



THE **BIG** PICTURE

ANNUAL REPORT 2019-20



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INVESTOR INFORMATION

Market Capitalisation as at March 31, 2020:

₹ 26,271 Lacs

CIN:

L23200MH1992PLC318353

BSE Code:

530355

AGM Date:

September 11, 2020

AGM Mode:

Video Conferencing/Other Audio Visual Means

Please find our online version at :

<https://www.asianoilfield.com/investor-relations.html#annualreports>

Or simply scan to download



Disclaimer: This document contains statements about the 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 section of this Annual Report.



Consolidated financial progress in 2019-20

₹ **18,145** Lacs
19% Y-o-Y growth
Net worth

₹ **27,304** Lacs
41% Y-o-Y growth
Turnover



The **BIG** Picture

revolves around...

OUR STRATEGIC ALLIANCES

OUR NEW TECHNOLOGIES

OUR PROSPECTIVE OPPORTUNITIES

**...that strengthen our
growth-centric business model.**

We have always endeavoured to review our past challenges and manoeuvre our action plan to shape our promising future. Our ongoing legacy has been evident of our resilience in the most challenging of situations. Our ability to withstand the worst of the market storms holds the testimony of undying devotion and unwavering passion.

This determination has opened a new page in the present to script bigger and better success stories.

Striking just the right balance between being socially responsible and setting our feet towards a promising future, we have successfully established strong grounds of trust with all our stakeholders. At the same time, we stay attuned to the demands and expectations of our changing world, so that we grow our business safely, sustainably and responsibly, for the benevolence of all.



₹ **6,643** Lacs
102% Y-o-Y growth
EBITDA

Note: EBITDA: Earnings before interest, tax, depreciation and amortisation

EXPERIENCE

Leading to Global Presence and Strong Order Book

We are one amongst the few companies in India providing end-to-end services in the upstream oil segment, across the value chain. Asian Oilfield Services Limited ('AOSL' or 'the Company') specialises in servicing the value chain entirely, right from seismic data acquisition, data analysis, turnkey drilling, building oil & gas facility to undertaking the operation and maintenance (O&M) of production facilities. These key differentiators that have come with 25 years of experience have led us to cater over 13 Clients and 8 Pre-qualified Clients.

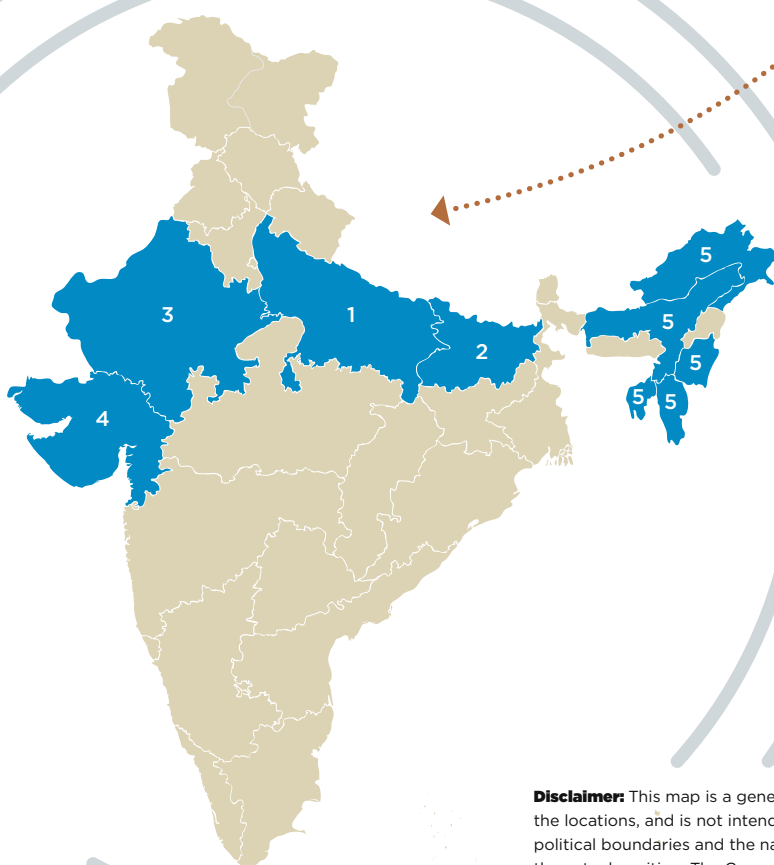


Global Presence

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

Domestic Presence

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



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.

ADDING VALUE: SECURING AND EXECUTING COLOSSAL OPPORTUNITIES

Our portfolio is beginning to take the shape of the strategic vision that we set for ourselves several years ago.

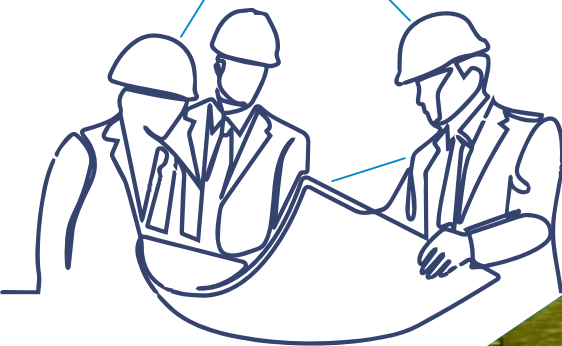
COMPLETED PROJECTS IN 2019-20

Projects	Scope of Work	Client	Region	Order Worth
Seismic Services	2D Seismic Data Acquisition and Basic Processing Services	ONGC and OIL	Mizoram, Arunachal Pradesh and Himachal Pradesh	₹ 9,376 Lacs

ONGOING PROJECTS AS ON MARCH 31, 2020

Seismic Services	Acquisition of 2D and 3D Seismic Data of oil blocks located in Rajasthan and Gujarat	Reputed Client	Rajasthan and Gujarat	Approx ₹ 55,000 Lacs*
Production Facility, Construction and O&M	Upgradation of an existing Mobile Offshore Production Unit (MOPU) in Nigeria	Amni International	Nigeria	US\$ 56 Million
Operation & Maintenance	Supply of Onshore facility + Provide O&M services for 10 years	Oilmax Energy	Charaideo (Assam)	₹ 21,000 Lacs

*Actual order value will be based on call out received from the client along with respective technical parameters



We Create Shared VALUE

OUR CAPITALS



SERVICE CAPITAL

We execute our projects in-house through the outsourcing model and invest in our assets strategically to ensure smooth functioning of operations



FINANCIAL CAPITAL

We allocate our funds and thereafter review our investment to maximise the return and strengthen our balance sheet



HUMAN CAPITAL

We employ the best talents and periodically invest in their training and well-being to keep them focused and motivated



INTELLECTUAL CAPITAL

We are driven by an expertise that helps us improve the process of the operations as we move ahead. Furthermore, our enhanced focus on technological upgradation forms our intellectual capital



RELATIONSHIP CAPITAL

Our focus is always on creating long-standing relationships with customers, vendors, shareholders, Government, regulators, employees and communities

INPUT

SERVICE CAPITAL

- **Strong Asset Base:** Owned and leased
- **Subcontracting** of the project

FINANCIAL CAPITAL

- Equity Capital: ₹ **3,807** lacs
- Net Debt: **NIL**
- Capex: ₹ **1,785** Lacs

HUMAN CAPITAL

- Total no. of employees + contractors: **82**
- A strong project team of **380** people
- Team of **50** experts in geosciences, HSE, Seismology, QC and Surveying

INTELLECTUAL CAPITAL

- **3D** wireless seismic technology
- Partnered with **Wireless Seismic**

RELATIONSHIP CAPITAL

- **Customer:** Timely service and execution
- **Vendors:** Regular meetings with vendors
- **Government:** Contribution to the national exchequer through timely payment of taxes
- **Regulators:** Strict adherence to the policies and regulations
- **Employees:** Timely remuneration and long-term career opportunities
- **Community:** Employment generation for the local communities at the project site

OUTPUT

SERVICE CAPITAL

- No. of Projects Completed: **20**
- Ongoing Projects: **4**

FINANCIAL CAPITAL

- Turnover: ₹ **27,304** Lacs
- EBITDA: ₹ **6,643** Lacs
- PAT: ₹ **2,923** Lacs

HUMAN CAPITAL

- **Commitment** and **dedication** to achieve organisational goals
- Lower attrition

INTELLECTUAL CAPITAL

- **Execution** in difficult terrains
- **Faster** and **competitive** turnaround time
- Better **efficiencies**

RELATIONSHIP CAPITAL

- **Trust** and **long-standing relationship** with the stakeholders



CEO's MESSAGE



“

Our relentless focus on execution, cost discipline and improved productivity has led to a competent outcome. Our progressive vision and consistent efforts have continued to prove meritorious as we move towards a brighter future.”

DEAR STAKEHOLDERS,

I am proud to highlight the significant progress made in our journey of 2019-20. Our relentless focus on execution, cost discipline and improved productivity has led to a competent outcome. This is an imperative part of a continuous journey while our efforts and steps would remain consistent over the coming years, leveraging the underlying industrial opportunities. Our progressive vision and ongoing efforts have continued to prove meritorious as we move towards a brighter future.

The previous fiscal was a major step forward for the Company in becoming what it is today. After having operated in a niche industry for over two decades, we have established our competitive parameters well. Our ability to withstand the global slowdown is the outcome of our well-executed business strategies. The result of the same reflects in our consolidated financial numbers. The idea is to change the narrative of conducting business traditionally with the latest formats and the most innovative methodologies. Our proficient team and competent management holds the key to a positive future.

During 2019-20, our global team achieved ₹ 27,304 Lacs operating revenue and has continued to execute

on operations with capital discipline. We recorded a net profit of ₹ 2,923 Lacs as compared to ₹ 910 Lacs in the previous fiscal year. Furthermore, our debt reduced to NIL.

The Industry Scenario

Brent crude oil prices remained fairly under control in 2019, following enormous volatility in 2018. Despite the US sanctions, OPEC production cut and the Saudi Aramco attack, the Brent crude oil averaged at US\$ 64 per barrel, which was US\$ 7 lower than its 2018 level. This largely owed to:

- Weak demand owing to the slowdown in the automobile, aviation and manufacturing industry
- Increase in the US petroleum production
- Aramco bringing back the production online within 10 days of the drone attack

A Sea of Opportunities Ahead

Undiscovered Global Oil Field

Increasing oil discoveries from new sources set a clear stage for us, thereby bringing in longevity in our seismic business.

Oil Field Discoveries

996

in 120 years (1868-1988)



236

in 31 years (1988-2019)

(Source: Visualcapitalist)

Industry CAPEX

In India, oil PSUs are ready with their Capex plans for discovering new oil and gas reserves. These reserves will meet the rising energy demand of the fastest-growing energy-consuming nation, vis-à-vis India. Oil PSUs are likely to opt for subcontracting of these projects due to limitations of their resources. With extensive experience and a strong asset base, we are well-positioned to grasp these potential opportunities.

₹ 98,521 Crores

Capex plans of oil PSUs

(Source: The Economic Times, February 2, 2020)

Reducing Import Dependency

India's dependency on crude oil import has always been on the higher side. The Government is encouraging oil discovery and production within the country through foreign tie-ups and oil block offering. This leads to a pressing requirement for effective seismic activities within the country, where Asian Oilfield Services Limited comes into play in order to bridge the gap.

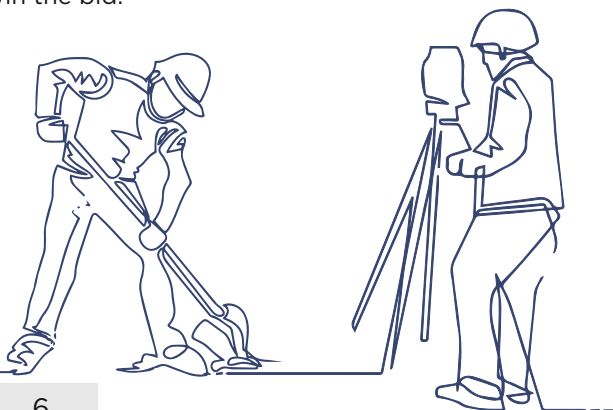
137,000 Sq. km

Oil & gas awarded under four OALP round

(Source: Hindu Business Line, January 2, 2020)

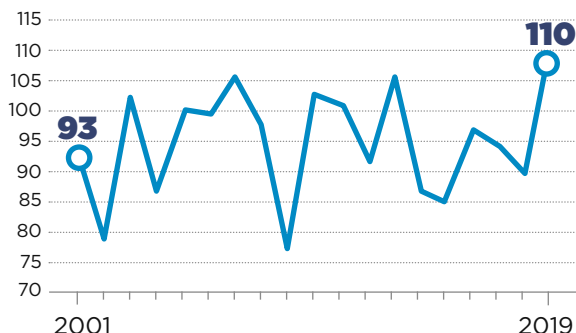
Turning Seasonality Challenges into Opportunities

The monsoon reaches various parts of India at different intervals. Our operations based at numerous locations helps us to conduct seismic activities in delayed monsoon locations. Additionally, our end-to-end services in the oil segment add to offset any revenue slowdown while increasing our probability to win the bid.



Monsoon Season Volatility in India

Actual Rainfall % of Long Period Average (LPA)



(Source: Business India, January 29, 2020)

Adopting Technological Changes

The technological transformation is bringing out real changes in reaching out to the inaccessible shale resources. These changes have the potential of causing disruption in the industry. However, we see this as an opportunity as we have been consistently adopting meaningful technologies to optimise our operations, maximise the output, and automate manual processes for greater efficiencies.

US\$1.6 Trillion

The estimated potential value of digitisation for oil and gas sector

(Source: We Forum)

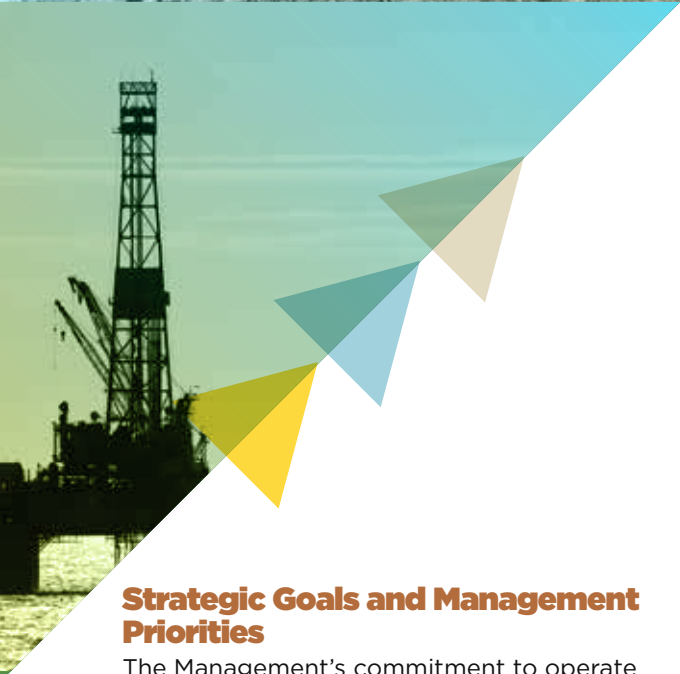
Operational Highlights

On the operational front, we continued to advance in our ongoing projects while strengthening the portfolio through new orders intake. Some of the significant developments include:

- On-track execution to complete the seismic project in Mizoram, Arunachal Pradesh and Himachal Pradesh
- On the international front, upgradation of the existing MOPU for Amni International project is on schedule and the revenue realisation has been commenced
- We are hopeful of completing seismic projects and MOPU upgradation in Nigeria in the next fiscal year
- We have received an order from a reputed Oil & Gas Company for acquisition of 2D and 3D seismic data of oil blocks located in Rajasthan and Gujarat and started project execution.

We also witnessed a few operational challenges. These include:

- The seismic data capturing project in Iraq has been delayed owing to the geopolitical tensions and local unrest in the region
- The contract with Koral Energy International of O&M contract got terminated in May 2018. Post the termination of the contract, we are in the settlement process and the discussion for the same is progressing well



Strategic Goals and Management Priorities

The Management's commitment to operate transparently and responsibly is reflected in our ambition and values. We have made significant strides in moving the business directionally by consistently focusing on strengthening our balance sheet, debt reduction, cost optimisation and technological adaptation. Further, we continue to evaluate the current resource requirements and the future skills sets needed to drive our diversified business towards more sustainable growth.

People

On behalf of the entire team of Asian Oilfield Services Limited, I would like to express our sincere admiration for the amazing efforts put forth by our talented and dedicated workforce in the organisation. I am more than convinced by the team's tireless efforts and hard work. Their incredible display of professionalism has been a motivating factor for the management team. We will continue to drive productivity and aim to deliver superior value as we explore the resources essential for human progress.

A Look Ahead

Going forward, we are confident of making greater progress, underpinned by our effective strategies. The positive industry outlook fascinates us to divert our current focus on the seismic division owing to the upcoming OLAP rounds. We have submitted our bids for some of these projects and are hopeful of obtaining satisfactory orders. We will also look forward to acquiring build, own, operate and transfer (BOOT) projects, which are of longer duration and have stable cash flows as well as sustainable margins. Moreover, the Company is in good hands to navigate the challenges that lie ahead, most notably caused by unprecedented Covid-19. With this, I would like to put forward that we are well prepared to continue our operations by fully complying with the Government's guidelines. Further the Company proposes to diversify by extending our services to coal and minerals sectors having potential opportunities. The Company also proposes to change the name to reflect its business activities.


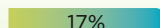
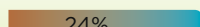


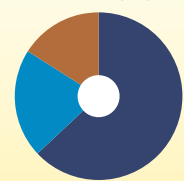
Closing Thoughts

I am proud of our significant progress made in improving our operational efficiency and optimising costs. This is the part of a continuous journey and we will take further steps over the coming year, leveraging the adoption of new technologies and encouraging a culture of innovation among our people. I take this opportunity to thank our Management team for their leadership and guidance, our shareholders for their staunch trust and confidence, our clients for believing in our abilities and our partners for their ongoing support to our operations, projects and new initiatives. We hope for their continued support in the years to come.

Ashutosh Kumar

CEO & Whole-time Director

Our Preparedness for the BIGGER PICTURE

Strategic priorities	Initiatives taken in previous years	Future priorities	KPIs
MAINTAINING A ROBUST BALANCE SHEET	<ul style="list-style-type: none"> Non-recoverable amounts written off Old outstanding liabilities cleared 	<ul style="list-style-type: none"> Maintain a lower debt equity Reduce cost of capital Strengthen reserves and cash balances 	Debt to equity Ratio 2018-19  0.06 2019-20 NIL
FOCUS ON COST CONTROL	<ul style="list-style-type: none"> Initiated efforts to control <ul style="list-style-type: none"> Operating cost Corporate overhead and administrative expenses Restructured management incentives 	<ul style="list-style-type: none"> More efficiency Greater productivity Increase value for the shareholders 	EBITDA Margin Ratio 2018-19  17% 2019-20  24%
STRENGTHENING OF ORDER BOOK THROUGH DIVERSIFICATION	<ul style="list-style-type: none"> Strategic bidding of the project Effective utilisation of the owned assets Adopted the subcontracting model Bid across domestic and global region for different business segments Quoted at a reasonable price Focused on new as well as existing client 	<ul style="list-style-type: none"> Build diversified source of business avenues Bid for high-margin projects 	Order Book (₹ in Lacs) 2018-19  85,000 2019-20  91,000 No single client contributes more than 30% to 40% to the total revenue Breakdown of the Order Book (%)  Seismic 63% Production assets 21% O&M 16%
STRATEGIC ALLIANCE	<ul style="list-style-type: none"> Partnered and maintained a strong relationship with world-class technological partners 	<ul style="list-style-type: none"> Look to keep our self updated with the latest technology by doing a strategic tie-up with experienced partners with high potential 	<ul style="list-style-type: none"> ISO 9001:2015 Certified Company ISO 9001:2008 Certified Company IAGC Certified Contractor