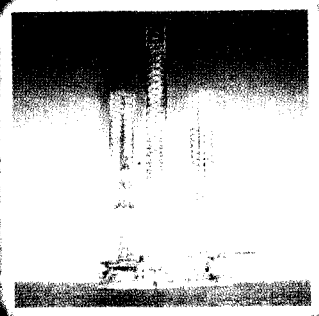
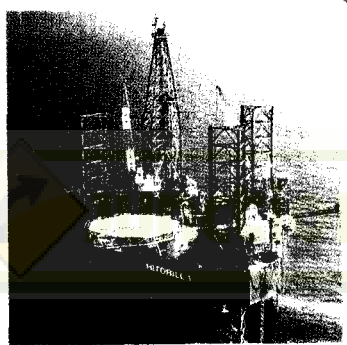


aban



Aban Loyd Chiles Offshore Ltd.

Seventeenth Annual Report 2002 - 2003

CORPORATE INFORMATION

BOARD OF DIRECTORS

M.A. ABRAHAM - *Managing Director*
V.S. RAO - *Vice Chairman*
REJI ABRAHAM - *Wholesale Director*
FRANK A. WOJTEK
P. MURARI
S. SRINIVASAN (*Nominee of ICICI Bank Limited*)
RENNY ABRAHAM
P. VENKATESWARAN - *Director (Operations)*
C.P. GOPALKRISHNAN - *Director (Finance) & Secretary*

AUDIT COMMITTEE

V.S. Rao - *Chairman*
P. Murari - *Member*
Renny Abraham - *Member*

SHARE HOLDERS' GRIEVANCE COMMITTEE

Renny Abraham - *Chairman*
P. Venkateswaran - *Member*
C.P. Gopalkrishnan - *Member*

AUDITORS

FORD, RHODES, PARKS & Co.,
Chartered Accountants
Chennai - 600 083.

BANKERS

INDIAN OVERSEAS BANK
STATE BANK OF INDIA
STATE BANK OF TRAVANCORE
ICICI BANK LIMITED
PUNJAB NATIONAL BANK
UCO BANK
UTI BANK LIMITED
IDBI BANK LIMITED

REGISTERED OFFICE

Janpriya Crest
113, Pantheon Road
Egmore Chennai 600 008

REGISTRAR FOR SHARES

CAMEO CORPORATE SERVICES LTD
'Subramanian Buildings'
No 1, Club House Road, Chennai 600 002.

Report  Junction.com

CONTENTS

Notice	1	Profit and Loss Account	31
Management Discussion and Analysis	16	Schedules to Accounts	32
Directors' Report	20	Balance Sheet Abstract	44
Corporate Governance Report	22	Cash Flow Statement	45
Auditors' Report	27	Subsidiary Company Accounts	46
Balance Sheet	30	Consolidated Accounts	61



Aban Loyd Chiles Offshore Ltd.

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

NOTICE TO MEMBERS

NOTICE is hereby given that the SEVENTEENTH Annual General Meeting of the members of **Aban Loyd Chiles Offshore Ltd.** will be held on Friday, the 26th September 2003 at 11.00 A.M. at the Auditorium of Madras School of Social Work, 32 Casa Major Road, Egmore, Chennai 600 008 to transact the following business:

Ordinary Business

1. To consider and adopt the Balance Sheet as at 31st March 2003 and the Profit and Loss Account for the year ended on that date and the report of the Directors' and Auditors' thereon.
2. To declare a Dividend for the year ended 31st March 2003.
3. To appoint a Director in place of Mr. P. Murari who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. S. Rao who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Reji Abraham who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

Special Business

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

"RESOLVED THAT subject to necessary approvals as may be necessary and pursuant to Section 198, 269, 309, 311 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Act, the Company hereby approves the revision in remuneration payable to Mr. M.A. Abraham, the Managing Director of the Company for a period with effect from 1st February 2003 to 31st October 2004 on the terms and conditions as to remuneration as set out below.

A. Remuneration:

a) Salary

In the range of Rs.1,00,000/- to Rs.2,00,000/- per month.

b) Perquisites

i) Housing

Expenditure by the Company on hiring furnished accommodation shall be subject to a ceiling of 60 per cent of salary.

If the Company does not provide accommodation to the Managing Director the HRA will be paid to him @ 60 per cent of Salary.

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

ii) Medical Reimbursement:

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary

over a period of three years and Medical Insurance premium be paid up to Rs.50,000/- p.a.

iii) Leave Travel Concession

Reimbursement of expenditure incurred for the Director and his family once in a year subject to a maximum of one month's salary.

iv) Club Fees

Actual fees for a maximum of two clubs. No admission and / or life membership fees will be paid.

v) Personal Accident Insurance

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

vi) a. Company's contribution towards Provident Fund as per the Rules of the Company but not exceeding 12 per cent of the salary.

b. Company's contribution towards Superannuation Fund as per the rules of the Company, but it should not together with the Company's contribution to Provident Fund exceed 27 per cent of the salary.

Contribution to Provident Fund and Superannuation Fund shall not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

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

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

ix) Leave :

Privilege Leave:

On full pay and allowance as per the Rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites. He will also be entitled to Casual Leave and Sick Leave as per the Leave Rules of the Company.

Retirement Benefits:

The Managing Director is eligible for retirement benefits by way of pension of Rs.1,50,000/- (Rupees One lakh fifty thousand only) per month with an annual increase in benefits @ 5% during his lifetime and then to his spouse during her lifetime.

The Managing Director is also eligible for reimbursement of Medical Expenses incurred by him and his spouse after his retirement during their lifetime subject to a ceiling of Rs. 5,00,000/- (Rupees five lakhs only) per year which can be accumulated upto a maximum period of 5 (five) years.

c) Commission

1 (one) per cent of the net profits of the Company subject to the overall ceiling laid down under Sections 198 and 309 of the Companies Act, 1956.

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

B. Minimum Remuneration

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

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

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956 the consent of the Company be and is hereby accorded for keeping the Register of Members and Index of Members of the Company at the office of the Company's Registrar and Share Transfer Agent, M/s Cameo Corporate Services Limited at Subramanian Building, No.1 Club House Road, Chennai - 600 002".

"RESOLVED FURTHER THAT the Company be and is hereby ratify and approve the acts, if any, done by the Board of Directors in this regard".

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

"RESOLVED THAT subject to the applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter), the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee thereof for the time being, exercising the powers conferred on the Board by this Resolution) the consent of the Company be and is hereby accorded to the Board to delist the Company's Equity Shares from The Delhi Stock Exchange Association Ltd."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with the legal and / or procedural formalities, including authorising any Committee of Directors or any of the Directors /Officers/Executives of the Company to do all such acts, deeds or things to give effect to the above."

By Order of the Board

Chennai
14th July, 2003

C.P. Gopalkrishnan
Director (Finance) & Secretary

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy who need not be a Member of the Company.
2. The instrument appointing proxy, in order to be effective should be lodged at the Registered Office of the Company not less than 48 hours before the Meeting. A blank proxy form is attached.
3. 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.
4. The Register of Members and Share Transfer Book will remain closed from 19th September 2003 to 26th September 2003 (both days inclusive).
5. Members are requested to intimate the Company regarding any change in their address immediately to Company's Registrar and Share Transfer Agent.
6. As an austerity measure, copies of the Annual Report will not be distributed at Annual General Meeting. Members are requested to bring their Copies to the Meeting.
7. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the Meeting.
8. Members are requested to send the Bank Account details to ensure safe and prompt receipt of dividend warrants and to avoid any fraudulent encashment of such warrants.
9. Members and Proxies should bring the attendance slips duly filled in for attending the Meeting.
10. The Dividend will be paid on or after 30th September 2003 to members whose names appear in the Register of Members as on 26th September 2003, however subject to the provisions of the Companies Act, 1956.
11. Members holding shares in Electronic Forms are advised that their address and Bank details as furnished to the Company by the respective Depositories viz. NSDL & CDSL will be printed on the dividend warrants. Shareholders holding shares in the Physical form who wish to avail ECS facility may authorise the Company with their ECS Mandate in the prescribed form which can be downloaded from the Website : www.abanindia.com or can be obtained from the Company's Registrar and Share Transfer Agent M/s. Cameo Corporate Services Ltd Request for payment of Dividend through ECS for the year 2002-2003 should be lodged with M/s. Cameo Corporate Services Ltd, "Subramanian Building" No.1 Club House Road, Chennai 600 002 on or before 19th September 2003.
12. With respect to payment of Dividend the Company provides the facility of ECS to all Shareholders holding in Electronic and Physical Forms residing in the following Cities: Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna, Trivandrum.
13. The Company has already transferred all unclaimed dividends declared up to the financial year ended 31st March 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules 1978. Shareholders who have so far not claimed or collected their dividends up to the aforesaid

financial year are requested to claim their Dividend from Registrar of Companies, Shastri Bhawan, 26 Haddows Road, Chennai 600 006 in the prescribed form which will be furnished on receipt of request by the Registrar and Share Transfer Agents, M/s. Cameo Corporate Services Ltd.

14. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 dividend for the financial year ended 31st March 1996 and thereafter which remain unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

15. Shareholders who have not so far encashed the Dividend Warrant(s) are requested to seek issue of Duplicate Warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. Cameo Corporate Services Ltd immediately.

Shareholders are requested to note that no claims shall lie against the Company or the said fund in respect of any amount which were unclaimed and unpaid for a period of Seven years from the dates that they first become due for payment and no payment shall be made in respect of such claims.

16. The Members who are holding shares in identical order of names in more than one folio are requested to intimate to the Company's Registrar and Share Transfer Agents the folio nos. of such accounts and

to send their share certificates to enable the consolidation of the folios under one account. The share certificate will be returned to the Members after making the necessary endorsement.

17. Members desirous of getting any information on the accounts or operations of the Company are requested to forward queries to the Company at least 7 working days prior to the Meeting, so that the required information can be made available at the Meeting.

18. Reappointment of Directors

- a. Mr P Murari aged 69 years was appointed as an independent Director in 1996. He is a Member of the Audit Committee.
- b. Mr V S Rao aged 74 years was appointed as a Director in 1991. He is the Chairman of Audit Committee and Vice Chairman in the Board.
- c. Mr Reji Abraham aged 37 years was appointed as Director in 1994. He is one of the Promoters of the Company. He is the Whole-time Director of the Company since 1997.

19. Members holding shares in physical form and desirous of making the nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed form 2B which can be obtained from the Company's Registrar and Share Transfer Agent, M/s. Cameo Corporate Services Ltd.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business contained in the notice dated 14th July 2003.

Item No.7

The remuneration payable to Managing Director Mr. M. A. Abraham, was revised effective for a period from 01-02-2003 to 23-10-2004. Revision in remuneration requires the approval of the Shareholders in General Meeting. Hence the item is placed before the Meeting for approval.

The Director Mr. M. A. Abraham and his relatives Mr. Reji Abraham and Mr. Renny Abraham are concerned or interested in the item of business.

Item No.8

Cameo Corporate Services Limited had been appointed as Registrar for Electronic Connectivity. In terms of Circular No. D & CC /FITTC/CIR-15/2002 dated 27th December 2002 of the Securities Exchange Board of India, M/s Cameo Corporate Services Limited have been appointed as Registrar for Physical Shares also for administrative and economical reasons.

In view of the above the Register of Members and Index of Members of the Company shall be kept with M/s Cameo Corporate Services Limited, the Company's Registrar's Office at Subramanian Building, No.1, Club House Road, Chennai – 600 002.

As per the provisions of Section 163 of the Companies Act, 1956 the Register of Members and Index of Members may be kept at any place other than the Registered Office of the Company, if the Company by a Special Resolution approves the same.

Accordingly the Resolution set out in Item No. 8 of the notice is being

placed before the Meeting for approval. An advance copy of the Special Resolution will be forwarded to the Registrar of Companies as per the provisions of the Act.

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

Item No.9

The Equity Shares of the Company are listed in Madras Stock Exchange Ltd, The Stock Exchange, Mumbai, National Stock Exchange of India Ltd and The Delhi Stock Exchange Association Ltd. But the shares are mainly traded only in The Stock Exchange, Mumbai and The National Stock Exchange of India Ltd.

The Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 allows Companies to seek Voluntary delisting of Securities, subject to fulfilment of certain conditions. However, the approval of the Board of Directors and the Members of the Company is required for delisting of Equity Shares from any Stock Exchange. In view of the above Board of Directors of the Company recommend the passing of Resolution under Item No. 9 of the notice.

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

By Order of the Board

Chennai
14th July 2003

C.P. Gopalkrishnan
Director (Finance) & Secretary



Aban Loyd Chiles Offshore Ltd.

Details of the Directors seeking re-appointment in Annual General Meeting to be held on 26th September 2003.

Name of Director	Mr. P. Murari	Mr.V. S. Rao	Mr. Reji Abraham
Date of Birth	19.08.1934	18.07.1929	23.06.1966
Date of Appointment as Director	18.09.1996	22.08.1991	09.02.1994
Date of Appointment as Wholetime Director	-	-	26.09.1997
Qualification	M.A., (Economics) Madras University	B.E., (Honours) Pune University	B.E., MBA
Experience in specific functional areas	Retired Civil Servant, I.A.S., Major Positions held in Government both at the Centre and in Tamil Nadu	Retired Company Executive 47 Years of Experience in Managerial Position in Leading Engineering Companies.	In Business for last 12 years
List of Public Limited Companies in India in which Directorship held	Bhoruka Power Corporation Limited Credit Capital Asset Management Co., Ltd Daurala Organics Limited HEG Limited Indian Rayon and Industries Limited Moving Picture Company (India) Ltd. Mukand Limited Glaxo SmithKline Consumer Health Care Ltd. South Asian Petrochem Ltd., Xpro India Limited.	Aban Energies Ltd. Saipem Aban Drilling Co. Ltd	Aban Energies Limited Ratan Plantations Limited Perunad Plantations Limited Frontier Aban Drilling (India) Ltd Aban Power Company Limited Asian Techs Limited
Memberships of Committees in the Company	Audit Committee	Chairman - Audit Committee	-
Membership of Committees in other Companies	Audit Committee Glaxo SmithKline Consumer Health Care Ltd. Indian Rayon and Industries Ltd. Moving Picture Company (India) Ltd. Mukand Ltd. Xpro India Ltd.	-	-
Chairmanship of Committees in other Companies	Shareholder's Grievance Committee Indian Rayon and Industries Ltd. Remuneration Committee Xpro India Ltd.	-	-

Of India's total Oil requirement, 69 per cent is imported. The annual cost of this import is estimated at Rs 84,000 cr. The gap between the supply and demand of crude oil is likely to increase over the years, raising this bill further, which justifies the existence of companies like Aban in their respective businesses.



aban

could be perceived as a threat to the integrity of a system has been increasingly and extensively explained. About 90 percent of the cases have been explained by the opportunity cost trapping of the employees. In a word, the increased result in the aggressive hire of offshore drilling services providers like Aban.



India's oil consumption, currently placed at 100 million MT, is expected to grow to 173 million MT by 2006 and 364 million MT by 2025. India's present-day domestic production meets only 30 per cent of its existing demand. This makes it imperative for India to explore for oil more aggressively than it has done in the past. As this transpires, there will be greater income opportunities for offshore drilling service providers like Aban.

7

aban

The Government's Hydrocarbon Vision 2025 envisages a programme for a comprehensive appraisal of all of India's basins by 2025. This is expected to lead to significant offshore oil and gas discoveries. This could also result in sustainable income opportunities for companies like Aban who have established dedicated long-term presence in the sector.

3

4

Report Junction.com

India has invited domestic and foreign companies to explore for oil and natural gas under the New Exploration Licensing Policy (NELP). NELP offers attractive exploration incentives. As a result, internationally reputed oil companies like Cairn Energy, Hardy Oil as well as Indian giants like Reliance have invested for the first time in this sector. Their entry has already begun to translate into the aggressive hiring of new rigs and robust day rates, benefitting offshore drilling service providers like Aban.