



PATIENCE & PERSISTENCE

Annual Report 2018-19

Across the pages

Corporate Overview 1-9

We Asians	2-3
Our Projects around the World	4-5
CEO's Message	6-7
The Goal is to Shape the Future	8-9

Statutory Reports 10-59

Management Discussion and Analysis	10-19
Board's Report	20-41
Report on Corporate Governance	42-59

Financial Section 60-153

Standalone	60-106
Consolidated	107-153
AGM Notice	154-176

Please find our PDF version at
<https://www.asianoilfield.com/investor-relations.html#annual-reports1>

Or simply scan to download



Investor information

Market Capitalisation as at March 31, 2019:

₹ 246 Crores

CIN:

L23200MH1992PLC318353

BSE Code:

530355

AGM Date:

September 18, 2019

AGM Venue:

Boundary Hall,
Mumbai Cricket Association Recreation Centre,
RG-2, G-Block, Bandra Kurla Complex, Bandra (E),
Mumbai 400051

Disclaimer: This document contains statements about expected future events and financials of Asian Oilfield Services Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.



The background of the slide features a photograph of a desert landscape under a clear sky. In the middle ground, there are two large, white, heavy-duty vehicles, likely seismic acquisition trucks, parked on sandy terrain. The vehicles have large, treaded tires and various mechanical components. In the foreground, there are decorative geometric shapes: a large, light blue chevron pointing downwards and to the right, and several dark blue lines and shapes, including a thick diagonal bar and a smaller chevron-like shape. The overall color palette is dominated by the light blue of the sky and the tan of the desert, with the dark blue and light blue geometric elements providing contrast.

More than two decades of operating experience in on-shore seismic industry has helped us gain in-depth knowledge and insight. We remain focused to create value through a customer-centric approach and innovative technology solutions.

We capitalise on our strengths and resources to identify the right business opportunity to move in the right direction. This boosts us further to continue with our growth journey. This comes as a resultant of our patience and persistence which help us move with our traits and eventually pays off by rewarding substantially through the implemented strategies.

The patience will lead us a long way to pursue the right projects by mitigating the risks and optimising the resources to generate high returns. The persistence will help us breakthrough the obstacles on our way and keep on sustaining the business profitability. The benefits of our implemented actions have already started showing positive results in the year under review, further setting us well for the future endeavour.



We Asians

Asian Oilfield Services Limited (hereon referred as 'Asian' or 'the Company') provides end-to-end services across the entire upstream value chain. Built on an existence and experience of more than 25 years in the industry, it provides services such as geo-physical data acquisition, turnkey drilling, production facility EPC (Engineering, Procurement, and Construction), production facility operations & maintenance and de-commissioning.

Asian has got a good and consistent track record of operating across the length and breadth of India. Over the years, it has built a good proficiency in industry to operate even in a geo-politically tensed area and under difficult environmental conditions. Through its three subsidiaries and one joint venture, it provides services to domestic as well as large global clients. In doing so, it derives its strength from a strong workforce of 156+ experienced, skilled professionals who are well-versed with Oil & Gas industry. During the seasons, the number of people with us goes as high as 5,000.

Clients served by us

- Gazprom
- GeoEnpro
- GAIL
- Oil Search
- ONGC
- Oil India Limited
- Jubilant
- Reliance
- Selan Exploration
- Bashneft
- Oriental Energy
- Koral Energy
- Amni International

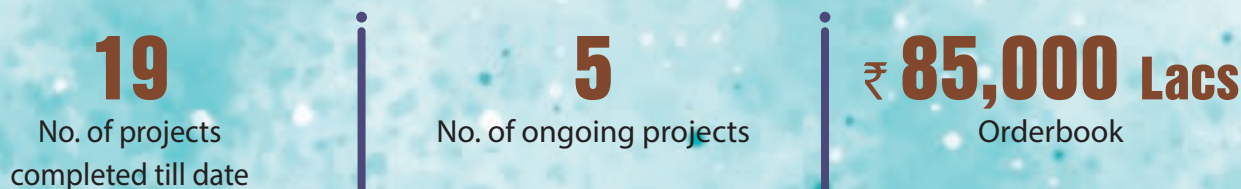
Consolidated financial progress in 2018-19



Standalone financial progress in 2018-19



Consolidated projects highlights as on date



Our Projects around the globe



Global Presence

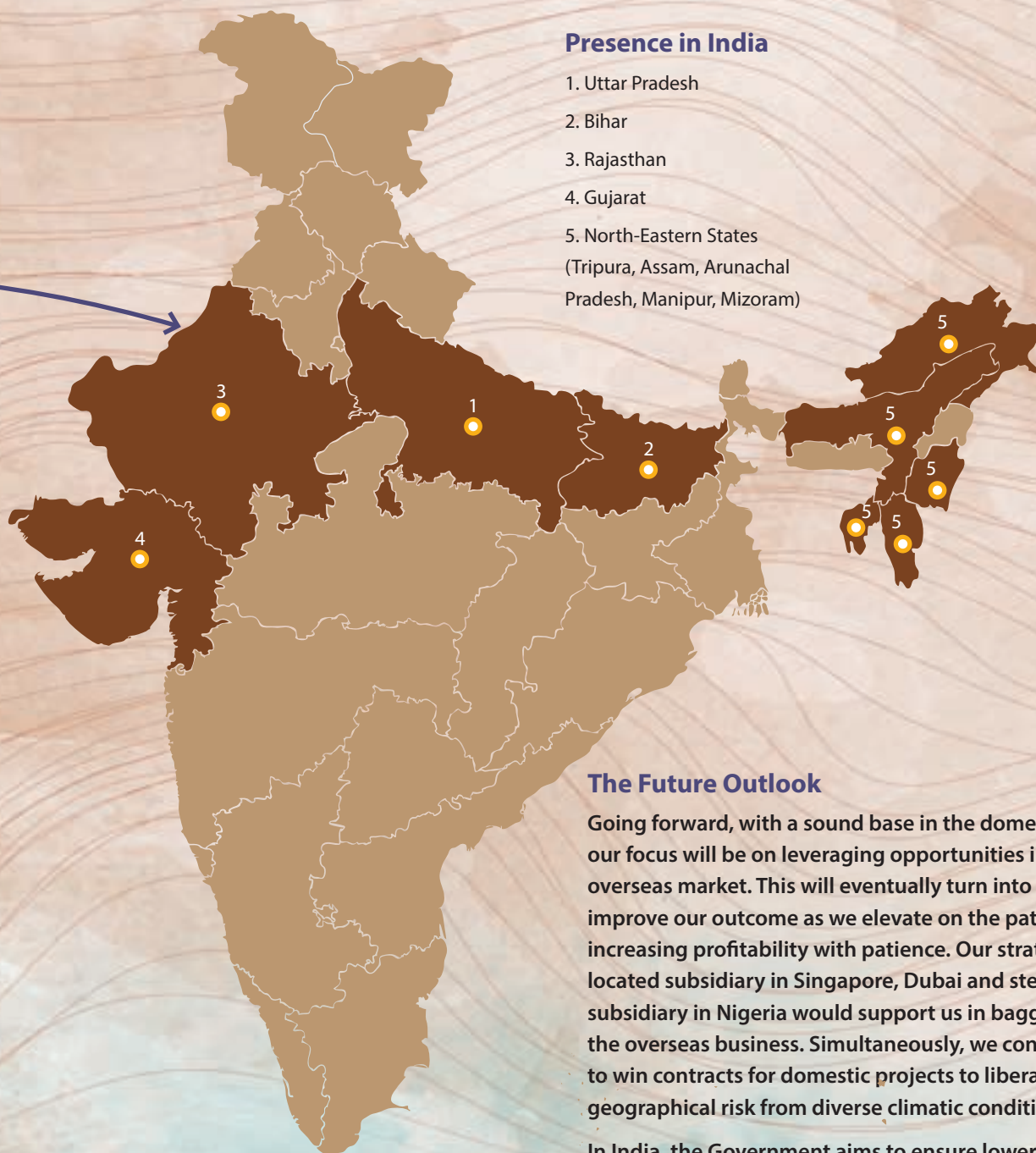
1. India
2. Iraq (Kurdistan, Baghdad)
3. Nigeria
4. Myanmar
5. Indonesia

Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its Directors, Officers or Employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.



Presence in India

1. Uttar Pradesh
2. Bihar
3. Rajasthan
4. Gujarat
5. North-Eastern States
(Tripura, Assam, Arunachal Pradesh, Manipur, Mizoram)



The Future Outlook

Going forward, with a sound base in the domestic market, our focus will be on leveraging opportunities in the overseas market. This will eventually turn into reality and improve our outcome as we elevate on the path of the increasing profitability with patience. Our strategically located subsidiary in Singapore, Dubai and step-down subsidiary in Nigeria would support us in bagging the overseas business. Simultaneously, we continue to win contracts for domestic projects to liberate our geographical risk from diverse climatic conditions.

In India, the Government aims to ensure lower oil import, coupled with increased investment in exploration. This initiative would certainly benefit us. Our ability to offer multiple services on offshore/onshore basins and skilled, experienced workforce, well-versed with international projects have helped us to drive further in the market with persistence.





CEO's Message - A year of challenge, change and realising opportunities

Dear Partners and Shareholders,

I am delighted to present the Company's Annual Report to you for the year 2018-19.

This has been a year of challenge and change, yet it has also been a year in which we have realised the opportunities. Today, the Company has a market capitalisation of ₹ 246 Crores and managed to overcome all the major challenges so far. Despite facing various hurdles, our financial results showed a positive outcome this year. We reported a consolidated net profit of ₹ 918 Lacs as compared to a net profit of ₹ 1,050 Lacs in last fiscal year. We know that we still have many miles to go irrespective of what we have achieved so far and for this, we are well-positioned and have refocused on many opportunities in the pipeline of projects in 2019-20 to capitalise on our learnings and capabilities.

Macro-economic Scenario

The year 2018 marked the decade since the recession, after all these years the economic activity has improved due to easing

monetary policies and positive consumer sentiments. The balance sheet of the central banks of the four major economies – the United States, Euro Area, United Kingdom and Japan quadrupled from pre-crisis level. However, high household debt, uncertainty surrounding geo-political events and rising protectionist rhetoric caused roadblocks in the second half of the 2018. The reason behind the deceleration from previous year was the trade tension and tariff implementation by major economies. The advanced economies decelerated by 200 basis point to 2.2%. Despite the slowdown, the US economy expanded at a good pace on the back of tax-cuts and hiked interest rate on the US long-term bonds. Emerging Market and Developing Economies (EDME) showed a growth of 4.5%, majorly moved by Asian countries. Increased urbanisation, growing labour force and rising middle class have contributed towards boosting growth for the emerging economies.

With conflict surrounding middle Eastern region, including Iraq, Syria and Yemen, recovery from the collapse associated with the war is now expected to be slower than previously anticipated. In emerging economies, India remains one of the attractive economies due to number of factors such as stable Government reforms, improvement in ease of doing business, localisation and digital transformation.

In 2018, Brent crude oil reached the highest level in the recent past, climbing above US\$ 80/barrel for the first time in four years before slowing down by the end of the year. Despite the OPEC agreement to curb production for 2018, the global total oil production increased sharply. The United States remained the top producing country, which was followed by Russia and Saudi Arabia. Petrochemicals along with passenger vehicles, heavy commercial vehicles and aviation industry will keep the oil and gas demand on rise. Technologically to

catch up with the transformation pace, more and more oil and gas companies are looking to implement the Artificial Intelligence (AI), analytics, robotics and block chain to increase efficiency, productivity, reliability and predictability of operations.

India is the third largest consumer of oil in the world after China and the US. During the year, it imported 82.59% of crude oil and 45.89% of LNG. India's projected oil demand is going to grow at a rate of 4% during 2016 - 2030 against the world average of 1%. To attract investment and increase domestic output, the Government has decided not to charge any share of profit on hydrocarbons produced from less explored areas. Access to Seismic data has led the Government to offer new acreages and it expects the area under hydrocarbon exploration in the country to enhance to 300,000 sq km by March 2020. Further, to accelerate production, the Government is to provide concessional royalty if production commenced within four years for on land and shallow water blocks, and five years for deep and ultra-deep-water blocks.

Our Driving Factors

We have projects at multiple geographies with multiple revenue streams from a variety of sources. Integrated oil and gas services provided by us help to offer our clients low cost solution. Our dedicated crew of professionals brings in an experience, knowledgeable viewpoint and the ability to overcome challenges. Our crew successfully acquired seismic data in the border security region of Rajasthan. Also, they bounced back strongly post-monsoon to execute projects in the steep topography and harsh environment of the North-Eastern region and Ganga Basin. The repayment of loans helped us to bring down the net debt to zero and improve our debt to equity ratio.

Operational Highlights

The Company is continuing to manage projects on tough terrains and under difficult conditions through high level of patience and determination to ensure the best achievable outcome and have positive effects on customer relations. This was very much reflected in the financial year 2018-19, despite facing various challenges, with a mix of projects successfully closed out before expectation. We successfully completed seismic projects in U.P as well as in Rajasthan. Even where the outcome was not in line with expectations, it was managed to its best conclusion. As the challenge reduces, new contracts are coming on streams which were bid and won. One of these include execution of MOPU upgradation in Nigeria and another one we received was a binding letter of Intent from Oilmax Energy for surface facilities for its Charaideo field in Assam. Moreover, the Company has received a contract from ONGC Limited for 2D seismic data acquisition in Himalayan area worth ₹ 24.69 Crores and are on course to start operations

in financial year 2019-20. Furthermore, we are trying to secure newer projects, going ahead.

Strategy 2019-20

We see a significant scope of opportunities in the domestic as well as international markets. Our focus is not just on the seismic business, but also we aim to bag the EPC projects. Apart from this, we are confident enough in securing projects in MOPU/O&M segments. Our credibility has helped us bag orders which will be rewarded in coming financial years. Through sub-contracting of projects, we continue to improve our operational efficiency and profit metrics by cutting down the fixed and operational costs.

Management Change

My sincere thanks to long-serving Board members who have contributed in making of the Company. I would also like to welcome the all the new members on the Board. Apart from being the Chief Executive Officer, it is a privilege to take over as the Whole-Time Director of the organisation. Mr. N.M. Borah has been appointed as the new Chairman who has extensive experience in the oil and gas exploration and production industry. Simultaneously, Mr. Mukesh Jain and Mr. Devesh Bhargava were appointed as the new Directors. This defines our depth in the Management. I wish them the very best as they will steer the Company forward into the future.

Thanking our Stakeholders

A heartfelt thanks to our stakeholders, which comprise the community, clients and sub-contractors around the globe, for collaborating with us. We strongly adhere to the regulatory authorities' systematic framework within the industry in which we operate. We being a responsible organisation, believe strongly in involving locals by nurturing them with the aim of improving their quality of life and employing more than thousands of people for our seismic operations. To our shareholders, thank you for being patient and investing in Asian Oilfield Services Limited. We will strive to provide you with a good long-term return, in the subsequent years to come.

Closing Thoughts

Lastly, my thanks to the employees of the various companies within the Group for the contribution made by them! I wish to extend my gratitude to everyone at Asian Oilfield Services Limited for their persistent work ethic and commitment to the Company. We look forward with excitement to the challenges and opportunities that lie ahead.

With warm wishes,

Ashutosh Kumar

CEO & Whole-Time Director

The Goal is to Shape the Future

Core Competence



Integrated Oilfield Services

We provide end-to-end turn-key and specific services across the entire upstream oil & gas value chain. Our core business previously concluded of seismic business, but further we ventured into EPC, drilling, de-commissioning and O&M to diversify with the aim of de-risking our business revenue stream and generate recurring cash flows.



Certified to Execute Projects Safely

- ISO certified
- IAGC certified contractor



Technical Prowess

We provide technical training to our workforce on site as well as the job training. Being the only Indian company to offer 3D wireless seismic technology very well defines our skills in performing the specialised task. In Mizoram and Tripura projects, we used different parameters for data acquisition like crooked line method was used instead of straight line.



Strong Deals and Projects in 2018-19

International

- Signed a project with Amni petroleum worth US\$52 Million for upgradation of Amni's existing production facility under EPCC project
- Awarded with two public orders in the first quarter of 2019-20 for 2D and 3D CDP seismic acquisition in Iraq worth US\$12 Million and US\$25 Million, bringing the total amount to US\$37 Million.

Domestic

- Received LOI from Oilmax Energy Pvt Limited for Supply and O&M of Surface Facilities for Charaideo Field worth ₹ 210 Crores
- Completed ONGC Limited Ganga seismic project in U.P despite terrain difficulties and village agitation
- Completed Oil India Limited - Jaisalmer project of data acquisition and processing well before the scheduled date
- Received contract from ONGC for 2D seismic data acquisition in Himalayan area worth ₹ 24.69 Crores
- Completed Mizoram & Tripura projects in the 1st week of June 2019, despite the difficult terrain and technical parameters

