



Asian

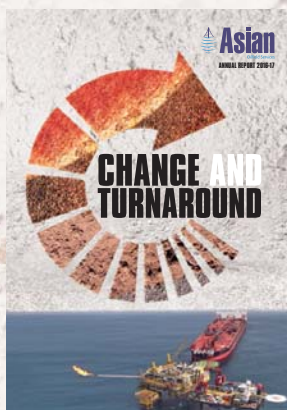
Oilfield Services

ANNUAL REPORT 2016-17



CHANGE AND TURNAROUND





The online version of the annual report can be viewed at
<http://asianoilfield.com/investor-relations/annual-reports.html>

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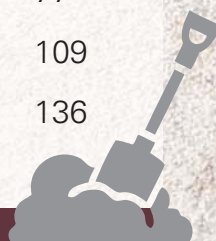
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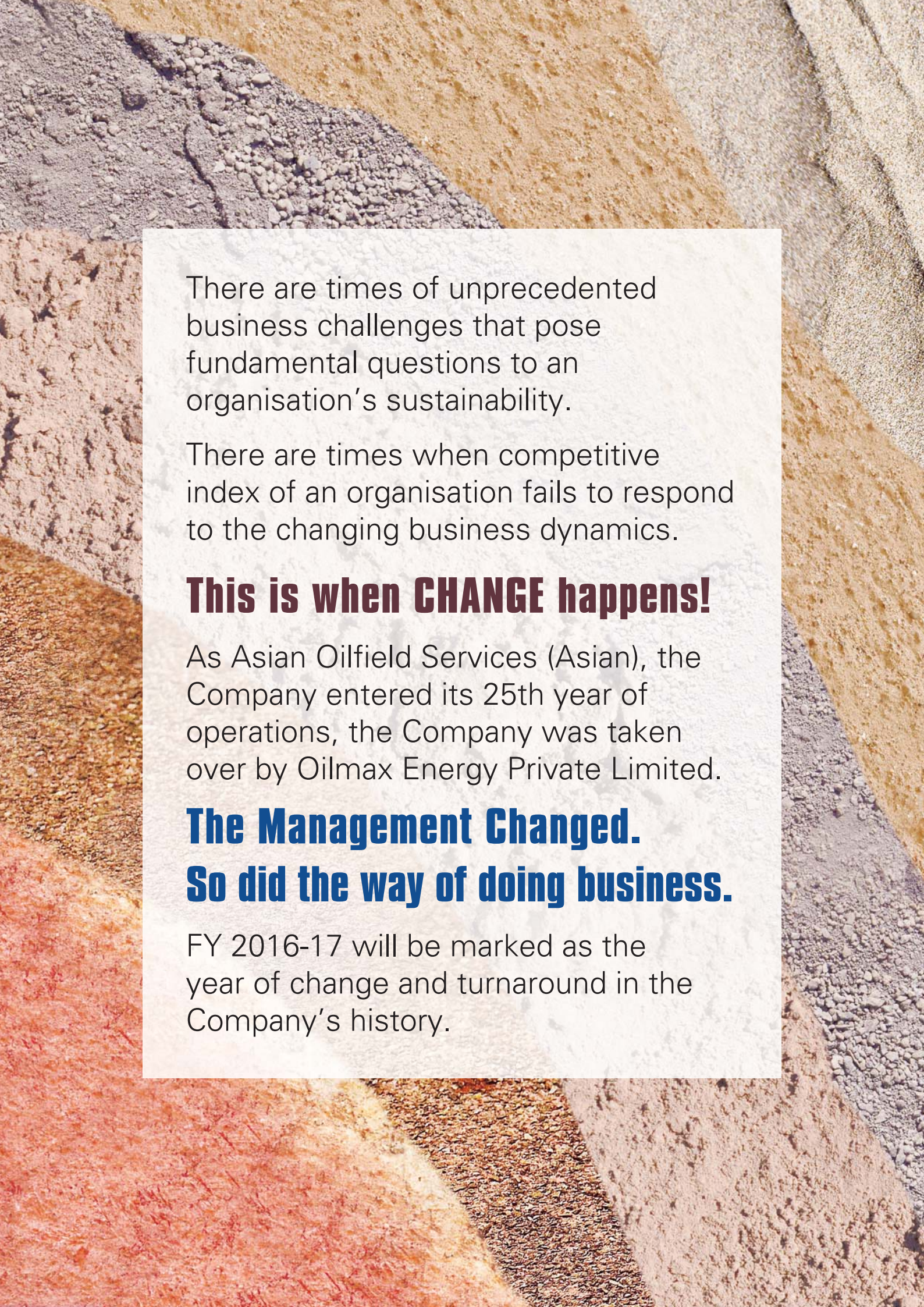
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There are times of unprecedented business challenges that pose fundamental questions to an organisation's sustainability.

There are times when competitive index of an organisation fails to respond to the changing business dynamics.

This is when CHANGE happens!

As Asian Oilfield Services (Asian), the Company entered its 25th year of operations, the Company was taken over by Oilmax Energy Private Limited.

**The Management Changed.
So did the way of doing business.**

FY 2016-17 will be marked as the year of change and turnaround in the Company's history.

Turnaround to a sustainable organisation

Asian is at the cusp of a positive transformation that promises to grow business profitably over medium to long term.



**1 time**

Debt to Equity Ratio as against 13 in FY 16

**202%**

Increase in consolidated cash and bank balances from ₹ 9.6 Crores in FY 16 to ₹ 29 Crores in FY 17

**712%**

Increase in net worth from ₹ 10 Crores in FY 16 to ₹ 82 Crores in FY 17

**102%**

Increase in Standalone Net Profit from a Net Loss of ₹ 29.39 Crores in FY 16 to a Net Profit of ₹ 49.44 lacs in FY 17

**32%**

Reduction in Debt, from ₹ 126 Crores in FY 16 to ₹ 86 Crores in FY 17

**₹ 1,120 Crores**

Order book size as on March 31, 2017 ₹ 504 Crores through 6 seismic orders and ₹ 617 Crores through Oilfield Operations & Maintenance (O&M) order

The change is visible.



Getting acquainted

Incorporated in 1992, Asian specializes in a geophysical range of onshore seismic and drilling services, including acquisition, imaging and field evaluation. It offers two-dimensional (2D) and three-dimensional (3D) seismic data acquisition services. It also provides Operations and Maintenance (O&M) services for offshore production assets like Floating Production Unit (FPU), Mobile Offshore Production Unit(MOPU), Floating Production Storage and Offloading (FPSO), Floating Storage and Offloading (FSO).



ISO

Certified Company

IAGC

Certified Contractor

264

Employees

**₹606
Crores**Market capitalisation as
on March 31, 2017

Corporate Structure

**Asian Oilfield
Services
Limited, India****100%**AOSL Petroleum Pte
Ltd (Singapore)**100%**Asian Oilfield &
Energy Services
DMCC (UAE)**99.99%**Ivorene Oil Services
Nigeria Limited
(Nigeria)

An insight into the new promoters – Oilmax Energy

An independent oil and gas company promoted and supported by experienced oil and gas industry professionals. The Company provides solutions and creates value across the upstream oil and gas business value chain. The Company has E&P assets at various levels (production, development, appraisal and exploration).

57.81%Shareholding
in Asian Oilfield
Services Limited

CEO's Message

We secured new orders worth ₹ 1,120 Crores which include six orders worth ₹ 504 Crores for seismic activities in India and ₹ 617 Crores for oilfield operations and maintenance contract in Nigeria (through our subsidiary company)





Dear Shareholders,

I feel privileged and honoured to address my first communication to you. It has been a year of change and turnaround for the Company.

As I look back at the year gone by, it gives me immense satisfaction to see the progress that the Company is making under the new management which came into effect from August 5, 2016 post takeover of the Company by Oilmax Energy Private Limited. There has been a positive turnaround for the Company in terms of operations and profitability and we will strive to make progress in this direction.

New Orders

We secured new orders worth ₹ 1,120 Crores which include six orders worth ₹ 504 Crores for seismic activities in India and ₹ 617 Crores for oilfield operations and maintenance contract in Nigeria (through our subsidiary company). The new orders clearly reflect the faith reposed on us by the major oil companies (at national and global levels). We look forward to capitalise on opportunities that could come up under the National Seismic Programme launched by the Government of India. On the Oilfield Operation and Maintenance (O&M) space, being an extremely cost efficient service provider as compared to global peers, we see a lot of opportunities in producing assets.

Financial Strengthening

Post acquisition, the Company has implemented several initiatives to strengthen the balance sheet. These have helped us to bring about a much-needed financial turnaround for the Company and include:

1. Infusing additional equity by way of preferential allotment of warrants and shares. This has significantly improved the debt to equity ratio of the company.
2. Repayment of loans
3. Diversifying into O&M activities to add additional avenue of growth. O&M business also gives better cash flow visibility to the Company
4. Improve business focus by selling of non-strategic equipment
5. Replacing capital intensive business model to an asset-light model
6. Rationalising operational costs

The results of the above initiatives allowed the Company to report profits during the last quarter of FY 2016-17 on a consolidated and standalone basis and for the full year FY 2016-17 on a standalone basis.

Industry Dynamics

The global economic scenario in first half of 2016 continued to witness volatility owing to widespread concern over China's growth as well as uncertainty posed out of Brexit and US Presidential Elections. However, the second half was stable aided by a recovery in commodity prices and increased global trade. While underlying demand trends are encouraging, tightening rates in US and possible end of accommodative monetary policy in other developed countries could impact emerging economies.

The global oil prices continued to remain lower and ended 2016 at US\$53. This was largely influenced by co-operation between OPEC (Organisation of Petroleum Exporting Countries) in the late 2016. During the next year, both the global production and consumption are expected to increase, but consumption will outpace the supply owing to strong demand growth across key markets like China and India.

India has now become a major force in driving global oil demand, with 5.2% annual growth. The country's Oil & Gas appetite is enormous. However, greater efforts are needed to encourage exploration in India by global and domestic explorers alike. The Government of India has targeted a 10% reduction in India's imports of oil & gas by 2022 through introduction of several reforms and policies aimed at attracting investment and boosting production. Our country has only 7 of the 26 sedimentary basins currently producing oil & gas, reflecting the enormous unexplored opportunity.

Our preparedness for the near term

We have a vast opportunity in place owing to Government's impetus towards reducing oil imports. There would be an increased E&P activity within the country through National Seismic Programme. We are prepared to leverage the underlying demand and secure additional orders. We will also continue to pursue oilfield O&M opportunities and explore new business areas. We have already established our project credentials in the North East India and look forward towards pursuing market leadership in that region. We will continue to stay competitive through innovation and technology, adding value to our customers.

Organisational Culture

The Company has always had a strong belief in their human resources. They are one most valuable asset and responsible for achieving and accomplishing the expectations of our stakeholders. Asian is fortunate to have a dedicated team who are passionate about their work and the company ensures that it continues to nurture them by providing them a good working environment, with equal emphasis on employee welfare and employee relation initiatives.

Community Welfare

Your Company has established itself as a valuable and responsible corporate citizen and remains committed for the inclusive growth of society and community. Most of our projects are in the rural and backward regions. We employ people from the local community, thus aiding in their socio-economic improvement. Through our community welfare initiatives, we remain committed to the socio-economic welfare of the our project areas.

Closing Thoughts

I am pretty convinced about our growth trajectory. With the support of our stakeholders, we will be able to address the underlying business challenges and move ahead with greater strength to create sustained value for our shareholders, society and our Nation. I would like to place on record my sincere appreciation to the Board of Directors and the Management Team for their continued guidance. I would also like to express my gratitude to all our employees, customers, bankers and other stakeholders

for their continued support, patronage, trust and confidence. The business is turning around and will soon unleash the full potential of our organisation and lead it to greater heights.

Best Wishes,

Ashutosh Kumar

Our Competitive Strengths

- Impeccable track record of executing oil field services in the challenging environments
- First company in Asia-Pacific and Middle-East to adopt cable-less real-time seismic data acquisition technology
- Recognized by global E&P companies
- Highly talented and motivated multinational workforce
- Low cost fast track, fit for purpose project solutions and delivery

