

HitDrill



Hitech Drilling Services India Limited Fourteenth Annual Report 1998-99



TAHARA



HITECH DRILLING SERVICES INDIA LIMITED

DIRECTORS

J. K. SETNA Chairman

SUJIT GUPTA Managing Director

N. A. SOONAWALA

ISHAAT HUSSAIN

S. C. MITTAL Executive Director

K. A. CHAUKAR Additional Director (w.e.f. 17th February, 1999)

**VICE PRESIDENT (Finance)
AND SECRETARY**
SUNIL WADHWA

LEGAL ADVISORS

S. R. VAKIL

J. SAGAR ASSOCIATES

REGISTERED OFFICE

Bombay House,
24, Homi 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.

2A & B, II Floor,
Gee Gee Emerald,
151, Village Road,
Nungambakkam,
Chennai 600 034.

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AUDITORS

Messrs S. B. BILLIMORIA & CO.
Chartered Accountants

SHARE REGISTRARS

Tata Share Registry Limited
Army and Navy Building,
148, Mahatma Gandhi Road,
Fort, Mumbai 400 001.
Telephone : 2873831
Fax : 2844160
Website : www.tata.com/trsl

BANKERS

Standard Chartered Bank
ABN AMRO Bank N.V.

Fourteenth Annual Report 1998-99

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report and the Audited Statements of Accounts of the Company for the accounting year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rupees in Crores)	
	1998-99	1997-98
Total Income	156.16	158.08
Net Profit for the year	35.47	19.81
Add: Profit brought forward from previous year	4.98	2.89
Amount available for appropriations	40.45	22.70
Proposed Dividend	9.16	6.11
Corporate Dividend Tax	1.00	0.61
Transfer to General Reserve	20.00	11.00
Balance carried to Balance Sheet	10.29	4.98

DIVIDEND

The Directors recommend a dividend of 45% for the year 1998-99. The dividend for the year 1997-98 was 30%.

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 commenced on 22nd October, 1997. This contract is for a firm duration of two years and is extendable to the third year at mutually agreed rates. ONGC has recently floated a tender requiring three jackup drilling rigs for contract duration of two years commencing post monsoon 1999. The Company would be bidding HITDRILL-1 in this tender.

The three year contract with Cairn Energy India Pty. Ltd. for drilling at Ravva field offshore east coast of India was completed on 11th November, 1998. The drilling was carried out with the Rig MARINE-201, which was taken by the Company on wet lease from MARINE DRILLING COMPANY of USA, the owner of the Rig. The rig has been delivered back to the owner immediately after the contract completion.

Company's Floating Production Unit, TAHARA, alongwith a Storage and Offload Tanker continued to produce oil throughout the year at the PY-3 field Offshore Pondicherry under a contract from Hardy Exploration & Production India Inc. The contract with Hardy which commenced on 28th July, 1997 is for a firm duration of three years but extendable by Hardy upto a total of seven years.

OUTLOOK

The crude oil prices fell in the last year and had dropped to as low as US \$ 10 per barrel the lowest in the decade. This drop was due to excessive stocks of crude in American and European countries and reduction in demand from South East Asian countries. However, over the last one month the prices have shown upward trend following the cut in production by OPEC countries. Presently crude price is in the range of US \$ 15 to US \$ 16 per barrel.

Due to drop in crude price and revenues of oil companies, there was a general cut back in the budgets for exploration and production, which resulted in decline in demand for rigs. The utilisation factor had gone

down to almost 70%. The drop in utilisation has led to a decline in charter hire rates of all types of rigs. It is expected that the current utilisation position may continue for some more time until crude price stabilises at reasonable levels.

As far as India is concerned, drop in the International crude price does not materially affect the National Oil Companies due to the Administered Price Mechanism applicable to them. The decline in the utilisation factor internationally, however, has resulted in decline in the day rates in India too.

DIRECTORS

Mr. Ishaat Hussain, retires as a Director by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. The Board commends his re-appointment.

Mr. K. A. Chaukar, who was appointed an Additional Director by the Board on 17th February, 1999, retires at the forthcoming Annual General Meeting and is eligible for appointment as Director. The Board commends his appointment.

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. 7 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 re-appointment and have expressed their willingness to be re-appointed. They have given a certificate to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956. The Board commends their reappointment.

STATUS ON Y2K PREPAREDNESS

The Company has taken effective steps to achieve Y2K compliance and has engaged the services of Tata Consultancy Services (TCS). The Company expects to achieve compliance in September, 1999. The cost to address the Y2K issues is expected to be within Rs. 25 lacs.

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, 11th May, 1999

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

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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, 1999.

Employee Name	Designation	Age in Years	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	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. 6,00,000/-.									
Basu T. K.	Deputy General Manager (Operations)	44	9,45,348	5,58,641	B.Tech. (Chemical) 21 years	25.10.95	Kvaerner R. J. Brown	4	Sr. Project Engineer
Bose S.	Production Superintendent	35	8,45,628	6,26,005	B.Sc. & M.A. 9 years	09.09.96	United Engineering Services	5	Senior Operator
Chakraverti R.	Deputy General Manager (Marketing)	40	8,94,233	5,79,479	B.Tech. 16 years	01.03.88	Mazagaon Docks Ltd.	5	Sr. Naval Architect
Chattopadhyay V.	Sr. Production Engineer	37	10,14,198	7,27,575	B. Tech. 10 years	08.05.97	O.N.G.C. Ltd.	9	Executive Engineer - (Production)
Datta R.	Offshore Installation Manager	41	10,63,911	7,56,306	Diploma in Elec. Engg. Diploma in Mech. Engg. 12 years	24.11.88	The Hindustan Shipyard Ltd.	3	Junior Superintendent
D'Souza A.C.	Tour Pusher	40	9,99,675	7,26,302	S.S.C. 15 years	02.05.87	Zapata Offshore Drilling Co.	3	Derrickman
Ganeshyam V.	Barge Master	43	10,06,525	7,45,392	Diploma in Science 13 years	10.01.98	Pacific Intl. Lines (P) Ltd.	13	Master
Gupta S.	Managing Director	62	35,68,230	25,26,529	B.A. (Eco.), B.Sc. (Eco.) London 35 years	01.06.66	Tata Iron & Steel Co. Ltd.	22	Director - Marketing
Hariharan S.	Offshore Installation Manager	38	10,71,075	7,93,639	B.E. 15 years	27.08.97	Aljubar Fertilizer Co.	2	Process & Production Engineer
Jayarajan K.	Rig Manager	39	7,40,989	4,51,510	Mech. Engg. 16 years	11.08.97	Aban Loyd Chiles Offshore Ltd.	4	Drilling Superintendent
Jindal N.	Rig Manager	39	9,62,881	5,97,002	Diploma in Mech. Engg. 17 years	11.04.90	Essar Gujarat Ltd.	2	Driller
Kaul P. L.	Rig Superintendent	50	14,50,073	10,47,307	Diploma in Mech. Engg. 26 years	09.10.95	H.E.G. Ltd.	4	Rig Superintendent
Krishna E.	Chief Electrician	43	7,92,056	5,80,834	B.E. (Elect.) 16 years	06.11.97	Jagson Intl. Ltd.	2	Chief Electrician
Kumar Devendra	Driller	34	8,54,023	6,32,376	B.E. (Mech.) 8 years	16.11.96	Essar Gujarat Ltd.	4	Driller
Madhu V.M.S.	Barge Engineer	36	8,88,770	6,55,096	Certificate of Proficiency in R.T. AMIE (Mech. Engg.) 15 years	28.05.87	Atwood Oceanic	3	Radio Operator
Mittal S.C.	Executive Director	63	32,44,607	24,95,883	B.E. (Mech.) 36 years	15.10.92	Triveni Engineering Works Limited	4	Vice President (Oil & Gas)
Puri S. K.	Deputy General Manager — Operations	62	7,95,963	4,70,587	Diploma in Mech. Engg. 36 years	27.12.95	O.N.G.C. Ltd.	3	Deputy General Manager (Drilling)
Rao C.S.K.	Chief Mechanic	41	6,44,840	4,88,032	M. Tech. 14 years	01.12.92	B.H.E.L.	2	Deputy Manager
Reddy K.M.	Chief Mechanic	41	8,40,471	6,21,083	B.E. (Mech.) 11 years	04.11.91	Bhilwara Viking Petroleum Ltd.	1	Rig Mechanic
Saheta V.	Manager — Accounts & Finance	33	6,70,980	4,56,074	B.Com., A.C.A. 10 years	16.07.92	WIMCO Ltd.	2	Deputy Manager — Taxation
Sembiyan D.	Asst. Production Superintendent	38	6,96,648	5,09,898	Dip. in Mech. Engg. Diploma in Prod. Engg. 16 years	01.09.97	Al-Furat Petroleum Co.	6	Sr. Production Operator
Shivakumar B.S.	Tour Pusher	38	12,75,898	9,09,905	B.E. (Mech.) 13 years	08.01.96	O.N.G.C. Ltd.	11	Executive Engineer — (Drilling)
Singh G.R.	Assistant Production Superintendent	52	7,76,277	5,59,734	Diploma in Mech. Engg. 31 years	22.05.97	O.N.G.C. Ltd.	20	Asst. Engineer — Production
Taneja D.K.	Assistant Rig Superintendent	41	9,77,746	7,04,312	Diploma in Mech. Engg. 17 years	10.07.97	Triveni Oilfield Services Ltd.	6	Tool Pusher
Thapliyal A.	Captain	45	11,03,050	8,06,922	Master 17 years	23.04.96	Jagson Intl. Ltd.	1	Barge Master
Wadhwa S.	Vice President (Finance) & Secretary	39	15,76,420	9,02,193	B.Com. (Hons), F.C.A., A.C.S. 14 years	06.10.86	Super Parts Ltd.	1	Finance Manager & Company Secretary



Employee Name	Designation	Age in Years	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	Qualifications & Experience	Date of Commencement of Employment	Details of Last Employment before joining this Company		
							Name of the Company	Years	Designation
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. 50,000/- per month.									
Anand K.G.	Chief Mechanic	33	4,08,447	3,18,122	D.M.E. 10 years	09.12.95	Triveni Engg. & Industries Ltd.	3	Chief Mechanic (T)
Bam S.	Manager (Technical & New Business Development)	43	2,63,446	1,81,413	M.S. (Geo. Sci.) 17 years	15.02.87	China Core Laboratories Ltd.	2	Micropalentologist
D'Souza H.J.	Chief Mechanic	34	5,63,782	4,33,017	S.S.L.C. 15 years	01.10.96	Nadrico Neighbours Drilling	1	Chief Mechanic
Mishra H.C.	Driller	42	98,843	77,406	Diploma in Mech. Engg. 16 years	25.06.98	Aban Loyd Chiles Offshore Ltd.	1	Tour Pusher
Mukhopadyyay T.	Rig Manager	42	7,92,428	5,45,197	M.Tech. (Petroleum Engg.) 19 years	30.05.90	O.N.G.C. Ltd.	10	Executive Engineer
Pathak R.	Chief Electrician	36	2,19,880	1,73,100	B.A. & Diploma in Elec. Engg. 13 years	04.01.96	Dewanchand Ramsaran Industries Pvt. Ltd.	7	Chief Mechanic
Pokhriyal R.	Driller	31	91,242	88,689	B.A. 13 years	08.03.99	Foramer	1	Driller
Rao M.G.	Preventive Maintenance Supervisor (Electrical)	41	8,11,774	5,89,633	B.Tech. (Electrical) 18 years	20.07.98	H.E.G. Ltd.	4	Chief Electrician

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

(2) Gross 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) Net Remuneration is after tax and is exclusive of Company's contribution to Provident and Superannuation Funds and monetary value of non-cash perquisites.

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

Mumbai, 11th May, 1999

Registered Office :

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

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For and on behalf of the Board

J. K. SETNA
CHAIRMAN