

deep

Alphageo (India) Limited 25th Annual Report 2011-12

**Cautionary statement:** In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', '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 realized, although we believe we have been prudent in 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. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## Between the pages

Corporate identity - 10 Chairman's statement - 12 Management discussion and analysis - 14

Analysis of financial statements - 24 Risk management - 26 Directors' report - 28

Report on Corporate Governance - 34 Financial section - 46 Notice - 93

One word.  
Captures our business function.  
Our competencies.  
And our sectoral potential.

deep



176.50 MT

Estimated oil reserves in the  
North East (March 31, 2011)

At Alphageo, we believe that experience pays.

**BECAUSE** what do you do when you need to run channels through an undulatory challenging terrain? How do you respond when the client insists that ambient environment needs to be least disturbed? How do you sift through complex subterranean data and help the client arrive at an informed decision?

This is the rich complement of seismic survey service and data interpretation capability that we bring to the client's table.

- More than two decades of rich experience in the understanding of diverse, difficult and varied topographies
- More than 1,000 person-years of experience in multi-basinal and challenging terrains.
- More than 13,000 GLK of 2D seismic survey and 3,700 sq km of 3D seismic survey across challenging terrains
- An experience of having worked across 12 Indian states

The value of our rich experience is reflected in our deep rooted industry position. This has helped us maintain our position as India's largest merchant (non-captive) seismic survey service company.

deeprooted



85%

Projects delivered on time

**I**N the business of seismic survey services, some of the biggest worries that customers have is whether the service provider will be able to mobilise adequate equipment and people resources, whether it will be possible to complete the project on schedule and whether the data interpretation will indeed be reliable.

At Alphageo, we can either list down all the projects – an estimated 37 projects – that we have completed in the last couple of decades of our existence. Or we can simply list down the names of our large and demanding customers who have selected to work with us year after year.

- ONGC, one of the largest Asia-based oil and gas exploration and production companies, ranked 357th in the Fortune Global 500 list of the world's biggest corporations for 2012 and among the Top 250 Global Energy Company as listed by Platts.
- Interlink Petroleum Ltd., among the early Indian private sector companies that were awarded the rights to develop hydrocarbon assets.
- Essar Oil, an India-based company, engaged in the exploration and production of oil and natural gas, refining crude oil and marketing petroleum products.

Now let us explain why these demanding customers have inevitably selected to work with Alphageo.

- Because we provide the entire services basket in the geophysical services space.
- Because we have commissioned and completed projects in logistically and operationally inhospitable terrains, which include the Himalayan foothills of Uttaranchal, the jungles of Pranhita Godavari in Andhra Pradesh, the hilly regions of Jairampur in Arunachal Pradesh and the dense hilly forests of Mizoram and Assam.
- Because we enjoy a reputation of not only completing our projects on schedule but also successfully completing projects abandoned by a number of players.
- Because in a business where time is money, we make it possible for our customers to prepone their business plans through project delivery ahead of schedule (two in 2011-12)

The value of our robust project delivery is reflected in a high referral or repeat business component.

# deep-endable



37

The number of completed projects in our existence

**I**N the seismic exploration business, projects are getting bigger. In this progressively challenging environment, it is imperative for seismic survey service companies to possess adequate equipment to be able to address projects with speed.

At Alphageo, our commitment to catalyse customer projects is reflected in our patient investment in assets and infrastructure.

- Four crew sets (3D-capable) and a channel count (key scale matrix) of 12,500 as on March 31, 2012.
- Cutting-edge data capturing and processing technologies:
  - Proven state-of-the-art 24-bit Delta Sigma technology with cable telemetry ION System Four and state-of-the-art ION Scorpion systems for 3D survey and sensitive, distortion-free sensor geophones with complete auxiliary equipment
  - A dedicated data processing centre to undertake 2D processing and 3D QC processing.
  - A full-fledged seismic data processing and analysis software (Vista and ProMax) with advanced interactive workstations and widely used software for 2D/3D seismic data interpretation on workstations developed by Landmark Graphic Corporation of USA.

The result is that we made it easier for our clients to arrive at informed decisions on whether to explore oil and if so, where and with what equipment. In short, we took the businesses of our customers ahead.

# deep-loyable



**AT** Alphageo, we do different things and we do things differently. This makes us a preferred seismic survey service provider.

- We were among the first seismic survey companies in India to offer 3D services in the geophysical space
- We are the first to carry out operations at night in urban Thiruvapur with the objective to reduce public inconvenience
- We conducted speculative surveys in the Himalayan foothills – potential hydrocarbon bearing basins with sedimentary columns – where no prior seismic data was available

Alphageo's 'can-do' approach will lead the Company to a wider opportunity canvas that will make it possible to grow business faster than the industry average.

# deep capabilities

About the corporate

# alphageo india limited. going below to rise higher.

Alphageo was among the first seismic survey service companies facilitating India's oil exploration and production sector.

The Company, headquartered in Hyderabad, India, possesses rich experience of having completed projects in diverse and difficult terrains of Uttaranchal, Andhra Pradesh, Arunachal Pradesh, Uttar Pradesh, Bihar, Mizoram, Jorhat, Nambor, Digboi and Cauvery basins.

The Company's wholly-owned subsidiary Alphageo International Limited, Dubai, UAE, through its step down subsidiary Alphageo DMCC Dubai, explores international business opportunities. The Company's shares are listed on the Bombay and National Stock Exchanges in India.

## 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.

## 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.

## A snapshot of 2011-12

272.35

(Rs. in million)

Revenues

38.4

(Rs. in million)

EBIDTA

33.2

(Rs. in million)

Cash profit

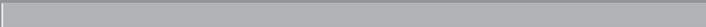
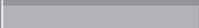
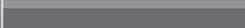
55.99

(Rs. in million)

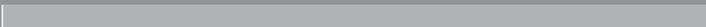
Net loss before tax

# graphs

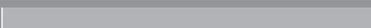
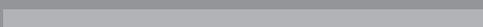
## Total income (Rs. in million)

2009-10		789.23
2010-11		219.73
2011-12		272.35

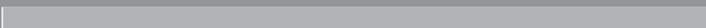
## EBIDTA (Rs. in million)

2009-10		328.49
2010-11		10.80
2011-12		38.40

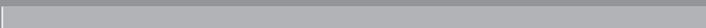
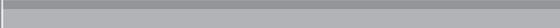
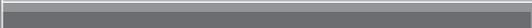
## Post-tax profit/(loss) (Rs. in million)

2009-10		97.27
2010-11		(126.59)
2011-12		(50.95)

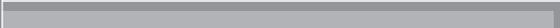
## Cash profit (Rs. in million)

2009-10		262.50
2010-11		6.3
2011-12		33.2

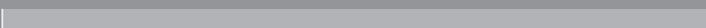
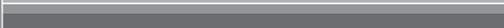
## Capital employed (Rs. in million)

2009-10		652.49
2010-11		521.38
2011-12		481.68

## Reserves and surplus (Rs. in million)

March 31, 2010		582.85
March 31, 2011		456.65
March 31, 2012		402.72

## Book value (Rs.)

March 31, 2010		123.10
March 31, 2011		98.96
March 31, 2012		88.46

5

Completed five projects in diverse terrains

2

Received two new projects

200 approx

(Rs. in million)  
Finished year with an unexecuted order book (as on March 31, 2012)

“despite a challenging industry scenario, we improved our performance. we are working towards improving profitability and shareholder value.”



Chairman Mr. Z P Marshall reflects on the year under review and outlines the forward strategy.

*Dear Shareholders,*

Alphageo registered an improved performance during the year under review despite sectoral adversities that affected sectoral prospects for the second successive year.

The Company registered revenues of Rs 2,723 lakh. EBIDTA grew 255% from Rs 108 lakh in 2010-11 to Rs 384 lakh in 2011-12. Net loss declined from Rs 1,489 lakh to Rs 560 lakh over the same period.

### Positives

There were a number of positives that could be easily gleaned from our numbers. We improved our efficiency, reflected in our completed projects delivery. We finished NTPC's 3D survey assignment, extending over 165 sq kms in just six months against the agreed schedule of one complete season; we completed the Kei\_ross project -137 sq kms in only 63 days against the agreed 75 days.

These achievements indicate that despite the prevailing industry environment, the core of our business model continues to be robust. Our deliveries continued to be marked by intelligent planning, out-of-the box initiatives and team working.

### Big picture

Oil is critical to India's energy security and economic progress. In line with this, the government allotted oil blocks under NELP IX.

Shareholders will wonder why despite these allotments, seismic survey opportunities are not forthcoming. It will be interesting to note that allottees under NELP VIII and IX were largely industrial groups making a first-time entry into the business of oil exploration. Given their relative inexperience and dearth of profits derived from oil exploration, they did not appear keen to make large exploration investments during industry downturns. The result was that exploration activity in the allotted blocks was delayed, affecting our short-term prospects.

In our view, the prospects of this business can at best be deferred, not cancelled. Government regulations provide for heavy penalty and block confiscation following survey inaction beyond a certain period from the date of allotment. We are optimistic that this punitive action will now induce a number of block allottees to accelerate block surveys, resulting in a larger inflow of orders on the one and

## our competitive advantage

### 37 projects

The Company provides a wide range of 2D and 3D seismic services (data acquisition, processing and interpretation)

### 1st

The Company was a first mover in providing 3D services in India's seismic survey space

### 1st

The Company is widely respected and recognised as India's largest inland integrated seismic service provider in the private sector

### 20

The Company has successfully completed projects for more than 20 customers (leading national and international oil and gas companies).

a sizeable increase in the ticket size of orders on the other.

## Conventional opportunities

Despite the short-term slowdown, we are optimistic of the medium term prospects for the seismic survey services space.

The economic significance of oil is huge for every developing nation and, more pertinently, India.

India's economic progress will require more oil, widening the already wide gap between consumption and production. As India becomes increasingly reliant on imported oil, the country's fiscal and current account deficits will increase. Interestingly, fuel subsidies account for 13.43% of the fiscal deficit, which, given the rising oil price and growing consumption, is only expected to increase.

This explains why oil exploration should be high on the government's priority. The NELP policy was an important and progressive step in this direction, attracting a number of players to enter the oil E&P sector, which resulted in large oil and gas finds. The allotment of 34 blocks

under NELP IX was the highlight of 2011-12.

The Open Acreage Licensing Policy (OALP), the next progressive and logical step forward for India's E&P space, is expected to be operational in 2014 which promises to open significant seismic survey business opportunities.

## Opportunities

In addition to oil, India is aggressively scouting for other energy sources that will reduce its dependence on other nations for its energy security. Shale gas is an emerging opportunity, which is acquiring significant importance. Shale is a rock formation that contains extractable gas found abundantly across the country, especially in the Gangetic plain, Gujarat and Assam. India holds 6.1 trillion cubic feet of technically recoverable shale gas reserves in three basins, according to a report by the U.S. Geological Survey. India started mapping its shale resources and will have exploration rules in place by 2013. India plans to launch its first auction of shale gas block by 2013-end, which is expected to open a huge seismic survey opportunity.

At Alphageo, we are aggressively scouting for global business. We bid for a number of such global projects and will hopefully secure international business contracts in the current year, transforming us from a singular dependence on India to one with a progressively global presence.

## Message for shareholders

While the going has been tough in the recent past, we are confident of better times with enhanced profitability and shareholder value.

Regards,

**Z P Marshall**  
*Chairman*

India remains among the fastest-growing economies. The country's sovereign credit rating rose by a substantial 2.98% in 2007-12.

**85**

The percentage of projects completed on schedule through superior logistics and people management.

**21+**

The number of years of rich experience in the understanding of diverse, difficult and varied topographies.

**1,000+ person years**

The Company's workforce comprises Indians and expatriate professionals (experts in geology, geophysics, as well as reservoir and survey technology), representing more than 1,000 person-years of experience of working in challenging terrains.

# management discussion and analysis

## Economic overview

**Global:** From a positive start in 2011, the global environment turned adverse in the second half of 2011, owing to the Euro zone crisis and monetary imbalances in emerging economies. Capital flows to developing nations declined by almost half in 2011 compared with 2010.

Europe seemed to enter a recessionary phase. The Euro zone crisis impacted the economic performance of trade partners. Growth in several developing countries (Brazil, India, and to a lesser extent China, Russia, South Africa and Turkey) declined, partly owing to the Euro zone weakness and domestic policy tightening.

Despite apprehensions raised by rating agencies, the US delivered a heartening performance marked by declining unemployment, rising retail sales and growing new home sales. Notwithstanding the relatively strong activity in the US and Japan, global economic trade and growth slowed. The global GDP grew 3.9% in 2011 compared with 5.3% in 2010.

Particulars	2010	2011
World output	5.3	3.9
Advanced economies	3.2	1.6
Emerging and developing economies	7.5	6.2
Euro Area	1.9	1.4

(Source: IMF)

**Estimate for 2012–13:** As per the IMF, global prospects are gradually strengthening, though downside risks remain. This is primarily due to improved economic activity in the US and the adoption of prudent economic policies and financial packages in the euro area, reducing the threat of a sharp global slowdown. Accordingly, it is expected that there will be a weak recovery in the major advanced economies while there will be relatively more solid support from most emerging and developing economies. Global growth is projected to decline from 3.9% in 2011 to 3.5% in 2012 due of weak activity during the second half of 2011 and the first half of 2012.

## World economic growth estimates for 2012 and 2013 (average annual growth %)

	UN/DESA			IMF		World Bank*			OECD*		
	2011	2012	2013	2011	2012	2011	2012	2013	2011	2012	2013
Developed countries											
GDP	1.3	1.3	1.9	1.6	1.9	1.4	1.3	1.9	1.9	1.6	2.3
US	1.7	1.5	2.0	1.5	1.8	1.7	2.2	2.4	1.7	2.0	2.5
Euro Zone	1.5	0.4	1.3	1.6	1.1	1.6	(0.3)	1.1	1.6	0.2	1.4
Japan	(0.5)	2.0	2.0	(0.5)	2.3	(0.9)	1.9	1.6	(0.3)	2.0	1.6
Developing economies and emerging countries											
LAC	4.3	3.3	4.2	4.5	4.0	4.2	3.6	4.2	-	-	-
Brazil	3.7	2.7	3.8	3.8	3.6	2.9	3.4	4.4	3.4	3.2	3.9
Russia	4.0	3.9	4.0	4.3	4.1	4.1	3.5	3.9	4.0	4.1	4.1
India	7.6	7.7	7.9	7.8	7.5	6.5	6.5	7.7	7.7	7.2	8.2
China	9.3	8.7	8.5	9.5	9.0	9.1	8.4	8.3	9.3	8.5	9.5

Sources: UN/DESA. *Global Economic Outlook. World Economic Situation and Prospects for 2012*; IMF. *World Economic Outlook, September 2011*; World Bank. *Global Economic Prospects, January 2012*; and OECD. *Economic Outlook No. 90. Paris, November 2011*.

When crude oil price increases, it directly affects the rate inflation. When the prices increased to more than US\$100/barrel in 2008, the inflation also escalated to 12.27%, the highest in India in previous two decades

**India:** In 2011-12, India found itself in the heart of conflicting demands. Managing growth and price stability are the major challenges in macroeconomic policy making. In 2011-12, India was embroiled in these conflicting demands without corresponding initiatives towards economic growth. As a result, the Indian economy grew 6.5% in 2011-12, down from 8.4% in 2010-11. The real GDP growth in 2011-12 was the lowest in the past nine years.

Global factors such as the Euro zone crisis, geopolitical disturbances and weather extremities contributed to the domestic economic slowdown. Domestic factors like monetary tightening and raising the repo rate to control inflation slowed industrial investment and growth.

Headline WPI inflation remained high at around 9% during 2011 for the following reasons:

- Higher prices of primary products (vegetables, eggs, meat and fish) due to changing diets

- Increasing global commodity prices

- Persistently high international crude petroleum prices

To counter inflation, RBI tightened the monetary situation by hiking interest rates 13 times between March 2010 and October 2011, making industrial borrowing expensive, infrastructure projects unviable and depressed the manufacturing sector growth.

### Oil and India's economy

International oil prices per barrel (\$)	Increase in international oil prices (%)	Extent of fall in manufacturing sector (%)	Extent of fall in GDP growth (%)	Extent of increase in WPI (%)
50	38.9	2.1	0.4	1.5
60	66.7	9.7	1.9	3.6
70	94.2	16.9	3.4	5.7
80	122.2	24.5	4.9	7.9
140	126.1	29.7	7.3	7.2

Source: Impact of increase in oil prices: Extractive Industries for Development Report

The Indian rupee was under stress as overseas investors pared their exposure to Asia's third-largest economy. The rupee lost more than 10% of its value during the year, making it one of the worst performing currencies in Asia, eroding India Inc.'s profitability, widening India's trade deficit and adversely impacting India's current account deficit.

**Estimate for 2012-13:** The government estimates a 7%-plus GDP growth in 2012-13, a reasonable estimate. However, inflation will continue to pose a challenge for the government owing to recent hikes in excise duty, service tax, fuel prices, railway freight and sub-optimal rainfall.

### Oil and the Indian economy

It is interesting to note that while India's domestic energy resource base is substantial, production levels are low and erratic, compelling it to rely on ever-increasing oil imports.

The high economic growth in the past few years and increasing industrialisation coupled with a burgeoning population was a cause for concern for India's energy scenario.

India's oil import bill accounts for almost one-third of the total imports. India's oil import bill increased from US\$ 79.55 billion in 2009-10 to US\$106 billion in 2010-11 and US\$140 billion in 2011-12.

## Global oil sector

### Consumption

Oil remains the world's leading fuel, accounting for 33.1% of global energy consumption in 2011.

Global oil consumption grew by a below-average 0.6 million barrels per day (b/d), or 0.7%, to reach 88 million b/d. Despite strong oil prices, oil consumption growth was below average in producing regions of the Middle East and Africa due to regional unrest. China recorded the largest increment to global consumption growth (+505,000 b/d, +5.5%) although the growth was below the 10-year average.

Since 2000, the increase in oil consumption for emerging markets was staggering – a whopping 44% increase compared with the 3.5% drop for OECD economies. As a result, while the emerging world still only accounts for 25% of total world GDP, it accounts today for nearly half of the oil consumption.

### Production

Annual global oil production increased by 1.1 million b/d, or 1.3%. Majority of the net growth was in OPEC, with large increases in Saudi Arabia (+1.2 million b/d), the UAE, Kuwait and Iraq, more than offsetting a loss of Libyan supply (-1.2 million b/d).

### Refining

Global refinery capacity utilisation fell to 81.2% as global refining capacity increased by 1.4 million b/d (+1.5%), outpacing growth in throughputs.

### Trade

Global oil trade in 2011 grew by 2%, or 1.1 million b/d. At 54.6 million b/d, trade accounted for 62% of global consumption, up from 58% a decade ago. While crude oil accounted for 70% of global trade in 2011, refined products accounted for two-thirds of the growth in global trade last year. China accounted for roughly two-thirds of the growth in trade last year, with net imports (6 million b/d) rising by 13%. Middle East countries accounted for 81% of the growth in exports last year (*Source: BP Statistical Review of World Energy June 2012*).

### Pricing dynamics

The year under review witnessed the highest ever average oil prices in a single year with Brent crude averaging USD 111 per barrel. Dated Brent averaged US\$111.26 per barrel in 2011, a 40% increase from the 2010 level. The key reasons for high 2011 oil prices were one-off events namely the Japan calamity which also pushed up LNG prices, MENA region political crisis and likely sanctions on Iran.

## Production

(Thousand barrels daily)

	2007	2008	2009	2010	2011	Change 2011 over 2010
North America	13631	13122	13471	13880	14301	3.0%
South & Central America	6982	7104	7229	7293	7381	1.3%
Europe and Eurasia	17753	17537	17703	17629	17314	-1.8%
Middle East	25219	26320	24633	25314	27690	9.3%
Africa	10263	10284	9792	10114	8804	-12.8%
Asia Pacific	7881	7969	7903	8251	8086	-2.0%
World	81729	82335	80732	82480	83576	1.3%



## Proven reserves

	At end 1991 '000 mn barrels	At end 2001 '000 mn barrels	At end 2010 '000 mn barrels
North America	123.2	230.1	217.8
South Et Central America	74.6	98.8	324.7
Europe and Eurasia	76.8	102.4	139.5
Middle East	660.8	698.7	765.6
Africa	60.4	96.8	132.7
Asia Pacific	37.0	40.5	41.7
World	1032.7	1267.4	1622.1

### Iran and its importance in global oil

Iran, the world's fourth-largest oil producer, which produced 5.2% of the global production in 2010, is facing economic sanctions from western nations over its nuclear programme. The US, Canada, the UK and France imposed economic sanctions on Iran and are urging nations to stop buying crude oil from Iran till the time it suspends its nuclear programme. Iran has the potential to upset the global crude market: by blocking oil passage from the Strait of Hormuz - shipping route for world's 20% crude supply and 35% of seaborne traded oil; by reducing crude exports, impacting global oil supply. This makes it imperative for the world to explore alternative oil sources.

## Consumption

(Thousand barrels daily)

	2007	2008	2009	2010	2011	Change 2011 over 2010
North America	25070	23841	22945	23491	23156	-1.4%
South Et Central America	5582	5786	5763	6079	6241	2.9%
Europe and Eurasia	19984	20002	19123	19039	18924	-0.6%
Middle East	6895	7270	7510	7890	8076	1.8%
Africa	3006	3150	3243	3377	3336	-1.4%
Asia Pacific	25783	25720	26047	27563	28301	2.7%
World	86321	85768	84631	87439	88034	0.7%

## Indian oil sector

### Overview

India possesses 0.5% of the world's oil and gas resources and 15% of the world's population. This makes India heavily dependent on the import of crude oil and natural gas.

According to International Energy Agency, coal/peat accounts for 40% of India's energy consumption. Crude oil and natural gas account for 24% and 6% respectively.

India's crude oil production has not shown significant growth in the last decade whereas its refining capacity grew by more than 20% over the last five years. Oil consumption is growing at around 4.1% per year and natural gas consumption at 68% per year.

The domestic production of crude oil rose at a CAGR of only 2.25% during 2006–2012, growing from 33.99 mt to 38.08 mt. Over the years, the share of offshore reserves of crude oil in India has steadily declined, while that of onshore reserves increased, such that offshore oil production fell from 21.28 mt (in 2010–11) to 20.06 mt (in 2011–2012) and onshore oil production rose from 16.42 mt to 18.02 mt during the same period.

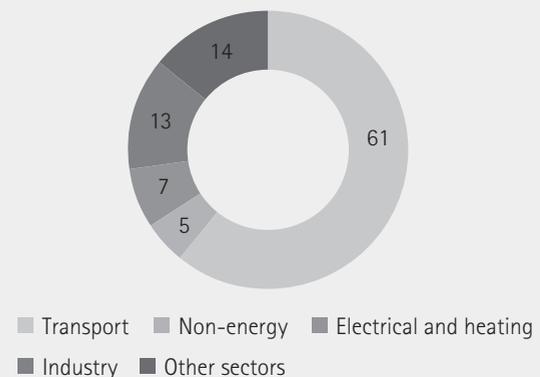
While crude oil production by the private sector (including joint ventures) increased at a CAGR of about 23%, ONGC production declined by 8.13%.

On the gas production front, the picture appears slightly more stable. The sector registered an impressive CAGR of 11% during the five-year period 2006–07 to 2011–12, when production grew from 30.79 bcm to 52.22 bcm. However, following the sharp fall in KG–D6 gas production, which stood at 30.2 mmscmd in June 2012, along with delayed deployment in the North Tapti fields and fall in Bombay High's C-Series fields, gas production levels fell to 47.54 bcm in 2011–12.

However, an interesting point is that India's established reserves for both these fuels are not meagre, with oil

reserves estimated to be 800 mt and gas reserves to be 1,200 bcm, representing reserves/production (R/P) ratios of 18 years and 27 years respectively.

### India's oil consumption wheel (%)



Source: Report of the working group on petroleum and natural gas sector for the 11th Plan (2007–2012)

### Per capita consumption

India is the third-largest oil consumer in Asia, even though on a per capita basis, the consumption is a mere 0.1 tonne per year, the lowest in the region and a fifth of the global average, leaving a significant potential for increase. Despite low per capita consumption, the domestic demand outstrips supply, such that a reliance on imports is paramount.

### 2011–12 in retrospect

Despite a slowdown in its GDP growth rate, India's energy demand continues to rise. In 2011, India's oil consumption of close to 150 million tonnes (mt) positioned it as the fourth-largest oil consumer globally, after the US, China and Japan.

As per the Ministry of Petroleum and Natural Gas (MoPNG), crude oil production in 2011–12 stood at 38.08 mt (about 25% of the domestic demand), making only a 1% year-on-year increase. During the past decade (2002 to 2011), crude



production increased at a CAGR of merely 1.39% (with declines witnessed in 2006 and 2009).

The combination of rising oil consumption and relatively flat production left India increasingly dependent on imports to meet its petroleum demand. In 2011-12, by importing a total of 172 mt of oil, which fuelled 82% of its domestic oil consumption, India became the world's fifth-largest net oil importer.

A similar trend was witnessed in the case of natural gas, with India importing 13.87 billion cubic metres (bcm) of liquefied natural gas (LNG) to cater to the domestic gas demand of 56.34 bcm.

### Estimates

The Planning Commission projected oil consumption to rise at a compound annual growth rate (CAGR) of 4.7%, from 148.28 mt in 2011-12 to 186.80 mt in 2016-17.

According to the U.S. Energy Information Administration, the consumption of crude oil in India is expected to rise by 1.8% annually between 2007 and 2035 driven by the transportation sector. Consumption is expected to rise to 3.2 mbpd in 2015 to 3.9 mbpd in 2025 and 4.7 mbpd in 2035, far exceeding the domestic production. The consumption is expected to grow at almost double the rate of growth in production.

### Estimated demand of petroleum products and natural gas in the Twelfth and Thirteenth Plan periods (tmt)

Product	2012-13	2013-14	2014-15	2015-16	2016-17	Twelfth Plan	Thirteenth Plan
LPG	16,986	18,363	19,765	20,857	21,831	97,802	118,848
Motor spirit	16,091	17,527	19,083	20,766	22,588	96,055	144,634
High speed diesel oil	65,040	68,654	72,589	76,904	81,599	364,786	491,557
Naphtha	12,353	11,417	11,417	11,022	11,022	57,231	72,400
Aviation turbine fuel	6,009	6,587	7,202	7,849	8,540	36,187	54,304
Superior kerosene oil	7,949	7,631	7,326	7,033	6,751	36,690	30,838
FO/LSHS	7,954	7,902	7,899	7,872	7,872	39,499	39,225
Light diesel oil	400	400	400	400	400	2,000	2,000
Others	20,155	21,954	23,043	24,269	25,606	115,027	151,180
<b>Grand total</b>	<b>152,937</b>	<b>160,435</b>	<b>168,724</b>	<b>176,972</b>	<b>186,209</b>	<b>845,277</b>	<b>1,104,986</b>
Natural gas (mmscmd)	293	371	405	446	473	1,988	2,761
Tmt: thousand metric tonnes							

Source: Report of the Working Group on Petroleum and Natural Gas Sector for the Twelfth Five Year Plan (2012-17)

Almost 70% of India's total crude oil imports are from the Middle East and North Africa (MENA) region, indicating the country's high reliance on the region for its crude oil needs. Consequently, the Indian basket of crude oil comprises Oman and Dubai for sour grades and Brent for sweet grade in an approximate 60:40 ratio.

## Oil exploration space

India's oil reserves are mainly located in five sedimentary basins – Mumbai, Cambay and Barmer in the north-west, the Assam shelf in the north-east, and the Krishna-Godavari (KG) basin in the south.

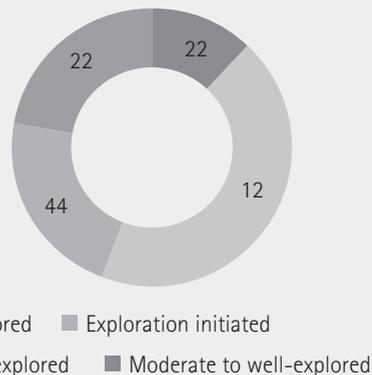
The Indian sedimentary basins are spread over an area of 3.14 million square km. Of these, onland and offshore basins up to 200 metre-isobath have an aerial extent of around 1.79 million square km. Onland basins cover an area of 1.39 million square km and shallow water covers around 0.4 million square km. In deep waters, that is, beyond 20 metre isobaths, the sedimentary area is estimated to be around 1.35 million km.

Over the years, the share of offshore reserves of crude oil in India declined, while the share of onshore reserves currently account for 51% of total proven crude oil reserves.

The prospects of the Indian oil industry are for more exciting than any other, with India being among the least explored countries globally at a well density of 20 per 10,000 sq km.

Of the 26 sedimentary basins, only eight have been explored so far. As of now, of the total 3.14 million square km sedimentary basin areas, about 2.15 million square km has already been offered for systematic exploration but vastly under-explored. All this makes India an attractive destination.

## Exploration in sedimentary basins (2010–2011) (%)



Source: Directorate General of Hydrocarbons

To address the increasing energy demand-supply gap, the New Exploration Licencing Policy (NELP) was operationalised by the MoPNG in 1999, as part of its Hydrocarbon Vision 2025. The policy seems to have paid off in part. Prior to the introduction of the NELP, only 11% of the Indian sedimentary basin was explored.

During the past five years (2007–12), ONGC has dominated India's E&P segment and has made 49 onland discoveries of oil or oil and gas and 16 discoveries were made in offshore basins.

## Highlights, 2011–12

The conclusion of NELP IX, where 34 blocks were offered,



of which 33 blocks received 74 bids from 37 companies – was the biggest highlight of the year

In November 2011, ONGC made a discovery in the second Aliabet well drilled in the concession identified as CB-OSN-2003/1 in the Cambay basin of Gujarat, which was tested to produce gas at the rate of 77,167 cubic metres per day and 11 cubic metres per day of condensates.

The other two finds are a discovery made in the KG onland basin with a capacity to produce 570.33 cubic metres of oil per day and an onshore discovery in Mehsana district in north Gujarat with a capacity to produce oil at the rate of 174 barrels per day (bpd).

### Policy outlook

Exploration and production (E&P) is considered to be the most important vertical for the oil and gas sector in the country, making NELP one of the most crucial policies for the stakeholders involved and the most beneficial for the country.

The Open Acreage Licensing Policy (OALP) is expected to succeed the NELP (after the IX bidding round) in 2012.

The OALP, as a whole, is expected to be an improvement compared with the NELP by giving greater flexibility to bidders in choosing blocks at any time of the year depending on their technical and economic capabilities (whereas under the NELP block identification was the task of the DGH).

However, delays in establishing a key prerequisite- the National Data Repository (NDR) for providing detailed geo-scientific data on oil and gas reserves to interested parties – and the likelihood of a tenth NELP round postponed the adoption of the OALP to 2014.

## Seismic service space

### Overview

Seismic technology is used by geologists and geophysicists to interpret the data to map structural traps that could potentially contain hydrocarbons. Seismic exploration is the primary method of exploring for hydrocarbon deposits, on land, under the sea and in the transition zone (the interface area between the sea and land).

### The method

The seismic method is used to identify geological structures and relies on the differing reflective properties of sound waves to various rock strata, beneath terrestrial or oceanic surfaces. The method requires a controlled seismic source of energy, such as dynamite or a specialised air gun.

An energy source transmits a pulse of acoustic energy into the ground, which travels as a wave into the earth. At each point where different geological strata exist, a part of the energy is transmitted to deeper layers within the earth, while the remainder is reflected back to the surface. Here it is picked up by a series of sensitive receivers. By noting the time it takes for a reflection to arrive at a receiver (seismometer), it is possible to estimate the depth of the feature that generated the reflection.

On land, the typical seismometer used in a reflection experiment is a small, portable instrument known as a geophone, which converts ground motion into an analog electrical signal. In water, hydrophones are used which convert pressure changes into electrical signals. As the seismometers detect the arrival of the seismic waves, the signals are converted to digital form and recorded. The signals are then displayed as seismograms for

interpretation by a seismologist. The number of 'shots' per day range from around 20 to 70, depending on the terrain.

Typically, the recorded signals are subjected to significant amounts of signal processing and various imaging processes before they are ready to be interpreted. In general, the more complex the geology of the area under study, the more sophisticated are the techniques required to perform the data processing. Modern reflection seismic surveys require large amounts of computer processing.

### Technology advancements

Although the technology of exploration activities has improved exponentially in the past two decades, the basic principles for acquiring seismic data have remained the same.

The basic reflection concepts in 2D and 3D are the same but the implementation of 2D and 3D in acquisition is different, requiring an increase in the number of channels.

Although the cost of 3D data acquisition is higher than the 2D alternative, the benefits more than counter the increased survey by reducing the dry holes. This means that while client companies need to pay more for 3D mapping, they are well placed to recover this incremental cost

through a reduced number of dry holes, accelerating development.

### 3D preferred over the 2D alternative

**Clarity of image:** Since 2D data collection occurs along a line of receivers, the resultant image represents only a section below the line and does not always produce a clear image of the geology, making accurate interpretations difficult. A 3D seismic survey is more capable of accurately imaging reflected waves because it utilises multiple points of observation.

**Number of channels:** 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 a more concentrated data per block and precise information mapping (visualised as a volume/cube).

**Quality control:** Owing to an increase in the number of channels, the volume of incoming data is significantly higher, warranting a specialised onsite quality control and onsite processing for quality control.

**Applications:** More statistical methods can be applied to a 3D technique across multiple parameters to provide quantitative interpretation.



## Business operations

The Company is among the leading providers of seismic survey in India. It possesses the unique distinction of offering the best services in the inhospitable terrains of the North East. In 2011-12, the Company worked on five projects covering 746.28 GLK of 2D seismic survey and 264.87sq km of 3D seismic survey. The unexecuted order book stood at approximately Rs 200 million as on March 31, 2012.

## Internal control

Alphageo's internal control systems and procedures are designed to enable the reliable reporting of financial statements, reporting timely feedback on the achievement

of operational or strategic goals and ensure compliance with laws and regulations. The Company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control self assessment procedures and ensure compliance to policies, plans and statutory requirements.

## Human resource

Alphageo's team represents its primary strength off its Balance Sheet. The Company's HR function is aligned with its overall growth vision and continuously works on areas such as recruitment and selection policies, disciplinary procedures, reward/recognition policies, learning and development policies and all-round employee development.

Client name	Service type	Project details	Completion
Mercator	2D services	The survey was conducted in client's block in Gujarat	January 2012
Jubilant	2D services	The survey was conducted in client's block in Manipur which was one of the most challenging assignments in the recent past.	The assignment is expected to be completed in 2012-13
Kei_ross	3D services	The survey was conducted in client's block in east Godavari districts of Andhra Pradesh which was one of the most challenging assignments in the recent past.	April 2011
NTPC	3D services	The project was in Kadi, Gujarat.	The assignment is expected to be completed in 2012-13
Mercator	3D services	This was repeat business for the Company on the same block in Gujarat on which it conducted 2D services	January 2012

# analysis of financial statements

## Snapshot

Revenues grew

**21%**

from Rs 208.6 million in 2010-11 to Rs 252.3 million in 2011-12

EBIDTA grew

**255%**

from Rs 10.8 million in 2010-11 to Rs 38.4 million in 2011-12

Net loss declined to

Rs **55.99**

million in 2011-12 from Rs 148.9 million in 2010-11

Cash profit grew

**427%**

from Rs 6.3 million in 2010-11 to Rs 33.2 million in 2011-12

## Statement of profit and loss

**Revenue:** Revenue from seismic survey and related operations increased 21% from Rs. 207.90 million in 2010-11 to Rs. 252.00 million in 2011-12. The Company

has executed five projects of which two projects were related to 2D seismic surveys and three projects were related to 3D seismic surveys.

**Other income:** The sizeable increase in other income was due to the foreign exchange currency gain and credit balance of earlier years written back in the current year.

**Operating cost analysis:** Enhanced business execution in 2011-12 resulted in a 12% increase in operational expenses from 213.4 million in 2010-11 to 239.1 million in 2011-12.

Survey expenses increased consequent to the increased work volume compared to previous year. The increase in expenses was also due to increased camping expenses in the Manipur Project as result of several weeks of unproductive working days due to local disturbances beyond the control of the management.

Employee expenses decreased due to effective utilisation of workforce and reduction in deferred employee compensation cost for employee stock option scheme ESOS 2008 for 2011-12 compared to 2010-11.

## Snapshot

	2011-12		2010-11		Y-o-y (%)
	Amount (Rs in million)	Proportion of total operating cost	Amount (Rs in million)	Proportion of total operating cost	
Survey and related expenses	168.6	71	128.9	60	30.80
Employee cost	43.1	18	55.3	26	-22.06
Other expenses	22.2	9	24.6	12	-9.76
Finance costs	5.2	2	4.6	2	13.04
<b>Total</b>	<b>239.1</b>	<b>100</b>	<b>213.4</b>	<b>100</b>	<b>12.04</b>

Finance cost was primarily due to the short-term loans to manage working capital requirement and for bank guarantees given for projects being executed.

Depreciation and amortisation for the year 2011-12 is Rs. 89.2 million compared to Rs. 155.2 million for the previous year. The provision for depreciation declined sharply due to the Company's accelerated depreciation policy.

## Balance Sheet

**Capital employed:** Capital employed in the business declined 7.61% from Rs. 521.38 million as on March 31, 2011 to Rs. 481.68 million as on March 31, 2012. The capital employed declined due to a decline in reserves and surplus.

**Shareholders' funds:** It declined from Rs 508.13 million as on March 31, 2011 to Rs. 454.21 million as on March 31, 2012. This is due to a decline in the reserves and surplus due to the net loss incurred during the period under review. The share capital however remained unchanged; the promoter group held 34.61% of the Company's equity as on March 31, 2012.

**Loan funds:** The Company will become free from its long-term debt with the repayment of the long-term loans – Rs 11.14 lakh by February 2013.

**Current liabilities:** It comprised short-term borrowings, trade payables, short-term provisions and other current liabilities. Short term borrowings increased from Rs 11 million as on March 31, 2011 to Rs 27 million as on March 31, 2012 primarily to fund working capital requirement. Trade payable declined marginally due to timely payments to creditors for goods and services backed by timely receivables from customers. The decline in the balance of short-term provisions is due to the non-declaration of dividend for fiscal 2011-12 considering the loss incurred

from operations and payment of dividend for 2010-11 and dividend distribution tax thereon.

**Non-current assets:** It is a cumulation of all assets which are long-term in nature namely tangible and intangible assets, long-term investments and loans and advances which are long-term in nature.

The Net Block value of tangible and intangible assets declined primarily due to depreciation and amortisation charge for the year and the scrapping of old equipment and vehicles to some extent.

The long-term investment portfolio increased from Rs 0.1 million as on March 31, 2011 to Rs 132.2 million as on March 31, 2012 due to the allotment of equity against share application money given in previous and current financial years in its international subsidiary.

Long term loan and advances comprised security deposits and rent deposit for the corporate office.

**Current assets:** It comprised trade receivables, inventories, cash and bank balances and short-term loans and advances.

Trade receivables comprised outstanding amounts for projects completed towards the close of the financial year. A large part of the outstanding was received in the first quarter of 2012-13. The inventory balance increased largely due to the Company's proactive practice of storing consumables and spares which prevents project progress due to equipment issues.

The balance in the short-term loans and advances has reduced drastically. In 2010-11 the share application money pending allotment by the Company to its international subsidiary were reflected in this head. With the allotment complete, the amount was transferred to the investment account.

# de-risking the business



ALPHAGEO HAS ALWAYS HAD A SYSTEMS-BASED APPROACH TO BUSINESS RISK MANAGEMENT. A COMBINATION OF CENTRALLY-ISSUED POLICIES AND DIVISIONALLY-EVOLVED PROCEDURES ENSURES THAT BUSINESS RISKS ARE EFFECTIVELY ADDRESSED. A ROBUST AND COMPREHENSIVE FRAMEWORK OF STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT HELPS REALISE BUSINESS OBJECTIVES BASED ON EFFECTIVE STRATEGY IMPLEMENTATION. THE COMPANY'S SENIOR MANAGEMENT PERIODICALLY REVIEWS THE RISK MANAGEMENT FRAMEWORK TO ENSURE THAT IT EFFECTIVELY ADDRESSES THE CHALLENGES OF A DYNAMIC BUSINESS ENVIRONMENT.

**Global oil prices have a significant bearing on the prospects of the seismic survey space. A reduction in the same could adversely impact the seismic space.**

#### **De-risking approach**

As an increasing number of nations globally are graduating the social value chain – moving to the developing and to the developed status -- oil demand will continue to accelerate. Supply growth globally is only marginal holding the oil prices at close to US\$ 100 per barrel. At this level, exploration at marginal fields also becomes a viable business option, growing the opportunities for the seismic survey space.

**Companies that have been allotted oil blocks may not have the financial strength to invest in seismic survey, curtailing growth.**

#### **De-risking approach**

The government laid down a strict timeframe within which the allottee was required to commence exploration failing which it was required to pay the government a penalty and would be at risk of losing the oil block. Hence, seismic survey business opportunities can be postponed but not eliminated. This will impact the entire sector and Alphageo will be no exception.

**Reduced opportunities and increased competition could impact revenues and margins.**

#### **De-risking approach**

The Company's unique value proposition of superior data capturing and interpretation, strict adherence to time lines and expertise in successfully conducting surveys in logistically and operationally difficult terrains allows it to earn a premium. Besides, the Company's aggressive depreciation policy provides it with the unique advantage of pricing competitively when bidding for new projects.

### **Eurozone and India**

The European Union (EU) is India's largest trading partner. It accounts for almost one-fifth of India's exports. The European Union accounted for nearly US\$47 billion of India's exports of US\$254 billion last fiscal, making it a larger destination than North America. Further, 75% of these exports are derived from the manufacturing sector. A slowdown in the EU has an adverse impact on India's industrial production and could increase the already high current account deficit.

**The seismic survey business comes to a complete standstill in the second quarter of every financial year for service providers operating in the North East.**

### **De-risking approach**

Alphageo is not restricted to seismic survey assignments in the North East. It successfully completed a number of challenging assignments in South and West India, facilitating revenue distribution across its financial year. Its international subsidiary is scouting for global business opportunities which will help reduce the seasonality of its financial performance.

**The attrition of key employees could have an important bearing on the Company's growth.**

### **De-risking approach**

Alphageo provides an interesting remunerative package (attractive compensation, multi-geographic work exposure, conducive working environment and safe operations) enabling it to attract skilled talent. The Company focuses on growing team learning curve; it appointed expatriate talent to train team members in global best practices. These factors enabled the Company to retain its knowledge pool.

**A weak Balance Sheet turns credible customers away.**

### **De-risking approach**

Alphageo's Balance Sheet strength is reflected in the following: reserves of about Rs 402.7 million as on March 31, 2012, modest debt-equity ratio of 0.06:1 and a comfortable working capital outlay. The recent net losses in the last two financial years only marginally impacted its reserves. Besides, the Company earned cash profits in both these years, resulting in no cash drain.

# directors' report

*Dear Shareholders,*

YOUR DIRECTORS HAVE PLEASURE IN PRESENTING THEIR TWENTY FIFTH ANNUAL REPORT AND AUDITED ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2012. THE FINANCIAL HIGHLIGHTS OF THE COMPANY ARE AS FOLLOWS:

## Financial Results

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Revenue From Operations	2523.30	2086.21
Total Income	2723.50	2197.26
Operating Profit (PBIDT)	383.98	108.15
Finance Costs	52.08	45.52
Depreciation	891.79	1551.54
Profit / (Loss) Before Tax	(559.89)	(1488.91)
Provision for Tax	(50.44)	(223.02)
Profit /(Loss) After Tax	(509.45)	(1265.89)

## Operational Performance

Revenue from operations for the year ended March 31, 2012 at Rs. 2523 Lakhs was higher by 21% as compared to Rs.2086 Lakhs for the previous year. For the financial year ended March 31, 2012, Profit from Operations was Rs.384 Lakhs, as compared to a profit of Rs. 108 Lakhs for the previous year higher by 255%.

For the year ended March 31, 2012, the Company's Loss before Tax stood at Rs. 560 Lakhs as compared to a Loss of Rs. 1,489 Lakhs in the previous year, registering a recovery of 62%. The Loss after Tax was Rs.510 Lakhs as compared to a Loss after Tax of

Rs.1,266 Lakhs in the previous year. The EPS (basic) strengthened to negative Rs.9.92 from a negative Rs.24.65 in the previous year.

During the year under review, the Company has received new orders valued at Rs.1946 Lakhs to supplement the unexecuted order position at the beginning of the year of Rs. 2850 Lakhs. The unexecuted Order Value as of March 31, 2012 stood at approx Rs. 2000 Lakhs.

During the year Alphageo could not achieve the targeted income due to difficulties in the contract being executed in the North East. Due to

circumstances beyond its control prevailing in the north east region, your Company has had to incur expenditure without any contributing income for long periods of time when the crew has to remain idle. However, Your company excelled in performing the remaining contracts within the agreed time with the desired quality to the utmost satisfaction of the clients.

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.

## Dividend

In order to plough back the resources for the operations of the Company, no dividend is recommended for the year ended 31.03.2012.

## Directors

Mr. A. Rajesh and Mr. P. K. Reddy, Directors, retire by rotation and being eligible, offer themselves for re-appointment. The Board of Directors of your Company at its meeting held on August, 10, 2012 recommended, their re-appointment as Non-Executive Directors of your Company, liable to retire by rotation, for the approval of the members.

Your directors wish to inform that Dr. Avinash Chandra has resigned as a Director of the Company with effect from 14.05.2012. Your directors place their appreciation for the contributions made by Dr. Avinash Chandra, during his tenure as director of the Company.

## 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 in this report.

## Subsidiaries

Your company, with a view to explore the business opportunities in the international markets, had incorporated 2 subsidiaries - Alphageo International Limited, a wholly owned subsidiary incorporated in Jebel Ali Free zone Area in Dubai and a step down

subsidiary Alphageo DMCC incorporated in Dubai Multi Commodity Centre (DMCC). The Subsidiaries have achieved a turnover of Rs. 1873 Lakhs and earned Profit before depreciation of Rs. 335 Lakhs and Profit before Tax of Rs. 83 Lakhs for the year ended 31st March, 2012

In accordance with the General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 of The Ministry of Corporate Affairs, Government of India, the financial statements and other documents of the subsidiary companies are not being attached with the financial statements of the Company. The Company makes available the Annual Accounts of the subsidiary companies and the related detailed information to any member on their written request to 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 Corporate 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 the Accounting Standard -21 on consolidated financial statements and with the listing agreement with the stock exchanges,

the consolidated financial statements for year ended 31st March, 2012 have been prepared and the same together with Auditors Report thereon form part of this Annual Report.

The group performance for the year ended 31st March, 2012 has resulted in an operational turnover of RS. 4393 Lakhs compared to 2963 Lakhs for previous year ended 31st March, 2011. The Operational profit for the current year was Rs. 721 Lakhs compared to Rs. 366 Lakhs for the previous year. The Loss before tax for the current year is Rs. 476 Lakhs compared to Loss of 1309 Lakhs for the previous year. The consolidated EPS for the current year is negative of Rs. 9.88 compared to negative Rs. 21.84 for the previous year.

Alphageo has successfully completed its first international contract during the year and is optimistic in procuring further contracts in the coming years.

### Particulars of Employees

There are no employees who are, in receipt of remuneration of Rs. 60 Lakhs or more per annum, if employed throughout the year or Rs. 5 Lakhs or more per month if employed for a part of the year, falling within the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees)

Rules, 1975, during the year ended 31.03.2012.

### 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 as at 31st March, 2012 and of the loss incurred for the year ended 31st March, 2012;

(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 always believes that its human resources are its greatest strength, which makes your Company a force to reckon with in the highly competitive environment. 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 of this report.

### Appreciation

Your Directors take this opportunity to thank the Shareholders, Customers, Suppliers, Bankers, Central and State Governments 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 the working of the Company.

For and on behalf of the Board

Hyderabad  
10.08.2012

**Z.P. Marshall**  
*Chairman*

## 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	:	Nil	
e. Foreign exchange outgo towards			
(i) Salaries And Allowances (Net of Tax)	:	Rs.	19,65,676
(ii) Travelling Expenses	:	Rs.	6,53,393
(iii) Investment in Subsidiary	:	Rs.	66,59,250

For and on behalf of the Board

Place: Hyderabad  
Date: 10.08.2012

**Z.P. Marshall**  
*Chairman*

## annexure – II

### Details of Stock Options Pursuant to Sebi guidelines on Stock Options as on 31.03.2012

SI	Particulars	ESOPs-2008	
		15.10.2008	09.11.2009
1.1	Options Granted On	15.10.2008	09.11.2009
1.2	Options Granted – Nos.	70000	86000
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. Rs. 153.76p	The exercise price is Rs. 150/- per Share
3	Options Vested	70000	86000
4	Options exercised	14933	Nil
5	Total number of equity shares arising out of the options	14933	Nil
6	Options lapsed	38,167	40,931
7	Variation of terms of Options	At the AGM held on 25.09.2009, the pricing formula was changed such that the exercise price shall be the price as determined by the Board / Compensation Committee from time to time and shall not be less than the par value and shall not be more than the market price on the day on which grants would be decided	
8	Money realised by exercise of the Options	Rs. 22,96,098	NA
9	Total number of Options in force	16,900	45,069
10	Employee wise details of Options granted to:-		
	i) Senior Managerial Personnel	As per Note 1	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 31st March 2012	(9.92)	(9.92)
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

SI	Particulars	ESOPs-2008	
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	15/10/2008	9/11/2009
	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. 247.55
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	192.20	247.55

**Note1: Details of Options granted to senior managerial personnel**

SI	Name of the Personnel	Options Granted	Options Exercised		Options Lapsed	Options Outstanding as on 31.03.2012
			Rs.	Nos.		
1	S Balaji	7000	153.76	1000	1000	5000
2	Sudhir Kumar	2800	153.76	433	2367	NIL
3	Sachinder Singh	4100	153.76	300	3800	NIL
4	Ch. Vinay Kumar	2000	--	NIL	2000	NIL

For and on behalf of the Board

Place: Hyderabad  
Date: 10.08.2012

**Z.P. Marshall**  
Chairman

# report 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 code is institutionalised, to ensure transparency, consistency and uniformity of decision making processes and actions.

The Securities and Exchange Board of India (SEBI) regulates corporate governance practices of listed companies in India and prescribed the regulations under Clause 49 of the Listing Agreements of the Stock Exchanges. This clause specifies the standards that listed companies have to meet and the disclosures that they have to make as a part of their Annual Reports.

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:

## **1. Company's Philosophy on Corporate Governance**

As a part of the Company's strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company emphasises the need for transparency and

accountability in all its transactions, in order to protect the interests of its stakeholders. The Company believes that consistent implementation of good Corporate Governance practices contributes towards sustaining and developing the business of the Company.

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.

## **2. Board of Directors**

### **i. Board Composition**

The Company's Board of Directors comprised 7 Directors, consisting of One Executive Director, Two Non-Executive Promoter Directors and Four Independent Directors as defined under the Listing Agreement with Stock Exchanges. The number of Non-Executive Directors (NEDs) is more than 50% of the strength of the Board. 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 gives the constitution of the Company's Board during the financial year 2011-12:

Director	Category	Number of		
		Other directorship held	Committee membership of Company's and other board held	Committee Chairmanship held
Mr. A. Dinesh	Managing Director, Executive, Promoter	1	-	-
Mr. A. Rajesh	Non-Executive, Promoter	5	4	-
Mr. S. Ravula Reddy	Non-Executive, Promoter	1	-	-
Mr. Z. P. Marshall	Non-Executive, Independent	-	-	4
Dr. Avinash Chandra	Non-Executive, Independent	6	-	-
Mr. Ashwinder Bhel	Non-Executive, Independent	2	2	-
Mr. P. K. Reddy	Non-Executive, Independent	1	4	-

## ii. Board Meetings and Attendance of Directors

The Board meets at least 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 31st March 2012, the Board met five times viz. 30th May 2011, 9th August 2011, 23rd September 2011, 11th November 2011 and 10th February 2012.

Table hereunder gives the attendance record of the Directors at the Board Meetings held during the financial year 2011-12 and at the AGM held on 23.09.2011.

Name of the director	No. of Board Meetings held during the tenure	No. of Board meetings attended	Whether attended last AGM
Mr. A. Dinesh	5	5	Yes
Mr. A. Rajesh	5	5	Yes
Mr. P.K. Reddy	5	5	Yes
Mr. Z.P. Marshal	5	5	Yes
Mr. S. Ravula Reddy	5	Nil	No
Dr. Avinash Chandra	5	Nil	No
Mr. Ashwinder Bhel	5	2	No

## iii. Code of Conduct

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](http://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 scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The same inter alia includes the following:

##### (a) Primary objectives of the Audit Committee

The primary objective of 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.

##### (b) Composition of the Audit Committee

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 / Compliance Officer of the Company acts as 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

##### (c) Audit Committee Meetings and Attendance during the Financial Year 2011-12

The Audit Committee met four times during the financial year on- 30th May 2011, 9th August 2011, 11th November, 2011 and 10th February 2012.

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	4
2.	Mr. A. Rajesh	Non-Executive, Promoter	Member	4
3.	Mr. P. K. Reddy	Independent Director	Member	4
4.	Mr. Ashwinder Bhel	Independent Director	Member	2

##### (d) Terms of Reference

The Terms of the reference of the Audit Committee in brief are

1. To oversees the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct , sufficient and credible;
2. To review of performance of the Company's internal control Systems, Internal Audit functions and accounting practices;
3. To recommend the appointment and removal of Statutory Auditors, fixation of audit fees and also to approve the payment for other services;
4. To review with the management, the quarterly and annual

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.
  - Qualifications in draft audit report;
  - Disclosure of Related Party Transactions, if any
5. To review company's financial and risk management policies;
  6. To approve appointment of CFO after assessing the qualifications, experience and background etc., of the

Candidate;

7. To review the management discussion and analysis of financial condition and results of operations;

### B. Remuneration Committee

The purpose of remuneration committee is to discharge the Board's responsibilities relating to remuneration of the Company's Executive Directors. The committee has overall responsibility for approving and evaluating and recommending plans, policies and programmes relating to remuneration of Executive Directors of the Company.

#### (a) Composition, meetings and attendance

The remuneration committee of the Company consists of four members all of whom are non-executive directors. , the remuneration committee met once on 9th August 2011:

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

#### (b) 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 2011- 2012 are:

#### i) Non-executive Director(s):

Name	Sitting Fee Rs.	No. of options allotted under ESOS 2008	No. of Shares held as on 31.03.2012
Mr. Z.P. Marshall	39,500	3,300	500
Mr. A. Rajesh	39,500	Nil	2,12,900
Mr. P.K. Reddy	39,500	3,300	Nil
Mr. S. Ravula Reddy	NIL	Nil	Nil
Mr. Ashwinder Bhel	16,000	3,300	Nil
Dr. Avinash Chandra	NIL	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	36,00,000	80,444	2,88,000	39,68,444

\*The remuneration to the Managing Director for the year 2011-12 was as approved by the members at their Annual General Meeting held on 25.09.2009 / 23.09.2011.

**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 and Non-Executive Directors of the Company and also to the employees of the Subsidiary Companies.

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 on 10.02.2012 during the year 2011-12 and all members were present at the meeting.

**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 has met 9 times during the financial year on 15th Apr 2011, 16th May 2011, 31st May 2011, 1st Aug 2011, 16th Aug 2011, 2nd Sept 2011, 15th Oct 2011, 15th Nov 2011 and 15th Feb 2012.

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	9
2	Mr. A. Rajesh	Promoter- Director	Member	7
3	Mr. P.K. Reddy	Independent Director	Member	9

Mr. Venkatesa Perumallu Pasumarthy, CFO is the Compliance Officer as per the requirements of the Listing Agreement.

**4. 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.

## 5. Unclaimed Dividend

The details of dividend remain unclaimed as on 31.03.2012 are as given below:

Financial Year	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Unclaimed amount as on 31.03.2012 (Rs.)	Due date for transfer to Investor Education and Protection Fund
2004-05	19.09.2005	18.09.2012	2,13,397.00	17.10.2012
2005-06	18.12.2006	17.12.2013	1,72,234.00	16.01.2014
2006-07	28.09.2007	27.09.2014	2,43,468.00	26.10.2014
2007-08	24.09.2008	23.09.2015	2,10,681.00	22.10.2015
2008-09	25.09.2009	24.09.2016	2,63,945.50	23.10.2016
2009-10	24.09.2010	23.09.2017	2,29,690.50	22.10.2017
2010-11	23.09.2011	22.09.2018	1,69,080.00	21.10.2018

## 6. Subsidiary Companies

The Company has an 100% owned subsidiary company – Alphageo International Limited located in Dubai of United Arab Emirates.

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:

- Financial statements and particulars of investments made by the unlisted subsidiary company are reviewed by the Audit Committee of the Company.
- Minutes of the meetings of the unlisted subsidiary company are placed before the Company's Board.
- A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary company is placed before the Company's Board.

## 7. General Body Meetings and Special Resolutions Passed During Previous 3 Years:

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

Year	Location	Date and time
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.
24th AGM-2011	Sundarayya Vignana Kendram, Baghlingampally, Hyderabad	23-09-2011, 11.00 A. M.

## **B. Special Resolution passed at last three Annual General Meeting:**

1. At the 22nd Annual General Meeting held on 25.09.2009, the following special resolutions were passed for
  - Variation in the ESOS 2008 Scheme of the Company in terms of the exercise prices.
  - Approval for Enhanced remuneration to Managing Director.
2. At the 23rd Annual General Meeting held on 24.09.2010, the following special resolutions were passed for:
  - Inclusion of Employees of Subsidiaries of the Company in the ESOS 2008
3. At the 24th Annual General Meeting held on 23.09.2011, the following special resolutions were passed for :
  - Re-appointment of Mr. A Dinesh as Managing Director for a period of 5 years w.e.f. 21.08.2011 and for Approval of Remuneration to Managing Director for a period of 3 years effective from the date of appointment

## **C. Special Resolution passed through Postal Ballot during the last year:**

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

## **8. 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 interests 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 Financial Statements for the year ended on 31st March 2012.

### **(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 access 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 31st March 2012.

Hyderabad  
01 st August, 2012

**A. Dinesh**  
*Managing Director*

## 9. 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, Statement of Profit and Loss 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.

## 10. 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.

## 11. 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.

## 12. General Shareholder Information:

### a) Annual General Meeting

Date : Friday the 28th September, 2012

Time : 11.00 AM

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

### b) Financial Calendar for the year 2012-13 (Tentative)

Results for Quarter ending June, 2012	- Within 45 days of end of quarter.
Results for Quarter ending September, 2012	- Within 45 days of end of quarter.
Results for Quarter ending December, 2012	- Within 45 days of end of quarter.
Results for Quarter ending March, 2013	- Last Week of May, 2013

### c) Book Closure Dates

20th September, 2012 to 28 th September, 2012 (both days inclusive)

### d) Dividend payment date:

The Company has not proposed any dividend for the year ended 31.03.2012

### 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 – 400 001 and the listing fee for 2012-13 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 2012-13 has already been paid by the Company.

### f) Stock Codes-

- (i) BSE SCRIP CODE – 526397 Name: Alphageo Ind
- (ii) NSE SCRIP NAME: ALPHAGEO

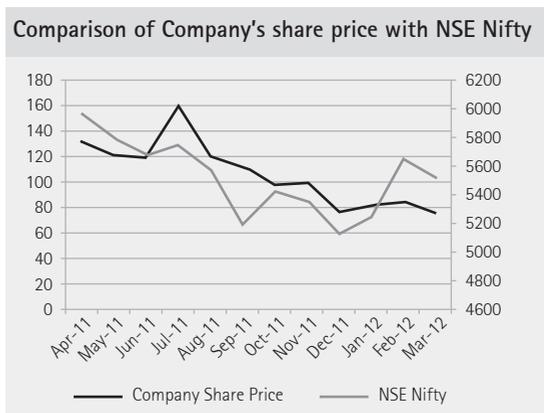
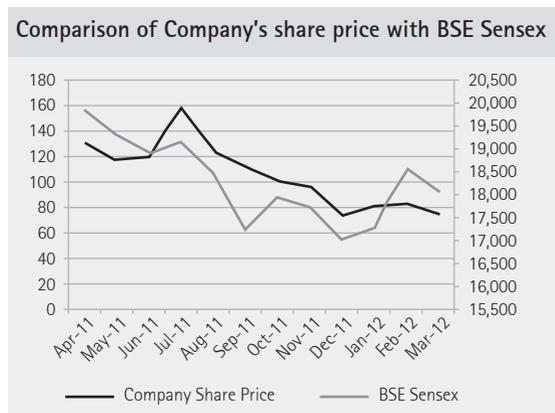
### g) ISIN code – INE 137C01018

### h) Stock Market Data

Monthly high, low quotations and trading volumes of the Company's equity shares during the financial year 2011-12 at BSE and NSE are given below:

Month	BSE		NSE	
	High	Low	High	Low
April-2011	129.60	112.05	129.85	112.00
May-2011	116.65	96.00	118.95	95.50
June-2011	119.30	96.15	116.85	97.00
July-2011	158.25	98.30	158.00	98.00
August-2011	123.00	90.05	118.50	85.50
September-2011	110.00	90.05	110.90	89.90
October-2011	98.80	81.00	95.30	82.70
November-2011	95.40	61.15	96.35	61.50
December-2011	71.85	53.00	72.90	52.25
January-2012	79.50	56.75	78.50	56.05
February-2012	80.85	62.00	82.00	63.00
March-2012	73.65	56.75	71.80	53.00

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



### j) Depository Registrar and Transfer Agents

M/s Karvy Computershare Private Limited.

Plot No. 17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad-500 081

Ph: 040-44655000 Fax: 040-23420814

E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

**k) Distribution of Shareholding as on 31st March 2012.**

Nominal Value (Rs.)	Shareholders		Shares	
	Numbers	%	Numbers	%
1 to 5000	8755	92.20	966955	18.83
5001 to 10000	383	4.03	311592	6.07
10001 to 20000	180	1.90	267855	5.22
20001 to 30000	46	0.48	116062	2.26
30001 to 40000	29	0.31	103345	2.01
40001 to 50000	26	0.27	119724	2.33
50001 to 100000	31	0.33	221042	4.30
100001 and Above	46	0.48	3028192	58.98
<b>Total</b>	<b>9496</b>	<b>100.00</b>	<b>5134767</b>	<b>100.00</b>

**l) Shareholding Pattern as on 31st March 2012:**

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	11	8600	0.17
4.	Foreign Institutional Investors	2	2900	0.05
5.	Non-Resident Indians/OCBs	221	74683	1.45
6.	Bodies Corporate	291	656060	12.78
7.	Others- Individuals upto Rs.1 Lakh	8918	1814024	35.33
8.	Others- Individuals in excess of Rs.1Lakh	23	800666	15.59
9.	Clearing Members	12	718	0.01
10.	Trusts	1	9	0.01
	<b>Total</b>	<b>9496</b>	<b>5134767</b>	<b>100.00</b>

**m) Dematerialisation of Shares and Liquidity**

The equity shares of the Company are compulsorily traded in dematerialisation form and are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31.03.2012, 95.25 % of Equity shares are in dematerialisation form

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.

**n) Address for Correspondence**

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

Mr. Venkatesa Perumallu Pasumarthy  
Chief Finance Officer & Compliance Officer  
ALPHAGEO (INDIA) LIMITED  
# 317/A, MLA Colony, Road No.12,  
Banjara Hills, Hyderabad – 500034 (AP)  
Ph: 040-22320502/03 Fax: 040-23330502  
E-mail: cfo@alphageoindia.com  
Website: www.alphageoindia.com

For Alphageo (India) Limited

Place: Hyderabad  
Date: 10.08.2012

**Z.P. Marshall**  
Chairman

# 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, 2012, 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 of 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 explanations 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

Hyderabad  
10.08.2012

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

# certification of managing director and chief financial 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 Statement of Profit and Loss 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, 2012 and these reports:
  - (i) do not contain any materially untrue statement or omission of any material fact or contain statements that might be misleading;
  - (ii) 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 they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) we have indicated to the auditors and the Audit committee
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies if any, made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Hyderabad  
28.05.2012

**A. Dinesh**  
*Managing Director*

**Venkatesa Perumallu Pasumarthy**  
*Chief Financial Officer*

# standalone financial statements

## 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, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.

(iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 31.03.2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 st March, 2012 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, 2012;

(b) in the case of Statement of Profit and Loss 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: 0022835

**P. V. R. K. Nageswara Rao**

*Partner*

Membership No. 18840

Hyderabad

28.05.2012

## 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 31st March 2012

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 unsecured loans from two parties covered under section 301 of the Act during the previous year. The balance as on 31st March, 2012 and the maximum amount involved during the year were Rs.25,00,000/- and Rs.60,00,000/- respectively.  
(c) In our opinion the rate of interest and other terms and conditions of loans taken from the parties 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 loans taken from the parties 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 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 Section 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, Investor Education and Protection Fund, Employees State Insurance, Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it with the appropriate authorities. In respect of these statutory dues, there are no outstanding dues as on 31.3.2012 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 31.3.2012.
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 guarantees 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 not made preferential allotment of shares to parties covered in the Register maintained under section 301 of the Act during the year.
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: 0022835

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

Hyderabad  
28.052012

# Balance Sheet As at 31st March, 2012

(Amount in Rupees)

	Note No.	As at 31st March, 2012		As at 31st March, 2011	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds:</b>					
Share capital	1	5,14,83,670		5,14,83,670	
Reserves and surplus	2	40,27,24,697	45,42,08,367	45,66,53,448	50,81,37,118
<b>Non-current Liabilities</b>					
Long-term borrowings	3	-		11,14,377	
Long-term provisions	4	4,48,730	4,48,730	4,80,034	15,94,411
<b>Current Liabilities</b>					
Short-term borrowings	5	2,70,27,159		1,09,94,192	
Trade payables	6	3,23,25,028		3,73,95,351	
Other current liabilities	7	2,87,27,645		2,44,96,430	
Short-term provisions	8	6,34,474	8,87,14,306	66,99,128	7,95,85,101
<b>Total</b>			<b>54,33,71,403</b>		<b>58,93,16,630</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Fixed assets</b>					
	9				
Tangible assets		17,20,17,535		26,34,76,076	
Intangible assets		1,10,940		1,81,178	
Capital work-in-progress		1,04,23,714		85,80,663	
		18,25,52,189		27,22,37,917	
Non-current investments	10	13,22,13,750		1,27,575	
Deferred tax assets (net)	11	7,00,77,274		6,53,91,204	
Long-term loans and advances	12	12,67,007	38,61,10,220	12,28,232	33,89,84,928
<b>Current assets :</b>					
Inventories	13	21,71,117		7,01,966	
Trade receivables	14	12,47,64,644		8,33,60,263	
Cash and bank balances	15	98,31,792		2,68,24,157	
Short-term loans and advances	16	2,04,22,563		13,92,74,208	
Other current assets	17	71,067	15,72,61,183	1,71,108	25,03,31,702
<b>Total</b>			<b>54,33,71,403</b>		<b>58,93,16,630</b>
<b>Significant Accounting Policies and Notes on Accounts</b>	24		-		-

Per Our Report of even date

For and on behalf of the Board

For **P. V. R. K. Nageswara Rao & Co.**,  
Chartered Accountants  
Firm's Registration Number: 0022835

**A. Dinesh**  
Managing Director

**Z. P. Marshall**  
Director

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

**Venkatesa Perumallu Pasumarthy**  
Chief Financial Officer

Hyderabad  
28.05. 2012



## Cash Flow Statement For the year ended 31st March, 2012

(Amount in Rupees)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>I. CASH FLOW/(USED) FROM OPERATING ACTIVITIES:</b>		
Loss before tax for the year	(5,59,89,434)	(14,88,91,462)
Add/ (Less) : Adjustments for:		
Depreciation and Amortisation	8,91,79,423	15,51,54,403
Exchange difference on translation of foreign currency cash and cash equivalents	(72,975)	5,496
Interest Expense	37,42,283	21,30,017
Interest Income	(11,90,366)	(12,16,299)
Bad debts written off	27,93,672	18,13,391
Employee Compensation costs written (back)/off	(29,83,618)	42,25,981
Provision for diminution in value of investments no longer required	-	(10,61,865)
Dividend from Current Investments	-	(23,50,262)
Profit on Sale of Tangible Assets (Net)	(15,47,553)	(48,97,306)
Profit on Sale of Current Investments	-	(14,27,962)
Book Deficit on Assets Discarded	4,43,265	-
	9,03,64,131	15,23,75,594
	3,43,74,697	34,84,132
Add / (Less) : Adjustments for Working Capital Changes:		
(Increase ) in Inventories	(14,69,151)	14,91,238
(Increase )/Decrease in Trade Receivables	(4,41,98,053)	10,87,07,854
Decrease in Fixed Deposits pledged with Banks and dividend accounts with banks	1,19,55,080	1,22,47,261
Decrease in Other Receivables	12,83,06,174	-
(Decrease) in Trade Payables and Other Payables	(14,47,543)	(2,47,21,183)
	9,31,46,507	9,77,25,170
Cash generated from operations	12,75,21,204	10,12,09,302
Less : Direct taxes paid	91,35,073	2,44,70,395
<b>Net Cash flow from operating activities</b>	<b>11,83,86,131</b>	<b>7,67,38,907</b>
<b>II CASH FLOW / (USED) FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed assets	(26,71,721)	(77,24,773)
Sale of Fixed assets	42,82,315	87,82,784
Sale of Current Investments	-	32,14,03,580
Purchase of Current Investments	-	(26,61,20,041)
Investments In Subsidiary Company	(13,20,86,175)	-
Dividend from Current Investments	-	23,50,262
Interest Received	12,90,407	11,65,204
<b>Net Cash (used) in Investing activities</b>	<b>(12,91,85,174)</b>	<b>5,98,57,016</b>

(Amount in Rupees)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>III. CASH FLOW/ (USED) FROM FINANCING ACTIVITIES:</b>		
Share application money in subsidiary company	-	(12,54,26,925)
Advance to subsidiary company	-	(21,63,483)
Repayment of Long Term Borrowings	-	(1,60,68,958)
Proceeds from Short Term Borrowings	1,49,18,589	1,09,94,192
Interest Paid	(34,25,931)	(21,30,017)
Consideration for issue of shares under ESOP	-	22,96,098
Dividend Paid (including Corporate Dividend Tax)	(58,03,875)	(87,44,050)
<b>Net Cash (Used) in Financing Activities</b>	<b>56,88,783</b>	<b>(14,12,43,143)</b>
IV Exchange difference on translation of foreign currency cash and cash equivalents	72,975	(5,496)
V Net Increase / (Decrease) in cash and cash equivalents	(51,10,260)	(46,47,220)
VI Cash and Cash Equivalents as at the beginning of the year	76,81,581	1,23,34,297
<b>VII Cash and Cash Equivalents as at the end of the year</b>	<b>26,44,296</b>	<b>76,81,581</b>

**Note:**

- 1 Figures in brackets indicate cash outgo.
- 2 The above cash flow statement has been prepared under the indirect method set out in Accounting Standard -3 notified under the Companies Act, 1956
- 3 Significant Accounting Policies and Notes on Accounts (Note No.24) form an Integral part of the Cash Flow Statement
- 4 Previous year figures have been regrouped / reclassified to conform to current year classification.

Per Our Report of even 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

28.05.2012

For and on behalf of the Board

**A. Dinesh***Managing Director***Z. P. Marshall***Director***Venkatesa Perumallu Pasumarthy***Chief Financial Officer*

## Notes to Balance Sheet

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011
<b>1 SHARE CAPITAL</b>		
<b>Authorised :</b>		
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
<b>Issued :</b>		
51,46,167 Equity Shares of Rs.10/- each	5,14,61,670	5,14,61,670
<b>Subscribed and fully paid up :</b>		
51,34,767 Equity Shares of Rs. 10/- each	5,13,47,670	5,13,47,670
Add: Forfeited Shares	1,36,000	1,36,000
	<b>5,14,83,670</b>	<b>5,14,83,670</b>

Reconciliation of the number of Equity shares Outstanding is set out below:

	As at 31st March, 2012 Number	As at 31st March, 2011 Number
Shares outstanding at the beginning of the year	51,34,767	51,19,834
Shares issued during the year - ESOP	-	14,933
Shares outstanding at the end of the year	51,34,767	51,34,767

The details of Shareholders holding more than 5% equity shares is set out below :

	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>PROMOTERS GROUP</b>				
Alla Dinesh	3,00,022	5.84	3,00,022	5.84
<b>OTHER THAN PROMOTERS GROUP</b>				
Bharat Jayantilal Patel	2,86,818	5.59	2,51,431	4.90

**Terms/rights attached to equity shares:**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Number of equity shares reserved for issue against exercise of stock options granted to employees:	Nos.	61,969	1,26,667
--	------	--------	----------

## Notes to Balance Sheet

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011	
<b>2 RESERVES AND SURPLUS</b>			
<b>Capital Reserve:</b>			
Share Warrants Forfeiture Account	1,61,18,047	1,61,18,047	
<b>Securities Premium Account</b>	15,65,04,831	15,65,04,831	
<b>Share Options Outstanding Account :</b>			
Balance brought forward	99,17,073	1,08,49,460	
Less: Deletions/ Allotments during the year	48,70,956	9,32,387	
	50,46,117	99,17,073	
Less: Deferred employee compensation costs	4,45,759	23,33,097	75,83,976
<b>General Reserve</b>	3,00,00,000		3,00,00,000
<b>Balance in Statement of Profit and Loss (Surplus):</b>			
Balance brought forward	24,64,46,594	37,90,15,893	
Less: Loss as per Statement of Profit and Loss	5,09,45,133	12,65,89,243	
	19,55,01,461	25,24,26,650	
Less: Allocations and Appropriations:			
Dividend of earlier years	-	10,549	
Proposed Dividend	-	51,34,767	
Corporate Dividend tax of earlier years	-	1,752	
Provision for Corporate Dividend Tax	-	8,32,988	24,64,46,594
		19,55,01,461	
	<b>40,27,24,697</b>		<b>45,66,53,448</b>

**3 LONG-TERM BORROWINGS**

<b>Term Loans (Secured):</b>			
From ICICI Bank Limited	11,14,377		22,45,577
Less: Current maturity of long term debt	11,14,377		11,31,200
		-	<b>11,14,377</b>
<b>1. Nature of Security:</b>			
Secured by hypothecation of relevant vehicle acquired against the loan			
<b>2. Term of Repayment:</b>			
Number of Installments due	11		23
Amount of Installments due	11,14,377		22,45,577
Rate of Interest	7.54%		7.54%
<b>3. The above Term Loan and interest due thereon have been paid upto date and there are no continuing defaults in repayment of principal and interest.</b>			

**4 LONG-TERM PROVISIONS**

Provision for employee benefits	4,48,730		4,80,034
---------------------------------	----------	--	----------

## Notes to Balance Sheet

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011
<b>5 SHORT-TERM BORROWINGS</b>		
<b>Loans repayable on demand: (Secured)</b>		
Working capital loan from State Bank of India	1,95,27,159	1,09,94,192
<b>1. Nature of Security:</b>		
<b>Primary Security:</b>		
Secured by First charge on fixed assets and hypothecation of current assets of the company		
<b>Collateral Security:</b>		
The above loan is further secured by Equitable mortgage of certain immovable properties belonging to Mr.A.Dinesh, Managing Director of the Company, Mr.A.Rajesh, Director of the Company and Mrs. A.Savita, relative of Managing Director of the Company.		
<b>Personal Guarantees:</b>		
Sri A. Dinesh - Managing Director of the Company		
Sri A. Rajesh - Director of the Company		
Smt A. Savita - Relative of Managing Director of the Company		
<b>2. Rate of Interest : 6% above Base Rate</b>		
The above Loan and interest due thereon have been paid upto date and there is no default in repayment of the same during the year.		
From a body corporate (Unsecured)	50,00,000	-
Rate of Interest: 18% p. a		
Loans and advances from a related party (Unsecured)	25,00,000	-
Rate of Interest: 14% p. a	2,70,27,159	1,09,94,192
<b>6 TRADE PAYABLES</b>		
Dues of micro and small enterprises	-	-
Dues of creditors other than micro and small enterprises	3,23,25,028	3,73,95,351
	<b>3,23,25,028</b>	<b>3,73,95,351</b>
<b>7 OTHER CURRENT LIABILITIES</b>		
Current maturity of long term debt	11,14,377	11,31,200
Interest accrued but not due on borrowings	3,30,468	14,116
Unclaimed dividend accounts	15,02,496	13,38,616
(There is no amount due and outstanding to be credited to Investor education and protection fund)		
<b>Other Payables:</b>		
Creditor for capital works	-	1,95,782
Statutory liabilities	45,63,562	63,03,577
Others	2,12,16,742	1,55,13,139
	<b>2,87,27,645</b>	<b>2,44,96,430</b>
<b>8 SHORT TERM PROVISIONS</b>		
Provision for employee benefits	6,34,474	7,31,373
Proposed dividend	-	51,34,767
Provision for corporate dividend tax	-	8,32,988
	<b>6,34,474</b>	<b>66,99,128</b>

## Notes to Balance Sheet

(Amount in Rupees)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost As at 01.04.2011	Additions During the year	Deductions During the year	Total Cost As at 31.03.2012	Up to 31.03.2011	For the Year	On Deductions	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>TANGIBLE ASSETS:</b>										
Land	2,19,08,666	-	-	2,19,08,666	-	-	-	-	2,19,08,666	2,19,08,666
Buildings	14,46,800	-	-	14,46,800	82,540	23,583	-	1,06,123	13,40,677	13,64,260
Plant and Equipment	101,86,77,764	-	2,72,84,329	99,13,93,435	79,11,68,559	8,66,13,059	2,42,54,112	85,35,27,506	13,78,65,929	22,75,09,205
Electrical Fittings	30,600	21,120	-	51,720	30,600	21,120	-	51,720	-	-
Furniture and Fixtures	18,37,182	2,72,545	-	21,09,727	6,96,574	3,56,060	-	10,52,634	10,57,093	11,40,608
Vehicles	1,54,42,210	-	25,59,929	1,28,82,281	94,22,262	7,67,256	24,12,120	77,77,398	51,04,883	60,19,948
Office Equipment	73,85,863	4,91,056	-	78,76,919	41,37,199	6,75,389	-	48,12,588	30,64,331	32,48,664
Data Processing Equipment	71,19,039	43,949	-	71,62,988	48,34,314	6,52,718	-	54,87,032	16,75,956	22,84,725
	<b>107,38,48,124</b>	<b>8,28,670</b>	<b>2,98,44,258</b>	<b>104,48,32,536</b>	<b>81,03,72,048</b>	<b>8,91,09,185</b>	<b>2,66,66,232</b>	<b>87,28,15,001</b>	<b>17,20,17,535</b>	<b>26,34,76,076</b>
<b>INTANGIBLE ASSETS:</b>										
Software	2,21,782	-	-	2,21,782	40,604	70,238	-	1,10,842	1,10,940	1,81,178
<b>TOTAL</b>	<b>107,40,69,906</b>	<b>8,28,670</b>	<b>2,98,44,258</b>	<b>104,50,54,318</b>	<b>81,04,12,652</b>	<b>8,91,79,423</b>	<b>2,66,66,232</b>	<b>87,29,25,843</b>	<b>17,21,28,475</b>	<b>26,36,57,254</b>
PREVIOUS YEAR 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	41,96,50,351

## Notes to Balance Sheet

(Amount in Rupees)

	As at 31st March, 2012		As at 31st March, 2011	
<b>10 NON-CURRENT INVESTMENT</b>				
(Long-term investment)				
Non Trade-Unquoted, fully paidup				
(At Cost less provision for other than temporary diminution in value)				
<b>Investment in Subsidiaries:</b>				
1,05,036 ( Previous year:100) Shares of AED				
100 Each in Alphageo International Limited		13,22,13,750		1,27,575
Aggregate amount of Unquoted Investments		13,22,13,750		1,27,575
Aggregate Provision for diminution in value of Investments		Nil		Nil
<b>11 DEFERRED TAX ASSET (NET)</b>				
Balance brought forward		6,53,91,204		4,29,88,985
Add: Adjustments for the year		46,86,070		2,24,02,219
		<b>7,00,77,274</b>		<b>6,53,91,204</b>
<b>12 LONG-TERM LOANS AND ADVANCES</b>				
(Unsecured, Considered good)				
Security Deposits		12,67,007		12,28,232
		<b>12,67,007</b>		<b>12,28,232</b>
<b>13 INVENTORIES</b>				
(Valued at lower of cost and net realisable value)				
Stock of Stores and Spares		21,71,117		7,01,966
		<b>21,71,117</b>		<b>7,01,966</b>
<b>14 TRADE RECEIVABLES</b>				
(Unsecured, considered good)				
Outstanding for a Period Exceeding Six Months from the date they became due for payment		3,54,13,134		1,49,16,999
Others		8,93,51,510		6,84,43,264
		<b>12,47,64,644</b>		<b>8,33,60,263</b>
<b>15 CASH AND BANK BALANCES</b>				
Cash and cash equivalents:				
Cash on hand	2,37,803		1,33,776	
Balances with banks:				
In Current accounts	24,06,493	26,44,296	75,47,805	76,81,581
Other bank balances:				
In Dividend Accounts	15,12,496		13,38,616	
In Fixed deposits (Held as margin money as security against the guarantees)	56,75,000	71,87,496	1,78,03,960	1,91,42,576
		<b>98,31,792</b>		<b>2,68,24,157</b>

## Notes to Balance Sheet

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011
<b>16</b> SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans and Advances to related parties	9,04,011	21,63,483
Share Application Money in a related party	-	12,54,26,925
Prepaid Expenses	29,32,995	27,89,580
Prepaid Taxes (Net of provision for taxation)	1,36,84,851	41,91,547
Other Loans and advances	29,00,706	47,02,673
	<b>2,04,22,563</b>	<b>13,92,74,208</b>
<b>17</b> OTHER CURRENT ASSETS		
Interest accrued on fixed deposits	71,067	1,71,108
	<b>71,067</b>	<b>1,71,108</b>

## Notes to Statement of Profit and Loss

(Amount in Rupees)

	For the year ended 31st March 2012	For the year ended 31st March 2011
<b>18</b> OTHER INCOME		
Interest income	11,90,366	12,16,299
Dividend received from current investments	-	23,50,262
Net gain on sale of current investments	-	14,27,962
Provision for diminution in book value of investments no longer required	-	10,61,865
Net gain on foreign currency transaction and translation	20,61,016	866
Profit on sale of assets	15,47,553	49,09,655
(Net of Loss on sale of assets Rs.83,772/- (Previous year Rs.Nil))		
Credit balances written back	1,48,11,864	-
Other Non-operating Income	4,08,825	1,37,721
	<b>2,00,19,624</b>	<b>1,11,04,630</b>

**19** SURVEY AND SURVEY RELATED EXPENSES

Consumption of stores and spare parts	29,59,011	20,57,183
Labour charges	73,78,460	35,61,162
Survey and drilling charges	11,41,35,417	9,74,04,562
Fuel	82,22,375	58,67,019
Vehicle hire charges	92,25,243	35,89,813
Technical consultancy charges	-	6,25,562
Repairs to machinery	45,40,448	56,72,557
Camp Rental Charges	21,56,725	46,90,779
Camp expenses	90,57,535	13,79,639
Transport and handling charges	15,09,979	17,40,145
Other survey expenses	91,69,553	18,02,884
	<b>16,83,54,746</b>	<b>12,83,91,305</b>

## Notes to Statement of Profit and Loss

(Amount in Rupees)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>20 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and other allowances	3,80,85,936	4,47,78,365
Contribution to provident and other funds	16,37,170	19,97,908
Contribution to ESI	1,45,177	1,31,385
Expense on employee stock option scheme	(29,83,618)	42,25,981
Staff welfare expenses	62,37,936	42,12,601
	<b>4,31,22,601</b>	<b>5,53,46,240</b>
<b>21 FINANCE COSTS</b>		
Interest Expense	37,42,283	21,30,017
Other borrowing costs	14,65,225	24,22,196
	<b>52,07,508</b>	<b>45,52,213</b>
<b>22 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation	8,91,09,185	15,51,13,799
Amortisation expense	70,238	40,604
	<b>8,91,79,423</b>	<b>15,51,54,403</b>
<b>23 OTHER EXPENSES</b>		
Rent	26,79,200	25,35,000
Repairs and maintenance to other assets	1,84,157	11,96,133
Directors sitting fees	1,34,500	1,73,500
Printing and stationery	10,73,361	11,78,123
Communication expenses	13,48,987	12,14,843
Travelling and conveyance	52,38,075	68,48,428
Insurance	32,27,817	42,43,085
Rates and taxes, excluding taxes on income	2,15,620	4,56,922
Payment to auditors:		
-As Auditors	3,00,000	3,00,000
-For Tax Audit	1,75,000	1,75,000
-For Quarterly Reviews	90,000	90,000
-For Taxation Matters	50,000	50,000
-For Other Services	82,000	80,000
-For Reimbursement of Expenses	9,525	56,880
Legal and professional charges	7,58,371	12,49,742
Advertisement	2,89,191	3,46,124
Vehicle maintenance	3,76,667	2,07,613
Donations	88,750	1,12,001
Bad debts written off	27,93,672	18,13,391
Book deficit on assets discarded	4,43,265	12,349
Miscellaneous expenses	26,41,171	23,00,719
Prior year expenses	-	15,532
	<b>2,21,99,329</b>	<b>2,46,55,385</b>

## Notes to Standalone Financial Statements

### 24 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

#### I. 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 capitalised 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 Statement of Profit and Loss.

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 Statement of Profit and Loss.

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.
- iv. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

##### 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

## Notes to Standalone Financial Statements

### **24** SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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 certain or virtually certain, as the case may be, 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 lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on straight line basis over the period of lease.

#### **K. 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.

#### **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 Statement of Profit and Loss

##### **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 Statement of Profit and Loss.
- 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 Statement of Profit and Loss.

#### **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 materialise into liability after the year end, till the finalisation 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.

## Notes to Standalone Financial Statements

### 24 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 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/materialised.

#### Q. Cash and Cash Equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## II. NOTES ON ACCOUNTS

### 1. Corporate Information:

Alphageo (India) Limited (the Company or AGIL) is a public limited company incorporated under the provisions of Companies Act, 1956 having its registered office at Hyderabad in the state of Andhra Pradesh, India. The Equity Shares of the Company are listed with Stock Exchanges in India viz., The Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai.

The Company is a leading service provider of 2 Dimensional and 3 Dimensional Seismic Data Acquisition, Processing and Interpretation Services for Oil Exploration and Production Sector in India. The Company possesses an experience of working in difficult terrains while respecting local socio-economic realities and environment. The Company has expanded its activities through its Subsidiary and Step-down Subsidiary viz., Alphageo International, Dubai and Alphageo DMCC, Dubai to cater to the international markets.

### 2. Presentation and Disclosure of Financial Statements:

During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

### 3. Contingent Liabilities and Commitments:

(Amount in Rupees)

Particulars	2011-12	2010-11
<b>A. Contingent Liabilities:</b>		
Towards Guarantees issued by Bank	3,54,50,500	4,23,95,209
Income Tax demands disputed by the Company	16,57,548	16,57,548
Towards Guarantees issued by the Company on behalf of Subsidiary	-	3,36,34,175

### 4. Current assets and loans and advances:

In the opinion of the Board of Directors the assets other than fixed assets and non-current investments have a value realisation 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.

## Notes to Standalone Financial Statements

### 24 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 5. Dues of the Micro and Small 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 Note No.6 Trade Payables 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	2011-12	2010-11
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

#### 6. Information pursuant to Clause 32 of Listing Agreement with Stock Exchanges w.r.t. to Loans and Advances in the nature of loans to wholly owned Subsidiary is as given below:

(Amount in Rupees)

S. No.	Particulars	Balance as on		Maximum Balance Outstanding during the year	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
a.	Alphageo International Limited	-	-	53,20,800	-

#### 7. 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.29,83,618/- has been written back (Previous Year Rs. 42,25,981/- has been amortised).

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

(Nos)

	2011-12	2010-11
Options outstanding at the beginning of the year	1,26,667	1,50,000
Granted during the year	-	-
Expired/Forfeited during the year	64,698	8,400
Exercised during the year	-	14,933
Options exercisable at the end of the year	61,969	1,26,667

## Notes to Standalone Financial Statements

**24** SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)**8. Derivative Instruments:**

- i. There are no foreign currency exposures that are covered by derivative instruments as on 31.03.2012 (Previous year: 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 31.03.2012		As on 31.03.2011	
	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
Payable for Supplies	4 667.50	2,38,773	-	-
Advances	17,671.48	9,04,011	-	-

**9. Employee Benefits:**

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

(Amount in Rupees)

Particulars	2011-12	2010-11
<b>i. Defined Contribution Schemes</b>		
Employer's Contribution to Provident Fund	11,93,797	11,73,188
<b>ii. State Plans</b>		
Employer's Contribution to State Insurance Scheme	1,45,177	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 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)

Gratuity (Unfunded)	2011-12	2010-11
<b>i) Components of Employer Expense</b>		
Current Service Cost	2,78,437	2,65,685
Interest Cost on benefit obligation	3,05,354	2,03,402
Return on Plan Assets	(2,46,131)	(1,96,301)
Actuarial (gain)/loss	2,77,073	8,39,934
Net benefit expense	6,14,733	11,12,720
<b>ii) Actual Return on Plan Assets</b>	(2,46,131)	(1,96,301)
<b>iii) Net Asset / Liability recognised in Balance Sheet</b>		
Define Benefit Obligation	46,54,136	38,16,926
Fair Value Of Plan Assets	(36,42,458)	(26,88,608)
Status (Surplus/Deficit)	10,11,678	11,28,318
Unrecognised Past Service Cost	-	-
Net Asset/Liability recognised in Balance Sheet	10,11,678	11,28,318

## Notes to Standalone Financial Statements

### 24 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

a. Reconciliation of opening and closing balances of Defined Benefit obligation: *(Contd.)* (Amount in Rupees)

Gratuity (Unfunded)	2011-12	2010-11
<b>iv) Changes in the PV of DBO</b>		
At the beginning of the year	38,16,926	25,42,520
Current Service Cost	2,78,437	2,65,685
Interest Cost	3,05,354	2,03,402
Actuarial (gain)/loss	2,77,073	8,39,934
Benefits paid	(23,654)	(34,615)
At the end of the year	46,54,136	38,16,926
<b>v) Changes in Fair Value of Plan Assets</b>		
Opening Fair Value of Plan Assets	26,88,608	19,34,723
Expected Return	2,46,131	1,96,301
Contributions	7,31,373	5,92,199
Benefits Paid	(23,654)	(34,615)
Actuarial Gain/ Loss	-	8,39,934
Closing Fair value of Plan Assets	36,42,458	38,16,926
<b>vi) Movement in Balance Sheet</b>		
Opening Liability	11,28,318	6,07,797
Expenses as above	6,14,733	11,12,720
Contribution Paid	(7,31,373)	(5,92,199)
Closing Liability	10,11,678	11,28,318
<b>vii) Actuarial assumptions:</b>		
Mortality Table (L.I.C)	<b>1994-96</b>	
	<b>(Ultimate)</b>	<b>(Ultimate)</b>
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)

Leave Encashment (Unfunded)	2011-12	2010-11
<b>i) Statement of Profit and Loss</b>		
Current Service Cost	3,446	27,290
Interest Cost on benefit obligation	6,647	13,973
Return on Plan Assets	-	-
Actuarial (gain)/loss	(734)	(1,32,841)
Past Services cost	-	-
Net benefit expense	9359	(91,578)
<b>ii) Balance Sheet</b>		
At the beginning of the year	83,009	1,74,667
Current Service Cost	3,446	27,290
Interest Cost	6,647	13,973
Actuarial (gain)/loss	(734)	(1,32,841)
Benefits paid	(20,922)	-
At the end of the year	71,526	83,009

## Notes to Standalone Financial Statements

**24** SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

b. Reconciliation of opening and closing balances of Defined Benefit obligation: (Contd.) (Amount in Rupees)

Leave Encashment (Unfunded)	2011-12	2010-11
<b>vii) Actuarial assumptions:</b>		
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.

**10. 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..

**2. 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

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

Aquila Drilling Private Limited

**d. Subsidiaries:**

Alphageo International Limited

**e. Step-down subsidiaries:**

Alphageo DMCC

**ii. Details of Transactions**

(Amount in Rupees)

Sl	Nature of Relation/Nature of Transactions	2011-12		2010-11	
		Amount of Transaction	Amount outstanding as on 31.03.2012	Amount of Transaction	Amount outstanding as on 31.03.2011
<b>1</b>	<b>Key management personnel:</b>				
	Remuneration	39,68,444	8,06,504	39,58,085	14,59,002
	Interest on Deposits	91,977	37,971	-	-
	Acceptance of Deposits	74,00,000	25,00,000	-	-
	Repayment Of Deposit	49,00,000		25,00,000	
<b>2</b>	<b>Relatives of the Key Management Personnel:</b>				
	Sitting Fees	39,500	-	32,000	-

## Notes to Standalone Financial Statements

### 24 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### ii. Details of Transactions

(Amount in Rupees)

Sl	Nature of Relation/Nature of Transactions	2011-12		2010-11	
		Amount of Transaction	Amount outstanding as on 31.03.2012	Amount of Transaction	Amount outstanding as on 31.03.2011
3	<b>Companies in which Relative of the Key Management Personnel has Substantial Interest:</b>				
	Drilling Charges	4,48,09,900	1,64,58,749	98,17,500	13,82,459
	Acceptance of Deposits	35,00,000		75,00,000	
	Repayment of Deposits	35,00,000		75,00,000	
	Interest on Deposit	1,76,229		1,23,904	
4	<b>Subsidiaries</b>				
	Investment	13,20,86,175	9,04,011	1,27,575	12,77,17,883
	Share Application Money Given/(Appropriated)	(12,54,26,925)		12,54,26,925	
	Guarantees given	-		3,36,34,175	
	Sale of Fixed Assets	21,84,468		75,91,912	
	Sale of Survey Consumables	-		7,12,118	
	Loan given	53,20,800		-	
	Loan given received back	53,20,800		-	
	Recovery of payments of expenses	9,04,011		21,63,483	
	Interest Income	1,61,977		-	
5	<b>Step-down subsidiaries</b>				
	Sale of Fixed Assets	19,89,845	NIL	-	-
	Sale of Survey Consumables	3,26,096		-	
	Receipt of deposit for providing services	48,57,549		-	
	Repayment of deposit for providing services	48,57,549		-	

#### 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	2011-12	2010-11
Remuneration	Sri. A. Dinesh	39,68,444	39,58,085
Interest On Deposit	Sri. A. Dinesh	91,977	-
	Aquila Drilling Private Limited	1,76,229	1,23,904
Repayment Of Deposits	Sri. A. Dinesh	49,00,000	-
	Aquila Drilling Private Limited	35,00,000	75,00,000
Acceptance Of Deposits	Sri. A. Dinesh	74,00,000	-
	Aquila Drilling Private Limited	35,00,000	75,00,000
Sitting Fees	Sri. A. Rajesh	39,500	32,000
Drilling Charges	Aquila Drilling Private Limited	4,48,09,900	98,17,500
Investment	Alphageo International Limited	13,20,86,175	1,27,575
Share Application Money Given/(Appropriated)	Alphageo International Limited	(12,54,26,925)	12,54,26,925
Guarantee given	Alphageo International Limited	-	3,36,34,175
Sale of Fixed Assets	Alphageo International Limited	21,84,468	75,91,912
	Alphageo DMCC	19,89,845	-

## Notes to Standalone Financial Statements

**24** SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- 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: (Contd.)

(Amount in Rupees)

Nature of Transaction	Name of the Related Party	2011-12	2010-11
Sale of Consumables	Alphageo International Limited	-	7,12,118
	Alphageo DMCC	3,26,096	-
Loan Given	Alphageo International Limited	53,20,800	-
Loan Given Received Back	Alphageo International Limited	53,20,800	-
Interest Income	Alphageo International Limited	1,61,977	-
Receipt of deposit for providing services	Alphageo DMCC	48,57,549	-
Repayment of deposit for providing services	Alphageo DMCC	48,57,549	-
Recovery of payments of expenses	Alphageo International Limited	9,04,011	21,63,483

**12. 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 Statement of Profit and Loss for the year is Rs.38,77,625/- (Previous Year Rs. 68,94,979/-)

**13. Earnings Per Share:**

(Amount in Rupees)

Particulars	2011-12	2010-11
The Numerator and Denominator used to calculate Earnings Per Share:		
<b>A Earnings:</b>		
Loss attributable to Equity shareholders	5,09,45,133	12,65,89,243
<b>B Number of Shares:</b>		
Weighted average number of Equity shares outstanding during the year (Nos.)	51,34,767	51,34,905
Nominal Value of Equity Share	10	10
<b>C. Earnings per Share:</b>		
Loss Per Share – Basic	9.92	24.65
Loss Per Share – Diluted	9.92	24.65

**14. Deferred Income Tax**

The movement of provision for deferred tax for the year ended 31.03.2012 is as given below:

(Amount in Rupees)

Particulars	As at 01.04.2011	Credit For the year	As at 31.03.2012
<b>Deferred Tax Asset:</b>			
Depreciation on Assets	6,22,25,406	42,63,708	6,64,89,114
Expenses allowable on the basis of Payment	31,65,798	4,22,362	35,88,160
<b>Total</b>	<b>6,53,91,204</b>	<b>46,86,070</b>	<b>7,00,77,274</b>

**15. Details of Gross Income derived from services rendered:**

(Amount in Rupees)

Particulars	2011-12	2010-11
2D Seismic Survey and Related services	5,87,04,781	1,17,04,550
3D Seismic Survey and Related services	19,32,99,134	19,62,04,759
<b>Total</b>	<b>25,20,03,915</b>	<b>20,79,09,309</b>

## Notes to Standalone Financial Statements

### 24 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 16. Details of Sale of Traded Goods: (Amount in Rupees)

Particulars	2011-12	2010-11
Sale of Survey Consumables	3,26,096	7,12,118
<b>Total</b>	<b>3,26,096</b>	<b>7,12,118</b>

#### 17. Details of Purchase of Traded Goods: (Amount in Rupees)

Particulars	2011-12	2010-11
Purchase of Survey Consumables	2,75,462	5,17,973
<b>Total</b>	<b>2,75,462</b>	<b>5,17,973</b>

#### 18. Value of Imports Calculated on C.I.F Basis: (Amount in Rupees)

Particulars	2011-12	2010-11
Stores and Spares	20,39,619	NIL

#### 19. Expenditure in foreign currency (on accrual basis): (Amount in Rupees)

Particulars	2011-12	2010-11
Salaries and allowances (net of tax)	19,65,676	29,81,591
Travelling expenses	6,53,393	8,23,312

#### 20. Remittance of Dividend in Foreign Currency: (Amount in Rupees)

Particulars	2011-12	2010-11
No. of Shareholders	Nil	2
No. of shares-held (Equity shares of Rs.10/- each)	Nil	1,80,016
Amount of Dividend (Net of Tax)	Nil	2,70,024
Year to which relates	2010-11	2009-10

#### 21. Earnings in foreign exchange (on accrual basis): (Amount in Rupees)

Particulars	2011-12	2010-11
F.O.B. Value of Exports	NIL	NIL

Per Our Report of even 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  
28.05.2012

For and on behalf of the Board

A. Dinesh  
Managing Director

Z. P. Marshall  
Director

Venkatesa Perumallu Pasumarthy  
Chief Financial Officer

## Section 212

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

S. NO.	PARTICULARS		ALPHAGEO INTERNATIONAL LIMITED
1	Financial Year of the subsidiary company ended on		31 st March, 2012
2	Shares held by the holding company in the subsidiary and extent of holding:		
a.	No. of Shares	No.	1,05,036
b.	Extent of Holding	%	100%
3	The net aggregate of profits or (losses) of the subsidiary for the current period so far as it concerns the members of the holding company		
a.	Dealt with or provided for in the accounts of the holding company	Rs.	NIL
b.	Not Dealt with or provided for in the accounts of the holding company	Rs.	2,09,552
4	The net aggregate of profits or (losses) of previous financial years of the subsidiary so far as it concerns the members of the holding company		
a.	Dealt with or provided for in the accounts of the holding company	Rs.	NIL
b.	Not Dealt with or provided for in the accounts of the holding company	Rs.	1,87,29,064
5	Changes in the interest of Holding Company between the end of the financial year of the subsidiary company and that of the holding company		NA
6	Material Changes if any between the end of the financial year of the subsidiary company and that of the holding company		NA

- Notes:**
1. Alphageo International Ltd has 100% subsidiary Viz., Alphageo DMCC.
  2. The amount of Profits for the current period of the subsidiary and the net aggregate of profits of the previous financial years of the subsidiary represents consolidated profits of the Alphageo International Ltd and its 100% subsidiary Alphageo DMCC.

For and on behalf of the Board

**A. Dinesh**  
*Managing Director*

**Z. P. Marshall**  
*Director*

Hyderabad  
28.05.2012

**Venkatesa Perumallu Pasumarthy**  
*Chief Financial Officer*

# consolidated financial statements

## Auditors' Report on Consolidated Financial Statements

To

The Board of Directors,

**Alphageo (India) Limited**

1. We have audited the attached consolidated Balance Sheet of ALPHAGEO (INDIA) LIMITED ('the Company') and its Subsidiaries as at March 31, 2012 and also the consolidated statement of profit and loss 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. 25,19,47,294/- as at 31 st March, 2012 and their share of total profit of Rs. 2,09,552/- and their net cash inflows amounting to Rs. 1,63,00,701/- 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, 2012;
  - ii) Consolidated Statement of Profit and Loss, 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  
 28.05.2012

# Consolidated Balance Sheet As at 31st March, 2012

(Amount in Rupees)

	Note No.	As at 31st March, 2012		As at 31st March, 2011	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds:</b>					
Share capital	1	5,14,83,670		5,14,83,670	
Reserves and surplus	2	43,94,72,412	49,09,56,082	47,11,00,729	52,25,84,399
<b>Non-current Liabilities</b>					
Long-term borrowings	3	-		11,14,377	
Long-term provisions	4	4,48,730	4,48,730	4,80,034	15,94,411
<b>Current Liabilities</b>					
Short-term borrowings	5	2,70,27,159		1,09,94,192	
Trade payables	6	10,95,00,809		14,85,79,458	
Other current liabilities	7	2,93,51,899		2,62,01,052	
Short-term provisions	8	6,34,474	16,65,14,341	66,99,128	19,24,73,830
<b>Total</b>			<b>65,79,19,153</b>		<b>71,66,52,640</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets	9				
Tangible assets		37,30,13,410		46,05,98,344	
Intangible assets		1,10,940		1,81,178	
Capital work-in-progress		1,67,92,827		1,15,10,998	
		38,99,17,177		47,22,90,520	
Deferred tax assets (net)	10	7,00,77,274		6,53,91,204	
Long-term loans and advances	11	12,67,007	46,12,61,458	12,28,232	53,89,09,956
<b>Current assets :</b>					
Inventories	12	36,52,404		81,73,474	
Trade receivables	13	13,56,44,432		8,92,05,350	
Cash and bank balances	14	2,61,32,493		6,49,72,314	
Short-term loans and advances	15	3,11,57,299		1,52,20,438	
Other current assets	16	71,067	19,66,57,695	1,71,108	17,77,42,684
<b>Total</b>			<b>65,79,19,153</b>		<b>71,66,52,640</b>
<b>Significant Accounting Policies and Notes on Accounts</b>					
	23				

Per Our Report of even date

For P. V. R. K. Nageswara Rao & Co.,  
Chartered Accountants  
Firm's Registration Number: 0022835

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

Hyderabad  
28.05.2012

For and on behalf of the Board

A. Dinesh  
Managing Director

Z. P. Marshall  
Director

Venkatesa Perumallu Pasumarthy  
Chief Financial Officer



## Consolidated Cash Flow Statement For the year ended 31st March, 2012

(Amount in Rupees)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011	
<b>I. CASH FLOW/(USED) FROM OPERATING ACTIVITIES:</b>			
Loss before tax for the year	(4,76,49,442)		(13,09,08,817)
Add/ (Less) : Adjustments for:			
Depreciation and Amortisation	11,43,49,785	16,29,48,484	
Interest Expense	39,64,798	21,30,017	
Interest Income	(10,28,389)	(12,16,299)	
Bad debts written off	27,93,672	18,13,391	
Employee Compensation costs written (back)/off	(29,83,618)	42,25,981	
Provision for diminution in value of investments no longer required	-	(10,61,865)	
Dividend from Current Investments	-	(23,50,262)	
Profit on Sale of Tangible Assets (Net)	(37,01,030)	(6,15,523)	
Profit on Sale of Current Investments	-	(14,27,962)	
Book Deficit on Assets Discarded	4,43,265	-	
	11,38,38,483		16,44,45,962
	6,61,89,041		3,35,37,145
Add / (Less) : Adjustments for Working Capital Changes:			
(Increase) in Inventories	45,21,070	(59,80,270)	
(Increase)/Decrease in Trade Receivables	(4,92,32,754)	9,93,26,129	
Decrease in Fixed Deposits pledged with Banks and dividend accounts with banks	1,19,55,080	1,23,15,865	
(Increase) in Other Receivables	(64,82,332)	-	
(Decrease) in Trade Payables and Other Payables	(3,65,36,237)	(7,57,75,173)	19,38,29,270
Cash generated from operations	(95,86,132)		22,73,66,415
Less : Direct taxes paid	1,72,65,513		2,80,05,759
<b>Net Cash flow from operating activities</b>	<b>(2,68,51,645)</b>		<b>19,93,60,656</b>
<b>II. CASH FLOW / (USED) FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed assets	(1,02,18,392)		(21,22,61,328)
Sale of Fixed assets	92,48,363		11,90,872
Purchase of Current Investments			(26,59,92,466)
Sale of Current Investments	-		32,14,03,580
Dividend from Current Investments	-		23,50,262
Interest Received	11,28,430		11,65,204
<b>Net Cash (used) in Investing activities</b>	<b>158,401</b>		<b>(15,21,43,876)</b>



## Notes to Consolidated Balance Sheet

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011
<b>1 SHARE CAPITAL</b>		
<b>Authorised :</b>		
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
<b>Issued :</b>		
51,46,167 Equity Shares of Rs.10/- each	5,14,61,670	5,14,61,670
<b>Subscribed and fully paid up :</b>		
51,34,767 Equity Shares of Rs. 10/- each	5,13,47,670	5,13,47,670
Add: Forfeited Shares	1,36,000	1,36,000
	<b>5,14,83,670</b>	<b>5,14,83,670</b>

Reconciliation of the number of Equity shares Outstanding is set out below:

	As at 31st March, 2012 Number	As at 31st March, 2011 Number
Shares outstanding at the beginning of the year	51,34,767	51,19,834
Shares issued during the year - ESOP	-	14,933
Shares outstanding at the end of the year	<b>51,34,767</b>	<b>51,34,767</b>

The details of Shareholders holding more than 5% equity shares is set out below :

	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
PROMOTERS GROUP				
Alla Dinesh	3,00,022	5.84	3,00,022	5.84
OTHER THAN PROMOTERS GROUP				
Bharat Jayantilal Patel	2,86,818	5.59	2,51,431	4.90

**Terms/rights attached to equity shares:**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

<b>The Number of equity shares reserved for issue against exercise of stock options granted to employees:</b>	Nos.	61,969	1,26,667
---	------	--------	----------

## Notes to Consolidated Balance Sheet

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011	
<b>2 RESERVES AND SURPLUS</b>			
Foreign Currency Translation Reserve	2,20,90,882		
Capital Reserve:			
Share Warrants Forfeiture Account	1,61,18,047	1,61,18,047	
Securities Premium Account	15,65,04,831	15,65,04,831	
Share Options Outstanding Account :			
Balance brought forward	99,17,073	1,08,49,460	
Less: Deletions/ Allotments during the year	48,70,956	9,32,387	
	50,46,117	99,17,073	
Less: Deferred employee compensation costs	4,45,759	23,33,097	75,83,976
<b>General Reserve</b>		3,00,00,000	3,00,00,000
<b>Balance in Statement of Profit and Loss (Surplus):</b>			
Balance brought forward	26,08,93,875	37,90,15,893	
Less: Loss as per Statement of Profit and Loss	5,07,35,581	11,21,41,962	
	21,01,58,294	26,68,73,931	
Less: Allocations and Appropriations:			
Dividend of earlier years	-	10,549	
Proposed Dividend	-	51,34,767	
Corporate Dividend tax of earlier years	-	1,752	
Provision for Corporate Dividend Tax	-	8,32,988	26,08,93,875
		43,94,72,412	47,11,00,729

**3 LONG-TERM BORROWINGS**

<b>Term Loans (Secured):</b>			
From ICICI Bank Limited	11,14,377		22,45,577
Less: Current maturity of long term debt	11,14,377		11,31,200
	-		<b>11,14,377</b>
<b>1. Nature of Security:</b>			
Secured by hypothecation of relevant vehicle acquired against the loan			
<b>2. Term of Repayment:</b>			
Number of Installments due	11		23
Amount of Installments due	11,14,377		22,45,577
Rate of Interest	7.54%		7.54%
<b>3. The above Term Loan and interest due thereon have been paid upto date and there are no continuing defaults in repayment of principal and interest.</b>			

**4 LONG-TERM PROVISIONS**

Provision for employee benefits	4,48,730		4,80,034
---------------------------------	----------	--	----------

## Notes to Consolidated Balance Sheet

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011
<b>5 SHORT-TERM BORROWINGS</b>		
<b>Loans repayable on demand: (Secured)</b>		
Working capital loan from State Bank of India	1,95,27,159	1,09,94,192
1. Nature of Security:		
<b>Primary Security:</b>		
Secured by First charge on fixed assets and hypothecation of Current assets of the Company		
<b>Collateral Security:</b>		
The above loan is further secured by Equitable mortgage of certain immovable properties belonging to Mr.A.Dinesh, Managing Director of the Company, Mr.A.Rajesh, Director of the Company and Mrs.A.Savita, relative of Managing Director of the Company.		
<b>Personal Gurantees:</b>		
Sri A. Dinesh - Managing Director of the Company		
Sri A. Rajesh - Director of the Company		
Smt. A. Savita - Relative of Managing Director of the Company		
2. Rate of Interest : 6% above Base Rate		
From a body corporate (Unsecured)	50,00,000	-
Rate of Interest: 18% p. a		
Loans and advances from a related party (Unsecured)	25,00,000	-
Rate of Interest: 14% p. a		
The above Loan and interest due thereon have been paid upto date and there is no default in repayment of the same during the year.	<b>2,70,27,159</b>	<b>1,09,94,192</b>
<b>6 TRADE PAYABLES</b>		
Dues of micro and small enterprises	-	-
Dues of creditors other than micro and small enterprises	10,95,00,809	14,85,79,458
	<b>10,95,00,809</b>	<b>14,85,79,458</b>
<b>7 OTHER CURRENT LIABILITIES</b>		
Current maturity of long term debt	11,14,377	11,31,200
Interest accrued but not due on borrowings	3,30,468	14,116
Unclaimed dividend accounts	15,02,496	13,38,616
(There is no amount due and outstanding to be credited to Investor education and protection fund)		
Other Payables:		
Statutory liabilities	45,63,562	67,48,738
Others	2,18,40,996	1,69,68,382
	<b>2,93,51,899</b>	<b>2,62,01,052</b>
<b>8 SHORT TERM PROVISIONS</b>		
Provision for employee benefits	6,34,474	7,31,373
Proposed dividend	-	51,34,767
Provision for corporate dividend tax	-	8,32,988
	<b>6,34,474</b>	<b>66,99,128</b>

## Notes to Consolidated Balance Sheet

(Amount in Rupees)

**9** FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	Cost As at 01.04.2011	Adjustments Due to change in Classification	Additions During the year	Deductions During the year	Total Cost As at 31.03.2012	Up to 31.03.2011	Adjustments Due to change in Classification	For the Year	On Deductions	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>TANGIBLE ASSETS:</b>												
Land	2,19,08,666	-	-	-	2,19,08,666	-	-	-	-	-	2,19,08,666	2,19,08,666
Buildings	14,46,800	-	-	-	14,46,800	82,540	23,583	-	-	1,06,123	13,40,677	13,64,260
Plant and Equipment	124,29,85,787	88,91,639	41,07,893	3,10,00,233	122,49,85,086	81,84,55,594	(1,84,06,887)	11,16,72,557	2,51,57,444	88,65,63,820	33,84,21,266	42,45,30,193
Electrical Fittings	30,600	-	21,120	-	51,720	30,600	-	21,120	-	51,720	-	-
Furniture and Fixtures	18,37,182	-	2,72,545	-	21,09,727	6,96,574	-	3,56,060	-	10,52,634	10,57,093	11,40,608
Vehicles	1,54,42,210	-	-	25,59,929	1,28,82,281	94,22,262	-	7,67,256	24,12,120	77,77,398	51,04,883	60,19,948
Office Equipment	87,01,463	(779,546)	4,91,056	-	84,12,973	53,67,610	(11,93,576)	7,77,249	-	49,51,283	34,61,690	33,33,853
Data Processing Equipment	74,93,039	(318,543)	43,949	-	72,18,445	51,92,223	(3,54,635)	6,61,722	-	54,99,310	17,19,135	23,00,816
	<b>129,98,45,747</b>	<b>77,93,550</b>	<b>49,36,563</b>	<b>3,35,60,162</b>	<b>127,90,15,698</b>	<b>83,92,47,403</b>	<b>(1,99,55,098)</b>	<b>11,42,79,547</b>	<b>2,75,69,564</b>	<b>90,60,02,288</b>	<b>37,30,13,410</b>	<b>46,05,98,344</b>
<b>INTANGIBLE ASSETS:</b>												
Software	2,21,782	-	-	-	2,21,782	40,604	-	70,238	-	1,10,842	1,10,940	1,81,178
<b>Total</b>	<b>130,00,67,529</b>	<b>77,93,550</b>	<b>49,36,563</b>	<b>3,35,60,162</b>	<b>127,92,37,480</b>	<b>83,92,88,007</b>	<b>(1,99,55,098)</b>	<b>11,43,49,785</b>	<b>2,75,69,564</b>	<b>90,61,13,130</b>	<b>37,31,24,350</b>	<b>46,07,79,522</b>
PREVIOUS YEAR 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

## Notes to Consolidated Balance Sheet

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011
<b>10 DEFERRED TAX ASSET (NET)</b>		
Balance brought forward	6,53,91,204	4,29,88,985
Add: Adjustments for the year	46,86,070	2,24,02,219
	<b>7,00,77,274</b>	<b>6,53,91,204</b>
<b>11 LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered good)		
Security Deposits	12,67,007	12,28,232
	<b>12,67,007</b>	<b>12,28,232</b>
<b>12 INVENTORIES</b>		
(Valued at lower of cost and net realisable value)		
Stock of Stores and Spares	36,52,404	81,73,474
	<b>36,52,404</b>	<b>81,73,474</b>
<b>13 TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Outstanding for a Period Exceeding Six Months from the date they became due for payment	3,54,13,134	1,49,16,999
Others	10,02,31,298	7,42,88,351
	<b>13,56,44,432</b>	<b>8,92,05,350</b>
<b>14 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents:</b>		
Cash on hand	2,50,081	2,38,704
<b>Balances with banks:</b>		
In Current accounts	1,86,94,916	1,89,44,997
<b>Other bank balances:</b>		
In Dividend Accounts	15,12,496	13,38,616
In Fixed deposits	56,75,000	1,78,03,960
(Held as margin money as security against the guarantees)		
	<b>2,61,32,493</b>	<b>6,49,72,314</b>
<b>15 SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Prepaid Expenses	29,32,995	27,89,580
Prepaid Taxes (Net of provision for taxation)	1,36,84,851	41,91,547
Other Loans and advances	1,45,39,453	82,39,311
	<b>3,11,57,299</b>	<b>1,52,20,438</b>
<b>16 OTHER CURRENT ASSETS</b>		
Interest accrued on fixed deposits	71,067	1,71,108
	<b>71,067</b>	<b>1,71,108</b>

## Notes to Consolidated Statement of Profit and Loss

(Amount in Rupees)

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
<b>17 OTHER INCOME</b>		
Interest income	10,28,389	12,16,299
Dividend received from current investments	-	23,50,262
Provision for diminution in book value of investments no longer required	-	10,61,865
Net gain on foreign currency transaction and translation	9,86,307	-
Profit on sale of assets	37,01,030	6,15,523
Profit on sale of current investments	-	14,27,962
Credit balances written back	1,48,11,864	-
Other Non-operating Income	4,08,825	1,37,721
	<b>2,09,36,415</b>	<b>68,09,632</b>

**18 SURVEY AND SURVEY RELATED EXPENSES**

Consumption of stores and spare parts	51,78,383	30,08,145
Labour charges	5,78,23,375	37,82,382
Survey and drilling and charges	13,69,32,318	9,82,99,622
Fuel	2,99,19,259	1,49,57,806
Vehicle hire charges	3,29,97,772	1,29,00,952
Technical consultancy charges	-	6,25,562
Repairs to machinery	57,18,202	66,06,465
Camp Rental Charges	42,24,873	77,63,481
Camp expenses	1,51,80,470	58,76,086
Transport and handling charges	23,74,206	20,67,501
Other survey expenses	1,06,93,685	26,91,690
	<b>30,10,42,543</b>	<b>15,85,79,692</b>

**19 EMPLOYEE BENEFITS EXPENSE**

Salaries, wages and other allowances	4,90,48,668	6,47,90,732
Contribution to provident and other funds	16,37,170	19,97,908
Contribution to ESI	1,45,177	1,31,385
Expense on employee stock option scheme	(29,83,618)	42,25,981
Staff welfare expenses	62,46,627	23,52,168
	<b>5,40,94,024</b>	<b>7,34,98,174</b>

**20 FINANCE COSTS**

Interest Expense	39,64,798	21,30,017
Other borrowing costs	14,65,225	24,22,196
	<b>54,30,023</b>	<b>45,52,213</b>

**21 DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation	11,42,79,547	16,29,07,880
Amortisation expense	70,238	40,604
	<b>11,43,49,785</b>	<b>16,29,48,484</b>

## Notes to Consolidated Statement of Profit and Loss

(Amount in Rupees)

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
<b>22 OTHER EXPENSES</b>		
Rent	26,79,200	25,35,000
Repairs and maintenance to other assets	1,84,157	12,17,133
Director's sitting fees	1,34,500	1,73,500
Printing and stationery	12,61,496	13,45,659
Communication expenses	20,98,662	14,67,881
Travelling and conveyance	1,08,70,570	1,05,76,253
Insurance	32,76,856	42,43,085
Rates and taxes, excluding taxes on income	6,14,189	4,56,922
Payment to auditors:		
- As Auditors	8,82,646	8,57,021
- For Tax Audit	1,75,000	1,75,000
- For Quarterly Reviews	90,000	90,000
- For Taxation Matters	50,000	50,000
- For Other Services	82,000	80,000
- For Reimbursement of Expenses	9,525	56,880
Legal and professional charges	14,95,965	22,80,063
Advertisement	2,89,191	3,46,124
Vehicle maintenance	3,76,667	2,07,613
Donations	88,750	1,12,001
Bad debts written off	27,93,672	18,13,391
Net loss on foreign currency transaction and translation	-	32,91,666
Book deficit on assets discarded	4,43,265	-
Miscellaneous expenses	48,39,820	30,43,262
Prior year expenses	-	15,532
	<b>3,27,36,131</b>	<b>3,44,33,986</b>

## Notes to Consolidated Financial Statements

### 23 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

#### I. 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:

- 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.
- 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.
- 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 recognised in the financial statements as goodwill/capital reserve.
- 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.
- The consolidated statements have been prepared using uniform accounting principles for like transactions and other events in similar circumstances.

## Notes to Consolidated Financial Statements

### 23 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

#### C. Tangible 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 capitalised 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.

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of the non-integral foreign operation, the cumulative amount of the exchange differences which have been differed and which relate that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

Any goodwill or capital reserve arising on acquisition of non-integral operation is translated at closing rate.

#### F. 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
- iv. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### 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.

## Notes to Consolidated Financial Statements

### 23 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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 certain or virtually certain, as the case may be, 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 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.

**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

**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 materialise into liability after the year end, till the finalisation 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/materialised.

**R. Cash and cash equivalents:**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## Notes to Consolidated Financial Statements

**23 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:****II. CONSOLIDATED NOTES ON ACCOUNTS:****1. Corporate Information:**

Alphageo (India) Limited ('AGIL or Company') and its consolidated subsidiaries (The Group) mainly engaged in providing 2-Dimensional Seismic Data Acquisition, Processing and Interpretation Services for Oil Exploration and Production Sector.

**2. Presentation and Disclosure of Financial Statements:**

During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its consolidated financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of consolidated financial statements. However, it has significant impact on presentation and disclosures made in the consolidated financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

**3. Nature and Classification of Foreign Operations:**

The activities and business carried on by Subsidiary and Step-down Subsidiary of the Company are exclusive in nature and without having any involvement of the parent company except for its investment and its control for exercising its voting rights and for appointment of its nominees on the Board of Directors of its Group Companies. The cash flow from the operations of the parent company does not effect with the exchange rate fluctuations between the reporting currency and the currency in the country of foreign operations. The operations of the subsidiaries are being carried out in a separate geographical locations viz., outside India with different customers and totally non-integral in nature. Accordingly the financial statements for the current year are prepared considering the foreign operations as non-integral operations and the exchange differences on account of translation of financial statements at the current year end of foreign operations are recognised as "Foreign Exchange Translation Reserve" under Reserves and Surplus and the same will be continued to be recognised as such till the disposal of the parent company's investment.

**4. List of Foreign Subsidiaries Considered for Consolidation:**

(Amount in Rupees)

S. No.	Particulars	Country of Incorporation	Extent of holding As on 31.03.2012	Extent of holding As on 31.03.2012
1.	Alphageo International Limited	DUBAI	100%	100%
2	Alphageo DMCC (Subsidiary of Alphageo International Limited)	DUBAI	100%	100%

**5. Contingent Liabilities and Commitments:**

(Amount in Rupees)

Particulars	2011-12	2010-11
Towards Guarantees issued by Bank	3,54,05,000	4,23,95,209
Income Tax demands disputed by the Company	16,57,548	16,57,548

**6. Employee Stock Options:**

- 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.29,83,618/ has been written back (Previous year Rs.42,25,981/-has been amortised).

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

(Nos)

Particulars	2011-12	2010-11
Options outstanding at the beginning of the year	1,26,667	1,50,000
Expired/Forfeited during the year	64,698	8,400
Exercised during the year	-	14,933
At the end of the year	61,969	1,26,667

## Notes to Consolidated Financial Statements

### 23 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

#### 7. Current Assets and Loans and Advances:

In the opinion of the Board of Directors the assets other than fixed assets and non-current investments have a value realisation 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.

#### 8. Derivative Instruments:

- There are no foreign currency exposures that are covered by derivative instruments as on 31.03.2012 (Previous year: Rs.Nil).
- 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 31.03.2012		As on 31.03.2011	
	Amount in foreign Currency US\$	Equivalent Amount in Indian Currency Rs.	Amount in foreign Currency US\$	Equivalent Amount in Indian Currency Rs.
Payable for Supplies	4 667.50	2,38,773	-	-

#### 9. Employee Benefits:

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

(Amount in Rupees)

Particulars	2011-12	2010-11
<b>i. Defined Contribution Schemes</b>		
Employer's Contribution to Provident Fund	11,93,797	11,73,188
<b>ii. State Plans</b>		
Employer's Contribution to State Insurance Scheme	1,45,177	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 benefit entitlement and measures each unit separately to build up the final obligation, recognised and charged off during the year are as under:

- Reconciliation of opening and closing balances of Defined Benefit obligation:

(Amount in Rupees)

Gratuity (Unfunded)	2011-12	2010-11
<b>i) Components of Employer Expense</b>		
Current Service Cost	2,78,437	2,65,685
Interest Cost on benefit obligation	3,05,354	2,03,402
Return on Plan Assets	(2,46,131)	(1,96,301)
Actuarial (gain)/loss	2,77,073	8,39,934
Net benefit expense	6,14,733	11,12,720
<b>ii) Actual Return on Plan Assets</b>	(2,46,131)	(1,96,301)
<b>iii) Net Asset / Liability recognised in Balance Sheet</b>		
Define Benefit Obligation	46,54,136	38,16,926
Fair Value Of Plan Assets	(36,42,458)	(26,88,608)
Status (Surplus/Deficit)	10,11,678	11,28,318
Unrecognised Past Service Cost	-	-
Net Asset/Liability recognised in Balance Sheet	10,11,678	11,28,318

## Notes to Consolidated Financial Statements

**23** SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

a. Reconciliation of opening and closing balances of Defined Benefit obligation: (Contd.) (Amount in Rupees)

Gratuity (Unfunded)	2011-12	2010-11
<b>iv) Changes in the PV of DBO</b>		
At the beginning of the year	38,16,926	25,42,520
Current Service Cost	2,78,437	2,65,685
Interest Cost	3,05,354	2,03,402
Actuarial (gain)/loss	2,77,073	8,39,934
Benefits paid	(23,654)	(34,615)
At the end of the year	46,54,136	38,16,926
<b>v) Changes in Fair Value of Plan Assets</b>		
Opening Fair Value of Plan Assets	26,88,608	19,34,723
Expected Return	2,46,131	1,96,301
Contributions	7,31,373	5,92,199
Benefits Paid	(23,654)	(34,615)
Actuarial Gain/ Loss	-	8,39,934
Closing Fair value of Plan Assets	36,42,458	38,16,926
<b>vi) Movement in Balance Sheet</b>		
Opening Liability	11,28,318	6,07,797
Expenses as above	6,14,733	11,12,720
Contribution Paid	(7,31,373)	(5,92,199)
Closing Liability	10,11,678	11,28,318
<b>vii) Actuarial assumptions:</b>		
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)

Leave Encashment (Unfunded)	2011-12	2010-11
<b>i) Profit and Loss Account</b>		
Current Service Cost	3,446	27,290
Interest Cost on benefit obligation	6,647	13,973
Return on Plan Assets	-	-
Actuarial (gain)/loss	(734)	(1,32,841)
Past Services cost	-	-
Net benefit expense	9,359	(91,578)
<b>ii) Balance Sheet</b>		
At the beginning of the year	83,009	1,74,667
Current Service Cost	3,446	27,290
Interest Cost	6,647	13,973
Actuarial (gain)/loss	(734)	(1,32,841)
Benefits paid	(20,922)	-
At the end of the year	71,526	83,009

## Notes to Consolidated Financial Statements

### 23 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)<sup>3</sup>

b. Reconciliation of opening and closing balances of Defined Benefit obligation: *(Contd.)* (Amount in Rupees)

Leave Encashment (Unfunded)	2011-12	2010-11
<b>vii) Actuarial assumptions:</b>		
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.

#### 10. 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.

#### 11. 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

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

Aquila Drilling Private Limited

##### ii. Details of Transactions

(Amount in Rupees)

Sl	Nature of Relation/Nature of Transactions	2011-12		2010-11	
		Amount of Transaction	Amount outstanding as on 31.03.2012	Amount of Transaction	Amount outstanding as on 31.03.2011
1	<b>Key management personnel:</b>				
	Remuneration	39,68,444	8,06,504	39,58,085	14,59,002
	Interest on Deposits	91,977	37,971	-	-
	Acceptance of Deposits	74,00,000	25,00,000	-	-
	Repayment Of Deposit	49,00,000		25,00,000	
2	<b>Relatives of the Key Management Personnel:</b>				
	Sitting Fees	39,500	-	32,000	-

## Notes to Consolidated Financial Statements

**23** SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

## ii. Details of Transactions (Contd.)

(Amount in Rupees)

Sl	Nature of Relation/Nature of Transactions	2011-12		2010-11	
		Amount of Transaction	Amount outstanding as on 31.03.2012	Amount of Transaction	Amount outstanding as on 31.03.2011
3	<b>Companies in which Relative of the Key Management Personnel has Substantial Interest:</b>				
	Drilling Charges	4,48,09,900	1,64,58,749	98,17,500	13,82,459
	Acceptance of Deposits	35,00,000		75,00,000	
	Repayment of Deposits	35,00,000		75,00,000	
	Interest on Deposit	1,76,229		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	2011-12	2010-11
Remuneration	Sri. A. Dinesh	39,68,444	39,58,085
Interest On Deposit	Sri. A. Dinesh	91,977	-
	Aquila Drilling Private Limited	1,76,229	1,23,904
Repayment Of Deposits	Sri. A. Dinesh	49,00,000	-
	Aquila Drilling Private Limited	35,00,000	75,00,000
Acceptance Of Deposits	Sri. A. Dinesh	74,00,000	-
	Aquila Drilling Private Limited	35,00,000	75,00,000
Sitting Fees	Sri. A. Rajesh	39,500	32,000
Drilling Charges	Aquila Drilling Private Limited	4,48,09,900	98,17,500

## 12. 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.47,51,725/- (Previous year Rs.99,67,681/-)

## 13. Earnings Per Share:

(Amount in Rupees)

Particulars	2011-12	2010-11
The Numerator and Denominator used to calculate Earnings Per Share:		
<b>A Earnings:</b>		
Loss attributable to Equity shareholders	5,07,35,581	11,21,41,962
<b>B Number of Shares:</b>		
Weighted average number of Equity shares outstanding during the year (Nos.)	51,34,767	51,34,905
Nominal Value of Equity Share	10	10
<b>C Loss per Share:</b>		
Loss Per Share – Basic	9.88	21.84
Loss Per Share – Diluted	9.88	21.84

## Notes to Consolidated Financial Statements

### 23 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 14. Deferred Income Tax

The movement of provision for deferred tax for the year ended 31.03.2012 is as given below:

(Amount in Rupees)

Particulars	As at 01.04.2011	Credit For the year	As at 31.03.2012
<b>Deferred Tax Asset:</b>			
Depreciation on Assets	6,22,25,406	42,63,708	6,64,89,114
Expenses allowable on the basis of Payment	31,65,798	4,22,362	35,88,160
<b>Total</b>	<b>6,53,91,204</b>	<b>46,86,070</b>	<b>7,00,77,274</b>

15. 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)

#### 16. Financial information of Subsidiary Companies

(Amount in Rupees)

S. No.	Particulars	Alphageo International Limited	Alphageo DMCC
1	Reporting currency	USD	USD
2	Capital	14,57,06,085	27,74,407
3	Reserves	(20,10,128)	2,95,47,151
4	Total assets	14,48,77,446	25,43,57,390
5	Total liabilities	11,81,489	22,20,35,832
6	Investments (except incase of investment in subsidiaries)	NIL	NIL
7	Turnover	NIL	19,69,04,659
8	Profit before taxation	(8,30,071)	1,36,85,863
9	Provision for taxation	NIL	87,11,064
10	Profit after taxation	(8,30,071)	26,79,761
11	Proposed dividend	NIL	NIL
12	Country	DUBAI	DUBAI

As on 31.03.2012: 1 USD = INR 51.16

Per Our Report of even date

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

Firm's Registration Number: 0022835

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

Hyderabad  
28.05. 2012

For and on behalf of the Board

**A. Dinesh**  
Managing Director

**Z. P. Marshall**  
Director

**Venkatesa Perumallu Pasumarthy**  
Chief Financial Officer



## notice

Notice is hereby given that the **Twenty Fifth** Annual General Meeting of the Members of ALPHAGEO (INDIA) LIMITED will be held on 28TH September 2012, at 11.00 AM at "Sundarayya Vignana Kendram", 1-8-1/B/25A, Baghlingampally, Hyderabad-500 044, Andhra Pradesh to transact the following business:

### Ordinary Business

1. To consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Statement of Profit and Loss for the year ended on that date along with the Report of Directors' and Auditors' thereon.
2. To appoint a Director in the place of Mr. Alla Rajesh, who retires by rotation and being eligible, offers himself for reappointment.

3. To appoint a Director in the place of Mr. P.K. Reddy, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. P. V. R. K. Nageswara Rao & Co., Chartered Accountants, Hyderabad (Firm Registration Number: 002283S), as Statutory Auditors of the Company who shall hold office from the conclusion of the ensuing Annual General Meeting to the conclusion of next Annual General Meeting and to fix their remuneration.

By Order of the Board

Place: Hyderabad

Date: 10.08.2012

**Z.P. Marshall**

*Chairman*

### Notes

1. A Member entitled to attend and vote is entitled to appoint Proxy to attend and vote instead of himself and the Proxy need not be the Member of the Company. The Proxies in order to be effective should be deposited at the CORPORATE OFFICE of the Company not less than 48 hours before the commencement of the Meeting.
2. Members/proxies are requested to bring the attendance slips duly filled in for attending the meeting and bring their copies of the Annual Report to the meeting.
3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. Members who hold shares in dematerialisation form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
5. The Register of Members and Share Transfer books of the Company will remain closed from 20th September, 2012 to 28 th September 2012 (both days inclusive).
6. M/s. Karvy Computershare Private Limited Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081 acts as the Company's Registrar and Share Transfer Agent for both manual and electronic form of shareholding. All communication relating to shares should be addressed directly to them.
7. Members are requested to notify immediately any change in their address to our Share Transfer Agents M/s. Karvy Computershare Private Limited.
8. Non-Resident Indian Shareholders are requested to inform the Registrars M/s. Karvy Computershare Private Limited immediately :
  - a) the change in the Residential status on return to India for permanent settlement.
  - b) the particulars of the Bank Account maintained in India with complete name, branch, account number and address of the Bank, if not furnished earlier.
9. Corporate Members intending to depute their authorised representatives are requested to send a duly certified copy of the Board resolution authorising their representatives to attend and vote at the Annual General Meeting.

10. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agent M/s. Karvy Computershare Private Limited.
11. Members desiring to seek any information on the annual accounts are requested to write to the Company at an early date to enable compilation of information.
12. The Ministry of Corporate Affairs ('Ministry'), Government of India, has taken a " Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. As per the Circular, companies can now send various notices /documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc., ) to their shareholders through electronic mode, to the registered email addresses of the Shareholders.

Members who would like to received such notices / documents in electronic mode in lieu of physical copy and who have not registered their e-mail address so far or who would like to update their e-mail addresses already registered, are requested to register / update their email addresses:

- In respect of electronic shareholding – through their respective Depository Participants;
  - In respect of physical shareholding – by sending a request to the Company's Share Transfer Agent mentioning their folio number and email address.
13. The information in terms of Clause 49 of the Listing Agreement with the Stock Exchanges pertaining to the Directors retiring by rotation and seeking reappointment is furnished below:
    - 1) **Mr. Rajesh Alla** is a graduate in Mechanical Engineering and a post graduate in Computer Sciences and Robotics from Carnegie Mellon University, Pittsburgh, USA – a premier institute for Artificial Intelligence Research. After his graduation, he worked in The Robotics Institute, Carnegie - Mellon University. He specialised in Image Processing, Computer Vision and Robotics. Mr. Rajesh is the founder of IIC Technologies Limited. He is one of the pioneers of Automated Digitising and

Recognition of hard copy documents in the Conversion Industry. He has developed numerous Pattern Recognition and Artificial Intelligence Algorithms for automated vectorisation and feature attributisation of contours, point symbol recognition and text identification. He is also an alumnus from Indian Institute of Management, Ahmedabad, India. Mr. Rajesh is also one of the founders of AUDRE INC., an American and world leader in Automated Document Conversion Systems development, with systems in Australia, Singapore, Italy, Germany and China. He has developed interfaces to various GIS Systems and was on the National Institute of Standards and Technology (NIST), USA, Raster Image File Format (CAL) standards Committee. He is also a consultant to various GIS Companies and Institutions for the implementation of Raster Technologies into their Data Conversion and Capture Systems. He is also an advisor to GEOMAP Society, India which brings out the GIS Today publication. He is promoter director of the Company since September, 1992. He is member of Audit Committee, Remuneration Committee, Compensation Committee and Investors Grievance Committee of Board of Directors of the Company. He is Managing Director of IIC Technologies Limited and Director of IIC Geosurveys Private Ltd, IIC Academy Private Ltd, and Transducers and Controls Private Ltd. He is holding 2,12,900 Equity Shares of the Company and he is related to Mr. Alla Dinesh Managing Director of the Company.

- 2) **Mr. P. K. Reddy** is a Bachelor of Engineering with specialisation in Electronics and Communication from Mysore University, with over three decades of rich and varied experience in Engineering and Electronics industry. He was appointed as Director of the Company on 22.06.2007. He is member of Audit Committee, Remuneration Committee, Compensation Committee and Investors Grievance Committee of Board of Directors of the Company. He is also a Director of Comprotech Engineering Private Ltd. He does not hold any Shares of the Company.

By Order of the Board

Place: Hyderabad  
Date: 10.08.2012

**Z.P. Marshall**  
Chairman



# ALPHAGEO (INDIA) LIMITED

Regd. Office: 802, Babukhan Estate, Basheerbagh, Hyderabad-500 001, A. P.

Corporate Office: 317/A, MLA Colony, Road No. 12, Banjara Hills, Hyderabad-500 034

## proxy form

Regd. Folio No. ....

\*Demat A/c No. ....

DP ID. No. ....

I / We ..... R/o .....

being a member/members of the Company hereby appoint Mr./Mrs. .... or failing him / her ..... R/o ..... as my / our Proxy to vote for me / us on my / our behalf at the 25th Annual General Meeting of **Alphageo (India) Limited** to be held on Friday, 28th September 2012 at 11.00 AM at "Sundarayya Vignana Kendram, 1-8-1/B/25A, Baghlingampally, Hyderabad-500 044 (AP).

Signed this..... day of..... 2012

Affix  
One Rupee  
Revenue  
Stamp

- Note: 1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.**
2. Proxy form duly stamped and executed should reach the Corporate Office of the Company at least 48 hours before the time fixed for the commencement of the meeting.
3. The member/proxy should bring the attendance slip sent herewith duly filled for attending the meeting and hand it over at the entrance duly signed by them.



# ALPHAGEO (INDIA) LIMITED

Regd. Office: 802, Babukhan Estate, Basheerbagh, Hyderabad-500 001, A. P.

Corporate Office: 317/A, MLA Colony, Road No. 12, Banjara Hills, Hyderabad-500 034

## attendance slip

25th Annual General Meeting, on Friday, 28th September 2012 at 11.00 AM

Regd. Folio No. ....

Demat A/c No. ....

DP ID. No. ....

No. of Shares held.....

I certify that I am a Member/Proxy for the Member of the Company.

I hereby record my presence at the 25th Annual General Meeting of the Company at 'Sundarayya Vignana Kendram, 1-8-1/B/25A, Baghlingampally, Hyderabad-500 044 (AP) on Friday, the 28th September, 2012 at 11.00 AM.

.....  
Signature of Member/Proxy



# Corporate information

## Board of Directors

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

## Chief Financial Officer

Venkatesa Perumallu Pasumarthy, B.Com, FCA

## 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 Karvy Computershare Private Limited.  
Plot No. 17 to 24, Vithal Rao Nagar,  
Madhapur, Hyderabad-500 081  
Ph: 040-44655000 Fax: 040-23420814  
E-mail: einward.ris@karvy.com



Alphageo (India) Limited  
317/A MLA Colony, Road No. 12 Banjara Hills  
Hyderabad – 500 034, Andhra Pradesh  
[www.alphageoindia.com](http://www.alphageoindia.com)