



MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

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Hitech Drilling Services India Limited Thirteenth Annual Report 1997-98





HITECH DRILLING SERVICES INDIA LIMITED

DIRECTORS

J. K. SETNA Chairman

SUJIT GUPTA Managing Director

ISHAAT HUSSAIN

N. A. SOONAWALA

S. C. MITTAL Whole-time Director (w.e.f. 24th June, 1998)

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, Homi Mody Street,
Mumbai 400 001.

SHARE REGISTRARS

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

HEAD OFFICE

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

BANKERS

Standard Chartered Bank
ABN AMRO Bank N.V.

BASE OFFICES

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

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



NOTICE

NOTICE IS HEREBY GIVEN that the Thirteenth 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 Friday, 14th August, 1998 at 11 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, 1998, and the Balance Sheet as at that date.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. N. A. Soonawala, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.
5. To appoint a Director in place of Mr. S. C. Mittal, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 24th June, 1998 in accordance with the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under Section 257 of the Act.

6. Appointment of Mr. S.C. Mittal as Whole-time Director.

To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act 1956, the Company hereby approves the appointment and terms of remuneration of Mr. S.C. Mittal as a Whole-time Director of the Company, with effect from 24th June, 1998 upto 16th June, 2000, in the salary scale of Rs. 35,000 — Rs. 75,000 per month and upon the other terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft Agreement submitted to this meeting and for identification initialled by the Chairman thereof, which Agreement is hereby specifically sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such a manner as may be agreed to between the Board of Directors and Mr. S.C. Mittal."

7. Revision in terms of remuneration and re-appointment of Mr. Sujit Gupta as Managing Director.

To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves, in modification of Resolution No. 8 passed at the Annual General Meeting held on 11th August, 1994 read with Resolution No. 5 passed at the Annual General Meeting held on 5th September, 1995, of the change in salary scale applicable to Mr. Sujit Gupta from Rs. 25,000 — Rs. 50,000 per month to Rs. 35,000 — Rs. 1,00,000 per month with the authority to the Board of Directors to fix his salary and to grant increments within that scale, increasing thereby, proportionately, all benefits related to the quantum of salary, with effect from 1st April, 1998, for the remainder of the tenure of his present contract upto 23rd November, 1998 as set out in the draft Supplementary Agreement submitted to this meeting and initialled by the Chairman for the purpose of identification, which Supplementary Agreement is hereby specifically sanctioned and also hereby approves of the re-appointment and terms of remuneration of Mr. Sujit Gupta, as Managing Director, with effect from 24th November, 1998 to 25th September, 2002 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the draft Agreement submitted to this meeting and initialled by the

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Chairman for the purpose of identification, which Agreement is hereby sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement, as may be agreed to between the Board of Directors and Mr. Sujit Gupta."

8. Commission to Directors other than the Managing and Whole-time Directors

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 309 and other applicable provisions, if any, of the Companies Act, 1956 a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing 1st April, 1998."

9. Amendments to the Articles of Association

To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:-

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:-

(A) Insert the following Article as Article 68A after the Article 68:

'Buy Back of Shares	68A - Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, may be permitted by the law'.
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(B) Insert the following Article as Article 7A after the Article 7 :

'Issue of Shares without voting rights.	7A- In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such shares upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.'
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(C) Insert the following Heading and Articles as Article 76A after the Article 76:

76A- "Dematerialisation of Securities"

'Definitions	<p>1. For the purpose of this Article:-</p> <p>'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;</p> <p>'SEBI' means the Securities & Exchange Board of India;</p> <p>'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a Depository under the Securities & Exchange Board of India Act, 1992; and</p>
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		<p>'Security' means such security as may be specified by SEBI from time to time.</p>
Dematerialisation of Securities	2.	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
Options for Investors	3.	<p>Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.</p> <p>If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.</p>
Securities in Depositories to be in Fungible Form	4.	All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
Rights of Depositories and Beneficial Owners	5.	<p>(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of the security on behalf of the beneficial owner.</p> <p>(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.</p>
Service of Documents	6.	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
Transfer of Securities	7.	Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
Allotment of Securities dealt with in a Depository	8.	Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
Distinctive numbers of Securities held in a Depository	9.	Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial Owners 10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles”.

10. Buy-back of Shares/Securities

To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:-

"RESOLVED that if and when permitted by the law and subject to all applicable provisions of the law and subject to such consents and such other approvals as may be required and subject to such conditions and modifications as may be considered necessary by the Board of the Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) or as may be prescribed or imposed while granting such consents and approvals and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board, to purchase such number of Ordinary Shares or other Securities specified by the Government, of the Company, as may be thought fit, from the holders of the Ordinary Shares or other Securities of the Company in such proportion and manner as may be permitted by the law, not exceeding such percentage of the capital of the Company as may be permitted by the law, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by the law.

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Ordinary Shares or other Securities.

"RESOLVED FURTHER that nothing hereinabove contained shall confer any right on any member to offer or any obligation on the Company or the Board to buy back any Ordinary Shares or other Securities."

11. Employees' Stock Option Scheme

To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:-

"RESOLVED that in accordance with provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which terms shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue, allocate or allot in one or more tranches, in the sole discretion of the Board, to such persons who are in the permanent employment of the Company, and to the Managing/Whole-time/Executive Directors of the Company, such number of Ordinary Shares of the Company of the face value of Rs. 10/- each, not exceeding such percentage of the capital of the Company as may be permitted by the law, as the Board may deem fit, for subscription for cash or allocated as an option to subscribe, on such terms and at such price as may be fixed and determined by the Board prior to the issue and offer thereof in accordance with the applicable guidelines and provisions of law and otherwise ranking pari passu with the Ordinary Shares of the Company as then issued and in existence and on such other terms and conditions and at such time or times as the Board may, in its absolute discretion and in the



best interest of the Company deem fit. Provided that the aforesaid issue of Ordinary Shares may instead be in the form of fully or partly Convertible Debentures, Bonds, Warrants or other securities as may be permitted by the law, from time to time.

"RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Ordinary Shares as may be required in pursuance of the above issue, and that the Ordinary Shares so issued, allocated or allotted shall rank in all respects pari passu with the existing Ordinary Shares of the Company save and except that such Ordinary Shares which may be with or without voting rights, if permitted by the law, shall carry the right to receive either the full dividend or a pro-rata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the shares shall become effective.

"RESOLVED FURTHER that the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the above mentioned securities to be issued, by the creation of mortgages and/or charges on all or any of the Company's immovable and/or movable assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith including the creation of mortgages and/or charges and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the issue."

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, 1998 to 14th August, 1998 (both days inclusive).
- c. Payment of dividend on shares as passed at the Meeting, will be made on or after 17th August, 1998 to those members whose names are on the Company's Register of Members on 14th August, 1998.
- d. It is notified for the information of the shareholders concerned that pursuant to Section 205A of the Companies Act, 1956, the unclaimed dividend for the year 1993-94 has been transferred by the Company to the General Revenue Account of the Central Government and the same can be claimed by the concerned shareholders from the Registrar of Companies, Maharashtra, Mumbai.
- e. Members who have not encashed their dividend warrants for the years 1994-95 upto 1996-97, 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.
- f. 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, 24th June, 1998
Registered Office :
Bombay House,
24, Homi Mody Street,
Mumbai 400 001

EXPLANATORY STATEMENT

The following Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, sets out all material facts relating to the business under Item Nos. 5 to 11 mentioned in the accompanying Notice dated 24th June, 1998.

Item Nos. 5 and 6

At the Board meeting held on 24th June, 1998 the Board of Directors appointed Mr. S. C. Mittal as Additional Director of the Company under Section 260 of the Companies Act, 1956 read with Article 152 of the Articles of Association of the Company.

Mr. S. C. Mittal has extensive experience in oil field industry. He has worked for 30 years in ONGC and headed its Bombay and Southern Regions before leaving ONGC in 1988. Thereafter he was the head of the Drilling Business of Triveni Group for over four years. He joined Hitech Drilling in October, 1992 as Vice President (Operations).

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. S. C. Mittal holds office only upto the date of the forthcoming Annual General Meeting of the Company. A notice under Section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Mr. S. C. Mittal for appointment as Director of the Company retiring by rotation.

The Board of Directors, at their meeting held on 24th June, 1998 also appointed Mr. S. C. Mittal, Sr. Vice President (Operations & Marketing) of the Company, as Whole-time Director of the Company. The draft Agreement between the Company and Mr. S. C. Mittal contains the following principal terms and conditions:—

1. Mr. S. C. Mittal shall carry out such duties as may be entrusted to him subject to the supervision and control of the Board of Directors.
2. Tenure of Agreement : from 24th June, 1998 to 16th June, 2000.
3. Remuneration:
 - a) A Salary scale of Rs. 30,000 to Rs. 75,000 per month with authority to the Board of Directors to fix his salary within this scale from time to time. The annual increments will be merit based and take into account the Company's performance.
 - b) Commission:

Such remuneration by way of commission, in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year subject to overall ceiling stipulated in Sections 198 and 309 of the Act. The commission payable to the Whole-time Director will be limited to four times his annual salary to be determined by the Board at the end of each financial year and will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts has been approved by the Board of Directors and adopted by the Shareholders.
 - c) Perquisites and Allowances :
 - i) In addition to the salary and commission payable, the Whole-time Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants salaries, society charges and property tax; medical reimbursement, medical/accident insurance, club fees, leave travel concession for himself and his family and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Whole-time Director; such perquisites and allowances will be subject to a maximum of 125% of the annual salary.