

18th

ANNUAL REPORT 2010-11



**ASIAN OILFIELD
SERVICES LTD.**

18th Annual Report

Board of Directors	:	Mr. Naresh Chandra Sharma Mr. Avinash Manchanda Mr. Krishna Kant Mr. Dali E. Ilavia Mr. Sumeet Narang Mr. Vaibhav Maloo Mr. Gautam Gode Mr. Anand Prakash Agarwal Mr. Rameshwarlal Kabra Mr. Ajit Kapadia Mr. Sanjay Bhargava	Chairman- Non Executive Independent Promoter - Managing Director Non Executive Professional Director Independent Director Investor Director Promoter Director Promoter Director Independent Director (upto 13 th September, 2010) Independent Director (upto 13 th September, 2010) Non Executive Independent Director (from 8 th February, 2011) Promoter Director (from 2 nd March, 2011)
Company Secretary	:	Mukesh Khanna	
Auditors	:	M/s. Deloitte Haskins & Sells Chartered Accountants Vadodara.	
Bankers	:	State Bank of India AXIS Bank Ltd. Central Bank of India HDFC Bank Ltd.	
Registered Office	:	7 th Floor, B-Wing, Manubhai Tower, Sayajigunj, Vadodara – 390 020 Phone : 0265-2362071 Fax No. : 0265-2226216 E-mail : secretarial@asianoilfield.com Website : www.asianoilfield.com	
Registrar and Share Transfer Agent	:	Link Intime India Pvt. Ltd. 102 & 103, Shangrila Complex, 1 st Floor, Opp. HDFC Bank Near Radhakrishna Char Rasta, Akota, Vadodara – 390 020 Phone No. 0265 – 2356573, 2356794 Fax No. : 265-2356791 E-mail : vadodara@linkintime.co.in	

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NOTICE

Notice is hereby given that 18th Annual General Meeting of Members of Asian Oilfield Services Ltd. will be held on Wednesday, the 10th August, 2011 at 3.30 p.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, 2011 and Balance Sheet as of that date together with the reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Gautam Gode, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

Special Business :

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. Vaibhav Maloo, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed a Director of the Company."
"FURTHER RESOLVED THAT the vacancy, so created on the Board of Directors of the Company, be not filled."
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. Krishna Kant, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed a Director of the Company."
"FURTHER RESOLVED THAT the vacancy, so created on the Board of Directors of the Company, be not filled."
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. Naresh Chandra Sharma, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, subject to retirement by rotation under the Articles of Association of the Company."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. Ajit Kapadia, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, subject to retirement by rotation under the Articles of Association of the Company."
8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. Sanjay Bhargava, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, subject to retirement by rotation under the Articles of Association of the Company."
9. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.
"RESOLVED THAT in pursuance of the provisions under Section 314 and other applicable provisions, if any, of the Companies Act, 1956 [including any statutory modification or re-enactment thereof] read with those under the Director's Relatives [Office or Place of Profit] Rules, 2003 as amended by the Notification dated 6th April, 2011 as well as the recommendation of the Remuneration / Compensation Committee of the Board of Directors of the Company and the same having been accepted by the Board, Members hereby accord their consent to Mr. Miten Manchanda, son of Mr. Avinash Manchanda, Managing Director of the Company, to continue to hold the office or place of profit in the Company as its General Manager [Seismic Support Services], subject to the payment of the enhanced aggregate monthly remuneration of Rs.1,51,125/- [Rupees One Lac Fifty One Thousand One Hundred Twenty Five] with effect from 1st June, 2011 with the authority to the Board of Directors of the Company, to change from time to time the designation Mr. Miten Manchanda and to revise his aggregate monthly remuneration and also to fix the remuneration and other



terms for his continuing office or place of profit in the Company provided that the aggregate monthly remuneration payable to him, shall not exceed Rs.2,49,500/- [Rupees Two Lacs Forty Nine Thousand Five Hundred] during the period he holds the office or place of profit in the Company." "

10. 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 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by removing Articles 205 to 232 from the Articles of Association of the Company."

By order of the Board,

Place : Vadodara
Date : 26th May, 2011

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. Corporate members intending to send their authorized representatives to attend the Meeting are requested to

send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business enumerated at Item Nos. 4 to 10 of Notice, is annexed herewith.
5. Register of Members and Share Transfer Register will remain closed from Saturday, the 6th August, 2011 to Wednesday, the 10th August, 2011, (both the days inclusive).
6. 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.
7. Information about directors retiring by rotation and being appointed is given in the Annexure to the notice.
8. **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 its Registered Office so as to reach at least seven days before the date of the meeting.**
9. Pursuant to SEBI circular, it is **mandatory to quote PAN** for transfer / transmission of shares in **physical form**. Therefore, the transferee(s) / legal heirs are required to furnish a copy of their PAN to the Registrars and Transfer Agents, M/s. Link Intime India Pvt. Ltd.

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

Members who hold shares in physical form are requested to fill the appropriate column in **Email Address Registration Form (refer page 59 of the Annual Report) and registered the same with** our Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, Unit : Asian Oilfield Services Ltd., at B- 102 & 103, Shangrila Complex, First Floor, Near Radhakrishna Char Rasta, Akota, Vadodara 390 020 by mailing your E-mail ID to vadodara@linkintime.co.in with a scan copy of Email Address Registration Form duly signed by you. The signature mentioned in your letter should be matched as per specimen signature recorded with the Company.



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

Item No.2

Mr. Gautam Gode, Director, retires by rotation and being eligible offers himself for re-appointment.

Brief resume and nature of expertise

Mr. Gautam Gode is a Graduate from Princeton University and M.B.A. from Indian Institute of Management, Ahmedabad.

Mr. Gautam was a Director with Citigroup's Corporate & Investment Banking business and he has had more than 13 years of experience in different leadership roles in this business in different geographies looking after client relationships, origination and investing. This includes heading the South India business and the Public Sector franchise.

He has rich experience in origination and working on deals spanning M&A, private equity, equity capital markets, distressed debt, structured fund raising and derivatives covering gamut of industries – technology, pharmaceuticals, cement, textiles, infrastructure, oil and gas, telecom and power. At present, he is associated with Samara Capital in the capacity of the Managing Director.

Mr. Gautam Gode is a Promoter Director of the Company and does not hold any shares and beneficial interest in any shares of your Company. He holds directorship and membership of the following companies / committees.

Directorships

Sr. No.	Name of the Company	Designation
1.	Asian Oilfield Services Ltd.	Promoter Director
2.	Samara India Advisors Pvt.Ltd.	Director
3.	Guardian Nutrision & Health Supplements Pvt.Ltd.	Director
4.	Global Coal & Mining Pvt. Ltd.	Director
5.	Cougar Motorsport Pvt. Ltd.	Director

Membership of Committee

Sr. No.	Name of the Company	Committee	Designation
1.	Asian Oilfield Services Ltd.	Audit Committee	Member

The Board recommends this resolution for your approval.

Mr. Gautam Gode, Mr. Sumeet Narang and Mr. Sanjay Bhargava, the Directors of the Company, are deemed to be interested.

Item Nos. 4 & 5

In accordance with the provisions of Section 256 of the

Companies Act, 1956 and the Article of Association of the Company, Mr. Vaibhav Maloo and Mr. Krishna Kant retire by rotation at this Annual General Meeting and are eligible for re-appointment. However, they do not seek re-appointment. The Company does not intend to fill the vacancy at this meeting or any adjournment thereof. Hence, as required under Section 256 of the Companies Act, 1956, resolutions are proposed not to fill up the vacancies caused by the retirement of Mr. Vaibhav Maloo and Mr. Krishna Kant at this meeting.

The Board recommends these resolutions for your approval.

None of the Directors are interested in the aforesaid resolution.

Item No.6

Mr. Naresh Chandra Sharma was appointed as an Additional Director by the Board of Directors on 1st November, 2010. As per the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, he holds office of director till the conclusion of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, along with requisite deposit has been received from a shareholder, signifying intention to propose his candidature for appointment as the Director of the Company.

Brief resume and nature of expertise

Mr. Naresh Chandra Sharma is a post graduate in English Literature with 10 years of experience in serving boards of several Companies including LIC Housing Finance, IFCL, Tata Chemicals Ltd., Punjab Tractors Ltd., Mukand Ltd., Jenson & Nicholson Ltd., Delhi Stock Exchange Association Ltd and many others. He previously worked with LIC of India from 1965 (AAO) till 2002 (Managing Director). He also joined the Sahara Group as CEO and Director of their start up venture "Sahara India Life Insurance Co. Ltd" in October 2003 and occupied that position till March 2010.

Mr. Naresh Chandra Sharma does not hold any shares and beneficial interest in any shares of your Company. He holds directorship and membership of the following companies / committees.

Directorships

Sr. No.	Name of the Company	Designation
1.	Asian Oilfield Services Ltd.	Non Executive Chairman
2.	Mukand Ltd.	Director
3.	PSL Ltd.	Director
4.	K- Life Style and Industries Ltd.	Director
5.	Eskay K n IT (India) Ltd.	Director



Membership of Committee

Sr. No.	Name of the Company	Committee	Designation
1.	Asian Oilfield Services Ltd.	Audit Committee	Chairman
		Shareholders' Grievance	Member
		Remuneration / Compensation	Member
2.	Mukand Ltd.	Audit Committee	Member
		Shareholders' Grievance	Chairman
3.	PSL Ltd.	Audit Committee	Member
		Shareholders' Grievance	Member

The Board recommends this resolution for your approval.

No Director other than Mr. Naresh Chandra Sharma is in any way interested or concerned in the said resolution.

Item No.7

Mr. Ajit Kapadia was appointed as an Additional Director of the Company by the Board of Directors on 8th February, 2011. As per the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, he holds office of director till the conclusion of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, along with requisite deposit has been received from a shareholder, signifying intention to propose his candidature for appointment as the Director of the Company.

Brief resume and nature of expertise

Mr. Ajit Kapadia is B.Sc. (Hons.) and M.Che. (Chemical Engineering). He started his career in 1963 as a Process Engineer with Fluor Corporation. In 1971, joined Engineers India Ltd. and had full involvement with Bombay High's development. In 1982, he was appointed as Head of Gas Task Force, group formed by Petroleum Ministry to review the entire country's natural gas availability and utilization pattern. In 1984, he was appointed as First Director (Planning) with GAIL (India) Ltd. Post GAIL, he joined Hindustan Oil Exploration Company Ltd. (HOEC) where he spent 17 years establishing HOEC as the first private sector oil company in India. He is also member of advisory board of IDFC-PE & Vice Chairman of Centre for Fuel Studies & Research, a Non-Government, Non-Profit Organization.

Mr. Ajit Kapadia does not hold any shares and beneficial interest in any shares of your Company. He holds directorship and membership of the following companies / committees.

Directorships

Sr. No.	Name of the Company	Designation
1.	Asian Oilfield Services Ltd.	Director
2.	Gujarat Gas Company Ltd.	Director
3.	Rubamin Ltd.	Director
4.	Quanta Process Solutions Pvt. Ltd.	Chairman
5.	Entegra Ltd.	Director
6.	Enertech Biofuels Ltd.	Director
7.	Central U.P. Gas Ltd.	Director
8.	Quanta Modular Plants Pvt. Ltd.	Director

Membership of Committee

Sr. No.	Name of the Company	Committee	Designation
1.	Asian Oilfield Services Ltd.	Audit Committee	Member
		Shareholders' Grievance	Member
		Remuneration / Compensation	Chairman
2.	Rubamin Ltd.	Audit Committee	Member

The Board recommends this resolution for your approval.

No Director other than Mr. Ajit Kapadia is in any way interested or concerned in the said resolution.

Item No.8

Mr. Sanjay Bhargava was appointed as an Additional Director of the Company, by the Board of Directors on 7th March, 2011. As per the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, he holds office of director till the conclusion of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, along with requisite deposit, has been received from a shareholder, signifying intention to propose his candidature for appointment as the Director of the Company.

Brief resume and nature of expertise

Mr. Sanjay Bhargava is B.Tech from Indian Institute of Technology (IIT) Kanpur and PG Diploma in Business Finance, ICAI University and has over 25 years experience in manufacturing, industrials and real estate (RE) businesses. Prior to joining Samara Capital as a Managing Director, he was with M/s Bombay Burmah Trading Corporation Ltd., (BBTCL) a Wadia Group Company, as an Executive Vice President & COO from November, 2006 to September, 2010, with responsibilities for Business Development. He was instrumental in acquisition and integration of auto component companies, setting up of Real Estate Business for



BBTCL, formulation of its key RE projects and other Wadia Group companies. He was also COO of the Building Products Business (laminates) of BBTCL.

He has managed Industrial gases, Catalysts and Specialty Chemical Businesses in his prior stints with M/s InoxAir Products Ltd. as Chief Executive and M/s. Parekh Platinum Ltd. as General Manager and was able to significantly increase volumes, profitability and bandwidth of the businesses. He commenced his career with ICI in Manufacturing and Techno-Commercial roles in ICI's Fertilisers and Catalysts

Mr. Sanjay Bhargava is nominated by M/s. Samara Capital Partners Fund I Ltd. , the Promoter of the Company vide their letter dated 28th February, 2011. He does not hold any shares and beneficial interest in any shares of your Company.

Directorships

Sr. No.	Name of the Company	Designation
1.	Asian Oilfield Services Ltd.	Promoter Director

The Board recommends this resolution for your approval.

Mr. Sanjay Bhargava, Mr. Sumeet Narang and Mr. Gautam Gode the Directors of the Company, are deemed to be interested.

Item No. 9

As the members are aware, Mr. Miten Manchanda has been holding the office or place of profit in the Company as its General Manager [Seismic Support Services] in terms of Section 314 of the Companies Act, 1956, from 1st October, 2003.

Mr. Miten Manchanda is First Class Graduate B.Sc. (Hons.) from M.S. University of Baroda and holds Diploma in Information Technology from Corporate Education Division of Mahindra British Telecom. His useful contributions helped the Company to avail various Seismic Work contracts Awarded from Governmental and Private Operators and Players in the Industry and achieve the higher performance, during past several years. He brings with his over 10 years of very valuable experience in developing a new business enterprise. His association with the Company involves, strengthening the top management team and more efficient handling of the operations relating to acquisition of Seismic data at various sites, arranging for logistic supports and managing Oil field services contracts in the state of Gujarat. His commitment to quality, strive for excellence and sincerity of discharging responsibilities are an invaluable asset for the Company.

In consideration of nature of duties performed, level of responsibilities shouldered, overall contribution to the growth of business of the Company given by Mr. Miten Manchanda and remuneration being offered to the Senior level employees by other similar comparable Companies in the Industry, at the recommendation of the Remuneration / Compensation

Committee of Independent Directors, the Board of Directors of the Company, subject to the further approval of the Members, approved revision of monthly aggregate remuneration of Mr. Miten Manchanda to Rs. 1,51,125/- [Rupees One Lac Fifty One Thousand One Hundred Twenty Five] with effect from 1st June, 2011, with the authority to change from time to time, his designation and to revise his aggregate monthly remuneration not exceeding Rs. 2,49,500/- [Rupees Two Lacs Forty Nine Thousand Five Hundred] during the period, he holds the office or place of profit in the Company, as per Director's Relatives [Office or Place of Profit] Rules, 2003 as amended by the Notification dated 6th April, 2011 issued by the Ministry of Corporate Affairs read with Section 314 of the Companies Act, 1956.

The Board recommends this Special resolution for your approval.

No Director other than Mr. Avinash Manchanda, is interested in the said resolution.

Item No. 10

As the members are aware, with a view to invest in to the Company, M/s. Samara Capital Partners Fund I Limited (Samara Capital), entered in to an Investment Agreement with the Company 17th January, 2008 which inter alia provided conditions and stipulations to govern their relations with the Company. To reflect such agreed governing terms of the Investment Agreement, Articles of Association of the Company, was amended by incorporating such conditions and stipulations by availing requisite approval of the Shareholders, at an Extra Ordinary General Meeting of the Company held on 4th March, 2008.

Samara Capital now holds 36.33 % of Equity Shares in the Capital of the Company and in terms of definition of "Promoters" provided under clause (zb) (iii) (B) of 2 of Chapter -1 under Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, Samara Capital falls under the ambit of definition of "Promoter". In view of shift in their status from "Investor" to the "Promoter" of the Company, Articles Nos. 205 to 232, which were earlier inserted in the Articles of Association of the Company, have now become redundant and invalid. In order to reflect correct stature of Samara Capital, it is proposed to alter Articles of Association by removing there from those earlier inserted Articles Nos. 205 to 232.

In terms of the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of a Company may be altered with the approval of its members by passing a Special Resolution.

The Board recommends this Special resolution for your approval.

Mr. Sumeet Narang, Mr. Gautam Gode and Mr. Sanjay Bhargava the Directors of the Company, are deemed to be interested.

By order of the Board,

Place : Vadodara
Date : 26th May, 2011

Mukesh Khanna
Company Secretary



DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting the 18th Annual Report and the audited accounts for the year ended 31st March, 2011.

1. Financial Highlights :

(Rs. In lacs)

	31 st March 2011 (12 Months)	31 st March 2010 (9 Months)
Gross Income	6723.87	1942.78
Gross Profit before Depreciation & Interest	993.67	339.00
Depreciation	862.67	356.59
Interest and Financial Charges	99.69	31.56
Profit / (Loss) before Tax	31.31	(49.15)
Less :		
Provision for doubtful Inter Corporate Loan	698.07	—
Provision for Tax		
- Current Tax	—	—
- Short Provision of Current Tax in earlier years	(0.43)	—
- Deferred Tax Liability	15.65	37.19
- Wealth Tax	0.29	0.47
Net Profit / (Loss) after Tax & other adjustments	(682.27)	(86.81)

2. Dividend :

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

3. Operations in Retrospect :

During the year under review, your Company registered Gross revenue of Rs. 6723.87 Lacs during 12 Months, compared with Rs. 1942.78 Lacs in the previous year of 9 months. The Operating Profit has improved to Rs. 31.31 lakhs from loss of Rs. 49.15 lakhs. However there is a net loss of Rs. 682.27 lakhs on account of provisions for doubtful inter corporate loan against loss of Rs. 86.81 Lacs of previous year.

4. Key operational highlights of FY 2010-11 :

- Completed first 3D Seismic job for a private client in Gujarat successfully. This is an important milestone since it launches AOSL into more sophisticated segment of the Seismic Services market.
- Successfully mobilized and executed major portion of a very large 3D Seismic Job Services contract

with 3 concurrent geophysical parties for ONGC in Gujarat comprising of 60000 shot-points over 1000 sq Kms.

- Successfully executed two deep directional drilling projects for Orissa and Rajasthan for Indian Metal & Ferro Alloys Corporation as well as Hindustan Zinc Limited, thus establishing AOSL as an important service provider in the frontier deep mineral exploration market in India.
- Successfully executed major portion of 2D Seismic acquisition in Tripura and have obtained an extension for 50 sq km.
- Continued to deliver 2D Seismic acquisition services for OIL India in Mizoram after receiving 2nd successive extension over a 3 year span by the client. Completed 1352 GLK of 2D seismic acquisition in one of the most difficult geographical terrains in the country.
- Commissioned and mobilized Crew#5 for major private client in India in a wild-cat exploration



area in central India for exploration of hydrocarbon in Deccan traps below the basalt using advanced technology in India namely the high powered Accelerated Weight Drop system, Cable-less nodal Seismic Acquisition System and low Frequency Acquisition, thus enhancing AOSL capabilities and making the Company more competitive in the market.

- vii) Put in a strong HSE system in place to take AOSL to the next level in oilfield services.

5. Future Outlook :

Based on the anticipated increase in Seismic contracts pipeline from the E&P companies, AOSL expects to have higher volume of work. Significant measures to improve productivity and reduce costs have been worked out for the next fiscal which coupled with the higher volume of work will boost profitability. The Company also expects higher productivity and profitability from the mineral drilling business as it is now stabilizing. The wireline logging assets are also likely to yield incremental revenue for the Company.

Your Company is also aggressively targeting new verticals within the seismic area and also exploring possibility of entering other non seismic vertical in oilfield services. New geographies for the existing seismic business are also being evaluated.

6. Board of Directors :

The Board at its meeting held on 8th February, 2011, appointed Mr. Naresh Chandra Sharma, Non Executive Independent Director as the Chairman of the Company in terms of Article 137 of Articles of Association of the Company.

Mr. Rameshwarlal B. Kabra and Mr. Anand Prakash Agrawal, ceased to be Directors from 13th September, 2010 consequent upon their withdrawal of consent and candidatures for re- election as Directors at previous Annual General Meeting held on 13th September, 2010.

In terms of Section 256 of the Companies Act, 1956, Mr. Vaibhav Maloo, Mr. Krishna Kant and Mr. Gautam Gode, retire by rotation at the ensuing Annual General Meeting of the Company. However, Mr. Vaibhav Maloo and Mr. Krishna Kant do not offer themselves for re-election. The Board places on record its sincere appreciation for the contributions received from outgoing Directors, during their tenure.

During the year, with a view to broad base the Board

with suitable qualified, competent and well experienced professionals, the Board of Directors have appointed Mr. Naresh Chandra Sharma, Mr. Ajit Kapadia and Mr. Sanjay Bhargava as Additional Directors effective 1st November, 2010, 8th February, 2011 and 7th March, 2011 respectively, who hold Directorships till the conclusion of ensuing Annual General Meeting of the Company, in terms of Articles 114 of the Article of Association and Section 260 of the Companies Act, 1956.

The Company has received notices in writing with requisite deposits from members, under Section 257 of the Companies Act 1956 signifying their intentions to propose Mr. Naresh Chandra Sharma, Mr. Ajit Kapadia and Mr. Sanjay Bhargava for appointment as Directors of the Company. Consent in writing, have also been received from them to act as Directors of the Company, if appointed. Considering their expertise, rich experience, business acumen and proven track record, the Board hopes that their association as Directors would immensely benefit the Company.

Mr. Gautam Gode retires by rotation and being eligible, offers himself for reappointment.

A brief note on Directors being appointed and re-appointed is furnished in the accompanying notice calling the Annual General Meeting as required under Clause 49(IV) (G) of the Listing Agreement entered in to with Bombay Stock Exchange Ltd.

7. 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.



8. 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 is annexed hereto and form part of this report.

9. Management Discussion and Analysis :

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

10. Report on Corporate Social Responsibility :

The Company embraces responsibility for impact of its operations and actions on all stakeholders including society and community at large. Management's commitment, work ethics and business processes at the Company encourages all its employees and other participants to ensure a positive impact and its commitment towards corporate social responsibility.

The Company's commitment to excellence in Health and Safety is embedded in the Company's core values. The Company has a stringent policy of 'safety for all', which drives all employees to continuously break new ground in safety management for the benefit of people, property, environment and the communities where we operate on sites. The Company is aware of the environmental impact of its operations and it continually strives to reduce such impact.

The Company respects human rights, values its employees and invests in technologies and solutions for economic growth. The Company has initiated to support social and community welfare activities touching the lives of people around the project locations and ensuring the highest standards of safety and environment protection in our operations.

11. Health Safety and Environment (HSE) :

The Company has put emphasis on HSE as its prime focus in the business. In Q1 2011, a Corporate Head HSE Manager Mr. Sunil Gerald Barretto has been appointed, with HSE representatives allocated at sites we operate. The Company's HSE Management system (HSE-MS) has been further reinforced and rolled out with new initiatives. The HSE-MS is used to establish Company-wide safety management objectives, guiding principles and processes.

The Company has a stringent policy / motto of "NO ONE GETS HURT" which in turn drives our employees to continuously break new grounds in safety management for the benefit of the people, property, environment and the communities where we operate. The Company's commitment to excellence in HSE is embedded in the Company's core values while at the same time ensuring the highest standards of safety and environment protection in our operations.

12. Subsidiary Company and Consolidated Financial Statements :

The Company has one Wholly Owned Subsidiary Company under the name of M/s AOSL Petroleum Pte. Limited, Singapore. There has been no material change in the nature of business of the subsidiary. A statement containing brief financial details of the subsidiary, is included in the Annual Report.

As required under the Listing Agreement with the Bombay Stock Exchange Ltd., a Consolidated Financial Statement of the Company and its subsidiary, is attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 ("Act"). These financial statements disclose the assets, liabilities, income, expenses and other details of the Company and its subsidiary.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated 8th February, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiary for the financial year ended 31st March, 2011, is included in the Annual Report. The annual accounts of the subsidiary and the related detailed information will be made available to any member of the Company for inspection at the registered office of the Company. The Company shall furnish a copy of details of annual accounts of subsidiary to any member on demand.

13. 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 (India) Ltd. (CDSL). Members are requested to Dematerialize Shares held by them for their convenience.