on 31st March, 2014 are set out below:

Name of Director(s)	Category Of Directorship	Financial year 2013-2014 Attendance at		As on 31st March 2014			
				No. of Other Directorships		Committee Positions in other Companies*	
		Board Meetings	Last AGM	Public Ltd. Cos.	Private Ltd. Cos	Member	Chairman
P. Murari	Non - Executive - Independent	6	Yes	9	-	4	2
Reji Abraham	Executive - Promoter	7	Yes	4	20	-	-
K Bharathan	Non - Executive Independent	7	Yes	1	-	-	-
Ashok Kumar Rout	Non - Executive Independent	5	Yes	-	-	-	-
P. Venkateswaran	Executive - Non Promoter	6	Yes	3	7	-	-
C.P. Gopalkrishnan	Executive - Non Promoter	7	Yes	3	17	-	-

Excludes directorships in associations foreign and section 25 companies

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

The Director who will retire by rotation and offer himself for reappointment-Mr. P. Venkateswaran.

Mr. P. Murari, Mr. K Bharathan and Mr. Ashok Kumar Rout are being recommended for appointment as independent Directors.

Board recommends the appointment of Mr. P. Venkateswaran, Mr. P. Murari, Mr.K.Bharathan and Mr Ashok Kumar Rout as Directors.

Name of Director	Mr. P. Venkateswaran	Mr.P.Murari	Mr. K. Bharathan	Ashok Kumar Rout
Date of Birth	12.02.1951	19.08.1934	15.04.1950	09 .11. 1962
Nationality	Indian	Indian	Indian	Indian
Date of Appointment on Board	01.08.2001	18.09.1996	26.12.2003	01.11. 2012
Qualifications	B.Tech., IIT Madras	M.A.(Economics)	B.Com., ACA	B.Tech (Hons) IIT, Kharagpur M.B.A – IIM, Bangalore
Shareholding in the Company Equity Shares of Rs.2/- each	11,505	NIL	3,500	NIL
Chairmanship in committees of the Company	None	Audit Committee Remuneration Committee	Stakeholders Relationship Committee	None
Membership in Committees of the Company	Audit Committee Stake Holders Relationship Committee		Audit Committee Remuneration Committee	Remuneration Committee
List of Indian Companies in India in which Directorships held	Aban Investments Pvt Ltd. Aban Marketing & Export Pvt Ltd. Perunad Plantations Ltd. Aban Ventures Pvt Ltd. Aban Energies Ltd. Pathanamthitta Estates Pvt. Ltd. Haryana Aban Power Company Ltd. Radhapuram Wintech Pvt. Ltd. Aban Green Power Pvt. Ltd.	Adyar 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.	None
Membership/ Chairmanships of Committees in Other Company		Adyar Gate Hotel Ltd Aditya Birla Nuva Ltd Great Eastern Energy Corporation Ltd XPRO India Ltd Fortis Malar Hospital Ltd		

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

REMUNERATION TO DIRECTORS					Amount in INR
Name of the Director (s)	Consolidated Salary	Perquisites and other benefits	Commission	Sitting Fees	Total
P Murari	--	--	--	1,15,000	1,15,000
K Bharathan	--	--	--	1,50,000	1,50,000
Ashok Kumar Rout	--	--	--	75,000	75,000
Reji Abraham	3,00,00,000	95,40,000	4,21,59,957	--	8,16,99,957
P Venkateswaran	48,00,000	15,26,400	--	--	63,26,400
C P Gopalkrishnan	48,00,000	15,26,400	--	--	63,26,400
Total	3,96,00,000	1,25,92,800	4,21,59,956	3,40,000	9,46,92,757

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 2013-14. However they were allotted stock option in January 2014.

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

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 the 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 (in case of non-payment of declared dividends) and creditors.

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

5 Meetings of Audit Committee were held during the year ended 31st March 2014 on the following dates:

15.04.2013, 22.05.2013, 07.08.2013, 13.11.2013 and 06.02.2014

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

Composition and Attendance

Name	Category	No. of Meeting Attended
P. Murari	Chairman	5
K. Bharathan	Member	5
P.Venkateswaran	Member	5

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. STAKEHOLDERS RELATIONSHIP COMMITTEE

In 6th February 2014, the existing Shareholders Grievance Committee was reconstituted as "Stakeholders' Relationship Committee" as per the requirement of Companies Act, 2013.

The Company's Stakeholders' Relationship 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 28.05.2013, 07.08.2013, 13.11.2013 and 06.02.2014

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, CFO & Company Secretary.

C. COMPENSATION COMMITTEE

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

- 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.
- Conditions under which option vested in employees shall lapse.
- 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.
- 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.
- 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.
- Grant, vest and exercise of option in case of employee who are on long leave.
- 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
- Monitoring and from time to time altering ESOS 2005

Maximum number of options that may be granted under the scheme is 1.84 Million equity shares of Rs.2/- each - Options granted during the year 1.400 million (upto Previous Year: 0.443 Million) Equity Shares of Rs.2/- each) - Options lapsed during the year 0.082 Million Equity Shares of Rs.2/- each (Upto Previous Year: 0.169 Million Equity Shares of Rs.2/- each) - Options exercised during the year: Nil (upto Previous Year: 0.095 Million Equity Shares of Rs.2/- each) Outstanding at the end of the year: 1.498 Million Equity Shares of

Rs.2/- each (upto Previous Year: 0.179 Million Equity Shares of Rs.2/- each), Options yet to be granted under the scheme: 0.251 Million Equity Shares of Rs.2/- each (Previous year: 1.570 Million Equity Shares of Rs.2/- each).

The committee met once on 10.01.2014 during the year.

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

<u>Name</u>	<u>No. of Stock Options</u>
Mr. P.Murari	10,000
Mr. K.Bharathan	10,000
Mr.Ashok Kumar Rout	5,000

D. NOMINATION & REMUNERATION COMMITTEE:

In 6th February 2014, the existing remuneration committee was reconstituted as "Nomination & remuneration Committee as per the requirement of Companies Act, 2013.

Terms of reference:

- To recommend /review the remuneration payable to Managing Director and Whole time Directors based on their performance and defined assessment criteria.
- 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.Ashok Kumar Rout	Member	1

The committee met once on 28.05.2014

III. Subsidiary Company

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

IV. GENERAL BODY MEETINGS

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

Annual General Meeting	Day and Date	Time	Venue
27th Annual General Meeting***	Friday 20.09.2013	10.15 A.M	Mini Hall, Music Academy No.168(old No.306), T.T.K Road, Royapettah, Chennai-600 014
26th Annual General Meeting**	Friday 21.09.2012	10.15 A.M	NaradaGanaSabha Trust (SathguruGnandanda Hall), T.T.K Road, Chennai 600 018.
25th Annual General Meeting*	Wednesday 28.09.2011	11.00 A M	NaradaGanaSabha Trust (SathguruGnandanda Hall), T.T.K Road, Chennai 600 018.

*** Four Special Resolutions were passed and there was a postal ballot during the year

** Six Special Resolutions were passed and No postal ballot was used/invited for voting

* Five Special Resolutions were passed and 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 20th September 2013
 - a. Auditors appointment
 - b. Raising fund through issue of FCCBs, GDRs, ADRs, etc
 - c. Issue of equity related securities to QIBs
2. AGM held on 21st September 2012
 - a. Auditors appointment
 - b. Revision in terms of remuneration payable to Deputy Managing Director Mr.P.Venkateswaran for a period of three years effective 01.04.2012.
 - c. Revision in terms of remuneration payable to Deputy Managing Director Mr.C.P.Gopalkrishnan for a period of three years effective 01.04.2012
 - d. Re appointment of Mr.Reji Abraham as Managing Director for a period of 5 years from 26.09.2012 to 25.09.2017.
 - e. Raising fund through issue of FCCBs, GDRs, ADRs, etc
 - f. Issue of equity related securities to QIBs
3. ** AGM held on 28th September 2011
 - a. Auditors appointment
 - b. Re appointment of Mr.P.Venkateswaran as Deputy Managing Director for a period of 5 years from 01.08.2011 to 31.07.2016.
 - c. Re appointment of Mr.C.P.Gopalkrishnan as Deputy Managing Director for a period of 5 years from 01.08.2011 to 31.07.2016.
 - d. Raising fund through issue of FCCBs, GDRs, ADRs, etc
 - e. Issue of equity related securities to QIBs

Postal Ballot

During the year under review, a special resolution for allotment of warrants to Promoter/Promoter group was placed before the members for approval through Postal Ballot during the year.

The notice was sent to all members, pursuant to Section 192A of the Companies Act, 1956 and a draft resolution and the explanatory statement stating all material facts and reasons thereto. Members had to fill in the Postal Ballot Forms duly signed and send it to the Company before 11.02.2014. Facility of e-voting was also provided.

The Postal Ballot results were announced on Wednesday, the 11th February, 2014 at the Registered Office of the Company. Mr G Ramachandran, Company Secretary in Practice was appointed as scrutinizer for conducting the Postal Ballot.

Voting Pattern in given below:

Number of Valid Postal Ballot Forms received	:	1,430
Number of Shares	:	2,58,25,994
Votes in favour of the Resolution	:	1,217
Number of Shares	:	2,57,99,502
Votes against the Resolution	:	213
Number of Shares	:	26,492
Number of Invalid Postal Ballot forms received	:	25
Number of Shares	:	1,389

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, associate company, 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.

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,

The quarterly / half-yearly and annual results along with segmental report are published in Business Standard (English) and Makkal Kural (Vernacular language). The results were also displayed on the company's web site, www.abanoffshore.com, shortly after its submission to the Stock Exchanges.

The presentations made by the Company to Financial Institutions and others were posted on the website, www.abanoffshore.com

In accordance with Clause 52 of the Listing Agreement, all disclosure and communications to BSE Limited and National Stock Exchange of India Limited are filled electronically through CFDS website www.corpfiling.co.in. The Company also submits to NSE all quarterly compliances, disclosures and communications through NSE's NEAPS portal. The Company further has complied with filing submissions through BSE's BSE Online Portal.

Management Discussion and Analysis forms Part of the Annual Report.

VIII GENERAL INFORMATION FOR SHAREHOLDERS

Financial Calendar

Financial Year 1st April 2013 to 31st March 2014	1st April 2014 to 31st March 2015
Board meeting for considering the accounts and Dividend	28.05.2014
Posting of Annual Report	On or before 20.08.2014
Book closure dates	12.09.2014 – 19.09.2014
Last date for the receipt of proxy forms	17.09.2014
Twenty Eighth Annual General Meeting	19.09.2014
Venue	Narada Gana Sabha Trust (SathguruGnanananda Hall) 314 (Old No 254) T.T.K Road, Chennai-600 018
Time	10.15A.M.
Dividend payment date	On or after 19.09.2014
Probable date of dispatch of dividend warrants	On or after 19.09.2014
Board Meeting to consider unaudited results for the first 3 quarters of the financial year 2014-2015	
Results of the quarter ended on 30th June 2014	On or before 15/08/2014
Results of the quarter ended on 30th September 2014	On or before 15/11/2014
Results of the quarter ended on 31st December 2014	On or before 15/02/2015

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, 30, Second Line Beach
Chennai – 600 001

BSE Limited

Phiroze Jeejeebhoy Towers
25th Floor, P.J. Towers
Dalal Street, Fort
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 2014-15 were paid to the Stock Exchanges in India where the Company's Equity shares are listed.

STOCK CODES:

EQUITY SHARES:

Madras Stock Exchange Limited	ABANOFFSH
BSE 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 BSE Limited.
700099 – 10,50,00,000 - 10% 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 10% p.a. Non convertible Cumulative Redeemable Preference Shares
INE 421A04097

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

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

ISIN No of 20,00,00,000 - 10% p.a. Non Convertible Cumulative Redeemable Preference shares
INE421A04055

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
Aban Offshore Limited
Janpriya Crest
113 Pantheon Road
Egmore
Chennai – 600 008
Phone: 91-44-49060606
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 BSE Limited. The Company's Non-convertible Cumulative Redeemable Preference Shares are listed in the BSE Limited.

Dematerialisation of shares

98.96% of Equity shares of the Company have been dematerialized as at 31st March, 2014. The company has entered into agreement with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the depositories.

Plant Locations

DRILLING LOCATIONS as at 31 March, 2014

<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 132 Wind Energy Generators at Nagercoil, Tamil Nadu.

Whistleblower Policy

The Company is in the process of having Whistle Blower Policy.

Share Warrants Outstanding as at the year end

During the year, the Company has allotted 40,00,000 Share Warrants on a preference basis to the promoter / promoter group entitling them to apply for and obtain allotment of one equity share of INR 2/- each fully paid at a price of INR 391/- per share against each such warrant at any time after the date of allotment but on or before the expiry of 18 Months from the date of allotment in one or more tranches.

The number of warrants outstanding as at the year-end – 40,00,000.

Categories of shareholders as on 31st March 2014

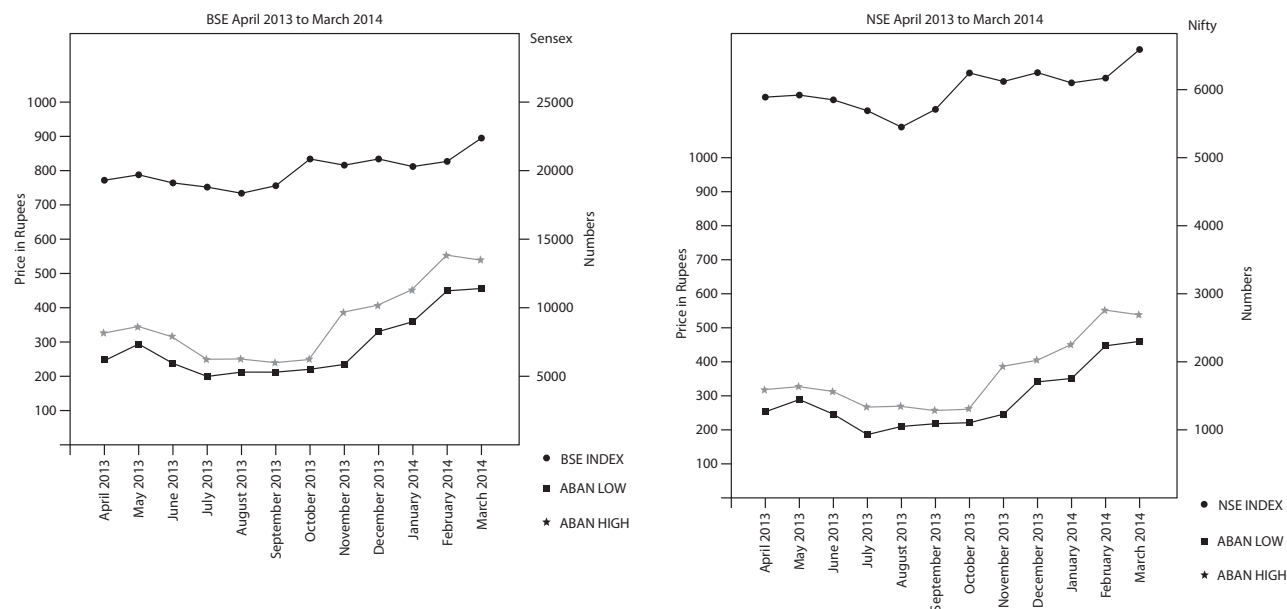
Category	Number of folios	Number of shares	%
Promoter(s)	2	1,07,80,910	24.77
Promoter Group	4	43,96,881	10.10
Collaborators	1	83,28,750	19.14
FII's, NRIs/OCB	1,952	41,46,134	9.53
Mutual Funds, FIIs, Banks	17	17,15,013	3.94
Bodies Corporate	1,389	28,05,262	6.45
Public	1,33,108	1,13,43,565	26.07
Total	1,36,473	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	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2013	326.60	253.95	14,95,683	325.00	253.60	45,45,461
May 2013	339.50	293.35	31,06,420	339.90	292.55	1,00,02,124
June 2013	307.90	239.00	10,61,586	307.90	238.00	35,03,464
July 2013	264.65	200.05	10,69,394	264.65	188.25	34,64,954
August 2013	263.75	205.15	16,53,563	263.50	205.05	50,72,686
September 2013	239.00	205.45	15,66,017	239.00	208.80	55,32,395
October 2013	256.90	212.00	31,37,386	257.00	214.25	1,05,62,737
November 2013	391.30	233.95	1,34,34,909	391.00	232.50	4,53,35,745
December 2013	401.10	333.00	84,47,416	401.20	333.10	2,78,65,093
January 2014	450.50	360.95	1,26,18,372	450.50	360.60	4,13,09,771
February 2014	549.00	452.60	1,53,43,285	549.85	452.80	5,43,68,035
March 2014	538.00	461.20	86,32,113	538.10	459.50	2,73,47,679

CHART - Stock Performance Chart



Distribution of shareholdings as on 31st March 2014

Category (Shares)	Folio		Shares	
	Numbers	%	Numbers	%
1-100	117372	86.00	3267294	7.50
101-500	15563	11.40	3606604	8.28
501-1000	2070	1.52	1577500	3.62
1001-2000	781	0.57	1163161	2.67
2001-3000	255	0.19	645095	1.48
3001-4000	114	0.08	407689	0.93
4001-5000	71	0.05	330538	0.75
5001 -10000	110	0.09	777453	1.78
10001 & above	139	0.10	31741181	72.94
Total	136475	100.00	43516515	100.00

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 2014.

Aban Offshore Limited

Chennai
May 28, 2014

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 2014 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.

Place: Chennai
Date : May 28, 2014

C.P. Gopalkrishnan
Deputy Managing Director, CFO & 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 2014, 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 28, 2014



Aban Offshore Limited

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ABAN OFFSHORE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Aban Offshore Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2014;
- 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

Report on Other Legal and Regulatory Requirements

- 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 give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2 As required by Section 227 (3) of the Act, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For Ford, Rhodes, Parks & Co.,

Chartered Accountants

ICAI - Registration No: 102860W

Ramaswamy Subramanian

Partner

Membership No: 016059

Place : Chennai

Date : May 28, 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date under the caption
"Report on Other Legal and Regulatory Requirements")

- 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. 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 loan to its wholly owned foreign subsidiary and an Indian 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
Radhapuram Wintech Private Limited	32.57	26.60	32.57
Aban Holdings Pte., Ltd., Singapore	2520.55	Nil	1710.44

- (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	149.00	79.73	167.20
Aban Hotels & Resorts Private Limited	116.50	116.50	116.50
Adbhoot Estates Private Limited	600.00	601.41	207.00
Aban Ventures Private Limited	594.00	281.26	466.80
Aban Informatics Private Limited	59.50	66.86	63.70

- (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 of loan agreement with respective companies.
- 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 goods and 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 INR 5,00,000/- with any party during the year have been made at prices which appears to be 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 generation of electricity through wind power. 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 2014 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, except the following:

Nature of Statute	Nature of Dues	Amount in INR Million	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	339.13	2007 - 2008	The Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Income Tax	418.38	2008 - 2009	The Commissioner of Income Tax (Appeals)

- x The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit but has incurred cash losses in the immediately preceeding financial year.
- xi Based on our audit procedures and according to the information and explanations given to us, we have noted default in repayment of term loan installments with respect to four bank loan account and a loan from a financial institution, and interest during the year which are due to Banks and a Financial Institution. The unpaid overdue loan installments and interest during the year in this regard as at 31st march 2014 were INR 545.61 Million and INR 136.71 Million respectively. The Company has since paid INR 19.80 Million of over due installment and INR 29.03 Million of over due interest due to a Bank and Financial Institution before the date of our report.
- 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 The Company has not taken any term loan from banks or financial institution during the year. Hence the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
- 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 During the year under Audit, the Company has not made preferential allotment of equity shares. However the Company has made preferential allotment of share warrants convertible into equity shares to persons covered in the Register maintained under Section 301 of the Companies Act, 1956. The issue price of share warrants has been determined as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 which in our opinion is not prejudicial to the interest of the Company.
- 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 28, 2014



Aban Offshore Limited

Balance Sheet

As at 31st March 2014

	Note No:	As at 31 st March, 2014 Rs. Millions	As at 31 st March, 2013 Rs. Millions
Equity and Liabilities			
Shareholders' funds			
Share Capital	3	2,897.04	2,897.04
Reserves and Surplus	4	18,510.43	17,218.22
Money received against Share Warrants	5	391.00	-
		21,798.47	20,115.26
Non - current liabilities			
Long-term borrowings	6	6,047.28	10,310.61
Deferred tax liabilities (net)	7	608.45	387.56
Long-term provisions	8	33.23	14.93
		6,688.96	10,713.10
Current liabilities			
Short -term borrowings	9	3,896.04	5,083.39
Trade payables	10	4,519.16	3,561.22
Other current liabilities	10	1,970.10	2,202.91
Short -term provisions	8	521.80	511.73
		10,907.10	11,359.25
TOTAL		39,394.53	42,187.61
Assets			
Non - current Assets			
Fixed Assests			
Tangible assets	11	8,359.33	5,837.25
Capital work-in-progress		-	202.68
Non-current investments	12	25,492.61	27,301.71
Long-term loans and advances	13	439.95	40.83
Other non-current assets	15.2	69.51	77.84
		34,361.40	33,460.31
Current Assets			
Inventories	14	993.59	906.40
Trade receivables	15.1	2,920.04	2,251.96
Cash and bank balances	16	759.05	479.60
Short-term loans and advances	13	360.42	727.01
Other current assets	15.2	0.03	4,362.33
		5,033.13	8,727.30
TOTAL		39,394.53	42,187.61
Summary of significant accounting policies	2.1		
The accompanying notes 1 to 41 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 28, 2014

P.Murari
Chairman

Ashok Kumar Rout
Director

P.Venkateswaran
Dy. Managing Director

For and On behalf of the Board

Reji Abraham
Managing Director

K. Bharathan
Director

C.P.Gopalkrishnan
Dy.Managing Director
Chief Financial Officer & Secretary

Statement of **Profit and Loss Account**
For the year ended 31st March 2014

	Note No:	Year ended 31 st March, 2014 Rs. Millions	Year ended 31 st March, 2013 Rs. Millions
Income			
Revenue from operations	17	8,199.44	7,968.65
Other income	18	443.65	490.85
Total revenue		8,643.09	8,459.50
Expenses			
Consumption of stores,spares,power and fuel	19	582.13	677.18
Employee benefits expense	20	1,036.07	862.82
Finance Costs	21	1,784.67	3,296.29
Depreciation and amortization expense	22	417.90	491.31
Other expenses	23	2,744.06	3,276.05
Total expenses		6,564.83	8,603.65
Profit / (loss) before tax		2,078.26	(144.15)
Tax expenses			
Current tax		442.28	(136.83)
Minimum Alternate Tax (MAT) Credit Entitlement		(389.16)	-
Deferred tax		220.89	118.95
Total tax expense		274.01	(17.88)
Profit / (loss) for the year		1,804.25	(126.27)
Earnings per equity share of Rs. 2 each(31 st March 2013: Rs. 2 each)	24		
Basic			
Computed on the basis of profit/(loss) for the year (in Rs)		33.91	(10.30)
Diluted			
Computed on the basis of profit/(loss) for the year (in Rs) and dilutive effects		33.91	(10.26)
Summary of significant accounting policies	2.1		
The accompanying notes 1 to 41 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 28, 2014

P.Murari
Chairman

Ashok Kumar Rout
Director

P.Venkateswaran
Dy. Managing Director

For and On behalf of the Board
Reji Abraham
Managing Director

K. Bharathan
Director

C.P.Gopalkrishnan
Dy.Managing Director
Chief Financial Officer & Secretary



Aban Offshore Limited

Cash Flow Statement

For the year ended 31st March 2014

	Year ended 31st March 2014 Rs. Millions	Year ended 31st March 2013 Rs. Millions
Cash flow from operating activities		
Profit / (Loss) before tax	2,078.26	(144.15)
Profit / (Loss) before tax	2,078.26	(144.15)
Non cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	417.90	491.31
Loss/(profit) on sale of fixed assets	(32.38)	(9.30)
Provision for Employee Benefits	23.99	5.91
Unrealized foreign exchange (gain)/loss	371.28	(40.25)
Net Loss/(gain) on sale of Non Current investments	(32.09)	173.69
Interest expenses	1,593.91	3,228.68
Interest income	(107.44)	(240.95)
Dividend income	(0.85)	(0.68)
Operating profit before working capital changes	4,312.58	3,464.26
Movements in working capital:		
Increase/(Decrease) in trade payables	1,074.06	251.88
Increase/(Decrease) in other current liabilities	(27.64)	91.61
Decrease/(Increase) in trade receivables	(727.48)	(58.14)
Decrease/(Increase) in inventories	(87.19)	(91.13)
Decrease/(Increase) in long term loans and advances	(9.96)	(8.56)
Decrease/(Increase) in short term loans and advances	(11.10)	(0.23)
Decrease/(Increase) in other current assets	-	(8.10)
Decrease/(Increase) in other non current assets	8.33	(77.84)
Cash generated from (used in) operations	4,531.60	3,563.75
Direct taxes paid (net of refunds)	(284.33)	(158.41)
Net cash flow from operating activities (A)	4,247.27	3,405.34
Cash flow from Investing activities		
Purchase of fixed assets	(2,529.85)	(551.43)
Capital advances	(49.94)	(225.89)
Proceeds from sale of fixed assets	60.41	13.26
Proceeds from sale of non-current investments	6,228.24	7,649.70
Purchase of non-current investments	(29.61)	(11.26)
Interest received	112.28	988.08
Dividends received	0.85	0.68
Net cash flow from / (used in) Investing activities (B)	3,792.38	7,863.14
Cash flow from financing activities		
Proceeds from Money received against Share Warrants	391.00	-
Repayment of long term borrowings	(4,688.54)	(8,714.54)
Proceeds from short term borrowings	47.71	297.49
Repayment of short term borrowings	(1,236.98)	(780.11)
Repayment of loan by foreign subsidiary/(Loans extended to foreign subsidiary)	34.23	2,169.96
Interest paid	(1,803.76)	(3,565.85)
Dividends paid on equity shares	(156.66)	(156.66)
Dividends paid on preference shares	(275.07)	(252.24)
Tax on equity dividend paid	(26.62)	(25.41)
Tax on preference dividend paid	(46.75)	(40.92)
Net cash flow from (used in) financing activities (C)	(7,761.44)	(11,068.28)

Cash Flow Statement

For the year ended 31st March 2014

	Year ended 31st March 2014 Rs. Millions	Year ended 31st March 2013 Rs. Millions
Net increase / decrease in cash and cash equivalents (A+B+C)	278.21	200.20
Effect of exchange differences on cash and cash equivalents held in foreign currency	1.24	0.12
Cash and cash equivalents at the beginning of the year	479.60	279.28
Cash and cash equivalents at the end of the year	759.05	479.60
Components of cash and cash equivalents		
Cash on hand	0.70	0.60
With banks on current account	124.68	403.33
On deposit account	618.13	64.79
unpaid dividend account	15.54	10.88
Total cash and cash equivalents (note 16)	759.05	479.60

*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 28, 2014

P.Murari
Chairman

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Director

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For and On behalf of the Board

Reji Abraham
Managing Director

K. Bharathan
Director

C.P.Gopalkrishnan
Dy.Managing Director
Chief Financial Officer & Secretary



Aban Offshore Limited

Notes to Financial Statements for the year ended 31st March 2014

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. Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result on the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day to day repair and maintenance expenditure are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the assets are derecognized.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV of the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets-

Fixed Assets	Rates (SLM)
Buildings	1.63%
Drilling Rigs	3.34%
Drillship	3.34%
Office Equipment	13.91%
Computers	16.21%
Wind Mills	10.00%
Furniture and fixtures	6.33%
Vehicles	9.50%

d. 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.

e. 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 profit and loss 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.

f. 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 Non-current investments.

Current investments are carried in the financial statements at lower of cost or fair value determined on an individual investment basis. Non-Current 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.

g. Inventories

Inventory of stores, spares and fuel is valued at cost or net realizable value, whichever is lower, based on a weighted average cost/ first-in-first-out basis.

h. 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.

i. 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 at 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.

j. 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.

k. Taxes on income

The income tax provision comprises of current tax and deferred tax. Current tax is the amount of tax payable in respect of income for the 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 reliability in future years.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is shown as MAT credit entitlement in the Balance Sheet. The company reviews the MAT credit entitlement asset at each reporting date and writes down the carrying amount of MAT credit entitlement asset to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

l. 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. The analysis of geographical segments is based on the areas in which the main assets of the company operate.

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.

m. 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.

n. 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.

o. 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 liability cannot be recognized because the same cannot be measured reliably. The Company does not recognize a contingent liability but disclose its existence in the financial statements.

p. 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.

3. Share Capital

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Authorised shares (No. millions)		
2,500 (31st March 2013: 2,500) Equity Shares of Rs.2/- each	5,000.00	5,000.00
1,000 (31st March 2013: 1,000) Cumulative Non Convertible Redeemable Preference Shares of Rs.10/- each	<u>10,000.00</u> <u>15,000.00</u>	<u>10,000.00</u> <u>15,000.00</u>
Issued , subscribed and fully paid -up Equity shares (No. in millions)		
Equity Shares		
36.88 (31st March 2013: 36.88) equity shares of Rs.2/- each	73.75	73.75
0.85 (31st March 2013: 0.85) equity shares of Rs.2/- each issued against conversion of foreign currency convertible bonds	1.70	1.70
0.09 (31st March 2013: 0.09) equity shares of Rs.2/- each issued against employee stock option scheme	0.19	0.19
5.69 (31st March 2013: 5.69) equity shares of Rs.2/- each issued against qualified institutional placement	11.39	11.39
Shares Forfeited, 0.01(31st March 2013: 0.01) equity shares at Re 1/- each	<u>0.01</u>	<u>0.01</u>
(A)	<u>87.04</u>	<u>87.04</u>
Preference Shares		
60 (31st March 2013: 60 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	600.00	600.00
45 (31st March 2013: 45 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	450.00	450.00
61 (31st March 2013: 61 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	610.00	610.00
95 (31st March 2013: 95 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	950.00	950.00
20 (31st March 2013:20 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	<u>200.00</u>	<u>200.00</u>
(B)	<u>2,810.00</u>	<u>2,810.00</u>
TOTAL(A+B)	<u><u>2,897.04</u></u>	<u><u>2,897.04</u></u>

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

	31st March 2014		31st March 2013	
	<u>No. millions</u>	<u>Rs. millions</u>	<u>No. millions</u>	<u>Rs. millions</u>
Equity shares of Rs 2 each				
At the beginning of the period	43.51	87.04	43.51	87.04
Issued during the period	-	-	-	-
Outstanding at the end of the period (A)	<u>43.51</u>	<u>87.04</u>	<u>43.51</u>	<u>87.04</u>
	31st March 2014		31st March 2013	
	<u>No. millions</u>	<u>Rs. millions</u>	<u>No. millions</u>	<u>Rs. millions</u>
Preference shares of Rs 10 each				
At the beginning of the period	281.00	2,810.00	281.00	2,810.00
Issued during the period	-	-	-	-
Redeemed during the period	-	-	-	-
Outstanding at the end of the period (B)	<u>281.00</u>	<u>2,810.00</u>	<u>281.00</u>	<u>2,810.00</u>
Total Value of Outstanding Shares (A) +(B)		<u>2,897.04</u>		<u>2,897.04</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.

- c.** During the year ended 31st March 2014, the amount of per share dividend recognized as distributions to equity shareholders is Rs.3.60(31st March 2013: Rs.3.60).

d. Terms of redemption of Non-convertible Cumulative redeemable preference shares

The terms and conditions of the Non-Convertible Cumulative redeemable preference shares are as under:

- 55 million 10% non-convertible cumulative redeemable preference shares will be redeemed at par on 29-12-2014
 - 40 million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 28-02-2015
 - 61million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 30-03-2015
 - 45 million 10% non- convertible cumulative redeemable preference shares will be redeemed at par on 16-06-2015
 - 60 million 10% non-convertible cumulative redeemable preference shares will be redeemed at paron 16-06-2016
 - 20 million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 03-08-2016
- e.** The company has reserved 1.84 million equity shares of Rs.2 each for offering to employees under the Employee Stock Option Scheme (ESOS) (31st March 2013:1.84 million equity shares of Rs.2 each) out of which 0.095 million equity shares of Rs.2 each have been already allotted upto the balance sheet date under the scheme and included under the paid up capital (31st March 2013: 0.095 million equity shares of Rs.2 each)(Refer note 26 for details)

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

	31st March 2014		31st March 2013	
	No. millions	% holding in the class	No. millions	% holding in the class
Equity shares of Rs.2 each fully paid				
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 2014		31st March 2013	
	No. millions	% holding in the class	No. millions	% holding in the class
Preference shares of Rs.10 each fully paid				
10% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10 Each				
Syndicate Bank	10.50	10.00%	10.50	10.00%
Canara Bank Mumbai	17.50	16.67%	17.50	16.67%
Indian Overseas Bank	14.00	13.33%	14.00	13.33%
Vijaya Bank	17.50	16.67%	17.50	16.67%
Axis Bank Limited	42.00	40.00%	42.00	40.00%
	<u>101.50</u>	<u>96.67%</u>	<u>101.50</u>	<u>96.67%</u>
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 Mumbai	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>

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.



Aban Offshore Limited

Notes to Financial Statements for the year ended 31st March 2014

4. Reserves and Surplus

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Capital Reserve as per last Balance Sheet	0.03	0.03
Securities Premium Account		
Balance as per last financial statements	8,819.44	8,819.44
	8,819.44	8,819.44
Investment Allowance Reserve-utilised as per last Balance Sheet	52.40	52.40
Capital Redemption Reserve		
Balance as per last financial statements	2,000.00	2,000.00
Add: Transfer from statement of profit and loss	270.00	-
	2,270.00	2,000.00
General Reserve		
Balance as per last financial statements	1,299.36	1,299.36
Add: Transfer from statement of profit and loss	180.43	-
	1,479.79	1,299.36
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	5,046.99	5,678.36
Profit/(loss) for the year	1,804.25	(126.27)
Less: Appropriations		
Transfer to capital redemption reserve	(270.00)	-
Transfer to general reserve	(180.43)	-
Proposed equity dividend-Rs3.60 Per equity share (31st March 2013-Rs.3.60 Per equity share)	(156.66)	(156.66)
Tax on proposed equity dividend	(26.62)	(26.62)
Dividend on preference shares	(281.00)	(275.07)
Tax on preference dividend	(47.76)	(46.75)
Total appropriations	(962.47)	(505.10)
Net Surplus/(deficit) in the statement of profit and loss	5,888.77	5,046.99
Total reserves and surplus	18,510.43	17,218.22

5. Money received against Share Warrants:

During the year, the Company has allotted 4.00 million share warrants on a preference basis to the Promoter/ Promoter Group entitling them to apply for and obtain allotment of one equity share of Rs 2/- each fully paid at a price of Rs 391/-per share against each such share warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches. The Company has received Rs 391 Million being 25% against these share warrants.

6. Long term borrowings

	Non-current maturities		Current maturities	
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Term loans				
Foreign currency term loans from banks (secured)	5,634.88	5,943.57	1,109.74	739.07
Rupee term loans from banks (secured)	262.40	4,017.04	100.00	629.10
Rupee term loan from financial institution (secured)	150.00	350.00	300.00	350.00
Other loans				
Hire purchase loan (secured)	-	-	-	0.43
From a company (unsecured)	-	-	79.00	100.00
	<u>6,047.28</u>	<u>10,310.61</u>	<u>1,588.74</u>	<u>1,818.60</u>
The above amount includes				
Secured borrowings	6,047.28	10,310.61	1,509.74	1,718.60
Unsecured borrowings	-	-	79.00	100.00
Amount disclosed under the head "Other current liabilities" (Note 10)	-	-	(1,588.74)	(1,818.60)
Net Amount	<u>6,047.28</u>	<u>10,310.61</u>	<u>-</u>	<u>-</u>

1. The Foreign currency term loans from banks include the following:

- Foreign currency termloan of Rs.4,829.38 million [USD 80.65 million] (31st March 2013 - Rs.4,830.58 million [USD 88.99 million]) from a bank carries interest @ 6 Months LIBOR + 6% p.a. (31st March 2013 -6 Months LIBOR + 6% p.a.).The Loan is repayable in 32 quarterly installments of USD 2.78 million each along with interest from 30th June 2013. The loan is secured by second charge on the specific offshore drill rigs, Floating Production Unit and Second charge on drilling rig owned by foreign subsidiaries. Amount overdue on account of interest and principal as on balance sheet date is USD 1.32 million and USD 2.78 million for a period of 1 month and 2 months.
- Foreign currency termloan of Rs.1,915.24 million [USD 31.99 million] (31st March 2013 - Rs.1,852.06 million [USD 34.12 million]) from a bank carries interest @ 6 Months LIBOR + 7.25% p.a. (31st March 2013 -6 Months LIBOR + 7% p.a.).The Loan is repayable in 96 monthly installments of USD 0.36 Million each along with interest from 30th September 2013. The loan is secured by first charge on the specific offshore drill rig owned by foreign subsidiaries. Amount overdue as on the balance sheet date on account of interest and principal is USD 0.23 million and USD 0.36 million for a period of 1 month and 1 day respectively.

2. The rupee term loans from banks include the following:

- Indian Rupee Loan of Rs. 362.40 million (31st March 2013 - Rs.424.62 million) from a bank carries interest @ 15 % p.a. (31st March 2013 - 14.75% p.a.). The loan is repayable in 19 unequal quarterly installments along with interest from 30th June 2013. The loan is secured by First charge on the specific offshore drill rig owned by foreign subsidiaries. Amount overdue as on the balance sheet date on account of principal and interest is Rs.19.80 million and Rs.9.00 million respectively for a period of 1 day and 2 months respectively. Amount since paid is Rs.28.80 million.
- Indian Rupee term Loans from five Banks aggregating to Rs. 4,221.52 million that were outstanding as at the beginning of the financial year 2013-14 have been fully repaid during the year and the corresponding charges on security have been satisfied.

3. Rupee term loan from a Financial institution:

Rupee term loan from a Financial institution of Rs.450.00 million (31st March 2013 - Rs. 700.00 million) carries interest @ 13.00%p.a.(31st March 2013– 13.00%p.a.). The loan is repayable in 11 quarterly installments of Rs.50 million each along with interest from June 2013. The loan is secured by paripassu first charge on drill ship and drilling rig. Amount overdue as on the balance sheet date on account of principal and interest is Rs.100.00 million and Rs.30.40 million respectively for a period 1 to 5 months.Amount since paid is Rs. 20.03 Million.

- The Company has an outstanding unsecured loan from a company amounting to Rs. 79.00 million (31st March 2013: Rs. 100.00 million) at 16.50% p.a. (31st March 2013: 15.60% p.a.). The loan is repayable in 12 monthly instalments along with interest.

7. Deferred tax liabilities (net)

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Deferred tax liability on timing differences		
On depreciation	608.45	387.56
	<u>608.45</u>	<u>387.56</u>

8. Provisions

	Long - Term		Short - Term	
	As at 31st March 2014 Rs. Millions	As at 31st March 2013 Rs. Millions	As at 31st March 2014 Rs. Millions	As at 31st March 2013 Rs. Millions
Provision for employee benefits				
Provision for Provident Fund	-	-	4.48	1.35
Provision for Gratuity	18.01	5.85	3.03	1.79
Provision for Leave Encashment	15.22	9.08	2.25	3.49
(A)	<u>33.23</u>	<u>14.93</u>	<u>9.76</u>	<u>6.63</u>
Other provisions				
Proposed equity dividend	-	-	156.66	156.66
Provision for tax on proposed equity dividend	-	-	26.62	26.62
Proposed preference dividend	-	-	281.00	275.07
Provision for tax on proposed preference dividend	-	-	47.76	46.75
(B)	<u>-</u>	<u>-</u>	<u>512.04</u>	<u>505.10</u>
TOTAL (A+B)	<u>33.23</u>	<u>14.93</u>	<u>521.80</u>	<u>511.73</u>

9 Short term borrowings

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Cash credit from banks (secured)	1,258.16	1,648.61
Short term borrowings from banks (secured)	2,037.68	2,882.29
Short term borrowings (unsecured)	12.06	122.99
Deposits (unsecured)		
-Intercompany deposits repayable on demand	588.14	429.50
	<u>3,896.04</u>	<u>5,083.39</u>
the above amount includes		
Secured borrowings	3,295.84	4,530.90
Unsecured borrowings	600.20	552.49
	<u>3,896.04</u>	<u>5,083.39</u>

- Cash credit from banks is secured by way of hypothecation of inventory of stores and spares and book debts. Moreover, two offshore jack-up rigs of the company have been offered as a second charge for certain cash credit facilities. The cash credit is repayable on demand and carries interest @ 14.75 % to 16.75 % p.a.
- Short term borrowings (secured) from banks represent buyer's credit availed against letters of credit/packing credit secured by charge on current assets and second charge on three offshore jack-up rigs and a drill ship of the company. These short term borrowings are repayable over 180 - 360 days and carry interest @ 3% to 5.35% p.a.

3. Short term borrowings (unsecured) represent overdrawn bank balances from banks that are repayable on demand.

10. Current liabilities

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Trade payables	4,519.16	3,561.22
Other Current Liabilities		
Current maturities of long term borrowings (note 6)	1,588.74	1,818.60
Interest accrued but not due on borrowings	4.39	11.52
Interest accrued and due on borrowings	135.28	338.00
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unclaimed dividends	15.54	13.60
Others		
Service tax payable	189.22	6.99
TDS payable	36.93	14.20
	1,970.10	2,202.91

11. Tangible assets

	Rs.Millions									
	Land-Freehold	Buildings	Offshore Jack-up rigs	Drillship	Other Machineries	Wind Mills	Office Equipment	Furniture & Fixtures	Vehicles	Total
Cost or Valuation										
At 1st April 2013	128.57	150.37	10,866.86	2,941.35	80.82	2,351.67	66.53	24.29	53.87	16,664.33
Additions	-	-	348.08	2,611.96	-	-	2.96	0.33	4.67	2,968.00
Disposals	-	-	-	-	-	(510.52)	-	-	(4.38)	(514.90)
At 31st March 2014	128.57	150.37	11,214.94	5,553.31	80.82	1,841.15	69.49	24.62	54.16	19,117.43
At 1st April 2012	128.57	150.37	10,297.50	2,931.24	80.82	2,396.81	61.32	23.37	53.01	16,123.01
Additions	-	-	569.36	10.11	-	-	5.21	0.92	8.26	593.86
Disposals	-	-	-	-	-	(45.14)	-	-	(7.40)	(52.54)
At 31st March 2013	128.57	150.37	10,866.86	2,941.35	80.82	2,351.67	66.53	24.29	53.87	16,664.33
Depreciation										
At 1st April 2013	-	39.36	6,896.47	1,481.58	76.74	2,228.68	60.45	19.27	24.53	10,827.08
Charge for the year	-	2.33	280.62	123.30	-	0.12	4.82	1.47	5.24	417.90
Disposals	-	-	-	-	-	(485.00)	-	-	(1.88)	(486.88)
At 31st March 2014	-	41.69	7,177.09	1,604.88	76.74	1,743.80	65.27	20.74	27.89	10,758.10
At 1st April 2012	-	36.91	6,621.68	1,383.24	76.74	2,166.18	55.40	17.78	26.43	10,384.36
Charge for the year	-	2.45	274.79	98.34	-	104.87	5.05	1.49	4.32	491.31
Disposals	-	-	-	-	-	(42.37)	-	-	(6.22)	(48.59)
At 31st March 2013	-	39.36	6,896.47	1,481.58	76.74	2,228.68	60.45	19.27	24.53	10,827.08
Net Block										
At 31st March 2014	128.57	108.68	4,037.85	3,948.43	4.08	97.35	4.22	3.88	26.27	8,359.33
At 31st March 2013	128.57	111.01	3,970.39	1,459.77	4.08	122.99	6.08	5.02	29.34	5,837.25

a. Capitalized borrowing costs

The borrowing cost capitalized during the year ended 31st March 2014 was Rs. 1.27 million (31st March 2013: Rs.Nil). The company capitalized the borrowing cost in the Drillship.



Aban Offshore Limited

Notes to Financial Statements for the year ended 31st March 2014

12. Non- current investments

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Trade Investment (valued at cost unless stated otherwise) Unquoted equity shares		
Investment in subsidiaries-wholly owned		
0.2 million (31st March 2013:0.2 million) equity shares of Rs.10 each fully paid in Aban Energies Limited	2.00	2.00
547.82 million(31st March 2013:587.45 million) equity shares in Aban Holdings Pte Ltd, Singapore #	25,415.68	27,254.38
Investment in subsidiaries - Others		
0.076 million (74% holding) (31st March 2013:0.021 million) equity shares of Rs.10 each fully paid in Radhapuram Wintech Private Limited	0.76	0.21
4.011 million (31st March 2013:1.106 million)10% Non Cumulative Redeemable Preference shares of Rs 10 each fully paid in Radhapuram Wintech Private Limited	40.11	11.06
Investment in joint ventures		
0.05 million(31st March 2013:0.05 million) equity shares of Rs.100 each fully paid in Frontier Offshore Exploration(India) Limited (at cost less provision for other than temporary diminution in value Rs.4.99 million(31st March 2013:Rs.4.99 million))	-	-
Other Investments		
0.3 million (31st March 2013: 0.3 million) equity shares of Rs.10 each fully paid in Aban Informatics Private Limited	19.85	19.85
	<u>25,478.40</u>	<u>27,287.50</u>
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Non-trade investments (valued at cost unless stated otherwise)		
Investment in equity shares (quoted)		
-0.01 million (31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in Arihant Threads Ltd (at cost less provision for other than temporary diminution in value of Rs.0.17 million (31st March 2013: Rs.0.17 million))	-	-
-0.01 million (31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in Punjab Woolcombers Ltd at cost less provision for other than tem- porary dimunition in value of Rs 0.02 million (31st March 2013 : Rs 0.02 million)	-	-
-0.01 million(31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in State Bank of Travancore Ltd	0.15	0.15
-0.01 million(31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in ICICI Bank Ltd	0.79	0.79
-0.05 million(31st March 2013: 0.05 million)equity shares of Rs.5 each fully paid in Oil and Natural Gas Corporation Limited	6.32	6.32

-0.03 million(31st March 2013:0.03 million)equity shares of Rs.10
each fully paid in Indian Bank Ltd

Investment in equity shares (unquoted)

0.01 million (31st March 2013: 0.01 million)equity shares of Rs.10
each fully paid in Madras Stock Exchange Limited

Aggregate amount of quoted investments(Market value: Rs 36.06 million)
(31st March 2013: Rs.24.84 million)

Aggregate amount of unquoted investments

Aggregate provision for diminution in value of investments

2.95

2.95

4.00

4.00

14.21

14.21

25,492.61

27,301.71

10.21

10.21

25,482.40

27,291.50

5.18

5.18

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.

13. Loans and advances

	Long-term		Short-term	
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Capital advances				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	49.94	235.46
(A)	-	-	49.94	235.46
Security deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	4.62	3.28	5.84	7.59
Doubtful	-	-	-	-
	4.62	3.28	5.84	7.59
Provision for doubtful security deposit	-	-	-	-
(B)	4.62	3.28	5.84	7.59
Loans and advances to related parties				
Unsecured, considered good (Note 33)	-	-	50.75	49.69
(C)	-	-	50.75	49.69
Advances recoverable in cash or kind				
Secured considered good	-	-	-	-
Unsecured considered good	-	-	54.23	64.36
Doubtful	-	-	-	-
	-	-	54.23	64.36
Provision for doubtful advances	-	-	-	-
(D)	-	-	54.23	64.36



Aban Offshore Limited

Notes to Financial Statements for the year ended 31st March 2014

Other loans and advances

Advance income-tax(net of provision for taxation)

	-	-	149.58	307.53
MAT credit entitlement account	389.16	-	-	-
Prepaid expenses	-	-	44.29	51.77
Loans to employees	19.91	11.26	5.05	7.50
Balances with statutory/government authorities	26.26	26.29	0.74	3.11
(E)	435.33	37.55	199.66	369.91
Total (A+B+C+D+E)	439.95	40.83	360.42	727.01

14. Inventories

Stores, Spares and Fuel (including stock-in- transit)

As at
31st March 2014
Rs. Millions

As at
31st March 2013
Rs. Millions

993.59

993.59

906.40

906.40

15. Trade receivables and other assets

15.1 Trade receivables

	Non-current		Current	
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	370.94	366.80
Doubtful	-	-	-	-
	-	-	370.94	366.80
Provision for doubtful receivables	-	-	-	-
(A)	-	-	370.94	366.80
Other receivables				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	2,549.10	1,885.16
Doubtful	-	-	-	-
	-	-	2,549.10	1,885.16
Provision for doubtful receivables	-	-	-	-
(B)	-	-	2,549.10	1,885.16
Total (A+B)	-	-	2,920.04	2,251.96

15.2 Other assets

	Non-current		Current	
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Unsecured, considered good unless stated otherwise				
Non-current bank balances (Note 16)	69.51	77.84	-	-
(A)	69.51	77.84	-	-
Others				
Interest accrued on fixed deposits	-	-	0.03	4.87
Interest accrued on investments	-	-	-	-
Others - Receivable from wholly owned foreign subsidiary	-	-	-	4,357.46
(B)	-	-	0.03	4,362.33
Total (A+B)	69.51	77.84	0.03	4,362.33

16. Cash and bank balances

	Non-current		Current	
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Cash and cash equivalents				
Balances with banks:				
-On current accounts	-	-	124.68	403.33
-On unpaid dividend account	-	-	15.54	10.88
Cash on hand	-	-	0.70	0.60
	-	-	140.92	414.81
Other bank balances				
-Deposits with original maturity for more than 12 months (Note 15.2)	0.57	77.84	-	-
-Deposits with original maturity for more than 3 months but less than 12 months	-	-	38.51	20.23
- Margin money deposit	68.94	-	579.62	44.56
	69.51	77.84	618.13	64.79
Amount disclosed under non current assets (See note 15.2)	(69.51)	(77.84)		
	-	-	759.05	479.60

17. Revenue from operations

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Revenue from drilling services	8,153.93	7,893.54
Revenue from wind power generation	45.51	75.11
	8,199.44	7,968.65

18. Other Income

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Interest income on		
-Bank deposits	12.93	12.95
-Loan to foreign subsidiary	92.91	228.00
-Loan to Indian subsidiary	1.60	-
Dividend income on -Non Current investments	0.85	0.68
Miscellaneous Income	267.81	234.91
Net gain on sale of Non Current investments	32.09	-
Net gain on sale of Tangible assets (Net)	32.38	9.30
Rental income	3.08	5.01
	<u>443.65</u>	<u>490.85</u>

19. Consumption of stores, spares, power and fuel

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Consumption of stores and spares	467.11	436.94
Power and Fuel	115.02	240.24
	<u>582.13</u>	<u>677.18</u>

20. Employee benefit expense

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Salaries,wages and bonus	952.68	791.83
Contribution to provident and other fund	40.34	28.30
Gratuity expense (note 25)	13.39	5.33
Staff welfare expenses	29.66	37.36
	<u>1,036.07</u>	<u>862.82</u>

21. Finance Costs

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Interest *	1,593.91	3,228.68
Loan Processing charges	188.65	99.44
Exchange difference to the extent considered as an adjustment to borrowings costs	2.11	(31.83)
	<u>1,784.67</u>	<u>3,296.29</u>

* Excludes interest capitalised Rs 1.27 million (31st March 2013- Rs Nil)

22. Depreciation and amortization expense

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Depreciation on tangible assets	417.90	491.31
	<u>417.90</u>	<u>491.31</u>

23. Other expenses

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Freight and Forwarding Cost	47.80	42.79
Rent	5.54	6.05
Rates and taxes	21.81	12.48
Rental charges for Machinery	211.49	466.62
Insurance	315.04	418.54
Repairs and maintenance		
-Plant and machinery	146.90	143.88
-Buildings	2.43	2.13
-Others	2.55	3.59
Drilling services and Management Fees	131.88	118.79
Advertising and sales promotion	5.36	6.58
Exchange differences(net)	397.15	492.24
Travelling ,conveyance and Transportation	223.27	206.40
Communication Costs	30.54	25.75
Printing and Stationery	4.94	5.91
Professional and Consultancy Expenses	444.55	459.61
Catering Expenses	86.82	90.95
Directors' Sitting Fees	0.34	0.23
Payment to auditors		
As auditor		
-Audit fee	3.50	3.00
-Tax audit fee	0.75	0.65
-Limited review	1.58	1.41
In other capacity		
-Taxation matters	0.50	0.40
-Company law matters	-	-
-Management services	-	-
-Other services (Certification Fees)	1.89	1.65
Reimbursement of expenses	-	-
Exchange Losses(net)	612.68	521.37
Loss on sale of Non Current Investments	-	173.69
Miscellaneous expenses	44.75	71.34
	<u>2,744.06</u>	<u>3,276.05</u>

24. Earnings per share (EPS)

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

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Total operations for the year		
Profit/(Loss) after tax	1,804.25	(126.27)
Less: Dividends on preference shares and tax thereon	<u>328.76</u>	<u>321.82</u>
Net profit / (loss) for calculation of EPS	<u>1,475.49</u>	<u>(448.09)</u>

	No. millions	No. millions
Weighted average number of equity shares in calculating basic EPS	43.51	43.51
Effect of dilution:		
Stock options/Share Warrants Outstanding less number of shares that would have been issued at par value. *	-	0.18
Weighted average number of equity shares in calculating diluted EPS	43.51	43.69
Earning per share (basic in Rs)	33.91	(10.30)
Earning per share (diluted in Rs)	33.91	(10.26)

* Since diluted earnings per share shows an increase as compared to basic earnings when taking the options/warrants into account, the options/warrants are anti-dilutive as at the year end and are ignored in the calculation of diluted earnings per share as required under the Accounting Standard.

25. 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, 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 2014 Rs. Millions	31st March 2013 Rs. Millions	31st March 2014 Rs. Millions	31st March 2013 Rs. Millions
Components of employer expense				
-Current service cost	6.32	5.42	0.72	0.61
-Interest cost	4.99	4.51	0.93	1.13
-Expected return on plan assets	(3.97)	(4.08)	-	-
-Past service cost	-	-	-	-
-Actuarial losses/(gains)	6.05	(0.52)	7.94	(2.51)
Total expense recognized in the statement of profit and loss (Note 20)	13.39	5.33	9.59	(0.77)
Actual return on plan assets	5.14	4.39		

Balance sheet

Benefit (asset)/liability recognized in the balance sheet

	Gratuity		Leave encashment	
	31st March 2014 Rs. Millions	31st March 2013 Rs. Millions	31st March 2014 Rs. Millions	31st March 2013 Rs. Millions
Present value of defined benefit obligation	69.09	58.89	17.47	12.57
Fair value of plan assets	48.06	51.24	-	-
Status [Deficit/(Surplus)]	21.03	7.65	17.47	12.57
Contribution made towards the fund	-	-	-	-
(Net asset)/liability recognised in balance sheet	21.03	7.65	17.47	12.57

Changes in the present value of the Defined Benefit Obligation (“DBO”) are as follows:

	Gratuity		Leave encashment	
	31st March 2014 Rs. Millions	31st March 2013 Rs. Millions	31st March 2014 Rs. Millions	31st March 2013 Rs. Millions
Present value of the DBO at the beginning of the year	58.88	59.06	12.57	13.78
Current service cost	6.32	5.42	0.72	0.61
Interest cost	4.99	4.51	0.93	1.13
Actuarial (gains)/losses	7.22	(0.20)	7.94	(2.51)
Benefits paid	(8.32)	(9.90)	(4.70)	(0.44)
Present value of the DBO at the end of the year	69.10	58.89	17.47	12.57

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

	Gratuity	
	31st March 2014 Rs. Millions	31st March 2013 Rs. Millions
Plan assets at the beginning of the year	51.24	50.76
Expected return on plan assets	3.97	4.08
Actuarial gains/(losses)	1.17	0.31
Actual company contribution	-	5.99
Benefits paid	(8.32)	(9.90)
Plan assets at the end of the year	48.06	51.24

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

	Gratuity	
	31st March 2014 Rs. Millions	31st March 2013 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 2014 %	31st March 2013 %	31st March 2014 %	31st March 2013 %
Discount rate	9.12	8.33	9.12	8.33
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 on 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 follows:

	31st March 2014 Rs. Millions	31st March 2013 Rs. Millions	31st March 2012 Rs. Millions	31st March 2011 Rs. Millions
Gratuity				
Defined benefit obligation	69.09	58.89	59.06	56.35
Plan assets	48.06	51.24	50.76	51.76
Surplus/(deficit)	21.03	7.65	8.30	4.59
Experience adjustments on plan liabilities	7.22	(0.20)	(0.80)	(0.67)
Experience adjustment on plan assets	1.17	0.31	(0.82)	2.01
Leave encashment				
Defined benefit obligation	17.47	12.57	13.78	11.64
Experience adjustments on plan liabilities	8.82	(2.70)	0.46	2.00

26. Employee Stock Option Scheme

The Company has instituted Employee Stock Option Scheme-2005 (ESOS) duly approved by the shareholders in the extra-ordinary general meeting of the Company held on 23rd April 2005. As per the scheme, the compensation committee of the board evaluates the performance and other criteria of employees and approves the grant of option. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of company's equity share at the prevailing market price on the date of the grant of option.

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

The Company has not recognized any deferred compensation expenses, as the exercise price was equal to the market value (as defined by SEBI) of the underlying equity shares on the grant date.

Excess of exercise price over the nominal value of equity shares allotted during the year under ESOS and credited to securities premium account is Rs.Nil (31st March 2013: Rs.Nil)

The details of option granted are given below:

Maximum number of options that may be granted under the scheme is 1.84 million equity shares of Rs.2 each. Options granted during the year-1.40 million (up to 31st March 2013: 0.443 Million equity shares of Rs.2 each)-Options lapsed during the year 0.082 million shares equity shares of Rs2 each (up to 31st March 2013: 0.169 million equity shares of Rs.2 each)-Options exercised during the year- Nil (up to 31st March 2013: 0.095 million equity shares of Rs.2 each)-Options outstanding at the end of year :1.498 million equity shares of Rs.2 each (up to 31st March 2013: 0.179 million equity shares of Rs.2 each)-Options yet to be granted under the scheme: 0.251 million equity shares of Rs.2 each (31st March 2013: 1.57 million equity shares of Rs.2 each)

27. 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 2014	Proportion of ownership interest 31st March 2013
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.

28. Segment information

- 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
- Secondary segment**- Substantial assets of the company are offshore rigs, relating to the drilling and production services that are operating in India and Rest of Asia. The assets relating to the wind power generation are operating in India only.

Primary Segment information Business Segment	31st March 2014		31st March 2013	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
1. Segment revenue				
- Drilling	8,563.70		8,382.64	
-Wind energy	<u>79.39</u>	<u>8,643.09</u>	<u>76.86</u>	8,459.50
2. Segment results				
- Drilling	3,388.34		3,179.87	
-Wind energy	<u>9.82</u>		<u>(77.46)</u>	
	<u>3,398.16</u>		<u>3,102.41</u>	
less: interest	<u>(1,593.91)</u>	<u>1,804.25</u>	<u>(3,228.68)</u>	(126.27)
3. Segment assets				
- Drilling	39,094.42		41,870.13	
-Wind energy	<u>300.11</u>	<u>39,394.53</u>	<u>317.48</u>	42,187.61
4. Segment liabilities				
- Drilling	17,586.77		22,069.46	
-Wind energy	<u>9.29</u>	<u>17,596.06</u>	<u>2.89</u>	22,072.35
5. Depreciation				
- Drilling	417.78		386.44	
-Wind energy	<u>0.12</u>	<u>417.90</u>	<u>104.87</u>	491.31
6. Capital expenditure including capital work in progress				
- Drilling	2,765.32		551.43	
-Wind energy	<u>-</u>	<u>2,765.32</u>	<u>-</u>	551.43

The following table shows revenue by area of drilling and production operations and wind power generation, the carrying amount of segment assets and additions to fixed assets by geographical area in which such assets relating to the drilling and production operations and wind power generation are located

Secondary Segment information

Geographical Segment information	31st March 2014		31st March 2013	
	Rs. millions	Rs. millions	Rs. millions	Rs. millions
1. Segment revenue				
- India	5,025.01		5,106.73	
-Rest of Asia	<u>3,618.08</u>	<u>8,643.09</u>	<u>3,352.77</u>	8,459.50
2. Carrying amount of Segment assets				
- India	10,560.49		7,359.92	
-Rest of Asia*	<u>3,418.36</u>	<u>13,978.85</u>	<u>3,181.63</u>	10,541.55
3. Capital expenditure including Capital Work In Progress				
- India	2,691.91		477.89	
-Rest of Asia	<u>73.41</u>	<u>2,765.32</u>	<u>73.54</u>	551.43

* Excludes investment in / receivable from wholly owned foreign subsidiary

29. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

A. Subsidiary companies

Aban Energies Limited, India-Wholly owned subsidiary
 Aban Holdings Pte Limited, Singapore-Wholly owned subsidiary
 Radhapuram Wintech Private Limited- India Subsidiary



Aban Offshore Limited

Notes to Financial Statements for the year ended 31st March 2014

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
 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
 Aban Labuan Pvt. Ltd, Labuan, Malaysia

C. Associate Company

Belati Oilfield SdnBhd, Malaysia

D. Related parties with whom transactions have taken place during the year

a. Key Management personnel

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

Related Party transactions during the year

Nature of transaction

Subsidiary companies

Key Management Personnel

	31st March 2014 Rs. Millions	31st March 2013 Rs. Millions	31st March 2014 Rs. Millions	31st March 2013 Rs. Millions
1. Machinery maintenance charges paid	9.60	9.60	-	-
2. Rent paid/(received)	(0.79)	(0.11)	4.18	4.14
3. Remuneration	-	-	94.36	18.99
4. Interest received/receivable	94.51	228.00	-	-
5. Sale of Asset	62.37	-	-	-
6. Investment In Indian subsidiary	29.61	11.27	-	-
7. Advances recoverable/(payable)	16.45	111.49	-	-
8. Loan given	2,553.12	1,293.24	-	-
9. Loan repaid	2,557.59	3,703.84	-	-
10. Received/Receivable against sale of investment	1,870.79	12,180.84	-	-
11. Dividend paid	-	-	18.58	18.58
12. Amount outstanding as at 31st March 2014				
- Receivable	50.75	4,407.15	-	-
- 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 2014 Rs. Millions	31st March 2013 Rs. Millions
1. Machinery maintenance charges paid		
- Aban Energies Limited	9.60	9.60
2. Remuneration to Key management personnel		
- Mr. Reji Abraham	81.70	6.33
- Mr. P.Venkateswaran	6.33	6.33
- Mr. C.P.Gopalkrishnan	6.33	6.33
3. Interest received/ receivable		
- Aban Holdings Pte Ltd, Singapore	92.91	228.00
- Radhapuram Wintech Private Limited	1.60	-
4. Investment in indian subsidiary		
- Radhapuram Wintech Pvt Ltd	29.61	11.27
5. Advances recoverable		
- Aban Energies Limited, India	18.81	19.67
- Radhapuram Wintech Pvt Ltd	1.20	-
- Aban Holdings Pte Ltd, Singapore	3.56	91.82
6. Loan given to foreign subsidiary		
- Aban Holdings Pte Ltd, Singapore	2,520.55	1,293.24
7. Loan repaid by foreign subsidiary		
- Aban Holdings Pte Ltd, Singapore	2,550.02	3,703.84
8. Rent paid		
- Reji Abraham	4.18	4.14
9. Dividend paid		
- Reji Abraham	18.46	18.46
10. Received / Receivable against sale of investment	1,870.79	12,180.84
11. Sale of Assets-Radhapuram Wintech Private Limited	62.37	-

Other transactions

Personal guarantee given by Managing Director of the company to a bank towards availment of non-fund based facilities -Rs.1,000.00 Million (31st March 2013: Rs. 1,000.00 Million)

30. Capital and other commitments

	31st March 2014 Rs. millions	31st March 2013 Rs. millions
Capital and Other commitments not provided for	119.17	859.86

31. Contingent liabilities

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
(a) Guarantees given by banks on behalf of the company	1,893.91	957.15
(b) Corporate guarantees given by the company to banks on behalf of subsidiaries of company's wholly owned foreign subsidiary	20,696.93	25,706.03

(c) Claims against the company not acknowledged as debt :

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

(i) Demand raised by the Deputy Commissioner of Income Tax, Chennai in respect of financial year 2007-2008 for Rs 339.13 Million.

Commissioner of Income Tax (Appeals) has ruled the appeal in favour of the Company against which Income Tax Department has preferred an appeal before Income Tax Appellate Tribunal, Chennai. Matter is pending before Income Tax Appellate Tribunal, Chennai

(ii) Demand raised by the Deputy Commissioner of Income Tax, Chennai in respect of financial year 2008-2009 for Rs 418.38 Million.

The Company has preferred an appeal against this demand that is pending before the Commissioner of Income Tax (Appeals), Chennai.

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

	As at 31st March 2014 Rs. Millions	As at 31st March 2013 Rs. Millions	Purpose
- Currency forward contracts/options	Nil	2,551.16	Hedging risk of exchange rate fluctuations

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

	As at 31st March 2014 FCY Millions	As at 31st March 2014 Rs. Millions	As at 31st March 2013 FCY Millions	As at 31st March 2013 Rs. Millions
<u>Receivables</u>				
- In USD	125.65	7,523.81	-	-
- In EURO	29.71	2,449.93	-	-
<u>Import payables</u>				
- In USD	13.58	813.35	51.00	2,768.28
- In SGD	5.92	282.17	-	-
<u>Foreign Currency Term Loans/Working Capital Loans (Including Interest Payable)</u>				
- In USD	117.90	7,060.15	123.11	6,682.64

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

Particulars	Subsidiary	Balance outstanding as at 31st March 2014 Rs. millions	Maximum balance outstanding during the year Rs. millions	Balance outstanding as at 31st March 2013 Rs. millions	Maximum balance outstanding during the previous year Rs. millions
Aban Energies Limited (advance)	Indian subsidiary	24.55	37.32	15.34	15.34
Aban Holdings Pte Ltd (Loan & advance)	Foreign subsidiary	-	1,710.44	30.94	2,942.68
Radhapuram Wintech Pvt Ltd(Loan & advance)	Indian subsidiary	26.20	34.31	-	-

34. Value of imports calculated on CIF basis

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
a. Capital items	2,947.05	439.75
b. Stores and spare parts	317.86	195.24

35. Expenditure in foreign currency

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
a. Interest on foreign currency loans	466.35	57.15
b. Drilling services and management fees	26.43	102.69
c. Travel and transport	24.20	47.25
d. Consultancy fees	157.61	281.10
e. Rental charges for machinery	146.16	552.07
f. Insurance	248.85	266.12
g. Repairs to machinery	33.88	76.03
h. Catering	46.08	56.96
i. Salary and staff welfare	415.02	344.49
j. Others	13.31	45.49

36. Imported and indigenous stores and spares consumed

	31st March 2014 Value (Rs. millions)	31st March 2014 % of total consumption	31st March 2013 Value (Rs. millions)	31st March 2013 % of total consumption
Stores and spares				
Imported	258.75	55.39%	148.42	33.97%
Indigenous	208.36	44.61%	288.52	66.03%

37. Dividend remitted in foreign currency

Year of remittance (ending on)	31st March 2014 Rs. millions	31st March 2013 Rs. millions
Period to which it relates	2012-13	2011-12
Number of non-resident shareholders	1	1
Number of equity shares held	8.33	8.33
Net dividend remitted	29.98	29.98

38. Earnings in foreign currency

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
a. Drilling and production services	8,077.23	5,813.09
b. Interest from foreign subsidiary	92.91	228.00
c. Others	267.81	233.44



Aban Offshore Limited

Notes to Financial Statements for the year ended 31st March 2014

39. Generation of Electricity from wind power (net)

Year ended 31st March 2014 Units	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Units	Year ended 31st March 2013 Rs. millions
17,105,620	45.51	28,162,363	75.11

40. 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 2013: Nil)

41. Previous year figures

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

Ramaswamy Subramanian

Partner

Membership No: 016059

Place: Chennai

Date : May 28, 2014

For and On behalf of the Board

P.Murari

Chairman

Ashok Kumar Rout

Director

P.Venkateswaran

Dy. Managing Director

Reji Abraham

Managing Director

K. Bharathan

Director

C.P.Gopalkrishnan

Dy.Managing Director
Chief Financial Officer & Secretary

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

	Aban Energies Limited	Aban Holdings Pte Ltd	Radhapuram Wintech Private Limited
1 Name of the Subsidiary Company			
2 Financial Year of the Subsidiary Company	Year Ended 31.03.2014	Year Ended 31.03.2014	Year Ended 31.03.2014
3 Shares of the Subsidiary Company held by Aban Offshore Limited			
(a) Number of Shares - Equity	2,00,070	54,78,18,000	75,909
(b) Number of Shares - Preference	-	-	40,11,150
(c) Face Value	Rs.10	Not Applicable	Rs.10
(d) Paid up value	Rs.10	USD 58,78,18,000	Rs.10
(e) Extent of Holding in Equity	100%	100%	74%
(f) Extent of Holding in Preference	-	-	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:			
	Rs.in Million	Rs.in Million	Rs.in Million
(a) For the Subsidiary Company's financial year ended on 31.03.2014	(7.58)	7,183.43	(0.15)
(b) For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	(13.95)	12,736.20	(0.29)
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 31.03.2014	NIL	NIL	NIL
(b) For the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	NIL	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 31 st March 2014			
(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) Aban Labuan Pvt Ltd, Labuan, Malaysia	(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
Chairman

Reji Abraham
Managing Director

Ashok Kumar Rout
Director

C.P.Gopalkrishnan
Dy Managing Director, CFO & Secretary

Place: Chennai
Date : May 28, 2014

K.Bharathan
Director

P.Venkateswaran
Dy. Managing Director



Aban Offshore Limited

Statement of details to be furnished for subsidiaries as prescribed by the Ministry of Corporate Affairs as per Section: 212(8) for the year ended 31st March, 2014

Name of the subsidiary Company	Aban Energies Ltd India	Radhapuram Wintech Private 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 2.00	Rs in Millions 41.14	Rs in Millions 25,415.68	Rs in Millions 29,940.00	Rs in Millions 2,994.00	Rs in Millions 1,257.48	Rs in Millions 2,275.44	Rs in Millions 3,473.04	Rs in Millions 40,574.93
b) Reserves & Surplus *	(21.53)	(0.44)	(2,068.89)	(3,054.64)	(1,368.45)	(1,543.70)	8,376.26	(3,076.11)	(14,810.83)
c) Total Assets	8.48	73.17	28,016.64	5,962.08	26,899.73	5,744.47	15,367.01	1,224.20	1,416.71
d) Total Liabilities	28.01	32.47	34,609.86	80,472.04	25,274.18	6,030.69	4,715.31	827.28	48,923.78
e) Investments (except in case of investment in subsidiaries)	-	-	29,940.00	101,395.32	-	-	-	-	73,271.17
f) Turnover	12.45	17.02	(1,964.58)	14,319.27	2,643.64	1,051.79	3,746.43	0.46	4,856.79
g) Profit/(Loss) before Taxation	(7.54)	0.71	(3,010.91)	681.28	(482.90)	(194.12)	2,095.36	(483.24)	(1,208.69)
h) Provision for Taxation	0.04	0.86	-	51.80	0.00	83.20	106.32	-	114.64
i) Profit/(Loss) after Taxation	(7.58)	(0.15)	(3,010.91)	629.48	(482.91)	(277.32)	1,989.03	(483.24)	(1,323.33)
j) Proposed Dividend	-	-	-	-	-	-	-	-	-

Name of the subsidiary Company	Aban Labuan Pvt Ltd Malaysia	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 0.00	Rs in Millions 28,722.41	Rs in Millions 38,493.29	Rs in Millions 8,110.06	Rs in Millions 8,728.13	Rs in Millions 7,781.55	Rs in Millions 2,259.56	Rs in Millions 4,080.61
b) Reserves & Surplus *	62.07	2,898.65	791.94	5,165.61	13,329.18	12,254.86	10,822.51	9,865.75
c) Total Assets	592.46	(8,191.77)	563.36	19,610.52	27,711.89	26,820.84	16,374.80	15,342.15
d) Total Liabilities	530.39	(0.00)	354.51	6,334.85	5,654.57	6,784.43	3,292.74	1,395.79
e) Investments (except in case of investment in subsidiaries)	-	39,812.83	39,076.38	-	-	-	-	-
f) Turnover	2,205.37	-	127.61	1,867.61	3,740.90	2,516.92	3,577.50	1,262.06
g) Profit/(Loss) before Taxation	41.36	(141.65)	82.11	153.40	1,664.75	1,413.95	2,082.26	(103.62)
h) Provision for Taxation	-	-	(220.43)	(147.84)	(92.95)	-	(115.43)	(36.99)
i) Profit/(Loss) after Taxation	41.36	(141.65)	(138.32)	5.56	1,571.81	1,413.95	1,966.83	(140.61)
j) Proposed Dividend	-	-	-	-	-	-	-	-

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 and Radhapuram Wintech Private 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. 59.88 for the purpose of the details given above.

Name of the subsidiary Company	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
a) Share Capital	Rs in Millions 3,072.56	Rs in Millions 3,363.90	Rs in Millions 1,680.01	Rs in Millions 0.01
b) Reserves & Surplus *	2,101.22	2,645.08	2,078.38	(1,353.91)
c) Total Assets	11,490.50	12,540.47	13,060.09	1,425.43
d) Total Liabilities	6,316.72	6,531.50	9,301.69	2,779.33
e) Investments (except in case of investment in subsidiaries)	-	-	-	-
f) Turnover	2,701.66	2,205.33	1,682.67	5,113.73
g) Profit/(Loss) before Taxation	1,011.27	325.39	59.69	(533.63)
h) Provision for Taxation	(80.34)	(220.53)	-	(0.13)
i) Profit/(Loss) after Taxation	930.92	104.86	59.69	(533.50)
j) Proposed Dividend	-	-	-	-

* includes translation reserve

P. Murari
Chairman

Reji Abraham
Managing Director

K. Bharathan
Director

Ashok Kumar Rout
Director

P. Venkateswaran
Dy Managing Director

C.P. Gopalakrishnan
Dy Managing Director, CFO & Secretary

Place: Chennai

Date: May 28, 2014

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Aban Offshore Limited
Chennai
India

We have audited the accompanying Consolidated Financial Statements of Aban Offshore Limited, the company and its subsidiaries, which comprise the consolidated Balance Sheet as at 31st March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Aban Offshore Limited, and its subsidiaries as at 31st March 2014;
- b. In the case of the Consolidated Statement of Profit and Loss, of the consolidated Profit of Aban Offshore Limited, and its subsidiaries for the year ended on that date; and
- c. In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Aban Offshore Limited and its subsidiaries for the year ended on that date.

Other Matters

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", AS 23 - "Accounting for Investments in Associates in 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, M/s Radhapuram Wintech Private Limited, Chennai, India, the Indian subsidiaries of the Parent Company. The Consolidated Financial Statements of Aban Holdings Pte., Ltd., Singapore, the foreign subsidiary of the Parent Company which includes the financials of Foreign Subsidiary's immediate subsidiary company, Aban Singapore Pte., Ltd., Singapore and its 16 subsidiaries and one associate company, has been audited by other Auditor whose report have been furnished to us and our opinion in respect of these subsidiaries is based solely on the report of those auditors. We are informed that Deep Drillers Mexico S DE R L DE CV a subsidiary of Aban Singapore Pte Ltd is not audited.

The audited Consolidated financial statement of Aban Holdings Pte Ltd., Singapore reflects total assets of INR 186691.78 Million as at 31st March 2014 and total revenue of INR 31168.67 Million for the year then ended. The unaudited financial statements of Deep Driller Mexico S DE R L DE CV, Mexico a subsidiary of Aban Singapore Pte Limited reflects total assets of INR 1425.43 Million as at 31st March 2014 and total revenue of INR 5113.73 Million 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 28, 2014



Aban Offshore Limited

Consolidated Balance Sheet

As at 31st March 2014

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

For and on behalf of the Board

Reji Abraham
Managing Director

C.P.Gopalkrishnan
Dy.Managing Director,
Chief Financial Officer & Secretary

Consolidated Statement of Profit and Loss Account

For the year ended 31st March 2014

	Note No:	Year ended 31st March 2014 Rs. Millions	Year ended 31st March 2013 Rs. Millions
Income			
Revenue from operations	20	39,362.55	36,727.01
Other income	21	308.62	260.68
Total revenue		39,671.17	36,987.69
Expenses			
Consumption of stores, spares, power and fuel	22	2,453.22	1,910.69
Employee benefits expense	23	4,958.29	4,479.58
Finance costs	24	11,406.25	11,884.49
Depreciation and amortization expense	25	5,483.77	4,909.47
Other expenses	26	9,912.09	10,471.56
Total Expenses		34,213.62	33,655.79
Profit before exceptional items and tax		5,457.55	3,331.90
Less : Exceptional items		-	-
Profit/(Loss) before tax		5,457.55	3,331.90
Tax expenses			
-Current tax		1,712.77	1,299.28
-Minimum Alternate Tax (MAT) Credit Entitlement		(389.16)	-
-Deferred tax		221.65	118.96
Total tax expense		1,545.26	1,418.24
Profit for the year after tax and before share in earnings of associate		3,912.29	1,913.66
Share of profit/(loss) of associate		18.36	25.07
Profit for the year after tax and after share in earnings of associate		3,930.65	1,938.73
Earnings per equity share of Rs.2 each	27		
(31st March 2013: Rs.2 each)			
Basic			
Computed on the basis of profit for the year		82.78	37.16
Diluted			
Computed on the basis of profit and dilutive effects for the year		82.78	37.01

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 28, 2014

For and on behalf of the Board

Reji Abraham
Managing Director

C.P.Gopalkrishnan
Dy Managing Director
Chief Financial Officer & Secretary



Aban Offshore Limited

Consolidated Cash Flow Statement

For the year ended 31st March 2014

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

Consolidated Cash Flow Statement

For the year ended 31st March 2014

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Cash Flow from financing activities		
Money received against Share Warrants	391.00	-
Proceeds from long term borrowings	-	2,231.04
Repayment of long term borrowings	(3,530.51)	-
Proceeds from short term borrowings	89.94	255.26
Repayment of short term borrowings	(1,236.98)	(780.11)
Interest paid	(10,854.12)	(11,400.27)
Dividends paid on equity shares	(156.66)	(156.66)
Dividends paid on preference shares	(275.07)	(252.24)
Tax on equity dividend paid	(26.62)	(25.41)
Tax on preference dividend paid	(46.75)	(40.92)
Net cash flow from /(used in) financing activities (C)	<u><u>(15,645.77)</u></u>	<u><u>(10,169.31)</u></u>
Net increase /(decrease) in cash and cash equivalents (A+B+C)	22.78	541.38
Effect of exchange differences on cash and cash equivalents held in foreign currency	1.23	0.13
Cash and cash equivalents at the beginning of the year	<u>1,386.05</u>	<u>844.54</u>
Cash and cash equivalents at the end of the year	<u><u>1,410.06</u></u>	<u><u>1,386.05</u></u>
<u>Components of cash and cash equivalents</u>		
Cash on hand	0.85	1.94
With banks on current account	745.67	843.03
On deposit account	648.00	530.20
unpaid dividend account*	15.54	10.88
Total cash and cash equivalents (note 19)	<u><u>1,410.06</u></u>	<u><u>1,386.05</u></u>

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 28, 2014

For and on behalf of the Board

Reji Abraham
Managing Director

C.P.Gopalkrishnan
Dy Managing Director
Chief Financial Officer & Secretary



Aban Offshore Limited

Notes to Consolidated Financial Statements for the year ended 31st March 2014

1. Corporate Information

Aban Offshore Limited (AOL) (the Parent Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on three stock exchanges in India. The Parent Company and its 21 subsidiaries are referred to as "Group" for the purpose of this Consolidated Financial Statements. The Parent Company has two Indian subsidiary companies - Aban Energies Ltd (wholly owned subsidiary), Radhapuram Wintech Private Limited and a wholly owned foreign subsidiary Aban Holdings Pte. Limited, Singapore. The Parent Company, the wholly owned foreign subsidiary and 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 Indian subsidiaries are engaged in the ownership, operation and maintenance of wind turbines for generation of electricity through wind power in India.

2. Basis of preparation

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

All the assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of business operations, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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

3. Principles of consolidation

The consolidated financial statements have been prepared in accordance with the Accounting Standard-21 "Consolidated Financial Statement", Accounting Standard -27 – "Financial reporting of Interests in Joint Ventures", and Accounting Standard – 23 - "Accounting for Investment in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. (ICAI)/ Companies (Accounting Standards) Rules, 2006.

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

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

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

4. Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result on the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day to day repair and maintenance expenditure are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the assets are derecognized.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV of the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets-

Fixed Assets	Rates (SLM)
Buildings	1.63%
Drilling Rigs	3.34%
Drillship	3.34%
Office Equipment	13.91%
Computers	16.21%
Windmills	10.00%
Furniture and fixtures	6.33%
Vehicles	9.50%

Depreciation on fixed assets of foreign subsidiaries is determined using the straight line method over the useful life of assets based on the technical evaluation of the expected useful life.

d. Intangible assets

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

e. Leases

Where the Company is a lessee

Leases in which significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

f. Borrowings costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

g. Impairment of tangible assets

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

h. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments, if any, are carried in the financial statements at lower of cost or fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a

decline other than temporary in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

i. Inventories

Inventory of stores, spares and fuel is valued at cost or net realizable value, whichever is lower, based on a weighted average cost/first-in-first-out basis.

j. Revenue recognition

Income from drilling and production services is recognized as earned, based on contractual daily rates billed on monthly basis. Mobilization /demobilization fees received, if any, is recognized as earned in the year of mobilization/demobilization.

Income from generation of electricity through wind power is recognized based on the number of units of power generated every month at contracted rates.

Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date

k. Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Realized gains and losses on foreign exchange transactions during the year are recognized in the Statement of Profit and Loss. Exchange differences in respect of foreign currency loans/liabilities relating to fixed assets are accounted in the Statement of Profit and Loss.

Conversion

Foreign currency current assets and current liabilities are translated at the exchange rates prevailing on the reporting date. In circumstances, where the rate prevailing on the reporting date is not stable/ highly volatile, monetary items shall be reported based on subsequent actual realization rate. Resulting gains / losses are recognized in the Statement of Profit and Loss. Non-monetary items such as investments, fixed assets, denominated in foreign currency are translated at exchange rate prevailing on the date of transaction.

Exchange differences

All exchange differences are recognized as income or as expense in the Statement of Profit and Loss during the period in which they arise.

Forward exchange contracts/derivative contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward contract is also recognized as income or as expense for the period under the respective head of account for the period. In respect of derivative contracts, gains / losses on any such contracts are recognized in the Statement of Profit and Loss.

Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations".

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the Balance Sheet date and the Statement of Profit and Loss are translated at average daily rates prevailing during the reporting period. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

Where there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of change in the classification.

I. Retirement and other employee benefits

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

m. Taxes on income

The income tax provision comprises of current tax and deferred tax. Current tax is the amount of tax payable in respect of income for the year. In accordance with the Accounting Standard-22 –Accounting for taxes on income issued by the Institute of Chartered Accountants of India, the deferred tax on timing difference between book profit and tax profit for the year is accounted based on the rates and laws that have been enacted or substantially enacted as on the Balance Sheet date. However, deferred tax assets arising from timing difference are recognized to the extent of their virtual /reasonable certainty about its realizability in future years.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period ie the period for which MAT credit is allowed to be carried forward. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is shown as MAT credit entitlement in the Balance Sheet. The company reviews the MAT credit entitlement asset at each reporting date and writes down the carrying amount of MAT credit entitlement asset to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

n. Segment reporting

Identification of segments

The Group's operating businesses are organized and managed separately according to the nature of services provided with each segment representing strategic business unit that offers different services. The analysis of geographical segments is based on the areas in which the main assets of the company operate.

Segment accounting policies

The segment information in the financial statement for the Group is prepared in conformity with the accounting policies.

o. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p. Provisions

A provision is recognized when the entity has a present obligation as a result of past event. It is probable that an outflow of resources

embodying economic benefits will be required to settle obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. The estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

q. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where the liability cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but disclose its existence in the financial statements.

r. Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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

Name of the company	Country of Incorporation	Percentage of holding	Accounts considered	Reporting Currency
Aban Energies Limited	India	100%	31st March 2014 (audited)	Indian Rupee
Radhapuram Wintech Private Limited	India	74%	31st March 2014 (audited)	Indian Rupee
Aban Holdings Pte Ltd	Singapore	100%	31st March 2014 (audited)	US Dollars
Aban Singapore Pte Ltd	Singapore	(a)	31st March 2014 (audited)	US Dollars
Aban International Norway AS	Norway	(b)	31st March 2014 (audited)	US Dollars
Aban 7 Pte Ltd	Singapore	(b)	31st March 2014 (audited)	US Dollars
Aban 8 Pte Ltd	Singapore	(b)	31st March 2014 (audited)	US Dollars
Aban Abraham Pte Ltd	Singapore	(b)	31st March 2014 (audited)	US Dollars
Aban Pearl Pte Ltd	Singapore	(b)	31st March 2014 (audited)	US Dollars
DDI Holding AS	Norway	(c)	31st March 2014 (audited)	US Dollars
Deep Drilling Invest Pte Ltd	Singapore	(d)	31st March 2014 (audited)	US Dollars
Deep Drilling 1 Pte Ltd	Singapore	(e)	31st March 2014 (audited)	US Dollars
Deep Drilling 2 Pte Ltd	Singapore	(e)	31st March 2014 (audited)	US Dollars
Deep Drilling 3 Pte Ltd	Singapore	(e)	31st March 2014 (audited)	US Dollars
Deep Drilling 4 Pte Ltd	Singapore	(e)	31st March 2014 (audited)	US Dollars
Deep Drilling 5 Pte Ltd	Singapore	(e)	31st March 2014 (audited)	US Dollars

Notes to Consolidated Financial Statements for the year ended 31st March 2014

Deep Drilling 6 Pte Ltd	Singapore	(e)	31st March 2014 (audited)	US Dollars
Deep Drilling 7 Pte Ltd	Singapore	(e)	31st March 2014 (audited)	US Dollars
Deep Drilling 8 Pte Ltd	Singapore	(e)	31st March 2014 (audited)	US Dollars
Deep Driller Mexico S de RL de CV, Mexico	Mexico	(e)	31st March 2014 (unaudited)	US Dollars
Aban Labuan Pvt Limited	Labuan, Malaysia	(b)	31st March 2014 (audited)	US Dollars

Note:

- a) Wholly-owned subsidiary of Aban Holdings Pte Ltd
- b) Wholly-owned subsidiaries of Aban Singapore Pte Ltd
- c) Wholly-owned subsidiary of Aban International Norway AS
- d) Subsidiary of DDI Holding AS (66%) and Aban Singapore Pte Ltd (34%)
- e) Wholly-owned subsidiaries of Deep Drilling Invest Pte Ltd

Besides the above, the financials of Belati Oilfield SdnBhd, Malaysia, an associate company with 49% interest held by Aban Singapore Pte Ltd, have been considered in the consolidated accounts of Aban Holdings Pte Ltd under Equity method of accounting.

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

6. Share Capital

Authorised shares (No. millions)

2,500 (31st March 2013: 2,500) equity shares of Rs.2/- each
1,000 (31st March 2013: 1,000) Cumulative non convertible
redeemable preference shares of Rs.10/- each

Issued , subscribed and fully paid -up shares (No. millions)

Equity shares:

36.88 (31st March 2013: 36.88) equity shares of Rs.2/- each
0.85 (31st March 2013: 0.85) equity shares of Rs.2/- each issued
against conversion of foreign currency convertible bonds
0.09 (31st March 2013: 0.09) equity shares of Rs.2/- each issued
against employee stock option scheme
5.69 (31st March 2013: 5.69) equity shares of Rs.2/- each issued
against qualified institutional placement
Shares Forfeited, 0.01(31st March 2013: 0.01) equity shares at Re 1/- each

(A)

As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
5,000.00	5,000.00
10,000.00	10,000.00
<u>15,000.00</u>	<u>15,000.00</u>
73.75	73.75
1.70	1.70
0.19	0.19
11.39	11.39
0.01	0.01
<u>87.04</u>	<u>87.04</u>

Preference Shares

60 (31st March 2013: 60 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	600.00	600.00
45 (31st March 2013: 45 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	450.00	450.00
61 (31st March 2013: 61 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	610.00	610.00
95 (31st March 2013: 95 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	950.00	950.00
20 (31st March 2013:20 @ 10%) 10% non-convertible cumulative redeemable preference shares of Rs.10/-each	200.00	200.00
(B)	<u>2,810.00</u>	<u>2,810.00</u>
TOTAL (A+B)	<u>2,897.04</u>	<u>2,897.04</u>

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

	31st March 2014		31st March 2013	
	No. millions	Rs. millions	No. millions	Rs. millions
Equity shares of Rs 2 each				
At the beginning of the period	43.51	87.04	43.51	87.04
Issued during the period	-	-	-	-
Outstanding at the end of the period (A)	<u>43.51</u>	<u>87.04</u>	<u>43.51</u>	<u>87.04</u>
	31st March 2014		31st March 2013	
	No. millions	Rs. millions	No. millions	Rs. millions
Preference shares of Rs 10 each				
At the beginning of the period	281.00	2,810.00	281.00	2810.00
Issued during the period	-	-	-	-
Redeemed during the period	-	-	-	-
Outstanding at the end of the period (B)	<u>281.00</u>	<u>2,810.00</u>	<u>281.00</u>	<u>2,810.00</u>
Total Value of Outstanding Shares (A) +(B)		<u>2,897.04</u>		<u>2,897.04</u>

b. Terms/ rights attached to equity shares

The Parent Company has only one class of equity shares having a face value of Rs.2 per share. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2014, the amount of per share dividend recognized as distributions to equity shareholders is Rs 3.60(31st March 2013: Rs.3.60).

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

The terms and conditions of the Non-Convertible Cumulative redeemable preference shares are as under:

- 55 million 10% non-convertible cumulative redeemable preference shares will be redeemed at par on 29-12-2014
- 40 million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 28-02-2015
- 61million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 30-03-2015
- 45 million 10% non- convertible cumulative redeemable preference shares will be redeemed at par on 16-06-2015
- 60 million 10% non-convertible cumulative redeemable preference shares will be redeemed at par on 16-06-2016
- 20 million 10 % non-convertible cumulative redeemable preference shares will be redeemed at par on 03-08-2016

Notes to Consolidated Financial Statements for the year ended 31st March 2014

- 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 2013: 1.84 million equity shares of Rs.2 each) out of which 0.095 million equity shares of Rs.2 each have been already allotted upto the balance sheet date under the scheme and included under the paid up capital (31st March 2013: 0.095 million equity shares of Rs.2 each) (Refer note 28 for details)

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

	31st March 2014		31st March 2013	
	No. millions	% holding in the class	No. millions	% holding in the class
Equity shares of Rs.2 each fully paid				
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 2014		31st March 2013	
	No. millions	% holding in the class	No. millions	% holding in the class
Preference shares of Rs.10 each fully paid				
10% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10 Each				
Syndicate Bank	10.50	10.00%	10.50	10.00%
Canara Bank	17.50	16.67%	17.50	16.67%
Indian Overseas Bank	14.00	13.33%	14.00	13.33%
Vijaya Bank	17.50	16.67%	17.50	16.67%
Axis Bank Limited	42.00	40.00%	42.00	40.00%
	<u>101.50</u>	<u>96.67%</u>	<u>101.50</u>	<u>96.67%</u>
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>

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.



Aban Offshore Limited

Notes to Consolidated Financial Statements for the year ended 31st March 2014

7. Reserves and Surplus

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs.millions
Capital Reserve - as per last Balance Sheet	<u>0.03</u>	<u>0.03</u>
Securities Premium Account		
Balance as per last financial statements	<u>8,854.42</u>	<u>8,854.42</u>
	<u>8,854.42</u>	<u>8,854.42</u>
Investment Allowance Reserve (utilised) -as per last Balance Sheet	<u>52.40</u>	<u>52.40</u>
Capital Redemption Reserve		
Balance as per last financial statements	2,000.00	2,000.00
Add: Transfer from statement of profit and loss	<u>270.00</u>	<u>-</u>
	<u>2,000.00</u>	<u>2,000.00</u>
General Reserve		
Balance as per last financial statements	1,299.29	1,299.29
Add: Transfer from statement of profit and loss	<u>180.43</u>	<u>-</u>
	<u>1,479.72</u>	<u>1,299.29</u>
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	12,243.68	10,810.05
Profit/(loss) for the year	3,930.65	1,938.73
Less: Appropriations		
Transfer to capital redemption reserve	(270.00)	-
Transfer to general reserve	(180.43)	-
Proposed equity dividend-Rs 3.60 Per equity share (31st March 2013-Rs.3.60 Per equity share)	(156.66)	(156.66)
Tax on proposed equity dividend	(26.62)	(26.62)
Dividend on preference shares	(281.00)	(275.07)
Tax on preference dividend	(47.76)	(46.75)
Total appropriations	<u>(962.47)</u>	<u>(505.10)</u>
Net Surplus/(deficit) in the statement of profit and loss	<u>15,211.86</u>	<u>12,243.68</u>
Translation Reserve	<u>10,505.79</u>	<u>5,490.35</u>
Total reserves and surplus	<u>38,374.22</u>	<u>29,940.17</u>

8. Money received against Share Warrants:

During the year, the Company has allotted 4.00 million share warrants on a preference basis to the Promoter/ Promoter Group entitling them to apply for and obtain allotment of one equity share of Rs 2/- each fully paid at a price of Rs 391/- per share against each such share warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches. The Company has received Rs 391.00 million being 25% against these share warrants.

9. Long term borrowings

	Non-Current maturities		Current maturities	
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Term loans				
Rupee term loans from banks (secured)	262.40	4,017.04	100.00	629.10
Rupee term loan from Financial institution (secured)	150.00	350.00	300.00	350.00
Foreign currency term loans from banks (secured)	104,856.42	92,094.11	17,042.87	14,751.84
Other loans				
Bonds	5,239.50	17,152.48	13,682.58	1,981.22
Hire purchase loan (secured)	-	-	-	0.42
From a company (unsecured)	-	-	79.00	100.00
	<u>110,508.32</u>	<u>113,613.63</u>	<u>31,204.45</u>	<u>17,812.58</u>
The above amount includes				
Secured borrowings	110,508.32	113,613.63	31,125.45	17,712.58
Unsecured borrowings	-	-	79.00	100.00
Amount disclosed under the head "Other current liabilities" (note 13)	-	-	(31,204.45)	(17,812.58)
Net Amount	<u>110,508.32</u>	<u>113,613.63</u>	<u>-</u>	<u>-</u>

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

- a. Indian Rupee Loan of Rs.362.40 million (31st March 2013 - Rs.424.62 million) from a bank carries interest @ 15 % p.a. (31st March 2013 - 14.75% p.a.). The loan is repayable in 19 unequal quarterly installments along with interest from 30th June 2013. The loan is secured by First charge on the specific offshore drill rig owned by foreign subsidiaries. Amount overdue as on the balance sheet date on account of principal and interest is Rs.19.80 million and Rs.9.00 million respectively for a period of 1 day and 2 months respectively. Amount since paid is Rs.28.80 million.
- b. Indian Rupee term Loans from five Banks aggregating to Rs 4,221.52 million that were outstanding as at the beginning of the financial year 2013-14 have been fully repaid during the year and the corresponding charges on security have been satisfied.

2. Rupee term loan from a financial institution:

Rupee term loan from a financial institution of Rs.450.00 million (31st March 2013 - Rs.700.00 million) carries interest @ 13.00% p.a. (31st March 2013 – 13.00% p.a.). The loan is repayable in 11 quarterly installments of Rs.50 million each along with interest from June 2013. The loan is secured by paripassu first charge on drill ship and drilling rig. Amount overdue as on the balance sheet date on account of principal and interest is Rs.100.00 million and Rs.26.90 million respectively for a period 1 to 5 months.Amount since paid is Rs 19.94 Million.

3. The Foreign currency term loans from banks include the following:

- i. Foreign currency term loan of Rs.4,829.38 million [USD 80.65 million] (31st March 2013 - Rs.4,830.58 million [USD 88.99 million]) from a bank carries interest @ 6 Months LIBOR + 6% p.a. (31st March 2013 -6 Months LIBOR + 6% p.a.).The Loan is repayable in 32 quarterly installments of USD 2.78 million each along with interest from 30th June 2013. The loan is secured by second charge on the specific offshore drill rigs, Floating Production Unit and Second charge on drilling rig owned by foreign subsidiaries. Amount overdue on account of interest and principal as on balance sheet date is USD 1.32 million and USD 2.78 million for a period of 1 month and 2 months.
- ii. Foreign currency termloan of Rs.1,915.24 million [USD 31.99 million] (31st March 2013 - Rs.1,852.06 million [USD 34.12 million]) from a bank carries interest @ 6 Months LIBOR + 7.25% p.a. (31st March2013 -6 Months LIBOR + 7% p.a.). The Loan is repayable in

- 96 monthly installments of USD 0.36 Million each along with interest from 30th September 2013. The loan is secured by first charge on the specific offshore drill rig owned by foreign subsidiaries. Amount overdue as on the balance sheet date on account of interest and principal as on balance sheet date is USD 0.23 million and USD 0.36 million for a period of 1 month and 1 day respectively.
- iii. Term loan of Rs.1,509.74 million [USD 25.21 million] (31st March 2013: Rs.6,920.73 million [USD 127.50 million]) is secured by a charge over escrow account into which dividends from such shares are to be deposited and a second preferred mortgage over a rig owned by a step-down subsidiary and a second priority mortgage over a rig owned by another step-down subsidiary. The borrowings mature on 26th March 2019 and have an interest rate of 4.00%-4.50% p.a. (31st March 2013: 4.00%p.a.). Amount overdue on the balance sheet date on account of principal and interest is Rs. 97.82 million and Rs.16.18 million respectively for a period of 2 – 4 days.
 - iv. Term loan of Rs.4,371.24 million [USD 73.00 million] (31st March 2013: Rs.5,806.87 million [USD 106.98 million]) is secured by a corporate guarantee of the Parent Company and a first pari-passu charge on two rigs and a floating production unit owned by the Parent Company. The borrowings mature on 26th September 2017 and have an interest rate of 7.00% - 7.50% p.a. (31st March 2013: 7.00% p.a.). Amount overdue on the balance sheet date on account of principal and interest is Rs. 538.92 million and Rs.60.30 million respectively for a period of 4 – 58 days.
 - v. Term loan of Rs.3,574.59 million [USD 59.70 million] (31st March 2013: Rs.3,635.46 million [USD 66.98 million]) is secured by a standby letter of credit issued by a bank, which is secured by a corporate guarantee of the Parent Company and a first pari-passu charge on two rigs and a floating production unit owned by the Parent Company. The borrowings mature on 26th March 2019 and have an interest rate of 4.00% - 4.50% p.a. (31st March 2013: 4.00% p.a.). Amount overdue on the balance sheet date on account of principal and interest is Rs. 87.19 million and Rs.45.08 million respectively for a period of 4-180 days.
 - vi. Term loan of Rs.1,437.12 million [USD 24.00 million] (31st March 2013: Rs.1,302.72 million [USD 24.00 million]) is secured by a standby letter of credit issued by a bank, which is secured by a corporate guarantee of the Parent Company and a first pari-passu charge on two rigs and a floating production unit owned by the Parent Company. The borrowings mature on 26th December 2017 and have an interest rate of 5.00%- 5.50% p.a. (31st March 2013: 5.00% p.a.). Amount overdue on the balance sheet date on account of interest is Rs. 28.74 million for a period of 2-270 days. This loan is a bullet repayment to be done on 26th December, 2017.
 - vii. Term loan of Rs. 1,077.84 million [USD 18.00 million] (31st March 2013: Rs. 1,465.56 million [USD 27.00 million]) is secured by a standby letter of credit issued by a bank, which is secured by a corporate guarantee of the Parent Company and a second priority mortgage on a rig owned by a step-down subsidiary of the wholly-owned foreign subsidiary. The borrowings mature on 31st December 2015 and have an interest rate of 4.50%-5.00% p.a. (31st March 2013: 4.50% p.a.).
 - viii. Term loan of Rs.1,790.59 million [USD 29.90 million] (31st March 2013: Rs.1,635.19 million [USD 30.13 million]) is secured by a second priority mortgage on a rig of a step-down subsidiary of the Company that owns this rig and second pari-passu charge on a drill ship owned by the Parent Company and a second pari-passu charge on a rig owned by the Parent Company, and a corporate guarantee of the Parent Company & Deep Drilling 2 Pte Ltd. The borrowings mature on 31st March 2022 and have an interest rate of 6.50-7.00% p.a. (31st March 2013: 6.50% p.a.). Amount overdue at the balance sheet date on account of Principal and interest is Rs 4.49 million and Rs. 13.11 million for a period of 1-130 days.
 - ix. Term loan of Rs.3,099.99 million [USD 51.77 million] (31st March 2013: Rs.2, 810.08 million [USD 51.77 million]) is secured by a first pari-passu charge on two rigs owned by the Parent Company and a corporate guarantee of the Parent Company. The borrowings mature on 31st March 2023 and have an interest rate of 5.90%-6.50% p.a. (31st March 2013: 5.90% p.a.). Amount overdue at the balance sheet date on account of interest is Rs. 208.02 million for a period of 25-300 days. This loan carries a moratorium in respect of repayment of principal for a period of 16 months ending 30th June 2014.
 - x. Term loan of Rs.2,874.24 million [USD 48.00 million] (31st March 2013: Rs.2,605.44 million [USD 48.00 million]) is secured by a first pari-passu charge on two rigs owned by the Parent Company and a corporate guarantee of the Parent Company. The borrowings mature on 31st March 2023 and have an interest rate of 5.50-6.00% p.a. (31st March 2013: 5.50% p.a.). Amount overdue at the balance sheet date on account of interest is Rs. 137.72 million for a period of 5 days. This loan carries a moratorium in respect of repayment of principal for a period of 15 months ending 30th June 2014.
 - xi. Term loan of Rs. 595.81 million [USD 9.95 million] (31st March 2013: Rs. Nil [USD Nil]) is secured by a standby letter of credit issued by a bank, which is secured by a first pari-passu charge on a drill ship owned by the Parent Company. The borrowings mature on 30th June 2022 and have an interest rate of 6.00-6.50% p.a. (31st March 2013: Nil p.a.) at the balance sheet date. Amount overdue as on the balance sheet date on account of principal and interest is Rs 1.50 million and Rs.37.13 million respectively for a period of 1-5 days.

- xii. Term loan of Rs.874.25 million [USD 14.60 million] (31st March 2013: Rs. Nil [USD Nil]) is secured by a standby letter of credit issued by a bank, which is secured by a first pari-passu charge on a drill ship owned by the Parent Company, a first pari-passu charge on a rig owned by the Parent Company. The borrowings mature on 30th Sep 2023 and have an interest rate of 6.25-6.75% p.a.(31st March 2013: Nil p.a.). Amount overdue as on the balance sheet date on account of interest is Rs.4.37 million for a period of 4 days.This loan carries a moratorium in respect of repayment of principal for a period of 15 months ending 31st December 2014.
- xiii. Term loans aggregating to Rs 34,453.26 million [USD 575.37 million] (31st March 2013 :Rs. Nil [USD Nil]) are secured / to be secured by a first / second priority mortgages over the rigs / drillships owned by the company / foreign subsidiaries, a first charge on the receivables of the rigs owned by the foreign subsidiaries and pledge of shares of the foreign subsidiaries. The borrowings mature between on 31st March 2028 and have an interest rate of 5.00%-6.00% p.a. (31st March 2013: NIL) . Amount overdue as on the balance sheet date on account of interest is Rs.132.69 million for a period of 1-90 days. Amount since paid Rs 115.40 million. These loans carry a moratorium in respect of repayment of principal ranging up to a period of 35 months ending 30th June 2016.
- xiv. Term Loan of Rs. 4,614.95 million [USD 77.07 million] (31st March 2013: Rs. 4,582.51 million [USD 84.42 million]) is secured by a first priority mortgage on a drill ship and first charge by way of hypothecation of moveable assets and receivables of a step-down subsidiary of the wholly-owned foreign subsidiary that owns this drill ship and a pledge over 30% of the shares in a step-down subsidiary of the wholly-owned foreign subsidiary. The borrowings mature on 1st February 2019 and have an interest rate of 5.50% p.a. (31st March 2013: 4.00% p.a.).Amount overdue at the balance sheet date on account of principal and interest is Rs.109.46 million and Rs.41.80 million respectively for a period of 30– 60 days.
- xv. Term loan of Rs.925.61 million [USD 15.46 million] (31st March 2013: Rs.931.01 million [USD 17.15 million]) is secured by a first priority mortgage on a drill ship and first charge by way of hypothecation of moveable assets and receivables of a step-down subsidiary of the wholly-owned subsidiary that owns this drill ship and a pledge over 30% of the shares in a step-down subsidiary held by the wholly-owned foreign subsidiary. The borrowings mature on 1st February 2019 and have an interest rate of 4.00% - 4.50% p.a. (31st March 2013: 4.00% p.a.).Amount overdue at the balance sheet date on account of interest is Rs.6.05 million for a period of 30 – 60 days.
- xvi. Term loan of Rs.3,500.34 million [USD 58.46 million](31st March 2013: Rs.3,377.26 million [USD 62.22 million]) is secured by a first priority mortgage on a drill ship , and first charge by way of hypothecation of moveable assets and receivables of a step-down subsidiary of the wholly-owned foreign subsidiary that owns the drill ship and a pledge over 30% of the shares of a step-down subsidiary of the wholly-owned subsidiary of the Parent Company. The borrowings mature on 1st February 2019and have an interest rate of 6.00% to 6.50% p.a. (31st March 2013: 5.50 p.a.%). Amount overdue at the balance sheet date on account of principal and interest is Rs.75.09 million and Rs. 37.19 million respectively for a period of 30 – 60 days.
- xvii. Term loan of Rs.1,226.35 million [USD 20.48 million](31st March 2013: Rs.1,204.72 million [USD 22.19 million]) is secured by a first priority mortgage on a drill ship and first charge by way of hypothecation of moveable assets and receivables of a step down foreign subsidiary that owns the drill ship and a pledge over 30% of the shares of a step down subsidiary of the wholly-owned foreign subsidiary of the Parent Company. The borrowings mature on 1st February 2019 and have an interest rate of 4.50% to 4.00% p.a. (31st March 2013: 4.00% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs.27.01 million and Rs.12.87 million respectively for a period of 60 days.
- xviii. Term loan of Rs.17,564.24 million [USD293.32Million] (31st March 2013: Rs.17,913.79 million [USD329.88Million]) is secured by a pari-passu pledge over 100% of the shares in a step down subsidiary of the wholly owned foreign subsidiary of the company, a charge over escrow account into which dividends from such shares are to be deposited and a second charge over a drill ship owned by a step-down subsidiary of the wholly-owned foreign subsidiary. Further a portion of the loan, to the extent of Rs.7,664.64 million [USD128.00Million] is also secured by a guarantee from a shareholder of the Parent Company. The borrowings mature on 3rd January 2019 and have an interest rate of 4.00%-5.50% p.a. (31st March 2013: 4.00%-5.50% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs.132.93 million and Rs.166.28 million respectively for a period of 30 – 88 days. Amount since paid Rs 169.06 million.
- xix. Term loan of Rs.1,820.90 million[USD 30.41 million] (31st March 2013: Rs.2,727.57 million[USD 50.25 million]) is secured by a pari-passu pledge over 100% of the shares in a step down subsidiary of the wholly owned foreign subsidiary of the company, a charge over escrow account into which dividends from such shares are to be deposited, and a third priority mortgage on a rig owned by a step-down subsidiary. The borrowings mature on 26th February 2016 and have an interest rate of 5.00% p.a. (31st March 2013: 5.00% p.a.)
- xx. Term loan of Rs.1,857.17 million [USD 31.01 million] (31st March 2013: Rs.2,158.82 million [USD 39.77 million]) is secured by a first preferred mortgage on a rig , a pledge over 100% of the shares in a step-down subsidiary of the wholly-owned foreign subsidiary held by the Company, and assignment of contracts and insurances, in respect of the rig. The borrowings mature on 31st January 2019 and have an interest rate of 5.00-5.50% p.a. (31st March 2013: 5.00% p.a.)

- xxi. Term loan of Rs.4,073.04 million [USD 68.02 million] (31st March 2013: Rs.7,817.41 million [USD 144.02 million]) is secured by a first priority mortgage on a rig, first charge on the receivables from the rig and a corporate guarantee from Aban Singapore Pte Ltd. The borrowings mature on 5th February 2019 and have an interest rate of 4.00% p.a. (31st March 2013: 4.00% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs. 68.26 million and Rs. 45.57 million respectively for a period of 54 days.
- xxii. Term loan of Rs.6,804.64 million [USD 113.64 million] (31st March 2013: Rs.6,918.31 million [USD 127.46 million]) is secured by a first priority mortgage on a rig, first charge on the receivables from the rig and the bank account into which such receivables are deposited and a corporate guarantee from Aban Singapore Pte Ltd. The borrowings mature on 8th February 2020 and have an interest rate of 4.79% p.a. (31st March 2013: 4.79% p.a.)
- xxiii. Term loan of Rs.1001.50 million [USD 16.73 million] (31st March 2013: Rs.914.70 million [USD 16.85 million]) is secured by a first priority mortgage on a rig of a step-down subsidiary of the Company that owns this rig and second pari-passu charge on a drill ship owned by the Parent Company and a second pari-passu charge on a rig owned by the Parent Company, and a corporate guarantee of the Parent Company & Aban Singapore Pte Ltd. The borrowings mature on 31st March 2022 and have an interest rate of 5.65% p.a. (31st March 2013: 5.65% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs 2.51 million and Rs. 19.94 million for a period of 1- 186 days.
- xxiv. Term loan of Rs.586.82 million [USD 9.80 million] (31st March 2013: Rs.271.40 million [USD 5.00 million]) is secured by a first priority mortgage on a rig, first charge by way of hypothecation of stocks and receivables of a step-down subsidiary of the Company that owns this rig and a corporate guarantee of Aban Singapore Pte Ltd & Deep Drilling Invest Pte Ltd. The borrowings mature on 30th June 2020 and have an interest rate of 5.50% - 6.00% p.a. (31st March 2013: 5.50% p.a.). Amount overdue at the balance sheet date on account of Principal and interest is Rs 23.95 and Rs. 18.68 million for a period of 1- 90 days.
- xxv. Term loan of Rs.2,589.81 million [USD 43.25 million] (31st March 2013: Rs.2,605.44 million [USD 48.00 million]) is secured by a first priority mortgage on a rig, first charge by way of hypothecation of stocks and receivables of a step-down subsidiary of the Company that owns this rig and a corporate guarantee of Aban Singapore Pte Ltd & Deep Drilling Invest Pte Ltd. The borrowings mature on 30th June 2019 and have an interest rate of 6.75% -7.00% p.a. (31st March 2013: 6.75% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs. 74.85 million and Rs 32.52 million for a period of 1 - 59 days.
- xxvi. Term loan of Rs. 898.20 million [USD 15.00 million] (31st March 2013: Rs.Nil [USD Nil]) is secured by a first priority mortgage on a rig and a corporate guarantee of Aban Singapore Pte Ltd. The borrowings mature on 31st March 2023 and have an interest rate of 5.50%-6.00% p.a. (31st March 2013: Nil.). Amount overdue at the balance sheet date on account of interest is Rs 24.01 million for a period of 1 day. This loan carries a moratorium in respect of repayment of principal for a period of 18 months ending 30th September 2014.
- xxvii. Term loan of Rs.2,754.48 million [USD 46.00 million] (31st March 2013: Rs.3,074.08 million [USD 56.63 million]) is secured by a first and second priority mortgage on a rig, a pledge over 100% of the shares in a step-down subsidiary of the wholly-owned foreign subsidiary, assignment of insurances; and a charge over revenues and bank accounts to be maintained by the Borrower in respect of the rig. The borrowings mature on 30th August 2014 and have an interest rate 5% - 5.50% p.a.(31st March 2013: 1.35%-4.00% p.a.). This loan is a bullet repayment to be done on 30th August, 2014.
- xxviii. Term loan of Rs.841.65 million [USD 14.06 million] (31st March 2013: Rs.1,373.96 million [USD 25.31 million]) is secured by a first priority mortgage on a rig, first charge by way of hypothecation of moveable assets and receivables of a step-down subsidiary of the Company that owns this rig and a corporate guarantee of Aban Singapore Pte Ltd. The borrowings mature on 1st March 2015 and have an interest rate of 4.75% -5.25% p.a. (31st March 2013: 4.25% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs. 168.50 million and Rs.7.54 million respectively for a period of 30-58 days.
- xxix. Term loan of Rs.5,690.70 million [USD 95.04 million] (31st March 2013: Rs.5,628.56 million [USD 103.70 million]) is secured a first priority mortgage over a rig of a step-down subsidiary of the wholly-owned foreign subsidiary, a first charge by way of hypothecation of moveable assets and receivables of a step-down subsidiary of the wholly-owned subsidiary of the Parent Company that owns this rig and a corporate guarantee of the Aban Singapore Pte Ltd. The borrowings mature on 24th March 2019 and have an interest rate of 5.00%-5.90% p.a. (31st March 2013: 5.00% p.a-5.90% p.a.). Amount overdue at the balance sheet date on account of principal and interest is Rs.191.32 million and Rs.163.17 million for a period of 6 -280 days.
- xxx. Term loan of Rs.2,745.60 million [USD 45.85 million] (31st March 2013: Rs.2,657.10 million [USD 48.95 million]) is secured by second mortgages on two rigs of two step-down subsidiaries of the wholly-owned foreign subsidiary. The borrowings mature on 12th March 2019 and have an interest rate of 4.58%-4.75% p.a. (31st March 2013: 4.58%-4.75% p.a.) at the balance sheet date. Amount overdue on account of principal and interest is Rs.23.20 million and Rs.12.04 million respectively for a period of 19 - 292 days.

4. Bonds

- i. Bond of Rs. 5,988.00 million [USD100.00 million] (31st March 2013: Rs.6,106.50 million [USD112.50 million]) is secured by a first priority mortgage on a rig owned by a step-down subsidiary of the wholly-owned foreign subsidiary, a pledge over 100% of the shares in a step-down subsidiary of the wholly-owned foreign subsidiary, assignment of insurances, corporate guarantee of a step-down subsidiary of the wholly-owned foreign subsidiary of the Parent Company, and a charge over bank accounts to be maintained by the Borrower in respect of the rig. The borrowings partly mature on 4th March 2015 and partly mature on 21st December 2015 and have an interest rate 12.00% p.a. (31st March 2013: 12.00% p.a.)
 - ii. Bond of Rs. 12,934.08 million [USD216.00 million] (31st March 2013: Rs. 13,027.20 million [USD240.00 million]) is secured by a first priority mortgage on two rigs owned by step-down subsidiaries of the wholly-owned subsidiary, a pledge over 100% of the shares in two step-down subsidiaries of the wholly-owned foreign subsidiary of the Parent Company, assignment of insurances, corporate guarantee of a step-down subsidiary of the wholly-owned foreign subsidiary of the Parent Company, assignment of sub-charters in respect of these two rigs, and a charge over bank accounts to be maintained by the Borrower in respect of these two rigs. The borrowings mature on 5th March 2015 and have an interest rate 14.25% p.a. (31st March 2013: 14.25% p.a.)
5. The Company has an outstanding unsecured loan from a company amounting to Rs.79.00 million (31st March 2013: Rs.100.00 million) at 16.50% p.a. (31st March 2013 : 15.60% p.a.). The loan is repayable in 12 monthly instalments along with interest.

10. Deferred tax liabilities (net)

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Deferred tax liability on timing differences		
On depreciation	609.17	387.52
	<u>609.17</u>	<u>387.52</u>

11. Provisions

	Long - Term		Short - Term	
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Provision for employee benefits				
Provision for provident fund	-	-	4.58	1.39
Provision for gratuity	19.14	6.02	3.03	1.79
Provision for leave encashment	15.96	9.67	2.25	3.49
	<u>35.10</u>	<u>15.69</u>	<u>9.86</u>	<u>6.67</u>
Other provisions				
Proposed equity dividend	-	-	156.66	156.66
Provision for tax on proposed equity dividend	-	-	26.62	26.62
Proposed preference dividend	-	-	281.00	275.07
Provision for tax on proposed preference dividend	-	-	47.76	46.75
Provision for taxation (net of advance payment of taxes)	-	-	561.30	106.71
	<u>-</u>	<u>-</u>	<u>1,073.34</u>	<u>611.81</u>
	<u>35.10</u>	<u>15.69</u>	<u>1,083.20</u>	<u>618.48</u>

12. Short term borrowings

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Cash credit from banks (secured)	1,258.16	1,648.61
Short term borrowings (secured)	2,037.68	2,882.29
Short term borrowings (unsecured)	12.06	122.99
Deposits (unsecured)		
-Intercompany deposits repayable on demand	588.14	387.27
	3,896.04	5,041.16
the above amount includes		
Secured borrowings	3,295.84	4,530.90
Unsecured borrowings	600.20	510.26
	3,896.04	5,041.16

1. Cash credit from banks is secured by way of hypothecation of inventory of stores and spares and book debts. Moreover, two offshore jack-up rigs of the company have been offered as a second charge for certain cash credit facilities. The cash credit is repayable on demand and carries interest @ 14.75 % to 16.75 % p.a.
2. Short term borrowings (secured) from banks represent buyer's credit availed against letters of credit/packing credit secured by charge on current assets and second charge on three offshore jack-up rigs and a drill ship of the company. These short term borrowings are repayable over 180 - 360 days and carry interest @ 3% to 5.35% p.a.
3. Short term borrowings (unsecured) represent overdrawn bank balances from a bank that are repayable on demand.

13. Current liabilities

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Trade payables	9,116.57	9,116.33
Other liabilities		
Current maturities of long term borrowings (note 9)	31,204.45	17,812.58
Interest accrued but not due on borrowings	1,981.41	1,856.15
Interest accrued and due on borrowings	135.28	338.00
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unclaimed dividends	15.54	13.60
Others		
Service tax payable/Other Liabilities	189.23	220.41
Tax deducted at source payable	37.09	14.33
	33,563.00	20,255.07

Notes to Consolidated Financial Statements for the year ended 31st March 2014

14.1. Tangible assets

										Rs.Millions
	Land-Freehold	Buildings	Offshore Jack-up rigs	Drillship	Other Machineries	Wind Mills	Office Equipment	Furniture & Fixtures	Vehicles	Total
Cost										
At 1st April 2013	128.57	150.37	105,805.26	33,047.28	80.82	2,363.01	99.39	68.01	59.60	141,802.31
Additions	-	-	1,014.52	2,695.66	-	28.50	2.96	0.33	4.67	3,746.64
Disposals	-	-	-	-	-	(510.52)	-	-	(4.38)	(514.90)
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	9,794.68	3,105.99	-	-	2.75	4.51	0.35	12,908.28
At 31st March 2014	128.57	150.37	116,614.46	38,848.93	80.82	1,880.99	105.10	72.85	60.24	157,942.33
At 1st April 2012	128.57	150.37	98,056.89	30,896.62	80.82	2,396.81	92.14	64.33	58.53	131,925.08
Additions	-	-	1,865.54	276.04	-	11.34	5.21	0.92	8.26	2,167.31
Disposals	-	-	-	-	-	(45.14)	-	-	(7.40)	(52.54)
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	5,882.83	1,874.62	-	-	2.04	2.76	0.21	7,762.46
-Borrowing costs	-	-	-	-	-	-	-	-	-	-
At 31st March 2013	128.57	150.37	105,805.26	33,047.28	80.82	2,363.01	99.39	68.01	59.60	141,802.31
	Land-Freehold	Buildings	Offshore Jack-up rigs	Drillship	Other Machineries	Wind Mills	Office Equipment	Furniture & Fixtures	Vehicles	Total
Depreciation										
At 1st April 2013	-	39.36	29,945.12	5,198.05	76.74	2,229.48	79.71	36.48	27.19	37,632.13
Charge for the year	-	2.33	3,963.09	1,501.21	-	4.86	5.58	1.46	5.24	5,483.77
Disposals	-	-	-	-	-	(485.00)	-	-	(1.88)	(486.88)
-Exchange differences	-	-	2,372.54	381.56	-	-	2.01	1.79	-	2,757.90
At 31st March 2014	-	41.69	36,280.75	7,080.82	76.74	1,749.34	87.30	39.73	30.55	45,386.92
At 1st April 2012	-	36.91	24,956.06	3,736.58	76.74	2,166.18	71.90	33.71	29.07	31,107.15
Charge for the year	-	2.45	3,556.26	1,232.78	-	105.67	6.48	1.49	4.34	4,909.47
Disposals	-	-	-	-	-	(42.37)	-	-	(6.22)	(48.59)
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	1,432.80	228.69	-	-	1.33	1.28	-	1,664.10
At 31st March 2013	-	39.36	29,945.12	5,198.05	76.74	2,229.48	79.71	36.48	27.19	37,632.13
Net Block										
At 31st March 2014	128.57	108.68	80,333.71	31,768.11	4.08	131.65	17.80	33.12	29.69	112,555.41
At 31st March 2013	128.57	111.01	75,860.14	27,849.23	4.08	133.53	19.68	31.53	32.41	104,170.18

A. Capitalised borrowing costs

The borrowing cost capitalised during the year ended 31st March 2014 was Rs. 1.27 million (31 st March 2013 : Nil). The Company capitalised the borrowing cost in the Drillship.

14.2. Intangible assets

	Rs.millions	
	Goodwill	Total
Cost		
At 1st April 2013	59,920.94	59,920.94
Additions	-	-
Disposals	-	-
Other adjustments	-	-
-Exchange differences	6,181.97	6,181.97
At 31st March 2014	66,102.91	66,102.91

Notes to Consolidated Financial Statements for the year ended 31st March 2014

At 1st April 2012	56,156.58	56,156.58
Additions		
Disposals		
Other adjustments		
-Exchange differences	3,764.36	3,764.36
At 31st March 2013	59,920.94	59,920.94
Net Block		
At 31st March 2014	66,102.91	66,102.91
At 31st March 2013	59,920.94	59,920.94

Goodwill on consolidation (acquisition of foreign subsidiaries) is tested for impairment annually and whenever there is an impairment indication, the goodwill may be impaired. For the year 2013-14, the management did not note any indication that the goodwill related to the acquisition of such foreign subsidiaries may be impaired due to any reason.

15. Non - current investments

	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Investment in joint ventures / associate		
0.05 million(31st March 2013:0.05 million) equity shares of Rs.100 each fully paid in Frontier Offshore Exploration(India) Limited (at cost less provision for other than temporary diminution in value Rs.4.99 million(31st March 2013:Rs.4.99 million))	-	-
0.17 million (31st March 2013 : 0.17 million) equity shares of MYR 1 each in Belati Oilfield Sdn Bhd [(Note 32(b))]	49.21	28.11
Other Investments		
0.3 million (31st March 2013: 0.3 million) equity shares of Rs.10 each fully paid in Aban Informatics Private Limited	19.85	19.85
	69.06	47.96
Non-trade investments (valued at cost unless stated otherwise)		
Investment in equity shares (quoted)		
-0.01 million (31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in Arihant Threads Ltd (at cost less provision for other than temporary diminution in value of Rs.0.17 million(31st March 2013: Rs.0.17 million))	-	-
-0.01 million (31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in Punjab Woolcombers Ltd at cost less provision for other than temporary diminution in value of Rs 0.02 million (31st March 2013 : Rs 0.02 million)	-	-
-0.01 million(31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in State Bank of Travancore Ltd	0.15	0.15
-0.01 million(31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in ICICI Bank Ltd	0.79	0.79
-0.05 million(31st March 2013: 0.05 million)equity shares of Rs.5 each fully paid in Oil and Natural Gas Corporation Limited	6.32	6.32
-0.03 million(31st March 2013:0.03 million)equity shares of Rs.10 each fully paid in Indian Bank Ltd	2.95	2.95

Notes to Consolidated Financial Statements for the year ended 31st March 2014

Investment in equity shares (unquoted)

0.01 million (31st March 2013: 0.01 million) equity shares of Rs.10 each fully paid in Madras Stock Exchange Limited

Aggregate amount of quoted investments(Market value: Rs.36.06 million (31st March 2013: Rs.24.84 million)
Aggregate amount of unquoted investments
Aggregate provision for diminution in value of investments

4.00	4.00
<u>14.21</u>	<u>14.21</u>
<u>83.27</u>	<u>62.17</u>
10.21	10.21
73.07	51.96
5.18	5.18

16. Loans and advances

	Long-term		Short-term	
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Capital advances				
Unsecured, considered good	-	-	49.94	235.46
(A)	<u>-</u>	<u>-</u>	<u>49.94</u>	<u>235.46</u>
Security deposit				
Unsecured, considered good	4.62	3.29	5.84	7.59
Doubtful	-	-	-	-
	<u>4.62</u>	<u>3.29</u>	<u>5.84</u>	<u>7.59</u>
Provision for doubtful security deposit	-	-	-	-
(B)	<u>4.62</u>	<u>3.29</u>	<u>5.84</u>	<u>7.59</u>
Loans and advances to related parties				
Unsecured, considered good	30.35	-	-	-
(C)	<u>30.35</u>	<u>-</u>	<u>-</u>	<u>-</u>
Advances recoverable in cash or kind				
Unsecured considered good	261.29	-	55.21	694.76
Doubtful	-	-	-	-
	<u>261.29</u>	<u>-</u>	<u>55.21</u>	<u>694.76</u>
Provision for doubtful advances	-	-	-	-
(D)	<u>261.29</u>	<u>-</u>	<u>55.21</u>	<u>694.76</u>
Other loans and advances				
MAT Credit Entitlement Account	389.16	-	-	-
Prepaid expenses	1,151.92	45.45	1,665.93	832.41
Loans to employees	20.11	11.26	5.72	7.93
Balances with statutory/government authorities	26.26	26.29	0.74	3.11
(E)	<u>1,587.45</u>	<u>83.00</u>	<u>1,672.39</u>	<u>843.45</u>
Total (A+B+C+D+E)	<u>1,883.71</u>	<u>86.29</u>	<u>1,783.38</u>	<u>1,781.26</u>

17. Trade receivables and other assets
17.1 Trade receivables

		Non-current		Current	
		As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 1st March 2013 Rs. millions
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment					
Unsecured, considered good		-	-	5,126.98	3,957.88
Doubtful		-	-	2,022.28	1,117.40
		-	-	7,149.26	5,075.28
Provision for doubtful receivables		-	-	(2,022.28)	(1,117.40)
(A)		-	-	5,126.98	3,957.88
Other receivables					
Secured, considered good		-	-	-	0.75
Unsecured, considered good		-	-	7,669.07	6,926.51
Doubtful		-	-	-	-
		-	-	7,669.07	6,927.26
Provision for doubtful receivables		-	-	-	-
(B)		-	-	7,669.07	6,927.26
Total (A+B)		-	-	12,796.05	10,885.14

17.2 Other assets

		Non-current		Current	
		As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Unsecured, considered good unless stated otherwise					
Non-current bank balances (Note 19)		69.51	104.95	-	-
Others					
Interest accrued on fixed deposits		-	-	0.03	4.87
(B)		-	-	0.03	4.87
Total (A+B)		69.51	104.95	0.03	4.87

18. Inventories

	As at 31st March 2014 Rs. Millions	As at 31st March 2013 Rs. Millions
Stores, Spares and Fuel (including stock-in- transit)	3,789.60	3,280.63
	<u>3,789.60</u>	<u>3,280.63</u>

19. Cash and bank balances

	Non-current		Current	
	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions	As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
Cash and cash equivalents				
Balances with banks:				
-On current accounts	-	-	745.67	843.03
-Deposits with original maturity of less than three months	-	-	-	465.41
-On unpaid dividend account	-	-	15.54	10.88
Cash on hand	-	-	0.85	1.94
	<u>-</u>	<u>-</u>	<u>762.06</u>	<u>1,321.26</u>
Other bank balances				
-Deposits with original maturity for more than 12 months	0.57	104.95	-	-
-Deposits with original maturity for more than 3 months but less than 12 months	-	-	68.38	20.23
- Margin money deposit	68.94	-	579.62	44.56
	<u>69.51</u>	<u>104.95</u>	<u>648.00</u>	<u>64.79</u>
	<u>69.51</u>	<u>104.95</u>	<u>1,410.06</u>	<u>1,386.05</u>
Amount disclosed under non current assets (See note 17.2)	(69.51)	(104.95)	-	-
	<u>-</u>	<u>-</u>	<u>1,410.06</u>	<u>1,386.05</u>

20. Revenue from operations

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Revenue from drilling services	39,300.01	36,649.52
Revenue from generation of electricity from wind power	62.54	77.49
	<u>39,362.55</u>	<u>36,727.01</u>



Aban Offshore Limited

Notes to Consolidated Financial Statements for the year ended 31st March 2014

21. Other Income

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Interest income on - Bank deposits	13.11	14.00
Dividend income on - Long term investments	0.85	0.68
Miscellaneous Income	291.58	231.69
Net gain on sale of assets	-	9.30
Rental income	3.08	5.01
	<u>308.62</u>	<u>260.68</u>

22. Consumption of stores, spares, power and fuel

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Consumption of stores and spares	2,287.35	1,550.68
Power and Fuel	165.87	360.01
	<u>2,453.22</u>	<u>1,910.69</u>

23. Employee benefit expense

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Salaries, wages and bonus	4,821.75	4,369.23
Contribution to provident and other fund	41.19	28.95
Gratuity expense	14.35	5.50
Staff welfare expenses	81.00	75.90
	<u>4,958.29</u>	<u>4,479.58</u>

24. Finance Costs

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Interest *	10,776.66	11,425.21
Loan Processing Charges	188.65	99.44
Amortization of ancillary borrowings costs	438.83	391.67
Exchange difference to the extent considered as an adjustment to borrowings costs	2.11	(31.83)
	<u>11,406.25</u>	<u>11,884.49</u>

* Excludes interest capitalised Rs 1.27 Million (31st March 2013- Rs NIL)

25. Depreciation and amortization expense

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Depreciation on tangible assets	5,483.77	4,909.47
	<u>5,483.77</u>	<u>4,909.47</u>

26. Other expenses

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Freight and forwarding cost	47.80	42.79
Rent	98.85	87.35
Rates and taxes	22.98	12.53
Rental charges for machinery	397.30	829.60
Insurance	1,438.48	1,809.36
Repairs and maintenance		
-Plant and machinery	138.61	135.42
-Buildings	2.43	2.13
-Others	5.77	4.72
Drilling services and management fees	1,488.82	1,570.44
Advertising and sales promotion	5.36	6.58
Exchange differences(net)	397.15	486.29
Travelling ,conveyance and transportation	681.73	579.67
Communication costs	147.02	99.37
Printing and stationery	5.07	6.00
Professional and Consultancy expenses	1,552.44	1,214.85
Catering expenses	440.31	322.92
Directors' sitting fees	0.34	0.23
Payment to auditors		
As auditor		
-Audit fee	39.70	45.66
-Tax audit fee	0.85	0.72
-Limited review	1.58	1.41
In other capacity		
-Taxation matters	0.50	0.40
-Company law matters	-	-
-Management services	-	-
-Other services(certification fees)	1.89	1.65
Reimbursement of expenses	-	0.03
Exchange losses(net)	612.68	521.37
Loss on sale of assets	1.49	-
Provision for doubtful debts and advances	713.34	464.75
Miscellaneous expenses	1,669.60	2,225.32
	<u>9,912.09</u>	<u>10,471.56</u>



Aban Offshore Limited

Notes to Consolidated Financial Statements for the year ended 31st March 2014

27. Earnings per share (EPS)

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

	Year ended 31st March 2014 Rs. millions	Year ended 31st March 2013 Rs. millions
Profit after tax	3,930.65	1,938.73
Less: Dividends on preference shares and tax thereon	328.76	321.82
Net profit for calculation of EPS	3,601.90	1,616.91
	No. millions	No. millions
Weighted average number of equity shares in calculating basic EPS	43.51	43.51
Effect of dilution:		
Stock options/Share Warrants Outstanding less number of shares that would have been issued at par value. *	-	0.18
Weighted average number of equity shares in calculating diluted EPS	43.51	43.69
Earning per share - basic (in Rs)	82.78	37.16
Earning per share - diluted (in Rs)	82.78	37.01

*Since diluted earnings per share shows an increase as compared to base earnings when taking the option / warrants into account, the option / warrant are anti-dilutive as at the year end and are ignored in the calculation of diluted earnings per share as required under the accounting standard.

28. Employee stock option scheme

The Parent Company has instituted Employee Stock Option Scheme-2005 (ESOS) duly approved by the shareholders in the extra-ordinary general meeting of the company held on 23rd April 2005. As per the scheme, the compensation committee of the board evaluates the performance and other criteria of employees and approves the grant of option. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of company's equity share at the prevailing market price on the date of the grant of option.

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

The Company has not recognized any deferred compensation expenses, as the exercise price was equal to the market value (as defined by SEBI) of the underlying equity shares on the grant date.

Excess of exercise price over the nominal value of equity shares allotted during the year under ESOS and credited to securities premium account is Rs. NIL (31st March 2013: Rs. Nil)

The details of option granted are given below:

Maximum number of options that may be granted under the scheme is 1.84 million equity shares of Rs.2 each. Options granted during the year-1.40 million (up to 31st March 2013: 0.443 Million equity shares of Rs.2 each)-Options lapsed during the year 0.082 million equity shares of Rs.2 each (up to 31st March 2013: 0.169 million equity shares of Rs.2 each)- Options exercised during the year- Nil (up to 31st March 2013: 0.095 million equity shares of Rs.2 each)- Options outstanding at the end of year : 1.498 million equity shares of Rs.2 each (up to 31st March 2013 : 0.179 million equity shares of Rs.2 each)- Options yet to be granted under the scheme : 0.251 million equity shares of Rs.2 each (31st March 2013 : 1.57 million equity shares of Rs.2 each)

29. Aban Singapore Pte Ltd ("Aban Singapore") operates a share option scheme to provide an incentive to directors and employees of Aban Singapore and related corporations to participate in the equity of the Company. Under the Scheme, the number of shares of Aban Singapore under option shall not exceed 2% of the total number of issued and paid-up shares of Aban Singapore. The options were granted on 25th August 2007. No options were granted during the current financial year. The number of outstanding options held by

Notes to Consolidated Financial Statements for the year ended 31st March 2014

employees of Aban Singapore and related corporations as on 31st March, 2014 is 2,462,000 share options. (31st March 2013: 2,462,000 share options). There were no options forfeited, exercised or lapsed for the financial year ended 31st March 2014.

30. The Maritime and Port Authority of Singapore has awarded "Approved International Shipping Enterprise" (AIS) status to Aban Singapore Pte Ltd and its subsidiaries with effect from 1 June 2006 and with effect from 27th June 2006 for some of its subsidiaries for an initial period of 10 years. Aban Singapore and its operating subsidiaries are exempted from Singapore Income tax from the qualifying income under Section 13F of the Singapore Income Tax Act. However, in respect of income earned outside Singapore, necessary provision for tax has been made in accordance with applicable tax laws in respective countries.

31. Leases

Operating lease: Company as lessee

The wholly owned foreign subsidiary leases, office space and accommodation for certain employees from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

The future aggregate minimum payments under the operating leases contracted for at the balance sheet date but not recognized as liabilities are analyzed as follows:

	31st March 2014 Rs.millions	31st March 2013 Rs.millions
Within one year	78.62	92.17
After one year but not more than two years	54.19	44.02
	<u>132.81</u>	<u>136.19</u>

32. Interest in joint venture/associate

- (a) The Parent company's interest in joint venture entity/associate is as follows:

Name of the company	Country of incorporation	Nature of Interest	Proportion of ownership interest 31st March 2014	Proportion of ownership interest 31st March 2013
Frontier Offshore Exploration (India) Limited	India	Joint Venture	25%	25%
Belati Oilfield SdnBhd	Malaysia	Associate	49%	49%

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.

- (b) The company's share of the assets, liabilities, Revenue and Profit in the associate company – Belati Oilfield SdnBhd, based on the audited financial statements are as follows:

	As at 31st March 2014 Rs.millions	As at 31st March 2013 Rs.millions
Assets	454.43	547.85
Liabilities	(405.22)	(519.74)
Revenue	1,731.96	758.99
Net Profit	18.36	25.07

33. Segment information

- A. Primary Segment**—The company's primary segments are offshore oil drilling and production services and wind power generation (Wind energy). The said business segments have been identified considering the nature of services rendered and the internal financial reporting system. Income and expenses have been accounted for based on their relationship to the operating activities of the segment.



Aban Offshore Limited

Notes to Consolidated Financial Statements for the year ended 31st March 2014

B. Secondary segment- Substantial assets of the company are offshore rigs, relating to the drilling and production services that are operating in India and Rest of Asia. The assets relating to the wind energy are operating in India only.

Primary Segment information	31st March 2014		31st March 2013	
	Rs. millions	Rs. millions	Rs. millions	Rs. millions
1. Segment revenue				
- Drilling	39,608.62		36,907.93	
-Wind energy	62.55	39,671.17	79.76	36,987.69
2. Segment results				
- Drilling	16,232.12		14,840.58	
-Wind energy	2.09		(83.47)	
	16,234.21		14,757.11	
less: interest expenses	(10,776.66)	5,457.55	(11,425.21)	3,331.90
3. Segment assets				
- Drilling	200,107.93		181,565.46	
-Wind energy	366.00	200,473.93	319.70	181,885.16
4. Segment liabilities				
- Drilling	158,792.20		149,011.23	
-Wind energy	19.47	158,811.67	36.65	149,047.88
5. Depreciation				
- Drilling	5,478.91		4,803.75	
-Wind energy	4.86	5,483.77	105.72	4,909.47
6. Capital expenditure including capital work in progress				
- Drilling	22,571.85		13,640.39	
-Wind energy	62.37	22,634.22	11.34	13,651.73

The following table shows revenue by area of drilling and production operations and wind power generation, the carrying amount of segment assets and additions to fixed assets by geographical area in which such assets relating to the drilling and production operations and wind energy are located

Secondary Segment information

Geographical Segment information	31st March 2014		31st March 2013	
	Rs. millions	Rs. millions	Rs. millions	Rs. millions
1. Segment revenue				
- India	4,937.11		7,179.62	
-Americas	9,842.32		5,122.55	
-Rest of Asia	24,891.74	39,671.17	24,685.51	36,987.69
2. Carrying amount of Segment assets				
- India	10,363.78		18,836.87	
-Americas	30,278.80		37,249.22	
-Rest of Asia	159,831.35	200,473.93	125,799.07	181,885.16
3. Capital expenditure including capital work in progress				
- India	2,720.39		1,353.42	
-Americas	8,387.53		7,392.29	
-Rest of Asia	11,526.30	22,634.22	4,906.02	13,651.73

34. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

A. Subsidiary companies

Aban Energies Limited, India (Wholly owned subsidiary)
Aban Holdings Pte Limited, Singapore (Wholly owned subsidiary)
Radhapuram Wintech Private Limited.

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 in 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
Aban Labuan Pvt Ltd, Labuan, Malaysia

C. Associate Company

Belati Oilfield SdnBhd, Malaysia

D. Related parties with whom transactions have taken place during the year

a. Key Management personnel

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

Related Party transactions during the year

Nature of transaction

Key Management Personnel

	31st March 2014	31st March 2013
	Rs. millions	Rs. millions
1. Rent paid	4.18	4.14
2. Remuneration	147.58	58.08
3. Interest received/receivable	-	-
4. Loan repaid	-	-
5. Dividend paid	18.58	18.58

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year
1. Remuneration to Key management personnel

Mr. Reji Abraham
Mr. P. Venkateswaran
Mr. C. P. Gopalkrishnan

2. Rent paid

Mr. Reji Abraham

3. Dividend paid

Mr. Reji Abraham

Other transactions

Personal guarantee given by Managing Director of the Company to banks towards availment of Loan and non-fund based facilities-Rs 11,470 million (31st March 2013 : Rs 11,295 million)

31st March 2014 Rs. millions	31st March 2013 Rs. millions
81.70	6.33
23.00	19.37
42.88	32.38
4.18	4.14
18.46	18.46

35. Capital and other commitments

Capital and Other commitments not provided for

31st March 2014 Rs. millions	31st March 2013 Rs. millions
119.17	859.86

36. Contingent liabilities

(a) Guarantees given by banks on behalf of the company

(b) Claims against the company not acknowledged as debt :

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

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

As at 31st March 2014 Rs. millions	As at 31st March 2013 Rs. millions
1,893.91	957.15

37. Derivative instruments and unhedged foreign currency exposures

a. Outstanding forward cover contracts/derivatives as at the balance sheet date

	As at 31st March 2014 Rs. Millions	As at 31st March 2013 Rs. Millions	Purpose
- Currency forward contracts/options	-	2,551.16	Hedging risk of exchange rate fluctuations

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

	As at 31st March 2014 FCY Millions	As at 31st March 2014 Rs. Millions	As at 31st March 2013 FCY Millions	As at 31st March 2013 Rs. Millions
<u>Receivables</u>				
- In USD	USD 125.65	7,523.81	-	-
- In EURO	EURO 29.71	2,449.93	-	-
<u>Import payables</u>				
- In USD	USD 13.58	813.35	USD 51.00	2,768.28
- In SGD	SGD 5.92	282.17		
<u>Foreign Currency Term Loans/Working Capital Loans (Including Interest Payable)</u>				
- In USD	USD 117.90	7,060.15	USD 123.11	6,682.64

38. Previous year figures

The Group has reclassified previous year figures to conform to this year's classification.

As per our report of even date
For Ford, Rhodes, Parks & Co
Chartered Accountants
ICAI-Registration No.102860W

Ramaswamy Subramanian
Partner
Membership No: 016059
Place: Chennai
Date: May 28, 2014

For and on behalf of the Board

Reji Abraham
Managing Director

C.P.Gopalkrishnan
Dy.Managing Director,
Chief Financial Officer & Secretary

FINANCIAL HIGHLIGHTS - 5 YEARS AT A GLANCE (CONSOLIDATED)

PARTICULARS	(Rs.Millions)				
	2013-14	2012-13	2011-12	2010-11	2009-10
STATEMENT OF PROFIT & LOSS ACCOUNT					
Income from Operation & Other Income	39,671.17	36,987.69	32,286.87	34,397.45	35,055.07
Profit before Finance Cost , Tax and Depreciation	22,347.58	20,125.86	19,061.83	20,930.88	20,064.54
Finance Cost	11,406.25	11,884.49	9,890.85	9,335.97	9,768.22
Depreciation/Exceptional Items	5,483.77	4,909.47	5,160.41	8,280.01	4,615.56
Profit before Tax	5,457.55	3,331.90	4,010.57	3,314.90	5,680.77
Tax	1,545.26	1,418.24	795.38	2,530.86	2,570.74
Profit after Tax	3,912.29	1,913.66	3,215.19	784.04	3,110.03
BALANCE SHEET					
Non Current Assets (including Net Fixed Assets)	178,727.83	164,398.75	157,718.96	139,726.19	153,644.92
Investment	83.27	62.17	34.06	153.46	4,950.56
Net Current Assets	9,069.41	5,231.26	6,266.45	11,998.66	5,287.67
Total Assets	187,880.51	169,692.18	164,019.47	151,878.30	163,883.15
Share Holders Fund	41,662.53	32,837.28	28,616.45	21,337.72	21,806.51
Borrowings (including current maturities of long term borrowings)	145,608.81	136,467.37	135,134.46	130,248.65	141,641.00
Deferred Tax Liability	609.17	387.52	268.56	291.93	435.65
Total Liabilities	187,880.51	169,692.18	164,019.47	151,878.30	163,883.15
Return on Networth	9.39%	5.83%	11.24%	3.67%	14.26%
EPS (Basic)-Rs.	82.78	37.16	67.16	25.86	69.84
EPS (Dilluted)-Rs.	82.78	37.01	66.68	25.71	68.77
Debt Equity Ratio	3.49	4.16	4.72	6.10	6.50





www.abanoffshore.com

FORM A

FORMAT OF COVERING LETTER OF THE ANNUAL REPORT TO BE FILED WITH STOCK EXCHANGES

1	Name of the Company	ABAN OFFSHORE LIMITED
2	Annual Financial Statements for the year ended	31 st March 2014
3	Type of Audit observation	Un-qualified / Matter of Emphasis
4	Frequency of observation	Whether appeared first time.../repetitive .../since how long period ... - NA
5	<p>1. REJI ABRAHAM CEO/Managing Director</p> <p>2. C P GOPALKRISHNAN DMD, CFO & SECRETARY</p> <p>3. FORD RHODES PARKS & CO Auditor of the Company</p> <p>4. P. MURARI Audit Committee Chairman</p>	 