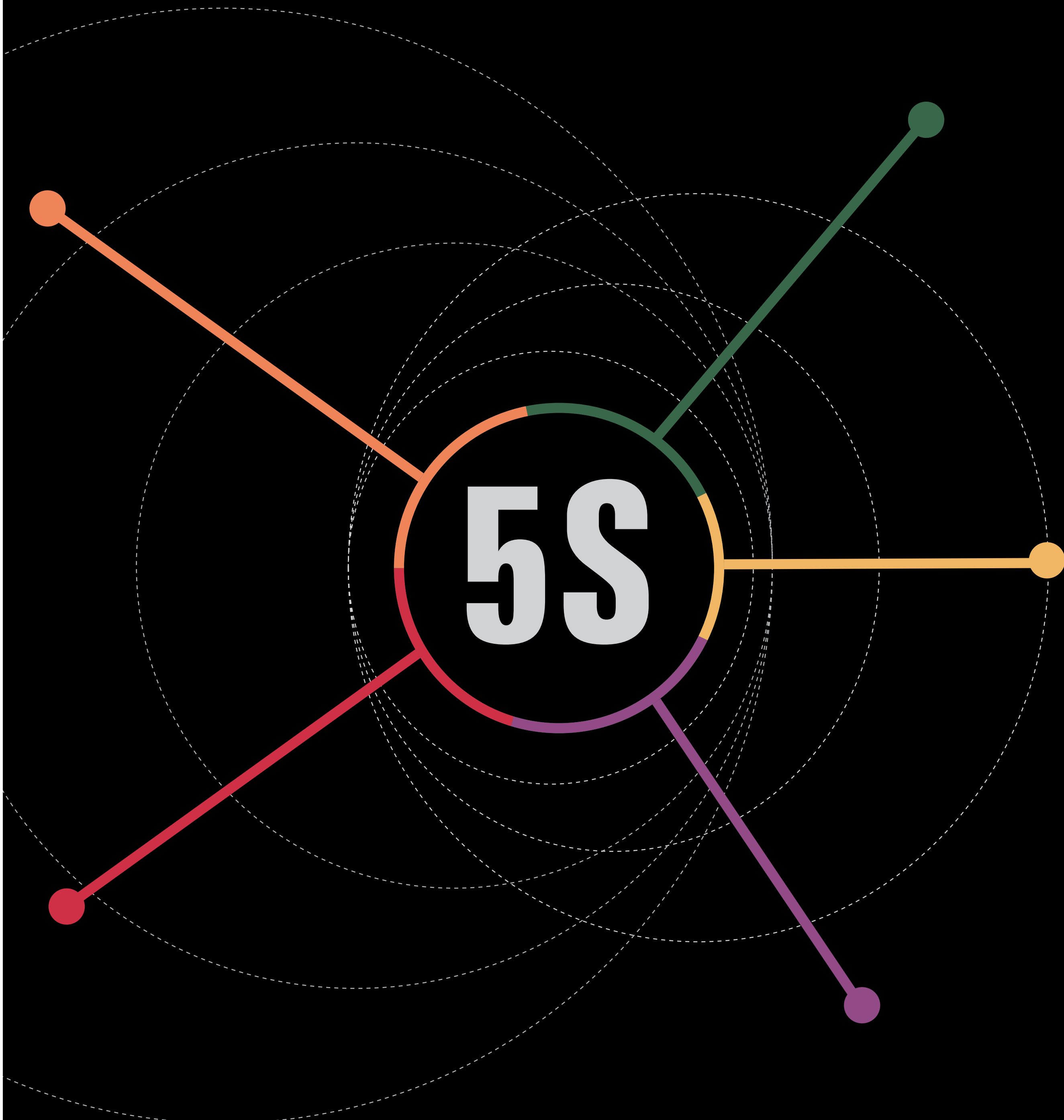


ALPHAGEO (INDIA) LIMITED

24TH ANNUAL REPORT 2010–11

Forward looking statement

In this annual report, we have disclosed forward-looking information to help investors comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTENTS

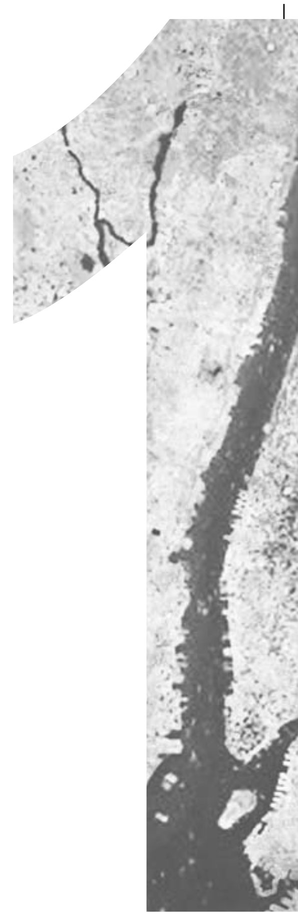
SCALE.
SIZE.
SERVICE.
SAFETY.
SECURITY.

Alphageo will continue to invest in its 5S strategy to be able to arrive at the critical sixth S – success

“MOTIVATION IS WHAT GETS YOU STARTED. HABIT IS WHAT KEEPS YOU GOING.”

JIM ROHN

SCALE



AT ALPHAGEO, WE FOCUSED ON INVESTING IN OUR SCALE IN GOOD TIMES AND BAD.

With good reason: Scale strengthens confidence in delivery, sustains organisational momentum and enhances customer respect.

We created four sets of crew (3-D capable) and enhanced channel count (key growth matrix) from 6,000 to 12,500 in six years ending March 31, 2011.

We invested in state-of-the art equipment comprising 24-bit Delta Sigma technology with cable telemetry ION System Four and the ION Scorpion systems for 3D survey, SM 24 sensors with a full set of auxiliary equipment capable (for distortion-free 2D and 3D seismic acquisition data), data processing centre with widely used software (for data processing and analysis) and advanced interactive workstations and software for 2D/3D seismic data interpretation (a global standard). This was the result: We retained our position as India's largest merchant (non-captive) seismic service company.

“AN INVESTMENT IN KNOWLEDGE PAYS THE BEST INTEREST.”

BENJAMIN FRANKLIN

SIZE

AT ALPHAGEO, WE ARE CONTINUOUSLY ENGAGED IN ENHANCING OUR KNOWLEDGE REPOSITORY.

Knowledge of geological formations. Knowledge of geographic terrains. Knowledge of client needs.

Our knowledge repository encompasses an experience of more than 10,000 person-months of challenging terrains, multinational professionals, multi-basinal experience and project execution in the inhospitable Himalayan foothills of Uttaranchal, jungles of Pranhita Godavari in Andhra Pradesh, hilly regions of Jairampur in Arunachal Pradesh, as well as forested areas of Mizoram and Assam, among others.

This was the result: We secured contracts of Rs. 368 million in 2010-11, 47% higher than Rs. 250 million in 2009-10, as well as our first international contract.

“THE GOAL AS A COMPANY IS TO HAVE CUSTOMER SERVICE THAT IS NOT JUST THE BEST, BUT LEGENDARY.”

SAM WALTON

SERVICE

AT ALPHAGEO, SUCCESSFUL PROJECT COMPLETION IS A MILESTONE IN A CEASELESS PURSUIT TO DELIGHT CUSTOMERS.

Alphageo provides the entire service basket in the geophysical services space. We employ an inspired and experienced team of experts comprising geologists, geophysicists, reservoir engineers and survey engineers with multi-basinal exposure. We foster a 'must-do' response even in the most challenging projects. We manage complex logistics in remote locations. We follow documented procedures (benchmarked to international standards), leading to timely project execution.

This service passion is showcased in two realities:

• Our clients include leading global names in the oil and gas sector like ONGC Ltd, Oil India Ltd, Tullow India Operations Ltd, Hardy Oil and Gas Plc., Geopetrol International Inc., Canoro Resources Ltd, Interlink Petroleum Ltd and Essar Oil Ltd, among others.

• More than 80% of our projects were delivered before the agreed completion schedule.

“PEOPLE DON’T CARE WHAT YOU KNOW UNTIL THEY KNOW YOU CARE.”

CORRIE PITZER

SAFE

AT ALPHAGEO, WE ARE DETERMINED TO CREATE A DIFFERENTIATED RECALL OF SAFETY IN A BUSINESS MARKED WITH GROUND ADVERSITIES.

Safety for our people, environment, peripheral community and stakeholders.

Our safety philosophy is driven by HSE guidelines and procedures in accordance with IAGC Land Geophysical Operations – Safety Manual and IAGC Environmental Guidelines for Worldwide Geophysical Operations.

Our responsibilities encompass the following: Negotiating ecological and logistical challenges without disturbing the earth's cover, optimising the use of explosives, protecting the green cover, building access roads and bridges in areas (close to the project site) lacking basic infrastructure and providing employment to residents in the areas of our presence.

“A BUSINESS THAT MAKES NOTHING BUT MONEY IS A POOR KIND OF BUSINESS.”

HENRY FORD

SECURE

AT ALPHAGEO, WE FOCUSED ON HOLISTIC BUSINESS VALUE ENHANCEMENT AS OPPOSED TO THE OBJECTIVE OF SHORING PROFITS.

This differentiated strategy enhances profitability, generates liquidity and funds growth, helping create a financially secure corporate.

Our value enhancement is reflected in the following realities: we were among the first to offer 3D services in the Indian geophysical space, acquired more than 2,500 sq. kms of 3D data in six years leading to 2010-11, and maintained strict financial discipline.

Our financial security comprised stringent control on receivables to fund working capital requirements and utilising surpluses to reduce debt.

Our measures yielded the following result: We achieved a debt-equity ratio of 0.03 as on March 31, 2011 in a capital-intensive business.

ALPHAGEO. ONE OF INDIA'S LEADING SEISMIC SURVEY SERVICES PROVIDERS.

HEADQUARTERED IN HYDERABAD, INDIA, ALPHAGEO (INDIA) LIMITED PROVIDES 2D AND 3D SEISMIC DATA ACQUISITION, PROCESSING AND INTERPRETATION FOR THE OIL EXPLORATION AND PRODUCTION SECTOR.

Leadership

The Company achieved market leadership through the following technologies:

- Cutting-edge technology with cable telemetry for 2D and 3D surveys and sensitive, low distortion sensors with a full set of auxiliary equipment
- Full-fledged data processing and analytical software with advanced interactive workstations
- Sophisticated software for 2D seismic data interpretation at workstations
- Cutting-edge quality-control tools

Experience

The Company possesses an experience of working in difficult terrains while respecting local socio-economic realities and environments.

Presence

Madhya Pradesh, Andhra Pradesh, Rajasthan, Mizoram, Assam, Manipur, Arunachal Pradesh, Nagaland, Gujarat, Bihar, Uttaranchal, Tamil Nadu and Uttar Pradesh.

To explore international business opportunities, the Company setup a wholly-owned subsidiary company called Alphageo International Limited, in Dubai, UAE.

1987

Year of incorporation as a private sector company

107

Total team strength as on March 31, 2011

12,500

Channel count

VISION

Emerge as a leading geophysical services player with global operations to deliver time-critical, quality data at competitive prices.

MISSION

Alphageo is a company with the goal of being the industry's premier provider of cost-effective seismic services and geophysical solutions. We strive to deliver high-quality services while maintaining a safe, enjoyable, and challenging workplace for our employees. We hold in highest regard the environment and societies in which we work. We are committed to provide excellence in all that we do and through this, create value for all our stakeholders.

Our prestigious clientele

Oil and Natural Gas Corporation Limited, Oil India Limited, Essar Oil Limited, Geopetrol International Inc., Canoro Resources Ltd, Directorate General of Hydrocarbons, Hindustan Oil Exploration Company Limited, Naftogaz–Adani Group, Tullow India Operations Ltd, Gujarat State Petroleum Corporation Limited, GeoEnpro Petroleum Ltd, Hardy Exploration & Production (India) Inc., Mercator Petroleum Ltd, Selan Exploration Technology Ltd, Jindal Petroleum Operating Company LLC., KEI-RSOS Petroleum & Energy (P) Ltd, Jubiliant Oil and Gas (P) Ltd.

12+

The number of states in which the Company enjoys a rich working experience

34

Promoter holding (%) as on March 31, 2011

VALUES

Do what's right

We are committed to maintaining the highest standards of ethical conduct in all we do. We believe that honesty and integrity instills trust, forming the cornerstone of our business. We abide by the laws of India and the other countries in which we conduct business, we strive to be good citizens and take responsibility for our actions.

Respect others

We recognise that our success as an enterprise depends on the talent, skills and expertise of our people and our ability to function as a well-integrated team. We appreciate our diversity and believe that respect – for our colleagues, customers, partners and all those with whom we interact – is an essential element of all positive and productive business relationships.

Perform with excellence

We understand the importance of our mission and the trust our customers place in us. With this in mind, we strive to excel in every aspect of our business and approach every challenge with a determination to succeed.

2010-11 IN RETROSPECT

In numbers

- Generated net revenue of Rs. 219.71 million
- Earned an EBIDTA of Rs. 10.93 million
- Posted a net loss of Rs. 126.59 million
- Reported a loss per share (diluted) of Rs. 24.45

Projects bagged

- Bagged its first international contract from Jindal Petroleum Operating Company LLC in Georgia for onshore 2D seismic data acquisition worth USD7.5 million.
- Secured a contract from Mercator Petroleum Limited for the acquisition of 2D and 3D seismic data and processing in Gujarat for a contract value of Rs. 136 million
- Secured a contract from KEI-RSOS Petroleum & Energy (P) Limited for the acquisition of 3D seismic data and processing in Andhra Pradesh and processing data for a contract value of Rs. 74 million
- Secured a contract for the acquisition of 2D and 3D seismic data in Manipur from Jubiliant Oil & Gas (P) Limited, valued at Rs.145 million

Total income (Rs. in million)

2007-08	818.99
2008-09	647.67
2009-10	789.23
2010-11	219.71

EBIDTA (Rs. in million)

2007-08	379.17
2008-09	286.18
2009-10	328.49
2010-11	10.93

Post-tax profit/(loss) (Rs. in million)

2007-08	126.48
2008-09	59.54
2009-10	97.27
2010-11	(126.59)

Cash profit (Rs. in million)

2007-08	265.03
2008-09	224.98
2009-10	262.50
2010-11	28.56

Gross block (Rs. in million)

2007-08	1,094.86
2008-09	1,054.37
2009-10	1,098.84
2010-11	1,074.07

Capital employed (Rs. in million)

2007-08	693.14
2008-09	660.14
2009-10	52.49
2010-11	521.37

Reserves and surplus (Rs. in million)

2007-08	423.92
2008-09	491.36
2009-10	582.85
2010-11	456.65

Return on net worth (%)

2007-08	25.74
2008-09	10.97
2009-10	15.34
2010-11	(24.91)

Book value (Rs.)

2007-08	95.97
2008-09	105.85
2009-10	123.10
2010-11	97.48

From the Chairman's desk

"WITH THE WORST BEHIND US, WE WILL CAPITALISE ON OPPORTUNITIES IN THE OIL AND GAS SPACE."

Mr. Z. P. Marshall, Chairman, Alphageo (India) Limited, highlights the prospects of the Company

IT WAS A PARTICULARLY DIFFICULT YEAR FOR THE COMPANY AS REVENUES DECLINED AND WE POSTED A NET LOSS AFTER 10 YEARS OF PROFITABLE OPERATIONS.

However, there was a silver lining in the Company's performance as it stepped beyond India for the first time following an international contract from Jindal Petroleum Operating Company LLC (affiliate of Jindal Petroleum Limited) for onshore 2D seismic data acquisition in Blocks IX and X in Georgia. This project, although modest in value terms, opened our access to a large global market from where we expect to receive an increasing number of contracts over the foreseeable future.

Despite challenging conditions, we received new orders valued at Rs. 368 million in 2010-11, against Rs. 250 million in 2009-10. The unexecuted order book position of Rs. 284 million as on March 31, 2011 (excluding an overseas assignment of USD7.5 million) provided us with a strong start for 2011-12.

Global opportunities

Global E&P spending in 2011 is expected to surpass half a trillion dollars, rising 16% to USD529 billion against USD458 billion in 2010 *(Source: Barclays Capital)*. The surge is expected to be driven by incremental spending in North America (16.2%) and the rest of the world (15.5%).

Over the medium-term: Overall crude and natural gas liquids (NGLs) capacity is expected to increase by only 0.5 mbpd every year over the next two years to 94.3 mbpd in CY12 (E). Most of the increase in crude and liquid capacity is expected to come from OPEC (NGLs that rise by 0.6 mbpd every year). Crude capacity in OPEC and non-OPEC countries is expected to remain flat during the period.

Slower increase in crude and liquid supplies over CY10-12 (0.5 mbpd/year) compared with demand increase (1.2 mbpd/year) will lead to an increased dependence on OPEC crude. OPEC spare capacity is likely to decline CY11 onwards to less than 5% of the total crude demand in CY12 (E). As spare capacity heads towards 5% of global demand or 4.5 mbpd, crude prices are expected to turn volatile.

Besides, finding, development and production costs are expected to increase globally. Consequently, average crude oil prices are expected to consistently cross USD100 per barrel by 2013, making it lucrative for additional investments in the E&P space.

> **"WHEN EVERYTHING SEEMS TO BE GOING AGAINST YOU, REMEMBER THAT THE AIRPLANE TAKES OFF AGAINST THE WIND, NOT WITH IT."**
> **– Henry Ford**

E&P activities in India

In the Indian hydrocarbon chain, oil and gas production is expected to grow aggressively in 5-10 years. The success of the New Exploration Licensing Policy (NELP) is reflected in the discovery of world-class hydrocarbon assets like the KG Basin. The discovery of Mangala oil field (in Rajasthan by Cairn India) was positioned as India's biggest after ONGC's Mumbai High discovery (1981). Despite this success, India will still need to import about 70% of its 3.2 mbpd oil requirement. We expect India's E&P investments to continue to be more focused towards garnering oil producing assets.

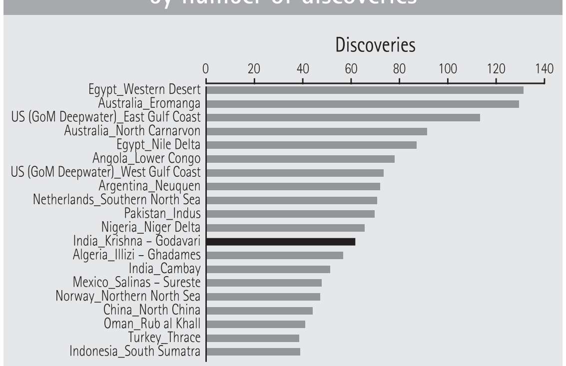
Increasing oil exploration investments

To achieve energy security, the Indian government is encouraging investments in the oil sector for the following reasons:

Ballooning subsidy bill: Between 2000-01 and 2008-09, India's oil bill grew eightfold and the government incurred a subsidy of USD18 billion for the supply of petroleum products. To reduce this burden, the government announced a number of favourable policies to attract investments.

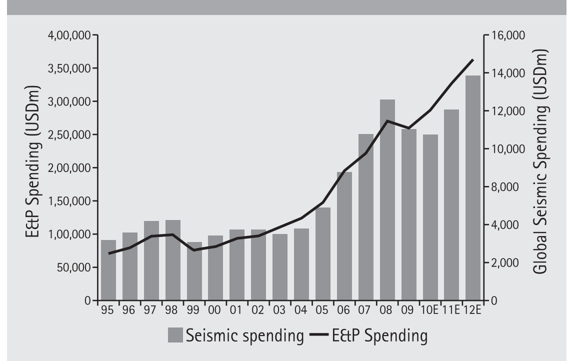
Macro perspective: Historically, India's energy growth to GDP growth ratio was 0.7. With a GDP growth target of 9%+, India's energy demand is likely to grow at about 6%

World's top exploration provinces (1999-2009) by number of discoveries



Source: Wood Mackenzie

An increase in seismic spending



Source: SEB Enskilda Equity Research

(correlation of 0.7). A decline in oil demand in major developed countries could see India's share of global energy consumption rising to 5% (4.2% in 2009), warranting an increased investment in finding additional oil sources.

Global share: Despite one of the biggest gas discoveries at KG D6, India's global gas reserve share stands at an insignificant 0.6%.

Opportunities in unconventional sources

Coal bed methane gas: India is the world's fourth-largest coal producer with the third-largest proven coal reserves. With about 4.6 TCM of CBM resources, the country has significant prospects for the commercial recovery of CBM. To exploit India's vast coal reserves and the methane gas trapped in coal seams, the government formulated a policy for exploiting Coal Bed Methane. Proven CBM reserves in India are equivalent to the oil and natural gas reserves in India. Up till 2010, 31 CBM blocks were awarded over four rounds of CBM bidding.

Shale gas: Prospects of large shale deposits exist across the Cambay basin, Assam-Arakan basin, KG basin and Cauvery basin. The government plans to launch the first round of shale gas bidding. In anticipation of this opportunity, some major players have taken important initiatives to establish a presence in this space. Reliance Industries acquired stakes in Marcellus shale and Eagle Ford acreage in the US while ONGC is carrying out a pilot project in the Damodar basin, a first in India. If large resource bases are established, it could boost India's energy self-sufficiency.

Our strategic blueprint

Alphageo readied itself for a dynamic industry environment through various initiatives:

We right-sized our balance sheet through debt reduction.

We focused on capability strengthening through progressive investments in equipment, cost review, financial discipline and enhanced efficiency.

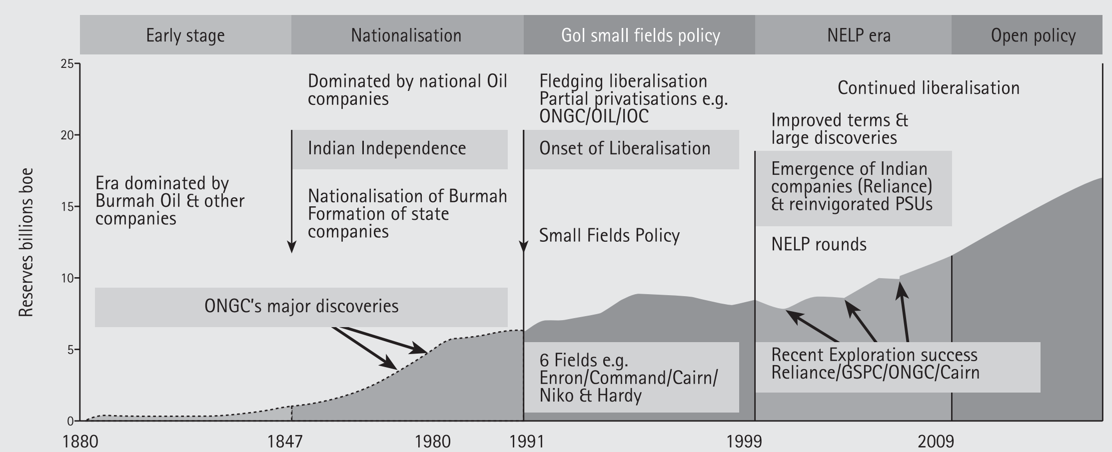
We bid for international projects across global exploration regions and are actively viewing the African market.

Message to shareholders

Prospects appear promising as the rise in the price of oil enhanced industry cash flows leading to additional prospecting investments. Alphageo will reinforce its strengths, grow its competitive edge and contribute to the country's energy security.

Z. P. Marshall
Chairman

India's E&P progress



Source: BP Statistical Review 2010 and CMIE

BUSINESS PILLARS

Experience
Alphageo enjoys a two-decade rich multi-basinal experience in the seismic survey space

Leadership
Alphageo is one of India's leading seismic service providers in the private sector

Technology
Alphageo has consistently invested in modernising its 2D and 3D equipment, allowing it to retain the cutting-edge of technology

Wide presence
Alphageo possesses working experience across various basins; the Company's footprint extends across more than 12 Indian states

Position
Alphageo is a preferred partner for seismic survey services in North Eastern India

Project delivery
Alphageo is acknowledged for on-time project delivery (about 80% delivered on time) despite operating in inhospitable terrains.

Rich clientele
Alphageo's credibility is reinforced by successful contracts undertaken for large national and international oil exploration players

Stability
Alphageo's stability is reflected in a low debt-equity ratio at 0.03 (March 31, 2011) and cash balance of Rs. 26.82 million.

MANAGEMENT DISCUSSION AND ANALYSIS

A. ECONOMIC OVERVIEW

The global economy

The global economy grew at a robust 5.1% in 2010 against (0.5%) in 2009. Private consumption, which had fallen sharply during the crisis, revived in the advanced economies while growth in emerging and developing economies was spurred by private demand, accommodative policy stances and resurgent capital inflows. However, pockets of vulnerability persisted; real estate markets and household income remained weak in some advanced economies.

GDP growth (%)

	2009	2010
Global	(0.5)	5.1
Advanced economies	(3.4)	3.0
Emerging economies	2.8	7.4

(Source: IMF)

Challenges in advanced economies: The Eurozone crisis deepened in the first half of CY 2011. Greece was the target of a second bailout package of Euro 110 billion while the Greek government passed a five-year plan to reduce spending and privatise many government operations. Experts fear that there is a danger of the economic contagion spreading from peripheral countries such as Greece and Portugal to major European economies such as Italy, Spain or even France. Standard & Poor's downgraded the USA's AAA credit rating for the first time, to AA+.

Emerging markets will redefine the global economy: According to the World Bank report 'Global Development Horizons 2011-Multi polarity: The New Global Economy', Brazil, China, India, Indonesia, South Korea and Russia will drive growth in lower-income countries through cross-border commercial and financial transactions. As a group, emerging economies are expected to grow an average 4.7% a year between 2011 and 2025; advanced economies, in contrast, are slated to score only 2.3% over the same period, but will retain their global dominance.

The Indian economy

India's GDP grew 8.5% in 2010-11 (8.0% during 2009-10), primarily driven by significant gains in agriculture while the service sector maintained a near 10% growth. Sub-par performance in the manufacturing and mining sectors pulled down overall industry growth from 10.5% in the previous fiscal to 7.8% in 2010-11.

Even as the macroeconomic numbers displayed a strong performance, significant volatility was evident not only in the numbers but also in sentiment, primarily driven by global cues and policy responses addressing inflation.

Headline inflation witnessed a relentless rise during the first half of 2010 and remained in double-digits for almost five months in 2010. The uneven monsoon of 2009, domestic supply-side constraints and rising international foodgrain prices fuelled inflation in the manufacturing goods and services sectors.

GDP estimates, 2011-12

Given the underlying momentum, the Indian economic outlook became encouraging on the back of sustained increases in services sector growth, normalisation in agricultural output and robust private consumption demand. A substantial government thrust on infrastructure projects and development will propel industrial sector growth. However, the two perceived road blocks - inflation and rising global oil prices - forcing the International Monetary Fund to scale India's growth projections for 2011 to 8.2%.

Oil and the Indian economy

India imports more than 70% of its crude oil requirement, its oil import bill standing at USD79.55 billion in 2009-10 and USD106 billion in 2010-11.

India's subsidy bill for 2010-11 was 78,000 crore, accounting for 7.03% of the entire Budget expenses. In 2010-11, the government spent Rs. 30,300 crore to partially compensate state-run refiners for selling fuel below cost.

In Budget 2011, the government announced a fuel subsidy bill of USD5.2 billion for this fiscal, based on the assumption that oil prices will remain below USD100 per barrel.

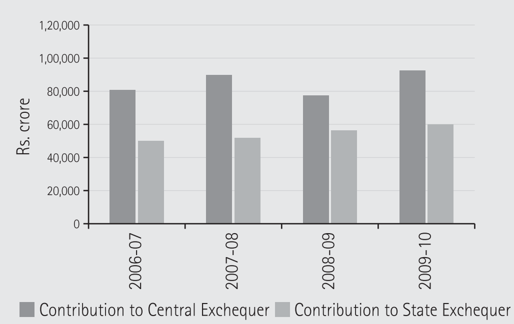
However, the oil subsidy bill is likely to be inflated by USD6.8 billion in the wake of sustained high prices. Consequently, experts believe that the government may not be able to achieve the fiscal deficit target of 4.6%, given the upside risk to oil subsidy among other factors.

A study by Morgan Stanley suggests that international crude oil prices at USD85 can shave off 0.9% from India's GDP and at USD100, the drop can be as high as 1.3%. An analysis by Standard Chartered indicates that every increase of USD1 per barrel in Indian crude basket prices increases the annual import bill by USD1.2 billion.

Under-recoveries and fiscal deficit (Rs. crore)

	Under recoveries (UR)	Fiscal deficit (FD)	GDP	FD as %age of GDP	FD and UR as %age of GDP
2005-06	40,000.00	2,39,560	35,40,559	7	8
2006-07	49,386.55	2,30,432	38,74632	6	7
2007-08	77,122.69	2,03,922	42,47,918	5	7
2008-09	1,03,292.16	4,73,947	44,65,360	11	13
2009-10	46,050.82	5,97,414	48,07,222	12	13

While the oil subsidies are a significant burden on the Indian economy, the oil sector is also the largest contributor to the exchequer (11% of the central government receipts in 2009-10).



Global oil and gas sector

Global oil demand (87.45 million barrel per day (mbd) in 2010) returned to pre-financial crisis levels (86.70mb/d in 2007), with emerging economies leading demand growth. Average international oil prices were at USD79.45/barrel in 2010, 28.4% higher than in 2009.

Non-OECD oil demand is estimated at 41.50 mbd in 2010, 5% higher or 1.97 mbd more than 2009. That is the highest demand climb since 2004. Oil demand in the Asia-Pacific amounted to 19.52 mbd in 2010, with the world's highest growth rate of 6.3%. Global oil supply is estimated to rise to 87.30 mbd in 2010, 2.5% higher (or 2.1 mbd more) than that in 2009. Non-OPEC production (including global bio-fuels) amounted to 52.8 mbd, 1.10 mbd more than the previous year.

Global exploration and development revived following a brief contraction in 2009. Oil and gas production returned to growth, of 1.7% and 2.4% respectively. According to data released by Oil and Gas Journal (OGJ), global oil reserves increased by 8.9% to 201.39 billion tonnes and global natural gas reserves rose by 0.6% to 188 trillion cubic meters (TCM) in 2010. Most of the newly added oil reserves were derived from South America and Africa. Oil reserves in Africa increased by 3.4%.

Global oil production fell by 2.6% in 2009, the biggest drop since 1982, but increased by 1.7% in 2010. Oil production in the Asia-Pacific increased by 3.9%, while oil production in North America increased by 2.4% to 540 million tonnes, most of which was due to unconventional oil. As the world's biggest oil producer, Russia lifted its oil production by 2.7% to 500 million tonnes. African oil production increased 3% to 445 million tons, with production in Nigeria increasing dramatically by 13%.

Global exploration and development investment were re-activated in 2010 due to the significant role played by national oil companies (NOCs). According to estimates, the planned exploration and development expenses of the 24 NOCs amounted to USD189.2 billion in 2010, up 13.9% from 2009 figures.

Global exploration and development investment in 2011 is likely to be restored to the pre-financial crisis level. The investment will be mainly directed towards unconventional oil and gas projects in North America, large oil and gas projects in the Middle East and Africa, LNG projects in Asia-Pacific and deep-water pre-salt oil and gas projects in Latin America.

Global natural gas consumption in 2010 amounted to 3 trillion cubic metres, with 2% growth, lower than the average over the past decade. The growth rate for the Asia-Pacific and Europe (including Central Asia and Russia) was close to 3%. Power generation became a major driver of global natural gas consumption in addition to being the fastest-growing sector for gas utilisation. The International Energy Agency (IEA) estimated that in OECD countries the share of natural gas used in power generation was 34.8% in 2010, 7.4 percentage points higher than 2000. Emerging economies like China saw most of their consumption growth driven by the residential sector or city gas.

Oil and GDP

It is estimated that USD100 oil will reduce the U.S. economic growth by 0.2 or 0.3 of a percentage point. Estimates suggest that global growth will slip about 0.1 percentage point.

B. OIL AND GAS SECTOR

Indian oil and gas sector

India is the world's fifth-largest energy consumer. Oil accounts for about 32% of India's total energy consumption, down 3% from 35% earlier this decade.

India's 5.80 billion bbl of proven oil reserves (BP Statistical Review of World Energy, June 2009) represents just 0.5% of the world's total, with Mumbai High being the biggest producing field. India currently accounts for 0.4% of global reserves and just over 1% of production.

Almost 70% of India's total crude oil imports are from the Middle East and North Africa (MENA). Global oil prices have assumed a direct bearing on the price of Indian fuel imports, adding to inflation. Fuel inflation is on the rise except a brief decline in 2008 when global prices dipped. Inflation in crude oil contributes to 14.2% of India's headline inflation.

According to the U.S. Energy Information Administration, the consumption of crude oil in India is expected to rise 1.8% annually between 2007 and 2035, driven by the transportation sector. Consumption is expected to rise to 3.2 mbpd in 2015 and 4.7 mbpd in 2035, far exceeding domestic production. The consumption is expected to grow at almost double the rate of growth in production, necessitating an aggressive investment in exploration.

Exploration and production

India's sedimentary basins remain vastly unexplored with only 20% of acreage explored adequately. India's offshore density is only 1.3 wells per thousand sq. km, compared with a density of 10 wells per sq. km in the Gulf of Mexico, indicating attractive room for growth.

Well density in India

Onshore

Basin	Basin area	Wells	Well density (wells/000 sq kms)
Assam	116,000	2,551	21.99
Cambay	51,000	5,527	108.37
Bengal	57,000	36	0.63
Ganga valley	186,000	21	0.11
Vindhyan	162,000	22	0.14
Rajasthan	126,000	168	1.33
TOTAL	**698,000**	**8,325**	**11.93**

Offshore

Basin	Basin area	Wells	Well density (wells/000 sq kms)
Shallow water			
East Coast	98,715	79	0.80
West Coast	19,078	1,034	54.20
TOTAL	**117,793**	**1,113**	**9.45**
Deep water			
East Coast	478,209	70	0.15
West Coast	377,023	67	0.18
TOTAL	**855,232**	**137**	**0.16**
TOTAL	**973,025**	**1.250**	**1.28**

India Average Well Density - 5.73

New Exploration Licensing Policy

The Government of India's New Exploration Licensing Policy (NELP), unveiled in 1999, proved successful for the following reasons:

• Total investment attracted from Indian and foreign companies touched an estimated USD13.8 billion (as on June 30, 2010); about 239 production sharing contracts (PSCs) were signed up to NELP VIII.

• Enhanced the exploration coverage from 11% to about 58% of the Indian sedimentary basin between 2000 and 2010

• Resulted in 87 oil and gas discoveries in 26 blocks (awarded under NELP); resulted in accretion of in-place hydrocarbon reserves of more than 640 million tonnes of oil equivalent; about 68% of the discoveries since 1990 were in NELP blocks.

• Dhirubhai-1 and three gas finds in the D6 block in Krishna Godavari basin, off the east coast, were the biggest successes. The block currently produces 60 million standard cubic metres of gas per day, increasing domestic gas production by about 72% over 2008-09.

	NELP I	NELP II	NELP III	NELP IV	NELP V	NELP VI	NELP VII	NELP VIII
Blocks offered	48	25	27	24	20	55	57	70
Blocks bid for	28	23	24	21	20	52	45	36
Bids received	45	44	52	44	69	185	181	76
Blocks awarded	25	23	23	21	20	52	44	31

NELP IX

The government announced NELP IX in October 2010, offering 34 blocks for oil and gas exploration (eight deepwater blocks, seven shallow water and 19 onshore properties). It received 74 bids for the 33 blocks – one block off the coast of Mumbai did not receive any bids. Of the 34 blocks, 19 are fresh, while the rest are recycled (blocks of the previous NELP rounds). Of the recycled blocks, five were discards of ONGC.

Factors driving investment in E&P

Demand side

• As per the Integrated Energy Policy of the Planning Commission, Government of India, India's energy need is expected to grow fourfold from 433 million tonnes of oil equivalent (MTOE) to around 1,856 MTOE by 2032.

• India's automobile sales will clock the fastest growth (CAGR) between 2009 and 2020, more than double that of China and the triad of North America, Europe and Japan

• Crude oil import dependence at 80% is projected to rise to 91% by 2030.

Supply side

• Improve/maximise production from existing and new fields (key target: raise recovery factor to 40% from the present 28%)

• Blocks awarded from NELP VIII & NELP IX will result in incremental drilling from 2013 onwards

• India plans to move to the Open Acreage Licensing Policy (OALP) regime soon. This will enable upstream companies to bid for any oil and gas block without waiting for the announcement of bidding under the new exploration licensing policy (NELP) regime

Credible estimates

- McKinsey indicates that "demand for gas in India would surge by 9-10% annually to about 115 to 135 billion cubic meter (BCM) by 2020."
- As per CII estimates, the demand for oil will be 3,280 lakh tonnes of oil equivalent by 2030, based on a 3.8% year-on-year consumption growth.
- International Energy Outlook (IEO) projects that India's oil consumption will more than double to 5 million bpd by 2030.

Unconventional energy sources – a new opportunity window

Coal-bed methane (CBM): This is a form of natural gas extracted from coal beds. The global production trend has been encouraging since 1990 – growing from 6bcm to 50bcm at present. China is the leading global CBM producer followed by the US. India, with the third-largest coal resources in the world, made significant CBM discoveries in Central and eastern parts. The CBM resources are estimated to be around 4-6 tcm. India conducted four bidding rounds for CBM, offering 34 blocks. Experts expect production to reach 7.5 mmscmd by FY13.

Shale gas: Shale gas is a natural gas produced by fracturing shale, which is a fine-grained sedimentary rock formed by the compaction of clay and other minerals. In India, although more studies are required to assess the true potential of our geological basins, the prospect of large shale deposits exist across the Cambay, Assam-Arakan, KG and Cauvery basins. The government plans its first ever offer of shale gas exploration in 2012.

C. SEISMIC SURVEY

Sound waves and their physical properties are leveraged in the seismic surveying industry. Seismic surveyors use sound to hunt for oil and gas on land and under the depths of seas. The different layers of earth bounce sound at different frequencies – this principle of science is key to the seismic method of exploration. A seismic source is the starting point of exploration – the source can include dynamite or vibrators. Seismic sources generate single pulses or continuous sweeps of energy called seismic waves, which travel through water or layers of rock. Some of the waves then reflect and refract and are recorded by receivers, such as geophones on land or hydrophones in marine environments. Various media such as celluloid film, photographic paper and these days, computer memory, are used to record the earth's response to the probing geologists. The signals may then be displayed by a computer as seismograms for interpretation by a seismologist. The number of 'shots' per day range from around 20 to 70, depending on the terrain. Seismic surveys find extensive use in the exploration for hydrocarbons such as petroleum and natural gas and other resources such as coal, ores, minerals and geothermal energy.

Survey technology

The fundamental principles of energy exploration have remained the same over the last 20 years. It is the depth and scope of technological sophistication that has escalated exponentially. Technology is coupled with human knowledge to help surveyors make discoveries. A large

A 3D seismic survey accurately images the reflected waves because it utilises multiple points of observation. The number of channels per square km (sq. km) is far higher in 3D at 2,500 than the number of channels per line km (LKM) at 250 only in 2D. This translates into far more detailed data per block and precise information mapping visualised as a volume/cube.

country like India with varied terrains offers an unlimited scope for seismic surveys.

In the modern world, raw computing power and data interpretation technologies are deployed to survey geological formations and unlock new reserves of energy, gas, oil, minerals, among others. Two-dimensional imaging surveys have given way to more sophisticated three dimensional modeling of the earth's rocky interiors in man's bid for more energy.

3D seismic surveys are necessary for the successful exploration and exploitation of hydrocarbons. Sound waves are transmitted into the earth at fixed points and the bounced energy is recorded via sensitive recording devices called geophones or hydrophones. The exercise is conducted from a range of different angles (azimuth) and distances (offset) to generate data which is crunched by supercomputers or computer clusters.

High-resolution 3D seismic imaging technologies are non-destructive and non-intrusive and therefore, environmentally sound. The technique applies to terrestrial, wetland, and marine/lake locations. The reflected sound energy provides images of geologic structures including faults, fracture networks, and stream channels under the earth. Additionally, 3D imaging can operate inside and under concrete buildings, industrial complexes and urban agglomerations.

The higher clarity of images offered by 3D surveys is preferred over 2D wherein, the linear data collection occurs along a line of receivers and the resultant image is difficult to interpret. A 3D seismic survey accurately images the reflected waves because it utilises multiple points of observation. The number of channels per square km (sq. km) is far higher in 3D at 2,500 than the number of channels per line km (LKM) at 250 only in 2D. This translates into far more detailed data per block and precise information mapping visualised as a volume/cube. The higher number of information channels increases the volume of incoming data significantly which requires specialised onsite data processing and quality control modules. More statistical methods can be applied to a 3D data stream across multiple parameters to provide richer quantitative interpretation.

ANALYSIS OF OUR FINANCIAL STATEMENTS

THE COMPANY REGISTERED A DECLINE IN ITS FINANCIAL PERFORMANCE IN 2010-11 RESULTING IN A NET LOSS OF RS. 126.5 MILLION AGAINST A NET PROFIT OF RS. 97.2 MILLION IN 2009-10.

A. Profit and Loss account

Key numbers, 2010-11

- Total income declined from Rs. 789.2 million in 2009-10 to Rs. 219.71 million
- EBIDTA declined 97% from Rs. 328.5 million in 2009-10 to Rs. 10.9 million
- PBT declined 197% from Rs. 153.22 million in 2009-10 to a loss before tax of Rs. 148.89 million
- PAT declined 230% from Rs. 153.2 million in 2009-10 to a net loss of Rs. 149.0 million
- Earnings per share declined from Rs. 19 in 2009-10 to a loss per share of Rs. 24.65

Income from operations

Revenues from seismic surveys and related operations declined 73% from Rs. 783.33 million in 2009-10 to Rs. 207.91 million in 2010-11 due to a business decline. The Company executed six projects in 2010-11. The Company generated revenue in three quarters and a net loss in each.

Business delivery: The Company executed six projects in 2010-11 in India and one international project in Georgia.

	2010-11	2009-10	2008-09
2D seismic survey			
Quantity (GLK)	43.50	371.5	223.6
Value (Rs. million)	11.70	79.86	76.16
Proportion of total revenue	6%	10%	12%
3D seismic survey			
Quantity (Sq kms)	14.74	848.9	387.2
Value (Rs. million)	196.20	703.4	562.2
Proportion of total revenue	94%	90%	88%

Presence: In 2010-11, the Company invested in geographic diversity against a predominant reliance on the Northeast.

	2010-11		2009-10		2008-09	
	Amount (Rs. million)	Proportion of total (%)	Amount (Rs. million)	Proportion of total (%)	Amount (Rs. million)	Proportion of total (%)
Northeast	70.47	34	292.8	37	369.1	58
West	76.83	37	104.2	13	36.8	6
South	60.61	29	386.3	49	232.9	36

Operating cost analysis

Operational expenses declined 54% from Rs. 463.6 million in 2009-10 to Rs. 211.3 million in 2010-11, due to reduced business. Certain expenses, being fixed in nature, eroded the EBIDTA.

Survey expenses: The variable costs (survey expenses) declined 64% while fixed and semi-variable costs declined 16% compared with the previous year.

	2010–11		2009–10		Y–o–y decline
	Amount (Rs. million)	Proportion of total operating cost	Amount (Rs. million)	Proportion of total operating cost	(%)
Survey expenses	131.7	62	369.9	80	64.39
Employee cost	47.7	23	54.7	12	12.79
Other expenses	28.8	14	36.1	7	20.22
Bank charges	2.54	1	2.9	1	12.41
Total	**211.3**	**100**	**463.6**	**100**	**54.42**

B. Balance sheet

Lows, 2010–11

- Reserves and surplus balance declined 22% to Rs. 456.7 million as on March 31, 2011
- Book value per share declined from Rs. 123.10 as on March 31, 2010 to Rs. 97.48 as on March 31, 2011
- Debt-equity ratio declined to 0.03 as on March 31, 2011

Capital employed

The capital employed in the business declined 20% from Rs. 652.5 million as on March 31, 2010 to Rs. 521.4 million as on March 31, 2011, following a decline in reserves and surplus and debt repayment.

Sources of funds

	As on March 31, 2011		As on March 31, 2010		Y–o–y decline
	Amount (Rs. million)	Percentage of the total	Amount (Rs. million)	Percentage of the total	(%)
Equity capital	51.5	10	51.3	8	0.38
Reserves and surplus	456.7	88	582.9	89	21.65
Secured loans	13.2	2	18.3	3	27.87
Total	**521.4**	**100**	**652.5**	**100**	**20**

Net worth

Shareholders' funds (net worth) declined 20% from Rs. 634.2 million as on March 31, 2010 to Rs. 508.13 million as on March 31, 2011. Consequently, book value per share declined from Rs. 123.10 as on March 31, 2010 to Rs. 97.48 as on March 31, 2011.

Equity capital: The Company's equity capital comprised 5,134,767 equity shares of Rs. 10 each. During the year under review, the Company did not make any fresh issue of equity shares. The promoters held 34% of the Company as on March 31, 2011, which was not pledged with any financial institution or regulatory bodies.

Reserves and surplus: Reserves and surplus declined 22% from Rs. 582.9 million as on March 31, 2010 to Rs. 456.7 million as on March 31, 2011. This was due to the utilisation of reserves for meeting the loss incurred during the year. Free reserves at Rs. 276.5 million comprised 61% of the reserves balance, providing a robust foundation for growth.

External funds

Loan funds comprised secured loans only. The Company repaid the entire unsecured loans in 2010-11. Besides, secured loans declined from Rs. 18.3 million as on March 31, 2010 to Rs. 13.2 million as on March 31, 2011, due to debt repayment. The debt portfolio comprised utilised cash credit and vehicle loans.

Interest cost: Interest outflow decreased 53% from Rs. 10 million in 2009-10 to Rs. 4.6 million in 2010-11, largely owing to debt repayment.

	March 31, 2009	March 31, 2010	March 31, 2011
Debt-equity ratio	0.22	0.03	0.03

Application of funds

	As on March 31, 2011		As on March 31, 2010		Y-o-y decline
	Amount (Rs. million)	Percentage of the total	Amount (Rs. million)	Percentage of the total	(%)
Fixed assets	272.24	52	423.55	65	36
Investments	0.13	–	52.92	8	99
Deferred tax asset	65.39	13	42.99	7	52
Net current assets	183.62	35	133.04	20	38
Total	**521.38**	**100**	**652.50**	**100**	**20**

Fixed assets

The Company invested in upgraded equipment. In 2010-11, the Company invested Rs. 2.85 million primarily for upgrading plant and machinery and data acquisition equipment. It scrapped outdated plant and machinery amounting to Rs. 25.88 million (of the total gross block deduction of Rs. 27.61 million) in 2010-11. As a result, net block declined from Rs. 419.85 million as on March 31, 2010 to Rs. 263.65 million as on March 31, 2011

Depreciation: The Company provided depreciation in line with the Straight Line Method. In 2010-11, the provision for depreciation was Rs. 151.15 million against Rs. 165.22 million in 2009-10, consequent to a reduction in net block.

Investments

The Company liquidated its entire investment portfolio (Rs. 52.92 million as on March 31, 2010) to fund business operations. It invested in 100 shares of its subsidiary Alphageo International Limited, amounting to Rs. 127,575 (unquoted and long-term).

Net current assets

Net current assets increased from Rs. 133.03 million as on March 31, 2010 to Rs. 183.62 million as on March 31, 2011. Net current assets, as a proportion of capital employed, increased from 20.39% as on March 31, 2010 to 35.22% as on March 31, 2011. The Company enjoyed working capital limits from both Indian and foreign banks; of the sanctioned limits, the Company drew only 43%. Current ratio increased from 2.15 as on March 31, 2010 to 3.70 as on March 31, 2011.

Inventories, comprising stores and spares, declined from Rs. 2.19 million as on March 31, 2010 to Rs. 0.70 million as on March 31, 2011, due to reduced operations and inventory streamlining.

Sundry debtors decreased from Rs.195.4 million as on March 31, 2010 to Rs. 83.3 million as on March 31, 2011 owing to reduced business. There were no receivables outstanding for more than six months as on March 31, 2011. The average debtors' cycle stood at 138 days in 2010-11 against 90 days in 2009-10.

Current liabilities decreased from Rs. 85.69 million as on March 31, 2010 to Rs. 60.76 million as on March 31, 2011, owing to a decrease in outstanding to sundry creditors – it declined from Rs. 84.5 million as on March 31, 2010 to Rs. 59.4 million as on March 31, 2010. Provisions as on March 31, 2011 stood at Rs. 0.7 million, against the previous year's Rs. 29.9 million, owing to a significant decrease in provision for tax in 2010-11.

	As on March 31, 2009	As on March 31, 2010	As on March 31, 20111
Current ratio	1.7	2.1	3.7
Quick ratio	1.4	2.1	3.7

MANAGING BUSINESS UNCERTAINTIES

AT THE CENTRE OF ALPHAGEO'S RISK MITIGATION IS A COMPREHENSIVE AND INTEGRATED RISK MANAGEMENT FRAMEWORK THAT COMPRISES A CLEAR UNDERSTANDING OF STRATEGIES, POLICIES AND INITIATIVES, PRUDENT NORMS, STRUCTURED REPORTING AND CONTROL. THIS APPROACH ENSURES THAT RISK MANAGEMENT DISCIPLINE IS CENTRALLY INITIATED BY THE SENIOR MANAGEMENT BUT PRUDENTLY DECENTRALISED ACROSS THE ORGANISATION HELPING THE COMPANY MITIGATE RISKS AT THE TRANSACTIONAL LEVEL.

INDUSTRY RISK

THE FORTUNES OF THIS SECTOR ARE CLOSELY LINKED TO GLOBAL OIL PRICES. A SIGNIFICANT REDUCTION IN CRUDE PRICES COULD MAKE GEOPHYSICAL SERVICES UNATTRACTIVE.

Risk minimisation

- Energy markets improved significantly over the past 12-18 months as a result of improved economic growth, higher demand for refined products and limited supplies of crude oil.
- In 2010, global oil demand grew by 3.4% (or 2.9 MMBD) to 87.9 MMBD, which was the highest growth in the last three decades. Emerging Asia accounted for 40% of the additional oil demand.
- Average crude oil prices in 2010-11 for WTI, Brent and Dubai stood respectively at USD83.3/bbl, USD86.7/bbl and USD84.2/bbl compared with USD70.6/bbl, USD69.6/bbl and USD69.5/bbl in 2009-10.
- The global economic recovery is expected to increase global crude oil to more than 90 million barrels per day (mbpd) in 2014. Besides, average crude prices are expected to cross USD100 per barrel by 2013, owing to demand outpacing supply.

TECHNOLOGY RISK

THE COMPANY'S INABILITY TO UPGRADE EQUIPMENT TO GLOBAL STANDARDS COULD IMPACT BUSINESS AND PROFITABILITY.

Risk minimisation

- The Company invested Rs. 436 million in technological upgrades over the five years leading to 2010-11.
- It successfully delivered 3D seismic survey projects in extremely challenging terrains in the last six years leading to 2010-11, reinforcing its competence in state-of-the-art technology.

COMPETITION RISK

INCREASED COMPETITION MAY ERODE MARKET SHARE AND REDUCE PROFITS

Risk minimisation

- The Company completed challenging projects in logistically and operationally difficult terrains.
- It delivered competently to demanding clients through rich domain competence and experience-led knowledge.
- It minimised litigations, ensured ethical operational standards and regulatory and legal compliance, reflected in a brand-enhancing clientele (ONGC, Hardy Oil and Gas plc, Essar among others)
- It established a global footprint – it received projects from Georgia – widening its opportunity pie.

REGULATORY RISK

THIS SERVICES SECTOR IS STRINGENTLY CONTROLLED BY REGULATORY AUTHORITIES. UNFAVOURABLE POLICY MAKING COULD IMPACT THIS SPACE ADVERSELY.

Risk minimisation

- The Indian government is focused on achieving self-sufficiency in oil and gas as oil imports accounted for more than 75% of India's oil consumption.
- The government allotted 34 blocks, including eight in deep-sea, for exploration of oil and gas in NELP IX
- The government's Open Acreage Licensing Policy (OALP) is expected to boost the need for geophysical services
- The Government of India intends to institute a policy for the exploitation of shale gas in the Indian basins, which could improve prospects for the seismic survey sector.

HUMAN RESOURCE RISK

TALENT ACQUISITION AND RETENTION IN THIS SPECIALISED SERVICES SPACE COULD POSE A SIGNIFICANT CHALLENGE FOR PROJECT DELIVERY AND BUSINESS EXPANSION.

Risk minimisation

- Attractive compensation and a conducive environment helped attract skilled members (40 members in three years)
- The Company recruited skilled expatriate talent to train team members in global best practices and standards.

ENVIRONMENT RISK

SEISMIC SURVEYS ARE CONDUCTED ON LAND PARCELS, WHICH COULD INCLUDE AGRICULTURAL LAND AND INVOLVE DETONATION. LACK OF RESPECT FOR THE ENVIRONMENT COULD IMPACT BUSINESS OPERATIONS.

Risk minimisation

- The Company formulated HSE guidelines and procedures in accordance with International Association of Geophysical Contractors (IAGC) Land Geophysical Operations – Safety Manual, IAGC Environmental Guidelines for Worldwide Geophysical Operations.
- It worked within guidelines laid down by the IAGC relating to controlled detonations and laying of channels on agricultural land

BUSINESS ACCRETION

WINNING PROJECTS IS DEPENDENT ON EXPERIENCE AND BALANCE SHEET INTEGRITY. ANY DEFICIENCY COULD AFFECT ORDER INFLOW.

Risk minimisation

- A low debt-equity ratio of 0.03 and a strong reserves balance of Rs. 457 million (March 31, 2011) highlighted the Company's financial soundness.
- Technical collaborations with respectable institutions strengthened the competitive edge.
- The Company successfully executed over 75 projects until 2010-11. It added a number of respectable names to its client list in 2010-11 like Jindal Petroleum Operating Company LLC, Mercator Petroleum Limited, KEI-RSOS Petroleum & Energy (P) Limited and Jubiliant Oil & Gas (P) Limited

GEOGRAPHICAL RISK

AN EXCESSIVE DEPENDENCE ON A SINGLE GEOGRAPHY COULD IMPEDE BUSINESS GROWTH.

Risk minimisation

- The Company divided revenues through projects in North-East, South and West regions, positioning the Company as a national player.
- It extended operations to international geographies

DIRECTORS' REPORT

Dear Shareholders,

YOUR DIRECTORS HAVE PLEASURE IN PRESENTING THEIR TWENTY FOURTH ANNUAL REPORT AND AUDITED ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011. THE FINANCIAL HIGHLIGHTS OF THE COMPANY ARE AS FOLLOWS:

Financial Results

(Rs. in Lakhs)

Particulars	2010-11	2009-10
Total Income	2,197.14	7,892.31
Operating Profit (PBIDT)	109.36	3,284.87
Finance Charges	46.72	100.30
Depreciation	1,551.54	1,652.28
Profit / (Loss) Before Tax	(1,488.91)	1,532.29
Provision for Tax	(223.02)	559.57
Profit / (Loss) After Tax	(1,265.89)	972.72

Operational Performance

A. Standalone

For the financial year ended March 31, 2011, Profit from Operations was Rs. 109 lakhs, as compared to a profit of Rs. 3,285 lakhs in the corresponding period of the previous year. Revenue from operations dipped by 73% to Rs. 2,079 Lakhs for the year ended March 31, 2011 as compared to Rs. 7,833 Lakhs in the corresponding period of the previous year.

Alphageo received New Orders valued at Rs. 3,700 lakhs despite tough market conditions witnessed during the financial year, as compared to Rs. 2,500 lakhs in the corresponding period of the previous year.

For the year ended March 31, 2011, the Company's Loss before Tax stood at Rs. 1,489. lakhs as compared to a Profit of Rs. 1,532 lakhs in the previous year, registering a dip of 197%. The Loss after Tax rose Rs. 1,266 lakhs as compared to a Profit of Rs. 973 Lakhs in the previous year. The unexecuted Order Value as of March 31, 2011 stood at Rs. 2,850 lakhs. The EPS (basic) weakened to negative Rs. 24.65 from a positive Rs. 19.00 in the previous year.

On the cost side, the Company critically reviewed all areas however small, maintained a strict financial discipline and eliminated all inefficiencies. We continued to maintain our clear focus on operational excellence.

B. Consolidated

Appropriations

Dividend

Your Directors are pleased to recommend a dividend of Rs. 1.00 per share for the year ended March 31, 2011, to be appropriated from the profits of the year 2010-11 subject to the approval of the shareholders at the ensuing Annual General Meeting. The Dividend will be paid in accordance with applicable regulations.

Transfer to Reserves

Your Directors propose to transfer Rs. 51.35 lakhs to the General Reserves leaving an un-appropriated balance of Rs. 2, 464.47 lakhs in the Profit & Loss Account.

Directors

Mr. S. Ravula Reddy and Dr. Avinash Chandra, Directors, retire by rotation and being eligible, offer themselves for re-appointment. The Board of Directors of your Company, at its meeting held on May 30, 2011 recommended for the approval of the members their re-appointment as Non-Executive Directors of your Company, liable to retire by rotation.

Management Discussion and Analysis Report and Corporate Governance

The Corporate Governance and Management Discussion and Analysis Report form an integral part of this Report and are presented as separate sections to this Annual Report. The Auditors' Certificate certifying compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges is annexed with the Report on Corporate Governance.

Auditors

The auditors, M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad (Firm Registration Number No. 002283S), retire at the conclusion of the ensuing Annual General meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

Deposits

The Company has not invited any deposits from the Public under Section 58A of the Companies Act, 1956.

Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, are set out as Annexure-I to this report.

Subsidiary companies

With a view to explore business opportunities in the Middle-East, your Company, during the year, has incorporated a wholly owned subsidiary in the Jebel Ali Free Zone Area (JAFZA) in Dubai and a step-down subsidiary in Dubai Multi Commodity Centre (DMCC) in Dubai:

1. Alphageo International Limited, Wholly Owned Subsidiary of the Company.

2. Alphageo DMCC, step-down subsidiary of the Company (wholly owned subsidiary of Alphageo International Limited).

The Company has 2 subsidiaries (including step down subsidiary) as on March 31, 2011. Details of subsidiaries of the Company are covered in this Annual Report.

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated February 8, 2011 and February 21, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956. In accordance with the said circulars issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

Consolidated financial statements

In compliance with Accounting Standards AS-21 and AS-27 on consolidated financial statements, read with Accounting Standard AS-23 on Accounting for Investments in Associates, your Directors have pleasure in attaching the consolidated financial statements for the financial year March 31, 2011, which form part of this Annual Report.

Particulars of Employees

The Ministry of Corporate Affairs has vide notification dated 31st March 2011 and a General circular No. 23 dated 3rd May 2011 in respect of Companies (Particulars of Employees) Amendment Rules 2011 enhanced the limits for the purpose of disclosure of particulars of employees in Directors Report as requisite under Section 217 (2A) read with Companies (Particulars of Employees) Rules, 1975 from the existing limit of Rs. 24 lakhs per year or Rs. 2 lakhs per month to Rs. 60 lakhs per year or Rs. 5 lakhs per month.

In view of the above, there are no employees who are in receipt of remuneration falling within the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that,

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there is no material departure from the same;

(ii) the directors have selected such accounting policies and applied them consistently and made judgments 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 financial year and of the profits of the Company for the period;

(iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the annual accounts have been prepared on a going concern basis.

Employees Stock Option Scheme

Your Company has always worked on the idea that the greatest strength is its human resources and it is this resource, which makes your Company a force to reckon with in the highly competitive environment. Accordingly, the Company has an Employee Stock Option Scheme viz. ESOS 2008, for the employees. Pursuant to the provisions of Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, the required disclosures regarding Employee Stock Options are set out as Annexure-II to this report.

Appreciation

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, financial institutions and central and state government for their consistent support to the Company. The Directors also wish to place on record their appreciation of the sincere and dedicated services of the employees.

For and on behalf of the Board

A. Dinesh
Managing Director

Place: Hyderabad
Date: May 30, 2011

ANNEXURE – I

Disclosure of Particulars under Section 217 (1) (e) of the Companies Act, 1956

a.	Conservation of Energy	:		Not Applicable
b.	Technology absorption	:		Nil
c.	Research and Development	:		Nil
d.	**Foreign exchange earnings**			
	Seismic Survey and Other related charges	:		Nil
e.	**Foreign exchange outgo towards**			
	(i) Salaries & Allowances (Net of Tax)	:	Rs.	29,81,591
	(ii) Travelling Expenses	:	Rs.	8,23,312
	(vi) Dividend Remitted	:	Rs.	2,70,024

For and on behalf of the Board

Place: Hyderabad

Date: May 30, 2011

A. Dinesh

Managing Director

ANNEXURE – II

ESOPs details as on March 31, 2011

Details of Stock Options Pursuant to SEBI guidelines on Stock Options

Sl	Particulars	ESOPs-2008	
1	Options Granted	70,000	86,000
2	Pricing Formula	The exercise price shall be the discount of 20% of the "Market Price" on the date of grant of the options as defined in the ESOP Guidelines. i.e. 153.76/-	At the last AGM held on September 25, 2009, the pricing formula was changed and it was approved the basis as not below the par value and not above the market value on the day on which grants would be decided. (Rs. 150/- for these lots)

Sl	Particulars	ESOPs-2008	
3	Options Vested	64,000	Nil
4	Options exercised	Nil	Nil
5	Total number of equity shares arising out of the options	64,000	86,000
6	Options lapsed	6,000-approved on June 30, 2009	Nil
7	Variation of terms of Options	At the last AGM held on September 25, 2009, the pricing formula was changed and it was approved the basis as not below the par value and not above the market value on the day on which grants would be decided. (Rs. 150/- for these lots)	
8	Money realised by exercised of the Options	NA	NA
9	Total number of Options in force	64,000	86,000
10	Employee wise details of Options granted to:-		
	i) Senior Managerial Personnel	as per Note 1	
	ii) Any employee who receives in any one year of grant of options amounting to 5% or more of options granted during the year.	Nil	Nil
	iii) Employees who were granted options during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of the grant	Nil	Nil
11	Diluted earnings per share (EPS) calculated in accordance with AS-20 for the year ended on March 31, 2010	18.88	18.88
12	i) Method of Calculation of employees Compensation Cost	The Company has calculated the employee compensation cost using the intrinsic value of the stock options.	
	ii) Difference between the employee compensation cost so compared at (i) above and the employee compensation cost that shall have been recognised if fair value of options had been used	Nil	Nil
13	Weighted average exercise price and weighted average fair value of options granted during year whose exercise price equals market price of stock on the grant date.		
	Stock Options granted on	October 15, 2008	November 9, 2009
	Weighted Average Exercise Price (Rs.)	Rs. 153.76	Rs. 150.00
	Weighted Average Fair Value (Rs.)	Rs. 153.73	Rs. 150.00
	Closing market price at NSE on the date prior to the Grant (Rs.)	Rs. 192.20	Rs. 244.85

Sl	Particulars	ESOPs-2008	
14	A description of method and significant assumption used during the year to estimate the fair value of options granted during the year.	The Black-Scholes options-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since, options-pricing models require use of substantive assumptions; changes therein can materially affect the fair value of options. The options-pricing models do not necessarily provide a reliable measure of the fair value of options.	
	i) Risk Free Interest Rate	7%	
	ii) Expected Life	4	
	iii) Expected Volatility based on daily closing	-10.11%	-9.63%
	iv) Expected Dividend Yield	0.35%	0.46%
	v) The price of underlying share in the market at the time of options granted	192.2	244.85
	Note1: Details of Options granted to senior managerial personnel during the year:		
	S Balaji	3,000	4,000
	Sudhir Kumar	1,500	1,500
	Sachinder Singh	2,100	2,100
	Ch. Vinay Kumar	Nil	2000

For and on behalf of the Board

Place: Hyderabad

Date: May 30, 2011

A. Dinesh

Managing Director

1. Company's Philosophy on Corporate Governance

Corporate Governance is the set of policies, processes and practices by which a Company conducts its affairs in pursuit of its business goals. In order to ensure sustainable returns to all stakeholders of the business, it is imperative, to adopt and follow certain policies, procedures and processes, which together constitute a 'Code of Corporate Governance'. It is important that such a code is institutionalised, to ensure transparency, consistency and uniformity of decision making processes and actions.

The Company is committed to achieve the good standards of Corporate Governance on a continuous basis by laying emphasis on ethical corporate citizenship and establishment of good corporate cultures which aim at true Corporate Governance. The Corporate Governance process and systems have gradually strengthened over the years.

A report, in line with the requirement of the Listing Agreement, on the practices followed by the Company and other voluntary compliances are given below:

2. Board of Directors

i. Board Composition

The Company's Board of Directors comprised 7 Directors, consisting of one Executive Director, two Non-Executive Directors and four Independent Directors as defined under the Listing Agreement with Stock Exchanges. The composition of the Board is in accordance with the requirements of the Corporate Governance of the Listing Agreement with the Stock Exchanges. All Directors certified that they are not members of more than ten committees in terms of the Listing Agreement and do not act as Chairman of more than five committees across all the companies in which they are Directors. The below table give the composition of the Company's Board.

The constitution of the Board during the financial year 2010-11 is as under:

Director	Category	Number of		
		Other directorship	Committee membership of Company's and other board	Committee Chairmanship
Mr. A. Dinesh	Managing Director, Executive, Promoter	–	–	–
Mr. A. Rajesh	Non-Executive, Promoter	4	4	–
Mr. S. Ravula Reddy	Non-Executive, Promoter	1	–	–
Mr. Z. P. Marshall	Non-Executive, Independent	–	–	4
Dr. Avinash Chandra	Non-Executive, Independent	2	–	–
Mr. Ashwinder Bhel	Non-Executive, Independent	1	2	–
Mr. P. K. Reddy	Non-Executive, Independent	2	4	–

ii. Board Meetings and Attendance of Directors

The Board meets atleast once in a quarter to consider amongst other business, the performance of the Company and the quarterly results. When necessary, additional meetings are held. The Board meetings are generally held at the Corporate Office of the Company at Hyderabad. Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the Directors. Every Board member is free to suggest the inclusion of items on the agenda. The gap between two consecutive meetings did not exceed four months.

During the year ended March 31, 2011, the Board met six times viz. April 5, 2010, May 28, 2010, July 23, 2010, September 24, 2010, November 10, 2010 and February 2, 2011.

Table hereunder gives the attendance record of the Directors at the Board Meetings held during the financial year 2010-11 and previous AGM held on 24.09.2010.

Name of the director	No. of Board Meetings held during the tenure	No. of Board meetings attended	Whether attended last AGM
Mr. A. Dinesh	6	6	Yes
Mr. A. Rajesh	6	4	No
Mr. P. K. Reddy	6	6	Yes
Mr. Z. P. Marshal	6	6	Yes
Mr. S. Ravula Reddy	6	Nil	No
Dr. Avinash Chandra	6	2	No
Mr. Ashwinder Bhel	6	4	No

iii. Code of Ethics

The Board of Directors of the Company laid a Code of Conduct for Directors and senior management personnel. The Code of Conduct is posted on the Company's web-site www.alphageoindia.com. All Directors and designated personnel in the senior management affirmed compliance with the Code for the year under review. The declaration to this effect, signed by Mr. A. Dinesh, Managing Director, is annexed to this report.

3. Board Level Committees

The Board committees focus on certain specific areas and make informed decisions within the delegated authority. Each committee of the Board functions according to its charter that defines its scope, power and role in accordance with the Companies Act, 1956 and Listing Agreement requirements. The Company has four Board level committees:

A. Audit Committee.

B. Remuneration Committee.

C. Compensation Committee.

D. Shareholders' /Investors' Grievance Committee.

A. Audit Committee

Terms of reference

The terms of reference of the Audit Committee are in accordance with all items listed in Clause 49(II)(D) and (E) of the listing agreement and Section 292(A) of the Companies Act, 1956. The same inter alia includes the following:

(a) Primary objectives of the Audit Committee

The Audit Committee acts as a link between the Statutory Auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financials statements and other management information and adequacy of provisions of liabilities. The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process and to ensure accurate, timely and proper disclosures and transparency and quality of financial reporting. The Audit Committee is mainly responsible for:

1. Integrity of the Company's financial statements and disclosure of financial information.

2. Review of performance of the Company's internal control systems, internal audit functions and accounting practices.

3. Auditing and accounting matters, including recommending the appointment of Statutory Auditors to the shareholders, the scope of the annual audits, and fees to be paid to the auditors.

4. Reviewing with the management, annual and quarterly financial statements before submission to the Board for approval

5. Review of related party transactions etc.

6. Review of Company's financial and risk management policies.

(b) Scope of the Audit Committee

1. Meet four times a year or more frequently as circumstances require. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.

2. Recommending the appointment and removal of Statutory Auditors, fixation of audit fees and also to approve the payment for other services.

3. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

4. Consider and review with the Management and Auditors:

- Significant findings during the year, including the status of previous audit recommendations,
- Any difficulties encountered in the course of audit work including any restriction on the scope of activities or access to required information.

5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval focusing primarily on:

- Any changes in the accounting policies and practices.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with Stock Exchanges and legal requirements concerning financial statements.
- Significant adjustment arising out of audit.

(c) Composition of the Audit Committee as on March 31, 2011

The Audit Committee is constituted as per the requirements of clause 49 of the Listing Agreement. The composition of audit committee is in compliance with the requirements of clause 49(II)(A) of the Listing Agreement. It consists of 4 members, 3 of them including Chairman are independent directors. The Chairman of audit committee was present at the last Annual General Meeting of the Company. The Chief Financial Officer and other Corporate Officers make periodic presentations to the Audit Committee. Representatives of Statutory Auditors also participate in the Audit Committee meetings. The Company Secretary of the Company acts as the Secretary to the Audit Committee.

The Audit Committee currently comprises of the following Directors:

1. Mr. Z. P. Marshall, Chairman
2. Mr. P. K. Reddy
3. Mr. A. Rajesh
4. Mr. Ashwinder Bhel

(d) Audit Committee Meetings and Attendance during the Financial Year 2010-11

The Audit Committee met five times during the financial year on April 5, 2010, May 28, 2010, July 23, 2010, November, 10, 2010 and February 2, 2011.

Table showing attendance of the members at Audit Committee Meeting is as under:

Sl.	Name	Category	Designation	No. of Meetings Attended
1.	Mr. Z. P. Marshall	Independent Director	Chairman	5
2.	Mr. A. Rajesh	Promoter Director	Member	4
3.	Mr. P. K. Reddy	Independent Director	Member	5
4.	Mr. Ashwinder Bhel	Independent Director	Member	3

B. Remuneration Committee

(a) Terms of reference

The broad terms of reference of the Remuneration Committee are:

a. Review the performance of the Managing Director and other Executive Directors, if any, after considering the Company's performance.

b. Recommend to the Board remuneration including salary, perquisites and commission to be paid to the Company's Managing Director and Executive Directors.

c. Finalise the perquisites package of the Managing Director within the overall ceiling fixed by the Board.

(b) Composition, meetings and attendance

The remuneration committee of the Company consists of four members all of whom are non-executive directors. There was no remuneration committee meeting during the year under review:

Sl.	Name	Category	Designation
1.	Mr. Z. P. Marshall	Independent Director	Chairman
2.	Mr. A. Rajesh	Promoter Director	Member
3.	Mr. P. K. Reddy	Independent Director	Member
4.	Mr. Ashwinder Bhel	Independent Director	Member

(c) Remuneration Policy:

The Non-Executive Directors of the Company are paid sitting fees for each meeting of the Board and the Audit Committee attended by them. The appointment and remuneration of the Executive Directors is governed by resolution passed by the Board of Directors and the shareholders of the Company, which covers terms of such appointment, read with the service rules of the Company. Remuneration paid to the Executive Directors is recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at the General meeting.

The details of remuneration paid/payable to the Directors for the year 2010- 2011 are:

i) Non-executive Director(s):

Name	Sitting Fee Rs.	No. of options allotted under ESOS 2008	No. of Shares held as on 31.03.2011
Mr. Z.P. Marshall	47,500	3,300	500
Mr. A. Rajesh	32,000	Nil	2,12,900
Mr. P.K. Reddy	47,500	3,300	Nil
Mr. S. Ravula Reddy	Nil	Nil	Nil
Mr. Ashwinder Bhel	31,500	3,300	Nil
Dr. Avinash Chandra	15,000	3,300	550

ii) Executive Director:

The details of remuneration paid/payable to Mr. A. Dinesh as Managing Director are: (Amount in Rs.)

Name of Director	Salary	Perquisites	Contribution to P.F	Total
Mr. A. Dinesh	24,00,000	12,70,085	2,88,000	39,58,085

*The remuneration to the Managing Director for the year 2010-11 was as approved by the members at their Annual General Meeting held on September 25, 2009.

C. Compensation Committee

The broad terms of reference of the Compensation Committee includes monitor and administer the plan, allotment of shares pursuant to exercise of options granted in terms of Alphageo ESOS 2008 to the employees of the Company.

The Compensation Committee comprises of the following members:

(i) Mr. Z. P. Marshall - Chairman

(ii) Mr. P. K. Reddy - Member

(iii) Mr. A. Rajesh - Member

The Compensation Committee met three times during the financial year on April 5, 2010, August 16, 2010 and October 14, 2010. Table showing attendance of the members at Compensation Committee Meeting is as under:

Sl.	Name	Category	Designation	No. of Meetings Attended
1.	Mr. Z. P. Marshall	Independent Director	Chairman	3
2.	Mr. A. Rajesh	Promoter Director	Member	3
3.	Mr. P. K. Reddy	Independent Director	Member	3

D. Share Holders / Investors Grievance Committee

The Committee primarily focuses on shareholder grievances, inter-alia, approves the issue of duplicate share certificate, share transfer, transmission and reviews all matters connected with servicing of investors. The Committee oversees the performances of the Registrar and Transfer Agents and recommends measures for overall quality improvement of investor services.

The Chairman of the Committee is an independent non-executive Director. The Committee met 17 times during the financial year on April 15, April 30, May 15, June 30, July 15, July 31, August 16, August 31, September 15, September 20, September 30, October 14, November 1, November 15, December 31, in 2010 and February 15 and March 31 in 2011. The composition of the Committee and their attendance are given below:

Sl.	Name	Category	Designation	No. of Meetings Attended
1	Mr. Z P Marshall	Independent Director	Chairman	17
2	Mr. A. Rajesh	Promoter- Director	Member	10
3	Mr. P.K. Reddy	Independent Director	Member	17

Mr. Sudhir Kumar is the Compliance Officer as per the requirements of the Listing Agreement.

Secretarial Audit

A qualified practicing Company Secretary has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate total number of shares in physical form, shares allotted and advised for demat credit but pending execution and the total number of dematerialised shares held with NSDL & CDSL.

Unclaimed Dividend

Financial Year	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Unclaimed amount as on 31.03.2011 (Rs.)	Due date for transfer to Investor Education and Protection Fund
2004-05	19.09.2005	18.09.2012	2,13,097.00	17.10.2012
2005-06	18.12.2006	17.12.2013	1,72,034.00	16.01.2014
2006-07	28.09.2007	27.09.2014	2,43,318.00	26.10.2014
2007-08	24.09.2008	23.09.2015	2,10,831.00	22.10.2015
2008-09	25.09.2009	24.09.2016	2,66,195.50	23.10.2016
2009-10	24.09.2010	23.09.2017	2,33,140.50	22.10.2017

4. Subsidiaries

There are no material non-listed India subsidiary companies under the Company to nominate its Directors on such subsidiaries. As a majority shareholder, the Company has its representatives on the Board of the subsidiary company and monitors the performance of such company, inter alia, by the following means:

a) Financial statements and particulars of investments made by the unlisted subsidiary company are reviewed by the Audit Committee of the Company.

b) Minutes of the meetings of the unlisted subsidiary company are placed before the Company's Board.

c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary company is placed before the Company's Board.

5. General Body Meetings

Details of location and time of holding the last three AGMs.

Year	Location	Date and time
21st AGM-2008	Sundarayya Vignana Kendram, Baghlingampally, Hyderabad	24-09-2008, 11:00 A. M.
22nd AGM-2009	Sundarayya Vignana Kendram, Baghlingampally, Hyderabad	25-09-2009, 11.00 A. M.
23rd AGM-2010	Sundarayya Vignana Kendram, Baghlingampally, Hyderabad	24-09-2010, 11.00 A. M.

Special Resolution passed at last three Annual General Meeting:

a. Annual General Meeting

1. At the 21st Annual General Meeting held on September 24, 2008, the following special resolutions were passed:

- Amendment of Articles of Association of the Company.
- Approval of Employee Stock Option Scheme.

2. At the 22nd Annual General Meeting held on September, 25, 2009, the following special resolutions were passed:

- Variation in the ESOS 2008 Scheme of the Company in terms of the exercise prices.
- Increase the remuneration of Managing Director.

3. At the 23rd Annual General Meeting held on September 24, 2010, the following special resolutions were passed:

- Inclusion of Employees of subsidiaries of the Company in the ESOS 2008

b. There were no resolutions passed by way of postal ballot during the year under review.

6. Disclosures

(i) Related Party transactions:

There were no materially significant related party transactions during the year under review that may have potential conflict with the interest of the Company at large. The details of related party transactions as required under Accounting Standard 18 notified under the Companies Act, 1956 are given in Notes to Accounts (Note No 9) of Schedule No.21 forming part of accounts for the year ended on March 31, 2011.

(ii) Compliances by the Company:

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

(iii) Whistle Blower Policy and Access of personnel to the Audit Committee:

The Company does not have a formal Whistle Blower Policy; however, the Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behaviour, frauds and other grievances. No personnel of the Company have been denied to the Audit Committee.

(iv) Compliance with the Mandatory requirements and Implementation of the Non-Mandatory requirements:

The Company has complied with the mandatory requirements of the Corporate Governance Clauses of the Listing Agreement. The Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the Listing Agreement.

(v) Disclosure of accounting treatment:

The Company follows accounting standards notified under the Companies Act, 1956 in the preparation of financial statements, the Company has not adopted a treatment different from the prescribed in any accounting standard.

(vi) Management Discussion and Analysis Report:

The Management Discussion and analysis report forms part of this Annual report.

(vii) Code of Conduct:

The Company has obtained declaration from the Managing Director confirming compliance of Code of Conduct.

Declaration as required under Clause 49 (I) (D) (ii) of the Stock Exchange Listing Agreement

I hereby declare that all the Directors and senior personnel of the Company have affirmed compliance with Code of Business Conduct for the financial year ended on March 31, 2011.

Sd/-

Place: Hyderabad **A.Dinesh**

Date: May 30, 2011 *Managing Director*

7. Means of communication

- The Quarterly, half-yearly, annual financial results, notices as well as proceedings of the Annual General Meeting are communicated to the stock exchanges immediately after the conclusion of the respective meetings. The results are published in prominent English newspapers viz. Business Standard, Financial Express, the Economic Times and Telugu news papers viz. Andhra Prabha.
- The audited financial statements viz., Balance Sheet, Profit and Loss Account are posted on the Company's website (www.alphageoindia.com) in the Shareholders section. A separate section is provided in the shareholders section viz. Grievances; provides the details of the Company Secretary, Registrars and Transfer Agents, their addresses, telephone numbers, fax numbers and e-mail addresses; to redress the shareholders grievances.

8. Certificate On Corporate Governance

As required by Clause 49 of the Listing Agreement, a certificate issued by M/s. PVRK Nageswara Rao & Co., Chartered Accountants, Statutory Auditors of the Company, regarding compliance of conditions of Corporate Governance is given as an annexure to the Report.

9. CEO/CFO Certification

As required by Clause 49 of the Listing Agreement, the certification from Managing Director and CFO was placed at a duly convened meeting of the Board of Directors and is given as an annexure to this report.

10. General shareholder information

a) Annual General Meeting

Date : Friday the September 23, 2011

Time : 11.00 AM

Venue : "Sundarayya Vignana Kendram", 1-8-1/B/25A, Baghlingampally, Hyderabad – 500 044 (AP)

b) Financial Calendar for the year 2011-12 (Tentative)

Results for Quarter ending June, 2011	-	Within 45 days of end of quarter.
Results for Quarter ending September, 2011	-	Within 45 days of end of quarter.
Results for Quarter ending December, 2011	-	Within 45 days of end of quarter.
Results for Quarter ending March, 2012	-	Last Week of May, 2012

c) Book Closure Dates

September 18, 2011 to September 23, 2011 (both days inclusive)

d) Dividend payment date: On or before October 30, 2011.

e) Listing of equity shares & stock code

The equity shares of the Company are listed at :

(i) Bombay Stock Exchange Limited., Mumbai, 1st Floor, New Trading Ring, P.J. Towers, Dalal Street, Fort, Mumbai - 400001 and the listing fee for 2011-12 has already been paid by the Company.

(ii) National Stock Exchange of India Limited., Mumbai, "Exchange Plaza", Bandra-Kurla Complex, Bandra – East, Mumbai - 400 051 and the listing fee for 2011-12 has already been paid by the Company.

f) Stock Codes–

(i) BSE SCRIP CODE – 526397 Name: Alphageo Ind

(ii) NSE SCRIP NAME: ALPHAGEO

g) ISIN code – INE 137C01018

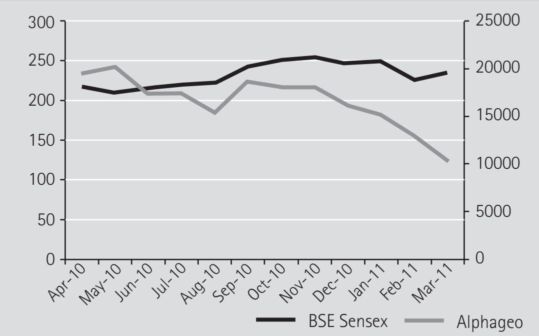
h) Stock Market Data

Monthly high, low quotations and trading volumes of the Company's equity shares during the financial year 2010-11 at BSE and NSE are noted below:

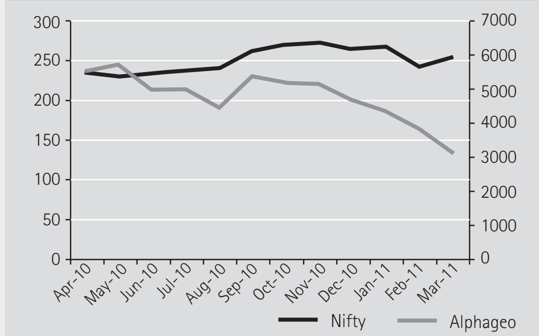
Month	BSE		NSE	
	High	Low	High	Low
April-2010	233.00	200.15	232.40	200.00
May-2010	241.85	185.45	241.00	185.00
June-2010	208.00	175.00	208.00	175.05
July-2010	207.80	178.55	208.10	180.20
August-2010	184.45	159.05	184.00	159.20
September-2010	222.80	158.40	226.35	157.30
October-2010	217.00	192.00	217.50	193.00
November-2010	214.40	163.00	215.00	161.30
December-2010	193.00	161.00	194.40	140.60
January-2011	179.90	145.50	179.55	147.10
February-2011	156.00	97.15	154.00	97.05
March-2011	122.90	103.50	122.95	105.60

i) Performance of the Company in comparison with the broad-based indices

Comparison of Company's share price with BSE SENSEX



Comparison of Company's share price with NSE Nifty



j) Depository Registrar and Transfer Agents

M/s Sathguru Management Consultants Private Limited.
Plot No. 15, Hindi Nagar Colony,
Behind Sai Baba Temple,
Panjagutta, Hyderabad – 500034 (AP)
Ph: 040-23356507 Fax: 23354042
E-mail: sta@sathguru.com

k) Share Transfer System

The shares of the Company are compulsorily traded in dematerialisation form. Shares received in physical form are transferred within a prescribed period from the date of lodgement subject to documents being valid and complete in all respects. In order to expedite the process of share transfer in line with corporate governance requirements, the Company has delegated the power of share transfer to Registrar and share transfer agent 'M/s. Sathguru Management Consultants Private Limited'.

All communication regarding change of address (if share are held in physical form), transfer of shares and change of mandate can be addressed to 'M/s. Sathguru Management Consultants Private Limited'.

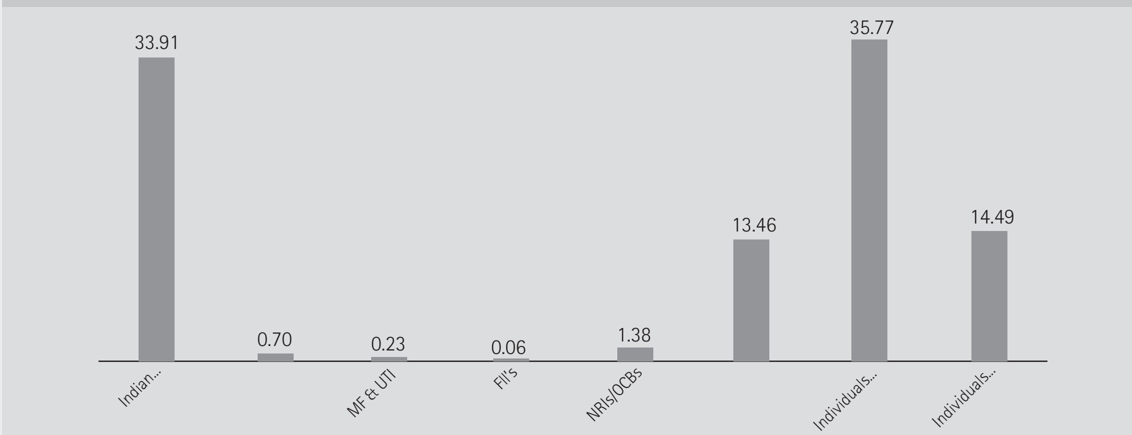
l) Distribution of Shareholding as on March 31, 2011.

Nominal Value (Rs.)	Shareholders		Shares	
	Numbers	%	Numbers	%
1 to 5000	8867	92.04	9620070	18.74
5001 to 10000	400	4.15	3252060	6.33
10001 to 20000	174	1.81	2564050	4.99
20001 to 30000	57	0.59	1449470	2.82
30001 to 40000	28	0.29	1018480	1.98
40001 to 50000	27	0.28	1235600	2.41
50001 to 100000	35	0.36	2649010	5.16
100001 and Above	46	0.48	29558930	57.57
Total	**9634**	**100.00**	**51347670**	**100.00**

m) Shareholding Pattern as on March 31, 2011:

Sl.	Category	No of Share holders	No of shares	%
1.	Promoters – Indian	16	1741391	33.91
2.	Foreign promoters	1	35716	0.70
3.	Mutual Funds & UTI	12	11600	0.23
4.	Foreign Institutional Investors	2	2900	0.06
5.	Non-Resident Indians/OCBs	219	71067	1.38
6.	Bodies Corporate	349	691307	13.46
7.	Others- Individuals upto Rs. 1 Lakh	9016	1836843	35.77
8.	Others- Individuals in excess of Rs. 1 Lakh	19	743943	14.49
	Total	**9634**	**5134767**	**100.00**

Shareholding Pattern as on 31.03.2011



n) Dematerialisation of Shares and Liquidity

The equity shares of the Company are compulsory traded in dematerialisation form and are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Company's depository registrar promptly intimates the DP in the event of any deficiency and the shareholder is also kept abreast. The pending demat requests in the records of the depositories if any, are continually reviewed and appropriate action initiated.

o) Address for Correspondence

For all matters relating to Shares and Annual Reports & Grievances:

Mr. Sudhir Kumar
Compliance Officer
ALPHAGEO (INDIA) LIMITED
317/A, MLA Colony, Road No.12,
Banjara Hills, Hyderabad – 500034 (AP)
Ph: 040-22320502/03 Fax: 040-23302238
E-mail: cs@alphageoindia.com
Website: www.alphageoindia.com

For Alphageo (India) Ltd.,

Place: Hyderabad
Date: May 30, 2011

A. Dinesh
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Alphageo (India) Limited

We have examined the compliance of the conditions of Corporate Governance by Alphageo (India) Limited for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us:

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P.V.R.K Nageswara Rao**
Chartered Accountants
Firm's Registration Number: 002283S

P.V.R.K. Nageswara Rao
Partner
Membership No. 18840

Hyderabad
May 30, 2011

CERTIFICATION OF MANAGING DIRECTOR AND CHIEF FINANCE OFFICER PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT.

To,
The Board of Directors of
Alphageo (India) Limited

We certify that:

a. We have reviewed the balance sheet and profit and loss account and all its schedules and Notes on accounts as well as the cash flow statements of Alphageo (India) Limited for the year ended March 31, 2011 and the directors' report and these statements/reports.
   - do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
   - together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. To the best of our knowledge and belief, there are, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee:
   - significant improvement in internal control over financial reporting during the year;
   - significant changes in accounting policies if any, made during the year and that the same have been discussed in the notes to the financial statements; and
   - no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Hyderabad	**A. Dinesh**	**Sudhir Kumar**
30.05.2011	*Managing Director*	*Chief Financial Officer*

FINANCIAL SECTION

AUDITORS' REPORT

To
The Members of
Alphageo (India) Limited

1 We have audited the attached Balance Sheet of **ALPHAGEO (INDIA) LIMITED** ("the Company") as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3 As required by the Companies (Auditors' Report) Order, 2003 (" the Order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4 Further to our comments in the Annexure referred to above, we report that:

i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of these books.

iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956 to the extent applicable.

v) On the basis of the written representations received from the directors, as on 31.03.2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Act.

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the notes and accounting policies thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2011;

b) in the case of Profit and Loss Account of the loss for the year ended on that date; and

c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants
Firm's Registration Number: 002283S

P. V. R. K. Nageswara Rao
Partner
Membership No. 18840

Hyderabad
May 30, 2011

Annexure to the Auditors' Report

Annexure referred to in Paragraph 3 of Auditors' Report of even date on the Accounts of Alphageo (India) Limited ('The Company') for the year ended March 31, 2011

1 a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) As explained to us, the fixed assets have been physically verified by the management according to the phased programme designed to cover all the fixed assets on rotation basis. In respect of fixed assets verified according to this programme, which is considered reasonable, no material discrepancies were noticed on such verification.

c) The fixed assets disposed off during the year did not represent substantial part of the fixed assets of the Company, which affect going concern status of the Company.

2 a) As explained to us, the inventories, representing machinery spares and survey consumables, of the company have been physically verified at reasonable intervals during the year by the Management.

b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c) The Company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of account.

3 a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently the provisions of Clause 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Order are not applicable to the Company.

b) The Company has taken an unsecured loan from a Company covered under section 301 of the Act during the previous year. The balance as on March 31, 2011 and the maximum amount involved during the year were Rs. Nil and Rs.75,00,000, respectively.

c) In our opinion the rate of interest and other terms and conditions of loan taken from the party covered in the register maintained under section 301 of the Act are not prima facie prejudicial to the interests of the company.

d) The Company is regular in repayment, where applicable, of principal amount and interest on unsecured loan taken from the party covered in the register maintained under section 301 of the Act.

4 In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory representing machinery spares and survey consumables, fixed assets and for the sale of seismic survey and other related services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5 a) According to the information and explanations given to us and as confirmed by the Company Secretary of the Company, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Act have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of Rs.5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6 According to the records of the Company and as per the information and explanations given to us, the Company has not accepted any deposits from public during the year covered by the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or other relevant provisions of the Act and the rules framed there under. Consequently, the provisions of Clause 4(vi) of the Order are not applicable to the Company.

7 As per the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

8 In respect of this company, maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.

9 a) According to the records of the Company and as per the information and explanations given to us, the company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employee State Insurance, Investor Education and Protection Fund, Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with appropriate authorities. In respect of these statutory dues, there are no outstanding dues as on 31.3.2011 which are outstanding for a period of more than six months from the date they became payable.

b) According to the records of the Company and as per the information and explanations given to us, there are no dues of Income Tax, Sales tax, Wealth tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited on account of any dispute as on 31.3.2011.

10. As per the information and explanations given to us and on an overall examination of the financial statements of the company for the current and immediately preceding financial year, we report that the Company does not have any accumulated losses at the end of the current financial year nor incurred cash losses in the current and immediately preceding financial year.

11 During the year the Company has not defaulted in repayment of dues to financial institutions, bank and debenture holders.

12 As per the information and explanations given to us, as the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to anybody during the year, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

13 In our opinion, as the Company is not a chit fund or a nidhi or mutual benefit fund or society, the provisions of Clause 4 (xiii) of the Order are not applicable to the Company.

14 In our opinion, as the Company is not dealing in or trading in shares, securities, debentures and other investments, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

15 In our opinion, the terms and conditions on which the Company has given guarantee for the loans taken by others from banks are not prejudicial to the interests of the Company

16 According to the records of the Company, during the year the Company has not raised any term loans and the term loans raised in earlier years have been applied for the purposes for which they were raised in the relevant years.

17 As per the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the funds raised on short term basis during the year have not been used for long term investment purposes.

18 The Company has made preferential allotment of shares to parties covered in the Register maintained under section 301 of the Act during the year. In our opinion and according to the information and explanations given to us, the price at which shares have been issued is not prejudicial to the interests of the Company.

19 As the Company has not issued any debentures during the year, which requires the creation of security or charge, the provisions of Clause 4(xix) are not applicable to the Company.

20 As the Company has not raised any money by public issues during the year, the provisions of Clause 4(xx) are not applicable to the Company.

21 During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and as per the representation given by the Company and relied on by us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants
Firm's Registration Number: 002283S

P. V. R. K. Nageswara Rao
Partner
Membership No. 18840

Hyderabad
May 30, 2011

Balance Sheet As at March 31, 2011

(Amount in Rupees)

	Schedule No.	As at 31.03.2011		As at 31.03.2010	
SOURCES OF FUNDS					
Shareholders' Funds:					
Share Capital	1	5,14,83,670		5,13,34,340	
Reserves and Surplus	2	45,66,53,448	50,81,37,118	58,28,49,998	63,41,84,338
Loan Funds :					
Secured Loans	3		1,32,39,769		1,83,14,535
Total			**52,13,76,887**		**65,24,98,873**
APPLICATION OF FUNDS :					
Fixed Assets :					
Gross Block	4	107,40,69,906		109,88,41,328	
Less : Depreciation		81,04,12,652		67,89,90,977	
		26,36,57,254		41,98,50,351	
Capital work-in-progress		85,80,663		37,02,674	
Net Block			27,22,37,917		42,35,53,025
Investments	5		1,27,575		5,29,21,287
Deferred tax asset/(liability) (net)	6		6,53,91,204		4,29,88,985
Net current assets :					
A. Current assets, Loans and advances :					
Inventories	7	7,01,966		21,93,204	
Sundry Debtors	8	8,33,60,263		19,53,86,017	
Cash and Bank Balances	9	2,68,24,157		4,37,24,134	
Other Current Assets	10	1,71,108		1,20,013	
Loans and Advances	11	14,05,02,440		72,15,976	
		25,15,59,934		24,86,39,344	
B. Current liabilities and Provisions:					
Current Liabilities	12	6,07,60,581		8,56,87,194	
Provisions	13	71,79,162		2,99,16,574	
		6,79,39,743		11,56,03,768	
Net current assets (A-B)			18,36,20,191		13,30,35,576
Total			**52,13,76,887**		**65,24,98,873**
Significant Accounting Policies	19				
Notes to Accounts	20				

Per Our Report of even date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants

P. V. R. K. Nageswara Rao
Partner
Membership No.18840

Hyderabad
May 30, 2011

For and on behalf of the Board

A. Dinesh
Managing Director

Z. P. Marshall
Director

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary

Profit and Loss Account For the year ended March 31, 2011

(Amount in Rupees)

	Schedule No.	For the year ended 31.03.2011		For the year ended 31.03.2010	
I **INCOME :**					
Seismic Survey and Related					
Services Income			20,79,09,309		78,33,33,458
Trade Sales			7,12,118		–
Other Income	14		1,10,92,281		58,97,748
Total			**21,97,13,708**		**78,92,31,206**
II **EXPENDITURE :**					
Survey and Survey Related Expenses	15		13,16,91,264		36,99,26,484
Trade Purchases			5,17,973		–
Employees Cost	16		4,77,32,112		5,47,24,827
Other Expenses	17		2,88,37,164		3,60,92,311
Finance Charges	18		46,72,254		1,00,30,581
Depreciation			15,51,54,403		16,52,28,403
Total			**36,86,05,170**		**63,60,02,606**
III **PROFIT/(LOSS) FOR THE YEAR**			**(14,88,91,462)**		**15,32,28,600**
Less : Provision for Taxation					
- Current Income Tax		1,00,000		8,10,00,000	
- Deferred Income Tax		(2,24,02,219)		(2,46,68,899)	
- Income Tax adjustments of earlier years		–	(2,23,02,219)	(3,74,622)	5,59,56,479
Profit/(Loss) After Tax			**(12,65,89,243)**		**9,72,72,121**
Add: Profit brought forward from last year			37,90,15,893		29,76,36,034
			25,24,26,650		39,49,08,155
Less: Appropriations:					
Proposed Dividend		51,34,767		76,79,751	
Corporate Dividend Tax		8,32,988		12,75,511	
General Reserve		–		69,37,000	
Dividend of earlier year		10,549		–	
Corporate dividend tax on dividend of earlier year		1,752	59,80,056	–	1,58,92,262
Balance carried to Balance sheet			**24,64,46,594**		**37,90,15,893**
IV **EARNINGS / (LOSS) PER SHARE** - Basic (Rs.)			(24.65)		19.00
- Diluted (Rs.)			(24.45)		18.83
Face Value of Share Rs.10/- each					
Significant Accounting Policies	19				
Notes to Accounts	20				

Per Our Report of even date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants

P. V. R. K. Nageswara Rao
Partner
Membership No.18840

Hyderabad
May 30, 2011

For and on behalf of the Board

A. Dinesh
Managing Director

Z. P. Marshall
Director

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary

Cash Flow Statement For the year ended March 31, 2011

(Amount in Rupees)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
I. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit / (Loss) Before Tax		(14,88,91,462)		15,32,28,600
Add/(Less): Adjustments for :				
Depreciation	15,51,54,403		16,52,28,403	
Interest income	(12,16,299)		(31,40,094)	
Interest expense	21,30,017		71,44,855	
Dividend Received	(23,50,262)		(27,06,019)	
Dimunition in the book value of Investments	–		10,61,865	
Dimunition in the book value of Investments no longer required	(10,61,865)		–	
Bad Debts written off	18,13,391		–	
Employee Compensation Costs Written off	42,25,981		31,75,161	
(Profit) on sale of Investments	(14,27,962)		–	
(Profit) /Loss on sale of Fixed assets(Net)	(48,97,306)	15,23,70,098	12,25,123	17,19,89,294
Operating Profit Before Working Capital Changes		**34,78,636**		**32,52,17,894**
Less: Adjustments for Working Capital Changes:				
Deposits pledged with banks and dividend account with bank	1,22,47,261		(23,58,626)	
Trade and Other Receivables	10,87,07,854		1,10,20,633	
Inventories	14,91,238		2,50,844	
Trade Payables	(2,47,21,183)	9,77,25,170	(35,54,861)	53,57,990
Cash generated from Operations		**10,12,03,806**		**33,05,75,884**
Less: Direct Taxes Paid		(2,44,70,395)		(10,45,85,667)
Net Cash Flow from Operating Activities		**7,67,33,411**		**22,59,90,217**
II. CASH (USED IN) INVESTING ACTIVITIES :				
Purchase of Investments		(26,61,20,041)		(21,34,83,152)
Sale of Investments		32,14,03,580		15,95,00,000
Dividend Received		23,50,262		27,06,019
Purchase of Fixed Assets		(77,24,773)		(5,53,09,971)
Sale of Fixed Assets		87,82,784		17,53,471
Interest Received		11,65,204		31,34,089
Net Cash (Used in) Investing Activities		**5,98,57,016**		**(10,16,99,544)**
III. CASH (USED IN) FINANCING ACTIVITIES:				
Share Application Money in Subsidiary Company		(12,54,26,925)		–
Advance to Subsidiary Company		(21,63,483)		–
Dividend paid (including Corporate Dividend Tax)		(87,44,050)		(86,79,940)
Proceeds from Long Term Borrowings		–		33,15,544
Repayments of Long Term Borrowings		(1,60,68,958)		(9,86,91,009)
Proceeds from Short Term Borrowings		1,09,94,192		–
Repayment of Short Term Borrowings		–		(25,00,000)
Interest Paid		(21,30,017)		(84,68,973)
Consideration for issue of shares under ESOP		22,96,098		–
Net Cash (Used in) Financing Activities		**(14,12,43,143)**		**(11,50,24,378)**

Cash Flow Statement *(Contd...)*

(Amount in Rupees)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
IV. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)		**(46,52,716)**		**92,66,295**
V. Cash and Cash equivalents as at beginning of the year		**1,23,34,297**		**30,68,002**
VI. Cash and cash equivalents as at end of the year **		**76,81,581**		**1,23,34,297**
**** Note :**				
Cash and Cash Equivalents as at end of the year :				
Cash and Bank balances as per Balance Sheet		2,68,24,157		4,37,24,134
Less : Deposits pledged towards margin money against bank guarantees and other designated accounts dealt in operating activity		1,91,42,576		3,13,89,837
		76,81,581		**1,23,34,297**

Note:

1 Previous year figures have been regrouped/reclassified to confirm to current year classification.

2 Significant Accounting Policies (Schedule 19) and other Notes to Accounts (Schedule 20) form an integral part of the Cash Flow Statement.

3 Cash flow statement has been prepared under indirect method specified in Accounting Standard-3 notified under Companies Act, 1956.

Per Our Report of even date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants

P. V. R. K. Nageswara Rao
Partner
Membership No.18840

Hyderabad
May 30, 2011

For and on behalf of the Board

A. Dinesh
Managing Director

Z. P. Marshall
Director

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary

Schedules forming part of Accounts

(Amount in Rupees)

		As at 31.03.2011		As at 31.03.2010
Schedule 1 SHARE CAPITAL				
Authorised :				
1,00,00,000 Equity Shares of Rs.10/- each		10,00,00,000		10,00,00,000
Issued and Subscribed:				
51,46,167 (Previous year 51,31,234) Equity Shares of Rs. 10/- each		5,14,61,670		5,13,12,340
Paid-up :				
51,34,767 (Previous year 51,19,834) Equity Shares of Rs.10/- each fully paid up		5,13,47,670		5,11,98,340
(Of the above, 4,23,334 Equity Shares have been allotted as fully paid-up Shares by way of Bonus Shares)				
Add : Forfeited Shares		1,36,000		1,36,000
		5,14,83,670		**5,13,34,340**

Schedule 2 RESERVES AND SURPLUS				
Share Premium		15,65,04,831		15,37,84,038
Share Warrants Forfeiture Account		1,61,18,047		1,61,18,047
Employee Stock Option Outstanding:				
Balance brought forward	1,08,49,460		26,90,800	
Additions during the Year	–		83,89,300	
	1,08,49,460		1,10,80,100	
Less: Deletions/ Allotments during the year	9,32,387		2,30,640	
(Refer Note 4 of Schedule 20 Notes to Accounts)	99,17,073		1,08,49,460	
Less: Deferred Employee Compensation costs	23,33,097	75,83,976	69,17,440	39,32,020
General Reserve :				
Balance brought forward	3,00,00,000		2,30,63,000	
Add:Transferred from Profit and Loss Account	–	3,00,00,000	69,37,000	3,00,00,000
Profit and Loss Account (Surplus)		24,64,46,594		37,90,15,893
		45,66,53,448		**58,28,49,998**

Schedule 3 SECURED LOANS				
State Bank of India:				
Cash Credit Account		1,09,94,192		1,49,98,991
(Secured by First charge on Fixed Assets and hypothecation of Current Assets of the Company and guaranteed by two Directors of the Company)				
From ICICI Bank Limited		22,45,577		33,15,544
(Secured by hypothecation of relevant vehicle acquired against the loan)				
		1,32,39,769		**1,83,14,535**

Schedules forming part of Accounts

(Amount in Rupees)

Schedule 4 FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2010	Additions During the year	Deductions During the year	Total cost as at 31.03.2011	Up to 31.03.2010	For the year	On deductions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets										
Land	2,19,08,666	–	–	2,19,08,666	–	–	–	–	2,19,08,666	2,19,08,666
Buildings	14,46,800	–	–	14,46,800	58,957	23,583	–	82,540	13,64,260	13,87,843
Plant and Machinery	104,27,84,945	17,75,085	2,58,82,266	101,86,77,764	66,09,24,474	15,23,77,366	2,21,33,281	79,11,68,559	22,75,09,205	38,18,60,471
Electrical Fittings	22,920	7,680	–	30,600	22,920	7,680	–	30,600	–	–
Other Equipment	86,19,791	94,322	13,28,250	73,85,863	42,52,377	10,96,965	12,12,143	41,37,199	32,48,664	43,67,414
Furniture and Fixtures	17,67,617	69,565	–	18,37,182	5,52,467	1,44,107	–	6,96,574	11,40,608	12,15,150
Vehicles	1,54,25,411	50,489	33,690	1,54,42,210	86,21,051	8,33,217	32,006	94,22,262	60,19,948	68,04,360
Data Processing Equipment	68,65,178	6,27,861	3,74,000	71,19,039	45,58,731	6,30,881	3,55,298	48,34,314	22,84,725	23,06,447
Intangible Assets										
Software	–	2,21,782	–	2,21,782	–	40,604	–	40,604	1,81,178	–
Total	**109,88,41,328**	**28,46,784**	**2,76,18,206**	**107,40,69,906**	**67,89,90,977**	**15,51,54,403**	**2,37,32,728**	**81,04,12,652**	**26,36,57,254**	**41,98,50,351**
Previous year Total	105,43,67,321	5,16,07,297	71,33,290	109,88,41,328	51,79,17,270	16,52,28,403	41,54,696	67,89,90,977	41,98,50,351	53,64,50,051

Schedules forming part of Accounts

(Amount in Rupees)

		As at 31.03.2011		As at 31.03.2010	
Schedule 5 INVESTMENTS					
Unquoted-Non-Trade-At Cost:					
Current:					
Mutual Funds :					
160408.593	Units of Rs.10/- each in Franklin India Prima Plus-Dividend Payout.	–		50,00,000	
	Less: Provision for Loss on diminution in value of Investments.	–	–	6,66,048	43,33,952
55459.426	Units of Rs.10/- each in HDFC Equity Fund-Dividend Option payout.	–		25,00,000	
	Less: Provision for Loss on diminution in value of Investments.	–	–	91,841	24,08,159
111906.893	Units of Rs.10/- each in Birla Sun Life Frontine Equity Fund-Plan A Dividend	–		25,00,000	
	Less: Provision for Loss on diminution in value of Investments.	–	–	63,787	24,36,213
48425.212	Units of Rs.10/- each in DSP Black Rock Equity Fund-Regular Plan-Dividend.	–		25,00,000	
	Less: Provision for Loss on diminution in value of Investments.	–	–	2,40,189	22,59,811
698924.355	Units of Rs.10/- each in IDFC Small & Midcap Equity (SME) Fund-Dividend.		–		1,00,00,000
	(Net Asset Value:Rs.1,04,77,016/-)				
Others:					
2140725.886	Units of Rs.10/- each in GFCD IDFC Money Manager Fund-TP-Super Inst Plan C.		–		2,14,07,259
1006985.121	Units of Rs.10/- each in SBI-SHF-Ultra Short Term Fund-Institutional Plan		–		1,00,75,893
Long Term:					
Investment in Subsidiaries:					
100	Shares of AED 100 Each in Alphageo International Limited		1,27,575		–
			1,27,575		**5,29,21,287**

Schedule 6 DEFERRED TAX ASSET/(LIABILITY) (NET)				
Balance brought forward		4,29,88,985		1,83,20,086
Add : Adjustments for the year		2,24,02,219		2,46,68,899
(Refer Note -12 of Schedule 20 Notes to Accounts)				
		6,53,91,204		**4,29,88,985**

Schedule 7 INVENTORIES				
(As taken, valued and certified by the Management)				
Stores and Spares		7,01,966		21,93,204
		7,01,966		**21,93,204**

Schedules forming part of Accounts

(Amount in Rupees)

		As at 31.03.2011		As at 31.03.2010
Schedule 8 SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Outstanding for a period exceeding Six months		1,49,16,999		–
Others		6,84,43,264		19,53,86,017
		8,33,60,263		**19,53,86,017**
Schedule 9 CASH AND BANK BALANCES				
Cash on hand		1,33,776		4,04,219
Cash at Scheduled Banks :				
In Current Accounts		75,47,805		1,19,20,828
In Cash Credit Account		–		9,250
In Unclaimed Dividend Accounts		13,38,616		11,15,103
In Term Deposit Accounts		1,78,03,960		3,02,74,734
(Pledged towards margin money against guarantees issued by Bank)				
		2,68,24,157		**4,37,24,134**
Schedule 10 OTHER CURRENT ASSETS				
Interest accrued on Deposits		1,71,108		1,20,013
		1,71,108		**1,20,013**
Schedule 11 LOANS AND ADVANCES				
(Unsecured, considered good, recoverable in cash or in kind or for the value to be received)				
Deposits Recoverable		12,28,232		14,01,962
Prepaid Expenses		27,89,580		35,80,179
Advances to Subsidiary Company		21,63,483		–
(Maximum amount outstanding during the year Rs. 22,82,187/-)				
Share Application Money in Subsidiary Company		12,54,26,925		–
Other Advances and Receivables		47,02,673		22,33,835
Prepaid Taxes(Net of Provision for Taxation)		41,91,547		–
		14,05,02,440		**72,15,976**
Schedule 12 CURRENT LIABILITIES				
Sundry Creditors:				
Dues of Micro and Small Enterprises	–		–	
Dues of Enterprises other than Micro and Small Enterprises	5,94,21,965	5,94,21,965	8,45,72,091	8,45,72,091
Investor Education and Protection Fund:				
Unclaimed Dividend		13,38,616		11,15,103
(Note:There is no amount due and outstanding to be credited to Investor Education and Protection Fund)				
		6,07,60,581		**8,56,87,194**

Schedules forming part of Accounts

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
Schedule 13 PROVISIONS		
Provision for Employee Retirement Benefits	12,11,407	7,82,464
Provision for Income Tax(Net of prepaid taxes)	–	2,01,78,848
Proposed Dividend	51,34,767	76,79,751
Provision for Corporate Dividend Tax	8,32,988	12,75,511
	71,79,162	**2,99,16,574**

(Amount in Rupees)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Schedule 14 OTHER INCOME		
Interest earned (Gross)	12,16,299	31,40,094
(Tax Deducted At Source Rs. 1,23,218/-, Previous year Rs.3,44,306/-)		
Dividend Received from Current Non-Trade Investments	23,50,262	27,06,019
Gain on Foreign Exchange Fluctuation	866	–
Miscellaneous Income	1,37,721	51,635
Profit on Sale of Assets(Net)	48,97,306	–
Profit on Sale of Current Non-Trade Investments	14,27,962	–
Provision for diminution in book value of investments no longer required	10,61,865	–
	1,10,92,281	**58,97,748**

Schedule 15 SURVEY AND SURVEY RELATED EXPENSES		
Stores Consumed	20,57,182	80,76,862
Labour Charges	35,61,162	33,03,912
Survey and Drilling charges	9,74,04,562	30,91,18,056
Fuel	58,67,019	93,10,970
Equipment Hire Charges	–	8,78,496
Vehicle Hire charges	35,89,813	52,59,700
Technical Consultancy Charges	6,25,562	10,20,000
Repairs and Maintenance to Machinery	56,72,557	1,19,89,749
Camp Rental Charges	46,90,779	59,66,987
Camp Expenses	46,79,599	83,89,237
Transport and Handling Charges	17,40,145	21,45,247
Other Survey Expenses	18,02,884	44,67,268
	13,16,91,264	**36,99,26,484**

Schedules forming part of Accounts

(Amount in Rupees)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Schedule 16 EMPLOYEES COST		
Salaries, Wages and other benefits to staff	4,19,33,000	5,02,70,011
Contribution to Provident Fund and ESI	10,16,573	7,17,594
Workmen and Staff Welfare expenses	9,12,641	8,21,788
Employee Compensation Costs	38,69,898	29,15,434
(Exclusive of Rs.3,56,083/- Included in		
Managerial remuneration)		
(Refer Note- 4 of Schedule 20 Notes to Accounts)		
	4,77,32,112	**5,47,24,827**

	For the year ended 31.03.2011	For the year ended 31.03.2010
Schedule 17 OTHER EXPENSES		
Managerial Remuneration	43,14,168	84,66,349
(Refer Note - 6 of Schedule 20 Notes to Accounts)		
Directors' Sitting Fee	1,73,500	1,50,500
Rent	25,35,000	25,54,000
Printing and Stationery	11,78,123	14,42,913
Communication Expenses	12,14,843	15,29,007
Travelling and Conveyance	68,48,428	68,72,606
Payment to Auditors	7,51,880	6,82,250
(Refer Note - 5 of Schedule 20 Notes to Accounts)		
Legal and Professional Charges	12,49,742	538,779
Insurance	42,43,085	33,39,221
Advertisement	3,46,124	4,02,848
Taxes and licences	4,56,922	10,74,151
Repairs and Maintenance to Other Assets	11,96,134	3,52,400
Vehicle Maintenance	2,07,613	4,27,844
Donations	1,12,001	4,39,981
Bad debts written off	18,13,391	–
Provision for diminution in book value of investment	–	10,61,865
Loss on Sale/Recovery on Assets(Net)	–	12,25,123
Loss on Exchange fluctuations	–	29,98,588
General Expenses	21,80,678	25,33,886
Prior Year Expenses	15,532	–
	2,88,37,164	**3,60,92,311**

	For the year ended 31.03.2011	For the year ended 31.03.2010
Schedule 18 FINANCE CHARGES		
Interest on Fixed Loans	13,04,176	71,24,433
Interest on working capital	6,96,778	–
Interest to Others	1,29,063	20,422
Bank Charges and Commission	25,42,237	28,85,726
	46,72,254	**1,00,30,581**

Schedules forming part of Accounts

Schedule 19 SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Convention

The financial statements are prepared under historical cost convention on the accrual basis of accounting in accordance with generally accepted accounting principles in India and the Accounting Standards notified under the Companies Act, 1956.

B. Fixed Assets and Depreciation

i) Fixed Assets are stated at cost of acquisition inclusive of inland freight, duties and taxes and incidental expenses related to acquisition.

ii) Depreciation on Fixed Assets is being provided under Straight Line Method prorata at the rates mentioned below:

a) Machinery in the nature of Geophone strings and cables @ 19.00% per annum.

b) Machinery in the nature of equipment used for 3D Seismic Survey @ 19.00% per annum

c) In case of all other assets at the rates specified in Schedule XIV of the Companies Act, 1956.

C. Intangible Assets and Amortisation

Cost relating to Intangible assets, which are acquired, are capitalized and amortised over the period of 3 years, which is based on their estimated useful life.

D. Foreign Exchange Transactions

Transactions in Foreign Exchange, other than those covered by forward contracts are accounted for at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date other than those covered by forward contracts are translated at the year end rates. The resultant exchange differences are recognised in the profit and loss account.

Non-monetary assets and liabilities are recorded at the rates prevailing on the date of the transaction.

E. Investments

i. Investments are classified into Current and Long Term investments.

ii. Current investments are valued at lower of cost and fair value

iii. Long-term investments are valued at cost of acquisition. Provision is made for decline, other than temporary, in the value of investments

F. Inventories:

i. Stock of Stores and spares is valued at lower of cost and net realisable value. Cost is determined considering the cost of purchase and other costs incurred for acquisition and on the basis of first in first out method (FIFO)

ii. Stationery, medical and mess expenses are charged off to the revenue at the time of purchase.

G. Employee Stock Option Scheme

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of the shares, at the date of grant of option under the employee stock option scheme, over the exercise price is treated as employee compensation and the same is amortised over the vesting period of the stock options.

H. Taxes On Income:

i. Provision for Taxation is the aggregate of current income tax, deferred income tax charge / (credit) for the year.

ii. Current Income Tax:

The provision for taxation is based on assessable profits of the company as determined under the Income Tax Act, 1961. The Company also provides for such disallowances made on completion of assessment pending appeals, as considered appropriate depending on the merits of each case.

iii. Deferred Income Tax

Deferred Income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

I. Proposed Dividend:

Proposed Dividend as proposed by the Board of Directors is provided in the books of account, pending approval at the Annual General Meeting.

J. Leases:

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lesser, are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the period of lease.

K. Borrowing Costs:

Borrowing costs are attributable to the acquisition of qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. Other borrowing costs are recognized as expense for the period.

L. Earnings per share:

i) Basic earnings per share are calculated considering the weighted average number of equity shares outstanding during the year.

ii) Diluted earnings per share is calculated considering the effects of potential equity shares on net profits after tax for the year and weighted average number of equity shares outstanding during the year.

M. Employee Benefits

Defined contribution plans:

Provident Fund: Contribution to Provident Fund is made at the prescribed rates to the Employees Provident Fund Scheme by the Central Government and is charged to the Profit and Loss Account

Defined benefit plans:

i) Gratuity: The Company makes contribution to a scheme administered by the Life Insurance Corporation of India ('LIC') to discharge gratuity liabilities to the employees. Annual contribution to the fund as determined by the LIC is expensed in the year of contribution. The shortfall between the accumulated funds available with LIC and liability as determined on the basis of an actuarial valuation is provided for at the year end. The Actuarial gains/losses are immediately taken to profit and loss account.

ii) Leave encashment: The company records its unavailed leave liability based on actuarial valuation using projected unit credit method.

Short term employee benefits

Short term employee benefits are recognised as an expense as per the company's scheme based on expected obligation on undiscounted basis.

State Plans: Employer's contribution to Employee's State Insurance is charged to Profit and Loss Account.

N. Contingent liabilities

These are disclosed by way of Notes on the Balance sheet. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liability after the year end, till the finalization of accounts and have material effect on the position stated in the Balance Sheet.

O. Provisions

A provision is recognised when there is a present obligation as a result of past event. It is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

P. Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized.

Schedules forming part of Accounts

Schedule 20 NOTES TO ACCOUNTS

1. Previous year figures have been regrouped or reclassified wherever necessary to conform to the current year classification. The figures have been rounded off to the nearest rupee.

2. **Contingent Liabilities:**
   i. Towards Guarantees issued by Bank – Rs.-4,23,95,209 (Previous year: Rs. 5,55,34,735)
   ii. Income Tax demands disputed by the Company – Rs. 16,57,548 (Previous year: Rs. 16,57,548)
   iii. Towards Guarantees issued by the company on behalf of Subsidiary-Rs.3,36,34,175/-(Previous Year –Rs.Nil)

3. **Dues of Micro, Small & Medium Enterprises:**
   Information as required to be disclosed under Schedule VI of the Companies Acts,1956 with reference to micro and small enterprises under the micro, small and medium enterprises development Act, 2006 (Act) as given below and the information mentioned at Schedule No.12 Current Liabilities w.r.t. dues of micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company and relied on by the auditors:

(Amount in Rupees)

Particulars	2010-11	2009-10
Principal Amount remaining unpaid as on 31st March.	NIL	NIL
Interest due thereon as on 31st March.	NIL	NIL
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during the year.	NIL	NIL
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	NIL	NIL
Interest accrued and remaining unpaid as at 31st March.	NIL	NIL
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	NIL	NIL

4. **Employee Stock Option Scheme**
   a. In respect of Options granted to employees during the year, under the Employees Stock Option Scheme, in accordance with the guidelines issued by Securities and Exchange Board of India, the accounting value of options, determined based on market price of the share on the before day of the grant of the Option, is accounted as Deferred Employee Compensation Costs and the same is being amortised on straight line basis over the vesting period of stock options. Consequently for the current year, an amount of Rs.42,25,981/-(Previous Year Rs.31,75,161/-) has been amortised.
   b. Movement in the options during the year is as detailed below:

(Nos)

	2010-11	2009-10
Options outstanding at the beginning of the year	1,50,000	70,000
Granted during the year	Nil	86,000
Expired/Forfeited during the year	8,400	6000
Exercised during the year	14,933	Nil
Options exercisable at the end of the year	1,26,667	1,50,000

Schedules forming part of Accounts

Schedule 20 NOTES TO ACCOUNTS (Contd.)

5. **Payment to Auditors**

(Amount in Rupees)

	2010-11	2009-10
As Auditors	3,00,000	3,00,000
Tax Audit Fees	1,75,000	1,50,000
Quarterly Reviews	90,000	75,000
Income Tax Matters	50,000	50,000
Other Matters	80,000	75,000
Out of Pocket Expenses	56,880	32,250
	7,51,880	**6,82,250**

Net of Service Tax and education cess thereon

6. **Managerial Remuneration**

(Amount in Rupees)

	2010-11	2009-10
(i) Managing Director's Remuneration:		
Salary and Allowances	24,00,000	24,00,000
Commission	–	43,38,119
Perquisites	12,70,085	11,80,503
Contribution to Provident Fund	2,88,000	2,88,000
	39,58,085	**82,06,622**
(ii) Other Non Whole Time Directors:		
ESOP Compensation Costs	3,56,083	2,59,727

7. **Segmental Reporting**

As the Company's business consists of one reportable business and geographical segment of Seismic Data Acquisition and its related services within India, no separate disclosures pertaining to attributable revenues, profits, assets, liabilities and capital employed are considered necessary..

8. **Related Party Transactions**

The details of transactions with the related parties as defined in the Accounting Standard AS-18 Related Party Transactions notified under the Companies Act, 1956 are given below:

i. **List of Related Parties with whom transactions have taken place and nature of relationships:**

a. **Key Management Personnel**

Sri A. Dinesh

b. **Relatives of Key Management Personnel**

Sri A. Rajesh

Sri A.Dinesh (HUF)

c. **Companies in which the Relatives of Key Management Personnel has substantial Interest:**

Aquila Drilling Private Limited

d. Subsidiary:

Alphageo International Limited

Schedule 20 NOTES TO ACCOUNTS (Contd.)

ii. **Details of Transactions**

(Amount in Rupees)

Sl	Nature of Relation/Nature of Transactions	2010-11 Amount of Transaction	2010-11 Amount outstanding as on 31.03.2011	2009-10 Amount of Transaction	2009-10 Amount outstanding as on 31.03.2010
1	**Key management personnel:**				
	Remuneration	39,58,085	14,59,002	82,06,622	53,01,081
	Interest on Deposits	–	–	9,169	–
	Repayment Of Deposit	–	–	25,00,000	–
2	**Relatives of the Key Management Personnel:**				
	Rent	–	–	1,32,000	–
	Sitting Fees	32,000	–	39,500	–
3	**Companies in which Relative of the Key Management Personnel has Substantial Interest:**				
	Drilling Charges	98,17,500	13,82,459	5,98,22,500	1,10,46,248
	Acceptance of Deposits	75,00,000		–	
	Repayment of Deposits	75,00,000		–	
	Interest on Deposit	1,23,904		–	
4	**Subsidiary**				
	Investment	1,27,575	12,77,17,883	–	–
	Share Application Money	12,54,26,925		–	
	Guarantees given	3,36,34,175		–	
	Sale of Fixed Assets	75,91,912		–	
	Sale of Consumables	7,12,118		–	

iii. **Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:**

(Amount in Rupees)

Nature of Transaction	Name of the Related Party	2010-11	2009-10
Remuneration	Sri. A. Dinesh	39,58,085	82,06,622
Interest On Deposit	Sri. A. Dinesh	–	9,169
	Aquila Drilling Private Limited	1,23,904	–
Repayment Of Deposits	Sri. A. Dinesh	–	25,00,000
	Aquila Drilling Private Limited	75,00,000	–
Acceptance Of Deposits	Aquila Drilling Private Limited	75,00,000	–
Rent	Sri A. Dinesh (HUF)	–	1,32,000
Sitting Fees	Sri. A.Rajesh	32,000	39,500
Drilling Charges	Aquila Drilling Private Limited	98,17,500	5,98,22,500
Investment	Alphageo International Limited	1,27,575	–
Share Application Money	Alphageo International Limited	12,54,26,925	–
Guarantee given	Alphageo International Limited	3,36,34,175	–
Sale of Fixed Assets	Alphageo International Limited	75,91,912	–
Sale of Consumables	Alphageo International Limited	7,12,118	–

9. **Leases**

The Company has various operating lease for Office and other premises that are renewable on a periodic basis by mutual consent on mutually agreeable terms and cancellable at its option. Rental/lease expenses for operating leases recognised in the Profit and Loss Account for the year is Rs.68,94,979/- (Previous Year Rs.73,19,787/-)

Schedule 20 NOTES TO ACCOUNTS (Contd.)

10. Employee Benefits

The disclosures required under Accounting Standard 15 "Employee Benefits" notified under the Companies Act, 1956 are as given below:

(Amount in Rupees)

		2010-11	2009-10
i.	**Defined Contribution Schemes**		
	Employer's Contribution to Provident Fund	11,73,188	9,97,746
i.	**State Plans**		
	Employer's Contribution to State Insurance Scheme	1,31,385	7,848

iii. **Defined Benefit Plans**

The present value of obligation in respect of Provision for Payment of Gratuity and Leave encashment is determined, based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation, recognised and charged off during the year are as under:

a. **Reconciliation of opening and closing balances of Defined Benefit obligation:**

(Amount in Rupees)

		2010-11	2009-10
Gratuity (Unfunded)			
i)	**Components of Employer Expense**		
	Current Service Cost	2,65,685	3,15,122
	Interest Cost on benefit obligation	2,03,402	1,81,394
	Return on Plan Assets	(1,96,301)	(81,783)
	Actuarial (gain)/loss	8,39,934	(1,77,738)
	Net benefit expense	11,12,720	2,36,995
ii)	**Actual Return on Plan Assets**	(1,96,301)	(81,783)
iii)	**Net Asset / Liability recognised in Balance Sheet**		
	Define Benefit Obligation	38,16,926	25,42,520
	Fair Value Of Plan Assets	(26,88,608)	(19,34,723)
	Status (Surplus/Deficit)	11,28,318	6,07,797
	Unrecognised Past Service Cost	–	–
	Net Asset/Liability recognised in Balance Sheet	11,28,318	6,07,797
iv)	**Changes in the PV of DBO**		
	At the beginning of the year	25,42,520	22,67,430
	Current Service Cost	2,65,685	3,15,122
	Interest Cost	2,03,402	1,81,394
	Actuarial (gain)/loss	8,39,934	(1,77,738)
	Benefits paid	(34,615)	(43,688)
	At the end of the year	38,16,926	25,42,520
v)	**Changes in Fair Value of Plan Assets**		
	Opening Fair Value of Plan Assets	19,34,723	–
	Expected Return	1,96,301	81,783
	Contributions	5,92,199	18,52,940
	Benefits Paid	(34,615)	–
	Actuarial Gain/ Loss	8,39,934	–
	Closing Fair value of Plan Assets	38,16,926	19,34,723

Schedules forming part of Accounts

Schedule 20 NOTES TO ACCOUNTS (Contd.)

(Amount in Rupees)

	2010–11	2009–10
Gratuity (Unfunded) *(Contd...)*		
vi) Movement in Balance Sheet		
Opening Liability	6,07,797	22,67,430
Expenses as above	11,12,720	2,36,995
Contribution Paid	(5,92,199)	(18,96,628)
Closing Liability	11,28,318	6,07,797
vii) Actuarial assumptions:		
Mortality Table (L.I.C)	1994-96	
	(Ultimate)	(Ultimate)
Discount rate (per annum)	8.00%	8.00%
Attrition Rate (per annum)	4.00%	4.00%
Rate of escalation in salary (per annum)	4.00%	4.00%

b. Reconciliation of opening and closing balances of Defined Benefit obligation:

(Amount in Rupees)

	2010–11	2009–10
Leave Encashment (Unfunded)		
i) Profit and Loss Account		
Current Service Cost	27,290	7,696
Interest Cost on benefit obligation	13,973	16,039
Return on Plan Assets	–	–
Actuarial (gain)/loss	(1,32,841)	(40,226)
Past Services cost	–	–
Net benefit expense	(91,578)	(16,491)
ii) Balance Sheet		
At the beginning of the year	1,74,667	2,00,493
Current Service Cost	27,290	7,696
Interest Cost	13,973	16,039
Actuarial (gain)/loss	(1,32,841)	(40,226)
Benefits paid	–	(9,335)
At the end of the year	83,009	1,74,667
vii) Actuarial assumptions:		
Mortality Table (L.I.C)	1994-96	
	(Ultimate)	(Ultimate)
Discount rate (per annum)	8.00%	8.00%
Attrition Rate (per annum)	4.00%	4.00%
Rate of escalation in salary (per annum)	4.00%	4.00%

The estimates of rate of escalation in salary considered in actuarial valuation, is determined taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

11. Earnings Per Share

	2010-11	2009-10
The Numerator and Denominator used to calculate Earnings Per Share:		
A **Earnings:**		
Profit/(Loss) attributable to Equity shareholders	(12,65,89,243)	9,72,72,121
B **Number of Shares:**		
Weighted average number of Equity shares outstanding during the year (Nos.) – Basic	51,34,905	51,19,834
Add: Weighted average number of equity shares arising out of outstanding stock options that have diluting effect on Earnings Per Share (Nos.)	41,906	46,689
Weighted average number of Equity Shares outstanding during the year (Nos.) – Diluted	51,76,811	51,66,523
Nominal Value of Equity Share	10	10
C. **Earnings per Share:**		
Earnings/(Loss) Per Share – Basic	(24.65)	19.00
Earnings/(Loss) Per Share – Diluted	(24.45)	18.83

12. Deferred Income Tax

The movement of provision for deferred tax for the year ended 31.03.2011 is as given below: (Amount in Rupees)

Particulars	As at 01.04.2010	Credit For the year	As at 31.03.2011
Deferred Tax Asset:			
Depreciation on Assets	3,92,81,818	2,29,43,588	6,22,25,406
Expenses allowable on the basis of Payment	37,07,167	(5,41,369)	31,65,798
Total	**4,29,88,985**	**2,24,02,219**	**6,53,91,204**

13. Derivative Instruments

i. There are no foreign currency exposures that are covered by derivative instruments as on 31.03.2011 (Previous year: Rs.Nil).

ii. The details of foreign currency exposures that are not hedged by any derivative instruments or otherwise are as under:

Particulars	As on 31.03.2011		As on 31.03.2010	
	Amount in Foreign Currency US $	Equivalent Amount in Indian Currency Rs.	Amount in Foreign Currency US $	Equivalent Amount in Indian Currency Rs.
Advance for expenses	23,045	10,28,959	–	–
Bank Guarantee	7,53,285	3,36,34,175	–	–

14. Additional information pursuant to the provisions of Part- II of Schedule VI of the Companies Act, 1956:

	2010-11	2009.10
A. Details of capacities and production		
(i) Licenced capacity	Not applicable	Not applicable
(ii) Installed capacity		
For 2D Seismic operations (GLK)	1,400	1,400
For 3D Seismic operations (Sq Km)	750	750
(As certified by the Management but not verified by the Auditors being technical matter)		
(iii) Actual production		
2D Seismic operations (GLK)	43.50	371.500
3D Seismic operations (Sq Km)	14.74	848.860

Schedules forming part of Accounts

Schedule 20 NOTES TO ACCOUNTS (Contd.)

	2010-11		2009-10	
	Qty	Amount	Qty	Amount
B. Turnover:				
2D Seismic Survey and Related services	43.50 GLK	1,15,04,350	371.500 GLK	7,99,00,046
3D Seismic Survey and Related services	14.74 Sq.Kms	19,62,04,759	848.86 Sq.Kms.	70,34,33,412
Trade Sales		7,12,118		–
Others		2,00,200		–
		21,97,13,708		**78,33,33,458**
C. Trade Purchases		Rs.5,17,973		–
D. C.I.F. Value of Imports:				
Equipment		–		4,59,57,361
Stores and Spares		–		73,24,706
D. Expenditure in Foreign currency (on accrual basis)				
Salaries and allowances (net of tax)		29,81,591		1,18,00,853
Traveling Expenses		8,23,312		9,09,400
E. Remittance of Dividend in Foreign Currency:				
No. of Shareholders		2		8
No. of shares-held (Equity shares of Rs.10/- each)		1,80,016		35,716
Amount of Dividend (Net of Tax)		2,70,024		53,574
Year to which relates		2009-10		2008-09

15. Current assets and loans and advances:

In the opinion of the Board of Directors the current assets, loans and advances have a value realization in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.

16. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, Subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to exemption. Necessary information relating to the subsidiaries has been included in Consolidated Financial Statements

17. Additional information pursuant to the provisions of Part-IV of the Schedule-VI of the Companies Act, 1956 is given in the Annexure.

Signatures to Schedules 1 to 20

Per Our Report of even date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants

P. V. R. K. Nageswara Rao
Partner
Membership No.18840

Hyderabad
May 30, 2011

For and on behalf of the Board

A. Dinesh
Managing Director

Z. P. Marshall
Director

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary

Schedules forming part of Accounts

ANNEXURE TO SCHEDULE 21 - NOTES TO ACCOUNTS:

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART-IV OF SCHEDULE-VI TO THE COMPANIES ACT, 1956:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i. Registration Details

Registration No.	7580	State Code	01
Balance Sheet Date	31 03 2011		

ii. Capital raised during the year (Rs. '000)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

iii. Position of Mobilisation and Deployment of funds (Rs. '000)

Total liabilities	521377	Total Assets	521377

Sources of Funds:

Paid up capital	51484	Reserves & Surplus	456653
Secured loans	13240	Unsecured loans	NIL

Application of Funds

Net fixed assets	272238	Investments	128
Deferred tax Asset	65391	Net current Assets	183620
Miscellaneous expenditure	NIL	Accumulated losses	NIL

Performance of the Company (Rs. '000)

Turnover	219714	Total expenditure	368605
Loss before tax	148891	Loss after tax	126589
Loss per share (Rs.)	24.65	Dividend Rate (%)	10%

Generic Names of three Principal Products/Services of Company

a. Item Code : –

b. Product Description : Seismic Survey Operations and Survey Related Services

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Per Our Report of even date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants

P. V. R. K. Nageswara Rao
Partner
Membership No.18840

Hyderabad
May 30, 2011

For and on behalf of the Board

A. Dinesh
Managing Director

Z. P. Marshall
Director

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary

Consolidated Financial Statements

Audit Report on Consolidated Financial Statements

To
The Board of Directors,
Alphageo (India) Limited
Hyderabad

1 We have audited the attached consolidated Balance Sheet of **ALPHAGEO (INDIA) LIMITED** ('the Company') and its Subsidiaries as at March 31, 2011 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information of the Company and its Subsidiaries. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of 2 (two) Subsidiaries whose financial statements reflect their share of total assets of Rs. 25,93,35,776/- as at 31st March, 2011 and their share of total profit of Rs. 1,87,29,064/- and their net cash inflows amounting to Rs. 3,81,48,157/- for the year ended on that date as considered in the consolidated financial statements. The financial statements and other financial information of these subsidiaries have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of such other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements, notified under the provisions of the Companies Act, 1956.

5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the entities, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India in the case of:

   i) Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at March 31, 2011;

   ii) Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and

   iii) Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants
Firm's Registration Number: 002283S

P. V. R. K. Nageswara Rao
Partner
Membership No. 18840

Hyderabad
May 30, 2011

Consolidated Balance Sheet As at March 31, 2011

(Amount in Rupees)

	Schedule No.	As at 31.03.2011	
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	5,14,83,670	
Reserves and Surplus	2	47,11,00,729	52,25,84,399
Loan Funds :			
Secured Loans	3		1,32,39,769
Total			**53,58,24,168**
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	4	130,00,67,529	
Less : Depreciation		83,92,88,007	
		46,07,79,522	
Capital work-in-progress		1,15,10,998	
Net Block			47,22,90,520
Deferred Tax Asset/(Liability) (Net)	5		6,53,91,204
Net Current Assets :			
A. Current Assets, Loans and Advances :			
Inventories	6	81,73,474	
Sundry Debtors	7	8,92,05,350	
Cash and Bank Balances	8	6,49,72,314	
Other Current Assets	9	1,71,108	
Loans and Advances	10	1,64,48,670	
		17,89,70,916	
B. Current Liabilities and Provisions:			
Current Liabilities	11	17,36,49,310	
Provisions	12	71,79,162	
		18,08,28,472	
Net Current Assets (A–B)			**(18,57,556)**
Total			**53,58,24,168**
Significant Accounting Policies	18		
Notes to Accounts	19		

Per Our Report of even date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants

P. V. R. K. Nageswara Rao
Partner
Membership No.18840

Hyderabad
May 30, 2011

For and on behalf of the Board

A. Dinesh
Managing Director

Z. P. Marshall
Director

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary

Consolidated Profit and Loss Account For the year ended March 31, 2011

(Amount in Rupees)

		Schedule No.	For the year ended 31.03.2011	
I	**INCOME :**			
	Seismic Survey and Related			
	Services Income			29,62,94,100
	Other Income	13		68,09,632
	Total			**30,31,03,732**
II	**EXPENDITURE :**			
	Survey and Survey Related Expenses	14		15,85,79,692
	Employees Cost	15		6,91,84,006
	Other Expenses	16		3,84,88,926
	Finance Charges	17		48,11,441
	Depreciation			16,29,48,484
	Total			**43,40,12,549**
III	**PROFIT/(LOSS) FOR THE YEAR**			**(13,09,08,817)**
	Less : Provision for Taxation			
	- Current Income Tax		36,35,364	
	- Deferred Income Tax		(2,24,02,219)	(1,87,66,855)
	Profit/(Loss) After Tax			**(11,21,41,962)**
	Add: Profit brought forward from last year			37,90,15,893
				26,68,73,931
	Less: Appropriations:			
	Proposed Dividend		51,34,767	
	Corporate dividend tax		8,32,988	
	Dividend of earlier year		10,549	
	Corporate dividend tax on dividend of earlier year		1,752	5,980,056
	Balance carried to Balance sheet			**26,08,93,875**
IV	**EARNINGS / (LOSS) PER SHARE** - Basic (Rs.)			(21.84)
	-Diluted (Rs.)			(21.66)
	Face Value of Share Rs.10/- each			
	Significant Accounting Policies	18		
	Notes to Accounts	19		

Per Our Report of even date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants

P. V. R. K. Nageswara Rao
Partner
Membership No.18840

Hyderabad
May 30, 2011

For and on behalf of the Board

A. Dinesh
Managing Director

Z. P. Marshall
Director

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary

Consolidated Cash Flow Statement For the year ended March 31, 2011

(Amount in Rupees)

		For the year ended 31.03.2011	
I. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit / (Loss) Before Tax			**(13,09,08,817)**
Add/(Less): Adjustments for :			
Depreciation		16,29,48,484	
Interest income		(12,16,299)	
Interest expense		21,30,017	
Dividend Received		(23,50,262)	
Dimunition in the book value of Investments no longer required		(10,61,865)	
Bad Debts written off		18,13,391	
Employee Compensation Costs Written off		42,25,981	
(Profit) on sale of Investments		(14,27,962)	
(Profit) on sale of Fixed assets (Net)		(6,15,523)	16,44,45,962
Operating Profit Before Working Capital Changes			3,35,37,145
Less: Adjustments for Working Capital Changes:			
Deposits pledged with banks and dividend account with bank		1,22,47,261	
Trade and Other Receivables		9,93,26,129	
Inventories		(59,80,270)	
Trade Payables		94,135,301	199,728,421
Cash generated from Operations			233,265,566
Less: Direct Taxes Paid			(2,80,05,759)
Net Cash Flow from Operating Activities	I		**205,259,807**
II. CASH (USED IN) INVESTING ACTIVITIES :			
Purchase of Investments			(26,59,92,466)
Sale of Investments			32,14,03,580
Dividend Received			23,50,262
Purchase of Fixed Assets			(21,22,61,328)
Sale of Fixed Assets			11,90,872
Interest Received			11,65,204
Net Cash (Used in) Investing Activities	II		**(15,21,43,876)**
III. CASH (USED IN) FINANCING ACTIVITIES :			
Dividend paid (including Corporate Dividend Tax)			(87,44,050)
Repayments of Long Term Borrowings			(1,60,68,958)
Proceeds from Short Term Borrowings			1,09,94,192
Interest Paid			(21,30,017)
Consideration for issue of shares under ESOP			22,96,098
Net Cash (Used in) Financing Activities	III		**(1,36,52,735)**

Consolidated Cash Flow Statement *(Contd...)*

(Amount in Rupees)

		For the year ended 31.03.2011
IV. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)		**39,463,196**
V. Cash and Cash equivalents as at beginning of the year		**1,23,34,297**
VI. Cash and cash equivalents as at end of the year **		**51,797,493**

(Amount in Rupees)

		2010-11
**** Note :**		
Cash and Cash Equivalents as at end of the year :		
Cash and Bank balances as per Balance Sheet		6,49,72,314
Less : Deposits pledged towards margin money against bank guarantees and other designated accounts dealt in operating activity		1,91,42,576
		4,58,29,738

Note:

1 Significant Accounting Policies (Schedule 18) and other Notes to Accounts (Schedule 19) form an integral part of the Cash Flow Statement.

2 Cash flow statement has been prepared under indirect method specified in Accounting Standard-3 notified under Companies Act, 1956.

Per Our Report of even date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants

P. V. R. K. Nageswara Rao
Partner
Membership No.18840

Hyderabad
May 30, 2011

For and on behalf of the Board

A. Dinesh
Managing Director

Z. P. Marshall
Director

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary

Schedules forming part of Consolidated Accounts

(Amount in Rupees)

		As at 31.03.2011
Schedule 1 SHARE CAPITAL		
Authorised :		
1,00,00,000 Equity Shares of Rs.10/- each		10,00,00,000
Issued and Subscribed:		
51,46,167 Equity Shares of Rs. 10/- each		5,14,61,670
Paid-up :		
51,34,767 Equity Shares of Rs.10/- each fully paid up		5,13,47,670
(Of the above, 4,23,334 Equity Shares have been allotted as fully paid-up Shares by way of Bonus Shares)		
Add : Forfeited Shares		1,36,000
		5,14,83,670

Schedule 2 RESERVES AND SURPLUS		
Share Premium		15,65,04,831
Share Warrants Forfeiture Account		1,61,18,047
Employee Stock Option Outstanding:		
Balance brought forward	1,08,49,460	
Less: Deletions/ Allotments during the year	9,32,387	
	99,17,073	
Less: Deferred Employee Compensation costs	23,33,097	75,83,976
(Refer Note 5 of Schedule 19 Notes to Accounts)		
General Reserve		3,00,00,000
Profit and Loss Account (Surplus)		26,08,93,875
		47,11,00,729

Schedule 3 SECURED LOANS		
State Bank of India:		
Cash Credit Account		1,09,94,192
(Secured by First charge on Fixed Assets and hypothecation of Current Assets of the Company and guaranteed by two Directors of the Company)		
From ICICI Bank Limited		22,45,577
(Secured by hypothecation of relevant vehicle acquired against the loan)		
		1,32,39,769

Schedules forming part of Consolidated Accounts

(Amount in Rupees)

Schedule 4 FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2010	Additions During the year	Deductions During the year	Total cost as at 31.03.2011	Up to 31.03.2010	For the year	On deductions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets										
Land	2,19,08,666	–	–	2,19,08,666	–	–	–	–	2,19,08,666	2,19,08,666
Buildings	14,46,800	–	–	14,46,800	58,957	23,583	–	82,540	13,64,260	13,87,843
Plant and Machinery	104,27,84,945	20,33,81,305	31,80,463	124,29,85,787	66,09,24,474	16,01,39,951	26,08,831	81,84,55,594	42,45,30,193	38,18,60,471
Electrical Fittings	22,920	7,680	–	30,600	22,920	7,680	–	30,600	–	–
Other Equipment	86,19,791	94,322	12,650	87,01,463	42,52,377	11,25,850	10,617	53,67,610	33,33,853	43,67,414
Furniture and Fixtures	17,67,617	69,565	–	18,37,182	5,52,467	1,44,107	–	6,96,574	11,40,608	12,15,150
Vehicles	1,54,25,411	50,489	33,690	1,54,42,210	86,21,051	8,33,217	32,006	94,22,262	60,19,948	68,04,360
Data Processing Equipment	68,65,178	6,27,861	–	74,93,039	45,58,731	6,33,492	–	51,92,223	23,00,816	23,06,447
Intangible Assets										
Software	–	2,21,782	–	2,21,782	–	40,604	–	40,604	1,81,178	–
Total	**109,88,41,328**	**20,44,53,004**	**32,26,803**	**130,00,67,529**	**67,89,90,977**	**16,29,48,484**	**26,51,454**	**83,92,88,007**	**46,07,79,522**	**41,98,50,351**

Schedules forming part of Consolidated Accounts

(Amount in Rupees)

		As at 31.03.2011
Schedule 5 DEFERRED TAX ASSET/(LIABILITY) (NET)		
Balance brought forward		4,29,88,985
Add : Adjustments for the year		2,24,02,219
(Refer Note -12 of Schedule 19 Notes to Accounts)		
		6,53,91,204

Schedule 6 INVENTORIES		
(As taken, valued and certified by the Management)		
Stores and Spares		81,73,474
		81,73,474

Schedule 7 SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Outstanding for a period exceeding		
Six months		1,49,16,999
Others		7,42,88,351
		8,92,05,350

Schedule 8 CASH AND BANK BALANCES		
Cash on hand		2,38,704
Cash at Scheduled Banks :		
In Current Accounts		4,55,91,034
In Unclaimed Dividend Accounts		13,38,616
In Term Deposit Accounts		1,78,03,960
(Pledged towards margin money against guarantees issued by Bank)		
		6,49,72,314

Schedule 9 OTHER CURRENT ASSETS		
Interest accrued on Deposits		1,71,108
		1,71,108

Schedule 10 LOANS AND ADVANCES		
(Unsecured, considered good, recoverable in cash or in kind or for the value to be received)		
Deposits Recoverable		12,28,232
Prepaid Expenses		27,89,580
Other Advances and Receivables		82,39,311
Prepaid Taxes (Net of Provision for Taxation)		41,91,547
		1,64,48,670

Schedules forming part of Consolidated Accounts

(Amount in Rupees)

		As at 31.03.2011
Schedule 11 CURRENT LIABILITIES		
Sundry Creditors		17,23,10,694
Investor Education and Protection Fund:		
Unclaimed Dividend		13,38,616
(Note: There is no amount due and outstanding to be credited to Investor Education and Protection Fund)		
		17,36,49,310
Schedule 12 PROVISIONS		
Provision for Employee Retirement Benefits		12,11,407
Proposed Dividend		51,34,767
Provision for Corporate Dividend Tax		8,32,988
		71,79,162

(Amount in Rupees)

		For the year ended 31.03.2011
Schedule 13 OTHER INCOME		
Interest earned (Gross)		12,16,299
(Tax Deducted At Source Rs. 1,23,218/-)		
(Previous year Rs.3,44,306/-)		
Dividend Received from Current Non-Trade Investments		23,50,262
Miscellaneous Income		1,37,721
Profit on Sale of Assets (Net)		6,15,523
Profit on Sale of Current Non-Trade Investments		14,27,962
Provision for diminution in book value of investments no longer required		10,61,865
		68,09,632
Schedule 14 SURVEY AND SURVEY RELATED EXPENSES		
Stores Consumed		30,08,145
Labour Charges		37,82,382
Survey and Drilling charges		9,82,99,622
Fuel		1,49,57,806
Vehicle Hire charges		1,29,00,952
Technical Consultancy Charges		6,25,562
Repairs and Maintenance to Machinery		66,06,465
Camp Rental Charges		77,63,481
Camp Expenses		58,76,086
Transport and Handling Charges		20,67,501
Other Survey Expenses		26,91,690
		15,85,79,692

Schedules forming part of Consolidated Accounts

(Amount in Rupees)

		For the year ended 31.03.2011
Schedule 15 EMPLOYEES COST		
Salaries, Wages and other benefits to staff		6,19,45,367
Contribution to Provident Fund and ESI		10,16,573
Workmen and Staff Welfare expenses		23,52,168
Employee Compensation Costs		38,69,898
(Exclusive of Rs.3,56,083/- Included in Managerial remuneration)		
(Refer Note- 5 of Schedule 19 Notes to Accounts)		
		6,91,84,006

Schedule 16 OTHER EXPENSES		
Managerial Remuneration		43,14,168
(Refer Note - 7 of Schedule 19 Notes to Accounts)		
Directors' Sitting Fee		1,73,500
Rent		25,35,000
Printing and Stationery		13,45,659
Communication Expenses		14,67,881
Travelling and Conveyance		1,05,76,253
Payment to Auditors		13,08,901
(Refer Note - 6 of Schedule 19 Notes to Accounts)		
Legal and Professional Charges		22,80,063
Insurance		42,43,085
Advertisement		3,46,124
Taxes and licences		4,56,922
Repairs and Maintenance to Other Assets		12,17,133
Vehicle Maintenance		2,07,613
Donations		1,12,001
Bad debts written off		18,13,391
Loss on Exchange fluctuations		32,91,666
General Expenses		27,84,034
Prior Year Expenses		15,532
		3,84,88,926

Schedule 17 FINANCE CHARGES		
Interest on Fixed Loans		13,04,176
Interest on working capital		6,96,778
Interest to Others		1,29,063
Bank Charges and Commission		26,81,424
		48,11,441

Schedules forming part of Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Consolidated Financial Statements:

The Consolidated financial statements have been prepared under historical cost convention and on accrual basis of accounting in accordance with the generally accepted accounting principles in India. These statements have been prepared in compliance with notified accounting standard issued under the provisions of the Companies Act,1956 and also the guide lines issued by the Securities Exchange Board of India (SEBI).

B. Principles Of Consolidation:

a. The consolidated financial statements include the financial statements of Alphageo (India) Limited, the parent company and its subsidiary companies in which Alphageo (India) Limited, directly or indirectly, has an interest of more than one half voting power or otherwise has the power to control the composition of Board of Directors.

b. The Consolidated financial statements have been prepared combining the financial statements of the parent company and the subsidiary companies on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealised profits in full. Unrealised losses resulting from intra group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost.

c. The excess/deficit of cost to the parent company of its investments in the subsidiaries over its portion of equity at the respective dates on which investments in such entities were made is recognized in the financial statements as goodwill/capital reserve.

d. The consolidated financial statements have been presented to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

e. The consolidated statements have been prepared using uniform accounting principles for like transactions and other events in similar circumstances.

C. Fixed Assets And Depreciation

i) Fixed Assets are stated at cost of acquisition inclusive of inland freight, duties and taxes and incidental expenses related to acquisition.

ii) Depreciation on Fixed Assets is being provided under Straight Line Method prorata at the rates mentioned below:

a) Machinery in the nature of Geophone strings and cables @ 19.00% per annum.

b) Machinery in the nature of equipment used for 3D Seismic Survey @ 19.00% per annum

c) In case of all other assets at the rates specified in Schedule XIV of the Companies Act, 1956.

D. Intangible Assets and Amortisation

Cost relating to Intangible assets, which are acquired, are capitalized and amortised over the period of 3 years, which is based on their estimated useful life.

E. Foreign Exchange Transactions

Transactions in Foreign Exchange, other than those covered by forward contracts are accounted for at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date other than those covered by forward contracts are translated at the year end rates. The resultant exchange differences are recognised in the profit and loss account.

Non-monetary assets and liabilities are recorded at the rates prevailing on the date of the transaction.

In case of foreign subsidiaries, assets, liabilities, income and expenditure of such subsidiaries are translated considering that the operations of the subsidiaries are in the nature of internal foreign operations. The resulting net exchange difference on translation is charged/ credited to the profit and loss account.

F. Investments

i. Investments are classified into Current and Long Term investments.

ii. Current investments are valued at lower of cost and fair value

Schedules forming part of Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

iii. Long-term investments are valued at cost of acquisition. Provision is made for decline, other than temporary, in the value of investments

G. Inventories:

i. Stock of Stores and spares is valued at lower of cost and net realisable value. Cost is determined considering the cost of purchase and other costs incurred for acquisition and on the basis of first in first out method (FIFO)

ii. Stationery, medical and mess expenses are charged off to the revenue at the time of purchase.

H. Employee Stock Option Scheme

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of the shares, at the date of grant of option under the employee stock option scheme, over the exercise price is treated as employee compensation and the same is amortised over the vesting period of the stock options.

I. Taxes on Income:

i. Provision for Taxation is the aggregate of current income tax, deferred income tax charge / (credit) for the year.

ii. Current Income Tax:

The provision for taxation is based on assessable profits of the company as determined under the Income Tax Act, 1961. The Company also provides for such disallowances made on completion of assessment pending appeals, as considered appropriate depending on the merits of each case.

iii. Deferred Income Tax

Deferred Income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

J. Proposed Dividend:

Proposed Dividend as proposed by the Board of Directors is provided in the books of account, pending approval at the Annual General Meeting.

K. Leases:

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lesser, are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the period of lease.

L. Borrowing Costs:

Borrowing costs are attributable to the acquisition of qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. Other borrowing costs are recognized as expense for the period.

M. Earnings Per Share:

i) Basic earnings per share are calculated considering the weighted average number of equity shares outstanding during the year.

ii) Diluted earnings per share is calculated considering the effects of potential equity shares on net profits after tax for the year and weighted average number of equity shares outstanding during the year.

N. Employee Benefits

Defined contribution plans:

Provident Fund: Contribution to Provident Fund is made at the prescribed rates to the Employees Provident Fund Scheme by the Central Government and is charged to the Profit and Loss Account

Schedules forming part of Consolidated Accounts

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Defined benefit plans:

i) Gratuity: The Company makes contribution to a scheme administered by the Life Insurance Corporation of India ('LIC') to discharge gratuity liabilities to the employees. Annual contribution to the fund as determined by the LIC is expensed in the year of contribution. The shortfall between the accumulated funds available with LIC and liability as determined on the basis of an actuarial valuation is provided for at the year end. The Actuarial gains/losses are immediately taken to profit and loss account.

ii) Leave encashment: The company records its unavailed leave liability based on actuarial valuation using projected unit credit method.

Short term employee benefits

Short term employee benefits are recognised as an expense as per the company's scheme based on expected obligation on undiscounted basis.

State Plans: Employer's contribution to Employee's State Insurance is charged to Profit and Loss Account.

O. Contingent liabilities

These are disclosed by way of Notes on the Balance sheet. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liability after the year end, till the finalization of accounts and have material effect on the position stated in the Balance Sheet.

P. Provisions

A provision is recognised when there is a present obligation as a result of past event. It is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Q. Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized.

Schedule 19 CONSOLIDATED NOTES TO ACCOUNTS

1. Description of the Business:

Alphageo (India) Limited is a India based Seismic Survey and other related services in the field of oil and gas exploration company having headquarters at Hyderabad, India.The Equity Shares of the Company are listed in The Bombay Stock Exchange Ltd, Mumbai and The National Stock Exchange, Mumbai. The Company has wholly owned Subsidiary Alphageo International Limited, Dubai which acts as Holding Company. Alphageo DMCC, Dubai is a wholly owned subsidiary of Alphageo International Limited, Dubai engaged in Seismic Survey and other related services in the field of oil exploration in the Middle-East.

2. List of Foreign Subsidiaries Considered for Consolidation:

S. No.	Name of the Entity	Country of Incorporation	Extent of holding As on 31.3.2011
1.	Alphageo International Limited	DUBAI	100%
2	Alphageo DMCC (Subsidiary of Alphageo International Limited)	DUBAI	100%

3. Previous year figures have not been given as there is no investments in entities required to be consolidated till the year ended 31.03.2010.

4. Contingent Liabilities: (Amount in Rupees)

S. No	Particulars	2010-11
i)	Towards Guarantees issued by Bank	4,23,95,209
ii)	Income Tax demands disputed by the Company	16,57,548

Schedule 19 CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

5. **Employee Stock Option:**

a. In respect of Options granted to employees during the year, under the Employees Stock Option Scheme, in accordance with the guidelines issued by Securities and Exchange Board of India, the accounting value of options, determined based on market price of the share on the before day of the grant of the Option, is accounted as Deferred Employee Compensation Costs and the same is being amortised on straight line basis over the vesting period of stock options. Consequently for the current year, an amount of Rs.42,25,981has been amortised.

b. Movement in the options during the year is as detailed below:

(Nos)

Particulars	2010–11
Options outstanding at the beginning of the year	1,50,000
Granted during the year	Nil
Expired/Forfeited during the year	8,400
Exercised during the year	14,933
At the end of the year	1,26,667

6. **Payment to Auditors**

(Amount in Rupees)

Particulars	2010–11
As Auditors	8,57,021
Tax Audit Fees	1,75,000
Quarterly Reviews	90,000
Income Tax Matters	50,000
Other Matters	80,000
Out of Pocket Expenses	56,880
Total	**13,08,901**

7. **Managerial Remuneration**

(Amount in Rupees)

Particulars	2010–11
a) Managing Director's Remuneration:	
Salary and Allowances	24,00,000
Perquisites	12,70,085
Contribution to Provident Fund	2,88,000
Total	**39,58,085**
b) Other Non Whole Time Directors:	
ESOP Compensation Costs	3,56,083

8. **Employee Benefits**

The disclosures required under Accounting Standard 15 "Employee Benefits" notified under the Companies Act, 1956 are as given below:

(Amount in Rupees)

	2010–11
i. Defined Contribution Schemes	
Employer's Contribution to Provident Fund	11,73,188
ii. State Plans	
Employer's Contribution to State Insurance Scheme	1,31,385

iii. **Defined Benefit Plans**

The present value of obligation in respect of Provision for Payment of Gratuity and Leave encashment is determined, based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee

Schedule 19 CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

benefit entitlement and measures each unit separately to build up the final obligation, recognised and charged off during the year are as under:

a) **Reconciliation of opening and closing balances of Defined Benefit obligation:**

(Amount in Rupees)

		2010–11
Gratuity (Unfunded)		2010-11
i)	**Components of Employer Expense**	
	Current Service Cost	2,65,685
	Interest Cost on benefit obligation	2,03,402
	Return on Plan Assets	(1,96,301)
	Actuarial (gain)/loss	8,39,934
	Net benefit expense	11,12,720
ii)	**Actual Return on Plan Assets**	(1,96,301)
iii)	**Net Asset / Liability recognised in Balance Sheet**	
	Define Benefit Obligation	38,16,926
	Fair Value Of Plan Assets	(26,88,608)
	Status (Surplus/Deficit)	11,28,318
	Unrecognised Past Service Cost	–
	Net Asset/Liability recognised in Balance Sheet	11,28,318
iv)	**Changes in the PV of DBO**	
	At the beginning of the year	25,42,520
	Current Service Cost	2,65,685
	Interest Cost	2,03,402
	Actuarial (gain)/loss	8,39,934
	Benefits paid	(34,615)
	At the end of the year	38,16,926
v)	**Changes in Fair Value of Plan Assets**	
	Opening Fair Value of Plan Assets	19,34,723
	Expected Return	1,96,301
	Contributions	5,92,199
	Benefits Paid	(34,615)
	Actuarial Gain/ Loss	8,39,934
	Closing Fair value of Plan Assets	38,16,926
vi)	**Movement in Balance Sheet**	
	Opening Liability	6,07,797
	Expenses as above	11,12,720
	Contribution Paid	(5,92,199)
	Closing Liability	11,28,318
vii)	**Actuarial assumptions:**	
	Mortality Table (L.I.C)	(Ultimate)
	Discount rate (per annum)	8.00%
	Attrition Rate (per annum)	4.00%
	Rate of escalation in salary (per annum)	4.00%

Schedules forming part of Consolidated Accounts

Schedule 19 CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

b. **Reconciliation of opening and closing balances of Defined Benefit obligation:**

(Amount in Rupees)

	2010-11
Leave Encashment (Unfunded)	
i) Profit and Loss Account	
Current Service Cost	27,290
Interest Cost on benefit obligation	13,973
Return on Plan Assets	–
Actuarial (gain)/loss	(1,32,841)
Past Services cost	–
Net benefit expense	(91,578)
ii) Balance Sheet	
At the beginning of the year	1,74,667
Current Service Cost	27,290
Interest Cost	13,973
Actuarial (gain)/loss	(1,32,841)
Benefits paid	–
At the end of the year	83,009
vii) Actuarial assumptions:	
Mortality Table (L.I.C)	(Ultimate)
Discount rate (per annum)	8.00%
Attrition Rate (per annum)	4.00%
Rate of escalation in salary (per annum)	4.00%

The estimates of rate of escalation in salary considered in actuarial valuation, is determined taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

9. **Segmental Reporting**

As the Company's business consists of one reportable business and geographical segment of Seismic Data Acquisition and its related services within India, no separate disclosures pertaining to attributable revenues, profits, assets, liabilities and capital employed are considered necessary.

10. **Transactions with Related Parties**

The details of transactions with the related parties as defined in the Accounting Standard AS-18 Related Party Transactions notified under the Companies Act, 1956 are given below:

i. **List of Related Parties with whom transactions have taken place and nature of relationships:**

a. **Key Management Personnel**

Sri A. Dinesh

b. **Relatives of Key Management Personnel**

Sri A. Rajesh

Sri A.Dinesh (HUF)

c. **Companies in which the Relatives of Key Management Personnel has substantial Interest:**

Aquila Drilling Private Limited

Schedules forming part of Consolidated Accounts

Schedule 19 CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

ii. Details of Transactions

(Amount in Rupees)

Sl	Nature of Relation/Nature of Transactions	2010–11	
		Amount of Transaction	Amount outstanding as on 31.03.2011
1	**Key management personnel:**		
	Remuneration	39,58,085	14,59,002
2	**Relatives of the Key Management Personnel:**		
	Sitting Fees	32,000	–
3	**Companies in which Relative of the Key Management Personnel has Substantial Interest:**		
	Drilling Charges	98,17,500	13,82,459
	Acceptance of Deposits	75,00,000	
	Repayment of Deposits	75,00,000	
	Interest on Deposit	1,23,904	

iii. **Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:**

(Amount in Rupees)

Nature of Transaction	Name of the Related Party	2010–11
Remuneration	Sri. A. Dinesh	39,58,085
Interest On Deposit	Aquila Drilling Private Limited	1,23,904
Repayment Of Deposits	Aquila Drilling Private Limited	75,00,000
Acceptance Of Deposits	Aquila Drilling Private Limited	75,00,000
Sitting Fees	Sri. A.Rajesh	32,000
Drilling Charges	Aquila Drilling Private Limited	98,17,500

11. Leases

The Company has various operating lease for Office and other premises that are renewable on a periodic basis by mutual consent on mutually agreeable terms and cancellable at its option. Rental/lease expenses for operating leases recognised in the Profit and Loss Account for the year is Rs.99,67,681/-.

12. Deferred Income Tax

The movement of provision for deferred tax for the year ended 31.03.2011 is as given below:

(Amount in Rupees)

Particulars	As at 01.04.2010	Credit For the year	As at 31.03.2011
Deferred Tax Asset:			
Depreciation on Assets	3,92,81,818	2,29,43,588	6,22,25,406
Expenses allowable on the basis of Payment	37,07,167	(5,41,369)	31,65,798
Total	**4,29,88,985**	**2,24,02,219**	**6,53,91,204**

Schedules forming part of Consolidated Accounts

Schedule 19 CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

13. Earnings Per Share (EPS) :

	2010–11
The Numerator and Denominator used to calculate Earnings Per Share:	
A **Earnings:**	
Profit/(Loss) attributable to Equity shareholders	(11,21,41,962)
B **Number of Shares:**	
Weighted average number of Equity shares outstanding during the year (Nos.) – Basic	51,34,905
Add: Weighted average number of equity shares arising out of outstanding stock options that have diluting effect on Earnings Per Share (Nos.)	41,906
Weighted average number of Equity Shares outstanding during the year (Nos.) – Diluted	51,76,811
Nominal Value of Equity Share	10
C. **Earnings per Share:**	
Earnings/(Loss) Per Share – Basic	(21.84)
Earnings/(Loss) Per Share – Diluted	(21.66)

14. The audited financial statements of foreign subsidiaries have been prepared in accordance with the accounting policies that comply with the International Financial Reporting Standards for small and medium sized entities (IFRS for SME's)

15. Financial Information of Subsidiary Companies

S.No	Particulars	Alphageo International Limited	Alphageo DMCC
1	Reporting currency	USD	USD
2	Capital	1,27,575	24,21,370
3	Reserves	(61,30,138)	2,48,59,112
4	Total assets	12,18,65,032	22,36,10,819
5	Total liabilities	12,18,65,032	22,36,10,819
6	Investments	24,21,370	NIL
7	Turnover	NIL	8,75,32,889
8	Profit / (Loss) before taxation	(61,30,138)	2,83,60,400
9	Provision for taxation	NIL	35,01,288
10	Profit / (Loss) after taxation	(61,30,138)	2,48,59,112
11	Proposed dividend	NIL	NIL
12	Country	DUBAI	DUBAI

As on 31.03.2011: 1 USD = INR 44.65

16. The schedules referred to in the Balance Sheet form an intergral part of Accounts

Signatures to Schedules 1 to 19

Per Our Report of even date

For **P. V. R. K. Nageswara Rao & Co.,**
Chartered Accountants

P. V. R. K. Nageswara Rao
Partner
Membership No.18840

Hyderabad
May 30, 2011

For and on behalf of the Board

A. Dinesh
Managing Director

Z. P. Marshall
Director

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary

CORPORATE INFORMATION

Board of Directors

Mr. A. Dinesh	Managing Director
Dr. Avinash Chandra	Director
Mr. Z. P. Marshall	Director
Mr. P. K. Reddy	Director
Mr. S. Ravula Reddy	Director
Mr. Ashwinder Bhel	Director
Mr. A. Rajesh	Director

Auditors

M/s. P. V. R. K. Nageswara Rao & Co.,
Chartered Accountants
109, Metro Residency, Rajbhavan Road,
Somajiguda, Hyderabad-500 082, Andhra Pradesh

Banker

State Bank of India
Commercial Branch, Koti, Hyderabad 500 095, Andhra Pradesh

Registered office

802 Babukhan Estate, Basheerbagh
Hyderabad - 500 001, Andhra Pradesh

Corporate office

317/A, MLA Colony Road No. 12, Banjara Hills,
Hyderabad 500 034, Andhra Pradesh.

Share transfer agents

M/s. Sathguru Management Consultants Private Limited
Plot No. 15, Hindi Nagar Colony, Punjagutta
Hyderabad - 500 034, Andhra Pradesh

"Success is simple.
Do what's right,
the right way,
at the right time."

– Arnold H. Glasgow

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