

# Aban Loyd Chiles Offshore Ltd.

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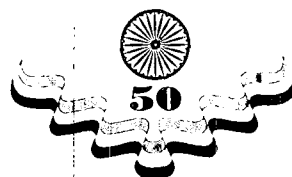
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## Eleventh Annual Report

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### 1996-97







# ABAN LOYD CHILES OFFSHORE LTD.

## ELEVENTH ANNUAL REPORT

1996 - 97

### BOARD OF DIRECTORS

M A ABRAHAM  
*Chairman & Managing Director*

FRANK A WOJTEK

P MURARI

K A JOSEPH (NOMINEE OF ICICI)

V S RAO

REJI ABRAHAM

RENNY ABRAHAM

### VICE PRESIDENT (FINANCE) & SECRETARY

G P GOPALKRISHNAN

### AUDITORS

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

### BANKERS

INDIAN OVERSEAS BANK

STATE BANK OF INDIA

STANDARD CHARTERED BANK

INDIAN BANK

STATE BANK OF TRAVANCORE

### REGISTERED OFFICE

JANPRIYA CREST  
96, PANTHEON ROAD  
EGMORE  
CHENNAI - 600 008.



**ABAN LOYD CHILES OFFSHORE LTD.****NOTICE TO MEMBERS**

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of **ABAN LOYD CHILES OFFSHORE LTD.** will be held on Friday the 26th September, 1997 at 11.00 A.M. at the Auditorium of Madras School of Social Work, 32 Casa Major Road, Egmore, Chennai - 600 008 to transact the following business :

**Ordinary Business**

1. To receive, consider and adopt the Balance Sheet as at 31st March 1997, and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a Dividend for the year ended 31st March 1997.
3. To appoint a Director in place of Mr. M.A. Abraham, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Frank A. Wojtek, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

**Special Business**

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION

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

- (V) The Authorised Capital of the Company is Rs. 200,00,00,000/- (Rupees Two Hundred Crores only) divided into 2,00,00,000 (Two Crores only) Cumulative Redeemable Preference Shares of Rs.10/- each (Rupees Ten only) and 18,00,00,000 (Eighteen Crores only) Equity Shares of Rs. 10/- each (Rupees Ten only) with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided by the regulations of the Company, subject to the provisions of the Companies Act, 1956".

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION

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

3. The Share Capital of the Company is Rs.200,00,00,000/- (Rupees Two Hundred Crores only) divided into 2,00,00,000 (Two Crores only) Cumulative Redeemable Preference Shares of Rs.10/- each (Rupees Ten only) and 18,00,00,000 (Eighteen Crores only) Equity shares of Rs. 10/- each (Rupees Ten only), with the power to increase or reduce the Capital in accordance with the provisions of the Companies Act, 1956".

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT in pursuance of Section 81(1-A) and other applicable provisions of the Companies Act, 1956, 2,00,00,000 (Two crores only) Cumulative Redeemable Preference Shares of Rs.10/- each (Rupees Ten only) each forming part of the Authorised Capital of the Company be issued at par and allotted to any person (whether or not shareholders of the Company) in one or more tranches and at such time or times and on such terms as to dividend, preferential payment or return of the amount paid up thereon and redemption as the Board of Directors (hereinafter called the 'Board' which term shall include any committee(s) which the Board may constitute to exercise the powers of the Board including the powers conferred by this Resolution) may deem fit".

**ABAN LOYD CHILES OFFSHORE LTD.**

9. To consider and if though fit, to pass with or without modifications the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT in accordance with Sections 198, 269, 309, 311 and all other applicable provisions of the Companies Act, 1956, the Company hereby approves the appointment of Mr.Reji Abraham as a Wholtime Director of the Company for a period of 5 (five) years with effect from 26.09.1997 to 25.09.2002 under the terms and conditions as to remuneration as set out below:

**A. Remuneration**

- i. Salary Rs.20,000/- (Rupees Twenty Thousand only) per month.
- ii. Perquisites shall be subject to the ceiling laid down in Schedule XIII to the Companies Act, 1956.

**B. Minimum Remuneration**

Pursuant to Section 198(4) and 309(3) of the Companies Act, 1956 in the event of loss or inadequacy of profits in any financial year, Mr.Reji Abraham shall be paid salary and other perquisites as mentioned above, as minimum remuneration".

10. To consider and if thought fit, to pass, with or without modifications the following resolution as an ORDINARY RESOLUTION:

"Resolved that Mr.P. Murari be and is hereby appointed as a Director of the Company".

*By Order of the Board*

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**C P GOPALKRISHNAN**  
Vice President (Finance) & Secretary

Chennai, 23rd July 1997

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. The instrument appointing proxy in order to be effective should be lodged at the Registered Office of the Company not less than 48 hours before the meeting. A blank proxy form is attached.
3. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business proposed to be transacted at the meeting is annexed hereto.
4. The Register of Members and Share Transfer Book will remain closed from 11th September, 1997 to 26th September, 1997. (both days inclusive)
5. The members are requested to intimate the Company regarding any change of their address immediately at its Registered Office quoting their folio numbers.
6. Pursuant to Section 205 A of the Companies Act, 1956 unpaid / unclaimed Dividend for the year ended 31.03.1993 have been transferred to the General Revenue Account of the Central Government. Shareholders who have valid claim to the unpaid / unclaimed Dividend may claim it from the Registrar of Companies, Shastri Bhawan, Haddows Road, Chennai - 600 006.
7. Shareholders are requested to bring their copy of Annual Report to the Meeting.

**ABAN LOYD CHILES OFFSHORE LTD.****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS CONTAINED IN THE NOTICE DATED 23rd JULY 1997.****Item Nos. 6 & 7**

The Company's present Capital structure is Rs.200,00,00,000/- (Rupees Two Hundred Crores only) divided into 2,00,00,000 (Two Crores only) Non Cumulative Redeemable Preference Shares of Rs.10/- each (Rupees Ten only) and 18,00,00,000 (Eighteen Crores only) Equity shares of Rs.10/- each (Rupees Ten only) The Board of Directors consider it expedient to split the Capital into 2,00,00,000 (Two Crores only) Cumulative Redeemable Preference Shares of Rs.10/- each. (Rupees Ten only) and 18,00,00,000 (Eighteen Crores only) Equity shares of Rupees 10/- each (Rupees Ten only). It is the considered opinion of the Directors that the Company's Preference shares when issued will be taken by the investing public, financial institutions and other bodies. The preferential dividend will be fixed for the said Preference Shares depending on the market factors.

The Special Resolution in Item No.7 is of a consequential nature for changing the Capital clause in the Articles of Association of the Company.

None of the Directors are interested in the Resolutions.

**Item No.8**

To augment long term resources of the Company, it is proposed to raise a sum of Rs.20 Crores through issue of Cumulative Redeemable Preference Shares. It is necessary for the shareholders to pass a Special Resolution under Section 81 (1A) of the Companies Act, 1956 authorising the Board of Directors to offer for subscription Cumulative Redeemable Preference Shares. Hence this Special Resolution is for adoption by the members.

None of the Directors are interested in the Resolution.

**Item No.9**

Mr.Reji Abraham was appointed as Director on 22.09.1994. He is a qualified Engineer and MBA and has got sufficient exposure in the Engineering and oil related fields. The Board therefore in the best interest of the Company considered it fit to propose the Resolution to the Members for appointment of Mr.Reji Abraham as Wholetime Director for a period of 5 (five) years from 26.09.1997 to 25.09.2002.

The contract to be entered by the Company with Mr.Reji Abraham contains the following terms and conditions:

- a) Salary Rs.20,000/- (Rupees Twenty Thousand only) per month.
- b) Perquisites:

Perquisites shall be restricted to an amount equivalent to annual salary or Rs.2,40,000/- (Rupees Two Lakhs Forty Thousand only) per annum whichever is less.

- l) Housing:

Expenditure by the Company on hiring furnished accommodation shall be subject to a ceiling of 60% of salary over and above 10% payable by the Wholetime Director.

If the Company does not provide accommodation to the Wholetime Director, the HRA will be paid by the Company to the Wholetime Director as above.

If the accommodation in the Company owned house is provided, 10% of the salary of the Wholetime Director shall be deducted by the Company.

**ABAN LOYD CHILES OFFSHORE LTD.**

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Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962, subject to the ceiling of 10% of the Salary of Wholetime Director.

## II) Medical Reimbursement :

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

## III) Leave Travel Concession :

Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company.

## IV) Club Fees:

Fees of Club subject to a maximum of two Clubs. No admission and life membership fees will be paid.

## V) Personal Accident Insurance:

The premium not to exceed Rs.4,000/- (Rupees Four Thousand only) per annum.

- VI) a. Company's contribution towards Provident Fund as per the Rules of the Company but not exceeding 10% of the salary.
- b. Company's contribution towards Superannuation Fund as per the Rules of the Company, but it should not together with the Company's contribution to Provident Fund exceed 25% of the salary.

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

## VII) Gratuity shall not exceed half a month salary for each completed year of service.

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

## IX) Leave :

## Privilege Leave

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

Notwithstanding anything contained herein, where in any financial year during the currency or tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration and perquisites specified above.

The Directors, Mr.M.A. Abraham, Mr.Reji Abraham and Mr.Renny Abraham are interested in the Resolution.

**Item No.10**

Mr.P. Murari was appointed as Additional Director on 18.09.1996. Mr.P. Murari, IAS (Retd.) was holding very senior positions in Government as well as he is a Director in many leading Public Limited Companies. His knowledge and experience will be of immense contribution to our Company. Notice has been received from a Member proposing his name as a Director of the Company. His appointment is in the best interest of the company.

Mr.P.Murari is interested in the Resolution.

*By Order of the Board*

Chennai, 23rd July 1997

**C P GOPALKRISHNAN**  
Vice President (Finance) & Secretary



**ABAN LOYD CHILES OFFSHORE LTD.****DIRECTORS' REPORT****TO THE MEMBERS**

The Directors are pleased to present the Eleventh Annual Report along with the Accounts for the year ended 31st March 1997.

**1. Financial Results:**

	<b>(Rupees in Lakhs)</b>	
	<b>Year ended 31st March 1997</b>	<b>Year ended 31st March 1996</b>
Income from Operations	23,737	14,231
Other Income	178	300
Less : Expenditure	19,088	11,037
Profit Before Interest & Depreciation	4,827	3,494
Less : Interest	2,452	1,325
Less : Depreciation	1,378	1,238
Profit for the Year Before Tax	997	931
Provision for taxation	50	-
Transfer from Share Premium Account	-	15
Less : Debenture Issue Expenses	-	(15)
Profit Brought forward from the previous Year	<u>3,513</u>	<u>2,932</u>
Available for appropriation	<u>4,460</u>	<u>3,863</u>
Transfer to Debenture Redemption Reserve	154	154
Proposed Dividend	126	126
Additional Tax on Dividend	12	-
Transfer to General Reserve	71	70
Balance Carried forward	<u>4,097</u>	<u>3,513</u>
	<u>4,460</u>	<u>3,863</u>

**2. Operations****(a) Drilling Services**

The Company has received a new charter hire contract for ABAN I from Oil and Natural Gas Corporation Ltd., (ONGC) for deployment in the West Coast of India for a period of 3 years. ABAN II continues to perform satisfactorily in its present contract. As regards Ile D' Amsterdam the Company has received a letter of intent from ONGC, at substantially increased charter hire rates. It is to be noted that the market for the drilling industry is somewhat upbeat world over, in the context of shortage of rigs and the prevailing premium prices for existing rigs. Since new policy initiatives for oil exploration activities in India are still not clearly evident, there is an attraction for drilling companies to seek opportunities in the overseas market or to cash in on the boom in the rig market.

**(b) Wind Energy**

The initial enthusiasm for wind energy for power generation was mainly driven from the advantages of availing incentives offered for energy produced from non conventional sources. With the toning down of these incentives combined with the other changes made in corporate tax structure, much of the earlier attraction has abated. The Company has been concentrating on improving the efficiency of operation and maintenance of the wind plants through cost reduction initiatives, like indegenisation of the spares and stores.

**3. Diversification**

Several other diversification opportunities including the proposal for setting up a 3 million tonne Refinery and Power have been re-assessed by the Company, in its quest for sales growth and higher profitability. Your Company is looking at various options of promoting these ventures either directly or through promotion of a separate Company for this purpose.