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Corporate India

A special feature



**Gujarat
companies**

**10
Good
Buys**



Mahesh Vyas

JOHN ENERGY

Profitable drill

John Energy, engaged in providing services in onshore drilling and extraction of oil and gas, aims at crossing the Rs. 500-crore sales mark soon, riding on the back of the boom in oil and gas exploration ventures.

With governments all over the globe aggressively pushing for exploration of conventional oil and gas as part of their strategies to immune themselves from supply disruptions as also bridge the gap between demand and supply, prospects for the multi-segment sector have brightened.

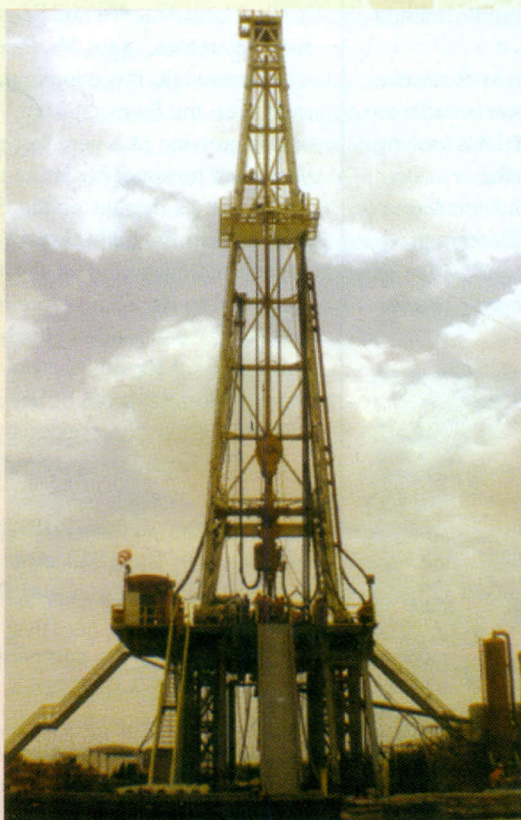
With huge tracts of unexplored areas, the opportunities for players to venture into this sector are immense. Operating in this arena is John Energy Ltd. (JEL), the flagship company of the John Group engaged in on-shore exploration activities providing basic services of drilling and extracting oil and gas. The John group, oldest in Indian oil and gas field service sector is a conglomerate of John Energy Ltd, John Oil & Gas Ltd and JVM Engineering Company. It started operations in 1987 through JVM Engineering Company, then serving the tube and bore well sector to find underground waterholes or aquifers for potable water particularly in the western region of India.

With a track record of having liquidated more than 2,500 oil and gas wells till date and successfully completing hundreds of critical well-fishing jobs with work-over operations up to

5400 meters, the company has completed high pressure gas wells of 10,000 psi apart from completing more than 50 dual completion wells. John Energy's rig availability time is recorded at more than 98 per cent that has been possible by the qualified, competent and skilled manpower of over 1100 personnel who have had international exposure and experience and are conversant with modern oil & gas drilling operations and maintenance.

An ISO 9001:2008, ISO 14000:2004, OHSAS 18001:2007 certified company for providing onshore drilling / work-over rigs to public and private E&P operators, JEL is equipped with 25 land rigs of different capacities, makes and models and 3 gas compressor units maintained in excellent conditions. Having its own rig manufacturing unit and a fully equipped oil field standard work shop, it also has a proper storage and stacking yard with a back-up material procurement and logistic support.

"Our growth graph is rising consistently. We had 16 rigs in 2008 that went up to 21 in 2009 and in 2010 we have a total 25 rigs, wherein 21 rigs are deployed in



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while 4 are outside India," smiles Mr. Mahesh Vyas, managing director. He adds "our assets are fully occupied with our turnover reaching the Rs. 200-crore in 2009-10 on which we had earned a net profit of Rs. 100-crore". Currently, the company has an order book of Rs. 100 crore, to be executed in the next three years. With Rs. 100 crore already invested in 2009 for gross block asset creation, the performance of the company is bound to improve further.

As the optimistic Mr. Vyas, "We hope to do a turnover around Rs. 260 crore in 2010-11, expect to cross the Rs. 400-crore mark in 2011-12 and reach the Rs. 500-crore milestone in 2012-13". His confidence emanates from the liberalised policy of the government to involve the private sector in the oil and gas exploration sector. Moreover, the growth of this segment of support services to private play has bolstered increasing activity that is expected to rise at a compound annual growth rate of 20 per cent in the next 5 years has already grown at 15-20 per cent in past three years.

A lot of oil exploration is pending in India and lot of investments are also coming up. According to Mr. Mahesh Vyas, by the end 2012 major options will be over and real exploration will get momentum from the year 2013 and 2014 onwards.

Since this is a specialized field of operations, it is essential that the staff are adept in all aspects of execution including drilling, work-over, cementing, production, etc. They have regular manpower training to enhance operational and maintenance skills for running drilling rigs efficiently, safely and in a safe manner as the rigs have to be deployed in multiple geographic locations to penetrate various surface depths", says Mr. Vyas.

He continues, "Our forte lies in our fast-paced methodology wherein the well-structured, project-dedicated field and project management teams with clearly defined roles and responsibilities, enable fast and effective decision-making and in-time implementation. This gives the com-

pany the capability to plan, monitor and execute projects of any size with flexibility and dexterity".

"We would not like to enter into oil exploration as it would be like competing with the clients. We are working on acquisition outside India," says Mr. Vyas, even as he informs that attrition rate at John Energy is 6 per cent against 16-20 per cent in the industry.

A member of the International Association for Drilling Contractors, JEL has a one stop solution for supply, erection and commissioning of natural gas compressors. It provides natural gas compressors on charter hire basis together with their operation and maintenance including inventory management.

With service spectrum broadly ranging from facility development, oil & gas field logistics, spanning entire width of drilling of oil & gas wells, and natural gas compression, JEL has plans to acquire new equipments and recruit technical manpower for services comprising hydro fracturing, acidisation, coil tubing, directional drilling and drilling fluid engineering, to mention but a few.

"We are poised to enter the former CIS countries and the Middle East markets shortly and are in the process of finalizing the business model. Our sister concern Synergy Drilling Fluid Services marks our move to enter drilling fluid engineering. These initiatives have a strong financial support from our flagship company backed by the technical capabilities of our experienced manpower", informs Mr. Vyas.

JEL sees substantial potential in Africa and has an extensive presence in Algeria. The company is likely to dig around 55 wells in the Algerian desert in the next three years. It has executed drilling contracts in Uganda and is shipping two high-capacity 1500HP and 2000HP rigs after securing a contract with Algeria's government-controlled firm, Sonatrach. After installation of these two rigs, production of natural gas in the onshore field is expected to commence next year. "From the Hassi Messaoud gas field in the Algerian desert, natural gas will be supplied to Turkey and Europe via France, through an under-water pipeline across the Mediterranean Sea", says Mr. Vyas.

The discreet Mr. Vyas has set his eyes on the shale gas exploration segment. According to him, "We will witness a sharp paradigm shift worldwide in the energy sector from oil to gas. There is much exploration to be done as India is striving for energy with almost 70 per cent crude oil being imported. The development of a domestic shale gas exploration policy holds tremendous potential for the country and John Energy".

He hints, "We are building our top line and we may come out with an IPO in 2011-12, even as we are actively considering forging alliances and pursuing organic and inorganic growth approaches". ■

