



WE

IDENTIFY

- ▶ OIL-BEARING ACREAGES.

RESEARCH

- ▶ TERRAINS AND TOPOGRAPHY.

EXECUTE

- ▶ PROJECTS ON A TURNKEY BASIS.

PROCESS

- ▶ DATA.

INTERPRET

- ▶ INFORMATION.

ENABLE

- ▶ CUSTOMERS TO LOCATE OIL.

ENHANCE

- ▶ SHAREHOLDER VALUE.

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Forward-looking 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 materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

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



The world consumed the first trillion barrels of oil in the last 125 years. It expects to consume a similar quantity in the next 30.

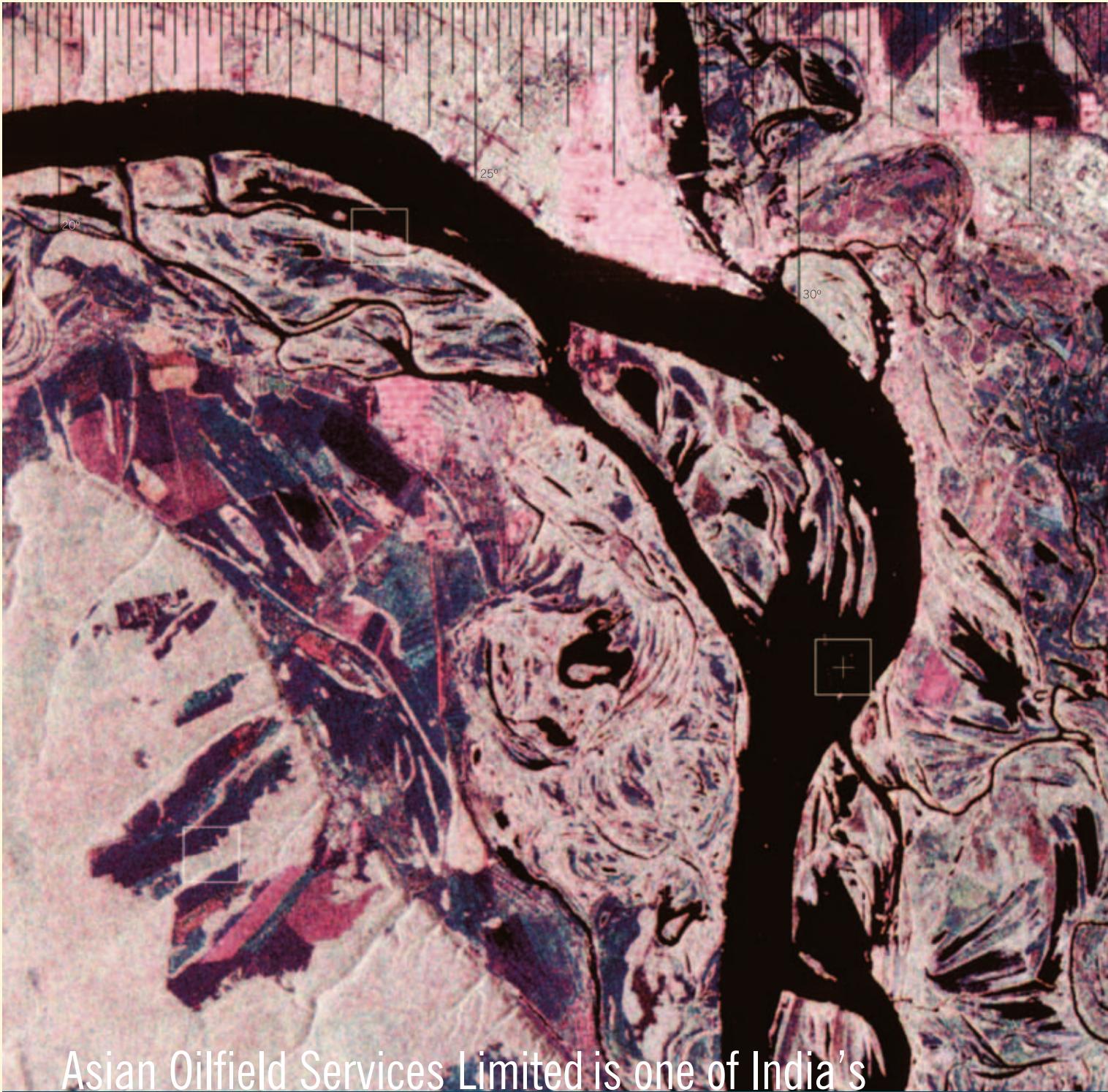
An unprecedented increase in oil demand.

A growing decline in potential oilfields.

The convergence of these two realities represents a strong case for enhanced oil exploration.

As one of India's leading seismic data interpretation service providers with a record order book of Rs 114 cr (30 June 2008), Asian Oilfield Services is attractively positioned to help oil-drilling companies make this a reality.

Result: surety, security and sustainability



Asian Oilfield Services Limited is one of India's

leading oilfield services companies. Providing technology, information solutions and integrated project management expertise for the benefit of oil and gas sector customers.

Objective: Locate oil-bearing structures and facilitate reservoir performance optimisation.

Helping customers become more viable. And enhancing its own profitability.

Opportunity

🔗 The global oilfield services market is expected to grow from USD 9.47 billion in 2007-08 to USD 16.19 billion by 2011-12.

🔗 A sizable 263,692 lakh km of 2D seismic work was assigned over the Eleventh Five-Year Plan (Source: Directorate General of Hydrocarbons).

🔗 A massive 108,232 square km of 3D seismic work is to be issued over the Eleventh Plan (Source: Directorate General of Hydrocarbons).

Big picture

🔗 **Vision:** To be among the top three service providers to exploration and production companies in India by 2012.

🔗 **Mission:** To provide end-to-end solutions to national and multinational oil exploration companies.

Business description

🔗 We started operations in 1992 and are headquartered in Vadodara (India).

🔗 We are engaged in the business of seismic data acquisition, processing and interpretation - leveraging a 16-year rich experience.

🔗 We are the first private company to execute seismic survey activities in the harsh terrains of Nagaland and Tripura.

🔗 We currently employ more than 130 people (over 3,000 temporary contractual workers at peak).

Services

🔗 Asian Oilfield provides a comprehensive portfolio of the following 2D and 3D seismic surveys:

- 🔗 Survey pre-planning and design
- 🔗 Survey line positioning and alignment
- 🔗 Pre-shot depth determination
- 🔗 Shot hole drilling
- 🔗 Data acquisition
- 🔗 Data quality control

🔗 Seismic data analysis and interpretation

Operational highlights

🔗 During the year under review, we activated a seismic job services contract in the Cauvery basin.

🔗 We expanded our technical and survey teams by adding more than 60 qualified personnel in 12 months.

🔗 We integrated backwards by acquiring shot hole drilling rigs, which will bring a larger number of services under our umbrella, leading to tighter project control.

Financial performance, 2007-08*

🔗 Gross income increased 68.66 percent from Rs 27.33 cr in 2006-07 to Rs 46.10 cr in 2007-08.

🔗 Operating profit grew 70.50 percent from Rs 8.73 cr in 2006-07 to Rs 17.05 cr in 2007-08.

🔗 EBIDTA margin increased 396 basis points from 31.62 percent in 2006-07 to 35.58 percent in 2007-08.

🔗 Post-tax profit surged 124 percent from Rs 4.29 cr in 2006-07 to Rs 9.62 cr in 2007-08.

🔗 Cash profit grew 128.43 percent from Rs 5.75 cr in 2006-07 to Rs 13.13 cr in 2007-08.

🔗 Earnings per share (EPS, basic) improved 30.94 percent from Rs 7.27 in 2006-07 to Rs 9.52 in 2007-08.

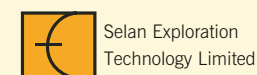
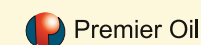
🔗 Net worth enhanced 332.61 percent from Rs 15.33 cr as on 31 March 2007 to Rs 66.30 cr as on 30 June 2008.

🔗 Gross block increased 190.78 percent from Rs 8.55 cr as on 31 March 2007 to Rs 24.85 cr as on 30 June 2008.

🔗 Order book value enlarged 443 percent from Rs 21 cr as on 31 March 2007 to Rs 114 cr as on 30 June 2008.

*2007-08 comprises a 15-month working period

Customers





From the desk of the
Executive Chairman

Dear Shareholders,

I feel privileged to share with you my views of the Company's performance during the financial year under review and some key oil and gas industry developments.

The Indian growth story continued with a GDP growth of 9 percent in 2007-08. India's GDP crossed the USD 1 trillion mark and is projected to feature among the top three global economies by 2050.

Sustaining the growth momentum requires energy security, and much needs to be done in that area given the current scenario. Currently, India imports 80 percent of its crude oil requirements, putting a huge strain on its forex reserves and increasing the current account deficit.

Import content could go as high as 90 percent in the next 20 years without significant augmentation of domestic hydrocarbon supply. This imperative triggered the government's NELP regime and resulted in a drive for searching fresh hydrocarbon reserves. Over 162 blocks were awarded in the last seven years and 57 blocks are up for award in NELP VII. With the recent discoveries in Rajasthan and Cauvery basin, there is much excitement about hydrocarbon discoveries, driving increased investments in exploration-related activities. Seismic data acquisition – the mainstay of the Company – is a major activity in this space.

The year 2007-08 was a momentous one. Your Company won two major orders during the year, taking the peak order book to Rs 140 cr. Your Company also strengthened its balance sheet

considerably, with fund infusion from a private equity player (Samara Capital). We successfully completed our first 3D project and are gearing to bid for more such ventures in the coming year. We also entered the upstream business with an investment in Ensearch Petroleum Ltd, which has a participating interest in 10 blocks spread over four countries. Our employee strength increased significantly and we opened a new office in Delhi, which facilitates an interaction with clients, regulators and vendors.

Revenues of the Company grew by 73% to Rs. 47.93 cr for FY 2007-08 (15 months). The Company achieved an EBDITA and PAT of Rs. 17.05 cr and Rs. 9.62 cr, respectively.

We ended the year with a robust order book that provides us visibility for the next 12 months. As I look forward, I perceive challenges, but we are well on our way to consolidate ourselves as an established oilfield support services player in India.

I take this opportunity to thank you all for your consistent support and patronage. I would also like to sincerely thank our customers, employees, suppliers, financiers and other business associates for their support to the Company, and look forward to your continued assistance.

Sincerely,

Krishna Kant
Executive Chairman
Asian Oilfield Services Limited



Asian Oilfield recording crew at work in Mizoram



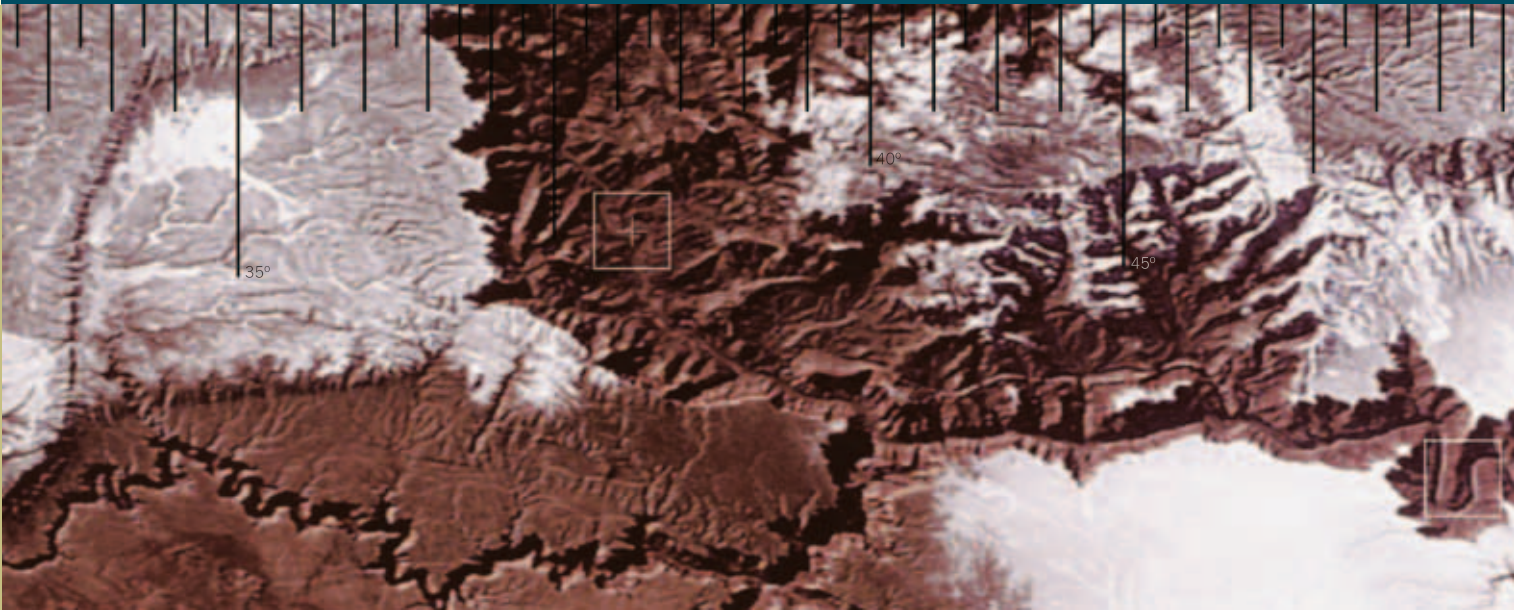
Aram Aires equipment and cables laid out at a project site



Asian Oilfield crew conducting shot hole drilling with mechanized drilling rig

Our preparedness:

A robust corporate strategy



At Asian Oilfield, we are in business to help customers enhance the performance of their oil and gas exploration and production operations.

We invested in the following to enhance our effectiveness:

- 🔧 Sophisticated technologies to facilitate exploration and production in challenging environments.
- 🔧 To do so around one of the lowest cost structures in the world.
- 🔧 To offer integrated project management and data interpretation solutions that boost customer competitiveness.

The result of these initiatives is a close integration with client workflow, leading to mutually attractive opportunities for profitable growth.

Our business strategy

A. Widen service portfolio

- 🔧 We are planning to enter other oilfield support services.
- 🔧 We are actively considering M&A activities to expand our service offerings.

B. Enrich core competence

- 🔧 We leverage our low-cost structure to provide outsourced solutions for the global E&P industry.
- 🔧 We wish to achieve operational efficiency

by developing every crew as an independent profit centre and benchmarking profitability and efficiency measures.

C. Enhance cost competitiveness

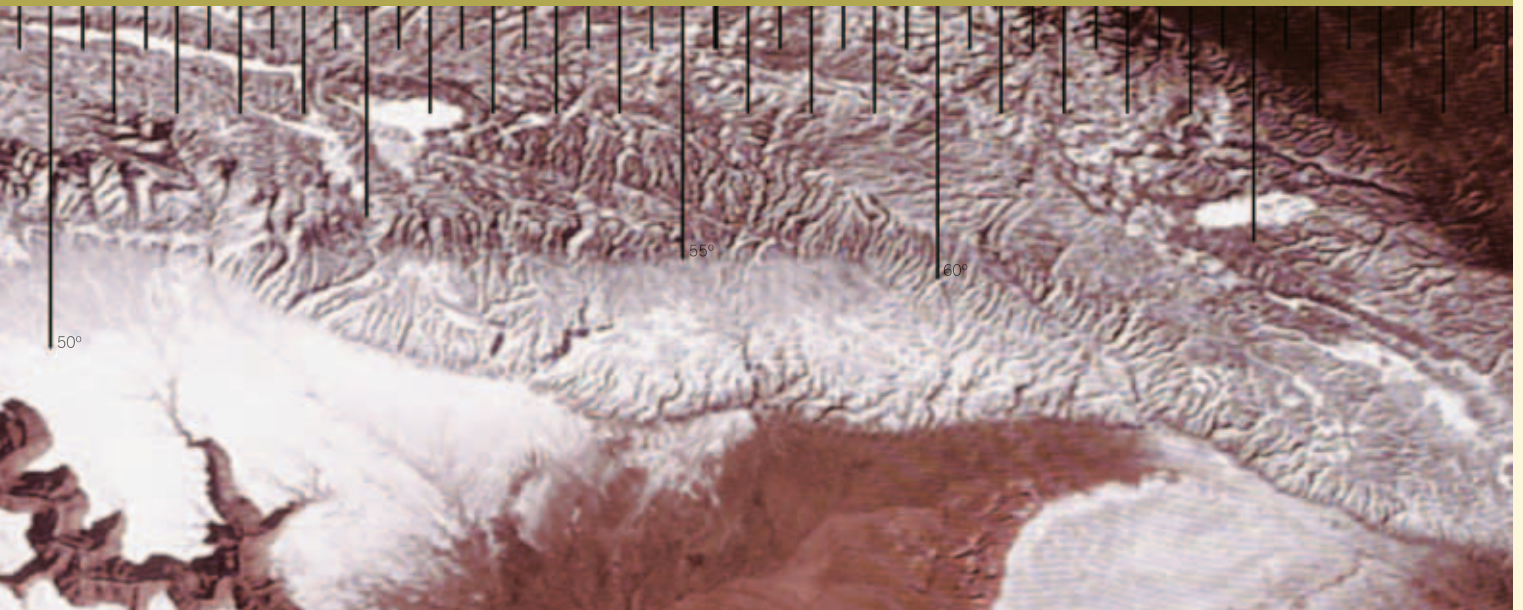
- 🔧 We intend to strengthen our core business through technical collaborations and intensified recruitment of experienced intellectual capital.

D. Broaden geographic presence

- 🔧 We expect to forge collaborations with foreign companies to bid for larger projects.
- 🔧 We propose to enter into strategic tie-ups with E&P companies for assured long-term revenues.

Our strategy:

Climbing the value chain

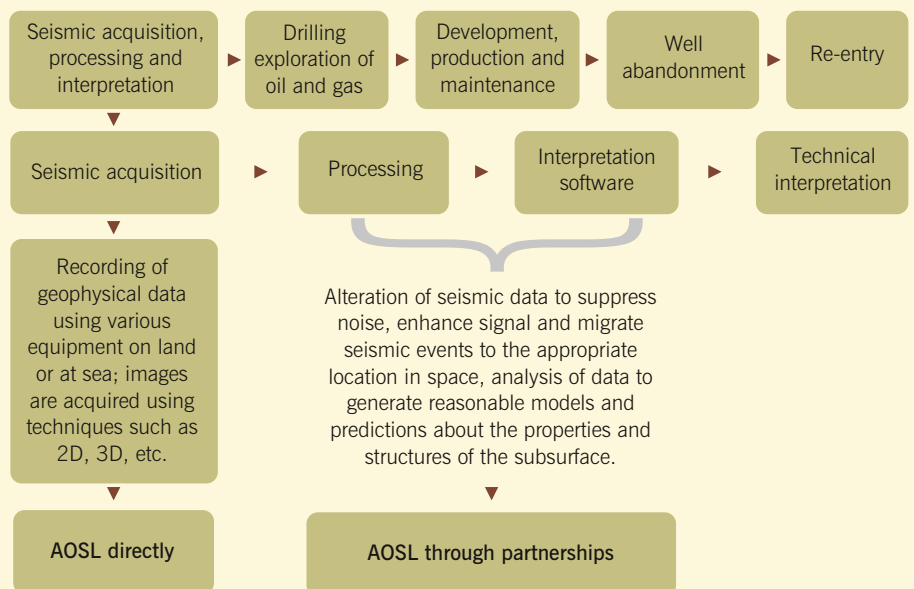


Seismic data interpretation influences operational decisions of customers.

At Asian Oilfield, it was precisely this reason that drove us to integrate across the seismic services value chain. We can accurately synthesise and interpret data, backed by a comprehensive seismic services portfolio and rich intellectual and capital assets.

Thus we help our customers locate oil and gas with timely precision, enhancing their return on investments.

Integrated services in onshore and offshore seismic services



Management's overview



“We have created a robust balance sheet that will make it possible for us to capitalise on sectoral opportunities through asset purchases and strategic acquisitions.”

Interview with Avinash Manchanda, Managing Director, Asian Oilfield Services Limited

Did you do well in 2007-08?

Absolutely! In a business where gross block strength represents competitive advantage, we invested in capital assets. Within only 15 months, we increased our crew strength from one in 2006-07 to four in 2007-08. The result was that we achieved more during this period than we did cumulatively since inception. In an industry where the long-term quest for oil continued to be undeterred by costs across the short-term, we were able to attract contracts from brand-enhancing customers.

This is the result: our asset turnover ratio stood at a healthy 4.9 times in the 15-month period of 2007-08; our turnover jumped 73 percent to Rs 47.93 cr; our net profit surged 95.71 percent to Rs 9.62 cr and our order book value peaked to Rs 140 cr as on 30 June 2008 – with an average liquidation tenure by December 2009.

We reinforced our net worth by 332.61 percent to Rs 66.30 cr (as on 30 June 2008), strengthening our pre-qualification capabilities with reference to large and reputed seismic services projects. I am optimistic that this preparatory foundation building will translate into sure, secure and sustainable growth over the foreseeable future with a difference: we will not only grow bigger, but faster as well.

What were the high points during the period under review?

Until a year ago, we were considered too small to bid for large and reputed projects. However, in 2007-08 we encountered two inflection points: two large orders from ONGC and Oil India, cumulatively valued at Rs 117 cr. Not only did this enhance our corporate visibility for enlisting larger projects, but also attracted some of the best industry talent.

Another significant achievement in 2007-08 comprised the successful completion

of our first 3D contract for GeoEnpro Petroleum - under trying circumstances and within the scheduled deadline. In our business, no achievement speaks more effectively and volubly: this singular accomplishment showcased our capability to conduct complex 3D seismic activities. We also invested strategically in Ensearch Petroleum Pte Limited, a reputed international oil and gas company incorporated in Singapore, owning 10 international hydrocarbon blocks.

Why was an investment in Ensearch the right thing to do?

The Ensearch investment transpired at a point when we were considering bidding in NELP-VI. From a narrow perspective, we considered it important to extend ourselves forward, creating a ‘captive’ customer. From a broader perspective, we considered it important to address the larger value space. As it turned out, Ensearch represented an attractive play for various reasons: it possessed a lucrative international portfolio of 10 strategic assets, comprising two blocks in Nigeria, two in Jordan (Safawi and Sirhan), five in Australia and one in India. As a result, Ensearch did two things for us in one shot – extended us into the larger downstream play and took us international simultaneously.

Ensearch, managed by a successful and highly experienced team of over 150 years, is the operator in four blocks and non-operator in six blocks. Based on provisional results declared by the Directorate General of Hydrocarbons, Ensearch won one block with 10 percent participatory interest in the Cambay basin in NELP-VII rounds concluded in June 2008. Today, Ensearch’s net combined acreage covers over 40,000 sq. km, excluding the newly acquired block.

Worth USD 4.99 million, the investment in Ensearch is structured in the form of optionally convertible debentures, the

conversion being dependent on certain milestones, which will be met over the next 18 months. We will also be working with the Ensearch management team to scout for business in countries and blocks where they are operating, facilitating us to play on upstream discoveries. This will provide Asian Oilfield with assured seismic business opportunities across international geographies.

Why is this the right time to go global and upstream at the same time?

Much of today's oil and gas production is derived from giant oilfields discovered more than 50 years ago. Their replacement will be relatively smaller, geologically more complex and in progressively remote locations. Some will be found near existing production areas, while others in previously unexplored territories. We perceive a growing awareness of nearing a peak-oil phase marked by costly oil extraction, relatively sustained demand and an inability to sustain oil supplies forever.

The logical requirement is a quantum leap in oil discovery support services, including seismic services. We believe that as oil demand and geological complexity grow, asset quality and portfolio will play a fundamental role. Besides, with oil resources becoming scarce, oil acreages worldwide will witness an enhanced demand. In this scenario, acquiring a stake in an upstream company with participating interests in 10 blocks across four countries represents an exciting prospect.

What are some of the challenges ahead?

At Asian Oilfield, we have scaled up rapidly over the last 18 months. Our employee strength has grown a near five-fold and we now have four operational crews. Hiring the right technical people is a challenge. Besides, creating the right

systems and processes to control the projects and receiving timely updates has been a challenge in the recent past, given that our crews are deployed in remote areas of Mizoram and Nagaland where communication is a problem.

Unseasonal rainfall and logistics in remote areas represent another challenge, as many of our areas of operation do not have regular paved roads.

We are operating in the Northeast where insurgency is prevalent. During the last season, violence disrupted operations in one of our crews. While we have deployed security and taken the necessary clearances from the relevant authorities, there can be some events disrupting the regular operations of our crews. Recently, the bomb blasts in Assam created anxiety and have put security forces on alert.

What is the quality of the Company's order book?

A. The Company's updated order book is Rs 111 cr (30 September 2008). Among other assignments, it chiefly comprises two projects from ONGC (Nagaland and Cauvery Basin) and one from Oil India (Mizoram), with a liquidation tenure of December 2009.

However, I must add a word of caution that the October Assam blasts made it emotionally difficult for our employees; and our planned growth is dependent on a peaceful working environment in Nagaland.

What are the key trends shaping the industry?

A growing consolidation in the exploration and production sectors signifies a positive development as seismic activities play a critical role in evaluating potential acquisition targets, based on which investment decisions are taken. Besides corporate acquisitions, asset acquisitions (blocks of prognosticated energy deposits) also grew from under USD 20 billion in

1997 to over USD 80 billion in 2006. Correspondingly, the number of transactions in exploration and production has also increased.

NELP-VII received the highest ever number of bids – 181 from 99 companies, despite the fact that some of the blocks on offer in NELP-VII were relatively smaller without economic viability and ONGC had already explored a number of such blocks. However, we see opportunity in the numbers: the minimum work commitment over the next five years (NELP-II to NELP-V) comprises 9,129 LKM of on-land 2D assignments, 9,359 sq. km of on-land 3D assignments and 126 wells. In the offshore space, work comprises 97,055 LKM of 2D jobs, 50,941 sq. km of 3D jobs and 125 wells. The expected quantum of work committed for NELP-VII alone translates into 72,000 LKM worth of 2D jobs, 50,000 sq. km of 3D assignments and 160 wells.

What optimism would you like to share with your shareholders?

We have created a robust balance sheet that will make it possible for us to capitalise on sectoral opportunities through asset purchases and strategic acquisitions. We aligned our financial year end from March to June with a typical business season that will help investors take informed decisions. We refrained from declaring a dividend for 2007-08 to conserve resources for onward deployment. We created a strong technical team with the right complement of technological competence and contemporary assets to strengthen our performance.

1

Responsible role

We possess an industry-leading portfolio of seismic services, turnkey project expertise, as well as data management and interpretation technologies to help our customers responsibly meet the world's growing energy requirements.

2

Comprehensive portfolio

We provide a comprehensive range of critical oilfield services – from surface seismic through drilling, from formation evaluation through well completion and from seismic services through well production monitoring and control.

3

Specialisation

The Company is one of the leading land seismic acquisition service providers in India. We have in-depth knowledge specific to exploration and seismic services across all types of geological basins in India.

Our competit

4

Rich experience

With over 16 years of rich experience and knowledge, we are competitively placed to prepare our customers with accurate information – geological, geophysical or production-related. Over the last few years, we have delivered high-quality seismic data that helped our clients succeed in their exploration objectives. We aim to deliver clearly defined results with the help of talented industry professionals.

5

Superior services

The use of contemporary technologies has resulted in customers deriving the maximum value from their data, at costs among the lowest in the world. Over the last decade, the Company has built a reputation for delivering superior quality data to its customers, empowering them to lead in reservoir understanding, development and management. We have delivered projects on time, enabling them to make timely and informed drilling decisions.

6

Value-enhancing collaboration

From survey planning, to permitting and drilling, we actively collaborate with our clients to ensure timelines and imaging objectives.

7

Cutting-edge technology

We specialise in sophisticated data interpretation, information management, simulation and visualisation, closely integrated with the exploration and production process workflows through the use of digitally enabled technologies.

8

Global identity

We extended our global footprint through a strategic investment in Ensearch Petroleum resulting in the ownership of oil and gas exploration and production assets across Asia, Africa and Australia. The investment comprises a strategic step to enhance international exposure and bid for global projects.

ive strengths

9

Management competence

We are promoted by Krishna Kant (Executive Chairman), a retired ONGC Regional Director, possessing technical experience. Founding promoter Avinash Manchanda (Managing Director) is a graduate from the prestigious Indian Institute of Technology (Kharagpur) with a rich 23-year industry experience. The team comprises technical specialists, geophysicists, industry experts as well as engineering and finance professionals. Between them, they possess 600 person-years of experience.

10

Financial leverage

We mobilised Rs 28.50 cr from Samara Capital, a reputed global private equity (PE) major, through the issue of 15 lakh shares at a price of Rs 190 per share. Our book value of Rs 63.86 as on 30 June 2008 indicates financial depth and a growing ability to be pre-qualified for a number of prestigious tenders.

Analysis of key value-enhancing indicators at Asian Oilfield*

Turnover

Asian Oilfield's gross turnover grew 69 percent from Rs 273.33 million in 2006-07 to Rs 460.99 million in 2007-08 on account of increased corporate activity. Besides, the other income component increased significantly from Rs 0.76 million in 2006-07 to Rs 7.61 million in 2007-08, largely due to interest income on cash balances in the balance sheet. Subsequently, other income as a percentage of total income increased 131 basis points from 0.28 percent in 2006-07 to 1.59 percent in 2007-08. In 2007-08, the total income increased 73.70 percent from Rs 275.97 million in 2006-07. It is interesting to note that income accrued from the first ever 3D assignment contributed to 15 percent of the topline in 2007-08. A larger number of 3D projects, coupled with foreign assignments will help the Company enhance turnover, going forward.

EBIDTA

In 2007-08, the Company witnessed an increase of 95 percent in its EBIDTA value, from Rs 87.26 million in 2006-07 to Rs 170.53 million. Consequently, the EBIDTA margin increased 396 basis points from 31.62 percent in 2006-07 to 35.58 percent in 2007-08.

Cash profit

The Company's cash profit increased 128 percent from Rs 57.46 million in 2006-07 to Rs 131.26 million in 2007-08.

Net profit

The Company's net profit surged 124 percent from Rs 42.92 million in 2006-07

to Rs 96.25 million in 2007-08. As such, net profit margin enhanced 234 basis points from 18.44 percent in 2006-07 to 20.78 percent in 2007-08.

Assets

Capital assets represent a robust competitive edge in the business of seismic services. Asian Oilfield consistently invested substantial amounts in fixed assets. The Company's gross block increased a substantial 191 percent from Rs 85.45 million in 2006-07 to Rs 248.47 million in 2007-08, following asset acquisitions. It is noteworthy that the full effect of asset acquisition is not reflected in the financials of 2007-08 on account of equipment being obtained during the later part of the period under review.

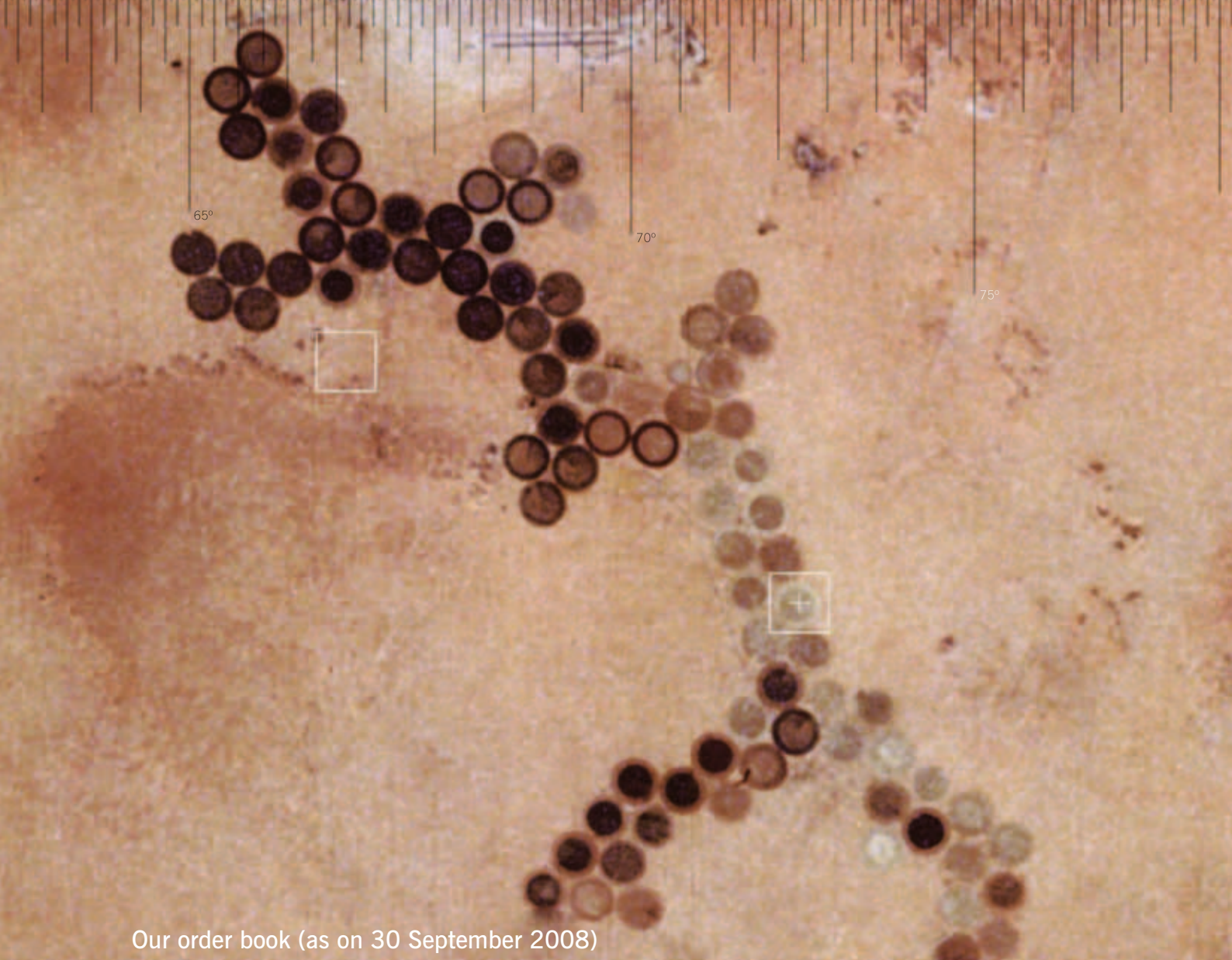
Return on net-worth (average)

Return on net worth stood at a healthy 24.41 percent as on 30 June 2008. This was on account of strategic private equity investments by Samara Capital. A growing networth enhances the Company's pre-qualification, enabling it to bid for larger ticket projects.

Return on capital employed (average)

The Company's return on capital employed stood at a robust 33.41 percent as on 30 June 2008. The Company enjoys one of the highest ROCE in its industry.

**The 2007-08 period comprises 15 months*



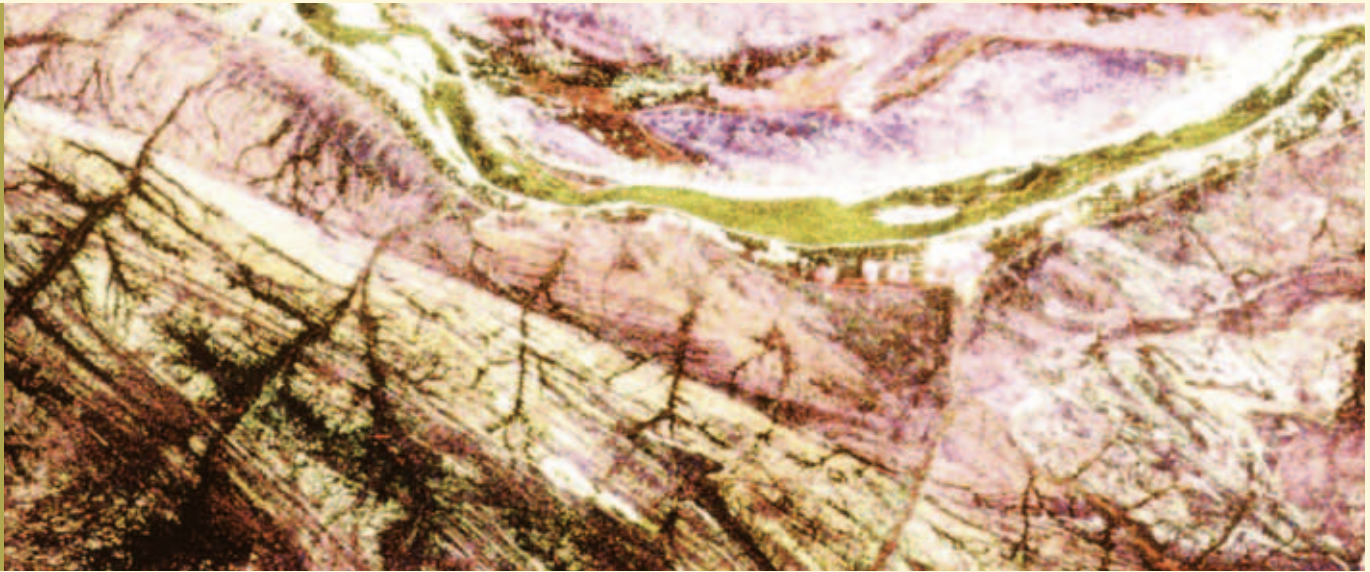
Our order book (as on 30 September 2008)

Client	Location	Assignment type	Project scale
ONGC	Nagaland	2D	440 GLKM
OIL India	Mizoram	2D	975 GLKM
GeoEnpro	Arunachal Pradesh	3D	50 sq. km
ONGC	Gujarat	Job services	–

Advantages of contemporary 3D over legacy 2D services

- ☛ Can provide data to map the sub-surface more accurately than 2D surveys.
- ☛ Are more economical for smaller area surveys where the structure and topography is complex enough to justify the additional cost.
- ☛ Provides a greater density of data points, more accurate positioning, improved horizontal and vertical resolution and a choice of viewing perspective.
- ☛ Appropriate for those looking for complex structures or subtle stratigraphic changes to delineate potential traps.

Source: www.pttc.org



Management discussion and analysis

Seismic services are integral to oil and gas discovery. The quest for locating energy resources is likely to continue over the next half century, oil and gas representing the fuel for global growth – essential for the security, comfort and well-being of billions inhabiting the earth. The speed and surety of locating energy deposits will constitute a critical driver to optimise investment costs and fulfil the world's escalating energy needs.

As indicated by the International Energy Agency (IEA) – an international energy resource monitoring major – global fossil fuel consumption is increasing rapidly, with fossil fuels accounting for almost 90 percent of the primary energy demand growth till 2030. Oil is expected to report a 47 percent demand growth from 2003 to 2030. Non-OECD Asia (especially the economic powerhouses of China and India) is expected to drive this energy demand over the foreseeable future.

Thirst for energy – global perspective

With existing reserves depleting faster than new discoveries, oil and gas majors need to intensify their focus on seismic activity. This follows significant exploration spending cutbacks in 1999 and the neglect over five years till 2004, leading to declining reserves and production (shown in 'organic reserve/replacement ratio'). However, this event triggered enhanced oil and gas searches, with most global energy behemoths announcing significant investments in exploration and production.

The global oilfield services industry is expected to reach over USD 2.80 billion by 2011-12 (depicted in the diagram 'onshore drilling market size'), catalysed by surging global exploration and production activities – a major driver of seismic survey equipment use. The criticality of these services is reflected in information accuracy - the key for

downstream oil and energy majors to take operational (drilling) decisions involving significant investments.

The seismic services industry will continue to benefit from robust exploration and production spending growth.

Expanding seismic services applications, backed by significant research and development efforts, created new growth opportunities like optimising oil and gas development and production. Besides, finding new oil and gas deposits for energy self-sufficiency is a stated ambition of many countries. Seismic technology is now used in early-cycle exploration as well as late-cycle production and reserve management. Rapid technology advances over the last few years improved image resolution, enlarging seismic data use. As energy majors turn their focus from near-term production towards increasing field reserves and optimising a field's extraction rate, production-related seismic services

demand increased significantly over the last few years.

India's energy security

The demand for hydrocarbons is linked to a nation's growth. The global hydrocarbon consumption increased at a modest two percent annually, even as emerging economies like India are recording a demand growth of over five percent per year. According to the Directorate General of Hydrocarbon (DGH), India's apex hydrocarbon supervisory, crude oil demand is projected to grow from 140 million tonnes in 2005-06 to 199.6 million tonnes by 2011-12, to 376.5 million tonnes by 2024-25. A large and escalating demand base will strengthen investments in seismic services.

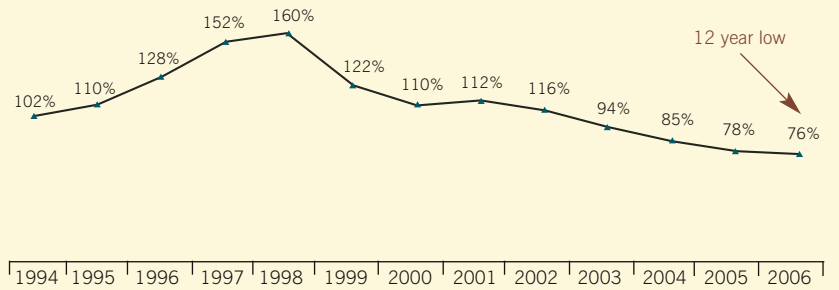
This is reflected in the numbers. Having grown at a CAGR of 25–30 percent between 2005-07, the USD 4-billion Indian seismic services and well drilling (exploratory drilling) industry is estimated to grow to around USD 20 billion by 2012, at a faster CAGR of 50 percent between now and 2012.

This optimism stems from India's unexplored basinal acreages. Although unexplored sedimentary area level declined from 50 percent in 1996-97 to 15 percent in 2005-06, it still remains high, considering India's dependence on oil and the fact that a mere 20 percent of the total basinal area (adding up to 3.14 million sq. km) is extensively explored (Source: DGH E&P Service Providers Meet – May 2007).

Seismic services – assured market through NELP

The NELP (New Exploration and Licensing Policy) environment in India created an assured oil and gas exploration market, unaffected by crude price movements. Liberalisation policies, along with offering exploration acreages under

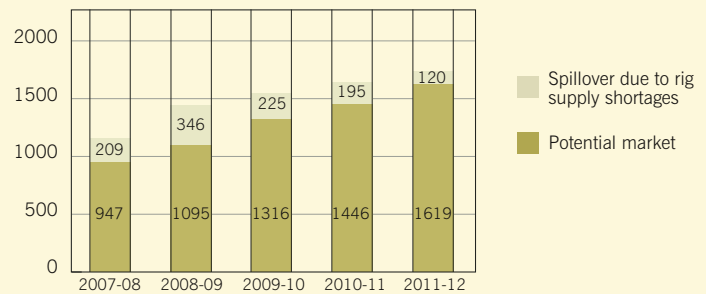
Organic reserve/ replacement ratio



Source: Company

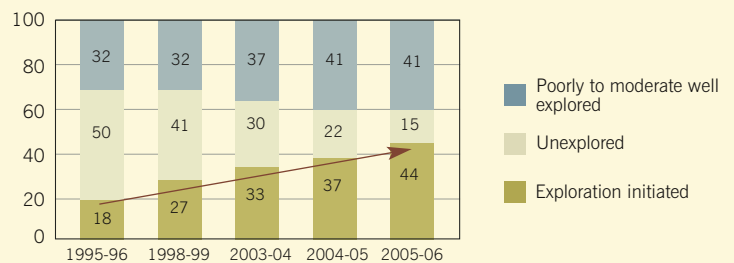
Note: 1) Reserve replacement ratio is the ratio of new reserves to oil produced; it should ideally be greater than 100 percent
2) Organic reserve replacement ratio excludes acquisitions of new reserves

Onshore drilling market size (USD million)



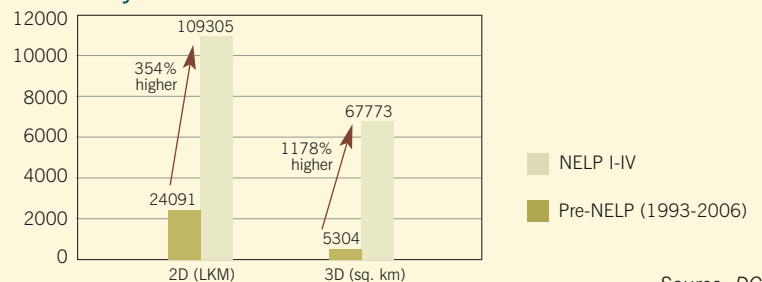
Source: Company

Exploration activity in India (Percent)



Source: DGH

Seismic surveys undertaken in India



Source: DGH

NELP and through international competitive bidding, will ensure exploration of about 1.245 million sq. km of basin area during the Eleventh Plan. By the end of the Plan, exploration area offered will constitute about 80 percent of the total sedimentary basin area, with the potential of opening it up entirely for exploration by 2015.

The government mandated the conduct of minimum 2D surveys for all oil and gas exploration and production companies for their NELP blocks. Going forward, under NELP VII, 57 additional blocks will be offered for exploration activities, boosting strong domestic demand. According to DGH, sectoral investments will reach approximately USD 5,000 million over the next five years, creating increased assignments to be outsourced to companies like Asian Oilfield. It is interesting to note that aggregate investments in exploration in the pre-NELP era (1993-2006) was an insignificant USD 782 million, compared with USD 14.51 billion during the NELP I-V regime between 2000-06 (up to March 2006).

With a view to fulfill its requirement of energy security and reduce its dependence on oil and gas imports, the Government of India launched NELP to catalyse exploration and production. Following the introduction of NELP in 1999, investments in the seismic surveys (both 2D and 3D) increased significantly. Until now, DGH awarded 199 oil and gas blocks in six NELP rounds combined and in NELP-VII, aiming to cover 352,000 sq. km through the offer of 57 oil and gas blocks.

Key growth drivers of seismic services

The Indian oil exploration and production

market is poised for robust growth, auguring well for the seismic services market (estimated potential of over Rs 8,000 cr over the next five years). The principal growth drivers are:

➤ **Steadily rising hydrocarbon demand and consumption:** India is expected to be the fourth largest petroleum market in the world by 2010.

➤ **Large unexplored sedimentary basins:** Of the 26 sedimentary basins, only seven are under commercial production.

➤ **Pressure on the political system for ensuring energy security has led to a government driven focus on exploration activity, resulting in creation of the NELP (New Exploration Licensing Policy) regime in 2000.**

➤ **Assured (non-cyclical) business through accurately quantifiable market size and value determination under the NELP regime:** E&P activity in India is a function of committed work programmes and not crude oil prices.

➤ **Increasing exploration budgets of oil majors:** ONGC's exploratory spend grew almost 85 percent over 2004-07 and is expected to witness double-digit growth, going forward.

➤ **Large private sector players and international E&P companies like RIL, Cairn, ENI, Niko, Hardy Oil, British Gas, Chevron and Gazprom are currently present and majors like Exxon-Mobil are expected to enter the exploration and production space:** Indian sedimentary basins are enjoying changed perceptions, from low to high prospects, due to the recent hydrocarbon discoveries in the Krishna-Godavari basin and Rajasthan by private/ joint venture companies.

Competitive positioning of Asian Oilfield

The Indian seismic services industry is marked by only three large-scale third-party service providers. Asian Oilfield provides a rich seismic services portfolio, which enables it to closely integrate with the success of its E&P customers. This represents the most significant edge in an industry characterised by strong entry barriers like experience, integrated project management expertise and a scalable capital asset pool. A large and growing opportunity base on the one hand, and high entry fencing on the other, translates into the business flowing to incumbents.

Asian Oilfield enjoys a strongly competitive position in this exciting business landscape.

➤ Its investment in Ensearch is a positive step to enhance global footprint and bid for projects abroad, which are typically large in volume and margins-accretive. Ensearch possesses 10 strategic blocks across the world, with a combined net acreage of 40,000 sq. km (excluding the newly acquired blocks).

➤ It demonstrated capabilities in managing complex 2D and 3D projects, leveraging this understanding to bid for more such ventures. Typically, 3D projects are much larger in volume and cost efficient by achieving economies of scale.

➤ Its rich intellectual asset pool provides technical competence and execution skills. The Company seeks to enhance its human resource through training initiatives and recruitment of industry experts.

NELP round allotments

Round	Year	Onshore	Shallow water	Deep water	Total blocks offered
NELP-I	1999	1	16	7	24
NELP-II	2000	7	8	8	23
NELP-III	2002	8	6	9	23
NELP-IV	2003	10	0	10	20
NELP-V	2005	12	2	6	20
NELP-VI	2006	25	6	24	55
NELP-VII	2008	29	9	19	57
Total		92	47	83	222

NELP-VII – 181 bids from 99 companies – is the most successful

Under NELP-VII (7th round of offer for exploration of oil and natural gas), the Government of India offered 57 exploration blocks covering an acreage of a massive 171,043 sq. km.

19 of these blocks comprised deepwater blocks across 106,868 sq. km.

9 constituted shallow water blocks across 21,420 sq. km.

29 included on-land blocks across 42,755 sq. km.

Deepwater, shallow water and on-land blocks are sub-divided into type- A, type-B and type-S.

Type A comprises those blocks where exploration activity has taken place in the past and some geo-scientific data is available. Type A blocks are in proximity with existing producing fields.

Type B blocks are those where limited or no exploration activity has taken place and very less or no geo-scientific data is available.

Type-S encompasses on-land blocks with area under 200 sq. km.

NELP-VII – work programme and investment commitment in Phase-I

Activity	Deep water	Shallow water	On land	Total
3D seismic surveys (sq. km)	4,976	10,672	8,382	24,030
2D seismic surveys (line km)	17,009	-	5,480	23,489
Exploratory wells (no.)	2	21	118	141
Committed investments (USD)	321.15	598.25	572.75	1492.16

Source: DGH

Directors' Report

Dear Shareholders,

Your Directors have great pleasure in presenting the Company's 15th Annual Report. The Company's financial results for the year ended 30th June, 2008 are as follows:

Financial highlights

(Rs. in lacs)

	30th June, 2008 (15 months)	31st March, 2007 (12 months)
Gross income	4793.59	2759.75
Gross profit before depreciation & interest	1705.33	872.59
Depreciation	204.28	65.58
Interest and financial charges	102.00	49.88
Profit before tax	1399.05	757.13
Less: Provision for tax		
Current tax	286.00	245.69
Fringe benefit tax	4.65	2.44
Deferred tax liability	112.12	0.00
Net profit after tax & other adjustments	996.27	509.00
Appropriation		
Transfer to general reserves	962.24	419.64
Balance brought forward from previous year	620.25	200.61
Balance carried to Balance Sheet	1582.49	620.25

Dividend

With a view to plough back the available surpluses in asset creation for the purpose of business consolidation, the Board has not recommended payment of dividend to the shareholders during the year under review.

Operations

During the 15 months period under review, your Company registered significant improvement in its performance by fetching a Rs. 4,793.59-

lacs gross income, compared with Rs. 2,759.75 lacs in the previous year and a net profit of Rs. 996.27 lacs against Rs.509.00 lacs of the previous year.

With its increased net worth and stronger pre-qualification capability the Company could bid for and win larger projects. It secured a Rs. 71.86-crore order from Oil India Limited for 2D seismic data acquisition in Mizoram, a Rs 44.55-crore order from ONGC Limited Jorhat for 2D seismic data acquisition in Nagaland and a Rs. 15.17- crore order from ONGC

Limited Vadodara for providing integrated seismic job services and shot hole drilling services for 2007-08 and 2008-09. The Company has successfully completed Rs. 46.10 crores contracted work so far and is working to complete the awarded work as per the schedule over the coming period.

The Board hopes to achieve still better performance over the coming years, barring unforeseen circumstances.

Creation of wholly-owned

subsidiary in Singapore

With a view to promote its overseas business related to oil and gas exploration, extraction and providing oilfield related services, the Company has created a wholly-owned subsidiary—AOSL Petroleum Pte Limited—in Singapore

Investment in overseas operation

The Company has invested USD 4.99 million in August 2008 through its wholly owned subsidiary AOSL Petroleum Pte. Limited into Ensearch Petroleum Limited, Singapore. Ensearch Petroleum Limited is into oil and gas exploration and production, having participating interest in portfolio of 10 assets with net combined acreage of around 40,000 sq. km and has operating offices in India, Nigeria and Jordan with corporate offices in India and Singapore.

By this investment, the Company has entered the upstream exploration activities, and would get access to over 10 blocks with high prospects of discovery across the world, The company also sees this investment as a significant step towards building its international seismic data acquisition business and will jointly work with Ensearch to further pursue business opportunities outside India and benefit from each others capabilities.

Preferential issue of equity shares and convertible warrants

With a view to meet its long-term fund requirements to continue embark upon

its on going expansion activities and provide for enhanced working capital requirements, the Company issued and allotted 15,00,000 equity shares and 7,50,000 convertible warrants to M/s. Samara Capital Partners Fund I Limited, Mauritius and 4,50,000 warrants to other investors at a prices of Rs 190 each, and 40,62,900 convertible warrants to Promoters and other Non-Promoters strategic investors at a price of Rs 76 each.

Directorate

Mr. Navinbhai Patel retires by rotation, and being eligible, offers himself for re-appointment. With a view to expand the Board and to avail the expertise in the Oil Industry, Mr. Vikram Walia has been appointed as an Additional Director. As per the investment agreement entered into with M/s. Samara Capital Partners Fund I Limited, Mauritius, Mr. Sumeet Narang has been appointed as their Nominee Investor Director on the Company's Board of Directors.

Profile of Mr. Vikram Walia: Vikram completed his graduation from Harvard College, USA. He has over 18 years of experience and has worked with Shell and StatOil, Norway and is currently the CEO of Punj Lloyd Upstream Ltd. He is helping Asian Oil with its international initiatives and has been instrumental in charting out the offshore seismic strategy.

Profile of Mr. Sumeet Narang: Prior to founding Samara Capital in late 2006, Mr. Sumeet briefly worked at Goldman Sachs, New York, in their Proprietary Investments Group. He also has experience with Citigroup's private equity business in India and Citigroup's

corporate and investment banking business, where he was the head of the business for the State of Andhra Pradesh, based out of Hyderabad. He also has worked with the Fiat group in Italy and India. Mr. Sumeet earned a Masters in Business Administration from the Harvard Business School, where he graduated as a Baker Scholar and John Loeb fellow. He also earned a Masters in Business from Indian Institute of Management, Lucknow (IIM), where he was an Aditya Birla Scholar and a B.E. in Mechanical Engineering from Indian Institute of Technology (IIT), Roorkee, where he received a 'University Blue' for outstanding contribution to the University's squash team of which he was the captain

Considering their competence, proven track record, rich experience and business acumen, the Board hopes that their association as Directors, would immensely benefit the Company.

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 a true and fair view of the Company's state of affairs at the end of the financial year and of the profit 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 Management Discussion and Analysis Report are

annexed hereto and form a part of this report (Annexure – A).

Dematerialisation 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 better convenience.

Audit Committee

In compliance of Section 292A of the Companies Act, 1956, an Audit Committee consisting of Mr D.E. Ilavia, Mr N.M. Patel, and Mr (Dr.) Bhupendra Shah (from 12th October, 2007), Independent Directors as its members, performed inter-alia, various functions as

required in terms of the said provisions.

Statutory disclosures

The Company is engaged in providing oil and gas exploration related service on various sites, hence the disclosures as required under Section 217(1)(e) of the Companies Act, 1956, are not applicable. However, information in accordance with the provision of Section 217 (2-A) of the Companies Act, 1956, read together with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding particulars of employees, are set out in Annexure 'B' to this report.

During the year under review, details of foreign exchange inflow and outflow are as under.

a. Foreign exchange earnings	:	Rs. 17,47,60,500
Seismic survey and other related charges		
b. Foreign exchange outgo towards	:	
(i) Traveling expense	:	Rs. 2,94,823
(ii) Equipment	:	Rs. 9,54,59,311
(iii) Revenue payment	:	Rs. 4,79,51,236

Auditors

The Auditors M/s. K. Parikh & Co. retire at the conclusion of the ensuing Annual General Meeting, but do not offer themselves for re-appointment.

The Company has received a letter from M/s. Deloitte Haskins & Sells, chartered accountants, Vadodara, stating that their appointment as statutory auditors, if made, would be well within the ceiling prescribed under Section 224(1B) of the Companies Act, 1956.

Members are requested to consider their appointment as Auditors of the Company in place of retiring auditors and fix their remuneration.

Public deposits

The Company has not accepted any deposits from the public under Section 58A of the Companies Act, 1956, during the period under review.

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 contribution received from Oil & Natural Gas Corporation Limited, Oil India Limited, GeoEnpro Petroleum Limited, Geophysical Institute of Israel and the continued support received from State Bank of India, government authorities, employees at all levels and shareholders in furthering the Company's interest.

For and on behalf of the Board,

Date: 30th August, 2008

Place: Baroda

Krishna Kant
Executive Chairman

Report on Corporate Governance

In compliance with Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange Ltd., the Company submits the report on the matters mentioned in the said clause and lists the practices followed by the Company.

1. Company's philosophy on code of Corporate Governance

Asian Oilfield Services Limited's philosophy on Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems, and delegation across all facets of its operations, leading to sharp focus and efficient operational growth.

2. Board of Directors

The Board of Directors comprise seven Directors with an Executive Chairman and Managing Director along with four Independent Directors and one Nominee Director as on 30th June, 2008. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited.

None of the Directors on the Board is a member of more than 10 committees or Chairman of more than five committees as specified in Clause 49, across all the companies in which he is a Director. Necessary disclosure regarding

committee position in other public companies as on 30th June, 2008 have been made by the Director.

A brief resume of the Directors being re-appointed at the Annual General Meeting, the nature of their expertise in specific functional areas and names of companies in which they holds directorship and membership of the committees of the Board, is annexed to the notice. Whereas the names and categories of the Directors, their attendance at Board meetings, annual general meetings, number of directorships in other companies and committee meetings etc. are given below:

Name of Directors	Category of Directors	No. of Board meetings attended during 2007-08	Whether attended last A.G.M	No. of directorship in domestic public companies	No. of committee membership	
					Chairman	Member
Mr Krishna Kant	Executive Chairman & Promoter	7	Yes	–	3	1
Mr Avinash Manchanda	Managing Director & Promoter	12	Yes	–	1	3
Mr Navinbhai Patel	Independent Non-Executive	2	No	–	1	6
Mr D.E. Ilavia	Independent Non-Executive	12	Yes	–	1	6
Mr (Dr.) Bhupendra Shah	Independent Non-Executive	11	Yes	–	1	6

*Mr Vikram Walia appointed as an Additional Director w.e.f. 12th October, 2007.

**Mr Sumeet Narang appointed as Nominee Director w.e.f. 30th January, 2008.

Board meetings

During 2007-2008, the Board met 12 times on 28th April, 2007, 8th May, 2007, 10th July, 2007, 30th July, 2007, 10th September, 2007, 30th October, 2007, 23rd November, 2007, 28th November, 2007, 17th January, 2008, 30th January, 2008, 30th April,

2008 and 14th June, 2008. The gap between any two Board meetings did not exceed four months.

None of the Directors on the Board holds the office of Director in more than 15 companies nor are they members in committees of the Board in more than 10 committees or Chairman of more

than five committees.

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company. Necessary information as mentioned in Annexure 1A to the Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

Shareholding of Directors

Names of Directors	No. of shares held	
Mr Krishna Kant	2,66,230	(2.55 %)
Mr Avinash Manchanda	1,73,610	(1.66 %)
Mr (Dr.) Bhupendra Shah	50	(0.00 %)

3. Audit Committee

The Board of Directors constituted an Audit Committee, comprising three Independent Non-Executive Directors viz. Mr Navinbhai Patel, Mr (Dr.) B.R. Shah (w.e.f. 12th October, 2007) and Mr D.E. Ilavia, as the Committee Chairman.

The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956, and Clause 49II(D) of the Listing Agreement and the terms of reference stipulated by the Board for the Audit Committee, covers the matters specified, which are as under.

A. The Audit Committee shall have the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employees.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders

with relevant expertise, if it considers necessary.

B. The role of the Audit Committee shall include the following:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditors and fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by them.
4. Reviewing the annual financial statements with the management before submission to the Board for approval, with particular reference to:
 - matters required to be included in the Directors' responsibility statement to be included in the Directors' Report in terms of sub-Section (2AA) of Section 217 of the Companies Act, 1956
 - changes, if any, in accounting policies and practices and reasons for the same.

– major accounting entries involving estimates based on the exercise of judgment by the management

– significant adjustment made in the financial statements arising out of audit findings

– compliance with listing and other legal requirements related to financial statements

– disclosure of related party transactions

– qualification in draft audit report

5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing with the management the performance of statutory and internal Auditors, along with the adequacy of the internal control system.

7. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

8. Discussion with internal auditors about any significant findings and follow-up thereon.

9. Reviewing the findings of any internal investigations by the internal

auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

10. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders and shareholders (in case of non-payment of declared dividends) and creditors.
12. Reviewing the functioning of the

Whistleblower Mechanism.

13. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company.
14. Reviewing information related to
 - the management discussion and analysis of financial condition and results of operations
 - statement of significant related party transactions (as defined by the Audit Committee) submitted by the management
 - management letter/letters of

internal control weakness issued by the statutory auditors;

- internal audit reports relating to internal control weakness; and
- the appointment, removal and terms of remuneration of internal auditors.

15. Reviewing the financial statements and in particular the investments made by the Company's unlisted subsidiaries.

During 2007-08, five Audit Committee meetings were held on 28th April, 2007, 30th July, 2007, 30th October, 2007, 30th January, 2008 and 30th April, 2008. Details of attendance of members are as under:

Name of Directors	Number of meetings	Meetings attended
Mr D.E. Ilavia	5	5
Mr N.M. Patel	5	1
Mr (Dr.) B.R. Shah	5	5

4. Remuneration Committee

The Board of Directors has formed a Remuneration Committee to review and recommend the remuneration package of the Wholetime Directors, based on

performance and defined criteria, which comprise three members viz. Mr (Dr.) Bhupendra Shah, as the Committee Chairman and Mr Navinbhai Patel and Mr D.E. Ilavia as its members.

During 2007-2008, three Remuneration Committee meetings were held on 30th July, 2007, 30th January, 2008 and 14th June, 2008. Details of attendance of members are as under:

Name of Directors	Number of meetings	Meetings attended
Mr D.E. Ilavia	3	3
Mr N.M. Patel	3	–
Mr (Dr.) B.R. Shah	3	3

Remuneration policy is directed towards rewarding performance, based on the review of achievements. The remuneration policy is in consonance with the existing industry practice.

The remuneration paid to the Executive Chairman and Managing Director is recommended by the Remuneration Committee and approved by the Board

of Directors in the Board meeting, subject to the approval by the shareholders at the Annual General Meeting, and such other authorities as may be required.

Details of remuneration paid during 2007-08

The aggregate value of salary and

perquisites including the Company's contribution to provident fund and gratuity fund, among others for the year ended 30th June, 2008 paid to Mr Krishna Kant, the Executive Chairman and to Mr Avinash Manchanda, the Managing Director are as follows:

(Rs.in lacs)

	Executive Chairman	Managing Director
Salary	46.00	74.75
Contribution to provident fund	–	3.39
Total	46.00	78.14

Mr Krishna Kant, the Executive Chairman and Mr Avinash Manchanda, the Managing Director, are not related to any Director. They have been appointed as the Executive Chairman and Managing Director for a tenure of five years with effect from 18th June, 2008 and 1st February, 2008, respectively, under the agreements which can be

terminated by either party giving three months' notice in writing.

Non-Executive Directors do not draw any remuneration. However, sitting fees of Rs 2,000 were paid to such Non-Executive Directors per Board meeting and Rs.1,500 per meeting of Audit Committee, Remuneration Committee

and Shareholders' Grievance Committee and Rs.750 per meeting of Share Transfer Committee, Investment Committee, Allotment Committee and Finance Committee during the year under review.

Details of sitting fees paid to Non-Executive Directors during 2007-08.

Name of Directors	Sitting fees (in Rs.) paid
Mr N.M. Patel	5,000
Mr D.E. Ilavia	53,000
Mr (Dr.) B.R. Shah	50,750
Mr Vikram Walia	–

There were no other pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company. As of now, the Company does not have any employee stock option plan.

5. Shareholders' Grievance Committee

The Board of Directors has constituted a Shareholders' Grievance Committee with three Independent Directors, viz Mr Navinbhai Patel as the Committee Chairman and Mr D.E. Ilavia and Mr

(Dr.) B.R. Shah as its members.

The Committee, inter alia, oversees and reviews all matters connected with the securities and looks into shareholders complaints – transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend and dematerialisation of shares, among others. The Committee oversees the performance of the secretarial department and the working of M/s. Intime Spectrum Registry Ltd., the Registrar and Transfer

Agent, and recommends measures for overall improvement in the quality of services to the investors.

During 2007-08, the Shareholders' Grievance Committee met five times on 28th April, 2007, 30th July, 2007, 30th October, 2007, 30th January, 2008 and 30th April, 2008.

Attendance of members at the Shareholders' Grievance Committee meetings held during 2007-08 are as follows:

Name of Directors	Number of meetings	Meetings attended
Mr N.M. Patel	5	1
Mr D.E. Ilavia	5	5
Mr (Dr.) B.R. Shah	5	5

The Company has appointed Mr Mukesh Khanna as the Compliance Officer.

During the year under review, the

Company received and resolved four complaints and no complaints are outstanding and no requests for transfer

and/or requests for dematerialisation were pending for approval as on 30th June, 2008.

Share Transfer Committee

This Committee has been constituted to approve transfer/ transmission/ rematerialisation/ dematerialisation of the Company's shares. The Committee currently comprises of Mr Avinash Manchanda as its Chairman and Mr Navinbhai Patel, Mr D.E. Ilavia and Mr (Dr.) B.R. Shah as the members.

Number of pending share transfers

As the shares are compulsorily traded in demat mode which effects automatically through NSDL and CDSL. The Company's approval is required for transfer of shares, which are in physical mode. As on 30th June, 2008 no share transfer request was pending. All the share transfers and other requirements have been completed during the year in the stipulated time period.

6. Board/Committee meeting and procedure

a) Institutionalised decision-making process

In order to institutionalise all corporate affairs and set up systems and procedures for advance planning regarding matters requiring decision by the Board, the Company has placed in a defined procedure for meeting of the Board of Directors and Committees in an informed and efficient manner.

b) Scheduling and selection of agenda items for Board/ Committee meetings

i) The meetings are convened by giving appropriate notice, preferably seven days to the concerned Directors, statutory auditors, stock

exchange and other invitees. The detailed agenda, management reports and other explanatory statements are circulated in advance among the members to facilitate meaningful, informed and focused decisions at the meetings.

- ii) The agenda papers are prepared by the corporate secretarial department, and circulated among the Board members and other invitees to the meeting.
- iii) Where it is not practicable to attach any document or the agenda is of sensitive nature, the same is circulated at the meeting with the approval of the Chairman. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are taken up for discussion with the permission of the Chairman and then a consensus is formed. Sensitive/ confidential subject matters are discussed at the meeting even without written material being circulated.
- iv) The meetings are usually held at the Company's Registered Office at Baroda.
- v) The members of the Board have complete access to all information of the Company.

c) Briefing by the Managing Director and CEO

At the beginning of each Board meeting, the Managing Director and Chief Executive Officer brief the Board members about the key developments related to the Company in diverse areas.

d) Recording minutes of

proceedings at the Board

Minutes of the proceedings of each Board/Committee meeting are recorded and entered in the Minutes Book. The minutes of each Board Meeting are submitted for confirmation at its next meeting and are signed by the Chairman. The minutes of the Board are placed before the Board of Directors for its information.

e) Compliance

The Company Secretary ensures compliance of all applicable provisions of the Companies Act, 1956, SEBI guidelines, Listing Agreement and other statutory requirements pertaining to capital market.

f) Information placed before the Board of Directors, inter alia, includes:

- ◆ Annual operating plans and budgets and any updates.
- ◆ Capital budgets and any updates.
- ◆ Annual Accounts, Directors' Report etc.
- ◆ Quarterly results of the Company.
- ◆ Minutes of meetings of Board and other Board Committee.
- ◆ Show cause, demand, prosecution notices and penalty notices, which are materially important
- ◆ Fatal or serious accidents, dangerous occurrences etc.
- ◆ Major investments, formation of subsidiaries and joint ventures, strategic alliances etc.
- ◆ Award of large contracts.
- ◆ Disclosure of interest by Directors about

directorship and committee positions occupied by them in other companies.

- ◆ Any significant development in Human Resources/Industrial Relations front.
- ◆ Compliance Certificate of any

regulatory, statutory nature.

- ◆ Short-term investment of surplus funds.
- ◆ Information on major legal disputes.
- ◆ All other significant events/ information.

7. General body meetings

A. Annual General Meeting

Particulars of the last three Annual General Meetings held and special resolution passed there are as follows:

Date	Time	Place	Special resolution
12th September, 2005	11.30 a.m.	Auditorium of Central Gujarat Chamber of Commerce, Race Course, Baroda.	–
3rd August, 2006	11.30 a.m.	As above	–
28th September, 2007	11.30 a.m.	As above	Revision of terms of appointment of Managing Director and Executive Chairman

No postal ballots were used for voting at these meetings as the same was not required. Currently, the Company has proposals to obtain the shareholders' consent by way of postal ballot on the matters relating to vesting of powers upon Board of Directors to continue to charge properties, assets etc. of the Company in favour of lenders/trustees and make investment, give loan and/or provide securities, for a sum exceeding 60% of the paid-up capital and reserves or 100% free reserves, subject to ceiling of Rs.200 crores.

B. Extraordinary general meeting

During the period under review, the Company has convened extraordinary general meetings on:

4th August, 2007 for availing consent for increasing authorised share capital and consequent changes in the Memorandum and Articles of Association and to offer, issue and allot 43,22,900 convertible warrants of Rs.10 each at premium of Rs.66 per warrant to Promoters and strategic investors;

26th December, 2007 for the purpose of availing consent for increasing Authorised share capital and consequent changes in the Memorandum and Articles of Association and to offer, issue and allot 15,00,000 equity shares and 12,00,000 convertible warrants of Rs.10 each at premium of Rs.180 per warrant to M/s. Samara Capital Partners Fund I Ltd., Mauritius and other strategic investors; and

4th March, 2008 for availing consent for alteration of the Company's Articles of Association by incorporation of restated articles pursuant to investment agreement entered into by the Company with M/s. Samara Capital Partners Fund I Ltd., Mauritius and re-appointment of Mr Avinash Manchanda, as the Company's Managing Director.

8. Disclosures

(i) Related party transactions, comprising of contracts or arrangements with the Promoters or other companies/entities in which the Directors are interested, are entered in the register of contracts and placed before Board meeting as per Section 301 of the Companies Act,

1956. None of the transactions with any of the related parties were in conflict with the Company's interest.

(ii) There were no instances of non-compliance and no strictures and penalties have been imposed on the Company by the stock exchanges or SEBI or any statutory authorities, on any matters related to capital markets during the last three years.

9. Compliance of mandatory requirements

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreements and a certificate from Mr. Jayesh Vyas, the practising company secretary, has been obtained.

10. Compliance of non-mandatory requirements

The Company has adopted the non-mandatory requirements as regards the provisions relating to the Remuneration Committee. The quarterly financial results are extensively published in newspapers and also sent to the shareholders on request. The Company affirms that no employee has been

denied access to the Audit Committee. The Company addressed various risks and its policy on risk management. As regards other non-mandatory requirements, the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

The Company adopted the following non-mandatory requirement on Corporate Governance recommended under Clause 49 of the Listing Agreement.

a) Remuneration Committee

The Remuneration Committee of Directors consists of three Non-Executive Independent Directors.

b) Whistleblower Policy

The Company is in the process of formulating a Whistleblower Policy.

c) As on date, the Company had not adopted other non-mandatory requirements mentioned in Clause 49 of the Listing Agreement.

Risk management

The Company addressed various risks

and its policy on risk management is provided in the Management Discussion and Analysis Report, provided elsewhere in this annual report.

Management Discussion and Analysis

The Management Discussion and Analysis is included as a part of this Annual Report.

CEO/CFO certifications

The required certifications in pursuance of Clause 49 of Listing Agreement from Mr. Mohan Akalkotkar, Chief Finance Officer, looking after the Company's finance, are given at the end of this report.

11. Means of communication

◆ **Quarterly results:** The quarterly results are published in accordance with the provisions of the Listing Agreement. The results are published in English and in Gujarati newspapers.

◆ **Website:** The Company's website www.asianoilfield.com contains a separate dedicated section—'Investor'—where shareholders' information is available. The full Annual Reports for the

Financial Year 2005-06 and 2006-07 and quarterly results for the first four quarters for the Financial Year 2007-08, along with code of conduct and ethics for Board of Directors and Senior Management Personnel are available on the website in a user-friendly and downloadable form.

◆ **e-mail ID :** secretarial@asianoilfield.com

◆ **Annual Report:** Annual Report containing notice and agenda of the Annual General Meeting, Audited Annual Accounts, Directors' Report, Auditors' Report, and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MDA) Report forms a part of the Annual Report

12. General shareholder information

12.1 Annual General Meeting

Date and time : Tuesday, 23rd December, 2008, at 11.30 a.m.

Venue : At Auditorium of Central Gujarat Chamber of Commerce, Race Course, Baroda.

Financial calendar	
Board meeting to approve Quarterly financial results ending	Period
31st December, 2008	By end of January 2009
31st March, 2009	By end of April 2009
30th June, 2009	By end of July 2009
Audited results for 2008-2009	By end of August 2009
30th September, 2009	By end of October 2009

- 12.3 Dividend payment date : Not applicable
- 12.4 Details of Book Closures : 20th December, 2008 (Saturday) to 23rd December, 2008 (Tuesday) (both the days inclusive)
- 12.5 Listing of equity shares on stock exchange : The Bombay Stock Exchange Ltd., Mumbai
- 12.6 Stock code - BSE Scrip Code : 530355
- Demat ISIN number in NSDL and CDSL : ISIN - INE276G01015
- for equity shares

12.7 Stock market data : High/Low of market price of the Company's shares traded on The Bombay Stock Exchange Ltd. during each month in the last financial year ended 30th June, 2008 is as under :

Months	High (Rs.)	Low (Rs.)	Total No. of shares traded
April 2007	52.40	31.70	15,15,423
May 2007	85.50	55.00	15,86,343
June 2007	82.00	60.00	7,94,280
July 2007	119.80	74.10	23,80,640
August 2007	117.00	87.00	9,72,761
September 2007	124.00	99.00	12,19,534
October 2007	147.90	120.15	22,14,922
November 2007	236.80	130.05	27,07,980
December 2007	333.45	230.00	16,91,116
January 2008	446.40	213.80	10,53,403
February 2008	255.45	179.00	4,18,565
March 2008	191.50	110.05	6,07,966
April 2008	213.05	146.80	9,26,081
May 2008	197.95	170.80	19,78,324
June 2008	191.50	137.70	3,56,465

12.8 Registrar and Share Transfer Agent

Intime Spectrum Registry Ltd.

1st floor, 308 Jaldhara Complex,
Opp. Manisha Society, Vasna Road,
Baroda 390015, Gujarat
Phone 0265 – 2250241/46
e-mail : vadodara@intimespectrum.com

received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company's Board of Directors are approving transfer of securities under the supervision and control of the company secretary, subject to placing of a summary statement of transfer/transmission, etc. of securities of the

Company at meetings of the said Committee.

All requests for dematerialisation of shares are processed and confirmation is given to the respective depositories, i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services Limited (CDSL) within 21 days, except few cases.

12.9 Share transfer system

At present, the share transfers which are

12.10 Distribution of shareholding as on 30th June, 2008

No. of Shares	No. of share holders	Percentage of share holders	Total no. of shares	Percentage holding
Upto – 500	8,828	88.26	16,20,470	15.49
501 – 1000	754	7.54	6,09,883	5.83
1001 – 2000	198	1.98	3,07,176	2.94
2001 – 3000	58	0.58	1,50,492	1.44
3001 – 4000	33	0.33	1,18,401	1.13
4001 – 5000	36	0.36	1,72,957	1.65
5001 – 10000	38	0.38	2,94,924	2.82
10001 and above	57	0.57	71,85,697	68.70
Total	10,002	100.00	1,04,60,000	100.00

The Company has not issued any GDRs/ADRs or any convertible instrument.

12.11 Distribution of shareholding pattern as on 30th June, 2008

Category	No. of shares	% of total capital
Promoters (including Relatives, Bodies Corporate)	9,26,864	8.86
Non-Promoters		
a. Banks and financial institution	—	
b. Mutual funds	4,83,541	4.62
c. Insurance companies	1,000	0.01
d. Foreign institutional investors	35,900	0.34
e. Bodies corporate	23,23,093	22.21
f. Indian public	50,52,075	48.30
g. Clearing members	62,297	0.60
h. Non-residents Indians	75,230	0.72
i. Foreign company	15,00,000	14.34
Total	1,04,60,000	100 %

12.12 Dematerialisation of shares

About 79,40,525 (75.91%) equity shares of the Company have been dematerialised. The Company's equity shares are compulsorily to be traded in electronic form through the stock exchange. The equity shares of the Company are actively traded on the BSE, ensuring good liquidity for the investors.

12.13 Plant locations: The Company has no plants.

12.14 Address of correspondence for grievances relating to shares

Intime Spectrum Registry Ltd.

308 Jaldhara Complex,
Opp. Manisha Society, Off. Old Padra Road,
Vasna Road, Baroda 390015.
Phone: (0265) 2250241/46
e-mail: vadodara@intimespectrum.com

Secretarial Dept.

Asian Oilfield Services Ltd.
7th floor, B-Wing, Manubhai
Tower, Sayajigunj, Baroda 390005
PhoneNo.0265-2362071, 2362292
Fax No. (0265) 2226216

Declaration regarding compliance by Board Members and Senior Management Personnel with the Company's code of conduct

This is to confirm that the Company has adopted a code of conduct for its employees, Non-Executive Directors and Executive Directors, which is also available on the Company's website.

I confirm that the Company, in respect of the financial year ended 30th June, 2008, has received from its Senior Management Team and Board Members a declaration of

compliance with the code of conduct as applicable to them.

For the purpose of this declaration, the Senior Management Team comprises the Chief Financial Officer, the Company Secretary and other employees in the Executive Vice-President cadre as on 30th June, 2008.

Date: 30th August, 2008
Place: Baroda

Avinash Manchanda
CEO & Managing Director

Report of Practicing Company Secretary on Corporate Governance

To
The Members,
Asian Oilfield Services Limited,
Baroda.

We have examined the compliance of conditions of Corporate Governance by Asian Oilfield Services Limited, for the year ended 30th June, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an

expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that generally no investor grievances is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Grievance Committee and the Company.

We further 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 **Jayesh Vyas & Associates**
Practicing Company Secretaries

Jayesh Vyas
Proprietor

Membership No. FCS 5072
C.P.No.1790

Date: 30th August, 2008
Place: Baroda

Certificate

To,
The Board of Directors,
Asian Oilfield Services Ltd.
Baroda.

This is to certify that;

We have reviewed financial statements and the Cash Flow statement for the year and that to the best of our knowledge and belief:

these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,

these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations,

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or

violative of the Company's code of conduct

We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors and the Audit Committee,

- significant changes in Internal Control during the year;
- significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant rolls in the Company's internal control system.

Mohan Akalkotkar
Chief Finance Officer
Asian Oilfield Services Ltd

Date: 30th August, 2008
Place: Baroda

Annexure 'B' to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Director's Report for the period ended 30th June, 2008.

Name of employee	Age	Designation (Nature of duties)	Gross Remun. Received (Rs. in lacs)	Qualification	Experience (Years)	Date of employment	Last employment
Krishna Kant	74	Executive Chairman (General Control, Management and Superintendence of the affairs of the Company)	46.00	Master Degree in Science	50	17th March, 94	Regional Director of Eastern Region, ONGC Ltd.
Avinash Manchanda	59	Managing Director (Overall Management of operations of the Company and Business Development)	78.14	B. Tech. (Hons.) D.I.I.T from I.I.T., Kharagpur	36	9th March, 92	—

Auditors' report

To the Members of

Asian Oilfield Services Ltd.,

1. We have audited the attached Balance Sheet of ASIAN OILFIELD SERVICES LTD. ('the Company') as at 30th June, 2008 and also the Profit and Loss Account and Cash Flow Statement for the period 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 from material misstatement. An audit also includes examining, on 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 opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the central Government of India in terms of sub-section (4A) of section 227 of the companies act, 1956, we annex hereto a statement on the matter specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to in paragraph (3) above, we state that:

- a. we have obtained all the information and explanations, which are to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b. 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 those books.

c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d. In our opinion, the balance sheet, Profit & loss Account and Cash Flow Statement dealt with by this report comply with the Accounting standards referred to in sub – section (3C) of section 211 of company Act, 1956;

e. On the basis of the written representations received from the directors, as on 30th June, 2008, and taken on record by the Board of Directors, We report that non of the directors of the company are disqualified as on June 30, 2008 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 as amended by Companies Amendment Act 2000.

f. In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with the notes 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:

- i) in the case of Balance Sheet, of the state of affairs of the Company as at 30th June, 2008
- ii) in the case of Profit and Loss Account, of the profit of the Company for the period ended on that date; and
- iii) in the case the Cash Flow Statement, of the cash flows for the period ended that date.

For K. Parikh & Co.
Chartered Accountants

Place: Baroda
Date : 30th August, 2008

J.O.Parikh
Proprietor
Membership No.: 12404

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our Report of even date on the accounts of ASIAN OILFIELD SERVICES LTD for the year ended June 30, 2008)

- I) a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
b) According to information and explanations given to us, the company has programme of physically all its fixed assets over a period of three years which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the period. Discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly belt with in the books of accounts.
- c) The company has not disposed off a substantial part of the fixed assets during the year.
- II) a) During the period, the inventories have been physically verified by the management. In our opinion the frequency of the verification is reasonable.
b) In our opinion and according to the information and explanation given to us, 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) On the basis of our examination of the records of the inventories, we are of the opinion that, the company is maintaining proper records of inventories the discrepancies noticed on physical verification of inventories has compared to book records were not material and have been properly dealt with in the books of accounts.
- III) According to information and explanations given to us, the company has neither taken nor granted any loan secured or unsecured from / to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b), (c) and (d) of the Order are not applicable
- IV) In our opinion and according to the information and explanations give to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase inventory, fixed assets and with regard to sale of goods during the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control.
- v) In our opinion, and according to the information and explanation given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services 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 rupees five lakh or more in respect of any party.
- vi) The company has complied with the provisions of the section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 with regard to the deposits accepted from the public.
- vii) In our opinion, the company has an adequate internal system commensurate with its size and nature of its business.
- viii) We have been informed that the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- ix) According to the information and explanations given to us and on the basis of records produced before us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund , investor education protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, Cess and other material statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as on September 30, 2008 for a period of more than six months from the date they became payable.
- X) The Company has no accumulated losses and have not incurred cash losses during the current financial year and in the immediately preceding financial year.
- xi) In our opinion, and according to the information and explanation given to us the Company has not defaulted in repayment of dues to any financial institution or bank. As at the balance sheet date
- xii) The company has not granted any loans or advances on the basis of the security by way of pledge of shares, debentures and other securities.
- xiii) As the company is not a chit fund/ nidhi / mutual benefit fund / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4 (xiii) of the CARO, 2003, is not applicable.
- xiv) As the company is not dealing or trading in shares, securities, debentures and other investment, paragraph 4(xiv) of the Order is not applicable.
- xv) We are informed that during the period, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion, and according to the information and explanation given to us, the terms loan taken by the company has been applied for the purposes for which they were obtained.
- xvii) According to the information and explanation given to us and on an over all examination of the balance sheet of the company, we report that during the period short term fund have not been use to finance long term investment and vice versa.
- xviii) The company has issued share warrants at different rates and from these share warrants made preferential allotment of 34,52,900 equity shares to the applicants which are approved and decided in Extra Ordinary General Meeting.
- xix) The company has not issued debentures during the period.
- xx) The company has not raise money by way of public issue during the period.
- xxi) On the basis of our examination and according to the information and explanation given to us no fraud on or by the company, has been noticed or reported during the course of audit.

For K. Parikh & Co.
Chartered Accountants

Place: Baroda
Date : 30th August, 2008

J.O.Parikh
Proprietor
Membership No.: 12404

Balance Sheet For the Period 01.04.2007 to 30.06.2008

(Amount in Rupees)

	Schedules No.	As at 30.06.2008 (15 Months)	As at 31.03.2007 (12 Months)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	104,600,000	70,071,000
Share warrants		55,541,000	3,218,500
2. Reserve & Surplus	2	507,865,742	79,956,920
3. Loan Funds			
Secured Loan	3	30,908,407	37,518,299
Unsecured Loan	4	–	–
4. Deferred Tax Liability		12,510,285	1,297,791
Total		711,425,434	192,062,510
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block		248,479,153	85,453,282
less: Depreciation		37,380,107	18,055,683
		211,099,046	67,397,599
Net Block		211,099,046	67,397,599
2. Investments (At Cost)	6	343,406,197	65,447
3. Current Assets, Loans And Advances			
a) Inventories	7	1,029,216	932,004
b) Sundry debtors	8	152,262,157	183,542,699
c) Cash & Bank Balance	9	42,125,139	22,082,654
d) Loans & Advances	10	58,229,746	13,774,154
		253,646,258	220,331,512
Less: Current Liabilities & Provisions	11		
Liabilities		69,876,391	64,742,920
Provisions		31,874,677	30,989,128
Net Current Assets		151,895,191	124,599,464
4. Miscellaneous Expenditure			
(To the Extent not written off or adjusted)	12	5,025,000	–
Total		711,425,434	192,062,510
Notes forming part of the Accounts	14		

Schedule 1 to 14 Annexed hereto from part of the Balance Sheet and Profit and Loss Account.

In terms of our Report of even date

For K. Parikh & Co.
Chartered Accountants

For and on behalf of the Board

J.O.Parikh
Proprietor
M No. : 12404

Krishna Kant
Executive Chairman

A.C.Manchanda
Managing Director

Mukesh Khanna
Company Secretary

Mohan Akalkotkar
Chief Financial Officer

Place: Baroda

Date: 30-08-2008

Profit and Loss Account For the Period 01.04.2007 to 30.06.2008

(Amount in Rupees)

	Schedules No.	Period ended 30.06.2008 (15 Months)	Year ended 31.03.2007 (12 Months)
INCOME			
Sales/Services		460,990,053	273,333,309
Other Income		7,610,236	758,347
Gain(loss) on foreign exchange rate		1,129,113	679,279
Interest Income		3,581,122	742,214
Profit on sale of assets (Net)		6,048,132	461,540
Total A		479,358,655	275,974,690
EXPENDITURE			
Cost of Sales & Services			
Increase / Decrease in Stock		(97,211)	(881,669)
Operational Expenses		56,973,026	59,491,020
Contractual Expenses		199,240,977	113,604,353
Staff Cost		29,902,750	6,530,110
Administration & Other Expenses	13	22,805,428	9,971,498
Finance Cost		10,200,468	4,988,208
Depreciation		20,428,094	6,557,740
Total B(A-B)		339,453,532	200,261,260
Profit Before Tax		139,905,124	75,713,430
Less: Provision for Tax			
Current Tax Provisions		28,600,000	24,569,000
Fringe Benefit Tax		465,416	244,061
deferred Tax liability		11,212,494	-
Net Profit before Extra Ordinary Items		99,627,214	50,900,369
Extra ordinary Items		(3,402,468)	7,946,768
Net Profit after Extra ordinary Items		96,224,746	42,953,602
Investment Equilisation Reserve		-	990,000
Profit Transferred to General Reserve		96,224,746	41,963,602
Balance Brought forward from Previous year		62,024,596	20,060,994
Balance carried to Balance Sheet		158,249,342	62,024,596
Basic & Diluted earning Per Share		11.66	7.52

Schedule 1 to 14 Annexed hereto from part of the Balance Sheet and Profit and Loss Account.

In terms of our Report of even date

For K. Parikh & Co.

For and on behalf of the Board

Chartered Accountants

J.O.Parikh

Krishna Kant

A.C.Manchanda

Mukesh Khanna

Mohan Akalkotkar

Proprietor

Executive Chairman

Managing Director

Company Secretary

Chief Financial Officer

M No. : 12404

Place: Baroda

Date: 30-08-2008

Schedules to the Balance Sheet For the Period 01.04.2007 to 30.06.2008

(Amount in Rupees)

Particulars	As at 30.06.2008	As at 31.03.2007
Schedule 1 SHARE CAPITAL		
Authorized Share Capital		
1,70,00,000 Equity Share of Rs. 10/- each	170,000,000	100,000,000
Issued, Subscribed and Paid up Capital		
1,04,60,000 Equity Shares of Rs.10/ each (Previous year 7007100 equity shares of Rs.10/- each)	104,600,000	70,071,000
Share Warrants		
370000 Pref. Issue of Warrants @ 20.50 7585000		
3310000 Pref Issue of Warrants @ 76.00 25156000		
1200000 Pref Issue of Warrants @ 190.00 22800000	55,541,000	3,218,500
Schedule 2 RESERVE AND SURPLUS		
A. General Reserve		
Profit/Loss		
As per last Balance Sheet	62,024,596	20,060,994
Transferred from Profit & Loss Account (After appropriation from net profit A/c)	96,224,746	41,963,602
Total (A)	158,249,342	62,024,596
Share Premium		
As per last Balance Sheet	17,325,000	17,325,000
Add: Share Premium	332,291,400	
Total (B)	349,616,400	17,325,000
Deferred Tax liability		
As per last Balance Sheet	-	607,324
Total (A+B+C)	507,865,742	79,956,920
Schedule 3 SECURED LOANS		
State Bank of India Working Capital Loans [Against sanction limit of Rs.1000 lacs]	1,309,541	-
State Bank of India Term Loan	29,355,257	36,858,108
ICICI Bank Car Loan	243,609	353,859
HDFC Bank Car Loan	-	306,332
	30,908,407	37,518,299
Schedule 4 UNSECURED LOANS		
Deposit from Share holders / Public	-	-
	-	-

Schedules to the Balance Sheet For the Period 01.04.2007 to 30.06.2008

Schedule 5 FIXED ASSETS

(Amount in Rupees)

DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01/04/2007	Addition	Sale or Transfer	As at 30/06/2008	As at 01/04/2007	Sale or adjustment	For the period	As at 30/06/2008	As at 30/06/2008	As at 31/03/2007
Land	794,750	-	-	794,750	-	-	-	-	794,750	794,750
Building	1,830,194	19,549,554	-	21,379,748	380,480	-	96,032	476,512	20,903,236	1,449,714
Oilfield Equipment	32,293,868	26,196,419	206,700	58,283,588	13,848,548	141,521	4,833,137	18,540,164	39,743,424	18,445,320
Furniture & Fixture	1,371,110	114,690	9,900	1,475,900	990,760	264	111,334	1,101,830	374,070	380,350
Office Equipments	370,657	145,012	-	515,669	192,288	-	45,677	237,965	277,704	178,369
Vehicles	3,941,820	405,834	1,880,968	2,466,686	1,235,348	961,886	485,909	759,371	1,707,315	2,706,472
Computer	44,850,882	118,711,930	-	163,562,813	1,408,259	-	14,856,005	16,264,264	147,298,549	43,442,623
Total	85,453,282	165,123,440	2,097,568	248,479,153	18,055,683	1,103,671	20,428,094	37,380,106	211,099,047	67,397,599
Previous Year	69,675,788	48,890,094	33,112,600	85,453,282	35,722,082	24,224,139	6,557,740	18,055,683	67,397,599	33,953,706

Particulars	As at 30.06.2008	As at 31.03.2007
-------------	---------------------	---------------------

Schedule 6 INVESTMENT (AT COST)

Trade Quoted		
Arrow Macco (India) Ltd.	-	1,100,000
Agro Dutch Industries Ltd.	-	3,640
FDC Limited	-	3,750
Ind-Swift Laboratories Ltd.	-	5,922
Neyveli Lignite Corporation Ltd.	-	9,555
Oil Country Tubular Ltd.	-	8,925
Praj Industries Ltd.	-	29,492
Premier Explosives Ltd.	-	4,163
Reliance Power Ltd. (Equity Shares)	507,600	-
Lotus India (Mutual Fund)	141,381,800	-
Reliance Interval Fund	140,000,000	-
Reliance Liquid Plus Fund	31,516,797	-
SBI-SHF-Liquid Plus	30,000,000	-
	343,406,197	1,165,447
Less:		
Provision in diminution in value of investment	-	1,100,000
	343,406,197	65,447

Schedule 7 INVENTORIES

Consumable Stores & Spares	1,029,216	932,004
	1,029,216	932,004

Schedules to the Balance Sheet For the Period 01.04.2007 to 30.06.2008

(Amount in Rupees)

Particulars	As at 30.06.2008	As at 31.03.2007
Schedule 8 SUNDRY DEBTORS		
Outstanding for over six months	2,540,279	872,459
Considered doubtful	–	–
Other Debts (Considered Good)	149,721,878	182,670,240
	152,262,157	183,542,699
Schedule 9 CASH AND BANK BALANCES		
Cash in hand	653,383	915,308
Balance with Banks (Schedule Banks)	8,011,833	4,036,017
Bank Fixed Deposit (Margin Money)	33,459,923	5,634,767
SBI Cash Credit Account	–	11,496,563
	42,125,139	22,082,654
Schedule 10 LOANS AND ADVANCES		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	28,966,971	4,388,475
Deposits	1,685,015	507,490
Income Tax - TDS	322,171	653,890
Income Tax - (2006-07)	8,630,589	6,724,299
Advance Income Tax	18,625,000	1,500,000
	58,229,746	13,774,154
Schedule 11 CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities:		
Security Deposits (against work contracts)	13,518,678	0
Sundry Creditors	45,082,319	43,099,393
Other Liabilities	11,275,394	21,643,528
	69,876,391	64,742,920
B) Provisions		
Provision for Expenses	3,274,677	6,420,128
Provision for Taxation	28,600,000	24,569,000
	31,874,677	30,989,128
Schedule 12 MISCELLANEOUS EXPENDITURE		
Expenses for new Share capital /share warrants (To the extent not written off or adjusted)	5,025,000	–
	5,025,000	–

Schedules to the Profit and Loss Account For the Period 01.04.2007 to 30.06.2008 (Amount in Rupees)

Particulars	As at 30.06.2008	As at 31.03.2007
Schedule 13 ADMINISTRATION & ESTABLISHMENT EXP.		
Travelling Expenses	4,697,629	1,729,872
Printing & Stationery	583,471	184,152
Advertisement	665,375	81,630
Postage & Courier Charges	334,168	102,452
Rent Rate & Taxes	1,320,065	247,446
Insurance	1,108,526	801,275
Books & Periodicals	48,053	5,166
Office & Other Misc. Expenses	582,732	131,550
Power Fuel & Electricity	255,119	115,920
Auditors Remuneration	75,000	60,000
Other services	40,000	36,500
Bank charges	12,795	34,904
Legal & Professionals Charges	10,001,914	5,171,479
Misc. Expenses Written Off	1,675,000	244,840
Directors Sitting Fees	108,750	47,000
General Meeting Exp.	13,863	10,053
Plant & Machinery	282,689	281,463
Vehicle Maintenance	153,498	216,448
Telephone Charges	661,360	403,777
Tender Fees	143,464	65,571
Donation	41,957	–
	22,805,428	9,971,498

Schedule 14 NOTES ON ACCOUNTS

1. Accounting Convention

Accounting Year : The Company maintained accounts as per financial year (1st April to 31st March). The Company has decided to change accounting year from the financial year to 30th June. The first Accounting Year is from 1st April 2007 to 30th June 2008 (15 Months period).

The financial statements are prepared under historical cost convention on accrual basis and comply with accounting standards issued by the institute of Chartered Accountants of India and referred to in section 211 (3C) of the Companies Act, 1956.

I. Fixed Assets:

- 1) Expenditure incurred on improvement or replacement, which in the opinion of the management, is likely to substantially increase in the life of the asset and future benefits from it, is capitalized.
- 2) Expenditure on assets, other than plant & machinery and furniture hired out to employees and at camp offices, is charged to revenue.
- 3) Machinery spares that can be used only in connection with an item of fixed Asset and there use is expected to be irregular are capitalised. Replacement of such spares is charged to revenue.

I. Depreciation:

Depreciation on fixed assets is provided on straight –line method at the rates prescribed in schedule XIV of the companies Act,1956. Addition/ deletion to fixed assets during the year are being depreciated on Pro rata days basis in which such assets are capitalised / deleted.

II. Revenue Recognition:

- 1) In case of contract/job on the basis of physical progress as certified and after adjusting the obligation towards guarantees, warranties and penalties etc. Provided/ negotiated in respective contracts.
- 2) Sales made in Us \$ converted in Indian Rupee at Prevailing market Rate and included in sales amount

Notes forming part of the Accounts

Schedule 14 NOTES ON ACCOUNTS (Contd.)

III. Foreign Exchange Fluctuations:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing on the balance sheet date. The net foreign exchange gain earned Rs.22,89,445/- adjustment of less of Rs.11,60,332/- during the year. Exchange Gain Rs.11,29,113/- on translation of monetary assets and liabilities and realized gain and losses on foreign currency transactions are recognized in the profit and loss account.

IV. Miscellaneous Expenditure: (To the extent not written off or adjusted)

The company has increased share capital by issuing share warrants which was partly allotted to the applicant of preferential share warrants. The total cost and charges are incurred for Rs.67,00,000/- .The said expenses are stated as preliminary expenses and out of these 20% of the expenses are written off as per the prevailing company policy.

V. Investments:

The Company has invested fund in equity shares and mutual funds. The Company has valued investment at cost. The Mutual Fund Investment are valued at cost price in respect of particular scheme at the year end.

VI. Valuation of Inventories:

Raw Material, Packing materials, stores and work-in-progress are valued at cost. Finished goods are valued at lower of cost or net realizable value.

VII. Contingent Liabilities:

Contingent liabilities not provided for in respect of Bank Guarantee issued by Bank and contract income outstanding as on 30th June 2008 amounting to Rs.11,53,95,190/- and Rs.71,86,250/- respectively.

2. Managerial Remuneration

(Amount in Rupees)

	Current Period	Previous Period
Salary	75,00,000/-	24,00,000/-
Bonus	2,00,000/-	2,00,000/-
Contribution to Provident fund	3,39,240/-	48,960/-
Leave encashment	16,25,000/-	-
Gratuity	12,50,000/-	-
Incentives	15,00,000/-	-
	1,24,14,240/-	26,48,000/-

3. Payment to Auditors

	Current Period	Previous Period
Audit Fees	50,000/-	30,000/-
Tax Audit Fees/ Tax Fees	10,000/-	10,000/-
Certificate and Other Services	30,358/-	39,000/-

4. Segment Reporting:

The Institute of Chartered Accountants of India has issued on Accounting Standard 17 (AS-17) in regard to report on segment Revenue of the enterprise examining the provisions of AS-17. Company is engaged in the business of providing oilfield services. Hence segment reporting is not required.

5. Related Party transaction:

Related party disclosures, as required by AS-18, "Related Party Disclosures" are given below.

- Key Management Personnel: Mr Krishnakant – Chairman,
Mr Avinash Manchanda – Managing Director
- Relative of Key Management Personnel : Mr Miten Manchanda – Son of Mr Avinash Manchanda.
- The following transactions were carried out with the related parties in the ordinary course of business.
The Disclosures pertaining to related parties and transactions therewith are set out in the table below.

Notes forming part of the Accounts

Schedule 14 NOTES ON ACCOUNTS (Contd.)

(Amount in Rupees)

Nature of Transaction	Key Management personnel		Relative of key Management Personnel		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Remuneration & other benefit	12414240	2648960	882736	259542	13296976	2908502
Interest	–	2185	–	1092	–	3277

6. Taxation

(A) Deferred Tax Liability

Company was providing income tax liability based on the income computed as per Provisions of Income tax Act 1961. However due to mandatory compliance of Accounting Standard 22 AS (AS-22) issued by The Institute of Chartered Accountants of India. Company has worked out the difference in tax liability as per AS – 22 and has been provided as liability, as per working given here below, and the same has been shown separately in Balance Sheet.

Nature of Timing Difference	Deferred Tax Liability	Debit (Credit)	Deferred Tax (Liability)/assets as at 30.06.2008 Closing Balance
	Opening Balance	Provided during the year	
Depreciation	12,97,791	1,12,12,494	1,25,10,285
Preliminary Expenses	–	–	–

(B) Current Tax

The Current tax liability has been worked out as per the provisions of Income tax Act.

- During the Current Year, the State Bank of India, Main branch, Baroda, has made additional sanction of the Term Loan against machineries and equipments for Rs.15,70,00,000/- against which the Company has taken loan of Rs.1,09,01,560/- against equipment and machineries purchased during the year.
- Figures of the previous year have been regrouped/rearranged wherever necessary in order to confirm to this year presentation.
- Figures have been shown in Rupees only.

For K. Parikh & Co.
Chartered Accountants

For and on behalf of the Board

J.O.Parikh
Proprietor
M No.: 12404

Krishna Kant
Executive Chairman

A.C.Manchanda
Managing Director

Mukesh Khanna
Company Secretary

Mohan Akalkotkar
Chief Financial Officer

Place: Baroda
Date: 30-08-2008

Cash Flow Statement For the year ended 30th June, 2008 (15 Months)

(Amount in Rupees)

	2007-08	2006-07
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	139,905,124	75,713,430
Adjusted for:		
Depreciation	20,428,094	6,557,740
Miscellaneous Expenditure Written Off	1,675,000	244,840
Interest Received	-3,581,122	-742,214
Finance Cost	10,200,468	4,988,208
Dividend on investment	-3,827,541	-744
Foreign exchange (gain)/loss	-1,129,113	-679,279
Operating Profit/Loss before working Capital Changes	163,670,910	86,081,981
Adjusted for:		
(Increase)/Decrease in Debtors	31,280,542	-120,476,286
(Increase)/Decrease in Inventories	-97,211	-881,669
Increase/(Decrease) in Trade & Other Payable	4,785,270	38,848,491
(Increase)/Decrease in Advances	-44,455,591	-5,683,959
Cash Flow Before Direct Tax	155,183,919	-2,111,443
Income Tax payment	-29,065,416	-24,813,061
Extra Ordinary Items	-3,402,468	-7,946,768
Net Cash from Operating Activities	122,716,036	-34,871,272
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-165,123,440	-48,890,094
Purchase of Investment	-343,340,750	11,108,659
Proceed from Sale of Investment	-6,048,132	-461,540
Interest Received	3,581,122	742,214
Dividend Received	3,827,541	744
Increase/Decrease in fixed assets	2,097,568	33,112,600
Net Cash From Investing Activities	-505,006,091	-4,387,417

Cash Flow Statement *(Contd.)* For the year ended 30th June, 2008 (15 Months)

(Amount in Rupees)

	2007-08	2006-07
C. CASH FROM FINANCIAL ACTIVITIES		
Proceed from issue of shares	419,142,900	37,043,500
Proceed from Borrowing (Net)	-6,609,892	20,424,735
Finance Cost	-10,200,468	-4,988,208
Net Cash Flow from Financial Activities	402,332,540	52,480,027
D. NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS A+B+C	20,042,485	13,221,338
Cash & Bank Balances (Opening)	22,082,654	8,861,316
Cash & Bank Balances (Closing)	42,125,139	22,082,654

Note:

1) The above Cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash flow Statements, issued by the Institute of Chartered Accountants of India.

For K. Parikh & Co.
Chartered Accountants

For and on behalf of the Board

J.O.Parikh
Proprietor
M No.: 12404

Krishna Kant
Executive Chairman

A.C.Manchanda
Managing Director

Mukesh Khanna
Company Secretary

Mohan Akalkotkar
Chief Financial Officer

Place: Baroda

Date: 30-08-2008

Statement pursuant to part IV of schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code (Refer Code List 1)

Balance Sheet Date Date Month Year

II. Capital Raised during the year

Public Issue Rights Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & Surplus

Share Warrants Secured Loans

Unsecured Loans Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

IV. Performance of Company

Turnover including other incomes Total Expenditure

Profit/(Loss) before Tax + -

Earnings Per Share in Rs. Dividend %

V. Generic Names of Principal Products/Services of the Company

Principal Product

Item Code No. (ITC Code)

For and on behalf of the Board

Krishna Kant
Executive Chairman

A.C.Manchanda
Managing Director

Mukesh Khanna
Company Secretary

Mohan Akalkotkar
Chief Financial Officer

Place: Baroda

Date: 30-08-2008

ASIAN OILFIELD SERVICES LTD.

NOTICE

Notice is hereby given that 15th Annual General Meeting of Members of Asian Oilfield Services Ltd. will be held on Tuesday, 23rd December, 2008 at 11.30 a.m. at the Auditorium of Central Gujarat Chamber of Commerce, Race Course, Baroda to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2008, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Shri Navinbhai Patel, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company in place of retiring Auditors and to fix their remuneration.

“RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Deloitte Haskins and Sells, Chartered Accountants, Vadodara be and are hereby appointed as Statutory Auditors of the Company, in place of retiring Auditors M/s. K.Parikh & Co., to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration, as may be decided by the Board / Audit Committee of the Board in consultation with them.”

Special Business:

4. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution.

“RESOLVED THAT Shri Vikram Walia, who was appointed as an additional Director of the Company pursuant to Section 260 of the Companies Act 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation under the Articles of Association of the Company.”

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

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 and 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or reenactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the reappointment of Shri Krishna Kant as the Executive Chairman of the Company, for a period of 5 years from 18th June, 2008 to 17th June, 2013 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Krishna Kant, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall

be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said reappointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or reenactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf, from time to time, or any amendment thereto as may be agreed to between the Board and Shri Krishna Kant.”

“RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, Shri Krishna Kant, the Executive Chairman, be paid remuneration as minimum remunerations, subject to the ceiling as prescribed in Section – II of Part –II of Schedule-XIII to the Companies Act, 1956.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To consider, and if, thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

“RESOLVED THAT in modification of earlier resolution passed by the Shareholders at their Annual General Meeting held on 30th January, 1997, Consent of the Company be and is hereby granted, in accordance with Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, to the Board of Directors of the Company to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company from any one or more Bank(s), Financial Institutions and other persons, firms, bodies corporate, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Banker in ordinary course of business) may, at any time, exceed upto a sum of Rs.200 Crores (Rupees Two Hundred Crores) over and above and above the aggregate of the then paid up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any

question, difficulty or doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

7. To consider, and if, thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution by Postal Ballots which are also being mailed. Result of the Postal Ballot will be declared by the Chairman at the Annual General Meeting.

“RESOLVED THAT in modification of earlier resolution passed by the Shareholders at their Annual General Meeting held on 30th January, 1997, Consent of the Company be and is hereby granted, in accordance with Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors to mortgage and/or charge and/or assignment, in addition to the mortgages and/or assignment created/to be created by the Company, in such form and manner and with such ranking as to priority and at such time and on such terms as the Board may determine, on all or any of the movable and /or immovable, tangible and/or intangible properties and/ or contracts both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the lender(s), trustee(s) for securing the borrowings availed / to be availed by the Company and/or any of the Company’s subsidiary, by way of loan(s) (in foreign currency and/or rupee currency) and/or advances including credit facilities, and/or securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non detachable warrants and/or secured premia notes and/or floating rates/bonds or other debt instruments), issued / to be issued by the Company from time to time, subject to the limits approved / as may be approved by the members under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, premium (if any) on redemption, remuneration of agent(s) / trustees, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the

rates of exchange and all other monies payable by the Company in terms of loan agreement(s), heads of agreement devaluation / fluctuation in the rates of exchange rate of foreign currency involved) by the debenture trust, deed(s) or any other document, entered into / to be entered into between the Company and the Lender(s) / Agent(s) / Trustees, in respect of the said loans / borrowings / debentures / securities and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors (including any committee thereof) and the Lender(s) / Agent(s) / Trustees.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorised to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt relating thereto, in regard to that may arise in regards to creating mortgage / charge as aforesaid.”

8. To consider, and if, thought fit, to pass with or without modification, the following resolution as a Special Resolution by Postal Ballots which are also being mailed. Result of the Postal Ballot will be declared by the Chairman at the Annual General Meeting.

“RESOLVED THAT in accordance with the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, or of any other law for the time being in force, and subject to the approval of the Central Government, wherever necessary, the Board of Directors of the Company be and is hereby authorized to make any loan to any body corporate; give any guarantee, or provide security, in connection with a loan made by any other person to, or to any other person by, any body corporate; and acquire, by way of subscription, purchase or otherwise the securities of any other body corporate; in excess of the limits prescribed under Section 372 A, as they may, in their absolute discretion deem beneficial and in the interest of the Company upto an aggregate amount of Rs.200 Crores.”

For and on behalf of the Board,

Date: 30-08-2008
Place: Baroda

Krishna Kant
Executive Chairman

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 in terms of Section 173 of the Companies Act, 1956 in respect of Special Business enumerated at Item Nos. 4 to 8 of Notice, is attached herewith.

4. Register of Members and Share Transfer Register will remain closed from Saturday, the 20th December, 2008 to Tuesday, the 23rd December, 2008, (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. MEMBERS DESIROUS OF OBTAINING ANY INFORMATION WITH RESPECT OF THE 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.

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

Item No. 4

The Board of Directors of the Company have appointed Shri Vikram Walia as an Additional Director of the Company, with effect from 12th October, 2007 and pursuant to Article No.114 of Association of the Company and in terms of Section 260 of the Companies Act,1956, he holds office of Additional Director upto the date of the ensuing Annual General Meeting of the Company. The Company has received notice in writing with the requisite deposit from member under Section 257 of the Companies Act 1956 signifying his intention to propose Shri Vikram Walia for appointment as Director of the Company. Consent in writing, has also been received from him to act as Director of the Company, if appointed.

Item No. 5

Shri Krishna Kant has been acting as the Executive Chairman of the Company since 17th March, 1994 who holds a Master's Degree in Science and possesses over 50 years' of vast and varied experiences in the field of Oil Exploration and field services and has retired from the post of Regional Director of Eastern Region, Oil and Natural Gas Corporation Ltd. (ONGC).

Considering his proven background, competence and vast and varied business experience, he was re-appointed as an Executive Chairman for five years from 18th June, 2003, the tenure of which expired on 17th June, 2008.

During his tenure, the Company not only showed remarkable progress year after year and also registered significant upsurge in Growth in terms of Gross Income and in Net Profit, besides encountering successfully various Challenges that were emanated in the Market and conducted efficient and effective management of the affairs of the Company. His valuable contribution is considered necessary for further growth of the Company in coming years. With a view to continue to avail his services as the Executive Chairman and to compensate adequately for the contributions to be received from him and to motivate him for bringing still better performance of the Company in coming years, keeping in view projected performance of the Company, future prospect of the oilfield related services in the country, compared with to the remuneration packages of similarly placed personnel of other Corporate Bodies in the Country, at the recommendation of the Remuneration Committee, the Board of Directors, at their meeting held on 14th June, 2008, have re-appointed him as the Executive Chairman for five years from 18th June, 2008 to 17th June, 2013, upon existing terms and conditions of his current appointment.

Main terms and conditions of reappointment of Shri Krishna Kant as the Executive Chairman, as recommended by the Remuneration Committee and approved by the Board at their meetings held on 14th June, 2008, are as under, subject to approval of the members at ensuing General Meeting.

1. The Executive Chairman shall have the General Control, Management and Superintendence, in the ordinary course of business of the Company and shall perform all acts and deeds, subject to the Superintendence, Control and Direction of the Board

of Directors of the Company.

2. Tenure of Appointment :5 years commencing from 18th June, 2008.

3. Remuneration :

I. Salary: Rs.2,50,000/- per month inclusive of all perquisites.

II. Other facilities: The Executive Chairman will also be entitled to the following Facilities:

i. Car: Free use of Company's car with chauffeur. For use of Company's car for personal purpose, he shall be billed by the Company.

ii. Telephone: Free telephone connection at his residence. However long distance personal calls shall be billed by the Company.

iii. Leave: Leave with full pay and allowances as per the Leave Rules of the Company as applicable to Senior Management Staff. However, encashment of unavailed privilege leave at the end of the tenure, shall be allowed by the Company.

iv. Reimbursement for all out of pocket expenses incurred by him in the course of Company's business including traveling and entertainment expenses.

v. Gratuity payable at a rate not exceeding one month Salary for each completed year of service.

vi. In the event of no profit or inadequacy of profits, the Company shall pay the aforesaid remuneration by way of Salary and perquisites as minimum remuneration.

vii. The terms and conditions set out herein above, may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit. The Board is also entitled to revise and regroup the salary, perquisites, allowances and bonus payable to him by the Company, at any time, such that the overall yearly remuneration payable to the said Executive Chairman shall not exceed the limits specified under the Companies Act, 1956. (Including any statutory modification (s) or re-enactment thereof for the time being in force) or any amendment made thereto.

III. He shall not, while he holds the office of Executive Chairman at any time thereafter, reveal to any person or use for his own or somebody else's business or affairs or any trade secrets or processes of the Company. He shall, while he holds the office of the Executive Chairman, also use his best effort to prevent any other person from doing so.

IV. He shall not carry directly or indirectly or participate in any way in the business which is alike to the business carried on by the Company and two years after the expiry of his term, without prior consent, in writing, of the Company either along or jointly with others or as a Manager or agent for any other person or persons.

V. During his term as an Executive Chairman, he shall not be subject to retirement by rotation.

VI. This appointment can be terminated by notice of three months in writing from either of the parties. However, when the Board of Directors is of the opinion that he have been negligent in discharging his duties, the Board of Directors of the Company can terminate the appointment at any time.

VII. The Appointment and terms and conditions contained hereinabove, shall be subject to the approval of the shareholders at their ensuing Annual General Meeting of the Company.

Information as required under B under Schedule XIII to the Companies Act, 1956.

I. General Information:

- 1) Nature of Industry : Oilfield Services - Shot hole Drilling and Seismic Data Acquisition work on various Sites
- 2) Date or expected date of commencement of Commercial production : The Company is already in operation and it is a running Company, since 1993.
- 3) In case of new companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable

4) Financial Performance based on given indicators :

(Rs. in lacs)

Particulars	Year 2007-08	Year 2006-07	Year 2005-06
Gross Income- Turnover	4793.59	2759.75	1054.33
Operating Profit before Interest & Dep.	1671.31	793.12	156.88
Net Profit after Tax	962.25	429.54	62.10
Debt Equity Ratio	0.12	0.28	0.07
Current Ratio	2.49	2.30	3.67
Net Worth	2937.58	1702.21	800.56

- 5) Export performance and net foreign Collaborations : The Company is not an exporting Company.
- 6) Foreign Investments or collaborators, if any : M/s. Samara Capital Partners Fund I Ltd., Mauritius has invested a sum of Rs.29,92,50,000 in the Equity Share Capital by subscribing 15,00,000 Equity Shares of Rs.10/- each and 7,50,000 Partly paid up Convertible Warrants of Rs.10/- each at premium of Rs.180/- per Share and Warrant whereas a Non Resident Indian has invested Rs.28,50,000 in 1,50,000 Partly paid up Convertible Warrants of Rs.10/- each at premium of Rs.180/-per Warrant, by way of direct Foreign Investment in the Company.

II. Information about the Appointee

- 1) Background details : **Shri Krishna Kant, the Executive Chairman**
- 2) Past remuneration : Rs.2,50,000/- per month
- 3) Recognition or awards : N.A.
- 4) Job profile and his suitability : Over all Management of Operations of the Company at Headquarter and on various project sites with responsibility of business development.

5) Remuneration proposed : Rs.2,50,000 per month.

6) Comparative remuneration profile with Respect to industry, size of the Company, Profile of the position and person: : As detailed below:

Name of the Company	Turnover	Directors' Remuneration (Rs. in lacs)
1. Shiv-Vani Oil & Gas Exploration Services Ltd.	41836.00	174.09
2. Alphageo (India) Ltd.	8189.00	108.19

7) Pecuniary relationship directly or indirectly with the Company, or relationship with the management personnel, if any: : -

III. Other information:

- 1) Reasons of loss or inadequate profits : Under utilisation of capacity of the Company and keen competition among Service providers.
- 2) Steps taken or proposed to be taken for Improvement : Widening the sphere of activities by equipping for and undertaking the projects of providing other Oilfield Services on larger scale.
- 3) Expected increase in productivity and Profits in measurable terms : With heavy thrust of Government on Oil and Gas Exploration and Extraction, huge demand for service in providers in oil and gas field services would culminate. The Company being a growth oriented and steady performer, the productivity and profit could sizably increase.

The draft Agreements to be entered into between the Company and Shri Krishna Kant, incorporating the above particulars of remuneration, are available for inspection at the Registered Office of the Company on all working days, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

None of the Directors of the Company, except Shri Krishna Kant is, in any way, concerned or interested in the proposed resolutions.

The Board recommends the resolutions for consideration and approval.

Item No. 6

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot except with the permission of the Shareholders in General Meeting, borrow monies in excess of the aggregate of the paid-up capital of the Company and its free reserves. Shareholders at their Annual General meeting held on 30th January, 1997 approved the borrowing limits upto Rs.25 Crores which is considered to be inadequate keeping in view the increasing business operations and future growth plans of the Company. It is now considered desirable to increase present borrowing limits of Rs.25 Crores to Rs.200 Crores.

The Board of Directors accordingly recommends the resolution as set out in Item No.6 of the Notice for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 7

The borrowings by a Company, in general, is required to be

secured by mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and/or charge on any of the movable and/or immovable properties and/or tangible and/or intangible properties and/or contracts and/or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company or any of the Company's subsidiary with a power to the charge holders to take over the management of the business and concern of the company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Shareholders at their Annual General Meeting held on 30th January, 1997 vested authority upon the Board of Directors for charging of properties in favour of lenders. However, to enable to Board to create and / or mortgage the properties to diverse types of lenders including trustees and agents etc. thereby cover wide spectrum of the lenders, it is considered necessary to avail consent of the members in modification of earlier resolution under

the said section.

The Board of Directors accordingly recommends the resolution as set out in Item No.7 of the Notice for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 8

Section 372 A of the Companies Act, 1956 permits the Company to make investment/give loan/provide security subject to the ceiling fixed in the section i.e. 60% of the Paid Capital and Free Reserves or 100 % of the Free Reserves. This resolution enables the Board of Director to make investment/give loan/ provide security exceeding the ceiling fixed in the section i.e. 60% of the Paid Capital and Free Reserves or 100 % of the Free Reserves but subject to overall ceiling of Rs.200 Crores.

The Board of Directors accordingly recommends the resolution as set out in Item No.8 of the Notice for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

The Resolution under the Item Nos.7 and 8 are required to be passed by the members by Postal Ballot pursuant to Section 192A of the Companies Act, 1956 read with Company (Passing of the Resolution by Postal Ballot) Rules, 2001. Shri Jayesh Vyas, the Practicing Company Secretary has been appointed by the Board as the Scrutinizer for the purpose. The requisite Ballot Form and a self addressed postage prepaid envelop(s) are enclosed. The members are required to convey their approval or otherwise on the Ballot Form and send it to the Scrutinizer at the Registered Office of the Company so as to reach him latest by 23rd December, 2008.

For and on behalf of the Board,

Date: 30-08-2008

Place: Baroda

Krishna Kant

Executive Chairman

“ANNEXURE – A”

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	Shri Navinbhai Patel	Shri Vikram Walia
Date of Birth	18-04-1938	29-01-1967
Date of Appointment	31-10-2002	12-10-2007
Specialized Expertise	General Management	Business Executive
Qualifications	B.A.	Bachelor in Libral Arts
Directorship of other Companies as on 30-06-2008	Nil	Upstream Alliance Pvt. Ltd.
Chairman / Member of Committees of Companies as on 30th June, 2008	Chairman of Shareholders' Grievance Committee and Member of Audit Committee, Remuneration Committee, Share Transfer Committee, Allotment Committee, Finance Committee, Investment Committee of Asian Oilfield Services Ltd.	Member of Shareholders' Grievance Committee and Audit Committee and Remuneration Committee of Asian Oilfield Services Ltd.



ASIAN OILFIELD SERVICES LTD.

Registered Office: 7th Floor, "B" Wing, Manubhai Tower,
Sayajigunj, Baroda-390 005.

ATTENDANCE SLIP

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 15th ANNUAL GENERAL MEETING of the Company at the Auditorium of Central Gujarat Chamber of Commerce, Race Course, Baroda-390 007 on Tuesday, 23rd December, 2008 at 11-30 a.m.

Full name of the Member (IN BLOCK LETTERS) _____

Folio No. _____ / DP ID No. _____ Client ID No. _____

No. of Shares held _____

Full name of Proxy (IN BLOCK LETTERS) _____

Member's/Proxy's Signature

Affix Re.1
Revenue
Stamp



ASIAN OILFIELD SERVICES LTD.

Registered Office: 7th Floor, "B" Wing, Manubhai Tower,
Sayajigunj, Baroda-390 005.

PROXY

I/We _____

of _____ being a Member/Members of the above named

Company, hereby appoint _____ of _____ or failing him

_____ of _____ as my/our proxy to attend and vote for me/us

and on my/our behalf at the 15th. ANNUAL GENERAL MEETING of the Company, to be held on Tuesday, 23rd December, 2008 and at any adjournment thereof.

Signed this _____ day of _____ 2008.

Folio No. _____ / DP ID No. _____ Client ID No. _____

No. of shares held _____

Affix Re.1
Revenue
Stamp

Note:

The Proxy form must be returned so as to reach the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.



Corporate information

Board of Directors

Mr Krishna Kant, Executive Chairman
Mr Avinash Manchanda, Managing Director
Mr N.M. Patel, Independent Director
Mr D.E. Ilavia, Independent Director
Mr (Dr.) Bhupendra Shah, Independent Director
Mr Vikram Walia, Independent Director
Mr Sumeet Narang, Nominee Investor Director

Company Secretary

Mr Mukesh Khanna

Auditors

M/s. K. Parikh & Co.
Chartered Accountants
Baroda

Bankers

State Bank of India
AXIS Bank Ltd.

Registered Office

7th floor, B-Wing, Manubhai Tower, Sayajigunj
Baroda 390 005

Registrar and Share Transfer Agent

Intime Spectrum Registry Ltd.
1st floor, 308, Jaldhara Complex
Near Manisha Society
Off. Old Padra Road
Vasna Road
Baroda 390 015
Phone: 0265 - 2250241
E-mail: vadodara@intimespectrum.com

A TRISYS PRODUCT

info@trisyscom.com



**ASIAN OILFIELD
SERVICES LTD.**

Registered Office:

7th floor, B-Wing, Manubhai Tower, Sayajigunj, Baroda 390 005

Visit us at www.asianoilfield.com