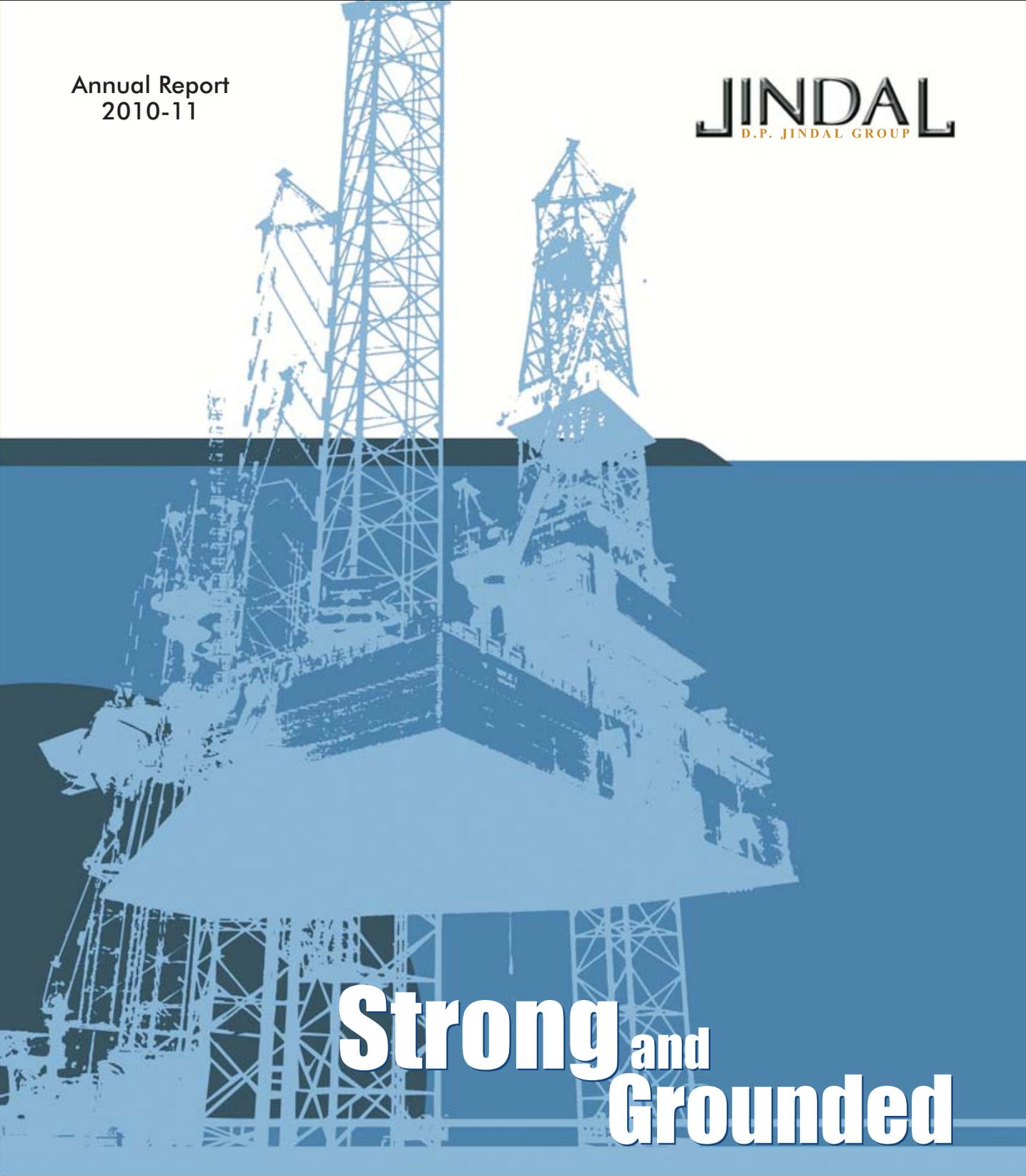


Annual Report  
2010-11

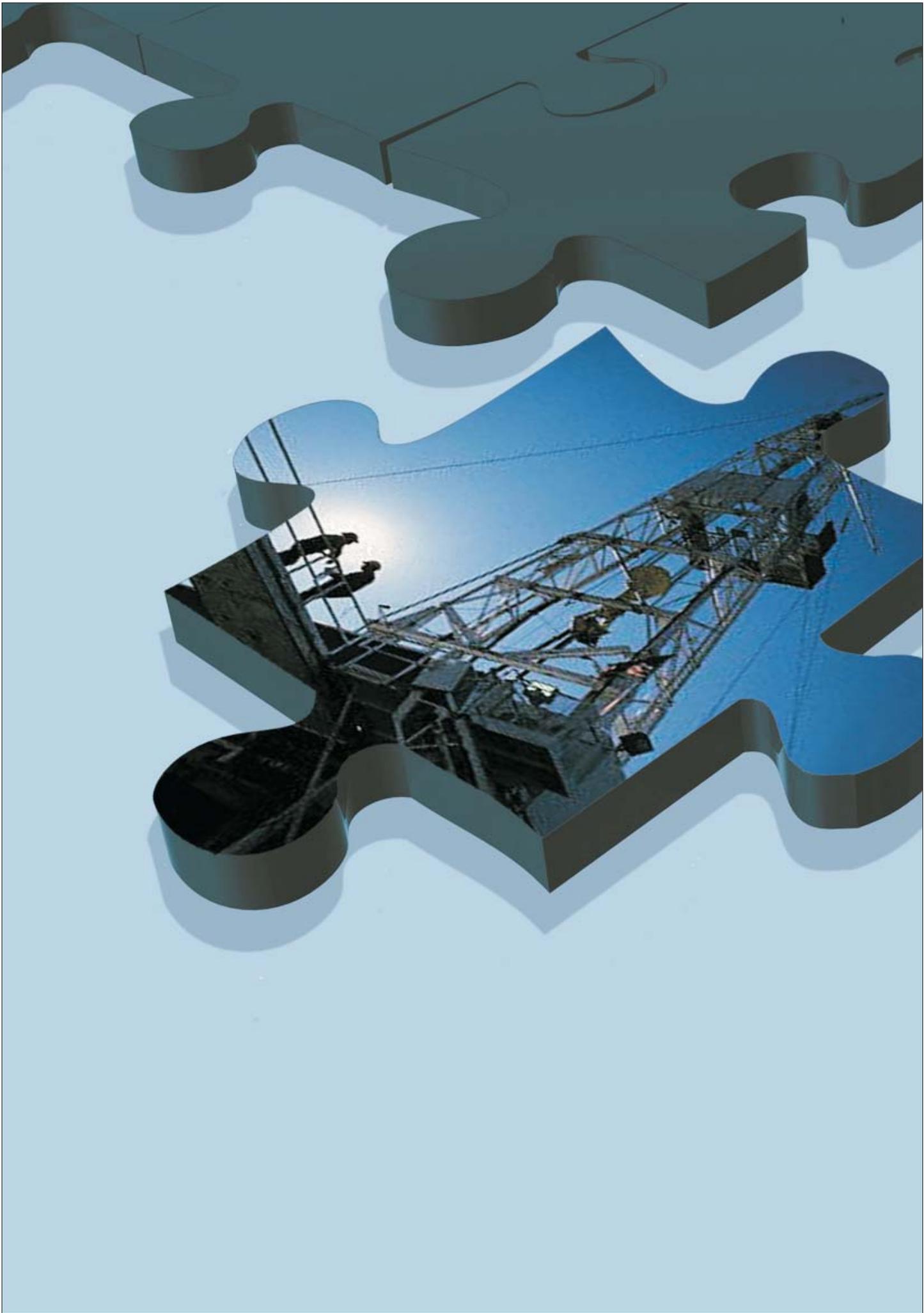
**JINDAL**  
D.P. JINDAL GROUP



**Strong** and  
**Grounded**

**JINDAL**  
DRILLING & INDUSTRIES LIMITED

**JINDAL DRILLING & INDUSTRIES LIMITED**





Putting things  
together in a  
strategic manner  
makes us stand firm  
despite global  
slowdown.

With our pursuit of following stronger strategies to achieve the long term future growth through greater operating efficiency including superior technology, competitive pricing and more productive usage of our assets, enabling us to create value that benefits our stakeholders and customers.

**JDIL- committed towards continued  
value creation and growth.**

# Offshore Drilling Services

Our primary focus is on Drilling Services business. Despite lowering charter rates due to volatile market dynamics the Company still continued to set firm footprints and successfully improved its bottomline. The profit before tax was Rs. 150.19 crore during the year as against Rs. 128.10 crore in the previous year. The profit after tax was Rs. 100.84 crore as against Rs. 84.14 crore in the previous year.



The newly built jack-up rig "Discovery I" has completed more than 2 years of incident-free operations with a good track record of drilling complicated wells in Vasai field in ONGC.

Second newly built jack-up rig "Virtue I" has also completed more than 2 years of service without any lost time incident clocking a remarkable figure of only 0.02% of Non Productive Time (NPT).



During the year, a few major contracts executed successfully came to a close. However, the Company bagged 4 long term contracts from ONGC and a couple of short term contracts from other operators.



## Chairman's Statement



D.P. Jindal  
Chairman

Dear Shareholders,

It gives me immense pleasure in presenting the results for the year 2010-11.

The year 2010-11 had been a steady year after recovery from the economic slow-down in the previous years. The major economies in the world were showing improvement. The steps taken by different countries to recover from the meltdown had proven to be effective and the economic indicators were giving positive signals to the world inspite of recent jitters on the debt front particularly in U.S.A. and Europe.

Looking into the Global energy arena, the crude witnessed increasing demand to fulfill the growth in demand of petroleum products. The crude oil prices have been quite volatile and were hovering between the levels of \$ 70-80 per barrel in August, 2010 to \$ 115-125 per barrel in January, 2011. The increase of almost 40% in crude oil prices significantly increased the revenues & profits for the Exploration & Production Companies enabling them to invest more in exploiting the reserves and enhance their risk taking capabilities.

However, recent incident of BP oil disaster in Gulf of Mexico and the resultant catastrophic oil spill, affecting several coastal zones of U.S.A., and the subsequent

sinking of Aban's rig off Venezuela coast, have impacted the overall sentiment of the industry, particularly, in deep sea operations. All these incidents, once again have highlighted the vagaries of oil exploration and there is a renewed focus on operational safety. In fact, these incidents are going to become game changer for the industry.

In Jindal, our credo always is "Safe Operation" and we do not spare anything to compromise our quality of operations and safe work culture.

As a precaution, we have revisited all our offshore operations and practices to further reinforce the 'safety audit' in our rig operations. We are happy to share with you that because of our continued focus, committed and dedicated operational crew, we have again achieved an "Incident Free" year, and look ahead with confidence for maintaining incident-free operational track record.

In the Indian Oil & Gas market, the year was quite an eventful year with the bold decision taken by the Government to remove the subsidies in petrol. The removal of subsidy has enhanced the net realization of the Oil & Gas companies during the period. The

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Upstream giant, Oil & Natural Gas Corporation (ONGC) has also been benefited with this move and is more strengthened financially with enhanced risk-taking capability. This move has also forced the downstream PSUs like HPCL, BPCL & IOCL to foray into E&P business with more aggression. In the years, it is expected that E&P investments are going to increase considerably as demand has been growing with excellent performance of Indian Economy in the past few years and new players are foraying in the Indian Oil & Gas market.

In the Indian Oil & Gas services business, the industry has been maturing and demanding the latest technology services. The industry is also moving away from the traditional business models and adopting the integrated business models in the services business. These developments have provided immense opportunities for the Indian Oil & Gas services Industry to expand into integrated services business.

Also, the Indian Oil & Gas industry is expanding its reach to more challenging environments like Coal Bed Methane and Shale gas which were not economically and technically feasible in the past. This would attract lot of new opportunities for the Oil & Gas Service providers, like your Company, in the Indian market in near future.

In the year 2010-11, your Company has given excellent performance in all of its business units, Rig Services, Directional Drilling Services & Mud Logging Services. The Company's all 5 rigs, Discovery I, Virtue I, Noble Charlie Yester, Noble Ed Holt & Noble George McLeod have been operating efficiently without any lost time

in operation. In the Directional Drilling Services unit, your company has been awarded 4 new long term contracts with ONGC in the year 2010-11. The Directional Drilling Services unit is strategically focusing to the niche market of small & medium sized E&P private players.

Your Company is also looking into new opportunities for integration in the changed business scenario of Indian Oil & Gas services business. Our focus will be on enhancing the value of your Company and achieve sustainable growth by integrating into the Oil & Gas services business. We are committed to provide excellent services to our valued customers with greater operating efficiency, competitive price offerings and enhanced productivity. We have been continuously focusing on improvement of our systems & procedures for improving the customer satisfaction levels.

As you have observed from the financial results, the Company achieved significant growth during the year 2010-11 and is committed to enhance the value of its shareholders in the coming years. I look forward to continued support, trust and participation of all in the growth of the Company.

I take this opportunity to thank all esteemed shareholders and employees of the Company, our bankers, our valuable clients, suppliers and contractors for their unstinted support and guidance for which I am deeply obliged.

Thank you,

**D.P. Jindal**

## Message from Managing Director



Raghav Jindal  
Managing Director

Dear Shareholders,

We have achieved commendable growth in the year 2010-11 showing superior performance. The company remained focused to perform efficiently and competitively in the industry. Being a professionally managed Organisation, we are continuously striving to upgrade our systems and processes for effective monitoring and control of the business as a whole. This has resulted in improvement in our operating efficiency and productivity during the year.

The customer has always been the centre of focus for our Company and our endeavour is to enhance customer satisfaction by providing quality services and add value to their businesses.

Financially, we were able to improve the bottom line by nearly 20% despite no significant change in the revenues. This is the result of our continuous efforts to remain cost efficient in the industry and to maintain competitive advantage.

The newly built jack-up rig, Discovery I, has completed more than 2 years incident-free operations with a good track record of drilling complicated wells in Vasai field of ONGC. Other newly built jack-up rig, Virtue I, has also completed more than 2 years of operation without

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any lost time incident clocking a remarkable figure of only 0.02% of Non Productive Time (NPT). During the year, the Noble Chartered Rig - Noble Charlie Yester, was awarded new contract and is operating successfully since June, 2010, after completing its previous contract in March, 2010. Another Noble rig, Noble Ed Holt, has been rehired by ONGC in Feb, 2010 and has been performing without any lost time incident and NPT of 0.1% only. Noble George Mcleod has also been operating without any lost time incident.

In the Directional Drilling Services Business, we have added new customers during the year leveraging and gained respect on reputation of quality and cost competitive service offerings.

During the year, JDIL has been awarded a long term contract for 4 mud logging units for a period of 3+1 years from Oil India Limited after successful completion of previous 3 year contract for 4 MLUs.

SAFE operation has always been our main focus and our approach has always been to achieve zero-incident operations at all drilling sites. Our employees are necessarily empowered to achieve SAFE operations at all our work sites. We continuously review our safety policy and carry out safety audit in our rigs periodically. The commitment of our Management Team duly supported by the operational crew has helped us to achieve "Incident-Free" year again.

We continuously look for opportunities in the oil & gas services business to strengthen our position in the industry and enhance our service portfolio. With increased crude prices in recent times and with improved

financials of E&P operators, we expect E&P operators to increase their capital spending and budget in the coming years, which is likely to create more opportunities for oil & gas service providers like us.

The Indian Oil & Gas services industry has been maturing and demanding latest technology services. The industry is also moving away from the traditional business styles and adopting the integrated business models in the services business. These developments have provided significant opportunities for the Indian Oil & Gas service industry to expand into related areas. We intend to avail this opportunity for sustainable growth in the coming years by adding new lines of business.

I would like to take this opportunity to thank my team members for their dedication and support for another year of excellent results.

Thank you,

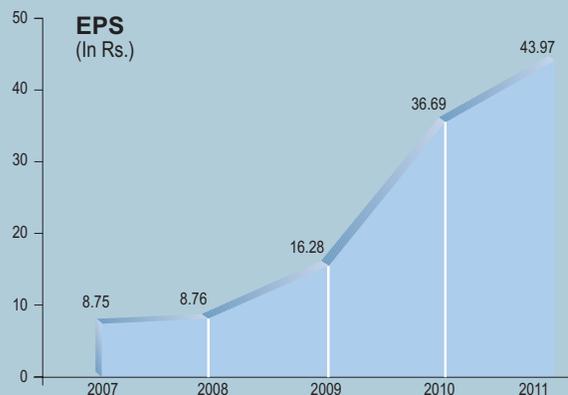
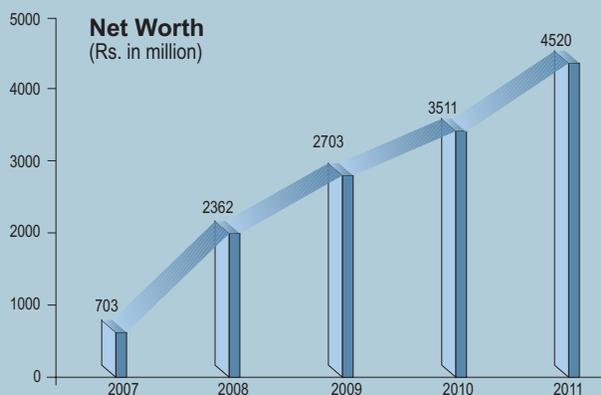
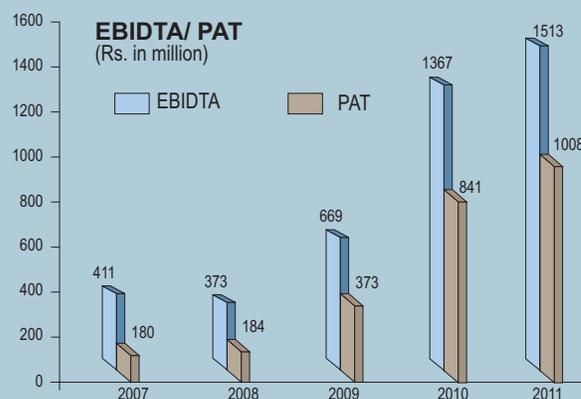
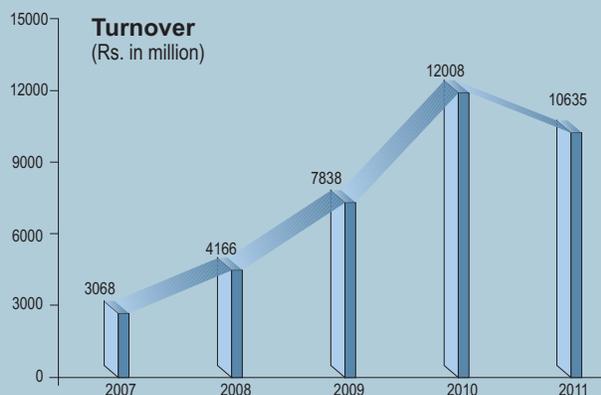
**Raghav Jindal**

# FINANCIAL HIGHLIGHTS

(Rs. in million)

Particulars	FY07 Audited	FY08 Audited	FY09 Audited	FY10 Audited	FY11 Audited
Income from Operations	3045	4128	7778	11954	10526
Other Income	23	38	60	54	109
Total Income	3068	4166	7838	12008	10635
PBIDT	434	411	728	1421	1622
Operating Profit (EBIDTA)	411	373	669	1367	1513
Interest & Financial Charges	41	33	27	19	9
Depreciation	100	90	128	121	111
Tax	93	67	148	423	507
Deferred Tax	20	37	52	17	-13
Profit After Tax (PAT)	180	184	373	841	1008
Cash Profit	300	311	553	979	1106
Equity Share Capital	103	115	115	115	115
Net Worth	703	2362	2703	3511	4520
<b>Ratios</b>					
EBIDTA as % of Sales	13.5	9.0	8.6	11.44	14.37
PAT as % of Sales	5.9	4.4	4.8	7.04	9.57
ROCE (%) (Annualised)	17.8	11.4	11.5	22.21	22.37
RONW (%) (Annualised)	25.6	16.05	13.8	23.95	22.30
Basic EPS (Annualised) *	8.75	8.76	16.28	36.69	43.97
Gross Block of Fixed Assets	564	1023	1275	1294	1288

\*Computed on the face value of Rs. 5/- per share.



## BOARD OF DIRECTORS

D.P. Jindal Chairman  
Raghav Jindal Managing Director  
K.K. Khandelwal  
Vijay Kaushik

## AUDIT COMMITTEE

K.K. Khandelwal Chairman  
D.P. Jindal  
Vijay Kaushik

## CHIEF FINANCIAL OFFICER

S. N. Ajmera

## COMPANY SECRETARY

Rajeev Ranjan

## AUDITORS

S.S.Kothari Mehta & Co.  
Chartered Accountants  
New Delhi

## BANKERS

State Bank of Patiala  
State Bank of Mysore  
Standard Chartered Bank  
ICICI Bank Limited

## REGISTERED & CORPORATE OFFICE

Plot No .30, Institutional Sector-44  
Gurgaon-122 002, Haryana

## HEAD OFFICE

2nd Floor, 5 Pusa Road, New Delhi-110 005

## MUMBAI OFFICE

3rd Floor, Keshava Building,  
Bandra Kurla Complex,  
Bandra (East), Mumbai-400 051

## OFFSHORE DRILLING

Rigs and Directional Drilling Equipments  
operating in Mumbai Offshore.  
Mud-logging operations Onshore & Offshore.

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Proxy Form & Attendance Slip	Annexed



Member: International Association of Drilling Contractors, Houston, Texas, USA

**NOTICE**

Notice is hereby given that the 27th Annual General Meeting of the Members of Jindal Drilling & Industries Limited will be held on Tuesday, the 20th September, 2011 at 12.15 P.M. at Narsi Banquet, Palam Vihar, Gurgaon - 122017 (Haryana) to transact the following business:

**ORDINARY BUSINESS:-**

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2011 and the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Vijay Kaushik, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. G. Sanyal & Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting of the Company in place of M/s. S.S. Kothari Mehta & Co., Chartered Accountants, who have expressed their unwillingness to be re-appointed, as Auditors of the Company, and to fix their remuneration.

Place : Gurgaon

Dated : 3rd August, 2011

**Regd. & Corp. Office:**

Plot No. 30, Institutional Sector-44,  
Gurgaon, Haryana -122002

By order of the Board

**RAJEEV RANJAN**  
Company 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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Form of proxy is separately annexed. The proxy must be deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.

2. Members / Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting and also the Attendance Slip duly filled in for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27th August, 2011 to 31st August, 2011 (both days inclusive) for the purpose of determining the shareholders, entitled to dividend for the year ended 31st March, 2011, if declared at the Annual General Meeting on 20th September, 2011. Dividend on shares, when declared, will be paid only to those members whose names are registered as such in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 26th August, 2011 and to the Beneficial Holders as per the Beneficiary List as on 26th August, 2011 provided by the NSDL and CDSL. Subject to the provisions of 206A of the Companies Act, 1956, dividend if declared at the meeting, will be payable on or after 24th September, 2011.
4. Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of bank details already printed on dividend warrants as per information received from the concerned Depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.
5. Members desirous of getting any information in respect of Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office of the Company so as to reach at least 7 days before the date of the meeting so that the required information can be made available at the meeting.
6. **The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit. Keeping in view the underlying theme and the circular issued by MCA, we propose to send all documents to be sent to Shareholders like General Meeting Notices (including AGM), Annual Report etc. henceforth to the shareholders in electronic form, to the e-mail address provided by them and made available to us by the Depositories. Please note that these documents will also be available on the Company's website [www.jindal.com](http://www.jindal.com) for download by the shareholders. In case you desire to receive the above mentioned documents in physical form, you are requested to send an e-mail to [secretarial@jindaldrilling.in](mailto:secretarial@jindaldrilling.in). Please note that you will be entitled to be furnished free of cost, with a copy of the Annual Report of the Company, upon receipt of a requisition from you, any time, as a member of the Company.**

**Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register their e-mail addresses with Alankit Assignments Limited, Registrar and Share Transfer Agents of the Company.**

7. In accordance with the provisions of the Companies Act, 1956, the amount of dividend which remains unpaid or unclaimed for a period of 7 years are to be transferred to the Investor Education and Protection Fund constituted by the Central Government and shareholders are not able to claim any amount of dividend so transferred to the Fund.

Details of dividend declared for the financial years from 2003-04 onwards are given below:

Year	Date of Declaration	%age	Per share
2003-04	20.09.2004	25	Rs.2.50*
2004-05	09.09.2005	25	Rs.2.50*
2005-06	15.12.2006	25	Rs.2.50*
2006-07	21.09.2007	5	Rs.0.50*
2007-08	20.08.2008	25	Rs.2.50*
2008-09	09.09.2009	25	Rs.1.25
2009-10	10.09.2010	25	Rs.1.25

\* Face value of Rs.10/- per equity share

**Shareholders who have not yet encashed their dividend warrants are requested in their own interest to claim the outstanding dividend before it falls due for transfer to the aforesaid Fund.**

8. National Electronic Clearing Service (NECS) Facility:

(a) Members holding shares in physical form who wish to avail NECS facility may authorize the Company with their NECS mandate in the prescribed form, which can be downloaded from the Company's website ([www.jindal.com](http://www.jindal.com)) or can be obtained from the Registered Office of the Company. Requests for payment of dividend through NECS should be lodged latest by 5th September, 2011 at the registered office of the Company at Plot No. 30 Institutional Sector - 44, Gurgaon – 122002 (Haryana).

(b) Members holding shares in demat form who wish to avail NECS facility, may send NECS mandate in the prescribed form to their respective Depository Participants.

9. Details of the Director seeking reappointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement):

Name	Shri Vijay Kaushik
Age	57 Years
Qualifications	Law Graduate
Expertise in specific functional area	Having wide industrial experience.
Date of appointment as Director of the Company	26.03.2009
Directorship of other Companies	Vibhor Steel Tubes Pvt. Limited
Chairman/Member of Committees of other Companies	Nil
No. of shares held	Nil
Inter-se relationship with other Directors	Nil

The Board of Directors of the Company recommends the re-appointment of Shri Vijay Kaushik.

10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names recorded in the Register of Members will be entitled to vote. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the Board resolution authorising their representative to attend and vote at the meeting.
11. All documents referred to in the notice are open for inspection at the Registered Office of the Company between 10 a.m. to 1 p.m. on any working day upto the date of Annual General Meeting and also at the meeting.

#### **EXPLANATORY STATEMENT IN RELATION TO ITEM NO. 4**

M/s. S.S. Kothari Mehta & Co., Chartered Accountants, the retiring auditors of the Company have expressed their unwillingness to be reappointed as Statutory Auditors of Company at the ensuing Annual General Meeting of the Company. It is, therefore, proposed to appoint G. Sanyal & Co., Chartered Accountants as Statutory Auditors in their place on the terms stated in the resolution in the accompanying Notice.

M/s. G. Sanyal & Co., Chartered Accountants, have furnished a letter conforming their eligibility and consent to act as the Company's Auditors, if appointed by the members at the ensuing Annual General Meeting.

## DIRECTORS' REPORT

To the Members,

Your Directors present the 27th Annual Report along with Audited Accounts of the Company for the year ended 31st March, 2011.

## FINANCIAL RESULTS

(Rs. in crore)

	<u>2010-11</u>	<u>2009-10</u>
<b>Total Income</b>	<b>1063.53</b>	1200.81
Profit before Depreciation	<b>161.28</b>	140.20
Less: Depreciation	<b>11.09</b>	12.10
<b>Profit before Tax</b>	<b>150.19</b>	128.10
Less: Provision for Tax		
- Current	<b>50.71</b>	42.29
- Deferred	<b>(1.33)</b>	1.68
- Earlier years	<b>(0.02)</b>	(0.01)
<b>Profit after Tax</b>	<b>100.84</b>	84.14
Balance brought forward from previous year	<b>21.42</b>	20.62
Profit available for appropriation	<b>122.26</b>	104.76
<b>Appropriations</b>		
- Transfer to General Reserve	<b>10.00</b>	80.00
- Proposed Dividend	<b>1.15</b>	2.86
- Provision for Tax on Dividend	<b>0.18</b>	0.48
- Balance carried forward to Balance sheet	<b>110.93</b>	21.42
	<b>122.26</b>	<b>104.76</b>

## DIVIDEND

Your Directors are pleased to recommend dividend of Re. 0.50/- (i.e. 10%) per equity share of Rs. 5/- each of the Company for the year 2010-11.

## OPERATIONS

Total income of the Company during the year was Rs. 1063.53 crores as against Rs. 1200.81 crores in the previous year. The profit before tax during the year increased by 17.24 % to Rs. 150.19 crores from Rs. 128.10 crores. The profit after tax was Rs. 100.84 crores as against Rs. 84.14 crores in the previous year increasing by 19.85 %.

The Company has been operating rig fleet of five Jack up Rigs, fifteen Directional Drilling equipments and four Mud logging units.

## JOINT VENTURE COMPANIES

Your Company has two Joint Venture Companies, namely, Discovery Drilling Pte Limited (DDPL), Singapore and Virtue Drilling Pte Limited (VDPL), Singapore.

The working of both the Joint Venture Companies are reported to be as envisaged and both rigs are operating under their first contracts respectively.

## DIRECTORS

Shri Vijay Kaushik retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

The Board of Directors of the Company, having lost confidence in Shri Naresh Kumar, terminated his services as Managing Director of the Company w.e.f. 24th September, 2010. Shri Naresh Kumar subsequently resigned as Director of the Company, w.e.f. 30th March, 2011.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) that in the preparation of the Annual Accounts for the year ended 31st March, 2011, the applicable accounting standards have been followed;
- (ii) that the accounting policies selected and applied are consistent and the judgments and estimates made 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 financial year and of the profit of the Company for that period;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Annual Accounts for the year ended 31st March, 2011 have been prepared on a going concern basis.

## **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance along with Auditors certificate on its compliance has been annexed as part of this Report.

## **AUDITORS**

M/s S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, the retiring Auditors, have expressed their unwillingness to be re-appointed as Statutory Auditors at the ensuing Annual General Meeting of the Company.

M/s. G. Sanyal & Co., Chartered Accountants have furnished a letter conforming their eligibility and consent to act as Auditors of the Company, if appointed, at the ensuing Annual General Meeting of the Company.

The observations of the Auditors are explained wherever necessary in the appropriate Notes on Accounts.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto.

## **PARTICULARS OF EMPLOYEES**

Particulars of employees, as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report.

However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956, this report is being sent to shareholders of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

## **FIXED DEPOSITS**

The Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

## **ACKNOWLEDGEMENT**

The Board expresses its grateful appreciation of the assistance and co-operation received from Central and State Governments, Clients viz. ONGCL, Oil India, OILEX, GSPC, Geo Enpro, Canoro, Banks & Financial Institutions and Shareholders.

Your Directors wish to place on record their deep sense of appreciation for the devoted contribution made by the employees & associates at all levels.

For & on behalf of the Board

Place : Gurgaon

Dated : 3rd August, 2011

**D.P.JINDAL**  
Chairman

## ANNEXURE 'A' TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

### A. CONSERVATION OF ENERGY

- a. Energy Conservation measures taken.  
Since the Company has not undertaken any production activity, hence not applicable.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.  
Not Applicable
- c. Impact of measures at a. & b. above for reduction of energy consumption and consequent impact on the cost of production of the goods.  
Not Applicable
- d. Total energy consumption and energy consumption per unit of production –Particulars in Form 'A' are not required, as there is no production.

### B. TECHNOLOGY ABSORPTION

- e. Efforts made in technology absorption - As per Form 'B' annexed.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- f. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans.

The Company's business does not directly result in physical exports but results in import substitution and conservation of valuable foreign exchange.

- g. Total foreign exchange used and earned (2010-11)

Used - Rs 807.93 crore

Earned - Rs 1034.55 crore

The Foreign Exchange earned relates to payment received for sales and services rendered to Oil sector.

## FORM B

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

#### RESEARCH AND DEVELOPMENT (R&D)

- |   |   |     |
|---|---|-----|
| 1. Specific areas in which R&D carried out by the Company | : | Nil |
| 2. Benefits derived as a result of above R&D              | : | Nil |
| 3. Future plan of action                                  | : | Nil |
| 4. Expenditure on R&D                                     | : | Nil |

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation.

Total quality management has been the prime thrust area. The Company has been making consistent efforts for replacement of expatriate crew by training the Indian crew on the Rigs.

2. Benefits derived as a result of the above efforts

Offshore Drilling is import substitution business and results in foreign exchange savings. Import substitution of stores and spares to the maximum extent possible was undertaken by the Company on a regular basis.

3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) the prescribed information may be furnished:

- |   |   |                |
|---|---|----------------|
| 1. Technology Imported  | : | Nil            |
| 2. Year of Import   | : | Not applicable |
| 3. Has Technology been fully absorbed                           | : | Not applicable |
| 4. If not fully absorbed, areas where this has not taken place. | : | Not applicable |

## **CORPORATE GOVERNANCE REPORT**

The pursuit towards achieving good governance is an ongoing process at Jindal Drilling & Industries Ltd. (JDIL), as a conscious effort. The Company always focuses on good corporate governance - which is a key driver of sustainable corporate growth and long-term value creation. Your Company believes in conducting its affairs with the highest levels of integrity, with proper authorisations, accountability, disclosure and transparency.

The details of the Corporate Governance compliance by the Company as per the Clause 49 of the Listing Agreement with Stock Exchanges are as under

### **A COMPLIANCE OF MANDATORY REQUIREMENTS:**

#### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Corporate governance is the system by which companies are directed and managed. Good corporate governance structure encourages Companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved.

Jindal Drilling believes in ensuring true Corporate Governance Practices to enhance long term shareholders' value through corporate performance, transparency, integrity and accountability.

#### **2. BOARD OF DIRECTORS**

##### **Composition**

The Board of Directors of the Company consists of an optimal mix of Executive Directors and Independent Professionals who have in-depth knowledge of business, in addition to expertise in their areas of specialization. The Directors bring in expertise in the fields of human resource development, strategy, management, finance and economics among others. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that management adheres to high standards of ethics, transparency and disclosure.

As on 31st March, 2011 the Board consisted of 5 Directors including one Non-Executive Chairman who is also a promoter of the Company, one Managing Director and the rest were Non- Executive Directors. The Board meets the requirement of not less than one half being independent Directors. The size and composition of the Board conforms the requirements of Clause 49 of the Listing Agreement (Corporate Governance Code) with the Stock Exchanges.

None of the Directors hold Chairmanship of more than 5 Committees or Membership in more than 10 committees of the Companies.

##### **Board Functioning & Procedure**

Jindal Drilling believes that at the core of its corporate governance practice is the Board, which oversees how the management serves and protects the long-term interests of all stakeholders of the company. An active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

Jindal Drilling believes that composition of Board is conducive for making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interests of the Company as a whole rather than of individual shareholders or interest groups.

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board meets at least once in every quarter to review the quarterly results and other items of agenda as required under Annexure 1A of Clause 49 of Listing Agreement, and if necessary, additional meetings are held. The Chairman of the Board and the Company Secretary discuss the items to be included in the agenda and the agenda is sent in advance to the Directors along with the draft of relevant documents and explanatory notes.

During the financial year 2010-11, 8 (Eight) Board Meetings were held on 11th May, 2010, 19th May, 2010, 23rd May, 2010, 12th August, 2010, 8th September, 2010, 24th September, 2010, 9th November, 2010 and 31st January, 2011.

The Composition of Board of Directors, their shareholding, attendance during the year and at the last Annual General Meeting, Number of other Directorships, Committee memberships and Chairmanships held by them as at 31st March, 2011 are given below:

Directors	Category	Shares Held	Attendance		No. of other Directorships and Committee Memberships/ Chairmanships held \$		
			Board Meeting	Last AGM	Directorships	Committee Memberships	Committee Chairmanships
Shri D. P. Jindal	NE-P-C	12920	8	Yes	4	1	-
Shri Raghav Jindal	MD-P	5300	8	Yes	7	-	-
Shri Naresh Kumar*	MD-P	27140	6	Yes	-	-	-
Shri K. K. Khandelwal	NE-I	1650	8	Yes	-	-	-
Shri S.D. Sharma	NE-I	-	7	-	1	-	-
Shri Vijay Kaushik	NE-I	-	4	Yes	1	-	-
Shri Marc Desaeleer**	NE-I	-	-	-	-	-	-
Shri I.N.Chatterjee***	WTD	-	-	-	-	-	-

C = Chairman, MD = Managing Director, NE = Non-Executive Director, P = Promoter, I = Independent,

\$ Includes Directorships and Committee Memberships/ Chairmanships in Public Limited Companies

\* Ceased to be the Managing Director of the Company w.e.f. 24th September, 2010 and also resigned as Director w.e.f. 30th March, 2011

\*\* Resigned as Director w.e.f. 10th May, 2010

\*\*\* Resigned as Director w.e.f. 11th May, 2010

#### Note:

1. Only Audit and Shareholders'/ Investors' Grievance Committees are considered.
  2. Excludes directorship in private/foreign companies and alternate directorship.
  3. All the independent Directors fulfill the minimum age criteria i.e. 21 years as specified in Clause 49 of the listing agreement.
- No Director is related to any other Director on the Board in terms of the definition of "relative" under the Companies Act, 1956, except Shri Raghav Jindal, who is the son of Shri D.P. Jindal.

### CODE OF CONDUCT

The Board of Directors has adopted the Code of Conduct and Ethics for Directors and Senior Management personnel. The Code has also been posted on the Company's website [www.jindal.com](http://www.jindal.com)

The Code has been circulated to all members of the Board and senior management personnel and the compliance with the Code of Conduct and Ethics is affirmed by them annually.

A declaration signed by the CEO and Managing Director of the Company is given below:

This is to certify that all Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct for Directors and Senior Management for the financial year ended on March 31, 2011.

**RAGHAVJINDAL**  
Managing Director

Dated : 3rd August 2011

### 3. AUDIT COMMITTEE

#### BROAD TERMS OF REFERENCE

The terms of reference of this Committee covers the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The broad terms of reference of Audit Committee include inter-alia the following:-

- Review quarterly and annual financial statements before submission to the Board for approval;
- Discuss with Auditors about Internal Control System and to consider their observations and follow-up;
- Review of risk management policies and practices;
- Ensure compliance of Internal Control System;
- Investigate on any matter referred by the Board;
- Make recommendation to the Board on any matter relating to the financial management of the Company, including the Audit Report.

### COMPOSITION

The Audit Committee of the Company comprises of 3 Directors consisting of 1 Promoter Non-executive Director and 2 Independent Non-executive Directors. All members of the Committee possess knowledge of Corporate Finance, Accounts and Company Law. The Chairman of the Committee is an Independent Non-executive Director and was present at the last Annual General Meeting of the Company. The Audit Committee meetings are held generally at the Corporate Office of the Company and are attended by the Internal & Statutory Auditors, Accounts and Finance Heads. The Company Secretary acts as the Secretary to the Audit Committee.

The minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

During the year under review 5 (Five) Audit Committee Meetings were held on 10th May, 2010, 19th May, 2010, 12th August, 2010, 9th November, 2010 and 31st January, 2011. The composition of Audit Committee and attendance at its meeting is as follows:

Members	Designation	No. of Meetings attended
Shri K.K. Khandelwal	Chairman	5
Shri D.P. Jindal	Member	5
Shri S.D. Sharma	Member	5

### INTERNAL AUDITORS

The Company has appointed Kanodia Sanyal & Associates, Chartered Accountants as Internal Auditors w.e.f 1st October, 2010 in place of Anil Nupur & Co. to review the internal control systems of the Company and to report thereon. The reports of the Internal Auditors are reviewed by the Audit Committee.

## 4. REMUNERATION TO DIRECTORS

The Company does not have a Remuneration Committee. Detailed terms of appointment of the Managing Director and Whole-time Director are governed under Board and Members resolutions. None of the Non-Executive Directors draw any remuneration from the Company except sitting fees for attending meetings of the Board of Directors and Audit Committee.

Details of Directors Remuneration:

The details of remuneration paid to the Directors during the financial year ended 31st March, 2011 are as under:

a) The Details of remuneration paid to Managing Director are as under:

(Amount in Rs.)

Name	Salary	Perquisites & other benefits	Total
Shri Raghav Jindal	3,000,000	58,467	3,058,467
Shri Naresh Kumar	1,450,000	1,438,584	2,888,584
Shri I.N. Chatterjee	284,516	-	284,516

The tenure of the appointment of Shri Raghav Jindal as Managing Director is for a period of 5 years w.e.f. 2nd February 2010.

- Shri Naresh Kumar ceased to be Managing Director w.e.f. 24th September, 2010
- Shri I. N. Chatterjee ceased to be Whole time Director w.e.f. 11th May, 2010

- b) The Non Executive Directors are paid by way of sitting fees for each meeting of the Board of Directors and Audit Committee attended by them. The details of remuneration paid to Non Executive Directors are as under.

(Amount in Rs.)

Director	Sitting Fees
Shri D. P. Jindal	145,000
Shri K. K. Khandelwal	145,000
Shri S.D. Sharma	135,000
Shri Vijay Kaushik	80,000

Apart from receiving Directors remuneration by way of sitting fee for attending each meeting of the Board and Audit Committee, none of the Non Executive Directors had any pecuniary relationship or transactions with the company during the year ended 31st March, 2011.

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE CUM SHARE TRANSFER COMMITTEE

### FUNCTIONS

The Board has constituted a Committee under the Chairmanship of a Non-Executive Director. The Committee generally meets twice in a month, to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificates and reviews the status of investors' grievances and redressal mechanism and recommends measures to improve the level of investor services. Details of shares transfers/transmissions approved by the Committee are placed at the Board Meetings from time to time.

### COMPOSITION

The constitution of the Shareholders'/ Investors' Grievance cum Share Transfer Committee as on 31st March, 2011 was as under:-

Name of the Members	Designation
Shri S. D. Sharma	Chairman
Shri Raghav Jindal	Member
Shri K. K. Khandelwal	Member

### COMPLIANCE OFFICER

The Board has designated Shri Rajeev Ranjan, Company Secretary as Compliance Officer.

### DETAILS OF SHAREHOLDERS'/INVESTORS' COMPLAINTS RECEIVED AND ATTENDED

Number of Shareholders'/Investors' Complaints received during the period 01.04. 2010 to 31.03.2011	7
Number of Complaints attended/resolved	7
Number of pending complaints as on 31.03.2011	NIL

## 6. GENERAL BODY MEETINGS

- (i) Details of the last three Annual General Meetings:

Financial year	Date	Location of the Meeting	Time
2007-08	20.08.2008	Apparel House, Institutional Sector – 44, Gurgaon – 122 002 (Haryana)	11.45 A.M.
2008-09	09.09.2009	Unitech Country Club, Block – E, South City – I, Gurgaon – 122 001	12.15 P.M.
2009-10	10.09.2010	Unitech Country Club, Block – E, South City – I, Gurgaon – 122 001	12.15 P.M.

(II) Special Resolutions passed in the previous three AGMs.

- a) In the AGM held on 20.08.2008 :
- i) Alteration in Articles of Association of the Company pursuant to splitting of Equity Shares from one Equity Share of Rs. 10/- each into two Equity Shares of Rs. 5/- each.
  - ii) Appointment of Shri Manav Kumar, son of Managing Director, as Advisor of the Company pursuant to Section 314 of the Companies Act, 1956.
  - iii) To approve 'Jindal Drilling & Industries Limited Stock Based Incentive Plan 2008' of the company.
- b) In the AGM held on 09.09.2009 : Appointment of Mr. I.N. Chatterjee as Whole-time Director.
- c) In the AGM held on 10.09.2010 : i) Deletion of Chapter – II from the Article of Association
- (iii) No special resolution was passed through postal ballot during the year 2010-11. No special resolution is proposed to be conducted through postal ballot.

## 7. DISCLOSURES

i) Related Party Transactions

There have been related party transactions, as reflected in notes to the accounts but they are not in conflict with the interest of the Company.

ii) Accounting Standards

The Company follows the Accounting Standards laid down by the Institute of Chartered Accountant of India and there has been no deviation during the year.

iii) Details on Non Compliance

There are no instances of non-compliance by the Company on any matter relating to the Capital Market during the last 3 years.

iv) Risk Management

The Company has detailed Risk Management Policy and the Board periodically review the procedures for its effective management.

v) CEO/CFO Certificates

Shri Raghav Jindal, Managing Director and Shri S.N. Ajmera, CFO have furnished the required certificate to the Board of Directors pursuant to Clause 49 of the Listing Agreement.

## 8. MEANS OF COMMUNICATION

The Company's financial results are communicated forthwith to all the Stock Exchanges with whom the Company has listing arrangements as soon as they are approved and taken on record by the Board of Directors of the Company. Thereafter the results are normally published in Economic Times, Business Standard, and Regional newspapers. The Financial Results, Press Releases and Presentations made to institutional investors are also available on the Company's website **www.jindal.com**.

Designated Exclusive e-mail ID: The Company has designated the following e-mail ID exclusively for investor grievance redressal:- **secretarial@jindaldrilling.in**

## 9. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting:

Date & Time : 20th September, 2011 at 12.15 P.M.

Venue : Narsi Banquet, Palam Vihar, Gurgaon - 122 017 (Haryana)

b) Period : 1st April 2010 to 31st March, 2011

c) Book Closure : Saturday, 27th August, 2011 to Wednesday, 31st August, 2011

d) Dividend : Re. 0.50/- per share (i.e. @ 10%) for the year ended 31st March, 2011, If approved by the members, would be payable on or after 24th September, 2011.

### Financial Calendar (Tentative):

- Un-audited Financial results for the quarter ending 30th June, 2011 July/Aug 2011
- Un-audited Financial results for the quarter ending 30th September, 2011 Oct/Nov 2011
- Un-audited Financial results for the quarter ending 31st December, 2011 Jan/Feb 2012
- Un-audited Financial results for the quarter/year ending 31st March, 2012 April/May 2012

### Listing on Stock Exchanges:

The Equity Shares of the Company are listed at the following Stock Exchanges:

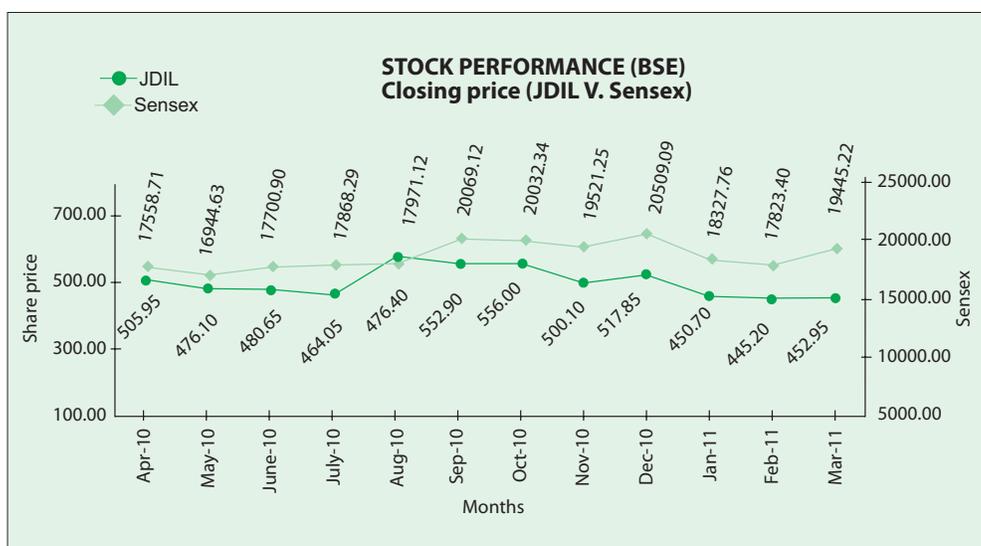
- i) Bombay Stock Exchange Limited, 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001.
- ii) National Stock Exchange of India Limited, 'Exchange Plaza', Bandra - Kurla Complex, Bandra (East), Mumbai- 400 051.

The listing fee for the financial year 2011-12 has been paid to NSE and BSE.

<b>Stock Code:</b>	BSE	<b>511034</b>
	NSE	JINDRILL
	NSDL/ CDSL – ISIN	INE742C01031

### Stock Market Price Data for the year 2010-11

Month	JDIL BSE Price (Rs.)			BSE SENSEX (Rs.)		
	High	Low	Month Close	High	Low	Month Close
April, 2010	551.45	470.00	505.95	18047.86	17276.80	17558.71
May, 2010	529.50	448.00	476.10	17536.86	15960.15	16944.63
June, 2010	500.00	445.00	480.65	17919.62	16318.39	17700.90
July, 2010	499.00	462.00	464.05	18237.56	17395.58	17868.29
August, 2010	668.25	461.00	576.40	18475.27	17819.99	17971.12
September, 2010	644.90	538.35	552.90	20267.98	18027.12	20069.12
October, 2010	638.40	547.00	556.00	20854.55	19768.96	20032.34
November, 2010	587.00	475.10	500.10	21108.64	18954.82	19521.25
December, 2010	543.95	458.00	517.85	20552.03	19074.57	20509.09
January, 2011	534.60	440.10	450.70	20664.80	18038.48	18327.76
February, 2011	479.75	416.00	445.20	18690.97	17295.62	17823.40
March, 2011	508.00	440.00	452.95	19575.16	17792.17	19445.22



### Distribution of shareholding as on 31st March 2011

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	13600	95.76	954958	4.17
501 to 1000	331	2.33	257224	1.12
1001 to 10000	218	1.54	589818	2.57
10001 to 100000	24	0.17	926199	4.04
100001 to 500000	19	0.13	4561993	19.89
500001 and above	10	0.07	15640912	68.21
<b>GRAND TOTAL</b>	<b>14202</b>	<b>100.00</b>	<b>22931104</b>	<b>100.00</b>

### Shareholding Pattern as on 31st March, 2011:

CATEGORY	NO. OF SHARES HELD	% OF HOLDING
Promoters	17182092	74.93
Financial Institutions, Mutual Funds, Banks	1414	0.00
Foreign Institutional Investors	50146	0.22
Bodies Corporate	3425299	14.94
Indian Public	1436265	6.26
NRIs / OCBs	835888	3.65
<b>Grand Total</b>	<b>22931104</b>	<b>100.00</b>

As on 31st March, 2011- 68,77,800 Equity Shares ( constituting 29.99 % of the Share Capital of the Company) were pledged by the Promoters. The pledge of shares, by the promoters, has since been released.

### Dematerialization of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialized form. As on 31st March, 2011, 99.37 % of total equity shares were held in dematerialized form.

### Outstanding GDR / Warrants and Convertible Bonds, conversion date and likely impact on equity:

There is no outstanding GDR/Warrants and Convertible Bonds etc.

Operations : Rig & Directional Drilling equipments operating at Mumbai offshore.  
: Mud logging operations onshore & offshore.

### Registrar and Share Transfer Agents:

Alankit Assignments Limited, Alankit House,  
2E/21, Jhandelwaln Extension,  
New Delhi – 110 055  
Phone: 011-23541234, 42541234  
Fax: 011-42541967  
E-mail: rta@alankit.com

**Share Transfer System:**

Share transfer requests received in physical form are registered within 30 days from the date of receipt and demat requests are normally confirmed within the prescribed time from the date of receipt.

**Investor correspondence address**

Shareholders correspondence should be addressed to the Registrar and Transfer Agents at the address given here above. Shareholders holding shares in dematerialized form should address all their correspondence to their respective Depository Participants.

**B. NON-MANDATORY REQUIREMENTS****(1) CHAIRMAN OF THE BOARD**

The Company has a Non-executive Chairman and expenses incurred in performance of his duties are paid by the Company.

**(2) REMUNERATION COMMITTEE**

The Company does not have any Remuneration Committee. The remuneration of Managing Directors and Whole-time Director is being approved by the Board of Directors and shareholders.

**(3) SHAREHOLDERS' RIGHTS**

As the Company's quarterly results are published in leading English newspapers having circulation all over India and in a Hindi newspaper widely circulated in the region, the same are not sent to each household of shareholders.

**(4) AUDIT QUALIFICATIONS**

There are no Audit Qualifications in the Auditors' Report.

**(5) TRAINING OF BOARD MEMBERS**

At present, the Company does not have such a training programme for the Board Members.

**(6) MECHANISM FOR EVALUATING NON-EXECUTIVE BOARD MEMBERS**

At present, the Company does not have such a mechanism as contemplated for evaluating the performance of Non-Executive Board Members.

**(7) WHISTLE BLOWER POLICY:**

The Company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.

## **CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members of

### **JINDAL DRILLING & INDUSTRIES LIMITED**

We have examined the compliance of conditions of corporate governance by **JINDAL DRILLING & INDUSTRIES LIMITED** for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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 S.S. KOTHARI MEHTA & CO.**

Chartered Accountants  
Firm's Regn. No. 000756N

**K.K.TULSHAN**

Partner  
Membership No. 085033

Place : Gurgaon

Date : 3rd August, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS

Forming part of the Directors' Report for the year ended March 31, 2011.

### INDUSTRY STRUCTURE AND DEVELOPMENT OFFSHORE DRILLING

This was yet another successful year for the Company inspite of lowering of charter rates due to volatility in crude prices witnessed during the year and competitive market pressure.

#### Offshore drilling services

The newly built jack-up rig "Discovery I" has completed more than 2 years of incident-free operations with a good track record of drilling complicated wells in Vasai field in ONGC.

Second newly built jack-up rig "Virtue I" has also completed more than 2 years of service without any lost time incident clocking a remarkable figure of only 0.02% of Non Productive Time (NPT).

After successfully completing the previous contract with ONGC, Noble rig "Noble Charlie Yester" was dehiared on 31.03.2010. This rig was offered against new tender, invited by ONGC and commenced operation on 10.06.2010. Since then, it is operating successfully throughout the year without any lost time incident.

Second Noble rig "Noble Ed Holt", which was rehired by ONGC against their new contract on 23.02.2010, is also performing well without any lost time incident and NPT of only 0.1%.

The third Noble rig "Noble George McLeod" has also completed more than 2 years without any lost time incident and is performing well. This rig is expected to be dehiared at the end of the year 2011.

#### Highlights of Directional Drilling Service performance / achievement during the Year 2010-11

The year under consideration was a year of mixed performance for Directional Drilling Division. However, with the upswing in the market, there are more opportunities and Companies looking ahead with renewed optimism.

During the year, a few major contracts executed successfully came to a close. However, the Company bagged 4 long term contracts from ONGC and a couple of short term contracts from other operators. The contract value for the new long term contract is approximately Rs. 27.25 crores and will sustain the present market share.

During the year, the Company developed business with 3 new clients namely Niko Resources Limited, Essar Oil Limited and Selan Exploration Technology Limited.

During the year, with focus on operational efficiency, incidents of lost time due to tool failure decreased drastically resulting in higher tool availability period for the clients.

#### Mud Logging Services

During the year, the Company bagged a long term contract for 4 Mud Logging Units (MLU) for a period of 3 + 1 years from Oil India Limited after successful completion of previous 3-year contract for 4 MLU.

One MLU contract has been received from M/s Naftogaz and operations commenced from 27.02.2011 initially for 2 wells, which is likely to be extended for additional 5 wells in the Assam region. In order to improve the operational safety, the electric degasser motors were replaced with air motors, which are safe in zone 1 and 2. Fire & smoke detectors / hooters were also installed inside and outside of MLUs, as additional safety measures.

Parallely, the softwares were upgraded to a new version having more advanced features which can provide additional operational parameters. All these initiatives have resulted in reduced operating downtime and commendable satisfaction report from the customers.

#### OPPORTUNITIES & THREATS

Crude prices continue to influence exploration & spending of E&P Companies worldwide. Crude price volatility witnessed during the previous year had somewhat abated with upswing in crude oil prices. This has resulted into increased E&P activities globally. However, backlash of previous years' economic downturn is still being felt with pressure on charter rates of the rigs. Company is, however, taking steps to streamline its operations as well as looking for other growth opportunities to minimise the overall negative impact on the rates.

Unlike other parts of the world where demand for jack up rigs have fallen, there is continuous demand for jack up rigs in India due to accelerated scale of operations for redevelopment plans of our major customer, ONGC. We believe that local market would continue to give us business opportunities and growth.

### **SEGMENT WISE PERFORMANCE**

The Company has only one segment i.e. Drilling Division and related services.

### **FUTURE OUTLOOK**

Despite all the financial market turmoil and global slowdown, investor sentiment in India remains bullish even though country is experiencing inflationary pressure. Periodic interest rate hikes by RBI had negative impact on borrowings. Thus inflationary pressure coupled with rising borrowing costs had a tendency of increasing operating costs. However, with focus on improving operating efficiency and productivity such negative impact have been mitigated to a large extent with marginal impact on the bottom-line performance.

Our primary focus will be on Drilling Services business, enabling continued value creation and growth. We will pursue strategies that benefit our customers and stakeholders through greater operating efficiency including new and superior technologically operating assets, competitive price offerings and more productive usage of our assets.

### **RISKS AND CONCERNS**

Volatility in the Crude is affecting the Charter rates. The charter rates are showing downward trends from the last year while the operating costs haven't, due to inflationary trend.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your company maintains adequate and effective internal control system commensurate with its size. We believe that internal control system provides, among other things a reasonable assurance that transactions are executed with management authorization and that they are recorded in all material aspects to permit preparation of financial statements in conformity with established accounting principles. The Company has independent Internal Auditors who constantly evaluate Internal Controls and suggest improvements whenever required.

As highlighted in the previous year, application of ERP processes across the Organization has strengthened our decision making process and to better utilization of available resources.

### **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The Revenue of the Company during the year was Rs. 1063.53 crore as against Rs. 1200.81 crore in the previous year. The profit before tax was Rs. 150.19 crore during the year as against Rs. 128.10 crore in the previous year. The profit after tax was Rs. 100.84 crore as against Rs. 84.14 crore in the previous year.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

During the year under reporting, the Company maintained excellent industry relations without any lost time due to work stoppages. During the year, the Company imparted many trainings, including safety training, to employees for upgradation of knowledge and skills. Keeping in view the future prospects and high turnover of field crew and technicians, your Company has recruited fresh and experienced hands for field operations and back office support so as to ensure continuous availability of skilled manpower. In JDIL, we take a long term view and continuously develop human resources by encouraging them to be entrepreneur so as to achieve higher performance and improved productivity. We have 602 employees and are fortunate to have a team of well qualified and dedicated professionals which is our main asset for sustaining our operational excellence in years to come.

**AUDITORS' REPORT**

TO

THE MEMBERS OF

**JINDAL DRILLING AND INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **JINDAL DRILLING AND INDUSTRIES LIMITED**, as at 31st March, 2011, 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.
2. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended by the Companies (Auditors' Report) (Amendment) Order, 2004) {hereinafter referred to as '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.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) 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;
  - (ii) 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;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) 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;
  - (v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) Without qualifying our opinion, we draw attention to:
    - a) note number B4(ii) of schedule number 18 of notes to accounts regarding outstanding dues of Rs.6586 lacs withheld by ONGC which has been considered good by the management based on the legal opinion obtained.
    - b) note number B5(i) of schedule number 18B of notes to accounts regarding loan of Rs. 1087 lacs to one party which is subject to confirmation.
  - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For S.S. KOTHARI MEHTA & CO.**Chartered Accountants  
Firm's Regn. No. 000756N**K.K.TULSHAN**

Partner

Membership No. 085033

Place : Gurgaon

Date : 3rd August, 2011

## ANNEXURE TO THE AUDITORS' REPORT

(As referred to in paragraph '3' of our report to the members of **JINDAL DRILLING AND INDUSTRIES LIMITED** on the accounts as at & for the year ended 31st March 2011)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) In our opinion, certain fixed assets of the Company have been physically verified by the management according to a phased programme designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. No material discrepancies were noticed on such verification as compared to the books of account.
  - c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion, the Company is maintaining proper records of inventory. As far as we could ascertain and according to the information and explanations given to us, no material discrepancies were noticed between the physical stock and the book records.
3. (a) As per the information and explanations given to us, the Company has granted unsecured loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 8930.34 lacs and the year-end balance of loans granted to such parties was Rs. 8930.34 lacs.
  - b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
  - c) The receipts of the principal amount and interest thereon is as stipulated.
  - d) There is no overdue amount in respect of loan granted to such parties.
  - e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) (f) and (g) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there exists adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system of the Company.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) As far as we could ascertain on the basis of our selective checking and according to the information and explanations given to us, the transactions made in pursuance of aforesaid contracts or arrangements including those exceeding the aggregate amount of rupees five lacs in respect of each party made during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the Company.

7. According to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
8. According to information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, 1956.
9. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. However an amount of Rs. 38,316 relating to Employees' State Insurance in respect of Gurgaon Office has not been deposited due to non allotment of Employees' State Insurance Sub-Code number by ESIC authorities.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of accounts, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and Cess were in arrears at the year-end for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Sales Tax, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except the following in respect of Custom Duty, Income Tax and Service Tax along with the forum where the dispute is pending:

Name of Statute	Nature of Dues	Amount* (Rs. in lacs)	Financial Year to which amount relates	Forum where dispute pending
Customs Act, 1964	Custom Duty including penalty	195.03*	1989-91	Custom Department
Income Tax Act, 1961	Income Tax	391.51	2006-07	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	603.94	2007-08	CESTAT

\*net of deposit of Rs. 60 lacs

10. The Company does not have any accumulated losses. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued any debentures during the year.
12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/ mutual benefit fund/society. Hence, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion the Company is not primarily dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
15. The Company has provided corporate guarantee amounting to US\$ 42.50 million (equivalent to Rs. 18946.50 lacs) to Axis Bank Limited, Singapore Branch as a collateral security for providing financial assistance to its two Joint Venture Companies, Discovery Drilling Pte. Ltd., Singapore (DDPL) & Virtue Drilling Pte. Ltd., Singapore (VDPL). Further, the Company has pledged its 100% investment in the DDPL and VDPL to the lenders of the respective Joint Venture Companies. The terms and conditions of the aforesaid arrangements are not, prima facie, prejudicial to the interest of the Company.
16. On the basis of records made available and according to information and explanations given to us, the Company has applied its term loans for the purposes for which the loans were obtained.
17. 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.

18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. Since the Company has not raised any money during the year by way of public issue, the provisions of clause 4(xx) of the Order are not applicable to the Company.
21. Based upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and on the basis of the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**For S.S. KOTHARI MEHTA & CO.**

Chartered Accountants  
Firm's Regn. No. 000756N

**K.K.TULSHAN**

Partner  
Membership No. 085033

Place : Gurgaon

Date : 3rd August, 20011

## BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedules	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	114,655,520	114,655,520
b) Reserves and Surplus	2	4,391,874,107	3,396,806,103
		<u>4,506,529,627</u>	<u>3,511,461,623</u>
<b>2. Loan Funds</b>			
Secured Loans	3	26,789,311	190,535,206
<b>3. Deferred Tax Liability</b>			
		157,210,133	170,556,354
<b>TOTAL</b>		<u>4,690,529,071</u>	<u>3,872,553,183</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	4	1,288,465,141	1,294,134,269
Less : Depreciation		632,738,083	547,549,984
Net Block		<u>655,727,058</u>	<u>746,584,285</u>
b) Capital work in progress (Including capital advances)		18,751,316	8,283,629
		<u>674,478,374</u>	<u>754,867,914</u>
<b>2. Investments</b>			
	5	1,731,834,374	1,123,186,031
<b>3. Current Assets, Loans &amp; Advances</b>			
a) Inventories	6	103,562,542	119,266,324
b) Sundry Debtors	7	1,922,381,076	2,527,963,107
c) Cash and Bank Balances	8	2,282,110	11,230,320
d) Other Current Assets	9	12,426,224	45,251,691
e) Loans and Advances	10	1,437,194,279	1,307,009,670
		<u>3,477,846,231</u>	<u>4,010,721,112</u>
Less: Current Liabilities & Provisions	11		
a) Current Liabilities		1,135,505,031	1,962,205,097
b) Provisions		58,124,877	54,016,777
		<u>1,193,629,908</u>	<u>2,016,221,874</u>
<b>Net Current Assets</b>		<u>2,284,216,323</u>	<u>1,994,499,238</u>
<b>TOTAL</b>		<u>4,690,529,071</u>	<u>3,872,553,183</u>

### Significant Accounting Policies & Notes on Accounts 18

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

### For S.S.KOTHARI MEHTA & CO.

Chartered Accountants  
Firm's Regn. No. 000756N

### K.K. TULSHAN

Partner  
Membership No. 085033

Place : Gurgaon  
Dated: 3rd August 2011

### S. N. AJMERA

CFO

RAJEEV RANJAN  
Company Secretary

### For & on Behalf of the Board

### D. P. JINDAL

Chairman

### RAGHAV JINDAL

Managing Director

### K. K. KHANDELWAL

VIJAY KAUSHIK

Directors

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedules	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
<b>INCOME</b>			
Income from Operations	12	10,525,957,242	11,953,684,061
Other Income	13	109,331,924	54,381,216
		<b>10,635,289,166</b>	<b>12,008,065,277</b>
<b>EXPENDITURE</b>			
Materials & Operation Charges	14	8,442,797,261	10,058,760,895
Employees Remuneration & Benefits	15	418,757,612	371,101,942
Administrative Expenses	16	151,625,986	157,456,730
Interest & Financial Charges	17	9,335,815	18,705,217
Depreciation	4	110,872,194	120,989,417
		<b>9,133,388,868</b>	<b>10,727,014,201</b>
<b>Profit before Tax</b>		<b>1,501,900,298</b>	<b>1,281,051,076</b>
Provision for tax - Current Tax		507,072,810	422,860,833
- Deferred Tax		(13,346,224)	16,812,081
- Earlier years		(219,844)	(51,566)
<b>Profit after Tax</b>		<b>1,008,393,556</b>	<b>841,429,728</b>
Balance brought forward		214,227,558	206,222,422
<b>Profit available for appropriation</b>		<b>1,222,621,114</b>	<b>1,047,652,150</b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		100,000,000	800,000,000
Proposed Dividend		11,465,552	28,663,880
Proposed Dividend distribution tax		1,860,000	4,760,712
<b>Balance carried forward to Balance Sheet</b>		<b>1,109,295,562</b>	<b>214,227,558</b>
		<b>1,222,621,114</b>	<b>1,047,652,150</b>
<b>Earning Per Share - Basic &amp; Diluted (Face Value of Rs. 5/- each)</b>		<b>43.97</b>	<b>36.69</b>

### Significant Accounting Policies & Notes on Accounts 18

The Schedules referred to above form an integral part of the Profit & Loss Account  
As per our report of even date attached

#### For S.S.KOTHARI MEHTA & CO.

Chartered Accountants  
Firm's Regn. No. 000756N

#### K.K. TULSHAN

Partner  
Membership No. 085033

Place : Gurgaon  
Dated : 3rd August 2011

#### S. N. AJMERA

CFO

**RAJEEV RANJAN**  
Company Secretary

#### For & on Behalf of the Board

#### D. P. JINDAL

Chairman

#### RAGHAV JINDAL

Managing Director

#### K. K. KHANDELWAL

VIJAY KAUSHIK

Directors

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before tax</b>	<b>1,501,900,298</b>	1,281,051,076
<b>Adjusted for :</b>		
Depreciation	<b>110,872,194</b>	120,989,417
Dividend Received	-	-
Interest Received	<b>(55,819,139)</b>	(42,773,204)
Interest Payments	<b>2,498,553</b>	13,381,539
Loss / Profit on Sale of Fixed Assets	<b>4,632,844</b>	3,361,040
Profit on Sale of Investments	<b>(35,442,342)</b>	(6,885,387)
Exchange Rate Fluctuations	<b>68,299,178</b>	73,970,541
Operating Profit before working capital changes	<b>1,596,941,586</b>	1,443,095,022
Adjusted for :		
Trade and other Receivables	<b>635,489,651</b>	541,807,015
Inventories	<b>15,703,781</b>	13,226,636
Trade payables & Other liabilities	<b>(882,200,245)</b>	(951,672,523)
Cash generated from operations	<b>1,365,934,773</b>	1,046,456,150
Income Taxes paid (including FBT) - net of refund	<b>(481,392,125)</b>	(360,520,037)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>884,542,648</b>	685,936,113
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(65,351,759)</b>	(54,239,316)
Sale of Fixed Assets	<b>60,460,826</b>	16,522,112
Loans to Joint Venture Companies (Net of Received)	<b>(138,251,723)</b>	(105,019,052)
Loans to Bodies Corporate (Net of Received)	<b>(2,225,085)</b>	8,915,565
Purchases of Investments	<b>(6,999,881,413)</b>	(3,326,286,352)
Sales / Redemption of Investments	<b>6,426,675,417</b>	2,858,462,300
Interest Received	<b>24,846,002</b>	8,469,179
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(693,727,735)</b>	(593,175,564)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Terms borrowings	<b>6,000,000</b>	6,000,000
Repayments of Long Terms borrowings	<b>(121,649,580)</b>	(222,247,310)
Net Proceeds from Short Terms borrowings and Cash Credit	<b>(48,096,315)</b>	11,746,938
Dividend paid	<b>(28,663,880)</b>	(28,663,880)
Tax paid on Dividend	<b>(4,760,712)</b>	(4,871,426)
Interest paid	<b>(2,592,637)</b>	(13,908,093)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(199,763,124)</b>	(251,943,772)
<b>NET INCREASE / ( DECREASE) IN CASH AND CASH EQUIVALENTS ( A+B+C)</b>	<b>(8,948,210)</b>	(159,183,222)
Opening Balance of Cash and Cash equivalents	<b>11,230,320</b>	170,413,542
Closing Balance of Cash and Cash equivalents	<b>2,282,110</b>	11,230,320
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(8,948,210)</b>	(159,183,222)

**For S.S.KOTHARI MEHTA & CO.**

Chartered Accountants  
Firm's Regn. No. 000756N

**K.K. TULSHAN**  
Partner  
Membership No. 085033

Place : Gurgaon  
Dated : 3rd August 2011

**S. N. AJMERA**  
CFO

**RAJEEV RANJAN**  
Company Secretary

**For & on Behalf of the Board**

**D. P. JINDAL**  
Chairman

**RAGHAV JINDAL**  
Managing Director

**K. K. KHANDELWAL**  
**VIJAY KAUSHIK**  
Directors

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

		As At 31.03.2011 Rs.	As At 31.03.2010 Rs.
<b>SCHEDULE : 1 - SHARE CAPITAL</b>			
<b>a) Authorised</b>			
46,500,000 Equity shares of Rs. 5/- each		<u>232,500,000</u>	<u>232,500,000</u>
		<b>232,500,000</b>	<b>232,500,000</b>
<b>b) Issued, Subscribed and Paid up</b>			
22,931,104 Equity Shares of Rs.5/- each fully paid up *		<u>114,655,520</u>	<u>114,655,520</u>
		<b>114,655,520</b>	<b>114,655,520</b>
1) Pursuant to the Shareholders' approval in their meeting held on 20th August 2008, equity shares of the company have been split from Rs. 10 /- per share to Rs. 5/- per share.			
2) * Includes:			
a) 11,523,804 Equity Shares of Rs. 5/- each (originally 5,761,902 Equity Shares of Rs.10/- each) fully paid up issued for consideration other than cash in terms of Scheme of Amalgamation in Financial Year 2006-07.			
b) 4,503,650 Equity Shares of Rs. 5/- each (originally 4,503,650 equity shares of Rs. 10 each issued on 06.02.2004 as fully paid up by way of Bonus shares by capitalization of Share Premium which got reduced to 2,251,825 equity shares of Rs. 10/- each pursuant to Scheme of Arrangement for Demerger w.e.f. 01.04.2005).			
<b>SCHEDULE : 2 - RESERVES &amp; SURPLUS</b>			
<b>Share Premium Account</b>			
Opening Balance	A	<b>1,591,284,500</b>	1,591,284,500
<b>General Reserve</b>			
Opening Balance		<b>1,591,294,045</b>	791,294,045
Add : Transfer from Profit & Loss Account		<b>100,000,000</b>	800,000,000
	B	<u><b>1,691,294,045</b></u>	<u>1,591,294,045</u>
<b>Profit and Loss Account</b>			
As per Annexed Profit & Loss Account	C	<b>1,109,295,562</b>	214,227,558
	A + B + C	<u><b>4,391,874,107</b></u>	<u>3,396,806,103</u>

	<b>As At 31.03.2011 Rs.</b>	As At 31.03.2010 Rs.
<b>SCHEDULE : 3 - SECURED LOANS</b>		
<b>From Banks</b>		
<b>Long Term</b>		
Term Loans		
-Foreign Currency	-	95,167,901
-Rupee	-	15,000,000
Other Loans	-	5,365,515
<b>Working Capital Loan</b>		
Cash Credit from Banks	<b>26,789,311</b>	74,885,626
<b>From Others</b>		
Other Loans	-	116,164
	<b>26,789,311</b>	190,535,206

**Notes:**

**1. Long Term Loans include**

- i) Foreign Currency Term Loan from Standard Chartered Bank secured by first charge over respective present and future fixed assets & receivables of the Company Rs. NIL (previous year Rs.95,167,901/-)
- ii) Rupee Term Loan from Standard Chartered Bank secured by first charge over respective present and future fixed assets & receivables of the Company Rs. NIL (previous year Rs. 15,000,000/-)
2. Other loans represent vehicle loans taken from Axis Bank Limited and Kotak Mahindra Prime Ltd, secured by hypothecation of respective vehicles by loan of specific charge Rs. NIL (previous year Rs.54,81,679/-)
3. Working capital loans are secured by hypothecation of inventories, book debts and all other current assets, and first charge on fixed assets (excluding specific charge), ranking pari-passu amongst working capital lending Banks.
4. Long Term Loan amount repayable within one year Rs. NIL (Previous year Rs.112,166,723/-)

**SCHEDULE : 4 - FIXED ASSETS as at 31.03.2011**

Description	GROSS BLOCK						DEPRECIATION			NET BLOCK	
	As at 01.04.2010	Additions	Sales/ Adjustments	As on 31.03.2011	As at 01.04.2010	For the year	Sales/ Adjustments	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010	
LEASEHOLD LAND	1,307,550	-	-	1,307,550	83,374	13,764	-	97,138	1,210,412	1,224,176	
FREEHOLD LAND	39,392,103	2,156,974	-	41,549,077	-	-	-	-	41,549,077	39,392,103	
BUILDINGS	33,275,798	9,341,199	-	42,616,997	13,557,943	1,161,740	-	14,719,683	27,897,314	19,717,855	
PLANT & MACHINERY (1)	1,150,279,320	40,424,055	51,633,575	1,139,069,800	505,441,149	103,236,034	24,154,187	584,522,996	554,546,804	644,838,171	
OFFICE EQUIPMENTS	35,063,270	774,975	-	35,838,245	16,060,523	3,663,672	-	19,724,195	16,114,050	19,002,747	
FURNITURE & FIXTURES (2)	11,692,573	53,950	-	11,746,523	6,535,185	755,931	-	7,291,116	4,455,407	5,157,388	
VEHICLES	23,123,655	2,132,919	8,919,625	16,336,949	5,871,810	2,041,053	1,529,908	6,382,955	9,953,994	17,251,845	
TOTAL	1,294,134,269	54,884,072	60,553,200	1,288,465,141	547,549,984	110,872,194	25,684,095	632,738,083	655,727,058	746,584,285	
PREVIOUS YEAR	1,274,767,333	49,858,740	30,491,804	1,294,134,269	435,270,652	120,989,417	8,710,085	547,549,984	746,584,285	839,496,681	
CAPITAL WORK IN PROGRESS	8,283,629	21,803,010	11,335,323	18,751,316	-	-	-	-	18,751,316	8,283,629	
PREVIOUS YEAR	3,903,053	5,226,306	845,730	8,283,629	-	-	-	-	8,283,629	3,903,053	

(1) Additions includes a sum of Rs. 1,219,307/- (Previous Year Rs. (-) 24,311,960/- ) on account of Foreign Exchange Fluctuations Loss on repayment of term loan.

(2) Assets held under co-ownership - Furniture & Fixture Rs. 57,14,532/- (Previous year Rs.57,14,532/-).

		As at 31.03.2011		As at 31.03.2010	
		Shares/Units	Rs.	Shares/Units	Rs.
<b>SCHEDULE : 5 - INVESTMENTS</b>					
(Fully paid up at cost unless otherwise specified)					
<b>I. LONG TERM - UNQUOTED</b>					
<b>A. Trade</b>					
Equity Shares					
(in Joint Venture Companies)					
Discovery Drilling Pte Ltd, Singapore	1	7,625,220	222,411,019	7,625,220	222,411,019
(Shares of S \$ 1 each)					
Virtue Drilling Pte Ltd, Singapore	2	9,322,250	400,765,072	9,322,250	400,765,072
(Shares of S \$ 1 each)					
<b>B. Non Trade Shares</b>					
Taloja CETP Co. Soc. Ltd. of Rs. 100/- each		5	500	5	500
<b>II. CURRENT - UNQUOTED</b>					
<b>Non Trade</b>					
<b>Mutual Fund</b>					
LIC Floating rate Fund - Short Term Plan (Growth)		-	-	3,648,497	55,000,000
SBI -PREMIER LIQUID FUND- INSTITUTIONAL-GROWTH		-	-	2,051,941	30,000,000
LICMF Income Plus Fund - Growth Plan		-	-	1,223,092	15,001,343
LICMF Saving Plus Fund - Growth Plan		-	-	7,889,404	115,003,031
JP Morgan India Treasury Fund Super Inst-Growth		-	-	4,188,696	50,005,066
DWS Ultra Short Term Fund-Institutional-Growth		-	-	21,706,801	235,000,000
Birla Sun Life Savings Fund Instl. - Growth		846,325	15,535,743	-	-
BNP Paribas Fixed Term Fund Ser 20A Growth		7,000,000	70,000,000	-	-
BNP Paribas Fixed Term Fund Ser 20C Growth		5,000,000	50,000,000	-	-
BNP Paribas Fixed Term Fund Ser 21E Growth		4,500,000	45,000,000	-	-
BNP Paribas Fixed Term Fund Ser21H Growth		2,000,000	20,000,000	-	-
BNP Paribas Overnight - Institutional Growth		1,328,136	20,000,000	-	-
DSP Black Rock FMP 12M Series 11 - Growth		5,000,000	50,000,000	-	-
DWS Insta Cash Plus Fund - Institutional Plan Growth		3,246,585	50,000,000	-	-
DWS Insta Cash Plus Fund - Super Institutional Plan - Growth		787,052	100,000,000	-	-
ICICI Prudential FMP Series 53 - 1 Year Plan F - Cumulative		2,000,000	20,000,000	-	-
IDFC Money Manager Fund - Treasury Plan - Inst Plan B - Growth		6,381,621	100,000,000	-	-
IDFC Money Manager Fund - Treasury Plan - Super Inst Plan C - Growth		4,294,278	50,000,000	-	-
IDFC Money Manager Fund - Treasury Plan A - Growth		636,606	10,000,000	-	-
IDFC Savings Advantage Fund - Plan A - Growth		14,543	20,000,000	-	-
ING Liquid Fund Institutional - Growth Option		4,231,082	65,000,000	-	-
ING Treasury Advantage Fund - Institutional Growth		6,091,572	80,000,000	-	-
Religare Fixed Maturity Plan - Series IV - Plan F - Growth Plan		5,000,000	50,000,000	-	-

	As at 31.03.2011		As at 31.03.2010	
	Shares/Units	Rs.	Shares/Units	Rs.
Religare Fixed Maturity Plan - Series V - Plan D (13 Months) - Growth	6,000,000	60,000,000	-	-
Religare FMP Series V Plan B 13 Months Growth - Growth Plan	10,000,000	100,000,000	-	-
Sundaram Money Fund - Super Inst. Growth	244,524	5,011,619	-	-
TATA Fixed Maturity Plan Series 29 Scheme C - Growth	7,000,000	70,000,000	-	-
TATA Floater Fund - Growth	547,677	8,000,000	-	-
UTI Liquid Cash Plan Institutional - Growth Option	3,122	5,000,000	-	-
UTI Treasury Advantage Fund - Institutional Plan (Growth Option)	34,458	45,110,421	-	-
<b>Total</b>		<b>1,731,834,374</b>		<b>1,123,186,031</b>
<b>Aggregate Value of quoted Investments</b>		<b>Nil</b>		<b>Nil</b>
<b>Market Value of quoted Investments</b>		<b>Nil</b>		<b>Nil</b>
<b>Aggregate Value of Unquoted Investments</b>		<b>1,731,834,374</b>		<b>1,123,186,031</b>

**Notes:**

- "1. Pledged with Axis Bank Ltd., Singapore, acting as Security Trustee to the Lenders who have provided financial assistance to Discovery Drilling Pte Ltd, Singapore"
- "2. Pledged with DNB NOR ASA Bank, Singapore, who has provided financial assistance to Virtue Drilling Pte Ltd. Singapore"

### 3. During the year following Investments have been Purchased and Sold:

NAME OF THE COMPANY	NUMBER OF UNITS	PURCHASE VALUE (Rs.)	SALES VALUE (Rs.)
AXIS LIQUID FUND - INSTITUTIONAL GROWTH	184,874 (-)	190,000,000 (-)	190,109,732 (-)
AXIS LIQUID FUND - INSTITUTIONAL DAILY DIVIDEND	60,000 (-)	60,000,000 (-)	60,011,833 (-)
AXIS TREASURY ADVANTAGE FUND - INSTITUTIONAL GROWTH	165,818 (-)	170,021,419 (-)	170,859,688 (-)
BIRLA SUN LIFE CASH MANAGER - INSTITUTIONAL PLAN - GROWTH	8,091,759 (-)	128,952,669 (-)	129,130,026 (-)
BIRLA SUN LIFE CASH PLUS - INSTITUTIONAL PREM. - GROWTH	988,618 (6,926,839)	15,000,000 (100,000,000)	15,002,669 (100,011,083)
BIRLA SUN LIFE SAVING FUND - INSTL. - GROWTH	8,130,071 (9,640,851)	147,416,310 (165,011,083)	148,295,522 (166,091,280)
BIRLA SUN LIFE ULTRA SHORT TERM FUND - INSTITUTIONAL GROWTH	1,790,462 (-)	20,000,000 (-)	20,131,599 (-)
BNP PARIBAS FIXED TERM FUND SER 18C GROWTH	4,000,000 (-)	40,000,000 (-)	40,725,200 (-)
BNP PARIBAS FIXED TERM FUND SER 19E GROWTH	4,072,520 (-)	40,725,200 (-)	41,574,728 (-)
BNP PARIBAS MONEY PLUS INSTITUTIONAL GROWTH	5,824,581 (-)	82,750,000 (-)	83,453,706 (-)
BNP PARIBAS MONEY PLUS INSTITUTIONAL PLAN DAILY DIVIDEND	999,690 (-)	10,000,000 (-)	10,012,401 (-)
BNP PARIBAS OVERNIGHT - INSTITUTIONAL GROWTH	7,446,016 (-)	110,000,000 (-)	110,382,358 (-)
CANARA ROBECO LIQUID SUPER INSTT DAILY DIV. REINVEST FUND	5,967,181 (-)	60,000,000 (-)	60,007,478 (-)
CANARA ROBECO TREASURY ADVANTAGE SUPER INSTT. GROWTH FUND	4,263,409 (-)	60,007,478 (-)	60,061,623 (-)
DSP BLACKROCK FMP - 3M SERIES 22 - GROWTH	5,000,000 (-)	50,000,000 (-)	50,970,500 (-)
DSP BLACKROCK FMP - 3M SERIES 24 - GROWTH	6,000,000 (-)	60,000,000 (-)	61,197,000 (-)
DSP BLACKROCK FMP - 3M SERIES 25 - GROWTH	10,000,000 (-)	100,000,000 (-)	102,182,000 (-)
DSP BLACKROCK FMP - 3M SERIES 26 - GROWTH	5,000,000 (-)	50,000,000 (-)	51,109,500 (-)
DSP BLACKROCK LIQUIDITY FUND - INSTITUTIONAL PLAN - GROWTH	36,858 (-)	50,000,000 (-)	50,009,371 (-)
DSP BLACKROCK MONEY MANAGER FUND - INSTITUTIONAL PLAN - GROWTH	181,159 (-)	241,500,000 (-)	242,024,474 (-)
DWS INSTA CASH PLUS FUND - INSTITUTIONAL PLAN - GROWTH	870,890 (-)	12,750,000 (-)	12,751,742 (-)
DWS ULTRA SHORT TERM FUND - INSTITUTIONAL GROWTH	24,717,126 (-)	267,751,742 (-)	268,757,972 (-)
HDFC CASH MANAGEMENT FUND - SAVING PLAN - GROWTH	11,628,613 (9,766,412)	225,000,000 (180,000,000)	225,030,618 (180,220,177)
HDFC CASH MANAGEMENT FUND - TREASURY ADVANTAGE PLAN - RETAIL - GROWTH	- (9,249,981)	- (180,000,000)	- (180,211,825)

NAME OF THE COMPANY	NUMBER OF UNITS	PURCHASE VALUE (Rs.)	SALES VALUE (Rs.)
HDFC CASH MANAGEMENT FUND-TREASURY ADVANTAGE PLAN-WHOLESALE-GROWTH	9,867,396 (5,556,549)	200,026,913 (110,000,000)	201,756,192 (110,093,407)
HDFC FLOATING RATE INCOME FUND - SHORT TERM PLAN - WHOLESALE OPTION GROWTH	3,827,204 (-)	62,500,000 (-)	62,805,042 (-)
HDFC FMP 100D AUGUST 2010 (1) - GROWTH - SERIES XIII	2,500,370 (-)	25,003,704 (-)	25,449,016 (-)
HDFC FMP 100D NOVEMBER 2010 (1) - GROWTH - SERIES XVII	2,544,902 (-)	25,449,016 (-)	25,996,679 (-)
HDFC FMP 100D SEPTEMBER 2010 (2) - GROWTH - SERIES XIV	10,001,588 (-)	100,015,880 (-)	102,007,196 (-)
HDFC FMP 35D OCTOBER 2010 (1) - GROWTH - SERIES XVII	4,003,026 (-)	40,030,263 (-)	40,306,071 (-)
HDFC HIGH INTEREST FUND - SHORT TERM PLAN - GROWTH	8,099,884 (-)	151,756,192 (-)	151,958,689 (-)
HDFC LIQUID FUND - PREMIUM PLAN - GROWTH	7,395,033 (-)	140,000,000 (-)	140,046,143 (-)
ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM-GROWTH	850,433 (26,517,062)	150,009,735 (601,172,864)	150,434,580 (602,674,394)
ICICI PRUDENTIAL INSTITUTIONAL LIQUID PLAN-SUPER INSTITUTIONAL GROWTH	- (16,568,354)	- (220,000,000)	- (220,027,865)
ICICI PRUDENTIAL LIQUID PLAN	- (135,508)	- (30,000,000)	- (30,002,507)
ICICI PRUDENTIAL INTERVAL FUND II QUARTERLY INTERVAL PLAN INSTITUTIONAL CUMULATIVE	8,878,944 (-)	100,000,000 (-)	101,777,565 (-)
ICICI PRUDENTIAL LIQUID INSTITUTIONAL PLAN - GROWTH	304,225 (-)	70,000,000 (-)	70,009,735 (-)
IDFC CASH FUND - SUPER INST PLAN C - GROWTH	5,258,361 (-)	60,000,000 (-)	60,009,465 (-)
IDFC FIXED MATURITY QUARTERLY SERIES-59 GROWTH	6,005,366 (-)	60,053,663 (-)	61,162,254 (-)
IDFC FMP - QUARTERLY SERIES 60 - GROWTH	5,000,000 (-)	50,000,000 (-)	51,004,500 (-)
IDFC MONEY MANAGER FUND - TREASURY PLAN - SUPER INST PLAN C - GROWTH	5,389,991 (-)	60,009,465 (-)	60,053,663 (-)
ING TREASURY ADVANTAGE FUND - INSTITUTIONAL GROWTH	3,046,551 (-)	40,000,000 (-)	40,010,054 (-)
JPMORGAN INDIA TREASURY FUND - SUPER INST. - GROWTH PLAN	9,120,310 (-)	110,005,066 (-)	110,500,030 (-)
JP MORGAN INDIA LIQUID FUND SUPER INST-GROWTH	- (4,221,868)	- (50,000,000)	- (50,005,066)
KOTAK FLEXI DEBT SCHEME - GROWTH	- (10,263,218)	- (115,012,343)	- (115,933,235)
KOTAK FLEXI DEBT SCHEME INSTITUTIONAL - GROWTH	19,879,794 (-)	230,025,420 (-)	231,042,400 (-)
KOTAK LIQUID (INSTITUTIONAL PREMIUM) - GROWTH	8,411,909 (5,684,227)	160,000,000 (105,000,000)	160,025,420 (105,012,343)
L&T FREEDOM INCOME STP - INST. - CUM - ORG	3,216,013 (-)	50,000,000 (-)	50,194,247 (-)
LICMF LIQUID FUND - GROWTH PLAN	2,361,219 (18,116,354)	40,000,000 (300,000,000)	40,004,722 (300,038,917)

NAME OF THE COMPANY	NUMBER OF UNITS	PURCHASE VALUE (Rs.)	SALES VALUE (Rs.)
LICMF INCOME PLUS FUND - GROWTH PLAN	<b>1,223,092</b> (10,772,524)	<b>15,001,343</b> (130,013,387)	<b>15,135,149</b> (130,351,078)
LICMF SAVING PLUS FUND - GROWTH PLAN	<b>10,607,227</b> (10,469,243)	<b>195,012,476</b> (150,021,156)	<b>196,008,487</b> (151,492,808)
LIC FLOATING RATE FUND - SHORT TERM PLAN (GROWTH)	<b>18,428,711</b> (5,014,558)	<b>282,000,000</b> (75,000,000)	<b>282,740,391</b> (75,422,385)
RELIGARE LIQUID FUND - SUPER INSTITUTIONAL GROWTH	<b>7,522,756</b> (-)	<b>100,000,000</b> (-)	<b>100,021,096</b> (-)
RELIANCE MONEY MANAGER FUND-INSTITUTIONAL OPTION-GROWTH PLAN	<b>62,549</b> (98,383)	<b>80,000,000</b> (120,000,000)	<b>80,279,103</b> (120,159,459)
RELIANCE MONTHLY INTERVAL FUND - SERIES II-INSTITUTIONAL GROWTH PLAN	<b>7,681,790</b> (-)	<b>100,000,000</b> (-)	<b>100,815,806</b> (-)
RELIANCE QUARTERLY INTERVAL FUND - SERIES III-INSTITUTIONAL GROWTH PLAN	<b>3,096,119</b> (-)	<b>40,000,000</b> (-)	<b>40,868,461</b> (-)
SBI - SHDF - SHORT TERM -RETAIL PLAN - (GROWTH)	- (832,841)	- (10,000,000)	- (10,032,908)
SBI -SHF-ULTRA SHORT TERM FUND- INSTITUTIONAL	<b>1,223,262</b> (1,255,892)	<b>15,000,000</b> (15,000,000)	<b>15,060,867</b> (15,032,025)
SBI PREMIER LIQUID FUND - INSTITUTIONAL - GROWTH	<b>2,051,941</b> (-)	<b>30,000,000</b> (-)	<b>30,028,932</b> (-)
SUNDARAM MONEY FUND - SUPER INST. GROWTH	<b>2,317,026</b> (-)	<b>47,488,381</b> (-)	<b>47,689,482</b> (-)
TEMPLETON INDIA TREASURY MANAGEMENT ACCOUNT INSTITUTIONAL PLAN -GROWTH	<b>10,231</b> (-)	<b>15,000,000</b> (-)	<b>15,002,150</b> (-)
TEMPLETON INDIA ULTRA SHORT BOND FUND INSTITUTIONAL PLAN -GROWTH	<b>22,045,164</b> (-)	<b>270,002,150</b> (-)	<b>271,210,314</b> (-)
TATA LIQUID SUPER HIGH INV. FUND - APPRECIATION	- (26,731)	- (45,000,000)	- (45,015,153)
TATA FLOATER FUND - GROWTH	<b>14,061,573</b> (3,310,400)	<b>200,000,000</b> (45,015,153)	<b>201,204,501</b> (45,260,124)
UTI LIQUID CASH PLAN INSTITUTIONAL -GROWTH OPTION	<b>28,322</b> (27,108)	<b>45,000,000</b> (40,030,925)	<b>45,059,772</b> (40,043,336)
UTI TREASURY ADVANTAGE FUND-INSTITUTIONAL PLAN (GROWTH OPTION)	<b>109,604</b> (33,267)	<b>139,892,519</b> (40,000,000)	<b>140,066,627</b> (40,030,925)
UTI FIXED INCOME INTERVAL FUND - QUATERLY PLAN SERIES III - INSTITUTIONAL GROWTH PLAN	<b>1,177,322</b> (-)	<b>15,016,855</b> (-)	<b>15,323,665</b> (-)
UTI FIXED INCOME INTERVAL FUND-QUARTERLY INTERVAL PLAN SERIES-I - INSTITUTIONAL GROWTH OPTION	<b>9,703,207</b> (-)	<b>100,049,772</b> (-)	<b>104,168,784</b> (-)
UTI MONEY MARKET MUTUAL FUND - INSTITUTIONAL GROWTH PLAN	<b>55,433</b> (-)	<b>60,000,000</b> (-)	<b>60,330,470</b> (-)
UTI-FLOATING RATE FUND - SHORT TERM PLAN - INSTITUTIONAL GROWTH OPTION	<b>22,983</b> (-)	<b>25,000,000</b> (-)	<b>25,306,515</b> (-)

Bracket figures represents for previous year

	As At 31.03.2011 Rs.	As At 31.03.2010 Rs.
<b>SCHEDULE : 6 - INVENTORIES</b>		
(As Verified, Valued and Certified by the Management)		
Stores & Spares	<b>103,562,542</b>	119,266,324
{Including Capital stores Rs. 20,363,577/- (Previous Year Rs. 16,819,042/-)}	<b>103,562,542</b>	119,266,324
<b>SCHEDULE : 7 - SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
Debts Outstanding for a period exceeding six months	<b>695,748,045</b>	701,688,752
Other debts	<b>1,226,633,031</b>	1,826,274,355
	<b>1,922,381,076</b>	2,527,963,107
<b>SCHEDULE : 8 - CASH AND BANK BALANCES</b>		
Cash in hand	<b>707,848</b>	670,850
<b>Balances with Scheduled Banks</b>		
- In Current Accounts	<b>618,508</b>	834,236
- In Fixed Deposit Accounts (Margin Money)	<b>76,544</b>	8,888,544
- In Unclaimed Dividend Accounts	<b>879,210</b>	836,690
	<b>2,282,110</b>	11,230,320
<b>SCHEDULE : 9 - OTHER CURRENT ASSETS</b>		
Interest accrued but not due	<b>26,394</b>	2,627,294
Claims Receivable	<b>12,399,830</b>	42,624,397
	<b>12,426,224</b>	45,251,691
<b>SCHEDULE : 10 - LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Loans to Bodies Corporate	<b>1,144,254,549</b>	978,406,100
Advances Recoverable in Cash or in kind or for value to be received	<b>276,697,582</b>	317,179,772
Security Deposits	<b>16,242,148</b>	10,703,798
Advance Fringe Benefit Tax	-	720,000
(Net of Provision of Rs. NIL Previous Year Rs.720,000/-)		
	<b>1,437,194,279</b>	1,307,009,670

**Note:**

Loan to Bodies Corporates includes Rs.893,033,781/- being the loan (at restated value), to Joint Venture Company namely Discovery Drilling Pte Ltd., Singapore, which is quasi equity in nature and also fully subordinated to the Loan given by Banks to the JV company (Previous Year Rs. 749,815,774/-). As per the agreement, the loan is repayable within 12 months from the date, all Bank loans of JV Company are fully paid. The latest date of scheduled repayment of junior Bank loan to JV Company is 26th July, 2014.

	As At 31.03.2011 Rs.	As At 31.03.2010 Rs.
<b>SCHEDULE : 11 - CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors:		
- Micro Enterprises and Small Enterprises	-	-
- Others	828,866,503	1,650,054,662
Other Liabilities	270,997,939	299,707,188
Interest accrued but not due on loans	-	94,083
Bank overdrawn	34,761,379	11,512,474
Investor Education and Protection Fund: (Appropriate amount shall be transferred to fund as & when due)		
- Unclaimed Dividend	879,210	836,690
	<u>1,135,505,031</u>	<u>1,962,205,097</u>
<b>Provisions</b>		
Provision for Income Tax	39,042,784	14,301,943
(Net of Advance of Rs. 1,033,113,878/- Previous Year Rs. 639,507,596/-)		
Provision for Gratuity	1,836,137	1,741,716
Provision for Leave Encashment	3,920,404	4,548,526
Proposed Dividend	11,465,552	28,663,880
Proposed Dividend distribution tax	1,860,000	4,760,712
	<u>58,124,877</u>	<u>54,016,777</u>
	<u>1,193,629,908</u>	<u>2,016,221,874</u>
	<b>Year Ended 31.03.2011 Rs.</b>	<b>Year Ended 31.03.2010 Rs.</b>
<b>SCHEDULE : 12 - INCOME FROM OPERATIONS</b>		
Income from Operations	10,525,957,242	11,953,684,061
{TDS - Rs. 201,780,107/- (Previous Year Rs.256,807,057/- )}		
	<u>10,525,957,242</u>	<u>11,953,684,061</u>
<b>SCHEDULE : 13 - OTHER INCOME</b>		
Interest Received from:		
- Long Term Investments	-	461,295
{TDS - Rs.Nil (Previous Year - NIL )}		
- Others	55,819,139	42,311,909
{TDS - Rs. 15,396,296/- (Previous Year - Rs. 4,677,557/- )}		
Profit on Sale of Current Investments	35,442,342	6,885,387
Miscellaneous Income	18,070,443	4,722,625
	<u>109,331,924</u>	<u>54,381,216</u>
<b>SCHEDULE : 14 - MATERIALS &amp; OPERATIONS CHARGES</b>		
<b>a. Drilling Operation Charges</b>	<b>8,088,469,136</b>	<b>9,598,662,792</b>
{Including Insurance charges of Rs. 5,568,064/- ( Previous year Rs. 5,986,617/-)}		
<b>b. Plant &amp; Machinery Repair</b>	<b>14,096,073</b>	<b>24,322,008</b>
<b>c. Stores &amp; Spares Consumed</b>		
Opening Stock	119,266,324	132,492,960
Add : Purchases	324,528,271	422,549,459
	<u>443,794,594</u>	<u>555,042,419</u>
Less : Closing Stock	103,562,542	119,266,324
<b>Stores &amp; spares consumed</b>	<b>340,232,052</b>	<b>435,776,095</b>
	<u>8,442,797,261</u>	<u>10,058,760,895</u>

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
<b>SCHEDULE : 15 - EMPLOYEES REMUNERATION &amp; OTHER BENEFITS</b>		
Salary, Wages & Other Allowances {Including Insurance charges of Rs.3,228,161/- (Previous year Rs. 4,384,456/-)}	<b>399,698,265</b>	354,321,678
Contribution to Gratuity fund	<b>3,662,002</b>	3,808,753
Contribution to PF & Other Funds	<b>2,346,705</b>	2,279,100
Staff Welfare Expenses	<b>5,905,852</b>	6,120,601
Staff Recruitment & Training Expenses	<b>7,144,788</b>	4,571,810
	<b>418,757,612</b>	371,101,942
<b>SCHEDULE : 16 - ADMINISTRATIVE EXPENSES</b>		
Electricity & Water Charges	<b>3,133,941</b>	3,482,388
Rent	<b>19,989,327</b>	19,598,598
Rates & Taxes	<b>411,559</b>	1,144,835
Postage, Telephone & Telex expenses	<b>3,969,650</b>	5,625,094
Printing & Stationery	<b>2,559,951</b>	3,272,374
Travelling & Conveyance		
- Directors	<b>1,146,790</b>	2,534,821
- Others	<b>9,075,082</b>	9,624,645
Vehicle Upkeep & Maintenance {Including Insurance charges of Rs. 315,627/- ( Previous year Rs. 212,555/-)}	<b>4,092,651</b>	5,604,735
Repair & Maintenance		
- Building	<b>148,102</b>	377,690
- Others	<b>4,599,513</b>	4,467,282
Legal & Professional Charges	<b>12,743,201</b>	7,633,122
Insurance (Administrative)	<b>275,244</b>	292,123
Fees & Subscription	<b>3,324,422</b>	4,321,447
Internal Auditors' Fees	<b>300,000</b>	250,000
Auditors' Remuneration		
- Audit Fee	<b>240,000</b>	240,000
- Tax Audit Fee	<b>50,000</b>	50,000
- Other Services	<b>175,000</b>	95,000
- Out of Pocket Expenses	<b>40,500</b>	30,400
General Expenses	<b>5,765,738</b>	2,698,905
Foreign Exchange Fluctuation Loss	<b>68,299,178</b>	73,970,541
Directors' Sitting Fee	<b>505,000</b>	240,000
Advertisement & Business Promotion	<b>5,863,793</b>	8,276,690
Tender Expenses	<b>284,500</b>	265,000
Loss on Sale / Discarded Fixed Assets (Net)	<b>4,632,844</b>	3,361,040
	<b>151,625,986</b>	157,456,730
<b>SCHEDULE : 17 - INTEREST &amp; FINANCIAL CHARGES</b>		
Interest on		
- Term Loan	<b>1,623,054</b>	5,414,670
- Cash Credit	<b>864,370</b>	5,122,646
- Others	<b>11,130</b>	2,844,224
Bank Charges & Commission	<b>3,850,401</b>	5,323,677
Derivative & Option Charges	<b>2,986,860</b>	-
	<b>9,335,815</b>	18,705,217

**SCHEDULE 18****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****a. Accounting Conventions**

The financial statements are prepared under the historical cost convention on accrual basis, in accordance with the requirements of the Companies Act, 1956 and in compliance with the applicable accounting standards referred to in sub-section (3C) of the section 211 of the said Act. The accounting policies, except stated otherwise, have been consistently applied by the Company.

**b. Use of Estimates**

The presentations of financial statements is in conformity with the generally accepted accounting principles which requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities on the date of financial statements and the reportable amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognised in the year in which the results are known / materialized.

**c. Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the cost of acquisition / purchase price inclusive of duties, taxes, incidental expenses, erection/commissioning expenses, interest etc. up to the date the asset is ready for its intended use. Credit of duty, if availed, is adjusted in the acquisition cost of the respective fixed assets.

Capital Works-in-Progress is carried at cost, comprising direct cost, related incidental expenses and interest on borrowings to the extent attributed to them including capital advances.

**d. Depreciation**

Depreciation on Fixed Assets is provided on pro-rata basis, for the period of use, on written down value method on the Fixed Assets acquired and capitalised up to 31/03/2007 and on Straight Line method on assets acquired and capitalised from 01/04/2007 on wards at the rates prescribed under Schedule XIV to the Companies Act, 1956, as amended till date.

Cost of leasehold land is amortised over the period of lease.

Assets costing up to Rs.10,000/- are fully depreciated in the year of acquisition.

**e. Impairment of Assets**

At each balance sheet date, the Company assesses whether there is any indication that an asset is impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the profit and loss account to the extent the carrying amount exceeds recoverable amount.

**f. Investments**

Investments are classified as long term or current based on the Management intention at the time of purchase. Long-term investments are valued at their acquisition cost. Current investments are stated at lower of cost and fair market value. The provision for any diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

**g. Inventories**

Stores, Spares and other items required for operation are treated as consumed as and when sent to drilling rig. Stocks in hand are valued at cost or net realisable value, whichever is lower. Cost in respect of Stores & Spares is determined on FIFO basis.

## **h. Revenue Recognition**

Revenue is recognized in accordance with Accounting Standard (AS-9) "Revenue recognition" on the basis of rendering of services to customers in accordance with the respective Contracts / Agreements.

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

## **i. Employee Benefits**

- (a) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (b) Post employment and other long term benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques at the end of Financial Year. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.
- (c) Payment to defined contribution retirement benefit scheme, if any, are charged as expenses as they fall due.

## **j. Foreign Currency Transactions**

### **(i) Recognition**

International Transactions are recognised on the basis of International Commercial principles in regard to those transactions wherever applicable. Foreign currency transactions during the year are accounted for in the reporting currency at the exchange rates prevailing on the date of the respective transaction in accordance with the Revised Accounting Standard 11 ( read with the notification no. GSR 225 (E) dated 31-3-2009) for "The Effects of Changes in Foreign Exchange Rates".

### **(ii) Conversion**

All monetary assets and liabilities remaining unsettled at the year-end are translated using the year end exchange rates.

Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the profit & loss account except exchange differences arising on foreign currency monetary items relating to acquisition of fixed assets, which is adjusted to the carrying amount of such assets.

### **(iii) Non-monetary items are carried at cost.**

### **(iv) Forward Exchange Contracts**

In case of forward contracts taken for underlying transactions, the exchange differences are dealt-with, in the Profit & Loss Account over the period of the contracts. All derivative contracts including forward contracts, other than those contracts covered under AS-11 (The effect of change in foreign exchange rates), are recognised pursuant of the announcement of Institute of Chartered Accountants of India and other appropriate authorities. Accordingly these are marked to market on balance sheet date and shortfall if any, is recognised in the profit & loss account.

## **k. Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of the qualifying assets are capitalised as a part of the cost of asset up to the date when such asset is ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## **l. Taxation:**

### **Current Tax:**

Provision for Taxation is ascertained on the basis of assessable profit computed in accordance with the provisions of Income Tax Act, 1961 & tax advices, wherever considered necessary.

**Deferred Tax:**

Deferred Tax is recognised, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income & accounting income computed for the current accounting year and reversal of earlier years' timing difference.

Deferred Tax Assets are recognised and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses, which are recognised to the extent that there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**Fringe Benefit Tax:**

Fringe Benefit tax has been withdrawn by the Government wef 1st April, 2009. Hence, effective from 1st April, 2009 it is not applicable.

**m. Miscellaneous Expenditure:**

Preliminary Expenses, if any, are written off over a period of five years in equal instalments.

**n. Leases**

Office Premises taken on lease under which, all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating lease are recognized as expense on accrual basis in accordance with the respective lease agreements.

**o. Claims Recoverable**

The claims in respect of fixed assets lost during the process of drilling (lost in hole) are recognised on the basis of invoices raised and correspondingly the depreciated value of the fixed assets lost in hole is charged off. Any deductions made from the claims raised are recognised on receipt of intimation in respect of the same.

**p. Prepaid Expenses**

Prepaid expense is not recognised in cases where total amount spent is Rs.10,000/- or less. Such expenses are charged to profit and loss account.

**q. Event Occurring after the Balance Sheet Date**

Events occurring after the Balance Sheet Date and till the date on which the Financial Statement are approved, which are material in the nature and indicate the need for adjustments are considered in the financial statement.

**r. Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts.

Contingent Assets are neither recognized nor disclosed in the financial statement. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

**s. Mobilisation Charges:**

Mobilisation charges received from the Rig Operator Companies and paid to the Rig owning companies are allocated over the contract period proportionately.

## B. NOTES ON ACCOUNTS

### 1. Estimated amount of contracts remaining to be executed on capital account

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) Rs. 44,293,705/- (Previous Year Rs. 3,936,105/-).

### 2. Contingent Liabilities not provided for:

- i) A demand raised by Custom Authority in earlier years for Rs. 25,502,866/- on repair and return, scrap and storage of the rig material taken out by ONGCL based at Nhava, Maharashtra which is being contested by the company and the Hon'ble CEGAT has already passed an order allowing Company's contention and directed the Custom Department for review. The liability, if any, would be accounted for at the time of final disposal of the case. The Company had deposited Rs. 6,000,000/- during earlier years as an advance under protest with the Collector of Custom and has been shown as advance recoverable in cash or in kind. There is no progress in the case during the year.
- ii) Company has received a demand letter dated 20th May, 2010 from the office of the Commissioner of Service Tax-I Mumbai (pursuant to the Show Cause Notice dated 19th September, 2008) for Rs.6,03,94,143/- and interest thereon and penalty for similar account towards availing and utilising the Cenvat credit by the Company which alleged to be not eligible. An Appeal has been filed by the Company before the Appellate Tribunal as the Company has been advised that the demand is untenable and likely to be quashed.
- iii) During the year under review, Company's income tax assessment for the assessment year 2007-08 (relevant to the accounting year 2006-07) was completed. The assessing officer made disallowances aggregating to Rs.8,59,70,901/- thereby raising a demand of tax of Rs.3,91,50,756/-. An appeal has been filed by the Company before the appellate authorities and is confident it will be decided in favour of the Company.
- iv) Company had in earlier year, provided Corporate Guarantees to Axis Bank Limited, Singapore Branch as a Collateral security for providing Loans to Joint Venture Companies as under:
  - (a) US\$ 20 Mn (Equivalent to Rs. 891,600,000/- if converted at the exchange rate prevailing as on 31/03/2011) loan by Axis Bank Ltd., Singapore to Discovery Drilling Pte Ltd, a Joint Venture Company, (This corporate guaranty is backed by Sub - Servient Charge on fixed assets of the Company) and
  - (b) US\$ 22.50 Mn (Equivalent to Rs.1,003,050,000/- if converted at the exchange rate prevailing as on 31/03/2011) loan by Axis Bank Ltd., Singapore to Virtue Drilling Pte Ltd., a Joint Venture Company

### 3. Joint Ventures

Discovery Drilling Pte Ltd (DDPL) and Virtue Drilling Pte Ltd (VDPL) continue to be Joint Ventures of the company.

### 4. Sundry Debtors

- (i) Last year, Rs. 1,39,38,188/- with regard to following two cases under arbitration were considered good of recovery as the arbitration cases were pending.
  - (a) With regard to rig Ed-Holt (Rs.95,29,456/-) was settled during the year, partially (for Rs.52,21,962/-) in favour of the Company and partially (for Rs.43,07,494/- against it. The Company has received Rs.138 Lacs (Rs.52,21,962/- along with interest since 1994). The remaining amount of Rs.43,07,494/- has been written off during the year under review.
  - (b) With regard to rig PN3 (Rs. 4,408,732/-), the matter was kept in abeyance during the whole year. However since the management is confident to win the case, this has been shown as considered good for recovery.
- (ii) In earlier year, a sum of US\$ 14,772,408.55 (in Indian Rupee re-stated on 31-3-2011 at Rs. 658,553,972/- ) was withheld by ONGC in relation to certain claim made on another body corporate, which is being contested by the company. Based on the legal opinion obtained, the company is not liable for the aforesaid amount, and therefore the same has been considered good and recoverable. The Company has initiated Arbitration proceedings against ONGC.

5. (i) Confirmation for one of the loans of Rs. 1087 Lacs outstanding as on 31st March, 2011 has not been received so far.
- (ii) The identification of Micro, Small & Medium Sized Enterprise Suppliers (MSMES) is based on management's knowledge of their status.
6. In the opinion of the Management and to the best of their knowledge and belief, the value of current assets, loans and advances, if realised in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.

## 7. MANAGERIAL REMUNERATION

### Remuneration to Managing Director (s) :

(Amount in Rs.)

ITEMS	Year ended	
	31.03.2011	31.03.2010
Salary	47,34,516	57,71,071
Contribution to PF	13,884	10,920
Perquisites	1,483,167	254,144
<b>Total</b>	<b>62,31,567</b>	60,36,135

#### Note:

- a) Including allowances but excluding contribution towards retirement benefits, since it is determined on the basis of actuarial valuation for all employees in a consolidated manner including managerial employees.
- b) Computation of net profit in accordance with the relevant provisions of the Companies Act, 1956 has not been disclosed as no commission is payable to the Managing Director.
8. Disclosures as required by Accounting Standards referred to in sub-section (3C) of the section 211 of the Companies Act, 1956 (to the extent applicable and mandatory):

#### 8.1 The amount of Exchange Difference (Net):

- a) The Foreign Exchange Loss (Net) Rs. 68,299,178/- (Previous Year Rs.73,970,541/-) resulting from settlement, restatement of foreign exchange transactions and losses on account of mark to market adjustments on outstanding derivative instruments (if any) has been adjusted in the Profit & Loss Account.
- b) Forward contracts entered in to for hedging purpose and outstanding as at year end:

	31.03.2011		31.03.2010	
	Amount in Foreign Currency (USD)	Equivalent Indian Rupees	Amount in Foreign Currency (USD)	Equivalent Indian Rupees
For receivables	32,500,000	1,448,850,000	24,000,000	1,077,600,000

(c) Foreign Currency Exposure that are not hedged by derivative transactions or otherwise

Particulars	Currency	As at			
		31.03.2011		31.03.2010	
		Foreign Currency	INR	Foreign Currency	INR
Foreign Currency Receivables	USD	<b>40,022,654</b>	<b>1,784,209,765</b>	52,146,790	2,341,390,886
Foreign Currency Payables	USD	<b>15,519,991</b>	<b>692,039,626</b>	33,146,551	1,488,611,628
	Pound	<b>2,014</b>	<b>144,323</b>	-	-
	SGD	<b>1,712</b>	<b>60,600</b>	5017	160952
	EURO	-	-	11978	726,702
Foreign Currency Loan Taken	USD	-	-	2,119,083	95,167,901
Foreign Currency Loan Given to Joint Venture DDPL	USD	<b>20,032,162</b>	<b>893,033,781</b>	16,699,683	749,815,774
Equity Participation in Joint Venture DDPL	SGD	<b>7,625,220</b>	<b>222,411,019</b>	7,625,220	222,411,019
Equity Participation in Joint Venture VDPL	SGD	<b>13,767,623</b>	<b>400,765,072</b>	13,767,623	400,765,072

## 8.2 Disclosure as per Accounting Standard - 15

(a) Gratuity:

- (i) The employees' gratuity fund scheme managed by LIC of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.
- (ii) Actuarial Valuation of Gratuity is based on the maximum liability of Rs.10,00,000/- i.e. as provided under the Gratuity Act.

(b) Leave Encashment

The obligation for leave encashment is recognised and disclosed as per the Actuarial Valuation Report.

(c) Disclosure as per Actuarial Valuation Report:

(i) Expenses recognised during the year (Under the head "Personnel Cost")

(Amount in Rupees)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Current Service cost	37,85,312	3,075,361	10,09,319	14,27,960
Past Service Cost	23,22,228			
Interest Cost	8,75,814	5,46,003	3,18,397	2,15,057
Expected return on plan assets	(9,96,217)	(9,02,838)	-	-
Actuarial (gain)/loss recognised in the period	(23,25,135)	10,90,227	19,15,937	5,94,188
<b>Net Cost</b>	<b>36,62,002</b>	<b>38,08,753</b>	<b>32,43,653</b>	<b>22,37,205</b>

(ii) Net Liability / (Assets) recognised in the Balance Sheet

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Fair value of plan assets as at 31st March	1,50,56,280	1,07,69,918	-	-
Present value of obligation as at 31st March	1,68,92,417	1,25,11,634	39,20,403	45,48,527
<b>Amount recognised in Balance Sheet</b>	<b>18,36,137</b>	<b>17,41,716</b>	<b>39,20,403</b>	<b>45,48,527</b>

(iii) Reconciliation of opening and closing balances of Defined Benefit obligation.

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Defined benefit obligation as (Opening Balance)	125,11,634	7,800,043	45,48,527	30,72,240
Past Service Cost	23,22,228	-		
Current service cost	37,85,312	30,75,361	10,09,319	14,27,960
Interest cost	8,75,814	5,46,003	3,18,397	2,15,057
Actuarial (gain)/loss on obligation	(20,23,407)	10,90,227	19,15,937	5,94,188
Benefit paid	(5,79,164)	-	(38,71,777)	(7,60,918)
<b>Defined Benefit obligation as at 31st March</b>	<b>1,68,92,417</b>	<b>1,25,11,634</b>	<b>39,20,403</b>	<b>45,48,527</b>

(iv) Reconciliation of opening and closing balance of fair value of plan assets.

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Fair value of plan assets at beginning of the year	1,07,69,918	98,67,080
Expected return on plan assets	9,96,217	9,02,838
Actuarial gain / (loss)	301,728	-
Employer contribution	35,67,581	-
Benefit paid	(579,164)	-
Fair value of plan assets at year end	1,50,56,280	1,07,69,918

(v) Investment details

(Amount in Rs.)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Insurer Managed Funds	150,56,280	1,07,69,918

(vi) Actuarial assumptions

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Mortality Table (LIC)	NA	NA	NA	NA
Discount rate (per annum)	7.00%	7.00%	7.00%	7.00%
Expected rate of return on plan assets (per annum)	9.25%	9.15%	NA	NA
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

**8.3** All undertakings of the Company are engaged in similar activities of providing services to Oil & Gas Companies. Therefore, there is only one reportable Segment - Drilling and Related Services under Accounting Standard - 17 "Segment Reporting." The Company operates in a single geographical segment-India.

**8.4** As per Accounting Standard - 18, the Company's related parties and transactions are disclosed below:

A. List of related parties & relationships:

**i. Joint Venture of Reporting Enterprise (refer Note No.3 above)**

Discovery Drilling Pte Ltd., Singapore (DDPL)

Virtue Drilling Pte Ltd., Singapore (VDPL)

**ii. Key Management Personnel**

Name of person	Relationship
Sh. Naresh Kumar	Managing Director (up to 24th September, 2010)
Sh. Raghav Jindal	Managing Director
Sh. I. N. Chatterjee	Whole Time Director (up to 11th May, 2010)

**iii. Relative of Key Management Personnel**

Sh. Manav Kumar	Son of Sh. Naresh Kumar, Managing Director (up to 24th September, 2010)
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**B. Details of Transactions with related parties are as follows:**

(Amount in Rs.)

	Joint Venture		Key Managerial Personnel & their relative
	DDPL	VDPL	
Charter hire charges paid / payable	<b>2,022,312,015</b> (2,052,542,310)	<b>1,891,161,286</b> (1,928,290,238)	- (-)
Interest received /receivable (Net of TDS)	<b>16,070,146</b> (13,168,680)	- (-)	- (-)
Remuneration *	(-) (-)	(-) (-)	<b>6,537,567**</b> (6,576,135)**
Expenses incurred by the company for which reimbursement received/ receivable	<b>30,161,275</b> (37,025,849)	<b>28,808,290</b> (29,998,260)	- (-)
Loan / Short Term Advance given (Incl. F.E. Fluctuation)	<b>127,147,861</b> (17,903,914)	- (286,170,000)	- (-)
Repayment received from	- (-)	- (387,570,000)	- (-)
<b>Balances Outstanding at the year end:</b>			
For Loans #	<b>893,033,781</b> (749,815,774)	- (-)	- (-)
For charter hire charges	<b>159,862,839</b> (161,010,099)	<b>149,205,322</b> (150,276,093)	- (-)
Maximum Loan outstanding during the year	<b>893,033,781</b> (749,815,774)	- (145,590,000)	- (-)
Amount Receivable for expenses	<b>2,491,692</b> (3,599,050)	<b>2,782,606</b> (1,972,547)	- (-)
Subscription to Equity Shares	<b>222,411,019</b> (222,411,019)	<b>400,765,072</b> (400,765,072)	- (-)
Corporate Guarantee	<b>891,600,000</b> (898,000,000)	<b>1,003,050,000</b> (1,010,250,000)	(-) (-)

Note: Figures in brackets represents previous year's amounts.

\* Including allowances and perquisites but excluding contribution towards retirement benefits

\*\* Includes Rs. 3,06,000/- (previous year Rs. 5,40,000/-) paid to the relative of Key Management Personnel as professional charges.

# Loans Includes Interest Receivables (Net of TDS) Rs. 16,070,146/- (Previous Year Rs. 13,168,680/- ) converted in to Loan.

**8.5 Office Premises taken on lease**

The Company has taken office premises on cancellable lease. These are normally renewed after expiry of lease period.

**8.6** In view of the Accounting Standard - AS 22 "Accounting for Taxes on Income", the deferred tax liability comprises of the following Major components of deferred tax assets and deferred tax liabilities:

	<b>As at 31.03.2011 (Rs.)</b>	As at 31.03.2010 (Rs.)
<b>Deferred Tax Liability</b>		
Fixed Assets	<b>159,028,846</b>	172,615,969
Provision for Gratuity	<b>-595,734</b>	-578,555
<b>(A)</b>	<b>158,433,112</b>	172,037,414
<b>Deferred Tax Assets</b>		
FE Fluctuation Inadmissible u/s 43A	<b>-48,995</b>	-164,995
Un-amortisation of merger & de-merger of expenses	-	135,149
Provision for leave encashment	<b>1,271,974</b>	1,510,906
<b>(B)</b>	<b>1,222,979</b>	1,481,060
<b>Net Deferred Tax Liability</b>	<b>(A - B) 157,210,133</b>	170,556,354

**8.7** "Earning per Share" computed in accordance with Accounting Standard AS- 20.

(Amount in Rs.)

<b>Particulars</b>	<b>2010-11</b>	2009-10
a) Numerator Net Profit after taxation as per Profit & Loss A/c	<b>1,004,650,458</b>	841,429,728
b) Denominator: Weighted average of No. of equity shares outstanding	<b>22,931,104</b>	22,931,104
Basic & Diluted ( Face value of Rs.5 each)	<b>43.81</b>	36.69

**8.8** Financial reporting of Interest in Joint Ventures as per Accounting Standard AS -27:

<b>Name of the Company</b>	<b>Date of initial Investment</b>	<b>Country of Incorporation</b>	<b>% Ownership Interest</b>	
			<b>As on 31.03.2011</b>	As on 31.03.2010
Discovery Drilling Pte Ltd. (DDPL)	25th April, 2006	Singapore	<b>49%</b>	49%
Virtue Drilling Pte Ltd. (VDPL)	31st March, 2008	Singapore	<b>49%</b>	49%

The Company's share of the assets and liabilities as on 31st March, 2011 and share of Income & Expenses for the period ended on that date in respect of joint venture companies (based on their respective audited Balance Sheet as at 31-03-2011) are given below:

Particulars	Amount (In Rs)	
	2010-11	2009-10
Company's Share	49%	49%
<b>Assets</b>		
Fixed Assets (including CWIP)	6,754,456,550	7,294,291,687
Investments	9,957,679	10,029,178
Current Assets	719,288,767	705,058,774
<b>Total Assets</b>	<b>7,483,702,996</b>	<b>8,009,379,639</b>
<b>Liabilities</b>		
Share Capital	496,493,545	500,057,451
Other Reserve *	(189,493,411)	(246,035,926)
Profit & Loss Account	1,948,786,200	1,011,469,844
Secured Loan	3,274,630,950	4,863,533,337
Un-Secured Loan	624,210,029	563,303,726
Non Current Liabilities	189,592,431	246,035,926
Current Liabilities	1,139,483,252	1,071,015,281
<b>Total Liabilities</b>	<b>7,483,702,996</b>	<b>8,009,379,639</b>
<b>Income</b>	<b>1,900,581,883</b>	<b>1,879,669,692</b>
<b>Expenditure</b>	<b>901,267,860</b>	<b>964,376,499</b>
<b>Aggregate amount of Contingent Liability</b>		
Incurred by the Company on account of the Joint Venture Company.	1,894,650,000**	1,908,250,000**
Of Joint Venture Company towards SBLC to the extent of Company's share.	NIL	NIL
<b>Aggregate amount of Commitment on account of Capital Expenditure remaining to be executed (net of advance)</b>		
Directly by the Company on account of the Joint Venture Company	NIL	NIL
Company's Share in the commitment of Joint Venture Company on account of capital expenditures ( Net of advance )	NIL	NIL

\* Represents Hedging Reserve created out of MTM provisioning on account of Interest Rate Swap (IRS) transactions.

\*\* Also reported at note no. B.2 (iv) of this schedule

9. Additional Information pursuant to the provisions of paragraph 3 & 4 of Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable). Since the Company does not have manufacturing activity, the additional information regarding capacity and quantitative details are not given.

(Amount in Rs.)

Items	Year ended on			
	31.03.2011		31.03.2010	
	%	Value	%	Value

**I. VALUE OF IMPORTED & INDIGENOUS STORES & SPARES CONSUMED**

Imported	62.77	213,557,739	47.44	206,741,657
Indigenous	37.23	126,674,313	52.56	229,034,438
<b>TOTAL</b>	<b>100.00</b>	<b>340,232,052</b>	<b>100.00</b>	<b>435,776,095</b>

**II. CIF VALUE OF IMPORTS**

Capital goods	40,023,411	29,395,323
Stores & Spares	183,962,959	189,872,056
<b>TOTAL</b>	<b>223,986,370</b>	<b>219,267,379</b>

**III. EXPENDITURE IN FOREIGN CURRENCY (On accrual basis)**

Operation Expenses	7,844,528,874	9,365,603,568
Interest on Foreign Currency Loan	331,774	2,420,166
Travelling Expenses	1,192,904	2,652,811
Others	9,211,778	2,354,190
<b>TOTAL</b>	<b>7,855,265,330</b>	<b>9,373,030,735</b>

**IV. EARNING IN FOREIGN CURRENCY (On accrual basis)**

Service to Oil Sector	10,326,598,505	9,516,131,300
Interest on Foreign Currency Loan	18,906,054	15,492,565

10. Figures have been rounded off to the nearest rupee.  
 11. Previous year's figures have been re-grouped/ re-arranged/ re-classified wherever considered necessary.  
 12. Schedule 1 to 18 are annexed to and form an integral part of the Balance Sheet as at 31st March, 2011 and Profit & Loss accounts for the year ended on that date.

**For S.S.KOTHARI MEHTA & CO.**

Chartered Accountants  
 Firm's Regn. No. 000756N

**K.K. TULSHAN**  
 Partner  
 Membership No. 085033

Place : Gurgaon  
 Dated: 3rd August 2011

**S. N. AJMERA**  
 CFO

**RAJEEV RANJAN**  
 Company Secretary

**For & on Behalf of the Board**

**D. P. JINDAL**  
 Chairman

**RAGHAV JINDAL**  
 Managing Director

**K. K. KHANDELWAL**  
**VIJAY KAUSHIK**  
 Directors

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No	L27201HR1983PLC036106	State Code	HR
Balance Sheet Date	31.03.2011		

**II. Capital Raised during the year**

Public Issue	NIL	Right Issue	(Rupees in thousand) NIL
Bonus Issue	NIL	Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds**

Total Liabilities	4,690,529	Total Assets	4,690,529
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**Sources of Funds**

Paid-up-Capital	114,656	Reserves & Surplus	4,391,874
Share Capital Suspense	0	Secured Loans	26,789
Unsecured Loans	0	Deferred Tax Liability	157,210

**Application of Funds**

Net Fixed Assets (including CWIP)	674,478	Investments	1,731,834
Net Current Assets	2,284,216	Misc Expenditure	0

**IV. Performance of Company**

Turnover	10,525,957	Total Expenditure	9,133,389
Other Income	109,332	Profit before Tax	1,501,900
Profit after Tax	1,008,394		

**Basic**

Earnings per Share in Rs :	43.97
Dividend Rate	10%

**Diluted**

Earnings per Share in Rs :	43-97
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**V. Generic names of the Principal Products of Company**

Item Code No. ( ITC Code )	8,428.31
Product Description	Rigs, Drilling

**JINDAL DRILLING & INDUSTRIES LIMITED**  
Registered Office: Plot No. 30, Institutional Sector-44,  
Gurgaon-122 002, Haryana

**PROXY FORM**

Folio No. ....  
DP ID\* .....  
CLIENT ID\* .....

I/We .....of .....being a member/ members of Jindal Drilling & Industries Limited do hereby appoint .....of .....or failing him / her.....of.....as my / our proxy to attend and vote for me / us on my / our behalf at the 27th Annual General Meeting of the Company to be held on Tuesday, the 20th September, 2011 at 12.15 P.M. and at any adjournment thereof.

Date .....

Signature(s) .....



Revenue Stamp .....

Note: This proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for commencement of the Meeting.

**\* Applicable for investors holding shares in demat form.**

**JINDAL DRILLING & INDUSTRIES LIMITED**  
Registered Office: Plot No. 30, Institutional Sector-44,  
Gurgaon-122 002, Haryana

**ATTENDANCE SLIP**

Folio No. ....  
DP ID\* .....  
CLIENT ID\* .....

I hereby record my presence at the 27th Annual General Meeting of the Company held on Tuesday, the 20th September, 2011 at 12.15 P.M. at Narsi Banquet, Palam Vihar, Gurgaon - 122 017 (Haryana).

Name of the attending Member.....  
(in Block Letters)

Name of the Proxy (in Block Letters).....  
(to be filled in, if the proxy attends instead of the member)

No. of Shares held .....

.....  
Member's / proxy's Signature

Note : This attendance slip duly filled in should be handed over at the entrance of the meeting hall.

**\* Applicable for investors holding shares in demat form.**





## Jindal Drilling & Industries Limited

### Registered & Corporate Office

Plot No. 30, Institutional Sector-44 Gurgaon-122002  
Tel: 95124-2574326/ 4624000

### Mumbai Office

3rd Floor, Keshava Building, Bandra-Kurla Complex,  
Bandra (East) Mumbai-400 051 (India)  
Tel:+91 22 2659 2888/ 89  
Fax:+91 22 2659 2630

Website: [www.jindal.com](http://www.jindal.com)



Member: International Association  
of Drilling Contractors, Houston, Texas, USA