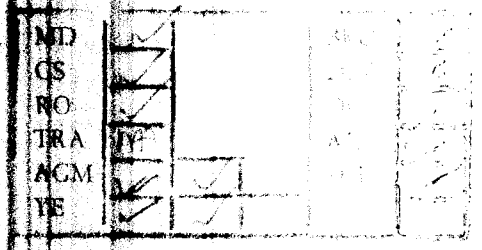
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Aban Loyd Chiles Offshore Ltd.

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Twelfth Annual Report

1997-98

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ABAN LOYD CHILES OFFSHORE LTD.

TWELFTH ANNUAL REPORT

1997-98

BOARD OF DIRECTORS

M.A. ABRAHAM
Chairman & Managing Director

REJI ABRAHAM
Wholetime Director

FRANK A. WOJTEK

P. MURARI

K .A. JOSEPH (NOMINEE OF ICICI)

V. S. RAO

RENNY ABRAHAM

VICE PRESIDENT (FINANCE) & SECRETARY

C.P. GOPALKRISHNAN

AUDITORS

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

BANKERS

INDIAN OVERSEAS BANK

STATE BANK OF INDIA

STANDARD CHARTERED BANK

STATE BANK OF TRAVANCORE

REGISTERED OFFICE

JANPRIYA CREST
96, PANTHEON ROAD
EGMORE
CHENNAI 600 008.

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ABAN LOYD CHILES OFFSHORE LTD.

NOTICE TO MEMBERS

NOTICE is hereby given that the Twelfth Annual General Meeting of the members of **ABAN LOYD CHILES OFFSHORE LIMITED** will be held on Friday the 25th September 1998 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 1998, 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 1998.**
3. **To appoint a Director in place of Mr. V. S. Rao who retires by rotation and being eligible offers himself for reappointment.**
4. **To appoint a Director in place of Mr. Reji Abraham who retires by rotation and being eligible offers himself for reappointment.**
5. **To appoint Auditors and to fix their remuneration.**

By Order of the Board

C P Gopalkrishnan
Vice President (Finance) & Secretary

Chennai, 15th July 1998

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 Register of Members and Share Transfer Book will remain closed from 11th September 1998 to 25th September 1998 (both days inclusive).
4. Members are requested to intimate the Company regarding any change in their address, immediately at its Registered Office quoting their folio numbers.
5. Pursuant to Section 205 A of the Companies Act, 1956 unpaid / unclaimed Dividend for the year ended 31.03.94 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, 26, Haddows Road, Chennai - 600 006.
6. Shareholders are requested to bring their copy of Annual Report to the Meeting.

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DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the Twelfth Annual Report along with the Accounts for the year ended 31st March 1998

1. **Financial Results**

	(Rupees in Lakhs)	
	Year ended 31st March 1998	Year ended 31st March 1997
Income from Operations	**6,435**	23,737
Other Income	**6,458**	178
Less: Expenditure	**4,806**	19,088
Profit Before Interest & Depreciation	**8,087**	4,827
Less: Interest	**1,662**	2,452
Less: Depreciation	**1,504**	1,378
Profit for the Year Before Tax	**4,921**	997
Provision for Taxation	**525**	50
Profit brought forward from the previous year	**4,097**	3,513
Available for appropriation	**8,493**	4,460
Transfer to Debenture Redemption Reserve	**204**	154
Proposed Dividend	**283**	126
Additional Tax on Dividend	**28**	12
Transfer to General Reserve	**441**	71
Balance carried forward	**7,537**	4,097
	8,493	4,460

2. **Performance**

The substantial increase in Other Income and Profits of the Company has been significantly contributed by the sale of Rig Aban I in October 1997, taking advantage of the boom in the international rig market. The reduction in the Income from Operations, during the year under review, has to be seen in the background of completing the sale and installation of all the wind energy turbines in the inventory during the previous year.

3. **Operations**

(a) **Drilling Services**

The Company has entered into a new contract for Rig Ile D' Amsterdam with increased rates, valid in the first instance for a period of two years. Aban II is under contract with ONGC, but the Company is also exploring the possibility for deployment at better terms in the Middle East and adjacent countries. Keeping in view the new exploration policies and programmes of ONGC, the Company has kept under constant review the emerging opportunities for revamping its fleet.

(b) **Wind Energy**

The expected revenue from the sale of power from wind energy has suffered on account of problems faced due to unstable grid conditions and the consequent adverse effect on the performance of the equipment and the damage to it sensitive components. In the absence of technical support from the suppliers of wind turbines, the Company had to evolve and innovate indigenous spares and Operations & Maintenance systems. As a result of these efforts, it is expected that the performance would show progressively better results and revenues.

4. **Diversification**

The proposal for setting up of a 3 million tonne capacity Petroleum Refinery continues to be under hold in view of the uncertainties in the capital market. The Company will take a suitable decision in this matter at an appropriate time. As regards the diversification into Power Sector, the Company has been selected by Tamil Nadu Government for setting up a 103 MW power plant on Build, Own and Operate basis near Ennore. The Company has assigned the project to M/s.Aban Power Company Ltd. formed as a Company separately for generation of power.

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5. **Dividend**

The Directors are pleased to recommend a higher Dividend of 45% on the paid up equity capital, as a gesture of sharing the realisation to the Company, on the sale of Rig Aban I, during the year.

6. **Directors**

Mr.V.S. Rao and Mr.Reji Abraham retire by rotation, and being eligible, offer themselves for reappointment.

7. **Auditors**

M/s.Ford, Rhodes, Parks & Co, Chartered Accountants, Chennai hold office until 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 the Companies (Particulars of Employees) Rules 1975, the names and relevant particulars of the employees is enclosed in Annexure which forms a part of this Report.

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 activities of the Company are not energy intensive. However, efforts are being taken to maintain consumption of energy at realistic levels.

B. **Research and Development carried out by the Company**

(a) The Company has been making efforts to indigenise various components and structures of the Wind Turbine Generators and has been able to successfully develop some of the components indigenously.

(b) The Company's activities in R&D are mainly directed towards training and upgrading of the skills of the operating personnel and import substitution of equipments, tools and spares.

C. **Technology Absorption and Innovation**

Measures are constantly being taken to maximise the indigenisation of the operations of the Rig with a view to reducing the dependence on imported inputs.

D. **Foreign Exchange Earnings and Outgo**

Total Foreign Exchange Earned and Outflow

(Rupees in Lakhs)

	1997-98	1996-97
(a) Foreign Exchange Earned during the Year	**13,511**	4,147
(b) Foreign Exchange Outflow during the Year	**2,160**	11,557

10. **Acknowledgement**

Your Directors wish to place on record their appreciation for the valuable support given by Financial Institutions, Bankers, ONGC, TNEB, Central / State Governments, Members and other valued clients. The Directors also wish to place on record their sincere appreciation for the commendable performance by the employees at all levels.

For and on behalf of the Board

M. A. ABRAHAM
Chairman & Managing Director

Chennai, 15th July 1998.

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ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March1998

Employed throughout the Financial Year under review and were in receipt of remuneration for the Financial Year in aggregate of not less than Rs. 3,00,000/- per annum or Rs.25,000/- per month where employed for a part of the year.

Sl. No.	Name	Age (Yrs)	Remuneration Rs.	Nature of Duties/ Designation	Qualification	Date of Commencement of Employment	Experience in Yrs	Details of Previous Employment
1	Abraham M A	58	14,94,915	Chairman & Managing Director	MBA	24/10/1986	37	Business
2	Besanta Kumar Behera *	33	1,09,912	Driller	B.Sc (Mech Engg)	20/12/1997	11	Tool Pusher Dewanchand Ramsharan Industries Ltd
3	Chaco A	39	3,19,479	Driller	Pre Degree	07/01/1997	16	Driller Saipem Aban Drilling Co.Ltd
4	Felix D' Mello	47	3,16,261	Driller	SSC	01/07/1993	23	Asst Driller Arya Offshore Services P. Ltd
5	Geevarghese Philip *	44	3,46,920	Driller	ITI	28/01/1997	21	Driller Saipem Aban Drilling Co.Ltd
6	Gopalkrishnan C P	42	3,21,429	Vice-President (Fin) & Secretary	B.Com (Hons.) ACA, ACS, LLB	11/11/1987	18	Dy. Manager Nirlon-Synthetics Fibres & Chemicals Ltd
7	Gopi K R	53	3,59,096	Chief Mechanic	SSLC	28/07/1988	29	Mechanic Aban Constructions
8	Hadadi N A *	45	1,94,271	Driller	SSC	11/11/1992	23	Asst. Driller Arya Offshore Services P.Ltd
9	Harish Chandra Mishra *	40	86,485	Tour Pusher	DME	23/01/1998	16	Tool Pusher Oil India Ltd
10	John Yohannan C	54	3,30,783	Chief Mechanic	SSLC	06/11/1987	30	Mechanic Aban Constructions
11	Janardhanan C	50	3,09,000	Driller	ITI SSLC	06/12/1988	21	Assistant Driller, Saipem Aban Drilling Co. Ltd

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ABAN LOYD CHILES OFFSHORE LTD.

Sl. No.	Name	Age (Yrs)	Remuneration Rs.	Nature of Duties/ Designation	Qualification	Date of Commencement of Employment	Experience in Yrs	Details of Previous Employment
12	Jerald Anthvan Sesil Kumar*	33	46,068	Driller	Plus 2	24/02/1998	13	Driller Arabian Drilling Co.Saudi Arabia
13	Jaya Rajan K *	38	80,084	Drilling Superintendent	B.Sc., (Engg) Mech	14/05/1993	16	Deputy Superintending Engineer ONGC Ltd
14	Kurian M J	60	3,92,495	Sr. Vice-President	M.A., (Hons) Dip. in Indus. Relation	17/08/1996	34	Chairman Tuticorin Port Trust
15	Krishnamurthy Arcot D	62	3,20,642	Sr. Vice-President	B.E., M.I.E	01/12/1994	41	General Manager Engineers India Ltd
16	Kutty T P A *	42	3,95,454	Sr. Chief Electrician	Pre Degree	08/04/1992	23	Electrician Mahindra & Mahindra Ltd
17	Kushalappa K C	33	3,19,094	Tour pusher	B.E Indl prod Engg	27/03/1992	6	Sales Engineer Mahindra & Mahindra Ltd
18	Manoharan M	37	4,00,439	Tour Pusher	Plus 2	06/04/1988	16	Derrickman Griffin Alexander Drilling Co
19	Maxwell Peters*	41	2,14,981	Sr. Chief Electrician	ITI	14/10/1987	23	Electrician Offshore Europe NV
20	Nirmal Singh	61	3,88,726	Chief Mechanic	ITI (Mech)	25/01/1994	37	Chief Mechanic Essar Oil Ltd
21	Paul M C*	38	51,300	Tour Pusher	B.E Mechanical	04/03/1997	12	Drilling Engineer Tool Pusher HEG Ltd
22	Rajan P*	33	2,40,548	Tour Pusher	B.E (Mech)	22/11/1993	10	Driller Essar Oil Ltd
23	Ravichandran J	38	3,47,068	Sr. Chief Mechanic	SSLC	13/04/1988	15	Motor Man Griffin Alexander Drilling Co

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