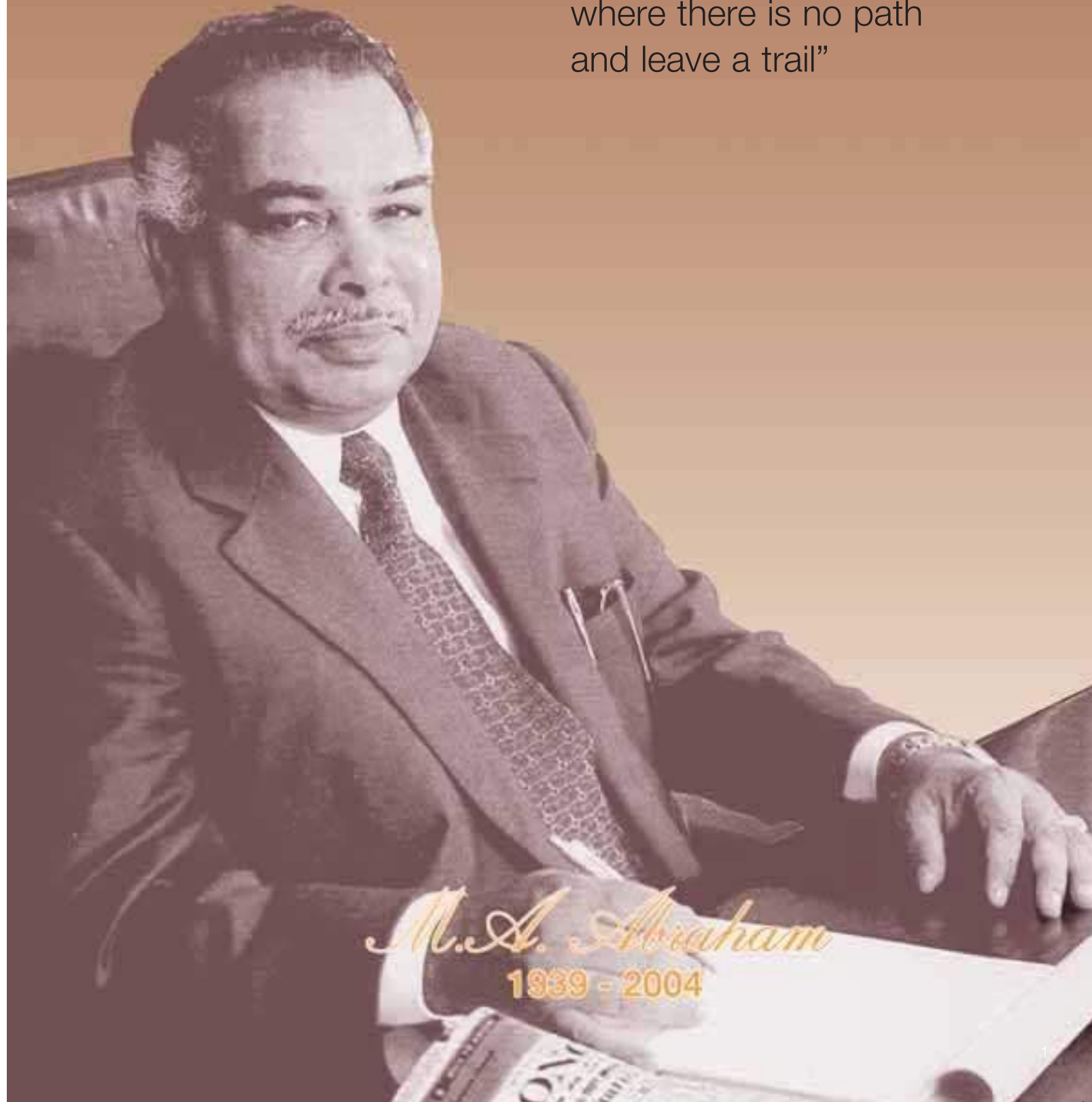


“Do not follow where the
path may lead. Go instead
where there is no path
and leave a trail”



M.A. Abraham
1939 - 2004

Financial highlights of the last five years

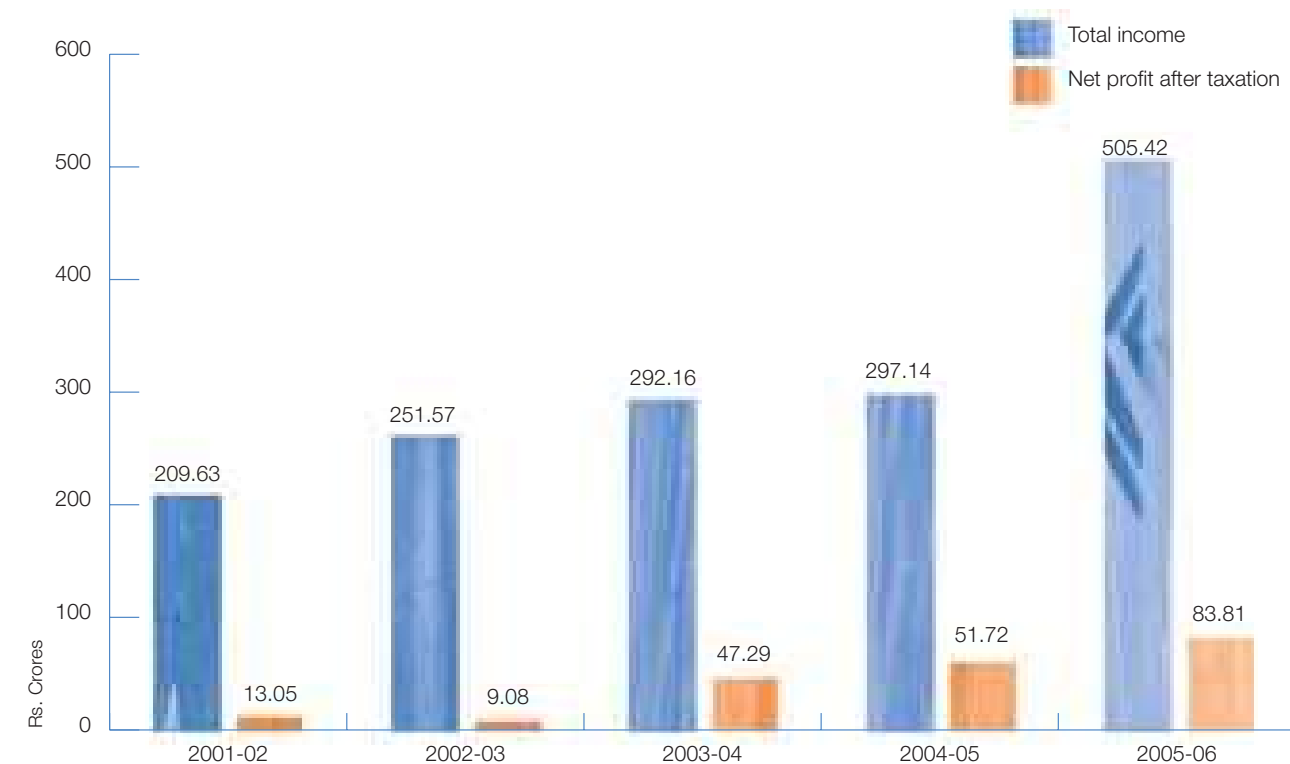
Rupees in Crores

Description	2001-02	2002-03	2003-04	2004-05	2005-06
Operating results					
Total income	209.63	251.57	292.16	297.14	505.42
EBIDTA	90.56	112.09	148.31	158.69	296.60
Interest	32.06	36.85	25.75	18.99	43.63
Depreciation	35.98	32.92	38.10	47.43	95.08
Amortisation	6.35	6.35	6.35	6.29	6.29
Profit before taxation	16.17	35.98	78.10	85.97	151.59
Net profit after taxation	13.05	9.08	47.29	51.72	83.81
Sources and application of funds					
Sources of funds:					
Share capital	7.37	7.37	7.37	7.37	157.37
Reserves & surplus	124.50	129.42	170.47	213.78	275.87
Shareholders' funds	131.87	136.79	177.84	221.15	433.24
Borrowed funds	252.80	307.99	240.87	717.90	677.09
Deferred tax liability	10.33	34.39	44.21	56.46	65.61
Total funds employed	395.00	479.17	462.92	995.51	1,175.94
Application of funds:					
Net fixed assets	242.39	327.97	296.03	807.41	1,023.35
Investments	6.54	23.04	76.47	23.86	57.01
Gross current assets	137.00	128.83	111.07	228.20	201.17
Current liabilities and provisions	15.15	16.65	28.41	63.96	105.58
Net current assets	121.85	112.18	82.66	164.24	95.59
Miscellaneous expenditure	24.22	15.98	7.76	-	-
Total assets employed	395.00	479.17	462.92	995.51	1,175.94

Rupees in crores

Description	2001-02	2002-03	2003-04	2004-05	2005-06
Ratios:					
Earnings per share (Rs.)	17.71	12.32	64.16	70.16	19.81*
Cash earning per share (Rs.)	79.37	102.08	166.30	189.55	68.68*
Dividend - equity share	40%	50%	75%	100%	130%
Dividend - preference share	-	-	-	-	8%
Return on shareholders' funds	10%	7%	27%	23%	19%
Book value per share(Rs.)	146.07	163.92	230.78	300.07	117.53*
Debt equity ratio	1.92	2.25	1.35	3.25	1.56*

* Paid up capital of Rs. 2 per share





Corporate information

Board of Directors

V. S. RAO
Chairman

P. MURARI
Vice Chairman

REJI ABRAHAM
Managing Director

K. BHARATHAN
S. SRINIVASAN (Nominee of ICICI Bank Limited, upto
24.11.2005)

K.M. JAYARAO (Nominee of ICICI Bank Limited, effective
12.01.2006)

P. VENKATESWARAN
Director (Operations)

C.P. GOPALKRISHNAN
Director (Finance) & Secretary

Audit Committee

V. S. RAO - Chairman

P. MURARI - Member

K. BHARATHAN - Member

Shareholders / Investors Grievance Committee

K. BHARATHAN - Chairman

P. VENKATESWARAN - Member

C.P. GOPALKRISHNAN - Member

Compensation Committee

V. S. RAO - Chairman

P. MURARI - Member

K. BHARATHAN - Member

REJI ABRAHAM - Member

Auditors

FORD, RHODES, PARKS & CO.,
Chartered Accountants

Paruvatham

No.2, 56th Street,

Off: 7th Avenue, Ashok Nagar

Chennai - 600 083

Bankers

CANARA BANK

ICICI BANK LIMITED

INDIAN OVERSEAS BANK

INDUSTRIAL DEVELOPMENT BANK OF INDIA LIMITED

PUNJAB NATIONAL BANK

STATE BANK OF INDIA

UCO BANK

UTI BANK LIMITED

Registered Office

Janpriya Crest

113 Pantheon Road

Egmore

Chennai 600 008.

Website : www.abanindia.com

Registrar and Share Transfer Agent

CAMEO CORPORATE SERVICES LIMITED

Subramanian Building

1, Club House Road,

Chennai 600 002

aban

Aban Loyd Chiles Offshore Ltd

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

NOTICE TO MEMBERS

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of **ABAN LOYD CHILES OFFSHORE LIMITED** will be held on Friday the 14th July 2006 at 12.15 P.M. at Mini Hall, Music Academy No. 168 (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014 to transact the following business:

ORDINARY BUSINESS

- To receive consider and adopt the Profit and Loss Account for the year ended 31st March 2006 and the Balance Sheet as at that date together with Reports of the Board of Directors and the Auditors thereon.
- To declare Dividend on Cumulative Non Convertible Redeemable Preference Shares for the year ended 31st March 2006.
- To declare Dividend on Equity Shares for the year ended 31st March 2006
- To appoint a Director in place of Mr. P. Venkateswaran who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Mr. C.P. Gopalkrishnan who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

- 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 sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII to the Act, the Company hereby approves the re-appointment of Mr. P. Venkateswaran as Director (Operations) of the Company for a period of 5 years from 1st August, 2006 to 31st July, 2011 on the terms and conditions as under:

A. Remuneration effective 1st April 2006

a) Basic Salary

In the range of Rs.1,50,000/- to Rs. 4,50,000/- per month

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 there of 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

Actual fees for a maximum of two clubs subject to a maximum of Rs.20,000/- per annum. No admission and life membership fees will be paid.

V) Personal Accident Insurance and other term insurances

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 purpose 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.

c) **Commission**

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

The Board or any committee thereof, be and is hereby authorised in its absolute discretion and from time to time to fix within the range stated above the salary payable to Mr. P. Venkateswaran.

B. Minimum Remuneration

Notwithstanding anything stated herein, where in any financial year during the currency of tenure of the Director the Company has no profit or its profits are inadequate, the Company shall pay the remuneration in accordance with the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

8. 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 sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII to the Act, the Company hereby approves the re-appointment of Mr. C.P. Gopalkrishnan Director (Finance) of the Company for a period of 5 years from 1st August, 2006 to 31st July, 2011 on the terms and conditions as detailed below.

A. Remuneration effective 1st April 2006

a) **Basic Salary**

In the range of Rs.1,50,000/- to Rs. 4,50,000/- per month.

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 there of 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**

Actual fees for a maximum of two clubs subject to a maximum of Rs.20,000/- per annum. No admission and life membership fees will be paid.

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 purpose 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.

c) **Commission**

The Wholetime 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 and subject to the overall ceiling laid down under the sections 198 and 309 of the Companies Act, 1956.

The Board or any committee thereof, be and is hereby authorised in its absolute discretion and from time to time to fix within the range stated above the salary payable to Mr. C.P. Gopalkrishnan.

B. Minimum Remuneration

Notwithstanding anything stated herein, where in any financial year during the currency of tenure of the Director the Company has no profit or its profits are inadequate, the Company shall pay the remuneration in accordance with the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

9. 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 section 21 and other applicable provisions, if any of the Companies Act, 1956 and subject to the approval of the Central Government, the name of the Company be changed from **"ABAN LOYD CHILES OFFSHORE LTD"** to **"ABAN OFFSHORE LTD"**.

"RESOLVED FURTHER THAT the name **"ABAN LOYD CHILES OFFSHORE LTD."** wherever it appears in the Memorandum and Articles of Association of the Company be replaced with the new name **"ABAN OFFSHORE LTD."**

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and deeds as may be necessary in this regard".

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

"RESOLVED THAT pursuant to clause 49 of the listing agreement and Special resolutions passed under Section 81, 81 (1A) of the Companies Act at the Extraordinary General Meeting held on 23rd April 2005 & at the Annual General Meeting held on 31st August 2005 the consent of the Company be and is hereby given to grant from time to time in one or more tranches, options to apply for a maximum of 5000 Equity Shares of the face value of Rs.2/- each per financial year, to each of the independent / non-whole-time / Non - Executive Directors of the Company, under the Scheme titled "Employee Stock Option Scheme-

2005" (hereinafter referred to as "ESOS - 2005") and subject to overall maximum of 1% of the paid up equity capital in total for all independent / non - executive directors".

"RESOLVED FURTHER THAT to determine all other terms and conditions for the purpose of giving effect to offer, issue or allotment of the Equity Shares or securities of instructions representing the same as described under the ESOS 2005 the Board / Committee 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 his regard".

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

RESOLVED THAT, in accordance with the provisions of Section 81 and 81(1A) AND all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and relevant provisions of the Memorandum of Association and Articles of Association of the Company, the Foreign Exchange Management Act, 1999 and the 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 approval(s), consent(s), permission(s) 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 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 offerings, in one or more foreign markets, any Securities including Equity Shares, Global Depository Receipts and / or American Depository Receipts/Shares convertible into Equity Shares, Foreign Currency Convertible Bonds, Convertible Bonds, Euro - Convertible Bonds/shares/Debentures/Equity Shares, Preference Shares whether Cumulative/Redeemable/ Partly

convertible/convertible at the option of the Company and / or at the option of the holders of the Security(s), 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") by 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\$ 200 Million (US Dollar Two hundred Million only) including green shoe option on such terms and conditions including pricing as the Board may in its sole discretion decide including the form and the persons to whom such securities may be issued and all other terms and conditions and matters connected therewith."

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

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

and shall rank in all respects pari passu with the existing Equity Shares of the Company."

"**RESOLVED FURTHER THAT** the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board 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 Company 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 Director or any Whole Time Director or any other Officer or Officers of the company to give effect to the aforesaid resolution."

By Order of the Board

Chennai - 600 008
Date: 25th May, 2006

C.P. Gopalkrishnan
Director (Finance) & Secretary

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** Blank Proxy Form is Annexed
2. Corporate Members are requested to send a duly certified copy of the Board Resolution pursuant to Section 187 of

the Companies Act, 1956 authorising their representative to attend and vote at the Annual General Meeting.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 8th July, 2006 to 14th July, 2006 (both days inclusive) for the purpose of dividend declaration.
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto
5. Dividend on Equity Shares/Preference Shares if declared at the Annual General Meeting will be paid on or after 14th July, 2006 to those persons or their mandates.
 - a) Whose names appear as Beneficial Owners as at the end of the business hours on 7th July, 2006 in the list of Beneficial Owners to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held on electronic form; and
 - b) 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 7th July, 2006.
6. Members / Proxies should bring the enclosed attendance slip duly filled in for attending the meeting along with the Annual Report. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the Meeting.
7. Nomination Facility

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

Members holding shares in physical form may obtain the Nomination Forms from the Company's Registrar and Share Transfer Agent

Members holding shares in electronic form may obtain the Nomination Forms from their respective Depository Participants.

Electronic Clearing Services (ECS) facility

To avoid the loss of dividend warrants in transit and undue delay in respect thereof the Company provides ECS facility to the members. The ECS facility is available at locations identified by the Reserve Bank of India from time to time and covers most of the cities and towns

Members holding shares in physical form may furnish their

details in the prescribed form, which can be obtained, from the Registrar and Share Transfer Agent of the Company. Members holding shares in the electronic form may furnish their details in the prescribed form, which can be obtained from their respective Depository participants.

8. Unclaimed Dividends

Transfer to General Revenue Account

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

Office of the Registrar of Companies

Sastri Bhavan, 26 Haddows Road, Chennai 600 006.

Transfer to the Investor Education and Protection Funds

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

Accordingly the dividend, which had remained unpaid/ unclaimed for the Financial Year ended 31st March 1996, 31st March 1997 and 31st March 1998, had been transferred to the Investor Education and Protection Fund.

It may be noted that the unclaimed dividend for the financial year ended 31st March 1999 is due for transfer to the fund in the month of October 2006.

Members are requested to note that no claim shall lie against the Company or the aforesaid fund in respect of any amount of dividend remaining unclaimed / unpaid for a period of seven years from the dates they first became due for payment. Any person / member who has not claimed dividend in respect of the financial year ended 31st March 1999 or any year thereafter are requested to approach the

Company / Registrar and Share Transfer Agent of the Company immediately for claiming the same.

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

1. Name of the Sole / First joint holder and the Folio Number.
2. Particulars of Bank Account Viz.
 - a. Name of the Bank.
 - b. Name of Branch.
 - c. Complete address of the Bank with Pin code number.
 - d. Bank Account number allotted by the Bank.

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

11. Members desirous of getting any information on the accounts or operations of the Company's are requested to forward queries to the Company's registered office at least seven working days prior to the Meeting, so that the required information can be made available at the Meeting.

12. Reappointment of Directors

- a. Mr. P Venkateswaran a graduate in Technology from Indian Institute of Technology, Madras. He has over 33 years of experience in operations. He was appointed as Director (Operations) in year 2001. He is a Member of Shareholders Grievance Committee.
- b. Mr. C.P. Gopalkrishnan is a Chartered Accountant, Company Secretary and a Graduate in law by qualification. He has over 27 years of experience in Finance. He was appointed as Director (Finance) in the year 2001. He is a Member of Shareholders Grievance Committee.

Details of Directors seeking re- appointment at the forthcoming Annual General Meeting to be held on 14th July, 2006 (in pursuance of clause 49 of the Listing Agreement)

Name of Director	P Venkateswaran	C.P. Gopalkrishnan
Date of Birth	12th February, 1951	9th March, 1956
Nationality	Indian	Indian
Date of Appointment on the Board	1st August, 2001	1st August, 2001
Qualification(s)	B.Tech	B.Com (Hons.) ACA ACS LLB
Shareholding in the Company Equity Shares of Rs.2/- each	7005	23750
List of Companies in India in which Directorship held	Aban Energies Ltd. The Perunad Plantations Ltd. North Chennai Power Company Limited. Mahanadhi Aban Power Company Limited Aban Investments Private Ltd. Saipem Aban Drilling Company Private Limited Aban Constructions Private Limited Aban Oils & Solvents Private Limited Hydrill Pressure Controll Private Limited Aban Marketing & Exports Pvt. Ltd.	Ratan Plantations Ltd. West Mountain Power Ltd. Tyford Tea Limited North Chennai Power Company Limited Mahanadhi Aban Power Company Limited Aban Investments Private Limited Aban Informatics Private Limited
Membership of Committees in the Company Committee.	Shareholders' /Investors Grievances Committee.	Shareholders' /Investors Grievances Committee.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS CONTAINED IN THE NOTICE DATED 25.05.2006

Item No. 7

Mr. P. Venkateswaran has been working with the Organisation since its inception in the year 1986. At the Annual General Meeting of the Company held on 21st September 2001 he was appointed as Director (Operations) for a period of five years effective 1st August, 2001 and will hold office till 31st July, 2006.

Considering his contributions to the growth and in the best interest of the Company the Directors at their meeting held on 25th April 2006 recommended the reappointment of Mr. P. Venkateswaran as Director (Operations) for a period of 5 years from 1st August, 2006 to 31st July, 2011 with a revision in terms of remuneration and commission effective 1.04.2006 as detailed in the resolution.

The revised remuneration shall be paid to Wholetime Director on obtaining the approval of the members at the ensuing Annual General Meeting. The resolution requires approval of the members and hence the item is placed before the Meeting for approval.

None of the Directors other than Mr. P. Venkateswaran is

interested or concerned in the item of business.

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

Item No.8

Mr. C.P. Gopalkrishnan who is presently the Director (Finance) & Secretary of the Company joined the organisation in the year 1987. At the Annual General Meeting of the Company held on 21st September 2001 he was appointed as Director (Finance) for a period of five years effective 1st August, 2001 to 31st July, 2006.

Considering his contributions to the growth and in the best interest of the Company the Board of Directors at their meeting held on 25th April 2006 recommended the reappointment of Mr. C.P. Gopalkrishnan as Director (Finance) for a period of 5 years from 1st August, 2006 to 31st July, 2011 with a revision in terms of remuneration and commission effective 1.04.2006 as detailed in the resolution. The revised remuneration shall be paid to Wholetime Director on obtaining the approval of the members at the ensuing Annual General Meeting. The resolution requires approval of the members and hence the item is placed before the Meeting for approval.

None of the Directors other than Mr. C.P. Gopalkrishnan is

interested or concerned in the item of business.

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

Item No.9

For easy recall it is proposed to change the name of your company as "ABAN OFFSHORE LTD."

Under section 21 of the Companies Act, 1956 the approval of the members and the Central Government is required for changing the name of the Company. The Registrar of Companies Tamil Nadu, Chennai has confirmed the name "ABAN OFFSHORE LTD" is available for adoption by the Company. Hence the item is placed before the meeting for approval.

None of the Directors of the Company are interested or concerned in the item of business.

Item No.10

Non-executive Directors have been actively involved in the key decisions of the company and considering their contributions for the growth of the Company it is proposed to offer shares under Employee Stock Option Scheme - 2005 (ESOS-2005) . As per the provisions of the amended Listing Agreement the proposal requires the approval of members and hence the

resolution is placed before the Meeting for approval.

Note : The Directors Mr. V.S. Rao, Mr. P. Murari and Mr. K.Bharathan may be interested to the extent of the shares that may be granted to them under ESOS-2005

Item No.11

Your Company foresees great business opportunities in the near future. To augment the fund requirement for capital expansion opportunities for the company your Board of Directors have decided to raise funds not exceeding US\$ 200 million through the issue of FCCBs/ GDRs/ ADRs etc. The proposed issue requires the approval of the members and the item is placed before the Meeting for approval.

None of the Directors are interested or concerned in the item of the business.

By Order of the Board

Place: Chennai
Dated : 25th May 2006
Registered Office
Janpriya Crest
113, Pantheon Road, Egmore,
Chennai - 600 008

C.P. Gopalkrishnan
Director (Finance) & Secretary



Indian to global

Our vision is to emerge among the top ten offshore drilling companies in the world

- Established in 1986.
- South Asia's largest private sector offshore oil and gas drilling Company.
- Interests in the development of three marginal oil fields of ONGC in Gujarat through a joint venture with Prize Petroleum Company Limited.
- Supporting Global presence through its wholly owned subsidiary in Singapore.
- Also engaged in renewable power generation.
- Employs approximately 700 people with offices in Chennai, Mumbai and Dubai.

Organic

- Commenced operations with two jack-up rigs (Aban I and Aban II).
- Aggressive (near three-fold) build-up of assets since 2003-04.
 - ◆ Acquisition of Drill ship Frontier Ice in September 2004.
 - ◆ Acquisition of 300 ft jack-up offshore drilling rig Aban V (formerly known as Pride West Virginia) in December 2004.
 - ◆ Acquisition of 250 ft jack-up offshore drilling rig Aban VI (formerly known as Energy Explorer IV) in February 2005.
 - ◆ Acquisition of 250 ft jack-up offshore drilling rig Aban VII (formerly known as Rowan Texas) in September 2005.
 - ◆ Placed an order for construction of a new 375 feet jack-up rig through its Singapore subsidiary, which will be known as Aban VIII.
 - ◆ Acquired drillship Aban Abraham (formerly known as Peregrine III) through its Singapore subsidiary.

Inorganic

- Acquired and merged Hitech Drilling Services India Limited from the Tatas in 2001.
- Added one 300 ft jack-up rig and one floating production unit (FPU) through the above acquisition.

Track record

- Unbroken dividend record for 18 years.
- Net worth increase from Rs. 129.19 Crores in 2000-01 to Rs. 433.24 Crores in 2005-06.

Customers

The Company's clients comprise of ONGC, Hardy Exploration and Production (India) Limited, Oriental Oil Co. (Dubai) and Hindustan Oil Exploration Co. Limited.

Listing

Instrument

Equity shares

Non Convertible Cumulative

Redeemable Preference Shares

Foreign Currency Convertible Bonds

Market capitalisation of Rs. 4,057.15 Crores as on 31st March 2006 (The National Stock Exchange of India Limited).

Listing at

Bombay Stock Exchange Ltd.

National Stock Exchange Ltd.

Madras Stock Exchange Ltd.

Bombay Stock Exchange Ltd.

Singapore Exchange Ltd.

Fleet

- Owned and operated five offshore jack-up rigs, one floating production system unit and one drillship during the past year.
- Aban VII will be operational in 2006, Aban Abraham will be ready by 2007 after refurbishment and the new rig Aban VIII will be delivered by March 2008.

Vessel	Classification	Year built	Maximum operating water depth
Rigs			
Aban II	Mat supported slot type jack-up rig	1981	250 feet
Aban III	Independent leg cantilever type jack-up rig	1974	300 feet
Aban IV	Independent leg cantilever type jack-up rig	1983	300 feet
Aban V	Independent leg cantilever type jack-up rig	1982	300 feet
Aban VI	Independent leg cantilever type jack-up rig	1975	250 feet
Aban VII ⁽ⁱ⁾	Independent leg slot type jack-up rig	1973	250 feet
Aban VIII ⁽ⁱⁱ⁾	Independent leg cantilever type jack-up rig	2008	375 feet
Drillships			
Frontier Ice	Drillship	1959	1,000 feet
Aban Abraham ⁽ⁱⁱ⁾	Drillship	1976	6,000 feet
FPSU			
Tahara	Floating Production System	1973	50-800 feet

⁽ⁱ⁾Being built in Singapore Shipyard. ⁽ⁱⁱ⁾ Refurbishment to be completed in 2007.

The assets are internationally Mobile providing operational and logistical flexibility.

Performance profile

- Largest private sector offshore drilling service Company in South Asia.
- One of the fastest growing drilling service companies in the world during the past two years.
- Enhanced revenue from Rs. 297 Crores in 2004-05 to Rs. 505 Crores in 2005-06.

Year	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue (Rs. Crores)	209.63	251.57	292.16	297.14	505.42
EBIDTA (Rs.Crores)	90.56	112.09	148.31	158.69	296.59
PAT (Rs.Crores)	13.05	9.08	47.29	51.72	83.82
Cash profit (Rs.Crores)	55.38	48.35	91.74	105.43	185.19
Interest cover (EBIDTA / Interest)	2.82	3.04	5.76	8.36	6.80
Debt coverage (EBIDTA / Debt)	0.36	0.36	0.61	0.22	0.44
Earning per share (Rs.)	17.71	12.32	64.16	70.16	19.81*
Dividend per share (Rs.)	4.0	5.0	7.5	10.0	2.60*
Book value per share (Rs.)	146.07	163.92	230.78	300.07	117.53*

* Rs.2 per share

Broadened our horizon

We are proud of having broadened our horizon from a dominant Indian presence to a growing presence across international waters.

- Until 2004-05, majority of the drilling revenue was derived from operations conducted in Indian waters.
- In 2005-06, the company completed its first full year deployment of a rig in international waters.
- Global exposure accounted for 13.03 per cent of the Company's income in 2005-06.
- Acquired Aban VII in 2005-06 which will be deployed from 2006-07.
- Our Singapore subsidiary placed an order of US \$ 175 mn for the construction of a rig, which is expected to be delivered by March 2008.
- Acquired a drillship Aban Abraham through the Singapore subsidiary.
- Issued FCCBs for US \$ 100 mn in April 2006 which strengthened the financial structure for prospective fund raising.
- An FCCB/ GDR/ ADR issue upto US \$ 200 mn is proposed subject to shareholder approval.



Respectable global scale

AT ABAN LOYD CHILES OFFSHORE, WE ARE PROUD OF HAVING LEVERAGED OUR EXPERIENCE IN INDIAN WATERS TO COMPETE IN THE INTERNATIONAL MARKET.

- Largest private sector offshore drilling service company in South Asia.
- One of the fastest growing drilling service companies in the world during the last two years.
- Enhanced our gross block from Rs.1140 cr in 2004-05 to Rs. 1147 Cr in 2005-06.
- Enhanced revenue from Rs. 297 Cr in 2004-05 to Rs.505 Cr in 2005-06.



A daring mindset

OUR TECHNICAL AND OPERATIONAL EXPERTISE AND OUR SUCCESS HAVE ENCOURAGED US TO EXPAND TO COVER LARGER GEOGRAPHICS AND DEEPER WATERS.

- Demonstrated speed in the purchase of rigs in a competitive global market situations where demand exceed supply
- Highly trained technical and operational employees.
- The recent acquisition of drillship Aban Abraham will have the capability to drill in water depths of 6,000 feet.
- Incorporated a wholly owned subsidiary in Singapore in 2005-06.
- The Singapore subsidiary will serve as the company's platform for all global business operations.
- The Company made an issue of FCCBs in April 2006 which has strengthened its financial structure for prospective fund raising.



Managing Director's overview

“Aban will constantly reinvent its strategy for growth and will progress from just acquiring offshore assets to acquiring companies with drilling assets”.

Reji Abraham, Managing Director



How would you appraise the Company's performance in the last financial year?

We were able to continue our growth trajectory by increasing our asset buildup, spreading our services internationally and reporting better results. The Company reported a 70 per cent increase in its top line and a corresponding 62 per cent increase in its profit after tax. We reinvested our cash flows into the acquisition of assets. Our wholly owned Singapore subsidiary, acquired a drillship and placed an order for building a jack-up rig that will be delivered by March 2008, which will then make us a ten-asset company.

Where does this place the Company in the global community of rig companies?

In the world of rig service providers, it is important to deploy with efficiency and be able to acquire assets with cost advantage in a competitive marketplace. We are proud to have succeeded across both these areas.

We have trained manpower who have ensured an efficient asset utilisation for our customers resulting in the repeat enlistment of our assets. We have also been able to spot opportunities for acquisition in line with our growth strategy. This has given us an edge in a market where demand exceeds supply. As a result, we have emerged as one of the fastest growing rig service providing companies in the world.

Till recently the Company appeared comfortable in deploying its rigs only in India. What accounts for its sudden interest in deploying rigs across the world?

- Having a bigger geographic spread opens new vistas and provides a larger degree of risk management.
- Going forward, we expect to emerge as a multi-location Company with a global reach. This makes it important for us to become a geographic specialist across a number of locations. Besides,

as a Company assumes the level of global operations with seven drilling rigs, two drillships and one floating production system unit, it is important to de-risk the over dependence on one region with a broader coverage.

- India is an attractive market and with a demand-supply imbalance today, we feel that a number of other global locations are attractive as well.

• A number of countries are investing in exploration and production by not just revisiting stretches that they had covered in the past but also by going wider and deeper, which is a profitable opportunity for us.

- Interestingly, ONGC Videsh Limited has enlarged its global presence to about 12 countries today. ONGC has for long been our biggest customer and its geographic dispersal now provides us with an excellent opportunity to emerge as a global service provider.

Working in an international environment will raise our standards in line with the prevailing technical and operational benchmarks at the global level.

- Working in an international environment will raise our standards in line with the prevailing technical and operational benchmarks at the global level.

In what way does your asset profile reflect this transition from an India focus to a global coverage?

It is our understanding of the evolving situation that a number of E&P companies are moving from shallow

waters to difficult deep waters, especially depths of around 6,000 feet where conditions can indeed be harsh. After years of investing in jack-up rigs, which are ideal for shallow water we are also investing in drillships capable of exploring deeper waters, where the day rates are substantially higher. In this connection, our Singapore subsidiary purchased Aban Abraham, a drillship, through its subsidiary. Aban Abraham is expected to be fully operational by July 2007 and will be able to drill in water

depths of 6,000 feet.

What accounts for the Company's ability to survive a global downturn, should that transpire?

The Company has de-risked its business model from a downturn as our assets are deployed on a fixed contract basis for the next few years. We have one of the highest margins in the industry, which could also cushion the impact. The true indicator of liquidity is derived from debt and interest cover,

which are both adequately comfortable. In this respect, it would be pertinent to indicate that whatever risks that may arise out of our rig acquisition will be more than offset by the expected liquidation of our debt over the coming years. This effectively means that in about five years, Aban could well be considerably asset-rich and under-borrowed with the option to enhance liquidity at any time during the interim by selling any one of the rigs in a seller's market should the need arise.

What drives low operational costs at Aban?

A number of factors have combined to create a competitive low cost edge for the Company

- Culture of low costs.
- Willingness to experiment without compromising service reliability.
- Rich engineering insight leading to product reconfiguration without costly investments in imports.
- Ability to service our equipment in half the time and at a third of the prevailing costs.
- Competent engineers helping us to strengthen our technical capability.

How will the Company compete in a challenging global environment?

We expect to do so by leveraging of our intellectual, financial and structural capabilities

■ Intellectual

- We are one of the low cost operators in the world. We have been successful in controlling our cost while enhancing

our technical capability.

- We buy second hand rigs, refurbish them in the quickest time and deploy them to generate revenues as fast as possible.
- We utilise ingenious ways to shrink refurbishment time, leading to a higher return on employed capital.

■ Financial

- Our operations and strengths have instilled a sense of confidence among

lending banks and financial institutions, resulting in the mobilisation of debt for asset acquisition in the quickest time and at the lowest cost.

- We enjoy a prudent resource mix of equity shares, preference shares and debt (rupee and forex), which translates into a debt / EBIDTA of around 2.29 (standalone) and 3.76 consolidated which are at safe levels.

- We have inspired the confidence amongst lenders to provide non-recourse funding to our subsidiaries without a corporate guarantee, from the parent company.
- We have retained the proceeds of our US \$ 100 mn (approx) FCCB issue to be deployed in the event of attractive emerging opportunities.
- We are seeking shareholder approval for an additional US \$ 200 mn (approx)

FCCB/GDR/ADR etc. issue to further strengthen our financial capability.

■ Structural

- We have incorporated a wholly owned subsidiary in Singapore, which will emerge as our hub for international operations and enhance our visibility.
- The Singapore subsidiary will also strengthen the Company's fiscal management processes.



Management's discussion and analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

Industry overview - Drilling Industry

According to a report published Fitch Ratings on 12th July 2005, it is believed that oil and gas are gradually replacing coal as the preferred sources of energy around the world.

World oil consumption increased from approximately 77.8 mn barrels per day in 2002 to 83.6 mn barrels per day in 2005 (Source: Oil Market Report, International Energy Agency, April 2006). The rise in demand for crude oil translates into a high demand for equipment used in the exploration and exploitation of oil and gas fields.

THE OIL & GAS EXPLORATION SERVICES INDUSTRY IN INDIA

Indian market

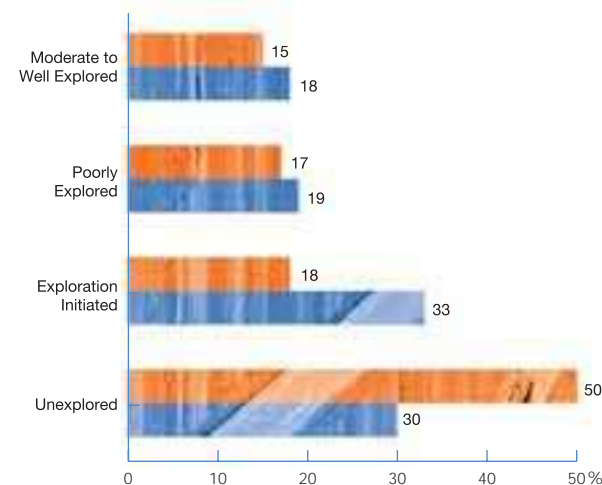
Energy security concerns

India's self-sufficiency level for oil peaked in the early 1980s at approximately 70 per cent, following the commissioning of the Bombay High field. However, this self-sufficiency level has declined over the years to as low as 30 percent. The drastic reduction was a consequence of:

- Increased oil and gas consumption as a result of the growing demand driven by economic expansion.
- No significant hydrocarbon finds subsequent to the exploitation of the Bombay High oil field.
- Stagnation and decline in production from existing ageing fields.

Import dependence for oil and gas has raised the Indian Government's concerns for foreign exchange reserves and more significantly, energy security.

The sedimentary basins of India, onland and offshore up to 200m isobar, have an arial extent of about 1.79 mn square kms, which goes up to 3.14 mn square km after including deepwater areas. 26 sedimentary basins have been recognised and presently the majority of the total sedimentary areas remain unexplored or poorly explored.



Note: NELP refers to the New Exploration Licensing Policy of the Indian Government.

Over the last decade the Indian economy has been undergoing a liberalisation process. Before such liberalisation, public sector undertakings such as Oil and Natural Gas Corporation Limited (ONGC) and Oil India Limited were acquiring their own assets to perform services in oil and gas fields along with the exploration and production companies. However, with the liberalisation of the industry these companies started to outsource a major part of the activities. Oil and gas services providers have benefited from this change in strategy and it is expected that this trend will indeed continue.

Global market

The highlights of the global drilling industry during the year under review comprised the following:

- Oil prices have been on the upturn on account of energy security concerns, increased consumption and geopolitical reasons. We have seen oil prices touching an all time high price level of US\$ 78 per barrel in April 2006.
- Oil companies have increased their E & P spending to meet

the shortfall in supply and also to increase their reserves.

- Correspondingly, day rates of rigs strengthened to almost US\$ 150,000 per day (for 300 ft jack-up rig).

Offshore drilling rigs

There are different types of drilling rigs used in the offshore oil industry for exploration drilling and production. Some of the more common ones are described in the table below.

Name	Description
Drilling barges	<ul style="list-style-type: none"> • Used mainly for inland, shallow water drilling, such as in lakes, rivers, canals, etc. • Are suitable for still waters. As they stay afloat and are not built to withstand water move, movements.
Jack-up rigs	<ul style="list-style-type: none"> • Used mainly in shallow waters. Can, however, be used in oceans. • The legs, when lowered onto the seabed, help the rig remained positioned. The legs, when jacked up, enable the rig to float.
Submersible rigs	<ul style="list-style-type: none"> • Suitable for shallow waters as the rigs comes in contact with the seabed (akin to jack-up rigs). • Consists of two hulls- the upper hull that contains the crew quarters as well as the drilling platform, and the lower hull that allows the rig to float/stay positioned depending on whether it has been filled with air or not.
Semi-submersible rigs	<ul style="list-style-type: none"> • Have the ability to drill in deep water. • When firmly positioned, the rig does not submerge to the seabed (unlike submersible rigs) but is only partially submerged. • Anchors and the part-submerged portion help keep the rig stable.
Drillships	<ul style="list-style-type: none"> • Ships designed to carry out drilling operations. • Used to drill in deep, turbulent waters. • Remain positioned through use the of DP (dynamic positioning) systems.

Source: NaturalGas.org, Citigroup Investment Research



Major markets

The US, Gulf of Mexico and Mexico account for nearly 50 per cent of the world's jack-up allocation, followed by the Middle East. There is also a fair spread of jack-up rigs across the North Sea, Indian Ocean, SE Asia and Australia.

Drilling rates

Over the last few years, the day rates for rigs have increased considerably for a number of reasons. With oil prices ruling high, there is a greater willingness to seek new regions for exploration. Several oil companies have invested significant resources to develop new regions while efforts to produce liquefied natural gas and other unconventional hydrocarbons are likely to increase the demand for oil services and contract drillers. As more oil service resources are deployed to new areas and for unconventional hydrocarbons, rates for all types of services and equipment are likely to strengthen.

From a macro perspective, any dip in exploration and development spending could well be temporary and significant capital will be invested in correcting the production decline in aging reserves. If the upstream activities were reduced significantly, production could decline sharply. Secondly, it is estimated that increased demand from China, India and the United States could exceed available supply, causing commodity prices to stay firm, influencing an

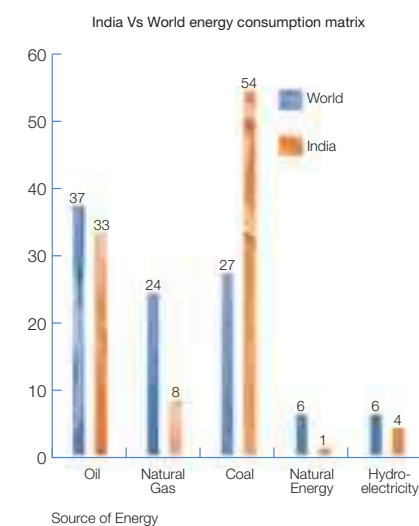
increase in exploration and development spending.

Indian overview

India is the seventh largest oil consumer of oil accounting for 3.2 per cent of global consumption. Oil consumption increased at a CAGR of 5.9 per cent against global consumption that increased at a CAGR of 1.6 per cent for the period 1999-2005.

Gas consumption: India is the 20th largest consumer of gas accounting for 1.2 per cent of global consumption. Gas consumption increased at CAGR 6.8 per cent against global consumption at a CAGR 2.6 per cent for the period 1999-2005.

(Source: BP Statistical Review 2005)



Energy consumption

India's critical dependence on crude

imports (around 70 per cent of its requirements) and low levels of exploration (one of the lowest well-density per 1,000 sq. km) has translated into large capital investment requirements by national and private sector oil companies. It is against this background that New Exploration and Licensing Policy (NELP) was formulated by the government in 1997-98 to provide a level playing field in which all parties could compete for exploration acreage. The latest in the series, NELP VI offers the following:

- The possibility of seismic option alone in the first phase of the exploration period.
- Upto 100 per cent participation by foreign companies.
- No minimum expenditure commitment during the exploration period.
- No mandatory state participation.
- No carried interest by National Oil Companies (NOCs).
- Income tax holiday for seven years from the start of commercial production.
- No customs duty on imports. required for petroleum operations.
- Biddable cost recovery upto 100 per cent.
- Option to amortise exploration and drilling expenditures over a period of 10 years from first commercial production.
- Offshore areas, royalty payable at the rate of 10 per cent for oil and natural

gas. Royalty for discoveries in deep water areas beyond 400 m iso-bath payable at half the applicable rate for offshore areas for the first seven years of commercial production.

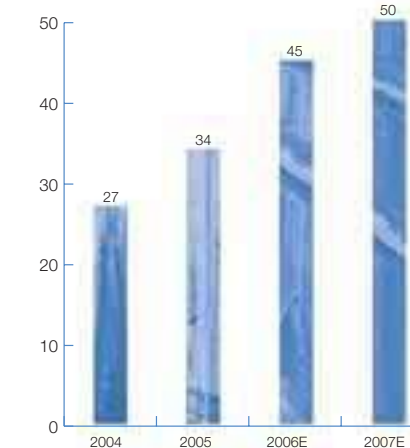
- Freedom to the contractor for marketing of oil and gas in the domestic market.
- Provisions for assignment.

Increase in private sector participation

Company	Exploration area	
	Sq. km.	%
ONGC	568300	57
Reliance	282843	28
OIL	43155	4
Cairn	30283	3
HOEC	29569	3
Others	39690	4
Total	993840	100

Source: DGH

ONGC's exploration spend, 2004-07 Estimated (Rupees in bn)



Source: Company, Citigroup Investment Research estimates.

Oil market report

Demand Summary

Global oil product demand growth in 2006 is expected to be 1.47 mn barrels per day. Robust global economic growth continues to support oil product demand, but the negative effect of high oil prices is visible in most areas.

Unscheduled outages continue to hamper oil supply, with security related disruptions in Nigeria, Iran and Iraq being the most prominent. Weather related outages, mechanical problems start-up delays and strikes affected the supply of oil from several sources. There is also a growing industry concern that shortages in drilling equipment, technically qualified personnel and service company capacity may impede capacity growth over the next two to three years. Geopolitical uncertainties are frequently cited as a key driver of current high prices (although it can be argued the linkage also works in reverse). Much speculation has surrounded the possible impact of outages in Iran and Venezuela although for now these remain potential rather than actual supply disruptions. Further, the increased export potential for both Nigeria and Iraq is likely to remain constrained in the short term. Effective spare capacity amongst OPEC members remains thin at 1.7 mn barrels per day. (Source: Oil Market Report, International Energy Agency, April 2006). Besides, India is the seventh largest petroleum consumer in the

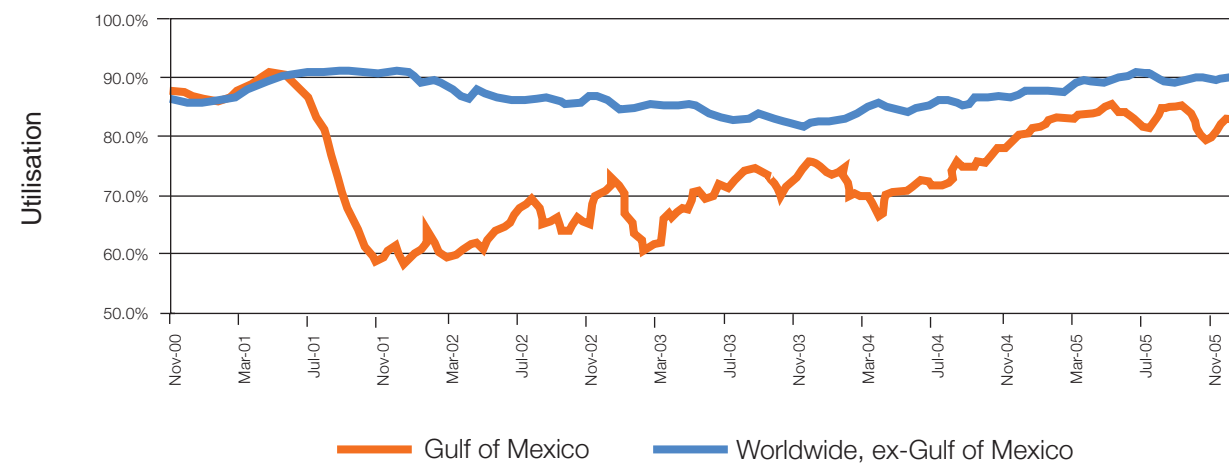
world. The growing economy could make it the world's fourth largest consumer by 2010. India's per capita energy consumption is around 0.32 tonnes of oil equivalent compared to 8.80 tonnes of oil equivalent in the United States, leaving adequate room for growth.

Demand outlook

Rig service supply constraints have become severe with increasing concerns about rig availability. This has resulted in a rapid increase in day rates and higher rig utilisation, increasing the cash flow of rig operators.

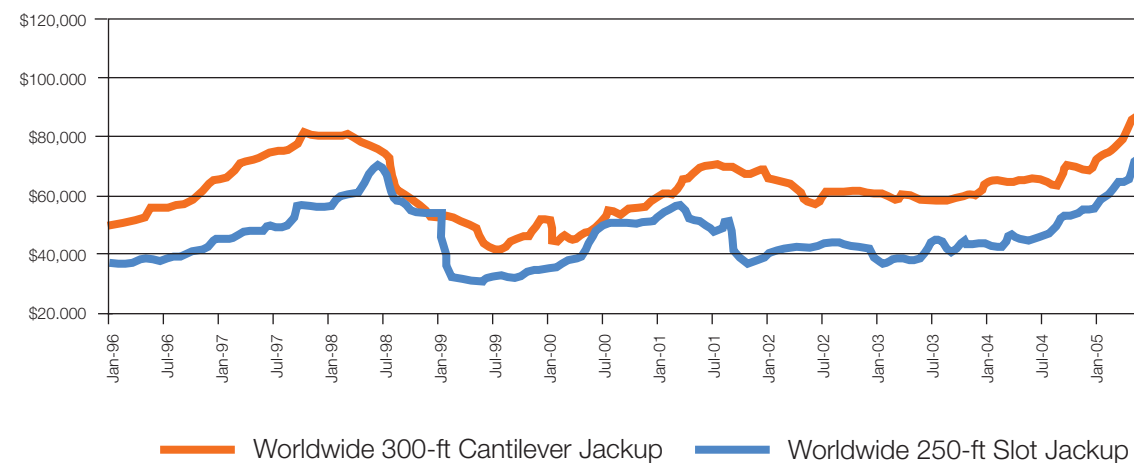


Rig Utilisation Rates, Nov 2000-Nov 2005



Source: ODS-Petrodata.

Average Rig Day Rates Trend (US\$/day)



Source: Citigroup Investment Research.

ONGC is expected to continue as a major customer of the oil and gas service providers in India. It is expected that ONGC will continue to increase its investment in the exploration and development of oil and gas fields. Moreover, ONGC is also expected to continue to inject investment in maintaining and improving production from its existing fields by revamping and upgrading production infrastructure, and by adopting improved technologies. For the period 2002 to 2008, ONGC has published budgeted expenditure of US\$13 billion, of which US\$8.4 billion has been set aside for oil and gas exploration and production. It is estimated that ONGC incurs an estimated amount of US\$ 2.28 mn per day for chartering oil rigs. This is likely to increase, given the upward movement in drilling rates.

Rig service providers in India
Rigs in India

Owner	Jack-ups	Drill ships	Total
ONGC	8	2	10
Aban Loyd	5	1	6
GE Shipping	1	1	2
Jagson Intl.	1	-	1
Noble Drilling	2	-	2
ENSCO	2	-	2
Sapiem	1	-	1
Pride Foramer	1	-	1
Transocean	7	3	10
Dolphin AS	-	1	1
TOTAL	28	8	36

Aban also owns and operates a Floating Production Unit - Tahara which is also deployed in the Indian waters.

Aban's industry presence

ONGC and the private operators award drilling contracts through global tenders on the basis of technical and effective day rate price considerations.

Drilling services cover the drilling of exploration wells, appraisal wells and production wells. Depending on the reserves available, wells are normally drilled up to a maximum depth of 20,000 to 26,000 feet. Aban has jack-up rigs enabling it to reach drilling depths of 25,000 feet in a water depth of up to 300 feet and is able to use its existing drillship to drill in water depths ranging from 600 to 1000 feet. The drill ship recently acquired through the Singapore subsidiary is expected to be able to drill up to a water depth of 6,000 feet once the proposed programme of upgrades is complete.

Workover of wells is carried out to improve the flow of gas and / or oil in wells, which has been reduced due to blockages in the casings. These services are conducted at regular intervals in order to maintain the gas and / or oil production of the wells.

Fleet

Aban has nine offshore units, including six jack-up rigs ranging with water depth capability ranging between 200 and 300

feet one FPSU and two drillships. Three of these rigs (the jack-up rigs Aban V, Aban VI and drillship Frontier Ice) were purchased in the financial year 2004-05. The Company believes that at the time of purchase of these rigs this was the highest capacity increment anywhere in the world and this reflects the significant increase in drilling activities over the last 20 years. These new rigs have been placed at such favorable prices that the company believes that it is likely to recover 60 per cent of the acquisition cost within 3 to 4 years.

The increased capacity was partly based on the management's belief that the growth of India would require more oil and that oil would need to be increasingly derived from within the country, therefore requiring increased drilling. As a rig service provider the Company believes it is well placed to benefit from the increased demand for oil both in Indian and international waters. The recent investment by the Company in rigs places the Company among the larger community of rig owning companies in the world. This is expected to result in increased profitability as well as improving the Company's ability to attract acquisitions and deployment opportunities and therefore accelerate the growth of the Company in the medium to long term.



The Company has strengthened its position on account of the following:

- Low cost operations.
- In-house engineering capabilities.
- High credibility and repeated accolades from clients for technical capabilities.
- High safety norms matching international standards.
- Highly trained technical and commercial employee strength.
- Maximising asset utilisation.
- 100 per cent drilling revenue in foreign currency.
- High quality of receivables.
- Firm cash flows.
- Continuous dividend record for the last 18 years.
- Internationally mobile assets of over US\$ 580 mn against book value of US\$ 185 mn.
- Easily saleable assets - an active market for rigs internationally as few rigs have been built in the past several years.
- Opportunity to deploy more rigs in international waters.

Aban's testimonials and certification

- Ranked second most Investor Friendly Company by Business Today magazine in June 2005.
- Ranked 253 among the top 500 companies in India as per the latest ET500 rankings of the Top Wealth Creators by the Economic Times in June 2005.
- Aban's drilling and production services are ISO 9001:2000 certified.
- Received a credit rating of F1+(ind) indicating Highest Credit Quality for Rs.250 mn Commercial Paper / Short Term Debt in November 2005.

Aban's fleet deployment during the past year

Name	Type	Water depth	Drilling depth	Client	Location	Contract Expiry
Aban-II (ex-Griffin Alexander - III)	Mat supported slot jack-up	25 ft/250 ft	20,000 ft	ONGC	East Coast	Nov -06
Aban-III (ex-ILE D'AMSTERDAM)	Independent leg cantilever jack-up	30 ft/300 ft	20,000 ft	ONGC	Mumbai High	Jan-08
Aban-IV (ex-HITDRILL - I)	Independent leg cantilever jack-up	30 ft/300 ft	21,000 ft	ONGC	Mumbai High	Nov-07
Aban-V (ex-Pride West Virginia)	Independent leg cantilever jack-up	20 ft/300 ft	25,000 ft	ONGC	Mumbai High	Jan-08
Aban-VI (ex-Energy Explorer - IV)	4-Triangular leg jack-up	25 ft/250 ft	20,000 ft	Oriental Oil	Dubai (Persian Gulf)	Oct-07
FPU Tahara	Semi-submersible floating production unit	50 ft/800 ft	N.A.	Hardy Oil	East Coast	Jul-07
Drillship Frontier Ice	Monohull	300 ft / 1000 ft	25,000	ONGC	Mumbai High	Mar-08

The successful deployment of new assets emphasises the following positives in the Company's favour:

- Long and rich experience in managing offshore equipment
- Rich manpower expertise
- Greater comfort for new clients in the international market

Wind energy

Nearly 4 per cent of the company's EBIDTA in 2005-06 was derived from investments in wind energy, making it important to understand the industry dynamics and background.

Rising energy demands along with pollution and climate change issues are gaining significance. The greatest challenge is to tackle the growing demands and ensure energy security, while still caring for our environment. In this global context, wind energy is one of the environment friendly energy technologies available for deployment. The gestation period for wind projects is short and can be installed in a fraction of the time required for a conventional power project.

Global wind power capacity has continued to grow at an average cumulative rate of 29 per cent. Germany's 18,500 MW and Spain's 10,000 MW among others push Europe to dominance with a 72 per cent share of the market. USA follows Germany and Spain with 9,000 MW. India is in the fourth position with an installed

capacity of 5,200 MW up from a miniscule 32 MW in 1990.

Aban invested in Wind Energy generation with a view to derive the benefit of low cost energy, the benefit of accompanying incentives announced by the government and reinforce its business with a stable income source. Today, Aban has an installed capacity of around 65 MW in Tamil Nadu connected to the grid of the Tamil Nadu Electricity Board.

State-wise cumulative installed capacity of wind energy in India

State	Installed Capacity (MW)
Tamil Nadu	2,040
Maharashtra	456
Karnataka	411
Rajasthan	285
Andhra Pradesh	121
Madhya Pradesh	29

As the projections made by the Ministry of the Non-Conventional Energy Sources, Government of India, 10 per cent of the additional installed capacity will come from renewable sources of which 50 per cent is likely to come from

wind energy.

Wind energy is destined to play a crucial role in powering the world of tomorrow. As countries reel from oil shocks and diminishing supplies of conventional fuels, renewable sources, and chiefly among them wind, is an increasingly attractive option.

Segment-wise performance

Revenue	(Rs in lakhs)	
	2005-06	2004-05
Drilling	49,015	27,903
Wind energy	1,527	1,810
Profit/ (Loss)		
Drilling	16,841	9,927
Wind energy	(1,681)	(1,330)

Operational review

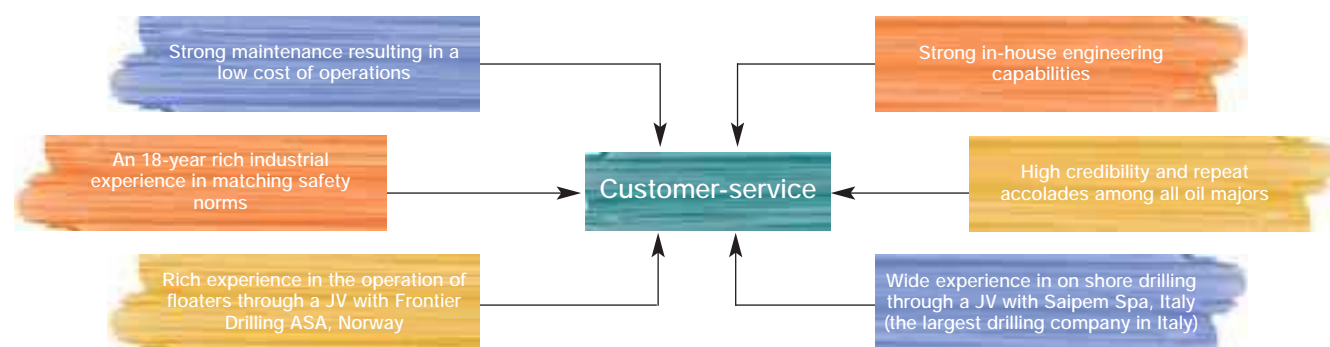
Drilling division

- The Company reported an average 360 days of rig use in 2005-06, comparable to the best international standards.
- During the year, all the Company's rigs were contracted for tenures of three years, resulting in assured income over an extended period.

Rig description	Contracted with	Contract beginning	Contract Expiry
Aban II	ONGC	October 2004	November 2006*
Aban III	ONGC	December 2004	January 2008
Aban IV	ONGC	January 2005	November 2007
Aban V	ONGC	January 2005	January 2008
Aban VI	Oriental Oil	February 2005	October 2007
Frontier Drillship	ONGC	March 2005	March 2008
FPSU Tahara	Hardy Oil	July 2004	July 2007

The Company continued to invest aggressively in its business by acquiring one rig and one drillship and also by issuing an order to build a new rig through the subsidiary

* Fresh contract awarded for a further period of 3 years.



Wind energy division

Aban's wind energy division generated 518 lakh units of power during 2005-06, generating a revenue of Rs 14.24 cr.

Financial review

The Company reported a 70 per cent increase in its gross income from Rs. 297.14 Crores in 2004-05 to Rs. 505.42 Crores in 2005-06 on account of high rig utilisation and robust day rates. The Company's profit after tax increased from Rs 51.71 Crores in 2004-05 to Rs 83.81 Crores in 2005-06, a growth of 62 per cent.

OPPORTUNITIES AND THREATS

Drilling division opportunities

- While ONGC holds 57.2 per cent of the total area licensed by the government for oil exploration, Reliance Industries Limited and Oil India Ltd have been allotted licenses covering around 26.6 per cent and 5.5 per cent respectively, broadening the market.
- The estimated investment

committed to the NELP programme is over US\$ 4 bn during 2003-06.

- It is estimated that there are hydrocarbon reserves worth one billion tonnes of oil equivalent in the deep waters of India. Some 36 discoveries have been made over the past seven years (1997-04) and more than 800 mn tonnes of oil and oil equivalent gas have been discovered.

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

- ONGC enjoys a strong financial position with reserves in excess of Rs 35,000 Crores, which is expected to sustain its fresh drilling and exploration across the next few years. ONGC has indicated that it possesses exploration licenses for a total of around 680,800 square km in India and will invest Rs 33,000 Crores in the 10th Plan period in oil and gas exploration, discovery and asset building. ONGC proposes to drill a total of 594 exploratory wells during the Tenth Plan and expects to improve recovery from 28 per cent to 40 per cent.

As India is keen to strengthen self-sufficiency in oil production, Aban strengthened its fleet size over the last

two years and issued an order to build a completely new rig. This will not only increase rig capacity but will widen rig capability as well. The Company has expanded its capability to drill in depths varying from 300 to 6,000 ft.

Drilling Industry - Threats

Fluctuations in crude oil and natural gas prices may adversely impact the budget of the oil and gas companies plans and may adversely affect the Company's business, operating results and financial condition.

Any decision taken by the Indian Government to increase the tax rates may have adverse impact on the cash flows of the Company.

Depreciation rates have been reduced by 10 per cent from 1st April 2005 and any further reduction in the rates may result in increased tax liability and reduction in cash flows of the Company.

Wind energy division opportunities

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

Wind Energy Division - Threats

The Company has invested in wind energy turbines capitalising on the Government's fiscal incentives at the time of investment to promote renewable energy. Although the Company does not intend to invest further in this business, there is a possibility that the current investment could generate sub-optimal returns and represent an unproductive diversification, which may have an adverse effect on the Company's business. The business of wind energy is highly dependent to the quality of wind and any deterioration in wind patterns will affect the operations.



Risk management

Some of the risks to which the Company is exposed are discussed below:

INDUSTRY RISK

Fluctuations in crude oil and natural gas prices may adversely impact the budgets of the oil and gas companies' plans and may cause the day rates for oil rigs to decline, threatening the Company's outlook

Market prices for crude oil may fluctuate as they are subject to local and international supply and demand fundamentals as well as factors over which Aban has no control. Worldwide supply conditions and the price levels of crude oil may be significantly influenced by international cartels, which control the production of a significant proportion of the worldwide supply of crude oil, and by political developments, especially in the Middle East. Currently the high oil price has caused both asset prices (such as rigs and support vessels) and operating charges to rise to rates, which may not be sustainable in the future. However, should the market prices drop substantially this may have an adverse effect on the Aban's business, operating results and financial condition.

Mitigation: The current boom in E&P activity is a direct result of high oil prices. The demand for oil is expected to

remain strong over the foreseeable future due to geopolitical and energy security considerations. Even if the day rates of oil rigs were to fall for some reason, Aban, with its depreciated assets can rely on its prudent cost management and long term contracts.

CUSTOMER RISK

Risk associated with a concentration of business with one major client

The major portion of the Company's revenue was generated from services provided for Oil and Natural Gas Corporation Limited. Oil and Natural Gas Corporation Limited is a public sector undertaking, and any decision unfavorable to the outsourcing of services made by it in connection with its oil and gas exploration and production activities may have an adverse effect on the Company's business, operating results and financial condition.

Mitigation: ONGC is budgeting higher exploration expenditure in 2006-07. Concurrently, Aban is widening the mix of customers and hopes to reduce the dependence on a single party. The Company also provides services to other private operators in India such as Hardy Exploration & Production India

Inc. The Company has a stated policy of expanding its operations overseas. The Company is performing drilling operations in the Middle East under a contract with Oriental Oil Co. Dubai. Moreover, our subsidiary has signed a contract with Hindustan Oil Exploration Co. Ltd., for providing drilling services.

GEOGRAPHIC RISK

Risk related to a location of operations

The Company's business has historically depended heavily on providing drilling services in Indian waters. The ability to drill in such waters depends entirely on government policy, which may change in the future. Any restriction on the ability to drill in Indian waters may have an adverse effect on the Company's business, operating results and financial condition.

Mitigation: The Company now intends to extend its business operations beyond Indian waters and venture into overseas operations to gain international recognition in the market. The Company has already contracted the jack-up rig Aban VI to Oriental Oil Co., Dubai from February 2005 to carry out drilling operations in the Persian Gulf. The contract is until October 2007. In May 2005 the Company established a

branch office in Dubai to manage the operations of this rig. The Company is also exploring opportunities to deploy its assets elsewhere in the Middle East and South East Asia.

CONTRACT DURATION RISK

Risk relating to the Company's choice of contracts

When negotiating contracts for use of its rigs, the Company can opt to the use either short- or long-term contracts, the former being shorter in tenure but typically more profitable. A failure to select the correct type of contract, particularly when a market is at its inflection point could lock the Company into low returns and have an adverse effect on the Company's profits.

Mitigation: In the nascent part of its corporate career, Aban had deliberately

deployed a responsible strategy of deploying its assets on safe and predictable long-term contracts. These have enabled the Company to attract serious long-term customers and enabled the Company to hedge long-term contracts with debt mobilised from bankers for fresh acquisition. It is the Company's considered opinion that this mobilisation would not have been possible at a low cost had the Company ventured to enter into short-term contracts. Now that the Company has attained a respectable scale, it is planning to deploy a part of its rig portfolio to capitalise on the day rate upside through spot contracts.

WIND ENERGY RISK

Risk associated with the Company's wind energy business

systems.

To assure the effective administration of internal controls, we carefully select and train our employees and foster an environment conducive to the effective functioning of controls. We believe that it is essential for the company to conduct its business affairs in accordance with the highest ethical standards.

HUMAN RESOURCE / INDUSTRIAL RELATIONS

Aban has strengthened its people resources through the recruitment of qualified personnel, which enables it to take quick and accurate techno-economic decisions.

The Company has honed its people skills in captive re-engineering through the successful execution and completion of a turnkey repair assignment, which enables a high rig uptime and cost savings.

The Company has taken a number of

The Company has invested in 65 MW of wind energy turbines, capitalising on the government's fiscal incentives at the time of investment to promote renewable energy. Although the Company does not intend to invest further in this business, there is a possibility that the current investment could generate sub-optimal returns and represent an unproductive diversification, which may have an adverse effect on the Company's business.

Mitigation: Aban's investment in wind energy provides steady cash flows.

Aban was able to benefit from the fiscal benefits at the time of investment into this business. No further investment is envisaged in this business.

measures to ensure employee safety at the worksite. It has adopted measures for the continuous improvement of employee health through training and health checkups at shore-based medical centers. Health monitoring is a regular process, implemented by certified medical officers posted across all workstations.

The Company undertakes a periodic inspection / audit to minimise the harmful impact of its operations on the environment and to also ascertain the compliance to health, safety and environment (HSE) policy and practices. The Company complies with all the prevailing and applicable government and statutory regulations in its area of operations.

The Company has a capable, competent and committed employee base. As on 31st March 2006, the Company had a total workforce of approximately 700 members.

Directors' Report

Dear Shareholders,

The Directors of your company are pleased to present the Twentieth Annual Report along with the accounts for the year ended 31st March 2006.

1. Financial results

Rupees in Lacs

	Year ended 31st March, 2006	Year ended 31st March, 2005
Income from Operations	49,016	28,898
Other Income	1,526	815
Less : Expenditure	20,882	13,845
Profit before Interest, Depreciation, Goodwill Amortisation & Tax	29,660	15,868
Less: Interest	4,363	1,899
Less: Depreciation	9,508	4,743
Goodwill Amortised	629	629
Profit for the year before tax	15,160	8,597
Provision for taxation	5,800	2,200
Fringe Benefit Tax	64	N.A.
Provision for deferred tax	915	1,226
Profit after tax & amortisation of Goodwill	8,381	5,171
Profit brought forward from the previous year	17,976	14,245
Available for appropriation	26,357	19,416
Transfer to General Reserve	900	600
Proposed Preference Dividend	947	N.A.
Tax on Proposed Preference Dividend	133	N.A.
Proposed Equity Dividend	958	737
Tax on Proposed Equity Dividend	134	103
Balance Carried forward	23,285	17,976

1.a. CUMULATIVE REDEEMABLE PREFERENCE SHARES

In the month of June 2005, your Company has raised funds aggregating to Rs.150 crores through the issue of Cumulative Redeemable Preference Shares (CRPS) on a Private Placement basis, to be redeemed at the end of the 6th, 7th and 8th year. The CRPS are listed with the Bombay Stock Exchange Ltd.

1.b. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB)

The Company has issued and allotted Foreign Currency Convertible Bonds aggregating to Japanese Yen 11.61 Billion (Equivalent to approximately US\$ 100 million). The said Bonds are listed in Singapore Exchange Limited.

2. PERFORMANCE

The performance of the Company has shown substantial growth over the previous year by recording an increase of 70% in income and 62% in the net profits of the Company. All the drilling / production activities

continued under the existing contracts and the utilisation of the fleet remained at peak performance levels.

The Company received a letter of intent from ONGC for ABAN II, renewing the contract for a further period of 3 years on the expiry of the present contract, with a substantial increase in charter hire day rate. After completion of operations under the current contract the rig would undergo refurbishment before starting drilling under fresh contract.

With the availability of rigs / drill ships not matching the demand for drilling services from cash rich E&P companies, which are keen to step up the exploration activities, the charter rates all over the world are in an upswing. This situation, which is expected to prevail for some years, augurs well for your Company.

Your Company has acquired Aban VII (formerly known as Rowan Texas) during the year under review. The rig had to undergo certain refurbishment and up-gradation work in a US shipyard to meet the

contractual requirements. The Company had signed a short term contract with Hindustan Oil Exploration Co. Ltd. for drilling, utilising the rig Aban VII.

Thus, the additions to the fleet strength and the mix of rigs (of various depths), drill-ships and FPU, give the Company an increased competitiveness and scope for enlarging its operations in coming years to different geographical locations.

3. JOINT VENTURE OPERATIONS WITH PRIZE PETROLEUM

Drilling operations under the Joint Venture with Prize Petroleum has started and the results would be known shortly.

4. SUBSIDIARY COMPANIES International

ABAN SINGAPORE PTE LTD (ASPL)
With a view to supporting and facilitating the potential for the operations of the Company in the international market more efficiently and effectively, the Company has

incorporated a wholly owned subsidiary in Singapore, ABAN SINGAPORE PTE LTD., (ASPL).

Under ASPL, three subsidiaries have been set up, namely ABAN 7 PTE LTD, ABAN 8 PTE LTD, and ABAN ABRAHAM PTE LTD, in Singapore, one unit for each of new additions during the year to the fleet as the operations entity following the general practice of Maritime Business.

WEST AFRICA DRILLING N.V.

ASPL acquired 100% stake holding in a Company viz., WEST AFRICA DRILLING N.V., Netherlands, which owned a Drillship, Aban Abraham.

ABAN 7 PTE. LTD

The Board has decided to sell the Rig Aban VII to Aban 7 Pte Ltd, Singapore the wholly owned subsidiary of Aban Singapore Pte Ltd. The members have also accorded their consent for the proposed sale. The Company has received approval from Hindustan Oil Exploration Co. Ltd. for assigning the Contract to Aban 7 Pte Ltd.

ABAN 8 PTE. LTD

Foreseeing the difficulty of acquiring used rigs in the present situation of extreme shortage, the Company also took the decision to enter into a contract for the construction of a new rig, 375 ft, self elevating offshore Jack up, with PPL Ship Yard Pte Ltd., in Singapore. This rig, to be named ABAN VIII, is scheduled to be ready for operations in March 2008. The newly built rig would be transferred

to Aban 8 Pte Ltd subject to necessary approvals.

ABAN ABRAHAM PTE. LTD

The Drillship Aban Abraham had been transferred to Aban Abraham Pte. Ltd. and steps are being taken to wind up the the company West Africa Drilling N.V., from whom the drillship was acquired.

INDIAN: ABAN ENERGIES LIMITED

This Subsidiary Company's activities relating to the operations and maintenance of the Company's windmills in Tamilnadu, have performed satisfactorily, consistent with the availability of required wind speeds and grid transmission conditions.

CONSOLIDATION OF ACCOUNTS

The Government of India, Ministry of Company Affairs, vide their letter No.47/185/2006-CL-III dated 22nd May, 2006 has granted its approval under section 212(8) of the Companies Audited Accounts for the year ended 31st March 2006 form attaching the full text of the financial statements of subsidiaries namely Aban Energies Ltd, India, Aban Singapore Pte. Ltd, Singapore, West Africa Drilling N.V., Netherlands, Aban 7 Pte Ltd, Aban 8 Pte Ltd and Aban Abraham Pte Ltd. Singapore.

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

Act, 1956.

The 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 at any point of time. The Annual Accounts of the Subsidiary Companies will also be kept ready for inspection by any investor at the Registered Office of the Company.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS

In a section of this Annual report, certain ideas and issues relating to the environmental factors influencing the oil industry both at global and national levels, the market situation arising out of the growing imbalance between the demand and supply of drilling services all over the world, the philosophy and strategies adopted for the Company's future growth, the segment wise outlook in terms of prospects / opportunities, risks / threats and the corresponding mitigation measures, etc, have been analysed and discussed. We believe the presentation of such facts and figures would serve as a background and enhance the understanding of the Members about the Company's performance.

6. DIVIDEND

The Directors are pleased to recommend a dividend of 8% per annum on the Cumulative Non Convertible Redeemable Preference Shares and a dividend of 130% on the paid up Equity/Preference Share Capital of the Company for the year

ended 31.03.2006.

7. DIRECTORS

Mr. V. S. Rao has been nominated as Chairman and Mr. P. Murari has been nominated as Vice Chairman effective 31st August 2005.

ICICI Bank Ltd has withdrawn the nomination of Mr. S. Srinivasan as Director effective 24th November 2005.

ICICI Bank Ltd has nominated Mr. K.M.Jaya Rao as Director, effective 12th January 2006.

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

The Director (Operations) Mr. P. Venkateswaran and Mr. C.P. Gopalkrishnan, Director (Finance) & Secretary are reappointed as Director (Operations) & Director (Finance) for a period of five years effective 1st August, 2006 with a revision in terms of remuneration effective 1st April, 2006, subject to approval of shareholders.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) that in the preparation of the Annual Accounts for the financial year ended on 31st March 2006, 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 and detect fraud and other irregularities.

(iv) that the Directors had prepared the accounts for the financial year ended on 31st March 2006 on a going concern basis.

9. STOCK EXCHANGES

The Company's Equity shares are listed in the following stock exchanges:

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

The Companies Equity Shares had been delisted from The Delhi Stock Exchange Association Ltd effective 20th March 2006.

The Cumulative Non Convertible Redeemable Preference Shares are Listed with the Bombay Stock Exchange Ltd effective 25th July 2005.

The Foreign Currency Convertible Bonds are listed with Singapore Exchange Ltd effective 5th April 2006.

[The Listing fees were paid in full to all these Stock Exchanges 2006-2007](#)

10. AUDITORS

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

11. ADDITIONAL DISCLOSURES

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

12. PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and relevant particulars of the employees who were employed throughout the financial year / part of the financial year under review and were in receipt of remuneration for the Financial Year in aggregate of not less than Rs.24,00,000 (Rs.2,00,000 per month or part thereof), are annexed.



13. EMPLOYEE STOCK OPTIONS

Compensation Committee was formed on 23rd April 2005. The Committee at its meeting held on 15th July 2005 had granted options to acquire 96200 equity shares of Rs.2/- each to 75 persons including 2 whole time directors and 73 employees under the Employee Stock Options Scheme - 2005 (ESOS-2005). Details of information required to be disclosed under SEBI (ESOS & ESPS) Guidelines 1999 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's activities are not energy intensive. However measures are taken at all levels for the conservation of energy.

B. Research and development

The Company's research activities are mainly directed towards

training, evaluation and upgrading the skills of the personnel and import substitution of equipment, tools and spares.

C. Technology absorption, adoption and innovation

Efforts are being taken to maximise indigenisation of the Rig and Windmill operation and reduce the dependence on imported equipments used in Rigs and Wind Mills.

Foreign exchange earnings and outgo

(Rupees in lacs)

	2005-2006	2004-2005
Foreign exchange earned during the year	47,732	27,205
Foreign exchange outflow during the year	39,300	61,937

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, relevant Central and State Government Ministries, valued Clients (particularly the ONGC, Oriental Oil Company, Hindustan Oil Exploration Limited and Hardy Exploration & Production India Inc.), Business Associates and Members of the Company.

For and on behalf of the Board

Reji Abraham V. S. Rao

Managing Director Chairman

Place: Chennai

Date: 25th May, 2006

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objective estimates expectation or projection may be "Forward Looking Statement" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed are 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 Directors' Report

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999

Description	As on 31st March 2006
Options granted during the year 2005-2006	96200
Pricing Formula	100% of the closing market price immediately prior to the date of grant on the stock exchange which recorded highest trading volume
Options Vested	Nil
Options exercised	Nil
Options lapsed	2200
Money raised by exercise of options	Nil
Total number of options in force at the end of the year	94000
Grant to Senior Management	21000
Diluted earnings per share	N.A.
Weighted average price of the options	N.A.
First vesting of options	July 2006

Notes

- 1) No other employee had been granted in one year the options amounting to 5% or more of the options granted during the year.
- 2) None of the employees were granted options equal to 1% or more of the issued capital of the Company at the time of grant.
- 3) There was no variations of the terms of options granted.
- 4) 96200 options were granted under the scheme ESOS-2005 in the year 2005.

Vesting of Options of Senior Management personnel in service.

Name of person / year	2006	2007	2008
Mr. P. Venkateswaran	2,550	2,550	3,400
Mr. C.P. Gopalkrishnan	2,550	2,550	3,400
Mr. A.P. S. Sandhu	750	750	1,000
Mr. V. Kanniappan	450	450	600

- 5) Options have been granted at the closing market price immediately prior to the date of grant on the stock exchange which recorded highest trading volume. Hence there is no change in the compensation costs disclosed in the accounts. Hence there is no impact on profits or EPS due to grant of options.

Annexure to 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 2006.

Employed throughout the Financial Year under review were in receipt of remuneration for the Financial Year in aggregate of not less than Rs24,00,000/- (Rupees Twenty four lacs only) per annum or Rs. 2,00,000/- (Rupees two lacs only) per month where employed for the part of the year.

Sl. No.	Name	Age years	Remuneration Rs.	Nature of duties / Designation	Qualification	Date of commencement of employment	Experience in years	Details of previous Employment
1	Reji Abraham	40	33139625	Managing Director	BE MBA	26.09.1997	15	Business
2	P. Venkateswaran	55	2824525	Director (Operations)	B.Tech	01.10.1986	33	Project Manager Aban Constructions
3	C.P.Gopalkrishnan	50	2850321	Director (Finance) & Secretary	B.Com (Hons) ACA, ACS LLB	11.11.1987	27	Deputy Manager Nirlon Synthetics Fibres & Chemicals Limited
4	P.L. Kaul	57	2905854	Tool Pusher	B.Sc. Diploma in Mech Engg	09.10.1995	35	Rig Superintendent H.E.G. Ltd.
5	A.P.S. Sandhu	55	3238356	President Drilling	B.Sc. Engg Mech	20.03.1992	30	Chief Engineer ONGC
6	T.J Karmakar	46	2520905	Asst. General Manager (Drilling)	B.Sc. Engg Mech	29.07.1992	23	EED Rig Incharge ONGC
7	R. R. Prasad	47	3860400	Deputy General Manager (Drilling)	Grad. Mech Engineer	09.11.2004	24	DGM Drilling GESCO
8	Suresh Kumar	44	2795185	Tool Pusher	B. E. Mechanical	01.04.2002	23	Rig Superintendent Jackson International
9	Kolady Jayarajan	46	2988372	Asst. General Manager Drilling	B.Sc Engg Mech	11.8.1997	24	Deputy Superintending Engineer ONGC

Notes:-

- (a) Remuneration includes salary and value of perquisites.
 (b) Nature of employment is contractual.

Corporate Governance

At Aban Loyd Chiles Offshore Ltd. (Aban), we believe that a sound governance process is imperative for two reasons: to protect shareholder interests and to also ensure that no one stakeholder benefits at the expense of the others. In the following paragraphs, the Company has submitted a report on its Governance practices in compliance with clause 49 of the listing agreement with the stock exchanges.

ABAN'S PHILOSOPHY

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

BOARD OF DIRECTORS COMPOSITION OF BOARD

Aban's Board had at the beginning of the year seven Directors (one Promoter Director, three non - Executive Directors, two

Executive Directors and one Nominee Director representing ICICI Bank Ltd.) The Board functioned directly or through various focused committees (Audit Committee, Shareholders' Grievance Committee and Compensation Committee). The Board and its committees met at regular intervals. The Board is vested with functions related to goal-setting, performance evaluation and control.

Board of Directors met 11 times in 2005-2006 on the following dates:

06.04.2005, 23.04.2005, 15.07.2005, 31.08.2005, 18.10.2005, 28.11.2005, 19.12.2005, 06.01.2006, 18.01.2006, 09.03.2006 and 29.03.2006.

The names of the Directors on the Board, their attendance at the meetings and the other Directorships that they held as on 31st March 2006 are set out below:

Name of Director(s)	Category of directorship	FY 2004-05		As on 31st March 2005			
		Attendance at		No. of other Directorships		Committee positions of other companies*	
		Board Meetings	Last AGM	Public	Private	Member	Chairman
V. S. Rao	Non- Executive- Independent	8	Yes	1	1	---	---
P. Murari	Non- Executive- Independent	9	Yes	9	1	4	2
Reji Abraham	Executive - Promoter	10	Yes	8	13	---	----
K Bharathan	Non-Executive independent	10	Yes	1	Nil	----	----
S Srinivasan	Nominee - ICICI Bank Ltd up to 24.11.2005.	5	Yes	3	Nil	2	----
K.M. Jaya Rao	Nominee -ICICI Bank Ltd effective 12.01.2006.	1	N.A	4	Nil	---	---
P. Venkateswaran	Executive	9	Yes	4	6	----	----
C.P. Gopalkrishnan	Executive	11	Yes	5	2	----	----

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

The required information (as enumerated in Annexure IA in Clause 49 relating to Corporate Governance) was made available to the Board of Directors.

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

Mr. P. Venkateswaran and Mr C P Gopalkrishnan

REMUNERATION TO DIRECTORS

Name of the Director (s)	Consolidated Salary	Perquisites and other benefits	Performance Bonus / Commission	Sitting Fees	Total
V S Rao	--	--	--	98,000	98,000
P Murari	--	--	--	1,08,000	1,08,000
K Bharathan	--	--	--	1,30,000	1,30,000
Reji Abraham	16,32,000	4,15,295	3,14,74,259	--	3,35,21,554
S Srinivasan *	--	--	--	50,000	50,000
K M Jayarao **	--	--	--	10,000	10,000
P Venkateswaran	22,46,400	7,22,125	--	--	29,68,525
C P Gopalkrishnan	22,46,400	7,56,921	--	--	30,03,321

*(Nominee of ICICI Bank Ltd upto 24th November, 2005. Sitting fees paid to ICICI Bank Limited).

** (Nominee of ICICI Bank Ltd effective 12th January, 2006. Sitting fees paid to ICICI Bank Limited).

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 2005-06.

AUDIT COMMITTEE

Terms of reference

The Audit Committee's Power and responsibilities include the following : Oversight 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 . Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors. Reviewing with the management, the annual financial statements before submission to the Board for approval, focusing primarily on a) any changes in accounting policies and practises, b) Major accounting entries based on exercise of judgement by management, c) qualification in draft audit report d) significant

Disclosures regarding re-appointment of Directors

Mr. P. Venkateswaran, aged 55 years, was appointed as Director (Operations) since 1st August, 2001 and he is the member of Shareholders/Investors Grievance Committee
Mr.C P Gopalkrishnan, aged 50 years, was appointed as Director (Finance) & Secretary since 1st August, 2001 and he is the member of Shareholders / Investors Grievance Committee

adjustments arising out of audit e) The going concern assumption f) Compliance with accounting standards g) Compliance with Stock Exchange and legal requirements concerning financial adjustments h) any related party transactions ie., Transactions of the company of material nature with promoters or the management their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large. Its scope also included a review of the adequacy of internal controls, the adequate structure and staffing of the internal audit function, the review of internal investigation, the discussion of the scope of audit with external auditors and investigating the reasons behind the substantial defaults in the event of non-payment to stake holders. Reviewing the Companies financial and risk management policies:

The Committee met five times during the year on 23.04.2005,15.07.2005,18.10.2005,19.12.2005 and 18.01.2006.

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

COMPOSITION AND ATTENDANCE

Name	Category	Meetings attended
V. S. Rao	Chairman	5
P. Murari	Member	5
K. Bharathan	Member	5

SHAREHOLDER'S / INVESTORS' GRIEVANCE COMMITTEE

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

COMPOSITION AND ATTENDANCE

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

The Committee met four times during the year on the following dates: 23.04.2005,15.07.2005,18.10.2005 and18.01.2006.

Name	Category	No. of Meetings attended
K. Bharathan	Chairman	4
P. Venkateswaran	Member	3
C.P. Gopalkrishnan	Member	4

During the year the Company received 96 complaints from share holders which were answered and resolved.

Name and Designation of Compliance Officer : Mr. C.P. Gopalkrishnan, Director (Finance) & Company Secretary.

COMPENSATION COMMITTEE

A Compensation Committee was formed on 23rd April 2005 with the following powers :

a) Identification of the classes of employees entitled to

participate in the Employee Stock Option Scheme (ESOS) and the quantum of option to be granted under ESOS per employee and in aggregate.

b) Conditions under which option vested in employees shall lapse.

c) The exercise period within which the employee should exercise the option lapse of options on failure to exercise the option within the exercise period.

d) Specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee, the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.

e) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and other.

f) Grant, vest and exercise of option in case of employees who are on long leave.

Composition of Committee

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

The Committee met once on 15th July, 2005

Name	Category	No. of Meetings attended
V. S. Rao	Chairman	1
P. Murari	Member	1
K. Bharathan	Member	1
Reji Abraham	Member	1

GENERAL BODY MEETINGS

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

Annual General Meeting	Day and Date	Time	Venue
19th Annual General Meeting***	Wednesday	31.08.2005	11.00 a.m.Auditorium of Madras School of Social Work, 32, Casa Major Road, Egmore, Chennai - 600 008
Extra Ordinary General Meeting	Saturday	23.04.2005	11.30 a.m Auditorium of Madras School of Social Work 32 Casa Major Road, Egmore, Chennai - 600 008
18th Annual General Meeting **	Friday	17.09.2004	10.15 a.m.Auditorium of Madras School of Social Work 32, Casa Major Road, Egmore, Chennai -600 008
17th Annual General Meeting *	Friday	26.09.2003	11.00 a.m.Auditorium of Madras School of Social Work 32, Casa Major Road, Egmore, Chennai - 600 008

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

PROPOSED POSTAL BALLOT

The Central Government has notified the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 which lays down the businesses required to be passed by postal ballot. The resolution for sale of rig was placed before the members for approval through Postal Ballot. The Postal Ballot results will be announced on Monday 22nd May 2006 at the Registered Office of the Company. Mr. G. Ramachandran, Company Secretary in Practise is appointed as sctutiner for conducting the Postal Ballot.

DISCLOSURES

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

Details of Non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority or any matter related to Capital Markets during the last three years - There was a claim in the year 2004 for Rs.2,50,000/- by SEBI for non compliance of regulations under Substantial Acquisition and Take Over Regulations, 1997 and Company has sent suitable

GENERAL INFORMATION FOR SHAREHOLDERS

Financial calendar

Financial year 1st April 2006 to 31st March 2007	
Board meeting for considering the accounts and Dividend	25th April 2006
Posting of annual report	On or before 19th June 2006
Book closure dates	8th July, 2006 to 14th July, 2006 (both days inclusive)
Last date for the receipt of proxy forms	11th July, 2006
Twentieth Annual General Meeting	14th July, 2006
Venue	Mini Hall, at Music Academy, New NO.168 (Old No.306) TTK Road, Royapettah, Chennai - 600 014
Time	12.15 P.M.
Dividend payment date	Date of AGM
Probable date of dispatch of dividend warrants	On or after 14th July, 2006
Board Meeting to consider unaudited results for the first three quarters of the financial year 2006-07	
Results of the quarter ended on 30th June 2006	End of July, 2006
Results of the quarter ended on 30th September 2006	End of October 2006
Results of the quarter ended on 31st December 2006	End of January 2007

reply informing the compliance of necessary regulations.

Code of Conduct

Aban's Code of Conduct for Directors and Senior Management

The Board of Directors of Aban adopted a Code of Conduct for Directors and the senior management and the same is posted on the website of the company.

Whistle Blower Policy

The Company do not have a Whistle Blower Policy

Means of Communication

The quarterly and half-yearly unaudited financial results were published in Business Standard (English) and Makkal Kural in Tamil (regional language). The results were also displayed on the company's web site at www.abanindia.com

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

Management Discussion and Analysis forms a part of the Annual Report.

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

Listing on Stock Exchanges

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

Madras Stock Exchange Limited : Exchange Building, Post Box No.183, 11 Second Line Beach, Chennai - 600 001
Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, 21st Floor, Dalal Street, Mumbai - 400 001.
National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No :: C/1 G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051

The Company's equity shares were delisted from The Delhi Stock Exchange Association Limited, effective 20th March 2006.

The listing fees for the financial year 2006-07 were paid to the Stock Exchanges where the Company's shares are listed

Stock code in Madras Stock Exchange Limited
ABANLOYD

Stock code in Bombay Stock Exchange Limited.
523204

Stock code in the National Stock Exchange of India Ltd
ABANLOYD

ISIN No. for Dematerialised shares (fully paid)
INE421A01028

ISIN No. for Dematerialised shares (partly Paid)
IN9421A01026

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

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

WIND ENERGY DIVISION

The Company has installed and operate 165 wind energy generators at Nagercoil, Tamil Nadu.

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

Categories of shareholders as on 31st March 2006

Category	Number of folios	Number of shares	%
Promoter	15	1,46,64,970	39.76
Collaborator	1	83,28,750	22.58
FIs, NRIs/OCB	214	50,13,394	13.59
Mutual funds, FIs, banks	34	11,76,492	3.19
Bodies corporate	569	14,52,407	3.93
Public	14120	62,50,582	16.95
Total	14953	3,68,86,595	100.00

ISISI No. of Cumulative Redeemable Preference Shares
INE 421A01014

CARE RATING

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

INVESTOR'S HELP DESK

Company's Registered Office Address

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

Phone : 91-44-28195555 Fax 91-44-28195527

Registrar and Share Transfer Agent both physical and Demat Mode.

M/s Cameo Corporate Services Ltd.,
Unit : Aban Loyd Chiles Offshore Ltd.

Subramanian Buildings,

1, Club House Road,
Chennai - 600 002.

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

Investors Complaints to be addressed to Registrar and Share Transfer Agent.

DRILLING LOCATIONS

S.No	RIG	WORKING AT
1.	Aban II	Off Rajahmundry Coast
2.	Aban III	Mumbai High
3.	Aban IV	Mumbai High
4.	Aban V	Mumbai high
5.	Aban VI	Persian Gulf, Iran
6.	Aban VII	under refurbishment
7.	Tahara	Off Pondicherry Coast.
8.	Frontier Ice	Mumbai High

NON-MANDATORY REQUIREMENTS

Remuneration committee: The company has not set up a Remuneration Committee.

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 with in a period of 15 days from the date of receipt, subject to documents being valid and complete in all respects. The Company delegated the authority to approving transfer, transmission etc., of the

Company securities to the Company Secretary / Officer of the Company. A summary of transfer / transmission of securities of the Company so approved is placed in the subsequent Board Meeting for ratification.

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

Liquidity: The Company's equity shares are among the most liquid and actively traded shares on the Indian stock exchanges, more specifically the National Stock Exchange of India Ltd and Bombay Stock Exchange Limited. The Company's Cumulative Redeemable Preference Shares are listed on the Bombay Stock Exchange Limited while the Foreign Currency Convertible Bonds are listed with Singapore Exchange Limited effective 5th April, 2006.

Share price volume

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

Particulars	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2005	2115.00	1765.00	51,872	2060.00	1751.05	213571
May 2005	1895.00	362.00	501889	1900.00	358.00	1813536
June 2005	475.00	393.00	362520	437.00	385.55	1453883
July 2005	489.90	410.30	642786	490.00	375.55	2070061
August 2005	542.50	472.00	362818	542.00	470.10	1434484
September 2005	631.65	514.00	277579	630.00	510.00	1794993
October 2005	653.00	478.10	323126	613.20	475.00	467468
November 2005	550.00	505.00	58334	545.00	485.00	148801
December 2005	531.00	485.00	131363	529.00	451.00	373678
January 2006	650.50	504.00	337867	650.00	502.00	1037237
February 2006	903.80	595.00	2174527	910.00	595.00	4423741
March 2006	1258.70	820.00	1628077	1256.70	820.10	3207887

The equity shares of the Company of Rs.10 each was subdivided into Equity shares of Rs.2/- each effective 11th May 2005.

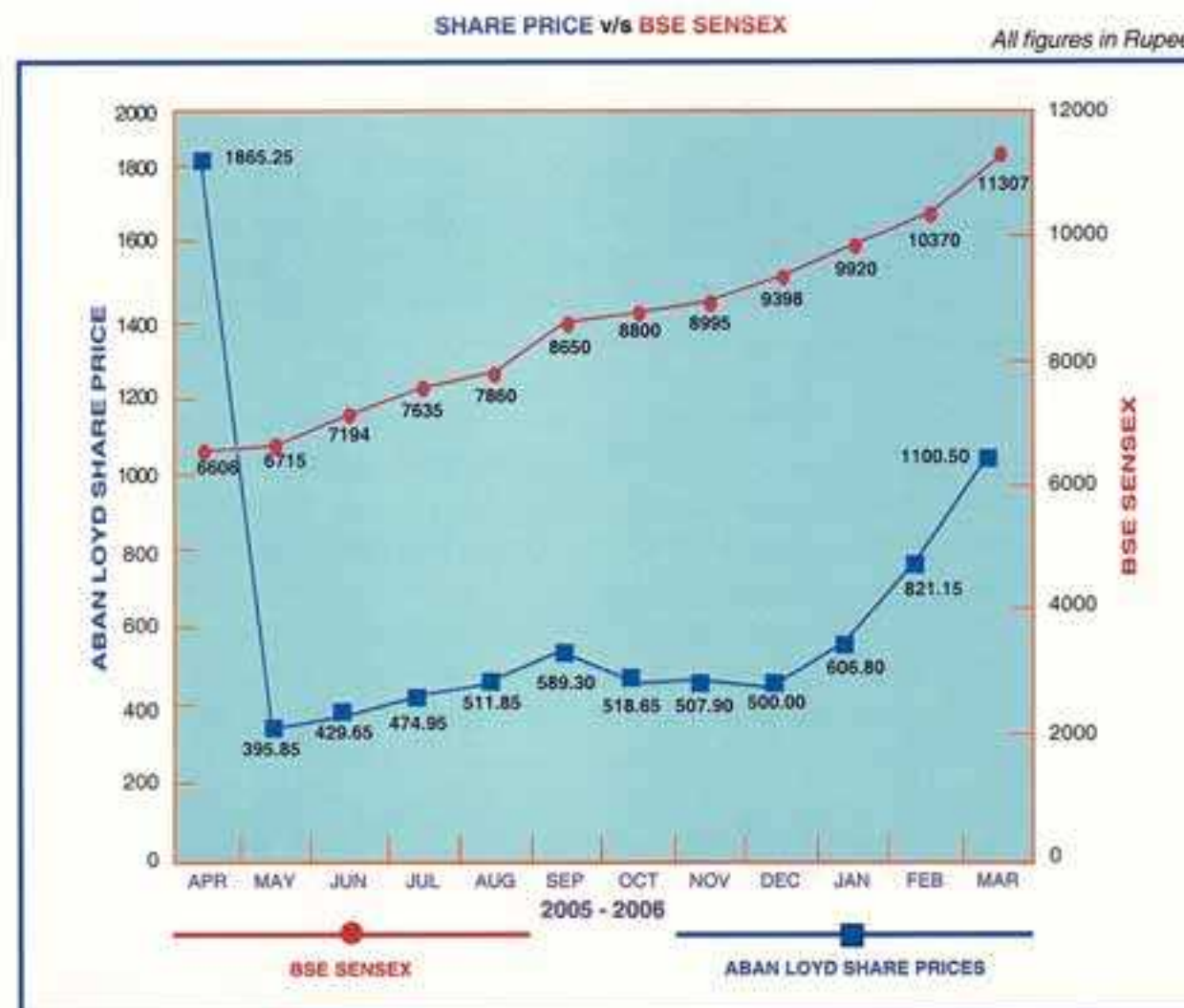
Distribution of shareholdings as on 31st March 2006

Number of Equity Shares held	Folio		Share amount	
	Nos.	%	Rs.	%
Upto 500	12537	83.84	36,85,264	5.00
501-1000	1438	9.62	23,25,712	3.15
1001-2000	549	3.68	16,85,926	2.29
2001-3000	154	1.03	7,86,530	1.07
3001-4000	55	0.37	3,89,442	0.53
4001-5000	44	0.29	4,16,126	0.56
5001-10000	68	0.45	9,56,576	1.30
10001 and above	108	0.72	6,34,74,674	86.10
Total	14953	100.00	7,37,20,250	100.00

Foreign Currency Convertible Bonds (FCCB) :

Company Issued FCCB aggregating Japanese Yen 11.61 billion (approximately equivalent to US \$ 100 million). The Bonds are convertible into Equity Shares at any time, on or after 19.04.2007 till 08.04.2011, unless previously redeemed, converted, repurchased or cancelled, the Company will redeem each Bond at 121.611% of the principal amount on the maturity date, ie., 15.04.2011

STOCK PERFORMANCE IN COMPARISON TO BSE SENSEX



Auditors' Certificate on Corporate Governance

To the Members of Aban Loyd Chiles Offshore Limited

We have examined the compliance of conditions of Corporate Governance by Aban Loyd Chiles Offshore Limited for the year ended on 31st March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

We state that no investor grievances 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 the 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

CA. R.SUBRAMANIAN
Partner

Membership No: 16059

Place: Chennai

Date: 25.04.2006

Auditors' Report to the Shareholders

We have audited the attached Balance Sheet of M/s Aban Loyd Chiles Offshore Limited, as at 31st March, 2006, and also the Profit And Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit

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

We report as follows:

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

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

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

e. Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2006, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;

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

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

CA. R.SUBRAMANIAN
Partner

Membership No: 16059

Place: Chennai

Date: 25.04.2006

Annexure to the Auditors' Report

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

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us the fixed assets have been physically verified by the Management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As explained to us no material discrepancies have come to the notice on such physical verification.
- (c) The Company has not disposed off any substantial part of Fixed Assets during the year so as to affect its going concern status.
- II. (a) As explained to us the inventories have been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- III. (a) The Company has not granted any loan secured or unsecured to companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956 during the year, except an unsecured loan of Rs147.73 Crores granted to its wholly owned foreign subsidiary Aban Singapore Pte Limited. At the year end the outstanding balance of the loan is Rs. 56.14 Crores and the maximum amount outstanding during the year amounted to Rs. 147.73 crores.
- (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 payment of interest and principal during the year has been regular as per stipulations.
- (d) The loan given by the Company to its wholly owned foreign subsidiary company is repayable on demand and therefore the question of overdue amount does not arise.
- (e) The Company has not taken any loan secured or unsecured from Companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956 during the year.
- (f) Since the Company has not taken any loan from Companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956, the provisions of clause 4(iii)(f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- V. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been entered in the said Register.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing

market prices at the relevant time.

- VI. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the Rules made thereunder.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII. The Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the wind power generating activity of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- IX. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Customs Duty, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at 31st March, 2006 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, Wealth Tax, Service Tax and Cess which have not been deposited on account of any dispute.
- X. The Company has no accumulated losses as at 31st March 2006 and has not incurred cash losses in the financial year under report or in the immediately preceding financial year.
- XI. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any banks. The Company does not have debenture loan or any dues to financial institutions.
- XII. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the company.
- XV. The Company has given guarantees for loans taken by its foreign subsidiary from banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
- XVI. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were obtained.
- XVII. According to the information and explanations given to us and on an over all examination of the Balance Sheet of the Company, we report that, no funds raised on a short-term basis have been used for long-term investment.
- XVIII. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- XIX. No debentures have been issued by the Company during the year and hence, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- XX. During the year the Company has not raised any money by way of public issue. Hence the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- XXI. During the course of our examination of the books of account, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of any such case by the management.

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

CA. R.SUBRAMANIAN

Place: Chennai
Date: 25.04.2006

Partner
Membership No: 16059



Aban Loyd Chiles Offshore Ltd.

Balance Sheet

As at 31st March 2006

	Schedule	As at 31st March, 2006		As at 31st March, 2005
		Rupees	Rupees	Rupees
I SOURCES OF FUNDS				
1. Shareholders' Funds				
(a) Share Capital	1		157,37,20,250	7,37,10,950
(b) Reserves and Surplus	2		275,87,14,948	213,77,90,726
2. Loan Funds				
Secured Loans	3		677,09,03,383	717,90,46,284
3. Deferred Tax (Net)	4		65,60,73,331	56,46,01,984
Total Funds Employed			1175,94,11,912	995,51,49,944
II APPLICATION OF FUNDS				
1. Fixed Assets	5			
Gross Block		1147,63,53,394		1140,94,86,952
Less: Depreciation		431,92,80,888		336,96,67,147
Net Block		715,70,72,506		803,98,19,805
Add: Capital Work in Progress		307,64,11,338		3,43,20,200
			1023,34,83,844	807,41,40,005
2. Investments	6		57,00,61,740	23,86,25,567
3. Current Assets, Loans and Advances				
(a) Inventory of Stores & Spares (at cost) (As certified by the Management)		48,53,04,681		44,36,29,703
(b) Sundry Debtors	7	68,38,60,743		68,28,99,911
(c) Cash and Bank Balances	8	9,10,16,052		98,15,50,776
(d) Loans and Advances	9	75,14,68,714		17,39,10,326
		201,16,50,190		228,19,90,716
Less: Current Liabilities and Provisions	10			
(a) Current Liabilities		78,62,20,014		53,59,73,390
(b) Provisions		26,95,63,848		10,36,32,954
		105,57,83,862		63,96,06,344
Net Current Assets			95,58,66,328	164,23,84,372
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	11		-	-
Total Assets			1175,94,11,912	995,51,49,944
Notes to Accounts	16			

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
25th April, 2006

Reji Abraham
Managing Director

K.M. Jaya Rao
Director

K. Bharathan
Director

V.S. Rao
Chairman

P. Venkateswaran
Director (Operations)

On behalf of the Board

P. Murari
Vice Chairman

C.P. Gopalkrishnan
Director (Finance) & Secretary

Profit and Loss Account

For the year ended 31st March 2006

	Schedule	Year ended 31st March, 2006 Rupees	Year ended 31st March, 2005 Rupees
I INCOME			
Income from Operations	12	490,16,26,405	288,98,43,473
Other Income	13	15,26,01,979	8,15,16,450
		505,42,28,384	297,13,59,923
II EXPENDITURE			
Operating, Administrative and Other Expenses	14	208,81,77,576	138,45,03,610
Interest	15	43,63,23,304	18,99,26,740
Depreciation		95,08,01,367	47,42,85,533
Goodwill Amortised		6,29,32,560	6,29,32,560
		353,82,34,807	211,16,48,443
Profit for the year before taxation		151,59,93,577	85,97,11,480
Less: Provision for taxation			
- Current Tax		58,00,00,000	22,00,00,000
- Fringe Benefit Tax		63,56,144	-
- Deferred Tax		9,14,71,347	12,25,28,653
Profit for the year after taxation		83,81,66,086	51,71,82,827
Add: Profit brought forward from Previous Year		179,75,91,241	142,44,57,325
Profit available for Appropriation		263,57,57,327	194,16,40,152
Transfer to General Reserve		9,00,00,000	6,00,00,000
Proposed Dividend - Preference		9,46,84,932	-
Proposed Dividend - Equity		9,58,36,325	7,37,10,950
Tax on Preference Dividend		1,32,79,562	-
Tax on Equity Dividend		1,34,41,045	1,03,37,961
Balance Carried to Balance Sheet		232,85,15,463	179,75,91,241
Notes to Accounts	16		
Earnings per Equity Share of Rs. 2/- each (Basic and diluted) (see Note 17)		19.81	14.03

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
25th April, 2006

Reji Abraham
Managing Director

K.M. Jaya Rao
Director

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Director

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Chairman

P. Venkateswaran
Director (Operations)

On behalf of the Board

P. Murari
Vice Chairman

C.P. Gopalkrishnan
Director (Finance) & Secretary

Schedules annexed to and forming part of the accounts

	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
1. SHARE CAPITAL		
Authorised		
250,00,00,000 Equity Shares of Rs.2/- each (Previous year 18,00,00,000 Equity Shares of Rs.10/- each)	500,00,00,000	180,00,00,000
50,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each (Previous year 2,00,00,000 cumulative redeemable Preference Shares of Rs.10/- each)	500,00,00,000	20,00,00,000
	1000,00,00,000	200,00,00,000
Issued		
3,13,93,800 Equity Shares of Rs.2/- each. (Previous Year: 62,78,760 Equity Shares of Rs.10/- each)	6,27,87,600	6,27,87,600
54,39,855 Equity Shares of Rs.2/- each fully paid up and 52,940 Equity Shares of Rs.2/- each partly paid upto Re.1/- issued pursuant to Scheme of Amalgamation of Hitech Drilling Services India Ltd with the Company. (Previous Year: 10,86,111 Equity Shares of Rs.10/- each fully paid up and 12,448 Equity Shares of Rs.10/- each partly paid upto Rs.5/-)	1,09,32,650	1,09,23,350
	7,37,20,250	7,37,10,950
15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous Year - Nil)	150,00,00,000	-
	157,37,20,250	7,37,10,950
Subscribed and Paid-up		
3,68,33,655 Equity Shares of Rs.2/- each fully paid. (Previous Year: 73,64,871 Equity Shares of Rs.10/- each)	7,36,67,310	7,36,48,710
52,940 Equity Shares of Rs.2/- each, partly paid upto Re.1/- (Previous Year : 12,448 Equity Shares of Rs.10/- each, partly paid upto Rs.5/-)	52,940	62,240
15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous Year - Nil)	150,00,00,000	-
TOTAL	157,37,20,250	7,37,10,950

Note: Equity Share of the company having nominal value of Rs.10/- each has been converted into equity share having nominal value of Rs.2/- each by split vide resolution passed at the Extraordinary General Meeting held on 23rd April 2005. Hence the nominal value of share for the year 2005-06 has been stated as Rs.2/- each in Schedule I.

2. RESERVES AND SURPLUS	Rupees		
(a) Capital Reserve		33,500	33,500
(b) Securities Premium Account			
- As per last Balance Sheet		12,84,03,600	12,84,03,600
(c) Investment Allowance Reserve-Utilised		5,24,00,000	5,24,00,000
(d) General Reserve			
-At the beginning of the year	15,93,62,385		9,93,62,385
Add: Transfer from Profit and Loss Account	9,00,00,000	24,93,62,385	6,00,00,000
(e) Profit and Loss Account		232,85,15,463	179,75,91,241
Total		275,87,14,948	213,77,90,726

Schedules annexed to and forming part of the accounts

	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
3. SECURED LOANS		
a. Term Loans from Banks (includes foreign currency loan of Rs. 104,67,33,333)	631,10,70,876	703,10,51,913
b. Cash Credit from Banks	45,98,32,507	14,79,94,371
Total	677,09,03,383	717,90,46,284
Notes:		
1. Term Loans from Banks are secured by first charge on the offshore drilling rigs, drill ship and accessories, floating production unit, windmills and all moveable assets, both present and future. Further, one of the term loan from banks is secured by a mortgage of a certain portion of land of the Company.		
2. Cash Credits from Banks are secured by way of hypothecation of inventory of stores and spares and Book debts. Moreover, some of the rigs of the Company have been offered as a second charge for certain cash credit facilities.		
3. The Company has offered a first paripasu charge on the drillship and a second charge on two offshore Jack-up rigs for the term loan availed by its wholly owned foreign subsidiary.		
4. DEFERRED TAX (NET)		
Deferred tax Asset on Timing differences		
Provision for diminution in the value of investments	(61,631)	(65,687)
Deferred Tax Liability on timing differences		
On depreciation	65,61,34,962	56,46,67,671
Total	65,60,73,331	56,46,01,984

5. FIXED ASSETS

(In Rupees)

Description of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2005	Additions during the year	Deductions during the year	As at 31st March, 2006	As at 1st April, 2005	Additions during the year	On Deductions during the year	As at 31st March, 2006	As at 31st March, 2006	As at 31st March, 2005
Goodwill	18,87,97,648	-	6,29,32,560	12,58,65,088	-	-	-	-	12,58,65,088	18,87,97,648
Land-Freehold	14,12,96,667	-	1,43,842	14,11,52,825	-	-	-	-	14,11,52,825	14,12,96,667
Building	15,03,66,491	-	-	15,03,66,491	1,97,56,778	24,50,975	-	2,22,07,753	12,81,58,738	13,06,09,713
Offshore Jackup Drilling Rigs, Floating Production unit and connected machineries	723,59,46,973	5,57,21,273	-	729,16,68,246	248,58,40,599	59,55,76,108	-	308,14,16,707	421,02,51,539	475,01,06,374
Drillship	112,95,39,020	2,31,83,524	-	115,27,22,544	73,50,050	12,88,39,131	-	13,61,89,181	101,65,33,363	112,21,88,970
Other Machineries	8,08,24,706	26,01,986	-	8,34,26,692	7,67,35,196	1,24,991	-	7,68,60,187	65,66,505	40,89,510
Wind Mills	240,52,11,814	-	-	240,52,11,814	73,19,66,530	21,55,62,224	-	94,75,28,754	145,76,83,060	167,32,45,284
Office Equipment	3,38,63,403	38,58,090	2,39,450	3,74,82,043	3,12,15,826	18,55,874	1,89,786	3,28,81,914	46,00,129	26,47,577
Furniture and Fixtures	1,75,33,103	17,00,322	36,050	1,91,97,375	73,10,258	12,32,281	9,131	85,33,408	1,06,63,967	1,02,22,845
Vehicles	2,59,23,616	52,45,687	11,96,306	2,99,72,997	94,31,151	27,22,422	9,88,709	1,11,64,864	1,88,08,133	1,64,92,465
TOTAL	1140,93,03,441	9,23,10,882	6,45,48,208	1143,70,66,115	336,96,06,388	94,83,64,006	11,87,626	431,67,82,768	712,02,83,347	803,96,97,053
Share of Fixed Assets in Joint Venture Operation	1,83,511	3,91,03,768	-	3,92,87,279	60,759	24,37,361	-	24,98,120	3,67,89,159	1,22,752
Capital Work- in- progress (includes share in Joint Venture Operation - Rs.2,05,42,561) (Previous Year - Nil)	1140,94,86,952	13,14,14,650	6,45,48,208	1147,63,53,394	336,96,67,147	95,08,01,367	11,87,626	431,92,80,888	715,70,72,506	803,98,19,805
TOTAL	1140,94,86,952	13,14,14,650	6,45,48,208	1147,63,53,394	336,96,67,147	95,08,01,367	11,87,626	431,92,80,888	1023,34,83,844	807,41,40,005
Previous Year	578,69,40,372	569,29,76,629	7,04,30,049	1140,94,86,952	289,71,28,570	47,42,85,533	17,46,956	336,96,67,147	807,41,40,005	296,02,91,668



Aban Loyd Chiles Offshore Ltd.

Schedules annexed to and forming part of the accounts

	No. of Shares	Face Value Rupees/ US\$	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
6. INVESTMENTS (At Cost)				
Long Term Investments				
A. Trade Investments				
Fully Paid Equity Shares- Unquoted				
(a) Aban Energies Limited (A wholly owned Subsidiary Company)	2,00,070	10.00	20,00,700	20,00,700
(b) Aban Singapore Pte Ltd (A wholly owned Subsidiary Company)	81,75,000	US\$ 1 each	37,09,28,750	-
(c) Aban Informatics Private Limited	3,00,750	10.00	1,98,49,500	1,98,49,500
(d) Frontier Aban Drilling (India) Limited	49,993	100.00	49,99,300	49,99,300
(e) Aban Power Company Limited	1,19,40,000	10.00	11,94,00,000	11,90,15,290
B. Others (Non Trade)				
Equity Shares Quoted -Fully paid				
Arihant Threads Ltd	13,600	10.00	1,70,000	1,70,000
Punjab Woolcombers Ltd	300	10.00	27,000	27,000
State Bank of Travancore	245	100.00	1,47,000	1,47,000
The ICICI Bank Ltd	2,100	10.00	7,86,374	7,86,374
Oil & Natural Gas Corporation Ltd	8,429	10.00	63,21,750	63,21,750
Punjab National Bank	1,886	10.00	-	7,35,540
Current Investments				
(At lower of cost and fair value) (See note: 3)				
Kotak Liquid Fund	21,84,541.60	10.00	-	267,12,793
Prudential ICICI Liquid Fund	25,00,418.85	10.00	2,50,04,189	2,74,311
Chola Fixed Maturity Plan	10,00,000.00	10.00	1,00,00,000	-
JM Liquid Fund	10,61,027.70	10.00	1,06,10,277	-
Reliance Monthly Income Plan	2,50,000.00	10.00	-	25,00,000
JM Derivative Fund	10,00,000.00	10.00	-	1,00,00,000
Deutsche Floating rate Fund	19,65,850.02	10.00	-	2,01,55,421
Templeton Floating rate Fund	5,03,637.59	10.00	-	50,45,331
Reliance Fixed Term Scheme	10,00,000.00	10.00	-	1,00,00,000
Reliance Floating Rate Fund	10,01,317.26	10.00	-	1,00,68,357
Sub Total			57,02,44,840	23,88,08,667
Less: Provision for Diminution in Value of Long Term Investments			1,83,100	1,83,100
Total			57,00,61,740	23,86,25,567
Aggregate Value of Quoted Investments			5,28,83,490	9,29,43,877
Aggregate Market Value of Quoted Investments			5,91,05,372	10,15,32,950

Schedules annexed to and forming part of the accounts

	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
7. SUNDRY DEBTORS		
Considered Good-Unsecured		
(a) Outstanding for more than six months	72,15,526	2,23,12,412
(b) Others	67,66,45,217	66,05,87,499
Total	68,38,60,743	68,28,99,911
8. CASH AND BANK BALANCES		
Cash on Hand	3,00,278	2,05,959
Balances with Scheduled Banks		
- In Current Accounts	5,09,60,332	10,01,52,498
- In Deposit Accounts	3,23,31,002	88,11,92,319
Balances with other banks in current account		
Standard Chartered Bank, Dubai	49,34,572	-
Emirates Bank, Dubai	24,89,868	-
Total	9,10,16,052	98,15,50,776
Maximum balance during the year with other banks		
Standard Chartered Bank, Dubai	1,27,33,044	-
Emirates Bank, Dubai	60,11,353	-
9. LOANS AND ADVANCES		
(Recoverable in cash or in kind or for value to be received, unsecured, considered good)		
Loans and Advances (see Note No. 14 and Note No. 15)	74,40,31,869	16,57,50,340
Sundry Deposits	74,36,845	81,59,986
Total	75,14,68,714	17,39,10,326
10. CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities		
(a) Amount due to Small Scale Industrial Undertakings	-	-
(b) Sundry Creditors-others	76,68,64,845	50,70,40,416
(c) Other Liabilities	47,21,026	47,58,532
(d) Unclaimed Dividends(No amount is due to Investor Education & Protection Fund)	58,12,060	57,43,164
(e) Interest accrued but not due on secured loans	88,22,083	1,84,31,278
	78,62,20,014	53,59,73,390
(B) Provisions		
(a) Provision for taxation (Net of Advance payment of taxes)	5,23,21,984	1,95,84,043
(b) Proposed Dividend - Preference	9,46,84,932	-
(c) Proposed Dividend - Equity	9,58,36,325	7,37,10,950
(d) Tax on Dividend	2,67,20,607	1,03,37,961
	26,95,63,848	10,36,32,954
Total	105,57,83,862	63,96,06,344

Schedules annexed to and forming part of the accounts

Rupees	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
11. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Dry Docking Expenditure at the beginning of the year	-	7,75,28,823
Less: Write off during the year and included under Repairs to Machinery in the Profit and Loss Account	-	7,75,28,823
Total	-	-
<hr/>		
12. INCOME FROM OPERATIONS		
	Year Ended 31st March, 2006 Rupees	Year Ended 31st March, 2005 Rupees
Drilling and Production Services	475,91,88,738	272,05,23,197
Wind Power generation	14,24,37,667	16,93,20,276
Total	490,16,26,405	288,98,43,473
<hr/>		
13. OTHER INCOME		
a) Rental Income(Gross)	14,46,941	9,94,000
(b) Dividend Income from Long term Investments	4,28,680	3,56,443
(c) Dividend Income from Current Investments	4,10,29,321	99,97,250
(d) Interest on Bank Deposits (Gross)	1,77,57,276	1,49,50,078
(e) Interest-Others (Gross)	1,37,51,810	9,16,226
(f) Interest on Income-tax refund	-	18,01,507
(g) Service Charges (Gross)	1,00,49,527	1,17,06,852
(h) Others	2,28,18,486	2,60,02,667
(i) Claims	2,17,333	54,65,374
(j) Profit on Sale of Assets (Net)	1,03,413	10,03,107
(k) Profit on Sale of Long Term Investments (Net)	5,81,054	17,15,772
(l) Profit on Sale of Current Investments (Net)	4,44,18,138	66,07,174
Total	15,26,01,979	8,15,16,450

Note: Tax deducted at source on a, d,e,g, Rs.48,46,956/- (Previous year -Rs. 20,08,610/-)

Schedules annexed to and forming part of the accounts

	Year Ended 31st March, 2006 Rupees	Year Ended 31st March, 2005 Rupees
14. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
Consumption - Stores and Spares	58,26,11,248	33,64,72,752
Salaries and Bonus	23,22,47,412	12,46,64,469
Contribution to Provident fund and Other funds	1,25,55,780	1,02,66,551
Staff Welfare	1,65,06,319	73,90,648
Rent	48,90,838	12,02,593
Rates and Taxes	2,87,23,052	82,05,745
Rental Charges for Machinery	16,86,58,698	24,25,86,975
Repairs to Machinery	20,07,59,626	24,60,77,751
Insurance	21,45,50,163	12,77,43,897
Drilling Services and Management Fees	15,70,57,445	8,12,71,190
Consultancy and Professional Fees	20,75,10,118	9,31,72,420
Catering Expenses	2,90,05,545	1,24,43,488
Postage, Telegram and Telex	94,96,864	34,58,338
Printing and Stationery	32,56,400	16,86,640
Travelling Expenses	7,52,79,203	2,81,65,242
Guarantee Commission , Bank and Other Charges	4,30,03,323	3,59,41,366
Auditors' Remuneration :		
Audit Fees	5,67,530	4,40,800
Tax Audit Fee	2,67,235	2,82,060
For Certification and Other Services	5,88,415	3,61,100
Reimbursement of Expenses	66,000	58,500
Other Expenses	10,05,76,362	2,26,11,085
Total	208,81,77,576	138,45,03,610

15. INTEREST

On Long Term Loans *	42,60,17,104	18,50,92,936
Others	1,03,06,200	48,33,804
Total	43,63,23,304	18,99,26,740

* Excluding Interest capitalised during the period Rs. 7,36,68,655/- (Previous Year - Rs.2,28,09,185/-)

16. NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS**1. SIGNIFICANT ACCOUNTING POLICIES****ACCOUNTING CONVENTIONS AND CONCEPTS**

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

B. FIXED ASSETS

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

C. DEPRECIATION

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

Schedules annexed to and forming part of the accounts

D. INVENTORY VALUATION

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

E. FOREIGN CURRENCY TRANSACTIONS

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

F. INVESTMENTS

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

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

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

G. PROPOSED DIVIDEND

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

H. RETIREMENT BENEFITS

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

I. BORROWING COST

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

J. TAXES ON INCOME

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

K. JOINT OPERATING AGREEMENT

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

L. IMPAIRMENT OF ASSETS

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

M. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
2. Contingent Liabilities not provided for		
a. Guarantees given by banks on behalf of the Company.	72,25,38,321	41,01,76,066
b. Letter of Credit	5,46,73,010	4,10,46,490
c. Corporate Guarantee given by the Company for Wholly owned foreign Subsidiary	1058,69,60,000	-
3. During the year the Company acquired and sold the following Current Investments:		
Particulars	Purchased	Sold
<i>Investments in Units in Mutual Funds</i>	<i>Units/Shares</i>	<i>Units/Shares</i>
Chola Freedom Income Fund - Bonus	-	4,50,275.51
Deutsche Floating rate Fund - Dividend	10,09,674.00	29,75,524.02
Deutsche Insta Cash Fund - Dividend	238,23,602.81	238,23,602.81
DSP Merrill Lynch Floating rate fund - Dividend	192,63,489.89	192,63,489.89
DSP Merrill Lynch Liquidity fund - Dividend	66,70,576.00	66,70,576.00

Schedules annexed to and forming part of the accounts

	Purchased	Sold
Grindlays Cash Fund - Dividend	1913,63,642.55	1913,63,642.55
Grindlays Floating Rate Fund - Dividend	335,94,235.00	335,94,235.00
HDFC cash Management Fund - Dividend	438,89,195.32	438,89,195.32
ING Vysya Liquid Fund - Dividend	2,32,018.00	2,32,018.00
Kotak Floater Short Term Fund - Dividend	97,97,906.00	97,97,906.00
Kotak Liquid Fund - Dividend	405,60,876.30	427,45,417.90
SBI Magnum Income Fund- Dividend	178,93,690.00	178,93,690.00
Pru ICICI Blended Fund- Dividend	34,68,697.71	34,68,697.71
Pru ICICI floating Rate Fund - Dividend	563,23,515.00	563,23,515.00
Pru ICICI Liquid Fund - Dividend	1647,64,860.33	1622,87,589.43
Pru ICICI Short Term Plan - Dividend	229,54,590.00	229,54,590.00
Pru ICICI Long Term Floating Rate Fund - Dividend	20,19,216.00	20,19,216.00
Reliance Liquid Fund - Dividend	492,11,233.62	492,11,233.62
Reliance Fixed Term Scheme	40,43,929.00	50,43,929.00
Reliance Floating Rate Fund - Dividend	11,264.74	10,12,582.00
Reliance Monthly Income Plan	-	2,50,000.00
Reliance Short Term Fund - Dividend	19,85,752.00	19,85,752.00
Templeton Floating Rate Fund - Dividend	96,03,739.03	101,07,376.62
Templeton Growth Plan - Bonus	18.37	18,383.33
Templeton Short term Income Plan - Dividend	1,84,205.00	1,84,205.00
Templeton Treasury Management plan - Dividend	12,57,221.04	12,57,221.04
UTI Liquid Cash plan - Dividend	2,57,555.63	2,57,555.63
UTI Floating rate fund - Dividend	184,50,677.34	184,50,677.34
HSBC cash Fund - Dividend	221,25,949.61	221,25,949.61
Sundaram Money Fund - Dividend	4,96,055.70	4,96,055.70
Principal Income Fund - Dividend	184,17,742.32	184,17,742.32
JM Short Term Fund - Dividend	165,73,049.31	165,73,049.31
Chola Liquid Fund - Dividend	10,04,865.93	10,04,865.93
Chola Fixed Maturity plan	10,00,000.00	-
Tata Contra Fund	21,00,000.00	21,00,000.00
Tata Floating Rate Fund - Dividend	10,08,032.74	10,08,032.74
JM Derivative Fund	-	10,00,000.00
JM Liquid Fund - Dividend	10,61,027.70	-
HDFC Liquid Fund - Growth	25,40,208.15	25,40,208.15
Liquid Bees	2,84,284.19	2,84,284.19
Investments in Equity Shares (Shares)	Purchased	Sold
Reliance Industries Ltd	1170324	1170324
NDTV	609400	609400
Reliance Capital Ltd	25300	25300
Infosys	4500	4500
Century Textiles	5950	5950
VSNL	117600	117600
State Bank of India	91275	91275
ABG Shipyard Ltd	792	792
Allahabad Bank	2748	2748
Allsec Technologies Ltd	950	950
Apral Industries Ltd	1155	1155
Asean Hotels Ltd	350	350
Avaya Global Connect Ltd	580	580
Bajaj Hindustan Ltd	1224	1224
Balrampur Chini Mills Ltd	2802	2802
Bharat Bijlee Ltd	521	521
Bharat Electronics Ltd	228	228
Britannia Industries Ltd	85	85
Canara Bank	739	739
Cholamandalam Investment and Finance Co., Ltd	1399	1399
Corporation Bank	603	603
Fulford India Ltd	229	229
Godrej Consumer Products Ltd	438	438
Great Eastern Shipping Company Ltd	1265	1265
Gujarat Ambuja Cements Ltd	2665	2665
HDFC Bank Ltd	308	308
Hindalco Industries Ltd	2437	2437
Hindustan Lever Ltd	1484	1484
Hotel Leela Ventures Ltd	562	562



Aban Loyd Chiles Offshore Ltd.

Schedules annexed to and forming part of the accounts

	Purchased	Sold
ICICI Bank Ltd	410	410
Indo Asian Fuse Gear Ltd	1465	1465
IDBI Bank Ltd	11740	11740
ISMT Ltd	2000	2000
ITC Ltd	1583	1583
Jammu & Kashmir Bank Ltd	349	349
APIT Cummins Info systems Ltd	499	499
Liberty Shoes Ltd	1066	1066
LIC Housing Finance Ltd	884	884
Mahindra & Mahindra Ltd	576	576
Matrix Laboratories Ltd	749	749
Micro Inks Ltd	540	540
Monsanto India Ltd	87	87
Mphasis Bfl Ltd	1115	1115
MRO-TEK Ltd	3180	3180
Nagarjuna Construction Ltd	655	655
Pantaloon Retail (India) Ltd	119	119
Prism Cement Ltd	5000	5000
Reliance Energy Ltd	328	328
TATA Elxsi Ltd	766	766
Television Eighteen India Ltd	555	555
Tube Investment of India Ltd	5	5
Ispat Industries Ltd	688000	688000
Nagarjuna Fertilizers Ltd	574000	574000
Oriental Bank of Commerce	52800	52800
Punjab National Bank	151800	153686
Polaris Ltd	8400	8400
Videocon International Ltd	102400	102400
Indian Overseas Bank	100000	100000

4. a. Managerial Remuneration

Salary & Allowances
Monetary Value of Perquisites
Sitting fees
Commission

31.03. 2006 Rupees	31.03 2005 Rupees
61,24,800	58,49,333
18,94,341	18,03,488
3,96,000	2,27,000
3,14,74,259	1,64,27,713
3,98,89,400	2,43,07,534

b. Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956 and calculation of Managing Director and Wholetime Director's Commission.

Net Profit as per Profit & Loss Account
Add: Directors' Remuneration
Director's Sitting Fees
Depreciation as per Books
Goodwill Amortised

Less: Depreciation as per Section 350 of the Companies Act, 1956
Profit on Sale of Assets (Net)
Profit on Sale of Investments(Net)

151,59,93,577	85,97,11,480
3,94,93,400	2,40,80,534
3,96,000	2,27,000
95,08,01,367	47,42,85,533
6,29,32,560	6,29,32,560
256,96,16,904	142,12,37,107
95,08,01,367	47,42,85,533
1,03,413	10,03,107
4,49,99,192	83,22,946
99,59,03,972	48,36,11,586
157,37,12,932	93,76,25,521
3,14,74,259	1,50,27,697
-	14,00,016
3,14,74,259	1,64,27,713

Profit as per Section 309(5) of the Companies Act, 1956

Commission to Managing Director @ 2% p.a
Commission to Whole-time Director @ 0.50% p.a

Schedules annexed to and forming part of the accounts

	31.03.2006		31.03.2005	
	Units	Value (Rs.)	Units	Value (Rs.)
5. Licence/Installed capacities		NOT APPLICABLE		NOT APPLICABLE
6. Generation of Wind Power (Net)	5,18,09,424	14,24,37,667	6,27,50,598	16,93,20,276
7. Value of Imports by the Company on CIF basis				
a. Capital items		299,52,58,035		562,14,31,599
b. Stores & Spare Parts		17,48,95,034		10,11,17,013
8. Expenditure in Foreign Currency (Cash Basis)				
a. Interest on Foreign Currency Loans		1,90,70,909		1,57,14,729
b. Drilling Services & Management Fees		11,84,23,877		1,89,58,715
c. Travel and Others		13,91,69,914		59,53,262
d. Consultancy fees		3,11,64,184		1,82,75,723
e. Rental charges for Machinery		14,82,81,481		19,30,30,841
f. Insurance		11,19,28,758		14,74,97,725
g. Repairs to machinery		4,39,57,736		5,09,30,738
9. Income Earned in Foreign Exchange				
a. Drilling and Production services		475,91,88,738		272,05,23,197
b. Claim received		2,17,333		54,65,374
c. Interest received on Escrow Deposit		49,99,099		-
d. Interest received from Foreign Subsidiary		80,91,771		-
e. Others		7,00,329		-
10. a. Value of Imported Stores & Spares Consumed		16,32,19,706		6,18,52,776
% of above to total consumption		28.02%		18.38%
b. Value of Indigenous Stores & Spares consumed		41,93,91,542		27,46,19,976
% of above to total consumption		71.98%		81.62%

11. Dividend remitted in Foreign Currency	No. of Non-Resident Shareholders	No. of Equity Shares held	Net Dividend remitted (Rs.)
For Financial Year 2004-05	1	16,65,750	1,66,57,500
Previous year	1	16,65,750	1,24,93,125

12. Related Party Disclosure

Enterprise where control exists

A. Subsidiary Companies

Aban Energies Limited, India

Aban Singapore Pte Ltd, Singapore

B. Subsidiary of Aban Singapore Pte Ltd (Subsidiaries of Subsidiary Company)

Aban 7 Pte Ltd, Singapore

Aban 8 Pte Ltd, Singapore

Aban Abraham Pte Ltd, Singapore

West Africa Drilling N.V., Netherlands Antilles

C. Other related parties with whom the Company had transactions

a. Joint Venture Enterprise

Frontier Aban Drilling (India) Limited

b. Joint Venture Operator

Prize Petroleum Limited

c. Key Management Personnel

(i) Mr. Reji Abraham - Managing Director

(ii) Mr. P Venkateswaran - Director-Operations

(iii) Mr. C P Gopalkrishnan - Director(Finance) & Secretary

(iv) Mr. V S Rao - Non-Executive Director

(v) Mr. P Murari - Non-Executive Director

(vi) Mr. S.Srinivasan - Non-Executive Director (Nominee of ICICI Bank Limited) (upto 24.11.05)

(vii) Mr. K M Jaya Rao - Non-Executive Director (Nominee of ICICI Bank Limited) (from 12.1.06)

(viii) Mr.K. Bharathan - Non-Executive Director



Aban Loyd Chiles Offshore Ltd.

Schedules annexed to and forming part of the accounts

Transactions with Related Parties during the year

Nature of Transaction	Subsidiary Company		Joint Venture Enterprise / Operator		Key Management Personnel/	
	Rs. 2005-2006	Rs. 2004-2005	Rs. 2005-2006	Rs. 2004-2005	Rs. 2005-2006	Rs. 2004-2005
i) Machinery maintenance charges paid	96,00,000	1,02,73,595	-	-	-	-
ii) Rent received	-	-	-	8,80,000	-	-
iii) Rent paid	-	-	-	-	24,00,000	4,53,333
iv) Remuneration	-	-	-	-	3,98,89,400	2,43,07,534
v) Interest received	80,91,771	-	-	-	-	-
vi) Purchase of Assets	-	-	5,98,46,329	1,83,511	-	-
vii) Investment in Foreign Subsidiary	37,09,28,750	-	-	-	-	-
viii) Loan given to Foreign Subsidiary	147,73,15,313	-	-	-	-	-
ix) Amount Outstanding as at 31.03.2006 receivable/(payable)	57,46,46,307	1,38,26,849	(58,44,431)	(2,58,494)	22,35,000	25,25,000

13. Segment Reporting (As per the Accounting standard 17 - segment reporting issued by the Institute of Chartered Accountants of India)

A. Primary Segment

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

The above business segments have been identified considering the nature of services rendered and the internal financial reporting system. Income and Expenses have been accounted for based on their relationship to the operating activities of the segment

B. Secondary Segment

The Substantial Assets of the Company are Rigs/Drillship, which are mobile assets and can operate across the world, in view of which geographical segment is not considered.

Primary Segment Information

	2005-2006		2004-2005	
	Rs.	Rs.	Rs.	Rs.
1. Segment Revenue				
- Drilling	490,15,20,532		279,03,32,794	
- Wind Energy	15,27,07,852	505,42,28,384	18,10,27,129	297,13,59,923
2. Segment Result				
- Drilling	168,41,43,561		99,27,67,908	
- Wind Energy	(16,81,49,984)	151,59,93,577	(13,30,56,428)	85,97,11,480
3. Segment Assets				
- Drilling	1066,06,73,115		858,05,97,020	
- Wind Energy	163,00,75,385	1229,07,48,500	185,94,77,402	1044,00,74,422
4. Segment liabilities				
- Drilling	755,47,19,228		671,01,35,032	
- Wind Energy	24,04,169	755,71,23,397	100,48,84,641	771,50,19,673
5. Depreciation				
- Drilling	73,51,14,152		25,88,04,662	
- Wind Energy	21,56,87,215	95,08,01,367	21,54,80,871	47,42,85,533
6. Capital Expenditure				
- Drilling	316,92,88,154		567,86,61,640	
- Wind Energy	26,01,986	317,18,90,140	68,17,500	568,54,79,140

14. Loans and Advances include the following:

Particulars	As at 31st March 2006	As at 31st March 2005	Maximum Balance during the year
	Rs.	Rs.	
Aban Energies Ltd - Indian Subsidiary	1,32,35,817	1,38,26,849	1,52,28,962
Aban Singapore Pte Ltd - Foreign Subsidiary	56,14,10,490	-	147,73,15,313

15. Loans and Advances include loan to a wholetime Director of the Company who was an officer at the time of taking the loan Rs. 22,35,000/- (previous year Rs.25,25,000/-). Maximum amount outstanding during the the year Rs. 25,25,000/-(Previous Year Rs. 27,80,000/-).

Schedules annexed to and forming part of the accounts

16. The Company had entered into a Joint Operating Agreement with Prize Petroleum Limited for development of Oil & Natural Gas Corporation Ltd.'s Oil fields at Hirapur, Khambel and West Bechraji in the state of Gujarat. The Company's participating share in the contract is 50%. As at 31st March 2006, no commercial production has taken place under the Joint Agreement. The Company's share of 50% of Assets and Liabilities as at 31st March 2006 and the expenditure for the year in respect of the Joint Venture operation is as follows:

Particulars	2005-06 Rs.	2004-05 Rs.
Fixed Assets including capital work in progress	5,96,46,329	1,83,511
Current Assets	38,35,263	20,57,896
Current Liabilities	2,08,35,598	2,58,494
Depreciation	24,37,361	60,759

17. Earning per share is calculated as shown below: (Equity shares of Rs.2/- each) (Previous year Rs.10/- each)

Share Capital	2005-2006 No. of Shares	2004-2005 No. of Shares
Fully paid	368,33,655	73,64,871
Partly paid		
Calculated as fully paid	26,470	6,224
	368,60,125	73,71,095
Profit after tax, preference dividend and tax thereon	Rs. 73,02,01,592	51,71,82,827
Earning per Share (Rs.10/- each) (Basic and diluted)	-	70.16
Earning per Share (Rs.2/- each) (Basic and diluted)	19.81	14.03

18. The Company has introduced an Employee Stock Option Scheme. The Compensation Committee of the Board has approved grant of options to the employees on the basis of their performance. These options vest with the employees over a specified period as per the scheme subject to fulfilment of certain conditions. Upon vesting, the employees are eligible to apply for the company's share at prevailing market price on the date of grant of options as defined by SEBI guidelines. The Company has granted 96,200 options to 75 employees including two wholtime Directors, which are exercisable after 15.7.2006.

19. The Company has issued 15,00,00,000 8% Non-convertible Cumulative Redeemable Preference Shares of Rs.10/- each on private placement basis and the same have been allotted on 17th June 2005. The dividend on the same has been provided on prorata basis from the date of allotment.

20. Disclosure under Accounting Standard 27-Financial Reporting of interests in joint ventures. The Company's interests, as a venturer, in jointly controlled entity and Jointly controlled operation are :

Name of the Company	Country of Incorporation	Proportion of Ownership Interest 2005-2006	Proportion of Ownership Interest 2004-2005
Frontier Aban Drilling (India) Limited	India	25%	25%
Prize Petroleum Limited	India	50%	50%

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

	As at 31st March, 2006 Rs. in lacs Unaudited	As at 31st March, 2005 Rs. in lacs Unaudited
1. Assets		
1. Fixed Assets (Net)	0.91	6.60
2. Deferred Tax (Net)	3.04	3.04
3. Current Assets, Loans and Advances		
a) Sundry Debtors	151.70	151.69
b) Cash and Bank Balances	2.90	8.71
c) Loans and Advances	43.54	76.25
2. Liabilities		
Current Liabilities and Provisions	206.59	178.54
3. Contingent Liabilities	-	-



Aban Loyd Chiles Offshore Ltd.

Schedules annexed to and forming part of the accounts

	For the year ended 31st March, 2006		For the year ended 31st March, 2005	
	Rs. in lacs Unaudited		Rs. in lacs Unaudited	
4. Income				
Income from Operations		-		55.61
Other Income		4.78		12.02
5. Expenses				
a) Stores and Spares consumed		-		1.42
b) Employee costs		3.20		9.38
c) Other Expenses		72.73		80.05
d) Depreciation		0.56		0.93
6. Provision for Taxation				
- Current		0.54		-
- Deferred		-		(0.55)

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

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
25th April, 2006

Reji Abraham
Managing Director

K.M. Jaya Rao
Director

V.S. Rao
Chairman

K. Bharathan
Director

P. Venkateswaran
Director (Operations)

On behalf of the Board

P. Murari
Vice Chairman

C.P. Gopalkrishnan
Director (Finance) & Secretary

Balance Sheet Abstract

As at 31st March 2006

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

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.	1 3 4 7 3	State Code	1 8
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Balance Sheet Date	3 1	0 3	2 0 0 6
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II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	N I L	Rights Issue	N I L
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Bonus Issue	N I L	Private Placement	1 5 0 0 0 0 0
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III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Assets	1 1 7 5 9 4 1 2	Total Liabilities	1 1 7 5 9 4 1 2
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Sources of Funds

Paid up Capital	1 5 7 3 7 2 0	Reserves and Surplus	2 7 5 8 7 1 6
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Secured Loans	6 7 7 0 9 0 3	Deferred tax (Net)	6 5 6 0 7 3
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Total	1 1 7 5 9 4 1 2
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Application of Funds (Amount in Rs. Thousands)

Net Fixed Assets	1 0 2 3 3 4 8 4	Investments	5 7 0 0 6 2
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Net Current Assets	9 5 5 8 6 6	Total	1 1 7 5 9 4 1 2
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IV Performance of the Company (Amount in Rs. thousands)

Turnover	4 9 0 1 6 2 7	Other Income	1 5 2 6 0 2
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Total Expenditure	3 5 3 8 2 3 5	Profit before Tax	1 5 1 5 9 9 4
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Profit after tax	8 3 8 1 6 6	EPS in Rs.	1 9 . 8 1
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Dividend Rate (Equity Share Capital)	1 3 0 %	Dividend Rate (Preference Share Capital)	8 %
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V Generic Names of Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

8 4 2 8 3 1 . 0 2

8 9 0 5 2 0 . 0 0

N A

Product Description

Oil Well Drilling

Oil / Gas Production

Wind Power Generation



Aban Loyd Chiles Offshore Ltd.

Cash Flow Statement

For the year ended 31st March 2006

A CASH FLOW FROM OPERATING ACTIVITIES:

NET PROFIT BEFORE TAX

ADJUSTMENTS FOR:

Amortised Dry Docking expenses

Depreciation

Goodwill written off

Interest

Income from Non -Trade Investments

Profit on sale of Long Term and Current Investments

Profit on sale of Assets

OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

ADJUSTMENTS FOR:

Inventories

Trade and other receivables

Trade and other payables

CASH GENERATED FROM OPERATIONS

Direct taxes paid

NET CASH FROM OPERATING ACTIVITIES

B CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of fixed assets

Sale of fixed assets

Interest and dividend received

Purchase of Investments

Sale of Investments

Investment in subsidiary

NET CASH USED IN INVESTING ACTIVITIES

C CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds/(Repayment) of Long Term Borrowings

Proceeds from partly paid shares

Proceeds from preference shares

Dividend paid including tax on dividend

Interest paid

NET CASH FROM FINANCING ACTIVITIES

NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS -at beginning of the year

CASH AND CASH EQUIVALENTS- at end of the year

	2005-2006 Rupees in lacs	2004-2005 Rupees in lacs
NET PROFIT BEFORE TAX	15,159.94	8,597.11
Amortised Dry Docking expenses	-	775.29
Depreciation	9,508.01	4,742.86
Goodwill written off	629.33	629.33
Interest	4,363.23	1,899.27
Income from Non -Trade Investments	(729.67)	(280.22)
Profit on sale of Long Term and Current Investments	(449.99)	(83.23)
Profit on sale of Assets	(1.03)	(10.03)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	28,479.82	16,270.38
ADJUSTMENTS FOR:		
Inventories	(416.75)	(2,135.93)
Trade and other receivables	(5,829.08)	(4,031.48)
Trade and other payables	2,598.57	2,996.84
CASH GENERATED FROM OPERATIONS	24,832.56	13,099.81
Direct taxes paid	(5,536.18)	(1,878.19)
NET CASH FROM OPERATING ACTIVITIES	19,296.38	11,221.62
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(31,735.06)	(56,568.17)
Sale of fixed assets	5.31	67.54
Interest and dividend received	773.55	241.21
Purchase of Investments	(1,06,059.86)	(29,260.96)
Sale of Investments	1,06,904.77	34,605.09
Investment in subsidiary	(3,709.29)	-
NET CASH USED IN INVESTING ACTIVITIES	(33,820.58)	(50,915.29)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds/(Repayment) of Long Term Borrowings	(4,081.43)	47,703.66
Proceeds from partly paid shares	0.09	0.04
Proceeds from preference shares	15,000.00	-
Dividend paid including tax on dividend	(840.49)	(625.04)
Interest paid	(4,459.32)	(1,751.83)
NET CASH FROM FINANCING ACTIVITIES	5,618.85	45,326.83
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(8,905.35)	5,633.16
CASH AND CASH EQUIVALENTS -at beginning of the year	9,815.51	4,182.35
CASH AND CASH EQUIVALENTS- at end of the year	910.16	9,815.51

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
25th April, 2006

Reji Abraham
Managing Director

K.M. Jaya Rao
Director

V.S. Rao
Chairman

K. Bharathan
Director

P. Venkateswaran
Director (Operations)

On behalf of the Board

P. Murari
Vice Chairman

C.P. Gopalkrishnan
Director (Finance) & Secretary

Auditors' Certificate on Cash Flow Statement

We have examined the above Cash Flow Statement of Aban Loyd Chiles Offshore Limited for the year ended 31st March 2006. This Statement has been prepared by the Company in accordance with the requirement under clause 32 of the Listing Agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company for the year ended 31st March 2006.

For Ford, Rhodes, Parks & Co
Chartered Accountants

Chennai
25th April, 2006

R. Subramanian
Partner
Membership No. 16059

Statement Pursuant to Section 212 of the Companies Act, 1956

1	Name of the Subsidiary Company	Aban Energies Limited	Aban Singapore Pte Ltd
2	Financial Year of the Subsidiary Company	Year Ended 31.03.2006	Year Ended 31.03.2006
3	Shares of the Subsidiary Company held by Aban Loyd Chiles Offshore Limited.		
	(a) Number of Shares	2,00,070	81,75,000
	(b) Face value	Rs.10	USD 1 each
	(c) Paid up value	Rs.10	USD 1 each
	(d) Extent of Holding	100%	100%
4	Net aggregate amount of Profit/(Loss) of the Subsidiary Company so far as they concern the members of Aban Loyd Chiles Offshore Limited not dealt with in the accounts of Aban Loyd Chiles Offshore Limited amount to :		
	(a). For the Subsidiary Company's financial year ended on 31.03.2006	2,00,090	(428,490)
	(b) for the previous financial years of the subsidiary since it became the Holding Company's subsidiary.	(1,04,13,258)	NA
5	Net aggregate amount of Profit/(Loss) of the Subsidiary Company, dealt with in the Accounts of Aban Loyd Chiles Offshore Limited amount to:		
	(a) For Subsidiary Company's financial year ended 31.03.2006	NIL	NIL
	(b) for the previous financial years of the Subsidiary since it became the Holding Company's subsidiary.	NIL	NA
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 Singapore Pte Ltd is having following subsidiaries where it holds 100% of the share capital. Financial Year of these Companies ended on 31st March 2006. These companies have not commenced commercial operation as at 31.3.2006. Hence no profit/loss is attributable to the Holding Company.

- (i) Aban 7 Pte Ltd, Singapore
- (ii) Aban 8 Pte Ltd, Singapore
- (iii) Aban Abraham Pte Ltd, Singapore
- (iv) West Africa Drilling N.V, Netherlands Antilles.

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
25th April, 2006

Reji Abraham
Managing Director

K.M. Jaya Rao
Director

K. Bharathan
Director

V.S. Rao
Chairman

P. Venkateswaran
Director (Operations)

On behalf of the Board

P. Murari
Vice Chairman

C.P. Gopalkrishnan
Director (Finance) & Secretary



Aban Loyd Chiles Offshore Ltd.

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

	Particulars	NAME OF THE SUBSIDIARY COMPANY					
		Aban Energies Ltd. India	Aban Singapore Pte. Ltd., Singapore	Aban Abraham Pte. Ltd., Singapore	Aban 7 Pte. Ltd., Singapore	Aban 8 Pte. Ltd., Singapore	West Africa Drilling N.V. Antilles
a)	Share Capital	200,700 Equity Shares of Rs. 10/- each fully paid up Rs.	8,175,000 ordinary shares of US \$ 1 each fully paid up Rs.	100 ordinary shares of US \$ 1 each fully paid up Rs.	100ordinary shares of US \$ 1 each fully paid up Rs.	100ordinary shares of US \$ 1 each fully paid up Rs.	1 ordinary share shares of US \$ 1 each fully paid up Rs.
b)	Reserves & Surplus	(1,02,13,168)	* (4,506,659)	-	-	-	-
c)	Total Assets	1,61,19,797	5,28,32,24,186	6,14,66,379	4,461	4,461	4,05,04,33,917
d)	Total Liabilities	1,61,19,797	5,28,32,24,186	6,14,66,379	4,461	4,461	4,05,04,33,917
e)	Investments (except in case of investment in subsidiaries)	-	-	-	-	-	-
f)	Turnover	1,23,04,357	# 75,161	-	-	-	-
g)	Profit before taxation	7,67,825	(4,28,490)	-	-	-	-
h)	Provision for Taxation	5,67,735	-	-	-	-	-
i)	Profit after Taxation	2,00,090	(4,28,490)	-	-	-	-
j)	Proposed Dividend	-	-	-	-	-	-

* Includes Translation Reserve

Represents Interest Income

Note :

- As per the approval granted by the Ministry of Company Affairs, under Section 212 (8) of the Companies Act, the Company has been exempted from attaching the Balance Sheet and Profit & Loss Account of six of its subsidiaries to the Annual audited accounts of the Parent Company for the year ended 31.03.2006. However, as directed by the Ministry of Company Affairs, the aforesaid details are provided.
- Other than the Indian subsidiary, Aban Energies Ltd., where accounts is in Indian Rupee, the other 5 subsidiary accounts which are in US \$, are converted into Indian Rupee at the Exchange rate of 1 US \$ = Rs. 44.61 for the purpose of the details given above.

On behalf of the Board

Reji Abraham
Managing Director

V.S. Rao
Chairman

P. Murari
Vice Chairman

Chennai
25th May, 2006

K.M. Jaya Rao
Director

K. Bharathan
Director

P. Venkateswaran
Director (Operations)

C.P. Gopalkrishnan
Director (Finance) & Secretary

Auditors' report on Consolidated Financial Statements

To
The Board of Directors.
Aban Loyd Chiles Offshore Limited
Chennai

We have examined the attached Consolidated Balance Sheet of Aban Loyd Chiles Offshore Limited, its subsidiaries and Joint Venture as at 31st March 2006, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended.

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

The consolidated financial statements of a subsidiary and the subsidiaries of that subsidiary, except that of West Africa Drilling N.V., Netherlands, have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amount included in respect of these subsidiaries is based solely on the report of the other auditors. These statements reflect total assets of Rs. 524,69,10,810/- as at 31st March 2006 and total revenue of Rs. 75,161/- for the period then ended.

The unaudited financial statements of the Joint Venture company, Frontier Aban Drilling (India) Limited as at 31st March 2006 to the extent of interest in the Joint Venture have also been considered in preparation of the consolidated accounts. We have been informed that there will not be any material change in the unaudited financial statements of the Joint Venture company.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Aban Loyd Chiles Offshore Limited, its aforesaid subsidiaries and Joint Venture, we are of the opinion that ;

- a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Aban Loyd Chiles Offshore Limited, its subsidiaries and its share of Assets and Liabilities in the Joint Venture as at 31st March 2006.
- b) The Consolidated profit & Loss Account gives a true and fair view of the consolidated results of operation of Aban Loyd Chiles Offshore Limited, its subsidiaries and its share of result from the Joint Venture, for the year then ended ;
and
- c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flow of Aban Loyd Chiles Offshore Limited, its subsidiaries and its share of Cash Flow from the Joint Venture, for the year then ended.

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian

Membership No. 16059

Chennai
25th April, 2006



Aban Loyd Chiles Offshore Ltd.

Consolidated Balance Sheet

As at 31st March 2006

Schedule	As at 31st March, 2006		As at 31st March, 2005
	Rupees	Rupees	Rupees
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Share Capital	1	157,37,20,250	7,37,10,950
(b) Reserves and Surplus	2	273,04,55,813	212,91,53,726
2. Loan Funds			
Secured Loans	3	1109,80,73,383	717,90,46,284
3. Deferred Tax (Net)	4	65,58,98,798	56,44,58,918
Total Funds Employed		1605,81,48,244	994,63,69,878
II APPLICATION OF FUNDS			
1. Fixed Assets	5		
Gross Block		1147,87,89,722	1141,26,32,580
Less: Depreciation		432,05,09,088	337,08,49,475
Net Block		715,82,80,634	804,17,83,105
Add: Capital Work in Progress		830,80,56,173	3,43,20,200
		1546,63,36,807	807,61,03,305
2. Investments	6	19,21,32,990	23,16,25,567
3. Current Assets, Loans and Advances			
(a) Inventory of Stores & Spares (at cost) (As certified by the Management) including share in joint venture		48,88,27,993	44,72,17,040
(b) Sundry Debtors	7	69,90,41,204	69,87,93,347
(c) Cash and Bank Balances	8	13,54,10,098	98,27,86,435
(d) Loans and Advances	9	18,13,89,131	16,83,36,679
		150,46,68,426	229,71,33,501
Less: Current Liabilities and Provisions	10		
(a) Current Liabilities		83,53,13,514	55,46,70,634
(b) Provisions		26,96,76,465	10,38,21,861
		110,49,89,979	65,84,92,495
Net Current Assets		39,96,78,447	163,86,41,006
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	11	-	-
Total Assets		1605,81,48,244	994,63,69,878
Notes to Accounts	16		

Per our report attached

On behalf of the Board

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
25th April, 2006

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Reji Abraham
Managing Director

C.P. Gopalkrishnan
Director (Finance) & Secretary

Consolidated Profit and Loss Account

For the year ended 31st March 2006

	Schedule	Year ended 31st March, 2006 Rupees	Year ended 31st March, 2005 Rupees
I INCOME			
Income from Operations	12	490,16,26,405	289,54,04,485
Other Income	13	14,77,68,070	8,44,31,721
		504,93,94,475	297,98,36,206
II EXPENDITURE			
Operating, Administrative and Other Expenses	14	209,79,69,002	139,32,29,473
Interest	15	43,63,28,586	18,99,26,740
Depreciation		95,10,93,902	47,45,97,411
Goodwill Amortised		6,29,32,560	6,29,32,560
		354,83,24,050	212,06,86,184
Profit for the year before taxation		150,10,70,425	85,91,50,022
Less: Provision for taxation			
- Current Tax		58,04,00,000	22,01,50,000
- Fringe Benefit Tax		66,09,241	-
- Deferred Tax		9,14,39,923	12,24,47,107
Profit for the year after taxation		82,26,21,261	51,65,52,915
Add: Profit brought forward from Previous Year		179,37,41,287	142,12,37,283
Profit available for Appropriation		261,63,62,548	193,77,90,198
Transfer to General Reserve		9,00,00,000	6,00,00,000
Proposed Dividend - Preference		9,46,84,932	-
Proposed Dividend - Equity		9,58,36,325	7,37,10,950
Tax on Preference Dividend		1,32,79,562	-
Tax on Equity Dividend		1,34,41,045	1,03,37,961
Balance Carried to Balance Sheet		230,91,20,684	179,37,41,287
Notes to Accounts	16		
Earnings per Equity share of Rs.2/- each (Basic and diluted)		19.39	14.02

Per our report attached

On behalf of the Board

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
25th April, 2006

Reji Abraham
Managing Director

C.P. Gopalkrishnan
Director (Finance) & Secretary

Schedules annexed to and forming part of the consolidated accounts

1. SHARE CAPITAL	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
Authorised		
250,00,00,000 Equity Shares of Rs.2/- each (Previous Year 18,00,00,000 Equity Shares of Rs.10/- each)	500,00,00,000	180,00,00,000
50,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each (Previous Year 2,00,00,000 Cumulative Redeemable Preference shares of Rs.10/- each)	500,00,00,000	20,00,00,000
	1000,00,00,000	200,00,00,000
Issued		
313,93,800 Equity Shares of Rs.2/- each. (Previous Year: 62,78,760 Equity Shares of Rs.10/- each)	6,27,87,600	6,27,87,600
54,39,855 Equity Shares of Rs.2/- each fully paid up and 52,940 Equity Shares of Rs.2/- each partly paid upto Re.1 issued pursuant to Scheme of Amalgamation of Hitech Drilling Services India Ltd with the Company. (Previous Year: 10,86,111 Equity Shares of Rs.10/- each fully paid up and 12,448 Equity Shares of Rs.10/- each partly paid upto Rs.5/-)	1,09,32,650	1,09,23,350
	7,37,20,250	7,37,10,950
15,00,00,000 8% Non-Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous Year - Nil)	150,00,00,000	-
	157,37,20,250	7,37,10,950
Subscribed and Paid-up		
368,33,655 Equity Shares of Rs.2/- each fully paid. (Previous Year: 73,64,871 Equity Shares of Rs.10/- each)	7,36,67,310	7,36,48,710
52,940 Equity Shares of Rs.2/- each, partly paid upto Re.1/- (Previous Year : 12,448 Equity Shares of Rs.10/- each, partly paid upto Rs.5/-)	52,940	62,240
15,00,00,000 8% Non-Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous Year - Nil)	150,00,00,000	-
	157,37,20,250	7,37,10,950
Total	157,37,20,250	7,37,10,950

Note: Equity Share of the company having nominal value of Rs.10/- each has been converted into equity share having nominal value of Rs.2/- each by split vide resolution passed at the Extraordinary General Meeting held on 23rd April 2005. Hence the nominal value of share for the year 2005-06 has been stated as Rs.2/- each in Schedule I.

2. RESERVES AND SURPLUS	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
(a) Capital Reserve	33,500	33,500
(b) Securities Premium Account		
- As per last Balance Sheet	12,84,03,600	12,84,03,600
(c) Investment Allowance Reserve-Utilised	5,24,00,000	5,24,00,000
(d) General Reserve		
- At the beginning of the year	15,92,91,943	9,92,91,943
Add: Transfer from Profit and Loss Account	9,00,00,000	6,00,00,000
(e) Profit and Loss Account	230,91,20,684	179,37,41,287
(f) Share in joint venture	(47,15,746)	(47,16,604)
(g) Translation Reserve	(40,78,168)	-
Total	273,04,55,813	212,91,53,726

Schedules annexed to and forming part of the consolidated accounts

3. SECURED LOANS	As at 31st March, 2006	As at 31st March, 2005
	Rupees	Rupees
a. Term Loans from Banks (Includes foreign currency loan of Rs.537,39,03,333 /-)	1063,82,40,876	703,10,51,913
b. Cash Credit from Banks	45,98,32,507	14,79,94,371
Total	1109,80,73,383	717,90,46,284

Notes:

1. Term Loans from Banks are secured by first charge on the offshore drilling rigs, drillship and accessories, floating production unit, windmills and all movable assets, both present and future. Further, one of the term loan from banks is secured by a mortgage of a certain portion of land of the Company.
2. Cash Credits from Banks are secured by way of hypothecation of inventory of stores and spares and Book debts. Moreover, some of the rigs of the company have been offered as a Second charge for certain Cash credit facilities.
3. The Company has offered a first paripasu charge on the drillship and a Second charge on two offshore Jack-up rigs for the term loan availed by its wholly owned foreign subsidiary.

4. DEFERRED TAX (NET)
Deferred tax Asset on Timing differences

Provision for diminution in the value of investments

Deferred Tax Liability on timing differences

On depreciation

Share in Joint Venture

Total

(61,631)	(65,687)
65,62,64,191	56,48,28,324
65,62,02,560	56,47,62,637
(3,03,762)	(3,03,719)
65,58,98,798	56,44,58,918

5. FIXED ASSETS

(In Rupees)

Description of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2005	Additions during the year	Deductions during the year	As at 31st March, 2006	As at 1st April, 2005	Additions during the year	On Deductions during the year	As at 31st March, 2006	As at 31st March, 2006	As at 31st March, 2005
Goodwill	18,87,97,648	-	6,29,32,560	12,58,65,088	-	-	-	-	12,58,65,088	18,87,97,648
Land-Freehold	14,12,96,667	-	1,43,842	14,11,52,825	-	-	-	-	14,11,52,825	14,12,96,667
Building	15,03,66,491	-	-	15,03,66,491	1,97,56,778	24,50,975	-	2,22,07,753	12,81,58,738	13,06,09,713
Offshore Jackup Drilling Rigs, Floating Production unit and connected machineries	723,59,46,973	5,57,21,273	-	729,16,68,246	248,58,40,599	59,55,76,108	-	308,14,16,707	421,02,51,539	475,01,06,374
Drillship	112,95,39,020	2,31,83,524	-	115,27,22,544	73,50,050	12,88,39,131	-	13,61,89,181	101,65,33,363	112,21,88,970
Other Machineries	8,08,24,706	26,01,986	-	8,34,26,692	7,67,35,196	1,24,991	-	7,68,60,187	65,66,505	40,89,510
Wind Mills	240,52,11,814	-	-	240,52,11,814	73,19,66,530	21,55,62,224	-	94,75,28,754	145,76,83,060	167,32,45,284
Office Equipment	3,41,48,226	38,74,890	2,39,450	3,77,83,666	3,13,64,222	19,09,896	1,89,786	3,30,84,332	46,99,334	27,84,004
Furniture and Fixtures	1,75,33,103	17,00,322	36,050	1,91,97,375	73,10,258	12,32,281	9,131	85,33,408	1,06,63,967	1,02,22,845
Vehicles	2,78,34,316	52,79,587	11,96,306	3,19,17,597	1,01,75,090	29,05,404	9,88,709	1,20,91,785	1,98,25,812	1,76,59,226
Share of Fixed Assets in Joint Venture Operation *	1,83,511	3,91,03,768	-	3,92,87,279	60,759	24,37,361	-	24,98,120	3,67,89,159	1,22,752
Capital Work-in-progress (includes share in Joint Venture operation - Rs.2,05,42,561/- (previous Year - Nil))	1141,16,82,475	13,14,65,350	6,45,48,208	1147,85,99,617	337,05,59,482	95,10,38,371	11,87,626	432,04,10,227	715,81,89,390	804,11,22,993
Share in Joint Venture **	9,50,105	-	7,60,000	1,90,105	2,89,993	55,531	2,46,663	98,861	830,80,56,173	3,43,20,200
									91,244	6,60,112
Total	1141,26,32,580	13,14,65,350	6,53,08,208	1147,87,89,722	337,08,49,475	95,10,93,902	14,34,289	432,05,09,088	1546,63,36,807	807,61,03,305
Previous Year	578,91,08,394	569,30,04,130	7,04,30,049	1141,16,82,475	289,78,02,291	47,45,04,147	17,46,956	337,05,59,482	807,54,43,193	296,17,85,969
Share in Joint Venture	22,36,512	-	12,86,407	9,50,105	4,50,950	93,264	2,54,221	2,89,993	6,60,112	17,85,562
Total -Previous Year	579,13,44,906	569,30,04,130	7,17,16,456	1141,26,32,580	289,82,53,241	47,45,97,411	20,01,177	337,08,49,475	807,61,03,305	296,35,71,531

Note: * - share of Fixed Asset in Prize Petroleum Ltd - Joint Venture Operator

** - share of Fixed Asset in Frontier Aban Drilling (India) Limited - Joint Venture Company.

Schedules annexed to and forming part of the consolidated accounts

	No. of Shares	Face Value Rupees	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
6. INVESTMENTS (At Cost)				
Long Term Investments				
A. Trade Investments				
Fully Paid Equity Shares- Unquoted				
(a) Aban Informatics Private Ltd	3,00,750	10.00	1,98,49,500	1,98,49,500
(b) Aban Power Company Limited	1,19,01,529	10.00	11,94,00,000	11,90,15,290
B. Others (Non Trade)				
Equity Shares Quoted -Fully paid				
Arihant Threads Ltd	13,600	10.00	1,70,000	1,70,000
Punjab Woolcombers Ltd	300	10.00	27,000	27,000
State Bank of Travancore	245	100.00	1,47,000	1,47,000
The ICICI Bank Ltd	2,100	10.00	7,86,374	7,86,374
Oil & Natural Gas Corporation Ltd	8,429	10.00	63,21,750	63,21,750
Punjab National Bank	1,886	10.00	-	7,35,540
Current Investments				
(At lower of cost and fair value) (See note: 7)				
Prudential ICICI Liquid Fund	2500418.85	10.00	2,50,04,189	-
Chola Fixed Maturity Plan	1000000.00	10.00	1,00,00,000	-
JM Liquid Fund	1061027.70	10.00	1,06,10,277	-
Reliance Monthly Income Plan	250000.00	10.00	-	25,00,000
Deutsche Floating Rate Fund	1965850.02	10.00	-	2,01,55,421
Templeton India Floating Rate Fund	503637.59	10.00	-	50,45,331
Reliance Fixed Term Scheme	1000000.00	10.00	-	1,00,00,000
Kotak Liquid Fund	2184541.61	10.00	-	2,67,12,793
Reliance Floating Rate Fund	1001317.26	10.00	-	1,00,68,357
Prudential ICICI Liquid Fund	23147.95	10.00	-	2,74,311
JM Derivative Fund	1000000.00	10.00	-	1,00,00,000
Sub Total			19,23,16,090	23,18,08,667
Less: Provision for Diminution in Value of Long Term Investments			1,83,100	1,83,100
TOTAL			19,21,32,990	23,16,25,567
Aggregate Value of Quoted Investments			5,28,83,490	9,29,43,877
Aggregate Market Value of Quoted Investments			5,91,05,372	10,15,32,950
7. SUNDRY DEBTORS				
Considered Good-Unsecured				
(a) Outstanding for more than six months			72,15,526	2,23,64,412
(b) Others			67,66,54,217	66,12,59,599
			68,38,69,743	68,36,24,011
Share in joint venture (including Rs.1,51,71,461/- outstanding for more than six months (Previous year Rs.1,51,69,336/-)			1,51,71,461	1,51,69,336
Total			69,90,41,204	69,87,93,347

Schedules annexed to and forming part of the consolidated accounts

	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
8. CASH AND BANK BALANCES		
Cash on Hand	3,68,755	2,23,156
Balances with Scheduled Banks		
- In Current Accounts	9,49,95,505	10,04,99,500
- In Deposit Accounts	3,23,31,002	88,11,92,319
Balances with other banks in current account		
- Standard Chartered Bank, Dubai	49,34,572	-
- Emirates Bank, Dubai	24,89,868	-
	13,51,19,702	98,19,14,975
Share in joint venture	2,90,396	8,71,460
Total	13,54,10,098	98,27,86,435
Maximum balance during the year with other banks		
- Standard Chartered Bank, Dubai	1,27,33,044	-
- Emirates Bank, Dubai	60,11,353	-
9. LOANS AND ADVANCES		
(Recoverable in cash or in kind or for value to be received, unsecured, considered good)		
Loans and Advances (see Note No.11)	16,95,82,934	15,25,21,118
Sundry Deposits	74,52,345	81,90,486
	17,70,35,279	16,07,11,604
Share in joint venture	43,53,852	76,25,075
Total	18,13,89,131	16,83,36,679
10. CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities		
(a) Amount due to Small Scale Industrial Undertakings	-	-
(b) Sundry Creditors-others	77,10,61,887	50,78,83,515
(c) Other Liabilities	47,21,026	47,58,532
(d) Unclaimed Dividends(No amount is due to Investor Education & Protection Fund)	58,12,060	57,43,164
(e) Interest accrued but not due on secured loans	3,30,59,588	1,84,31,278
	81,46,54,561	53,68,16,489
Share in joint venture	2,06,58,953	1,78,54,145
	83,53,13,514	55,46,70,634
(B) Provisions		
(a) Provision for taxation (Net of Advance payment of taxes)	5,24,34,601	1,97,72,950
(b) Proposed Dividend - Preference	9,46,84,932	-
(c) Proposed Dividend - Equity	9,58,36,325	7,37,10,950
(d) Tax on Dividend	2,67,20,607	1,03,37,961
	26,96,76,465	10,38,21,861
Total	110,49,89,979	65,84,92,495

Schedules annexed to and forming part of the consolidated accounts

Rupees	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
11. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Dry Docking Expenditure at the beginning of the year	-	7,75,28,823
Less: Write off during the year and included under Repairs to Machinery in the Profit and Loss Account	-	7,75,28,823
Total	-	-
12. INCOME FROM OPERATIONS		
	Year Ended 31st March, 2006 Rupees	Year Ended 31st March, 2005 Rupees
Drilling and Production Services	475,91,88,738	272,05,23,197
Wind Power Generation	14,24,37,667	16,93,20,276
	490,16,26,405	288,98,43,473
Share in joint venture	-	55,61,012
Total	490,16,26,405	289,54,04,485
13. OTHER INCOME		
(a) Rental Income (Gross)	14,46,941	9,94,000
(b) Dividend Income from Long Term Investments	4,28,680	3,56,443
(c) Dividend Income from Current Investments	4,10,29,321	99,97,250
(d) Interest on Bank Deposits (Gross)	1,78,32,437	1,49,50,078
(e) Interest-Others (Gross)	56,60,039	9,16,226
(f) Interest on Income-tax refund	-	18,58,379
(g) Service Charges (Gross)	1,27,53,884	1,33,57,695
(h) Others	2,28,18,486	2,60,07,917
(i) Claims	2,17,333	54,65,374
(j) Profit on Sale of Assets (Net)	1,03,413	10,03,107
(k) Profit on Sale of Long Term Investments (Net)	5,81,054	17,15,772
(l) Profit on Sale of Current Investments (Net)	4,44,18,138	66,07,174
	14,72,89,726	8,32,29,415
Share in joint venture	4,78,344	12,02,306
Total	14,77,68,070	8,44,31,721

Note: Tax deducted at source on a d,e,g, Rs. 48,46,956/- (Previous year -Rs. 20,08,610/-)

Schedules annexed to and forming part of the consolidated accounts

	Year Ended 31st March, 2006 Rupees	Year Ended 31st March, 2005 Rupees
14. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
Consumption - Stores and Spares	58,26,75,273	33,65,19,344
Salaries and Bonus	23,74,02,571	12,91,88,190
Contribution to Provident fund and Other funds	1,30,47,206	1,06,48,301
Staff Welfare	1,70,38,951	79,69,814
Rent	50,32,438	13,27,993
Rates and Taxes	2,87,49,704	82,34,498
Rental Charges for Machinery	16,86,58,698	24,25,86,975
Repairs to Machinery	19,23,35,163	23,69,59,397
Insurance	21,45,58,103	12,77,69,056
Drilling Services and Management Fees	15,70,57,445	8,12,71,190
Consultancy and Professional Fees	20,82,19,616	9,38,78,257
Catering Expenses	2,90,05,545	1,24,43,488
Postage, Telegram and Telex	95,41,982	35,07,046
Printing and Stationery	33,29,808	17,57,852
Travelling Expenses	7,80,16,107	3,01,54,605
Guarantee Commission , Bank and Other Charges	4,31,74,426	3,59,41,366
Auditors' Remuneration :		
Audit Fees	6,21,980	4,68,550
Tax Audit Fees	2,87,071	3,01,896
Certification and Other Services	5,88,415	3,61,100
Reimbursement of Expense	77,355	71,899
Other Expenses	10,09,57,617	2,27,83,070
	209,03,75,474	138,41,43,887
Share in Joint Venture	75,93,528	90,85,586
Total	209,79,69,002	139,32,29,473

15. INTEREST

On Long Term Loans *	42,60,17,104	18,50,92,936
Others	1,03,11,482	48,33,804
* Excluding Interest capitalised during the year Rs.7,36,68,655/- (Previous Year - Rs.2,28,09,185/-)		
Total	43,63,28,586	18,99,26,740

Schedules annexed to and forming part of the consolidated accounts

16. NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

- The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard-21 and Accounting Standard-27 issued by the Institute of Chartered Accountants of India. In the Consolidated Financial Statements, inter-company accounts and transactions are eliminated on consolidation.
- The Audited Annual Accounts of the wholly owned subsidiaries M/s Aban Energies Ltd, M/s. Aban Singapore Pte Ltd - the Foreign subsidiary and its subsidiaries and unaudited financial Statements of joint venture company Frontier Aban Drilling (India) Ltd have been considered in the preparation of the Consolidated Financial Statements.
- The details of the related entities are given below:

Name of the Company	Nature of Relation	Percentage of holding	Accounts considered
1. Aban Energies Ltd, India	Subsidiary	100%	31.03.2006 (audited)
2. Aban Singapore Pte Ltd, Singapore	Subsidiary	100%	31.03.2006 (audited)
3. Subsidiaries of Aban Singapore Pte Ltd			
- Aban 7 Pte Ltd, Singapore	Subsidiary	100%	31.03.2006 (audited)
- Aban 8 Pte Ltd, Singapore	Subsidiary	100%	31.03.2006 (audited)
- Aban Abraham Pte Ltd, Singapore	Subsidiary	100%	31.03.2006 (audited)
- West Africa Drilling NV, Netherlands Antilles	Subsidiary	100%	31.03.2006 (Unaudited)
4. Frontier Aban Drilling(India) Limited	Joint Venture	25%	31.03.2006 (Unaudited)

Name of the Company	Nature of Interest	Accounts considered
Prize Petroleum Limited	50% share in Joint Operating Agreement	Considered in Separate financial Statement of Aban Loyd Chiles Offshore Limited (Also refer Note No.12)

4. SIGNIFICANT ACCOUNTING POLICIES**ACCOUNTING CONVENTIONS AND CONCEPTS**

- Financial statements are based on historical cost convention and on the basis of a going concern and comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956. The Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis.
- FIXED ASSETS**
Fixed Assets are capitalised at cost inclusive of installation expenses and interest upto the date the asset is put to use. The original cost of Fixed Assets acquired through foreign currency loans are adjusted for any exchange difference between actual payment of principal and the original cost booked and by revaluation of closing foreign currency loan at the rate prevailing on the closing day.
- DEPRECIATION**
Depreciation on Fixed Assets is provided on the Straight Line basis at rates prescribed in Schedule XIV of the Companies Act, 1956 on a pro-rata basis. Depreciation on Drillship is provided at a higher rate of 11.31% p.a on straight line method based on technical evaluation of the expected useful life. Depreciation on windmills is provided at a higher rate of 10% p.a on straight line method based on technical evaluation of the expected useful life.
- INVENTORY VALUATION**
Inventory of Stores and Spares are valued at cost based on First in First out Cost formula.
- FOREIGN CURRENCY TRANSACTIONS**
Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Current assets and Current liabilities are translated at year end exchange rates and the realised exchange gains or losses are recognised in the Profit and Loss Account. Wherever forward contracts are entered into, the exchange differences are dealt with in the Profit & Loss Account over the period of the contracts.
- TRANSLATION TO INDIAN RUPEES**
The functional currency of the parent company is Indian Rupee. The functional currencies of the foreign subsidiaries are in US Dollars. Their accounts are converted from US Dollar to Indian Rupees in the following manner:
All income and expense items are translated at the moving average rate of exchange applicable for the year. All monetary assets and liabilities are translated at the closing rate as on Balance Sheet Date. The equity share capital and loan from Holding Company are stated at the exchange rate on the date of transaction. The exchange difference arising out of the year end translation is debited or credited to Translation Reserve Account as the case may be and is being classified under 'Reserves and Surplus Account'.
- INVESTMENTS**
 - Long Term Quoted Investments are stated at cost unless there is a permanent fall in the value. A provision for diminution is made to recognise a decline other than temporary, in the value of long term Investments.
 - Current Investments are stated at lower of cost and fair value of the category of such current investments.

Schedules annexed to and forming part of the consolidated accounts

H. PROPOSED DIVIDEND

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

I. RETIREMENT BENEFITS

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

J. BORROWING COST

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

K. TAXES ON INCOME

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

L. JOINT OPERATING AGREEMENT

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

M. IMPAIRMENT OF ASSETS

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

N. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

5. Contingent Liabilities not provided for

	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
a. Guarantees given by banks on behalf of the Company.	72,25,38,321	41,01,76,066
b. Letter of Credit	5,46,73,010	4,10,46,490
c. Corporate Guarantee given by the Company for Wholly owned foreign Subsidiary	448,60,00,000	-
6. Capital commitments not provided for in respect of wholly owned foreign subsidiary for which Corporate Guarantee given by the Holding Company	610,09,60,000	-
7. During the year the Company acquired and sold the following Current Investments:		
Particulars	Purchased Units/Shares	Sold Units/Shares
Investments in Units in Mutual Funds		
Chola Freedom Income Fund - Bonus	-	4,50,275.51
Deutsche Floating rate Fund - Dividend	10,09,674.00	29,75,524.02
Deutsche Insta Cash Fund - Dividend	238,23,602.81	238,23,602.81
DSP Merrill Lynch Floating rate fund - Dividend	192,63,489.89	192,63,489.89
DSP Merrill Lynch Liquidity fund - Dividend	66,70,576.00	66,70,576.00
Grindlays Cash Fund - Dividend	1913,63,642.55	1913,63,642.55
Grindlays Floating Rate Fund - Dividend	335,94,235.00	335,94,235.00
HDFC cash Management Fund - Dividend	438,89,195.32	438,89,195.32
ING Vysya Liquid Fund - Dividend	2,32,018.00	2,32,018.00
Kotak Floater Short Term Fund - Dividend	97,97,906.00	97,97,906.00
Kotak Liquid Fund - Dividend	405,60,876.30	427,45,417.90
SBI Magnum Income Fund- Dividend	178,93,690.00	178,93,690.00
Pru ICICI Blended Fund- Dividend	34,68,697.71	34,68,697.71
Pru ICICI floating Rate Fund - Dividend	563,23,515.00	563,23,515.00
Pru ICICI Liquid Fund - Dividend	1647,64,860.33	1622,87,589.43
Pru ICICI Short Term Plan - Dividend	229,54,590.00	229,54,590.00
Pru ICICI Long Term Floating Rate Fund - Dividend	20,19,216.00	20,19,216.00
Reliance Liquid Fund - Dividend	492,11,233.62	492,11,233.62
Reliance Fixed Term Scheme	40,43,929.00	50,43,929.00
Reliance Floating Rate Fund - Dividend	11,264.74	10,12,582.00
Reliance Monthly Income Plan	-	2,50,000.00
Reliance Short Term Fund - Dividend	19,85,752.00	19,85,752.00
Templeton Floating Rate Fund - Dividend	96,03,739.03	101,07,376.62
Templeton Growth Plan - Bonus	18.37	18,383.33
Templeton Short term Income Plan - Dividend	1,84,205.00	1,84,205.00
Templeton Treasury Management Plan - Dividend	12,57,221.04	12,57,221.04

Schedules annexed to and forming part of the consolidated accounts

	Purchased	Sold
	<i>Units/Shares</i>	<i>Units/Shares</i>
UTI Liquid Cash Plan - Dividend	2,57,555.63	2,57,555.63
UTI Floating rate fund - Dividend	184,50,677.34	184,50,677.34
HSBC cash Fund - Dividend	221,25,949.61	221,25,949.61
Sundaram Money Fund - Dividend	4,96,055.70	4,96,055.70
Principal Income Fund - Dividend	184,17,742.32	184,17,742.32
JM Short Term Fund - Dividend	165,73,049.31	165,73,049.31
Chola Liquid Fund - Dividend	10,04,865.93	10,04,865.93
Chola Fixed Maturity plan	10,00,000.00	-
Tata Contra Fund	21,00,000.00	21,00,000.00
Tata Floating Rate Fund - Dividend	10,08,032.74	10,08,032.74
JM Derivative Fund	-	10,00,000.00
JM Liquid Fund - Dividend	10,61,027.70	-
HDFC Liquid Fund - Growth	25,40,208.15	25,40,208.15
Liquid Bees	2,84,284.19	2,84,284.19
Investments in Equity Shares (Shares)	Purchased	Sold
Reliance Industries Ltd	1170324	1170324
NDTV	609400	609400
Reliance Capital Ltd	25300	25300
Infosys	4500	4500
Century Textiles	5950	5950
VSNL	117600	117600
State Bank of India	91275	91275
ABG Shipyard Ltd	792	792
Allahabad Bank	2748	2748
Allsec Technologies Ltd	950	950
Apral Industries Ltd	1155	1155
Asean Hotels Ltd	350	350
Avaya Global Connect Ltd	580	580
Bajaj Hindustan Ltd	1224	1224
Balrampur chini mills Ltd	2802	2802
Bharat Bijlee Ltd	521	521
Bharat Electronics Ltd	228	228
Britannia Industries Ltd	85	85
Canara Bank	739	739
Cholamandalam Investment and Finance Co., Ltd	1399	1399
Corporation Bank	603	603
Fulford India Ltd	229	229
Godrej Consumer Products Ltd	438	438
Great Eastern Shipping Company Ltd	1265	1265
Gujarat Ambuja Cements Ltd	2665	2665
HDFC Bank Ltd	308	308
Hindalco Industries Ltd	2437	2437
Hindustan Lever Ltd	1484	1484
Hotel Leela Ventures Ltd	562	562
ICICI Bank Ltd	410	410
Indo Asian Fuse Gear Ltd	1465	1465
IDBI Bank Ltd	11740	11740
ISMT Ltd	2000	2000
ITC Ltd	1583	1583
Jammu & Kashmir Bank Ltd	349	349
APIT Cummins Info systems Ltd	499	499
Liberty Shoes Ltd	1066	1066
LIC Housing Finance Ltd	884	884
Mahindra & Mahindra Ltd	576	576
Matrix Laboratories Ltd	749	749
Micro Inks Ltd	540	540
Monsanto India Ltd	87	87
MphasisBfl Ltd	1115	1115
MRO-TEK Ltd	3180	3180
Nagarjuna Construction Ltd	655	655
Pantaloon Retail (India) Ltd	119	119
Prism Cement Ltd	5000	5000
Reliance Energy Ltd	328	328
TATA Elxsi Ltd	766	766
Television Eighteen India Ltd	555	555
Tube Investment of India Ltd	5	5
Ispat Industries Ltd	688000	688000
Nagarjuna Fertilizers Ltd	574000	574000
Oriental Bank of Commerce	52800	52800
Punjab National Bank	151800	153686
Polaris Ltd	8400	8400
Videocon International Ltd	102400	102400
Indian Overseas Bank	100000	100000

Schedules annexed to and forming part of the consolidated accounts

	31st March, 2006 Rupees	31st March, 2005 Rupees
8. Managerial Remuneration		
Salary & Allowances	61,24,800	58,49,333
Monetary Value of Perquisites	18,94,341	18,03,488
Sitting fees	3,96,000	2,27,000
Commission	3,14,74,259	1,64,27,713
	3,98,89,400	2,43,07,534
9. Related Party disclosure:		
Enterprise where control exists		
A. Subsidiary Companies		
Aban Energies Limited, India		
Aban Singapore Pte Ltd, Singapore		
B. Subsidiary of Aban Singapore Pte Ltd (Subsidiaries of Subsidiary Company)		
Aban 7 Pte Ltd, Singapore		
Aban 8 Pte Ltd, Singapore		
Aban Abraham Pte Ltd, Singapore		
West Africa Drilling N.V, Netherlands Antilles		
C. Other related parties with whom the company had transactions		
a. Joint Venture Enterprise		
Frontier Aban Drilling (India) Limited		
b. Joint Venture Operator		
Prize Petroleum Limited		
c. Key Management personnel		
(i) Mr. Reji Abraham	-	-
- Managing Director		
(ii) Mr. P Venkateswaran	-	-
- Director-Operations		
(iii) Mr. C P Gopalkrishnan	-	-
- Director(Finance) & Secretary		
(iv) Mr. V S Rao	-	-
- Non-Executive Director		
(v) Mr. P Murari	-	-
- Non-Executive Director		
(vi) Mr. S.Srinivasan	-	-
- Non-Executive Director (Nominee of ICICI Bank Limited) (upto 24.11.05)		
(vii) Mr. K M Jaya Rao	-	-
- Non-Executive Director (Nominee of ICICI Bank Limited) (from 12.1.06)		
(viii) Mr.K. Bharathan	-	-
- Non-Executive Director		

Transaction with Related Parties during the Year

Nature of Transaction	Joint Venture Enterprise / Operator		Key Management Personnel	
	Rs.		Rs.	
	2005-2006	2004-2005	2005-2006	2004-2005
i) Rent received	-	8,80,000	-	-
ii) Rent paid	-	-	24,00,000	453,333
iii) Purchase of Assets	5,98,46,329	1,83,511	-	-
iv) Remuneration	-	-	3,98,89,400	2,43,07,534
v) Amount Outstanding as at 31.3.2006 receivable/(payable)	(58,44,431)	(2,58,494)	22,35,000	25,25,000

Schedules annexed to and forming part of the consolidated accounts

10. SEGMENT REPORTING (as per the Accounting Standard 17- Segment reporting issued by the Institute of Chartered Accountants of India)

A. Primary Segment

The group's primary segments are Offshore Oil Drilling and Production services, Wind Energy services and Wind Power generation. The above business segments have been identified considering the nature of services rendered and the internal financial reporting system. Income and Expenses have been accounted for based on their relationship to the operating activities of the segment

B. Secondary Segment

The Substantial Assets of the Group are Rigs/Drillship, which are mobile assets and can operate across the world, in view of which geographical segment is not considered.

Primary Segment Information

	2005-2006		2004-2005	
	Rs.	Rs.	Rs.	Rs.
1. Segment Revenue				
- Drilling	489,35,03,922		279,03,32,794	
- Wind Energy	15,54,12,209		18,27,40,094	
-Share in joint venture	4,78,344	504,93,94,475	67,63,318	297,98,36,206
2. Segment Result				
- Drilling	167,56,23,300		99,27,67,908	
- Wind Energy	(16,73,82,159)		(13,12,02,354)	
-Share in joint venture	(71,70,716)	150,10,70,425	(24,15,532)	85,91,50,022
3. Segment Assets				
- Drilling	1537,39,66,551		858,05,97,020	
- Wind Energy	162,27,46,197		185,22,57,504	
-Share in joint venture	1,99,06,952	1701,66,19,700	2,43,25,983	1045,71,80,507
4. Segment Liabilities				
- Drilling	1190,96,82,341		671,01,35,032	
- Wind Energy	30,45,603		100,57,27,741	
-Share in joint venture	2,06,58,953	1193,33,86,897	1,78,54,145	773,37,16,918
5. Depreciation				
- Drilling	73,51,14,152		25,88,04,662	
- Wind Energy	21,59,24,219		21,56,99,485	
-Share in joint venture	55,531	95,10,93,902	93,264	47,45,97,411
6. Capital Expenditure				
- Drilling	840,01,72,990		567,86,61,640	
- Wind Energy	26,52,686		68,45,001	
-Share in joint venture	-	840,28,25,676	-	568,55,06,641

11. Loans and Advances include loan to a wholtime Director of the Company who was an officer at the time of taking the loan Rs. 22,35,000/- (previous year Rs.25,25,000/-). Maximum amount outstanding during the the year Rs. 25,25,000/-(Previous Year Rs.27,80,000/-).

12. The Company had entered into a Joint Operating Agreement with Prize Petroleum Limited for development of Oil & Natural Gas Corporation Ltd's Oil fields at Hirapur, Khambel and West Bechrajji in the state of Gujarat. The Company's participating share in the contract is 50%. As at 31st March 2006, no commercial production has taken place under the Joint Agreement. The Company's share of 50% of Assets and Liabilities as at 31st March 2006 and the expenditure for the year in respect of the Joint Venture operation is as follows:

Particulars	2005-06	2004-05
	Rs.	Rs.
Fixed Assets including capital work-in-progress	5,96,46,329	1,83,511
Current Assets	38,35,263	20,57,896
Current Liabilities	2,08,35,598	2,58,494
Depreciation	24,37,361	60,759

Schedules annexed to and forming part of the consolidated accounts

13. Interests in joint ventures

The Company's interest in joint venture (Frontier Aban Drilling (India) Limited) is reported as Long Term Investments as at 31st March, 2006 and stated at cost. On adoption of Accounting Standard 27 during the year, the Company's interest in the Joint venture accounted for proportionate consolidation are:

	As at 31st March, 2006	As at 31st March, 2005
	Rs. in lacs Unaudited	Rs. in lacs Unaudited
I. ASSETS		
1. Fixed Assets (Net)	0.91	6.60
2. Deferred Tax (Net)	3.04	3.04
3. Current Assets, Loans and Advances		
a) Sundry Debtors	151.70	151.69
b) Cash and Bank Balances	2.90	8.71
c) Loans and Advances	43.54	76.25
II. LIABILITIES		
1. Shareholders' funds'-Reserves and Surplus	(54.48)	17.76
2. Current Liabilities	206.59	178.54
III. CONTINGENT LIABILITIES	-	-
	For the year ended 31st March, 2006	For the year ended 31st March, 2005
	Rs. in lacs Unaudited	Rs. in lacs Unaudited
V. INCOME		
Income from operations	-	55.61
Other Income	4.78	12.02
V EXPENSES		
a) Stores and Spares consumed	-	1.42
b) Employee Cost	3.20	9.38
c) Other expenses	72.73	80.05
d) Depreciation	0.56	0.93
Profit before Taxation	(71.71)	(24.15)
Provision for taxation		
-current	0.54	-
-deferred	-	(0.55)
Profit after Taxation	(72.25)	(23.60)

14. Earning per share is calculated as shown below: (Equity shares of Rs.2/- each) (Previous Year Rs.10/- each)

	2005-2006	2004-2005
	No. of Shares	No. of Shares
Share Capital		
Fully Paid	3,68,33,655	73,64,871
Partly paid		
Calculated as fully paid	26,470	6,224
	<u>3,68,60,125</u>	<u>73,71,095</u>
Profit after tax, Preference Dividend and tax thereon	Rs. 71,46,56,767	51,65,52,915
Earning per Share Rs.10/-each. (Basic and diluted)	-	70.08
Earning per Share Rs.2/-each. (Basic and diluted)	19.39	14.02



Aban Loyd Chiles Offshore Ltd.

Schedules annexed to and forming part of the consolidated accounts

15. The Company has introduced an Employee Stock Option Scheme. The Compensation Committee of the Board has approved grant of options to the employees on the basis of their performance. These options vest with the employees over a specified period as per the scheme subject to fulfilment of certain conditions. Upon vesting, the employees are eligible to apply for the company's share at prevailing market price on the date of grant of options as defined by SEBI guidelines. The Company has granted 96,200 options to 75 employees including two wholetime Directors, which are exercisable after 15.7.2006.
16. The Company has issued 15,00,00,000 8% Non-convertible Cumulative Redeemable Preference Shares of Rs.10/- each on private placement basis and the same have been allotted on 17th June 2005. The dividend on the same has been provided on prorata basis from the date of allotment.
17. Previous year's figures are re-grouped/re-arranged wherever necessary.
-

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
25th April, 2006

On behalf of the Board

Reji Abraham
Managing Director

C.P. Gopalkrishnan
Director (Finance) & Secretary

Consolidated Cash Flow Statement

For the year ended 31st March 2006

A CASH FLOW FROM OPERATING ACTIVITIES:

	2005-2006 Rupees in lacs	2004-2005 Rupees in lacs
NET PROFIT BEFORE TAX	15,010.70	8,591.50
ADJUSTMENTS FOR:		
Amortised Dry Docking expenses	-	775.29
Depreciation	9,510.94	4,745.97
Goodwill written off	629.33	629.33
Interest	4,363.29	1,899.27
Income from Non -Trade Investments	(649.50)	(280.78)
Profit on sale of Long Term and Current Investments	(449.99)	(83.23)
Profit on sale of Fixed Assets	(1.03)	(10.03)

OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

28,413.74 **16,267.32**

ADJUSTMENTS FOR:

Inventories	(416.11)	(2,056.50)
Trade and other receivables	(176.89)	(3,588.70)
Trade and other payables	2,656.49	2,369.02
CASH GENERATED FROM OPERATIONS	30,477.23	12,991.14
Direct taxes paid	(5,541.59)	(1,812.99)
NET CASH FROM OPERATING ACTIVITIES	24,935.64	11,178.15

B CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of fixed assets	(84,052.01)	(56,568.44)
Sale of fixed assets	10.45	77.86
Interest and dividend received	654.38	241.78
Purchase of Investments	(1,06,059.85)	(29,260.95)
Sale of Investments	1,06,904.77	34,605.09
NET CASH USED IN INVESTING ACTIVITIES	(82,542.26)	(50,904.66)

C CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds/(Repayment) of Long Term Borrowings	39,190.27	47,703.66
Proceeds from partly paid shares	0.09	0.04
Proceeds from preference shares	15,000.00	-
Dividend paid including tax on dividend	(840.49)	(625.04)
Interest paid	(4,217.00)	(1,751.83)
NET CASH FROM FINANCING ACTIVITIES	49,132.87	45,326.83
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(8,473.75)	5,600.32
CASH AND CASH EQUIVALENTS -at beginning of the year	9,827.86	4,227.54
CASH AND CASH EQUIVALENTS- at end of the year	1,354.11	9,827.86

Per our report attached

On behalf of the Board

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 16059

Chennai
25th April, 2006

Reji Abraham
Managing Director

C.P. Gopalkrishnan
Director (Finance) & Secretary