



**ASIAN OILFIELD
SERVICES LTD.**

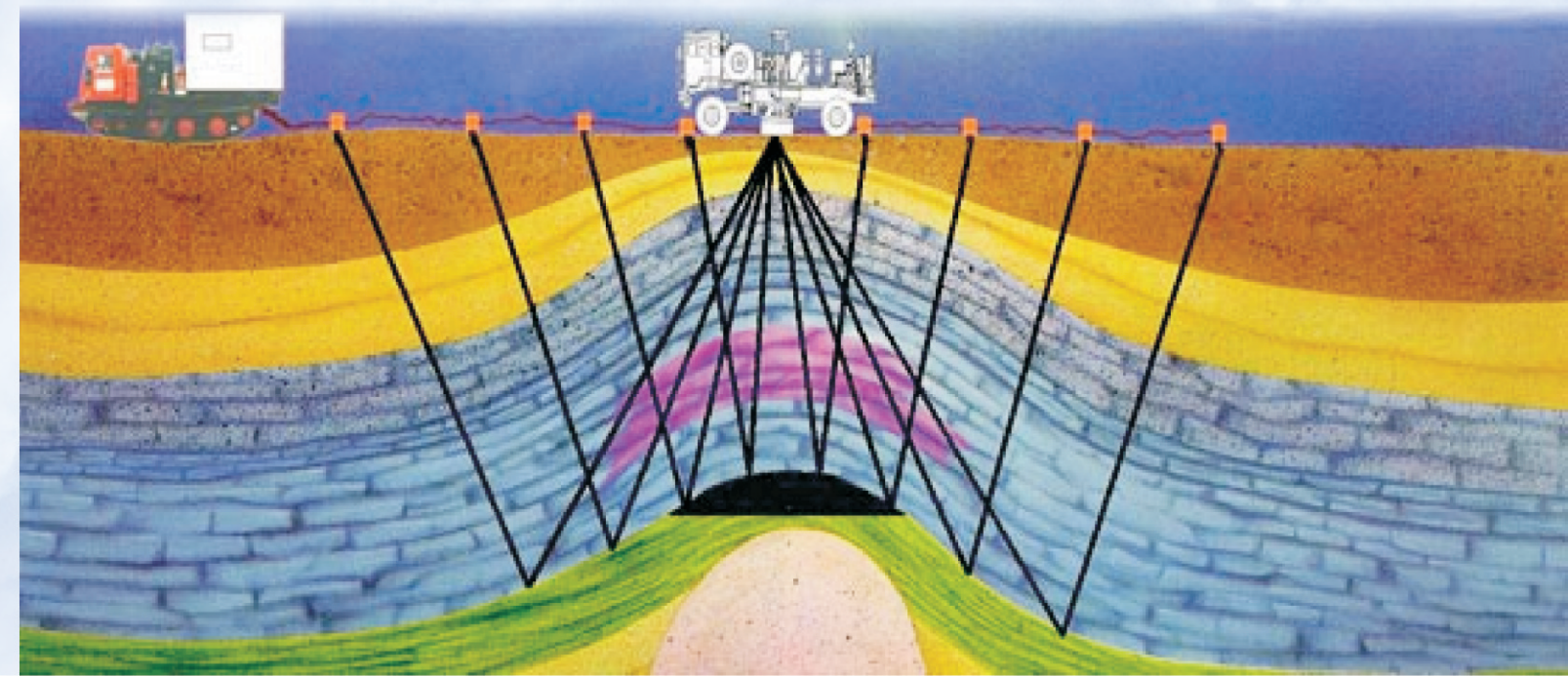
Printed Material

Book-Post



17th

**Annual Report
2009-2010**



If undelivered please return to :



**ASIAN OILFIELD
SERVICES LTD.**

Registered Office : 7th Floor, B-Wing, Manubhai Tower, Sayajigunj, Vadodara-390 020.
Visit us at www.asianoilfield.com



NOTICE

Notice is hereby given that 17th Annual General Meeting of Members of **Asian Oilfield Services Ltd.** will be held on Monday, the 13th September, 2010 at 11.00 a.m. at Dr. I. G. Patel Seminar Hall, Faculty of Social Work of M. S. University, Opp. Fatehgunj Post Office, Fatehgunj, Vadodara-390002 to transact the following business.

Ordinary Business :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2010 and Balance Sheet as of that date together with the reports of Directors and the Auditors thereon.
2. To appoint Director in place of Mr. Rameshwarlal B. Kabra, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Director in place of Mr. Anand Prakash Agrawal, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

Special Business :

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines"), Foreign Exchange Management Act, 1999, the Listing Agreement entered into with the Stock Exchanges where the securities of the Company are listed and other relevant authorities, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer, issue and allot at any time to the benefit of such person(s) who are

present and future permanent employees of the Company, including any Director of the Company, whether executive or non-executive, whether working in India or abroad, options exercisable into such number of equity shares being not more than 10% of the Paid-up Equity Share Capital of the Company at any point of time, under one or more Employee Stock Option Schemes, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority.

RESOLVED FURTHER THAT in case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, for the purpose of making a fair and reasonable adjustment, the number of options to be granted and/or the exercise price payable under the Schemes shall be appropriately adjusted, without affecting any other rights or obligations under the Schemes.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity shares upon exercise of options from time to time in accordance with the employee stock option scheme and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.10 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of securities allotted under the said schemes on the stock exchanges, where the securities of the Company are listed, as per the provisions of the Listing Agreement executed with the concerned stock exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board acting on its own or through the Compensation Committee be and is hereby



ASIAN OILFIELD SERVICES LTD.

authorised to do all acts, matters, deeds and things and to take all steps and to do all things and give such directions as may be necessary, expedient, or desirable and also to settle any question or difficulties that may arise in such manner and the Board/ Compensation Committee / such authorised person in its/ his absolute discretion may deem fit and take steps which are incidental and ancillary in this connection without requiring the Board to secure any further consent or approval of the shareholders of the Company."

By order of the Board,

Place : Vadodara
Date : 29th May, 2010

Mukesh Khanna
Company Secretary

NOTES

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 THE PROXY NEED NOT BE A MEMBER.
2. Proxy, in order to be effective, should be lodged duly completed before 48 hours of the meeting.

3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business enumerated at Item No.5 is annexed herewith.
4. Register of Members and Share Transfer Register will remain closed from Friday, the 3rd September, 2010 to Monday, the 13th September, 2010, (both the days inclusive).
5. Shareholders are requested to:
 - (a) bring their copy of the Annual Report at the meeting.
 - (b) send all communications relating to their shareholding, quoting Folio No. / Client ID No. at Registered Office / at the office of the Registrar and Share Transfer Agents.
6. Information about directors retiring by rotation and being appointed is given in the Annexure to the notice.
7. **Members desirous of obtaining any information in respect of Accounts of the Company are requested to send their queries in writing to the Company at it's registered office so as to reach at least seven days before the date of the meeting.**
8. Pursuant to SEBI circular, the Shareholders holding shares in physical form are requested to submit notarize copy of PAN in compliance of the KYC norms.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No.5

The Company recognizes and appreciates the critical role played by the employees of the Company in bringing about growth of the organization. It strongly feels that the value created by them should be shared with them. To promote the culture of employee ownership in the Company, approval of the shareholders is being sought for issue of stock options to the employees of the Company.

The main features of the employee stock option schemes are as under:

a. Total number of options to be granted:

Employee Stock Options exercisable into such number of equity shares being not more than 10% of the Paid-up Equity Share Capital of the Company at any point of time would be available for being granted to eligible employees of the Company under one or more Employee Stock Option Schemes. Each option when exercised would be converted into one Equity share of Rs.10 each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

b. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

All permanent employees including the Directors of the Company, but excluding the promoters of the Company, as may be decided by the Compensation Committee from time to time, would be entitled to be granted stock options under the ESOP Scheme(s).

c. Transferability of employee stock options

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

d. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company. The Compensation Committee may, at its discretion, lay down certain performance metrics on the achievement of which



the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The options would vest not earlier than one year and not later than five years from the date of grant of options.

e. Maximum period within which the options shall be vested:

The options would vest not later than five years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options

f. Exercise Price:

The options will be granted at a price equal to the market price, being latest available closing price, prior to the date of the meeting of the Board of Directors, in which options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

g. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire not later than three years from the date of vesting of options.

The options will be exercisable by the Employees by a written application to the Company, in such manner and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

h. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and will be based on criteria such as criticality of the role, designation, length of service, past performance record, future potential of the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

i. Maximum number of options to be issued per employee and in aggregate:

The total number of options that may be granted to any specific employee under one or more Schemes during any one year shall not exceed 1% of the issued capital (excluding outstanding warrants and conversions) at the time of grant and in aggregate shall not exceed 10% of the Paid up Equity Share Capital of the Company at any point in time.

j. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Guidelines and other concerned Authorities.

k. Method of option valuation:

To calculate the employee compensation cost, the Company shall use the Fair Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the employee stock option schemes provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and the SEBI Guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the schemes.

By order of the Board,

Place : Vadodara
Date : 29th May, 2010

Mukesh Khanna
Company Secretary



Annexure to the Notice of Annual General Meeting

Information pursuant to Clause 49 of the Listing Agreement regarding reappointment of Directors upon retiring by rotation and appointment of Directors.

Name of the Directors	Rameshwarlal B. Kabra	Anand Prakash Agrawal
Date of Birth	05-08-1951	07-01-1945
Date of Appointment	23-02-2009	23-02-2009
Specialized Expertise	Corporate Management Consulting, Audit, Tax & International Advisory Services	Project Consultant
Qualifications	B.Com, FCA	M Sc. (Physics), M Sc. (Maths), Research in I.I.T. Kanpur in Quantum Physics
Directorship of other Companies as on 31 st March, 2010	<ol style="list-style-type: none">1. ITNL Enso Rail Systems Ltd.2. R Kabra Corporate Advisors Ltd.3. Ankur Capital Markets Pvt. Ltd.4. Three DEnterprises Pvt. Ltd.5. B M Trada RKCA Certifications Pvt. Ltd.6. IGAF Asia Pacific Ltd.	<ol style="list-style-type: none">1. EnSearch Petroleum Ltd., Singapore2. Platinum Ocean Energy Ltd.
Chairman / Member of Committees of other Companies as on 31 st March, 2010	ITNL-Enso Rail Systems Ltd.	None



DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have great pleasure in presenting Company's 17th Annual Report. The Company's financial results for the year ended 31st March, 2010 are as follows :

FINANCIAL HIGHLIGHTS :

(Rs. In lacs)

	31 st March 2010 (9 Months)	30 th June 2009 (12 Months)
Gross Income	1942.78	6418.79
Gross Profit before Depreciation & Interest	339.00	1265.58
Depreciation	356.59	390.44
Interest and Financial Charges	31.56	63.52
Profit / (Loss) before Tax	(49.15)	811.62
Less : Provision for Tax		
Current Tax	—	162.00
Excess Provision of Current Tax in earlier years	(45.91)	(97.39)
Deferred Tax Liability	83.09	209.93
Fringe Benefit Tax	—	7.01
Wealth Tax	0.47	—
Net Profit / (Loss) after Tax & other adjustments	(86.81)	530.07

Dividend :

In view of Loss, the Board regrets its inability to recommend payment of dividend to the Shareholders.

Operations in Retrospect :

During the period under review, your Company registered Gross revenue of Rs. **1942.78** Lacs during 9 Months, compared with Rs. **6418.79** Lacs in the previous year of 12 months, and suffered a Net loss of Rs. **86.81** Lacs against profit of Rs. **530.07** Lacs of previous year.

Key operational highlights of FY 2009-10 :

a) Key Augmentation in Management: Company has recently added significant resources at senior management level to best capitalize the growing

exploration opportunities in India. We have added Mr. Neeraj Sethi, B. Tech. IIT Mumbai, Ex-country Manager Baker Hughes as Chief Operating Officer (COO) and Mr. Ajit Singh, M. Sc. BHU, Ex-Mitchell Drilling as AVP for core drilling division.

- b) Launch of 3D Seismic Services: AOSL being committed increase its shareholders value in long run, has expanded its services to include 3D Seismic Services. New management since joining has won first ever 3D Seismic contract with a leading private company.
- c) Commencement of new Business relating to drilling services for Mining Sector: In order to seize growing opportunities for mineral/mining businesses, the Company has during the period under review set up a



ASIAN OILFIELD SERVICES LTD.

new Division to provide core drilling services. Company has already won two significant contracts in core drilling and has already started execution in one of them. In view of prevailing business climate, the Board is hopeful to generate decent returns in the coming future. Also company would like to use this platform of core drilling to enter into drilling business in Oil & Gas industry going forward.

After a challenging financial year in presence of global economic turmoil and highly volatile oil prices, company is expected to be back on its growth trajectory next financial year. The current order book of the company is INR 80 Crore. Board members have taken major steps to diversify into new service offerings and commence new division. We are pleased to inform all our shareholders that AOSL will continue to add several new service offerings in next financial year. Also we would like to thank all our shareholders for continuing to show belief in company's capabilities and future prospects.

Directorate :

During the year under review, Mr. Satya Pal Talwar resigned as Chairman and Director of the Company effective from 16-12-2009 whereas Mr. Vikram Walia, ceased to be Director effective from 18-12-2009 on non offering his candidature for reelection at last Annual General Meeting. The Board places on record its sincere appreciation for the contributions made by each of them during their tenure as Directors of the Company.

Mr. Rameshwarlal B. Kabra and Mr. Anand Prakash Agrawal retire by rotation and being eligible, offer themselves for reappointment.

A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the accompanying notice calling the Annual General Meeting.

Directors' Responsibility Statement :

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that ;

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates

that were reasonable and prudent so as to give true and fair view of the Company's state of affairs at the end of the financial year and of the loss of the Company for the year under review.

- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the Company's Assets and preventing and detecting fraud and other irregularities.
- iv) they have prepared the Annual Accounts on a 'going concern' basis.

Corporate Governance :

A separate section titled "Corporate Governance" including a certificate from the Practicing Company Secretary confirming the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement along with the report on Management Discussion Analysis Report are annexed hereto and form part of this report.

Management Discussion and Analysis :

Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, Management Discussion and Analysis Report is given separately, forming part of this Report.

Subsidiary Company :

In respect of AOSL Petroleum Pte. Limited, Singapore, the Wholly Owned Subsidiary Company, Audited Account together with the Reports of Directors and Auditors of the Subsidiary Company, alongwith the statement are annexed to this report pursuant to Section 212 of the Companies Act, 1956.

Consolidated Financial Statements :

In terms of listing requirement and in accordance with Accounting Standard AS-21, audited consolidated financial statements are provided in the Annual Report.

Change in Capital Structure and Listing of Shares :

During the period under review, 40,50,000 Equity Shares of Rs.10/- each were issued and allotted to M/s. Samara Capital Partners Fund I Ltd. on a premium of Rs.51.20 per share on preferential basis, in terms of SEBI (ICDR) Regulations, 2009 which are already listed at the Bombay Stock Exchange Ltd.



Dematerialization of Shares :

The Company has been allotted **ISIN No. INE276G01015** for its Equity Shares by National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL). Members are requested to Dematerialize Shares held by them for their convenience.

Audit Committee :

In compliance of Section 292A of the Companies Act, 1956 an Audit Committee has been constituted with Mr. Rameshwarlal B. Kabra, Mr. Anand Prakash Agrawal, Mr. Dali E. Ilavia, the Independent Directors and Mr. Gautam Gode, the Promoter Director as its members. It performed inter-alia, various functions as required in terms of the said provisions.

Statutory Disclosures :

Personnel :

Information under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Shareholders interested in obtaining this information may write to the Company Secretary at the Registered Office of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo :

As required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, statement

showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and out go, is given in the enclosed Annexure.

Auditors, Audit Report and Audited Accounts :

The Auditors M/s. Deloitte Haskins & Sells, retire at the conclusion of the ensuing Annual General Meeting, but being eligible, offer themselves for re-appointment.

The Auditors' Report read with the notes to the accounts referred to therein, are self-explanatory and therefore, do not call for any further comments.

Public Deposits :

During the period under review, the Company has not accepted any deposits under Section 58A of the Companies Act, 1956.

Insurance :

All the properties of the Company are adequately insured against fire and other risks.

Appreciations :

The Board places on record its deep appreciation for the continued support received from various clients, vendors and suppliers and technical partners, Bankers, Government Authorities, Employees at all levels and Shareholders, in furthering the interest of the Company.

For and on behalf of the Board,

Date : 29th May, 2010
Place : Vadodara

Avinash Manchanda
Managing Director



Annexure to the Directors' Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo :

The particular as prescribed under Section 217 (1) (e) of the Companies Act, 1956 are appended hereto and forms part of the report :-

(A) CONSERVATION OF ENERGY :

(a) Energy conservation is an on going process and there is a continuous effort to create awareness and motivate the employees to conserve energy. The various measures taken by the Company are as under :-

1. Wherever possible local power connections were tapped and the running of generators is minimal.
2. Inefficient engines have been replaced with new ones for the efficient and economic running.
3. All the engines are maintained properly to keep the fuel consumption minimal.
4. Running of automobiles is controlled by reducing possible trips and locating the working crew close to work spot.

(b) Additional investment and proposals for reduction of consumption of energy :-

1. Utilisation of energy sources with over capacity is limited / zeroed.
2. Additional manpower is deployed for maintenance of the equipment to optimize their utilization.
3. Induction of new equipment contributed to reduction of number of existing operating unit for the same output.

(c) Impact of the above measures :-

With the implementation of the various energy conservation measures, energy cost has reduced and consequently there is an impact on the cost of service.

(B) TECHNOLOGY ABSORPTION :

(a) Research and Development (R&D) :

1. Specific area in which R&D carried out by the Company :
No new technologies have been introduced during the year under review, however, the Company intends deploy the same at relevant point of time.

2. Benefits derived as a result of R & D : Nil

3. Future plan of action : The Company is in process of streamline the operations and improve productivity per unit per man operation.

4. Expenditure on R & D : Nil

(b) Technology Absorption, Adaptation & Innovation :

1. Efforts made toward technology absorption, adaptation & innovation.

a) Indigenous development of drilling units, modules have been adapted.

b) International standard has been observed in the adoption and manufacture of new items, drilling technology is indigenous.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Improved quality, time efficiency and cost reduction.

3. In case of imported technology following information may be furnished:

- Technology imported : Nil
- Year of Import : Nil
- Has technology been fully absorbed : N.A.
- If not fully absorbed, areas where this : N.A.
has not taken place, reason and future plans of action.

(C) FOREIGN EXCHANGE EARNING & OUTGO :

a. Foreign Exchange Earnings : Rs. Nil
Seismic Survey and other related charges

b. Foreign Exchange outgo towards :

- (i) Traveling expenses : Rs. 2,53,570/-
- (ii) Capital goods : Rs. 15,51,41,911/-
- (iii) Revenue Payment : Rs. 47,90,892/-