

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, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto.

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

- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, 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:
- 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.
 - 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.

- The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956 to the extent applicable.
- On the basis of the written representations received from the directors, as on 31.03.2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 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 Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2008;
 - in the case of Profit and Loss Account of the profit for the year ended on that date; and
 - 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

P V R K Nageswara Rao
Partner
Membership No. 18840

Place: Hyderabad
Date: 27th June, 2008

ALPHAGEO (INDIA) LIMITED

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in Paragraph 3 of Auditors' Report of even date on the Accounts of ALPHAGEO (INDIA) LIMITED for the year ended 31st March 2008

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| <p>1 (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.</p> <p>(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.</p> <p>(c) The Company has not disposed off any fixed assets during the year.</p> <p>2 (a) As explained to us, the inventories, representing machinery spares and consumables, of the company have been physically verified at reasonable intervals during the year by the Management.</p> <p>(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.</p> <p>(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.</p> <p>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. Accordingly the provisions of Clause 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Order are not applicable to the Company.</p> <p>(b) The Company has taken and repaid unsecured loans from three parties covered under section 301 of the Companies Act, 1956 to the extent of Rs. 1,64,90,000/- during the year.</p> <p>(c) In our opinion the rate of interest and other terms and conditions of loans taken from three parties covered in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the company.</p> <p>(d) The Company is regular in repayment, where applicable, of principal amount and interest on unsecured loans taken from three parties covered in the register maintained under section 301 of the</p> | <p>Companies Act, 1956.</p> <p>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 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.</p> <p>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 Companies Act, 1956 have been so entered.</p> <p>(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 Companies Act, 1956 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.</p> <p>6 According to the records of the Company and as per the information and explanations given to us, during the year there were no outstanding deposits accepted from public earlier nor the deposits have been accepted from public for which the Company has to comply with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed there under, where applicable and no order has been issued by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal to the Company in respect of deposits accepted in earlier years to be complied with.</p> <p>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.</p> <p>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.</p> |
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- 9 (a) According to the records of the Company and as per the information and explanations given to us, the company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employee State Insurance, Investor Education and Protection Fund, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it except Income Tax, with appropriate authorities and in respect of these statutory dues, there are no outstanding dues as on 31.3.2008 which are outstanding for a period of more than six months from the date they become payable. The Company is not regular in depositing undisputed Income tax dues representing income tax deducted at source and the estimated arrears of undisputed dues representing advance income tax and advance fringe benefit tax payable for the year ended 31.3.2008. The arrears of income tax advance tax installment outstanding as on 31.3.2008 for a period of more than six months from the date the same becomes payable is Rs. 157.66 Lakhs
- (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 31.3.2008.
- 10 As per the information and explanations given to us and on an overall examination of the financial statements of the company for the current and immediately preceding financial year, we report that the Company does not have any accumulated losses at the end of the current financial year nor incurred cash losses in the current and immediately preceding financial year.
- 11 According to records of the Company, during the year the Company has defaulted in repayment of interest and installments of principal amount of term loans taken from Bankers to the maximum extent of Rs.2,93,52,460/. However as on 31st March, 2008 the Company is in default of payment of interest amounting to Rs. 50,320 for a period of 31 days.
- 12 As per the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to any body during the year.
- 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 for this year.
- 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 for this year.
- 15 As per the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or financial institutions.
- 16 According to the records of the Company the Company has not raised any term loans during the year and the term loans raised in earlier years have been applied for the purposes for which they were raised in that relevant years.
- 17 As per the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, the funds raised on short term basis during the year have not been used for long term investment purposes.
- 18 As per the records and as per the information and explanations given to us, the price at which the Equity Shares of the Company are allotted during the year on conversion of Share Warrants, allotted preferentially to Promoters and Promoter Group covered in the Register maintained under Section 301 of the Companies Act, 1956, in compliance with the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and the Guidelines for Preferential Issue contained in the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and as approved by the Members at the Extra Ordinary General Meeting of the Company, is not prejudicial to the interest of the Company.
- 19 The Company has not issued any debentures during the year, which requires the creation of security or charge.
- 20 During the year the Company has not made any public issues for which the management has to disclose the end use of money raised through that public issue.
- 21 During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and as per the representation given by the Company and relied on by us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

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

P V R K Nageswara Rao
Partner
Membership No. 18840

Place: Hyderabad
Date: 27th June, 2008

ALPHAGEO (INDIA) LIMITED

BALANCE SHEET As at 31st March, 2008

(Amount in Rupees)

	Schedule No.	As at 31.03.2008		As at 31.03.2007	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	5,13,34,340		4,95,85,340	
Share Warrants	2	1,61,18,047		—	
Reserves and Surplus	3	42,39,21,210	49,13,73,597	23,30,32,873	28,26,18,213
Loan Funds					
Secured Loans	4		20,17,66,277		28,41,73,665
Deferred Tax Liability (Net)	5		82,27,219		2,11,81,338
Total			70,13,67,093		58,79,73,216
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	6	109,48,63,162		82,44,65,067	
Less : Depreciation		38,97,20,701		25,11,76,891	
Net Block			70,51,42,461		57,32,88,176
Net Current Assets					
A. Current Assets, Loans And Advances					
Inventories	7	34,29,807		43,54,482	
Sundry Debtors	8	27,25,67,597		19,53,45,395	
Cash and Bank Balances	9	3,88,30,076		3,40,99,990	
Other Current Assets	10	2,44,674		6,43,183	
Loans and Advances	11	78,88,711		1,32,91,191	
		32,29,60,865		24,77,34,241	
B. Current Liabilities And Provisions					
Current Liabilities	12	24,88,73,946		18,08,52,801	
Provisions	13	7,78,62,287		5,21,96,400	
		32,67,36,233		23,30,49,201	
Net Current Assets (A-B)			(37,75,368)		1,46,85,040
Total			70,13,67,093		58,79,73,216
Significant Accounting Policies	19				
Notes To Accounts	20				

Per Our Report of even date
For P. V. R. K. Nageswara Rao & Co.,
Chartered Accountants

Hyderabad
27th June, 2008

P. V. R. K. Nageswara Rao
Partner

Z. P. Marshall
Director

A. Dinesh
Managing Director

Sachin Guha
Company Secretary

PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2008

(Amount in Rupees)

	Schedule No.	Year ended 31.03.2008	Year ended 31.03.2007
I INCOME			
Seismic Survey and Related Services Income		81,57,38,406	54,29,23,664
Other Income	14	32,51,233	18,55,375
Total		81,89,89,639	54,47,79,039
II EXPENDITURE			
Survey Expenses	15	35,51,51,974	22,99,58,887
Employees Cost	16	4,63,04,969	2,51,65,347
Other Expenses	17	3,83,58,933	3,29,07,317
Finance Charges	18	3,51,21,464	3,33,55,155
Depreciation		13,85,43,810	10,13,88,489
Total		61,34,81,150	42,27,75,195
III PROFIT FOR THE YEAR		20,55,08,489	12,20,03,844
Less : Provision for Taxation			
– Current Tax	8,99,00,000		5,55,00,000
– Deferred Tax	(1,29,54,119)		(1,05,05,438)
– Income tax adjustments of earlier years	10,59,464		8,26,142
	7,80,05,345		4,58,20,704
– Fringe Benefits Tax	10,21,420	7,90,26,765	11,28,935
Profit After Tax		12,64,81,724	7,50,54,205
Add: Profit brought forward from last year		13,88,87,373	7,60,54,058
		26,53,69,097	15,11,08,263
Less: Transfer to:			
Proposed Dividend	76,79,751		74,17,401
Corporate Dividend Tax	13,05,174		10,50,489
General Reserve	63,30,000	1,53,14,925	37,53,000
Balance carried to Balance sheet		25,00,54,172	13,88,87,373
IV EARNINGS PER SHARE - BASIC/DILUTED (Rs.)		25.41	15.18
Face Value of Share Rs.10/- each			
Significant Accounting Policies	19		
Notes To Accounts	20		

Per Our Report of even date
For P. V. R. K. Nageswara Rao & Co.,
Chartered Accountants

Hyderabad
27th June, 2008

P. V. R. K. Nageswara Rao
Partner

Z. P. Marshall
Director

A. Dinesh
Managing Director

Sachin Guha
Company Secretary

ALPHAGEO (INDIA) LIMITED

CASH FLOW STATEMENT For the year ended 31st March, 2008

(Amount in Rupees)

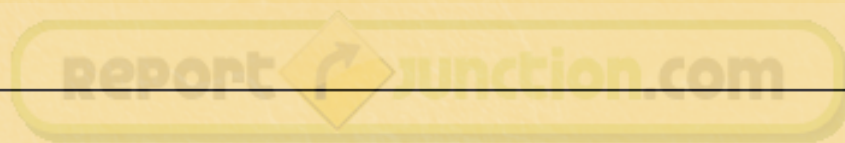
	Year ended 31.03.2008		Year ended 31.03.2007	
I. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		20,55,08,489		12,20,03,844
Add/Less: Adjustments for:				
Depreciation	13,85,43,810		10,13,88,489	
Interest Earned	(18,60,410)		(17,43,075)	
Interest Paid	3,14,44,173		2,78,81,421	
Dividend Received	(1,24,745)		–	
(Profit) /Loss on sale of Investments	(41,420)		8,25,154	
Bad Debts written off	–		12,10,035	
Loss on Assets	–	16,79,61,408	20,08,615	13,15,70,639
Operating Profit Before Working Capital Changes		37,34,69,897		25,35,74,483
Less: Adjustments for Working Capital Changes:				
Trade and Other Receivables	(7,36,97,076)		(11,04,81,823)	
Inventories	9,24,675		(30,81,012)	
Trade Payables	2,50,60,080	(4,77,12,321)	6,00,92,255	(5,34,70,580)
Cash generated from Operations		32,57,57,576		20,01,03,903
Less: Direct Taxes Paid		6,69,07,237		2,06,79,879
Net Cash Flow from Operating Activities		25,88,50,339		17,94,24,024
II. CASH (USED IN) INVESTING ACTIVITIES				
Purchase of Investments		(4,51,24,745)		(87,74,009)
Sale of Investments		4,51,66,165		79,48,855
Dividend Received		1,24,745		–
Purchase of Fixed Assets		(19,99,09,665)		(16,02,50,152)
Sale of Fixed Assets		–		2,91,000
Interest Received		22,58,919		16,18,633
Net Cash (Used in) Investing Activities		(19,74,84,581)		(15,91,65,673)
III. CASH (USED IN) FINANCING ACTIVITIES				
Proceeds on Issue of Equity Share Capital		7,51,40,538		–
Share warrants Money received		2,36,81,790		2,75,00,450
Share warrants Money refunded/adjusted		(3,50,15,903)		–
Dividend paid		(74,17,401)		(49,44,934)
Corporate Dividend Tax paid		(10,50,489)		(6,93,528)
Proceeds from Long Term Borrowings		–		6,00,00,000
Proceeds from Short Term Borrowings		1,64,90,000		20,40,000
Repayments of Long Term Borrowings		(8,11,97,929)		(5,73,58,707)
Repayment of Short Term Borrowings		(1,73,86,605)		(1,53,69,463)
Interest Paid		(3,17,57,027)		(3,32,37,064)
Net Cash (Used in) Financing Activities		(5,85,13,026)		(2,20,63,246)

(Amount in Rupees)

	Year ended 31.03.2008	Year ended 31.03.2007
IV. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	28,52,732	(18,04,895)
VI. Cash and Cash equivalents as at beginning of the year	1,01,30,408	1,19,35,303
VII. Cash and cash equivalents as at end of the year **	1,29,83,140	1,01,30,408
	2007-08	2006-07
** Note : Cash and Cash Equivalents as at end of the year :		
Cash and Bank balances as per Balance Sheet	3,88,30,076	3,40,99,990
Less: Deposits pledged towards margin money against bank guarantees and other designated accounts dealt in operating activity	2,58,46,936	2,39,69,582
	1,29,83,140	1,01,30,408

Note:

- Previous year figures have been regrouped/reclassified to conform to current year classification.
- Significant Accounting Policies (Schedule 19) and other Notes to Accounts (Schedule 20) form an integral part of the Cash Flow Statement



Per Our Report of even date
For P. V. R. K. Nageswara Rao & Co.,
Chartered Accountants

Hyderabad
27th June, 2008

P. V. R. K. Nageswara Rao
Partner

Z. P. Marshall
Director

A. Dinesh
Managing Director

Sachin Guha
Company Secretary