"Do not follow where the path may lead. Go instead where there is no path and leave a trail."
M. A. Abraham
1939 -2004

CORPORATE INFORMATION

Board of Directors

V. S. RAO	- Chairman
P. MURARI	- Vice Chairman
REJI ABRAHAM	- Managing Director
K. BHARATHAN	- Director
K.M. JAYARAO	- Nominee Director of ICICI Bank Limited
P. VENKATESWARAN	- Deputy Managing Director
C.P. GOPALKRISHNAN	- Deputy Managing Director & Secretary

Committees of the Board

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

AXIS BANK LIMITED
BANK OF BARODA
BANK OF INDIA
CANARA BANK
CORPORATION BANK
DnB NoR BANK ASA
EXPORT IMPORT BANK OF INDIA
ICICI BANK LIMITED
IDBI BANK LIMITED
INDIAN BANK
INDIAN OVERSEAS BANK
ORIENTAL BANK OF COMMERCE
PUNJAB NATIONAL BANK
STANDARD CHARTERED BANK
STATE BANK OF INDIA
SYNDICATE BANK
UCO BANK

Registered Office

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

Company Identification Number

CIN : L01119 TN 1986PLC013473

Registrar and Share Transfer Agent

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

Registrar for FCCB

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

Trustee

DEUTSCHE TRUSTEE COMPANY LIMITED
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Principal Agent and Transfer Agent

DEUTSCHE BANK AG, LONDON BRANCH
Winchester House
1 Great Winchester Street,
London EC2N 2DB
United Kingdom

Aban Offshore Limited

(Formerly Aban Loyd Chiles Offshore Limited)

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

NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of **ABAN OFFSHORE LIMITED** will be held on Wednesday the 17th September 2008 at 11.00 A.M at the Mini Hall of Music Academy No.168 (Old No.306) T.T.K. Road, Royapettah, Chennai – 600 014 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2008 and the Balance Sheet as on that date together with the reports of the Board of Directors and Auditors thereon.
2. To consider and declare a dividend @ 8% p.a. on Non-Convertible Cumulative Redeemable Preference Shares for the year ended 31st March 2008.
3. To consider and declare a dividend @ 9% p.a. on Cumulative Non -Convertible Redeemable Preference Shares for the year ended 31st March 2008
4. To consider and declare a dividend on Equity Shares for the year ended 31st March 2008
5. To appoint a Director in place of Mr. V.S. Rao who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Mr. P. Venkateswaran who retires by rotation and being eligible offers himself for re-appointment.
7. To consider and if thought fit to pass with or without modification(s) the following resolution as a **SPECIAL RESOLUTION**

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

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

"RESOLVED THAT pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), the provisions of Chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines 2000 ("SEBI DIP Guidelines"), the provisions of the Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations 2000 ("FEMA Regulations") and such other statutes, rules, regulations and guidelines as may be applicable and relevant, the Board of Directors may at their absolute discretion, issue, offer and allot Equity Shares / Fully convertible Debentures (FCD) / Partly Convertible Debentures (PCD) / Optionally convertible Debentures (OCD) or any other securities other than warrants, which are convertible into or exchangeable with the equity shares of the Company or other specified securities (hereinafter collectively referred to as "Securities") in one or more placements to Qualified Institutional Buyers (as defined under SEBI DIP Guidelines, "QIB") for an amount not exceeding INR 1000 Crores (Rupees one thousand crores only) inclusive of such premium as may be finalized by the Board under a Qualified Institutional Placement ("QIP") as provided under the SEBI DIP Guidelines).

"RESOLVED FURTHER THAT where Securities which are convertible into or exchangeable with Equity Shares at a later date are issued under a QIP authorised under the previous paragraph, the relevant date for the purpose of determining the pricing of the resultant shares shall be 18th August 2008, the day which is 30 days prior to 17th September 2008, the date on which the meeting of general body of shareholders is held, in terms of Section 81(1A) of the Companies Act, 1956 to consider the proposed issue of Securities by way of a QIP.

"RESOLVED FURTHER THAT (i) The Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and (ii) the Underlying Equity Shares shall rank paripassu with the existing Equity Shares of the Company in all respects including payment of dividend."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws as aforesaid securities may have such features and attributes or any terms or combination of terms in accordance with the international practice to provide for the tradability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions what so ever including terms for the issue of additional securities and the Board be and is hereby authorized in its absolute discretion in such manner as it may deem fit to dispose off such of the securities that are not subscribed."

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the Board be and the same is hereby authorized to do all such acts deeds matters and things including but not limited to creation of mortgage / charge under section 293(1)(a) of the Companies Act, in respect of securities as aforesaid either on pari-passu basis or otherwise, as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

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

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

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of directors or chief executive officer or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolution."

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 Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs.1000,00,00,000/- (Rupees one thousand crores only) divided into 250,00,00,000 (Two hundred and fifty crores only) Equity Shares of Rs.2/- (Rupees Two only) each aggregating to Rs.500,00,00,000/- (Rupees five hundred crores only) and 50,00,00,000 (Fifty crores only) Cumulative Redeemable Preference Shares of Rs.10/- (Rupees Ten only) each aggregating to Rs.500,00,00,000/- (Rupees five hundred crores only) to Rs.1500,00,00,000/- (Rupees One thousand five hundred crores only) divided into 250,00,00,000 (Two hundred fifty crores only) Equity Shares of Rs. 2/- (Rupees Two only) each aggregating to Rs.500,00,00,000/- (Rupees five hundred crores only) and 100,00,00,000 (One hundred crores only) Cumulative Redeemable Preference Shares of Rs.10/- (Rupees Ten only) each aggregating to Rs.1000,00,00,000/- (Rupees one thousand crores only) with the power to increase or reduce, consolidate, subdivide the capital in accordance with the provisions of the Companies Act, 1956."

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

"RESOLVED THAT the existing Clause V of the Memorandum of Association of Company be deleted and substituted with the following new clause.

V. The Authorised Share Capital of the Company is Rs. 1500,00,00,000/- (Rupees One thousand five hundred crores only) divided into 250,00,00,000 (Two hundred Fifty crores only) Equity Shares of Rs. 2/- (Rupees Two only) each aggregating to Rs.500,00,00,000/- (Rupees five hundred crores only) and 100,00,00,000 (One Hundred crores only) Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs.1000,00,00,000/- (Rupees one thousand crores only) with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such a manner as may be provided by the regulations of the Company, subject to the provisions of the Companies Act, 1956."

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

"RESOLVED THAT the existing clause 3 of the Articles of Association of the Company be deleted and substituted with following new clause

3. The Share Capital of the Company is Rs.1500,00,00,000/- (Rupees one thousand five hundred crores only) divided into 250,00,00,000 (Two hundred and fifty crores only) Equity Shares of Rs. 2/- (Rupees Two only) each aggregating to Rs.500,00,00,000/- (Rupees five hundred crores only) and 100,00,00,000 (One hundred crores only) Cumulative Redeemable Preference Shares of Rs.10/- (Rupees Ten only) each aggregating to Rs.1000,00,00,000/- (Rupees one thousand crores only) with power to increase or reduce the capital in accordance with the provisions of the Companies Act, 1956."

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

"RESOLVED THAT 50,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each forming part of the Authorised Share Capital of the Company be issued at par / premium / discount and allotted to any person or persons, in one or more tranches and on such terms as to dividend, preferential payment and redemption as the Board of Directors (hereinafter referred to as the "Board", which term shall include any committee(s) which the Board may constitute to exercise the powers of the Board including the powers conferred by this resolution) may deem fit and that the provisions of Section 81 of the Companies Act, 1956 shall not apply to the aforesaid issue and that such shares need not be offered to the existing Shareholders of the Company."

"RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorised to do all acts and deeds as may be necessary, usual, proper and expedient to give effect to this Resolution including listing of securities in the Stock Exchanges, if necessary."

By Order of the Board

Sd/-

Chennai — **C.P. Gopalkrishnan**

July 21, 2008 — *Deputy Managing Director & Secretary*

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. BLANK PROXY FORM IS ANNEXED.**
2. Members / Proxies should bring the enclosed attendance slip duly filled in for attending the Meeting alongwith Annual Report Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 10.09.2008 to 17.09.2008 (both days inclusive) for the purpose of declaration of dividend.
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 if declared at the Annual General Meeting will be paid on or after 17.09.2008 to those persons or their mandates.

   (i) Whose names appear as Beneficial Owners as at the end of the business hours on 09.09.2008 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held on electronic form; and

   (ii) Whose name appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Share Transfer Agent on or before the aforesaid date.
6. Dividend on Preference Shares if declared at the Annual General Meeting will be paid on or after 17.09.2008 to the eligible members or their mandates.
7. **Nomination Facility**

   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.
8. **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.

   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 are requested to contact their respective Depository participants in this connection.
9. **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 Form II prescribed under the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules 1978 to Office of the Registrar of Companies, Shastri Bhavan, 26 Haddows Road, Chennai 600 006

   Transfer to the Investor Education and Protection Funds

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

   Accordingly the dividend, which had remained unpaid/ unclaimed for the financial year ended 31st March 1996 to 31st March 2000, have been transferred to the Investor Education and Protection Fund.

   It may be noted that the unpaid/unclaimed dividend for the financial year ended 31st March 2001 is due for transfer to the fund.

   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 date they first became due for payment. Any person / member who has not claimed dividend in respect of the financial year ended 31st March 2001 or any year thereafter are requested to approach the Company / the Registrar and Share Transfer Agent of the Company for claiming the same.

   The Members who have not yet encashed the dividend warrant(s) for the financial years 2001-2002 to 2006-2007 are requested to approach the Company / Company's Registrar with their warrants for revalidation. Dividend for these years which remain unclaimed for a period of 7 years will be transferred by the Company to Investor Education and Protection Fund.
10. **Bank Mandates**

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

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

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

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

Details of Directors Seeking reappointment at the forthcoming Annual General Meeting to be held on 17th September 2008 *(in pursuance of clause 49 of the Listing Agreement)*

Name of Director	V.S. Rao	P. Venkateswaran
Date of Birth	18.07.1929	12.02.1951
Date of Appointment	22.08.1991	01.08.2001
Expertise in specific functional areas	Management	Operation & Management
Qualfications	B.E. (Hons) Pune University	B.Tech
Shareholding in the Company Equity Shares of Rs.2/- each	250	7605
Directorships held in other Public Limited Companies excluding Private and Foreign Companies	Aban Energies Limited	Aban Energies Limited Perunad Plantations Limited North Chennai Power Company Limited Mahanadhi Aban Power Company Limited
Membership / Chairmanship of Committees in the Company	Audit Committee - Chairman	Shareholder Grievance Committee - Member

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS CONTAINED IN THE NOTICE DATED 21ST JULY 2008

Item No.8

In view of the growing operations of the Company,and to augment the fund requirements of the company, your Company proposed to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, etc., as stated in the resolution. The proposed resolution for issuance of equity shares FCCBs, GDRs, ADRs, etc for an amount not exceeding USD400 million, include the renewal of limits of issuance of USD 200 Million approved by the members at the 21st Annual General Meeting held on 16th August 2007. The resolution is placed before the Meeting for approval.

None of the Directors is concerned or interested in the resolution contained in item No.8 of the notice.

Item No. 9

In order to meet the funding requirement of growing operations and for general corporate purpose, your company propose to raise funds upto Rs.1000 crores by issue, offer and allot Equity Shares / Fully convertible Debentures (FCD) / Partly Convertible Debentures (PCD) / Optionally convertible Debentures (OCD) or any other securities other than warrants, which are convertible into or exchangeable with the equity shares of the Company or other specified securities (hereinafter collectively referred to as "Securities") in one or more placements to Qualified Institutional Buyers (as defined under SEBI DIP Guidelines, "QIB") Your company also wants to attract Qualified Institutional Buyers (QIBs) / International Institutional Investors of repute and create adequate float for such investors to become a meaningful holders of the Company's Equity Shares. Therefore the resolutions proposed under item 9 seek to empower the Board to undertake a qualified institutional placement with qualified institutional buyers as defined by the SEBI DIP Guidelines, to be completed within twelve months of shareholder approval, without the need for fresh approval from the shareholders. Placements made in pursuance of this resolution, if approved shall be separated by at least six months between each placement.

The Board recommends the passing of the special resolution(s) as set out item No. 9 in the Notice

None of the Directors is concerned or interested in the resolution contained in item No.9 of the notice.

Item No.10,11 & 12

The present authorized Share Capital of the Company is Rs.1000 Crores consisting of 250,00,00,000 (Two Hundred and fifty crores) Equity Shares of Rs.2/- (Rupees two only) each aggregating to Rs.500,00,00,000/- (Rupees five hundred crores only) and 50,00,00,000 (Fifty Crores only) Cumulative Redeemable Preference Shares of Rs.10/- (Rupees ten only) each aggregating to Rs.500,00,00,000/- (Rupees five hundred crores only). To enable the Company to expand its activities for seeking the emerging opportunities for growth it is considered necessary to increase the share capital of the Company to Rs.1500,00,00,000/- (Rupees one thousand five hundred crores only) consisting of 250,00,00,000 (two hundred and fifty crores only) Equity Shares of Rs.2/- each aggregating to Rs.500,00,00,000/- (Rupees five hundred crores only) and 100,00,00,000 (one hundred crores only) Cumulative Redeemable Preference Shares of Rs.10/- each aggregating to Rs.1000,00,00,000/- (Rupees one thousand crores only). Such increase in the authorized share capital requires alteration of capital clause in the Memorandum and Articles of Association of the Company. Hence item no.10,11 & 12 are placed before the meeting for approval.

None of the Directors is concerned or interested in the resolution contained in item No.10 to 12 of the notice.

Item No. 13

In order to meet the fund requirement it is proposed to offer / issue and allot Cumulative Redeemable Preference Shares. For making preferential allotment the approval of the shareholders is necessary. Hence the item is placed before the Meeting for approval.

None of the Directors is concerned or interested in the resolution contained in item No.13 of the notice .

By Order of the Board

Sd/-

Chennai
C.P. Gopalkrishnan

July 21, 2008
Deputy Managing Director & Secretary

As the price and demand for oil and gas rise, global E&P activity gains momentum. In turn, this has catalysed the demand for drilling services the world over.

Aban Offshore Limited is one of the most dynamic players in this sector across the world.

The Company is among the ten largest and fastest growing offshore drilling service providers in the world.

Our visiting card

Parentage
- Aban Offshore is the flagship Company of the Aban Group
- Promoted by the late Mr. M. A. Abraham
- Promoters held approximately 61% stake in the Company (as on March 31, 2008)

Contribution
- Provides oil field services for offshore exploration and the production of hydrocarbons in India and abroad
- Services comprise drilling services to manning and management

Partners
- Partners in the growth of hydrocarbon development and production in domestic and international geographies.
- Notable clients include Oil & Natural Gas Corporation Ltd. (ONGC), Hardy Exploration & Production (India) Inc., Oriental Oil Co., Dubai, Shell Brunei, Shell Malaysia, Gujarat State Petroleum Corporation Ltd. (GSPC), Hindustan Oil Exploration Co. Ltd., Cairn Energy, Petronas Carigali SDN BHD, Chevron, Exxon Mobil ,ROC Oil China and Petropars Ltd. among others

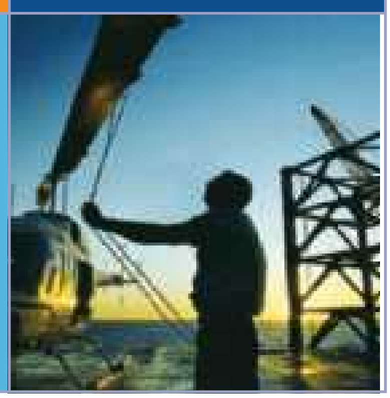
Presence
- Headquartered in Chennai, India
- Subsidiaries and overseas offices in geographic regions.
- Shares listed on the Madras, Bombay and National Stock Exchanges.
- FCCBs listed on the Singapore Exchange.

Performance
- Revenue growth of 22% compounded over the five years leading to 2007-08
- EBIDTA growth of 24% compounded over the five years leading to 2007-08
- PAT growth of 27% compounded over the five years leading to 2007-08
- Uninterrupted dividend record for 20 years

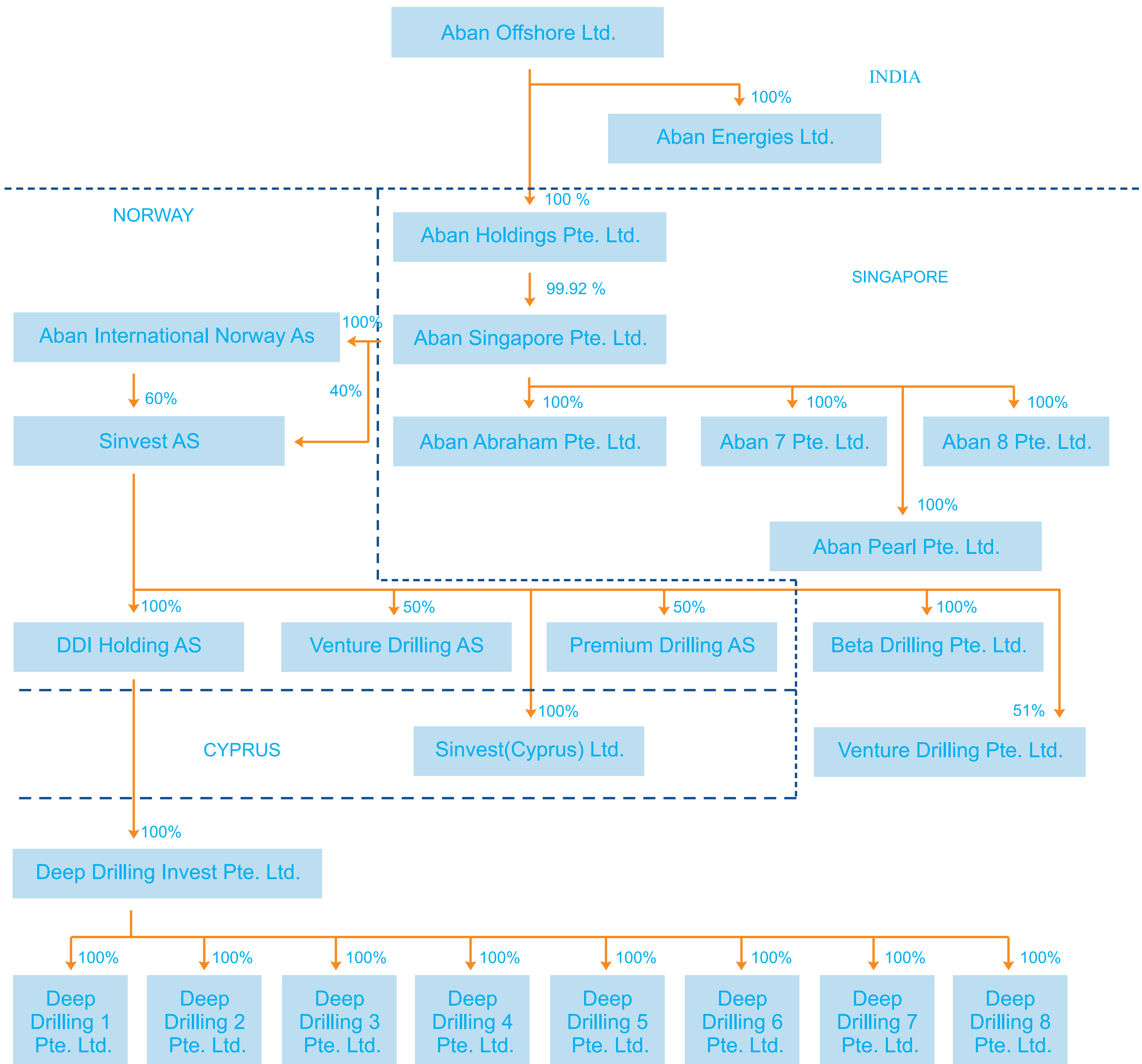
Asset growth
- Acquisition of the semi-submersible rig, Aban Pearl (Ex-Bulford Dolphin)

Promoted in	Number of assets	The Aban team	Uninterrupted dividend	Market capitalisation
1986	21	700	20 years	Rs.113.96 bn
	As on 31st March 08	As on 31st March 08		As on 31st March 08

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

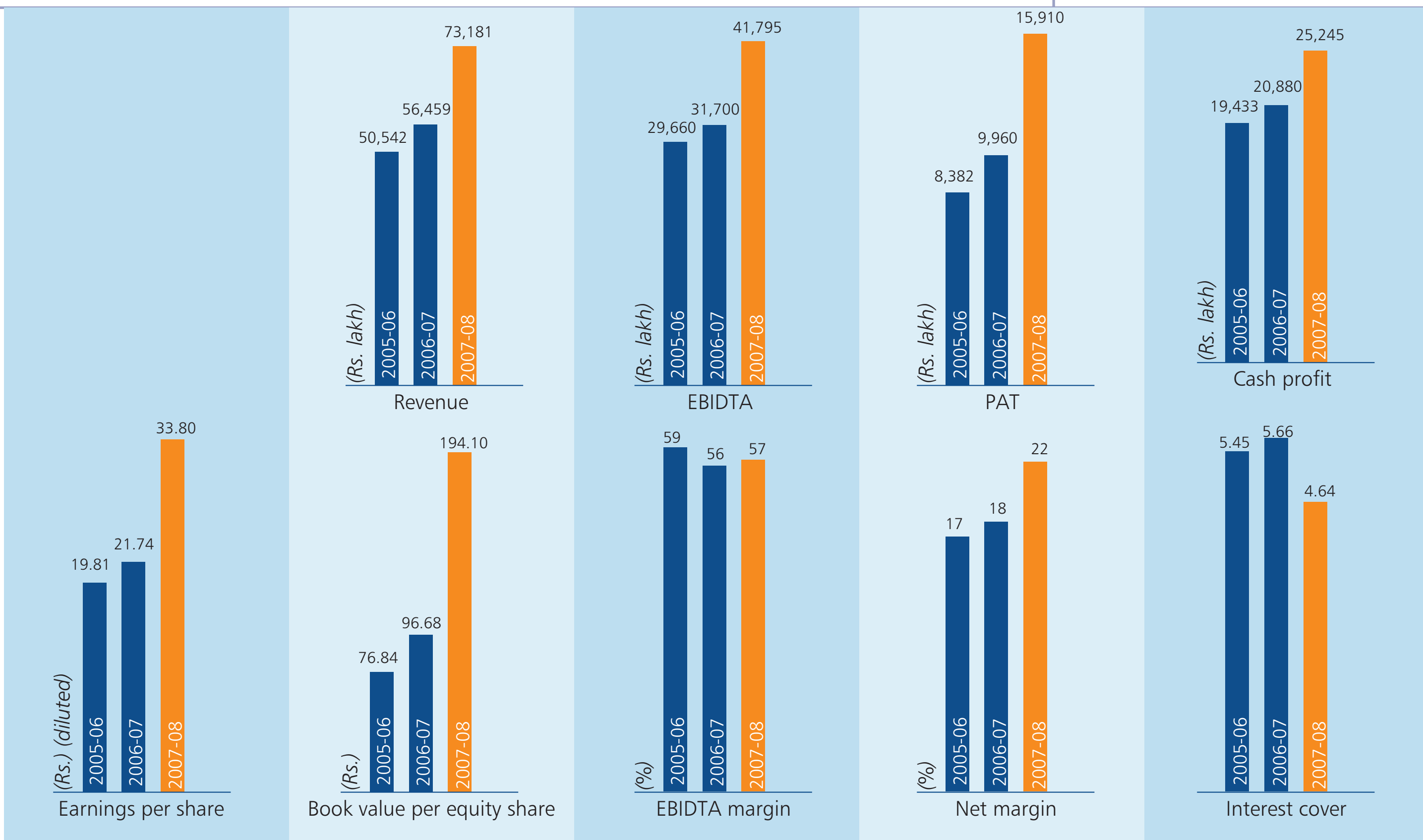


Our structure (AOL Group Holding Structure)



Aban Holding holds 99.92% in the share capital of aban singapore Pte Ltd.
Aban Peal is the 100% subsidiary of aban Singapore Pte. Ltd. Singapore.

Our performance



The consolidated results of AOL and its subsidiaries (Group) are as follows :

(Rs. lakhs)

	Year ended 31st March 2008	Year ended 31st March 2007
Income from operations	2,02,105	71,868
Other Income	10,700	8,809
Less : Operating expenditure	88,218	35,090
Profit before interest, depreciation, amortisation and tax	1,24,587	45,587
Less: Interest	66,585	26,864
Less: Depreciation/impairment/amortisation	31,404	12,656
Profit for the year before tax	26,598	6,067
Provision for current taxation	15,139	6,654
Provision for deferred tax	(838)	813
Profit after tax	12,297	(1,400)
Extraordinary items	-	-
Minority interest	(1)	
Net profit attributable to AOL shareholders	12,298	(1,400)

Managing Director's overview

We will progressively evolve our asset portfolio to reflect the trend of exploration in deep waters.

Reji Abraham, the Managing Director, charts out the Company's strategic direction

Dear friends,

With the demand for rig rates continuing to rise, we reported stronger growth in our revenues from our operations.

However, our delight with this growth goes beyond our numbers. While we did better financially than was expected, we stretched every rupee, leveraged our assets, managed our schedules with flexibility, reduced every cent of extra cost and raised our environment and safety standards in line with the best in the world.

Cost management

At Aban Offshore Limited, we aim to capitalise on the significant upside presented to us through unprecedented rig day rates and also maintain our profitability when the markets weaken, however temporary that may be.

In this respect, we witnessed a better performance during 2007-08, through the effective and efficient management of our human resources, equipment spares, consumables and other costs. We also successfully rationalised our annual insurance costs through better negotiations, leveraging our large and expanded fleet strength, reporting a clean no-mishap record and an attractive client profile (which testified to our operational competence).

Manpower management

At Aban Offshore Limited, we are pleased to report that our people retention index was at a high 97% for the entire organisation and even higher at the senior management level. This high retention was achieved through a challenging work environment, intellectual growth, attractive remuneration, loyalty rewards and career growth opportunities. The result was a closer insight between asset and people, translating into a high uptime, customer payback and repeat business.

Safety management

In the rig service business, we recognise that our success is measured by the high uptime of our assets deployed with customers. In turn, we also realise that a consistent high uptime is only achieved through a rigorous compliance with safe operational as well as environmental systems and processes. In a world increasingly sensitive to environment compliance, we see complete compliance not as a cost but as a business enabler.

In this respect, we strengthened our health-safety-environment compliance in the following ways: we reinforced our documented framework of necessary compliances, we benchmarked this with international training standards, we audited ongoing compliance and we reviewed mishaps or near-misses with the objective of non-recurrence. The result is that we can safely state that Aban's rigs are operationally safe for people, customers, community and the world.

Industry overview

The unprecedented increase in oil prices over the last few months strengthened the underlying demand for rig services, reflected in increasing enquiries, charter opportunities , and the rising demand for deepwater drilling rigs.

The need to find new discoveries enabled by the surging oil prices, due to an unprecedented oil appetite worldwide, has compelled oil and gas companies to explore deeper waters hitherto less affordable when oil prices were low. As a result, committed oil explorers have already shifted to new fields or are drilling deeper within the existing fields, expecting larger reserves in the deeper subterranean layers. The Tupi discovery in Brazil and the higher demand for deepwater rigs in the 'Golden Triangle' of West Africa, Latin America and the Gulf of Mexico, USA, is a case in point. In Southeast Asia, new gas discoveries in the KG Basin in the Bay of Bengal and in the Sarawak region of Malaysia have necessitated deployment of deepwater floater rigs and/or

ABAN VENTURED INTO DEEPWATER DRILLING BY DEPLOYING /ACQUIRING DRILLSHIPS ABAN ICE, ABAN ABRAHAM AND THE SEMI-SUBMERSIBLE RIG, ABAN PEARL TO CARRY OUT DRILLING OPERATIONS IN WATER DEPTHS OF 800 FT 7,000 FT AND 1,250 FT, RESPECTIVELY.

the new generation special capability advanced jack-ups (SCJU) of >350 ft water depths .

In fact, as things stand today, the additional demand for deep water rigs in Brazil alone is as high as 40 while rig availability is nearly nil. This has translated into attractive implications in terms of increased day rates and tenure of contracts offered for such deepwater rigs. These justify the decision of Aban to enhance its operations in floater rigs and advanced SCJUs.

Aban's preparedness

At Aban, we anticipated this evolving reality. Many of the Company's existing fleet today drill upto water depths of 400 ft. We further took the following initiatives:

- Diversified our geographic footprint from a predominantly Indian presence to a globally diversified positioning (Malaysia, Vietnam, Thailand, Bangladesh, China, Brunei, Qatar and West Africa among others)
- Commissioned four rigs during 2007-08 and are planning to put another six on stream during 2008-09
- Ventured into deepwater drilling by deploying/acquiring drillships Aban Ice, Aban Abraham and semi-submersible rig Aban Pearl to carry out drilling operations in water depths of 800 ft 7,000 ft and 1,250 ft, respectively

Rig day rates

The year 2007-08 witnessed a consistency in the day rates of premium rigs, reflecting a growing customer preference for these rigs for the following reasons: greater power, higher efficiency, stronger cost-effectiveness and better customer returns.

Also, during the course of the year, day rates for jackup rigs did not increase at the rate seen in the previous two years – the movement was sideways within a specified band. However, the rates for deepwater rigs increased significantly.

Outlook, 2008-09

The outlook for the business continues to be optimistic as the increase in oil prices is making a number of marginal fields profitable. At present, we are primarily focussed on commissioning five out of the 21 rig fleet, either as new builds or under upgradation. We are also committed to consolidate our financial position, use our cash flow to retire debt, contract our assets across attractive tenures

and profitable rates, following which we will engage in an aggressive diversification of our asset portfolio. We further believe that the deployment of Aban Abraham, expected in 2008-09, will give us the precious experience in deeper waters before we embark on fleet acquisition, an effective derisking in the circumstances.

During the course of 2008-09, the Company will witness an improved performance following a deployment of additional rigs and this will increase comprehensively by 2009-10.

Aban's strengths

▪ Intelligent contracting

Aban's assets are deployed across long- and short-term contracts. Long-term contracts facilitate stable revenues and comfortable debt servicing, while short-term contracts enable the Company to capitalise on higher than average day rates and gain wider and extensive operational experiences with different operators.

▪ Cost efficiency

Aban has developed a globally competitive cost structure, leveraging rich engineering competencies, low cost sourcing and a lean and efficient organisation.

▪ Innovative financing

Aban has leveraged its financial insight for funding asset acquisitions through innovative structures.

▪ Seamless integration

Aban has integrated cross-culturally with acquired entities like Sinvest, enhancing scale and competitiveness.

CAPABLE

IN A BUSINESS, WHERE OUR OBJECTIVE IS TO SERVICE SOME OF THE LEADING OIL AND GAS OPERATOR COMPANIES DEPLOYING CUTTING-EDGE TECHNOLOGY TO STRENGTHEN THE WORLD'S FUEL SECURITY, IT IS IMPERATIVE TO POSSESS MULTI-CAPABILITY ASSETS THAT MAKE IT POSSIBLE FOR OUR E&P CUSTOMERS TO REINFORCE SCALE WITH ASSET DIVERSITY, LEADING TO EFFECTIVE PROSPECTING.

At Aban, we offer a comprehensive asset portfolio, catering to the wide-ranging needs of our E&P majors. We take the businesses of our clients ahead through customised services and varied asset denominations.

Asset scale: We grew our asset base ten-fold to 21 rigs over the last decade, catering to the growing global E&P demand and emerging among the top ten global drilling service providers.

Asset diversity: We progressively diversified our assets; our assets today comprise jack-ups, semi-submersible, drillships and floating production facility, catering to varied drilling requirements.

Asset capability: We are among the few global companies to facilitate oil exploration at water depths ranging from 250 ft to 7,000 ft and drilling depths ranging between 20,000 ft and 30,000 ft.

Visible outcome: We deploy our assets on contracts with leading global and domestic E&P companies, comprising ONGC, Shell (Southeast Asia), Cairn Energy, Petronas Carigali, Exxon Mobil, Hardy Exploration & Production (India) Inc., Oriental Oil Co. (Dubai), ROC Oil and Gujarat State Petroleum Corporation Ltd., among others. Our assets are deployed across 10 nations.

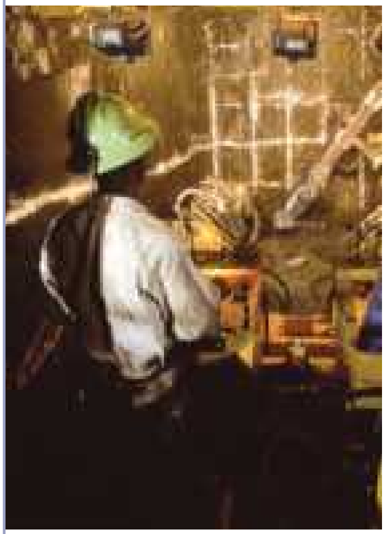
DEPENDABLE

IN A BUSINESS WHERE KNOWLEDGE ACCRETION AND RETENTION REMAIN CHALLENGES, E&P MAJORS ARE FINDING IT INCREASINGLY DIFFICULT TO MAINTAIN GROWTH.

At Aban, our rich knowledge retention is reinforced through an attractive convergence of long-term contractor engagement, challenging work assignments across varied geographies and a sensitised culture of shared learning and teamwork. These intangible values, along with tangible financial benefits, have created an enhanced sense of commitment to the organisation. These values comprised the following:

- Long-term employment: Strengthens terrain knowledge across diverse geographies and enhances organisational loyalty
- Work challenge: Reinforces skills and realigns personality strengths for a shared objective
- Training and rewards: Motivates people to enhance performance standards; we have institutionalised a system of imparting ongoing training

Visible outcome: Our 97% retention index remains an industry benchmark, strengthening client confidence in people capabilities for growing their business.



SUSTAINABLE

IN A HAZARDOUS BUSINESS ENVIRONMENT, OUR SENSITIVITY RECONCILES BUSINESS REALITIES WITH GLOBALLY BENCHMARKED HEALTH, SAFETY AND ENVIRONMENT STANDARDS.

At Aban,Health Safety Environment (HSE) is not just an industrial or a commercial response, but part of an overarching philosophy to realign business practices with the environment, community and the world.

Documentation: We strengthened the documentation framework for compliance with global environment and safety standards.

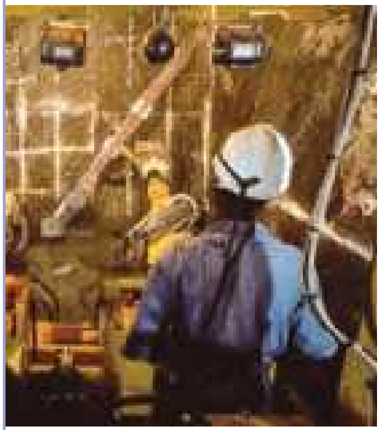
Training: We trained our people to safeguard nature's fragile marine ecosystems.

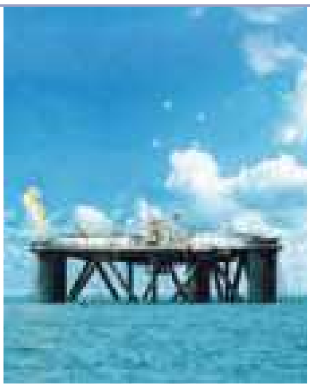
Vigilance: We deployed HSE professionals on each rig to examine day-to-day compliance. The compliance by each rig is reported to the HSE Manager who is based onshore.

Review: We reviewed day-to-day equipment deployment and project execution to enhance safety compliance. Each incident or near-miss is carefully investigated to avoid recurrence.

Visible outcome: We achieved 43,96,174 person-hours of accident-free operations as on 31st March 2008.

We deployed HSE professionals on each rig to examine day-to-day compliance. The compliance by each rig is reported to the HSE Manager who is based onshore.





Management Discussion and Analysis

Industry structure and developments

Global oil review

The global exploration activities continued to be buoyant on account of robust crude prices, strong oil demand from China and India and tight non-OPEC supplies. Goldman Sachs forecast that oil prices could rise to USD 150 per barrel and above over the not-so-distant future [*Source: The New York Times*].

Indian oil review

The Indian oil sector was largely protected until reforms from the mid Nineties onwards attracted global funds, companies and technologies. In recent years, the sector was characterised by a rising consumption of oil products and low reserve accretion. With a 100 million tonne demand, India is the fourth largest oil consumer in Asia, even though oil consumption at 0.1 tonne per capita is the lowest in the region. These factors make the prospects of the Indian oil industry particularly exciting.

The rapid growth of India's upstream and downstream oil sectors has been marked by an optimal use of resources for exploration activities, increasing refining capacity, vast marketing infrastructure and growth in skilled manpower. In the last few years, there has been an increase in indigenous crude production to 35 million tonnes, an addition of 14 refineries, an annual installed capacity of 69 million tonnes and a 5,000 km pipeline network.

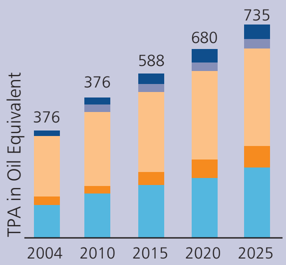
The result is a sectoral scope and scale reinforced by the following realities:

- India ranks among the top 10 largest oil-consuming countries with a 4.9% CAGR
- Oil accounts for around 30% of India's total energy consumption; the country's total oil consumption is around 2.2 million barrels daily
- India faces a large supply deficit, as domestic oil production is unlikely to keep pace with demand
- India's production is only around 0.8 million barrels per day
- India possesses a total of 2.1 million barrels per day in refining capacity

India's prospects

Globally, India is one of the least explored regions with a well density of 20 per 10,000 square kilometres. Of the 26 sedimentary basins, only six have been explored. A number of private investors have entered this segment, attracted by government policies in upstream exploration and production. Six rounds of competitive bidding under the New Exploration Licensing Policy (NELP) resulted in the award of around 185 blocks and the

Trend in primary energy demand



Source BP and EIA

- Demand for oil is expected to grow from 119 MTOE in 2004 to 250 MTOE in 2025 at annual growth of 3.6 %
- During the same period, domestic production from existing developed reserves is expected to grow at approximately 2.5 % per annum
- The gap in demand and output will catapult India to one of the largest consumers of crude oil along with China. The two countries will account for 35 % of the world's incremental energy demand

Renewable Nuclear Coal Gas Oil

discovery of around 700 MMT2 of oil and gas.

Drilling overview

The international oil sector was marked by rising oil prices, inadequate drilling capacity, dearth of skilled resources and escalating exploration-production costs. In markets outside the US, competition was stiff due to the availability of few land rigs, with aggressive explorers like Saudi Arabia bidding up costs. As a result, global drilling outside the US rose by 2.3% (pegged at 52,614 wells) in 2006, following a sustained rise in global demand and political instability in the key supplying regions.

Wells drilled outside the US increased about 3%, to just over 54,000 wells during 2006, the highest growth in 20 years. Offshore drilling activity increased around 9% to more than 3,800 wells spread across the Far East, as well as the South Pacific. The offshore recovery that began in West Europe a couple of years ago is expected to continue.

E&P statistics

World offshore discoveries: Offshore discoveries are declining due to a shortage of E&P assets. India is not discovering enough oil and gas to compensate for the amount consumed, maintaining the reserves-to-production ratios by finding ways of extracting more from old wells. This has strengthened the prospects of the drilling industry, which remained gainfully employed as operators maintained their reserves.

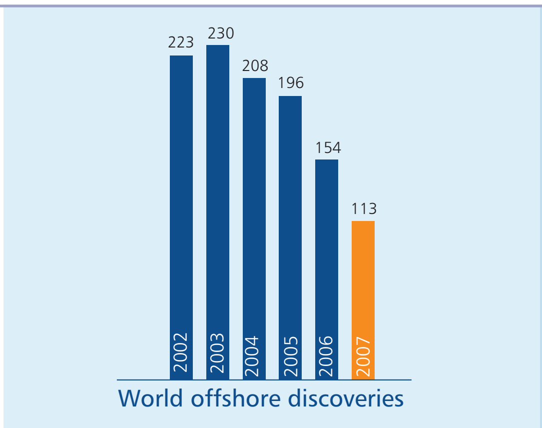
Water depth: One would have expected a significant increase in deepwater activity with shallow water activity reaching maturity. However, this trend was still not uniform with the year-to-date average for 2007 only marginally deeper than 2003.

Rig overview

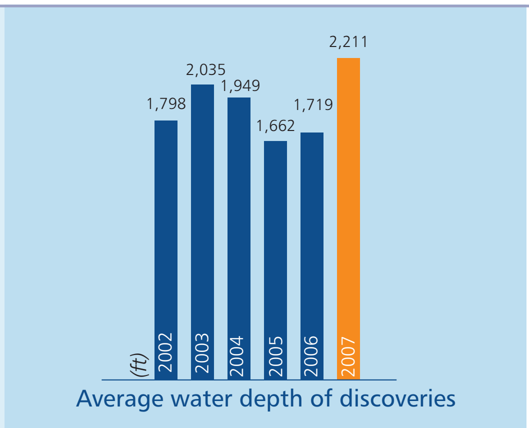
The world rig market remained buoyant for the following reasons:

High oil prices driving E&P activity: Oil price remained high, driving exploration drilling and development. With a significant rise in oil demand and prices, exploration and production could remain strong and strengthen the global rig demand.

Strong demand squeezing rig capacity: With utilisation at its maximum, rig availability - rather than rig supply – influenced drilling activity. Available rigs in most markets were booked till 2008 and beyond, prompting operators to plan 18-24 months in advance. The shortage strengthened day rates for ultra-deepwater floaters (units with a rated depth in excess of 7,500 ft) to USD 5,00,000 per day and for 300 ft independent cantilever jack-ups to USD 2,00,000



(Source: ODS-Petrodata, December 2007)



(Source: ODS-Petrodata, December 2007)

per day.

Need to change the ageing rig fleet: The average age of mobile offshore drilling rigs worldwide was estimated at 22.53 years, while 39% of the MODU (Mobile Offshore Drilling Unit) fleet was built before 1981 and 14% were in operation for 30 years-plus. Since the depreciable life of a rig is approximately 30 years, there is a growing demand to renew rigs either through a life enhancement programme or by phasing out the old rigs with new ones. The number of new rigs, scheduled to enter the market over the next three-to-four years, represent a 10% growth in the global fleet, which is considered insufficient and could maintain the ongoing demand-supply skew.

Jack-up rigs: Jack-ups are used only in shallow waters upto 400 ft. However, modern jack-ups have a drilling capacity upto 35,000 ft below the sea bed. Oil production from shallow waters is almost stagnant. While capex in shallow waters is not expected to decline, a bulk of the incremental E&P capex is now focused on deep and ultra-deep waters.

Wind energy

Global overview: Globally, the wind energy sector saw phenomenal growth in 2007. However, in India, the industry failed to keep pace. Worldwide wind energy installations were 19,696 MW in 2007, up from 15,120 MW in 2006. In contrast, installations in India in 2007 were 1,664-MW, down from 1,730-MW in 2006.

In 2007, 19,696-MW of new wind energy capacity was added, summing up to a global installed capacity of 93,849-MW by the end of December 2007.

The added capacity equals a growth rate of 26.6%, after 25.6% in 2006. The currently installed wind power capacity generates 200 TWh per year, equalling 1.3% of the global electricity consumption. In some countries and regions, wind energy already contributes 40% and more.

The booming wind energy markets in the US (5,216-MW of new capacity), Spain (3,515-MW) and China (3,313-MW) contributed to this record. China, with a growth rate of 127.5%, showed the greatest performance among the top five countries generating wind energy. At this rate, China is set to overtake India in the next couple of years.

In terms of new installed capacity in 2007, USA continued to lead with 5,216-MW followed by Spain (3,515-MW), China (3313-MW), India (1664-MW), Germany (1626-MW) and France

Types of rigs

Semi-sub	Jack-up	Drill ship
Floating vessel supported on a structure submerged below the sea surface	Support legs that can be raised or lowered independently of each other	Ship equipped with drilling rig
Can be used in water depths from 600 feet to 7,000 feet	Typically operates in water depths of 200-400 feet	Can operate in water depths up to 10,000 feet
Day rates in the range of USD 2,00,000 to USD 5,00,000 depending on the drilling depth	Day rates in the range of USD 1,20,000 to USD 2,00,000	Day rates in the range of USD 4,00,000 to USD 6,00,000.

(888-MW). This development shows that USA, Spain and China are gaining ground.

Indian overview: India's total installed wind energy capacity stands at 8,754-MW in comparison with 6,270-MW in 2006 and 4,430-MW in 2005. Though India ranks fourth globally, the country registered a growth rate of 25% against the world average of 26.6%. This puts India far behind countries like the US (45%), Spain (30.2%), France (56.7%), and its neighbour China (127.5%). Of the national wind power capacity, Tamil Nadu accounts for 3,873.4-MW and its potential has been been revised to 5,200-MW.

Opportunities and threats

Drilling opportunity: The supply of rigs is not catching up with the growing demand for oil exploration assets for some important reasons:

Equipment: A rig comprises critical equipment. The suppliers of a large number of critical equipment have not extended their capacity to meet demands

Long delivery time: Orders placed now will be delivered only by 2011-12 as order books for most shipyards are significantly high and new builds are experiencing significant cost escalation.

Opportunity for drilling

- The global jack-up market comprises about 412 rigs with the top six players accounting for more than 50% of the market
- The average age of the existing fleet is more than 20 years with about three-four assets retiring annually
- While the demand for jack-ups is expected to remain robust, supply is expected to remain constrained at only a 16% growth between 2007 and 2011

Threats to drilling

With deep-sea drilling gaining importance, the demand for jack-up rigs, the key revenue spinner of the Company, could be impacted over the long term. Also, the growing number of new players entering this field with new built jack-up rigs is adversely impacting charter day rates. This could marginally impact the performance of the Company. Being a proactive corporate, Aban has gained a foothold in the deep-sea drilling genere with drillship Aban Ice, Aban Abraham and Semi-submersible Aban Pearl.

Opportunity in wind energy

Crude oil prices are hovering around the USD140

per barrel mark; coal and gas markets are under pressure to hike prices. India needs new renewable energy technologies to tide over its energy deficit. The government has set a target of 15,000-MW of power through renewable sources such as wind in the Eleventh Five Year Plan. Clean energy projects are quick to build; wind energy is poised to capture over 90% of the renewable market.

Threats for wind energy

- Renewable energy becomes less cost-effective owing to high capital costs and low plant load factor
- Wind energy can never be used in areas of high demand or be a primary energy supplier
- Regulatory certainty on tariff and other conditions of power procurement will play a pivotal role to sustain the private sector interest
- Embracing green technologies may lead to enhanced competition for land use

Aban's presence

Timely inorganic initiatives enabled the Company to establish a strong presence in the global drilling sector. In 2007-08, the Company added two new jack-up rigs, which were immediately deployed to service global E&P players. The Company will add four new rigs in 2008-09 and this well-timed asset expansion will enable it to capitalise on emerging opportunities – day rates trebled to more than USD 150,000 from the previous USD 50,000 in the Indian and global drilling service sector. This would further strengthen the Company's cash flows.

Operational review

Drilling division: During the year, four of the Company's offshore units entered into new contracts at enhanced day rates. Rig Aban V and Aban III had completed their old contracts and underwent statutory surveys in February/March 2008 prior to the commencement of new contracts in April/May 2008.

Wind energy division: Aban's wind energy division generated 376.31 lakh units of power during 2007-08, generating a revenue of Rs.1,013 lakhs.

Financial review

The Company reported a gross income of Rs. 73,181 lakhs (Rs. 56,459 lakhs in 2006-07) The Company's net profit after tax increased from Rs. 9,959 lakhs in 2006-07 to Rs.15,910 lakhs in 2007-08.

Risks and concerns

The section has been dealt with exhaustively in the next part of the report.

Human resource

Human resource management is a major thrust area for the Company. It had a capable, competent and committed employee base of more than 700 members as on 31st March 2008. The Company

Segment wise performance

(Rs. lakh)

		2007-08	2006-07
Revenue	Drilling	71,999	54,801
	Wind energy	1,182	1,658
Profit/(Loss) before tax	Drilling	26,922	18,659
	Wind energy	(2,224)	(1,548)

provided attractive compensation for its operating team which included performance-linked incentives. In addition, employee stock options were offered to retain talent. A regular training and development programme was followed to upgrade knowledge. The Company's HSE policy minimised the harmful impact of operations and hazardous working conditions. As a result, the attrition rate was among the lowest in the history of the Company.

Internal audit and control

The Company's management continuously reviewed the internal control system and procedures to ensure orderly and efficient conducting of business. The Company regularly conducted an internal audit to monitor the effectiveness of its internal control in the organisation. The internal audit process was designed to review the adequacy of internal control checks in the system and covered all significant areas of the Company's operations.

The Company has an Audit Committee, which reviews the Audit Report submitted by the internal auditors. Suggestions for improvement are considered and the Audit Committee follows up on the implementation of corrective actions. The Audit Committee also invites the Statutory and Internal Auditor for all its meeting held at periodic intervals and ascertains, inter alia, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations from time to time.

Reports of the Internal Auditors are also regularly reviewed by the management and corrective actions are initiated to strengthen the controls and enhance the effectiveness of the existing systems.

Outlook

Growing crude demand: Crude demand is growing faster than supply, keeping realisations buoyant.

Global crude demand: Global demand for oil in 2007 was about 86 million barrels (mnbbls) per day, about 1 mnbbl higher per day than in 2006. According to EIA projections, oil demand is expected to rise by 1.6 million barrels per day to approximately 87.5 mnbbls per day in 2008.

Energy consumption: Global energy consumption is expected to increase by 52% during 2003-2030, representing an average annual increase of 1.6% with the demand for crude oil growing at an average 1.4% [*Source: International Energy Agency (IEA)*].

Regional opportunity

A shortfall in E&P assets is expected across major oil-producing geographies.

Africa: Rising floater demand in West Africa is expected to result in a regional shortfall of around eight units by end-2008. The jack-up market is also

projected to witness a marginal shortfall in 2009.

Asia Pacific: Strong demand coupled with limited supply will ensure that the Asia Pacific floater market remains robust through 2009. The jack-up market is also expected to remain buoyant, despite 19 new build-up units scheduled to be delivered in 2008.

Latin America: Operators in South America continue to be plagued by a shortage of floaters. A similar condition is also prevalent in the jack-up market where the projected deficit is six units in 2009.

Mediterranean: The availability of standard and deepwater floaters remains tight; the jack-up market in the region continues to be strong with demand outstripping supply in 2009.

North West Europe: The semi-submersible market tightened up to the extent that unfulfilled demand was pushed into 2009. The jack-up market also firmed up with all sectors expected to remain tight throughout 2008.

Domestic opportunity

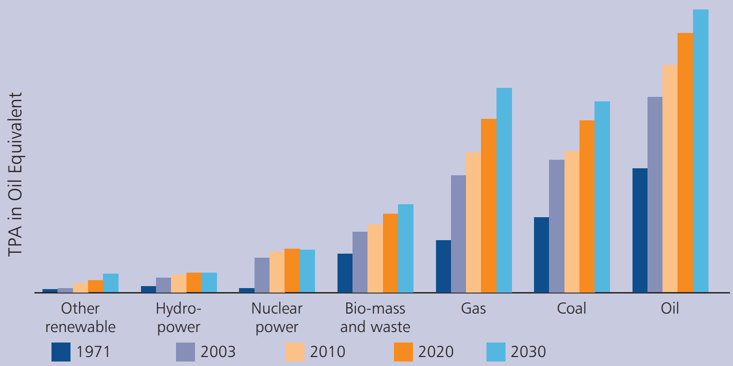
Surging demand: According to the Energy Information Association (EIA), India's primary energy demand will double by 2030, a large portion of which will have to be imported. Demand will grow at an average 3.6% annually because of strong economic growth. In 2010, India's net oil imports will increase to six mnbbls per day. India will emerge as the world's third biggest net oil importer by 2025.

India's oil demand is expected to surge from 119 metric million tonne (mmt) in 2004 to 196 mmt in 2011-12 and 250 mmt in 2024-25. To meet this demand, the government is planning to expand its exploration licensing area from 44% of the Indian sedimentary basin in 2007 to 80% by 2011-12 and 100% by 2015 (KPMG estimate).

NELP VII – growing the domestic demand for E&P assets: The government awarded 162 blocks with an investment commitment over three phases of exploration and production, totalling USD 8.33 billion in the previous six NELP rounds. Of this, the largest commitment of USD 3.32 billion was received in NELP-VI, where 52 out of 55 blocks on offer were taken up. Under the NELP blocks offered so far, 49 oil and gas discoveries were made in Cambay on land, Northeast Coast and Krishna-Godavari deepwater areas, aggregating to over 600 million tons of reserves.

Under the seventh New Exploration Licensing Policy (NELP-VII), 57 blocks (19 deepwater, nine

Trend in world energy demand



World total energy demand in 2003: 10,723 MTOE

World total energy demand in 2030: 16,271 MTOE, a 50 % increase

Source EIA and ETLA

shallow water and 29 land) were put on offer. It witnessed new entrants such as LN Mittal (one block with HPCL), BHP Billiton (seven blocks with GVK Group) and RIL-British Petroleum combine.

Opportunity in wind energy

India needs to meet its energy shortfall to sustain its growing domestic economy. It seeks to enhance the role of renewable sources to do so. According to the Ministry of New and Renewable Energy, the total power capacity is expected to rise to 2,40,000-MW with wind energy contributing about 12,000-MW by 2012.

Risk management

AT ABAN, DERISKING IS NOT JUST PRE-EMPTIVE PRUDENCE. IT IS EMBEDDED IN OUR GROWTH STRATEGY. BUSINESS RISK CAN BE DEFINED AS ANY OCCURRENCE WITH A NEGATIVE MATERIAL IMPACT ON THE COMPANY'S PROSPECTS AND VALUE-CREATION. RISKS COULD ARISE AS MUCH FROM THE POSSIBILITY THAT OPPORTUNITIES MAY REMAIN UNREALISED AS FROM THE FACT THAT CERTAIN THREATS COULD MATERIALISE AND EXECUTION ERRORS COULD WELL BE MADE.

AT ABAN, OUR DERISKING APPROACH RECONCILES A PAN-ORGANISATION CULTURE OF RISK GOVERNANCE WITH PROACTIVE KNOWLEDGE ACCRETION AND MANAGEMENT OF POTENTIAL 'RISK TRIGGERS'.

Industry risk

Sluggishness in the oil exploration sector might impact the Company's profitability.

Mitigation

- Oil is the backbone of economic growth. The price surge has accelerated global exploratory activities to find new oil deposits and replenish reserves
- Growing oil prices increased the significance of erstwhile marginal and unviable oil assets, which are now becoming profitable
- The supply of E&P assets is constrained with the lack of capacity of ship builders, reflected in their burgeoning order books

Impact

All the E&P assets of the Company were deployed, of which seven were under long-term contracts.

Competition risk

Increasing global and domestic competition could hamper realisations and growth.

Mitigation

- Demand is surpassing supply; the global demand-supply skew in E&P assets of 54 rigs is expected to increase
- Each oil-producing cluster is experiencing a demand-supply mismatch with demand expected to outstrip supply. Minimising the threat, Aban remains the largest Indian player in this sector with a diverse range of 21 offshore assets which will be progressively deployed in domestic and international waters, reducing the impact of competitive forces

Impact

Some of the drilling contracts have been renewed for the long-term and day rates have increased three fold.

Technology obsolescence risk

The Company's realisations might be affected by technology obsolescence.

Mitigation

- The acquisition of Sinvest added eight new assets with the latest technology and an average age of only one year, which will increase the Company's day rates
- The Company is adding three new build-ups to its fleet, expected to commence operations in the current year
- During the last five years, four rigs were upgraded, improving their operational capabilities

Impact

The Company is working with renowned brands in the global and domestic oil sectors (Shell, Oriental Oil Co, and ONGC among others)

Asset deployment risk

The Company might not be able to generate the desired return on investments if its assets are not optimally deployed.

Mitigation

- The Company enjoys a prudent mix of long-term and short-term contracts for its E&P assets: the former ensuring a steady income, the latter enabling the Company to capitalise on growing rig day rates
- Long years of rich experience in the business, contacts with leading global oil and gas exploration companies and reputation for being a low-cost business partner facilitated the renewal of short-term contracts well before expiry

Impact

All the Aban rigs were employed by global and domestic oil exploration companies.

Geographic concentration risk

A geographic overdependence could impact the Company's business.

Mitigation

- The recent acquisition of Sinvest enabled the Company to extend its footprint across clients and geographies
- The Company diversified its footprint globally (Malaysia, Vietnam, Thailand, Brunei, Bangladesh, Iran and Qatar) and across distant locations (Nigeria and Venezuela)

Impact

The Company maintained a prudent mix of business revenues from domestic and global clients.

Funding risk

The Company's operations might be hampered due to inadequate low-cost funds.

Mitigation

- The Company raised most of the funds required to support its business plans
- The Company has benefitted from the reducing LIBOR as a significant part of its external debt is foreign currency-based
- Improved day rates are only expected to increase the cash flow, which could be used to retire the debt apart from providing part-finance its capex plans
- Reserves stood at a healthy about Rs. 69,935 lakhs (28% of the capital employed) as on 31st March 2008, a significant funding source for the Company's capital expenditure

Impact

The Company achieved financial closure for its capex plans for 2008-09.

Attrition risk

The Company's operations might suffer due to the loss of key personnel.

Mitigation

- Aban minimised employee attrition through a long-term retention plan, attractive performance-based incentives and remuneration, benchmarked with the best industry standards.

Impact

Aban's efforts were reflected in an attractive 97% retention in 2007-08.

DIRECTORS' REPORT

The Directors of your company are pleased to present the Twenty Second Annual Report along with the accounts for the year ended 31st March 2008.

1. FINANCIAL RESULTS

Particulars	For the year ended 31st March 2008	31st March 2007
	Rupees in Lacs	
Income from Operations	**65792**	49532
Other Income	**7389**	6927
Less Expenditure	**31385**	24758
Profit before Interest and Depreciation	**41796**	31701
Less Interest	**6924**	4482
Less Depreciation	**9545**	9478
Goodwill Amortised	**629**	629
Profit for the year before Tax	**24698**	17112
Provision for Tax	**9560**	6250
Fringe Benefit Tax	**66**	89
Provision for Deferred Tax	**(838)**	813
Profit after Tax & Amortisation of Goodwill	**15910**	9960
Profit brought forward from the previous year	**27361**	23285
Available for appropriation	**43271**	33245
Proposed Dividend- Equity	**1361**	1108
Tax on Dividend – Equity	**231**	188
Proposed Dividend – Preference	**2604**	1357
Tax on Dividend – Preference	**443**	231
Transfer to General Reserve	**1600**	1000
Transfer to Capital Redemption Reserve	**3000**	2000
Balance Carried forward	**34032**	27361

2. PERFORMANCE

The Company has registered an Income of Rs.73181 Lacs during the year under review. All the rigs, drillship and the Floating Production Unit TAHARA were working satisfactorily. The rigs Aban III, IV and V started operations under the new contract. Oriental Oil Company had extended the contract for rig Aban VI for a further period of six years.

2a. CHANGES IN SHARE CAPITAL

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

i) Issue of Shares under Aban Employee Stock Option Scheme 3050 Equity Shares of Rs.2/- each were issued allotted upon exercise of options under the Employee Stock Option Scheme 2005

ii) 8,51,055 equity shares of Rs. 2/- each fully paid were allotted on conversion of 620 Foreign Currency Convertible Bonds.

3. SUBSIDIARY COMPANIES

INDIAN SUBSIDIARY

Aban Energies Limited

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

INTERNATIONAL

A new subsidiary named Aban Pearl Pte Ltd. incorporated through Aban Singapore Pte. Ltd. Aban Pearl Pte Ltd. owns a Semi submersible rig by name Aban Pearl. The rigs Deep Driller 1, Deep Driller 2, Deep Driller 3, Deep Driller 4, Deep Driller 5, Aban VIII, Murmanskaya and Drillship Deep Venture were working satisfactorily. The Rig Aban VII, Semi submersible, Aban Pearl Drillship Aban Abraham are under upgradation and refurbishment and Aban Abraham is expected to commence operations by August 2008. The rigs Deep Driller 6, Deep Driller 7 and Deep Driller 8 are under various stages of constructions. Efforts are continuously on for marketing the vessels all over the world for drilling operations.

4. CONSOLIDATION OF ACCOUNTS

The Audited consolidated accounts and cash flow statement comprising Aban Offshore Ltd and its Subsidiaries in accordance with the Accounting Standard Rules 2006 prescribed by the Institute of the Chartered Accountants of India in this regard is attached.Government of India, Ministry of Corporate Affairs, vide their letter No. 47/153/2008 CLIII dated 2.5.2008 has granted its approval under section 212(8) of the Companies audited accounts from not attaching the full text of the financial statements for the year ended 31st March 2008 of subsidiaries namely Aban Energies Ltd, India, Aban Holdings Pte Ltd and Aban Singapore Pte. Ltd, Aban 7 Pte Ltd, Aban 8 Pte Ltd and Aban Abraham Pte Ltd. Aban Pearl Pte. Ltd. Aban International Norway AS, Sinvest AS, DDI Holding AS, Deep Drilling Invest Pte Ltd., Deep Drilling 1 Pte Ltd.,Deep Drilling 2 Pte Ltd.,Deep Drilling 3 Pte Ltd.,Deep Drilling 4 Pte Ltd.,Deep Drilling 5 Pte Ltd.,Deep Drilling 6 Pte Ltd.,Deep Drilling 7 Pte Ltd.,Deep Drilling 8 Pte Ltd.,Beta Drilling Pte Ltd .,Venture Drilling Pte Ltd., Sinvest (Cyprus) Ltd.

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. The Annual Accounts of the Subsidiary Companies will be kept available for inspection by any investor at the Registered Office of the Company and that of the subsidiaries till the conclusion of Annual General Meeting.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

6. DIVIDEND

The Directors are pleased to recommend a dividend of 8% p.a. on the Cumulative Non Convertible Redeemable Preference Shares allotted in June 2005, recommended a dividend of 180% on the paid up Equity Share Capital of the Company (Rs.3.60 per fully paid up share and Rs.1.80 per partly paid up share) and recommend a dividend of 9% p.a on the Non-convertible Cumulative Redeemable Preference Shares allotted during the year 2006 -2007 for the year ended31st March 2008.

7. DIRECTORS

The Directors Mr. V. S. Rao and Mr. P. Venkateswaran retire by rotation and, being eligible, offer themselves for reappointment.

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 2008, the applicable accounting standards had been followed along with a proper explanation relating to material departures.

(ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities

(iv) that the Directors had prepared the accounts for the financial year ended on 31st March 2008 on a going concern basis.

9. STOCK EXCHANGES

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

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

The Preference Shares issued by the Company are listed with Bombay Stock Exchange Ltd.

The Foreign Currency Convertible Bonds issued by the Company are listed with the Singapore Exchange Limited. The necessary stock exchange regulations are complied with.

The necessary listing fees for the year 2008 -09 has already been paid to the respective Stock Exchanges.

10. AUDITORS

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

11. ADDITIONAL DISCLOSURES

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

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 OPTION

The Compensation Committee at its meeting held on 8th March 2008 had granted 1,25,000 options of Rs.2/- each to eligible employees including two Deputy Managing Directors. The 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 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 maximize indigenization of the Rig and windmill operation and reduce the dependence on imported equipments used in rigs.

Foreign exchange earnings and outgo for the year

(Rupees in lacs)

	For the year **2007-2008**	2006-2007
Foreign Exchange earned during the year	55,336	51,507
Foreign Exchange outflow during the year	6,071	6,514

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 of the support and co-operation extended by the Bankers, financial institutions, relevant government authorities, valued clients, business associates, and members of the company. Directors also wish to place on record their sincere appreciation for the dedicated contribution made by employees at all levels.

For and on behalf of the Board

	sd/-	sd/-
Chennai	**Reji Abraham**	**V. S. Rao**
July 21, 2008	*Managing Director*	*Chairman*

Cautionary Statement :

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

ANNEXURE TO THE REPORT OF THE DIRECTORS

Statement as at 31st March 2008 pursuant to clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999

Employee Stock Options -2005

		2005	2006	2008	Total
a)	(i) No of options granted	96,200	47,000	1,25,000	2,68,200
b)	Pricing Formula	Options were granted at the closing market price of the Equity Shares of the Company on the Stock Exchange where high volume of shares were traded on the day preceding the date of grant of options			
c)	Exercise Price	431.60	1288.25 & 1211.50	3622.85	
d)	Total No. of Options vested	70,960			
e)	Total No. of Options exercised	59,710			
f)	Total No of equity shares arising as a result of exercise of options	59,710 Equity shares of Rs.2/- Per share fully paid			
g)	Total No. of Options Lapsed	4,210			
h)	Variation of terms of Options	Nil			
i)	Money raised by exercise of options	Rs. 2,83,37,569/-			
j)	Total No of options in force	2,04,280			
j)	Details of Options granted to Senior Managerial Personnel	As detailed below			

S. No	Name	Designation	No of Options granted during the year
1	P. Venkateswaran	Deputy Managing Director	29,000
2.	C.P. Gopalkrishnan	Deputy Managing Director	29,000
3	A.P.S. Sandhu	Chief Operating Officer	9,000

k)	Any other employee who received grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
l)	Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant)	None
m)	Diluted Earnings per Share (EPS) pursuant to issue of Equity Share on exercise of options calculated in accordance with the accounting standard (AS 20) Earnings per share	Rs. 33.80 per share
n)	Method of calculation of employee compensation cost	The employee compensation cost has been calculated using the intrinsic value method of accounting to account for the options issued uner the Aban Employee Stock Option Scheme. The Stock based Compensation cost as per the intrinsic value method for the financial year 2007 -08 is Nil
	Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options	Rs. Nil
	The impact of this difference on profits and on EPS of the Company	Nil
o)	Weighted average exercise prices and weighted average fair values of options granted for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price Rs. 2067.35 Weighted average fair value Rs. 555.53
p)	A description of the method and significant assumptions used during the year to estimate the fair values of options granted during the year	The fair value of option is estimated using the Black Scholes Option pricing model after applying the key assumptions. The option pricing model do not necessarily provide a reliable measure of fair value of options. i) Risk free interest rate - 7.69% ii) Expected Life - 3 years iii) Expected volatility - 30.09% iv) Expected dividends - Rs. 2.54 per share v) The price of the unlyingShare in the market at theTime of option grant - Rs. 3,461.05

Annexure to the Directors' Report

Information as per section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (amendment) Rules 1988, and forming part of the Directors Report for the year ended 31st March 2008.
Employed throughout the Financial Year under review were in receipt of remuneration for the Financial year in aggregate of not less than Rs. 24,00,000/- (Rupees Twenty four lakhs only) per annum or Rs.2,00,000/- (Rupees Two lakhs only) per month where employed for the part of the year

S. No.	Name	Age	Remu-neration (Rs)	Nature of Duties / Designation	Qualification(s)	Date of Commence-ment of Employment	Expe-ience in years	Deatails of Previous employment
1.	Bhatia S.S.**	38	22,39,321	Driller	SSC	July 1, 1993	21	Floorman - Mahindra & Mahindra
2.	Chattopadhyaya V.	46	29,12,923	Asst. General Manager (Production)	B.Tech - Chemical Engg.	May 8, 1997	21	Executive Engineer - Production; ONGC
3.	Cherian P.T. **	46	23,80,097	Chief Electrician	HSC, ITI Electrical	April 10, 1997	17	Electrician - Aban Loyd Chiles Offshore Ltd (Energy Division)
4.	D'Souza A.C.	51	41,10,370	Tool Pusher	SSC	May 2, 1987	32	Derrickman, Zapata Offshore Drilling Co.
5.	Felix D'Mello **	57	34,20,164	Tour Pusher	SSC	July 1, 1993	34	Asst. Driller - Arya Offshore
6.	Gopalkrishnan C.P.	52	72,13,052	Dy. Manging Director & Secretary	B.Com (Hons), ACA,ACS,LLB	November 11, 1987	29	Deputy Manager - Nirlon Synthetics Fibres & Chemicals Ltd.
7.	James Ravichandran	48	31,48,349	Barge Engineer	SSLC, NAC	April 13, 1988	25	Motorman - Griffin Alexander-I
8.	John Thomas K.	60	24,35,189	Chief Electrician	ITI	May 9, 1990	28	Electrician - Aban Constructions
9.	Joydev Basu **	47	25,32,297	Barge Engineer	HSC	July 18, 2006	23	Project Manager - Hydrocarbon Resources Co. P. Ltd.
10.	Kani Patrick Vatrivel	47	33,21,771	Driller	SSLC, Certificate in Automobile Technolgy	April 1, 2007	28	Chief Electrician - GESCO
11.	Karmakar T.J.	48	43,10,335	Asst. General Manager (Drilling)	B.Sc Engg. (Mechanical)	July 1, 1992	25	Executive Engineer - Drilling; Rig Incharge ONGC
12.	Kaul P.L.	58	34,08,844	Rig Manager	B.Sc; Diploma in Mech. Engg.	October 9, 1995	37	Rig Superintendent - H.E.G. Ltd.
13.	Kolady Jayarajan	47	40,60,412	Dy. General Manager (Drilling)	B.Sc Engg. (Mechanical)	August 11, 1997	26	Dy. SE (Drilling) - ONGC
14.	Kurian Job	57	25,93,070	Chief Mechanic	SSLC, ITI	February 1, 1996	27	Tool Room In-Charge - Sterio Industries.
15.	Kushalappa K.C.	43	38,55,595	Operation Manager	BE - Industrial Production Engg.	March 27, 1992	21	Asst. Driller-Mahindra & Mahindra
16.	Nandabalan S.	55	25,11,633	Chief Mechanic	PUC, ITI	May 5, 1998	32	Chief Mechanic - Triveni Oilfield Services Ltd.
17.	Ramesh Datla **	50	21,03,730	Offshore Installation Manager	DIEE, DIME, OIM Certificate	March 14, 1995	31	Junior Superintendent - Hindustan Shipyard Ltd.
18.	Ramesh Venkatraman	42	40,40,150	Rig Manager	BE - Mechanical Engg.	March 13, 2006	19	Asst. Rig Manager - Tansocean
19.	Reji Abraham	41	6,13,64,877	Managing Director	BE, PGDM	September 26, 1997	17	Business
20.	Sandhu A.P.S.	56	61,10,535	Chief Operation Officer	B.Sc Engg. (Mechanical)	March 20, 1992	32	Chief Engineer - ONGC
21.	Sandipta Bose	43	41,28,019	Offshore Installation Manager	B.Sc, MA (Eco)	September 9, 1996	22	Senior Operator cum Acting Supervisor in United Engineering Services
22.	Suresh Kumar **	47	53,60,548	Tool Pusher	BE-Mechanical	April 1, 2002	26	Rig Superintendent - Jagson International
23.	Venkateswaran P.	57	79,76,005	Dy. Manging Director	B.Tech	October 1, 1986	35	Project Manager - Aban Constructions
24.	Vijay Saheta	42	27,15,640	General Manager (Finance)	B.Com; ACA	July 16, 1992	17	Dy. Manager (Taxation) -WIMCO Limited.
25.	Vinodhan V.K.	55	31,60,758	Rig Manager	B.Sc Engg. (Mechanical)	November 23, 2004	32	Base Manager - NICO resources Ltd.
26.	Walter C.Lopes **	40	25,21,475	Chief Electrician	SSC, ITI.	February 2, 1992	15	Electrician - Hitech Drilling Services India Ltd.

Notes :

(a) Remuneration includes Salary and Value of Perquisites
(b) Nature of employment is contractual
*** Employed for the Part of the year*

CORPORATE GOVERNANCE

ABAN'S GOVERNANCE PHILOSOPHY

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

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

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

I BOARD OF DIRECTORS

COMPOSITION OF BOARD

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

The Company's Board met 8 times in 2007 - 2008 on the following dates: 18.04.2007, 21.06.2007, 19.07.2007, 16.08.2007, 11.09.2007, 12.10.2007, 12.01.2008 and 08.03.2008

The names of the Directors on the Board, their attendance at the meetings and the other Directorships that they held as on 31st March, 2008 are set out below:

Name of Director(s)	Category Of Directorship	FY 2007-2008 Attendance at		As on 31st March 2008			
				No. of Other Directorships#		Committee Positions in other Companies*	
		Board Meetings	Last AGM	Public	Private	Member	Chairman
V. S. Rao	Non- Executive- Independent	3	Yes	1	1	-	-
P. Murari	Non- Executive- Independent	6	Yes	10	-	4	1
Reji Abraham	Executive - Promoter	6	Yes	8	12	-	-
K Bharathan	Non-Executive - Independent	8	Yes	1	-	-	-
K.M. Jaya Rao	Non-Executive Independent Nominee –ICICI Bank Ltd.(lender)	4	Yes	4	-	-	-
P. Venkateswaran	Executive Non Promoter	6	Yes	4	6	-	-
C.P. Gopalkrishnan	Executive Non Promoter	8	Yes	5	8	-	-

Excludes directorships in associations foreign and section 25 companies

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

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

The Directors who will retire by rotation and offer themselves for reappointment are Mr.V. S. Rao and Mr. P. Venkateswaran

Name of Director	V.S. Rao	P. Venkateswaran
Date of Birth	18.07.1929	12.02.1951
Date of Appointment	22.08.1991	01.08.2001
Qualfications	B.E. (Hons) Pune University	B.Tech
Shareholding in the Company Equity Shares of Rs.2/- each	250	7605
List of Indian Public Limited Companies in India in which Directorships held	Aban Energies Limited .	Aban Energies Limited Perunad Plantations Limited North Chennai Power Company Limited Mahanadhi Aban Power Company Limited
Membership / Chairmanship of Committees in the Company	Audit Committee - Chairman	Shareholder Grievance Committee – Member

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

REMUNERATION TO DIRECTORS

Amount in Rs.

Name of the Director (s)	Consolidated Salary	Perquisites and other benefits	Commission	Sitting Fees	Total
Reji Abraham	57,67,075	85,000	516,55,649		575,07,724
P Venkateswaran	52,70,109	3,07,428	25,82,782		81,60,320
C P Gopalkrishnan	52,70,109	2,94,543	18,32,714		73,97,366
K Bharathan	-	-	-	1,16,000	1,16,000
P Murari	-	-	-	84,000	84,000
V S Rao	-	-	-	33,000	33,000
K M Jayarao	-	-	-	40,000	40,000

Sitting fees for the meetings attended by Mr. Jayarao was paid to ICICI Bank Ltd.

During the year Mr. P. Venkateswaran and Mr. C.P. Gopalkrishnan, Deputy Managing Directors of the Company were granted each 29,000 options under the Employees Stock Options Scheme 2005.

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 2007-2008

Out of 2000 options granted 600 options were exercised by Mr. K. Bharathan during the year and the same was allotted

CODE OF CONDUCT

The Board has laid down a code of conduct for all Board Members and senior management of the Company. The code of conduct is available on the website of the Company, www.abanoffshore .com

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

II. COMMITTEES OF THE BOARD

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

A. AUDIT COMMITTEE

Terms of Reference

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

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

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

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

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

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

Six meetings of Audit Committee were held during the year ended 31st March 2008 on the following dates 18.04.2007, 21.06.2007,19.07,2007, 12.10.2007, 12.01.2008 and 08.03.2008

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

Composition and Attendance

Name	Category	No. of Meetings Attended
V. S. Rao	Chairman	1
P. Murari	Member	5
K. Bharathan	Member	6

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

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

B. SHAREHOLDER'S / INVESTORS' GRIEVANCE COMMITTEE

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

The Committee met 4 times during the year on 18.04.2007, 19.07.2007, 12.10.2007 and 12.01.2008

Composition and Attendance

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

The Company had one complaint pending at the beginning of the year and during the year the Company has received 108 Complaints from share holders out of which 107 complaints were answered and resolved to the satisfaction of the shareholders and 2 complaints were still pending as at the year end.

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

C. COMPENSATION COMMITTEE

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

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

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

c) The exercise period within which the employee should exercise the option granted and the conditions were the granted options will lapse on failure to exercise the option within the exercise period.

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

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

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

g) Framing suitable policies and systems to ensure that there is no violation of Securities and Exchange Board of India (Insider Trading) Regulations1992 and(b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations 1995, by any employee.

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

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

Maximum number of options that may be granted under the scheme is 18,44,000 numbers of equity shares of Rs.2/- each – options granted during the year 1,25,000 (upto previous year (1,43,200 Equity shares of Rs.2/- each) – Options lapsed during the year 250 (upto previous year 3,960 Equity Shares) Options exercised during the year 3,050 number of equity shares of Rs.2/- each (upto previous year 56,660 Equity shares of Rs.2/ - each) Outstanding at the end of the period 2,04,280 number of equity shares of Rs.2/- each (Upto previous year 82,580 Equity shares of Rs.2/ - each) Options yet to be granted under the scheme 15,80,010 number of equity shares of Rs.2/-each.

The committee has granted 125000 options during the year

The Committee met once this year on 08.03.2008.

Composition and Attendance

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

III. Subsidiary Company

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

IV. GENERAL BODY MEETINGS

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

Annual General Meeting	Day and Date	Time	Venue	No. of Special Resolutions Passed
21st Annual General Meeting*	Thursday 16.08.2007	11.00 a.m.	Mini Hall, Music Academy No.168(old No.306), T.T.K Road, Royapettah, Chennai-600 014	5
20th Annual General Meeting* *	Friday 14.07.2006	12.15 p.m.	Mini Hall, Music Academy No.168(old No.306), T.T.K Road, Royapettah, Chennai-600 014	5
19th Annual General Meeting***	Wednesday 31.08.2005	11.00 a.m.	Auditorium of MadrasSchool of Social Work 32, Casa Major Road,Egmore, Chennai –600 008	1
Extra Ordinary General Meeting	Saturday 23.04.2005	11.30 a.m	Auditorium of MadrasSchool of Social Work 32 Casa Major Road, Egmore, Chennai600 008	6

All Special Resolutions were passed unanimously / requisite majority by show of hands by the members present at the respective General Meeting. There was no resolution required to be passed under Postal Ballot Rules.

V. CEO /CFO CERTIFICATION

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

VI. DISCLOSURES

Related Party Disclosure

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

Details of Non-compliance

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

VII. Means of Communication

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

Quarterly un-audited financial results were published in The Business Standard (English) and Makkal Kural in Tamil (vernacular language). The results were also displayed on the company's web site, www.abanoffshore.com

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

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

Management Discussion and Analysis forms Part of the Annual Report.

VIII GENERAL INFORMATION FOR SHAREHOLDERS

Financial Calendar

Financial Year 1st April 2008 to 31st March 2009

Board meeting for considering the accounts and Dividend	21.07.2008
Posting of Annual Report	On or before 23.08.2008
Book closure dates	10.09.2008 to 17.09.2008 (both dates inclusive)
Last date for the receipt of proxy forms	14.09.2008
Twenty Second Annual General Meeting	17.09.2008
Venue	Mini Hall of Music Academy, No.168 (old No. 306) T.T. K. Road, Royapettah, Chennai – 600 014
Time	11.00 A.M
Dividend payment date	On or after 17.09.2008
Probable date of dispatch of dividend warrants	On or before 21.09.2008

Board Meeting to consider unaudited results for the first 3 quarters of the financial year 2008-2009

Results of the quarter ended on 30th June 2008	21.07.2008
Results of the quarter ended on 30th September 2008	Before end of October 2008
Results of the quarter ended on 31st December 2008	Before end of January 2009

Listing on Stock Exchanges

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

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

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
21st Floor, Dalal Street
Mumbai – 400 001

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

Singapore Exchange Limited
2 Shenton Way
19-00 SGX Centre 1
Singapore 068804

The listing fees for the Financial Year 2008-2009 were paid to the Stock Exchanges where the Company's Equity shares are listed.

Stock Codes : Equity Shares

Madras Stock Exchange Limited	ABAN
Bombay Stock Exchange Limited	Fully paid – 523204 Partly paid - 890090
National Stock Exchange of India Limited	ABAN
ISIN No. for Dematerialised shares (fully paid)	INE421A01028
ISIN No. For Dematerialised shares (Partly Paid)	IN9421A01026

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

Stock code

700099 – 15,00,00,000 - 8% Cumulative Non Convertible Redeemable Preference Shares
700129 – 5,50,00,000 - 9% Cumulative Non convertible Redeemable Preference Shares
700130 – 4,00,00,000 - 9% Cumulative Non convertible Redeemable Preference Shares
700131 – 6,10,00,000 - 9% Cumulative Non convertible Redeemable Preference Shares

ISIN No. of 8% Non-convertible Cumulative Redeemable Preference Shares
INE 421A04014

ISIN No of 5,50,00,000 - 9% Non – Convertible Cumulative Redeemable Preference shares
INE421A04022

ISIN No of 4,00,00,000 - 9% Non – Convertible Cumulative Redeemable Preference shares
INE421A04030

ISIN No of 6,10,00,000 - 9% Non – Convertible Cumulative Redeemable Preference shares
INE421A04048

FCCB STOCK CODE : ISIN No. XSO245787808

Care Rating

Credit Analysis & Research Ltd. (CARE) has revised the ratings for the Non-Convertible Cumulative Redeemable Preference Shares (CRPS) issued by the Company. The revised ratings stand at CARE A- (RPS) (Single A minus Redeemable Preference Share) for all the CRPS Issues.

c. Foreign Currency Convertible Bonds (FCCB)

During the year ended 31st March 2008, 620 bonds were converted and 8,51,055 equity shares were allotted upon such conversion. If the remaining 541 bonds are converted further 742637 shares to be allotted upon such conversion

INVESTOR'S HELP DESK

Company's Registered Office Address

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

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

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

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

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

Share Transfer System

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

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

Liquidity

The Company's Equity Shares are among the most liquid and actively traded shares on the Indian Stock Exchanges more specifically in National Stock Exchange of India Ltd and Bombay Stock Exchange Limited. The Company's Non convertible Cumulative Redeemable Preference Shares are listed in the Bombay Stock Exchange Limited. The Foreign Currency Convertible Bonds are listed with Singapore Exchange Limited. Equity Shares of Face Value of Rs. 10/- each was subdivided into 5 Equity Shares of Rs. 2/- each effective 11th May 2005. Following the sub-division, there has been a significant increase in the number of Shareholders. As at 31 March, 2008, there were 34,530 shareholders.

Dematerialisation of shares:

72.84 % of Equity shares of the Company have been dematerialized as at 31st March, 2008. The company has entered into agreement with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) whereby share holders have an option to dematerialize their shares with either of the depositories.

Details of Public Fund obtained in last three years

Rs. 150,00,00,000/- collected by issue of 8% p.a. Non- Convertible Cumulative Redeemable Preference Shares in the year 2005-2006
Rs. 156,00,00,000/- collected by issue of 9% p.a Non- Convertible Cumulative Redeemable Preference Shares in the year 2006-2007
JPY11610000000 collected by issue of Zero Coupon Foreign Currency Convertible Bonds in the year 2006 -2007
Rs .2,44,54,456 Collected against allotment of Shares under Employee stock options scheme - 2005 in the year 2006-2007
Rs. 38,83,113 Collected against allotment of shares under Employee Stock Options scheme -2005 in the year 2007-2008

Plant Locations

DRILLING LOCATIONS

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

WIND ENERGY DIVISION

The Company has installed and operates 168 Wind Energy Generators at Nagercoil, Tamil Nadu.

Remuneration Committee

The Company has not set up a Remuneration Committee

Whistleblower Policy

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

Categories of shareholders as on 31st March 2008

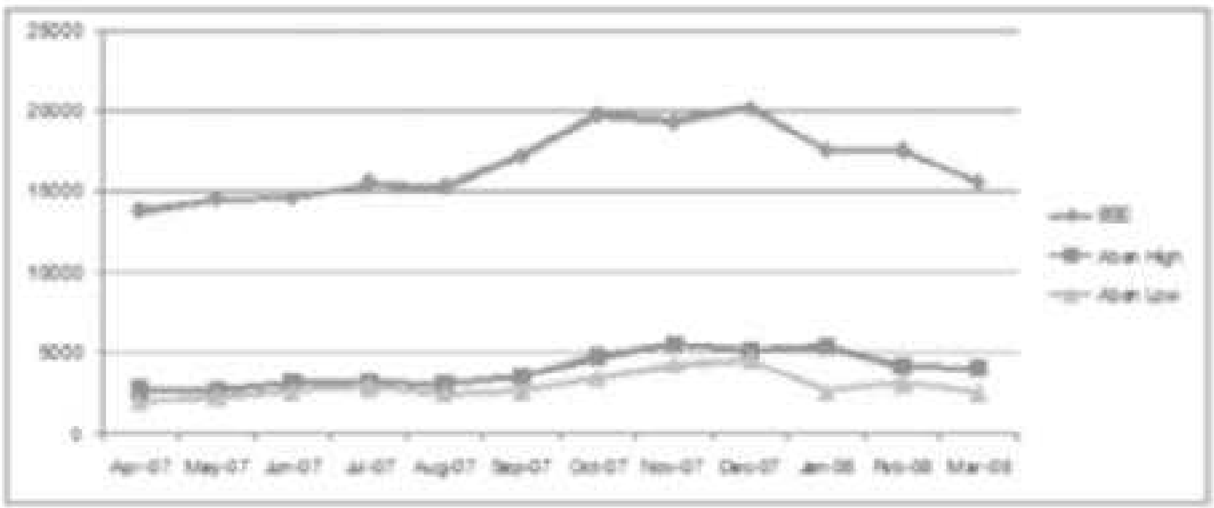
Category	Number of folios	Number of shares	%
Promoter including persons in concert	10	14701675	38.90
Collaborator	1	8328750	22.03
FIIs, NRIs/OCB	810	6735792	17.82
Mutual Funds, FIs, Banks	78	1779918	4.71
Bodies corporate	976	914532	2.42
Public	32655	5336693	14.12
Total	34530	37797360	100.00

Share price volume

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

Particulars	BSE			NSE		
	High	**Low**	**Volume**	**High**	**Low**	**Volume**
April 2007	2698	1935	908527	2698	1930	2963332
May 2007	2664	2259	798751	2665	2225	2303574
June 2007	3123	2619	943500	3200	2500	2948952
July 2007	3180	2900	549699	3180	2802	2183958
August 2007	3029	2424	442499	3030	2435	2045310
September 2007	3535	2648	644874	3510	2810	3150392
October 2007	4780	3400	1156907	4770	3420	3838674
November 2007	5555	4280	701725	5400	4280	2618021
December 2007	5150	4552	298031	5148	4556	1596031
January 2008	5400	2630	578956	5416	2600	2743388
February 2008	4167	3120	397200	4160	3200	1653441
March 2008	4035	2582	832989	4039	2581	2459802

Aban Share Price in comparision with BSE Sensex



Distribution of shareholdings as on 31st March 2008

Equity Shares held Rs.	Folio Nos.	%	Share Amount Rs.	%
Upto 2500	34158	98.93	7599844	10.05
2501 - 5000	144	0.42	1045808	1.38
5001- 10000	70	0.20	1013426	1.34
10001 - 15000	37	0.10	894886	1.19
15001 - 20000	23	0.07	833066	1.10
20001 - 25000	8	0.02	357670	0.47
2500 1- 50000	40	0.12	2892532	3.83
50001 & above	50	0.14	60957488	80.64
Total	34530	100.00	75594720	100.00

Note : The above specified share amount includes face value of 28540 shares on which Re.1/- per share paid up.

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

In accordance with Clause 49 1D of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Business Conduct Guidelines (Code of Conduct) as applicable to them, for the Financial Year ended on 31st March 2008.

For Aban Offshore Limited

Sd.
Reji Abraham
Managing Director

Chennai
July 21, 2008

CEO/CFO Certification to the Board, Pursuant to Clause 49 of the Listing Agreement.

We Reji Abraham, Managing Director and C.P. Gopalkrishnan, Deputy Managing Director and Secretary responsible for the Finance function certify that

a) We have reviewed the financial statements and cash flow statements of M/s. Aban Offshore Limited ("the Company") for the year ended 31st March 2008 and to the best of our knowledge and belief :

i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) we accept responsibility for establishing and maintaining internal control and that We have evaluated the effectiveness of internal control systems of the Company. There are no deficiencies in the design or operation of internal control.

d) we have indicated to the auditors and the Audit Committee that there are no

i) Significant changes in the internal control during the year.

ii) Significant changes in accounting policies during the year.

iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For Aban Offshore Limited

Sd/- | Sd/-

Chennai
July 21, 2008

Deputy Managing Director & Secretary | *Managing Director*

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF ABAN OFFSHORE LIMITED

We have examined the compliance of conditions of Corporate Governance by Aban Offshore Limited for the year ended on 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

We state that two investor complaints were pending for a period exceeding one month against the Company as certified by the Registrars and Share Transfer Agents of the Company based on the records maintained by them.

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

For Ford, Rhodes, Parks & Co.,
Chartered Accountants

CA. R. Subramanian
Partner
Membership No: 016059

Chennai
July 21, 2008

AUDITORS' REPORT

TO THE SHAREHOLDERS OF ABAN OFFSHORE LIMITED

We have audited the attached Balance Sheet of M/s. Aban Offshore Limited, as at 31st March 2008, 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 2008, prima-facie disqualified from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
   f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2008;
      (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: 016059

Chennai
July 21, 2008

ANNEXURE TO THE AUDITORS' REPORT

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

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us the fixed assets have been physically verified by the Management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As explained to us no material discrepancies have come to the notice on such physical verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) (a) As explained to us the inventories have been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained 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 to its wholly owned foreign subsidiary as shown below:

Company	Unsecured Loan Granted during the year (Net) In Rupees	Amount Outstanding including Interest receivable and exchange difference at the end of the Year in Rupees	Maximum Amount Outstanding including interest receivable during the Year in Rupees
Aban Holdings Pte., Ltd., Singapore	787,84,42,700/-	837,28,19,781/-	837,28,19,781/-

(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, no major weakness has been noticed in the internal controls in respect of these areas.

(v) (a) According to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been entered in the said Register.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules made thereunder.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the wind power generating activity of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Customs Duty, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at 31st March 2008 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Customs Duty, Sales Tax, Value Added Tax, Wealth Tax, Service Tax and Cess, which have not been deposited with appropriate authorities on account of any dispute.

(x) The Company has no accumulated losses as at 31st March 2008 and has not incurred cash losses in the financial year under report or in the immediately preceding financial year.

(xi) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company does not have any dues to Financial Institutions. Out of 1,161 Foreign Currency Convertible Bonds issued in the previous year, 620 Bonds have been converted into Equity Shares during the year. The balance amount has not become due for payment as at the close of the year, though the balance has already become due for optional conversion.

(xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.

(xv) The Company has given guarantees for loans taken by a subsidiary of its wholly owned foreign subsidiary from banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima – facie prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company we report that, no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has allotted Equity Shares under Employee Stock Option Scheme to its Directors (including a non executive Director), employees and employees of its Indian subsidiary company in accordance with SEBI guidelines. The price fixed by the Board for these shares is reasonable and not prejudicial to the interest of the Company.

(xix) No debentures have been issued by the Company during the year. Hence the provisions of clause 4 (xix) of the Order are not applicable to the Company.

(xx) During the year the Company has not raised money by way of public issue. Hence the provisions of clause 4 (xx) of the Order are not applicable to the Company.

(xxi) During the course of our examination of the books of account, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of any such case by the management.

For Ford, Rhodes, Parks & Co.,
Chartered Accountants

CA. R. Subramanian
Partner
Membership No: 016059

Chennai
July 21, 2008

Aban Offshore Limited

Balance Sheet

As at 31st March 2008

		Schedule	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I.	**SOURCES OF FUNDS**				
1.	**Shareholders' Funds**				
	(a) Share Capital	1		**313,55,66,180**	313,38,36,770
	(b) Reserves and Surplus	2		**699,35,71,127**	349,06,08,427
2.	**Loan Funds**				
	Secured Loans	3		**937,96,58,633**	606,48,29,325
	Unsecured Loan	4		**518,35,26,573**	428,49,22,220
3.	**Deferred Tax (Net)**	5		**65,35,76,331**	73,73,73,331
	TOTAL FUNDS EMPLOYED			**2534,58,98,844**	1771,15,70,073
II	**APPLICATION OF FUNDS**				
1.	**Fixed Assets**	6			
	Gross Block		**1182,47,42,223**		1146,98,83,933
	Less:Depreciation		**619,63,90,163**		524,56,90,052
	Net Block		**562,83,52,060**		622,41,93,881
	Add: Capital Work in Progress (including capital advances)		**7,39,70,842**		24,60,70,128
				570,23,22,902	647,02,64,009
2.	**Investments**	7		**978,50,77,063**	898,30,22,865
3.	**Current Assets,Loans and Advances**				
	(a) Inventory of Stores, Spares and Fuel (at cost) (As certified by the Management)		**69,10,47,358**		60,59,51,538
	(b) Sundry Debtors	8	**156,36,92,971**		67,37,90,500
	(c) Cash and Bank Balances	9	**59,13,78,695**		178,07,01,918
	(d) Loans and Advances	10	**875,84,40,044**		46,09,06,921
			1160,45,59,068		352,13,50,877
	Less:Current Liabilities and Provisions	11			
	(a) Current Liabilities		**124,72,63,183**		93,27,21,401
	(b) Provisions		**49,87,97,006**		33,03,46,277
			174,60,60,189		126,30,67,678
	Net Current Assets			**985,84,98,879**	225,82,83,199
	TOTAL ASSETS			**2534,58,98,844**	1771,15,70,073
	Notes to Accounts	16			

Per our report attached
For Ford, Rhodes, Parks & Co
Chartered Accountants

CA R. Subramanian
Partner
Membership No. 016059
Chennai
July 21, 2008

For and on behalf of the Board

V.S. Rao
Chairman

P. Murari
Vice Chairman

Reji Abraham
Managing Director

K. Bharathan
Director

K.M. Jaya Rao
Director (Nominee of ICICI Bank Ltd.)

P. Venkateswaran
Dy. Mg. Director

C.P. Gopalkrishnan
Dy. Mg. Director & Secretary

Profit and Loss Account

For the year ended 31st March 2008

		Schedule	Year ended 31st March, 2008 Rupees	Year ended 31st March, 2007 Rupees
I	**INCOME**			
	Income from Operations	12	**657,92,05,727**	495,31,98,397
	Other Income	13	**73,89,05,688**	69,27,03,861
	TOTAL		**731,81,11,415**	564,59,02,258
II	**EXPENDITURE**			
	Operating, Administrative and Other Expenses	14	**313,84,64,912**	247,58,23,111
	Interest	15	**69,24,29,966**	44,82,30,789
	Depreciation		**95,44,68,991**	94,78,08,712
	Goodwill Amortised		**6,29,32,528**	6,29,32,560
	TOTAL		**484,82,96,397**	393,47,95,172
	Profit for the year before taxation		**246,98,15,018**	171,11,07,086
	Less: Provision for taxation			
	-Current Tax		**95,60,00,000**	62,50,00,000
	-Fringe Benefit Tax		**66,00,000**	88,50,735
	-Deferred Tax		**(8,37,97,000)**	8,13,00,000
	Profit for the year after taxation		**159,10,12,018**	99,59,56,351
	Add: Profit brought forward from Previous Year		**273,60,67,806**	232,85,15,463
	Profit available for Appropriation		**432,70,79,824**	332,44,71,814
	Transfer to Capital Redemption Reserve		**30,00,00,000**	20,00,00,000
	Transfer to General Reserve		**16,00,00,000**	10,00,00,000
	Proposed Dividend - Preference		**26,04,00,000**	13,56,84,658
	Proposed Dividend - Equity		**13,60,70,496**	11,08,29,765
	Tax on Preference Dividend		**4,42,54,980**	2,30,59,608
	Tax on Equity Dividend		**2,31,25,181**	1,88,29,977
	Balance Carried to Balance Sheet		**340,32,29,167**	273,60,67,806
	Earnings per Equity Share of Rs. 2/- each (see Note 17)			
	- Basic		**34.54**	22.71
	- Diluted		**33.80**	21.74
	Notes to Accounts	16		

Per our report attached
For Ford, Rhodes, Parks & Co
Chartered Accountants
CA R. Subramanian
Partner
Membership No. 016059
Chennai
July 21, 2008

For and on behalf of the Board

V.S. Rao
Chairman

P. Murari
Vice Chairman

Reji Abraham
Managing Director

K. Bharathan
Director

K.M. Jaya Rao
Director (Nominee of ICICI Bank Ltd.)

P. Venkateswaran
Dy. Mg. Director

C.P. Gopalkrishnan
Dy. Mg. Director & Secretary

Aban Offshore Limited

Cash Flow Statement

For the year ended 31st March 2008

		2007-2008 Rupees in lacs	2006-2007 Rupees in lacs
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	NET PROFIT BEFORE TAX	**24,698.15**	**17,111.07**
	ADJUSTMENTS FOR:		
	Depreciation	9,544.69	9,478.09
	Goodwill written off	629.33	629.33
	Interest	6,924.30	4,482.31
	Interest and Dividend Income	(3,666.57)	(3,041.85)
	Profit on sale of Long Term and Current Investments (Net)	(247.01)	(24.73)
	Provision for Employee Benefits	42.36	22.63
	Loss on sale of Joint venture Interest	64.91	-
	Provision for Loss on Derivative Contracts	696.00	-
	Loss / (Profit) on sale of Assets (Net)	22.76	(1,191.36)
	Unrealised Exchange (Gain) / Loss - Net	(1,415.62)	(1,561.72)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**37,293.30**	**25,903.77**
	ADJUSTMENTS FOR:		
	Inventories	(850.96)	(1,206.47)
	Trade and other receivables	(10,149.47)	(640.35)
	Trade and other payables	2,391.64	1,592.14
	CASH GENERATED FROM OPERATIONS	**28,684.51**	**25,649.09**
	Direct taxes paid	(9,735.05)	(6,494.06)
	NET CASH FROM OPERATING ACTIVITIES	**18,949.46**	**19,155.03**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets including Capital advance	(3,828.47)	(15,263.33)
	Sale of fixed assets	35.52	43,979.47
	Interest and dividend received	3,378.59	1,167.03
	Purchase of Investments	(2,18,032.45)	(1,55,942.45)
	Sale of Investments	212,876.34	141,848.98
	Sale of Investments of Foreign Subsidiary	-	3,712.53
	Investment in subsidiary	-	(73,723.94)
	Sale proceeds of joint venture Interest	1,300.00	-
	NET CASH USED IN INVESTING ACTIVITIES	**(4,270.47)**	**(54,221.71)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds/(Repayment) of Term Borrowings	63,088.40	(7,008.55)
	Proceeds from partly paid shares	0.21	0.03
	Proceeds from fresh allotment under ESOS	38.83	244.54
	Proceeds from preference shares	-	15,600.00
	Proceeds from Foreign currency convertible Bonds	-	44,374.87
	Dividend accrued / paid including tax on dividend	(2,884.04)	(2,172.42)
	Loans (given to) / Repaid by Foreign Subsidiaries	(79,956.17)	5,521.50
	Interest paid	(6,872.83)	(4,570.07)
	NET CASH (USED IN) / FROM FINANCING ACTIVITIES	**(26,585.60)**	**51,989.90**
	NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**(11,906.61)**	**16,923.22**
	CASH AND CASH EQUIVALENTS -at beginning of the year	**17,807.02**	**910.16**
	Effect of Exchange (Loss) / Gain on cash and cash equivalents	**13.38**	**(26.36)**
	CASH AND CASH EQUIVALENTS- at end of the year	**5,913.79**	**17,807.02**

Note: The conversion of Foreign currency convertible bonds has not been considered in the cash flow statement

Per our report attached
For Ford, Rhodes, Parks & Co
Chartered Accountants

CA R. Subramanian
Partner
Membership No. 016059
Chennai
July 21, 2008

For and on behalf of the Board

V.S. Rao
Chairman

P. Murari
Vice Chairman

Reji Abraham
Managing Director

K. Bharathan
Director

K.M. Jaya Rao
Director (Nominee of ICICI Bank Ltd.)

P. Venkateswaran
Dy. Mg. Director

C.P. Gopalkrishnan
Dy. Mg. Director & Secretary

1. SHARE CAPITAL	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Authorised		
250,00,00,000 Equity Shares of Rs.2/- each (Previous year 250,00,00,000 Equity Shares of Rs.2/- each)	500,00,00,000	500,00,00,000
50,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each (Previous year 50,00,00,000 cumulative redeemable Preference Shares of Rs.10/- each)	500,00,00,000	500,00,00,000
	1000,00,00,000	1000,00,00,000
Issued and Subscribed		
3,68,86,595 Equity Shares of Rs.2/- each (Previous Year: 3,68,86,595 Equity Shares of Rs.2/- each) Out of the above,54,92,795 Equity shares of Rs.2/- each, (Previous year 54,92,795 EquityShares of Rs.2/-each) have been issued in pursuance of Scheme of Amalgamation of Hitech Drilling Services India Ltd with the Company.	7,37,73,190	7,37,73,190
8,51,055 Equity Shares of Rs.2/- each issued against conversion of Foreign currency convertible Bonds (Previous year Nil) (See Note 19)	17,02,110	-
59,710 Equity Shares of Rs.2/- each issued against Employee Stock Options Scheme (Previous Year : 56,660 Equity Shares of Rs.2/- each) (See Note 18)	1,19,420	113,320
15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each	150,00,00,000	150,00,00,000
(Previous Year :15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)		
15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each	156,00,00,000	156,00,00,000
(Previous year: 15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	313,55,94,720	313,38,86,510
Called up and Paid up		
3,68,86,595 Equity Shares of Rs.2/- each (Previous Year: 3,68,86,595 Equity Shares of Rs.2/- each)	7,37,73,190	7,37,73,190
8,51,055 Equity Shares of Rs.2/- each against conversion of Foreign currency convertible Bonds (Previous year Nil) (See Note 19)	17,02,110	-
59,710 Equity shares of Rs.2/- each against exercise of Stock Options under the Employees Stock Option Scheme (Previous Year : 56,660 Equity shares of Rs.2/- each) (See Note 18)	1,19,420	1,13,320
Less:Calls in arrears of Re.1 per share on 28,540 Equity Shares (Previous Year : 49,740 Equity Shares)	28,540	49,740
	7,55,66,180	7,38,36,770
15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous Year :15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	150,00,00,000	150,00,00,000
15,60,00,000 9% Non convertible Cumulative Redeemable Preference Shares of Rs.10/- each	156,00,00,000	156,00,00,000
(Previous Year :15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)		
TOTAL	313,55,66,180	313,38,36,770

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

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

5,50,00,000 shares will be redeemed on 29-12-2011
4,00,00,000 shares will be redeemed on 28-02-2012
6,10,00,000 shares will be redeemed on 30-03-2012
The Company has call option at the end of 3rd year (2009-10) to call Non Convertible Cumulative redeemable preference Shares at par.

c. In April 2006, the Company has issued 1,161 un secured Foreign Currency Convertible Bonds(FCCB) of Japanese Yen (JPY) 10,000,000 each aggregating JPY 11.61 Billion . As per the terms of issue, the bond holders shall have the right to convert the Bonds into equity shares on or after 19th April 2007 upto and including 8th April 2011. The conversion price of Equity Shares of Rs.2/- each. for the purpose of the Bond has been fixed at Rs.2,789.04 per equity share. As on 31-03-2008, 620 bonds have been converted into 851055 Equity shares. Outstanding Bonds as at 31-03-2008 - 541 Bonds - (See Note 19)

d. The Company has reserved 18,44,000 Equity shares of Rs.2/- each for offering to Employees under Employees stock option scheme (previous year 18,44,000 equity shares of Rs.2/- each), out of which 59,710 equity shares of Rs.2/- each have been already allotted upto the date of Balance Sheet under the said scheme and included under paid up capital (Previous year 56,660 equity shares of Rs. 2/- each allotted) - (See Note 18)

Schedules annexed to and forming part of the accounts

2. RESERVES AND SURPLUS

	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
(a) Capital Reserve		33,500	33,500
(b) Securities Premium Account			
- As per last Balance Sheet	15,27,44,736		12,84,03,600
Add: Addition during the year on Allotment under ESOS (see Note 18)	38,77,013		2,43,41,136
Add: Addition during the year on conversion of Foreign Currency Convertible Bonds (see Note 19)	237,19,24,326		-
		252,85,46,075	15,27,44,736
(c) Investment Allowance Reserve-Utilised		5,24,00,000	5,24,00,000
(d) Capital Redemption Reserve			
As per last Balance Sheet	20,00,00,000		-
Transfer from Profit and Loss Account	30,00,00,000	50,00,00,000	20,00,00,000
(e) General Reserve			
- As per last Balance Sheet	34,93,62,385		24,93,62,385
Add: Transfer from Profit and Loss Account	16,00,00,000		10,00,00,000
		50,93,62,385	34,93,62,385
(f) Profit and Loss Account		340,32,29,167	273,60,67,806
TOTAL		699,35,71,127	349,06,08,427

3. SECURED LOANS

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
a. Rupee Term Loans from Banks	906,42,70,856	579,42,82,632
b. Foreign Currency Term Loans from Banks	4,45,77,777	9,65,99,999
c. Cash Credit from Banks	27,08,10,000	17,39,46,694
Term Loan repayable within one year is Rs.102,42,39,232/- (Previous year Rs.178,18,22,300/-)		
TOTAL	937,96,58,633	606,48,29,325

Notes:

1. Rupee Term Loans and Foreign currency Term Loans from Banks are secured by first pari-passu charge on the specific offshore drilling rigs, drillship and accessories and windmills

2. Cash Credits from Banks are secured by way of hypothecation of inventory of stores and spares and Book debts. Moreover, two offshore Jack up rigs of the Company have been offered as a second charge for certain cash credit facilities.

3. The Company has offered a first pari-passu charge on three offshore drilling Rigs, Floating Production unit , Drill ship and second charge on two offshore Drilling Rigs for some of the term loans availed by foreign subsidiary.

4. UNSECURED LOANS

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Foreign Currency Convertible Bonds (See Note No.19)	218,36,11,250	428,49,22,220
unsecured Loans - From Banks	299,99,15,323	-
(Loan repayable within one year is Rs.299,99,15,323/- Previous year Nil)		
TOTAL	518,35,26,573	428,49,22,220

5. DEFERRED TAX (NET)

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Deferred tax Asset on Timing differences		
Provision for dimunition in the value of investments	(17,61,498)	(17,61,498)
Deferred Tax Liability on Timing differences		
On depreciation	65,53,37,829	73,91,34,829
TOTAL	65,35,76,331	73,73,73,331

6. FIXED ASSETS

(In Rupees)

Description of the Asset	GROSS BLOCK: As at 1st April, 2007	GROSS BLOCK: Additions during the year	GROSS BLOCK: Deductions during the year	GROSS BLOCK: As at 31st March, 2008	DEPRECIATION: As at 1st April, 2007	DEPRECIATION: Additions during the year	DEPRECIATION: On Deductions during the year	DEPRECIATION: As at 31st March, 2008	NET BLOCK: As at 31st March, 2008	NET BLOCK: As at 31st March, 2007
Goodwill	6,29,32,528	-	6,29,32,528	-	-	-	-	-	-	6,29,32,528
Land-Freehold	14,09,02,695	-	-	14,09,02,695	-	-	-	-	14,09,02,695	14,09,02,695
Building	15,03,66,491	-	-	15,03,66,491	2,46,58,727	24,50,974	-	2,71,09,701	12,32,56,790	12,57,07,764
Offshore Jackup Drilling Rigs, Floating Production unit and connected machineries	732,36,20,277	42,42,71,705	-	774,78,91,982	365,47,07,093	59,45,13,564	-	424,92,20,657	349,86,71,325	366,89,13,184
Drillship and connected machineries	116,55,75,672	2,92,55,253	-	119,48,30,925	26,68,49,839	13,30,50,345	-	39,99,00,184	79,49,30,741	89,87,25,833
Other Machineries	8,08,24,706	-	-	8,08,24,706	7,67,35,196	-	-	7,67,35,196	40,89,510	40,89,510
Wind Mills and connected machineries	240,78,13,800	-	-	240,78,13,800	116,35,77,905	21,59,24,160	-	137,95,02,065	102,83,11,735	124,42,35,895
Office Equipment	4,13,13,461	74,19,519	7,727	4,87,25,253	3,53,32,935	33,19,485	2,358	3,86,50,062	100,75,191	59,80,526
Furniture and Fixtures	2,16,93,271	12,18,159	-	2,29,11,430	1,01,42,454	17,35,928	-	1,18,78,382	1,10,33,048	1,15,50,817
Vehicles	3,33,40,541	57,10,803	85,76,403	3,04,74,941	1,26,73,413	34,74,535	27,54,032	1,33,93,916	1,70,81,025	2,06,67,128
TOTAL	1142,83,83,442	46,78,75,439	7,15,16,658	1182,47,42,223	524,46,77,562	95,44,68,991	27,56,390	619,63,90,163	562,83,52,060	618,37,05,880
Share of Fixed Assets in Joint Venture Operation (including intangible assets) (See Note 16 & 22 b)	4,15,00,491		4,15,00,491	-	10,12,490	-	10,12,490	-	-	4,04,88,001
	1146,98,83,933	46,78,75,439	11,30,17,149	1182,47,42,223	524,56,90,052	95,44,68,991	37,68,880	619,63,90,163	562,83,52,060	622,41,93,881
Capital Work- in- progress (includes share in Joint venture Operation - Rs.Nil) (Previous Year - Rs.8,70,70,816)**	* 24,60,70,128	12,48,16,759	# 29,69,16,045	7,39,70,842	-	-	-	-	7,39,70,842	24,60,70,128
TOTAL	1171,59,54,061	59,26,92,198	40,99,33,194	1189,87,13,065	524,56,90,052	95,44,68,991	37,68,880	619,63,90,163	570,23,22,902	647,02,64,009
Previous Year	1455,27,64,732	579,60,66,010	863,28,76,681	1171,59,54,061	431,92,80,888	94,78,08,712	213,99,548	524,56,90,052	647,02,64,009	1023,34,83,844

 # The deduction shown under capital work in progress represent effect of novation agreement signed with Valdel Oil Gas Pvt Ltd. Also refer note no. 16
*** Includes interest on borrowings Rs.Nil (Previous Year : Rs.4,55,17,784/-)**
**** Includes Capital advance Rs.7,39,70,842/- (Previous year Rs.4,65,50,200/-)**

7. INVESTMENTS

	No. of Shares	Face Value Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
LONG TERM INVESTMENTS (At Cost)				
A. Trade Investments				
Equity Shares - Fully Paid (Unquoted)				
Aban Energies Limited , India (A wholly owned Subsidiary Company)	2,00,070	10.00	20,00,700	20,00,700
Aban Holdings Pte Ltd, Singapore (A wholly owned Subsidiary Company)	16,50,00,000	#	737,23,94,308	737,23,94,308
Aban Informatics Private Limited	3,00,750	10.00	1,98,49,500	1,98,49,500
Frontier Offshore Exploration (India) Limited (Formerly known as Frontier Aban Drilling (India) Ltd)	49,993	100.00	49,99,300	49,99,300
Aban Power Company Limited	1,19,40,000	10.00	11,94,00,000	11,94,00,000
B. Others (Non Trade)				
Equity Shares - Fully paid (Quoted)				
ASC Enterprises Ltd	5,767	1.00	-	2,36,071
ACC Limited	51	10.00	-	54,122
Bharathi Televentures Ltd	224	10.00	-	1,38,985
Arihant Threads Ltd	13,600	10.00	1,70,000	1,70,000
Punjab Woolcombers Ltd	300	10.00	27,000	27,000
State Bank of Travancore	245	100.00	1,47,000	1,47,000
ICICI Bank Ltd	2,100	10.00	7,86,374	9,76,974
Oil & Natural Gas Corporation Ltd (includes Bonus shares - 4214)	12,643	10.00	63,21,750	67,27,843
Bharat Heavy Electricals Ltd	106	10.00	-	2,65,960
Century Textiles and Industries Ltd	184	10.00	-	1,13,572
Grasim Industries Ltd	45	10.00	-	1,15,700
Hindustan Unilever Ltd	497	1.00	-	1,22,231
Indian Bank	32,318	10.00	29,40,938	63,53,529
Infosys Technologies Ltd	149	5.00	-	3,33,138
Larsen & Toubro Ltd	162	2.00	-	2,30,389
Reliance Energy Ltd	90	10.00	-	47,810
Reliance Industries Ltd	271	10.00	-	3,45,565
State Bank of India	120	10.00	-	1,50,162
Steel Authority of India Ltd	940	10.00	-	99,678
Dr. Reddy's Laboratories Ltd	119	5.00	-	91,661
HCL Technologies Ltd	240	2.00	-	77,859
ITC Ltd	523	1.00	-	98,334
Mahindra & Mahindra Ltd	53	10.00	-	50,348
Maruti Udyog Ltd	187	5.00	-	1,74,193
Punjab National Bank	170	10.00	-	89,555
Sun TV Networks Ltd	89	10.00	-	1,20,980
Triveni Engineering & Industries Ltd	726	1.00	-	39,112
Tulip IT Services Ltd	80	10.00	-	49,144
Wipro Ltd	501	2.00	-	2,98,941
Equity Shares - Fully paid (Unquoted)				
Madras Stock Exchange Limited	7,995	10.00	39,97,500	-

Schedules annexed to and forming part of the accounts

	No. of Units	Face Value Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Current Investments				
(At lower of cost and fair value) (See note: 3)				
MUTUAL FUNDS (Unquoted)				
AIG India Treasury Plus Fund	2,56,69,033.39	10.00	**25,70,15,387**	-
AIG India Liquid Fund	39,974.80	1,000.00	**4,00,07,341**	-
Birla Sunlife Liquid Plus Fund	1,10,35,545.76	10.00	**11,04,30,499**	-
Grindlays Floating Rate Fund - Daily Dividend	8,63,35,818.30	10.00	**86,38,28,002**	-
FRDD ICICI Prudential Floating Rate Fund - Daily Dividend	1,01,23,159.80	10.00	**10,12,52,857**	-
ICICI Prudential Flexible Income Plan	28,55,790.18	10.00	**3,01,95,697**	-
ICICI Prudential Institutional Liquid Plan	92,409.18	10.00	**10,77,408**	-
J M Arbitrage Fund	15,00,000.00	10.00	**1,50,00,000**	1,50,00,000
Principal Floating Rate Fund - Fixed Maturity Plan	45,74,845.81	10.00	**4,58,04,729**	-
SBI SHF Liquid Plus Institutional Plan - Daily Dividend	1,01,27,271.78	10.00	**10,13,23,354**	-
Standard Chartered Fixed Maturity Plan	2,00,00,000.00	10.00	**20,00,00,000**	-
Grindlays Liquidity Manager Plus	2,50,172.21	1,000.00	**25,02,24,742**	52,98,395
Sundaram BNP Paribas Liquid Plus Institutional Daily Dividend	1,80,18,983.34	10.00	**18,06,26,183**	-
UTI Fixed Income Interval Fund	30,43,303.03	10.00	**3,04,33,030**	-
UTI Liquid Cash Plan Institutional Fund - Daily Income Option	29,433.51	1,000.00	**3,00,05,864**	-
DSP ML Lquid Fund	20,568.04	1,000.00	-	2,05,72,150
Grindlays Liquidity Manager	4,09,32,196.42	10.00	-	40,93,63,010
Grindlays Floating Rate Fund	1,00,00,000.00	10.00	-	10,00,00,000
Grindlays Arbitrage Fund	2,19,43,942.92	10.00	-	22,25,00,000
Reliance Liquidity Fund	41,83,465.58	10.00	-	4,18,47,625
Reliance Monthly Interval Fund SI Institutional	2,50,00,000.00	10.00	-	25,00,00,000
Reliance Monthly Interval Fund SII Institutional	50,00,000.00	10.00	-	5,00,00,000
SBI Premier Liquid Fund	20,53,062.15	10.00	-	2,05,97,346
Principal Mutual Fund	1,72,57,054.87	10.00	-	17,25,82,629
Prudential ICICI Blended Plan	95,79,002.83	10.00	-	10,00,00,000
Prudential ICICI Super Plan	82,641.18	10.00	-	8,87,722
HDFC Floating Rate Fund	76,351.00	10.00	-	7,74,536
HSBC Liquid Fund Plus	42,58,604.84	10.00	-	4,23,92,188
			979,02,59,463	898,82,05,265
Less: Provision for diminution in value of Long Term Investment including provision relating to joint venture investment of Rs.49,99,300/- (Previous Year : Rs.49,99,300/-)			**51,82,400**	51,82,400
			978,50,77,063	898,30,22,865
Aggregate Value of Quoted Investments-Cost			**1,02,09,962**	1,75,62,756
Aggregate Value of Quoted Investments- Market Value			**2,04,95,378**	2,37,76,322
Aggregate Value of Unquoted Investments-Cost			**977,48,67,101**	896,54,60,109

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

8. SUNDRY DEBTORS

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Considered Good-Unsecured		
(a) Outstanding for more than six months	1,97,39,094	1,26,39,134
(b) Others	154,39,53,877	66,11,51,366
TOTAL	156,36,92,971	67,37,90,500

Schedules annexed to and forming part of the accounts

9. CASH AND BANK BALANCES

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Cash on Hand	**5,85,096**	5,75,648
Balances with Scheduled Banks		
- In Current Accounts	**8,03,56,667**	23,80,55,282
- In Deposit Accounts *	**49,68,46,664**	151,56,25,881
Balances with other banks in current account		
Standard Chartered Bank, Dubai	**76,62,557**	2,11,46,427
Emirates Bank, Dubai	**59,27,711**	52,98,680
TOTAL	**59,13,78,695**	**178,07,01,918**
Maximum amount outstanding at any time during the year with other banks,		
Standard Chartered Bank, Dubai	**2,11,46,427**	2,11,46,427
Emirates Bank, Dubai	**67,28,248**	52,98,680

** includes unutilised proceeds from foreign currency convertible Bond issue - Rs. 6.90 Crores*
(previous year Rs. 7.17 Crores)

10. LOANS AND ADVANCES (Unsecured, Considered Good)

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Loans to Subsidiary Companies (See Note No.14)	837,28,19,781	19,21,37,325
Advance to Subsidiary Companies (See Note No.14)	1,41,10,506	4,94,92,186
Advance recoverable in Cash or in Kind or for value to be received (See Note No.15)	30,65,15,465	18,31,63,261
Deposit with Customs	2,61,82,828	2,61,82,828
Sundry Deposits	3,88,11,464	99,31,321
TOTAL	875,84,40,044	46,09,06,921

11. CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
(A) Current Liabilities		
(a) Sundry Creditors - Amount due to Micro Enterprises and Small Enterprises (see Note No.24)	-	-
(b) Sundry Creditors - others	121,63,91,696	91,16,89,043
(c) Unclaimed Dividends*	56,28,133	57,16,512
(d) Other Liabilities	200,50,997	1,52,70,166
(e) Interest accrued but not due on secured loans	51,92,357	45,680
*Note : No amount is due to Investor Education & Protection Fund.	124,72,63,183	93,27,21,401
(B) Provisions		
(a) Provision for taxation (Net of Advance payment of taxes)	2,58,62,213	3,67,66,859
(b) Proposed Dividend - Preference	26,04,00,000	13,56,84,658
(c) Proposed Dividend - Equity	13,60,70,496	11,08,29,765
(d) Tax on Dividend	6,73,80,161	4,18,89,585
(e) Provision for Provident Fund	21,40,259	14,98,407
(f) Provision for Leave Encashment and Gratuity	69,43,877	36,77,003
	49,87,97,006	33,03,46,277
TOTAL (A+B)	174,60,60,189	126,30,67,678

12. INCOME FROM OPERATIONS

	Year ended 31st March, 2008 Rupees	Year ended 31st March, 2007 Rupees
Drilling and Production Services	**647,79,18,273**	479,07,03,410
Wind Power generation	**10,12,87,454**	15,12,26,740
Income from Joint Venture operations - Sale of Hydro Carbon (See Note No.16 and 22b)	**-**	1,12,68,247
TOTAL	**657,92,05,727**	495,31,98,397

Schedules annexed to and forming part of the accounts

13. OTHER INCOME

		Year Ended 31st March, 2008 Rupees	Year Ended 31st March, 2007 Rupees
(a) Rental Income(Gross)		2,01,14,836	2,52,32,183
(b) Dividend Income from Long term Investments		3,34,542	4,21,267
(c) Dividend Income from Current Investments		12,49,81,672	6,76,55,207
(d) Interest on Bank Deposits (Gross)		1,25,15,395	2,24,10,339
(e) Interest-Others (Gross)			
-On Intercorporate deposits	4,11,981		22,10,655
-On Loan to foreign subsidiaries	22,47,07,167		21,12,56,136
-On Staff loans	1,68,250		2,07,042
-On Income-tax refund	33,75,652		-
-On call money relating to equity shares	1,61,887		24,552
		22,88,24,937	
(f) Miscellaneous Income *		32,74,33,224	7,91,58,817
(g) Profit on Sale of Assets (Net)		-	11,91,35,963
(h) Foreign currency exchange difference (Net)		-	16,25,18,260
(i) Profit on Sale of Long Term Investments (Net)		38,16,253	2,38,845
(j) Profit on Sale of Current Investments (Net)		2,08,84,829	22,34,595
TOTAL		73,89,05,688	69,27,03,861

Note:Tax deducted at source on a,d,and e Rs.2,57,36,048/- (Previous year: Rs 2,27,31,285/-)

Miscellaneous income includes Net Gain on cancellation of Forward Contract, Options / Swaps Rs. 27.60 crores (Previous year - Rs. 7.41 crores

14. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES

		Year Ended 31st March, 2008 Rupees	Year Ended 31st March, 2007 Rupees
Consumption - Stores and Spares		**59,64,13,188**	42,11,55,041
Power and Fuel		**23,89,25,716**	13,80,98,402
Salaries and Bonus		**41,05,67,454**	31,42,82,145
Contribution to Provident funds and Other funds		**2,60,43,121**	1,75,88,553
Staff Welfare		**2,39,18,192**	1,87,26,283
Rent		**73,43,973**	45,41,996
Rates and Taxes		**2,94,03,423**	1,23,50,083
Rental Charges for Machinery		**37,90,63,501**	17,06,58,473
Repairs and Maintenance			
- Machinery	**18,97,59,087**		20,66,63,228
- Buildings	**54,40,391**		61,79,633
- Other assets	**18,50,000**	**19,70,49,478**	51,31,397
Insurance		**21,54,03,069**	33,53,73,950
Drilling Services and Management Fees		**17,54,86,106**	15,86,40,258
Consultancy and Professional Fees		**40,10,99,863**	26,61,50,717
Catering Expenses		**3,31,35,676**	3,05,96,226
Postage, Telegram and Telex		**138,33,087**	1,39,26,654
Printing and Stationery		**44,89,345**	32,72,401
Travelling Expenses		**9,82,60,050**	8,96,23,881
Guarantee Commission , Bank and Other Charges		**3,41,94,464**	3,48,41,811
Provision for Dimunition in value of Investments		**-**	49,99,300
Foreign Currency Convertible Bonds Issue Expenses		**-**	10,28,48,947
Foreign currency exchange difference (Net)		**17,35,18,159**	-
Loss on Sale of Assets (Net)		**22,75,573**	-
Loss on transfer of interest in Joint venture (See Note No.16)		**64,91,065**	-
Auditors' Remuneration : (See Note No. 25)			
Audit Fees	**21,48,134**		16,28,740
Tax Audit Fee	**2,25,000**		2,52,540
For Certification and Other Services	**14,78,527**		12,43,171
Reimbursement of Expenses	**95,000**	**39,46,661**	78,568
Other Expenses		**6,76,03,748**	11,69,70,713
TOTAL		**313,84,64,912**	247,58,23,111

15. INTEREST

	Year ended 31st March, 2008 Rupees	Year ended 31st March, 2007 Rupees
On Term Loans	66,93,13,342	43,21,11,263
Others	2,31,16,624	6,16,37,310
TOTAL	69,24,29,966	49,37,48,573
Less: Interest Capitalised	-	4,55,17,784
TOTAL	69,24,29,966	44,82,30,789

16. NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING CONVENTIONS AND CONCEPTS

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

B. USE OF ESTIMATES

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

C. FIXED ASSETS

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

D. DEPRECIATION

Depreciation on Fixed Assets is provided on 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.

E. INVENTORY VALUATION

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

F. FOREIGN CURRENCY TRANSACTIONS

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

Foreign currency current assets and current liabilities are translated at year end rates and resulting gains / losses are recognised in the profit and loss account. Non monetary items such as Investments / Fixed Assets, denominated in foreign currency are stated at exchange rate prevailing on the date of transaction.

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

a. The premium or discount on all such contracts arising at the inception of each contract is amortised as expense or income over the life of the contract.

b. Any profit or loss arising on the cancellation of such contracts is recognised as income / expense for the year.

G. INVESTMENTS

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

(b) Long Term Unquoted Investments in Subsidiary Companies and investment in Joint Venture Company and other investments of long term nature are stated at cost and no loss is recognised in the fall in their net worth unless there is a permanent fall in their net worth. However, a provision for dimunition in value of investment is made if a fall in net worth is anticipated.

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

H. PROPOSED DIVIDEND

The Dividend as proposed by the board of directors is provided in the books of account pending approval at the Annual General Meeting.

I. EMPLOYEE BENEFITS

(a) Contribution to Provident Fund, which is a defined contribution retirement plan, is made monthly at predetermined rate to the Provident Fund authorities and debited to the Profit and Loss Account on accrual basis.

(b) Contribution to Super annuation scheme, which is a defined contribution retirement plan, is made annually at predetermined rate to Insurance Companies, which administer the fund and debited to Profit and Loss Account.

(c) Company makes annual contribution to Gratuity funds administered by Insurance Companies, which is considered as defined benefit plan. The present value of the defined benefit is measured using the 'Projected unit Credit' Method with actuarial valuation being carried out at each Balance Sheet date by an independent valuer. Actuarial gain and losses are immediately recognised in the Profit and Loss Account.

Schedules annexed to and forming part of the accounts

(d) The Company makes provision for leave encashment based on actuarial valuation carried out by an Independant actuary at the Balance Sheet date.

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 year. In accordance with the Accounting Standard -22 Accounting for Taxes on Income of the Companies (Accounting Standards) Rules, 2006 the deferred tax on timing difference between book profit and tax profit for the 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 virtual/ reasonable certainity about its realisability in future years.

L. FINANCIAL DERIVATIVES

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

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.

O. AMORTISATION

Goodwill arising out of amalgamation is being amortised over a period of seven years from the year of amalgamation, based on prudent estimation of its useful life.

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
2. Contingent liabilities not provided for		
a. Guarantees given by banks on behalf of the Company	122,59,69,408	86,84,37,419
Relating to joint venture - 50% share	-	13,08,500
b. Corporate Guarantee given by the Company for a subsidiary of Company's foreign subsidiary	1987,94,60,000	1905,45,09,390
c. Capital commitments not provided for	11,46,97,231	3,34,42,724
d. Indemnity obligation relating to a Novation Agreement	75,00,000	-

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees

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

Particulars Investments in units in Mutual Funds (Units)	Purchased Units	Sold units
Grindlays Liquidity Manager	11719176.77	52651373.19
Grindlays Floating Rate Fund	16900.00	10016900.00
Grindlays Floating Rate Fund Daily Dividend	1401518485.56	1315182667.26
Std Chartered Fixed Matutiry Plan	20000000.00	-
Grindlays Liquidity Manager Plus	8036092.09	7791217.75
Prudential ICICI Liquid Plan Institutional Plus	35040249.30	35040249.30
Prudential ICICI Blended Plan	55220575.83	64799578.66
Prudential ICICI Equity and Derivative Fund	47,375,614.30	47375614.30
Reliance Monthly Interval Fund S I Institutional	-	25000000.00
Reliance Monthly Interval Fund S II Institutional	-	5000000.00
Reliance Equity Fund Daily Dividend	30019179.16	30019179.16
Reliance Liquidity Fund	125354.45	4308820.03
Principal Mutual Fund	14778.45	17271833.32
DSP ML Liquid Fund	82.10	20650.14
DSP Merril Lynch Strategic Bond Fund	100087.70	100087.70
Prudential ICICI Super Plan	-	82641.18
SBI Premier Liquid Fund Institutional Daily Dividend	38463.28	2091525.43
HDFC Floating Rate Fund	-	76351.00
Birla Cash Plus Institutional Premium DD	20753839.52	20753839.52
Birla Floating rate fund LT WDR	20801107.58	20801107.58
Birla Sunlife Liquid Plus Fund	11035545.76	-
Birla Cash Plus Institutional Daily Dividend	1851803.43	1851803.43
Birla Cash Plus Instl Prem DD - Reinvest	5989603.57	5989603.57
AIG India Equity Fund	5000000.00	5000000.00
AIG India Liquid Fund	3482262.80	3442288.00
AIG India Treasury Plus Fund	358470896.92	332801863.53
Templeton India Treasury Management Account Super Institutional Plan Daily Dividend	148797.60	148797.60
Templeton India Short term Income Plan Institutional Weekly Dividend Reinvestment	331336.81	331336.81
DWS Money Plus Fund - Institutional Plan	25368238.30	25368238.30
HDFC Cash Management Fund Savings Plan DD	1880635.98	1880635.98
HDFC Cash Management Fund Savings Plus Plan DD	2021432.51	2021432.51
HDFC Fixed Maturity Plan	10000000.00	10000000.00
Principal Floating Rate Fund Fixed Maturity Plan	4574845.81	-
Principal Cash Management Fund Liquid Option	1999882.47	1999882.47
Reliance Liquid Plus Fund	20212.17	20212.17
Sundaram BNP Paripas Liquid Plus DD	6935051.08	6935051.08
Sundaram BNP Paripas Liquid Plus Institutional Daily Dividend	20035197.26	2016213.92
Sundaram BNP Paribas Liquid Plus Super Inst Div	5015948.61	5015948.61
DWS Money Fund regular Plan Daily Dividend	1996719.98	1996719.98
HDFC Cash Management Fund Savings Plan	1801912.73	1801912.73
UTI Liquid Plus Fund Institutional Plan DD - Reinvest	30426.52	30426.52
UTI Liquid Cash Plan Institutional Fund Daily Income Option	58866.39	29432.88
UTI Fixed Income Interval Fund	3043303.03	-
ICICI Prudential Institutional Liquid Plan Super Inst DD	10061292.05	10061292.05
FRDD ICICI Prudential Floating Rate Fund Daily Dividend	10123159.80	-
ICICI Prudential Flexible Income Plan	2855790.18	-
ICICI Prudential Institutional Liquid Plan	11065739.58	10973330.40
SBI Premier Liquid Fund Super Institutional Daily Dividend	9971390.64	9971390.64
SBI SHF Liquid Plus - Institutional Plan Daily Dividend	10127271.78	-
Templeton India Ultra Short Bond Fund Super Institutional Plan Daily Dividend Reinvestment	101291644.69	101291644.69
Grindlays Arbitrage Fund	55071493.06	77015435.98
HSBC Liquid Fund Plus	20903.90	42,79,508.74

Schedules annexed to and forming part of the accounts

			31.03.2008 (Rs.)	31.3.2007 (Rs.)
4. a. Managerial Remuneration				
Salary & Allowances			1,29,08,160	74,66,400
Monetary Value of Perquisites			32,08,102	27,70,603
Sitting fees			2,73,000	3,62,000
Commission			5,60,71,145	3,79,68,537
			7,24,60,407	4,85,67,540
b. Computation of Net Profit in accordance with Section 309(5),198 & 349 of the Companies Act, 1956 and calculation of Managing Director and Wholetime Director's Commission.				
Net Profit as per Profit & Loss Account			246,98,15,018	171,11,07,086
Add: Directors' Remuneration			7,21,87,407	4,82,05,540
Director's Sitting Fees			2,73,000	3,62,000
Provision for Dimunition in value of investment in joint venture			-	49,99,300
Adjustment relating to Profit on sale of Asset			-	1,98,45,485
Loss on sale of Asset (Net)			22,75,573	-
Goodwill Amortised			6,29,32,528	6,29,32,560
			260,74,83,526	184,74,51,971
Less: Profit on Sale of Assets (Net)			-	11,91,35,963
Less: Profit on Sale of Investments(Net)			2,47,01,082	24,73,440
			2,47,01,082	12,16,09,403
Profit as per Section 309(5),198 & 349 of the Companies Act, 1956			258,27,82,444	172,58,42,568
Commission to Managing Director @ 2% p.a			5,16,55,649	3,45,16,852
Commission to two Deputy Managing Directors @.0.10% p.a. each but restricted to the period upto 15-12-2007 in the case of Deputy Managing Director & Secretary			44,15,496	34,51,685
			5,60,71,145	3,79,68,537
5. Licence/Installed capacities	**Not applicable**			**Not applicable**
	Units	**Value (Rs.)**	Units	Value (Rs.)
6. Generation of Wind Power (Net)	**3,76,31,410**	**10,12,87,454**	5,61,66,455	15,12,26,740
7. Value of Imports by the Company on CIF basis				
a. Capital items		22,31,96,127		13,77,70,994
b. Stores & Spare Parts		49,35,32,162		25,06,30,952
8. Expenditure in Foreign Currency (Cash Basis)				
a. Interest on Foreign Currency Loans		2,10,37,922		2,77,68,125
b. Drilling Services & Management Fees		7,21,32,831		3,32,78,117
c. Travel and Others		12,67,02,545		13,50,30,669
d. Consultancy fees		7,81,83,632		6,19,64,302
e. Rental charges for Machinery		33,27,43,737		17,05,05,114
f. Insurance		4,75,55,393		16,59,97,588
g. Repairs to machinery		63,71,510		95,21,380
9. Income Earned in Foreign Exchange				
a. Drilling and Production services		529,61,75,341		479,07,03,410
b. Interest from Foreign Subsidiaries		22,47,07,167		21,12,56,136
c. Profit on sale of Assets		-		11,98,45,485
d. Interest on Bank Deposit		31,64,072		1,49,52,263
e. Others		41,75,251		1,39,89,126
10. a. Value of Imported Stores & Spares Consumed		40,04,20,546		21,82,47,968
% of above to total consumption		67.14%		51.82%
b. Value of Indigenous Stores & Spares consumed		19,59,92,642		20,29,07,073
% of above to total consumption		32.86%		48.18%
11. Dividend remitted in Foreign Currency		No.of Non-Resident Shareholders	No. of Equity Shares held	Net Dividend remitted (Rs.)
For the Financial year 2006-07 (Equity Shares of Rs.2/- each)		1	83,28,750	2,49,86,250
Previous year (Equity shares of Rs.2/- each)		1	83,28,750	2,16,54,750

12. Related Party Disclosures

Enterprise where control exists

A. Subsidiary Companies (Wholly owned subsidiaries)
- Aban Energies Limited, India
- Aban Holdings Pte Ltd, Singapore

B. Subsidiaries of Aban Holdings Pte Ltd

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

C.Other related parties with whom the company had transactions

a. **Joint Venture Operator**

Prize Petroleum Limited (See Note 16 and 22b)

b. **Key Management personnel**

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

TRANSACTION WITH RELATED PARTIES DURING THE YEAR

Nature of Transaction	Subsidiary Companies Rs. 2007-2008	Subsidiary Companies Rs. 2006-2007	Joint Venture Operator Rs. 2007-2008	Joint Venture Operator Rs. 2006-2007	Key Management Personnel Rs. 2007-2008	Key Management Personnel Rs. 2006-2007
i) Machinery maintenance charges paid	107,86,560	1,07,65,792	-	-	-	-
ii) Rent paid	-	-	-	-	53,11,920	24,44,516
iii) Remuneration	-	-	-	-	7,21,87,407	4,82,05,540
iv) Interest received	22,47,07,167	21,12,56,136	-	-	1,68,250	2,07,042
v) Purchase of Assets	-	-	-	22,13,212	-	-
vi) Sale of Assets	-	436,97,33,095	-	-	-	-
vii) Investment in Foreign Subsidiary	-	737,23,94,308	-	-	-	-
viii) Advances recoverable / (payable)	90,37,821	5,27,15,166	7,00,000	(2,09,92,221)	-	-
ix) Income from transfer of Hydro Carbon	-	-	-	1,12,68,247	-	-
x) Loan given to Foreign Subsidiaries	1008,17,72,017	716,05,05,495	-	-	-	-
xi) Loan repaid	210,33,29,317	772,41,34,639	-	-	4,20,000	3,60,000
xii) Operation call money	-	-	1,25,00,000	9,52,00,000	-	-
xiii) Sale of Investment	-	37,09,28,750	-	-	-	-
xiv) Dividend paid	-	-	-	-	1,46,31,783	1,21,08,307
xv) Amount received towards Equity shares allotted under Employees Stock Option Scheme (including premium)	-	-	-	-	-	44,02,320
xvi) Amount Outstanding as at 31.03.2008						
- Receivable	838,69,30,287	24,16,29,511	-	-	14,55,000	18,75,000
- Payable	-	-	-	1,44,56,909	5,60,71,145	3,79,68,537

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

	2007-08 Rs.	2006-07 Rs.
) Machinery maintenance charges paid		
- Aban Energies Limited	107,86,560	1,07,65,792
ii) Remuneration to Key Management Personnel		
- Mr. Reji Abraham	5,73,37,724	3,73,35,027
- Mr. C.P. Gopalkrishnan	71,50,764	54,93,888
- Mr. P. Venkateswaran	76,98,919	53,76,625
iii) Interest received		
- Aban Singapore Pte Ltd	-	21,12,55,398
- Aban Holdings Pte Ltd	22,47,07,167	738
iv) Sale of Assets		
Aban 7 Pte Ltd	-	436,97,33,095
v) Investment in Foreign subsidiary		
Aban Holdings Pte Ltd	-	737,23,94,308
vi) Advances recoverable		
Aban Energies Limited	90,37,821	1,54,50,000
Aban 7 Pte Ltd.	-	1,99,93,203
Aban Abraham Pte Ltd	-	1,38,84,165
vii) Loan given to Foreign Subsidiaries		
Aban Holdings Pte Ltd	1008,17,72,017	-
Aban Singapore Pte Ltd	-	716,04,62,025
viii) Loan repaid by Foreign subsidiaries		
Aban Holdings Pte Ltd	191,12,36,200	-
Aban Singapore Pte Ltd	19,20,93,117	772,41,34,639
ix) Sale of Investments		
Aban Holdings Pte Ltd	-	37,09,28,750
x) Rent paid		
Mr. Reji Abraham	53,11,920	24,44,516
xi) Dividend paid		
Mr. Reji Abraham	1,45,08,918	1,20,56,294
xii) Amount received towards Equity shares allotted under Employee Stock Option Scheme (including premium)		
Mr. C.P. Gopalkrishnan	-	22,01,160
Mr. P. Venkateswaran	-	22,01,160

(Options granted and outstanding to the key management personnel 76,300 - (previous year 18,300)

13. SEGMENT REPORTING

A. Primary Segment

The company's primary segments are Offshore Oil Drilling and Production services and Wind Power generation. The above business segments have been identified considering the nature of services rendered and the internal financial reporting system.

Income and Expenses have been accounted for based on their relationship to the operating activities of the segment

B. Secondary Segment

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

Primary Segment Information

	2007-2008 Rs.	Rs.	2006-2007 Rs.	Rs.
1. Segment revenue				
- Drilling	719,99,60,929		548,01,16,141	
- Wind Energy	11,81,50,486	731,81,11,415	16,57,86,117	564,59,02,258
2. Segment Result				
- Drilling	330,27,26,270		224,91,66,718	
- Wind Energy	(14,04,81,286)		(8,98,28,843)	
	316,22,44,984		215,93,37,875	
Less : Interest Expenses	(69,24,29,966)		(44,82,30,789)	
		246,98,15,018		171,11,07,086
3. Segment Assets				
- Drilling	2590,85,60,163		1755,14,11,968	
- Wind Energy	118,33,98,870	2709,19,59,033	142,32,25,783	1897,46,37,751
4. Segment liabilities				
- Drilling	1517,69,12,491		1048,72,93,461	
- Wind Energy	64,26,20,034	1581,95,32,525	80,03,54,895	1128,76,48,356
5. Depreciation				
- Drilling	73,85,44,831		73,18,84,552	
- Wind Energy	21,59,24,160	95,44,68,991	21,59,24,160	94,78,08,712
6. Goodwill Amortised				
- Drilling	6,29,32,528		6,29,32,560	
- Wind Energy	-	6,29,32,528	-	6,29,32,560
7. Capital Expenditure				
- Drilling	38,28,46,969		26,59,18,399	
- Wind Energy	-	38,28,46,969	-	26,59,18,399

14. Loans and Advances include the following:

Particulars		Balance out-standing as at 31.03.2008	Maximum Balance outstanding during 2007-2008	Balance as at 31.03.2007	Maximum Balance outstanding during 2006-07
Aban Energies Ltd, India (Advance)	Indian Subsidiary	1,41,10,506	1,56,14,818	1,56,14,818	1,56,14,818
Aban Holdings Pte Ltd, Singapore (Loan)	Foreign Subsidiary	837,28,19,781	837,28,19,781	44,208	44,360
Aban Singapore Pte Ltd, Singapore (Loan)	Subsidiary of Foreign Subsidiary	-	19,26,20,878	19,20,93,117	721,05,29,701
Aban 7 Pte Ltd, Singapore (Advance)	Subsidiary of Foreign Subsidiary	-	3,87,62,459	1,99,93,203	1,99,93,203
Aban 8 Pte Ltd, Singapore (Advance)	Subsidiary of Foreign Subsidiary	-	30,83,919	22,62,124	22,62,124
Aban Abraham Pte Ltd, Singapore (Advance)	Subsidiary of Foreign Subsidiary	-	1,38,34,689	1,16,22,041	1,16,22,041

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. 14,55,000/- (previous year Rs.18,75,000/-). Maximum amount outstanding during the year Rs. 18,75,000/-(Previous Year Rs.22,35,000/-).

16. The Company had entered into a Joint Operating Agreement during the financial year 2004-05 with Prize Petroleum Limited for development of ONGC's Oil fields in the state of Gujarat. The Company's participating interest in the joint operating agreement is 50%. During the financial year 2007-08, the Company entered into a novation agreement with Valdel Gas and Oil Pvt . Ltd , Bangalore for transferring its entire 50% participating interest in the joint operating contract for a consideration of Rs.13 crores. Net loss due to this transfer of participating interest in the assets and liabilities amounted to Rs.64.91 lakhs which is not material in the context of overall size of operation of the Company. This loss of Rs.64.91 lakhs has been charged to the Profit and Loss Account. As at 31st March 2008, the Company does not have any joint operating agreement with Prize Petroleum Limited.

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

		2007-08	2006-07
a) Profit after tax, preference dividend and tax thereon	Rs.	128,63,57,038	83,72,12,085
		No. of shares	No. of shares
b) Weighted average number of fully paid equity shares used in calculating Basic earnings per share		3,72,24,377	3,68,39,975
Add: Partly paid Equity shares calculated as fully paid		14,270	24,870
TOTAL		3,72,38,647	3,68,64,845
Basic earnings per share (Rupees)	(a/b)	34.54	22.71
c) Weighted average number of fully paid equity shares used in calculating Diluted earnings per share		3,80,48,163	3,84,91,901
Add: Partly paid Equity shares calculated as fully paid		14,270	24,870
TOTAL		3,80,62,433	3,85,16,771
Diluted Earning per Share - (Rupees)	(a/c)	33.80	21.74

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

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

The Company has not recorded any Deferred Compensation Expenses, as the exercise price was equal to the market value as defined by SEBI of the underlying Equity shares on the grant date. Excess of exercise price over the nominal value of equity shares issued under ESOS has been credited to securities premium account Rs. 38,77,013/- (Previous year Rs. 2,43,41,136/-)

The details of option granted are given below:

Maximum number of options that may be granted under the scheme is 18,44,000 numbers of equity shares of Rs.2/- each - Options granted during the year - 1,25,000 (upto previous year 1,43,200 Equity shares of Rs.2/- each) - Options lapsed during the year - 250 (upto previous year 3,960 Equity shares of Rs.2/- each) - Options exercised during the year 3,050 number of equity shares of Rs.2/- each (upto previous year 56660 Equity shares of Rs.2/- each) - Outstanding at the end of the period 2,04,280 number of equity shares of Rs.2/- each (upto previous year 82,580 Equity shares of Rs.2/- each) - Options yet to be granted under the scheme 15,80,010 number of equity shares of Rs.2/- each.

19. The Company has issued 1161 un secured unrated zero coupon Foreign currency convertible bonds (FCCB) of Japanese Yen 10,000,000 each aggregating to Japanese Yen 11,610,000,000 (Rs.428,49,22,220/-) in April 2006.

The Bondholder has an option to convert these bonds into Equity shares of Rs.2/- each of the Company at a conversion price on or after 19th April 2007 and upto the close of the business on the 8th April 2011. The conversion price has been fixed as Rs.2,789.04 per Equity shares of Rs.2/- each. Till 31st March 2008, 620 Bonds aggregating to Japanese Yen 6200 million have been converted into 8,51,055 Equity shares of Rs.2/- each at a conversion price of Rs.2,789.04. As a result of this conversion, the share capital of the company has increased by Rs.17,02,110/- and the securities premium account has gone up by Rs.2,37,19,24,326. After conversion, 541 Bonds are outstanding as at 31st March 2008 aggregating to 5410 Million Japanese Yen (Rs.218,36,11,250). The Company has an option to redeem the bonds at their accredited principal amount in whole and not in part at any time on or after 14th April 2009 and on or prior to 8th April 2011 subject to certain terms and conditions. No interest accrues or is payable on the bonds unless willful default is made in respect of any payment in which case the overdue sum shall bear interest at the rate of 4% per annum from the due date. Unless previously redeemed, converted or repurchased and cancelled, the Company will redeem each bond at 121.811% of its principal amount on 15th April 2011, being the Maturity date of the Bond.

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

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

Serial Number	Underlying Exposure	2007-2008 Amount in USD (Million)	2007-2008 Amount in INR (crores)	2006-2007 Amount in USD (Million)	2006-2007 Amount in INR (crores)
1	Payables	20.00	80.24	20.00	86.94
2	Foreign currency loans	1.11	4.46	2.22	9.66
3	Foreign currency convertible Bonds	54.43	218.36	98.57	428.49

21. The Company has entered into derivatives for hedging currency and interest related risks. The outstanding value of hedged forward covers / derivatives as at 31st March 2008 are Rs.1,123.44 crores (previous year Rs. 726.17 crores) the details of which are given below:
As at 31st March 2008, the following derivative transactions are outstanding:

Nature of Derivative Transactions	2007-2008 Amount INR (Crores)	2006-2007 Amount INR (Crores)	Purpose
Currency Forward contracts	875.00	358.68	Hedging the risk of exchange rate fluctuations
Interest swap	248.44	367.49	Hedging the risk of interest rate movements

In accordance with the principles of prudence and other applicable guide lines as per accounting standards notified by the Companies (Accounting Standard) Rules, 2006 the Company has recognised an amount of Rs.6.96 crores in the Profit and Loss Account in respect of derivative contracts outstanding as at 31st March 2008.

22. 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 2007-08	Proportion of ownership interest 2006-07
Frontier Offshore Exploration (India) Limited (Formerly known as Frontier Aban Drilling (India) Ltd) - Jointly controlled entity (Refer Note "a" below)	India	25% of share capital	25% of share capital
Prize Petroleum Limited - Jointly controlled assets (Refer Note "b" below)	India	Nil Refer Note b below	50% participating share Refer Note b below

Note a: The Company's interests in the joint venture - Frontier Offshore Exploration (India) Limited (formerly known as Frontier Aban Drilling (India) Ltd) is reported as Long Term Investments (Schedule 7) and stated at cost less diminution in value of the Investment. The Company has ceased to have joint control over Frontier Offshore Exploration (India) Limited (Formerly known as Frontier Aban Drilling (India) Ltd). However the Company has provided for Dimunition in value of this long term investment considering the state of affairs of the Venture Company.
Note b. The Company had entered into a Joint Operating Agreement during the financial year 2004-05 with Prize Petroleum Limited for development of ONGC's Oil fields in the state of Gujarat. The Company's participating interest in the joint operating agreement is 50%. During the financial year 2007-08, the Company entered into a novation agreement with Valdel Gas and Oil Pvt . Ltd , Bangalore for transferring its entire 50% participating interest in the joint operating contract for a consideration of Rs.13 crores. Net loss due to this transfer of participating interest in the assets and liabilities amounted to Rs.64.91 lakhs which is not material in the context of overall size of operation of the Company. This loss of Rs.64.91 lakhs has been charged to the Profit and Loss Account. As at 31st March 2008, the Company does not have any joint operating agreement with Prize Petroleum Ltd.

23. Defined benefit plans / Long Term Compensated Absences - As per Actuarial Valuations as on 31-3-2008 and recognised in the financial statements in respect of Employee Benefit Schemes:

	Gratuity Funded Rs.	Leave encashment Unfunded Rs.
I Components of Employer Expense		
1. Current Service cost	32,99,271	4,69,651
2. Interest cost	15,78,089	3,66,834
3. Expected return on plan assets	(19,22,598)	12,33,543
4. Past service cost	21,43,897	9,08,425
5. Actuarial losses / (gains)	44,64,078	12,33,543
6. Total expense recognised in the statement of Profit & Loss Account	95,62,737	29,78,453

The gratuity expense has been recognised in ' contribution to Provident Fund and other Funds' and Leave encashment in ' Salaries, and Bonus' under schedule 14.

II. Actual returns for the year ended March 31, 2008	36,26,192	-
III. (Net Asset) / Liability recognised in Balance Sheet as at March 31, 2008		
1. Present value of defined benefit obligation	3,05,34,421	66,55,456
2. Fair Value on plan assets	3,02,46,000	-
3. (Net asset) / Liability recognised in Balance sheet	2,88,421	66,55,456
IV Change in defined benefit obligations (DBO) during the year ended March 31, 2008		
1. Present value of DBO at the beginning of the year	1,99,62,837	45,85,428
2. Current service cost	32,99,271	4,69,651
3. Interest cost	15,78,089	3,66,834
4. Actuarial (Gains) / Losses	61,67,672	12,33,543
5. Benefits paid	(4,73,448)	-
6. Present value of DBO at the end of the year	3,05,34,421	66,55,456
V. Change in Fair value of Assets during the year ended March 31, 2008		
1. Plan Assets at the beginning of the year	1,78,18,940	
2. Expected return on plan assets	19,22,598	
3. Acturial Gains / (Losses)	17,03,594	
4. Actual Company contribution	92,74,316	
5. Benefits paid	(4,73,448)	
6. Plan assets at the end of the year	3,02,46,000	
VI Actuarial assumptions		
1. Discount rate (%)	8.00	8.00
2. Expected return on plan assets (%)	8.00	-
3. Rate of increase in compensation levels (%)	5.00	5.00

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

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

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

The expected rate of return on plan assets is based on the current investments strategy and market scenario.

The above information is certified by the Actuary. This being the first year of implementation, previous year figures have not been given.

24. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days at the balance sheet date. The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of data available with the Company.

25. Audit fees include Rs. 7,80,060/- for special purpose Audit carried out towards investments in shares/loans to foreign subsidiaries (previous year Rs. 7,29,860/-)

26. Previous year's figures are re-grouped/re-arranged wherever necessary, to conform to the current year's presentation.

Per our report attached
For Ford, Rhodes, Parks & Co
Chartered Accountants

CA R. Subramanian
Partner
Membership No. 016059
Chennai
July 21, 2008

For and on behalf of the Board

V.S. Rao
Chairman

P. Murari
Vice Chairman

Reji Abraham
Managing Director

K. Bharathan
Director

K.M. Jaya Rao
Director (Nominee of ICICI Bank Ltd.)

P. Venkateswaran
Dy. Mg. Director

C.P. Gopalkrishnan
Dy. Mg. Director & Secretary

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Aban Offshore Limited

Balance Sheet Abstract

As at 31st March 2008

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

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.	13473	State Code	18
Balance Sheet Date	31 03 2008		

II Capital raised during the year *(Amount in Rs. Thousands)*

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement (ESOS)	6

III Position of Mobilisation and Deployment of Funds *(Amount in Rs. Thousands)*

Total Assets	25345899	Total Liabilities	25345899

Sources of Funds

Paid up Capital	3135566	Reserves and Surplus	6993571
Secured Loans	9379659	Unsecured Loans	5183527
Deferred tax (Net)	653576	Total	25345899

Application of Funds *(Amount in Rs. Thousands)*

Net Fixed Assets	5702323	Investments	9785077
Net Current Assets	9858499	Total	25345899

IV Performance of the Company *(Amount in Rs. thousands)*

Turnover	6579206	Other Income	738906
Total Expenditure	4848296	Profit before Tax	2469815
Profit after tax	1591012	EPS Basic in Rs.	34.54
EPS Diluted in Rs.	33.80	Dividend Rate (Equity Share Capital)	180%
Dividend Rate (8% Preference Share Capital)	8%	Dividend Rate (9% Preference Share Capital)	9%

V Generic Names of Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
842831.02	Oil Well Drilling
890520.00	Oil / Gas Production
NA	Wind Power Generation

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

		Aban Energies Limited	Aban Holdings Pte Ltd
1	Name of the Subsidiary Company	**Aban Energies Limited**	**Aban Holdings Pte Ltd**
2	Financial Year of the Subsidiary Company	Year Ended 31.03.2008	Year Ended 31.03.2008
3	Shares of the Subsidiary Company held by Aban Offshore Limited		
	(a) Number of Shares	2,00,070	16,50,00,000
	(b) Face Value	Rs.10	NA
	(c) Paid up value	Rs.10	USD 165,000,000
	(d) Extent of Holding	100%	100%
4	Net aggregate amount of Profit / (Loss) of the subsidiary Company so far as they concern the members of Aban Offshore Limited not dealt with in the accounts of the Aban Offshore Limited amount to:		
	(a) For the Subsidiary Company's financial year ended on 31.03.2008	Rs.(3,20,670)	Rs.(36,09,24,450)
	(b) For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	Rs.(10585752)	Rs.(1,01,62,46,389)
5	Net aggregate amount of Profit / (Loss) of the Subsidiary Company, dealt with in the Accounts of Aban Offshore Limited amount to:		
	(a) For subsidiary Company's Financial Year ended 31.03.2008	NIL	NIL
	(b) For the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	NIL	NIL

6 As the financial year of the Subsidiary Company coincides with the financial year of the Holding Company, Section 212(5) of the Companies Act is not applicable

Note: Aban Holdings Pte Ltd is having the following subsidiaries. Financial year of these Companies ended on 31st March 2008

(a) Aban Singapore Pte Ltd
(b) Aban 7 Pte Ltd, Singapore
(c) Aban 8 Pte Ltd, Singapore
(d) Aban Abraham Pte Ltd, Singpore
(e) Aban International Norway AS
(f) Aban Pearl Pte Ltd,Singapore
(g) Sinvest ASA, Norway
(h) DDI Holding AS Norway
(i) Deep Drilling Invest Pte Ltd, Singapore
(j) Deep Drilling 1 Pte Ltd, Singapore
(k) Deep Drilling 2 Pte Ltd, Singapore
(l)Deep Drilling 3 Pte Ltd, Singapore
(m)Deep Drilling 4 Pte Ltd, Singapore
(n)Deep Drilling 5 Pte Ltd, Singapore
(o) Deep Drilling 6 Pte Ltd, Singapore
(p)Deep Drilling 7 Pte Ltd, Singapore
(q)Deep Drilling 8 Pte Ltd, Singapore
(r)Beta Drilling Pte Ltd , Singapore
(s)Venture Drilling Pte Ltd, Singapore
(t) Sinvest Cyprus Ltd,Cyprus

For and on behalf of the Board

V.S. Rao *Chairman*	**P. Murari** *Vice Chairman*	**Reji Abraham** *Managing Director*	

Chennai
July 21, 2008

K. Bharathan *Director*	**K.M. Jaya Rao** *Director (Nominee of ICICI Bank Ltd.)*	**P. Venkateswaran** *Dy. Mg. Director*	**C.P. Gopalkrishnan** *Dy. Mg. Director & Secretary*

Disclosure under Clause 32 of the Listing Agreement

Name of the Listed Company : Aban Offshore Limited

Subsidiary	Amount Outstanding As at 31st march 2008 Rs.	Value of Investments As at 31st march 2008 Rs.	Terms
Aban Holdings Pte. Ltd. Singapore	837,28,19,781	737,23,94,308	Principal amount repayable on demand. Interest received as per stipulation

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

Name of the subsidiary Company	Aban Energies Ltd India	Aban Holdings Pte Ltd,Singapore	Aban Singapore Pte Ltd, Singapore	Aban Abraham Pte Ltd, Singapore	Aban 7 Pte Ltd, Singapore	Aban 8 Pte Ltd, Singapore	Aban Pearl Pte Ltd,Singapore	Aban International Norway AS,Norway
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
a) Share Capital	2,000,700	7,372,394,308	6,619,800,000	2,006,000,000	842,520,000	1,525,460,000	2,166,480,000	375,774,833
b) Reserves & Surplus *	(10,906,422)	(997,105,301)	(2,841,486,883)	(15,859,414)	1,291,456,252	(6,871,031)	(1,429,997)	863,570,041
c) Total Assets	6,631,724	14,772,107,612	49,929,462,687	11,512,784,049	4,551,793,167	6,532,737,462	9,251,719,181	32,388,144,532
d) Total Liabilities	15,537,446	8,396,818,605	46,151,149,570	9,522,643,463	2,417,816,915	5,014,148,493	7,086,669,178	31,148,799,658
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-
f) Turnover	13,506,481	6,159,377	629,500,811	416,127	1,817,863,725	-	-	12,045,752
g) Profit/(Loss) before Taxation	31,801	(219,578,647)	(1,945,015,434)	(14,444,563)	1,078,421,672	(6,250,848)	(1,434,987)	(1,882,439,115)
h) Provision for Taxation	(352,471)	(554,582)	(642,147.)	-	(75,669,958)	-	-	-
I) Profit/(Loss) after Taxation	(320,670)	(220,133,229)	(1,945,657,581)	(14,444,563)	1,002,751,714	(6,250,848)	(1,434,987)	(1,882,439,115)
j) Proposed Dividend	-	-	-	-	-	-	-	-

Name of the subsidiary Company	Sinvest AS,Norway	DDI Holding AS Norway	Deep Drilling Invest Pte Ltd, Singapore	Deep Drilling 1 Pte Ltd,Singapore	Deep Drilling 2 Pte Ltd,Singapore	Deep Drilling 3 Pte Ltd,Singapore	Deep Drilling 4 Pte Ltd,Singapore	Deep Drilling 5 Pte Ltd,Singapore
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
a) Share Capital	2,165,356,640	17,408,717,342	25,790,762,424	5,433,795,107	5,847,907,047	5,213,689,004	1,513,917,729	2,734,034,490
b) Reserves & Surplus *	(1,863,097,529)	(3,224,899,160)	(233,680,986)	1,931,193,331	2,462,296,434	1,990,491,815	263,733,072	828,037,081
c) Total Assets	10,459,172,914	42,034,603,712	32,213,138,123	7,769,316,193	8,640,644,038	7,480,406,457	9,441,104,678	6,381,958,368
d) Total Liabilities	10,156,913,803	27,850,785,530	6,656,056,685	404,327,755	330,440,557	276,225,638	7,663,453,877	2,819,886,797
e) Investments (except in case of investment in subsidiaries)		-	-	-	-	-	-	-
f) Turnover		221,252,574	67,719,897	2,603,318,330	2,613,565,546	3,128,190,083	1,211,737,992	1,624,151,769
g) Profit before Taxation	664,451,051	(3,236,152,547)	26,248,634	1,490,475,767	1,605,088,619	2,065,169,753	349,864,070	930,863,256
h) Provision for Taxation	-	-	-	(110,839,322)	(182,396,118)	(24,147,908)	(54,947,734)	(59,192,507)
I) Profit after Taxation	(2,545,464,739)			1,379,636,445	1,422,692,501	2,041,021,845	294,916,336	871,670,749
j) Proposed Dividend	-	-	-	-	-	-	-	-

Name of the subsidiary CompanyLtd,Singapore	Deep Drilling 6 Pte Ltd,Singapore	Deep Drilling 7 Pte Ltd,Singapore	Deep Drilling 8 Pte Ltd,Singapore	Beta Drilling Pte Ltd,Singapore	Sinvest Cyprus Cyprus	Venture Drilling Pte Ltd,Singapore
	Rs	Rs	Rs	Rs	Rs	Rs
a) Share Capital	2,058,638,402	2,253,835,001	1,125,620,802	1,223,660,000	108,364	4,012
b) Reserves & Surplus *	(37,926,399)	(10,482,513)	(10,340,087)	(722,762,763)	(1,652,663)	(827,836)
c) Total Assets	4,301,512,298	4,731,908,225	3,354,629,869	3,240,312,863	-	4,012
d) Total Liabilities	2,280,800,295	2,488,555,737	2,239,349,154	2,739,415,626	1,544,299	827,836
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	-	-
f) Turnover	-	-	-	896,942,757	-	-
g) Profit before Taxation	(10,129,698)	(10,110,091)	(10,110,091)	(682,980,866)	(1,658,430)	(233,508)
h) Provision for Taxation	-	-	-	(42,578,171)	-	-
I) Profit after Taxation	(10,129,698)	(10,110,091)	(10,110,091)	(725,559,037)	(1,658,430)	(233,508)
j) Proposed Dividend	-	-	-	-	-	-

* includes translation reserve

Note :

1. As per the approval granted by the Ministry of Corporate affairs, under Section 212 (8) of the Companies Act, the Company has been exempted from attaching the Balance sheet and Profit and Loss Account of twenty two of its subsidiaries to the Annual audited accounts of the Parent Company for the year ended 31.3.2008. However, as directed by the Ministry of Corporate Affairs the aforesaid details are provided.

2. Other than the Indian subsidiary Aban Energies Ltd, where accounts is in Indian Rupee, other 21 subsidiary accounts which are in US Dollar are converted into Indian Rupee at the Exchange rate of 1USD = Rs. 40.12 for the purpose of the details given above.

For and on behalf of the Board

Chennai
July 21, 2008

Reji Abraham *Managing Director*

V.S. Rao *Chairman*

K.M. Jaya Rao *Director (Nominee of ICICI Bank Ltd.)*

P. Murari *Vice Chairman*

K. Bharathan *Director*

P. Venkateswaran *Dy. Mg. Director*

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

Auditors' report on Consolidated Financial Statements

To
The Board of Directors,
Aban Offshore Limited
Chennai
INDIA

We have audited the attached Consolidated Balance Sheet of Aban Offshore Limited the parent company and its subsidiaries as at 31st March 2008, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

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

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21 - "Consolidated Financial Statements" and AS 27 - "Financial reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.

We have audited the financial statements of the Indian subsidiary of the parent company M/s Aban Energies Limited, Chennai, India. The Consolidated financial statements of Sinvest Group of the parent company consisting 13 Foreign Subsidiary Companies and the financial statements of another 5 Foreign Subsidiary Companies of the parent company have been audited by other auditors, whose reports have been furnished to us and our opinion in respect of these subsidiaries is based solely on the report of these auditors. With regard to one Foreign Subsidiary M/s Aban Singapore Pte Limited, Singapore of the parent company, we have relied on the "Special Purpose Audit Report of financial statements" issued to the Company by their auditors and our opinion so far it relates to the amount included in respect of this subsidiary is based solely on the Special Purpose Audit Report of the auditor and Management's representation to us in this regard.

The consolidated financial statements also include financial statements of two subsidiaries whose accounts have not been audited. We have relied on the Management Account presented to us by the respective Board for our audit. The unaudited financial statements of these two companies reflect total assets of Rs 4,012/- and total revenue of Rs. Nil as at 31st March 2008. The audited financial statements of the Sinvest Group of the parent company consisting 13 Foreign Subsidiaries and another 5 Foreign Subsidiaries of the parent company reflect total assets of Rs. 21905.79 Crores as at 31st March 2008 and total revenue of Rs. 1420.34 Crores for the period then ended. The special purpose audited financial statements of M/s Aban Singapore Pte., Limited, Singapore the subsidiary of the parent company reflect total assets of Rs. 4992.95 Crores as at 31st March 2008 and total revenue of Rs. 62.95 Crores for the period then ended.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports and a special purpose audit report on individual financial statements of Aban Offshore Limited, its Indian subsidiary and its aforesaid foreign subsidiaries, we are of the opinion that:

a. The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Aban Offshore Limited, and its subsidiaries as at 31st March 2008;

b. The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Aban Offshore Limited, and its subsidiaries for the year then ended; and

c. The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Aban Offshore Limited and its subsidiaries for the year then ended.

For Ford, Rhodes, Parks & Co.,
Chartered Accountants

CA. R. Subramanian
Partner
Membership No: 016059

Chennai
July 21, 2008

Aban Offshore Limited

Consolidated Balance Sheet

As at 31st March 2008

		Schedule	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I.	**SOURCES OF FUNDS**				
1	**Shareholders' Funds**				
	(a) Share Capital	1		313,55,66,180	313,38,36,770
	(b) Reserves and Surplus	2		498,34,63,958	217,44,04,816
2	**Minority Interest (See Note No. 9)**			42,43,310	-
3	**Loan Funds**				
	Secured Loans	3		11527,48,18,588	9726,45,92,819
	Unsecured Loan	4		1515,91,74,444	1126,06,88,573
4	**Deferred Tax (Net)**	5		65,36,46,903	73,74,73,431
	TOTAL FUNDS EMPLOYED			13921,09,13,383	11457,09,96,409
II	**APPLICATION OF FUNDS**				
1.	**Fixed Assets**	6			
	Gross Block		9234,84,68,989		8099,42,70,251
	Less:Depreciation and Impairment		881,98,13,957		579,08,94,648
	Net Block		8352,86,55,032		7520,33,75,603
	Add: Capital Work in Progress (including capital advances)		4271,82,72,012		2244,41,38,642
				12624,69,27,044	9764,75,14,245
2.	**Investments**	7		639,08,62,081	468,25,27,444
3.	**Current Assets,Loans and Advances**				
	(a) Inventory of Stores, Spares and Fuel (at cost) *(As certified by the Management)*		164,68,17,350		102,22,73,959
	(b) Sundry Debtors	8	471,21,29,074		203,31,02,470
	(c) Cash and Bank Balances	9	645,31,15,401		1326,39,58,973
	(d) Loans and Advances	10	127,76,70,634		287,07,55,437
			1408,97,32,459		1919,00,90,839
	Less:Current Liabilities and Provisions	11			
	(A) Current Liabilities		656,80,22,394		662,44,85,716
	(B) Provisions		94,85,85,807		32,46,50,403
			751,66,08,201		694,91,36,119
	Net Current Assets			657,31,24,258	1224,09,54,720
	TOTAL ASSETS			13921,09,13,383	11457,09,96,409
	Notes to Accounts	16			

Per our report attached
For Ford, Rhodes, Parks & Co
Chartered Accountants

CA R. Subramanian
Partner
Membership No. 016059
Chennai
July 21, 2008

For and on behalf of the Board

Reji Abraham
Managing Director

C.P. Gopalkrishnan
Dy. Managing Director & Secretary

Consolidated Profit and Loss Account

For the year ended 31st March 2008

		Schedule	Year ended 31st March, 2008 Rupees	Year ended 31st March, 2007 Rupees
I	**INCOME**			
	Income from Operations	12	2021,05,63,064	718,67,50,645
	Other Income	13	106,99,22,580	88,09,25,569
	TOTAL		2128,04,85,644	806,76,76,214
II	**EXPENDITURE**			
	Operating, Administrative and Other Expenses	14	967,48,01,190	371,26,38,667
	Interest	15	665,84,70,167	268,64,21,841
	Depreciation and Impairment		307,74,67,940	120,26,23,822
	Goodwill Amortised		6,29,32,528	6,29,32,560
	TOTAL		1947,36,71,826	766,46,16,890
	Profit for the year before taxation		180,68,13,818	40,30,59,324
	Less: Provision for taxation			
	-Current Tax		150,70,93,447	65,62,26,559
	-Fringe Benefit Tax		68,56,999	91,27,887
	-Deferred Tax		(8,38,26,528)	8,12,70,871
	Profit / (Loss) for the year after taxation before share in earnings of Associates / Joint Ventures		37,66,89,900	(34,35,65,993)
	Share in earnings of Associates / Joint Ventures		85,30,76,996	20,35,56,819
	Profit / (Loss) after share in earnings of Associates / Joint Ventures		122,97,66,896	(14,00,09,174)
	Minority interest		(1,08,550)	-
	Profit /(Loss) after tax and minority interest		122,98,75,446	(14,00,09,174)
	Add: Profit brought forward from Previous Year		158,07,07,502	230,91,20,684
	Profit available for Appropriation		281,05,82,948	216,91,11,510
	Transfer to Capital Redemption Reserve		30,00,00,000	20,00,00,000
	Transfer to General Reserve		16,00,00,000	10,00,00,000
	Proposed Dividend - Preference		26,04,00,000	13,56,84,658
	Proposed Dividend - Equity		13,60,70,496	11,08,29,765
	Tax on Preference Dividend		4,42,54,980	2,30,59,608
	Tax on Equity Dividend		2,31,25,181	1,88,29,977
	Balance Carried to Balance Sheet		188,67,32,292	158,07,07,502
	Earnings per Equity Share of Rs. 2/- each (see Note 23)			
	- Basic		24.85	(8.10)
	- Diluted		24.31	(7.76)
	Notes to Accounts	16		

Per our report attached
For Ford, Rhodes, Parks & Co
Chartered Accountants

CA R. Subramanian
Partner
Membership No. 016059
Chennai
July 21, 2008

For and on behalf of the Board

Reji Abraham
Managing Director

C.P. Gopalkrishnan
Dy. Managing Director & Secretary

Aban Offshore Limited

Consolidated Cash Flow Statement

For the year ended 31st March 2008

		2007-2008 Rupees in lacs	2006-2007 Rupees in lacs
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	NET PROFIT BEFORE TAX	**18,068.14**	**4,030.59**
	ADJUSTMENTS FOR:		
	Depreciation and Impairment of assets	30,774.68	12,026.24
	Goodwill written off	629.33	629.33
	Interest	66,584.70	26,864.22
	Interest and Dividend Income	(4,529.18)	(1,238.96)
	Profit on sale of Long Term and Current Investments (Net)	(247.01)	(13.40)
	Provision for Employee Benefits	45.05	22.92
	Loss on sale of Joint venture interests	64.91	-
	Provision for Loss on Derivative contracts	696.00	-
	Loss / (Profit) on sale of Assets (Net)	(27.17)	7.10
	Unrealised Exchange (Gain) / Loss - Net	(1,415.62)	(1,561.72)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1,10,643.83**	**40,766.32**
	ADJUSTMENTS FOR:		
	Inventories	(6,245.43)	(5,334.46)
	Trade and other receivables	(10,941.36)	(40,188.21)
	Trade and other payables	644.33	43,519.87
	CASH GENERATED FROM OPERATIONS	**94,101.37**	**38,763.52**
	Direct taxes paid	(10,696.12)	(6,867.81)
	NET CASH FROM OPERATING ACTIVITIES	**83,405.25**	**31,895.71**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets including Capital advance	(3,26,469.61)	(357,449.09)
	Sale of fixed assets	85.44	480.60
	Interest and dividend received	4,578.60	1,192.89
	Purchase of Investments	(2,18,032.45)	(663,416.38)
	Sale of Investments	212,876.34	141,848.98
	Sale proceeds of joint venture interest	1,300.00	-
	NET CASH USED IN INVESTING ACTIVITIES	**(3,25,661.68)**	**(877,343.00)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds/(Repayment) of Term Borrowings	2,45,467.38	861,717.39
	Proceeds from partly paid shares	0.21	0.03
	Proceeds from fresh allotment under ESOS	38.83	244.54
	Proceeds from preference shares	-	15,600.00
	Proceeds from Foreign currency convertible Bonds	-	114,132.53
	Dividend accrued / paid including tax on dividend	(2,884.04)	(2,172.42)
	Interest paid	(68,487.77)	(12,762.94)
	NET CASH / FROM FINANCING ACTIVITIES	**1,74,134.61**	**976,759.13**
	NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**(68,121.82)**	**131,311.84**
	CASH AND CASH EQUIVALENTS -at beginning of the year	**132,639.59**	**1,354.11**
	Effect of Exchange (Loss) / Gain on cash and cash equivalents	**13.38**	**(26.36)**
	CASH AND CASH EQUIVALENTS- at end of the year	**64,531.15**	**132,639.59**

Note: The conversion of Foreign currency convertible bonds/notes has not been considered in the cash flow statement

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

CA R. Subramanian
Partner
Membership No. 016059

Chennai
July 21, 2008

For and on behalf of the Board

Reji Abraham
Managing Director

P. Venkateswaran
Dy. Managing Director

C.P. Gopalkrishnan
Dy. Managing Director& Secretary

Schedules annexed to and forming part of the consolidated accounts

1. SHARE CAPITAL

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Authorised		
250,00,00,000 Equity Shares of Rs.2/- each (Previous year 250,00,00,000 Equity Shares of Rs.2/- each)	**500,00,00,000**	500,00,00,000
50,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each	**500,00,00,000**	500,00,00,000
(Previous year 50,00,00,000 cumulative redeemable Preference Shares of Rs.10/- each)		
	1000,00,00,000	1000,00,00,000
Issued and Subscribed		
3,68,86,595 Equity Shares of Rs.2/- each. (Previous Year: 3,68,86,595 Equity Shares of Rs.2/- each)	**7,37,73,190**	7,37,73,190
Out of the above,54,92,795 Equity shares of Rs.2/- each, (Previous year 54,92,795 Equity Shares of Rs.2/-each) have been issued in pursuance of Scheme of Amalgamation of Hitech Drilling Services India Ltd with the Company		
8,51,055 Equity Shares of Rs.2/- each issued against conversion of Foreign currency convertible Bonds (Previous year Nil) (See Note 19)	**17,02,110**	-
59,710 Equity Shares of Rs.2/- each issued against Employee Stock Option Scheme (Previous Year : 56,660 Equity Shares of Rs.2/- each) (See Note 18)	**1,19,420**	1,13,320
15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each	**150,00,00,000**	150,00,00,000
(Previous Year :15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)		
15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each	**156,00,00,000**	156,00,00,000
(Previous year: 15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)		
	313,55,94,720	313,38,86,510
Called up and Paid up		
3,68,86,595 Equity Shares of Rs.2/- each (Previous Year: 3,68,86,595 Equity Shares of Rs.2/- each)	**7,37,73,190**	7,37,73,190
8,51,055 Equity Shares of Rs.2/- each against conversion of Foreign currency convertible Bonds (Previous year Nil) (See Note 19)	**17,02,110**	-
59,710 Equity shares of Rs.2/- each against exercise of Stock Options under the Employees Stock Option Scheme.(Previous Year : 56,660 Equity shares of Rs.2/- each) (See Note 18)	**1,19,420**	1,13,320
Less:Calls in arrears of Re.1 per share on 28,540 Equity Shares (Previous Year : 49,740 Equity Shares)	**28,540**	49,740
	7,55,66,180	7,38,36,770
15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each (Previous Year :15,00,00,000 8% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)	**150,00,00,000**	150,00,00,000
15,60,00,000 9% Non convertible Cumulative Redeemable Preference Shares of Rs.10/- each	**156,00,00,000**	156,00,00,000
(Previous Year :15,60,00,000 9% Non- Convertible Cumulative Redeemable Preference shares of Rs.10/- each)		
TOTAL	**313,55,66,180**	313,38,36,770

Notes:

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

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

5,50,00,000 shares will be redeemed on 29-12-2011
4,00,00,000 shares will be redeemed on 28-02-2012
6,10,00,000 shares will be redeemed on 30-03-2012

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

c. In April 2006, the Company has issued 1,161 unsecured Foreign Currency Convertible Bonds(FCCB) of Japanese Yen (JPY) 10,000,000 each aggregating JPY 11.61 Billion . As per the terms of issue, the bond holders shall have the right to convert the Bonds into equity shares on or after 19th April 2007 upto and including 8th April 2011. The conversion price of Equity Shares of Rs.2/- each for the purpose of the Bond has been fixed at Rs.2,789.04 per equity share. As on 31-03-2008, 620 bonds have been converted into 851055 Equity shares. Outstanding Bonds as at 31-03-2008 - 541 Bonds.

d. The Company has reserved 18,44,000 Equity shares of Rs.2/- each for offering to Employees under Employees stock option scheme (previous year 18,44,000 equity shares of Rs.2/- each), out of which 59,710 equity shares of Rs.2/- each have been already allotted upto the date of Balance Sheet under the said scheme and included under paid up capital (Previous year 56,660 equity shares of Rs. 2/- each allotted).

Schedules annexed to and forming part of the consolidated accounts

2. RESERVES AND SURPLUS

	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
(a) Capital Reserve		33,500	33,500
(b) Securities Premium Account			
- As per last Balance Sheet	15,27,44,736		12,84,03,600
Add: Addition during the year on conversion of Foreign Currency Convertible Notes (See Note 9)	3,49,87,052		-
Add: Addition during the year on Allotment under ESOS (see Note 18)	38,77,013		2,43,41,136
Add: Addition during the year on conversion of Foreign Currency Convertible Bonds (see Note 19)	237,19,24,326		-
		256,35,33,127	15,27,44,736
(c) Investment Allowance Reserve-Utilised		5,24,00,000	5,24,00,000
(d) Capital Redemption Reserve			
As per last Balance Sheet	20,00,00,000		-
Transfer from Profit and Loss Account	30,00,00,000	50,00,00,000	20,00,00,000
(e) General Reserve			
- As per last Balance Sheet	34,92,91,943		24,92,91,943
Add: Transfer from Profit and Loss Account	16,00,00,000		10,00,00,000
		50,92,91,943	34,92,91,943
(f) Profit and Loss Account	188,67,32,292		158,07,07,502
Add: Adjustment for Minority Interest	7,81,088		
		1,887513380	
(g) Translation Reserve		(52,93,07,992)	(16,07,72,865)
TOTAL		498,34,63,958	217,44,04,816

3. SECURED LOANS

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
a. Rupee Term Loans from Banks	906,42,70,856	579,42,82,632
b. Foreign Currency Term Loans from Banks	7474,40,61,697	5661,93,06,212
c. Bond Loans	2521,77,96,035	2736,21,43,031
d. Convertible Notes (See Note No: 8)	597,78,80,000	652,05,00,000
e. Cash Credit from Banks	27,08,10,000	17,39,46,694
f. Others	-	79,44,14,250
[Loan repayable within one year is Rs.1,405,56,68,588/- (Previous year Rs.1,827,37,59,063/-)]		
TOTAL	11527,48,18,588	9726,45,92,819

Notes:

1. *Rupee Term Loans and Foreign currency Term Loans from Banks are secured by first pari-passu charge on the specific offshore drilling rigs, drillship and accessories, windmills*
2. *Cash Credits from Banks are secured by way of hypothecation of inventory of stores and spares and Book debts. Moreover, two offshore Jack up rigs of the parent Company have been offered as a second charge for certain cash credit facilities.*
3. *The Parent Company has offered a first pari-passu charge on three offshore drilling rigs and a floating production unit and a second charge on two offshore drilling rigs and a first pari passu charge on drill ship for some of the term loans availed by its indirect subsidiaries.*
4. *Some of the term loans availed by the indirect subsidiaries are secured by first priority pledge over shares held by such indirect subsidiary in other indirect subsidiaries and assignment of rig construction contract for rig owned by the indirect subsidiary and first and second charge over the rigs owned by the indirect subsidiaries, assignment of utilisation contracts and first charge on receivables.*
5. *Bond loans issued by indirect subsidiaries are secured by first pledge on rigs and assignment of rig insurances. Some of the bond loans have dividend covenants. The issuer has call options to buy back the bonds at a premium.*
6. *Convertible notes issued by an indirect subsidiary are secured by first priority security over the wholly-owned subsdiary's 49% interest in the share capital of the indirect subsidiary, second priority pledge over 60% of the shares in its subsidiary and a second priority fixed charge over certain rigs owned by its subsidiaries.*

Schedules annexed to and forming part of the consolidated accounts

4. UNSECURED LOANS

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Foreign Currency Convertible Bonds (See Note No.19)	218,36,11,250	428,49,22,220
Bond Loans	787,94,90,207	697,57,66,353
Unsecured Loans - From Banks	299,99,15,323	-
Unsecured Loans - Others	209,61,57,664	-
[Loan repayable within one year is Rs.314,65,53,923/-(Previous year Rs.130,41,00,000/-)]		
TOTAL	1515,91,74,444	1126,06,88,573

5. DEFERRED TAX (NET)

Deferred tax Asset on Timing differences		
Provision for dimunition in the value of investments	(17,61,498)	(17,61,498)
Deferred Tax Liability on Timing differences		
On depreciation	65,54,08,401	73,92,34,929
TOTAL	65,36,46,903	73,74,73,431

6. FIXED ASSETS

Rupees

Description of the Asset	GROSS BLOCK: As at 1st April 2007	Additions during the year	Deductions during the year	Exchange Difference ##	As at 31st March 2008	DEPRECIATION: As at 1st April 2007	Additions during the year	Impairments during the year	On Deductions during the year	Exchange Difference ##	As at 31st March 2008	NET BLOCK: As at 31st March 2008	As at 31st March 2007
Goodwill	629,32,528	-	629,32,528	-	-	-	-	-	-	-	-	-	62932528
Goodwill on acquisition of Subsidiary	4800,02,54,977	-	-	(371,08,60,927)	4428,93,94,050	-	-	-	-	-	-	4428,93,94,050	4800,02,54,977
Land-Freehold	14,09,02,695	-	-	-	14,09,02,695	-	-	-	-	-	-	14,09,02,695	14,09,02,695
Building	15,03,66,491	-	-	-	15,03,66,491	2,46,58,727	24,50,974	-	-	-	2,71,09,701	12,32,56,790	12,57,07,764
Offshore Jackup Drilling Rigs, Floating Production unit and connected machineries	2883,95,77,987	1678,36,05,632	-	(166,58,26,048)	4395,73,57,571	419,65,90,213	212,20,69,233	59,18,22,000	-	(4,46,02,025)	686,58,79,421	3709,14,78,150	2464,29,87,774
Drillship and connected machineries	116,55,75,672	2,92,55,253	-	-	119,48,30,925	26,68,49,839	13,30,50,345	-	-	-	39,99,00,184	79,49,30,741	89,87,25,833
Other Machineries	8,08,24,706	-	-	-	8,08,24,706	7,67,35,196	-	-	-	-	7,67,35,196	40,89,510	40,89,510
Wind Mills and connected machineries	240,78,13,800	-	-	-	240,78,13,800	116,35,77,905	21,59,24,160	-	-	-	137,95,02,065	102,83,11,735	124,42,35,895
Office Equipment	4,61,69,796	1,34,59,545	7,727	(3,45,097)	5,92,76,517	3,71,17,992	52,77,071	-	2,358	(1,44,857)	4,22,47,848	1,70,28,669	90,51,804
Furniture and Fixtures	2,30,65,967	1,19,07,812	-	(1,05,786)	3,48,67,993	1,05,67,215	31,88,549	-	-	(32,869)	1,37,22,895	2,11,45,098	1,24,98,752
Vehicles	3,52,85,141	61,25,503	85,76,403	-	3,28,34,241	1,37,85,071	36,85,608	-	27,54,032	-	1,47,16,647	1,81,17,594	2,15,00,070
TOTAL	8095,27,69,760	1684,43,53,745	7,15,16,658	(537,71,37,858)	9234,84,68,989	578,98,82,158	248,56,45,940	59,18,22,000	27,56,390	(4,47,79,751)	881,98,13,957	8352,86,55,032	7516,28,87,602
Share of Fixed Assets in Joint Venture Operation (including intangible assets) (See Note 17)	4,15,00,491	-	4,15,00,491	-	-	10,12,490	-	-	10,12,490	-	-	-	4,04,88,001
	8099,42,70,251	1684,43,53,745	11,30,17,149	(537,71,37,858)	9234,84,68,989	579,08,94,648	248,56,45,940	59,18,22,000	37,68,880	(4,47,79,751)	881,98,13,957	8352,86,55,032	7520,33,75,603
Capital Work- in- progress (includes share in Joint venture Operation - Rs.Nil) (Previous year Rs.8,70,70,816)**	2244,41,38,642	3358,77,49,179	# 1160,23,06,011	(171,13,09,798)	4271,82,72,012	-	-	-	-	-	-	4271,82,72,012	2244,41,38,642
TOTAL	10343,84,08,893	5043,21,02,924	1171,53,23,160	(708,84,47,656)	13506,67,41,001	579,08,94,648	248,56,45,940	59,18,22,000	37,68,880	(4,47,79,751)	881,98,13,957	12624,69,27,044	9764,75,14,245
Previous Year	1978,68,45,895	8801,47,06,584	436,31,43,586	-	10343,84,08,893	432,05,09,088	147,19,39,623	-	15,54,063	-	579,08,94,648	9764,75,14,245	1546,63,36,807

The deduction shown under capital work in progress represent asset capitalised during the year and included under Offshore jack-up rigs and also effect of novation agreement signed with Valdel Oil Gas Pvt Ltd. Also refer note no. 17

* Includes interest on borrowings Rs.91,53,43,268/- (Previous Year : Rs.4,55,17,784/-)

** Includes Capital advance Rs.7,39,70,842/- (Previous year Rs.50,09,63,280/-)

As the Assets and Liabilities of non integral foreign operations are translated at the exchange rate as at Balance Sheet date, the difference in the exchange rate as on 31st March 2007 and 31st March 2008 is reflected under "Exchange Difference" against respective assets.

Schedules annexed to and forming part of the consolidated accounts

7. INVESTMENTS

	No. of Shares	Face Value Rupees/ Nok	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
LONG TERM INVESTMENTS (AT COST)				
A. Trade Investments				
Equity Shares - Fully Paid (Unquoted)				
Aban Informatics Private Limited	3,00,750	10.00	**1,98,49,500**	1,98,49,500
Frontier Offshore Exploration (India) Limited	49,993	100.00	**49,99,300**	49,99,300
(Formerly known as Frontier Aban Drilling (India) Ltd)				
Aban Power Company Limited	1,19,40,000	10.00	**11,94,00,000**	11,94,00,000
Equity Shares - Fully paid (Quoted)				
Petrojack ASA	1,17,24,000	Nok 5	**162,09,30,086**	144,82,61,952
Ocean Heavy Lift	5,00,000	Nok 2	**10,23,79,580**	4,59,97,128
B. Others (Non Trade)				
Equity Shares - Fully paid (Quoted)				
ASC Enterprises Ltd	5,767	1.00	**-**	2,36,071
ACC Limited	51	10.00	**-**	54,122
Bharathi Televentures Ltd	224	10.00	**-**	1,38,985
Arihant Threads Ltd	13,600	10.00	**1,70,000**	1,70,000
Punjab Woolcombers Ltd	300	10.00	**27,000**	27,000
State Bank of Travancore	245	100.00	**1,47,000**	1,47,000
ICICI Bank Ltd	2,100	10.00	**7,86,374**	9,76,974
Oil & Natural Gas Corporation Ltd (includes Bonus shares - 4214)	12,643	10.00	**63,21,750**	67,27,843
Bharat Heavy Electricals Ltd	106	10.00	**-**	2,65,960
Century Textiles and Industries Ltd	184	10.00	**-**	1,13,572
Grasim Industries Ltd	45	10.00	**-**	1,15,700
Hindustan Unilever Ltd	497	1.00	**-**	1,22,231
Indian Bank	32,318	10.00	**29,40,938**	63,53,529
Infosys Technologies Ltd	149	5.00	**-**	3,33,138
Larsen & Toubro Ltd	162	2.00	**-**	2,30,389
Reliance Energy Ltd	90	10.00	**-**	47,810
Reliance Industries Ltd	271	10.00	**-**	3,45,565
State Bank of India	120	10.00	**-**	1,50,162
Steel Authority of India Ltd	940	10.00	**-**	99,678
Dr. Reddy's Laboratories Ltd	119	5.00	**-**	91,661
HCL Technologies Ltd	240	2.00	**-**	77,859
ITC Ltd	523	1.00	**-**	98,334
Mahindra & Mahindra Ltd	53	10.00	**-**	50,348
Maruti Udyog Ltd	187	5.00	**-**	1,74,193
Punjab National Bank	170	10.00	**-**	89,555
Sun TV Networks Ltd	89	10.00	**-**	1,20,980
Triveni Engineering & Industries Ltd	726	1.00	**-**	39,112
Tulip IT Services Ltd	80	10.00	**-**	49,144
Wipro Ltd	501	2.00	**-**	2,98,941
Equity Shares - Fully paid (Unquoted)				
Madras Stock Exchange Limited	7,995	10.00	**39,97,500**	-
C. Investment in Joint Venture (Trade)				
Venture Drilling ASA - Unquoted	3,01,77,466	Nok 1	**225,68,70,360**	157,96,40,507

CURRENT INVESTMENTS (At lower of cost and fair value) (See note no: 3)	No. of Units	Face Value Rupees		
Mutual Funds (Unquoted)				
AIG India Treasury Plus Fund	25,669,033.39	10.00	**25,70,15,387**	-
AIG India Liquid Fund	39,974.80	1,000.00	**400,07,341**	-
Birla Sunlife Liquid Plus Fund	11,035,545.76	10.00	**11,04,30,499**	-
Grindlays Floating Rate Fund - Daily Dividend	86,335,818.30	10.00	**86,38,28,002**	-
FRDD ICICI Prudential Floating Rate Fund - Daily Dividend	10,123,159.80	10.00	**10,12,52,857**	-

Schedules annexed to and forming part of the consolidated accounts

7. INVESTMENTS (At Cost) Contd.

	No. of Units	Face Value Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
ICICI Prudential Flexible Income Plan	28,55,790.18	10.00	**3,01,95,697**	-
ICICI Prudential Institutional Liquid Plan	92,409.18	10.00	**10,77,408**	-
J M Arbitrage Fund	15,00,000.00	10.00	**1,50,00,000**	1,50,00,000
Principal Floating Rate Fund - Fixed Maturity Plan	45,74,845.81	10.00	**4,58,04,729**	-
SBI SHF Liquid Plus Institutional Plan - Daily Dividend	101,27,271.78	10.00	**10,13,23,354**	-
Standard Chartered Fixed Maturity Plan	200,00,000.00	10.00	**20,00,00,000**	-
Grindlays Liquidity Manager Plus	2,50,172.21	1,000.00	**25,02,24,742**	52,98,395
Sundaram BNP Paribas Liquid Plus Institutional Daily Dividend	180,18,983.34	10.00	**18,06,26,183**	-
UTI Fixed Income Interval Fund	30,43,303.03	10.00	**3,04,33,030**	-
UTI Liquid Cash Plan Institutional Fund - Daily Income Option	29,433.51	1,000.00	**3,00,05,864**	-
DSP ML Lquid Fund	20,568.04	1,000.00	**-**	2,05,72,150
Grindlays Liquidity Manager	409,32,196.42	10.00	**-**	40,93,63,010
Grindlays Floating Rate Fund	100,00,000.00	10.00	**-**	10,00,00,000
Grindlays Arbitrage Fund	219,43,942.92	10.00	**-**	22,25,00,000
Reliance Liquidity Fund	41,83,465.58	10.00	**-**	4,18,47,625
Reliance Monthly Interval Fund SI Institutional	250,00,000.00	10.00	**-**	25,00,00,000
Reliance Monthly Interval Fund SII Institutional	50,00,000.00	10.00	**-**	5,00,00,000
SBI Premier Liquid Fund	20,53,062.15	10.00	**-**	2,05,97,346
Principal Mutual Fund	172,57,054.87	10.00	**-**	17,25,82,629
Prudential ICICI Blended Plan	95,79,002.83	10.00	**-**	10,00,00,000
Prudential ICICI Super Plan	82,641.18	10.00	**-**	8,87,722
HDFC Floating Rate Fund	76,351.00	10.00	**-**	7,74,536
HSBC Liquid Fund Plus	42,58,604.84	10.00	**-**	4,23,92,188
			639,60,44,481	4,687,709,844
Less: Provision for diminution in value of Long Term Investment including provision relating to joint venture investment of Rs.49,99,300/- (Previous Year : Rs.49,99,300/-)			**51,82,400**	51,82,400
			639,08,62,081	468,25,27,444
Aggregate Value of Quoted Investments-Cost			**173,35,19,628**	151,18,21,836
Aggregate Value of Quoted Investments- Market Value			**155,80,94,378**	338,67,13,982
Aggregate Value of Unquoted Investments-Cost			**465,73,42,453**	317,07,05,608

8. SUNDRY DEBTORS

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Considered Good-Unsecured		
(a) Outstanding for more than six months	4,57,74,085	1,26,53,134
(b) Others	466,63,54,989	202,04,49,336
TOTAL	471,21,29,074	203,31,02,470

Schedules annexed to and forming part of the consolidated accounts

9. CASH AND BANK BALANCES

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Cash on Hand	17,92,568	7,00,642
Balances with Scheduled Banks		
- In Current Accounts	33,67,35,211	35,99,62,732
- In Deposit Accounts	135,74,86,702	239,13,18,563
Balances with other banks in current account		
Standard Chartered Bank, Dubai	76,62,557	2,11,46,427
Emirates Bank, Dubai	59,27,711	52,98,680
SP, Pluss	-	171,27,87,682
HSBC	3,09,44,735	3,04,45,084
OCBC	1,55,37,905	4,37,526
DNB, Nor	30,95,26,454	100,65,46,198
SWED Bank	30,81,308	12,57,04,801
Standard Chartered Bank, Singapore	12,10,904	-
ICB, China	1,72,87,977	-
United Overseas Bank, Singapore	24,55,70,105	-
Wells Fargo	70,19,29,868	-
Balances with other Banks in Deposit Account		
Handels Banken	-	677,06,27,293
DNB, Nor	341,84,21,396	83,89,83,345
TOTAL	645,31,15,401	1326,39,58,973
Maximum amount outstanding at any time during the year with other banks,		
In Current Accounts		
Standard Chartered Bank, Dubai	2,11,46,427	2,11,46,427
Emirates Bank, Dubai	67,28,248	52,98,680
SP, Pluss	-	171,27,87,682
HSBC	3,09,44,735	3,04,45,084
OCBC	1,55,37,905	4,37,526
DNB, Nor	180,69,08,684	100,65,46,198
SWED Bank	2,75,21,081	12,57,04,801
ICB, China	1,72,87,977	-
Standard Chartered Bank, Singapore	1,82,09,336	-
United Overseas Bank, Singapore	24,55,70,105	-
Wells Fargo	70,19,29,867	-
In Deposit Accounts		
Handels Banken	-	677,06,27,293
DNB, Nor	341,84,21,396	83,89,83,345

10. LOANS AND ADVANCES (Unsecured Considered Good)

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Advance recoverable in Cash or in Kind or for value to be received (See Note No.15)	118,76,78,702	282,88,71,460
Deposit with Customs	2,61,82,828	2,61,82,828
Sundry Deposits	6,38,09,104	1,57,01,149
TOTAL	127,76,70,634	287,07,55,437

Schedules annexed to and forming part of the consolidated accounts

11. CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
(A) Current Liabilities		
(a) Sundry Creditors - Amount due to Micro Enterprises and Small Enterprises	-	-
(b) Sundry Creditors - others	494,80,57,446	453,86,25,830
(c) Unclaimed Dividends*	56,28,133	57,16,512
(d) Other Liabilities	36,14,56,309	63,69,55,769
(e) Interest accrued but not due on secured loans	125,28,80,506	144,31,87,605
*Note : No amount is due to Investor Education & Protection Fund.		
	656,80,22,394	662,44,85,716
(B) Provisions		
(a) Provision for taxation (Net of Advance payment of taxes)	47,53,46,670	3,10,07,757
(b) Proposed Dividend - Preference	26,04,00,000	13,56,84,658
(c) Proposed Dividend - Equity	13,60,70,496	11,08,29,765
(d) Tax on Dividend	6,73,80,161	4,18,89,585
(e) Provision for Provident Fund	22,02,603	15,61,635
(f) Provision for Leave Encashment and Gratuity	71,85,877	36,77,003
	94,85,85,807	32,46,50,403
TOTAL (A+B)	751,66,08,201	694,91,36,119

12. INCOME FROM OPERATIONS

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
Drilling and Production Services	2010,92,75,610	702,42,55,658
Wind Power generation	10,12,87,454	15,12,26,740
Income from Joint Venture operations - Sale of Hydro Carbon (See Note No.17)	-	1,12,68,247
TOTAL	2021,05,63,064	718,67,50,645

13. OTHER INCOME

		As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
(a) Rental Income(Gross)		2,01,14,836	2,52,32,183
(b) Dividend Income from Long term Investments		3,34,542	4,21,267
(c) Dividend Income from Current Investments		12,49,81,672	6,76,55,207
(d) Interest on Bank Deposits (Gross)		32,34,83,957	5,33,76,880
(e) Interest-Others (Gross)			
- On Intercorporate deposits	4,11,981		22,10,655
- On Staff loans	1,68,250		2,07,042
- On Income-tax refund	33,75,652		-
- On call money relating to equity shares	1,61,887	41,17,770	24,552
(f) Profit on Sale of Assets (Net)		27,16,667	-
(g) Foreign currency exchange difference (Net)		-	16,30,54,877
(h) Profit on Sale of Long Term Investments (Net)		38,16,253	2,38,845
(i) Profit on Sale of Current Investments (Net)		208,84,829	11,00,917
(j) Miscellaneous Income		56,94,72,054	56,74,03,144
TOTAL		106,99,22,580	88,09,25,569

Note: Tax deducted at source on Gross income. Rs.32,68,637/- (Previous year: Rs.16,40,625/-)

	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
14. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES			
Consumption - Stores and Spares		**96,08,65,570**	53,21,10,806
Power and Fuel		**23,90,51,011**	15,18,06,970
Salaries and Bonus		**185,95,86,626**	49,70,52,385
Contribution to Provident funds and Other funds		**3,71,57,832**	2,07,90,184
Staff Welfare		**10,63,22,088**	4,66,54,947
Rent (See Note no: 16)		**2,20,37,570**	48,38,339
Rates and Taxes		**2,95,86,540**	1,29,41,405
Rental Charges for Machinery (See Note No:16)		**63,78,83,607**	23,05,63,697
Repairs and Maintenance			
- Machinery	44,43,73,808		25,89,30,807
- Buildings	54,40,391		61,81,581
- Other assets	18,50,000	**45,16,64,199**	52,28,792
Insurance		**55,67,83,016**	43,82,21,180
Drilling Services and Management Fees		**61,83,86,366**	15,86,40,258
Consultancy and Professional Fees		**69,12,56,307**	45,69,34,492
Catering Expenses		**4,69,23,961**	3,54,29,558
Postage, Telegram and Telex		**4,41,52,172**	1,81,23,060
Printing and Stationery		**45,62,336**	37,40,617
Travelling Expenses		**38,13,86,631**	11,79,87,445
Guarantee Commission , Bank and Other Charges		**20,24,89,015**	10,20,98,802
Provision for Dimunition in value of Investments		**-**	49,99,300
Foreign Currency Convertible Bonds Issue Expenses		**-**	10,28,48,947
Foreign currency exchange difference (Net)		**194,37,82,164**	-
Loss on Sale of Assets (Net)		**-**	7,09,522
Loss on transfer of interest in Joint venture		**64,91,065**	-
Auditors' Remuneration :			
Audit Fees	3,98,06,044		2,55,91,426
Tax Audit Fee	2,65,000		2,74,990
For Certification and Other Services	15,00,878		12,49,905
Reimbursement of Expenses	1,05,000	**4,16,76,922**	89,740
Other Expenses		**79,27,56,192**	47,85,99,512
TOTAL		**967,48,01,190**	371,26,38,667

		As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
15. INTEREST			
On Term Loans		716,46,82,723	262,41,60,030
On Convertible Notes		38,60,14,088	4,61,42,285
Others		2,31,16,624	6,16,37,310
TOTAL		757,38,13,435	273,19,39,625
Less: Interest Capitalised		91,53,43,268	4,55,17,784
TOTAL		665,84,70,167	268,64,21,841

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2008

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

1. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING CONVENTIONS AND CONCEPTS

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

B. BASIS OF PRESENTATION

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

C. PRINCPLES OF CONSOLIDATION

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

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

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

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

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

D. USE OF ESTIMATES

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

E. FIXED ASSETS

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

F. DEPRECIATION

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

G. GOODWILL AND AMORTISATION

Goodwill reflects the excess of the purchase price over the book value of the net assets acquired. Goodwill arising on amalgamation of the subsidiary with the Parent Company is amortized over a period of seven years from the year of amalgamation based on prudent estimation of its life. Goodwill arising on consolidation (acquisition of subsidiaries) is not amortized but tested for impairment on an annual basis.

H. INVENTORY VALUATION

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

I. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognized in the Profit and Loss Account. Foreign currency Current assets and Current liabilities are translated at year end exchange rates and the resulting gains/(losses) are recognized in the Profit and Loss Account. Consequent to the introduction of Companies (Accounting Standards) Rules, 2006, the exchange differences in respect of foreign currency loans/liabilities relating to fixed assets are recognized in the Profit and Loss Account. In case of Forward Contracts : a) The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. b) Any profit or loss arising on cancellation or renewal of such contracts is recognized as income/expense for the year.

J. INVESTMENTS

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

(b) Long Term Unquoted Investments in Joint Venture Company are stated at cost and no loss is recognized in the fall in their net worth unless there is a permanent fall in their net worth. However, a provision for diminution in value of investment is made if a fall in net worth is anticipated.

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

K. PROPOSED DIVIDEND

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

L. EMPLOYEE BENEFITS

(a) Contribution to Provident Fund which is a defined contribution retirement plan is made monthly at a predetermined rate to the Provident Fund Authorities and is debited to the Profit and Loss account on accrual basis.

(b) Contribution to Superannuation Scheme which is defined contribution retirement plan is made annually at predetermined rate to insurance companies which administer the fund and debited to Profit and Loss Account.

(c) The Company makes an annual contribution to Gratuity Funds administered by Insurance Companies, which is considered as defined benefit plan. The present value of the defined benefit is measured using the 'Projected Unit Credit Method' with actuarial valuation being carried out at each Balance Sheet date by an independent valuer. Actuarial gain and losses are immediately recognized in the Profit and Loss Account.

(d) The Company makes provision for leave encashment based on actuarial valuation carried out by an independent actuary at the Balance Sheet date.

M. BORROWING COST

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

N. TAXES ON INCOME

The income tax provision comprises of current tax, fringe benefit tax and deferred tax. Current tax is the amount of tax payable in respect of income for the year. In accordance with the Accounting Standard-22 –Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India / The Companies (Accounting Standards) Rules, 2006 , the deferred tax on timing difference between book profit and tax profit for the year is accounted based on the rates and laws that have been enacted or substantially enacted as on the Balance Sheet date. However, deferred tax assets arising from timing difference are recognized to the extent of their virtual /reasonable certainty about its realisability in future years.

O. FINANCIAL DERIVATIVES

In respect of derivative contracts, gains /losses on settlement and provision for losses, if any, on such contracts are recognized in the Profit and Loss Account.

P. IMPAIRMENT OF ASSETS

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

Q. OPERATING LEASES

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

R. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Name of the company	Country of Incorporation	Percentage of holding	Accounts considered	Reporting Currency
Aban Energies Ltd	India	100%	31st March 2008 (audited)	Indian Rupee
Aban Holdings Pte Ltd	Singapore	100%	31st March,2008(audited)	US Dollars
Aban Singapore Pte Ltd	Singapore	(a)	31st March,2008(audited)[Special Purpose]	US Dollars
Aban International Norway AS	Norway	(b)	31stMarch,2008(audited)	US Dollars
Aban 7 Pte Ltd	Singapore	(b)	31st March,2008(audited)	US Dollars
Aban 8 Pte Ltd	Singapore	(b)	31st March,2008(audited)	US Dollars
Aban Abraham Pte Ltd	Singapore	(b)	31st March,2008(audited)	US Dollars
Aban Pearl Pte Ltd	Singapore	(b)	31st March,2008(audited)	US Dollars
Sinvest AS, Norway	Norway	(b)	31st March,2008(audited)	US Dollars
DDI Holding AS	Norway	(c)	31st March,2008(audited)	US Dollars
Sinvest(Cyprus) Ltd	Cyprus	(c)	31st March,2008(unaudited)	US Dollars
Deep Drilling Invest Pte Ltd	Singapore	(d)	31st March,2008(audited)	US Dollars
Deep Drilling 1 Pte Ltd	Singapore	(e)	31st March,2008(audited)	US Dollars
Deep Drilling 2 PteLtd	Singapore	(e)	31st March,2008 (audited)	US Dollars
Deep Drilling 3 PteLtd	Singapore	(e)	31st March,2008 (audited)	US Dollars
Deep Drilling 4 Pte Ltd	Singapore	(e)	31st March,2008 (audited)	US Dollars
Deep Drilling 5 Pte Ltd	Singapore	(e)	31st March,2008 (audited)	US Dollars
Deep Drilling 6 Pte Ltd	Singapore	(e)	31st March,2008 (audited)	US Dollars
Deep Drilling 7 Pte Ltd	Singapore	(e)	31st March,2008 (audited)	US Dollars
Deep Drilling 8 Pte Ltd	Singapore	(e)	31st March,2008 (audited)	US Dollars
Beta Drilling Pte Ltd	Singapore	(c)	31st March,2008(audited)	US Dollars
Venture Drilling Pte Ltd	Singapore	(c)	31st March, 2008(unaudited)	US Dollars

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

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

Note:

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

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

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
3. Contingent Liabilities not provided for		
a. Guarantees given by banks on behalf of the Parent Company	**122,59,69,408**	86,97,45,919
b. Letters of Credit	**-**	68,81,04,452
c. Corporate Guarantees given by the Parent Company for its subsidiaries	**62,18,60,000**	97,09,89,390
d. Capital commitments not provided for	**964,12,20,840**	2,389,32,56,324
e. Indemnity obligation pursuant to Novation Agreement	**75,00,000**	-
4. Operating Lease commitments		
The future minimum lease payments under non-cancellable operating lease contracted for at the Balance Sheet date but not recognized as liabilities are as follows:		
Nature of operating lease		
Operating Lease - rig-Within 1 year -	**46,86,01,600**	11,99,74,800
Between 1-5 years	**31,26,15,040**	70,30,62,880
Operating Lease –Others-Within 1 year-	**2,65,45,799**	-
Between 1-5 years	**2,41,52,320**	**-**
5. Managerial Remuneration		
Salary and Allowances	**2,48,45,492**	74,66,400
Monetary value of perquisites	**32,08,102**	27,70,603
Sitting Fees	**2,73,000**	3,62,000
Commission	**5,60,71,145**	3,79,68,537
TOTAL	**8,43,97,739**	4,85,67,540

6. Related Party Disclosure

Enterprise where control exists

A. Subsidiary Companies(Wholly-owned subsidiaries)

Aban Energies Limited , India
Aban Holdings Pte Ltd, Singapore

B. Subsidiaries of Aban Holdings Pte Ltd

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

C. Other related parties with whom the Company had transactions

(a) Joint Venture Opertor

Prize Petroleum Limited-See Note No:17)

(b) Key Management Personnel

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

Transactions with related parties during the year

Nature of Transaction	Joint Venture Operator Rs. 2007-2008	Joint Venture Operator Rs. 2006-2007	Key Management Personnel Rs. 2007-2008	Key Management Personnel Rs. 2006-2007
i) Rent paid	-	-	53,11,920	24,44,516
ii) Remuneration	-	-	7,46,23,379	4,82,05,540
iii) Interest received	-	-	1,68,250	2,07,042
iv) Purchase of Assets	-	22,13,212	-	-
v) Advances recoverable/(payable)	7,00,000	(2,09,92,221)	-	-
vi) Income from transfer of hydrocarbon	-	1,12,68,247	-	-
vii) Loan repaid	-	-	4,20,000	3,60,000
viii) Operation call money	1,25,00,000	9,52,00,000	-	-
ix) Dividend paid	-	-	1,46,31,783	1,21,08,307
x) Amount received towards Equity shares allotted under Employee Stock Option Scheme(including premium)	-	-	-	44,02,320
xi) Amount outstanding as at 31.03.2008				
Receivable	-	-	14,55,000	18,75,000
Payable	-	1,44,56,909	5,60,71,145	3,79,68,537

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

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

	2007-08 Rs.	2006-07 Rs.
1. Rent paid to Mr.Reji Abraham	53,11,920	24,44,516
2. Dividend paid to Mr.Reji Abraham	1,45,08,918	1,20,56,294
3. Amount received towards equity shares allotted under ESOS		
-Mr.P.Venkateswaran	-	22,01,160
-Mr.C.P.Gopalkrishnan	-	22,01,160
4. Remuneration to Key Management Personnel		
-Mr. Reji Abraham	5,73,37,724	3,73,35,027
-Mr.P.Venkateswaran	76,98,919	53,76,625
-Mr.C.P.Gopalkrishnan	95,86,736	54,93,888

7. Segment Reporting as per Accounting Standard 17

A. Primary Segment

The Group's primary segments are Offshore Drilling and Production Services, Wind Energy services and Wind Power generation. The above business segments have been identified considering the nature of services rendered and the internal financial reporting system. Income and Expenses have been accounted for based on their relationship to the operating activities of the segment. Hydro carbon transfer through the Joint venture in the previous year has been considered as part of Drilling and Production Services.

B. Secondary Segment

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

	2007-2008		2006-2007	
	Rs.	Rs.	Rs.	Rs.
1. Segment Revenue				
-Drilling	2115,96,15,237		790,18,90,097	
-Wind Energy	12,08,70,407	2,128,04,85,644	16,57,86,117	806,76,76,214
2. Segment Result				
-Drilling	861,65,20,030		317,93,10,008	
-Wind Energy	(15,12,36,045)		(8,98,28,843)	
Less: Interest Expenses	(665,84,70,167)		(268,6421,841)	40,30,59,234
		180,68,13,818		
3.Segment Assets				
-Drilling	14,553,79,41,704		12,009,69,06,745	
-Wind Energy	118,95,79,880	14,672,75,21,584	142,32,25,783	12,152,01,32,529
4.Segment Liabilities				
-Drilling	13,636,74,27,504		11,435,46,50,851	
-Wind Energy	64,39,76,402	13,701,14,03,906	80,03,54,895	11,515,50,05,746
5. Depreciation and impairment				
-Drilling	286,12,74,387		98,66,99,661	
-Wind Energy	21,61,93,553	307,74,67,940	21,59,24,160	120,26,23,821
6.Goodwill Amortised				
-Drilling	6,29,32,528		6,29,32,560	
-Wind Energy	-	6,29,32,528	-	6,29,32,560
7.Capital Expenditure				
-Drilling	3,891,64,53,029		8,374,51,63,594	
-Wind Energy	4,14,700	3,891,68,67,729	-	8,374,51,63,594

8. In 2007, Aban Singapore Pte. Ltd ("Aban Singapore"), issued convertible notes with a face value of USD 150 million and maturity in February 2014. The convertible bonds may be redeemed by Aban Singapore at any time after 20th August 2007 but not less than seven days prior to maturity. These notes have an initial coupon rate of 5.5% p.a. The coupon will step up to 6.5% p.a. payable semi-annually on the completion of third year (i.e.2010) if Aban Singapore does not complete a qualifying Initial Public Offering ("IPO").
   These notes would be convertible into ordinary shares of Aban Singapore representing atleast 10.37% of the equity share capital of Aban Singapore at any time till the date falling within seven days prior to the date of maturity of the Convertible notes, save for a mandatory conversion at the time of a qualifying IPO. The conversion ratio is subject to adjustments based on internal rates of return to the note holders.
   During the financial year, convertible notes of USD 1 million have been converted into USD 1 million ordinary shares of Aban Singapore Pte. Ltd.
9. Minority interest reflects ordinary shares issued to Convertible noteholders consequent to conversion of Convertible Notes issued by Aban Singapore Pte Ltd for USD 1 million equivalent to Rs.4,01,20,000/-, which includes Security Premium of Rs. 3,49,87,052/-. The share of loss of the minority interest in the consolidated subsidiary has been adjusted against the equity attributable to them .
10. The Maritime and Port Authority of Singapore has awarded "Approved International Shipping Enterprise "(AIS) status to Aban Singapore Pte Ltd and its subsidiaries with effect from 1 June 2006 for an initial period of 10 years. Aban Singapore and its operating subsidiaries are exempted from Singapore Income tax from the qualifying income under Section 13F of the Singapore Income Tax Act. However, in respect of income earned outside Singapore, necessary provision for tax has been made in accordance with applicable tax laws in respective countries.
11. Aban Singapore Pte Ltd ("Aban Singapore") operates a share option scheme to provide an incentive to directors and employees of Aban Singapore and related corporations to participate in the equity of the Company. Under the Scheme, the number of shares of Aban Singapore under option shall not exceed 2% of the total number of issued and paid-up shares of Aban Singapore. During the current financial year, there were a total of 2,462,000 options granted under the Scheme with an exercise price of USD 2 per share. The vesting period of the options is over four years with 25% of the total options granted for each year of completion of service. The options are exercisable within six years from 25th August 2007.
12. Sinvest AS a subsidiary of Aban Singapore Pte Ltd has received a letter from the county revenue office in Norway dated 10th August,2007, where the county revenue office states that they are considering re assessment of a drop-down transaction in 2005. This drop-down concerns the shares in Deep Drilling Invest Pte Ltd ("DDI Singapore") that were transferred from Sinvest AS to DDI Holding AS ("DDI Holding") in December,2005 and this transaction according to the revenue office would trigger capital gains taxation for Sinvest AS. Sinvest AS believes that it would most likely be possible to avoid the capital gains taxation in Sinvest AS by making use of the intragroup transfer scheme. According to this scheme, a Norwegian limited company may transfer assets to another group company without any taxation. The transferee company ("DDI Holding") will, however, have to take over the tax cost base of the transferred asset from the transferor company ("Sinvest AS") i.e. there will be no step-up as a result of the transfer. Hence the shares in DDI Singapore will have the same tax base cost of the shares in DDI Holding as they had in Sinvest AS.
13. In April,2008 The Russian Federal State Property Agency (SPA) has made a claim in proceedings in the Commercial Court of the Murmansk region against one subsidiary company viz. Beta Drilling Pte Ltd, Singapore and one joint venture company viz. Venture Drilling AS, Norway. The SPA has sought, firstly, to invalidate the bareboat charter agreements dated 3rd March 2006 between Arktik and Beta Drilling and May 2005 between Arktik and Venture Drilling AS and for an order of return of the two units to Arktik on the grounds that a statutory approval was allegedly not obtained from the SPA by Arktik in advance of the subject transactions. Sinvest AS has sought legal advice from Norwegian and Russian law firms on these matters and has

been advised that there are fair procedural and legal grounds on which to defend the charter agreements. On the advice of the legal counsel, we are of the opinion that the SPA claims are without legal merit and that there are strong grounds on which to challenge and defend the claim for invalidity and redelivery of the Murmanskaya and Deep Venture as claimed by the SPA. Further, in the opinion of the legal counsel, in the event SPA succeeds in its claim for invalidity and redelivery of vessels, the group has well founded claim for damages against Arktik for a breach of the owner's warranty under the charter contract. The charter agreements are governed by Norwegian law and disputes are referred to arbitration in Oslo. No claims have been booked into the accounts as on 31st March 2008.

14. Goodwill on consolidation (acquisition of foreign subsidiaries) is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. For the year 2007-08, the management did not note any indication that the goodwill related to the acquisition of such foreign subsidiaries may be impaired due to any reason.
15. Loans and Advances include loan to a whole-time director of the Parent Company who was an Officer at the time of taking the loan-Rs.14,55,000/- (Previous year: Rs.18,75,000/-) Maximum amount outstanding during the year: Rs.18,75,000/-(Previous year: Rs.22,35,000/-).
16. Rent includes operating lease rentals in respect of property amounting to Rs.1,46,04,597/- and Rental for Machinery includes operating lease rentals in respect of a rig amounting to Rs.11,99,74,800/-.
17. The Parent Company had entered into a Joint Operating Agreement during the financial year 2004-05 with Prize Petroleum Limited for development of ONGC's oilfileds in the state of Gujarat. The Parent Company's participating interest in the joint operating agreement is 50%. During the financial year 2007-08, the Parent Company entered into a Novation Agreement with Valdel Gas and Oil Private Limited, Bangalore, for transferring its entire 50% participating interest in the Joint Operating Contract for a consideration of Rs.13 crores. Net Loss due to this transfer of participating interest in the assets and liabilities amounted to Rs.64.91 lakhs which is not material in the context of the overall size of operations of the Parent Company. This loss of Rs.64.91 lakhs has been charged to the Profit and Loss Account. As at 31st March,2008, the Parent Company does not have any Joint Operating Agreement with Prize Petroleum Limited.
18. The Parent Company has instituted Employee Stock Option Scheme-2005 duly approved by the shareholders in the Extra-ordinary General Meeting of the Company held on 23rd April,2005. As per the scheme, the Compensation Committee of the Board evaluates the performance and other criteria of the employees and approves the grant of options. These options vest with the employees over a specified period subject to fulfillment of certain conditions. Upon vesting, the employees are eligible to apply and secure allotment of Parent Company's share at the prevailing market price on the date of grant of option.

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

    Maximum number of options that may be granted under the scheme: 18,44,000 equity shares of Rs.2/- each (Previous year: 18,44,000 equity shares of Rs.2/- each)- Options granted during the year: 1,25,000 Equity shares of Rs.2/- each (upto Previous year: 1,43,200 equity shares of Rs.2/- each)-Options lapsed during the year: 250 Equity shares of Rs.2/- each (upto Previous year: 3,960 equity shares of Rs.2/- each)-Options exercised during the year:3,050 Equity shares of Rs.2/- each (uptoPrevious year: 56,660 equity shares of Rs.2/- each)-Outstanding at the end of the year: 2,04,280 Equity shares of Rs.2/- each (upto Previous year:82,580 Equity shares of Rs.2/- each))-Options yet to be granted under the scheme:15,80,010 Equity shares of Rs.2/- each . The excess of exercise price over the nominal value of the equity shares issue under the ESOS has been credited to the securities premium account –Rs.38,77,013/- (Previous year : Rs.2,43,41,136/-)
19. The Parent Company has issued 1,161 unsecured unrated zero coupon Foreign Currency Convertible Bonds (FCCB) of Japanese Yen of 10,000,000 each aggregating to JPY 11,610,000,000 (Rs.428,49,22,220) in April 2006. The bondholder has an option to convert these bonds into equity shares of Rs.2/- each of the Parent Company at a conversion price on or after 19th April,2007 and upto the close of business on 8th April,2011. The conversion price has been fixed as Rs.2,789.04 per equity share of Rs.2/- each. Until 31st March,2008, 620 Bonds aggregating to Japanese Yen 6200 million have been converted into 8,51,055 Equity shares of Rs.2/- each at a conversion price of Rs.2,789.04 per equity share of Rs.2/- each. As a result of this conversion, the share capital of the Parent Company has increased by 17,02,110/- and the securities premium account has increased by Rs. 2,37,19,24,326/-. After conversion, 541 bonds are outstanding as at 31st March,2008 aggregating to Japanese Yen 5410 million (Rs.218,36,11,250). The Parent Company has an option to redeem the bonds at the accreted principal amount in whole and not in part at any time on or after 14th April,2009 and on or prior to 8th April,2011 subject to certain terms and conditions. No interest accrues or is payable on the bonds unless willful default is made in respect of any payment in which case the overdue sum shall bear interest at the rate of 4% per annum from the due date. Unless previously redeemed, converted or re-purchased and cancelled, the Parent Company will redeem each bond at 121.811% of its principal amount on 15th April,2011 being the maturity date of the bond. The excess of conversion price over the nominal value of equity shares issued on conversion of bonds have been credited to the securities premium account – Rs.2,37,19,24,326/- (Previous year Nil)
20. The year-end foreign currency exposure that have not been hedged by derivative instruments are as under:

Sr.No	**Underlying Exposure**	**2007-08 USD (million)**	**2007-08 Rs.(crores)**	**2006-07 USD (million)**	**2006-07 Rs.(crores)**
1.	Payables	20.00	80.24	20.00	86.94
2.	Foreign Currency Loans	1.11	4.46	2.22	9.66
3.	Foreign Currency Convertible Bonds	54.43	218.36	98.57	428.49
4.	Bond Loans denominated in Norwegian Kroners in Foreign subsidiary	274.95	1103.13	274.95	1195.20

21. The Parent Company and its foreign subsidiary has also entered into derivatives for hedging currency and interest related risks.. The outstanding value of hedged forward covers/derivatives as at 31st March,2008 are Rs.1872.04 crores (Previous year: Rs.1517.32 crores). The details are given below:

Nature of Derivative transaction	**2007-08 Rs.crores**	**2006-07 Rs.crores**	**Purpose**
Currency Forward Contracts and options	1,523.00	932.48	Hedging the risk of exchange rate fluctuations
Interest Swaps	349.04	584.84	Hedging the risk of interest rate movements

In accordance with the principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, the Company has recognized an amount of Rs.6.96 crores in the Profit and Loss Account in respect of derivative contracts as at 31st March,2008.

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

Name of the Company	Country of incorporation	Proportion of ownership interest 2007-08	Proportion of ownership interest 2006-07
Frontier Offshore Exploration India Ltd (Formerly known as Frontier Aban Drilling India Ltd)-Jointly controlled entity (Please refer note below)	India	25% of share capital	25% of share capital
Prize Petroleum Ltd –Joint Controlled assets Please refer to Note No.17)	India	NIL (See Note No.17)	50% participating share

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

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

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

		2007-08	2006-07
		Rs.	Rs.
a)	Profit after tax ,preference dividend and tax thereon	92,52,20,466	(29,87,53,440)
		No.of shares	No.of shares
b)	Weighted average number of fully paid equity shares used in calculating basic earnings per share	3,72,24,377	3,68,39,975
	Add: Partly paid Equity Shares calculated as fully paid	14,270	24,870
	TOTAL	3,72,38,647	3,68,64,845
	Basic Earnings per share (Rupees) (a/b)	24.85	(8.10)
(c)	Weighted average number of fully paid equity shares used in calculating - Diluted Earnings per shareAdd: Partly paid Equity Shares calculated as fully paid	3,80,48,163	3,84,91,901
	Add: partly paid Equity Shares, calculated as fully paid	14,270	24,870
	TOTAL	3,80,62,433	3,85,16,771
	Diluted earnings per share (Rupees) (a/c)	24.31	(7.76)

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

Per our report attached

For Ford, Rhodes, Parks & Co
Chartered Accountants

R. Subramanian
Partner
Membership No. 016059

Chennai
July 21, 2008

On behalf of the Board

Reji Abraham
Managing Director

C.P. Gopalkrishnan
Director (Finance) & Secretary