

Fourteenth

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Annual Report

1999-2000

Aban Loyd Chiles Offshores
Ltd.



ABAN LOYD CHILES OFFSHORE LTD.

FOURTEENTH ANNUAL REPORT

1999 - 2000

BOARD OF DIRECTORS

M. A. ABRAHAM
Chairman & Managing Director

REJI ABRAHAM
Wholetime Director

FRANK A WOJTEK

P. MURARI

S. SRINIVASAN (Nominee of ICICI)

V. S. RAO

RENNY ABRAHAM

VICE PRESIDENT (FINANCE) & SECRETARY

C.P. GOPALKRISHNAN

AUDITORS

FORD, RHODES, PARKS & CO.,
Chartered Accountants
Chennai 600 083

BANKERS

INDIAN OVERSEAS BANK

STATE BANK OF INDIA

STATE BANK OF TRAVANCORE

REGISTERED OFFICE

Janpriya Crest
96 Pantheon Road
Egmore
Chennai 600 008

REGISTRARS FOR DEMAT SHARES

CAMEO CORPORATE SERVICES LTD.
Subramanian Building
1 Club House Road
Chennai 600 002

ABAN LOYD CHILES OFFSHORE LTD.

NOTICE TO MEMBERS

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of **ABAN LOYD CHILES OFFSHORE LIMITED** will be held on Wednesday the 27th September 2000 at 11.00 a.m. at the Auditorium of Madras School of Social Work, 32 Casa Major Road, Egmore, Chennai - 600 008 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March 2000 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 2000.
3. To appoint a Director in place of Mr. Frank A Wojtek who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. P. Murari 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 modification(s) the following resolution as a **Special Resolution**.

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and are hereby altered in the manner and to the extent as set out below.

- I. Insert new definitions and modify existing definitions in Articles as under

Beneficial Owner shall mean the beneficial owner as defined in Section (2) (a) of Depositories Act, 1996.

Depositories Act shall mean the Depositories Act, 1996 and includes any statutory modification, alteration or re-enactment thereof for the time being in force.

Depository shall mean a depository as defined in Section 2(1) (e) of Depositories Act, 1996.

Shareholders or members mean the subscribers to the Memorandum of Association of the Company and registered shareholders of the Company and shall include every person holding shares of the Company and whose name is entered as beneficial owner in the records of a Depository. The existing definition of shareholders or members shall be deleted.

‘SECURITY’ means security as defined in Section 2(1) (l) of the Depositories Act, 1996.

- II. Insert the following article after Article 13(3)

13(4) Provided that no share certificate shall be issued in respect of shares held in dematerialised form.

- III. Insert the following articles after Article 36

36(a) Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, 1996 and for any rules framed thereunder and any amendments, modifications, re-promulgation or re-enactment thereof, for the time being in force.

36(b) Option for Investors: i. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such person being a Beneficial Owner of the securities can at any time opt out of a Depository, if permitted, and in the manner

ABAN LOYD CHILES OFFSHORE LTD.

provided by law and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner, the required certificate of securities.

ii. If a person opts to hold his security with a Depository the Company shall intimate such Depository the details of allotment of the security and on receipt of the information the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the securities.

iii. All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.

36(c) Rights of Depositories and Beneficial Owners

i. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

ii. Save as otherwise provided in above the Depository as the Registered Owner of the securities shall not have any voting rights or other rights in respect of the securities held by it.

iii. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

36(d) Service of Documents - Notwithstanding anything contained in the Act or these Articles to the contrary where securities are held in a Depository the record of the Beneficial Owner may be served by such Depository on the Company by means of electronic mode or by floppies or discs by any other manner as may be permitted by law.

36(e) Transfer of Securities - Nothing contained in Section 108 of the Act or these articles 37, 38, 39 and 42 of these Articles of Association shall apply to a transfer of securities effected by a transferor or transferee both of whom are entered as Beneficial Owners in record of Depository. Subject to the provisions of the Act, the Board shall without assigning any reason for such refusal may refuse to register any transfer of, or the transmission by operation of law of any security held within a Depository or any right therein.

36(f) Distinctive Numbers of securities held in a Depository - Nothing contained in these articles regarding the necessity of having distinctive number of securities issued by the Company shall apply to securities held with a Depository.

IV. Reference to Section 111 in article 40 be replaced by reference to Section 111A.

V. In Article 43 the words - "in accordance with the provisions of Section 111(2) of the Act" be deleted.

VI. In Article 44 add at the beginning the words "subject to the right of nomination as contained in the Article 47(b) of Articles of Association"

VII. Insert the following clause as 47(b) after 47(a)

Nomination of Shares / Debentures

Right of Nomination

(i) Notwithstanding anything to the contrary contained in these Articles every share / debenture holder may at any time nominate a person to whom his shares / debentures shall vest in the event of his death, in the manner prescribed under the Act and any rules / regulations made thereunder for the time being in force.

(ii) Where the shares / debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares / debentures shall vest in the event of death

ABAN LOYD CHILES OFFSHORE LTD.

of all the joint holders in such manner as may be prescribed under the Act, any rules and regulations made thereunder for the time being in force.

(iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares / debentures of the Company, the nominee shall on death of the holders or as the case may be on death of all the joint holders be entitled to all the rights in the shares / debentures of the Company to the exclusion of all other persons unless the nomination is varied or cancelled.

(iv) A member or in the case of joint holder, all the joint holders may revoke or vary his / their nomination at any time by notifying the Company in writing to this effect.

(v) Any person who becomes a nominee by virtue of the aforesaid provisions upon the production of such evidence as required by the Board or the committee thereof and subject as hereinafter provided, elect either,

a) to be registered as a holder of shares / debentures or

b) to make such transfer as the deceased holder could have made

(vi) If the nominee elects to be registered as holder of the shares / debentures he shall submit to the Company a notice in writing signed by him to such effect, accompanied with the death certificate of the deceased holder.

(vii) The Board shall have the same right to decline or suspend registration as it would have had if the deceased holder had effected such transfer.

(viii) No person shall be recognised by the Company as the nominee unless the holder had during his life time given an intimation to the Company of having appointed a nominee in the manner prescribed in the law, for the time being in force.

(ix) A nominee shall be entitled to the dividend and other advantages to which he would be entitled if he were the registered holder of such shares/debentures provided that he shall not before being registered as a member be entitled to exercise any right conferred by membership in relation to the Company. Provided further that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the shares/debentures and if the notice is not complied within 90 days the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of shares / debentures until the requirements of the notice have been complied with.

VIII Reference to Section 370 of the Act appearing in Article 64 be replaced by reference to Section 372(A) of the Act as amended from time to time.

IX Reference to Section 372 of the Act appearing in Article 134 and reference to Section 370 & 372 of the Act appearing in Article 135 be replaced by reference to Section 372A of the Act as amended from time to time."

By Order of the Board

Chennai, 3rd August 2000

C.P. Gopalkrishnan
Vice President (Finance) & Secretary

ABAN LOYD CHILES OFFSHORE LTD.**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. Explanatory Statement Pursuant to Section 173(2) is annexed.
4. The Register of Members and Share Transfer Books will remain closed from 20th September 2000 to 27th September 2000 (both days inclusive)
5. Members are requested to intimate the Company regarding any change in their address, immediately at its Registered Office by quoting their folio numbers.
6. Share holders are requested to bring their copy of annual report to the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS CONTAINED IN THE NOTICE DATED 3rd AUGUST 2000.

ITEM NO. 6

The equity shares of your Company have been identified by Securities Exchange Board of India for compulsory trading in dematerialised segment with effect from 26th June 2000 for institutional investors and compulsory trading in dematerialised form with effect from 28th August 2000 for all investors. Your Company has entered into necessary agreements with National Securities Depository Ltd., Cameo Share Registry Services Ltd. and Central Depository Services (India) Ltd. for giving effect to the demat trading in a Depository System. The depository system has several inherent advantages notably elimination of possibility of loss of scrips in transit, speedy transfer of securities, reduction of chances of introduction of fake scrips in the system, reduction in paper work, reduction of possibility of bad deliveries etc., The Depository System is investor friendly and market oriented. The Articles of Association of the Company are proposed to be amended to bring them into conformity with the provisions of the Depositories Act in order to enable the dematerialisation of the equity shares of the Company.

The Amendment Act has introduced a new Section 372A in respect of intercorporate loans and investments and has restricted the application of the existing Sections 370 & 372 of the Companies Act, 1956. Similarly Section 111A is introduced and has restricted the application of existing Section 111 of the Companies Act, 1956. Consequential amendments have been proposed to the Articles of Association of the Company.

The Companies Act has been amended to provide for nomination by shareholders. Article 47(b) is proposed to be introduced to provide for such nomination.

Note : None of the Directors of the Company are interested or concerned in the Item of Business.

By Order of the Board

Chennai, 3rd August 2000.

C.P. Gopalkrishnan
Vice President (Finance) & Secretary

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

The Directors are pleased to present the Fourteenth Annual Report along with the accounts for the year ended 31st March 2000

1. Financial Results

| | (Rupees in Lakhs) | |
|---|---------------------------------------|---------------------------------------|
| | Year ended 31st March 2000 | Year ended 31st March 1999 |
| Income from Operations | 7,188 | 9,613 |
| Other Income | 4,252 | 213 |
| Less : Expenditure | 8,356 | 6,330 |
| Profit before Interest & Depreciation | 3,084 | 3,496 |
| Less : Interest | 1,082 | 1,260 |
| Less : Depreciation | 1,409 | 1,366 |
| Profit for the year Before Tax | 593 | 870 |
| Provision for Taxation | 70 | 175 |
| Profit after Tax | 523 | 695 |
| Profit brought forward from the Previous Year | 8,040 | 7,537 |
| Available for appropriation | <u>8,563</u> | <u>8,232</u> |
| Proposed Dividend | 125 | 125 |
| Additional Tax on Dividend | 28 | 14 |
| Transfer to General Reserve | 40 | 53 |
| Balance carried forward | <u>8,370</u> | <u>8,040</u> |
| | <u>8,563</u> | <u>8,232</u> |

2. Performance

Both the Rigs of the Company have been comprehensively refurbished and upgraded to meet with exacting international standard as required by ONGC Ltd. Naturally, revenues were adversely affected during the period of lay-off. The Company has been able to maintain profit at a reasonable level in spite of the lay-off for upgradation due to your Company's ability to economise and effectively utilise men and materials in all spheres of Rig operation.

3. Subsidiary Company

The Wind Energy Division has been transferred to Aban Energies Limited, a wholly owned subsidiary of the Company, created to handle the business of power generation and supply in the renewable Energy field. With the experience gained in indigenising the spares and the components of the wind turbines and improving the O & M procedures, the Company has been able to reach impressive generation figures in Wind Energy output, during the year under review. As required under Section 212 of the Companies Act, 1956 the audited statements of accounts along with the report of the Board of Directors and Auditors thereon of Aban Energies Limited for the year ended 31st March 2000 are annexed.

4. Dividend

The Directors are pleased to recommend a dividend of 20% on the Paid up Equity Share Capital.

ABAN LOYD CHILES OFFSHORE LTD.**5. Directors**

The Directors Mr. Frank A. Wojtek and Mr. P. Murari retire by rotation and being eligible offer themselves for reappointment.

6. Stock Exchanges

Your Company Shares are listed in the following Stock Exchanges.

Madras Stock Exchange Ltd.

The Stock Exchange, Mumbai.

National Stock Exchange of India Ltd.

7. Auditors

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

8. Particulars of Employees

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended upto date, your Directors furnish in the annexure the additional information as required.

9. In terms of Section 217(1) of the Companies Act, 1956 (as amended) and the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988, your Directors furnish hereunder the additional information as required.

A. Conservation of Energy

The Company has taken appropriate measures for conservation of Energy, wherever necessary, even though the activities of the Company are not energy intensive.

B. Research and Development carried out by the Company

Research activities are carried out mainly to indigenise various imported equipments used in the operation of rigs.

C. Technology Absorption, Adoption and Innovation

The Company has been making efforts to reduce the dependence on Imported Equipments used for the operation of rigs.

D. Foreign Exchange Earnings and Outgo

| | (Rupees in Lakhs) | |
|---|--------------------------|--------------------|
| | 1999 - 2000 | 1998 - 1999 |
| (a) Foreign Exchange Earned during the year | 9,883 | 13,511 |
| (b) Foreign Exchange Outflow during the year. | 2,188 | 2,160 |

10. Acknowledgements

Your Directors are pleased to place on record their sincere appreciation of the support and co-operation received from the Bankers, Financial Institutions, concerned Ministries and Departments of the Central and State Governments, Valued Clients, more particularly ONGC, Business Associates, Members of the Company, and the Employees at all levels.

For and on behalf of the Board

M. A. ABRAHAM
Chairman and Managing Director

Chennai, 3rd August, 2000.

ABAN LOYD CHILES OFFSHORE LTD.**ANNEXURE TO DIRECTORS' REPORT**

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (Amendment) Rules, 1975 and forming part of the Directors Report for the year ended 31st March 2000.

Employed throughout the Financial Year under review and were in receipt of remuneration for the Financial Year in aggregate of not less than Rs. 6,00,000/- per annum or Rs.50,000/- per month where employed for a part of the year.

| Sl. No. | Name | Age (Yrs) | Remune -ration Rs | Nature of Duties/ Designation | Qualification | Date of Commence -ment of Employment | Experience in Yrs | Details of Previous Employment |
|---------|----------------------|-----------|-------------------|-------------------------------|---------------------------|--------------------------------------|-------------------|--|
| 1. | Abraham M A | 60 | 2763273 | Chairman & Managing Director | MBA | 24/10/1986 | 39 | Business |
| 2. | Reji Abraham | 34 | 981113 | Whole time Director | B.E. MBA | 26/09/1997 | 9 | Business |
| 3. | Suresh Kumar* | 39 | 219415 | Barge Engineer | B.Tech., (Mechanical) MBA | 02/12/1999 | 18 | Drilling Engineer at Essar Oil and Gas India limited |
| 4. | Sandhu APS | 49 | 893660 | G.M Drilling | B.Sc., (Engg) (Mech) | 20/03/1992 | 24 | Chief Engineer, ONGC Ltd. |
| 5. | Simon KS | 34 | 689105 | Barge Engineer | B. Tech., (Mech) | 31/01/1998 | 11 | Barge Engineer, Essar Oil Ltd. |
| 6. | Tapan Jyoti Karmakar | 41 | 875932 | Tool Pusher | B.Sc., (Engg) (Mech) | 29/07/1992 | 17 | Tour Pusher, ONGC Ltd. |
| 7. | Varkey PT | 39 | 686408 | Barge Engineer | ITI | 05/10/1987 | 18 | Chief Electrician, Aban Constructions |

Notes :-*** Employed for part of the year**

- (a) The Wholetime Director Mr.Reji Abraham is related to the Chairman & Managing Director
- (b) Remuneration includes Salary and value of Perquisites
- (c) Nature of employment is contractual