

**Hitech Drilling
Services
India Limited**

**Sixteenth
Annual Report
2000-2001**



HITECH DRILLING SERVICES INDIA LIMITED

BOARD OF DIRECTORS

M.A. ABRAHAM
REJI ABRAHAM
RENNY ABRAHAM
V.M. SIVASUBRAMANIAM
P.S. GOPALAKRISHNAN

AUDITORS

Messrs. S.B. BILLIMORIA & CO.
Chartered Accountants

LEGAL ADVISORS

J. SAGAR ASSOCIATES

REGISTERED OFFICE

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

CHENNAI OFFICE

Janpriya Crest,
113, Pantheon Road,
Egmore, Chennai 600 008.

BANKERS

Standard Chartered Bank
ABN AMRO Bank N.V.
ICICI Bank
UTI Bank

Contents:

Notice	..	..	2
Directors' Report	..	..	4
Auditors' Report	..	..	7
Balance Sheet	..	..	9
Profit and Loss Account	..	..	10
Schedules to Accounts	..	..	11
Notes on Accounts	..	..	16
Cash Flow Statement	..	..	20
Financial Highlights	..	..	22

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

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of Hitech Drilling Services India Limited will be held on Monday, 24th September 2001 at 2.00 P.M. at the Mayor's Hall, All India Institute of Local Self Government, Sthanikraj Bhavan, C.D. Barfiwala Marg, Andheri (W), Mumbai 400 058 to transact the following business :

Ordinary Business

1. To consider and adopt the Balance Sheet as at 31st March 2001 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint Auditors of the Company and fix their remuneration

Special Business

3. To consider and if thought fit to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION
"RESOLVED THAT Mr. M.A. Abraham, who was appointed as an Additional Director of the Company by the Board and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
4. To consider and if thought fit to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION
"RESOLVED THAT Mr. Reji Abraham, who was appointed as an Additional Director of the Company by the Board and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
5. To consider and if thought fit to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION
"RESOLVED THAT Mr. Renny Abraham, who was appointed as an Additional Director of the Company by the Board and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION
"RESOLVED THAT Mr. V.M. Sivasubramaniam, who was appointed as an Additional Director of the Company by the Board and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and if thought fit to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION
"RESOLVED THAT Mr. P.S. Gopalakrishnan, who was appointed as an Additional Director of the Company by the Board and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board
REJI ABRAHAM
Director

Chennai, 27th July, 2001

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. The Register of Members and Share Transfer Book will remain closed from 14th September 2001 to 24th September 2001 (both days inclusive).
3. Explanatory Statement pursuant to Section 173(2) is annexed.
4. Members are requested to intimate the Company regarding any change in their address immediately at its Registered Office quoting their folio numbers.
5. Shareholders are requested to bring their copy of Annual Report to the Meeting.
6. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the Meeting.

EXPLANATORY STATEMENT

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS CONTAINED IN THE NOTICE DATED 27TH JULY 2001.

Item No.3

Mr. M.A. Abraham was appointed as an Additional Director by the Board with effect from 29th June, 2001. In terms of Section 260 of the Companies Act, 1956 he holds office as Director only upto the date of forthcoming Annual General Meeting. Notice has been received from a member as required by Section 257 of the Companies Act, 1956 signifying the intention to propose the candidature of Mr. M.A. Abraham for the office of Director. The resolution is placed before the meeting for approval.

Mr. M.A. Abraham and his relatives Mr. Reji Abraham and Mr. Renny Abraham are interested in the item of business.

Item No.4

Mr. Reji Abraham was appointed as an Additional Director by the Board with effect from 29th June, 2001. In terms of Section 260 of the Companies Act, 1956 he holds office as Director only upto the date of forthcoming Annual General Meeting. Notice has been received from a member as required by Section 257 of the Companies Act, 1956 signifying the intention to propose the candidature of Mr. Reji Abraham for the office of Director. The resolution is placed before the meeting for approval.

Mr. Reji Abraham and his relatives Mr. M.A. Abraham and Mr. Renny Abraham are interested in the item of business.

Item No.5

Mr. Renny Abraham was appointed as an Additional Director by the Board with effect from 29th June, 2001. In terms of Section 260 of the Companies Act, 1956 he holds office as Director only upto the date of forthcoming Annual General Meeting. Notice has been received from a member as required by Section 257 of the Companies Act, 1956 signifying the intention to propose the candidature of Mr. Renny Abraham for the office of Director. The resolution is placed before the meeting for approval.

Mr. Renny Abraham and his relatives Mr. M.A. Abraham and Mr. Reji Abraham are interested in the item of business.

Item No.6

Mr. V.M. Sivasubramaniam was appointed as an Additional Director by the Board with effect from 10th July, 2001. In terms of Section 260 of the Companies Act, 1956 he holds office as Director only upto the date of forthcoming Annual General Meeting. Notice has been received from a member as required by Section 257 of the Companies Act, 1956 signifying the intention to propose the candidature of Mr. V.M. Sivasubramaniam for the office of Director. The resolution is placed before the meeting for approval.

Mr. V.M. Sivasubramaniam is interested in the item of business.

Item No.7

Mr. P.S. Gopalakrishnan was appointed as an Additional Director by the Board with effect from 10th July, 2001. In terms of Section 260 of the Companies Act, 1956 he holds office as Director only upto the date of forthcoming Annual General Meeting. Notice has been received from a member as required by Section 257 of the Companies Act, 1956 signifying the intention to propose the candidature of Mr. P.S. Gopalakrishnan for the office of Director. The resolution is placed before the meeting for approval.

Mr. P.S. Gopalakrishnan is interested in the item of business.

By Order of the Board

Chennai
27th July, 2001

REJI ABRAHAM
Director

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	Rs. in lakhs 2000-2001	Rs. in lakhs 1999-2000
Total Income	10762	12338
Net Profit for the year	1444	2129
Add : Profit brought forward from previous year	1253	1028
Amount available for appropriations	2697	3157
Interim Dividend	—	814
Corporate Dividend Tax	—	90
Transfer to General Reserve	500	1000
Balance carried to Balance Sheet	2197	1253

OPERATIONS

During the year under review the Offshore Jackup Drilling Rig HITDRILL-1 operated for Oil and Natural Gas Corporation Limited (ONGC) under a Contract, and commenced drilling operations on 1st February, 2000. This Contract is for a firm period of two years with an option for ONGC to extend the primary term of the Contract in two instalments not exceeding three months each, at the same rates. The drilling operations of this Rig are progressing well.

The Company's Floating Production Unit, TAHARA, along with a Storage and Offload Tanker, continued to be operative throughout the year at the PY-3 oilfield, offshore Pondicherry, under a Contract from Hardy Exploration & Production India Inc. (Hardy). The primary term of the Contract was for three years, which expired on 27th July, 2000, and the term was extended by Hardy for one year, i.e. upto 27th July, 2001. Hardy again extended the Contract for a further period of one year, i.e. upto 27th July, 2002. Hardy can exercise an option to extend the Contract for two more years in instalments of one year each. Tahara's operations are also progressing good.

OUTLOOK

The oil scene has been comparatively favourable, and the global rig utilisation index has increased considerably in the last one year. In Indian Offshore market, potential opportunities from NELP and re-development of existing oilfields, indicate that jack-up and other offshore rigs will continue to be in demand and the rates are poised to go up.

DIVIDEND

The Directors do not recommend distribution of any dividend for the year 2000-2001.

CHANGE IN MANAGEMENT CONTROL

Pursuant to the Agreement dated 18th March, 2001 between Tata Industries Limited (TIL) and Aban Loyd Chiles Offshore Limited (Aban), Aban has acquired the shareholding of TIL in the Company of 22.5% at a price of Rs. 92/- per Equity Share. Under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Aban also made an open offer at the same price per equity share for fully paid up and Rs. 87/- per equity share on partly paid up. The offer was open for acceptance from 9th May, 2001 to 7th June, 2001 and the shareholders have by and large availed the opportunity provided by this offer.

Consequent to the emergence of the new pattern of shareholding, the following changes have taken place at the Board level of the Company.

Mr. M. A. Abraham, Mr. Reji Abraham and Mr. Renny Abraham have been appointed Additional Directors effective 29th June, 2001.

Mr. V. M. Sivasubramaniam and Mr. P. S. Gopalakrishnan have been appointed Additional Directors effective 10th July, 2001.

The Additional Directors so appointed will hold office till the date of ensuing Annual General Meeting, and being eligible, offer themselves for appointment as Directors of the Company.

Mr. K. A. Chaukar, Chairman, Mr. Sujit Gupta, Managing Director, Mr. J. K. Setna, Mr. N. A. Soonawala, and Mr. Ishaat Hussain - Directors have resigned from the Board at the meeting held on 29th June, 2001.

The Board takes this opportunity of recording its sincere appreciation of the valuable contributions made by the outgoing Directors in steering the growth of the company to its present position in the industry.

MERGER OF HITECH DRILLING SERVICES INDIA LIMITED WITH ABAN LOYD CHILES OFFSHORE LTD.

In the meeting of the Board of Directors of the Company held on 25th July 2001 the Board has approved the merger of the company with Aban Loyd Chiles Offshore Ltd. and the swap ratio has been fixed as follows:

- For every 5 fully paid equity shares of Rs. 10/- each of Hitech Drilling Services India Limited, 2 fully paid equity

shares of Rs. 10/- each of Aban Loyd Chiles Offshore Ltd. will be allotted.

- b. For every 5 equity shares of the face value of Rs. 10/- each of which Rs. 5/- per share paid up (partly paid) of Hitech Drilling Services India Limited, 2 equity shares of face value of Rs. 10/- each on which Rs. 5/- per share paid up (partly paid) of Aban Loyd Chiles Offshore Ltd. will be allotted.

The Merger will be effective 1st April 2001. The Hon'ble High Court of Mumbai will be approached for approving the scheme of merger.

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.

DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

The Directors hereby confirm that,

- i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures wherever applicable;
- ii) the Directors have selected the accounting policies and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts are prepared on a going concern basis.

CORPORATE GOVERNANCE

The Code on Corporate Governance introduced by SEBI has now been included as part of the Listing Agreement with Stock Exchanges. Although the Company is required to implement the said Code of Corporate Governance within the financial year 2001-2002, the Company has already been complying with substantial portion of the code. It would be the endeavour of the Board to fully adopt the Code of Corporate Governance by the said year.

AUDITORS' REPORT

In the Report of Auditor's 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 reappointment and have also 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.

GUJARAT EARTHQUAKE RELIEF FUND

Your Company contributed Rs. 25,00,000/- to the Tata Relief Committee for rehabilitation of Gujarat earthquake victims and for providing financial support to the families of victims who have died in the earthquake. The employees of the Company also gave their support to the said national cause, by contributing Rs. 1,27,522/- to the Gujarat earthquake-affected.

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, Bankers, Financial Institutions and business associates.

For and on behalf of the Board

Chennai, 27th July, 2001

REJI ABRAHAM
Director

M.A. ABRAHAM
Director

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, 2001.

Employee Name	Designation	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	Age in Years	Qualification & 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 the aggregate, was not less than Rs. 12,00,000/-									
Basu T.K.	General Manager (Production Services)	12,46,723	7,05,708	46	B. Tech (Chemical) 23 years	25.10.95	Kvaerner R.J. Brown	4	Sr. Project Engineer
Chakraverti R	General Manager (Drilling Operations and Marketing)	13,59,997	8,29,734	42	B Tech 18 years	01.03.88	Mazagaon Dock Ltd.	5	Sr. Naval Architect
Chattopadhyay V	Offshore Installation Manager	13,06,346	8,82,996	39	B. Tech 12 years	08.05.97	O.N.G.C. Ltd.	9	Executive Engineer (Production)
Datta R.	Offshore Installation Manager	12,58,018	8,60,489	43	Diploma in Elec. Engg. Diploma in Mech. Engg. 14 years	24.11.88	The Hindustan Shipyard Ltd.	3	Junior Superintendent
Gupta S.	Managing Director	47,08,380	26,75,884	64	B.A. (Eco.) B.Sc. 37 years	01.06.86	Tata Iron & Steel Co. Ltd.	22	Director - Marketing
Kaul P.L.	Rig Superintendent	15,27,960	10,28,351	52	Diploma in Mech. Engg. 28 years	09.10.95	H.E.G. Ltd.	4	Rig Superintendent
Shivakumar B.S.	Rig Superintendent	12,99,164	8,73,647	40	B.E. (Mech.) 15 years	08.01.96	O.N.G.C. Ltd.	11	Executive Engineer Drilling
Wadhwa. S.	Sr. Vice President (Finance) & Secretary	25,41,862	15,56,783	41	B.Com.(Hons.) F.C.A., A.C.S. 16 Years	06.10.86	Super Parts Ltd.	1	Finance Manager & Company Secretary
Employed for part of the year and were in receipt of remuneration for the year which, in the aggregate, was not less than Rs. 1,00,000/- per month.									
Mittal S.C.	Executive Director (Operations & Marketing)	16,81,796	8,49,509	65	B.E. (Mech.) 37 years	15.10.92	Triveni Engineering Works Limited	4	Vice President (Oil & Gas)

- 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 of Provident Fund and Superannuation Fund, and monetary value of non-cash perquisites as per Income-tax Rules, Gratuity, Leave Encashment 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 employees except the Managing Director, are non-contractual and as per the terms and conditions of the Company.

ANNEXURE "B" TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 and forming a part of the Directors' Report for the year ended 31st March 2001.

Research & Development

The Company's operations are carried out in accordance with internationally established drilling practices.

Technology Absorption, Adaptation and Innovation

As a result of the ongoing development of indigenous technical capabilities, the Company's dependence on foreign technicians has continued to be minimal.

The Company is also making conscious efforts on a continuous basis to keep the requirement of import of stores and spare parts for its operations to the bare minimum.

Foreign Currency Outgo and Earnings

The foreign currency outgo for the Company's charter hire operations during the year under review was Rs.23,67,35,005. Earnings in foreign currency amounted to Rs. 97,57,45,815.

Chennai, 27th July, 2001

For and on behalf of the Board

REJI ABRAHAM
Director

M.A. ABRAHAM
Director