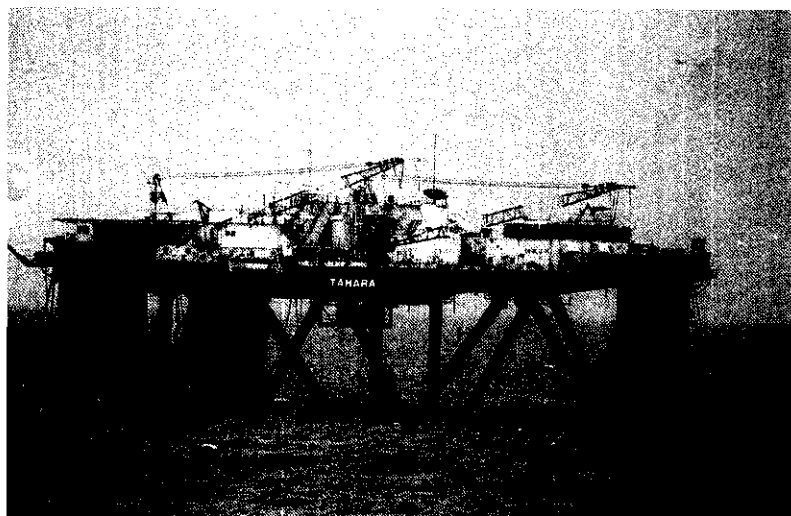


HitDrill



Hitech Drilling Services India Limited Fifteenth Annual Report 1999-2000

HITECH DRILLING SERVICES INDIA LIMITED

BOARD OF DIRECTORS

K. A. CHAUKAR Chairman

SUJIT GUPTA Managing Director

J. K. SETNA

N. A. SOONAWALA

ISHAAT HUSSAIN

S. C. MITTAL Executive Director (Retired and ceased to be a Director w.e.f. 16th June, 2000)

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SR. VICE PRESIDENT (Finance) AND SECRETARY

SUNIL WADHWA

AUDITORS

Messrs S. B. BILLIMORIA & CO.
Chartered Accountants

LEGAL ADVISORS

J. SAGAR ASSOCIATES

SHARE REGISTRARS

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

HEAD OFFICE

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

REGISTERED OFFICE AND MUMBAI BASE OFFICE

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

BANKERS

Standard Chartered Bank
ABN AMRO Bank N.V.

CHENNAI BASE OFFICE

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

NOTICE

NOTICE IS HEREBY GIVEN that the Fifteenth 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 Tuesday, 19th September, 2000, at 4.00 p.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, 2000, and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr. J. K. Setna, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.
4. **Revision in the terms of remuneration of Mr. Sujit Gupta, Managing Director.**

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

"RESOLVED THAT in partial modification of Resolution No. 7 passed at the Annual General Meeting of the Company held on 14th August, 1998, approving the re-appointment of Mr. Sujit Gupta, Managing Director of the Company and subject to the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves, the revision in the salary scale applicable to Mr. Sujit Gupta, Managing Director of the Company from Rs. 35,000 – Rs. 1,00,000 per month to Rs. 35,000 – Rs. 1,50,000 per month (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the period of his appointment) with authority to the Board of Directors to fix his salary within the revised salary scale, increasing thereby proportionately, all benefits related to the quantum of salary, with effect from 1st April, 2000, for the remainder of the tenure of his contract i.e., upto 25th September, 2002, as set out in the draft Supplementary Agreement submitted to this meeting and initialed by the Chairman for the purpose of identification, which Supplementary Agreement is hereby specifically sanctioned."

5. **Amendment to Articles of Association**

To consider and if thought fit, to pass the following Resolution with or without modification 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 and are hereby altered by inserting the following new Article No. 62A after Article No. 62:

Nomination :

62A- Notwithstanding anything contained in these Articles, where a nomination has been made in the manner prescribed in Section 109A of the Act or such other provisions as may be applicable from time to time, purporting to confer on any person the right to vest the Shares in, or debentures of the Company, the nominee shall, on the death of the Shareholder or holder of debentures of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in such Shares or debentures of the Company, as the case may be, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner and the provisions contained in the Section 109A and 109B of the Act, shall be applicable to such cases."

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 1st September, 2000 to 19th September, 2000 (both days inclusive).
- (c) 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 Ltd., Army and Navy Building, 148, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

- (d) 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.
- (e) Members who are holding Company's shares in the dematerialised form are required to bring with them the details of their depository Account for identification purpose.
- (f) Members are entitled to nominate persons in whom their shares would vest after their lifetime. Members desirous of making nominations in respect of their shares, may write to the Company's Registrars and Share Transfer Agents, Tata Share Registry Ltd., Army and Navy Building, 148, Mahatma Gandhi Road, Fort, Mumbai 400 001, for obtaining the relevant Form No. 2B, in this regard. Members holding shares in the dematerialised form may approach their respective Depository participants for making nomination.

By Order of the Board

SUNIL WADHWA
Sr. Vice President (Finance)
& Secretary

Mumbai, 17th July, 2000

Registered Office:
8 & 9, Vikas Centre,
S. V. Road,
Santacruz (West),
Mumbai - 400 054.



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. 4 & 5 mentioned in the accompanying Notice dated 17th July, 2000:

Item No. 4

At the Annual General Meeting held on 14th August, 1998, the shareholders had approved the re-appointment of Mr. Sujit Gupta, Managing Director of the Company, for a further term commencing from 24th November, 1998 and ending on 25th September, 2002, on a salary scale of Rs. 35,000 to Rs. 1,00,000 per month together with perquisites and commission specified in the Explanatory Statement to the notice of the said meeting.

Considering the remuneration levels prevailing in the corporate sector, particularly in the drilling industry, and also the liberalisation of Schedule XIII to the Companies Act, 1956, enhancing the limits of managerial remuneration, it is proposed to revise the salary scale of the Managing Director, with effect from 1st April, 2000, for the remainder of his tenure, i.e. upto 25th September, 2002, as follows:

The salary scale be enhanced to Rs. 35,000 – Rs. 1,50,000 per month (with proportionate increase in the value of the benefits related to salary) with authority to the Board of Directors to fix his salary within the scale from time to time. The annual increment will be merit based and take into account the Company's performance.

All other terms and conditions of the appointment of Mr. Sujit Gupta, as approved by the members, will remain unchanged.

The draft Supplementary Agreement between the Company and Mr. Sujit Gupta, Managing Director, is available for inspection by the members of the Company at its Registered office between 11 a.m. and 1 p.m. on any working day of the Company.

The terms of the revised remuneration are being placed before the members for their approval in the Annual General Meeting and are commended, for acceptance, by the Board of Directors.

Mr. Sujit Gupta is concerned or interested in the Resolution at item No. 4 of the Notice.

This may be treated as an abstract of the draft Supplementary Agreement between the Company and Mr. Sujit Gupta, pursuant to Section 302 of the Companies Act, 1956.

Item No. 5

The Companies Act, 1956, has been amended and new Sections 109 A and 109 B have been inserted making available nomination facility to the shareholders in respect of the Shares of the Company held by them. Accordingly, a new Article No. 62A is proposed to be inserted in the Articles of Association of the Company.

The Board commends the resolution under item No. 5 of the Notice for your acceptance.

By Order of the Board

SUNIL WADHWA
Sr. Vice President (Finance)
& Secretary

Mumbai, 17th July, 2000

Registered Office:
8 & 9, Vikas Centre,
S. V. Road,
Santacruz (West),
Mumbai - 400 054.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report and the Audited Statement of Accounts of the Company for the accounting year ended 31st March, 2000.

FINANCIAL RESULTS

	1999-2000	Rs. in Crores 1998-99
Total Income	123.38	156.16
Net Profit for the year	21.29	35.47
Add : Profit brought forward from previous year	10.28	4.98
Amount available for appropriations	31.57	40.45
Proposed Dividend	—	9.16
Interim Dividend	8.14	—
Corporate Dividend Tax	0.90	1.00
Transfer to General Reserve	10.00	20.00
Balance carried to Balance Sheet	12.53	10.29

DIVIDEND

For the year 1999-2000, an interim dividend of Rs. 4.00 per Share on the paid up Equity Share Capital of the Company was declared by the Board of Directors on 31st March, 2000 and was paid on 10th May, 2000. The Directors do not propose any further dividend for the year 1999-2000. The dividend for the year 1998-99 was Rs. 4.50 per Share.

DEPOSITORY SYSTEM

During the year your Company's shares came under the category of compulsory trading in dematerialised form, with effect from 29th November, 1999, for all categories of investors. Your Company in line with its constant endeavor to provide best possible services to shareholders had already entered into an arrangement with National Securities Depository Limited (NSDL) with effect from 11th August, 1999, and Central Depository Services (India) Limited (CDSL) with effect from 2nd November, 1999, for dematerialisation of your Company's shares. With this the members can hold their securities in dematerialised form through the said depositories.

SHIFTING OF REGISTERED OFFICE

In order to attain greater administrative efficiency as also keeping in mind the need for increasing work space, the Registered Office of your Company has been shifted from Bombay House, 24, Horni Mody Street, Mumbai - 400 001, to its Mumbai Office at 8 & 9, Vikas Centre, S. V. Road, Santacruz (West), Mumbai - 400 054.

OPERATIONS

During the year under review the Offshore Jackup Drilling Rig HITDRILL-1 operated for Oil & Natural Gas Corporation Ltd. (ONGC) under a contract which ended on 21st October, 1999. This contract had been negotiated in 1997, at substantially high day rates when the drilling market was booming. The boom was short lived. Your Company has secured another contract from ONGC at day rates prevailing at the time of the award of new contract, which are lower than the previous contract rates. After completion of the previous contract, the Rig was taken to a foreign shipyard for installation of certain additional equipments specified under the next contract as well as for drydocking, general upgradation and repair work. The rig returned to Indian waters and commenced drilling operations on 1st February, 2000, under the new ONGC contract, which is for a firm duration of 2 years.

The 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 primary term of the contract is for three years, which expires on 27th July, 2000. Hardy has extended the contract for a further duration of one year, i.e. upto 27th July, 2001. Hardy has further option to extend the contract for 3 more years in installments of one year each.

OUTLOOK

The oil prices and global rig utilisation has improved over the last one year. In India the demand from ONGC for Jackup rigs is likely to remain at present levels. Some additional drilling work is expected to be carried out in fields in India being developed by Private oil Companies.

DIRECTORS

Mr. J.K. Setna expressed his wish to step down as the Chairman with effect from 17th July, 2000 owing to indifferent health. The Board reluctantly acceded to Mr. Setna's request. The Board also recorded its appreciation for the time and effort put in by Mr. Setna as its Chairman and the valuable guidance and advice given to the Board and the management in that role. Mr. Kishor A. Chaukar, Director, was co-opted as the Chairman of the Board on the same day.

Mr. Setna continues as a Director for the remainder of his elected term and retires as Director by rotation at the forthcoming Annual General Meeting. He is eligible for re-appointment. The Board commends his re-appointment.

Mr. S.C. Mittal, Whole-time Director, retired from the services of the Company on 16th June, 2000, and also ceased to be a Director from that date by virtue of the terms of his appointment. The Directors wish to place on record their deep appreciation of the valuable services provided by Mr. Mittal during his tenure.

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 forms 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 reappointed. 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.

KARGIL AND ORISSA CYCLONE

Your Company contributed Rs. 20,00,000 towards rehabilitation of defence personnel injured in Kargil and for providing financial support to the families of martyrs of the Kargil war. The Company also contributed Rs. 3,60,000 to the Tata Relief committee for its relief and rehabilitation work in the cyclone hit areas of Orissa. The employees of the Company also gave their support to the said national cause, by contributing Rs. 2,21,883 and Rs. 1,40,000 respectively for the Kargil and Orissa cyclone-affected.

YEAR 2000 COMPLIANCE

Your Company achieved the Y2K transition without any disruption. The initiatives taken by the Company well in advance ensured that there was no adverse impact of the Y2K changeover. Your Company incurred a cost of about Rs. 20 Lakhs towards achieving the Y2K readiness.

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

K. A. CHAUKAR
Chairman

Mumbai, 17th July, 2000

Registered Office:
8 & 9, Vikas Centre,
S. V. Road,
Santacruz (West),
Mumbai-400 054.

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, 2000.

Employee Name	Designation	Age in Years	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	Qualifications & Experience	Date of Commencement of Employment	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.	General Manager (Production Services)	45	10,44,278	5,90,436	B.Tech. (Chemical) 22 years	25.10.95	Kvaerner R. J. Brown	4	Sr. Project Engineer
Bose S.	Production Superintendent	36	10,18,994	7,19,963	B.Sc. & M.A. 10 years	09.09.96	United Engineering Services	5	Senior Operator
Chakravarti R.	General Manager - Drilling Operations and Marketing	41	11,25,311	7,19,551	B.Tech. 17 years	01.03.88	Mazagaon Dock Ltd.	5	Sr. Naval Architect
Chattopadhyay V.	Offshore Installation Manager	38	12,36,658	8,48,600	B. Tech. 11 years	08.05.97	O.N.G.C. Ltd.	9	Executive Engineer - (Production)
Datta R.	Offshore Installation Manager	42	11,48,092	7,56,306	Diploma in Elec. Engg. Diploma in Mech. Engg. 13 years	24.11.88	The Hindustan Shipyard Ltd.	3	Junior Superintendent
D'Souza A.C.	Tour Pusher	41	9,00,829	6,26,855	S.S.C. 16 years	02.05.87	Zapata Offshore Drilling Co.	3	Derrickman
D'Souza H.J.	Chief Mechanic	35	7,25,709	5,35,730	S.S.L.C. 16 years	01.10.96	Nadrico Neighbours Drilling	1	Chief Mechanic
Gupta S.	Managing Director	63	41,37,613	25,63,050	B.A. (Eco.), B.Sc. (Eco.) London 36 years	01.06.86	Tata Iron & Steel Co. Ltd.	22	Director - Marketing
Jayarajan K.	Rig Manager	40	8,51,115	4,91,125	Mech. Engg. 17 years	11.08.97	Aban Loyd Chiles Offshore Ltd.	4	Drilling Superintendent
Jindal N.	Acting Base Manager	40	9,07,570	5,24,746	Diploma in Mech. Engg. 18 years	11.04.90	Essar Gujarat Ltd.	2	Driller
Kaul P. L.	Rig Superintendent	51	14,63,714	10,21,460	Diploma in Mech. Engg. 27 years	09.10.95	H.E.G. Ltd.	4	Rig Superintendent
Kumar Devender	Driller	35	7,93,415	5,74,779	B.E. (Mech.) 9 years	16.11.96	Essar Gujarat Ltd.	4	Driller
Madhu V.M.S.	Barge Engineer	37	9,22,613	6,50,733	Certificate of Proficiency in R.T. AMIE (Mech. Engg.) 16 years	28.05.87	Atwood Oceanic	3	Radio Operator
Mittal S.C.	Executive Director (Operations & Marketing)	64	28,73,920	18,80,613	B.E. (Mech.) 37 years	15.10.92	Triveni Engineering Works Limited	4	Vice President (Oil & Gas)
Puri S. K.	Officer on Special Duty	63	10,32,945	5,84,508	Diploma in Mech. Engg. 37 years	27.12.95	O.N.G.C. Ltd.	33	Deputy General Manager (Drilling)
Rao C.S.K.	Chief Mechanic	42	7,33,143	5,41,307	M. Tech. 15 years	01.12.92	B.H.E.L.	2	Deputy Manager
Rao M.G.	Preventive Maintenance Supervisor (Electrical)	42	10,63,643	7,28,898	B. Tech (Electrical) 19 years	20.07.98	H.E.G. Ltd.	4	Chief Electrician
Reddy K.M.	Chief Mechanic	42	9,07,890	6,48,062	B.E. (Mech.) 12 years	04.11.91	Bhilwara Viking Petroleum Ltd.	1	Rig Mechanic
Saheta V.	Manager — Accounts & Finance	34	7,68,512	5,09,991	B.Com., A.C.A. 11 years	16.07.92	WIMCO Ltd.	2	Deputy Manager — Taxation
Sambian D.	Asst. Production Superintendent	39	9,65,282	6,86,239	Dip. in Mech. Engg. Diploma in Prod. Engg. 17 years	01.09.97	Al-Furat Petroleum Co.	6	Sr. Production Operator
Shivakumar B.S.	Rig Superintendent	39	12,17,528	8,37,441	B.E. (Mech.) 14 years	08.01.96	O.N.G.C. Ltd.	11	Executive Engineer — (Drilling)
Singh G.R.	Assistant Production Superintendent	53	8,88,278	6,19,889	Diploma in Mech. Engg. 32 years	22.05.97	O.N.G.C. Ltd.	20	Asst. Engineer — Production
Singh Harinder	Chief Electrician	30	6,17,886	4,64,872	D.E.E. and P.G.D.I.S. 5 years	24.02.96	Birla T.E. Ltd. New Delhi	3	Sr. Rig Technician
Taneja D.K.	Assistant Rig Superintendent	42	9,74,882	6,82,269	Diploma in Mech. Engg. 18 years	10.07.97	Triveni Oilfield Services Ltd.	6	Tool Pusher
Thapliyal A.	Captain	46	11,00,031	7,82,384	Master 18 years	23.04.96	Jagson Intl. Ltd.	1	Barge Master
Wadhwa S.	Vice President (Finance) & Secretary	40	20,68,855	11,54,209	B.Com. (Hons), F.C.A., A.C.S. 15 years	06.10.86	Super Parts Ltd.	1	Finance Manager & Company Secretary