

JINDAL
D.P. JINDAL GROUP

JINDAL
DRILLING & INDUSTRIES LIMITED



Ahead...
staying on course

staying
on
course

**ANNUAL
REPORT
2009-10**

**JINDAL DRILLING &
INDUSTRIES LIMITED**

BOARD OF DIRECTORS

D.P. Jindal *Chairman*
Naresh Kumar *Managing Director*
Raghav Jindal *Managing Director*
K.K. Khandelwal
S.D. Sharma
Vijay Kaushik

AUDIT COMMITTEE

K.K. Khandelwal *Chairman*
D.P. Jindal
S.D. Sharma

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

70/B-39, Shivaji Marg, New Delhi-110 015

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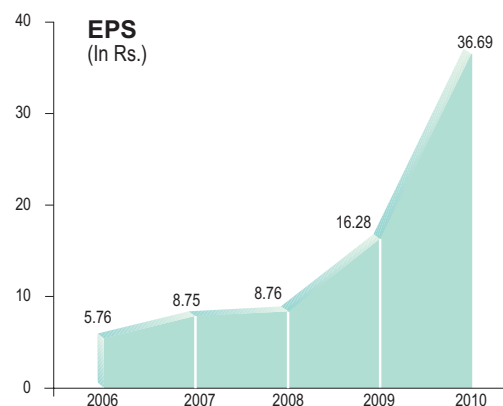
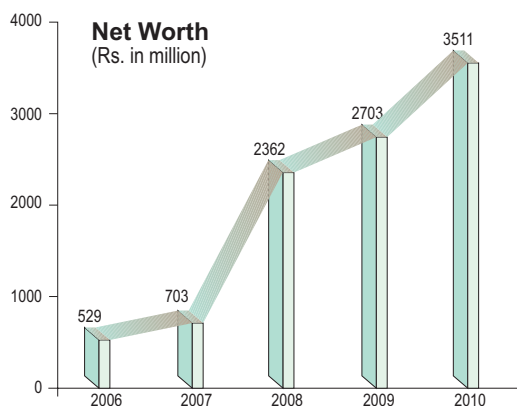
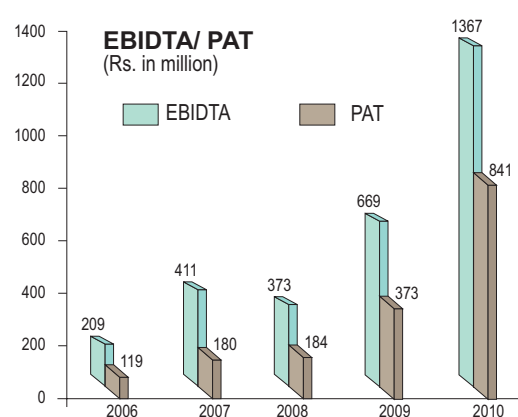
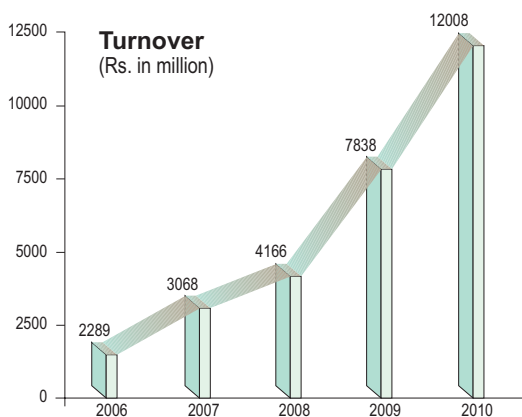
Member: International Association of Drilling Contractors, Houston, Texas, USA

FINANCIAL HIGHLIGHTS

(Rs. in million)

Particulars	FY06 Audited	FY07 Audited	FY08 Audited	FY09 Audited	FY10 Audited
Income from Operations	2238	3045	4128	7778	11954
Other Income	51	23	38	60	54
Total Income	2289	3068	4166	7838	12008
PBIDT	260	434	411	728	1421
Operating Profit (EBIDTA)	209	411	373	669	1367
Interest & Financial Charges	14	41	33	27	19
Depreciation	113	100	90	128	121
Tax	11	93	67	148	423
Deferred Tax	3	20	37	52	17
Profit After Tax (PAT)	119	180	184	373	841
Cash Profit	235	300	311	553	979
Equity Share Capital	103	103	115	115	115
Net Worth	529	703	2362	2703	3511
Ratios					
EBIDTA as % of Sales	9.3	13.5	9.0	8.6	11.44
PAT as % of Sales	5.3	5.9	4.4	4.8	7.04
ROCE (%) (Annualised)	9.3	17.8	11.4	11.5	22.21
RONW (%) (Annualised)	22.5	25.6	16.05	13.8	23.95
Basic EPS (Annualised) *	5.76	8.75	8.76	16.28	36.69
Gross Block of Fixed Assets	1245	564	1023	1275	1294

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



NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of Jindal Drilling & Industries Limited will be held on Friday, the 10th September, 2010 at 12.15 P.M. at Unitech Country Club, Block-E, South City - I, Gurgaon - 122 001 (Haryana) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2010 and the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri K. K. Khandelwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. D. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General meeting until conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors M/s S. S. Kothari Mehta & Co. are eligible for re-appointment.

SPECIAL BUSINESS:-

6. To pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 316 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, and subject to consent of the applicable authorities including Financial Institutions, etc., approval of the Company be and is hereby accorded to the appointment of and payment of remuneration to Shri Raghav Jindal, as Managing Director of the Company, for a period of 5 (five) years with effect from 2nd February, 2010 on the terms and conditions, as set out herein below, with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board of Directors and Shri Raghav Jindal.

SALARY

Rs. 2,50,000 (Two Lac Fifty Thousand only) per month with such increase as may be decided by the Board of Directors from time to time in the grade of Rs. 2,50,000 - 5,00,000 per month.

PERQUISITES

- I. The Managing Director shall be entitled to perquisites & benefits like furnished /non furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water, medical reimbursement, leave travel concession for self & family, club fees, car with driver for business and personal use, facility of telephone installed at his residence, medical and personal accident insurance, education allowance, bonus/ ex-gratia etc. as per rules of the Company. The value of perquisites shall be evaluated as per Income Tax Rules wherever applicable.
- II. The Managing Director shall be entitled to Company's contribution to Provident Fund, Superannuation Fund, Pension Fund, Gratuity, encashment of earned leave at the end of the tenure, as per the rules of the Company, and these shall not be included in the computation of perquisites.

MINIMUM REMUNERATION

In the event of loss or inadequacy of profits, the remuneration including the perquisites as mentioned above shall be paid in accordance with Schedule XIII and other applicable provisions of the Companies Act, 1956 as amended from time to time.

OTHER TERMS

- I. The Managing Director shall not be paid any sitting fees for attending the meeting(s) of the Board of Directors or Committees thereof.
 - II. The Managing Director shall be entitled to reimbursement of entertainment, traveling and all other expenses incurred in the course of the Company's business. While traveling on Company's business purposes, the Managing Director will be entitled to be accompanied by his wife and the traveling and other incidental expenses incurred by his wife will also be borne / reimbursed by the Company.
 - III. The appointment may be terminated by the Company or by the Managing Director by giving not less than three months' prior notice."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be amended in the following manner:

1. After the words "JINDAL DRILLING & INDUSTRIES LIMITED" and before the Article 1 the word "Chapter - I" be deleted.
2. After Article 135, Chapter - II be deleted, comprising Article 1 to Article 17 as under:

CHAPTER II

1. Overriding Effect

The provisions of Articles 1 to 17 of this Chapter II to the Articles of Association of the Company (hereinafter **Chapter II** or this **Chapter**) shall have effect notwithstanding anything contained in the other provisions of these Articles. In the event of any conflict between the provisions of this Chapter II and the other provisions of these Articles, the provisions of this Chapter II shall prevail.

2. Definitions and Interpretation

Definitions

2.1 In this Chapter unless the context requires otherwise, the following words and expressions shall have the following meanings:

Act means the Companies Act, 1956;

Affiliate means, in relation to any person, any entity controlled, directly or indirectly, by that person, any entity that controls, directly or indirectly, that person, or any entity under common control with that person or, in the case of a natural person, any **Relative** (as such term is defined in the Act) of such person. For the purpose of this definition:

- i) **control** means the power to direct the management and policies of an entity whether through the ownership of voting capital, by contract or otherwise, and
- ii) A holding or Subsidiary company of any entity shall be deemed to be an Affiliate of that entity;

Agreed Form means in form and content as mutually agreed between the Investors and the Company and initialled for the purpose of identification by or on behalf of each of them (in each case with such amendments as may be agreed by or on behalf of the Parties);

Agreement means the Investment Agreement dated January 24, 2008 entered into between the Company and the Investors together with its Schedules and Annexures;

Board means the board of directors of the Company or any duly appointed committee thereof from time to time;

Business means the business of exploration and drilling for oil and gas;

Business Day means a day (excluding Saturdays and Sundays) on which banks generally are open in New Delhi, India and New York, USA and Port Louis, Mauritius for the transaction of normal banking business;

Chapter II or this **Chapter** shall have the meaning ascribed to it in Article 1;

Company means Jindal Drilling & Industries Limited;

Competitor means any Person who is itself or through any Affiliate engaged as its primary business in India in same business as the Business of the Company and shall not include financial investors, including without limitation mutual funds or private equity investors who hold investments in a Competitor;

Completion shall have the meaning ascribed to it in the Agreement;

Connected Person/Concern of the Company includes:-

- (i) any company under the same management (as defined by Section 370 (1B) of the Act) as the Company;
- (ii) any Affiliates of the Company;
- (iii) the Promoters or any Affiliate of the Promoters; and
- (iv) any company, firm or partnership, the board of directors, managing director, manager or partners whereof act(s) or is/are accustomed to act in accordance with the directions or instructions of the Board of Directors of the Company, of the Promoters, of any director on the Board or the board of directors of a Promoter or of any Affiliate mentioned above;

Deed of Adherence shall mean the deed of adherence in Agreed Form as annexed as Schedule 4 to the Agreement;

Encumbrance means any encumbrance including, without limitation, any claim, debenture, mortgage, pledge, charge, hypothecation, lien, deposit by way of security, bill of sale, option or right of pre-emption, beneficial ownership (including usufruct and similar entitlements), public right, common right, contractual easement, any provisional or executory attachment and any other interest held by a third party;

Environmental Laws means any Law, treaty, statute, rule, regulation, order, ordinance, decree, injunction, judgment, government recommendation or restriction, government assessment or any other requirement of law (including common law) regulating or relating to human health, safety, natural resources, noise or the environment, including, without limitation, laws relating to contamination and the use, generation, management, handling, transport, treatment, disposal, storage, release or threatened release of Hazardous Substances;

Equity Shares means the equity shares of the Company bearing a face value of Rs.10/- (Rupees Ten only) each;

Exchanges means the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;

Government shall include the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same and any local or other authority exercising powers conferred by Law and shall include, without limitation, the SEBI, any recognised stock exchange, the Reserve Bank of India (**RBI**) and the Foreign Investment Promotion Board (**FIPB**) and the term **Government Authority** shall be construed accordingly;

Government Approvals means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, certificate, exemption, registration, declaration, filing, report or notice of, with or to any Government;

Hazardous Substances means any substance that: (i) is or contains asbestos, urea formaldehyde insulation, polychlorinated biphenyls, petroleum or petroleum products, radon gas, microbiological contamination or related materials, (ii) requires investigation or remedial action pursuant to any Environmental Law, or is defined, listed or identified as a "hazardous waste," "hazardous substance," "toxic substance" or words of similar import thereunder, or (iii) is regulated under any Environmental Law;

Indebtedness as applied to any Person, means, without duplication, (a) all indebtedness for borrowed money, (b) all obligations evidenced by a note, bond, debenture, letter of credit, draft or similar instrument, (c) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with (Indian) Generally Accepted Accounting Principles, (d) notes payable and drafts accepted representing extensions of credit, (e) any obligation owed for all or any part of the deferred purchase price of property or services, (f) all guarantees of any nature extended by such Person with respect to Indebtedness of any other person and (g) all indebtedness and obligations of the types described in the foregoing sub-clauses (a) through (f) to the extent secured by any Encumbrance on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person but shall not include any duplication on account of unpaid vendors liens incurred and outstanding in the ordinary course of business;

Indian GAAP shall mean generally accepted accounting principles in India;

Insider Trading Regulations means the SEBI (Prohibition of Insider Trading Regulations), 1992;

Investor No.1 means CVCIGP II Client Rosehill Limited;

Investor No.2 means CVCIGP II Employee Rosehill Limited;

Investor No.3 means Gautam Nayak and Keshav Bhujle, together acting as trustees of CVCIGP II Ajay Relan Trust; CVCIGP II Jayanta Kumar Basu Trust; CVCIGP II Vivek Chhachhi Trust; CVCIGP II Vinayak Shenvi Trust; CVCIGP II P.R. Srinivasan Trust; CVCIGP II Ajay Tandon Trust;

Investors means Investor No. 1, Investor No. 2 and Investor No. 3 together, and **Investor** shall be interpreted accordingly;

Investors' Consent shall mean the prior written consent of the Investors;

Investors' Shares means the Subscription Shares and Equity Shares from time to time held by the Investors and/or any Permitted Transferees acquired by the Investors pursuant to the Agreement and any accruals (for bonus rights and any capital Reorganisation) therefrom, or any shares issued in substitution thereof and any shares acquired in pursuance of the Agreement;

Law includes all statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Government, statutory authority, tribunal, board, court or recognised stock exchange and, if applicable, international treaties and regulations;

Listing Agreement(s) means the listing agreement(s) entered into between the Company and each of the Exchanges and the Calcutta Stock Exchange and the Delhi Stock Exchange respectively in relation to the Equity Shares of the Company;

Material Adverse Effect means any (a) event, occurrence, fact, condition, change, development or effect that is, or may reasonably be, materially adverse to the valuation, business, operations, prospects, results of operations, condition (financial or otherwise), properties (including intangible properties), assets (including intangible assets) or liabilities of the Company and its subsidiaries (including environmental matters) or (b) material impairment of the ability of the Company or its subsidiaries to perform their respective obligations hereunder (c) any material adverse change in India or financial markets;

Observer means a person nominated by the Investors as referred to in Article 3.2, subject to any restrictions under any applicable Law or Government Approval;

Parties means the parties to the Agreement (and **Party** shall be construed accordingly);

Person(s) / person(s) means any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, unlimited or limited liability company, joint venture, Government Authority or trust or any other entity or organization;

Permitted Transferees means (a) any Affiliate of an Investor, (b) Citigroup Venture Capital International Growth Partnership II, L.P. or Citigroup Venture Capital International Investment Partnership II G.P. Limited, or their predecessor entities, (c) any fund, collective investment scheme, trust, partnership (including, without limitation, any co-investment partnership), special purpose or other vehicle or any subsidiary or Affiliate of any of the foregoing, in which any member or subsidiary of Citigroup Inc. is a general or limited partner, shareholder, investment manager or advisor, member of a management or investment committee, nominee, custodian, trustee or unit holder and (d) any partners, members, directors, officers, employees or investors (either directly or indirectly through any investment partnerships of entities of such entity) who are distributees of investments held by an entity specified in clauses (b) and (c) pursuant to the bona fide liquidation of such entity in which securities held by such entity are distributed to such distributees and (e) the Investors;

Price Sensitive Information shall have the same meaning attributed to the term in the Insider Trading Regulations;

Promoters means the following Shareholders of the Company;

Srl. No.	Name
Promoter No. 1	D.P. JINDAL
Promoter No. 2	SAKET JINDAL
Promoter No. 3	SAVITA JINDAL
Promoter No. 4	RAGHAV JINDAL
Promoter No. 5	RACHNA JINDAL
Promoter No. 6	MANAS AGARWAL
Promoter No. 7	NARESH KUMAR AGARWAL
Promoter No. 8	MANJU AGARWAL
Promoter No. 9	SHILPA AGARWAL
Promoter No. 10	JINDAL PIPES LIMITED
Promoter No. 11	BRAHMDEV HOLDING & TRADING LTD
Promoter No. 12	JINDAL GLOBAL FINANCE & INV. LTD.
Promoter No. 13	STABLE TRADING CO. LTD.
Promoter No. 14	SUDHA APPARELS LTD.
Promoter No. 15	BABUL HOLDINGS PVT. LTD.
Promoter No. 16	BHAGYALAXMI FINLEASE & INV. PVT. LTD.
Promoter No. 17	CRISHPARK VINCOM LTD.
Promoter No. 18	INDICO PREFAB & ALLIED INDS. PVT. LTD.
Promoter No. 19	NEPTUNE EXPLORATION & INDS. LTD.
Promoter No. 20	SATELLITE MERCHANTS PVT. LTD.

Reorganisation means every issue by way of capitalisation of profits or reserves and every issue by way of rights or bonus and every consolidation or sub-division or reduction of capital, buy-back of securities or capital distribution or other reconstruction or adjustment relating to the equity share capital of the Company and any amalgamation or reconstruction affecting the equity share capital of the Company;

Required Governmental Approvals means such Government Approvals, if any, as may be necessary or advisable for the acquisition of the Subscription Shares in the Company by the Investors on the terms contained in the Agreement and the consummation of the transactions contemplated in the Agreement, including, without limitation, any Government Approvals which are granted automatically contingent upon requisite filing of specified documents and/or reports being made;

Reserved Matters means the matters set out below;

1. Acquisition of shares, assets, business, business organization or division of any other person, creation of legal entities, joint ventures or partnerships, mergers, de-mergers, spin-off and consolidations, creation of any new Subsidiaries;
2. Providing guarantees or making any loans in excess of INR 500 Lakhs to the group companies, in addition to the Loans and Guarantees given in the normal course of business;
3. Any changes in class rights for shares (directly or indirectly);

4. Entry into or amendments to any exclusive marketing agreements or arrangements;
5. Commencement of any new line of business, which is unrelated to the business of the Company, or making of any investment (other than short-term deposits with banking institutions and Mutual funds investments, as a part of treasury operation) in excess of INR 100 Lakhs;
6. Any change in the issued, subscribed or paid up equity or preference share capital of the Company, or re-organization of the share capital of the Company, including new issuance of shares or other securities, issuance of convertible debentures or warrants, or grant of any options (including ESOPs) over its shares by the Company;
7. Sale, transfer or other disposition of, the Company, any of its Subsidiaries, if any, or any other change in the capital structure of the Company and its Subsidiaries;
8. Except prior commitment before January 24, 2008, sale, Transfer, assignment, mortgage, pledge, hypothecation, grant of security interest in, subject to any lien, or otherwise dispose of, any assets or securities of the Company or any of its Subsidiaries, other than in the ordinary course of business with a fair market value of such assets or securities exceeding INR 100 Lakhs in a single transaction, or INR 1000 Lakhs on an aggregate basis, in any calendar year;
9. Listing/de-listing of the Company shares on any stock-exchanges (except which has already been approved) or change in legal status e.g. public to private company status etc, the taking of steps towards or appointment of any advisers in connection with a potential sale or flotation (on any new stock exchanges) of securities of the Company;
10. Incurrence, issuance or assumption of any form of indebtedness in excess of the levels agreed upon in the annual budget except in normal course of business;
11. Approval, adoption, amendment or modification of the annual budget, or the taking of any action that would be inconsistent with the budget then in effect except in normal course of business;
12. Capital expenditure, including constructions and leases, more than INR 500 Lakhs per annum in excess of the levels agreed upon in the annual budget except in normal course of business;
13. The prosecution or settlement of legal actions or claims where the aggregate amount of all claims so prosecuted or settled would exceed INR 100 Lakhs within any financial year;
14. Any agreement, arrangement, transaction or assignment of any assets of the Company, other than in the ordinary course of business, with a value of more than INR 500 Lakhs;
15. Dissolution, winding-up or liquidation of the Company or any of its Subsidiaries, whether or not voluntary, or any restructuring or reorganization which has a similar effect;
16. Affiliated or related party transactions, agreements or arrangements between the Company and the existing shareholders, their associates or their Affiliates, if it is exceeding the limit as specified in the Companies Act;
17. Any amendment, supplement, modification or restatement of the memorandum or articles of association of the Company or any of its Subsidiaries as in effect on the due date hereof;
18. Material changes to accounting or tax policies, procedures or practices or change of internal or statutory auditors; and
19. Delegation of authority or any of the powers relating to any matter vested with the board of the Company and/or its affiliates to any individual or committee and any commitment or agreement to do any of the foregoing.

Rupees or INR means the lawful currency of the Republic of India;

SEBI means the Securities and Exchange Board of India;

Shareholders shall mean any Person who holds Equity Shares in the Company from time to time;

Subscription Shares means the 12,00,000 (Twelve Lakh) Equity Shares of the Company subscribed to by the Investors at Completion;

Subsidiary / subsidiary has the meaning given to such term in the Act;

Tax or Taxation means all forms of taxation, duties, levies, imposts and social security charges, including without limitation corporate income tax, wage withholding tax, provident fund, employee state insurance and gratuity contributions, value added tax, customs and excise duties, capital tax and other legal transaction taxes, stamp duty, dividend withholding tax, real estate taxes, other municipal taxes and duties, environmental taxes and duties and any other type of taxes or duties in any relevant jurisdiction, together with any interest, penalties, surcharges or fines relating thereto, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction;

Transfer includes any transfer, assignment, sale, disposal, lease or Encumbrance; and

VDPL means Virtue Drilling Pte Limited.

Interpretation

2.2 In this Chapter, unless the context requires otherwise:

- (a) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Chapter;
- (b) references to one gender include all genders;
- (c) any reference to any enactment or statutory provision is a reference to it as it may have been, or may from time to time be, amended, modified, consolidated or re-enacted (with or without modification) and includes all instruments or orders made under such enactment;
- (d) words in the singular shall include the plural and vice versa;
- (e) any reference to Article, Clause or Schedule shall be deemed to be a reference to an Article, Clause or Schedule of the Agreement or this Chapter, as the context requires;
- (f) references to an agreement or document shall be construed as a reference to such agreement or document as the same may have been amended, varied, supplemented or novated in writing at the relevant time in accordance with the requirements of such agreement or document and, if applicable, of the Agreement with respect to amendments; and
- (g) any reference to a Party to the Agreement shall include, in the case of a body corporate, references to its successors and permitted assigns and in the case of a natural person, to his or her heirs, executors, administrators and legal representatives, each of whom shall be bound by the provisions of this Chapter in the same manner as the Party itself is bound.

2A Required Governmental Approvals

2A.1 The Company shall make best efforts to promptly obtain all Required Governmental Approvals and shall furnish certified true copies thereof to the Investors. The Company shall obtain, prepare and file all requisite documentation to be filed, to obtain, or comply with, any Required Governmental Approval, and/or pursuant to any previously obtained Government Approvals, including under the Foreign Exchange Management Act, 1999 and/or the rules or regulations made thereunder (as then in effect), including as may from time to time be required under any Law in connection with the transactions contemplated in the Agreement with the appropriate authority. The Company shall ensure that all documentation to be filed and / or delivered under this Article is in the prescribed format, accurately completed and accompanied by all the required documents.

2A.2 The Company and the Investors shall make best endeavours co-operate with any Government for the purpose of obtaining any Required Governmental Approval.

2A.3 The Company shall ensure that the Subscription Shares are listed on the Exchanges after Completion at the earliest.

3. Board of Directors

3.1 At least 33% of the Board shall at all times comprise of Independent Directors (the term 'Independent Director' shall be construed in accordance with the meaning attributed to it in the Listing Agreements).

3.2 The Investors may at any time appoint any person, as an observer (the Observer). Such Observer shall have the right to attend any and all meetings of the Board provided that the Observer shall not have a right to vote at any such meeting of the Board. For the avoidance of doubt it is clarified that the Investors collectively and not singly shall appoint one Observer to the Board.

4. Corporate Governance

4.1 In order to enhance the corporate governance standards of the Company, the Company shall take no action or decision relating to any of the Reserved Matters (whether by the Board, any committee or the shareholders of the Company (through any of the employees, officers or managers of the Company) unless the consent of the Board is obtained for such action or decision.

5. Information Rights

5.1 As part of its initiative to enhance and maintain high standards of reporting and corporate communication systems, the Company shall organise, at regular intervals, presentations to the Board, Shareholders and analysts as may be directed by the Board.

5.2 The Board and the Investors shall receive such information as they may be entitled to receive under applicable Law.

5.3 The Company shall publish any unpublished Price Sensitive Information prior to same being provided to the Investors.

5.4 The Investor(s) shall not be entitled to share information received from the Company with any person, other than with Permitted Transferees, without the prior written consent of the Company.

5.5 At the request of the Investors, the Company will confirm with the Investors once each year the following:

- (a) That the Company has no credit relationships with Citigroup, or if it does have a credit relationship with Citigroup, the nature of the relationship, the amount of credit extended and the Citigroup entity extending the credit. Credit relationships include loans, guarantees, letters of credit, as well as less obvious relationships, such as any car leases, corporate credit cards and deposit account overdraft lines.

- (b) That the Company and Citigroup do not market the other's products / services to their respective customers.
- (c) The Investors' equity stake in the Company.

6. Exercise of Rights

- 6.1 Without prejudice to the other provisions of this Chapter, the Company shall exercise all powers and rights available to it in support of the provisions of the Agreement and this Chapter and so as to procure and ensure that the provisions of the Agreement and this Chapter are complied with in all respects by the Company.

7. Share Transfers

Null and Void Transfers

- 7.1 Any Transfer or attempt to Transfer any Equity Shares in violation of this Article 7 and/or Article 8 (Restrictions on Share Transfers) shall be null and void *ab initio*, and the Company shall not register such Transfer and shall reject any such Transfer made or attempted, suo moto without necessity of a Board decision and may institute proceedings for this purpose if required by Law.
- 7.2 The Investors shall be entitled to Transfer all or any of the Investors' Shares to any person and any or all their rights and obligations hereunder to any one person at their sole discretion and on such terms as they deem fit, at any time and from time to time, save and except to a Competitor. Provided that nothing in this Article shall restrict any Transfer of the Investors' Shares on any Exchange or other recognised stock exchange where the securities of the Company are listed at the relevant point in time, provided further that such a Transfer is not a pre-negotiated transfer by the Investors.
- 7.3 Notwithstanding anything contained herein, the Investors shall be entitled to transfer the Subscription Shares and/or all or any of its rights and obligations hereunder to any Permitted Transferee. Provided that the Permitted Transferees shall be entitled to exercise all such rights or obligations only through any one entity acting on behalf of the Investors and Permitted Transferees.
- 7.4 In the event that any of the Investors disposes of all or part of its proportionate share of the Subscription Shares together with all or some of its rights and obligations hereunder, such Investor shall ensure that the relevant transferee of such Subscription Shares executes a Deed of Adherence and shall provide the same to the Company prior to the Company being called upon to effect such Transfer.

8. Restrictions on Share Transfer

- 8.1 The Promoters shall not for 12 (twelve) months from Completion, without the Investors' Consent:
- (a) Transfer (in the aggregate) Equity Shares representing more than 5% of the share capital of the Company, in any pre-negotiated sale with the proposed purchasers of the shares, including any trade executed on the 'block deal' segment of the relevant market or a trade which is 'synchronized' or 'negotiated'; and
 - (b) Transfer (in the aggregate) Equity Shares representing more than 10% of the share capital of the Company, in any non-negotiated sale on a recognised stock exchange where the Promoters are unaware of the identity of the purchasers of the shares;
provided that the aggregate of all such Transfers by the Promoters, does not in any event exceed 10% (in the aggregate) of the share capital of the Company.
- 8.2 Notwithstanding Article 8.1 above, the Promoters shall be permitted to:
- (a) Transfer Equity Shares to other Promoters;
 - (b) Transfer Equity Shares that are, as of December 13, 2007, subject to pledges / committed to be pledged to secure the Indebtedness of the Company, pursuant to a valid and binding enforcement of such pledges;
 - (c) Encumber Equity Shares held by the Promoters for the purpose of securing the Indebtedness of the Company; and
 - (d) Transfer up to 14.99% of the fully diluted share capital of the Company to any Person who is engaged in the same business as the Company.

Tag Along Rights

- 8.3 Subject to Articles 8.1 and 8.2 above, in the event that the Promoters (or any of them) propose to Transfer any of their Equity Shares to any Person:
- (a) The Promoters shall first give a written notice (hereinafter referred to as **Offer Notice**) to the Investors. The Offer Notice shall state (i) the number of Equity Shares proposed to be Transferred (hereinafter referred to as the **Sale Shares**) and the number and class of Equity Shares the Promoters own at that time, (ii) the name and address of the proposed transferee, (iii) the proposed price, including the proposed amount and form of consideration and terms and conditions offered by such proposed transferee, (iv) the date of consummation of the proposed Transfer, (v) a representation that the proposed transferee has been informed of the "**tag-along**" rights provided for in this Chapter and has agreed to purchase all the Equity Shares required to be purchased in accordance with the terms of this Article, and (vi) a representation that no consideration, tangible or intangible, and whether designated towards the share purchase

price or otherwise, is being provided to the Promoters or the Company that will not be reflected in the price paid to the Investors on exercise of their tag-along rights hereunder. In the event that the proposed consideration for the Transfer includes consideration other than cash, the Offer Notice shall include a calculation of the fair market value of such consideration and an explanation of the basis for such calculation. The total value of the consideration for the proposed Transfer is referred to herein as the **Offer Price**. Such notice shall be accompanied by a true and complete copy of all documents constituting the agreement between the Promoter and the proposed transferee regarding the proposed Transfer.

- (b) The Investors shall be entitled to respond to the Offer Notice by serving a written notice (**Response Notice**) on the Promoters prior to the expiry of 30 Business Days from the date of receipt of the Offer Notice (**Offer Period**) requiring the Promoters to ensure that the proposed transferee of the Sale Shares also purchases such number of the Equity Shares as mentioned in the Response Notice at the same price and on the same terms as are mentioned in the Offer Notice.
 - (c) If the proposed transferee is unwilling or unable to acquire all of the Equity Shares mentioned in the Response Notice upon such terms, then the Promoters may elect either to cancel such proposed Transfer, or to allocate the maximum number of Equity Shares which the proposed transferee is willing to purchase among the Sale Shares and the Equity Shares specified by the Investors in the Response Notice, pro-rata in the ratio of the shareholding in the Company at such time of the Promoters and the Investors and their Permitted Transferees, and to consummate such Transfer on such terms.
 - (d) However, if, as a consequence of such a proposed Transfer of the Sale Shares by the Promoters, the aggregate shareholding of the Promoters in the Company falls below 50% of the share capital of the Company, then the Investors shall be entitled to issue a Response Notice requiring the proposed transferee of the Sale Shares to purchase up to all their shareholding in the Company at the same price and on the same terms as are mentioned in the Offer Notice.
 - (e) The Promoter shall not be entitled to sell or transfer any of the Sale Shares to any proposed transferee unless the proposed transferee simultaneously purchases and pays for the required number of Equity Shares mentioned in the Response Notice for the same consideration and upon the same terms and conditions as applicable to the Sale Shares. The Promoters shall ensure that, along with the Sale Shares, the proposed transferee also acquires the Equity Shares specified in the Response Notice for the proportionate Offer Price and upon the same terms and conditions as applicable to the Sale Shares, provided that the Investors may choose to receive the cash equivalent of any such consideration which is in a form other than cash and the Investors shall not be required to provide any representations and warranties except in relation to their title to the Investors' Shares being Transferred. Where the Investors have properly elected to exercise their tag-along right and the proposed transferee fails to purchase from the Investors the Equity Shares which they are entitled to sell under this tag along provision, the Promoters shall not consummate proposed Transfer to the transferee, and if purported to be made, such Transfer shall be void and the Company shall not register any such Transfer of the Sale Shares.
 - (f) In the event that the Investors fail to deliver a Response Notice to the Promoters prior to the expiry of the Offer Period, then, upon the expiry of the Offer Period, the Promoters shall be entitled to transfer the Sale Shares to the proposed transferee mentioned in the Offer Notice on the same terms and conditions and for the same consideration as is specified in the Offer Notice. Any transferee purchasing the Sale Shares shall deliver to the Promoters on or before the date of consummation of the proposed Transfer as specified in the Offer Notice, payment in full of the Offer Price in accordance with the terms set forth in the Offer Notice and any requisite Taxes in relation to the Transfer. If completion of the sale and transfer to the proposed transferee does not take place within the period of 60 days (excluding any time taken for effecting any statutory compliances under applicable Laws) following the expiry of the Offer Period, the Promoters' right to sell the Sale Shares to such third party shall lapse and the provisions of this Article 8.3 shall once again apply to the Sale Shares.
- 8.4 Where the Investors require prior legal, Governmental, regulatory or shareholders approval / consent for the disposal of Equity Shares pursuant to this Chapter, then notwithstanding any other provision of this Chapter or the Agreement, the Investors shall only be obliged to dispose of their Equity Shares once such consent or approval is obtained, and the parties shall use their reasonable endeavours to obtain any such required approvals. Any period within which a transfer of Equity Shares by the Investors has to be completed shall be extended by such further period as is necessary for the purpose of obtaining the above approvals. Provided that if any of the above mentioned approvals are withheld or refused, then the Investors shall be deemed not to have offered to sell the concerned Equity Shares.
- 8.5 The Transfer restrictions in this Chapter and/or in the Agreement shall not be capable of being avoided by the Promoters by the holding of Equity Shares indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Equity Shares free of such restrictions. Any Transfer, issuance or other disposal of any shares (or other interest) resulting in any change in the control, directly or indirectly, of the Promoters, or of any Affiliate of any Promoters which holds, directly or indirectly, any Equity Shares, shall be treated as being a Transfer of the Equity Shares held by the Promoters, and the provisions of this Chapter that apply in respect of the Transfer of Equity Shares shall thereupon apply in respect of the Equity Shares so held.
- 8.6 Any Transfer or attempted Transfer of any securities of the Company in violation of the Agreement and / or this Chapter shall be void, no such Transfer shall be recorded on the Company's books and the purported transferee in any such Transfer shall not be treated (and the purported transferor shall be treated) as the owner of such securities for all purposes.
- 8.7 The Company shall not take any action to restrict the Transfer of the Investors' Shares and shall not create any Encumbrance on the Investors' Shares.

9. Other Covenants

Announcements

- 9.1 Subject to Article 9.2 herein below, no formal or informal public announcement or press release which makes reference to the Investors and/or the terms and conditions of this Chapter or any of the matters referred to herein, shall be made or issued by or on behalf of the Company without the prior written approval of the Investors.
- 9.2 If any Party is obliged to make or issue any announcement or press release mentioned in Article 9.1 above pursuant to a requirement by Law or by any stock exchange or Governmental or regulatory authority, it shall give the Investors every reasonable opportunity to comment on any announcement or release before it is made or issued (provided that this shall not have the effect of preventing any Party from making the announcement or release or from complying with its legal, stock exchange, Governmental and/or regulatory obligations).

Auditor

- 9.3 The Company shall prepare financial statements in accordance with Indian GAAP.
- 9.4 The Company shall at all times during the term of the Agreement, appoint one of the following (or their affiliates in India) as the statutory auditors of the Company:-
- (a) Ernst and Young;
 - (b) Deloitte, Touche and Tomhatsu;
 - (c) KPMG;
 - (d) Price Waterhouse Coopers; or
 - (e) S. S. Kothari Mehta & Co.

Use of Proceeds

- 9.5 The Company will use the proceeds of the subscription to the Subscription Shares by the Investors under the Agreement for general corporate purposes including present and future capital expenditure programme, long term working capital requirements and for ongoing and future business commitments/plans of the Company.

Connected Person

- 9.6 All agreements and transactions between the Company and any Connected Person/Concern shall be entered into on arms length /market price basis.

More Favourable Rights

- 9.7 The Company shall not provide any Person whose shareholding in the Company is or shall be at the relevant time less than or equal to that of the Investors with rights in relation to the Company which are more favourable than those provided to the Investors hereunder and / or under the Agreement.

Pre-emption and Anti Dilution

- 9.8 In the event that, at any time, the Company issues any Equity Shares, or any rights, options, warrants, appreciation rights or instruments entitling the holder to receive any Equity Shares of the Company or any options to purchase or rights to subscribe for securities by their terms convertible into or exchangeable for Equity Shares (Dilution Instrument) at any time, other than by way of public offering or pursuant to an approved employee stock option plan, then the Investors shall be entitled to subscribe to such number of Dilution Instruments in proportion to their equity shareholding in the Company and shall also be entitled to subscribe to their pro rata number (calculated on the same basis after giving effect to the Investors' subscription pursuant to this Article 9.8, but not including the numbers of Equity Shares held by other Shareholders not subscribing in such issuance) of any Equity Shares not subscribed for by the other Shareholders. The Investors shall be entitled to acquire the Dilution Instruments on the terms on which the Company proposes to issue the Dilution Instruments to any other Person. However, it is hereby clarified that such Dilution Instruments or the Equity Shares resulting therefrom shall not be entitled to the rights under the Agreement. The Company shall not issue any Dilution Instruments in contravention of the provisions of this Article 9.8.
- 9.9 Without prejudice to the other provisions of this Chapter and/or these Articles, in case of any issue of Dilution Instruments by the Company at any time within 12 (twelve) months from the date of the allotment of the Subscription Shares to the Investors, at a price (Issue Price) per Equity Share / Dilution Instrument, which is less than INR 1,280/- (Rupees One Thousand Two Hundred and Eighty only) per Equity Share, each of the Investors shall be entitled to (at its option) subscribe to additional Dilution Instruments of the Company at the lowest price permissible under Law, so as to reduce the average cost of acquisition of the Equity Shares of the Investors to the Issue Price provided that the aggregate shareholding of the Investors in the Company does not exceed 14.99%. The above Article, however, would not be applicable in respect of the shares to be allotted under any Employees Stock Option Scheme of the Company or in respect of any public offering of shares of the Company.

Investors not to be considered Promoters

9.10 The Company acknowledges that on Completion the Investors will only be minority financial investors and will not acquire control and management of the Company. The Company will ensure that the Investors shall not be considered / classified to be the 'promoters' of the Company for any reason whatsoever (unless required by applicable Law) and the Investors' Shares are not subject to any restriction (including that of lock-in or other restriction) which is applicable to promoters under any applicable Law, unless required by applicable Law. If applicable Law does not permit the above mentioned actions, the Parties shall exercise all their rights and take all actions to endeavour to achieve the objectives of this Article 9.10 in accordance with applicable Law.

Environment

9.11 The operating facilities of the Company and its subsidiaries will be built and operated in compliance with all applicable national and local Environmental Laws and worker safety regulations and with due regard for the environment and health and safety of its workers.

Conditions Subsequent

9.12 The Company shall ensure that VDPL enters into valid and binding agreements for the availing of senior debt aggregating to USD 160 million on terms that are not prejudicial to VDPL or the Company, no later than April 30, 2008.

9.13 The Company shall acquire 49% of the share capital of Virtue Drilling Pte Limited from Jindal Pipes Limited on terms and conditions approved by the Board, no later than April 30, 2008.

9.14 The Subscription Shares shall rank pari passu with the remaining Equity Shares of the Company in all respects, including with respect to entitlement to dividend.

10 Right To Conduct Business

10.1 It is acknowledged that each Investor and its Permitted Transferees invests and may invest in numerous companies, some of which may be in competition with the Company and its business. The Investors and their Permitted Transferees shall not be liable for any claim arising out of, or based upon (a) the fact that they hold an investment in any Person that competes with the Company, or (b) any action taken by any of their officers or representatives to assist any such competitive Person, whether or not such action was taken as a board member of such competitive company, or otherwise and whether or not such action has a detrimental effect on the Company.

10.2 The Company unconditionally and irrevocably consents to the Investors and/or any of their Permitted Transferees at any time and from time to time investing in the securities of any Person engaged in the same or a similar business as the business of the Company or entering into collaborations or other agreements or arrangements with any Persons in India engaged in the same or a similar business as the business of the Company. The Company shall from time to time at the request of the Investors, certify in Agreed Form that it does not object to such investment, agreement or arrangement with such Persons and in such form as may be requested by the Investors.

10.3 The Investors hereby unconditionally and irrevocably agree and undertake that the Observer shall not be nominated as an observer or director on the Board of a Competitor.

11 Ethical Business Practices

11.1 The Company shall not, directly or indirectly :

- (a) knowingly act in violation of any of the Laws and regulations applicable to them; and
- (b) make improper payments to public officials in order to secure a business advantage.
- (c) The Company shall not, directly or indirectly, make any offer, payment, promise to pay or authorization of the payment of any money, or other property, promise to give, or authorization of the giving of anything of value to any employee or official of a Governmental Entity or arbitration tribunal, to any political party, domestic or foreign (or official thereof) or candidate for political office or to any other Person who was or is in a position to help or hinder the Company: (a) with the intent or purpose of inducing such official, political party or candidate, or other Person, to do or omit to do any act in violation of the lawful duty of such official; (b) that would cause the Company to directly or indirectly violate or be in violation of any applicable Law (including without limitation the U.S. Foreign Corrupt Practices Act, as amended) or subject to damages or penalties in a civil or criminal proceeding; or (c) that could reasonably be expected to have a Material Adverse Effect if not continued.

12. Offer For Sale

Unless prohibited by applicable Law, the Investors shall have the right, to sell all or part of their shareholding through a secondary offering of the Company's shares together with the shares held by other Shareholders of the Company (whether in India or abroad, and including the sale of such shares through an issue of depositary receipts) and the Parties shall take all necessary action to enable the Investors to exercise such a right in accordance with applicable Law. In connection with their right to sell their shareholding, the Investors shall have the right to demand that the Company register the Investors' Shares with all regulatory authorities necessary to ensure free transferability of such shares. The Company will appoint merchant bankers, prepare a prospectus and provide all assistance for such offering.

Without prejudice to the other rights of the Investors, the Investors shall have the right to offer their shares for sale / participate in any public offering of shares of the Company in proportion to its shareholding in the Company.

13. Registration Rights

- 13.1 In the event of the Company achieving an overseas listing, and if permitted by the then prevailing law, the Investors shall be entitled to demand that all or part of the Equity Shares in the Company held by the Investors, be converted into American Depository Receipts (**ADRs**) or Global Depository Receipts (**GDRs**).
- 13.2 In the event of listing in the United States, the Investors shall also be entitled, subject to applicable Law (including United States Law), to any number of demand rights pursuant to which the Company will be required to register the securities and/or ADRs or GDRs held by the Investors with all appropriate and necessary regulatory authorities required to ensure unlimited transferability of such securities and/or ADRs/GDRs. Such demand registration shall be affected upon the request of the Investors. The Company shall, (a) appoint a merchant banker, (b) prepare the prospectus, and (c) provide all assistance as may be required by the Investors. Each Party will bear its own expenses in any such demand registrations.
- 13.3 In the event of an overseas offering of depository receipts by the Company, the Investors will have, subject to applicable Law, proportionate piggyback rights (to make an offer for sale simultaneously) in all primary offering and all other secondary offerings of the Company's securities or ADRs / GDRs. If the Law requires that the Company extend the piggyback rights to all Shareholders, then the Company will increase the size of a potential ADR / GDR offering such that the Investors will be able to participate to the extent desired by the Investors. The Parties shall bear their own expenses incurred in such piggyback registrations.
- 13.4 The Company will not grant other registration or secondary offering rights, other than rights that are pari passu or subordinated to the rights of the Investors.

14. Non Compete

- 14.1 The Company and the Promoter(s) (jointly and severally) undertake to the Investors to, and the Company shall ensure that they, devote their whole time and attention during business hours to the business of the Company and the duties of their employment with the Company and not to be involved or concerned in the business of any other body corporate, whether incorporated or otherwise.
- 14.2 Each of the Promoters agrees and undertakes not to participate in any capacity whatsoever, including as a promoter or an employee, in the business of the Company, including the business of drilling for oil and gas, through any Person other than the Company and the Company shall ensure the same.
- 14.3 As the Promoters, in the course of their employment and / or directorship, are likely from time to time to obtain knowledge of trade secrets and other confidential information of the Company and to have dealings with the customers and suppliers of the Company and in order to protect such trade secrets and other confidential information and the goodwill of the Company, the Promoters further undertake to the Investors and, as a separate undertaking, to the Company, in the terms set out below.
- 14.4 Each Promoter undertakes to the Company and the Investors that, except as otherwise agreed in writing by the Board with the Investors' Consent and without prejudice to any other duty implied by law or equity, he shall not during the term of the Agreement (the **Termination Date**), in any manner directly or indirectly:
- (a) be concerned in any business directly or indirectly competing, or which may compete, with any business then carried on by the Company;
 - (b) except on behalf of the Company, canvass or solicit business or custom for goods or services similar to those being provided by the Company from any Person who is a customer of the Company;
 - (c) induce or attempt to induce any supplier of the Company to cease to supply, or to restrict or vary the terms of supply to, the Company or otherwise interfere with the relationship between such a supplier and the Company (save and except in the course of his employment and in exercise of his power and authority as an employee and in the interest of the Company); or
 - (d) induce or attempt to induce any director or key employee of the Company to leave the employment of the Company.
- 14.5 For the purposes of Article 14.4(a) the business carried on by the Company shall be deemed to be that carried on as at any time within the year ending on the Termination Date. For the purposes of Article 14.4(b) and (c), the goods / services provided by, and the customers of, and the suppliers of, the Company shall be deemed to be those as at any time within the year ending on the Termination Date. For the purposes of Article 14.4(d) references to directors and key employees shall be deemed to be those with whom the Promoters had material dealings during the year ending on the Termination Date.
- 14.6 For the purposes of Articles 14.1 and 14.4, a Promoter is concerned in a business if he (a) carries it on as principal or agent, (b) is a partner, director, employee, seconded, consultant in, or agent of or to, any person who directly or indirectly (including through any financial interest in any person) carries on the business, or (c) himself or any of his Affiliates has any financial interest (as shareholder or otherwise) in any person who carries on the business; disregarding any financial interest of a Person in securities which are listed any recognised stock exchange, which (collectively) amount to less than 1% (one per cent) of the issued securities of that class and which, in all circumstances, carry less than 1% (one per cent) of the voting rights (if any) attaching to the issued securities of that class and provided that none of such Persons are involved in the management of the business of the issuer of the securities or any Person connected with it other than by the exercise of voting rights attaching to the securities.

- 14.7 Any of the undertakings on the part of the Promoters under this Article may be released either generally or in any particular case with the Investors' Consent but not otherwise.
- 14.8 Each covenant above shall be, and is, a separate covenant and shall be enforceable separately against the each of the Promoters and independently of the other covenants and its validity shall not be affected if any of the others is invalid.
- 14.9 The Promoters expressly acknowledge and agree that in the context of the Company's business and the Promoters' relationship with the Company as promoters, substantial shareholders and directors of the Company, that the Investors would not have proceeded with the subscription contemplated in the Agreement but for the Promoters' covenants hereunder to ensure the protection of the value of the Company, that the restrictions on competitive activity set forth in this Chapter are mainly to secure to the Investors the benefits of this Chapter and the Agreement and to protect the value of the Company, including the goodwill of the Company's business and the potential for expansion of that business, that in light of the breadth of the geographic scope of this Chapter, the investment by the Investors under the Agreement is deemed to be adequate consideration for the right to engage in a competitive business that they are foregoing hereunder and that they have various skill sets which, if deployed by them after they cease to be employees of the Company, would not result in them competing against the Company.
- 14.10 The Promoters, having obtained professional advice, acknowledge and agree that the covenants contained in this Article are no more extensive than is reasonable to protect the Investors as subscribers of Equity Shares and to protect the business of the Company.

15. Miscellaneous

No partnership or agency

- 15.1 Nothing in this Chapter (or any of the arrangements contemplated herein) shall be deemed to constitute a partnership between the Parties, nor, except as may be expressly provided herein, constitute any party as the agent of another party for any purpose, or entitle any party to commit or bind another party in any manner.

Further Assurances

- 15.2 The Parties undertake with each other that (so far as such Party is legally able and permitted to do so) it will do or procure to be done all such further acts and things, execute or procure the execution of all such other documents and exercise all voting rights and powers, whether direct or indirect, available to it in relation to any Person so as to ensure the complete and prompt fulfilment, observance and performance of the provisions of this Chapter and the Agreement and generally that full effect is given to the provisions of this Chapter and the Agreement.
- 15.3 Without prejudice to the generality of Article 15.2, if any provisions of the Articles of Association of the Company at any time conflict with any provisions of the Agreement, the Articles of Association of the Company shall be promptly amended to the extent necessary to give effect to the provisions of the Agreement and in order to ensure that the provisions of the Agreement shall prevail.

English Language

- 15.4 All notices or formal communications under or in connection with this Chapter shall be in the English language.
- 15.5 Subject to Article 3.2, 7.3 and 15.9, each Investor shall be entitled to all the rights of the Investors hereunder. All such rights may be exercised on behalf of the Investors by the Investor No.1.

Assignment

- 15.6 The Company shall not be entitled to, nor shall it purport to, assign transfer, charge or otherwise deal with all or any of its rights and/or obligations under this Chapter nor grant, declare, create or dispose of any right or interest in it, in whole or in part.
- 15.7 The Investors shall be entitled to assign any of their rights and/or transfer their obligations hereunder and/or under the Agreement to any Permitted Transferee of the Investors provided that such Permitted Transferee shall sign a Deed of Adherence to the Agreement.
- 15.8 In relation to any rights available under this Chapter on the basis of the number of Equity Shares or the percentage of the Company's share capital held by an Investor, the Investors shall be entitled, at their sole discretion, to aggregate the Equity Shares held by any Permitted Transferee with those held by the Investors.
- 15.9 Any of the rights of the Investors hereunder may be exercised by any Permitted Transferee of the Investors provided that such rights shall be exercised by one person on behalf of the Investors and/or the Permitted Transferees.

Severability

- 15.10 If any provision of this Chapter is or becomes invalid, illegal or unenforceable under the laws of any jurisdiction, then such provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Chapter but without invalidating any of the remaining provisions of this Chapter which shall not in any way be affected or impaired. The Parties shall then use all reasonable endeavours to replace the invalid or unenforceable provisions with a valid and enforceable and mutually satisfactory substitute provision, achieving as nearly as possible the intended commercial effect of the invalid, illegal or unenforceable provision.

Waivers and remedies

- 15.11 No failure or delay by the Parties in exercising any right or remedy provided by Law under or pursuant to this Chapter shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

15.12 The rights and remedies of the Parties under or pursuant to this Chapter are cumulative, may be exercised as often as such party considers appropriate and are in addition to its rights and remedies under the general Laws of India.

Subsidiaries

15.13 The provisions of Article 5 (Information Rights) of this Chapter shall apply *mutatis mutandis* to all present and future Subsidiaries of the Company and the Company shall procure that the Subsidiaries act in accordance with these provisions of this Chapter. It is clarified that the Investors shall not be required to hold any shares of the Subsidiaries.

16. Notices

Service of Notice

16.1 Any notice or other communication to be given by one Party to any other Party under, or in connection with, this Chapter shall be made in writing and signed by or on behalf of the Party giving it. It shall be served by letter or facsimile transmission (save as otherwise provided herein) and shall be deemed to be duly given or made when delivered (in the case of personal delivery), at the time of transmission (in the case of facsimile transmission, provided that the sender has received a receipt indicating proper transmission and a hard copy of such notice or communication is forthwith sent by prepaid post to the relevant address set out below) or 10 (ten) days after being despatched in the post, postage prepaid, by the most efficient form of mail available and by registered mail if available (in the case of a letter) to such party at its address or facsimile number specified in Article 16.2, or at such other address or facsimile number as such Party may hereafter specify for such purpose to the other Parties hereto by notice in writing.

Details for Notices

16.2 The addresses and fax numbers for the purpose of Article 16.1 are as follows:

The Company

Jindal Drilling & Industries Limited

Plot No. 30, Institutional Sector 44

Gurgaon - 122002.

Fax: 95124-2574327

For the attention of: Mr. Raghav Jindal

The Investors

Investor No.1

CVCIGP II Client Rosehill Limited

Address: IFS Court, TwentyEight, Cybercity, Ebene, Mauritius

Fax: 230- 467 3000

For the attention of: K. Dev Joory

Investor No. 2

CVCIGP II Employee Rosehill Limited

Address: IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius

Fax: 230- 467 3000

For the attention of: K. Dev Joory

With a cc to:

Citigroup Venture Capital International

Address: 8th Floor, 33 Cavendish Square, London W1G0PW, UK

Fax: +44 20 75007309

For the attention of: Alfred Rodrigues

Investor No.3

2nd Floor, Citigroup Center,

Plot No. C 61, Bandra Kurla Complex, Bandra East,

Mumbai 400 051

For the attention of: K. P. Samuel

17. Dispute Resolution

17.1 If any dispute, controversy or claim between the Parties arises out of or in connection with this Chapter, including the breach, termination or invalidity thereof (**Dispute**), the Parties shall use all reasonable endeavours to negotiate with a view to resolving the Dispute amicably. If a Party gives the other Party notice that a Dispute has arisen (a **Dispute Notice**) and the Parties are unable to resolve the Dispute amicably within 15 (fifteen) days of service of the Dispute Notice (or such longer period as the Parties may mutually agree), then the Dispute shall be referred to arbitration in accordance with the terms of Article 17.2 below.

17.2 Subject to Article 17.1 above, any Dispute shall be finally settled by arbitration under the Rules of the Singapore International Arbitration Center. The number of arbitrators shall be three, of whom the Company shall appoint one arbitrator, the Investors shall appoint one arbitrator and the two arbitrators so appointed shall appoint the third arbitrator. Any arbitral award shall be final and binding on the Parties and the Parties waive irrevocably any rights to any form of appeal, review or recourse to any state or other judicial authority in so far as such waiver may validly be made. The venue of the arbitration shall be Singapore. The language of the arbitration shall be English.

17.3 The provisions of this Article 17 shall survive any termination of the Agreement.

The Parties exclude the applicability of Part I of the Indian Arbitration and Conciliation Act, 1996 (save and except section 9 thereof) to any arbitration as above."

Place : Gurgaon
Dated : 19th May, 2010
Regd. & Corp. Office:
Plot No. 30, Institutional Sector-44,
Gurgaon -122002, Haryana

By order of the Board

R. A. AGARWAL
Company Secretary

NOTES:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. **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.

3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 4th September, 2010 to 10th September 2010 (both days inclusive) for the purpose of determining the shareholders, entitled to dividend for the year ended March 31, 2010, if declared at the Annual General Meeting on 10th September, 2010. 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 3rd September, 2010 and to the Beneficial Holders as per the Beneficiary List as on 3rd September 2010, provided by NSDL and CDSL. Subject to the provisions of section 206A of the Companies Act, 1956, dividend if declared at the meeting, will be payable on or after 13th September 2010.
5. 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.
6. 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 its Registered Office 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.
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 from the date of transfer to Unpaid Dividend Account of the Company are 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.**
Dividend for the financial year ended 31st March, 2003 (2002-03) shall be transferred to the Investor Education and Protection Fund of Central Government on 5th November, 2010. 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. Electronic Clearing Service (ECS) Facility:
 - (a) Members holding shares in physical form who wish to avail ECS facility may authorize the Company with their ECS mandate in the prescribed form, which can be downloaded from the Company's website (www.jindal.com) or can be obtained from the Registered Office of the Company. Requests for payment of dividend through ECS should be lodged latest by 30th August, 2010 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 ECS facility, may send ECS mandate in the prescribed form to their respective Depository Participants.

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

Name	Shri K. K. Khandelwal	Shri S.D. Sharma	Shri Raghav Jindal
Age	71 Years	69 Years	30 Years
Qualifications	M. Com, CAIIB	Post Graduate	M.Sc. in Management from London School of Economics & Political Science
Expertise in specific functional area	Veteran Banker having over four decades of experience in finance, banking and administration. He held various senior positions in the Banking sector and last being the Managing Director of State Bank of Hyderabad.	Having wide experience in import/export and overseas projects.	Industrialist having experience in the field of business and management.
Date of appointment as Director of the Company	24.03.2000	25.02.2009	19.05.1998
Directorship of other Companies	- Haryana Capfin Ltd. - Sudha Apparels Ltd. - Stable Trading Co. Ltd.	- Maharashtra Seamless Ltd.	- Jindal Pipes Ltd. - Sparlerk Dealcomm Ltd. - Brahmdev Holding and Trading Ltd. - JCO Gas Pipe Ltd. - Jindal Mines & Minerals Ltd. - Gondakhari Coal Mining Ltd. - Jindal Hydrocarbons Ltd. - Jindal Explodril Ltd.
Chairman/Member of Committees of other Companies	3	NIL	NIL
No. of shares held	1650	NIL	5300
Inter-se relationship with other Directors	NIL	NIL	Shri D.P. Jindal (Father)

The Board of Directors of the Company commends the re-appointment of aforesaid Directors.

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. and 1 p.m. on any working day upto the date of the Annual General Meeting and also at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

in view of the expanding activities of the Company, the Board of Directors of the Company at its meeting held on 28th January, 2010 has appointed Shri Raghav Jindal as one more Managing Director of the Company for a period of 5 years w.e.f. 2nd February, 2010 on the terms and conditions set out in the resolution.

As per the provisions of the Companies Act, 1956, it is necessary to obtain consent of the shareholders by an ordinary resolution for appointment and payment of remuneration to Shri Raghav Jindal as Managing Director of the Company. Accordingly, the Board recommends the resolution to be passed by the shareholders as per the requirement of the Companies Act, 1956.

Shri Raghav Jindal himself and Shri D. P. Jindal being related to Shri Raghav Jindal are interested in the resolution.

Item No. 7

Pursuant to the Special resolution passed by the members of the Company at the Extra-ordinary General Meeting held on 10th January 2008, and the Investment Agreement (Dated 24th January 2008) entered into, the Company had allotted 12,00,000 equity shares of Rs. 10/- each (since, split into Rs. 5 per share) to CVCIGP II Client Rosehill Limited, CVCIGP II Employee Rosehill Limited and Gautam Nayak and Keshav Bhujle, together acting as trustees of CVCIGP II Ajay Relan Trust; CVCIGP II Jayanta Kumar Basu Trust; CVCIGP II Vivek Chhachhi Trust; CVCIGP II Vinayak Shenvi Trust; CVCIGP II P.R. Srinivasan Trust; and CVCIGP II Ajay Tandon Trust, on 25th January 2008. In pursuance of the above said Investment Agreement, the Articles of Association of the Company was amended to reflect the terms of the Agreement, for which the shareholders' approval was obtained through postal ballot on 8th March 2008.

As per clause no. 20.2 (d) of the above mentioned Investment Agreement, the agreement has expired on completion of 24 months from the date of agreement. As such, all the terms and conditions, rights and duties, as per the above mentioned Investment Agreement have ceased to be effective from the said date. Accordingly the Chapter - II, inserted in the Articles of Association pursuant to Investment Agreement, needs to be deleted by way of special resolution as set out under Item No. 7 of the Notice.

None of the Directors is concerned or interested in the resolution.

DIRECTORS' REPORT

To the Members,

Your Directors present the 26th Annual Report along with Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

	(Rs. in crore)	
	<u>2009-10</u>	<u>2008-09</u>
Total Income	1200.81	783.81
Profit before Depreciation	140.20	70.18
Less: Depreciation	12.10	12.82
Profit before Tax	128.10	57.36
Less: Provision for Tax		
- Current	42.29	14.22
- Fringe Benefit Tax	-	0.61
- Deferred	1.68	5.19
- Earlier years	(0.01)	0.01
Profit after Tax	84.14	37.33
Balance brought forward from previous year	20.62	20.64
Profit available for appropriation	104.76	57.97
Appropriations		
- Transfer to General Reserve	80.00	34.00
- Proposed Dividend	2.86	2.87
- Provision for Tax on Dividend	0.48	0.48
- Balance carried forward to Balance sheet	21.42	20.62
	104.76	57.97

DIVIDEND

Your Directors are pleased to recommend dividend of Rs. 1.25/- i.e. 25 % per equity share of Rs. 5/- each of the Company for the year 2009-10.

OPERATIONS

Total income of the Company during the year was Rs. 1200.81 crores as against Rs. 783.81 crores in the previous year increasing by 53.20 %. The profit before tax during the year increased by 123.33 % to Rs. 128.10 crores from Rs. 57.36 crores. The profit after tax was Rs. 84.14 crores as against Rs. 37.33 crores in the previous year increasing by 125.40 %.

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 K. K. Khandelwal and Shri S.D Sharma retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri Raghav Jindal has been appointed as Managing Director of the Company for a period of 5 years w.e.f. 2nd February, 2010.

Shri Marc Desaedeleer resigned as Director of the Company, w.e.f. 10th May, 2010 and Shri I. N. Chatterjee resigned as Director as well as Whole-time Director of the Company w.e.f. 11th May, 2010.

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, 2010, the applicable accounting standards have been followed;
- (ii) that the accounting policies selected and applied are consistent and the judgements 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, 2010 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, hold office until conclusion of the ensuing Annual General Meeting. The Statutory Auditors have confirmed their eligibility and willingness to accept the office on re- appointment.

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 and associates at all levels.

For & on behalf of the Board

Place : Gurgaon
Dated : 19th May, 2010

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, 2010.

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 (2009-10)

Used - Rs 959.23 crores

Earned - Rs 951.61 crores

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 : Nil
3. Has Technology been fully absorbed : Nil
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, 2010, the Board consisted of 8 Directors including one Non-Executive Chairman who is also a promoter of the Company, two Managing Directors and one Whole-time Director, the rest are 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 to 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 2009-10, 4 (Four) Board Meetings were held on 23rd April, 2009, 22nd July, 2009, 27th October 2009 and 28th January, 2010.

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, 2010 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	4	Yes	5	1	-
Shri Naresh Kumar	MD-P	27140	4	Yes	1	-	-
Shri Raghav Jindal	MD-P	5300	3	Yes	7	-	-
Shri Marc Desaeleer *	NE-I	-	-	-	2	-	-
Shri K. K. Khandelwal	NE-I	1650	4	Yes	3	1	2
Shri S.D. Sharma	NE-I	-	4	-	1	-	-
Shri Vijay Kaushik	NE-I	-	3	Yes	-	-	-
Shri I.N. Chatterjee **	WTD	-	-	-	1	2	-

C = Chairman, MD = Managing Director, WTD = Whole-time Director, NE = Non-Executive Director, P = Promoter, I = Independent, \$ Includes Directorships and Committee Memberships/ Chairmanships in Public Limited Companies

* 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" given under the Companies Act, 1956, except Shri D.P. Jindal, who is the father of Shri Raghav 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.

The Code has been circulated to all the 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 for the financial year ended on March 31, 2010, all Board Members and Senior Management Personnel have provided certificate of compliance of the code of Conduct for Directors and Senior Management.

NARESH KUMAR
Managing Director

Dated : 19th May, 2010

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 generally held 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 4 (Four) Audit Committee Meetings were held on 21st April, 2009, 21st July, 2009, 26th October 2009 and 27th January, 2010. The composition of Audit Committee and attendance at its meeting is as follows:

Members	Designation	No. of Meetings attended
Shri K.K. Khandelwal	Chairman	4
Shri D.P. Jindal	Member	4
Shri S.D. Sharma	Member	4

INTERNAL AUDITORS

The Company has appointed Anil Nupur & Co., Chartered Accountants as Internal Auditors 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 Directors 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 of Rs. 10,000/- for attending each meeting of the Board and Rs. 5000/- for attending each meeting of the Audit Committee.

Details of Directors Remuneration:

The details of remuneration paid to the Directors during the financial year ended 31st March, 2010 are as under:

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

Name	Salary(Rs.)	Perquisites & other benefits	Total
Shri Naresh Kumar	3,000,000	223,904	3,223,904
Shri Raghav Jindal	491,071	1,560	492,631

The tenure of the appointment of Shri Naresh Kumar as Managing Director is for a period of 5 years w.e.f. 1st October 2006. 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.

b) The Details of remuneration paid to Whole-time Directors are as under:

Name	Salary(Rs.)	Perquisites & other benefits	Total
Shri I.N. Chatterjee	2,280,000	39,600	2,319,600

The tenure of the appointment of Whole-time Director is for a period of 5 years w.e.f. 1st February 2009.

c) 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.

Director	Sitting Fees (Rs.)
Shri D. P. Jindal	60,000
Shri Raghav Jindal	30,000
Shri Marc Desaeleer	-
Shri K. K. Khandelwal	60,000
Shri S.D. Sharma	60,000
Shri Vijay Kaushik	30,000

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, 2010.

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 is 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 R. A. Aggarwal, Company Secretary as Compliance Officer.

DETAILS OF SHAREHOLDERS'/INVESTORS' COMPLAINTS RECEIVED AND ATTENDED

Number of Shareholders'/Investors' Complaints received during the period 01.04. 2009 to 31.03.2010	1
Number of Complaints attended/resolved	1
Number of pending complaints as on 31.03.2010	NIL

6. GENERAL BODY MEETINGS

(I) Details of the last three Annual General Meetings:

Financial year	Date	Location of the Meeting	Time
2006-07	21.09.2007	Saras Tourist Complex, Damdama, Gurgaon 122 102 (Haryana)	12.30 P.M
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.

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

- a) In the AGM held on 21.09.2007: No special resolution was passed.
 - b) 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.
 - c) In the AGM held on 09.09.2009:
 - i) Appointment of Mr. I.N. Chatterjee as Whole-time Director.
- (iii) No special resolution was passed through postal ballot during the year 2009-10. 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) CEO/CFO Certificates

Shri Naresh Kumar and Shri Raghav Jindal, Managing Directors 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 : 10th September, 2010 at 12.15 P.M.

Venue : Unitech Country Club, Block-E, South City - I,
Gurgaon - 122 001 (Haryana)

b) Financial Year : 1st April 2009 to 31st March 2010

c) Book Closure : Saturday, 4th September, 2010 to Friday, 10th September, 2010

d) Dividend : Rs. 1.25/- per share (i.e. @ 25 %) for the year ended 31st March 2010, if approved by the members, would be payable on or after 13th September, 2010.

Financial Calendar (Tentative):

- Un-audited Financial results for the quarter ending 30th June, 2010	July/Aug 2010
- Un-audited Financial results for the quarter ending 30th September, 2010	Oct/Nov 2010
- Un-audited Financial results for the quarter ending 31st December, 2010	Jan/Feb 2011
- Un-audited Financial results for the quarter/year ending 31st March, 2011	April/May 2011

Listing on Stock Exchanges:

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

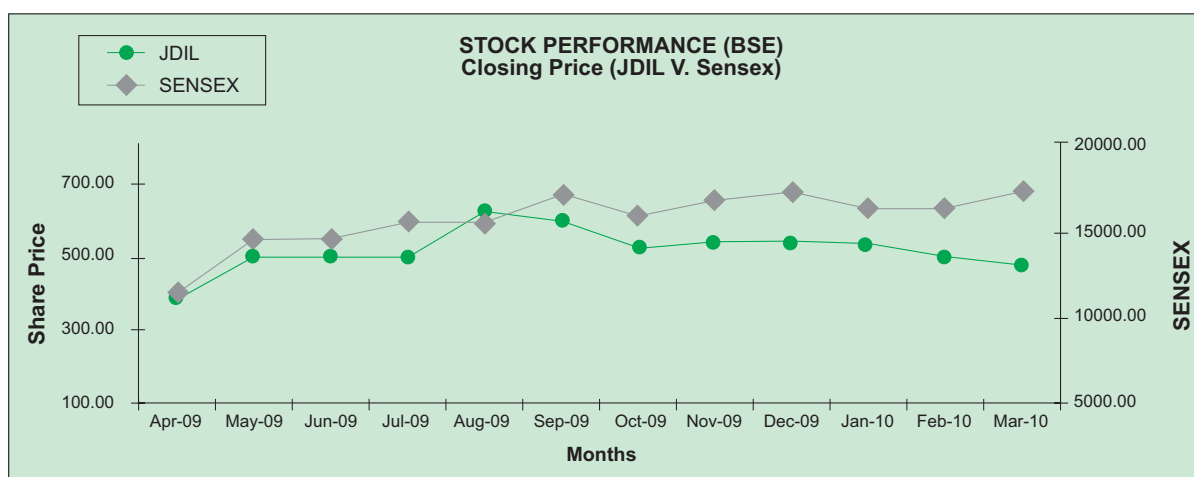
- i) Bombay Stock Exchange Limited, 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001.
- ii) National Stock Exchange of India Limited, 'Exchange Plaza', Bandra - Kurla Complex, Bandra (East), Mumbai- 400 051.

The listing fee for the financial year 2010-11 has been paid to NSE and BSE.

Stock Code:	BSE	511034
	NSE	JINDRILL
	NSDL/ CDSL - ISIN	INE742C01031

Stock Market Price Data for the year 2009-10

Month	JDIL BSE Price (Rs.)			BSE SENSEX (Rs.)		
April, 2009	489.90	340.00	385.95	11492.10	9546.29	11403.25
May, 2009	533.10	372.00	500.30	14930.54	11621.30	14625.25
June, 2009	674.15	470.00	496.70	15600.30	14016.95	14493.84
July, 2009	550.00	430.00	497.65	15732.81	13219.99	15670.31
August, 2009	706.00	465.00	624.20	16002.46	14684.45	15666.64
September, 2009	656.95	565.25	601.30	17142.52	15356.72	17126.84
October, 2009	624.40	523.00	529.80	17493.17	15805.20	15896.28
November, 2009	597.00	502.00	540.10	17290.48	15330.56	16926.22
December, 2009	575.00	522.00	541.25	17530.94	16577.78	17464.81
January, 2010	620.00	516.00	532.95	17790.33	15982.08	16357.96
February, 2010	558.00	500.50	505.35	16669.25	15651.99	16429.55
March, 2010	525.00	467.00	476.95	17793.01	16438.45	17527.77



Distribution of shareholding as on 31st March 2010

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	12840	95.70	945329	4.12
501 to 1000	292	2.18	230955	1.00
1001 to 5000	221	1.65	464165	2.02
5001 to 10000	25	0.19	182261	0.79
10001 to 50000	13	0.09	295070	1.29
50001 to 100000	2	0.02	142968	0.62
100001 to 500000	11	0.08	3068919	13.40
500001 and above	12	0.09	17601437	76.76
GRAND TOTAL	13416	100.00	22931104	100.00

Shareholding Pattern as on 31st March, 2010:

CATEGORY	NO. OF SHARE HELD	% OF HOLDING
Promoters	17197092	74.99
Financial Institutions, Mutual Funds, Banks	1164	0.01
Foreign Institutional Investors	28355	0.12
Bodies Corporate	1828506	7.97
Indian Public	1446711	6.31
NRIs / OCBs	2429276	10.60
Grand Total	22931104	100

The promoters of the Company have pledged 61,59,400 Equity Shares constituting 26.86 % of Share Capital of the Company, towards Collateral Security for Rig Financing of Joint Venture Companies.

Dematerialization of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialized form. As on 31st March, 2010, 99.33 % 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: 011-42541201
E-mail: rta@alankit.com

Share Transfer System:

Share transfer requests received in physical form are registered within 15 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 Registrars 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, 2010, 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

ATUL SEKSARIA

Partner
Membership No. 086370

Place : New Delhi

Date : May 19, 2010

Persons constituting group coming within the definition of 'Group' for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

Shri Dharam Pal Jindal, Shri Saket Jindal, Shri Raghav Jindal, Smt. Savita Jindal, Smt. Rachna Jindal, Smt. Shruti Raghav Jindal, Jindal Pipes Limited, Odd & Even Trades & Finance Pvt. Ltd, Jindal Global Finance & Investment Ltd, Stable Trading Co. Ltd., Sudha Apparels Limited, Brahma Dev Holding and Trading Ltd., Global Jindal Fin-Invest Ltd., Crishpark Vincom Ltd., Darpan Dealcom Private Ltd., Neptune Buildtech Private Ltd., Sigma Infrastructure Pvt. Ltd., Neptune Information Solutions Ltd., Magnificent Developers Pvt. Ltd., Diamond Dealtrade Pvt. Ltd., Shri Naresh Kumar Agarwal, Shri Manav Agarwal, Shri Manas Agarwal, Smt. Manju Agarwal, Ms. Shilpa Agarwal, Smt. Charu Agarwal, Babul Holdings Pvt. Ltd., Bhagyalaxmi Finlease & Investment Pvt. Ltd., Indico Prefab and Allied Industries Pvt. Ltd., Satellite Merchants Pvt. Ltd., Tellus Software & Services Pvt. Ltd., Star Gold Marketing Pvt. Ltd., Success Agency Pvt. Ltd., Neptune Exploration and Industries Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

Forming part of the Directors' Report for the year ended 31st March, 2010

INDUSTRY STRUCTURE AND DEVELOPMENT OFFSHORE DRILLING

This was yet another successful year for the Company even though volatility in crude prices witnessed during the year had significant negative impact on rig operations globally and on charter rates.

Offshore Drilling Services

Both the newly built jackup rigs (Discovery I and Virtue I) have completed more than one year of incident-free operation against respective contracts with ONGC.

During the year, Company operated rigs chartered from Noble namely, Noble Ed Holt, Noble Charlie Yester and Noble George McLeod. The contract for Noble Ed Holt completed on 25th November, 2009. The Company successfully participated against the new tender of ONGC and was awarded the contract. This rig was redeployed with effect from 23rd February, 2010 for a fresh five-year contract albeit with reduced day rate.

The primary term for another Noble rig namely Noble Charlie Yester was completed on 31st December, 2009, however, the contract was extended for three months, which was successfully completed on 31st March, 2010. The rig was offered against the new tender invited by ONGC and has been successful. The new contract for this rig will commence during the current financial year.

During the year under review, the Company created two Business Divisions - Undertaking-1 and Undertaking-2 for improving efficiency of operations on an experimental basis. Undertaking-1 has been entrusted with the supervision of rig Virtue I and Noble Ed Holt whereas the other three rigs namely Discovery I, Noble Charlie Yester and Noble George McLeod have been entrusted to Undertaking-2.

Directional Drilling Services

Performance of the Directional Drilling Division during the year remained buoyant albeit with lower revenue due to completion of some of the existing contracts during the year. The Company is, however, hopeful that business opportunity for Directional Drilling is looking good during the current financial year, as the Company intends to participate aggressively in the new tenders for both, existing as well as new customers. To achieve this, and to enable to have a strategic business alliance for technical and financial collaboration in Directional Drilling business, the Company is considering to transfer this business to a separate vehicle.

Mud Logging Services

During the year, the Company could be able to sustain full utilisation of existing Mud Logging Units with commendable satisfaction report from the customers.

RESTRUCTURING OF BUSINESS FOR DERISKING

The Board of Directors has given a considered thought to de-risk the business from various known and unknown adversaries attached to the nature of business so as to achieve the long term future growth plan in more focussed manner and thereby to gain greater competitive advantage and therefore, has appointed a professional consultant to evaluate various options for financial and corporate restructuring. The consultant is expected to submit its report in due course for perusal by the Board of Directors.

OPPORTUNITIES & THREATS

Crude prices continue to influence exploration & spending of E&P Companies world wide. Crude price volatility witnessed during the year coupled with continued economic depression had its toll on E&P activities globally as many companies, particularly the smaller operators, have downsized their E&P spending. This has also impacted the charter rates of the rigs as recent contracts have witnessed significant lowering of rates which will have some negative impact on both top line and bottom line. 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 is operating four undertakings. As all those are engaged in similar business of providing services to Oil & Gas Companies, 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. A number of indicators such as increase in hiring, freight movement at major ports and encouraging data from a number of key manufacturing segments highlight the Indian economy's resilience. Economy is thus poised for higher growth.

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

Risks and concerns, as highlighted for the last year market, has witnessed significant decline in charter rates. Such reduction will put pressure on our revenue income as well as profit. While the rates are showing significant downward trend, the operating costs are still showing rising trend partly influenced by global slowdown and 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.

Further, in order to strengthen our decision making process and to better utilization of available resources we have implemented an ERP package across the organization.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Revenue of the Company during the year was Rs. 1200.81 crore as against Rs. 783.81 crore in the previous year. The profit before tax was Rs. 128.10 crore during the year as against Rs. 57.36 crore in the previous year. The profit after tax was Rs. 84.14 crore as against Rs. 37.33 crore in the previous year.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

In JDIL we believe that people are the greatest asset as it's the people who create value. In oil and gas industry the competitive edge can be maintained based on the continued availability of skilled manpower. In JDIL we take a long term view and continuously develop human resources by encouraging them to be entrepreneurial so as to deliver success. We have 606 employees and are fortunate to have a team of well qualified and dedicated professionals. We are focusing our attention to recruit, train, develop and retain talents to meet our required and anticipated manpower needs.

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 2010, the Profit and Loss Account and also 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 (Auditor's Report) Order, 2003 {as amended by the Companies (Auditor's 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 & 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 note number 4(ii) of schedule number 18B of notes to accounts regarding outstanding dues of Rs.6633 lacs withheld by ONGC which has been considered good by the management based on the legal opinion obtained.
 - (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 2010;
 - (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

ATUL SEKSARIA

Partner
Membership No. 086370

Place : New Delhi

Date : May 19, 2010

ANNEXURE TO THE AUDITORS' REPORT

(As referred in paragraph 3 of our report to the members of **JINDAL DRILLING AND INDUSTRIES LIMITED** on the accounts for the year ended 31st March 2010)

- (i) (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.
- (ii) (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.
- (iii) (a) As per the information & 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. 7498.16 lacs and the year-end balance of loans granted to such parties was Rs.7498.16 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 are regular as stipulated. The parties are regular in payment of interest, 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) & (g) of the Order are not applicable.
- (iv) 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 purchases 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 been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system of the company.
- (v) (a) According to 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 lakhs in respect of each party made during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) 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 Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the company.
- (vii) 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.
- (viii) 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.
- (ix) (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, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it.

- (b) According to information and explanations given to us and on the basis of our examination of the books of account, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth 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 income tax, sales tax, wealth tax, service tax and excise duty which have not been deposited on account of any dispute. The particulars of customs duty as at 31.03.2010 which have not been deposited on account of dispute are as follows:

Name of Statute	Nature of the Dues	Amount* (Rs. in lacs)	Period to which amount relates	Forum where dispute pending
Customs Act, 1964	Custom Duty including penalty	195.03	1989-91	Custom Department

*net of deposit of Rs. 60 lacs

- (x) The company does not have any accumulated losses. Hence, the provisions of clause 4(x) of the Order are not applicable to the company.
- (xi) 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.
- (xii) In our opinion and according to the information & 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.
- (xiii) 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.
- (xiv) 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 to the company.
- (xv) The Company has provided corporate guarantee amounting to US\$ 42.50 million (equivalent to Rs.19,082.50 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.
- (xvi) 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.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) 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.
- (xix) The company has not issued any debentures during the year.
- (xx) 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.
- (xxi) 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

ATUL SEKSARIA

Partner
Membership No. 086370

Place : New Delhi

Date : May 19, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedules	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	114,655,520	114,655,520
b) Reserves and Surplus	2	3,396,806,103	2,588,800,967
		3,511,461,623	2,703,456,487
2. Loan Funds			
Secured Loans	3	190,535,206	395,035,578
3. Deferred Tax Liability			
		170,556,354	153,744,273
TOTAL		3,872,553,183	3,252,236,338
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	4	1,294,134,269	1,274,767,333
Less : Depreciation		547,549,984	435,270,652
Net Block		746,584,285	839,496,681
b) Capital work in progress (Including capital advances)		8,283,629	3,903,053
		754,867,914	843,399,734
2. Investments			
	5	1,123,186,031	648,476,591
3. Current Assets, Loans & Advances			
a) Inventories	6	119,266,324	132,492,960
b) Sundry Debtors	7	2,527,963,107	2,997,021,082
c) Cash and Bank Balances	8	11,230,320	170,413,542
d) Other Current Assets	9	45,251,691	42,623,137
e) Loans and Advances	10	1,307,009,670	1,364,385,276
		4,010,721,112	4,706,935,997
Less: Current Liabilities & Provisions	11		
a) Current Liabilities		1,962,205,097	2,909,851,107
b) Provisions		54,016,777	36,724,877
		2,016,221,874	2,946,575,984
Net Current Assets		1,994,499,238	1,760,360,013
TOTAL		3,872,553,183	3,252,236,338

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

ATUL SEKSARIA

Partner
Membership No. 086370

S. N. AJMERA
CFO

R. A. AGARWAL
Company Secretary

Place : Gurgaon
Dated : May 19, 2010

For & on Behalf of the Board

D. P. JINDAL
Chairman

NARESH KUMAR
Managing Director

RAGHAV JINDAL
Managing Director

K. K. KHANDELWAL
S. D. SHARMA
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedules	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
INCOME			
Income from Operations	12	11,953,684,061	7,778,287,426
Other Income	13	54,381,216	59,813,743
		12,008,065,277	7,838,101,169
EXPENDITURE			
Materials & Operation Charges	14	10,058,760,895	6,681,718,285
Employees Remuneration & Benefits	15	371,101,942	260,446,827
Administrative Expenses	16	157,456,730	167,574,817
Interest & Financial Charges	17	18,705,217	26,575,882
Depreciation	4	120,989,417	128,139,076
		10,727,014,201	7,264,454,887
Profit before tax		1,281,051,076	573,646,282
Provision for tax - Current year		422,860,833	142,236,876
- Fringe Benefit		-	6,037,331
- Deferred		16,812,081	51,917,427
- Earlier years		(51,566)	147,548
Profit after tax		841,429,728	373,307,100
Balance brought forward		206,222,422	206,450,628
Profit available for appropriation		1,047,652,150	579,757,728
APPROPRIATIONS			
Transfer to General Reserve		800,000,000	340,000,000
Proposed Dividend		28,663,880	28,663,880
Proposed Dividend distribution tax		4,760,712	4,871,426
Balance carried forward to Balance Sheet		214,227,558	206,222,422
		1,047,652,150	579,757,728
Earning Per Share - Basic & Diluted (Face Value of Rs. 5/- each)		36.69	16.28

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

ATUL SEKSARIA

Partner
Membership No. 086370

S. N. AJMERA
CFO

R. A. AGARWAL
Company Secretary

Place : Gurgaon
Dated : May 19, 2010

For & on Behalf of the Board

D. P. JINDAL
Chairman

NARESH KUMAR
Managing Director

RAGHAV JINDAL
Managing Director

K. K. KHANDELWAL
S. D. SHARMA
Directors

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

		As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE : 1 - SHARE CAPITAL			
a) Authorised			
46,500,000 Equity shares of Rs. 5/- each		232,500,000	232,500,000
		232,500,000	232,500,000
b) Issued, Subscribed and Paid up			
22,931,104 Equity Shares of Rs.5/- each fully paid up *		114,655,520	114,655,520
		114,655,520	114,655,520
* 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 term 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.			
c) Pursuant to the Shareholders' approval in their meeting held on 20th August 2008, the equity shares of the company have been split from Rs. 10 /- per share to Rs. 5/- per share.			
SCHEDULE : 2 - RESERVES & SURPLUS			
Share Premium Account			
Opening Balance	A	1,591,284,500	1,591,284,500
General Reserve			
Opening Balance		791,294,045	449,138,376
Add : Transfer from Profit & Loss Account		800,000,000	340,000,000
		1,591,294,045	789,138,376
Add : Capitalization of Foreign Exchange Loss, for the F. Y. 2007-08		-	2,155,669
	B	1,591,294,045	791,294,045
Profit and Loss Account			
As per Annexed Profit & Loss Account	C	214,227,558	206,222,422
	A + B + C	3,396,806,103	2,588,800,967

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE : 3 - SECURED LOANS		
From Banks		
Long Term		
Term Loans		
- Foreign Currency	95,167,901	296,259,063
- Rupee	15,000,000	35,000,000
Other Loans	5,365,515	307,022
Working Capital Loan		
Cash Credit	74,885,626	63,138,688
From Others		
Other Loans	116,164	330,805
	<u>190,535,206</u>	<u>395,035,578</u>

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.95,167,901/- (previous year Rs.296,259,063/-)
 - ii) Rupee Term Loan from Standard Chartered Bank secured by first charge over respective present and future fixed assets & receivables of the Company Rs.15,000,000/- (previous year - Rs.35,000,000/-)
 - iii) 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.54,81,679/- (previous year Rs.637,827/-)
2. 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.
 3. Amount repayable within one year Rs.112,166,723/- (Previous year Rs.209,300,815/-)

SCHEDULE : 4 - FIXED ASSETS as on 31.03.2010

(Amount in Rs.)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2009	Additions	Sales/ Adjustments	As on 31.03.2010	Upto 31.03.2009	For the year	Sales/ Adjustments	Upto 31.03.2010	As on 31.03.2010	As at 31.03.2009
LEASEHOLD-TALOJA	1,307,550	-	-	1,307,550	69,610	13,764	-	83,374	1,224,176	1,237,940
FREEHOLD LAND 1	39,392,103	-	-	39,392,103	-	-	-	-	39,392,103	39,392,103
BUILDING	33,275,798	-	-	33,275,798	12,390,742	1,167,201	-	13,557,943	19,717,855	20,885,056
PLANT & MACHINERY 2	1,145,844,799	33,893,439	29,458,918	1,150,279,320	399,660,600	113,720,616	7,940,067	505,441,149	644,838,171	746,184,199
OFFICE EQUIPMENTS	32,093,582	3,001,188	31,500	35,063,270	12,302,073	3,788,070	29,620	16,060,523	19,002,747	19,791,509
FURNITURE & FIXTURES 3	10,837,649	893,874	38,950	11,692,573	5,599,827	955,078	19,720	6,535,185	5,157,388	5,237,822
VEHICLE	12,015,852	12,070,239	962,436	23,123,655	5,247,800	1,344,688	720,678	5,871,810	17,251,845	6,768,052
TOTAL	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
PREVIOUS YEAR	1,023,280,629	310,622,101	59,135,397	1,274,767,333	326,348,682	127,458,426	18,536,456	435,270,652	839,496,681	696,931,947
CAPITAL WORK IN PROGRESS	3,903,053	5,226,306	845,730	8,283,629	-	-	-	-	8,283,629	3,903,053
PREVIOUS YEAR	43,187,040	8,682,754	47,966,741	3,903,053	-	-	-	-	3,903,053	43,187,040

1. Includes Land at Kakinada having gross block value of Rs.31,162,651/- (previous year Rs.31,162,651/-) taken on the basis of allotment letter/Agreement to Sell, pending registration in the name of the Company.
2. Additions includes a sum of Rs.(+)24,311,960/- [Previous Year Rs.83,654,911/- (it includes Rs.2,585,020/- for earlier years)] on account of Foreign Exchange Fluctuations Loss.
3. Assets held under co-ownership - Furniture & Fixture Rs. 57,14,532/- (Previous year Rs.57,14,532/-).

	As at 31.03.2010		As at 31.03.2009		
	Note	Shares/Units	Amount in Rs.	Shares/Units	Amount in Rs.
SCHEDULE : 5 - INVESTMENTS					
(Fully paid up unless otherwise specified)					
I. LONG TERM - UNQUOTED					
A. Trade					
Equity Shares					
(in Joint Venture Companies)					
Discovery Drilling Pte Ltd, Singapore (Shares of S \$ 1 each)	1	7,625,220	222,411,019	7,625,220	222,411,019
Virtue Drilling Pte Ltd, Singapore (Shares of S \$ 1 each)	2	9,322,250	400,765,072	9,322,250	400,765,072
B. Non Trade					
Shares					
Tajoria CETP Co. Soc. Ltd. of Rs. 100/- each		5	500	5	500
Bonds					
5.50% National Highway Authority of India			-	2,530	25,300,000
II. CURRENT - QUOTED					
Non Trade					
Mutual Fund					
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	-	-
Total			1,123,186,031		648,476,591
Aggregate Value of quoted Investments			500,009,440		-
Aggregate Value of Unquoted Investments			623,176,591		648,476,591
Market Value of quoted Investments			501,046,988		N. A.

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.)
BIRLA SUN LIFE SAVING FUND-INSTL. - GROWTH	9,640,851	165,011,083	166,091,280
BIRLA SUN LIFE CASH PLUS -INSTITUTIONAL PREM. - GROWTH	6,926,839 (3,601,294)	100,000,000 (50,000,000)	100,011,083 (50,070,585)
HDFC CASH MANAGEMENT FUND -SAVING PLAN-GROWTH	9,766,412 (4,407,201)	180,000,000 (80,000,000)	180,220,177 (80,431,729)
HDFC CASH MANAGEMENT FUND-TREASURY ADVANTAGE PLAN-RETAIL-GROWTH	9,249,981	180,000,000	180,211,825
HDFC CASH MANAGEMENT FUND-TREASURY ADVANTAGE PLAN-WHOLESALE-GROWTH	5,556,549	110,000,000	110,093,407
ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM-GROWTH	26,517,062	601,172,864	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
ING LIQUIID FUND - INSTITUTIONAL GROWTH OPTION	(3,825,262)	(50,000,000)	(50,910,795)
ING INTERVAL FUND-QUARTERLY-C-INSTITUTIONAL GROWTH	(4,056,030)	(40,560,302)	(41,610,302)
ING LIQUIID PLUS FUND INSTITUTIONAL- GROWTH OPTION	(9,035,954)	(100,000,000)	(100,560,302)
JM INTERVAL FUND - QTLY PLAN 1-INSTITUTIONAL GROWTH PLAN (280)	(4,655,970)	(50,000,000)	(51,447,541)
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 (3,877,833)	115,012,343 (50,000,000)	115,933,235 (51,107,509)
KOTAK LIQUID (INSTITUTIONAL PREMIUM) - GROWTH	5,684,227 (1,807,861)	105,000,000 (30,000,000)	105,012,343 (30,467,673)
LICMF LIQUID FUND - GROWTH PLAN	18,116,354	300,000,000	300,038,917
LICMF INCOME PLUS FUND - GROWTH PLAN	10,772,524	130,013,387	130,351,078
LICMF SAVING PLUS FUND - GROWTH PLAN	10,469,243	150,021,156	151,492,808
LIC FLOATING RATE FUND - SHORT TERM PLAN (GROWTH)	5,014,558	75,000,000	75,422,385
PRINCIPAL FLOATING RATE FUND FMP - INSTITUTIONAL OPTION - GROWTH PLAN	(7,689,587)	(100,000,000)	(100,832,802)
RELIANCE LIQUID PLUS FUND INSTITUTIONAL OPTION - GROWTH PLAN	(8,579,318)	(100,022,064)	(100,174,767)
RELIANCE MONEY MANAGER FUND-INSTITUTIONAL OPTION-GROWTH PLAN	98,383	120,000,000	120,159,459
RELIANCE FIXED HORIZON FUND- VIII-SERIES 12- INSTITUTIONAL GROWTH PLAN	(5,000,000)	(50,000,000)	(51,222,000)
RELIANCE MEDIUM TERM FUND - RETAIL PLAN -GROWTH PLAN - GROWTH OPTION	(7,258,383)	(126,222,000)	(127,087,572)
RELIANCE LIQUIDITY FUND - TREAS.PLAN - INST. OPTION - GROWTH OPTION - GROWTH PLAN	(473,658)	(10,000,000)	(10,002,274)
RELIANCE INTERNAL FUND - QTLY. PLAN - SERIES I - INSTITUTIONAL GROWTH PLAN	(4,478,059)	(50,107,691)	(51,423,345)
RELIANCE LIQUIDITY FUND - GROWTH OPTION	(18,738,168)	(235,000,000)	(236,875,427)
SBI - SHDF - SHORT TERM -RETAIL PLAN - (GROWTH)	832,841	10,000,000	10,032,908
SBI -SHF-ULTRA SHORT TERM FUND- INSTITTUTIONAL	1,255,892	15,000,000	15,032,025
TATA LIQUID SUPER HIGH INV. FUND - APPRECIATION	26,731	45,000,000	45,015,153
TATA FLOATER FUND - GROWTH	3,310,400	45,015,153	45,260,124
UTI LIQUID CASH PLAN INSTITUTIONAL -GROWTH OPTION	27,108	40,030,925	40,043,336
UTI TREASURY ADVANTAGE FUND-INSTITUTIONAL PLAN (GROWTH OPTION)	33,267	40,000,000	40,030,925

Bracket figures represents Previous year.

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE : 6 - INVENTORIES		
(As Verified, Valued and Certified by the Management)		
Stores & Spares	119,266,324	132,492,960
{ Including Capital stores Rs. 16,819,042/- (Previous Year Rs. 32,697,067/-)}	<u>119,266,324</u>	<u>132,492,960</u>
SCHEDULE : 7 - SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Debts Outstanding for a period exceeding six months	701,688,752	773,740,998
Other debts	1,826,274,355	2,223,280,084
	<u>2,527,963,107</u>	<u>2,997,021,082</u>
SCHEDULE : 8 - CASH AND BANK BALANCES		
Cash in hand	670,850	358,865
Balances with Scheduled Banks		
- In Current Accounts	834,236	383,688
- In Fixed Deposit Accounts	8,888,544	168,888,544
{Includes Margin Money with Bank Rs.8,888,544/- (Previous Year Rs.8,888,544/-)}		
- In Unclaimed Dividend Accounts	836,690	782,445
	<u>11,230,320</u>	<u>170,413,542</u>
SCHEDULE : 9 - OTHER CURRENT ASSETS		
Interest accrued but not due	2,627,294	1,897,306
Claims Receivable	42,624,397	40,725,831
	<u>45,251,691</u>	<u>42,623,137</u>
SCHEDULE : 10 - LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Loans to Bodies Corporate	978,406,100	935,843,714
Advances Recoverable in Cash or in kind or for value to be received	317,179,772	358,877,006
Security Deposits	10,703,798	20,839,938
Advance Income-tax including TDS (Net of Provision of Rs. NIL Previous Year Rs.294,140,596/-)	-	48,824,618
Advance Fringe Benefit Tax (For F. Y. 2006-07 -Net of Provision of Rs. 3,500,000/-)	720,000	-
	<u>1,307,009,670</u>	<u>1,364,385,276</u>

Note:

Loan to Bodies Corporates includes Rs.749,815,774/-being the loan (at restated value), to Joint Venture Company namely Discovery Drilling Pte Ltd., Singapore, is quasi equity in nature and also fully subordinated to the Loan given by Banks to the JV company (Previous Year Rs. 718,743,180/-).

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE : 11 - CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors:		
- Micro Enterprises and Small Enterprises	-	-
- Others	1,650,054,662	2,395,873,444
Other Liabilities	299,707,188	505,724,465
Interest accrued but not due on loans	94,083	620,637
Bank overdrawn	11,512,474	6,850,116
Investor Education and Protection Fund: (Appropriate amount shall be transferred to fund as & when due)		
- Unclaimed Dividend	836,690	782,445
(A)	<u>1,962,205,097</u>	<u>2,909,851,107</u>
Provisions		
Provision for Income Tax (Net of Advance of Rs. 639,507,596/- Previous Year NIL)	14,301,943	-
Provision for Fringe Benefit Tax (Net of Advance of Rs. NIL Previous Year Rs. 13,464,703/-)	-	117,331
Provision for Gratuity	1,741,716	-
Provision for Leave Encashment	4,548,526	3,072,240
Proposed Dividend	28,663,880	28,663,880
Proposed Dividend distribution tax	4,760,712	4,871,426
(B)	<u>54,016,777</u>	<u>36,724,877</u>
(A+B)	<u>2,016,221,874</u>	<u>2,946,575,984</u>
	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
SCHEDULE : 12 - INCOME FROM OPERATIONS		
Income from Operations {TDS - Rs.256,807,057/- (Previous Year Rs.131,142,717/-)}	11,953,684,061	7,778,287,426
	<u>11,953,684,061</u>	<u>7,778,287,426</u>
SCHEDULE : 13 - OTHER INCOME		
Interest Received from:		
- Long Term Investments {TDS - Rs.Nil (Previous Year - Rs. 2,596,601/-)}	461,295	18,702,148
- Others {TDS - Rs.4,677,557/- (Previous Year - Rs. 5,420,987/-)}	42,311,909	25,410,584
Profit on Sale of Current Investments	6,885,387	12,312,564
Miscellaneous Income	4,722,625	3,388,447
	<u>54,381,216</u>	<u>59,813,743</u>
SCHEDULE : 14 - MATERIALS & OPERATIONS CHARGES		
a. Drilling Operation Charges { Including Insurance charges of Rs. 5,986,617/- (Previous year Rs. 4,153,712/-)}	9,622,984,800	6,454,709,073
b. Stores & Spares Consumed		
Opening Stock	132,492,960	72,277,789
Add : Purchases	422,549,459	254,527,316
Add : Transfer from Capital work in progress	-	32,697,067
	<u>555,042,419</u>	<u>359,502,172</u>
Less : Closing Stock	119,266,324	132,492,960
Stores & spares consumed	435,776,095	227,009,212
	<u>10,058,760,895</u>	<u>6,681,718,285</u>

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
SCHEDULE : 15 - EMPLOYEES REMUNERATION & OTHER BENEFITS		
Salary, Wages & Other Allowances { Including Insurance charges of Rs.4,384,456/- (Previous year Rs. 3,379,268/-)}	354,321,678	253,162,382
Contribution to Gratuity fund	3,808,753	(1,382,880)
Contribution to PF & Other Funds to be shown separately	2,279,100	1,166,047
Staff Welfare Expenses	6,120,601	6,626,535
Staff Recruitment & Training Expenses	4,571,810	874,743
	371,101,942	260,446,827

SCHEDULE : 16 - ADMINISTRATIVE EXPENSES

Electricity & Water Charges	3,482,388	3,740,855
Rent	19,598,598	20,139,788
Rates & Taxes	1,144,835	3,756,701
Postage, Telephone & Telex expenses	5,625,094	7,191,614
Printing & Stationery	3,272,374	2,943,007
Travelling & Conveyance		
- Directors	2,534,821	6,006,626
- Others	9,624,645	17,968,300
Vehicle Upkeep & Maintenance { Including Insurance charges of Rs. 212,555/- (Previous year Rs. 290,441/-)}	5,604,735	5,127,180
Repair & Maintenance		
- Building	377,690	1,527,161
- Others	4,467,282	6,884,294
Legal & Professional Charges	7,633,122	9,449,472
Insurance (Administrative)	292,123	91,180
Fees & Subscription	4,321,447	1,922,617
Internal Auditors' Fees	250,000	250,000
Auditors' Remuneration		
- Audit Fee	240,000	240,000
- Tax Audit Fee	50,000	50,000
- Other Services	95,000	110,000
- Out of Pocket Expenses	30,400	22,500
General Expenses	2,698,905	5,989,538
Foreign Exchange Fluctuation Loss	73,970,541	61,821,090
Directors' Sitting Fee	240,000	305,000
Advertisement & Business Promotion	8,276,690	6,423,699
Tender Expenses	265,000	302,090
Loss on Sale of Fixed Assets (Net)	3,361,040	5,312,105
	157,456,730	167,574,817

SCHEDULE : 17 - INTEREST & FINANCIAL CHARGES

Interest on

- Term Loan	5,414,670	16,791,598
- Cash Credit	5,122,646	4,156,692
- Others	2,844,224	261,014
Bank Charges & Commission	5,323,677	5,366,578
	18,705,217	26,575,882

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 and 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 Work-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 onwards 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) Initial Recognition

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. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or as expenses of the year.

In accordance with Announcement issued by Institute of Chartered Accountants of India all outstanding derivatives except covered under AS-11 (revised 2003) 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 is provided on the aggregate amount of fringe benefits determined in accordance with the provisions of Income Tax Act, 1961. However, effective from 1st April, 2009, this has been withdrawn by the Government and hence 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 are recognised on the basis of invoices raised and correspondingly the Written Down Value of the fixed assets lost 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 expenses having value up to Rs. 10,000/- is not recognized, 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 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 Rs.3,936,105/- (Previous Year Rs. 31,524,954/-).

2. Contingent Liabilities

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 Nahva, 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 has 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) The company received a notice from Deputy Collector, Stamp Valuation Cell, Mehsana levying an additional stamp duty of Rs.1,699,950/- and a penalty thereon during the financial year 2006-07, pertaining to a property transaction done by the company in the earlier year, against which the company had filed a petition in the Hon'ble Gujarat High Court. The Hon'ble High Court has since quashed the demand notice of Dy. Collector, Stamp Duty, Valuation Cell, Mehsana.
- iii) An additional Income Tax liability of Rs. 3,671,185/- was raised by the ITO, for the assessment year 2005-06 for which Company filed an appeal before CIT(A). The Appeal was disallowed. The Company filed Appeal before ITAT. The same has been allowed and the demand has been vacated by the ITAT vide its order dated 31st March, 2010. However a penalty of Rs. 3,151,230/- u/s 271(1)(c) has been imposed by the office of DCIT. The company expects to get it vacated. Hence no provision has been made.
- iv) The 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. 898,000,000/- if converted at the exchange rate prevailing as on 31/03/2010) 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. 1,010,250,000/- if converted at the exchange rate prevailing as on 31/03/2010) loan by Axis Bank Ltd., Singapore to Virtue Drilling Pte Ltd., a Joint Venture company.

3. Joint Ventures

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

4. Sundry Debtors

- (i) Sundry Debtors includes an amount of Rs. 13,938,188/- (Previous Year Rs. 13,938,188/-) under arbitration with ONGCL. These debts consist of two cases first for Rig PN3 of Rs. 4,408,732/- and second for Ed-Holt of Rs. 9,529,456/-. In case of Rig PN3 the matter in arbitration was kept in abeyance during the whole year. In the matter of Ed-Holt case both parties, ONGC & the Company, have gone in appeal with the single judge of the Mumbai High Court, since, part of the award was passed by the arbitrator in favour of the company and part of the award in favour of ONGC. However management is confident to win the cases therefore it is considered to be good for recovery.
- (ii) In earlier year, a sum of Rs. 663,281,144/-(reinstated value as on 31-3-2010 of US\$ 14,772,408.55) 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 in the matter.

5. The identification of Micro, Small & Medium 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

(Amount in Rs.)

ITEMS	Year / Period ended	
	31.03.2010	31.03.2009
Salary	5,771,071	3,300,000
Contribution to PF	10,920	9,360
Perquisites	254,144	379,912
Total	6,036,135	3,689,272

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) of Rs. 73,970,541 /- (Previous Year Rs. 61,821,090/-) resulting from settlement, restatement of foreign exchange transactions and losses on account of mark to market adjustments on outstanding derivative instruments has been adjusted in the Profit & Loss Account.

- b) Forward contracts entered in to for hedging purpose and outstanding as on 31st March, 2010:

	31.03.2010		31.03.2009	
	Amount in Foreign Currency (USD)	Equivalent Indian Rupees	Amount in Foreign Currency (USD)	Equivalent Indian Rupees
for receivables	24,000,000	1,077,600,000	53,000,000	2,687,100,000

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

Particulars	Currency	As at			
		31.03.2010		31.03.2009	
		Foreign Currency	INR	Foreign Currency	INR
Foreign Currency Receivables (Net)	USD	19,000,239	852,779,258	4,227,691	213,587,590
	EURO	-	-	5,680	381,582
Foreign Currency Payables(Net)	EURO	11,978	726,702	-	-
	CAD	-	-	29,840	1,200,466
	SGD	5017	160952	608,537	20,404,258
Foreign Currency Loan Taken	USD	2,119,083	95,167,901	5,841,070	296,259,063
Foreign Currency Loan Given to Joint Venture DDPL	USD	16,699,683	749,815,774	14,176,394	718,743,180
Foreign Currency Short Term advance given to joint venture VDPL	USD	-	-	2,000,000	101,400,000
Equity Participation in Joint Venture DDPL	SGD	7,625,220	222,411,019	7,625,220	222,411,019
Equity Participation in Joint Venture VDPL	SGD	13,767,623	400,765,072	13,767,623	400,765,072

8.2 Disclosure as per Accounting Standard (AS) 15:

(a) The Accounting Standard 15 (Revised 2005) having been made applicable from F.Y. 2007-08, the requisite information and disclosure have been given separately for this year and previous year.

(b) 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.3,50,000/-.

(c) Leave Encashment

The obligation for leave encashment is recognised and shown as per the Actuarial Valuation Report, as required by AS 15 (revised 2005).

(d) 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)	
	2009-10	2008-09	2009-10	2008-09
Current Service cost	3,075,361	1,993,466	1,427,960	1,247,012
Interest Cost	5,46,003	614,590	2,15,057	91,431
Expected return on plan assets	(9,02,838)	(507,499)	-	-
Actuarial (gain)/loss recognised in the period	1,090,227	(3,483,437)	5,94,188	793,333
Net Cost	38,08,753	(1,382,880)	2,237,205	2,131,776

(ii) Net Liability / (Assets) recognised in the Balance Sheet as at 31st March, 2010.

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Fair value of plan assets as at 31st March	1,07,69,918	9,867,080	-	-
Present value of obligation as at 31st March	1,25,11,634	7,800,043	4,548,527	3,072,240
Amount recognised in Balance Sheet	1,741,716	(2,067,037)	4,548,527	3,072,240

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

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Defined benefit obligation as (Opening Balance)	7,800,043	8,779,860	3,072,240	1,306,162
Current service cost	3,075,361	1,993,466	1,427,960	1,247,012
Interest cost	5,46,003	614,590	2,15,057	91,431
Actuarial (gain)/loss on obligation	1,090,227	(3,180,831)	5,94,188	793,333
Benefit paid	-	(407,042)	(7,60,918)	(365,698)
Defined Benefit obligation as at 31st March	1,25,11,634	7,800,043	4,548,527	3,072,240

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

Particulars	Gratuity (Funded)	
	2009-10	2008-09
Fair value of plan assets at beginning of the year	9,867,080	5,546,440
Expected return on plan assets	9,02,838	507,499
Actuarial gain / (loss)	-	302,606
Employer contribution	-	3,917,577
Benefit paid	-	(407,042)
Fair value of plan assets at year end	1,07,69,918	9,867,080
Actual return on plan assets	9,02,838	810,105

(v) Investment details

(Amount in Rs.)

Particulars	Gratuity (Funded)	
	2009-10	2008-09
Insurer Managed Funds	10,769,918	9,867,080

(vi) Actuarial assumptions

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Mortality Table (LIC)		NA	NA	
Discount rate (per annum)	7.00%	7.00%	7.00%	7.00%
Expected rate of return on plan assets (per annum)	9.15%	9.15%	NA	NA
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

8.3 Although the Company is operating four undertakings, all those are engaged in the similar business of providing services to oil & gas companies. Therefore, there is only one reportable segment- Drilling and Related Services. Accordingly, there is no disclosure of segmental reporting in terms of "Accounting Standard-17 of Segment Reporting".

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
Sh. Raghav Jindal	Managing Director
Sh. I N Chatterjee	Whole Time Director

iii. Relative of Key Management Personnel

Sh. Manav Kumar	Son of Sh. Naresh Kumar
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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	
Corporate Guarantee given	NIL (1,014,400,000)	NIL (1,141,200,000)	- (-)
Charter hire charges paid / payable	2,052,542,310 (1,106,023,055)	1,928,290,238 (520,235,317)	- (-)
Interest Received /Receivable (Net of TDS)	13,168,680 (14,714,047)	(-) (-)	- -
Remuneration *	(-) (-)	(-) (-)	6,576,135 (4,094,272)**
Expenses incurred by the company for which reimbursement received/ receivable	37,025,849 (29,903,168)	29,998,260 (86,694,487)	- (-)
Loan / Short Term Advance Given (Incl. F.E Fluctuation)	17,903,914 (417,651,732)	286,170,000 (101,400,000)	- (-)
Repayment received from	- (141,005,977)	387,570,000 (-)	- (-)
Balances Outstanding at the year end			
For Loans #	749,815,774 (718,743,180)	- (101,400,000)	- (-)
For charter hire charges	161,010,099 (181,839,952)	150,276,093 (498,866,059)	- (-)
Maximum Loan outstanding during the year	749,815,774 (718,743,180)	145,590,000 (102,247,500)	- (-)
Amount Receivable for expenses	3,599,050 (20,770,356)	1,972,547 (7,952,906)	- (-)
Subscription to Equity Share	222,411,019 (222,411,019)	400,765,072 (400,765,072)	- (-)
Corporate Guarantee	898,000,000 (1,014,400,000)	1,010,250,000 (1,141,200,000)	(-) (-)

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

* Including allowances and perquisites but excluding contribution towards retirement benefits

** Includes Rs. 5,40,000/- (previous year Rs. 405,000/-) paid to the relative of Key Management Personnel.

Loans Includes Interest Receivables (Net of TDS) Rs13,168,680/- (Previous Year Rs. 19,410,215/-) converted in to Loan.

8.5 Office Premises taken on lease

The Company has taken office premises on cancellable lease. This lease agreement is for a period of three years.

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:

	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Deferred Tax Liability		
Fixed Assets	172,615,969	154,807,529
Provision for Gratuity	-578,555	470,041
(A)	172,037,414	155,277,570
Deferred Tax Assets		
FE Fluctuation Inadmissible u/s 43A	-164,995	212,459
Un-amortisation of merger & de-merger of expenses as per Income Tax Act. 135,149	276,583	
Provision for leave encashment	1,510,906	1,044,255
(B)	1,481,060	1,533,297
Net Deferred Tax Liability	(A - B)	170,556,354
		153,744,273

* After adjustment of Rs. NIL (previous Year Rs. 1,110,001/-) on account of deferred tax assets on transitional provisions for which adjustment is made in opening balance of General Reserve.

8.7 “Earning per Share” computed in accordance with Accounting Standard AS- 20.

(Amount in Rs.)

Particulars	2009-10	2008-09
a) Numerator		
Net Profit after taxation as per Profit & Loss A/C	841,429,728	373,307,100
b) Denominator		
Weighted average of No. of equity shares outstanding	22,931,104	22,931,104
Basic & Diluted (Face value of Rs.5 each)	36.69	16.28

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

Name of the Company	Date of initial Investment	Country of Incorporation	% Ownership Interest	
			As on 31.03.2010	As on 31.03.2009
Discovery Drilling Pte Ltd. (DDPL)	25th April, 2006	Singapore	49%	49%
Virtue Drilling Pte Ltd. (VDPL)	31st March, 2008	Singapore	49%	49%

The Company's share of the assets and liabilities as on 31st March, 2010 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 31-03-2010) are given below:

Amount (In Rs)

Particulars	2009-10	2008-09
Company's Share	49%	49%
Assets		
Fixed Assets (including CWIP)	7,294,291,687	8,803,131,185
Investments	10,029,178	11,329,174
Current Assets	705,058,774	763,252,819
Total Assets	8,009,379,639	9,577,713,178
Liabilities		
Share Capital	500,057,451	564,875,589
Other Reserve *	(246,035,926)	(346,054,749)
Profit & Loss Account	1,011,469,844	198,536,593
Secured Loan	4,863,533,337	7,203,169,850
Un-Secured Loan	563,303,726	580,898,138
Non Current Liabilities	246,035,926	217,803,244
Current Liabilities	1,071,015,281	1,158,484,513
Total Liabilities	8,009,379,639	9,577,713,178
Income	1,879,669,692	808,912,180
Expenditure	964,376,499	574,972,267
Aggregate amount of Contingent Liabilities		
Incurred by the Company on account of the joint venture company.	1,908,250,000**	2,155,600,000 **
Of Joint Venture Company towards SBLC to the extent of Company's share.	NIL	NIL
Aggregate amount of Commitment on account of Capital Expenditure remain to be executed (net of advance)		
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)
(Amount in Rs.)

Items	Year ended on			
	31.03.2010		31.03.2009	
	%	Value	%	Value

I. VALUE OF IMPORTED & INDIGENOUS STORES & SPARES CONSUMED

Imported	47.44	206,741,657	44.55	101,124,608
Indigenous	52.56	229,034,438	55.45	125,884,604
TOTAL	100.00	435,776,095	100.00	227,009,212

II. CIF VALUE OF IMPORTS

Capital goods	29,395,323	163,606,289
Stores & Spares	189,872,056	108,663,120
TOTAL	219,267,379	272,269,409

III. EXPENDITURE IN FOREIGN CURRENCY (On accrual basis)

Operation Expenses	9,365,603,568	6,232,728,643
Interest on Foreign Currency Loan	2,420,166	11,168,435
Travelling Expenses	2,652,811	8,527,073
Others	2,354,190	2,797,245
TOTAL	9,373,030,735	6,255,221,396

IV. EARNING IN FOREIGN CURRENCY (On accrual basis)

Service to Oil Sector	9,516,131,300	5,027,673,775
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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, 2010 and Profit & Loss accounts for the year ended on that date.

SIGNATURES TO SCHEDULES 1 TO 18

As per our report of even date attached.

For S.S.KOTHARI MEHTA & CO.

Chartered Accountants
Firm's Regn. No. 000756N

ATUL SEKSARIA

Partner
Membership No. 086370

S. N. AJMERA
CFO

R. A. AGARWAL
Company Secretary

Place : Gurgaon
Dated : May 19, 2010

For & on Behalf of the Board

D. P. JINDAL
Chairman

NARESH KUMAR
Managing Director

RAGHAV JINDAL
Managing Director

K. K. KHANDELWAL
S. D. SHARMA
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

(Rupees in thousand)

Registration No	L27201HR1983PLC036106	State Code	HR
Balance Sheet Date	31.03.2010		

II. Capital Raised during the year

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	3,872,553	Total Assets	3,872,553
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Sources of Funds

Paid-up-Capital	114,656	Reserves & Surplus	3,396,806
Share Capital Suspense	0	Secured Loans	190,535
Unsecured Loans	0	Deferred Tax Liability	170,556

Application of Funds

Net Fixed Assets (including CWIP)	754,868	Investments	1,123,186
Net Current Assets	1,994,499	Misc Expenditure	0

IV. Performance of Company

Turnover	11,953,684	Total Expenditure	10,727,014
Other Income	54,381	Profit before Tax	1,281,051
Profit after Tax	841,430		

Basic

Diluted

Earnings per Share in Rs :	36.69	Earnings per Share in Rs :	36.69
Dividend Rate	25%		

V. Generic names of the Principal Products of Company

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

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax	1,281,051,076	573,646,282
Adjusted for :		
Depreciation	120,989,417	128,139,076
Dividend Received	-	-
Interest Received	(42,773,204)	(44,112,732)
Interest Payments	13,381,539	21,209,304
Loss / Profit on Sale of Fixed Assets	3,361,040	5,312,105
Profit on Sale of Investments	(6,885,387)	(12,312,564)
Exchange Rate Fluctuations	73,970,541	61,821,090
Operating Profit before working capital changes	1,443,095,022	733,702,561
Adjusted for :		
Trade and other Receivables	541,807,015	(1,745,038,920)
Inventories	13,226,636	(27,518,104)
Trade payables & Other liabilities	(951,672,523)	1,451,507,147
Cash generated from operations	1,046,456,150	412,652,684
Income Taxes paid (including FBT) - net of refund	(360,520,037)	(141,169,840)
NET CASH FROM OPERATING ACTIVITIES	685,936,113	271,482,844
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(54,239,316)	(220,380,270)
Sale of Fixed Assets	16,522,112	24,135,837
Loans to Joint Venture Companies (Net of Received)	(105,019,052)	(153,248,006)
Loans to Bodies Corporate (Net of Received)	8,915,565	(208,891,385)
Purchases of Investments	(3,326,286,352)	(1,121,912,057)
Sales / Redemption of Investments	2,858,462,300	1,134,224,621
Interest Received	8,469,179	22,437,625
NET CASH USED IN INVESTING ACTIVITIES	(593,175,564)	(523,633,635)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Terms borrowings	6,000,000	48,948,408
Repayments of Long Terms borrowings	(222,247,310)	(184,285,447)
Net Proceeds from Short Terms borrowings and Cash Credit	11,746,938	45,679,660
Dividend paid	(28,663,880)	(28,663,880)
Tax paid on Dividend	(4,871,426)	(4,871,426)
Interest paid	(13,908,093)	(21,976,455)
NET CASH USED IN FINANCING ACTIVITIES	(251,943,771)	(145,169,140)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(159,183,222)	(397,319,931)
Opening Balance of Cash and Cash equivalents	170,413,542	567,733,473
Closing Balance of Cash and Cash equivalents	11,230,320	170,413,542
CHANGE IN CASH AND CASH EQUIVALENTS	(159,183,222)	(397,319,931)

For S.S.KOTHARI MEHTA & CO.

Chartered Accountants
Firm's Regn. No. 000756N

ATUL SEKSARIA

Partner
Membership No. 086370

S. N. AJMERA
CFO

R. A. AGARWAL
Company Secretary

Place : Gurgaon
Dated : May 19, 2010

For & on Behalf of the Board

D. P. JINDAL
Chairman

NARESH KUMAR
Managing Director

RAGHAV JINDAL
Managing Director

K. K. KHANDELWAL
S. D. SHARMA
Directors

JINDAL DRILLING & INDUSTRIES LIMITED

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

PROXY FORM

Folio No.

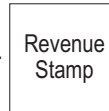
DP ID*

CLIENT ID*

I/Weofbeing a member/ members of Jindal Drilling & Industries Limited do hereby appointofor failing him / her.....of.....as my / our proxy to attend and vote for me / us on my / our behalf at the 26th Annual General Meeting of the Company to be held on Friday, the 10th September, 2010 and 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 26th Annual General Meeting of the Company held on Friday, the 10th September, 2010 at 12.15 P.M. at Unitech Country Club, Block-E, South City - I, Gurgaon - 122 001 (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.**

If undelivered, please return to:

Jindal Drilling & Industries Limited

Plot No. 30, Institutional Sector-44 Gurgaon-122002, Tel: 95124-2574325/26