

# Annual Report 2008-09



**Shiv-Vani Oil & Gas Exploration Services Ltd.**

**Zeal to Explore, Drive to Excel**

**BOARD OF DIRECTORS**

Mr. Prem Singhee, *Chairman & Managing Director*  
Mr. Prateep Kumar Lahiri, *Non Executive & Independent Director*  
Mr. Om Prakash Garg, *Non Executive & Independent Director*  
Capt. Hiteshi Chander Malik, *Non Executive & Independent Director*  
Mr. Dwarka Das Daga, *Non Executive & Independent Director*  
Mr. Rajneesh Gupta, *Non Executive & Independent Director*  
Mr. Padam Singhee, *Joint Managing Director*

**CHIEF FINANCIAL OFFICER**

Mr. Rajan Gupta

**COMPANY SECRETARY  
& COMPLIANCE OFFICER**

Mr. Vimal Chadha

**AUDITORS**

M/s Vijay Prakash Gupta & Associates  
E-2/16, 3rd Floor, White House, Ansari Road,  
Darya Ganj, New Delhi - 110 002.

**PRINCIPAL BANKERS**

State Bank of India  
Industrial Finance Branch  
Jawahar Vyapar Bhawan  
1, Tolstoy Marg, New Delhi - 110 001.

**REGISTERED OFFICE**

Tower 1, 5th Floor, NBCC Plaza, Sector V,  
Pushp Vihar, Saket, New Delhi - 110 017.

**REGISTRAR & SHARE TRANSFER  
AGENT**

Link Intime India P Ltd.  
(Formerly: Intime Spectrum Registry Ltd.)  
A-40, 2nd Floor, Naraina Industrial Area,  
Phase - II, New Delhi - 110 028.  
Tel. : 011-41410592-94 Fax : 011-41410591  
Email : delhi@linkintime.com

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## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 18<sup>th</sup> Annual Report on the business and operations of the Company together with the Annual Accounts for the year ended 31<sup>st</sup> March, 2009.

## FINANCIAL RESULTS

Amount (Rupees, in Millions)

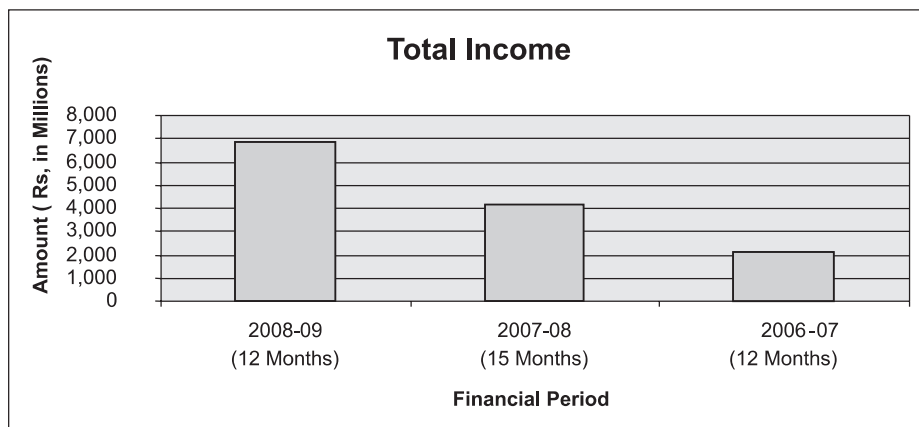
Particulars	Period ended 31 <sup>st</sup> March, 2009 (12 Months)	Period ended 31 <sup>st</sup> March, 2008 (15 Months)
Contract Revenue and Other Income	6,865.59	4,183.63
Profit before Interest, Depreciation and Taxation	2,721.45	1,753.85
Interest	813.52	614.76
Depreciation	411.50	323.76
Profit before Taxation	1,496.44	815.33
Provision for Tax		
-Income Tax	255.11	184.50
-Fringe Benefit	7.66	5.61
-Deferred	285.51	83.99
Net Profit after tax	948.15	541.23
Add : Surplus brought forward from previous year	1,745.52	1,214.29
	<u>2,693.68</u>	<u>1,755.52</u>
<b>Appropriations made as under:</b>		
Transferred to General Reserve	11.90	10.00
Proposed Dividend on Equity Shares	43.90	-
Dividend Distribution Tax on Proposed Dividend	7.46	-
Surplus carried forward to the next year	2,630.42	1,745.52
	<u>2,693.68</u>	<u>1,755.52</u>

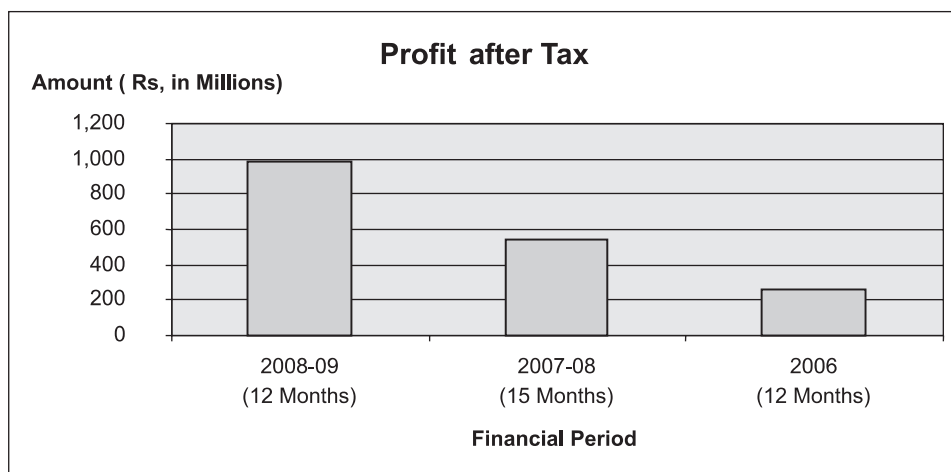
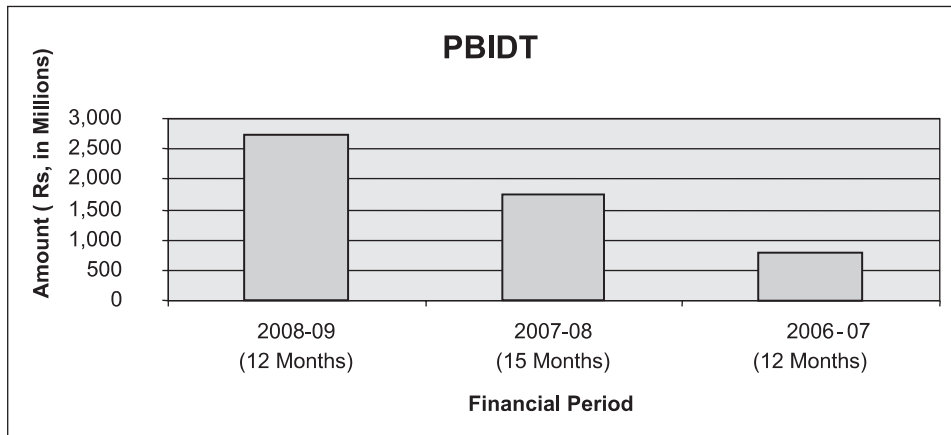
## OPERATING RESULTS

The Company's Contract Revenue has increased from Rs. 4,101.7 millions to Rs. 6,803.8 millions during the year ended 31<sup>st</sup> March, 2009 registering an increase of 65.88 % . The resultant profit before taxation (PBT) has also increased from Rs. 815.3 millions to Rs. 1,496.4 millions an increase of 83.54%.

The net worth of the Company has registered a considerable increase of 14.85% from Rs 6,388.8 millions to Rs. 7,337.6 millions as on 31<sup>st</sup> March, 2009.

### COMPARISON OF COMPANY'S PERFORMANCE FOR THE LAST THREE YEARS





## DIVIDEND

The Board of Directors of the Company has recommended the Final Dividend of Re. 1/- per equity share (10%) for the Financial Year 2008-09. Total amount appropriated for the Dividend is Rs. 51,363,854/- out of which Rs. 43,902,606/- is towards payment of proposed dividend and remaining Rs. 7,461,248/- is toward dividend distribution tax on proposed dividend.

## OPERATIONS REVIEW

Your Company's business consists mainly of Seismic Services, Deep Drilling Services, CBM Development Services, Integrated Well Services, Other Services and Marginal Field Services for onshore E & P Sector.

### *Seismic Services*

Your Company provides services in the collection and interpretation of seismic data for onshore. We are capable of acquiring both two-dimensional and three-dimensional seismic data and have entered into a collaborative agreement with a third party which gives us the capability to provide shallow water transit zone data services. Seismic services in India have a field season of about nine months as no seismic services can be undertaken during the monsoon season. We have a team of geophysicists, surveyors and engineers who engage in the provision of the seismic services. During the year, we have carried out several 2D-3D projects of ONGC and OIL.

### *Deep Drilling Services*

Deep Drilling Services, consist generally of Well Drilling, Well Work over, Directional Drilling Services. We have large fleet of onshore Rigs having capacity to drill wells up to a maximum depth of 6,000 meters.

One contract of OIL has been successfully completed and the Rig 1400 HP has been deployed for new contract of OIL. In addition to above, two Rigs of 2000 HP are deployed for OIL contracts and three Rigs of 2000 HP have been deployed for ONGC contracts.

### ***CBM Development Services***

CBM is a greenhouse gas trapped in underground coal seams and extracted for various domestic, commercial and industrial usages, especially for gas-fired electric generation. CBM is considered to be an important potential source of clean energy. Your Company's ambitious CBM contract for ONGC in the State of Jharkhand, is running satisfactorily.

### ***Integrated Well Services***

Integrated Well Services consist of services that are ancillary to our Seismic, Deep Drilling and CBM Development Services. These services include Well Logging, Cementing, Well Stimulation, Mud Engineering, Directional Drilling and Well Testing. Other than Directional Drilling, we offer these services through our sub-contractors.

Your Company is conducting integrated Well Services along with some of the drilling contracts of ONGC.

Directional Drilling (MWD) Services are being executed at CBM as well as other projects.

### ***Other Services***

Your Company's other services consist of Natural Gas Compression Services, Gas Gathering Services and Logistic Support Vessels etc. We have four number of crew boats, these crew boats are working for ONGC as well as for private players.

### **FIXED DEPOSIT**

During the period under review, your Company has not accepted any fixed deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975 and hence no amount of principal or interest was outstanding as on 31<sup>st</sup> March, 2009.

### **DIRECTORS'**

During the period under review, Mr. Thirumanilayur Sitapati Ramana Subramanian (Mr. T S R Subramanian) had resigned from the directorship of the Company with effect from 16/02/2009. The Board places on record its gratitude for the valuable services rendered and guidance provided by Mr. T S R Subramanian during his tenure with the Company.

At the ensuing Annual General Meeting Mr. Om Prakash Garg will retire by rotation and being eligible offer himself for re-appointment in terms of provisions of Articles of Association of the Company.

Further Mr. Rajneesh Kumar Gupta was appointed as Additional Directors on the Board of the Company on 30<sup>th</sup> January 2009. He shall hold office upto the date of ensuing Annual General Meeting of the company and being eligible, offer himself for appointment.

The brief resume/ details relating of directors who are to be appointed/ re-appointed are furnished in the notice of the ensuing Annual General Meeting.

Your directors recommend their appointment/ re-appointment at the ensuing Annual General Meeting.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Board of Company confirmed:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- (ii) That appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial period and of the profit of the Company for that period;
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
- (iv) That annual account for the period ended 31<sup>st</sup> March, 2009 has been prepared on a going concern basis.

**CHANGE IN CAPITAL STRUCTURE AND LISTING OF SHARES**

The Company's shares are listed on the National Stock Exchange of India (NSE) and Bombay Stock Exchange Ltd. (BSE) and are actively traded.

The right of conversion of 6,000,000 Convertible Warrants allotted on 29<sup>th</sup> March, 2008, is currently pending and can be exercised by allottees up to 28<sup>th</sup> September, 2009 on payment of due amount. The allottees have not exercised their option as yet and in case they exercise their option, then the equity shares to be allotted on conversion will have a lock-in period of three years.

During the period under review, 5,100 Equity Shares were forfeited by the Board of Directors of the Company in their Meeting held on 5<sup>th</sup> September, 2008 due to call money remain unpaid on them, corporate action in respect to which was completed on 13<sup>th</sup> March, 2009

The Board of Directors has in their meeting held on 10<sup>th</sup> July, 2009 resolved to increase Authorised Share Capital from Rs. 63.50 Crores to Rs. 75.00 Crores. Consent of the members will be taken in the ensuing AGM.

**AUDIT COMMITTEE**

Your Company has an Audit Committee to meet the requirement of the Section 292A Companies Act, 1956 as well as Clause 49 of Listing Agreement with the Stock Exchanges. The details of the Audit Committee are given under the Corporate Governance Report.

**AUDITORS**

M/s Vijay Prakash Gupta & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment as Statutory Auditors for the financial year 2009-10.

The Company has received a certificate from the auditors to the effect that their appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their appointment.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed report on the Corporate Governance system and practices of the Company is given in a separate section in this Annual Report. Additional information for the shareholders is given in Additional Shareholders' Information section.

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

**STATEMENT OF EMPLOYEES' PARTICULARS**

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, is given in Annexure – I, to this Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

The particulars required under, Sec. 217(1)(e) of the Companies Act. 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are appended hereto and forms part of the report:-

**(A) CONSERVATION OF ENERGY**

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

1. Engines and motors have been replaced with efficient ones for the economic running.
2. Rigs are maintained properly to keep the fuel consumption minimal and efficient operations.
3. Energy consumption is controlled by locating the working crew closer to work spot by optimizing allocation of people on work sites.

**(B) TECHNOLOGY ABSORPTION****(a) RESEARCH & DEVELOPMENT****(i) Specific areas in which R & D carried out by the Company :****(a) Shot hole drilling machinery performance improvement**

The Company owns a huge quantity of Jacro Rigs with accessories such as Mud Pumps etc for SHD. The impeller of pumps is made of CI, leading to erosion of the blades very soon.

**(b) Drill bit modification**

The Drill Bits used for drilling hard surface has three blades, which is good for drilling in rocks. But most of the present operational area consists of semi hard soils thus clogs the drill bits and hence effectiveness of those bits with 3 blades reduces.

**(ii) Benefits derived as a result of R & D**

**(a)** Our team of engineers and technicians developed SS impellers in our work shop which resulted in improvement of life of those impellers by four times

**(b)** Our team of engineers with experiments found that drill bits with 2 blades are suitable for these types of soils and modified the three blade bits to two blade bits. The drilling time has been reduced by half.

**(iii) Future Plan and Action**

1. Presently in the hilly area lot of difficulties are faced to provide water for drilling, research are carried out to over come the problem using our own resources.
2. The sleeves of mud pumps are getting damaged very frequently, efforts are being made to use different material for manufacture of sleeves to arrest the down time due to damage of sleeves.
3. Technology development on various Integrated Services.

**(iv) Expenditure as R & D**

Capital	:	Nil
Recurring	:	Rs. 24.7 Millions
Total R & D Expenses	:	Rs. 24.7 Millions
As a % of total turnover	:	0.36%

**(b) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION****(i) Efforts made towards technology, adaptation & innovation**

Mud Pumps have been modified to lift water to greater heights for drilling at high altitude.

**(ii) Benefits derived as a result of the above efforts e.g. productivity improvement, cost reduction, product development, import substitution etc.**

Benefits derived as a result of above efforts: This development has reduced the shot hole operational cost and drilling efficiency has increased considerably.

**(iii) In case of imported technology following information may be furnished : -**

(a) Technology imported	SERCEL-428, and Aaram System Seismograph with all accessories for channels, Global positioning System Seismic Data Processing System, Seismic Field Designing System.
(b) Year of Import	2008-09
(c) Has technology been fully absorbed	Yes
(d) If not fully absorbed, areas where this has not taken place & reason & future plans of actions	N.A

**(B) FOREIGN EXCHANGE EARNING & OUTGO :**

- Foreign Exchange Earnings	:	Rs.	1,046,320,388/-
- Foreign Exchange Outgo	:	Rs.	3,804,303,188/-

**SUBSIDIARY COMPANIES**

The Company had eight subsidiaries as on 31<sup>st</sup> March, 2009. The members may refer to the Statement under Section 212 of the Companies Act, 1956 and information on the financials of subsidiaries appended to the above statement under Section 212 of the Companies Act, 1956 in this Annual Report for further information on these subsidiaries.

**CONSOLIDATED ANNUAL ACCOUNTS**

As per the requirements of the Listing Agreement, audited consolidated financial statements conforming to the applicable Accounting Standards are attached to the annual report. A summary of the consolidated financial performance of the Company and its subsidiary companies, after eliminating inter Company transactions, is as follows:

Sales/Turnover	Rs.	9,019.95 Millions
Profit before Tax	Rs.	2,481.82 Millions
Total Assets employed	Rs.	32,770.97 Millions
Total Shareholders Funds (net of goodwill).	Rs.	8,877.88 Millions

**LISTING OF EQUITY SHARES**

The Company's shares are listed at BSE (Bombay Stock Exchange) and NSE (National Stock Exchange of India Ltd.). The listing fee to all the Stock Exchanges has been paid for the year 2009-2010.

**PERSONNEL**

Your Directors place on record their sincere appreciation for significant contribution made by the employees through their dedication, hard work and commitment.

**ACKNOWLEDGEMENTS**

The Directors have pleasure and acknowledge the support and wise counsel extended to us by the analysis, bankers, government agencies, shareholders and the investors at large. We look forward to having the same support in future.

**For and on behalf of the Board  
Shiv-Vani Oil & Gas Exploration Services Limited**

**New Delhi  
July 10, 2009**

**(Prem Singhee)  
Chairman & Managing Director**



**Annexure – I**

Statement of Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, as amended by the Amendment Act, 1988, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forming part of the Directors' Report for the financial year ended 31<sup>st</sup> March, 2009 :

**Employed throughout the year**

Name	Designation	Age (yrs)	Nature of employment and other terms & conditions	Nature of duties	Remuneration Received (Rs.)	Qualification (Years)	Experience	Date of commencement of Employment	%age of equity shares held	Last employment & designation
Mr. Prem Singhee	Chairman & Managing Director	51	Contractual appointment for a period of five years w.e.f. 1 <sup>st</sup> November, 2007.	Overall control and policy formulations	10,824,802/-	B.Com.	23	Since incorporation	2.16	Partner, Perfect Tubewell Corpn
Mr. Padam Singhee	Joint Managing Director	45	Contractual appointment for a period of five years w.e.f. 1 <sup>st</sup> June, 2006.	Overall control of day to day management of the Company.	10,139,802/-	B. Com.	19	11 <sup>th</sup> January, 1990	1.82	Nil
Mr. Prakash Kumar Chiman Lal Singhee	President	44	Regular employee	Managerial function	5,380,680/-	Graduate	16	1 <sup>st</sup> July, 2008.	0.78	Infotat International (Houston-USA)
Mr. Pradip Kumar Chaudhary	Sr. Vice President	58	Regular employee	Managerial function	3,000,000/-	B.E. (Mechanical)	35	4 <sup>th</sup> October, 2005	Nil	Jindal Drilling & Industries Ltd.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure and Developments:

#### Indian Economy & Energy Consumption

With a GDP of USD1.23 trillion India is currently the world's fourth largest economy in Purchasing Power Parity (PPP) terms (the GDP terms is estimated at approximately USD 3.2 trillion) and the fifth largest energy consumer in the world. However, due to its high population of approximately 1.1 billion, the per capita consumption of most energy related products is extremely low. The per capita energy consumption is estimated to be a very modest 530 kg of oil equivalent (kgoe) while the world average is approximately 1800 kgoe. Per capita incomes, in turn, were estimated at USD 2,800 in 2008's PPP.

After recording a sustained growth of over 9 per cent for the last 3 consecutive years, the Indian economy is expected to continue to demonstrate robust growth going forward, the growth rate is estimated to be approximately 6.6 % in 2008-09. When compared with other countries, India's GDP is likely to continue to grow at rates above 6 per cent in the short term and higher going forward. Meanwhile India's current macro economic ratios continue to be robust, with its forex reserves were around USD 250 billion in March, 2009.

#### Industry Scenario in India

Oil and gas accounts for 41 per cent of India's energy consumption and there is unlikely to be any significant scaling down of dependence on these fuels in the next five to ten years. The sustained economic growth in the country over the last five years has led to concurrent growth in energy demand across industrial, transportation, commercial and residential sectors. To meet this considerable demand, oil and gas sector is expanding its refining capacity to drive output and export petroleum products. However this could widen the gap between domestic demand and supply of crude oil. A substantial increase in the domestic supply of natural gas and reduced prices of LNG are likely to encourage gas consumption in power, fertilizer, city gas distribution and other industrial segments. Owing to the rising consumption of oil and gas, the Government has framed favourable policies to promote exploration and production. Government policies have also supported the growth of export oriented refining capacity in the country. The natural and technological limitations in enhancing global oil production are likely to restrain the supply from keeping pace with demand in the long term. Thus in turn, could lead to a continued increase in the base level prices of crude oil and thus E&P services.

The Oil & Gas sector in India presents a significant opportunity for investors and is exhibited to demonstrate robust growth in line with the growth of the Indian economy. The New Exploration Licensing Policy (NELP), conceived to address the increasing demand, supply gap of energy in India, has proved to be successful in attracting the interest of both domestic and foreign players. The increased availability of hydrocarbons from domestic sources is thus perceived as necessary to sustain the rapid growth of the Indian economy.

### 2. Opportunities, Threats and Outlook:

Shiv-Vani by virtue of being the services provider to Oil & Gas Drilling and Exploration Industry in India has to face the market risk and volatility associated with the industry. Although the demand of onshore service providers in countries like India are not directly related to oil prices.

While the contracts finalized during the upward trend of the market provide good opportunity, it is hard to manage good jobs during the recessionary trend in the market and also manage the fixed expenditure of the company like rents, Bank interest, transport cost, wages etc, Seismic exploration is being seasonal in nature, there is no earning from June to September but the Company has to maintain skilled / expert manpower.

Industry trend world wide however, has shown cyclic character earlier and is therefore, expected to show resurgence of exploration are drilling activity with reversal of recessionary trend. However, in India coupled with 70% import of oil, there is a tremendous market to augment its own production.

Shiv-Vani having bagged major drilling contracts in the year 2008 is placed in exceptionally favorable condition as these contracts are for three years duration and during this period it intends to further capitalize its market leadership.

### 3. Segment –wise Performance:

The Company is mainly in one business segment of oil and gas exploration services.

#### 4. Risks and concerns:

The Company's reviews Operational Risk with "Performance assist risk-based information system" to improve decision making at all levels of the organization. The training program makes the process of understanding and managing risks more effective and efficient. Company is identifying and mitigating risks related to asset's integrity throughout its life cycle, from concept to decommissioning, while assisting with operational performance and safety. Company's Rigs, seismic equipments, logistic equipments, vessels, offshore facilities, and onshore process go through the following programs in order to minimize the risk, concerns and performance:

Technical Due Diligence, Certification and Regulatory Compliance Services, Financial Due Diligence, Condition Assessment and Inspection Services, Engineering and Risk Assessment, Specialized Engineering Analysis, Construction Monitoring, Fleet wide Integrity Management.

The Company's structural risk engineering provides seismic risk assessments, seismological criteria development, structural integrity analysis and evaluation, geologic and seismological site investigations, structural retrofit and renovation design, performance-based structural design, structural failure investigations, plan checks, and peer reviews.

The Company's security and crisis management, includes security risk assessments, security plan design and development, program implementation, training, testing, and audits. Company combines extensive risk management capabilities with technical and industry operational experience to assist in identifying and overcoming the weakest links in enterprise, Risk, and crisis management programs are helping organization prepare for the unforeseen while at the same time advancing their business objectives.

#### 5. Health, Safety and Environment Policy

The Company has set up elaborate Health, Safety and Environment Policy in order to ensure a proper and safe work environment throughout its network. Drilling, work over and seismic operations are tough and hazardous business operations with lot of physical labour out in the heat and rain. Company's entire service operations are a series of coordinated activities and require proper advance planning. As a result of strict Health, Safety and Environment Policy, the Company has been able to maintain excellent health, safety and environment record.

#### 6. Internal control and their adequacy:

The Company has a well defined organization structure. The policy guidelines and authority levels are clear and well established. The Internal Control Systems ensure that all resources are optimally used and there is accurate reporting of financial transactions. Strict compliance with all applicable Laws and Regulations are also ensured. The Company is well staffed with qualified and experienced personnel and systems are in place to ensure that all the assets of the Company are safeguarded against loss from unauthorized uses or disposition and that all transactions are authorized, recorded and reported correctly and in time.

#### 7. Discussion on Financial Performance with Respect to Operational Performance:

##### ***Fiscal Period 2009 Compared to Fiscal Period 2008***

##### *Income (Consolidated)*

Total income increased 54.58 % from Rs.5, 835.2 million in Fiscal Year 2008 (15 month period) to Rs.9, 019.9 million in Fiscal Year 2009, primarily because of an increase in operative and other income. Operative income increased 51.64% from Rs.5,745.5 million in Fiscal Year 2008 (15 month period) to Rs.8,712.7 million in Fiscal Year 2009, primarily due to an increase in our seismic services and deep drilling services revenues arising from the commencement of new contracts that we entered into during the year as well as higher contract rates.

Other income increased significantly from Rs.89.8 million in Fiscal Year 2008 (15 month period) to Rs.307.2 million in Fiscal Year 2009, mainly due to income from foreign exchange fluctuations in Fiscal Year 2009. We accrued such income because the depreciation of the Indian Rupee against the U.S. Dollar in Fiscal Year 2009 resulted in an unrealized gain arising from the revaluation of our U.S. Dollar-denominated advances to certain of our subsidiaries.

##### *Income (stand alone)*

Total income increased 64.11% from Rs.4,183.6 million in Fiscal Year 2008 (15 month period) to Rs.6,865.6 million in Fiscal Year 2009, primarily because of an increase in operative income. Operative income increased 65.88% from Rs.4,101.8 million in Fiscal Year 2008 (15 month period) to Rs.6,803.9 million in Fiscal Year 2009, primarily due to an

increase in our seismic services and deep drilling services revenues arising from the commencement of new contracts that we entered into during the year as well as higher contract rates.

Other income decreased 32.74% from Rs.81.9 million in Fiscal Year 2008 (15 month period) to Rs.61.7 million in Fiscal Year 2009, mainly due to reduction in income from interest on FDRs in Fiscal Year 2009.

*Expenditure (Consolidated)*

Total expenditure increased 41 % from Rs.4, 637.1 million in Fiscal Year 2008 (15 month period) to Rs.6, 538.1 million in Fiscal Year 2009. This increase was mainly due to increases in consumption of stores and other direct expenses, administrative and other expenses, interest and finance charges and personnel expenses.

*Expenditure (stand alone)*

Total expenditure increased 59.40% from Rs.3,368.3 million in Fiscal Year 2008 (15 month period) to Rs.5,369.2 million in Fiscal Year 2009. This increase was mainly due to increases in consumption of stores and other direct expenses, administrative and other expenses, interest and finance charges and personnel expenses.

*Consumption of stores and other direct expenses (Consolidated)*

The following table sets out certain information relating to our consumption of stores and other direct expenses for the periods indicated:

	Fiscal Year		
	2008	2009	% Change
	<i>(Rs. millions, except percentages)</i>		
Contract expenses	1,558.8	2,392.0	53.45
Store and spare parts	580.3	828.8	42.82
Oil and lubricants	293.3	406.5	38.60
Hiring charges, insurance and repair expenses	295.0	439.8	49.08
<b>Total</b>	<b>2,727.4</b>	<b>4,067.1</b>	<b>49.12</b>

Consumption of stores and other direct expenses increased 49.12% from Rs.2,727.4 million in Fiscal Year 2008 (15 month period) to Rs.4,067.1 million in Fiscal Year 2009. This was mainly due to a 53.45% increase in contract expenses, which rose to Rs.2,392.0 million in Fiscal Year 2009 from Rs.1,558.8 million in Fiscal Year 2008 (15 month period), primarily as a result of costs arising from the new seismic and deep drilling service contracts that we commenced work on during the year. In addition, store and spare parts expenses increased to Rs.828.8 million in Fiscal Year 2009 from Rs.580.3 million in Fiscal Year 2008 (15 month period) and oil & lubricant expenses rose to Rs.406.5 million in Fiscal Year 2009 from Rs.293.3 million in Fiscal Year 2008 (15 month period), primarily following an increase in the equipment that we purchased to fulfill our new contracts.

*Consumption of stores and other direct expenses (stand alone)*

The following table sets out certain information relating to our consumption of stores and other direct expenses for the periods indicated:

	Fiscal Year		
	2008	2009	% Change
	<i>(Rs. millions, except percentages)</i>		
Contract expenses	1,121.4	1,931.1	72.20
Store and spare parts	545.9	777.9	42.50
Oil and lubricants	268.0	381.5	42.35
Hiring charges, insurance and repair expenses	83.5	187.2	124.19
<b>Total</b>	<b>2,018.8</b>	<b>3,277.7</b>	<b>62.36</b>

Consumption of stores and other direct expenses increased 62.36% from Rs.2,018.8 million in Fiscal Year 2008 (15 month period) to Rs. 3,277.7 million in Fiscal Year 2009. This was mainly due to a 72.20% increase in contract expenses, which rose to Rs.1,931.1 million in Fiscal Year 2009 from Rs.1,121.4 million in Fiscal Year 2008 (15 month period),

primarily as a result of costs arising from the new seismic and deep drilling service contracts that we commenced work on during the year. In addition, store and spare parts expenses increased to Rs.777.9 million in Fiscal Year 2009 from Rs.545.9 million in Fiscal Year 2008 (15 month period) and oil & lubricant expenses rose to Rs.381.5 million in Fiscal Year 2009 from Rs.268.0 million in Fiscal Year 2008 (15 month period), primarily following an increase in the equipment that we purchased to fulfill our new contracts.

*Personnel expenses (consolidated)*

Personnel expenses rose 43.0% on absolute terms, from Rs.413.3 million in Fiscal Year 2008 (15 month period) to Rs.591.0 million in Fiscal Year 2009, primarily due to an increase in the number of our employees, higher average salaries and higher volume.

*Personnel expenses (stand alone)*

Personnel expenses rose 56.48% on absolute terms, from Rs.207.5 million in Fiscal Year 2008 (15 month period) to Rs.324.7 million in Fiscal Year 2009, primarily due to an increase in the number of our employees, higher average salaries and higher volume.

*Administrative and other expenses (consolidated)*

Administrative and other expenses increased 35.36 %, from Rs.393.7 million in Fiscal Year 2008 (15 month period) to Rs.532.9 million in Fiscal Year 2009. A significant increase in gain on currency fluctuation from loss of Rs.123.3 million in Fiscal Year 2008 (15 month period) to gain of Rs.230.1 million in Fiscal Year 2009. Legal and Professional charges has increased from Rs.54.9 million in Fiscal Year 2008 to Rs.178.6 million in Fiscal Year 2009. The increase in gain on currency fluctuation arose because the appreciation of the Indian Rupee against the U.S. Dollar in Fiscal Year 2009 resulted in unrealized gains arising from the revaluation of our U.S. Dollar-denominated loans and mark to market gains from our foreign currency forward contracts, while the increase in legal and professional charges arose primarily as a result of the new loan agreements we entered into in Fiscal Year 2009.

*Administrative and other expenses (stand alone)*

Administrative and other expenses increased 166.19%, from Rs.203.5 million in Fiscal Year 2008 (15 month period) to Rs.541.7 million in Fiscal Year 2009. A significant increase in loss on currency fluctuation of Rs.166.2 million and legal and professional charges of Rs.51.2 million in Fiscal Year 2009. The increase in loss on currency fluctuation arose because the appreciation of the Indian Rupee against the U.S. Dollar in Fiscal Year 2009 resulted in unrealised loss arising from the revaluation of our U.S. Dollar-denominated loans, while the increase in legal and professional charges arose primarily as a result of the new loan agreements we entered into in Fiscal Year 2009.

*Interest & bank charges (consolidated)*

Interest & bank charges rose 25.39%, from Rs.673.9 million in Fiscal Year 2008 (15 month period) to Rs.845.0 million in Fiscal Year 2009. The increase was primarily due to the increase in our outstanding debt in Fiscal Year 2009 to Rs.20,711.7 million as of 31 March 2009, compared to Rs.7,699.6 million as of 31 March 2008 and, to a lesser extent, an increase in average interest rates in Fiscal Year 2009.

*Interest & bank charges (stand alone)*

Interest & bank charges rose 32.32%, from Rs.614.8 million in Fiscal Year 2008 (15 month period) to Rs.813.5 million in Fiscal Year 2009. The increase was primarily due to the increase in our outstanding debt in Fiscal Year 2009 to Rs.13,765.9 million as of 31 March 2009, compared to Rs.7,320.6 million as of 31 March 2008 and, to a lesser extent, an increase in average interest rates in Fiscal Year 2009.

*Profit Before Income Tax (consolidated)*

As a result of the foregoing, profit before income tax increased 107.14% from Rs.1,198.1 million in the Fiscal Year 2008 (15 month period) to Rs.2,481.8 million in Fiscal Year 2009.

*Profit Before Income Tax (stand alone)*

As a result of the foregoing, profit before income tax increased 83.54% from Rs.815.3 million in the Fiscal Year 2008 (15 month period) to Rs.1,496.4 million in Fiscal Year 2009.

*Income Tax (consolidated)*

We recorded an income tax expense of Rs.554.7 million in Fiscal Year 2009 compared with an income tax expense of Rs.275.6 million in Fiscal Year 2008 (15 month period), primarily because of the increase in our profit before taxes, resulting in higher income tax payable.

*Income Tax (stand alone)*

We recorded an income tax expense of Rs.548.3 million in Fiscal Year 2009 compared with an income tax expense of Rs.274.1 million in Fiscal Year 2008 (15 month period), primarily because of the increase in our profit before taxes, resulting in higher income tax payable.

*Profit After Tax (consolidated)*

As a result of the foregoing, our profit after tax increased 108.9% from Rs.922.6 million in Fiscal Year 2008 (15 month period) to Rs.1,927.2 million in Fiscal Year 2009.

*Profit After Tax (stand alone)*

As a result of the foregoing, our profit after tax increased 75.20% from Rs.541.2 million in Fiscal Year 2008 (15 month period) to Rs.948.2 million in Fiscal Year 2009.

**8. Material Development in Human Resources/ Industrial Relations front.**

The Company considers its employees as one of the important assets and they have been given all opportunities to harness their potential, spirit and energy to synchronize the same with the objectives of the Company. The success story of the Company has been made possible by the confidence and optimism of its employees. The Company constantly endeavors to create distributed leadership which ensures that the company's business is managed by a team of competent and inspired leaders who create a culture of learning, innovation and excellence.

The Company believes that training is an integral part of the business for achieving excellence and it is the highest multiplier of motivation and productivity. Training Programs are conducted to bring in contemporary skills to the Company.

**9. Foreign Currency Fluctuations**

In the normal course of business operations, the Company has various foreign currency transactions for import of capital goods, availing of foreign currency loans and repayment of foreign currency loans and interest thereon as well as revenues in foreign currencies.

All the above transactions are exposed to the risks of exchange rate fluctuations. To protect the Company from risk, preventive steps are taken to hedge foreign currency exposure.

**10. Cautionary Statement**

The statements made in this report describing the Company's expectations and estimations may be forward looking with in the meaning of applicable securities laws and regulations. Actual results may differ from those expressed or implied in this report due to influence of external and internal factors which are beyond the control of the Company.

## REPORT ON CORPORATE GOVERNANCE

### 1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your company has continuously endeavored to achieve and sustain the high standards of corporate governance, with an attempt to comply with statutory requirements and adhere to spirit of Corporate Governance to ensure:

1. transparency in the functioning and decision making of Management;
2. prompt redressal of investors grievances;
3. timely and adequate dissemination of price sensitive information to the public at large.

Your company considers Integrity, fairness, equity, transparency, accountability, responsibility and commitment to values are the basic principles of Corporate Governance and has cherishes and appreciates these principles consistently as they emerge from the culture and mind set of the system adopted by the Company. The Company is committed toward Corporate Governance which is supported and implemented by the Board of Directors having a balanced mix of experience, eminence and integrity, core group of top level executives, professionals and the best systems, process and technology that have been put in place by the Company.

### 2. BOARD OF DIRECTORS

The Company has maintained optimum combination of executive and non-executive directors out of seven directors as on financial year ended on 31<sup>st</sup> March 2009, two directors are executive and remaining five are Non-Executive Directors. The Chairman of the Company in an Executive Director and five Directors out of seven are independent directors, constituting more than one half of the total number of directors in the Board.

The Independent Directors are only entitled to sitting fees, within the limit prescribed by the Companies Act, 1956, for Meeting of Board of Directors of the Company or any committee there of.

During the Financial Year ending on 31<sup>st</sup> March 2009, the constitution of Board of Directors of the Company was as follows:

Name of the Director	Category	Designation	Number of Directorships held in other Companies	*Number of Board Committee memberships held in other companies	*Number of Chairmanship of Board Committees held in other companies
Mr. Prem Singhee	Executive and Promoter Director	Chairman & Managing Director	2	Nil	Nil
Mr. Prateep Kumar Lahiri	Independent Non-Executive Director	Director	3	4	3
Mr. Dwarka Das Daga	Independent Non-Executive Director	Director	1	Nil	Nil
Mr. Om Prakash Garg	Independent Non-Executive Director	Director	13	Nil	Nil
Mr. Padam Singhee	Executive and Promoter Director	Joint Managing Director	4	Nil	Nil
Captain Hiteshi Chander Malik	Independent Non-Executive Director	Director	1	Nil	Nil
<sup>1</sup> Mr. Rajneesh Gupta	Independent Non-Executive Director	Director	Nil	Nil	Nil
<sup>2</sup> Mr. T. S. R. Subramanian	Independent Non-Executive Director	Director	2	2	1
<sup>3</sup> Mr. L. N. Vaz	Independent Non-Executive Director	Nominee Director of IDBI Bank Limited	Nil	Nil	Nil

1. Mr. Rajneesh Gupta was appointed as the Additional Director of the Company by board of directors in their meeting held on 30th January 2009;
2. The Board of Directors in their Meeting held on 15th April 2009 accepted the resignation of Mr. T. S. R. Subramanian;
3. Industrial Development Bank of India Limited has withdrawn their Nominee Director Mr. L.N. Vaz from the Board of the Company vide Letter No. SS-ICG.53/177/Nom.8 dated. August 25, 2008 with effect from September 01, 2008 and Board of Director of the Company in their Meeting held on September 05, 2008 has taken note of the same.

\*For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, are included and all other companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act are excluded, further for the purpose of reckoning the limit regarding Chairmanship/ membership of the Audit Committee and the Shareholders' Grievance Committee alone are considered.

#### Notes:

- A. None of Director of the Board of Directors is a Member of more than 10 Committees and not holding the position of Chairmanship in more than five Committees.
- B. The successor of independent director whose office was vacant by removal or resignation was appointed within the period of 180 days.
- C. Except Mr. Prem Singhee (Chairman and Managing Director) and Mr. Padam Singhee (Joint Managing Director) remaining all other five Directors are liable to retire by rotation.

### 3. BOARD MEETINGS

#### Meetings

During the financial year ended on 31<sup>st</sup> March 2009 the Board of Directors has met for eleven times (28/04/2008, 21/05/2008, 27/06/2008, 28/07/2008, 19/08/2008, 05/09/2008, 31/10/2008, 06/01/2009, 30/01/2009, 25/02/2009, 3/3/2009) wherein the difference between two board meeting does not exceeded 4 Months.

Dates of Board meetings are fixed in advance and agenda papers are circulated to Directors in advance containing all the relevant information.

#### Attendance

#### Attendance of Directors at Board Meetings and at the Annual General Meeting (AGM)

Name of the Director	No. of Board Meetings attended	Whether attended the AGM held on 30 <sup>th</sup> September 2008
Mr. Prem Singhee	10	No
Mr. Prateep Kumar Lahiri	06	No
Mr. Dwarka Das Daga	09	Yes
Mr. Om Prakash Garg	06	Yes
Mr. Padam Singhee	11	Yes
Captain Hiteshi Chander Malik	11	Yes
<sup>1</sup> Mr. Rajneesh Gupta	03	No
<sup>2</sup> Mr. T. S. R. Subramanian	07	No
<sup>3</sup> Mr. L. N. Vaz	02	No

1. Mr. Rajneesh Gupta was appointed as the Additional Director of the Company by Board of Directors in their meeting held on 30<sup>th</sup> January 2009;
2. The Board of Directors in their Meeting held on 15<sup>th</sup> April 2009 accepted the resignation of Mr. T. S. R. Subramanian;
3. Industrial Development Bank of India Limited has withdrawn their Nominee Director Mr. L.N. Vaz from the Board of the Company vide Letter No. SS-ICG.53/177/Nom.8 dated. August 25, 2008 with effect from September 01, 2008 and Board of Director of the Company in their Meeting held on September 05, 2008 has taken note of the same.



#### 4. COMMITTEES OF THE BOARD

##### (i) Audit Committee

Pursuant to Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreements with the Stock Exchanges a qualified and independent Audit Committee has been constituted. The principle terms and conditions of reference to Audit Committee includes –

- Overseeing financial reporting processes.
- Reviewing periodic financial results, financial statements and adequacy of internal control systems.
- Recommending the Board regarding appointment, re-appointment, removal or replacement of Statutory Auditor of the Company and fixing its fees.
- Discussion with internal auditors any significant findings and follow up there on.
- Discussion and periodic review of audit reports.
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public, rights, preferential issue of securities etc.)
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- To review the functioning of the Whistle Blower mechanism.

Minutes of meetings of the Audit Committee are circulated to Members of the Committee for their approval in subsequent Meeting and to the Board of Directors for their noting.

##### Composition

The Audit Committee have four members, out of which three are Independent Non-Executive Directors, resulting two third of the members of the committee are independent directors. Members of Audit Committee are financially literate and have accounting or related financial management knowledge/ expertise. An Independent Director is a Chairman of the Audit Committee and who remain present at Annual General Meetings.

##### Attendance

During the financial year ended on 31<sup>st</sup> March 2009, five meetings of the Audit Committee were held on (28/04/2008, 28/07/2008, 5/9/2008, 31/10/2008, 30/01/2009) and the time gap between two meeting does not exceed four months, wherein two members or one third of the members of the audit committee whichever is greater were present, out of which a minimum of two independent members were present.

Name of the Member	Designation in Committee	Status	No. of Meetings attended
Mr. Om Prakash Garg	Chairman	Independent Non-Executive Director	3
Captain Hiteshi Chander Malik	Member	Independent Non-Executive Director	5
Mr. Padam Singhee	Member	Executive and Promoter Director	5
<sup>1</sup> Mr. Dwarka Das Daga	Member	Independent Non-Executive Director	2
<sup>2</sup> Mr. L. N. Vaz	Member	Independent Non-Executive Director	2

1. Mr. Dwarka Das Daga was co-opted as the Member of the Committee in the Meeting of Board of directors of the Company held on 5<sup>th</sup> September 2008.
2. Industrial Development Bank of India Limited has withdrawn their Nominee Director Mr. L.N. Vaz from the Board of the Company vide Letter No. SS-ICG.53/177/Nom.8 dated. August 25, 2008 with effect from September 01, 2008 and Board of Director of the Company in their Meeting held on September 05, 2008 has taken note of the same.

Members of the Audit Committee have requisite financial and management expertise and have held or hold senior positions in reputed organizations.

The Statutory Auditors, Internal Auditors and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

The Company Secretary acts as the Secretary to the Committee.

**(ii) Committee for routine transactions**

Committee is empowered to do all such acts, things and deeds as may be considered necessary for carrying on ordinary course of business of the Company, including but not restricted to:

- a. applying for the tender in the name or on behalf of the Company;
- b. opening or closing of company's bank account(s);
- c. making application to or representation before any statutory, legislative or judicial authority or government department;
- d. appointment of agents or authorize any person to discharge their obligation(s) or duty (ies) or to exercise their right(s) and power.

Minutes of meetings of the Routine Transaction Committee are circulated to members of the Committee and the Board. The Company Secretary of the Company acts as the Secretary of the Routine Transaction Committee.

**Composition**

The Committee for routine transaction consists of three Members and is chaired by Mr. Padam Singhee, Executive and Promoter Director of the Company.

**Attendance**

During the financial year ended on 31<sup>st</sup> March 2009, eleven meetings of the Routine Transaction Committee were held on (2/4/2008, 28/04/2008, 13/06/2008, 30/06/2008, 29/07/2008, 15/09/2008, 4/11/2008, 13/01/2009, 02/2/2009, 28/02/2009 and 12/3/2009)

Name of the Member	Designation in Committee	Status	No. of Meetings attended
Mr. Padam Singhee	Chairman	Executive and Promoter Director	11
Mr. Prem Singhee	Member	Executive and Promoter Director	0
Mr. Om Prakash Garg,	Member	Independent Non-Executive Director	11

**(iii) Remuneration Committee**

Remuneration Committee has been constituted to discuss, decide and revise from time to time the remuneration payable to directors of the Company in accordance to their performance and contribution in growth and development of the Company and financial position of the Company.

In order to avoid conflicts of interest, the remuneration committee which determines the remuneration packages of the executive directors comprises of at least three non-executive directors and chaired by an independent director.

Minutes of meetings of the Remuneration Committee are circulated to members of the Committee and the Board.

Company Secretary of the Company acts as the Secretary of the Remuneration Committee Meetings.

**Composition**

The Remuneration Committee consists of four Members and is chaired by Mr. Om Prakash Garg an Independent Non-Executive Director.

**Attendance**

During the financial year ended on 31<sup>st</sup> March 2009, no meeting of the Remuneration Committee was held.

Name of the Member	Designation in Committee	Status	No. of Meetings attended
Mr. Om Prakash Garg	Chairman	Independent Non-Executive Director	N.A
Mr. Padam Singhee	Member	Executive and Promoter Director	N.A
Captain Hiteshi Chander Malik	Member	Independent Non-Executive Director	N.A
<sup>1</sup> Mr. Dwarka Das Daga	Member	Independent Non-Executive Director	N.A
<sup>2</sup> Mr. L. N. Vaz	Member	Independent Non-Executive Director	N.A

1. Mr. Dwarka Das Daga was co-opted as the Member of the Committee in the Meeting of Board of directors of the Company held on 5<sup>th</sup> September 2008.
2. Industrial Development Bank of India Limited has withdrawn their Nominee Director Mr. L.N. Vaz from the Board of the Company vide Letter No. SS-ICG.53/177/Nom.8 dated. August 25, 2008 with effect from September 01, 2008 and Board of Director of the Company in their Meeting held on September 05, 2008 has taken note of the same.

### Remuneration Policy

The Remuneration Policy of the Company for managerial personnel is primarily based on the following criteria:

- Performance of the Company, its divisions and units.
- Track record, potential and performance of individual managers and
- External competitive environment.

### Remuneration of Directors

Remuneration of Executive Directors is decided by the Board based on recommendations of the Remuneration Committee as per the remuneration policy of the Company, within the ceiling fixed by the shareholders, further the Non-Executive Directors shall be entitled only to sitting fees within the prescribed limits of Companies Act, 1956, rules and regulations made there under and they have no other pecuniary relationship with the Company.

Detail of remuneration and/or sitting fees paid to executive directors and non-executive directors are mentioned hereunder:

Figures in Rupees

Name of the Director	Sitting Fees	Salary	Perquisites	Total
Mr. Prem Singhee	—	8,650,000	2,174,802	10,824,802
Mr. Padam Singhee	—	8,050,000	2,089,802	10,139,802
<sup>4</sup> Mr. Dwarka Das Daga	57,500	—	—	—
Mr. Om Prakash Garg	64,500	—	—	—
Mr. Prateep Kumar Lahiri	43,000	—	—	—
Captain Hiteshi Chander Malik	110,500	—	—	—
<sup>1</sup> Mr. Rajneesh Gupta	20,000	—	—	—
<sup>2</sup> Mr. T. S. R. Subramanian	36,000	—	—	—
<sup>3</sup> Mr. L. N. Vaz	9,000	—	—	—

### Notes:

1. Mr. Rajneesh Gupta was appointed as the Additional Director of the Company by board of directors in their meeting held on 30<sup>th</sup> January 2009;
2. The Board of Directors in their Meeting held on 15<sup>th</sup> April 2009 accepted the resignation of Mr. T. S. R. Subramanian;
3. Industrial Development Bank of India Limited has withdrawn their Nominee Director Mr. L.N. Vaz from the Board of the Company vide Letter No. SS-ICG.53/177/Nom.8 dated. August 25, 2008 with effect from September 01, 2008 and Board of Director of the Company in their Meeting held on September 05, 2008 has taken note of the same.
4. None of non-executive directors except Mr. Dwarka Das Daga, who hold 676 Equity Shares in the Company.

#### (v) Shareholders/ Investors' Grievance Committee

Shareholders/ Investors' Grievance Committee has been constituted to enquire into all complaints of the investors including but not restricted to complaints related to transfer of shares, payment of dividend, re-materialization and dematerialization of shares and to ensure that they have been solved to the satisfaction of the complainants and no complaints shall be pending for unreasonably long period.

Compliance officer is responsible for appearing before and informing committee regarding pending complaints and steps taken for their redressal, as and when required by the Committee from time to time.

Minutes of meetings of the Shareholders/ Investors' Grievance Committee are circulated to members of the Committee and the Board.

Company Secretary of the Company acts as the Secretary of the Shareholders/ Investors' Grievance Committee.

#### Composition

The Shareholders/ Investors' Grievance Committee consists of three members and is Chaired by Captain Hiteshi Chander Malik, an Independent Non-Executive Director.

#### Attendance

During the financial year ending on 31<sup>st</sup> March 2009, three meetings of the Shareholders/ Investors' Grievance Committee were held on (30/06/2008, 30/8/2008, and 31/03/2009).

Name of the Member	Designation in Committee	Status	No. of Meetings attended
1 Captain Hiteshi Chander Malik	Chairman	Independent Non-Executive Director	1
Mr. Om Prakash Garg	Member	Independent Non-Executive Director	0
Mr. Padam Singhee	Member	Executive and Promoter Director	3
2 Mr L. N. Vaz	Member	Independent Non-Executive Director	2

- Captain Hiteshi Chander Malik was co-opted as the Member of the Committee in the Meeting of Board of directors of the Company held on 5<sup>th</sup> September 2008.
- Industrial Development Bank of India Limited has withdrawn their Nominee Director Mr. L.N. Vaz from the Board of the Company vide Letter No. SS-ICG.53/177/Nom.8 dated. August 25, 2008 with effect from September 01, 2008 and Board of Director of the Company in their Meeting held on September 05, 2008 has taken note of the same.
- During the financial year ended on 31<sup>st</sup> March 2009:-  
 Number of Complaints Received: 22  
 Number of Complaints Solved up to the Satisfaction of Shareholders: 22  
 Number of Pending Complaints: Nil

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent / issues resolved usually within 15 days except in case of dispute over facts or other legal constraints.

#### (vi) Share Transfer Committee

A Share Transfer Committee has been constituted to enquire into all matters relating to transfer of shares and other matter pertaining to transfer of shares, re-materialization and dematerialization of shares.

Minutes of meetings of the Share Transfer Committee are circulated to members of the Committee and the Board.

Company Secretary of the Company acts as the Secretary of the Share Transfer Committee Meetings.

#### Composition

The Share Transfer Committee consists of three Members and is chaired by Mr. Dwarka Das Daga an Independent Non-Executive Director.

### Attendance

During the financial year ended on 31<sup>st</sup> March 2009, sixteen meetings of the Share Transfer Committee were held on (15/04/2008, 15/5/2008, 30/05/2008, 30/06/2008, 15/07/2008, 30/08/2008, 15/10/2008, 15/11/2008, 28/11/2008, 15/12/2008, 31/12/2008, 15/01/2009, 30/01/2009, 28/02/2009, 16/03/2009 and 31/03/2009)

Name of the Member	Designation in Committee	Status	No. of Meetings attended
Mr. Dwarka Das Daga	Chairman	Independent Non-Executive Director	5
Mr. Padam Singhee	Member	Executive and Promoter Director	16
Mr. Om Prakash Garg	Member	Independent Non-Executive Director	16

## 5. GENERAL BODY MEETINGS

Details of the General Meetings held in the last three years.

### I. Annual General Meeting

Year	Date	Day	Time	Venue	Special Resolutions Passed
2008	30/09/2008	Tuesday	12.00 Noon	Khasra No. 193, F-6, Pushpanjali Farm, Bijwasan, New Delhi-110061	Nil
2007	30/07/2007	Monday	12.00 Noon	Khasra No. 193, F-6, Pushpanjali Farm, Bijwasan, New Delhi-110061	1 Alteration of Articles of Association in pursuant to Section 31 of the Companies Act, 1956. 2 Allotment of upto 2,733,330 Equity Shares on preferential basis.
2006	29/06/2006	Thursday	11.30 A.M	Khasra No. 193, F-6, Pushpanjali Farm, Bijwasan, New Delhi-110061	1. Revision of remuneration of Mr. Prem Singhee, Chairman & Managing Director of the Company. 2. Appointment of Mr. Padam Singhee as Joint Managing Director of the Company 3. De-listing of Equity Shares of the Company from Ahmadabad Stock Exchange. 4. Alteration of Memorandum of Association of the Company

No Extra-Ordinary Meeting of Members was convened during the Financial Year 2008-09

### III. Postal Ballot Detail

1. Company has passed following resolutions as Special Resolution by postal ballot mechanism for Alteration of Articles of Association of the Company:
  - a) Alteration of Articles of Association by inserting Article 50A, empowering company to buy-back any of its securities;
  - b) Alteration of Articles of Association by inserting Article 4A and substituting Article 69(b), empowering company to issue equity shares with differential rights to voting, dividend and otherwise.

Following was the Voting Pattern with respect to the aforesaid resolution:

- a) Alteration of Articles of Association by inserting Article 50A, empowering company to buy-back any of its securities

Total Ballot received:	197
Less: Rejected:	10
<b>Valid Votes:</b>	<b>187</b>

Particulars	Number of Ballot Papers	Number of Votes	Percentage
For	179	19,706,903	99.99
Against	08	595	00.01
<b>Total</b>	<b>187</b>	<b>19,707,498</b>	<b>100.00</b>

- b) Alteration of Articles of Association by inserting Article 4A and substituting Article 69(b), empowering company to issue equity shares with differential rights to voting dividend and otherwise

Total Ballot received:	197
Less: Rejected:	10
<b>Valid Votes:</b>	<b>187</b>

Particulars	Number of Ballot Papers	Number of Votes	Percentage
For	179	19,706,848	99.99
Against	08	650	00.01
<b>Total</b>	<b>187</b>	<b>19,707,498</b>	<b>100.00</b>

- The Company has appointed Mr. D. P. Gupta, a practicing Company Secretary an independent Company Secretary as a scrutinizer for conducting the Postal Ballot process in fair and transparent manner;
- The aforesaid resolutions were passed as Special Resolutions with requisite majority;
- Following was the procedure adopted by the company for the purpose of conducting the postal ballot:

S. No.	Events	Date
1	Date of Dispatch of notice of Board Meeting in which decision regarding the business to be transacted through postal ballot was taken.	27 <sup>th</sup> January 2009
2	Date on which consent from the scrutinizer to act as scrutinizer of the Company was obtained.	29 <sup>th</sup> January 2009
3	Date of holding of the Board Meeting in which company resolved to conduct postal ballot & approval of Calendar of Events.	30 <sup>th</sup> January 2009
4	Date of Board resolution for appointment of Scrutinizer	30 <sup>th</sup> January 2009
5	Date of Board Resolution for appointment of officers responsible for conducting / undertaking Postal ballot	30 <sup>th</sup> January 2009
6	Date up-to which intimation to Scrutinizer with respect to his appointment was received.	31 <sup>st</sup> January 2009
7	Date up-to which calendar to events dispatched to Registrar of Companies	5 <sup>th</sup> February 2009
8	Date up-to which the dispatch of postal ballot notice, documents and other related documents was taken	25 <sup>th</sup> February 2009
9	Date up-to which advertisement published regarding completion of dispatch of notice	27 <sup>th</sup> February 2009
10	Last date up-to which postal ballot was received by the scrutinizer	27 <sup>th</sup> March, 2009
11	Date of the meeting for deciding the modus opearndi and manner in which the result of the postal ballot process to decided	28 <sup>th</sup> March, 2009
12	Date on which report submitted by scrutinizer to Chairman	30 <sup>th</sup> March 2009
13	Date on which Chairman declared results of Postal Ballot	31 <sup>st</sup> March 2009
14	Date of publication of results in news papers	2 <sup>nd</sup> April 2009
15	Date of submission of postal ballot and other related document and papers by scrutinizer to responsible officer	31 <sup>st</sup> March 2009
16	Date on signing of Minutes related to Postal Ballot by Chairman	6 <sup>th</sup> April 2009
17	Date up-to which resolution filed with Registrar of Companies	6 <sup>th</sup> April 2009

## 6. CODE OF CONDUCT

In accordance with the Clause 49 (I) (D) of the Listing Agreement and provisions of SEBI (Prohibition of Insiders Trading) Regulations, 1992, the company have adopted and maintained the Code of Conduct for purpose of prevention of insider trading and regulating the dealing in company's securities by employees or their dependents of the company or any other person who is reasonably expected to have access to price sensitive information.

### Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Code of Conduct for the Financial Year ended on 31<sup>st</sup> March, 2009.

New Delhi  
10/07/2009

Sd/-  
Prem Singhee  
(Chairman & Managing Director)

## 7. Certificate from CEO and CFO

To  
The Board of Directors  
Shiv-Vani Oil & Gas Exploration Services Limited  
New Delhi,

We, Prem Singhee, Chairman and Managing Director and Rajan Gupta, Chief Financial Officer, of the Company do hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended on 31<sup>st</sup> March, 2009 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) 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.
- (b) 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.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

New Delhi  
10/07/2009

Sd/-  
Prem Singhee  
(Chairman & Managing Director)

Sd/-  
Rajan Gupta  
(Chief Financial Officer)

## 8. DISCLOSURES

### A. Related Party Transactions

The Company has not entered into any materially significant related party transaction that may have any potential conflict with the interests of the Company and all the related party transactions (if any) has been placed before Audit Committee from time to time. Further details in respect to related party transactions are fully stated in Clause I of Notes to Accounts of audited financials for the financial year 2008-09

## B. Whistle Blower Policy

The company has established a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. It also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. The existence of the mechanism has been appropriately communicated within the organization.

## C. Risk Management

The company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures has been periodically reviewed to ensure that executive management controls risk through means of a properly defined framework

## D. Secretarial Audit

Mr. D.P Gupta, an Independent Practicing Company Secretary carried out Secretarial Audit on quarterly basis to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total Issued/ Paid up capital is in agreement with the total number of shares held in physical form and in dematerialized form held with NSDL and CDSL

## E. Compliance by the Company

During the last three years, no penalties or restrictions have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on matters related to capital markets.

The Company has complied with all the mandatory requirements and has endeavoring to incorporate non-mandatory requirements to ensure better corporate governance and transparency in the functioning of the Company's management such as:

1. Company is moving toward the regime of unqualified financial statement.
2. Company has established and encouraged whistle blower policy in order to discourage, prevent and detect fraud and other material irregularities.
3. The remuneration committee has been empowered to take decisions independently and according to the remuneration policy of the Company to commensurate the remuneration of a director with his/ her performance and contribution in the growth and prosperity of Company.

## 9. MEANS OF COMMUNICATION

1. At present, Quarterly Financial results are sent to National Stock Exchange of India Limited and Bombay Stock Exchange Limited as per the requirement of Listing Agreement but are not sent to each of shareholder separately.
2. Quarterly Results and other notices issued by the company to its shareholder are normally published in following news papers:
  - a. The Financial Express (English);
  - b. The Economic Times (English);
  - c. Business Standard (English);
  - d. Jansatta (Hindi);
  - e. Navbharat Times (Hindi).
3. Quarterly results, shareholding pattern, notices and other relevant information's are displayed on Company's website at [www.shiv-vani.com](http://www.shiv-vani.com)

## 10. SHAREHOLDING INFORMATION

### Annual General Meeting

The 18<sup>th</sup> Annual General Meeting is scheduled to be held on Monday the 7<sup>th</sup> day of September 2009.



Time: 12.00 Noon

Venue: Khasra No. 193, F-6, Pushpanjali Farm, Bijwasan, New Delhi-110061.

### Financial Year

Financial Year of Company is of 12 Months, commencing from 1<sup>st</sup> April of a calendar year to 31 March of subsequent calendar year

### Financial Calendar

- Adoption of Un-audited Financial Results of first quarter ended on 30<sup>th</sup> June 2009;
- Adoption of Un-audited Financial Results of second quarter ended on 30<sup>th</sup> September 2009;
- Adoption of Un-audited Financial Results of third quarter ended on 31<sup>st</sup> December 2009;
- Adoption of Un-audited Financial Results of forth quarter ended on 31<sup>st</sup> March 2010;
- Adoption of Audited Financial Results of Financial year ended on 31<sup>st</sup> March 2010;

**Book Closure Dates:** Friday, the 4<sup>th</sup> day of September 2009 to Monday, the 7<sup>th</sup> day of September 2009 (both days inclusive)

### Dividend payment date

The Board of Directors of the Company in their meeting held on 10<sup>th</sup> July 2009 resolved to recommend the dividend of Rs. 1/- per Equity Share (Face Value of Rs. 10/- each) in the company, which is subject to approval of members of the Company at Annual General Meeting. The same will be paid and other requirements will be complied within the stipulated time limits specified under Companies Act, 1956, Listing Agreement and other applicable law(s).

### Listing on Stock Exchanges

The Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd., at Mumbai.

The Company confirms that it has paid annual listing fees due to the Stock Exchanges for the year 2009-10.

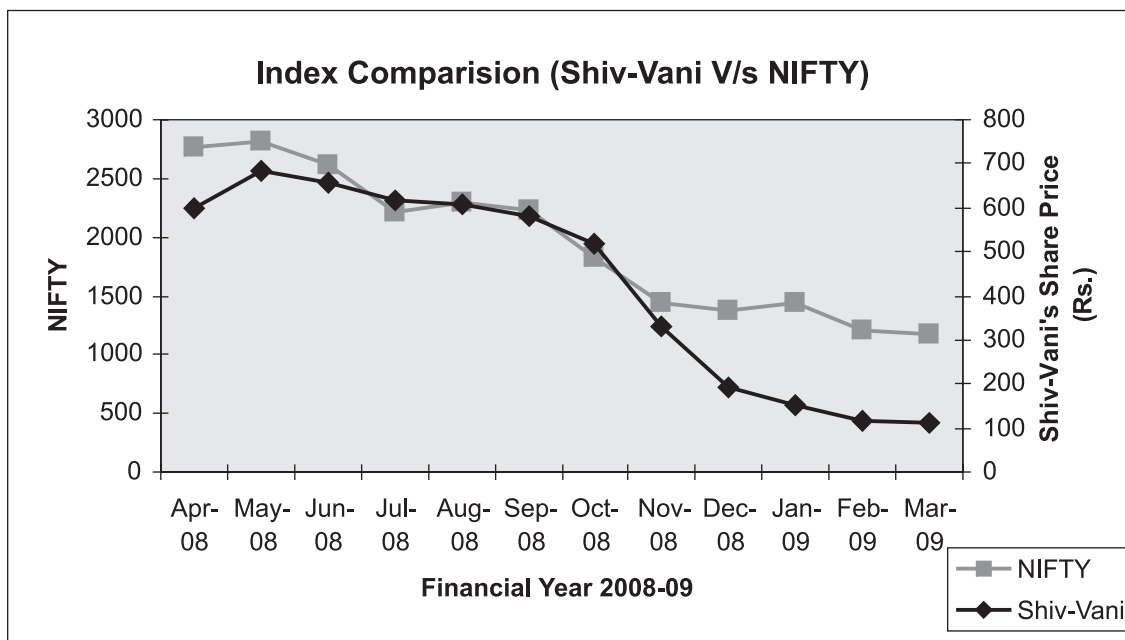
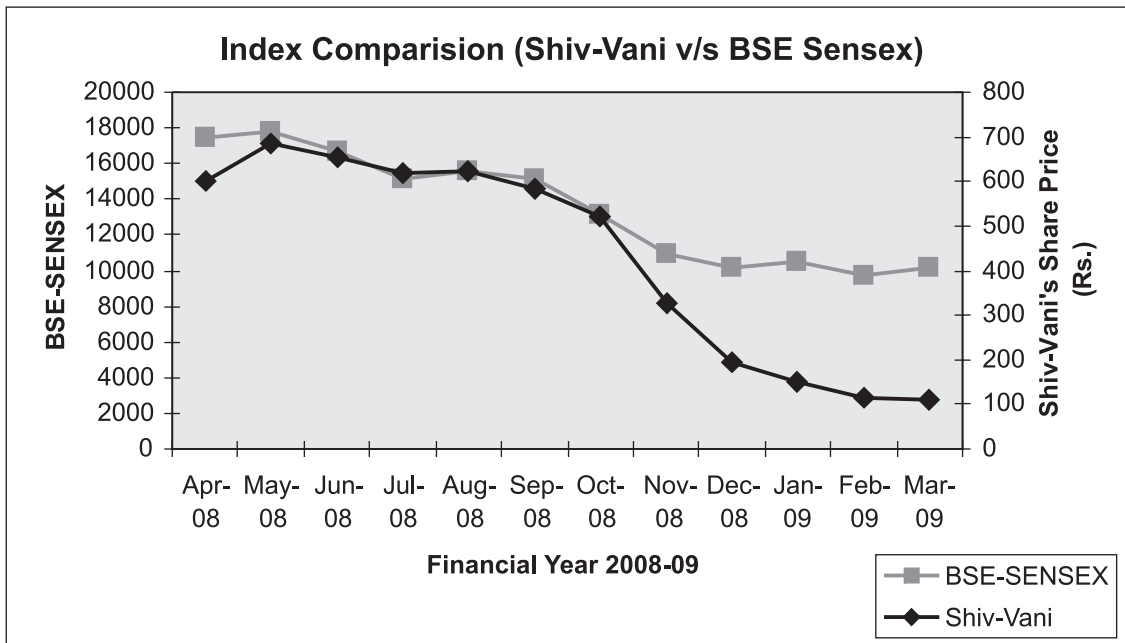
### Stock Code

Bombay Stock Exchange Limited - 522175

National Stock Exchange of India Limited - SHIV-VANI

### Market Price Data:

Month	Market Price Data (in Rupees)			
	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
April 2008	601.00	448.40	599.80	452.55
May 2008	685.50	556.00	685.10	530.00
June 2008	655.00	472.00	655.00	478.00
July 2008	618.00	400.15	616.00	402.00
August 2008	625.00	516.10	609.00	501.20
September 2008	584.00	461.05	582.60	460.00
October 2008	522.00	280.00	520.00	279.00
November 2008	326.95	122.00	330.00	115.00
December 2008	195.30	116.55	193.00	115.90
January 2009	149.85	99.50	152.70	99.25
February 2009	116.90	99.00	116.70	99.00
March 2009	110.95	88.10	111.00	88.20



### Registrar and Transfer Agent

Link Intime India Private Limited (formerly Known as Intime Spectrum Registry Limited)  
 A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028.  
 Phone: 011-41410592/ 93/ 94  
 Telefax: 011-41410591  
 E-mail: delhi@linkintime.co.in

### SHARE TRANSFER SYSTEM

With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfer to Share Transfer Committee. The shares for transfers received in physical form are transferred expeditiously, provided the documents are complete and the shares under transfer are not under any dispute. The share certificates duly endorsed are returned immediately to shareholders. Confirmation in respect of the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL expeditiously.

## Distribution of Shareholding as on 31st March, 2009.

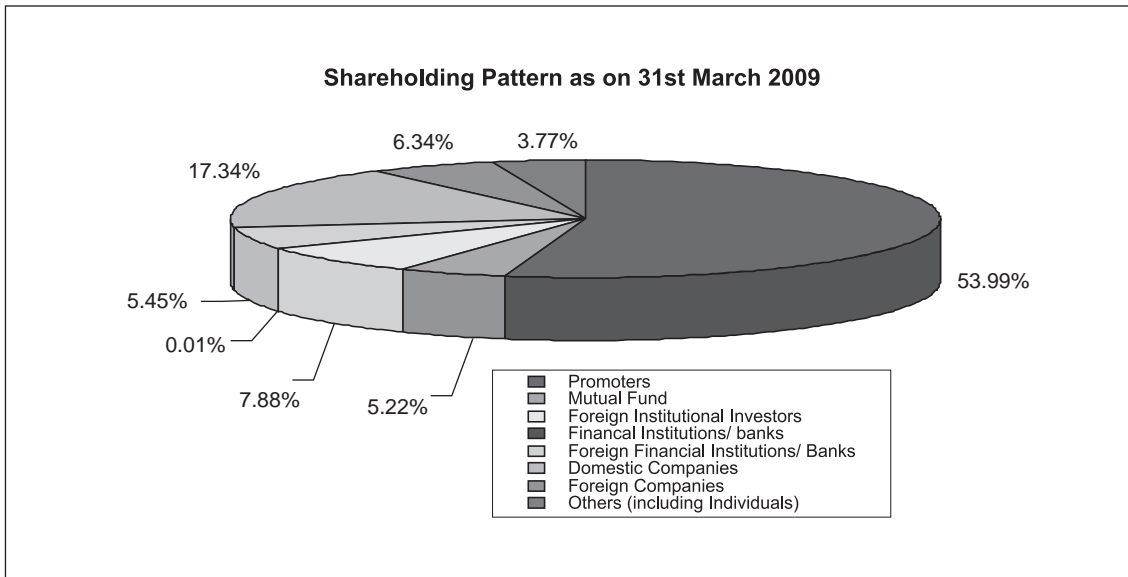
Shares holding of Nominal Value of		Share Holders		Share Amount				
Rs.	Rs.	Number	% to Total	Physical (in Rs.)	NSDL Demat (in Rs.)	CDSL Demat (in Rs.)	Total	% to Total
Upto	2,500	17,549	88.60	3,501,640	6,272,430	2,149,700	11,923,770	2.72
2,501	5,000	1,312	6.62	1,203,720	2,982,680	945,000	5,131,400	1.17
5,001	10,000	497	2.51	573,000	2,515,010	968,280	4,056,290	0.92
10,001	20,000	185	0.93	152,000	1,788,690	868,830	2,809,520	0.64
20,001	30,000	48	0.24	105,000	955,950	184,850	1,245,800	0.28
30,001	40,000	35	0.18	0	859,610	383,560	1,243,170	0.28
40,001	50,000	22	0.11	0	509,240	494,800	1,004,040	0.23
50,001	100,000	32	0.16	160,000	1,905,900	324,950	2,390,850	0.55
100,001	Above	127	0.64	31,701,600	312,762,590	64,757,030	409,221,220	93.21
		19,807	100.00	*37,396,960	330,552,100	71,077,000	439,026,060	100.00

\*5100 Equity Shares, forfeited by the Board of Directors of the Company in their Meeting held on 5<sup>th</sup> September 2008, due to call money remain unpaid on them.

## Shareholding Pattern as on 31st March, 2009

Category	No. of shareholders	No. of Shares held	% of Total Shares
<b>Promoter Group:</b>			
Individual	13	5,041,630	11.48
Body Corporate	46	16,867,698	38.42
OCB	1	1,250,000	2.85
Foreign Company	1	543,400	1.24
<b>Sub Total (A)</b>	<b>61</b>	<b>23,702,728</b>	<b>53.99</b>
<b>Public:</b>			
Individual	18,017	1,237,039	2.82
Mutual Fund	7	2,291,595	5.22
Foreign institutional Investors	12	3,459,958	7.88
Financial Institutions/ banks	1	5,300	0.01
Foreign Financial Institutions/ Banks	14	2,392,116	5.45
Domestic Companies	603	7,611,514	17.34
Foreign Companies	4	2,785,413	6.34
Others	1,088	416,943	0.95
<b>Sub Total (B)</b>	<b>19,746</b>	<b>20,199,878</b>	<b>46.01</b>
<b>Total (A+B)</b>	<b>19,807</b>	<b>*43,902,606</b>	<b>100.00</b>

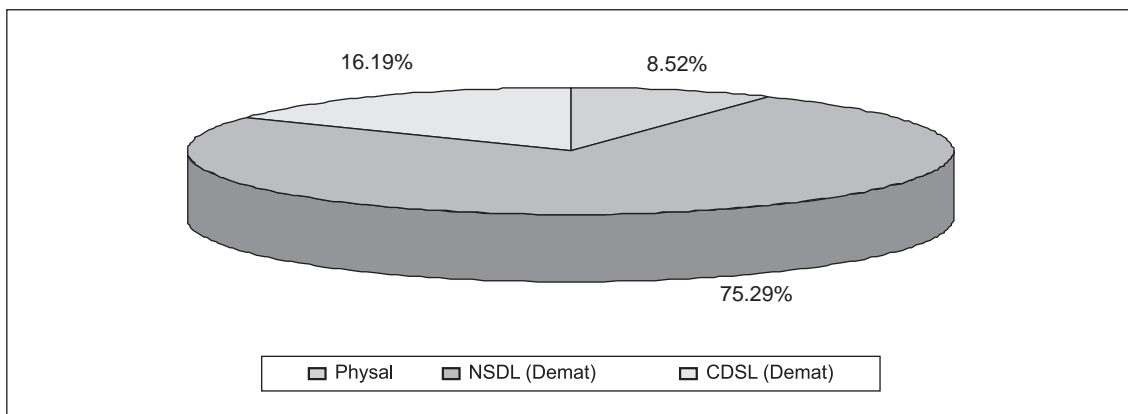
\*5100 Equity Shares, forfeited by the Board of Directors of the Company in their Meeting held on 5<sup>th</sup> September, 2008 due to call money remain unpaid on them.



### Dematerialization and Liquidity of Shares

Segment	No. of Shares	% of Shareholding
<b>Physical (A)</b>	<b>3,739,696</b>	<b>8.52</b>
<b>Demat:-</b>		
NSDL	33,055,210	75.29
CDSL	7,107,700	16.19
<b>Total (B)</b>	<b>40,162,910</b>	<b>91.48</b>
<b>Grand Total (A+B)</b>	<b>43,902,606</b>	<b>100.00</b>

\* Excluding 5100 Equity Shares, forfeited by the Board of Directors of the Company in their Meeting held on 5<sup>th</sup> September, due to call money remain unpaid on them.



The Equity Shares of the Company are listed with **National Stock Exchange of India Limited** and **Bombay Stock Exchange Limited**.

**International Securities Identification Number: INE756B01017**

### Outstanding Convertible Warrants

The Company in its Board meeting held on 29 March 2008 allotted 6,000,000 warrants with an option to subscribe up to 6,000,000 equity shares of Rs. 10/- each at a premium of Rs. 650/- per share of the Company to the following:

Sl. No.	Name of the Allottee	No. of Warrants
1.	Anil Ads & Exports Pvt. Ltd.	500,000
2.	Jet Age Couriers Pvt. Ltd.	500,000
3.	Kamakhya Infrastructure Pvt. Ltd.	500,000
4.	Pack-Tech Systems Pvt. Ltd.	500,000
5.	Merlin Snacks Pvt. Ltd.	500,000
6.	Gyandeeep Commercial Services Pvt. Ltd.	500,000
7.	Pacific Oil Field Services Ltd.	3,000,000
<b>Total</b>		<b>6,000,000</b>

The right of conversion is currently pending and can be exercised by allottees up to 28th September, 2009 on payment of due amount. The allottees have not exercised their option as yet and in case they exercise their option, then the equity shares to be allotted on conversion will have a lock-in period of three years from the date of allotments of warrants.

### Plant Locations of the Company

The works of the Company vary from place to place, depending upon the contracts being executed from time to time.

### Address for Correspondence

Tower-1, 5th Floor, NBCC Plaza, West Wing, Sector V, Pushp Vihar, Saket, New Delhi-110017

Telephone : 011- 2952 1585, 2956 4592

Fax : 011- 2952 1587

### Auditors' certificate on compliance with the conditions of corporate governance under Clause 49 of the listing agreements

To the members of  
Shiv-Vani Oil & Gas Exploration Services Limited

We have examined the compliance of conditions of corporate governance by Shiv-Vani Oil & Gas Exploration Services Limited ("the Company") for the year ended on 31st March 2009, as stipulated in clause 49 of the listing agreements of the Company with the Bombay Stock Exchange and National Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned listing agreements.

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 **Vijay Prakash Gupta & Associates**  
Chartered Accountants

**Vikas Varshney**  
Partner  
Membership No.510929

New Delhi  
July 10, 2009

## AUDITORS' REPORT

### To the Members of Shiv-Vani Oil & Gas Exploration Services Ltd.

1. We have audited the attached Balance Sheet of Shiv-Vani Oil & Gas Exploration Services Ltd. as at March 31, 2009. The Profit and Loss Accounts and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor Report) Order, 2003 ("the order") issued by Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanation, which 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 by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the Directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub Section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting policies and other 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 accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Vijay Prakash Gupta & Associates**  
**Chartered Accountants**

New Delhi  
10<sup>th</sup> July, 2009

**Vikas Varshney**  
**Partner**  
**Membership No: 510929**

**ANNEXURE TO THE AUDITORS REPORT 31<sup>ST</sup> MARCH 2009****ANNEXURE REFERRED TO IN PARAGRAPH ABOVE OF OUR REPORT OF EVEN DATE**

- I. In respect of its fixed assets:
- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - In our opinion the Company has not disposed of a substantial part of its fixed assets during the year and therefore, the going concern status of the Company is not affected.
- II. In respect of its inventories:
- As explained to us, the inventory of store & Spare parts, except goods in transit, lying at different sites, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the Company and the nature of the Company and the nature of its business.
  - In our opinion and according to the information and explanations 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.
  - The Company has maintained proper records of inventory. as explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- III. In respect of the loans, secured or unsecured, granted or taken by the Company to/from Companies, firm or other parties in the register maintained under Section 301 of the Companies Act, 1956;
- The Company has given interest bearings loan to corporate and interest free to its subsidiaries. In respect of the said loans, the maximum amount outstanding at any time during the year is Rs. 422.25 Crore.
  - In our opinion and according to the information and explanations given to us, the terms and conditions of interest free loans are not prima facie prejudicial to interest of the Company.
  - The said interest free loan given to a wholly owned subsidiary of the Company is repayable on demand and there is no repayment schedule.
  - In respect of the loan given by the Company to the corporate, the same is repayable on demand the question of overdue amount does not arise.
  - The Company has taken new loans during the year.
- IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed and continuing failure to correct major weaknesses in internal control systems.
- V. In respect of the contracts or arrangements referred to section 301 of the Companies Act, 1956:
- In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- b) In our opinion and according to the information and explanations given to us, there are certain transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.500000/- (Rupees Five Lakhs only) or more in respect of any party in the said financial year. The prices at which these have been made reasonable having to the prevailing prices at that time.
- VI. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provision of Clause (vi) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII. Maintenance of cost records has not been prescribed by Central Government under section 209 (1) (d) of the Companies Act, 1956.
- IX. In respect of statutory dues:
- a) The Company is regular, except in respect of Provident Fund of Rs. 8,242,628/-Tax deducted at source of Rs. 2,173,412/-E.S.I. Rs. 48,076/- Fringe Benefit Tax Rs. 7,284,168/- and Service Tax Rs. 137,558,236/- VAT, Custom Duty, Excise Duty, Cess and other statutory dues are appropriate during the year. According to the information and explanations given to us, no undisputed statutory dues were outstanding as at 31<sup>st</sup> March, 2009.In respect of provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, VAT, Wealth Tax, Custom Duty, Excise Duty, Cess there was no amount outstanding for a period of more than six month from the date they became payable.
- b) Following are the details of disputed statutory due that have not been paid to the concerned authorities.
- | <b>Name of the Statute pending</b> | <b>Nature of the Dues</b> | <b>Amount Rs.</b> | <b>Period to which the amount relates</b> | <b>Forum where dispute is pending</b> |
|------------------------------------|---------------------------|-------------------|---|---------------------------------------|
| Service Tax                        | Demand                    | 549531062         | 2007-08                                   | Service Tax Appellate Tribunal        |
| Income Tax                         | Tax Demand                | 1501121           | 2004-05                                   | CIT Appeal                            |
| Income Tax                         | Tax Demand                | 3078153           | 2005-06                                   | CIT Appeal                            |
| Central Excise & Custom            | Penal proceeding          | 1250000           | 2007-08                                   | High Court                            |
- X. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered of dues to financial year.
- XI. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to Financial Institutions, Bank or Debenture holders.
- XII. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.
- XIV. The Company is not dealing or trading in shares, securities, debentures and other investments as such the provision of the clause are not applicable to the Company.
- XV. According to the information and explanation given to us, the company has given counter guarantee against the guarantees issued by the company's bankers.
- XVI. As per information and explanation given to us, term loans raised during the year by the company have been applied for the purpose for which said loans were raised.



- XVII. According to the information and explanations given to us and as per books and records examined by us, as on the date of balance sheet, no funds raised on short-term basis used for long term investment. Similarly, no funds raised on long-term basis have been used for short-term investment.
- XVIII. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. According to the information and explanation given to us and as per the books and records examined by us, the price at which shares have been issued is not prejudicial to the interest of the company.
- XIX. The Company has not issued any debentures during the year, hence the question of creation of security or charge in respect of debentures issued does not arise.
- XX. The company has not raised any monies by way of public issues during the year.
- XXI. According to the information and explanation given us, and on the basis of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India. We have not come across any such instance of fraud on or by the company have been noticed or reported during the course of our audit.

**For Vijay Prakash Gupta & Associates  
Chartered Accountants**

**New Delhi  
10<sup>th</sup> July, 2009**

**(Vikas Varshney)  
Partner  
Membership No: 510929**

**BALANCE SHEET AS AT 31ST MARCH, 2009**

Particulars	Schedule	As at 31.03.2009 (Rs.)		As at 31.03.2008 (Rs.)	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	1	439,026,060		439,047,560	
Equity Share Warrants		396,000,000		396,000,000	
Reserves and Surplus	2	6,611,230,860	7,446,256,920	5,714,410,561	6,549,458,121
Deferred Tax Liability	3		532,689,241		247,181,629
<b>LOAN FUNDS</b>					
Secured Loans	4	13,175,253,277		6,606,978,250	
Unsecured Loans	5	590,629,041	13,765,882,318	713,655,714	7,320,633,964
<b>TOTAL</b>			<b>21,744,828,479</b>		<b>14,117,273,714</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	6	16,464,684,705		6,937,323,008	
Less : Depreciation		1,662,118,164		1,284,255,464	
Net Block		14,802,566,541		5,653,067,544	
Capital Work-in-progress		491,061,297	15,293,627,838	3,220,542,740	8,873,610,284
<b>INVESTMENTS</b>	7		567,267,189		75,057,364
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	8	850,985,024		221,165,534	
Sundry Debtors	9	2,029,128,542		2,103,871,758	
Cash & Bank Balances	10	809,609,344		610,404,645	
Loans & Advances	11	4,534,869,806		3,394,050,780	
		8,224,592,716		6,329,492,717	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
Current Liabilities	12A	1,957,575,611		958,706,714	
Provisions	12B	491,727,263		362,833,943	
		2,449,302,874		1,321,540,657	
			5,775,289,842		5,007,952,060
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)					
FCCB Issue Expenses		-		24,849,494	
Deferred Revenue Expenditure		108,643,610	108,643,610	135,804,512	160,654,006
<b>TOTAL</b>			<b>21,744,828,479</b>		<b>14,117,273,714</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>					
	19				

Schedules referred to above form an integral part of the accounts  
As per our report of even date

For and on behalf of the Board

for **VIJAY PRAKASH GUPTA & ASSOCIATES**

Chartered Accountants

( **Vikas Varshney** )

Partner

M.No. 510929

**Prem Singhee** Chairman & Managing Director

**Padam Singhee** Joint Managing Director

**Rajan Gupta** Chief Financial Officer

**Vimal Chadha** Company Secretary

New Delhi  
10th July, 2009

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

Particulars	Schedule	2008 - 2009 (12 Months) (Rs.)	2007 - 2008 (15 Months) (Rs.)
<b>TOTAL INCOME</b>			
Operative Income	13	6,803,898,389	4,101,762,248
Other Income (Gross)	14	61,696,045	81,872,486
		<b>6,865,594,434</b>	<b>4,183,634,734</b>
<b>EXPENDITURE</b>			
Direct Expenses	15	3,277,740,994	2,018,820,321
Personnel Expenses	16	324,677,628	207,461,510
Administrative & Other Expenses	17	541,722,888	203,505,941
Interest & Finance Charges	18	813,515,975	614,761,827
Depreciation	6	411,498,967	323,755,406
		<b>5,369,156,452</b>	<b>3,368,305,005</b>
<b>PROFIT FOR THE YEAR</b>		<b>1,496,437,982</b>	<b>815,329,729</b>
<b>LESS :PROVISION FOR TAXES</b>			
- Mat Credit Written Off		-	8,379,417
- Income Tax Relating To Earlier Years		37,476,976	
- Income Tax		217,630,000	176,124,929
- Fringe Benefit Tax		7,664,741	5,607,684
- Deferred Tax		285,507,612	83,986,209
		<b>948,158,653</b>	<b>541,231,490</b>
<b>PROFIT AFTER TAX</b>		<b>1,745,520,438</b>	<b>1,214,288,948</b>
Surplus As Per Last Balance Sheet			
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>		<b>2,693,679,091</b>	<b>1,755,520,438</b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		11,896,058	10,000,000
Proposed Dividend on Equity Shares		43,902,606	-
Dividend Distribution Tax on Proposed Dividend		7,461,248	-
Balance Carried Forward To Balance Sheet		2,630,419,179	1,745,520,438
<b>TOTAL</b>		<b>2,693,679,091</b>	<b>1,755,520,438</b>
Earning Per Share			
- Basic		21.60	14.77
- Diluted		19.00	14.75

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

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Schedules referred to above form an integral part of the accounts  
As per our report of even date

for **VIJAY PRAKASH GUPTA & ASSOCIATES**

Chartered Accountants

**( Vikas Varshney )**

Partner

M.No. 510929

New Delhi  
10th July, 2009

For and on behalf of the Board

**Prem Singhee** Chairman & Managing Director**Padam Singhee** Joint Managing Director**Rajan Gupta** Chief Financial Officer**Vimal Chadha** Company Secretary

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

Particulars	As at 31.03.2009 (Rs)	As at 31.03.2008 (Rs)
<b>SCHEDULE - 1 SHARE CAPITAL</b>		
<b>Authorised</b>		
5,85,00,000 (Previous year 5,85,00,000) Equity Shares of Rs.10/- each	585,000,000	585,000,000
5,00,000 (Previous year 5,00,000) Redeemable Non-Convertible Preference Shares of Rs.100/- each	50,000,000	50,000,000
	<u>635,000,000</u>	<u>635,000,000</u>
<b>Issued &amp; Subscribed</b>		
4,39,02,606 Equity Share(Previous year 4,39,07,706) of Rs. 10/- each fully paid up	439,026,060	439,077,060
	<u>439,026,060</u>	<u>439,077,060</u>
<b>Paid Up</b>		
4,39,02,606 Equity Share(Previous year 4,39,07,706) of Rs. 10/- each fully paid up.	439,026,060	439,077,060
Less : Calls in Arrear	-	29,500
	<u>439,026,060</u>	<u>439,047,560</u>
	<u>439,026,060</u>	<u>439,047,560</u>
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
As per last Balance sheet	248,103,942	238,103,942
Add : Transferred from Profit & Loss A/c.	11,896,058	10,000,000
	<u>260,000,000</u>	<u>248,103,942</u>
<b>Securities Premium Account</b>		
As per last Balance sheet	3,670,786,181	264,905,000
Add : Received during the year	-	3,408,689,303
	<u>3,670,786,181</u>	<u>3,673,594,303</u>
Less : Premium on Redemption of Bonds	-	2,808,122
	<u>3,670,786,181</u>	<u>3,670,786,181</u>
<b>Capital Redemption Reserve</b>		
As per last Balance sheet	50,000,000	50,000,000
<b>Capital Reserve (On Equity Share Forfeiture)</b>		
As per last Balance sheet	-	-
Add : Transferred during the year	25,500	-
	<u>25,500</u>	<u>-</u>
<b>Profit &amp; Loss Account</b>		
As per Profit & Loss Account	2,630,419,179	1,745,520,438
	<u>6,611,230,860</u>	<u>5,714,410,561</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

Particulars	As at 31.03.2009 (Rs.)		As at 31.03.2008 (Rs.)	
<b>SCHEDULE - 3 DEFERRED TAX (NET)</b>				
<b>Deferred Tax</b>				
As per last Balance Sheet	247,181,629		163,195,420	
Add: Transferred from Profit & Loss A/c.	285,507,612	532,689,241	83,986,209	247,181,629
		<u>532,689,241</u>		<u>247,181,629</u>
<b>SCHEDULE - 4 SECURED LOANS</b>				
<b>a) Term Loans</b>				
From Financial Institutions / Banks				
Industrial Development Bank of India Limited	42,962,888		69,726,739	
ICICI Bank Ltd	4,576,056,140		1,869,568,038	
State Bank of Bikaner & Jaipur	65,750,567		104,298,762	
State Bank of India	739,729,488		671,915,950	
Punjab National Bank	502,928,899		814,019,063	
State Bank of Mysore	47,347,598		81,745,603	
Life Insurance Corporation of India	-		12,500,000	
State Bank of Hyderabad	25,050,240		164,276,963	
Yes Bank Ltd.	362,021,101		460,931,654	
Bank of India	504,739,025		13,285,072	
Syndicate Bank Ltd.	35,395,600		194,004,819	
Karnataka Bank Ltd.	187,279,708		250,000,000	
Exim Bank Ltd.	2,253,057,480		1,178,913,595	
State Bank of Saurashtra	448,064,255		151,528,767	
State Bank of Travancore	220,796,306		252,441,781	
Union Bank of India	504,834,988		-	
State Bank of Patiala	498,568,386		-	
Bank of Baroda	929,292,260		-	
Allahabad Bank	505,732,180		-	
		<u>12,449,607,109</u>		<u>6,289,156,806</u>
<b>b) Working Capital Loans</b>				
Cash Credit Loans from Banks	725,523,805		316,226,277	
		<u>13,175,130,914</u>		<u>6,605,383,083</u>
<b>c) Deferred Creditors</b>				
		122,363		1,595,167
		<u>13,175,253,277</u>		<u>6,606,978,250</u>
<b>SCHEDULE - 5 UNSECURED LOANS</b>				
Others	590,629,041		713,655,714	
		<u>590,629,041</u>		<u>713,655,714</u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

### SCHEDULE - 6 FIXED ASSETS

Particular of Assets	Cost as at 01-04-2008 (Rs.)	Gross block			Depreciation				NET BLOCK	
		Additions (Rs.)	Sales / Adjustments	Cost as at 31-03-2009 (Rs.)	Upto 31-03-2008 (Rs.)	For the year (Rs.)	Sales / Adjustments (Rs.)	Upto 31-03-2009 (Rs.)	As At 31-03-2009 (Rs.)	As At 31-03-2008 (Rs.)
Building	205,530,656	8,345,639	-	213,876,295	-	861,835	-	861,835	213,014,460	205,530,656
Plant & Machinery	6,545,971,916	9,633,257,682	150,546,235	16,028,683,363	1,197,940,649	394,150,618	18,639,679	1,573,451,589	14,455,231,774	5,348,031,267
Office Equipments	25,848,656	18,367,308	1,841,152	42,374,812	2,609,339	1,896,100	643,984	3,861,455	38,513,357	23,239,317
Computers	45,119,497	15,799,807	3,743,336	57,175,968	14,761,273	7,385,649	3,743,336	18,403,586	38,772,382	30,358,224
Vehicles	97,768,782	466,428	10,443,634	87,791,576	63,097,535	5,591,761	10,398,468	58,290,828	29,500,748	34,671,247
Furnitures & Fixtures	12,754,458	18,103,065	416,355	30,441,168	1,607,048	1,601,468	210,804	2,997,712	27,443,456	11,147,410
Tent	91,519	12,480	-	103,999	2,099	11,536	-	13,635	90,364	89,420
Temporary Construction	4,237,524	-	-	4,237,524	4,237,524	-	-	4,237,524	-	-
<b>Total</b>	<b>6,937,323,008</b>	<b>9,694,352,409</b>	<b>166,990,712</b>	<b>16,464,684,705</b>	<b>1,284,255,468</b>	<b>411,498,967</b>	<b>33,636,271</b>	<b>1,662,118,164</b>	<b>14,802,566,541</b>	<b>5,653,067,544</b>
Capital Work in progress	3,220,542,740	-	2,729,481,443	491,061,297	-	-	-	-	491,061,297	3,220,542,740
<b>GRAND TOTAL</b>	<b>10,157,865,748</b>	<b>9,694,352,409</b>	<b>2,896,472,155</b>	<b>16,955,746,002</b>	<b>1,284,255,468</b>	<b>411,498,967</b>	<b>33,636,271</b>	<b>1,662,118,164</b>	<b>15,293,627,838</b>	<b>8,873,610,284</b>
Previous Year	4,742,510,409	5,438,557,595	23,222,256	10,157,865,748	975,649,475	323,755,406	15,149,417	1,284,255,464	8,873,610,284	-

(Capital Work in Progress includes advances for capital goods Rs. 9,610,244 /- (Previous year - 1,303,206,175/-) and Preoperative Expenditure of Rs. 69,054,521/- (Previous Year - Nil))

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
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### SCHEDULE - 7 INVESTMENTS (At cost)

#### LONG TERM INVESTMENTS

In Equity Shares - Unquoted : Trade

4,95,000 equity shares of Shiv Vani Oil & Gas Co LLC, Oman of Omani Rial 1/- each fully paid up (Previous year 4,95,000)	57,795,111	57,795,111
34,000 equity shares of SV Oil & Natural Gas Ltd, Mauritius of US Dollar 1/- each fully paid up (Previous Year 34,000)	1,536,150	1,536,150
100 equity shares of Shiv Vani Singapore PTE Ltd., Singapore of Singapore Dollar 1/- each fully paid up (Previous Year 100)	3,103	3,103
1 equity shares of Natural Oil & Gas Services Ltd., Mauritius of US Dollar 1/- each fully paid up (Previous Year Nil)	51	-
10,00,000 equity shares of Shiv Vani Oil Services Limited, New Delhi of Rs. 10/- each fully paid up (Previous year 10,00,000)	10,000,000	10,000,000
25,500 equity shares of TNG Shiv Geo Services Limited, New Delhi of Rs. 10/- each fully paid up (Previous year 25,500)	255,000	255,000
Nil equity shares of Shiv Vani Energy Limited, New Delhi of Rs. 10/- each fully paid up (Previous year 50,000)	-	500,000
	<b>69,589,415</b>	<b>70,089,364</b>

In Equity Shares - Quoted : Trade

4,300 equity Shares of Equipment Conductors & Cables Ltd of Rs. 10/- each fully paid up (Previous Year 4,300 )	43,000	43,000
5,000 equity shares of Parasram Puria Synthetics Ltd. of Rs.10/- each at a premium of Rs. 10/- per share (Rs. 5 paid up) (Previous Year 5,000)	25,000	25,000
1,10,000 equity shares of Neutral Engineers Ltd of Rs. 10 each fully paid up. (Previous year 1,10,000 )	1,100,000	1,100,000
1,80,000 equity Shares of Om Shivay Real Estate (P) Ltd of Rs. 10/- each fully paid up (Previous Year 1.80,000 )	1,800,000	1,800,000
In Preference Shares - Unquoted : Trade		
11,40,000 redeemable preference shares of Natural Oil & Gas Services Ltd., Mauritius of US Dollar 10/- each fully paid up (Previous year Nil)	492,709,774	-

In Mutual Funds - Quoted : Trade

2,00,000 Units of SBI Infrastructure Fund (Previous Year - 2,00,000 units) of Rs. 10/- per unit (Market Value - Rs. 11,30,000/- @ Rs. 5.65 per unit)	2,000,000	2,000,000
	<b>567,267,189</b>	<b>75,057,364</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SCHEDULE - 8 INVENTORIES</b>		
(At lower of cost or net realisable value as valued and certified by the Management )		
Inventory for		
Spare parts of Capital Goods	544,036,617	52,470,650
Stores, Spares, Consumables & Chemicals	296,401,857	163,481,771
Goods In Transit	6,540,479	1,757,043
Scraps	4,006,071	3,456,070
	<b>850,985,024</b>	<b>221,165,534</b>
 <b>SCHEDULE - 9 SUNDRY DEBTORS</b>		
(Unsecured - Considered good)		
Debts outstanding for a period exceeding six month	548,919,034	377,076,994
Others	1,480,209,508	1,726,794,764
	<b>2,029,128,542</b>	<b>2,103,871,758</b>
 <b>SCHEDULE - 10 CASH AND BANK BALANCES</b>		
Cash and Cheques in Hand	4,995,321	5,860,905
Balances with Scheduled Banks		
In Current Accounts - Domestic	157,942,996	16,823,529
- Overseas	2,745,945	29,733,479
	<b>160,688,941</b>	<b>46,557,008</b>
In Deposit Accounts - Domestic	636,881,195	502,657,758
- Overseas	7,043,887	5,328,974
- Others	-	50,000,000
	<b>643,925,082</b>	<b>557,986,732</b>
	<b>809,609,344</b>	<b>610,404,645</b>
 <b>SCHEDULE - 11 LOANS &amp; ADVANCES</b>		
(Unsecured - Considered good unless otherwise stated)		
Advances & Other amounts recoverable in cash or in kind for which value is to be received	1,399,299,022	810,813,201
Loans to subsidiary companies	2,822,161,212	2,393,240,349
Income Tax Paid	75,605,846	58,624,313
Tax deducted at source	223,307,026	120,318,102
Security Deposits	14,496,700	11,054,815
	<b>4,534,869,806</b>	<b>3,394,050,780</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2009**

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SCHEDULE - 12 CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors	-	-
Micro, Small & Medium Enterprises	-	-
Others	1,206,863,726	386,020,411
Other Current Liabilities	<u>750,711,885</u>	<u>572,686,303</u>
	<b>1,957,575,611</b>	<b>958,706,714</b>
<b>B. Provisions</b>		
Income Tax	406,140,000	333,468,214
Fringe Benefit Tax	1,880,573	4,168,697
Gratuity & Leave encashment	32,342,836	25,197,032
Proposed Dividend on Equity Shares	43,902,606	-
Dividend Distribution Tax on Proposed Dividend	7,461,248	-
	<u>491,727,263</u>	<u>362,833,943</u>
<b>SCHEDULE - 13 OPERATIVE INCOME</b>		
Contract Revenue	6,803,898,389	4,101,762,248
	<u>6,803,898,389</u>	<u>4,101,762,248</u>
<b>SCHEDULE - 14 OTHER INCOME</b>		
Interest on Fixed Deposits (Gross)	-	-
(TDS Rs. 28,22,064/-, Previous year Rs. 19,27,929/-)	13,646,146	31,067,055
Interest - Others (TDS Rs. 2,67,450/-, Previous year Rs. 22,85,690/-)	1,201,963	20,000,646
Insurance Claims Received	-	8,051,988
Miscellaneous Income	46,847,936	22,752,797
	<u>61,696,045</u>	<u>81,872,486</u>
<b>SCHEDULE - 15 CONSUMPTION OF STORES &amp; OTHER DIRECT EXPENSES</b>		
Stores & Spare Parts	777,896,057	545,912,432
Oils & Lubricants	381,484,676	268,003,344
Contract Expenses	1,931,131,436	1,121,438,874
Hiring Charges	72,431,203	60,098,068
Insurance	7,775,562	7,019,330
Repairs to Plant & Machinery	107,022,060	16,348,273
	<u>3,277,740,994</u>	<u>2,018,820,321</u>



**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2009**

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SCHEDULE - 16 PERSONNEL EXPENSES</b>		
Payments to & Provision for Employees		
Salaries, Wages, Bonus, Gratuity etc.	286,896,806	171,919,825
Staff Welfare	9,416,368	12,547,151
Contribution to Provident Fund	9,339,655	7,118,226
Contribution to ESI	64,196	161,108
Directors Remuneration	18,960,603	15,715,200
	<b>324,677,628</b>	<b>207,461,510</b>
<b>SCHEDULE - 17 ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent	25,114,005	22,424,829
Rates & Taxes	4,242,487	2,517,653
Advertisement	2,794,916	1,579,383
Travelling & Conveyance Expenses	72,023,435	42,088,250
Vehicle Repair & Maintenance Expenses	20,536,254	17,183,625
Repair & Maintenance to others	13,469,139	12,466,500
Telephone Expenses	11,881,611	11,715,777
Legal & Professional Charges	81,119,732	29,934,305
Charity & Donation	513,651	1,960,953
Fees & Subscription	1,187,637	1,230,971
Demurrage Charges	375,881	196,462
Directors Sitting Fees	340,500	90,000
Miscellaneous Expenses	61,705,769	29,746,032
Payment to Auditors		
For Statutory Audit Fees	2,250,000	2,524,500
For Consolidated Audit Fees	50,000	62,500
For Tax Audit Fees	250,000	250,000
For Other Matters	1,226,375	2,090,375
FCCB Issue Expenses Written Off	24,849,494	17,749,639
Deferred Revenue Written Off	27,160,902	-
Assets Written Off	11,003,387	7,694,187
Loss on Currency Fluctuation	166,154,713	-
Loss on Forward Contracts	13,473,000	-
	<b>541,722,888</b>	<b>203,505,941</b>
<b>SCHEDULE - 18 INTEREST &amp; BANK CHARGES</b>		
Interest on Term Loans	664,107,942	460,186,081
Interest on Cash Credits	70,511,364	55,727,312
Interest to others	33,869,562	57,745,787
Bank & Financial Charges	45,027,107	41,102,647
	<b>813,515,975</b>	<b>614,761,827</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.****SCHEDULE - 19 NOTES TO THE ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES:****1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities & Exchange Board of India.

**2. USE OF ESTIMATES**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets & liabilities and disclosure relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of change in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made, if material, their effects are disclosed in the notes to the financial statements.

The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceeds the carrying amount that would have been determined (net of any accumulated amortization).

**3. REVENUE RECOGNITION**

Revenue is primarily derived from oil & gas exploitation and other allied services. The same is accounted for by the Company on work done basis.

Profit on sale of fixed assets / investments are recorded on transfer of title from the company and are determined as the difference between the sale price and carrying value of the fixed asset / investments.

Interest is recognized using the time-proportion method based on rates implicit in the transaction.

**4. PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognized if, as a result of a past event, the company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle obligation. Provisions are determined by the best estimate of the outflow benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**5. FIXED ASSETS AND CAPITAL WORK-IN-PROGRESS**

Fixed assets are stated at cost, less accumulated depreciation and impairments, if any. Direct costs are capitalized until fixed assets are ready for use. Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized. Capital work-in-progress comprises outstanding advance paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date.

**6. DEPRECIATION AND AMORTIZATION**

Depreciation on fixed assets is provided on the straight-line method at the rate prescribed under Schedule XIV to the Companies Act, 1956. Depreciation for assets purchased / sold, impaired or discarded during a period is proportionately

charged. Individual low cost assets (acquired for less than Rs. 5000/- ) are depreciated fully in the year of purchase.

## 7. RETIREMENT & OTHER BENEFITS TO EMPLOYEES

**Gratuity :** In accordance with the Payment of Gratuity Act, 1972, the company provides for gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the company subject to conditions specified in aforesaid act.

**Provident Fund :** Eligible employees receive benefits of provident fund, which is a defined benefit plan. Both the employee and the Company makes monthly contribution to the provident fund plan equal to a specified percentage of the covered employee's salary. The rate at which the annual interest is payable to the beneficiaries is being administered by the government.

**Compensated Absence :** The employees of the Company are entitled to compensate absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absence is measured based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expenses on non-accumulating compensated absences are recognized in the period in which the absences occur.

## 8. FOREIGN CURRENCY TRANSACTIONS

Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment. Transactions in foreign currencies are recorded at the rates prevailing on the date of transaction.

Monetary items denominated in foreign currency are restated at the rate prevailing on the balance sheet date. Exchange difference arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognized as income or expense in the year in which they arise.

## 9. TAXES

Tax expenses comprise current tax, deferred tax and fringe benefit tax.

Income tax is accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances & exemption. Provisions are recorded when it is estimated that a liability due to disallowances or other is probable.

The difference that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of aggregate amount of timing difference. The tax effect is calculated on the accumulated timing difference at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Provision for Fringe Benefit Tax for the year has been determined in accordance with provisions of section 115 WC of the Income Tax Act, 1961.

## 10. EARNING PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

## 11. INVESTMENTS

Investments are classified as long term based on Management's intention at the time of purchase. Cost for overseas investment comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

## 12. IMPAIRMENT OF ASSETS

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimated the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit & loss account. If at the balance sheet date there is an indication that if a previously assessed impaired loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historic cost.

## 13. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby net profit before tax and extra ordinary items are adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of present or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

## 14. INVENTORIES

Stores, spare parts & other consumables are valued at cost on First-in-first-out basis.

## 15. SEGMENT DATA

The company considers its principal activity of providing oil and natural gas exploitation services to be a complete segment and all revenues for the year ended 31<sup>st</sup> March 2009 have been derived from this segment.

## 16. BORROWING COSTS

Borrowing Cost that are directly attributable to the acquisition, construction or production of a qualifying asset, is capitalized as part of the cost of that asset in accordance with the Accounting Standard 16 on "Borrowing Costs". Other borrowing costs are charged to revenue.

## B. SHARE CAPITAL

### A) FORFEITURE OF SHARES AND CANCELLATION OF SHARES

During the year, 5,100 equity shares of Rs. 10/- each have been forfeited. The amount of Rs.25,500/- received and therefore transferred to Share Forfeiture Reserve. The board in their meeting held on 5<sup>th</sup> September 2008 had decided to cancel these equity shares, Consequently on cancellation, the issued equity share capital of the company has reduced from 4,39,07,706 equity shares of Rs. 10/- each to 4,39,02,606 Equity share of Rs. 10/- each.

### B) EQUITY SHARE WARRANTS

6,000,000 equity share warrants were issued to promoters on 29<sup>th</sup> March, 2008 on preferential basis. Each warrant is to be converted into 1 equity shares of Rs.10/- each at a premium of Rs.650/- per share in one or more tranches at the option of warrant holders before the expiry of 18 months from the date of allotment of such equity share warrants. As required by SEBI Guidelines, subscribers have deposited non-refundable amount of Rs. 39,60,00,000/- an amount equivalent to 10% of total consideration.

## C. SECURED LOANS

- a. Foreign Currency Term Loan ICICI Bank Ltd. of Rs. 19,468.60 Lakhs (Previous year – Rs. 17,453.56 Lakhs) is secured by first charge over respective present and future fixed assets acquired from such loans & receivables of the contracts for which the loans have been obtained.
- b. Rupee Term Loans from ICICI Bank Ltd. of Rs. 19,400.00 Lakhs (Previous year – Nil) is secured by first charge over respective present and future fixed assets acquired from such loan.
- c. Rupee Term Loans from ICICI Bank Ltd. of Rs. 5,000.00 Lakhs (Previous year – Nil) is secured jointly by first charge over assets acquired from ICICI Bank Ltd's foreign currency term loan and 1<sup>st</sup> pari passu charge over the fixed assets of the company except the fixed assets which are exclusively charged.
- d. Rupee Term Loans from State Bank of Bikaner & Jaipur of Rs. 657.50 Lakhs (Previous year – Rs 1042.98 Lakhs) is secured by first pari passu basis on all fixed assets of the company except the fixed assets which are exclusively charged. Further the loan is collaterally secured by way of pledge of 77,500 shares of the company being part of promoter stake.

- e. Rupee Term Loans from Punjab National Bank of Rs. 3,500.00 Lakhs (Previous year – Rs. 3,500.00 Lakhs) is secured by first charge over 2D Seismic equipments & Shot Hole Rigs aggregating written down value of Rs. 1,900 Lakhs & further collateral secured by way of pledge of 1,523,500 shares of the company being part of promoters stake.
- f. Rupee Term Loans from Punjab National Bank of Rs. 1,478.47 Lakhs (Previous year Rs. 2,490.96 Lakhs) is secured by 2<sup>nd</sup> pari passu charge on the block assets (Present & Future) from such loan. & further collateral secured by way of pledge of 825,000 shares of the company being part of promoters stake.
- g. Rupee Term Loan from Yes Bank Ltd. of Rs. 2,500 Lakhs (Previous year – Nil) is secured by subsequent charge on current assets & movable fixed assets of the company. Further the loan is secured by way of pledge of 820,000 shares of the company being part of promoter stake.
- h. Rupee Term Loans from Karnataka Bank Ltd. of Rs. 1,872.80 Lakhs (Previous year – Rs. 2,500.00 Lakhs) is secured by first charge over respective present and future fixed assets acquired from such loan and 1<sup>st</sup> pari passu charge over the fixed assets of the company except the fixed assets which are exclusively charged.
- i. Foreign Currency Term Loans from Export – Import Bank of India (EXIM) of Rs. 22,427.47 Lakhs (Previous year – Rs. 11,789.13 Lakhs) is secured by first charge over respective present and future fixed assets acquired from such loans & receivables of the contracts for which the loans have been obtained.
- j. Rupee Term Loans from State Bank of Patiala of Rs. 4,985.68 Lakhs (Previous year – Rs. 1,042.98 Lakhs) is secured by first pari passu basis on all fixed assets of the company except the fixed assets which are exclusively charged. Further collaterally secured by way of pledge of 1,880,000 shares of the company being part of promoter stake.
- k. All term loans from Financial Institutions / Banks except above are secured by way of 1<sup>st</sup> charge on pari passu basis on all movable & immovable assets of the company (save and except book debts) machinery, machinery spares, tools and accessories present and future except on which another bank is having an exclusive first charge for loan granted to the company.
- l. Working Capital Loans from banks are secured by way of hypothecation of stocks of consumable stores and spares and book debts of the company, both present and future. These are secured, additionally, by way of 1<sup>st</sup> charge of Rs. 226.00 Lakhs on Plant & Machinery to State bank of India and 1<sup>st</sup> charge on balance plant and machinery and collaterally secured by way of pledge of 778,400 shares of the company being part of promoter stake.
- m. All the Term loans & Working capital loans are also personally guaranteed by Shri Prem Singhee, Chairman and Managing Director and Shri Padam Singhee, Joint Managing Director.
- n. Amount repayable (term loans) within one year Rs. 16,242 Lakhs (Previous year Rs.16,837 Lakhs)
- o. Deferred Creditors are secured by way of hypothecation of specific assets acquired under hire purchase. Amount payable with in one-year is Rs.33,532/- (Previous year Rs.12.18 Lakhs).
- D. Unsecured Loan includes loan from State Bank of Mysore of Rs. 5,000.00 Lakhs (Previous year – Nil) against this loan 2,025,000 shares of the company being part of promoters stake are pledged.

#### E. FIXED ASSETS

The registration of leasehold Building acquired is in process

#### F. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

	March 2009 (Rs)	March 2008 (Rs)
1. Amount unpaid on investment in shares: - - 5,000 Equity Shares of Parasrampurua Synthetics Ltd.	35,000	35,000
2. Counter Guarantees given in respect of Guarantees Issued by the company's bankers to Oil & Natural Gas Corpn. Ltd (ONGC) and Oil India Ltd (OIL)  (Includes Rs.47.00 crores for guarantees issued against pledge of 902,500 shares of the company held by directors and a third party).	2,706,536,994	2,347,418,967

3. Un-expired letters of credit	103,475,012	1,025,790,080
4. Income Tax Demands in appeal	7,925,329	Nil
5. Corporate Guarantees given to Financial Institutions/ Banks for securing financial assistance for a subsidiary Company and other Company	6,501,285,672	854,982,163
6. Estimated Value of capital commitments (Net of advances)	643,000,000	2,059,300,000
7. Sales Tax demands (*) (* ) To be adjusted against refund granted for Rs.133.86 lacs.	1,240,768	1,240,768
8. Custom Duty	1,250,000	1,250,000
9. Service Tax Demand	549,531,062	Nil

### G. Foreign Currency Convertible Bonds

The External Commercial Borrowings [ECBs] outstanding as on 31.03.09 of USD 88,018,599 (Previous year USD 67,830,692)

	<u>March, 2009</u>	<u>March, 2008</u>
ICICI (44 M)	US\$ 44,000,000	US\$ 38,474,797
Exim Bank (55 M)	US\$ 44,018,599	US\$ 29,355,895

### H. Others

- The company had entered into forward contracts for hedge of foreign currency risk, the difference between forward rate and exchange rate at the inception of the contract is recognized as income or expenses at the termination of contract. Further, the exchange differences arising on such contracts are recognized as income or expenses along with the exchange difference on the underlying assets / liabilities.

#### 2. Managerial Remuneration

	<u>March 2009 (Rs)</u>	<u>March 2008 (Rs)</u>
Salary	16,700,000	14,100,000
Accommodation		
- for rent	1,400,000	750,000
- for expenses	790,807	839,415
Perquisites	69,796	25,785
Contribution to Provident Fund	2,004,000	1,692,000
<b>Total</b>	<b><u>20,964,603</u></b>	<b><u>17,407,200</u></b>

\*Exclusive of provision for future liabilities in respect of Gratuity. The above Remuneration has been paid to the Chairman & Managing Director and Joint Managing Director in accordance with schedule XIII read with section 198 & 309. of the Companies Act, 1956.

#### 3. C.I.F. Value of Imports:

	<u>March 2009 (Rs)</u>	<u>March 2008 (Rs)</u>
- Stores & Spares	92,174,844	15,581,896
- Capital Goods	3,431,281,352	1,654,958,222

- Foreign traveling expenses for Rs.10,910,783/- (Previous year Rs.11,678,922/-) includes Rs.4,644,675/- (Previous year Rs.6,274,195/-) incurred in foreign currency during the year.

## 5. Expenditure in foreign currency

	<b>March 2009 (Rs)</b>	<b>March 2008 (Rs)</b>
Interest		
- Capital nature	134,326,217	101,106,793
- Others	52,263,654	Nil
Professional Fees		
- Capital nature	Nil	58,370,400
- Revenue nature	5,298,252	433,738
Traveling	4,644,675	6,274,195
Repairs & Maintenance	204,144	Nil
Bank Charges	1,183,733	194,845
Annual Membership Fee & Subscription	281,700	264,110
Business Promotion	1,101,294	151,111
Recruitment & Training	Nil	59175
Listing Fee	15,740	Nil
Contract Expenses	81,527,583	50,055,195

## 6. Earnings in foreign currency

	<b>MARCH 2009 (Rs)</b>	<b>MARCH 2008 (Rs)</b>
Contract Revenue	1,046,187,682	458,796,938
Interest on FDR	132,706	12,396,741

7. A sum of Rs.843.72 lakhs has been deducted by M/s. Oil India Ltd. In 1998-99 towards liquidated damages and other penalties arbitrarily against which the Company has invoked the arbitration clause as per contract. An amount of Rs.40,550/- (previous year Rs.591,795 /-) incurred during the year for the same has been debited to Miscellaneous Expenses.

8. Information pursuant to clause 32 of the listing agreement with Stock Exchanges Loans & Advances in the nature of interest free loan to wholly owned subsidiary companies with no specified payment schedule

	<b>March, 2009</b>		<b>March, 2008</b>	
	<b>Amount Due</b>	<b>Max.Amount during the year</b>	<b>Amount Due</b>	<b>Max.Amount during the year</b>
Shiv-Vani Oil & Gas Co.LLC Muscat –Oman	342,000,595	510,815,108	510,815,109	881,733,692
SV Oil & Natural Gas Ltd Mauritius	936,876,284	1,906,817,777	1,816,864,277	2,154,922,780
Natural Oil & Gas Services.Ltd. Mauritius	1,517,291,000	1,517,291,000	Nil	Nil
Shiv-Vani Oil Services Ltd New Delhi	42,382	42,382	24060	9,455,849
TNG Shiv Geo Services Ltd New Delhi	83,074	83,074	77,914	77,914
Shiv-Vani Singapore PTE Ltd New Delhi	25,867,875	287,424,389	65,458,989	65,945,275

9. Fixed Deposits of Rs. 1,368.81 Lakhs (Previous year Rs. 5,026 Lakhs) are under lien in respect of guarantees/ Letters of credit issued by the banks.

10. Loss on insurance claims filed if any are accounted for on receipt basis.

11. The payment of Provident Fund Dues amounting to Rs. 8,242,628/-, ESI amounting to Rs. 48,076/-, Tax deducted at Source amounting to Rs. 2,173,412/-, Service Tax Rs. 137,558,236/- and fringe benefit tax amounting to Rs. 7,284,168/-.

VAT Rs. 45,479 /-were delayed. This amount was later deposited with the appropriate authorities (Previous year-P.F Rs. 3,101,022/-,ESI Rs. 345,204/-, T.D.S Rs. 51,471,691/-, FBT Rs. 4,168,697/-, Service Tax Rs. 190,831,167/-, Vat Rs. 2,712,831/-).

12. No treatment for the payment of gratuity payable to its employees has been given as per guidance note covered under Accounting Standard 15 issued by Institute of Chartered Accountants of India .Instead of this the company has worked out the future liability of Gratuity Rs 309.60 lakhs (Previous year-Rs 251.97 lakhs) to its employees and has been provided in books of accounts .
13. Expenses include Rs.12,97,237 /- (Previous Year Rs.3,844,627 ) relating to earlier year.
14. Material events occurring after the balance sheet date are taken into cognizance.
15. The previous years figures have been regrouped / rearranged wherever found necessary. The figures have been rounded off to the nearest rupee. The current year figures are for 12 months while previous year figures are for 15 months, hence are not comparable.
16. Traveling and Conveyance Expenses include Rs.6,728,966/- (Previous year Rs.59,29,161/-) incurred for directors traveling.
17. The company has during the year imported machinery worth Rs.2,972,825,915/- under Essentially Certificate issued by Directorate General of Hydrocarbon, New Delhi for availing zero duty .
18. The cost in respect of old unusable fixed assets sold/adjusted/impaired amounting to Rs.3,93,54,801/- (Previous Year Rs.23,203,856/- ) has been reduced from the gross block.
19. The company has not received any intimation from 'Suppliers' regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 and hence disclosure requirements in this regard as per Schedule VI of the Companies Act, 1956 could not be provided.
20. In the opinion of the Board and to the best of their knowledge and belief, the value on realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.
21. Balance appearing in Sundry Debtors / Creditors and Loans & Advances are subject to confirmation.

#### I. RELATED PARTY DISCLOSURE

- a) The following is the listing of related parties & the relationship therewith:

##### Subsidiary

1. Shiv-Vani Oil & Gas Co. LLC,	OMAN
2. SV Oil & Natural Gas Ltd,	MAURITIUS
3. Shiv-Vani Oil Services Ltd.	INDIA
4. TNG Shiv Geo Services Ltd.	INDIA
5. Shiv-Vani Singapore PTE. Ltd.	SINGAPORE
6. Natural Oil & Gas Services Ltd.	MAURITIUS

- b) The company has the following transactions with related parties:

	Description of Transaction	Value (In Rupees)	
		MARCH 2009	MARCH 2008
Shiv-Vani Oil & Gas Co. LLC,	Loans	(255,180,556)	(76,657,612)
Shiv-Vani Oil & Gas Co. LLC.	Sale / Purchase of Spare & Equipment	(366,647)	119,633
SV Oil & Natural Gas Ltd.	Loan	(879,987,993)	1,153,819,613
Shiv-Vani Oil Services Ltd.	Investment	Nil	9,500,000
Shiv-Vani Oil Services Ltd.	Advances	18,322	(9,310,756)
TNG Shiv Geo Services Ltd.	Advance	5,160	77,914
Shiv-Vani Singapore PTE. Ltd.	Investment	Nil	3,103
Shiv-Vani Singapore PTE. Ltd.	Advance	(57,104,625)	65,458,989
Natural Oil & Gas Services	Investment	492,709,825	Nil
Natural Oil & Gas Services	Advance	1,929,268,224	Nil



**J. EARNING PER SHARE****BASIC EARNING PER SHARE**

(Amount in Rs.)

Particulars	2008-09	2007-08
a) Numerator		
Net Profit after taxation as per profit & loss Account	948,158,653	541,231,489
b) Denominator		
No. of Equity Shares outstanding		
Weighted average of No. of equity shares outstanding	43,902,606	36,649,509
Basic (EPS of face value of Rs.10 each)	21.60	14.77

**DILUTED EARNING PER SHARE**

(Amount in Rs.)

Particulars	2008-09	2007-08
a) Numerator		
Net Profit after taxation as per profit & loss Account	948,158,653	541,231,489
b) Denominator		
No. of Equity Shares outstanding		
Weighted average of No. of equity shares outstanding	49,902,606	36,688,983
Diluted (EPS of face value of Rs.10 each)	19.00	14.75

Schedules referred to above form an integral part of the accounts  
As per our report of even date

For and on behalf of the Board

for **VIJAY PRAKASH GUPTA & ASSOCIATES**

Chartered Accountants

**( Vikas Varshney )**

Partner

M.No. 510929

**Prem Singhee** Chairman & Managing Director

**Padam Singhee** Joint Managing Director

**Rajan Gupta** Chief Financial Officer

**Vimal Chadha** Company Secretary

New Delhi  
10th July, 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	31st March, 2009	31st March, 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	<u>1,496,437,982</u>	<u>815,329,728</u>
<b>Adjustment for:</b>		
1. Depreciation	411,498,967	323,755,406
2. FCCB Issue Expenditure Written off	24,849,494	17,749,639
3. Deferred Revenue Expenditure	27,160,902	
4. Investments (Interest Income)	(14,848,109)	(51,067,701)
5. Interest Expenditure	813,515,975	614,761,826
6. Fixed Assets w/off.	<u>11,003,387</u>	<u>8,054,439</u>
<b>Operating Profit before Working Capital Charges</b>	<b>2,769,618,598</b>	<b>1,728,583,337</b>
1. Trade & Other Receivables	(517,184,490)	(454,038,821)
2. Inventories	(629,819,490)	(89,823,010)
3. Trade Payable & Provisions	<u>1,076,398,362</u>	<u>865,973,829</u>
<b>Cash Generation From Operations</b>	<b>2,699,012,980</b>	<b>2,050,695,335</b>
1. Interest paid	(813,515,975)	(614,761,826)
2. Direct Taxes Paid	<u>(345,265,198)</u>	<u>(264,976,668)</u>
	<b>1,540,231,807</b>	<b>1,170,956,841</b>
<b>Cash Flow Before Extra Ordinary Items</b>		
1. Extraordinary items	<u>(37,476,976)</u>	<u>(8,379,417)</u>
<b>Net cash From Operating Activities</b>	<b><u>1,502,754,831</u></b>	<b><u>1,162,577,424</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(6,964,870,966)	(5,438,577,596)
Sale of fixed assets	122,351,059	18,400
Sale of investments	500,000	-
Interest Received	14,848,109	51,067,701
Advances to Subsidiary Companies	(428,920,863)	(2,393,266,649)
Purchase of Investments	<u>(492,709,825)</u>	<u>(13,803,103)</u>
<b>Net Cash From Investing Activities</b>	<b><u>(7,748,802,486)</u></b>	<b><u>(7,794,561,247)</u></b>

	31st March, 2009	31st March, 2008
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long and short term borrowings	6,445,248,354	2,720,670,076
Increase in Share Capital	4,000	119,416,860
Premium on issue of equity shares	-	3,408,689,303
Proceeds from issue of equity share warrant	-	396,000,000
Premium on redemption of FCCB Bonds	-	(2,808,122)
Misc Expenditure	-	(135,804,512)
<b>Net cash flow from financing activities</b>	<b>6,445,252,354</b>	<b>6,506,163,605</b>
Net Increase In cash and Cash Equivalents	199,204,699	(125,820,218)
Cash and cash equivalents at the beginning	610,404,645	736,224,863
Cash and cash equivalents at the closing	809,609,344	610,404,645

	For and on behalf of the Board	
	<b>Prem Singhee</b>	Chairman & Managing Director
	<b>Padam Singhee</b>	Joint Managing Director
New Delhi	<b>Rajan Gupta</b>	Chief Financial Officer
10th July, 2009	<b>Vimal Chadha</b>	Company Secretary

#### Auditors' certificate

We have examined the attached cash flow statement of Shiv Vani Oil & Gas Exploration Services Ltd. for the year ended 31st March, 2009. The Statement has been prepared by the Company in accordance with the requirements of the listing agreement Clause 32 with the stock exchanges and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

**for VIJAY PRAKASH GUPTA & ASSOCIATES**  
Chartered Accountants

**( Vikas Varshney )**  
Partner  
M.No. 510929

New Delhi  
10th July, 2009



# Consolidated Financial Statements



## REPORT OF AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

### To the Board of Directors

#### Shiv-Vani Oil & Gas Exploration Services Ltd.

We have examined the attached consolidated Balance Sheet of **SHIV-VANI OIL & GAS EXPLORATION SERVICES LTD.** and its Subsidiaries as at 31<sup>st</sup> March 2009 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto (together referred to as consolidated Financial Statements). These financial statements are the responsibility of the management of Shiv-Vani Oil & Gas Exploration Services Ltd. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of the subsidiaries whose reflects total assets of Rs. 123,376/- lacs as at 31<sup>st</sup> March, 2009 and total revenue of Rs. 23,215/- lacs for the year ended on that date (these figures include intra group transactions eliminated on consolidation). These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the other auditors.

We report that the consolidated financial statement have been prepared by the company in accordance with the requirement of the Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India. On the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Shiv-Vani Oil & Gas Exploration Services Ltd. and its subsidiaries and subject to note no 3 & 4 of Schedule No 19 regarding lower provision of depreciation by Rs. 1,077/- lacs, we are of the opinion that:

- (a) The consolidated Balance Sheet gives true and fair view of the consolidated state of affairs of Shiv-Vani Oil & Gas Exploration services Ltd and its subsidiaries as at 31<sup>st</sup> March, 2009.
- (b) The consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Shiv-Vani Oil & Gas Exploration Services Ltd. and its subsidiaries for the year ended on that date; and
- (c) The consolidated Cash Flow Statement gives a true and fair view of the cash flows of Shiv-Vani Oil & Gas Exploration Services Ltd. and its subsidiaries as at 31<sup>st</sup> March , 2009

**For Vijay Prakash Gupta & Associates  
Chartered Accountants**

**(Vikas Varshney)  
Partner**

**Membership No: 510929**

**New Delhi  
10<sup>th</sup> July, 2009**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009**

Particulars	Schedule	As at 31.03.2009 (Rs)		As at 31.03.2008 (Rs)	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	1	439,026,060		439,047,560	
Equity Share Warrants		396,000,000		396,000,000	
Reserves and Surplus	2	<u>8,176,540,988</u>	<u>9,011,567,048</u>	<u>6,267,440,165</u>	7,102,487,725
<b>MINORITY INTEREST</b>			<b>197,662</b>		202,205
<b>DEFERRED TAX LIABILITY</b>	3		<b>532,689,241</b>		247,181,629
<b>LOAN FUNDS</b>					
Secured Loans	4	<u>20,061,784,772</u>		6,957,496,348	
Unsecured Loans	5	<u>649,895,706</u>	<u>20,711,680,478</u>	<u>742,059,090</u>	7,699,555,438
<b>TOTAL</b>			<b><u>30,256,134,429</u></b>		15,049,426,997
<b>APPLICATION OF FUNDS</b>					
<b>GOODWILL</b>					
		<u>186,282,228</u>		-	
Less : Capital reserve adjusted on consolidation		<u>52,593,562</u>	<u>133,688,666</u>		-
<b>FIXED ASSETS</b>					
	6				
Gross Block		<u>18,154,132,845</u>		8,646,027,379	
Less : Depreciation		<u>1,959,227,593</u>		<u>1,492,679,891</u>	
Net Block		<u>16,194,905,252</u>		7,153,347,488	
Capital Work-in-progress		<u>9,487,883,527</u>	<u>25,682,788,779</u>	<u>3,220,542,740</u>	10,373,890,228
<b>INVESTMENTS</b>	7		<b>14,718,000</b>		14,718,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	8	<u>878,021,535</u>		239,199,516	
Sundry Debtors	9	<u>2,323,370,456</u>		2,763,192,168	
Cash & Bank Balances	10	<u>1,033,631,271</u>		634,943,070	
Loans & Advances	11	<u>2,838,440,926</u>		<u>2,405,343,222</u>	
		<u>7,073,464,188</u>		<u>6,042,677,976</u>	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
Current Liabilities	12A	<u>2,133,682,386</u>		1,174,943,570	
Provisions	12B	<u>623,744,343</u>		367,856,058	
		<u>2,757,426,729</u>		<u>1,542,799,628</u>	
			<b>4,316,037,459</b>		4,499,878,348
<b>MISCELLANEOUS EXPENDITURE</b>					
(To the extent not written off or adjusted)					
Preliminary Expenses		<u>127,316</u>		150,816	
Pre-operative Expenses		<u>9,566</u>		14,566	
FCCB Issue Expenses		-		24,849,494	
Deferred Revenue Expenditure		<u>108,764,643</u>	<u>108,901,525</u>	<u>135,925,545</u>	160,940,421
<b>TOTAL</b>			<b><u>30,256,134,429</u></b>		<u>15,049,426,997</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>					
	19				

Schedules referred to above form an integral part of the accounts  
As per our report of even date

For and on behalf of the Board

for **VIJAY PRAKASH GUPTA & ASSOCIATES**  
Chartered Accountants

**(Vikas Varshney)**  
Partner  
M.No. 510929

**Prem Singhee** Chairman & Managing Director

**Padam Singhee** Joint Managing Director

**Rajan Gupta** Chief Financial Officer

**Vimal Chadha** Company Secretary

New Delhi  
10<sup>th</sup> July, 2009



**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

Particulars	Schedule	2008 - 2009 (12 Months) (Rs.)	2007 - 2008 (15 Months) (Rs.)
<b>TOTAL INCOME</b>			
Operative Income	13	8,712,749,174	5,745,458,959
Other Income (Gross)	14	307,204,527	89,775,189
		<u>9,019,953,701</u>	<u>5,835,234,148</u>
<b>EXPENDITURE</b>			
Direct Expenses	15	4,067,098,225	2,727,425,236
Personnel Expenses	16	590,950,659	413,347,909
Administrative & Other Expenses	17	532,909,709	393,709,152
Interest & Finance Charges	18	844,961,136	673,944,166
Depreciation	6	502,213,734	428,670,655
		<u>6,538,133,463</u>	<u>4,637,097,118</u>
<b>Profit for the Year</b>		<b>2,481,820,238</b>	<b>1,198,137,030</b>
Add : Minority Interest in Loss		4,543	42,795
		<u>2,481,824,781</u>	<u>1,198,179,825</u>
<b>Less : Provision for Tax</b>			
- Mat Credit Written Off		-	8,379,417
- Income Tax Relating to Earlier Years		37,476,976	-
- Income Tax		224,021,779	177,617,170
- Fringe Benefit Tax		7,664,741	5,607,684
- Deferred Tax		285,507,612	83,986,209
		<u>1,927,153,673</u>	<u>922,589,345</u>
<b>Profit after Tax</b>		<b>1,927,153,673</b>	<b>922,589,345</b>
Surplus as per last Balance Sheet		2,236,502,239	1,326,747,739
<b>Profit available for appropriations</b>		<b>4,163,655,912</b>	<b>2,249,337,084</b>
<b>Appropriations</b>			
Transfer To General Reserve		11,896,058	10,000,000
Transfer To Legal Reserve		7,691,502	2,834,845
Proposed Dividend On Equity Shares		43,902,606	-
Dividend Distribution Tax On Proposed Dividend		7,461,248	-
Balance Carried Forward To Balance Sheet		4,092,704,498	2,236,502,239
<b>TOTAL</b>		<b>4,163,655,912</b>	<b>2,249,337,084</b>
Earning Per Share - Basic		43.90	25.17
- Diluted		38.62	25.15

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

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Schedules referred to above form an integral part of the accounts  
As per our report of even date

for **VIJAY PRAKASH GUPTA & ASSOCIATES**  
Chartered Accountants

**(Vikas Varshney)**  
Partner  
M.No. 510929

New Delhi  
10<sup>th</sup> July, 2009

For and on behalf of the Board

**Prem Singhee** Chairman & Managing Director

**Padam Singhee** Joint Managing Director

**Rajan Gupta** Chief Financial Officer

**Vimal Chadha** Company Secretary

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009**

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SCHEDULE - 1 SHARE CAPITAL</b>		
<b>Authorised</b>		
5,85,00,000 (Previous year 5,85,00,000) Equity Shares of Rs.10/- each	<b>585,000,000</b>	585,000,000
5,00,000 (Previous year 5,00,000) 11% Redeemable Non-Convertible Preference Shares of Rs.100/- each	<b>50,000,000</b>	50,000,000
	<b>635,000,000</b>	635,000,000
<b>Issued &amp; Subscribed</b>		
4,39,02,606 Equity Share (Previous year 4,39,07,706) of Rs. 10/- each fully paid up	<b>439,026,060</b>	439,077,060
	<b>439,026,060</b>	439,077,060
<b>Paid Up</b>		
4,39,02,606 Equity Share (Previous year 4,39,07,706) of Rs. 10/- each fully paid up	<b>439,026,060</b>	439,077,060
Less : Calls in Arrear	-	29,500
	<b>439,026,060</b>	439,047,560

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009**

Particulars	As at 31.03.2009 (Rs.)		As at 31.03.2008 (Rs.)	
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>				
<b>General Reserve</b>				
As per last Balance sheet	248,103,942		238,103,942	
Add : Transferred from Profit & Loss A/c.	<u>11,896,058</u>	260,000,000	<u>10,000,000</u>	248,103,942
<b>Securities Premium Account</b>				
As per last Balance sheet	3,670,786,181		264,905,000	
Add : Received during the year	-		3,408,689,303	
	<u>3,670,786,181</u>		<u>3,673,594,303</u>	
Less: Premium on redemption of Bonds	-	3,670,786,181	2,808,122	3,670,786,181
<b>Capital Redemption Reserve</b>				
As per last Balance sheet		50,000,000		50,000,000
<b>Capital Reserve (On Equity Share Forfeiture)</b>				
As per last Balance sheet	-		-	
Add: Transferred during the year	<u>25,500</u>	25,500	-	-
<b>Capital Reserve (Due to Consolidation)</b>				
As per last Balance sheet	52,593,562		11,501,669	
Add: Due to Consolidation	-		41,091,893	
	<u>52,593,562</u>		<u>52,593,562</u>	
Less: Adjusted due to Consolidation	<u>52,593,562</u>	-	-	52,593,562
<b>Foreign Currency Translation Reserve (Due to Consolidation)</b>				
As per last Balance sheet	6,619,396		-	
Add: Due to Consolidation	<u>85,879,066</u>	92,498,462	6,619,396	6,619,396
<b>Legal Reserve</b>				
As per last Balance sheet	2,834,845		-	
Add: Adjustment during the year	<u>7,691,502</u>	10,526,347	2,834,845	2,834,845
<b>Profit &amp; Loss Account</b>				
As per Profit & Loss Account		<u>4,092,704,498</u>		<u>2,236,502,239</u>
		<u>8,176,540,988</u>		<u>6,267,440,165</u>
<b>SCHEDULE - 3 DEFERRED TAX (NET)</b>				
<b>Deferred Tax</b>				
As per last Balance Sheet	247,181,629		163,195,420	
Add: Transferred from Profit & Loss A/c.	<u>285,507,612</u>	532,689,241	<u>83,986,209</u>	247,181,629
		<u>532,689,241</u>		<u>247,181,629</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009**

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SCHEDULE - 4 SECURED LOANS</b>		
<b>a) Term Loans</b>		
From Financial Institutions/Banks		
Industrial Development Bank of India Limited	42,962,888	69,726,739
ICICI Bank Ltd	8,458,446,140	1,869,568,039
State Bank of Bikaner & Jaipur	65,750,567	104,298,762
State Bank of India	739,729,488	671,915,950
Punjab National Bank	502,928,899	814,019,063
State Bank of Mysore	47,347,598	81,745,603
Life Insurance Corporation of India	-	12,500,000
State Bank of Hyderabad	25,050,240	164,276,963
Yes Bank Ltd.	362,021,101	460,931,654
Bank of India	504,739,025	13,285,072
Syndicate Bank Ltd.	35,395,600	194,004,819
Karnataka Bank Ltd.	187,279,708	250,000,000
Exim Bank Ltd.	2,253,057,480	1,178,913,595
State Bank of Saurashtra	448,064,255	151,528,767
State Bank of Travancore	220,796,306	252,441,781
Union Bank of India	504,834,988	-
State Bank of Patiala	498,568,386	-
Bank of Baroda	929,292,260	-
Allahabad Bank	505,732,180	-
Bank Muscat SAOG	252,444,817	290,494,707
Standard Chartered Bank	2,700,683,621	-
	<u>19,285,125,547</u>	<u>6,579,651,514</u>
<b>b) Working Capital Loans</b>		
Cash Credit Loans from Banks	725,523,805	316,226,277
	<u>20,010,649,352</u>	<u>6,895,877,791</u>
<b>c) Deferred Creditors</b>		
	51,135,420	61,618,557
	<u>20,061,784,772</u>	<u>6,957,496,348</u>
<b>SCHEDULE - 5 UNSECURED LOANS</b>		
Others	649,895,706	742,059,090
	<u>649,895,706</u>	<u>742,059,090</u>

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009

### SCHEDULE - 6 FIXED ASSETS

Particular of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01-04-2008 (Rs.)	Additions (Rs.)	Sales / Adjustments (Rs.)	Cost as at 31-03-2009	Upto 31-03-2008	For the year (Rs.)	Sales / Adjustments (Rs.)	Upto 31-03-2009 (Rs.)	As At 31-03-2009 (Rs.)	As At 31-03-2008 (Rs.)
Building	205,530,656	8,345,639	-	213,876,295	-	861,835	-	861,835	213,014,460	205,530,656
Plant & Machinery	8,035,465,097	9,633,257,682	150,546,235	17,518,176,544	1,338,157,087	464,901,544	18,639,679	1,784,418,953	15,733,757,591	6,697,308,010
Office Equipments	28,674,943	18,383,160	1,841,152	45,216,951	3,110,354	2,030,583	643,984	4,496,952	40,719,998	25,564,589
Computers	47,187,707	15,872,462	3,743,336	59,316,833	15,701,919	7,722,745	3,743,336	19,681,328	39,635,505	31,485,788
Vehicles	206,149,101	466,428	10,443,634	196,171,895	96,074,130	15,887,891	10,398,468	101,563,553	94,608,341	110,074,971
Furnitures & Fixtures	15,882,178	18,103,065	416,355	33,568,888	2,440,899	1,799,229	210,804	4,029,324	29,539,565	13,441,280
Tent	102,900,174	5,268,911	24,601,169	83,567,915	32,957,978	9,009,907	2,029,762	39,938,123	43,629,792	69,942,196
Temporary Construction	4,237,524	-	-	4,237,524	4,237,524	-	-	4,237,524	-	-
<b>Total</b>	<b>8,646,027,380</b>	<b>9,699,697,347</b>	<b>191,591,881</b>	<b>18,154,132,845</b>	<b>1,492,679,891</b>	<b>502,213,734</b>	<b>35,666,033</b>	<b>1,959,227,593</b>	<b>16,194,905,252</b>	<b>7,153,347,488</b>
Capital Work in progress	3,220,542,740	8,996,822,230	2,729,481,443	9,487,883,527	-	-	-	-	9,487,883,527	3,220,542,740
<b>GRAND TOTAL</b>	<b>11,866,570,120</b>	<b>18,696,519,577</b>	<b>2,921,073,324</b>	<b>27,642,016,372</b>	<b>1,492,679,891</b>	<b>502,213,734</b>	<b>35,666,033</b>	<b>1,959,227,593</b>	<b>25,682,788,779</b>	<b>10,373,890,228</b>
Previous Year	6,106,016,466	6,106,253,418	345,699,765	11,866,570,120	1,097,679,721	428,670,655	33,670,485	1,492,679,891	10,373,890,228	-

(Capital Work in Progress includes advances for capital goods Rs. 5,298,699,702/- (Previous year - 1,303,206,175/-) and Preoperative Expenditure of Rs. 320,597,320/- (Previous Year - Nil))

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
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### SCHEDULE - 7 INVESTMENTS (At cost)

#### LONG TERM INVESTMENTS

##### In Equity Shares - Quoted : Trade

4,29,000 equity shares of Shiv Vani Oil & Gas Exploration Services Ltd. of Rs. 10/- each fully paid up (Previous year 4,29,000)	<b>9,750,000</b>	9,750,000
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##### In Equity Shares - Unquoted : Trade

4,300 equity Shares of Equipment Conductors & Cables Ltd of Rs. 10/- each fully paid up (Previous Year 4,300)	<b>43,000</b>	43,000
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5,000 equity shares of Parasram Puria Synthetics Ltd. of Rs.10/- each at a premium of Rs. 10/- per share (Rs. 5 paid up) (Previous Year 5,000)	<b>25,000</b>	25,000
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1,10,000 equity shares of Neutral Engineers Ltd of Rs. 10/- each fully paid up. (Previous year 1,10,000)	<b>1,100,000</b>	1,100,000
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1,80,000 equity Shares of Om Shivay Real Estate (P) Ltd of Rs. 10/- each fully paid up (Previous Year 1,80,000)	<b>1,800,000</b>	1,800,000
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##### In Mutual Funds - Quoted : Trade

2,00,000 Units of SBI Infrastructure Fund (Previous Year - 2,00,000 units) of Rs. 10/- per unit (Market Value - Rs. 11,30,000/- @ Rs. 5.65/- per unit)	<b>2,000,000</b>	2,000,000
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**14,718,000**

**14,718,000**

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009**

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SCHEDULE - 8 INVENTORIES</b>		
(At lower of cost or net realisable value as valued and certified by the Management)		
Inventory for		
Spare parts of Capital Goods	544,036,617	52,470,650
Stores, Spares, Consumables & Chemicals	323,438,368	178,223,900
Goods In Transit	6,540,479	5,048,896
Scrap	4,006,071	3,456,070
	<u>878,021,535</u>	<u>239,199,516</u>
<b>SCHEDULE - 9 SUNDRY DEBTORS</b>		
(Unsecured - Considered good)		
Debts outstanding for a period exceeding six months	548,919,034	377,076,993
Others	1,774,451,422	2,386,115,175
	<u>2,323,370,456</u>	<u>2,763,192,168</u>
<b>SCHEDULE - 10</b>		
<b>CASH AND BANK BALANCES</b>		
Cash and Cheques in Hand	5,849,840	6,957,545
Balances with Scheduled Banks		
In Current Accounts - Domestic	158,245,022	17,125,806
- Overseas	90,531,531	52,872,987
	<u>248,776,553</u>	69,998,793
In Deposit Accounts - Domestic	636,881,195	502,657,758
- Overseas	142,123,683	5,328,974
- Others	-	50,000,000
	<u>779,004,878</u>	557,986,732
	<u>1,033,631,271</u>	<u>634,943,070</u>
<b>SCHEDULE - 11 LOANS &amp; ADVANCES</b>		
(Unsecured - Considered good unless otherwise stated)		
Advances & Other amounts recoverable in cash or in kind for which value is to be received	2,524,562,399	2,214,976,682
Income Tax Paid	75,605,846	58,624,313
Tax deducted at source	223,307,026	120,318,102
Security Deposits	14,965,655	11,424,125
	<u>2,838,440,926</u>	<u>2,405,343,222</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET & PROFIT & LOSS ACCOUNT FOR YEAR ENDED ON 31ST MARCH 2009**

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
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**SCHEDULE - 12 CURRENT LIABILITIES AND PROVISIONS**
**A. Current Liabilities**

Sundry Creditors		
Micro, Small & Medium Enterprises	-	-
Others	<u>1,354,893,761</u>	<u>602,135,266</u>
Other Current Liabilities	<u>778,788,625</u>	<u>572,808,304</u>
	<u>2,133,682,386</u>	<u>1,174,943,570</u>

**B. Provisions**

Income Tax	529,540,594	334,960,454
Fringe Benefit Tax	1,880,573	4,168,697
Gratuity & Leave encashment	40,959,322	28,726,907
Proposed Dividend on Equity Shares	43,902,606	-
Dividend Distribution Tax on Proposed Dividend	7,461,248	-
	<u>623,744,343</u>	<u>367,856,058</u>

**SCHEDULE - 13 OPERATIVE INCOME**

Contract Revenue	8,712,749,174	5,745,458,959
	<u>8,712,749,174</u>	<u>5,745,458,959</u>

**SCHEDULE - 14 OTHER INCOME**

Interest on Fixed Deposits (Gross) (TDS Rs. 28,22,064/-, Previous year Rs. 19,27,929/-)	15,287,847	31,067,055
Interest - Others (TDS Rs. 2,67,450/-, Previous year Rs. 22,85,690/-)	1,236,623	23,006,299
Insurance Claims Received	-	8,051,988
Gain on Currency Fluctuation	230,139,473	-
Miscellaneous Income	60,540,584	27,649,847
	<u>307,204,527</u>	<u>89,775,189</u>

**SCHEDULE - 15 CONSUMPTION OF STORES & OTHER DIRECT EXPENSES**

Stores & Spare Parts	828,896,132	580,312,155
Oils & Lubricants	406,459,008	293,247,610
Contract Expenses	2,391,971,174	1,558,837,034
Hiring Charges	286,223,621	123,241,452
Insurance	20,382,975	20,854,517
Repairs to Plant & Machinery	133,165,315	150,932,468
	<u>4,067,098,225</u>	<u>2,727,425,236</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR YEAR ENDED ON 31ST MARCH 2009**

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SCHEDULE - 16 PERSONNEL EXPENSES</b>		
<b>Payments to &amp; Provison for Employees</b>		
Salaries, Wages, Bonus, Gratuity etc.	544,809,372	376,728,671
Staff Welfare	17,776,833	13,624,704
Contribution to Provident Fund	9,339,655	7,118,226
Contribution to ESI	64,196	161,108
Directors Remuneration	18,960,603	15,715,200
	<u>590,950,659</u>	<u>413,347,909</u>
<b>SCHEDULE - 17 ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent	29,278,059	25,975,927
Rates & Taxes	4,242,487	2,517,653
Advertisement	2,794,916	9,584,048
Travelling & Conveyance Expenses	86,692,636	55,950,172
Vehicle Repair & Maintenance Expenses	32,162,036	25,280,358
Repair & Maintenance to others	14,304,737	12,998,202
Telephone Expenses	14,064,952	14,501,827
Legal & Professional Charges	178,641,434	54,850,219
Charity & Donation	513,651	1,960,953
Fees & Subscription	1,187,637	1,335,002
Demurrage Charges	375,881	196,462
Directors Sitting Fees	340,500	90,000
Miscellaneous Expenses	87,314,693	34,336,583
Payment to Auditors		
For Statutory Audit Fees	2,949,295	2,960,892
For Consolidated Audit Fees	50,000	62,500
For Tax Audit Fees	250,000	250,000
For Other Matters	1,260,012	2,090,375
FCCB Issue Expenses Written Off	24,849,494	17,749,639
Deferred Revenue Written Off	27,160,902	-
Assets Written Off	11,003,387	7,694,189
Loss on Currency Fluctuation	-	123,324,151
Loss on Forward Contracts	13,473,000	-
	<u>532,909,709</u>	<u>393,709,152</u>
<b>SCHEDULE - 18 INTEREST &amp; BANK CHARGES</b>		
Interest on Term Loans	681,764,573	519,237,302
Interest on Cash Credits	70,511,364	55,727,312
Interest to others	39,664,940	57,745,787
Bank & Financial Charges	53,020,259	41,233,765
	<u>844,961,136</u>	<u>673,944,166</u>



## CONSOLIDATED FINANCIAL STATEMENTS

### SCHEDULE

#### 19. NOTES ON CONSOLIDATED ACCOUNTS

##### 1. BASIS OF CONSOLIDATION

- i. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the companies separate financial statements.
- ii. The Financial Statements of the Parent company and its subsidiaries have been consolidated on a line-by-line basis (except depreciation on Fixed Assets where lower rate of depreciation in the case of a subsidiary company has been provided) by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating intra group balances/transactions, resulting in unrealized profits or losses.
- iii. The excess of cost to the company of its investments in a subsidiary company over the company's portion of equity of the subsidiary at the date on which investment in subsidiary/subsidiary of subsidiary is made, is recognized in the financial statement as goodwill.
- iv. The details of subsidiary companies whose financial statements are consolidated are as under:

S. No.	Name of Subsidiary	Country of Incorporation	Name of Parent Company	Percentage of ownership	Main Activity of the Subsidiary
1	Shiv Vani Oil & Gas Co. LLC	Oman	Shiv Vani Oil & Gas Exploration Services Ltd. New Delhi India	99%*	Drilling & Workover Operations in oil field
2*	SV Oil & Natural Gas Ltd.	Mauritius	—Do—	100%	Management Company
3	Shiv Vani Oil Services Ltd.	India	—Do—	100%	Provide services to Oil, Gas & Petroleum Industries
4	TNG Shiv Geo Services Ltd.	India	—Do—	51%	Provide services to Oil, Gas & Petroleum Industries
5	Shiv-Vani Singapore PTE. Ltd.	Singapore	—Do—	100%	Drilling & Workover Operations in oil field
6	Natural Oil & Gas Services Ltd.	Mauritius	—Do—	100%	Oil & Gas Exploration Services
7	Oil Blocks Holdings Ltd. (Fellow subsidiary)	Cyprus	SV Oil & Natural Gas Ltd., Mauritius	100%	Exploration, Extraction, Refining any other allied ancillary
8	SV Videsh Ltd. (Fellow Subsidiary)	Cyprus	SV Oil & Natural Gas Ltd., Mauritius	100%	Exploration, Extraction, Refining any other allied ancillary

\*Balance 1% ownership is held by SV Oil & Natural Gas Ltd. Mauritius, a subsidiary of the parent company.

- v. The consolidated financial statements are based, in so far as they relate to Audited accounts included in respect of subsidiaries (audited by the auditors of their country) for the year ended 31<sup>st</sup> March, 2009.
- vi. Minority interest's share being loss for the year is identified and adjusted against the income in the profit & loss account in order to arrive at the net income attributable to shareholders of the Company.

##### 2. SIGNIFICANT ACCOUNTING POLICIES

###### i. Revenue Recognition

Revenue is primarily derived from oil & gas exploration, exploitation and other allied services. The same is accounted for by the Company on work done basis.

Profit on sale of fixed assets/investments are recorded on transfer of title from the company and are determined as the difference between the sale price and carrying value of the fixed asset/investments.

Interest is recognized using the time-proportion method based on rates implicit in the transaction.

**ii Fixed Assets and Capital work-in-progress**

Fixed assets are stated at cost, less accumulated depreciation and impairments, if any. Direct costs are capitalized until fixed assets are ready for use. Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized. Capital work-in-progress comprises outstanding advance paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date.

**iii Depreciation and amortization**

Depreciation on fixed assets is provided on the straight-line method at the rate prescribed under Schedule XIV to the Companies Act, 1956. Depreciation for assets purchased/sold, impaired or discarded during a period is proportionately charged. Individual low cost assets (acquired for less than Rs. 5000/-) are depreciated fully in the year of purchase.

In case of depreciation on fixed assets of a subsidiary company in Oman, the same is calculated on straight line method at the following rates.

Rigs & Equipments	15%
Camps & Caravans	15%
Vehicles	33.33%
Furniture Fixtures	33.33%
Computers	15%
Office Equipment	15%

In case of another subsidiary company in Mauritius the depreciation is calculated on rigs and equipments at the rate of 4.75% per annum on straight line method, while the same was charged at the rate of 15% in the previous year. Consequently the profit of such subsidiary company is higher by Rs 64,731,415 and fixed asset has been stated higher by Rs. 64,731,415.

**iv Impairment of assets**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimated the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit & loss account. If at the balance sheet date there is an indication that if a previously assessed impaired loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historic cost.

**v Investments**

Investments are classified as long term based on Management's intention at the time of purchase. Cost for overseas investment comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

**vi Inventories**

Stores, spare parts & other consumables are valued at cost on First-in-first-out basis.

**vii Foreign Currency Transactions**

Exchange difference arising on repayment of foreign exchange liabilities incurred for the purpose of acquiring fixed assets, which are carried in terms of historical cost, are adjusted in the carrying amount of the respective fixed assets.

The carrying amount of such fixed assets against which the liabilities in any foreign currency are outstanding is also adjusted to account for any increase or decrease in such liability by applying the closing rate or the rate as per forward exchange contract, if any. However, in case of the subsidiary company in Oman, the same is recognized in the income statement.

In case of any profit or loss arising on cancellation or renewal of a forward exchange contract relating to liabilities incurred for acquiring fixed assets, such profit or loss is adjusted in the carrying amount of the respective fixed assets.

Exchange difference arising on foreign currency transactions other than those relating to liabilities incurred for the purpose of acquiring fixed assets in Indian Company, are recognized as income or expenses for the year as the case may be. Any profit or loss arising on cancellation or renewal of a forward exchange contract in those cases is also recognized as income or expense for the year. All current assets and current liabilities in any foreign currency outstanding at the end of the year are translated by applying the closing rate or the rate as per forward exchange contract, if any.

#### viii **Retirement & Other benefits to employees**

**Gratuity** : In accordance with the Payment of Gratuity Act, 1972, the company provides for gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the company subject to conditions specified in aforesaid act.

**Provident Fund** : Eligible employees receive benefits of provident fund, which is a defined benefit plan. Both the employee and the Company makes monthly contribution to the provident fund plan equal to a specified percentage of the covered employee's salary. The rate at which the annual interest is payable to the beneficiaries is being administered by the Government.

**Compensated Absence** : The employees of the Company are entitled to compensate absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absence is measured based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expenses on non-accumulating compensated absences are recognized in the period in which the absences occur.

#### ix. **Borrowing Costs**

Borrowing cost that is directly attributable to the acquisition of assets has been capitalized as part of the cost of that asset upto the date of such asset is ready for its intended use. All other borrowing cost is charged to revenue in the period when they are incurred.

#### x. **Taxes**

Tax expenses comprise current tax, deferred tax and fringe benefit tax.

Income tax is accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances & exemption. Provisions are recorded when it is estimated that a liability due to disallowances or other is probable.

The difference that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of aggregate amount of timing difference. The tax effect is calculated on the accumulated timing difference at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Provision for Fringe Benefit Tax for the year has been determined in accordance with provisions of section 115 WC of the Income Tax Act, 1961

#### xi **Earning Per Share**

Basic Earning Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

xii **Miscellaneous Expenditure**

Preliminary expenditure/share issue expenses are being written off over a period of ten years..

**3. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF**

	<b>March 2009 (Rs.)</b>	<b>March 2008 (Rs.)</b>
1. Amount unpaid on investment in shares: - - 5,000 Equity Shares of Parasrampuriah Synthetics Ltd.	35,000	35,000
2. Counter Guarantees given in respect of Guarantees issued by the company's bankers to Oil & Natural Gas Corpn. Ltd (ONGC) and Oil India Ltd (OIL) & Others (Includes Rs.47.00 crores for gurantees issued against pledge of 902,500 shares of the company held by directors and a third party).	2,733,335,460	2,347,418,967
3. Un -expired letters of credit	103,475,012	1,025,790,080
4. Income Tax Demands in appeal	79,25,329	Nil
5. Corporate Guarantees given to Financial Institutions/ Banks for securing financial assistance for a subsidiary Company and other Company	6,501,285,672	854,982,163
6. Estimated Value of capital commitments (Net of advances)	2,087,700,000	2,059,300,000
7. Sales Tax demands (*) (* ) To be adjusted against refund granted for Rs.133.86 lacs.	1,240,768	1,240,768
8. Custom Duty	1,250,000	1,250,000
9. Service Tax Demand	54,95,31,062	Nil

**4. DEPRECIATION:**

Depreciation on Fixed assets in the case of subsidiary company has been provided at lower rates than the rates provided in the financial statement of Shiv-Vani Oil & Gas Co. LLC – Oman. This has resulted in the following:-

- The depreciation has been lower by Rs.107,673,758/- (Previous Year Rs 177,370,796/-) to the Consolidated Profit & Loss Account.
- The profit in the consolidated accounts is higher by Rs. 107,673,758/- (Previous Year Rs. 177,370,796/-) and
- The Fixed Assets in consolidated accounts have been stated higher by Rs. 107,673,758/- (Previous Year Rs. 177,370,796/-)
- The External Commercial Borrowings [ECBs] outstanding as on 31.03.09 of USD 88,018,599 (Previous Year USD 67,830,692)

	<b>March, 2009</b>	<b>March, 2008</b>
ICICI (44 M)	US\$ 44,000,000	US\$ 38,474,797
Exim Bank ( 55 M)	US\$ 44,018,599	US\$ 29,355,895

- The registration of Leasehold Building acquired during the year is in process.

**6. OTHERS**

- In the opinion of the Board and to the best of their knowledge and belief, the value on realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.
- There are no amounts due and outstanding to be credit to Investor' Education and Protection Fund.

**i. Share Capital**

- Forfeiture of shares and cancellation of shares

During the year, 5,100 equity shares of Rs. 10/- each has been forfeited. The amount of Rs.25,500 received and therefore transferred to Share Forfeiture Reserve. The board in their meeting held on 5<sup>th</sup> September 2008 had decided to forfeit these shares, Consequently on forfeiture, the issued equity

share capital of the company has reduced from 4,39,07,706 Equity Shares of Rs. 10/- each to 4,39,02,606 Equity Share of Rs. 10/- each.

- b) Equity Share Warrants  
6,000,000 Equity Share Warrants were issued to promoters on 29<sup>th</sup> March 2008 on preferential basis. Each warrant is to be converted into 1 equity shares of Rs.10 each at a premium of Rs.650/- per share in one or more tranches at the option of Warrant holders before the expiry of 18 months from the date of allotment of such Equity Share Warrants. As required by SEBI Guidelines, subscribers have deposited non-refundable amount of Rs. 396,000,000/- an amount equivalent to 10% of total consideration.

**ii. Secured Loans**

- a) Foreign Currency Term Loan ICICI Bank Ltd. of Rs. 19,468.60 Lakhs (Previous year – Rs. 17,453.56 Lakhs) is secured by first charge over respective present and future fixed assets acquired from such loans & receivables of the contracts for which the loans have been obtained.
- b) Rupee Term Loans from ICICI Bank Ltd. of Rs. 19400.00 Lakhs (Previous year – Nil) is secured by first charge over respective present and future fixed assets acquired from such loan.
- c) Rupee Term Loans from ICICI Bank Ltd. of Rs. 5000.00 Lakhs (Previous year – Nil) is secured jointly by first charge over assets acquired from ICICI Bank Ltd's foreign currency term loan and 1<sup>st</sup> pari passu charge over the fixed assets of the company except the fixed assets which are exclusively charged.
- d) Rupee Term Loans from State Bank of Bikaner & Jaipur of Rs. 657.50 Lakhs (Previous year – Rs 1042.98) is secured by first pari passu basis on all fixed assets of the company except the fixed assets which are exclusively charged. Further the loan is collaterally secured by way of pledge of 77,500 shares of the company being part of promoter stake.
- e) Rupee Term Loans from Punjab National Bank of Rs. 3500.00 Lakhs (Previous year – Rs. 3500.00 Lakhs) is secured by first charge over 2D Sismic equipments & Shot Hole Rigs aggregating written down value of Rs. 1900 Lakhs & further collateral secured by way of pledge of 1,523,000 shares of the company being part of promoters stake.
- f) Rupee Term Loans from Punjab National Bank of Rs. 1478.47 Lakhs (Previous year Rs.2490.96) is secured by 2<sup>nd</sup> pari passu charge on the block assets (Present & Future) from such loan. & further collateral secured by way of pledge of 825,000 shares of the company being part of promoters stake.
- g) Rupee Term Loan from Yes Bank Ltd. of Rs. 2500 Lakhs (previous year – Nil) is secured by subsequent charge on current assets & movable fixed assets of the company. Further the loan is secured by way of pledge of 820,000 shares of the company being part of promoter stake.
- h) Rupee Term Loans from Karnataka Bank Ltd. of Rs. 1872.80 Lakhs (Previous year – Rs. 2500.00 Lakhs) is secured by first charge over respective present and future fixed assets acquired from such loan and 1<sup>st</sup> pari passu charge over the fixed assets of the company except the fixed assets which are exclusively charged.
- i) Foreign Currency Term Loans from Export – Import Bank of India (EXIM) of Rs. 22,427.47 Lakhs (Previous year – Rs. 11,789.13 Lakhs) is secured by first charge over respective present and future fixed assets acquired from such loans & receivables of the contracts for which the loans have been obtained.
- j) Rupee Term Loans from State Bank of Patiala of Rs. 4985.68 Lakhs (Previous year – Rs. 1042.98 Lakhs) is secured by first pari passu basis on all fixed assets of the company except the fixed assets which are exclusively charged. Further collaterally secured by way of pledge of 1,880,000 shares of the company being part of promoters stake.
- k) All term loans from Financial Institutions / Banks except above are secured by way of 1<sup>st</sup> charge on pari passu basis on all movable & immovable assets of the company (save and except book debts) machinery, machinery spares, tools and accessories present and future except on which another bank is having an exclusive first charge for loan granted to the company.
- l) Working Capital Loans from banks are secured by way of hypothecation of stocks of consumable stores and spares and book debts of the company, both present and future. These are secured, additionally, by way of 1<sup>st</sup> charge of Rs. 226.00 Lakhs on Plant & Machinery to State Bank of India and 1<sup>st</sup> charge on balance plant and machinery and collaterally secured by way of pledge of 778,400 shares of the company being part of promoter stake.
- m) All the Term loans & Working capital loans are also personally guaranteed by Shri Prem Singhee, Chairman and Managing Director and Shri Padam Singhee, Joint Managing Director.

- n) Amount repayable (term loans) within one year Rs. 29,242 Lakhs (Previous year Rs. 18,087 Lakhs)
- o) Deferred Creditors are secured by way of hypothecation of specific assets acquired under hire purchase. Amount payable with in one-year is Rs.510.46 Lakhs (Previous year Rs. 239.39 Lakhs).
- p) Loan in foreign currency Rs.2524.44 Lakhs (Previous year Rs.2904.94 Lakhs) : Term loan from Bank, Muscat SAOG secured by way of exclusive first charge on the entire property, Plant and Machinery acquired out of the loan, Assignment of receivables under contract No.C31/0312 with Petroleum Development Oman LLC., Assignment of insurance polices over Property, Plant and Equipments, Corporate Guarantee and Undertaking from Shiv-vani Oil & Gas Exploration Services Ltd. (Parent company)
- q) Deferred Creditors are secured by way of hypothecation of specific assets acquired under hire purchase. A sum of Rs. 510.13 Lakhs (Previous year Rs.600.23 Lakhs) from United Finance Company, SAOG, Muscat are additionally guaranteed by Shiv-vani Oil & Gas Exploration Services Ltd. Amount payable with in one-year is Rs. 483.71 Lakhs (Previous year Rs. 225.86 Lakhs).
- r) Loan in foreign currency Rs. 27006.79 lakhs (Previous year Rs.Nil) : Term loan from Standard Chartered Bank is secured by way 1<sup>st</sup> Fixed & Floating Charges on all assets of SV Oil & Natural Gas Ltd. Mauritius
- s) Loan in foreign currency Rs. 38823.90 Lakhs (Previous year Rs. Nil) : Term loan from ICICI Bank Ltd is secured by way 1<sup>st</sup> Fixed & Floating Charges on all assets of Natural Oil & Gas Services Ltd. Mauritius.
- iii. Unsecured Loans includes loan from State Bank of Mysore of Rs. 5000.00 Lakhs (Previous year – Nil) against this loan 2,025,000 shares of the company being part of promoters stake are pledged.

## 8. Others

- The company had entered into forward contracts for hedge of foreign currency risk, the difference between forward rate and exchange rate at the inception of the contract is recognized as income or expenses at the termination of contract. Further, the exchange differences arising on such contracts are recognized as income or expenses along with the exchange difference on the underlying assets / liabilities.
- The company has not received any intimation from 'suppliers' regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 and hence disclosure requirements in this regard as per Schedule VI of the Companies Act, 1956 could not be provided.
- The payment of Provident Fund Dues amounting to Rs. 8,206,345/-, ESI amounting to Rs. 48,076/-, Tax deducted at Source amounting to Rs. 2,173,412/-, Service Tax Rs. 137,558,236/- and Fringe Benefit Tax amounting to Rs. 7,284,168/-. VAT Rs.45,479/- were delayed. This amount was later deposited with the appropriate authorities (Previous year -P.F Rs. 3,101,022/-, ESI Rs. 345,204/-, T.D.S Rs. 51,471,691/-, FBT Rs. 4,168,697/-, Service Tax Rs. 190,831,167/- & VAT Rs. 2,712,831.).
- Fixed Deposits of Rs.1368.81 Lakhs (Previous year Rs.5026 Lakhs) are under lien in respect of guarantees / Letters of credit issued by the banks.
- The cost in respect of old unusable fixed assets sold/adjusted/impaired amounting to Rs. 39,354,801/- (Previous year Rs. 23,203,856 ) has been reduced from the gross block.
- The previous years figures have been regrouped / rearranged wherever found necessary. The figures have been rounded off to the nearest rupee. The current year figures are for 12 months while previous year figures are for 15 months, hence are not comparable.
- Managerial Remuneration

	2009*	2008*
Salary	16,700,000	14,100,000
Provident Fund Contribution	2,004,000	1,692,000
Perquisites /Benefits	2,260,603	1,615,200
	20,964,603	17,407,200

\*The above Remuneration has been paid to the Chairman & Managing Director and Joint Managing Director in Accordance with Schedule XIII of the Companies Act, 1956 read with Section 198 & 309 of the Companies Act, 1956.

- The company has during the year imported machinery worth Rs. 2,972,825,915/- under Essentially Certificate issued by Directorate General of Hydrocarbon, New Delhi for availing zero duty exemption .

9. The company has applied to the Department of Company Affairs for seeking exemption for annexing the audited accounts of the subsidiaries companies. The approval is still awaited; accordingly the accounts of the subsidiary companies are not being annexed herewith.
10. In case of parent company no treatment for the payment of gratuity payable to its employees has been given as per guidance note covered under Accounting Standard 15 issued by Institute of Chartered Accountants of India. Instead of this the company has worked out the future liability of Gratuity Rs. 395.76 lakhs (Previous year Rs. 287.27 lakhs) to its employees and has been provided in books of accounts.

#### 9. Related Party Disclosure

The following is the listing of related parties & the relationship therewith:

##### Subsidiary

1. Shiv-Vani Oil & Gas Co. LLC.	OMAN
2. SV Oil & Natural Gas Ltd.	MAURITIUS
3. Shiv-Vani Oil Services Ltd.	INDIA
4. TNG Shiv Geo Services Ltd.	INDIA
5. Shiv-Vani Singapore PTE. Ltd.	SINGAPORE
6. Natural Oil & Gas Services Ltd.	MAURITIUS

##### Fellow Subsidiary

1. Oil Blocks Holdings Ltd.	CYPRUS
2. SV Videsh Ltd.	CYPRUS

#### 10. Earning per share

##### BASIC EARNING PER SHARE

(Amount in Rs.)

Particulars	2008-09	2007-08
a) Numerator		
Net Profit after taxation as per profit & loss a/c	1,927,153,672	922,589,345
b) Denominator		
No. of Equity Shares outstanding		
Weighted average of No. of equity shares outstanding	43,902,606	36,649,509
Basic (EPS of face value of Rs.10 each)	43.90	25.17

##### DILUTED EARNING PER SHARE

(Amount in Rs.)

Particulars	2008-09	2007-08
a) Numerator		
Net Profit after taxation as per profit & loss a/c	1,927,153,672	922,589,345
b) Denominator		
No. of Equity Shares outstanding		
Weighted average of No. of equity shares outstanding	49,902,606	36,688,983
Diluted (EPS of face value of Rs.10 each)	38.62	25.15

Schedules referred to above form an integral part of the accounts  
As per our report of even date

for **VIJAY PRAKASH GUPTA & ASSOCIATES**  
Chartered Accountants

**(Vikas Varshney)**  
Partner  
M.No. 510929

For and on behalf of the Board

**Prem Singhee** Chairman & Managing Director  
**Padam Singhee** Joint Managing Director  
**Rajan Gupta** Chief Financial Officer  
**Vimal Chadha** Company Secretary

New Delhi  
10<sup>th</sup> July, 2009

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	31-Mar-09 (Rs.)	31-Mar-08 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	2,481,824,781	1,198,137,030
<b>Adjustment for:</b>		
1. Depreciation	502,213,734	428,670,655
2. FCCB Issue Expenditure Written off	24,849,494	17,749,639
3. Deferred Revenue Expenditure	27,160,902	-
4. Investments (Interest Income)	(16,524,470)	(54,073,354)
5. Interest Expenditure	845,842,291	673,944,166
6. Fixed Assets w/off.	11,003,387	8,054,439
<b>Operating Profit before Working Capital Charges</b>	<b>3,876,370,119</b>	<b>2,272,482,575</b>
1. Trade & Other Receivables	126,694,465	(2,722,163,125)
2. Inventories	(638,822,019)	(87,704,915)
3. Trade Payable & Provisions	1,163,263,246	1,017,599,109
<b>Cash Generation from Operations</b>	<b>4,527,505,811</b>	<b>480,213,644</b>
1. Interest paid	(845,842,291)	(673,944,166)
2. Direct Taxes Paid	(351,656,977)	(266,468,909)
	<b>3,330,006,543</b>	<b>(460,199,431)</b>
<b>Cash Flow before Extra Ordinary Items</b>		
1. Extraordinary items	(137,880,139)	39,331,872
<b>Net cash from Operating Activities</b>	<b>3,192,126,404</b>	<b>(420,867,559)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(15,967,038,134)	(5,802,296,977)
Sale of Fixed Assets	144,922,465	18,400
Interest Received	16,524,470	54,073,355
Purchase of Investments	-	(3,800,000)
<b>Net Cash from Investing Activities</b>	<b>(15,805,591,201)</b>	<b>(5,752,005,222)</b>



	31-Mar-09 (Rs.)	31-Mar-08 (Rs.)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long and short term borrowings	13,012,125,040	2,099,872,581
Increase in Share Capital	4,000	119,416,860
Premium on issue of equity shares	-	3,408,689,303
Change in Minority Interest	(4,543)	-
Proceeds from issue of equity share warrant	-	396,000,000
Premium on redemption of FCCB Bonds	-	(2,808,122)
Change in Misc Expenditure	28,500	(135,963,611)
<b>Net Cash Flow from Financing Activities</b>	<b>13,012,152,997</b>	<b>5,885,207,011</b>
Net Increase in cash and Cash Equivalents	398,688,200	(287,665,770)
Cash and cash equivalents at the beginning	634,943,070	922,608,840
Cash and cash equivalents at the closing	1,033,631,270	634,943,070

For and on behalf of the Board

**Prem Singhee** Chairman & Managing Director**Padam Singhee** Joint Managing Director**Rajan Gupta** Chief Financial Officer**Vimal Chadha** Company SecretaryNew Delhi  
10<sup>th</sup> July, 2009**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009****Auditors' certificate**

We have examined the attached consolidated Cash Flow Statement of Shiv-Vani Oil & Gas Exploration Services Ltd for the year ended 31st March, 2009. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of the Listing Agreement with the Stock Exchange and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

for **VIJAY PRAKASH GUPTA & ASSOCIATES**

Chartered Accountants

**Vikas Varshney**

Partner

M.No. 510929

New Delhi  
10<sup>th</sup> July, 2009

**STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 AS AT 31.03.2009**

Name of Subsidiary Company	TING SHIV GEO SERVICES LIMITED		SHIV-VANI OIL SERVICES LIMITED		SHIV VANI OIL & GAS CO. LLC, OMAN #		SV OIL & NATURAL GAS LTD., MAURITIUS #		OIL BLOCKS HOLDINGS LTD., CYPRUS #		SV VIDESH LTD., CYPRUS #		NATURAL OIL & GAS SERVICES LTD., MAURITIUS #		SHIV VANI SINGAPORE PTE LTD., SINGAPORE #	
	Rupees	Rupees	Omani Rial	Rupees	USD	Rupees	USD	Rupees	USD	Rupees	USD	Rupees	USD	Rupees	USD	Rupees
1. Share Capital	500,000	10,000,000	500,000	66,050,000	34,000	1,732,300	80,144	1,573	80,144	11,400,001	580,830,051	71	3,617			
2. Reserves & Surplus	(98,263)	(28,320)	3,461,276	424,110,872	23,932,723	1,111,324,561	(341,760)	(7,267)	(337,625)	(724,753)	(33,672,006)	(607,491)	(28,193,130)			
3. Total Assets	498,192	302,693	10,441,215	1,346,160,814	98,347,780	4,902,771,715	367,523	6,573	367,523	119,075,964	6,070,174,540	294,318	17,754,038			
4. Total Liabilities	96,455	81,013	6,479,939	855,999,942	74,397,203	3,790,537,492	629,538	12,267	625,004	108,400,716	5,523,016,495	901,738	45,943,551			
5. Investments	-	9,750,000	-	-	16,146	822,638	-	-	-	-	-	-	-			
6. Total Income	-	-	6,708,602	813,008,768	32,465,609	1,508,352,176	-	-	-	1,336	62,072	2,555	118,703			
7. Profit/(loss) before Tax	(10,925)	(23,837)	1,405,204	170,295,328	18,886,699	877,476,095	(341,760)	(7,267)	(337,625)	(724,753)	(33,672,006)	(602,733)	(28,002,953)			
8. Provision for Income Tax	-	-	-	-	137,576	6,391,779	-	-	-	-	-	-	-			
9. Profit/ (loss) after Tax	(10,925)	(23,837)	1,405,204	170,295,328	18,749,123	871,084,256	(341,760)	(7,267)	(337,625)	(724,753)	(33,672,006)	(602,733)	(28,002,953)			

# The Foreign currency figures of Shiv Vani Oil & Gas Co. LLC, Sv Oil & Natural Gas Ltd., Oil Blocks holdings Ltd., Sv Videsh Ltd, Natural Oil & Gas Services Ltd and Singapore Pte Ltd have been converted into Indian Rupees on the basis of appropriate exchange rates. Exchange rate as on 31st March, 2009\*: 1 Omani Rial = Rs. 132.10; 1 USD = Rs. 50.95

Schedules referred to above form an integral part of the accounts  
As per our report of even date

**for VIJAY PRAKASH GUPTA & ASSOCIATES**  
Chartered Accountants

**(Vikas Varshney)**  
Partner

M.No. 510929

New Delhi  
10<sup>th</sup> July, 2009

For and on behalf of the Board

**Prem Singhee** Chairman & Managing Director

**Padam Singhee** Joint Managing Director

**Rajan Gupta** Chief Financial Officer

**Vimal Chadha** Company Secretary



**Shiv-vani Oil & Gas Exploration Services Ltd.**

Registered Office : Tower 1, 5th Floor, NBCC Plaza, Sector V, Pushp Vihar, Saket, New Delhi - 110 017.