



**Asian**  
Oilfield Services

**THE  
LEARNING  
CURVE**

ANNUAL REPORT 2017-18



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## INVESTOR INFORMATION

Market capitalisation as on March 31, 2018:

**₹ 712 Crores**

BSE Code: **530355**

AGM Date: September 18, 2018

AGM Venue: Conference Hall, King Arthur-3, Hotel  
Fortune Select Excalibur, Main Sohna Road, Sector-49,  
Gurugram - 122018, Haryana

For online version of this annual report, visit:

<http://www.asianoilfield.com/investor-relations.html>

Or simply scan:



**Forward looking statement:** This report contains forward-looking statements about the business, financial performance, skills and prospects of the Company. Statements about the plans, intentions, expectations, beliefs, estimates, predictions or similar expressions for future are forward-looking statements. Forward-looking statements should be viewed in the context of many risk issues and events that could cause the actual performance to be different from that contemplated in the Directors' Report and Management Discussions and Analysis Report, including but not limited to, the impact of changes in oil prices worldwide, technological obsolescence and domestic, economic and political conditions. We cannot assure that outcome of this forward-looking statements will be realised. The Company disclaims any duty to update the information given in the aforesaid reports.

## FINANCIAL HIGHLIGHTS, 2017-18

**₹226 Crores**  
**76% ↑ YoY**



Consolidated total income

**₹44 Crores**  
**407% ↑ YoY**



Consolidated EBITDA

**₹10 Crores**  
**155% ↑ YoY**



Consolidated PAT

**₹141 Crores**  
**72% ↑ YoY**



Consolidated Net worth

**0.18**



Debt equity (1 in 2016-17)

Encountering unforeseen business scenarios is always challenging. But, it's the knowledge you earn along the journey in the long run that matters. It provides the critical insights necessary to independently make course corrections and deliver a solution not only to the existing problem, but all future problems as well.

This is how the 'learning curve' is defined in our business. The year gone by wasn't an easy ride for us. However, we were determined to stay in course and utilise the learnings to strengthen our future course of actions.





# About us

Asian Oilfield Services Limited (referred as 'Asian' or 'the Company', here on), was established in the year 1992. In a bid for operational turnaround, the Company was subsequently taken over by its new promoters – Oilmax Energy – in the FY 2016-17.

Asian specialises in a geo-physical 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).

## GLOBAL PROJECT EXPERTISE



### India

1. Uttar Pradesh
2. Bihar
3. Rajasthan
4. Gujarat
5. North East States

### Rest of the World

6. Myanmar
7. Indonesia
8. Kurdistan, Iraq
9. Nigeria

## AN INTEGRATED OILFIELD SERVICES COMPANY

Building capabilities and credentials across E&P Lifecycle services value chain



**Exploration** ➤ **Seismic and drilling**

**Appraisal and Development** ➤ **Drilling, EPC for production assets**



**Production** ➤ **O&M and turnaround**

**Abandonment** ➤ **Decommissioning**

### ISO



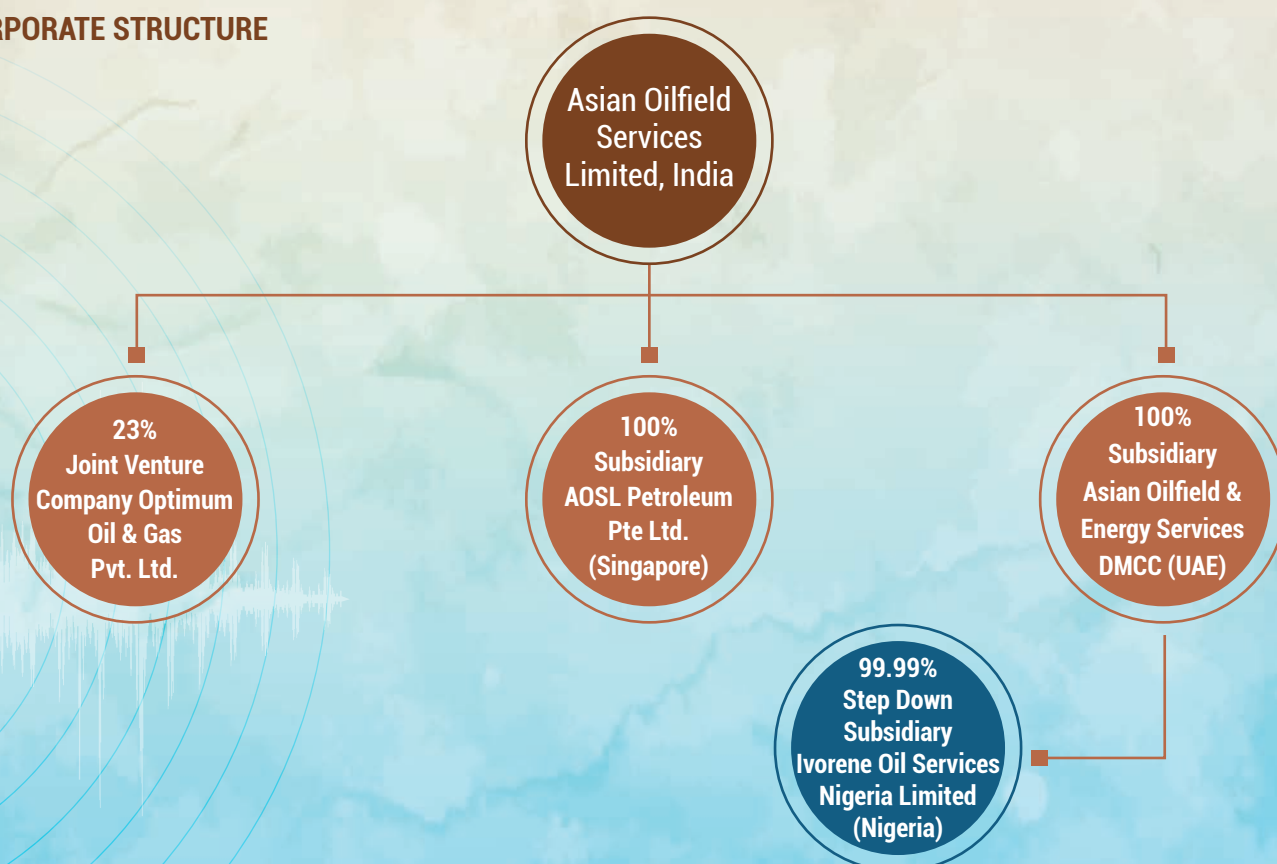
Certified

### IAGC



Certified contractor

## CORPORATE STRUCTURE



# Highlights 2017-18



- Strengthened the balance sheet to support future growth by infusion of capital
- Augmented the asset base to support future growth
- Accomplished mobilisation for all projects already secured and currently undergoing their execution
- Secured new contract in Rajasthan for better equipment utilisation during monsoon period





## SEISMIC PROJECTS

Achieved timely completion of Myanmar project of Bashneft

Cemented company's reputation as a credible service provider in the growing Myanmar market

The Company's seismic services projects in North-east India saw a loss of 45 operational days in October/November 2017 owing to prolonged rainfall; however, the Company has deployed necessary resources to ensure timely completion of project

The Company is witnessing local challenges at Oil India Ltd, Manipur project, resulting in slower progress in this project; the Company is addressing the issue and planning to resume smooth operations post monsoon (November 2018)

Successfully mobilised and commenced operations for Oil India Ltd, Jaisalmer project in May 2018

Successfully re-mobilised and resumed operation for Oil India Ltd, Mizoram project, in February 2018

## O&M

The Company's subsidiary Asian Oilfield & Energy Services DMCC, Dubai O&M contract in Nigeria has been terminated by the client in May 2018. Necessary steps are being taken to protect the Company's interests as per the contract. The Company has successfully de-mobilised from operations post-termination.



# Whole-time Director and CEO's message



## Dear Shareholders,

The year gone was unexpectedly challenging owing to the circumstances that were completely unforeseen and beyond our control. However, we never let these circumstances take over the upbeat mindset of the Company. Instead, we took them as our learnings and corrected our future course of action as a mitigation measure.

## MACRO-ECONOMIC DYNAMICS

Let me first walk you through some of the macro-economic developments of the year. The global economy experienced a cyclical recovery, reflecting a rebound in investment, manufacturing activity and trade. Global GDP grew by 3.8% in CY2017 which was half percentage points higher than in CY2016 and the fastest since CY2011. During the year, we saw significant changes in policy across the globe. The year also saw the rise of protectionist policies by all major economies. The improvement came against the backdrop of favourable global financial conditions, generally accommodative policies, rising confidence and firming commodity prices. The out turns were even better in

both the advanced and the Emerging Market and Developing Economy (EMDE) groups. Oil & gas prices were volatile, with an increasing trend in prices especially in the latter half of the year.

When the crude oil export ban was lifted in January 2016, it was perceived to be good for the industry and free trade, without any consideration of impact. After several years of oversupply, the oil and gas industry could very well be moving into a supply crunch. The ramp up of U.S. oil production and the burgeoning sense of optimism is further sweeping the sector. The price of oil has rebounded. After appearing limited to a range between the mid-\$40s and \$50 per barrel (bbl), Brent crude is now trading above \$70. The industry is thus recovering from the brutal last few years of weak prices, enforced capital discipline, portfolio realignments and productivity efficiencies. More broadly, global upstream capital expenditure, which dropped nearly 45% between 2014 and 2016 is now forecasted to rise 6% annually in the medium term. Oil and gas rig activity levels are rising, driven by the North American market, and major projects are being approved.



In India, the Government liberalised the regime for oil and gas exploration by announcing Open Acreage Licensing process that allows companies to carve their own areas for hydrocarbon hunting. Besides, the ongoing NSP (National Seismic Programme) and OALP (Open Acreage Licensing Policy) opened up further big opportunities in India for Seismic business.

### ADVANTAGE ASIAN

Asian is the only Indian company to offer 3D wireless seismic technology and are evenly poised to be the most attractive option to potential customers who are looking to work in harsh environments. Our extensive work experience across challenging terrains and limited competition in the seismic space, we foresee an improvement in our market share through the plethora of industrial opportunities lying ahead.

The future for the O&M vertical continues to look promising amidst the current oil and gas scenario. There are a lot of upcoming opportunities that will not only replace loss of existing contract but also expand our portfolio. Expansion into offering other services like EPC, drilling and decommissioning, is strategically focused on de-risking Asian's revenue streams. Moreover, it allows Asian to offer low-cost integrated management solutions to the Indian and international market.

### STRATEGIC PRIORITIES FOR 2018-19

We will carry out cost rationalisation and shift focus on more profitable contracts. Our sub-contractor selection will be more stringent going forward. We will incorporate our learnings in execution of current projects as well as in new upcoming projects.

### BUSINESS PIPELINE

We are in discussion with a big conglomerate group to form a JV for offshore marine asset. We are at an advanced stage of discussions and negotiations for a MOPU contract in Nigeria. We have submitted a competitive bid for a MOPU project in India in a Joint Venture. Besides, it is expected that there will be requirements of 2-3 other MOPUs in India. DSF-1 round players will also need MOPU like floating solution to develop their fields. We, thus foresee to secure contracts from these opportunities.

The blocks/areas awarded under OALP will have 2D/3D seismic requirement, which will open future business opportunities for the organisation.

### PEOPLE POWER

In any modern industry, the quality, commitment and contribution of employees are fundamental components of growth. We have, in our organisation, the proud commitment of our people, as also their dedication. On our part, we are ready to invest further in building a truly performance-driven organisation.

### COMMUNITY CARE

Business success in today's corporate society is something more than manufacturing, selling and making profits. As a responsible corporate citizen, we also deeply value time-tested relationship with the community. Wherever we do business, we deploy people from the local community, thus aiding in their socio-economic improvement.

### CLOSING THOUGHTS

After witnessing a challenging fiscal, we are ready to face the next year with courage and confidence. Our determination is to further improve our performance in the days ahead. I would like to acknowledge 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 belief and continued support.

Best Wishes,

**ASHUTOSH KUMAR**





# Management Discussion and Analysis

## ECONOMIC REVIEW

### Global

The global economy strengthened during financial year (FY) 2017-18, as lingering fragilities in the global financial markets began subsiding. According to IMF – World Economy Report, global growth is projected to rise at 3.9% in 2018 vis-à-vis 3.8% in 2017. The improvement in global economy provides an opportunity to countries to adopt more sustainable policies that work towards low-carbon economic growth, economic diversification, reducing inequalities and eliminating deep-rooted barriers to the growth and development of an economy. At present, increasing trade wars among the nation pose the only challenge for the global growth going ahead.

### India

During FY 2017-18, India's economy was marked by various structural reform initiatives aimed at strengthening the

country's macro-economic scenario for sustainable future developments. Despite a tepid performance in the first half of FY 2017-18, owing to disruptions like the implementation of Goods and Services Tax (GST), India maintained its stability to record a growth of 6.7% during the year and emerged as the fastest growing global economy. Besides, India also gained the 5th spot as an international investment destination. According to the World Bank report, India has improved its ranking by 30 spots in terms of 'Ease of Doing Business' and is ranked at 100 out of the 190 countries. Going ahead, inflationary pressures and rising crude prices pose as key challenge going ahead. However, the long-term outlook is extremely bright. India's GDP is expected to reach US\$ 6 trillion by FY 2027 owing to consistent reforms, digitisation, globalisation and favourable demographic conditions. Over the next 10-15 years, India is expected to be among the top three economic powers, backed by its strong democracy and partnerships.

