

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 March 31, 2009, 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 Act, to the extent applicable.

v) On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 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 March 31, 2009;
- b) in the case of Profit and Loss Account of the profit 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

Hyderabad
June 29, 2009

P V R K Nageswara Rao
Partner
Membership No. 18840

Annexure to 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, 2009

- 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, survey 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 Act. Consequently, the provisions of Clauses 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 of Rs.25,00,000 from a party covered under section 301 of the Act during the year.
- (c) In our opinion the rate of interest and other terms and conditions of loans 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 Managing Director and 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 Act.
- 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, Wealth Tax, Customs

- Duty, Excise Duty, Cess and other material statutory dues applicable to it except Income Tax and Service Tax, with appropriate authorities and in respect of these statutory dues, there are no outstanding dues as on March 31, 2009 which are outstanding for a period of more than six months from the date they become payable. In respect of Service Tax and Income Tax, representing income tax deducted at source and income tax advance tax where delays have been observed in depositing undisputed dues payable for the year ended March 31, 2009. The estimated arrears of income tax advance tax installment outstanding as on March 31, 2009 for a period of more than six months from the date the same becomes payable is Rs. 180.15 Lakhs, which has been paid subsequently.
- (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 31.3.2009.
- 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 **According to records of the Company, during the year the Company has defaulted in repayment of interest and installments of principal amount of term loans taken from bank within the due date to the maximum extent of Rs.237.38 lakhs., However, the arrears of interest and principal amount of loan on March 31, 2009 aggregating to Rs.225.36 lakhs have been paid subsequently.**
- 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 any body 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 As per the information and explanations given to us, as the Company has not given any guarantees for loans taken by others from Banks or financial institutions, the provisions of Clause 4(xv) are not applicable to 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 and Cash Flow Statement of the Company, the funds raised on short term basis during the year have not been used for long term investment purposes.
- 18 As per the information and explanations given to us, as the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act during the year, the provisions of Clause 4(xviii) are not applicable to 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

P V R K Nageswara Rao
Partner
Membership No. 18840

Hyderabad
June 29, 2009

Balance Sheet As at March 31, 2009

(Amount in Rupees)

| | Schedule No. | As at 31.03.2009 | | As at 31.03.2008 | |
|--|--------------|------------------|---------------------|------------------|---------------------|
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds : | | | | | |
| Share Capital | 1 | 5,13,34,340 | | 5,13,34,340 | |
| Share Warrants | 2 | – | | 1,61,18,047 | |
| Reserves and Surplus | 3 | 49,13,57,978 | 54,26,92,318 | 42,39,21,210 | 49,13,73,597 |
| Loan Funds : | | | | | |
| Secured Loans | 4 | 11,49,76,112 | | 20,17,66,277 | |
| Unsecured Loans | 5 | 25,00,000 | 11,74,76,112 | – | 20,17,66,277 |
| Total | | | 66,01,68,430 | | 69,31,39,874 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets : | | | | | |
| Gross Block | 6 | 105,43,67,321 | | 109,48,63,162 | |
| Less : Depreciation | | 51,79,17,270 | | 38,97,20,701 | |
| Net Block | | | 53,64,50,051 | | 70,51,42,461 |
| Deferred Tax Asset/(Liability) | 7 | | 1,83,20,086 | | (82,27,219) |
| Net Current Assets | | | | | |
| A. Current Assets, Loans and Advances : | | | | | |
| Inventories | 8 | 24,44,048 | | 34,29,807 | |
| Sundry Debtors | 9 | 20,65,65,437 | | 27,25,67,597 | |
| Cash and Bank Balances | 10 | 3,20,99,213 | | 3,88,30,076 | |
| Other Current Assets | 11 | 1,14,008 | | 2,44,674 | |
| Loans and Advances | 12 | 70,57,189 | | 78,88,711 | |
| | | | 24,82,79,895 | | 32,29,60,865 |
| B. Current Liabilities and Provisions: | | | | | |
| Current Liabilities | 13 | 8,72,89,617 | | 24,88,73,946 | |
| Provisions | 14 | 5,55,91,985 | | 7,78,62,287 | |
| | | | 14,28,81,602 | | 32,67,36,233 |
| Net Current Assets | (A-B) | | 10,53,98,293 | | (37,75,368) |
| Total | | | 66,01,68,430 | | 69,31,39,874 |
| Significant Accounting Policies | 20 | | | | |
| Notes to Accounts | 21 | | | | |

Per Our Report of even date

For and on behalf of the Board of Directors

For P. V. R. K. Nageswara Rao & Co.,
Chartered AccountantsA. Dinesh
Managing DirectorZ. P. Marshall
DirectorHyderabad
June 29, 2009P. V. R. K. Nageswara Rao
PartnerSudhir Kumar
Chief Financial OfficerSachin Guha
Company Secretary

Profit and Loss Account For the year ended March 31, 2009

(Amount in Rupees)

| | Schedule No. | Year ended 31.03.2009 | Year ended 31.03.2008 |
|--|--------------|-----------------------|-----------------------|
| I INCOME : | | | |
| Seismic Survey and Related Services Income | | 63,88,23,857 | 81,57,38,406 |
| Other Income | 15 | 88,54,017 | 32,51,233 |
| Total | | 64,76,77,874 | 81,89,89,639 |
| II EXPENDITURE : | | | |
| Survey and Survey Related Expenses | 16 | 27,72,57,547 | 35,51,51,974 |
| Employees Cost | 17 | 4,88,51,724 | 4,63,04,969 |
| Other Expenses | 18 | 3,53,81,156 | 3,83,58,933 |
| Finance Charges | 19 | 2,38,69,365 | 3,51,21,464 |
| Depreciation | | 16,54,34,207 | 13,85,43,810 |
| Total | | 55,07,93,999 | 61,34,81,150 |
| III PROFIT FOR THE YEAR | | 9,68,83,875 | 20,55,08,489 |
| Less : Provision for Taxation | | | |
| - Current Income Tax | | 6,23,00,000 | 8,99,00,000 |
| - Deferred Income Tax | | (2,65,47,305) | (1,29,54,119) |
| - Income tax adjustments of earlier years | | 10,94,044 | 10,59,464 |
| | | 3,68,46,739 | 7,80,05,345 |
| - Fringe Benefit Tax | | 4,90,349 | 10,21,420 |
| | | 3,73,37,088 | 7,90,26,765 |
| Profit After Tax | | 5,95,46,787 | 12,64,81,724 |
| Add: Profit brought forward from last year | | 25,00,54,172 | 13,88,87,373 |
| | | 30,96,00,959 | 26,53,69,097 |
| Less : Appropriations: | | | |
| Proposed Dividend | | 76,79,751 | 76,79,751 |
| Corporate Dividend Tax | | 13,05,174 | 13,05,174 |
| General Reserve | | 29,80,000 | 63,30,000 |
| | | 1,19,64,925 | 1,53,14,925 |
| Balance carried to Balance sheet | | 29,76,36,034 | 25,00,54,172 |
| IV EARNINGS PER SHARE - Basic (Rs.) | | 11.63 | 25.41 |
| - Diluted (Rs.) | | 11.60 | 25.41 |
| Face Value of Share Rs.10/- each | | | |
| Significant Accounting Policies | 20 | | |
| Notes to Accounts | 21 | | |

Per Our Report of even date

For and on behalf of the Board of Directors

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

A. Dinesh
Managing Director

Z. P. Marshall
Director

Hyderabad
June 29, 2009

P. V. R. K. Nageswara Rao
Partner

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary

Cash Flow Statement For the year ended March 31, 2009

(Amount in Rupees)

| | Year ended 31.03.2009 | Year ended 31.03.2008 |
|--|--------------------------|--------------------------|
| I. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit Before Tax | 9,68,83,875 | 20,55,08,489 |
| Add/Less: Adjustments for : | | |
| Depreciation | 16,54,34,207 | 13,85,43,810 |
| Interest Earned | (36,54,609) | (18,60,410) |
| Interest incurred | 1,95,14,160 | 3,14,44,173 |
| Dividend Received | – | (1,24,745) |
| (Profit) /Loss on sale of Investments | – | (41,420) |
| Bad Debts written off | 6,44,160 | – |
| Employee Compensation Costs Written off | 7,56,859 | – |
| Provision for Employee Retirement Benefits | 3,14,381 | 75,205 |
| (Profit) /Loss on sale of Fixed assets | (9,38,417) | – |
| Operating Profit Before Working Capital Changes | 27,89,54,616 | 37,35,45,102 |
| Less: Adjustments for Working Capital Changes: | | |
| Trade and Other Receivables | 6,31,75,429 | (7,34,82,107) |
| Inventories | 9,85,759 | 9,24,675 |
| Trade Payables | (5,25,00,821) | 2,47,69,906 |
| Cash generated from Operations | 29,06,14,983 | 32,57,57,576 |
| Less: Direct Taxes Paid | 8,64,69,076 | 6,69,07,237 |
| Net Cash Flow from Operating Activities (I) | 20,41,45,907 | 25,88,50,339 |
| II. CASH (USED IN) INVESTING ACTIVITIES : | | |
| Purchase of Investments | – | (4,51,24,745) |
| Sale of Investments | – | 4,51,66,165 |
| Dividend Received | – | 1,24,745 |
| Purchase of Fixed Assets | (11,64,61,509) | (19,99,09,665) |
| Sale of Fixed Assets | 1,14,14,723 | – |
| Interest Received | 37,85,275 | 22,58,919 |
| Net Cash (Used in) Investing Activities (II) | (10,12,61,511) | (19,74,84,581) |
| III. CASH (USED IN) FINANCING ACTIVITIES: | | |
| Proceeds on Issue of Equity Share Capital | – | 7,51,40,538 |
| Share warrants Money received | – | 2,36,81,790 |
| Share warrants Money refunded/adjusted | (48,290) | (3,50,15,903) |
| Dividend paid | (76,79,751) | (74,17,401) |
| Corporate Dividend Tax paid | (13,05,174) | (10,50,489) |
| Proceeds from Long Term Borrowings | – | – |
| Repayments of Long Term Borrowings | (8,50,60,000) | (8,11,97,929) |
| Proceeds from Short Term Borrowings | 25,00,000 | 1,64,90,000 |
| Repayment of Short Term Borrowings | (8,56,959) | (1,73,86,605) |
| Interest Paid | (2,03,49,360) | (3,17,57,027) |
| Net Cash (Used in) Financing Activities (III) | (11,27,99,534) | (5,85,13,026) |

(Amount in Rupees)

| | Year ended 31.03.2009 | Year ended 31.03.2008 |
|---|--------------------------|--------------------------|
| IV. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III) | (99,15,138) | 28,52,732 |
| V. Cash and Cash equivalents as at beginning of the year | 1,29,83,140 | 1,01,30,408 |
| VI. Cash and cash equivalents as at end of the year ** | 30,68,002 | 1,29,83,140 |
| | 2008-09 | 2007-08 |
| ** Note : Cash and Cash Equivalents as at end of the year : | | |
| Cash and Bank balances as per Balance Sheet | 3,20,99,213 | 3,88,30,076 |
| Less : Deposits pledged towards margin money against bank guarantees and other designated accounts dealt in operating activity | 2,90,31,211 | 2,58,46,936 |
| | 30,68,002 | 1,29,83,140 |

Note:

- 1 Previous year figures have been regrouped/reclassified to confirm to current year classification
- 2 Significant Accounting Policies (Schedule 20) and other Notes to Accounts (Schedule 21) 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

Hyderabad
June 29, 2009

P. V. R. K. Nageswara Rao
Partner

For and on behalf of the Board of Directors

A. Dinesh
Managing Director

Sudhir Kumar
Chief Financial Officer

Z. P. Marshall
Director

Sachin Guha
Company Secretary

Schedules forming part of Accounts

(Amount in Rupees)

| | As at 31.03.2009 | As at 31.03.2008 |
|---|---------------------|---------------------|
| 1 SHARE CAPITAL | | |
| Authorised: | | |
| 1,00,00,000 (Previous Year 75,00,000) Equity Shares of Rs.10/- each | 10,00,00,000 | 7,50,00,000 |
| Issued and Subscribed: | | |
| 51,31,234 Equity Shares of Rs. 10/- each | 5,13,12,340 | 5,13,12,340 |
| Paid-up: | | |
| 51,19,834 Equity Shares of Rs.10/- each fully paid up (Of the above, 4,23,334 Equity Shares have been allotted as fully paid-up Shares by way of Bonus Shares) | 5,11,98,340 | 5,11,98,340 |
| Add : Forfeited Shares | 1,36,000 | 1,36,000 |
| | 5,13,34,340 | 5,13,34,340 |

| | | |
|--|-------------|--------------------|
| 2 SHARE WARRANTS | | |
| Balance brought forward | 1,61,18,047 | - |
| Additions during the year | - | 2,36,33,500 |
| | 1,61,18,047 | 2,36,33,500 |
| Less: Amount Appropriated/Forfeited (Refer Note-4 of Schedule 21 Notes to Accounts) | 1,61,18,047 | 75,15,453 |
| | - | 1,61,18,047 |

| | | | | |
|---|--------------|---------------------|-------------|---------------------|
| 3 RESERVES AND SURPLUS | | | | |
| Share Premium: | | | | |
| Balance brought forward | 15,37,84,038 | | 8,03,92,500 | |
| Additions during the year | - | 15,37,84,038 | 7,33,91,538 | 15,37,84,038 |
| Share Warrants Forfeiture Account: | | | | |
| Additions during the year | | 1,61,18,047 | | - |
| Employee Stock Option Outstanding: | | | | |
| Additions during the year | 26,90,800 | | - | |
| Less: Deferred Employee Compensation costs (Refer Note-5 of Schedule 21 Notes to Accounts) | 19,33,941 | 7,56,859 | - | - |
| General Reserve : | | | | |
| Balance brought forward | 2,00,83,000 | | 1,37,53,000 | |
| Add: Transferred from Profit and loss Account | 29,80,000 | 2,30,63,000 | 63,30,000 | 2,00,83,000 |
| Profit and Loss Account (SURPLUS) | | 29,76,36,034 | | 25,00,54,172 |
| | | 49,13,57,978 | | 42,39,21,210 |

Schedules forming part of Accounts

(Amount in Rupees)

| | | As at 31.03.2009 | As at 31.03.2008 |
|--------------------|---|---------------------|---------------------|
| 4 | SECURED LOANS | | |
| Term Loans: | | | |
| | From State Bank of India (Secured by First charge on Fixed Assets and hypothecation of Current Assets of the Company and guaranteed by two Directors of the Company) | 11,49,76,112 | 20,09,09,318 |
| | From ICICI Bank Ltd (Secured by hypothecation of relevant vehicles acquired against the loan) | – | 8,56,959 |
| | | 11,49,76,112 | 20,17,66,277 |
| 5 | UNSECURED LOANS | | |
| | From Directors | 25,00,000 | – |
| | | 25,00,000 | – |

Schedules forming part of Accounts

Schedules forming part of Accounts

(Amount in Rupees)

| 6 | | FIXED ASSETS | | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---------------------------|----------------------|------------------|-----------------------|---------------------------|----------------------------|-----------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|------------------|
| | | Sl. No. | Description | Cost As at 01.04.2008 | Additions During the year | Deductions During the year | Total Cost As at 31.03.2009 | Up to 31.03.2008 | For the Year | On Deductions | Upto 31.03.2009 | As at 31.03.2009 | As at 31.03.2008 |
| 1 | Land | 2,19,08,666 | - | - | 2,19,08,666 | - | - | - | - | - | 2,19,08,666 | 2,19,08,666 | |
| 2 | Buildings | 14,46,800 | - | - | 14,46,800 | 11,791 | 23,583 | - | 35,374 | 14,11,426 | 14,35,009 | 14,35,009 | |
| 3 | Plant and Machinery | 104,27,82,373 | 42,29,834 | 4,54,77,875 | 100,15,34,332 | 37,39,81,117 | 16,28,44,802 | 3,54,30,538 | 50,13,95,381 | 50,01,38,951 | 66,88,01,256 | 66,88,01,256 | |
| 4 | Electrical Fittings | 1,21,210 | 10,800 | 1,11,069 | 20,941 | 1,19,493 | 11,282 | 1,11,069 | 19,706 | 1,235 | 1,717 | 1,717 | |
| 5 | Other Equipment | 74,40,287 | 20,23,580 | 9,09,840 | 85,54,027 | 25,56,125 | 11,95,005 | 6,99,874 | 30,51,256 | 55,02,771 | 48,84,162 | 48,84,162 | |
| 6 | Furniture and Fixtures | 21,74,600 | 1,68,555 | 2,76,802 | 20,66,353 | 10,03,575 | 93,959 | 2,76,802 | 8,20,732 | 12,45,621 | 11,71,025 | 11,71,025 | |
| 7 | Vehicles | 1,35,14,457 | 292,500 | 9,38,358 | 1,28,68,599 | 87,76,242 | 5,88,201 | 7,19,355 | 86,45,088 | 42,23,511 | 47,38,215 | 47,38,215 | |
| 8 | Data Processing Equipment | 54,74,769 | 4,92,834 | - | 59,67,603 | 32,72,358 | 6,77,375 | - | 39,49,733 | 20,17,870 | 22,02,411 | 22,02,411 | |
| | Total | 109,48,63,162 | 72,18,103 | 4,77,13,944 | 105,43,67,321 | 38,97,20,701 | 16,54,34,207 | 3,72,37,638 | 51,79,17,270 | 53,64,50,051 | 70,51,42,461 | 70,51,42,461 | |
| | Previous Year | 82,44,65,067 | 27,03,98,095 | - | 1,09,48,63,162 | 25,11,76,891 | 13,85,43,810 | - | 38,97,20,701 | 70,51,42,461 | 57,32,88,176 | 57,32,88,176 | |

Schedules forming part of Accounts

(Amount in Rupees)

| | As at 31.03.2009 | As at 31.03.2008 |
|--|---------------------|---------------------|
| 7 DEFERRED TAX ASSET/(LIABILITY) (NET) | | |
| Balance brought forward | (82,27,219) | (2,11,81,338) |
| Less : Adjustments for the year (Refer Note No.13 of Schedule 21 Notes to Accounts) | 2,65,47,305 | 1,29,54,119 |
| | 1,83,20,086 | (82,27,219) |

| | | |
|--|------------------|------------------|
| 8 INVENTORIES | | |
| (As taken, valued and certified by the Management) | | |
| Stores and Spares : At cost | 24,44,048 | 34,29,807 |
| | 24,44,048 | 34,29,807 |

| | | |
|--|---------------------|---------------------|
| 9 SUNDRY DEBTORS | | |
| (Unsecured, Considered Good) | | |
| Outstanding for a period exceeding Six months | 8,69,70,917 | 2,58,78,865 |
| Others | 11,95,94,520 | 24,66,88,732 |
| | 20,65,65,437 | 27,25,67,597 |

| | | |
|--|--------------------|--------------------|
| 10 CASH AND BANK BALANCES | | |
| Cash on hand | 64,560 | 6,50,292 |
| Cash at Scheduled Banks : | | |
| In Current Accounts | 30,03,442 | 1,23,32,848 |
| In Unclaimed Dividend Accounts | 8,10,118 | 6,39,936 |
| In Term Deposit Accounts | 2,82,21,093 | 2,52,07,000 |
| (Pledged towards margin money against guarantees issued by Bank) | | |
| | 3,20,99,213 | 3,88,30,076 |

| | | |
|--------------------------------|----------|----------|
| 11 OTHER CURRENT ASSETS | | |
| Interest accrued on Deposits | 1,14,008 | 2,44,674 |

| | | |
|--|------------------|------------------|
| 12 LOANS AND ADVANCES | | |
| (Unsecured, considered good, recoverable in cash or in kind or for the value to be received) | | |
| Deposits Recoverable | 11,70,182 | 10,04,620 |
| Prepaid Expenses | 31,64,339 | 28,31,704 |
| Other Advances and Receivables | 27,22,668 | 40,52,387 |
| | 70,57,189 | 78,88,711 |

(Amount in Rupees)

| | As at | | As at | |
|---|--------------|---------------------|--------------|---------------------|
| | 31.03.2009 | | 31.03.2008 | |
| 13 CURRENT LIABILITIES | | | | |
| Sundry Creditors for Capital works: | | | | |
| Dues of Micro and Small Enterprises | – | | – | |
| Dues of Enterprises other than Micro and Small Enterprises | – | – | 10,92,43,406 | 10,92,43,406 |
| Sundry Creditors: | | | | |
| Dues of Micro and Small Enterprises | – | | – | |
| Dues of Enterprises other than Micro and Small Enterprises | 8,64,79,499 | 8,64,79,499 | 13,89,42,314 | 13,89,42,314 |
| Other Liabilities | | – | | 48,290 |
| Investor Education and Protection Fund: | | | | |
| Unclaimed Dividend | | 8,10,118 | | 6,39,936 |
| (Note: There is no amount due and outstanding to be credited to Investor Education and Protection Fund) | | | | |
| | | 8,72,89,617 | | 24,88,73,946 |
| 14 PROVISIONS | | | | |
| Provision for Employee Retirement Benefits | | 24,67,923 | | 21,53,542 |
| Provision for Fringe Benefit Tax | | – | | 1,00,280 |
| Provision for Income Tax (net of prepaid tax) | 4,41,39,137 | | 6,66,23,540 | |
| Proposed Dividend | | 76,79,751 | | 76,79,751 |
| Provision For Corporate Dividend Tax | | 13,05,174 | | 13,05,174 |
| | | 5,55,91,985 | | 7,78,62,287 |
| | | Year ended | | Year ended |
| | | 31.03.2009 | | 31.03.2008 |
| 15 OTHER INCOME | | | | |
| Interest earned (Gross) | | 36,54,609 | | 18,60,410 |
| (Tax deducted at source Rs.808531/-) | | | | |
| (Previous year Rs. 396282/-) | | | | |
| Dividend Received from current investments | | – | | 1,24,745 |
| Gain on Foreign Currency Exchange Differences | 40,11,457 | | 7,14,111 | |
| Miscellaneous Income | 2,49,534 | | 5,10,547 | |
| Profit on Sale of Assets | 9,38,417 | | – | |
| Profit on Sale of Investments | | – | | 41,420 |
| | | 88,54,017 | | 32,51,233 |
| 16 SURVEY AND SURVEY RELATED EXPENSES | | | | |
| Stores Consumed | | 1,20,96,569 | | 1,53,76,390 |
| Labour Charges | | 92,72,439 | | 1,09,57,228 |
| Survey and Drilling charges | 21,76,63,850 | | 26,49,32,587 | |
| Fuel | | 59,70,838 | | 1,10,49,037 |
| Equipment Hire Charges | | 4,25,393 | | 32,50,691 |
| Vehicle Hire charges | | 81,57,686 | | 1,64,44,506 |
| Technical Consultancy Charges | | 10,20,000 | | 13,73,749 |
| Repairs and Maintenance to Machinery | | 66,86,121 | | 80,11,925 |
| Camp Rental Charges | | 12,54,742 | | 6,47,640 |
| Camp Expenses | | 99,80,411 | | 1,39,33,557 |
| Transport and Handling Charges | | 20,73,567 | | 42,71,996 |
| Other Survey Expenses | | 26,55,931 | | 49,02,668 |
| | | 27,72,57,547 | | 35,51,51,974 |

Schedules forming part of Accounts

(Amount in Rupees)

| | Year ended 31.03.2009 | Year ended 31.03.2008 |
|--|--------------------------|--------------------------|
| 17 EMPLOYEES COST | | |
| Salaries, Wages and other benefits to staff | 4,64,36,651 | 4,54,65,265 |
| Contribution to Provident Fund and ESI | 6,90,798 | 5,34,780 |
| Workmen and Staff Welfare expenses | 10,38,777 | 3,04,924 |
| Employee Compensation Costs (Exclusive of Rs. 71,361/- included in Managerial remuneration) (Refer Note-5 of Schedule 21 Notes to Accounts) | 6,85,498 | – |
| | 4,88,51,724 | 4,63,04,969 |
| 18 OTHER EXPENSES | | |
| Managerial Remuneration (Refer Note-5 of Schedule 21 Notes to Accounts) | 51,29,588 | 1,08,19,710 |
| Directors' Sitting Fee | 89,500 | 66,000 |
| Rent | 26,16,000 | 24,38,200 |
| Printing and Stationery | 11,31,297 | 12,17,710 |
| Communication Expenses | 10,79,276 | 13,56,991 |
| Travelling and Conveyance | 72,08,973 | 78,00,188 |
| Payment to Auditors | 7,56,850 | 6,40,550 |
| Legal and Professional Charges | 70,66,128 | 18,35,392 |
| Insurance | 29,03,465 | 40,10,463 |
| Advertisement | 4,09,004 | 2,62,611 |
| Software and Software Maintenance Expenses | 94,021 | 21,40,457 |
| Taxes and licenses | 9,50,620 | 6,60,883 |
| Repairs and Maintenance to Other Assets | 8,85,830 | 3,06,635 |
| Vehicle Maintenance | 5,74,871 | 3,58,505 |
| Donations | 2,34,711 | 6,61,630 |
| Bad debts written off | 6,44,160 | – |
| General Expenses | 36,06,862 | 37,83,008 |
| | 3,53,81,156 | 3,83,58,933 |
| 19 FINANCE CHARGES | | |
| Interest on Fixed Loans | 1,89,91,008 | 3,12,35,875 |
| Interest to Others | 5,23,152 | 2,08,298 |
| Bank Charges and Commission | 43,55,205 | 36,77,291 |
| | 2,38,69,365 | 3,51,21,464 |
| 20 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 Hydraulic Portable Drilling Rigs and MRX Boxes @31.67% per annum.
 - b) Machinery in the nature of Geophone strings and cables @ 19.00% per annum.
 - c) Machinery in the nature equipment used for 3D Seismic Survey @ 19.00% per annum
 - d) In case of all other assets at the rates specified in Schedule XIV of the Companies Act, 1956.

Schedules forming part of Accounts

20 | SIGNIFICANT ACCOUNTING POLICIES (Contd.)

C. 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.

D. 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 for diminution in value of Long Term Investments in the nature of permanent, if any, is made in the accounts.

E. Inventories:

- i. Stock of Stores and spares is valued at lower of cost or 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.

F. 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.

G. Taxes on Income:

- i) Provision for Taxation is the aggregate of current income tax, deferred income tax charge /(credit) and Fringe Benefit Tax 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.
- (iv) Fringe Benefit Tax:
The Provision for fringe benefit tax is made in respect of employee benefits and other specified expenses as per the provisions of Income Tax Act, 1961.

H. 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.

I. 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.

Schedules forming part of Accounts

20 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

J. Borrowing Costs:

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

K. Earnings Per Share:

- i) Basic earnings per share is 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.

L. Employee Benefits:

i. Short-Term Benefits:

Short Term Employee Benefits, at the undiscounted amount in the year in which the services have been rendered, are charged off to the Profit and Loss Account.

ii Long-Term Benefits:

a. The Contributions to Provident Fund and Employee State Insurance Schemes, which are defined contribution schemes, to the relevant funds administered and managed by the Central Government of India, are charged off to the Profit and Loss Account as and when incurred. The Company has no further obligations under these plans beyond its monthly contributions.

b. Provision for Gratuity and Leave Encashment, which are defined benefit plans, is made on the basis of an actuarial valuation at the balance sheet date carried out by an independent actuary under Projected Unit Credit Method.

c. Actuarial gains / losses arises during the year are recognised in the Profit and Loss Account.

iii Terminal Benefits are recognised as an expense as and when incurred.

M. Provisions, Contingent Liabilities and Contingent Assets:

Provisions, involving substantial degree of estimation in measurement, are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities, which are possible or present obligations that may but probably will not require outflow of resources, are not recognised but are disclosed in the Notes to the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

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:

(Amount in Rupees)

| | 2008-09 | 2007-08 |
|---|--------------|--------------|
| i. Towards Guarantees issued by Bank | 14,00,55,010 | 13,56,62,354 |
| ii. Towards claims not acknowledged as debts by the Company | – | 4,87,397 |
| iii. Income Tax demands dispute by the Company | 16,57,548 | – |

3. There are no dues to the Micro and Small Enterprises as on 31.03.2009.

4. Share Warrants Issued under preferential allotment:

550000 Share Warrants of Rs.429.62 p each have been allotted to Promoters, with due consent of the members and relevant authorities, which entitles for conversion of each warrant into one equity share of Rs.10/- each at a premium of Rs.419.62p within a period of 18 months from the date of allotment. 1,74,900 warrants have been converted into equity shares of the Company in the year 2007-08. As the allottees of remaining 3,75,100 warrants forfeited their right to exercise the conversion of warrants, the allotment money received on these warrants of Rs.1,61,18,047/- has been forfeited as per the guidelines applicable to the issue of warrants.

5. Employee Stock Option Scheme:

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

Schedules forming part of Accounts

20 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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.756859/- has been amortised.

The Movement of Stock Options during the year is as detailed below:

| | Nos |
|-----------------------------------|--------|
| At the beginning of the year | NIL |
| Granted during the year | 70,000 |
| Expired/Forfeited during the year | NIL |
| Exercised during the year | NIL |
| At the end of the year | 70,000 |

6. Details of Payments to Auditors: (Amount in Rupees)

| (Net of Service Tax) | 2008-09 | 2007-08 |
|------------------------|-----------------|-----------------|
| As Auditors | 3,00,000 | 3,00,000 |
| For Tax Audit | 1,50,000 | 1,00,000 |
| For Income Tax Matters | 50,000 | 50,000 |
| For Other Matters | 2,25,000 | 1,58,500 |
| Out of Pocket Expenses | 31,850 | 32,050 |
| | 7,56,850 | 6,40,550 |

7. Managerial Remuneration: (Amount in Rupees)

| | 2008-09 | 2007-08 |
|--|------------------|--------------------|
| (i) Managing Director's Remuneration: | | |
| Salary and Allowances | 24,00,000 | 24,00,000 |
| Commission | 13,44,320 | 71,34,469 |
| Perquisites | 10,25,907 | 9,97,241 |
| Contribution to Provident Fund | 2,88,000 | 2,88,000 |
| | 50,58,227 | 1,08,19,710 |
| (ii) Other Non Whole Time Directors: | | |
| ESOP Compensation Costs | 71,361 | NIL |

(iii) Calculation of Commission:

Computation of Net Profit in accordance with Section 349 read with Section 198 of the Companies Act, 1956 with relevant details of calculation of commission payable by way of percentage of such profits to Managing Director for the year ending March 31, 2009:

| | | |
|---------------------------------------|--------------|--------------|
| Profit as per Profit and Loss Account | | 9,68,83,875 |
| Add: Managerial Remuneration | 51,29,588 | |
| Directors Sitting Fees | 89,500 | |
| Depreciation as per Books of Accounts | 16,54,34,207 | 17,06,53,295 |
| | | 26,75,37,170 |
| Less: Profit on Assets | 9,38,417 | |
| Depreciation as specified u/s.350 | 16,54,34,207 | 16,63,72,624 |
| | | 10,11,64,546 |
| Commission being @ 5% of the above | | 50,58,227 |
| Commission payable limited to | | 13,44,320 |

8. 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 given.

Schedules forming part of Accounts

21 | NOTES TO ACCOUNTS

9. 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 as given below:

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

1. Key Management Personnel:

Sri A. Dinesh

2. Relatives of Key Management Personnel:

Smt A. Kamala

Sri A. Rajesh

Sri A. Rajesh (HUF)

Sri A. Dinesh (HUF)

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

Aquila Drilling Private Limited

IIC Technologies Private Limited

ii. Details of Transactions:

(Amount in Rupees)

| S.No | Nature of Relation/ Nature of Transactions | 2008-09 | | 2007-08 | |
|-----------|---|--------------------------|--|--------------------------|--|
| | | Amount of Transaction | Amount outstanding as on 31.03.2009 | Amount of Transaction | Amount outstanding as on 31.03.2008 |
| 1. | Key Management Personnel: | | | | |
| | Remuneration | 50,58,227 | 16,40,387 | 1,08,19,710 | 71,96,925 |
| | Interest on Deposit | 42,370 | 38,006 | 48,053 | – |
| | Acceptance of Deposit | 25,00,000 | 25,00,000 | 64,50,000 | – |
| | Repayment of Deposit | – | – | 64,50,000 | – |
| | Share Warrants Allotted / (Forfeited) (Nos.) | (1,41,600) | – | 1,50,000 | 1,41,600 |
| | Share warrants Money Received | – | – | 97,00,000 | 6,640 |
| | Share Warrants Money Refunded/ (Forfeited) | (60,84,552) | – | 62,50,000 | – |
| | Issue of Equity Share Capital | – | – | 36,08,808 | – |
| | Purchase of Fixed Assets | – | – | 49,65,650 | – |
| 2 | Relatives of the Key Management Personnel: | | | | |
| | Rent | 2,64,000 | 74,404 | 1,95,300 | – |
| | Sitting Fees | 21,500 | – | 17,500 | – |
| | Share Warrants Allotted / (Forfeited) (Nos.) | (2,000) | – | 80,000 | 2,000 |
| | Issue of Equity Share Capital | – | – | 3,35,10,360 | – |
| | Share Warrants Money Received | – | – | 3,36,06,875 | 10,575 |
| | Share Warrants Money Refunded/ (Forfeited) | (85,940) | – | 1,59,00,450 | – |
| | Purchase of Fixed Assets | – | – | 1,50,35,650 | – |

Schedules forming part of Accounts

21 | NOTES TO ACCOUNTS (Contd.)

ii. Details of Transactions:

(Amount in Rupees)

| S.No | Nature of Relation/ Nature of Transactions | 2008-09 | | 2007-08 | |
|------|--|--------------------------|--|--------------------------|--|
| | | Amount of Transaction | Amount outstanding as on 31.03.2009 | Amount of Transaction | Amount outstanding as on 31.03.2008 |
| 3 | Companies in which Relative of the Key Management Personnel has Substantial Interest: | | | | |
| | Drilling Charges | 6,17,20,000 | 1,61,53,151 | 11,09,87,790 | 3,50,48,363 |
| | Acceptance of Deposit | – | – | 1,00,40,000 | – |
| | Repayment of Deposit | – | – | 1,00,40,000 | – |
| | Interest on Deposit | – | – | 72,190 | – |
| | Share Warrants Allotted / (Forfeited) (Nos.) | (2,31,500) | – | 3,20,000 | 2,31,500 |
| | Share warrants Money Received | – | – | 4,80,00,000 | 31,075 |
| | Share Warrants Money Refunded/ (Forfeited) | (99,47,555) | – | 53,50,000 | – |
| | Issue of Equity Share Capital | – | – | 3,80,21,370 | – |

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 | 2008-09 | 2007-08 |
|--|------------------------------|-------------|--------------|
| Remuneration | Sri. A. Dinesh | 50,58,227 | 1,08,19,710 |
| Interest On Deposit | Sri. A. Dinesh | 42,370 | 48,053 |
| | Aquila Drilling Private Ltd | – | 54,157 |
| Acceptance of Deposits | IIC Technologies Private Ltd | – | 18,033 |
| | Sri. A. Dinesh | 25,00,000 | 64,50,000 |
| Repayment of Deposits | Aquila Drilling Pvt Ltd | – | 60,40,000 |
| | IIC Technologies Pvt Ltd | – | 40,00,000 |
| | Sri. A. Dinesh | – | 64,50,000 |
| Share Warrants Allotted/(Forfeited)(Nos.) | Aquila Drilling Pvt Ltd | – | 60,40,000 |
| | IIC Technologies Pvt Ltd | – | 40,00,000 |
| | Sri. A. Dinesh | (1,41,600) | 1,50,000 |
| Share warrants Money Received | Smt. A. Kamala | (2,000) | 80,000 |
| | Aquila Drilling Pvt Ltd | (2,31,500) | 3,20,000 |
| | Sri. A. Dinesh | – | 97,00,000 |
| Share Warrants Money Refunded/Forfeited | Smt. A. Kamala | – | 3,36,06,875 |
| | Aquila Drilling Pvt Ltd | – | 4,80,00,000 |
| | Sri. A. Dinesh | (60,84,552) | 62,50,000 |
| Issue of Equity Share Capital | Smt. A. Kamala | (85,940) | 1,59,00,450 |
| | Aquila Drilling Pvt Ltd | (99,47,555) | 53,50,000 |
| | Sri. A. Dinesh | – | 36,08,808 |
| Purchase of Fixed Assets | Smt. A. Kamala | – | 3,35,10,360 |
| | Aquila Drilling Pvt Ltd | – | 3,80,21,370 |
| | Sri. A. Dinesh | – | 49,65,650 |
| | Sri. A. Rajesh | – | 49,20,050 |
| | Sri A. Dinesh (HUF) | – | 50,57,800 |
| Drilling Charges | Sri A. Rajesh (HUF) | – | 50,57,800 |
| | Aquila Drilling Pvt Ltd | 6,17,20,000 | 11,09,87,790 |
| | Sri A. Dinesh (HUF) | 2,64,000 | 1,95,300 |
| Rent | Sri. A. Rajesh | 21,500 | 17,500 |
| Sitting Fees | | | |

Schedules forming part of Accounts

21 | NOTES TO ACCOUNTS (Contd.)

10. Leases:

- i. 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. 26,16,000/- (Previous Year Rs.24,38,200/-)
- ii. The Company has taken certain Vehicles under Finance lease under non-cancellable terms. The details of the leases are:
(Amount in Rupees)

| Nature of the Asset | Vehicles | |
|---|----------|----------|
| | 2008-09 | 2007-08 |
| Present Value of the Lease | NIL | 8,56,959 |
| Total outstanding Minimum Lease payments | NIL | 8,88,000 |
| - Not later than one year | NIL | 8,57,250 |
| - Later than one year and not later than five years | NIL | 30,750 |
| - Later than five years | NIL | NIL |

11. Employee Benefits:

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

i. Defined Contribution Schemes:

Contributions to Defined Contribution Schemes charged off are as under: (Amount in Rupees)

| | 2008-09 | 2007-08 |
|---|----------|----------|
| Employer's Contribution to Provident Fund | 2,70,048 | 2,21,741 |
| Employer's Contribution to Pension Scheme | 6,12,942 | 5,03,299 |
| Employer's Contribution to State Insurance Scheme | 12,270 | 15,552 |

ii. 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:
(Amount in Rupees)

| | Gratuity (Unfunded) | | Leave Encashment (Unfunded) | |
|---|---------------------|-------------------|-----------------------------|-------------------|
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| a. Reconciliation of opening and closing balances of Defined Benefit obligation: | | | | |
| At the beginning of the year | 18,57,458 | 12,71,076 | 2,96,084 | 8,06,631 |
| Current Service Cost | 1,22,172 | 2,02,111 | 28,486 | 91,012 |
| Interest Cost | 1,48,597 | 1,01,736 | 23,686 | NIL |
| Actuarial (gain)/loss | 2,04,511 | 3,02,501 | (1,39,058) | (6,01,559) |
| Benefits paid | (65,308) | (20,596) | (8,705) | NIL |
| At the end of the year | 22,67,430 | 18,57,458 | 2,00,493 | 2,96,084 |
| b. Expenses recognised during the year | | | | |
| Current Service Cost | 1,22,172 | 2,02,111 | 28,486 | 91,012 |
| Interest Cost on benefit obligation | 1,48,597 | 1,01,736 | 23,686 | NIL |
| Actuarial (gain)/loss | 2,04,511 | 3,02,501 | (1,39,058) | (6,01,559) |
| Net benefit expense | 4,75,280 | 6,06,348 | (86,886) | (5,10,547) |
| c. Actuarial assumptions: | | | | |
| Mortality Table (L.I.C) | 1994-96 | 1994-96 | 1994-96 | 1994-96 |
| | (Ultimate) | (Ultimate) | (Ultimate) | (Ultimate) |
| Discount rate (per annum) | 8.00% | 8.00% | 8.00% | 8.00% |
| Attrition Rate (per annum) | 4.00% | 4.00% | 4.00% | 4.00% |
| Rate of escalation in salary (per annum) | 4.00% | 4.00% | 4.00% | 4.00% |

Schedules forming part of Accounts

21 NOTES TO ACCOUNTS (Contd.)

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.

21 NOTES TO ACCOUNTS (Contd.)

12. Earnings Per Share (EPS): (Amount in Rupees)

| | 2008-09 | 2007-08 |
|---|-------------|--------------|
| The Numerator and Denominator used to calculate Earnings Per Share: | | |
| A Earnings: | | |
| Profit attributable to Equity Shareholders | 5,95,86,787 | 12,64,81,724 |
| B No. of Shares: | | |
| Weighted average number of Equity shares outstanding during the year (Nos.) - Basic | 51,19,834 | 49,77,321 |
| Add: Weighted average number of equity shares arising out of outstanding stock options that have diluting effect on Earnings Per Share (Nos.) | 14,000 | NIL |
| Weighted average number of Equity Shares outstanding during the year (Nos.) - Diluted | 51,33,834 | 49,77,321 |
| Nominal Value of Equity Share | 10 | 10 |
| C. Earnings Per Share: | | |
| Earnings Per Share – Basic | 11.63 | 25.41 |
| Earnings Per Share – Diluted | 11.60 | 25.41 |

13. Deferred Income Tax:

The movement of Provision for Deferred Tax for the year ended 31.03.2009 is as given below: (Amount in Rupees)

| Particulars | Liability/(Asset) | Charge/ (Credit) | Liability/(Asset) |
|--|-------------------|----------------------|----------------------|
| | As at 01.04.2008 | For the year | As at 31.03.2009 |
| Depreciation on Assets | 1,17,18,588 | (2,60,29,379) | (1,43,10,791) |
| Expenses allowable on the basis of Payment | (34,91,369) | (5,17,926) | (40,09,295) |
| Total | 82,27,219 | (2,65,47,305) | (1,83,20,086) |

14. Derivative Instruments:

i. There are no foreign currency exposures that are covered by derivative instruments as on 31.03.2009 (As on 31.03.2008-Rs.NIL).

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

(Amount in Rupees)

| Particulars | As on 31.03.2009 | | As on 31.03.2008 | |
|--|--------------------------------|--|--------------------------------|--|
| | Amount in Foreign Currency USD | Equivalent Amount in Indian Currency Rs. | Amount in Foreign Currency USD | Equivalent Amount in Indian Currency Rs. |
| Liabilities for acquiring fixed assets | - | - | 27,33,135 | 10,92,43,406 |
| Liabilities for Supplies and Services | 24,466 | 12,46,529 | 1,86,220 | 74,43,213 |
| Receivables | 14,03,825 | 7,15,08,776 | 19,79,693 | 7,91,28,331 |

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.

| | | | | | |
|--|--|---|---|---|---|
| | | 7 | 5 | 8 | 0 |
|--|--|---|---|---|---|

State Code

| | | | | |
|--|--|--|---|---|
| | | | 0 | 1 |
|--|--|--|---|---|

Balance Sheet Date

| | | | | | | | | | |
|---|---|--|---|---|--|---|---|---|---|
| 3 | 1 | | 0 | 3 | | 2 | 0 | 0 | 9 |
|---|---|--|---|---|--|---|---|---|---|

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

Public Issue

| | | | | |
|--|--|---|---|---|
| | | N | I | L |
|--|--|---|---|---|

Rights Issue

| | | | | |
|--|--|---|---|---|
| | | N | I | L |
|--|--|---|---|---|

Bonus Issue

| | | | | |
|--|--|---|---|---|
| | | N | I | L |
|--|--|---|---|---|

Private Placement

| | | | | |
|--|--|---|---|---|
| | | N | I | L |
|--|--|---|---|---|

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

Total liabilities

| | | | | | |
|---|---|---|---|---|---|
| 6 | 6 | 0 | 1 | 6 | 8 |
|---|---|---|---|---|---|

Total Assets

| | | | | | |
|---|---|---|---|---|---|
| 6 | 6 | 0 | 1 | 6 | 8 |
|---|---|---|---|---|---|

Sources of Funds:

Paid up capital

| | | | | | |
|--|---|---|---|---|---|
| | 5 | 1 | 3 | 3 | 4 |
|--|---|---|---|---|---|

Reserves & Surplus

| | | | | | |
|---|---|---|---|---|---|
| 4 | 9 | 1 | 3 | 5 | 8 |
|---|---|---|---|---|---|

Secured loans

| | | | | | |
|---|---|---|---|---|---|
| 1 | 1 | 4 | 9 | 7 | 6 |
|---|---|---|---|---|---|

Unsecured loans

| | | | | |
|--|---|---|---|---|
| | 2 | 5 | 0 | 0 |
|--|---|---|---|---|

Application of Funds

Net fixed assets

| | | | | | |
|---|---|---|---|---|---|
| 5 | 3 | 6 | 4 | 5 | 0 |
|---|---|---|---|---|---|

Investments

| | | | | |
|--|--|---|---|---|
| | | N | I | L |
|--|--|---|---|---|

Deferred tax Asset

| | | | | |
|---|---|---|---|---|
| 1 | 8 | 3 | 2 | 0 |
|---|---|---|---|---|

Net current Assets

| | | | | | |
|---|---|---|---|---|---|
| 1 | 0 | 5 | 3 | 9 | 8 |
|---|---|---|---|---|---|

Miscellaneous expenditure

| | | | | |
|--|--|---|---|---|
| | | N | I | L |
|--|--|---|---|---|

Accumulated losses

| | | | | |
|--|--|---|---|---|
| | | N | I | L |
|--|--|---|---|---|

Performance of the Company (Rs. '000)

Turnover

| | | | | | |
|---|---|---|---|---|---|
| 6 | 4 | 7 | 6 | 7 | 7 |
|---|---|---|---|---|---|

Total expenditure

| | | | | | |
|---|---|---|---|---|---|
| 5 | 5 | 0 | 7 | 9 | 4 |
|---|---|---|---|---|---|

Profit before tax

| | | | | |
|---|---|---|---|---|
| 9 | 6 | 8 | 8 | 3 |
|---|---|---|---|---|

Profit after tax

| | | | | |
|---|---|---|---|---|
| 5 | 9 | 5 | 4 | 7 |
|---|---|---|---|---|

Earnings per share (Rs.)

| | | | | |
|---|---|---|---|---|
| 1 | 1 | . | 6 | 3 |
|---|---|---|---|---|

Dividend Rate (%)

| | | | | |
|--|--|---|---|---|
| | | 1 | 5 | % |
|--|--|---|---|---|

Generic Names of three Principal Products/ Services of Company

a. Item Code : -

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

Per Our Report of even date

For and on behalf of the Board of Directors

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

A. Dinesh
Managing Director

Z. P. Marshall
Director

Hyderabad
June 29, 2009

P. V. R. K. Nageswara Rao
Partner

Sudhir Kumar
Chief Financial Officer

Sachin Guha
Company Secretary