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# Hitech Drilling Services India Limited Twelfth Annual Report 1996-97





# HITECH DRILLING SERVICES INDIA LIMITED

## DIRECTORS

J. K. SETNA Chairman

SUJIT GUPTA Managing Director

ISHAAT HUSSAIN

N. A. SOONAWALA

L. L. BHANDARI (Resigned as Director on 29th October, 1996)

## VICE PRESIDENT (FINANCE) AND SECRETARY

SUNIL WADHWA

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## LEGAL ADVISORS

S. R. VAKIL

J. SAGAR ASSOCIATES

## AUDITORS

Messrs S. B. BILLIMORIA & CO.  
Chartered Accountants

## REGISTERED OFFICE

Bombay House,  
24, Horni Mody Street,  
Mumbai 400 001.

## HEAD OFFICE

310, Prakash Deep,  
7, Tolstoy Marg,  
New Delhi 110 001.

## BASE OFFICES

8/9 Vikas Centre,  
S. V. Road, Santacruz (W),  
Mumbai 400 054.

12 First Street, Venus Colony,  
Alwarpet,  
Chennai 600 018.

Door No. 80-30-18  
A-V-A Rao Raod,  
Opp. Bible Place  
Rajahmundry 533 101

## SHARE REGISTRARS

Tata Share Registry Limited  
Army and Navy Building,  
148, Mahatma Gandhi Road,  
Fort, Mumbai 400 001.

## BANKERS

Standard Chartered Bank  
ABN AMRO Bank N.V.  
Canara Bank

## NOTICE

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Hitech Drilling Services India Limited will be held at Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Mumbai 400 001 on Monday, 11th August, 1997 at 11.30 a.m. to transact the following business :

1. To receive and adopt the Directors' Report and the Audited Profit and Loss Account of the Company for the year ended 31st March, 1997, and the Balance Sheet as at that date.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. J. K. Setna, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.
5. To consider and, if thought fit, to pass, with or without modification the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, after Article 3 of the Articles of Association of the Company add the following Article and marginal note as Article 3A:

"3A. The Company shall have among its objectives the promotion and growth of the national economy through increased productivity, effective utilisation of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations; and the Company shall be mindful of its social and moral responsibilities to the consumers, employees, shareholders, society and the local community."

Social  
Responsibilities  
of the Company

### NOTES :

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY FORM IS ENCLOSED.
- b. The Register of Members and Transfer Books of the Company will remain closed from 23rd July, 1997 to 8th August, 1997 (both days inclusive).
- c. Payment of dividend on shares as passed at the Meeting, will be made on or after 10th September, 1997 to those members whose names are on the Company's Register of Members on 8th August, 1997.
- d. Members who have not encashed their dividend warrants for previous years are requested to get in touch with the Company's Registrar and Share Transfer Agents, Tata Share Registry Limited, Army and Navy Bldg., 148, Mahatma Gandhi Road, Fort, Mumbai 400 001.
- e. The Shareholders of the Company desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

By Order of the Board

SUNIL WADHWA  
Vice President (Finance)  
& Secretary

Mumbai, 19th June, 1997

### Registered Office :

Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001

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## EXPLANATORY STATEMENT

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The following Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, set out all material facts relating to the business mentioned in the accompanying Notice dated 19th June, 1997.

### **Item No. 5**

In recent years, there has been increasing awareness of, and emphasis laid on, the social responsibilities of the corporate sector. The late Mr. J. R. D. Tata had many years ago suggested that Tata Companies should adopt an article embodying corporate values. It is, therefore, proposed that the Company should alter its Articles of Association to include such an Article.

The Directors commend to the Members the Resolution at item No. 5 of the Notice.

A copy of the Memorandum and Articles of Association of the Company together with the proposed change is available for inspection at the Registered Office of the Company between 11 a.m. and 1 p.m. on any working day of the Company.



By Order of the Board  
SUNIL WADHWA  
Vice President (Finance)  
& Secretary

*Mumbai, 19th June, 1997*

**Registered Office :**  
Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twelfth Annual Report and the Audited Statements of Accounts of the Company for the accounting year ended 31st March, 1997.

### FINANCIAL RESULTS

	(Rupees in Lacs)	
	1996-97	1995-96
Total Income	6738	5098
Net Profit for the year	1184	567
Transfer to Investment Allowance Reserve	—	(524)
Add: Profit brought forward from previous year	52	344
Amount available for appropriations	1236	387
Proposed Dividend	407	305
Corporate Dividend Tax	41	—
Transfer to General Reserve	500	30
Balance carried to Balance Sheet	289	52

### DIVIDEND

The Directors recommend a dividend of 20% for the year 1996-97.

### OPERATIONS

During the year under review the Offshore Jackup Drilling Rig HITDRILL-1 operated for Oil & Natural Gas Corporation Ltd. (ONGC). The drilling operations under the current contract would be completed some time in end July, 1997. The Company has secured another drilling contract for HITDRILL-1 from ONGC at enhanced charter hire rates. The operation under the new contract would commence in September, 1997 soon after the monsoon. The contract is for a firm duration of two years, but is extendable to the third year at mutually agreed rates.

The Company's Onshore Drilling Rig HITDRILL-2 was operating for ONGC in Andhra Pradesh under a charter hire contract which commenced in March, 1996. In February, 1997 this rig was totally destroyed in a fire caused by a blowout in an ONGC's well on which the rig was operating. There were no casualties and all crew members safely evacuated the rig. The charter hire contract with ONGC automatically terminated upon the total loss of the rig in accordance with the provisions of the contract. The rig was insured against fire.

The Offshore Rig, MARINE-201, hired from Marine Drilling Companies, USA, continued to perform drilling operations for Command Petroleum of Australia in Ravva Oilfield, Offshore East Coast of India. The contract with Command Petroleum was for a period of one year from November, 1995 which was extendable by Command Petroleum at the same rates, for a further period of two years in quarterly extensions. Command Petroleum have, for the present, extended the contract for one year upto November, 1997. The contract is likely to be further extended.

During the year under review the Company secured a contract from Vaalco Energy (India) Inc. for installation and operation of a Floating Oil Production System (FPS) at the PY-3 Oilfield, Offshore Pondicherry. The FPS will comprise of the Company's owned Floating Production Unit 'TAHARA' duly upgraded, new Production Flowlines purchased and a Floating Storage and Offload Tanker together with a Mooring Buoy taken on hire. The contract with Vaalco is for a firm duration of three years but extendable by Vaalco upto a total of seven years.

All the components of the FPS are currently under installation at the PY-3 field. The oil production operations are expected to commence in about a month's time.

## **OUTLOOK**

World-wide market for jackup rigs and new generation floating rigs has reached a stage where demand exceeds supply for the first time in the last 12-15 years. Jackup rigs' utilisation is at 100% of serviceable units world-wide.

Correspondingly, charter hire rates for 300ft Cantilever jackup rigs have doubled in the past one year and are still moving upwards.

Since the global rig fleet will not increase over the next few years, the current strong market conditions are likely to continue for at least another 2-3 years.

The onshore market in India for deep drilling rigs has virtually collapsed due to no demand from the major client, ONGC. Minor requirements continue for Oil India Ltd. and private operators.

Demand for land drilling world-wide is highly variable and subject to rapid change country-wise. At present, Oman, Kuwait, Qatar and Bangladesh are active, however activity has fallen in India, Syria and Yemen.

## **DIRECTORS**

Mr. J. K. Setna, Chairman retires as Director by rotation at the forthcoming Annual General Meeting and is eligible for reappointment. The Board commends his reappointment.

## **PARTICULARS OF EMPLOYEES, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Statement giving particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, and information regarding Technology Absorption and Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies Act, 1956, are annexed and form part of this Report.

## **AUDITORS' REPORT**

In the Report of Auditors' a reference has been made to Note No. 8 to the Accounts. The note is self explanatory.

## **AUDITORS**

M/s. S. B. Billimoria & Co., Chartered Accountants, who retire at the conclusion of the forthcoming Annual General Meeting are eligible for reappointment and have expressed their willingness to be reappointed. They have given a certificate to the effect that the reappointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956. The Board commends their reappointment.

## **ACKNOWLEDGEMENT**

The Directors wish to place on record their appreciation of the dedication and efforts put in by the Employees of the Company at all levels.

For and on behalf of the Board

J.K. SETNA  
Chairman

Mumbai, 19th June, 1997

## **Registered Office:**

Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001.

# ANNEXURE "A" TO DIRECTORS' REPORT

Information under 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 March, 1997.

Employee Name	Designation	Remuneration (Rs.)	Age in Years	Qualifications & Experience	Date of commencement of employment	Details of Last Employment Before Joining this Company		
						Name of the Company	Years	Designation
Employed throughout the year and were in receipt of remuneration for the year which, in aggregate, was not less than Rs. 3,00,000/-.								
Anand J. S.	Rig Manager	3,14,150	32	B.E. (Mech.) 10 years	23.09.88	Essar Gujarat Ltd.	1	Trainee Engineer
Babu P.D.A.	Chief Mechanic	4,28,797	48	Diploma in Mech.Engg. 20 years	01.10.88	Al Hamli Shipping Sharjah	8	Chief Engineer
Bam S.	Manager (Technical and New Bus Dev.)	3,03,833	41	M.S. (Geo.Sci) 15 years	15.02.87	China Core Laboratories Ltd.	2	Micropaleontologist
Basu T. K.	Deputy General Manager (Operations)	5,06,472	42	B.Tech. (Chemical) 19 years	25.10.95	Kvaerner R. J. Brown Singapore	4	Sr. Project Engineer
Chakraverti R.	Deputy General Manager (Marketing)	4,29,552	38	B.Tech. 14 years	01.03.88	Mazagaon Dock Ltd.	5	Sr. Naval Architect
D'Souza A.C.	Driller	3,69,869	38	S.S.C. 13 years	02.05.87	Zapata Offshore Drilling Co.	3	Derrickman
Datia R.	Barge Engineer	3,80,821	39	Diploma in Elec. Engg. Diploma in Mech. Engg. 11 years	24.11.88	The Hindustan Shipyard Ltd.	3	Junior Superintendent
Gupta S.	Managing Director	22,76,886	60	B.A.(Eco),B.Sc. (Eco) London 33 years	01.06.86	Tata Iron & Steel Co. Ltd.	22	Director (Marketing)
Goel V. P.	Materials Manager	3,41,120	53	B.E. (Mech.) 30 years	02.09.88	Essar Gujarat Ltd.	2	Materials Manager
Jindal N.	Rig Manager	4,58,104	37	Diploma in Mech. Engg. 15 years	11.04.90	Essar Gujarat Ltd.	2	Driller
Kaul P. L.	Rig Suptd.	6,23,330	48	Diploma in Mech. Engg. 25 years	09.10.95	H.E.G. Ltd.	4	Rig Suptd.
Mittal S.C.	Senior Vice President (Operations & Marketing)	12,38,479	61	B.E. (Mech.) 34 years	15.10.92	Triveni Engineering Works Limited	4	Vice President (Oil & Gas)
Mukhopadhyay T.	Rig Manager	3,73,302	40	M.Tech. (Petroleum Engg.) 17 years	30.05.90	O.N.G.C.	10	Executive Engineer
Moniz J.F.	Captain	5,26,844	58	Master (Foreign Going) Certificate of Competency 27 years	25.08.88	Falbunkering Co.	1	Operations Manager
Mandal B.M.	Chief Mechanic	3,32,291	35	B.E. (Mech.) 11 years	17.05.93	O.N.G.C.	8	Executive Engineer Mechanical
Madhu V.M.S.	Barge Engineer	3,05,023	34	Certificate of Proficiency in R.T. AMIE (Mech Engg.) 13 years	28.05.87	Atwood Oceanic	3	Radio Operator
Mariappan K.	Tour Pusher	3,86,059	38	B.Tech. (Mech.) 14 years	31.05.95	Triveni Oil Field Services	3	Tour Pusher
Pundlik M.	Tour Pusher	4,95,653	35	B.E. (Mech.) 13 years	04.01.96	Triveni Oil Field Services	3	Tool Pusher
Puri S. K.	Base Manager	4,25,467	60	Diploma in Mech. Engg. 34 years	27.12.95	O.N.G.C.	33	Deputy General Manager (Drilling)
Rao P.M.	Base Manager	3,97,950	61	B.E. (Mech.) 33 years	02.08.94	O.N.G.C.	32	General Manager (Drilling)
Reddy K.M.	Chief Mechanic	4,09,727	39	B.E. (Mech.) 9 years	04.11.91	Bhilwara Viking Petroleum Ltd.	1	Rig Mechanic
Rao C.S.K.	Chief Mechanic	3,09,190	39	M. Tech. 13 years	01.12.92	B.H.E.L.	2	Deputy Manager
Sathyanarayan E.	Rig Suptd.	5,74,405	34	Diploma in Mech.Engg. 13 years	28.08.89	Oil India Ltd.	6	Driller
Saheta V.	Manager — Accounts	3,23,406	31	B.Com., A.C.A. 8 years	16.07.92	Wimco Ltd.	2	Deputy Manager — Taxation
Sharma V.	Chief Mechanic	3,36,954	33	S.S.C. 12 years	30.05.87	Permargo International	4	Motorman
Shivakumar B.S.	Tour Pusher	4,12,146	36	B.E. (Mech.) 11 years	08.01.96	O.N.G.C.	11	Executive Engineer — (Drilling)
Tripathi J.K.	Tour Pusher	3,51,005	54	Intermediate 36 years	14.11.95	Jagson Intl. Ltd.	2	Tour Pusher





Employee Name	Designation	Remuneration (Rs.)	Age in Years	Qualifications & Experience	Date of commencement of employment	Details of Last Employment Before Joining this Company		
						Name of the Company	Years	Designation
Verma N.K.	Driller	3,12,977	31	B.Sc. 11 years	23.11.95	Saipem Aban Drilling Company	3	Driller
Wadhwa S.	Vice President (Finance) & Secretary	9,27,043	37	B.Com. (Hons), F.C.A., A.C.S. 12 years	06.10.86	Super Parts Ltd.	1	Finance Manager & Company Secretary
<b>Employed for part of the year and were in receipt of remuneration for part of the year at a rate which, in the aggregate, was not less than Rs.25,000/- per month.</b>								
Bose S.	Asst. Prodn. Suptd.	1,74,078	33	B.Sc. 8 years	09.09.96	United Engineering Services	6	Senior Operator
Hussain S.	Driller	54,532	37	Diploma in Mech. Engg. 15 years	25.10.96	Loffland Bros.	4	Asst. Driller
Karthikeyan B.	Tour Pusher	2,94,294	35	B.E. (Mech.) 11 years	16.01.94	O.N.G.C.	3	Sr. Driller
Karthikeyan P.	Driller	94,198	43	S.S.C. 16 years	25.03.87	Nadrico Saudi Ltd.	5	Derrickman
Mathew T.P.	Tour Pusher	79,958	46	B.A. 15 years	24.03.87	Loffland Bros.	8	Derrickman
Murthy C.N.	Tool Pusher	4,07,123	37	B. Tech. 10 years	01.05.96	O.N.G.C.	8	Tool Pusher
Pinto P.	Driller	1,66,566	34	S.S.C. 13 years	18.03.93	I.C. Amsterdam	5	Asst. Driller
Rao K.	Tool Pusher	61,232	41	M. Tech. 14 years	19.04.96	Aban Lloyd Chiles Ltd.	14	Tool Pusher
Rao M.G.	Chief Electrician	2,63,928	39	B. Tech. (Electrical) 16 years	26.07.96	H.E.G. Ltd.	4	Chief Electrician
Rathore N.S.	Driller	71,634	36	B.A., LL.B. 12 years	26.03.87	Permargo Intl.	3	Roustabout
Reddy R.N.	Driller	2,36,491	45	B.Sc. 16 years	01.08.96	H.E.G. Ltd.	4	Driller
Thapliyal A.	Barge Engineer	3,12,306	43	G.G.I.C. 15 years	23.04.96	Jagson Intl. Ltd.	1	Barge Master
Vaidya R.	Chief Electrician	2,89,773	33	Diploma in Electronic Engg. 8 years	18.08.92	H.E.G. Ltd.	2	Chief Electrician
Ved P.	Tour Pusher	3,48,318	38	B.E. (Mech.) 14 years	26.05.96	Triveni Oilfield Services	2	Drilling Suptd.

Notes : (1) None of the above employees is related to any Director of the Company.

(2) Remuneration includes Basic Salary, Allowances, reimbursement of Medical Expenses, Company's Contribution to Provident Fund and Superannuation Fund, and monetary value of perquisites as per Income Tax Rules, where applicable.

(3) Condition of employment of all employees except the Managing Director, are non-contractual and as per the terms and conditions of the Company.

For and on behalf of the Board

Mumbai, 19th June, 1997

**Registered Office :**

Bombay House,  
24, Homi Mody Street,  
Mumbai - 400 001.

J. K. SETNA  
CHAIRMAN