

ANNUAL REPORT 2009-10



Shiv-Vani Oil & Gas Exploration Services Limited
Zeal To Explore, Drive To Excel

Corporate information

Board of Directors

Mr. Prem Singhee, *Chairman & Managing Director*
 Mr. Prateep Kumar Lahiri
 Mr. Om Prakash Garg
 Capt. Hiteshi Chander Malik
 Mr. Dwarka Das Daga
 Mr. Rajneesh Gupta
 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
 Chartered Accountants

**Bankers &
Financial Institutions** State Bank of India
 ICICI Bank Limited
 Punjab National Bank
 Standard Chartered Bank
 DBS Bank Ltd.
 State Bank of Mysore
 Life insurance Corporation of India Ltd.
 State Bank of Hyderabad
 Yes Bank Limited
 Bank of India
 Exim Bank Limited
 Union bank of India
 State Bank of Patiala
 Corporation bank Limited
 United Bank of India
 UCO Bank

**Registrar &
Share Transfer Agent** Link Intime India Private Ltd.
 A-40, 2nd Floor,
 Naraina Industrial Area,
 Phase-II,
 New Delhi-110 028
 Ph. Nos. : 011-41410592-93-94
 Fax No. : 011-41410591
 Email Id : delhi@linkintime.co.in

Registered Office TOWER-1, 5th Floor,
 NBCC Plaza, Sector-V,
 Pushp Vihar, Saket
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 Ph No. +91 11 2956 4592
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 Web Site : www.shiv-vani.com

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 19th Annual Report on the business and operations of the Company together with the Annual Accounts for the year ended 31st March, 2010.

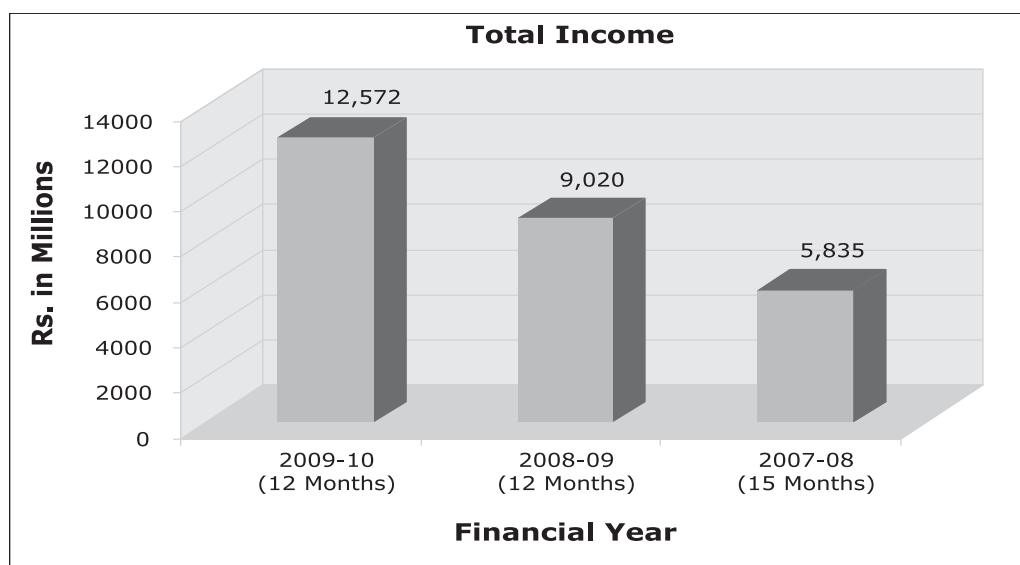
Consolidated Financial Highlights:

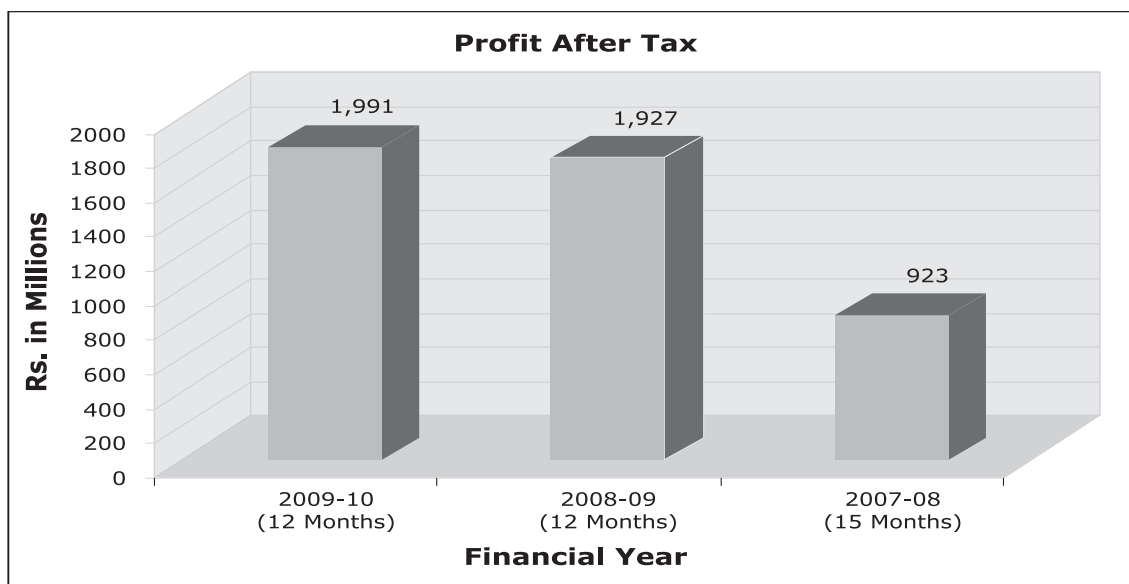
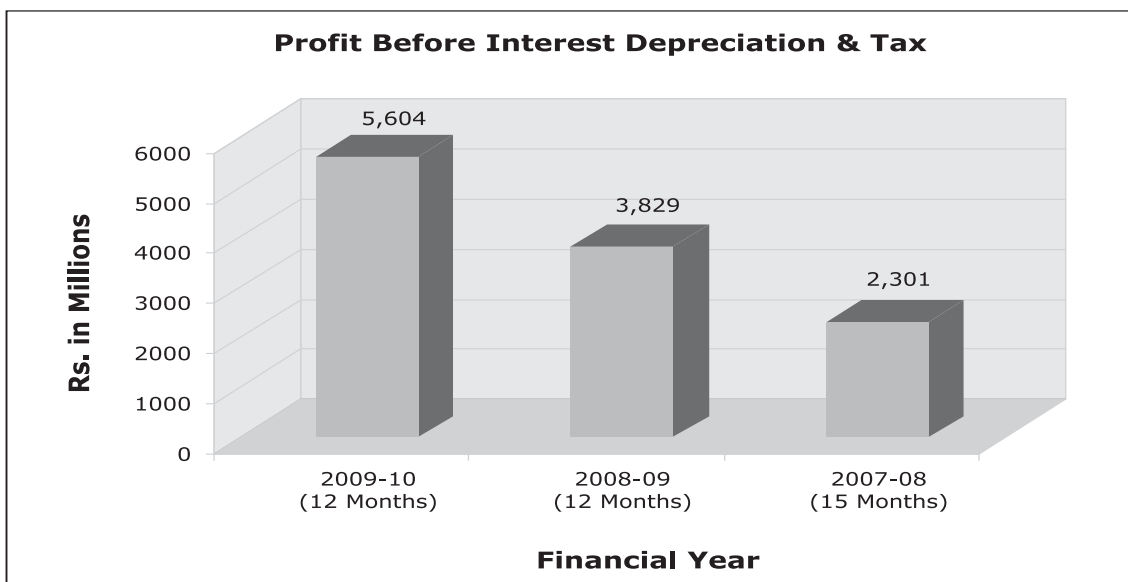
| Amount (₹ in Millions) | | |
|---|-----------------|-----------------|
| Particulars | FY 2009-10 | FY 2008-09 |
| Operating and Other Income | 12,571.68 | 9,019.95 |
| Profit before Interest, Depreciation and Taxation | 5,603.62 | 3,828.99 |
| Interest | 1,930.09 | 844.96 |
| Depreciation | 1,071.61 | 502.21 |
| Profit before Taxation | 2,601.92 | 2,481.82 |
| Provision for Tax | | |
| - Income Tax relating to earlier years | 49.03 | 37.48 |
| - Income Tax | 274.87 | 224.02 |
| - Fringe Benefit | - | 7.66 |
| - Deferred | 441.75 | 285.51 |
| - Mat Credit | -154.88 | - |
| Net Profit after tax | 1,991.15 | 1,927.15 |
| Add : profit brought forward from previous year | 4,092.70 | 2,236.50 |
| Surplus available for appropriation | 6,083.85 | 4,163.65 |
| Appropriation: | | |
| Transferred to General Reserve | 50.00 | 11.90 |
| Transferred to Legal Reserve | 8.91 | 7.69 |
| Proposed Dividend on Equity Shares | 46.36 | 43.90 |
| Dividend Distribution Tax on Proposed Dividend | 7.70 | 7.46 |
| Surplus carried forward to the next year | 5,970.88 | 4,092.70 |
| Total | 6,083.85 | 4,163.65 |

On consolidated basis the operating income for the year under review grew by 43.70% at ₹ 12,520.09 millions against ₹ 8,712.75 millions in the previous year. Profit before tax has also increased from ₹ 2,481.82 millions in 2008-09 to ₹ 2,601.92 millions in 2009-10.

The consolidated net worth of the Company has increased from ₹ 8,902.67 millions to ₹ 11,869.40 millions while standalone net worth has also grown by ₹ 1,741.54 millions and reached at ₹ 9,079.16 millions as on 31st March 2010.

COMPARISON OF COMPANY'S PERFORMANCE FOR THE LAST THREE YEARS





Dividend

For the financial year your Directors have recommended a dividend @ 10% i.e. ₹ 1/- per equity share, same as last year, amounting to ₹ 54,060,401/- inclusive of tax on dividend. The dividend, if approved at the ensuing Annual General Meeting, will be paid to those members whose names appear in the Register of Members as on 27th September, 2010 and in respect of shares held in dematerialized form it will be paid to the members whose names are furnished by National Securities Depositories Limited and Central Depository Services (India) Limited as beneficial owners.

The dividend would be tax free in the hands of shareholders.

Review of Operations

We believe that our success stands from our business model consisting of wide range of services spanning the entire spectrum for oil & gas exploration and production services i.e. from seismic surveys to deep drilling, well workover drilling, integrated services and specialized projects like coal bed methane (CBM) development services, which involves specialized expertise in directional drilling. Other than our oil & gas service activities in Oman,

substantially all of our revenues are derived from our business activities in India. As of 31st March, 2010, 36 sites throughout India are operative. Our principal areas of operations are : -

- (a) Seismic services
- (b) Deep drilling services
- (c) CBM development services
- (d) Integrated well services
- (e) Other services

During the year we have commenced operations of six 2000 HP Rigs located at various sites in India, against ₹ 16.10 Billion contract received from ONGC. Contract is to deploy 8 rigs with integrated services like directional drilling, mud engineering etc.

The detail of commenced rigs & their location is as under.

| S.No | Location | Capacity |
|------|-------------|-------------|
| 1 | Tripura | 2000 HP rig |
| 2 | Sibsagar | 2000 HP rig |
| 3 | Sibsagar | 2000 HP rig |
| 4 | Rajahmundry | 2000 HP rig |
| 5 | Rajahmundry | 2000 HP rig |
| 6 | Sibsagar | 2000 HP rig |

The remaining two rigs commenced operations in current year 2010-11 as under:-

- 3000 HP Rig at Sibbsagar (Largest onland Rig of India) - in April 2010
- 2000 HP at Agartala - in August 2010

Three workover rigs also commenced operations at Rajahmundry & Ankleshwar for ONGC during the year.

Fixed Deposits

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 on 31st March, 2010.

Change in Capital Structure

During the year M/s Templeton Strategic Emerging Markets Fund III L.D.C. was allotted 2,457,895 Equity Shares of ₹ 10/- each at a premium of ₹ 370/- on preferential basis, resulting to increase in the Paid up Share Capital of the Company to ₹ 463,605,010/- consisting of 46,360,501 Equity Shares of ₹ 10/- each.

During the year under review 6,000,000 convertible warrants, which were allotted on 29 March 2008 to promoter group were forfeited due to non exercise of conversion option by the warrants holders.

In the current year 2010-11, the Company has successfully allotted Foreign Currency Convertible Bonds (FCCBs) for USD 80,000,000. These FCCBs have been listed on Singapore Stock Exchange.

Listing

The equity shares continue to be listed on the Bombay Stock Exchange Ltd. (BSE) and The National Stock Exchange of India Ltd. (NSE). The annual listing fee for the financial year 2010-11 has been paid to both the Stock Exchanges.

Directors'

During the year, there was no change among the Directors

In accordance with the provisions of Section 255 and Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr Dwarka Das Daga and Capt. Hiteshi Chander Malik, Directors of the Company, who retires by rotation, at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

The Board recommends their re-appointment.

Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas and names of the companies in which they hold directorship and membership/ Chairmanship of Committees of the Board, as stipulated under Clause 49 of the Listing Agreement are provided in the Notice for 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, it is confirmed that:

- (i) In preparation of the annual accounts for the financial year 2009-10, the applicable accounting standards have been followed and no material departures have been made from the same;
- (ii) The 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 year 2009-10 and of the profit of the Company for the year under review;
- (iii) The Directors had taken proper and sufficient care 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; and
- (iv) The annual accounts of the Company for the financial year ended 31st March, 2010 have been prepared on a going concern basis.

CEO / CFO Certification

Pursuant to the requirement of clause 49 of the Listing Agreement CEO and CFO certification is attached with Annual Report. CEO and CFO also submit their certificates while placing the financial results before the Board.

Code of conduct for Directors and senior management personnel

The code of conducts has been placed on the web site of the Company. All the directors and senior management personnel have affirmed the compliances with these codes during the financial year 2009-10.

Auditors and their Report

M/s Vijay Prakash Gupta & Associates, Chartered Accountants, Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received from M/s Vijay Prakash Gupta & Associates, Chartered Accountants, the consent letter for appointment as Statutory Auditors of the Company for the financial year 2010-11, declaration under Section 224(1B) of the Companies Act, 1956 and Peer Review Certificate issued by the Institute of Chartered Accountants of India. They have further declared that they are not disqualified for such appointment/ re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The Audit Committee and the Board of Directors recommend appointment of M/s Vijay Prakash Gupta & Associates, Chartered Accountants as the Statutory Auditors of the Company for the financial year 2010-11 for shareholders approval.

The observations made in the Auditors' Report are self explanatory and do not call for any further clarifications.

Internal Control System

The Internal Control System of the Company has been devised through its extensive experience that ensures control over various functions of its business. Periodic audits conducted by Internal Auditors and Statutory Auditors provide means whereby any weakness, whether financial or otherwise, is identified and rectified in time.

Subsidiary Companies

The Company has eight subsidiaries as on March, 31, 2010. List of subsidiaries which have been consolidated at the year end is given in the notes to the Accounts.

Pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India and Listing Agreement as prescribed by Securities & Exchange Board of India (SEBI), Consolidated Financial Statements, which includes the financial information of the subsidiaries, are enclosed and forms part of this Annual Report.

Annual Accounts of the subsidiary companies and the related information will be made available to the investors of holding and subsidiary companies seeking information at any point of time and the Annual Accounts of the subsidiary

companies will also be kept for inspection by any investor at its registered office and that of the subsidiary companies concerned.

As per Section 212 of the Companies Act, 1956, we are required to attach with the Balance Sheet of the Company, the Directors' Report, Balance Sheet and Profit & Loss Account, Auditors' Report etc. of Subsidiary Companies.

We believe that the Consolidated Financial Statements present a more comprehensive picture rather than the standalone financial statements. We, therefore, applied to the Ministry of Corporate Affairs, Government of India for exemption from the requirement to present detailed financial statements of each subsidiary. The Ministry of Corporate Affairs, Government of India has approved the same vide its letter No 47/ 453/ 2010-CL-III dated 17th May, 2010.

In compliance with the terms of the exemption granted by Ministry of Corporate Affairs, Government of India, we have presented summary financial information for each subsidiary which includes Capital, Reserves, Total Assets, Total Liabilities, Details of Investment, Turnover, Profit before taxation, Provision for taxation, Profit after taxation and proposed dividend.

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.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this report.

Management Discussion and Analysis

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

Conservation of energy, technology, absorption and foreign exchange earnings and outgo

The particulars regarding conservation of energy, technology, absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars) in the Report of the Board of Directors Rules, 1988 are given in annexure – 1 to 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 the annexure - 2 to the this Report.

Investor Relations

Investor Relations have been cordial during the year. As a part of compliance, the Company has an Investor Grievance Committee to redress the issues relating to investors. The details of the Committee are provided in the Corporate Governance Report forming part of the Annual Report.

Acknowledgement

Your Directors would like to express their sincere appreciation for assistance and co-operation received from the vendors and stakeholders including financial institutions, banks, Central & State Government authorities, other business associates, who have extended their valuable sustained support and encouragement during the year under review.

The relationship with the employees remained cordial during the year. Your Directors are thankful to the shareholders and customers for their continued patronage. Your Directors wish to place on record their appreciation for impressive growth achieved through the competence, hard work, solidarity, cooperation and support of employees at all levels.

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

New Delhi
September 1, 2010

(Prem Singhee)
Chairman & Managing Director

ANNEXURE – 1
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 ongoing 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 sites.

(B) TECHNOLOGY ABSORPTION
(a) RESEARCH & DEVELOPMENT
(i) Specific areas in which R & D carried out by the Company :
(a) Short 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 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 4 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.

(iv) Expenditure as R & D

| | |
|--------------------------|---------------------|
| Capital | : Nil |
| Recurring | : Rs 32.20 Millions |
| Total R & D Expenses | : Rs 32.20 Millions |
| As a % of total turnover | : 0.30% |

(b) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- (i) Efforts made towards technology, adaption & innovation

(a) **Tractor mounted drilling rigs**

The man portable Jacro rigs are quite heavy and requires around 10 persons to carry those and the prime movers being petrol engines the operational cost is also very high. The team of our engineers with research developed a drilling rig which was installed on the tractor and draws power from PTO of tractor.

(b) 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.

(a) Benefits derived as a result of above efforts: This development has reduced the operational cost by half and one rig drills now 10 holes a day.

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

(a) Technology imported SERCEL-428, and Aram 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

(C) FOREIGN EXCHANGE EARNING & OUTGO

| S.No. | Particulars | 2009-10 ₹ | 2008-09 ₹ |
|-----------|---------------------------------------|----------------------|---------------|
| I | Foreign Exchange Earnings: | | |
| | Contract Revenue | 848,200,862 | 1,046,187,682 |
| | Interest on FDR | 24,391 | 132,706 |
| | | 848,225,253 | 1,046,320,388 |
| II | Foreign Exchange Outgoings: | | |
| | Lease Rent | 908,794,730 | - |
| | Interest: | | |
| | – Capital Nature | - | 134,326,217 |
| | – Others | 112,471,059 | 52,263,654 |
| | Professional Fees | 8,121,041 | 5,298,252 |
| | Traveling | 5,588,184 | 4,644,675 |
| | Telephone Expenses | 9,440 | - |
| | Repair and Maintenance | 18,956 | 204,144 |
| | Bank Charges | - | 1,183,733 |
| | Annual Membership Fees & Subscription | 297,598 | 281,700 |
| | Business Promotion | - | 1,101,294 |
| | Listing Fees | - | 15,740 |
| | Contract Expenses | 296,764,111 | 81,527,583 |
| | | 1,332,065,119 | 280,846,992 |

ANNEXURE 2
Statement of Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975
A. Employed for the full year and in receipt of remuneration more than ₹ 2.4 Millions per annum.

| S. No. | Name of the Employee | Age | Designation | Gross Remuneration (In ₹) | Qualification | Experience (Years) | Date of Commencement of Employment | Last employment & designation |
|--------|--------------------------------|-----|------------------------------|---------------------------|------------------|--------------------|------------------------------------|------------------------------------|
| 1. | Prem Kumar Singhee | 52 | Chairman & Managing Director | 11,757,161/- | B.Com | 24 | Since Incorporation | Partner M/s Perfect Tubewel Corp. |
| 2. | Padam Singhee | 46 | Joint Managing Director | 11,084,132/- | B.Com | 20 | 11-Jan-90 | N/A |
| 3. | Pradip Kumar Chowdhury | 59 | Sr. Vice President | 3,825,000/- | B.E.(Mechanical) | 36 | 4-Oct-05 | Jindal Drilling & Industries Ltd. |
| 4. | Biswanath Gogoi | 43 | Tool Pusher | 2,531,102/- | I.T.I | 18 | 6-Mar-07 | JB Enegy Ltd. |
| 5. | Rajib Roy | 40 | Manager Directional Drilling | 2,469,138/- | Mechanical Eng. | 17 | 12-Aug-08 | Halliburton |
| 6. | Prakaash Kr Chiman Lal Singhee | 45 | President | 7,856,190/- | Graduate | 17 | 1-Jul-08 | Infotat International (Huston-USA) |
| 7. | Clinton Miller | 48 | VP (Directional Drilling) | 3,333,444/- | B.Sc | 28 | 5-Feb-09 | Sperry Drilling & Services |
| 8. | Nirmal Chatterjee | 52 | Directional Driller | 3,696,417/- | Mechanical Eng. | 30 | 1-Apr-09 | Schlumberger |
| 9. | S. C. Upadhyay | 63 | Advisor- Projects | 2,969,758/- | B.Sc | 39 | 23-Mar-09 | ONGC |

B. Employed for part of the year and in receipt of average remuneration above ₹ 0.2 Millions per month.

| S. No. | Name of the Employee | Age | Designation | Gross Remuneration (In ₹) | Qualification | Experience (Years) | Date of Commencement of Employment | Last employment & designation |
|--------|-----------------------|-----|---------------------|---------------------------|-------------------------------|--------------------|------------------------------------|---|
| 1. | Md. Ripon Rashid | 33 | Directional Driller | 7,054,500/- | B.E.(Electrical & Electronic) | 9 | 1-Jun-09 | Sperry Drilling & Services |
| 2. | Achintya Goswami | 39 | Tool Pusher | 1,917,709/- | B.E. | 13 | 22-Jun-09 | John Energy |
| 3. | Abdul Salam | 45 | Tool Pusher | 1,998,948/- | HSE | 26 | 19-Jun-09 | Saudi Arabian Saipam |
| 4. | Oliver S Mathias | 53 | Tool Pusher | 994,959/- | Jr. Diploma in Engg. | 27 | 16-Jul-09 | British Oil & Gas Exploration Services Ltd. |
| 5. | Arunalo Ghosh | 57 | VP (Drilling & W/O) | 1,170,969/- | B.E | 31 | 1-Jul-09 | Schlumberger in West Siberia |
| 6. | K. Vaiyapuri | 44 | Tool Pusher | 331,184/- | B.E. | 21 | 14-Aug-09 | ONGC |
| 7. | Sunil Kumar | 30 | Tool Pusher | 969,896/- | 12th | 10 | 7-Jul-09 | Essar Oil Field Services Ltd. Dubai |
| 8. | Audie Iven Rebeiro | 49 | Tool Pusher | 948,589/- | High School | 26 | 25-Aug-09 | BOGEL , Nigeria |
| 9. | Deepak Kumar Rajkhowa | 61 | Project Manager | 1,429,167/- | B.E. Mech. | 35 | 15-Sep-09 | Oil India Limited |
| 10. | Jitu Dutta | 38 | Tool Pusher | 825,605/- | HSE | 17 | 8-Dec-09 | Essar Oil Ltd. |
| 11. | Vijay Kumar Yadav | 44 | Tool Pusher | 563,509/- | B.Sc | 19 | 23-Dec-09 | ETA Star, Libya |
| 12. | Ashish Roy | 56 | Project In charge | 1,190,548/- | B.E. (Mechanical) | 26 | 23-Oct-09 | John Energy |
| 13. | Tarun Kumar | 36 | Tool Pusher | 148,692/- | Diploma in Mechanical | 17 | 4-Jan-10 | John Energy |
| 14. | Dilip Kumar Sharma | 40 | Tool Pusher | 486,895/- | 12th | 20 | 25-Jan-10 | Quippo Infrastructure Ltd. |
| 15. | Raj Kumar Singh | 45 | Tool Pusher | 398,439/- | B.A. | 25 | 6-Feb-10 | Gulf Drilling International |

Note: 1. All appointments are contractual in nature. The terms and conditions of appointments are governed by Company's policy and rules.

2. Remuneration comprises salary, allowances, monetary value of perquisites of actual cost as per Income Tax Act, 1956 (wherever applicable), commission paid, if any, and company's contribution to the Provident fund.

3. There is no employee who is in receipt of remuneration in terms of the provisions of Section 217(2A)(a)(iii) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

4. None of the above employee except Mr. Prem Singhee, Padam Singhee and Mr. Prakaash Kumar Chiman Lal Singhee is relative of any director of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Indian Economy

Indian Economy has now been showing consistent growth since quite a few years. In FY10 India's GDP growth turned out to be robust at 8.6% as compared to 5.8% in the previous year. For the fiscal 2009-10 India's economy grew by 7.4% which is an upward revision from earlier estimates of 7.2% due to higher than anticipated growth in agriculture, mining and manufacturing sectors.

During the initial period of 2010-11, growth came from the three sectors, mining, manufacturing and electricity. As per the use based classification, growth numbers were also found to be remarkable, especially, the capital goods sector, this achieved growth of 72.8% indicating a rise of investment sentiments in the economy. The consumer goods sector appeared to have performed well as it posted growth of 14.4% in April, 2010. This growth is mainly fuelled by high growth in consumer durables, registering an increase of 37% in April 2010. Fifteen out of the seventeen industry sectors witnessed positive growth in the beginning of the present fiscal 2010-11 as compared to the growth in the same month of previous year.

Growth in six core infrastructure industries accelerated by 5.1% in April 2010 as compared to 3.7% in April, 2009. This growth is attributed to high performance in the sectors such as finished steel, crude petroleum and petroleum industry.

The rising indices show strong sentiments among the investors. Indian stock markets continued to perform well and BSE sensex is over 18K in Aug, 2010, whereas NSE index NIFTY rose to stay above 5K points. Foreign exchange reserves stood at over US\$ 285 billion. This increase is due to the recent surge in the foreign investment inflows.

Industry Scenario in India

The oil and gas industry has been instrumental in fuelling the rapid growth of the Indian economy. India has total reserves of 5.6 billion barrels of oil and 38 trillion cubic feet of natural gas as on January 1, 2010. The production of oil during 2009 was of 879,000 barrels per day, of which 77% was crude oil, while production of natural gas was for 1,365 billion cubic feet.

In the eighth round of the NELP (NELP-VIII), 1.62 sq km area will be covered comprising 70 blocks. Out of 70 blocks, 36 have been awarded.

According to Union Minister of Petroleum, the ninth round of New Exploration Licensing Policy (NELP IX) is likely to be launched in the third quarter of 2010.

Moreover, the government is planning its first ever offer of shale gas exploration in 2012. Accordingly, Shale gas (gas locked in sedimentary rocks) is an emerging area. It has become an important source of energy in a few countries who have been able to commercially exploit this resource.

Outlook

Crude oil demand is likely to increase to about 235 MMT by 2012

- Rising global crude oil prices have triggered increased exploration and production focus to expand domestic production

Gas demand is expected to reach 279 MMSCMD by 2012.

- A CAGR of 12% for the next 5 years. Increased use of gas for power generation, petrochemicals, fertilizers and city gas distribution will drive demand growth.

Opportunity

- We believe that domestic spending on exploration and production activities in India is set to continue to increase. According to the Planning Commission's eleventh five-year plan report, PSUs have tentatively projected spending a total of ₹ 1,509.3 billion on exploration and production activities from 2007 to 2012.
- Growing demand-supply mismatch provides ample opportunities for investments in Exploration and production of crude oil, gas and CBM.
- The government is actively promoting the creation of strategic oil and gas reserves through partnerships with the private sector
- 72% of the Indian sedimentary area is unexplored – discovery of oil fields by investors such as Cairn Energy and "giant" gas fields by Reliance, ONGC, etc. indicate a large potential for profitable investment in exploration
- An investment need of US\$40 billion is expected in exploration and production by 2012
- **New Exploration Licensing Policies:** The Indian Government has opened up opportunities in the exploration and production of oil and gas fields through the New Exploration Licensing Policy ("NELP") in the hope that the policy initiatives will induce acceleration in the exploration effort. The NELP licensing procedures were first introduced by the Indian Government in 1997. Between 2000 and 2008, seven rounds of licensing procedures have already taken place, in which a total of 203 exploration blocks were awarded. The eighth round of licensing, NELP VIII, was completed in 2009, with 36 exploration blocks. The Government's initiative is creating a favourable environment for all market participants in the oil and gas industry to explore and develop the oil and natural gas wells in the country and to realise the potential reserves available. Successful finds in exploration can potentially trigger a much larger scale investment in the development of the oil fields.
- Since the formulation of its CBM policy in 1997, the Indian Government has also opened up opportunities in the exploration and production of CBM through the licensing CBM blocks for the exploration and development of CBM. Four rounds of licensing have already taken place ("CBM I – IV"), in which a total of 36 blocks were awarded.

Risks Associated with Our Business

- Demand for oil and gas services in India depends on domestic and regional economic growth
- We are generally awarded contracts through competitive bidding. The typical contract terms with PSUs and PD Oman are usually non-negotiable as a result of the tender process and contain terms favourable to the operator.
- Performance guarantees are also common and are typically unconditional and payable on demand, and can be invoked by our key customers without reason.
- The loss of our contracts with any of our key customers or our inability to extend or enter into new contracts could materially adversely affect our business, results of operations, financial condition and prospects.
- Fluctuations in crude oil and natural gas prices may affect the demand for our services
- Increases in interest rates may materially impact our business, results of operations, financial condition and prospects
- Nature of our operations presents hazards and inherent risks of loss that, if not insured or indemnified against, could adversely affect our business, results of operations, financial condition and prospects.
- If we are unable to acquire the latest technology in a timely manner, our business, results of operations, financial condition and prospects could be materially adversely affected
- Our foreign currency exposures give rise to market risk associated with exchange rate movements against the Indian Rupee.

Cautionary Statement

Statement in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified in this report, by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on risks and concerns.

REPORT ON CORPORATE GOVERNANCE

- 1. Corporate Governance Philosophy:** It is our belief that as we move for a global corporation, our corporate governance standards must be globally acceptable. This creates confidence for future growth and ensuring that we achieve our ambitions in a prudent and sustainable manner.

Any corporate strategy needs to be dynamic, vibrant, responsive to the changing economic scenario and flexible enough to absorb environmental and fiscal fluctuations. It must harness the inherent strengths of available human resources and materials have the capacity to learn from success or failure and, more importantly, ensure growth with human face. This has always been the guiding philosophy in the company and will continue to be so in future.

The current scenario is both vibrant and optimistic. Response, or lack of it, can make or mar a company. The company has accepted the challenges. For instance, the company is implementing SAP – ERP Solutions across its locations, to bring about required homogenous identical systems throughout various verticals and business.

The Company's philosophy on corporate governance aims at attaining the highest level of transparency, accountability towards its stakeholders, including shareholders, employees, the Government and lenders and to maximize returns to shareholders through creation of wealth on sustainable basis.

The Company is making constant endeavour to adopt the best governance practices as practiced by well known global companies. Some of the best governance norms put into practice by SHIV-VANI include the following:-

- All securities related filings with Stock Exchange and SEBI are viewed every quarter by the shareholders / Investors' Grievance Committee of Directors of the company.
- The Company has established policies and procedures for corporate communication and disclosures.
- The Company undergoes internal audit conducted by independent auditors.
- The Company also undergoes secretarial audit of share capital conducted by an independent Company Secretary in whole time practice.

Role of Company Secretary in overall Governance Process – The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all the relevant information, details and documents are made available to the Directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India.

The Institute has issued Secretarial Standards on important aspects like Board meetings, general meetings, payment of dividend, maintenance of Registers and records, Minutes of Meetings, Transmission of shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal, Forfeiture of Shares and Board's Report. Although these standards are recommendatory in nature, the Company substantially adheres to the standards voluntarily.

2. BOARD OF DIRECTORS

(a) Composition

The Board of Directors is comprised of seven Directors, of whom two Directors are Executive Directors, viz. Mr. Prem Singhee and Mr Padam Singhee and five non executive and independent Directors viz. Mr Prateep Kumar Lahiri, Mr Om Prakash Garg, Mr Dwarka Das Daga, Capt. Hiteshi Chander Malik and Mr Rajneesh Gupta.

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 thereof.

During the Financial Year ending on 31st March 2010, 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 | Committee Positions in other companies | |
|-------------------------------|------------------------------------|------------------------------|---|--|------------|
| | | | | Chairmanship | Membership |
| Mr. Prem Singhee | Executive and Promoter Director | Chairman & Managing Director | 1 | Nil | Nil |
| Mr. Prateep Kumar Lahiri | Independent Non-Executive Director | Director | 3 | 3 | 4 |
| Mr. Dwarka Das Daga | Independent Non-Executive Director | Director | Nil | Nil | Nil |
| Mr. Om Prakash Garg | Independent Non-Executive Director | Director | 6 | Nil | Nil |
| Mr. Padam Singhee | Executive and Promoter Director | Joint Managing Director | 2 | Nil | Nil |
| Captain Hiteshi Chander Malik | Independent Non-Executive Director | Director | Nil | Nil | Nil |
| Mr. Rajneesh Gupta | Independent Non-Executive Director | Director | Nil | Nil | Nil |

Notes:

1. Pursuant to the clause 49, other directorship of only public limited companies have been considered.
2. 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. For the purpose of reckoning the limits regarding chairmanship / membership of committee of board, only two committees namely Audit Committee and Investors'/Shareholders' Grievance Committee have been considered pursuant to Clause 49.
4. None of Director of the Board of Directors is a Member of more than 10 Committees and holding the position of Chairmanship in more than five Committees.

(b) Board Meetings

During the financial year ended on 31st March 2010 the Board of Directors has met for eight times i.e. on 15th April, 2009, 29th April, 2009, 9th June, 2009, 10th July, 2009, 26th August, 2009, 6th October, 2009, 18th November, 2009 and 27th January, 2010, 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's.

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 30th September 2009 |
|-------------------------------|--------------------------------|--|
| Mr. Prem Singhee | 8 | No |
| Mr. Prateep Kumar Lahiri | 6 | No |
| Mr. Dwarka Das Daga | 8 | Yes |
| Mr. Om Prakash Garg | 6 | Yes |
| Mr. Padam Singhee | 7 | Yes |
| Captain Hiteshi Chander Malik | 7 | Yes |
| Mr. Rajneesh Gupta | 6 | Yes |

(c) Brief profile of the Directors proposed for appointment/re-appointment

- (i) **Mr Dwarka Das Daga**, is an independent director of the Company and has over -40 years experience in the field of clearing agent and cargo business. He holds a bachelor's degree in commerce from Calcutta University. He is working as a Director of Daga Shipping Agents Private Ltd.

He holds 500 equity shares of the Company as on 31st March, 2010.

- (ii) **Capt. Hiteshi Chander Malik** has been director of the Company since October, 2007. He has rich aviation experience with the Ministry of Defense, the Department of Civil Aviation. He has also worked with the Directorate General of Civil Aviation and worked in the capacity of advisor to the Ministry of Civil Aviation and continued to advise four Honourable Ministers till August, 2004. He is Chairman of Air Celestial & Pvt. Ltd.

Capt. Hiteshi Chander Malik is an independent non executive director and he does not hold any equity share in the Company as on 31st March, 2010.

3. COMMITTEES OF THE BOARD

(i) Audit Committee

(a) Terms of reference

- Overseeing financial reporting processes and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 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 / internal auditors 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.

Further the Audit Committee shall mandatory review the following information: -

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

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.

(b) Composition

The Audit Committee has four members, out of which three are Independent Non-Executive Directors viz. Mr Om Prakash Garg, Mr Dwarka Das Daga, Capt. Hiteshi Chander Malik and Mr Padam Singhee. Mr Om Prakash Garg is the Chairman of the Committee.

(c) Attendance

During the Financial Year ended on 31st March 2010, four meetings of the Audit Committee were held on (29th April, 2009, 10th July, 2009, 6th October, 2009 and 27th January, 2010) 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 | 4 |
| Captain Hiteshi Chander Malik | Member | Independent Non-Executive Director | 4 |
| Mr. Padam Singhee | Member | Executive and Promoter Director | 4 |
| Mr. Dwarka Das Daga | Member | Independent Non-Executive Director | 4 |

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) Remuneration Committee
(a) Terms of reference

1. To consider and approve remuneration/ compensation of managerial personnel of the Company as per the requirement of the Companies Act, 1956 and to perform such acts and assignments as may be assigned to the committee by the Board of Directors from time to time.
2. To work under the control & supervision of the Board of Directors.

(b) Composition

The Committee consists of three independent non executive directors viz. Mr Om Prakash Garg, Chairman, Capt. Hiteshi Chander Malik, Shri Dwarka Das Daga and one executive Director Mr Padam Singhee, Joint Managing Director of the Company. The Company Secretary acts as Secretary for the Committee.

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

(c) Attendance

During the financial year ended on 31st March 2010, no meeting of the Remuneration Committee was held.

(d) Remuneration Policy

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on periodical basis.

The remuneration policy is in consonance with the existing industry practice.

The tenure of office of the Chairman & Managing Director and Joint Managing Director is for certain period from their respective dates of appointment and can be terminated by either party by giving proper notice in writing.

The non-executive and independent directors are paid sitting fee at the rate of ₹ 10,000/- for attending each meeting of the Board and ₹ 10,000/- for attending each meeting of the Committee thereof.

Figures in ₹

| Name of the Director | Sitting Fees | Salary | Perquisites | Total |
|-------------------------------|--------------|-------------|-------------|--------------|
| Mr. Prem Singhee | - | 9,250,000/- | 1,397,161/- | 10,647,161/- |
| Mr. Padam Singhee | - | 8,650,000/- | 1,396,132/- | 10,046,132/- |
| *Mr. Dwarka Das Daga | 120,000/- | - | - | - |
| Mr. Om Prakash Garg | 100,000/- | - | - | - |
| Mr. Prateep Kumar Lahiri | 60,000/- | - | - | - |
| Captain Hiteshi Chander Malik | 170,000/- | - | - | - |
| Mr. Rajneesh Gupta | 80,000/- | - | - | - |

*None of non-executive directors except Mr. Dwarka Das Daga, who hold 500 Equity Shares in the Company.

(iii) Shareholders / Investors' Grievance Committee

(a) Terms of reference

- 1 To consider and review the queries / complaints received from shareholders.
- 2 To take steps to redress queries / complaints and ensure speedy satisfaction to shareholders/ investors.
- 3 To perform such acts and assignments as may be assigned to the Committee by the Board of Directors from time to time.
- 4 To work under the control & supervision of the Board of Directors.

(b) Composition

The Committee comprises of two non executive Directors viz. Capt. Hiteshi Chander Malik and Shri Om Prakash Garg and one executive director viz. Shri Padam Singhee. Capt. Hiteshi Chander Malik is the Chairman of the Committee. The Company Secretary acts as a Secretary of the meeting and is also the Compliance Officer of the Company.

(c) Meeting and attendance during the year

During the financial year ending on 31st March 2010, four meetings of the Shareholders/ Investors' Grievance Committee were held on (30/06/2009, 30/9/2009, 24/12/2009 and 31/03/2010).

| Name of the Member | Designation in committee | Status | No. of Meetings attended |
|-------------------------------|--------------------------|------------------------------------|--------------------------|
| Captain Hiteshi Chander Malik | Chairman | Independent Non-Executive Director | 4 |
| Mr. Om Prakash Garg | Member | Independent Non-Executive Director | 0 |
| Mr. Padam Singhee | Member | Executive and Promoter Director | 4 |

(d) Shareholders' Complaints

During the year ended 31st March, 2010, 31 complaints were received from the shareholders. All of which were satisfactorily attended. No complaint was pending at the end of the year. No valid transfer/ transmission of shares were pending as on 31st March, 2010.

(iv) Share Transfer Committee
(a) Terms of reference

- (i) to enquire into all matters relating to transfer of shares, transmission of shares and other matters relating to transfer of shares, dematerialization and re-materialisation of shares.
- (ii) To issue duplicate shares, replacement of torn out shares etc.

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.

(b) Composition

The Share Transfer Committee consists of three Members, viz. Shri Padam Singhee, Shri Om Prakash Garg and Shri Dwarka Das Daga. Mr. Dwarka Das Daga, an Independent Non-Executive Director, is the Chairman of the Committee.

(c) Attendance

During the financial year ended on 31st March 2010, sixteen meetings of the Share Transfer Committee were held on (15/04/2009, 30/4/2009, 15/5/2009, 30/06/2009, 15/07/2009, 31/08/2009, 30/09/2009, 15/10/2009, 16/11/2009 30/11/09, 15/12/2009, 31/12/2009, 15/01/2010, 15/2/2010, 15/3/2009 and 31/03/2010).

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

(v) Other Committees

The Company is having following other Committees formed to speed up the routine matters and to comply with other statutory formalities:-

(i) Committee for routine transactions
(a) Terms of reference

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

(b) Composition

The Committee for routine transaction consists of three Members viz. Mr. Padam Singhee, Mr Prem Singhee and Mr Dwarka Das Daga, Directors and is chaired by Mr. Padam Singhee, Executive and Promoter Director of the Company.

(c) Attendance

During the financial year ended on 31st March 2010, eight meetings of the Routine Transaction Committee were held on (15/4/2009, 30/4/2009, 3/05/2009, 13/7/2009, 11/08/2009, 11/09/2009, 25/10/2009 and 13/3/2010).

| Name of the Member | Designation in committee | Status | No. of Meetings attended |
|---------------------|--------------------------|------------------------------------|--------------------------|
| Mr. Padam Singhee | Chairman | Executive and Promoter Director | 8 |
| Mr. Prem Singhee | Member | Executive and Promoter Director | Nil |
| Mr. Dwarka Das Daga | Member | Independent Non-Executive Director | 8 |

(ii) Committee for Issuance & allotment of Shares on Preferential Basis**(a) Terms of Reference**

- To discuss the terms of issuance of shares on Preferential basis;
- To issue and allot shares on preferential basis

(b) Composition

The Committee consists of three directors viz. Shri Padam Singhee, Shri Rajneesh Gupta and Capt. Hiteshi Chander Malik. The Company Secretary acts as a Secretary of the Company.

(c) Attendance

During the year ended 31st March, 2010, two meetings of Committee for Issuance and allotment of shares on Preferential basis were held on 9th February, 2010 and 23rd March, 2010.

| Name of the Member | Designation in committee | Status | No. of Meetings attended |
|-----------------------------|--------------------------|------------------------------------|--------------------------|
| Mr. Padam Singhee | Chairman | Executive and Promoter Director | 2 |
| Capt. Hiteshi Chander Malik | Member | Executive and Promoter Director | 2 |
| Mr. Rajneesh Gupta | Member | Independent Non-Executive Director | 2 |

4. 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 |
|------|------------|--------|------------|---|--|
| 2009 | 07-09-2009 | Monday | 12.00 Noon | Khasra No. 193, F-6, Pushpanjali Farm, Bijwasan, New Delhi-110061 | <ol style="list-style-type: none"> Alternation of Article 3 of Articles of Association of the Company with respect to increase of Authorised Share Capital of the Company. To enhance the limit of FFIs to invest in the Company from 24% to 49% of the paid up share capital. |

| | | | | | |
|------|------------|---------|------------|--|---|
| 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 | <ol style="list-style-type: none"> 1 Alteration of Articles of Association in pursuant to Section 31 of the Companies Act, 1956. 2 Issuance of 2,733,330 Equity Shares on preferential basis. |

II. Extra – Ordinary General Meetings

| Year | Date | Day | Time | Venue | Special Resolutions Passed |
|------|------------|---------|------------|--|---|
| 2009 | 10-07-2009 | Friday | 12.00 Noon | Khasra No. 193, F-6, Pushpanjali Farm, Bijwasan, New Delhi-110061 | Further issuance of Shares for an amount not exceeding Rs 600 Crores through depository receipts including ADR, GDR, FCCBs and or any other instrument or securities to any eligible persons including QIB (Qualified Institutional Buyer) including foreign institutional investors by way of QIP. |
| 2010 | 09-03-2010 | Tuesday | 12.00 Noon | Khasra No. 193, F-6, Pushpanjali Farm, Bijwasan, New Delhi-110061 | To issue 2,457,895 Equity Shares of ₹ 10/- each at a premium of ₹ 370/- to M/s Templeton Strategic Emerging Markets Fund III, LDC, a Company incorporated under the laws of Cayman Island, on preferential basis. |

5. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all Board members and senior management personnel of the Company. All Board members and senior management have, on March 31, 2010 affirmed compliance with the Code of Conduct. A declaration to this effect, duly signed by the CEO is annexed and forms part of the report.

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 31st March, 2010.

New Delhi
September 1, 2010

Prem Singhee
(Chairman & Managing Director)

6. 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 31st March, 2010 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 or financial reporting.

Prem Singhee Rajan Gupta
(Chairman & Managing Director) (Chief Financial Officer)

New Delhi
September 1, 2010

7. 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 stand alone financials for the financial year 2009-10.

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 strictures 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.

8. 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 Economics Times (English);
 - b. Navbharat Times (Hindi)
 - c. Financial Express (English)
 - d. Jansatta (Hindi);
3. Quarterly results, shareholding pattern, notices and other relevant information's are displayed on Company's website at www.shiv-vani.com
4. Management Discussion and analysis report forms part of this annual report.

9. GENERAL SHAREHOLDERS INFORMATION

(i) 19th Annual General Meeting

The 19th Annual General Meeting shall be held as under

Day : Thursday
Date : 30th day of September 2010.
Time : 12.00 Noon
Venue : Khasra No. 193, F-6, Pushpanjali Farm, Bijwasan, New Delhi-110061

(ii) Financial Year

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

(iii) Financial Calendar

- Adoption of Un-audited Financial Results of first quarter ended on 30th Jun 2009;
- Adoption of Un-audited Financial Results of second quarter ended on 30th Sep 2009;
- Adoption of Un-audited Financial Results of third quarter ended on 31st Dec 2009;
- Adoption of Un-audited Financial Results of fourth quarter ended on 31st Mar 2010;
- Adoption of Audited Financial Results of Financial year ended on 31st Mar 2010;

(iv) Book Closure Dates:

For the purpose of payment of dividend the book closure dates are from Tuesday, 28th September 2010 to Thursday, 30th September 2010 (both days inclusive).

(v) Dividend payment date

The board of directors of the Company in their meeting held on 1st September, 2010 has recommend the dividend of ₹ 1/- per Equity Share (Face Value of ₹ 10/- each) in the Company, which is subject to approval of members of the Company at the ensuing Annual General Meeting. The same will be paid on and after 30th September 2010.

(vi) Listing on Stock Exchanges

The Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd., and National Stock Exchange of India Limited. The annual listing fees for the year 2009-10 has been paid.

Stock Code

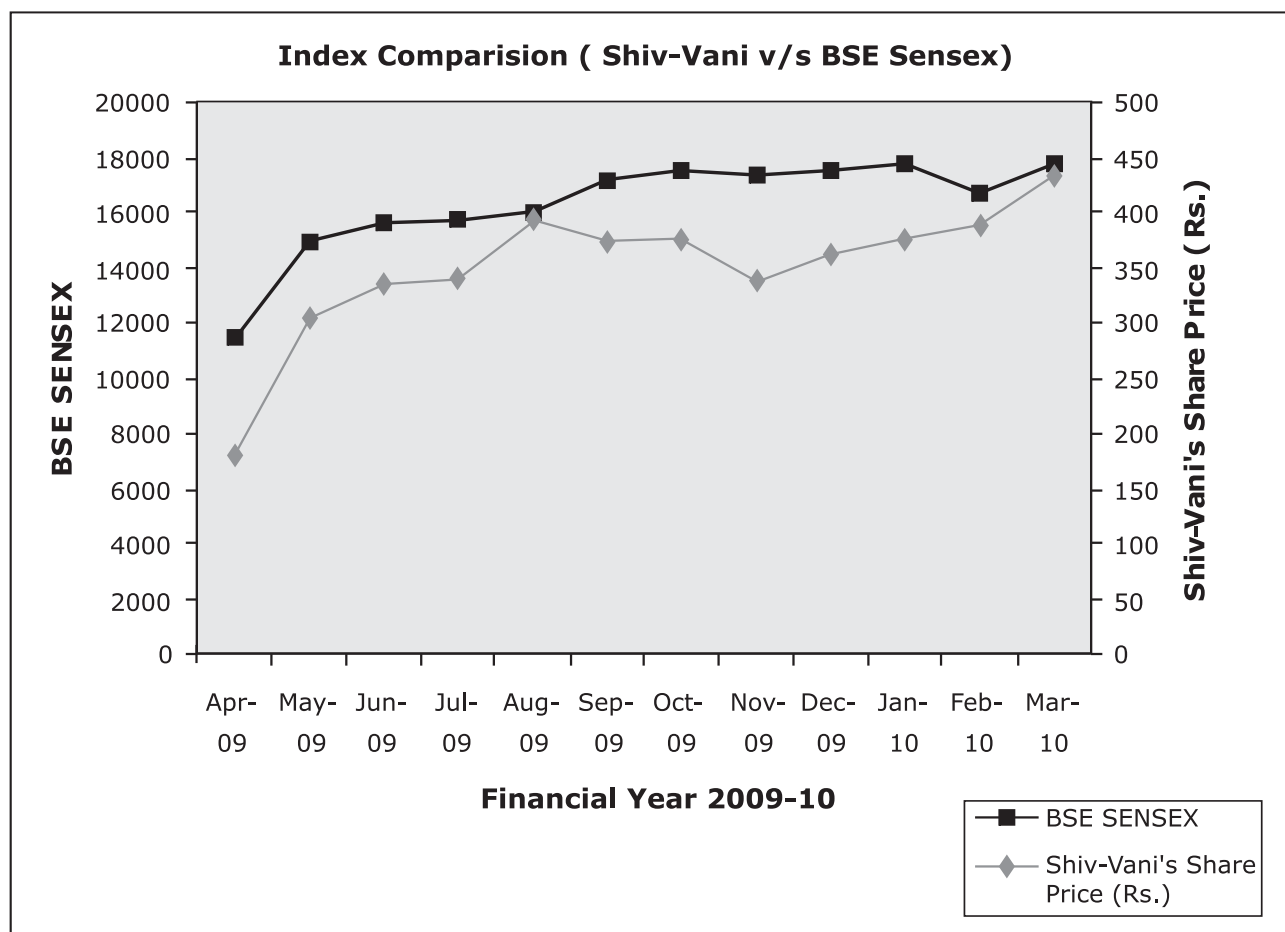
| | | |
|--|---|-----------|
| Bombay Stock Exchange Limited | - | 522175 |
| National Stock Exchange of India Limited | - | SHIV-VANI |

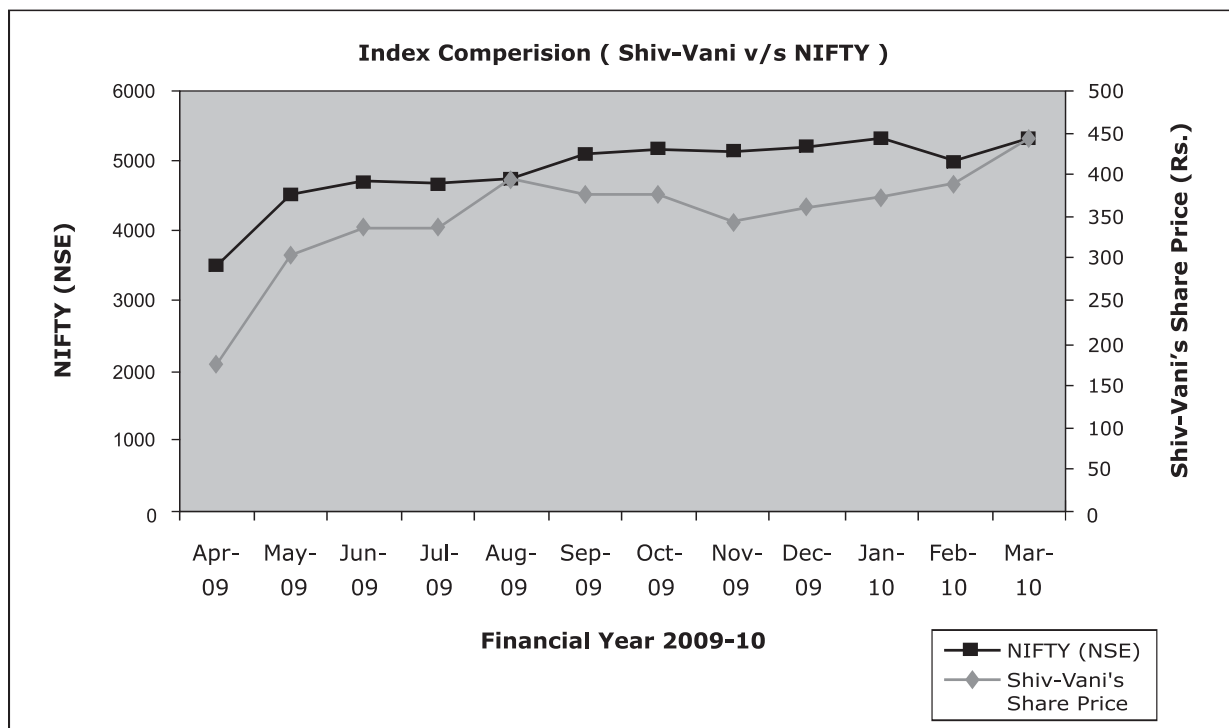
(vii) History of Equity Capital of the Company Since incorporation

| Date | Particulars | Shares | | Balance |
|------------|--|------------|-------------------------|------------|
| | | Issued | Cancelled/ forfeited | |
| 05.12.1989 | Issued to promoters at Incorporation | 200 | - | 200 |
| 21.01.1992 | Issued to promoters | 435,000 | - | 435,200 |
| 03.02.1992 | Issued to promoters | 2,000 | - | 437,200 |
| 25.03.1992 | Issued to promoters | 98,000 | - | 535,200 |
| 15.11.1993 | Preferential Allotment to promoters | 2,021,700 | - | 2,556,900 |
| 19.01.1994 | Public Issue | 5,920,000 | - | 8,476,900 |
| 30.06.1996 | Preferential Allotment to promoters | 1,250,000 | - | 9,726,900 |
| 03.10.1997 | Preferential Allotment to promoters | 300,000 | - | 10,026,900 |
| 26.06.1998 | Preferential Allotment to promoters | 6,000,000 | - | 16,026,900 |
| 15.03.2002 | Preferential Allotment to promoters | 4,000,000 | - | 20,026,900 |
| 23.03.2004 | Preferential Allotment to promoters | 1,600,000 | - | 21,626,900 |
| 30.10.2006 | Allotment pursuant to merger of SVUL Projects Ltd. | 10,339,120 | - | 31,966,020 |
| 05.12.2007 | Allotment upon conversion of FCCB | 506,880 | - | 32,472,900 |
| 24.02.2007 | Allotment upon conversion of FCCB | 963,076 | - | 33,435,976 |
| 08.03.2007 | Allotment upon conversion of FCCB | 675,843 | - | 34,111,819 |
| 15.05.2007 | Allotment upon conversion of FCCB | 726,531 | - | 34,838,350 |
| 01.06.2007 | Allotment upon conversion of FCCB | 253,440 | - | 35,091,790 |
| 18.06.2007 | Allotment upon conversion of FCCB | 67,584 | - | 35,159,374 |
| 03.08.2007 | Allotment upon conversion of FCCB | 168,960 | - | 35,328,334 |
| 14.08.2007 | Preferential Allotment to Citi Group | 2,733,330 | - | 38,061,664 |
| 16.10.2007 | Allotment upon conversion of FCCB | 321,024 | - | 38,382,688 |
| 17.11.2007 | Allotment upon conversion of FCCB | 33,792 | - | 38,416,480 |
| 14.12.2007 | Allotment upon conversion of FCCB | 168,960 | - | 38,585,440 |
| 10.01.2008 | Allotment upon conversion of FCCB | 1,774,089 | - | 40,359,529 |
| 19.03.2008 | Allotment upon conversion of FCCB | 3,548,177 | - | 43,907,706 |
| 05.09.2008 | Forfeiture of shares due to non-payment of call money | - | 5,100 | 43,902,606 |
| 23.03.2010 | Preferential allotment to Templeton Strategic Emerging Markets Fund L.D.C. - III | 2,457,895 | - | 46,360,501 |

(viii) Market Price Data of Shares of Company

| Month | Share Price at Bombay Stock Exchange (Rs) | | Share Prices at National Stock Exchange (Rs) | |
|----------------|--|--------|---|--------|
| | High | Low | High | Low |
| April 2009 | 179.00 | 95.55 | 173.65 | 95.00 |
| May 2009 | 303.80 | 159.00 | 303.15 | 158.70 |
| June 2009 | 335.70 | 250.00 | 336.00 | 249.50 |
| July 2009 | 339.00 | 257.10 | 338.00 | 257.10 |
| August 2009 | 394.40 | 327.00 | 395.00 | 313.75 |
| September 2009 | 374.25 | 318.00 | 378.00 | 320.00 |
| October 2009 | 374.50 | 300.00 | 377.35 | 306.00 |
| November 2009 | 337.50 | 308.50 | 344.00 | 302.55 |
| December 2009 | 361.95 | 321.00 | 361.95 | 320.00 |
| January 2010 | 374.80 | 330.05 | 372.50 | 331.25 |
| February 2010 | 388.80 | 351.70 | 387.75 | 351.50 |
| March 2010 | 443.00 | 367.00 | 442.00 | 361.05 |



**(ix) Registrar and Transfer Agent**

Link Intime India Private Limited

A-40, 2nd 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**(x) 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

(xi) Distribution of Shareholding as on 31st March, 2010

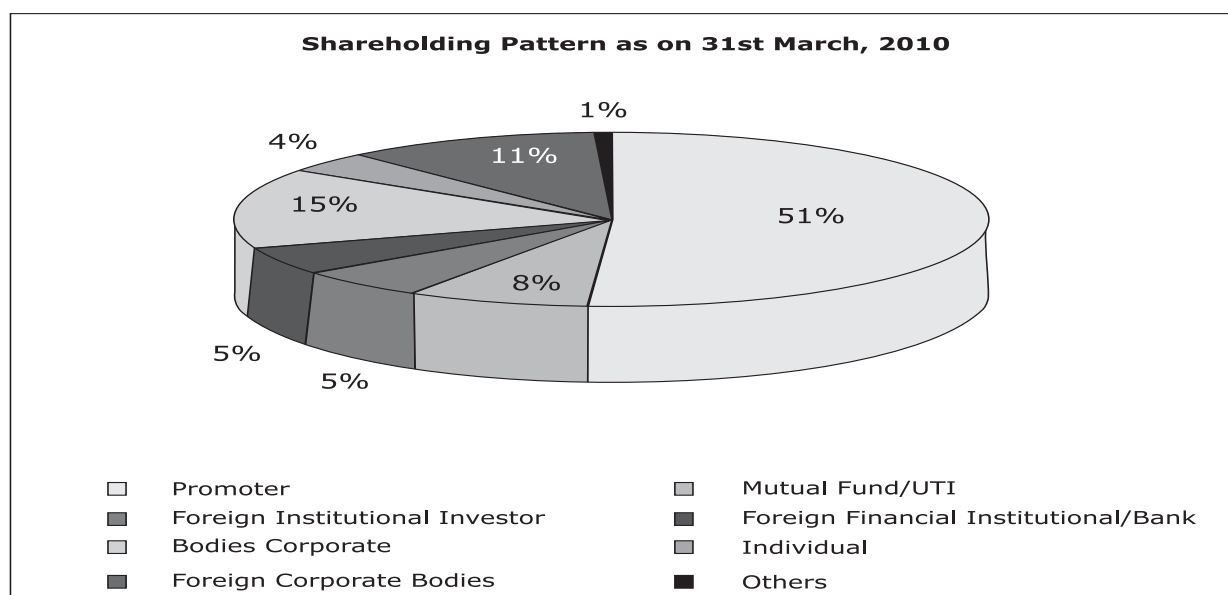
The distribution of shareholding and shareholding pattern as on 31st March 2010 were as follows:

a. Distribution of Shareholding by size:

| No of Shares Held | Shareholders | | Shares | |
|-------------------|---------------|------------------------|-------------------|------------------------|
| | Number | As a % age of Total | Number | As a % age of Total |
| Upto – 500 | 18,803 | 95.34% | 1,711,714 | 3.69% |
| 501 – 1000 | 512 | 2.60% | 406,086 | 0.88% |
| 1001 – 2000 | 169 | 0.86% | 244,699 | 0.53% |
| 2001 – 3000 | 46 | 0.23% | 118,652 | 0.26% |
| 3001 – 4000 | 30 | 0.15% | 107,010 | 0.23% |
| 4001 – 5000 | 21 | 0.11% | 96,144 | 0.21% |
| 5001 – 10000 | 29 | 0.15% | 209,803 | 0.45% |
| 10001 and above | 112 | 0.57% | 43,466,393 | 93.75% |
| Total | 19,722 | 100% | 46,360,501 | 100% |

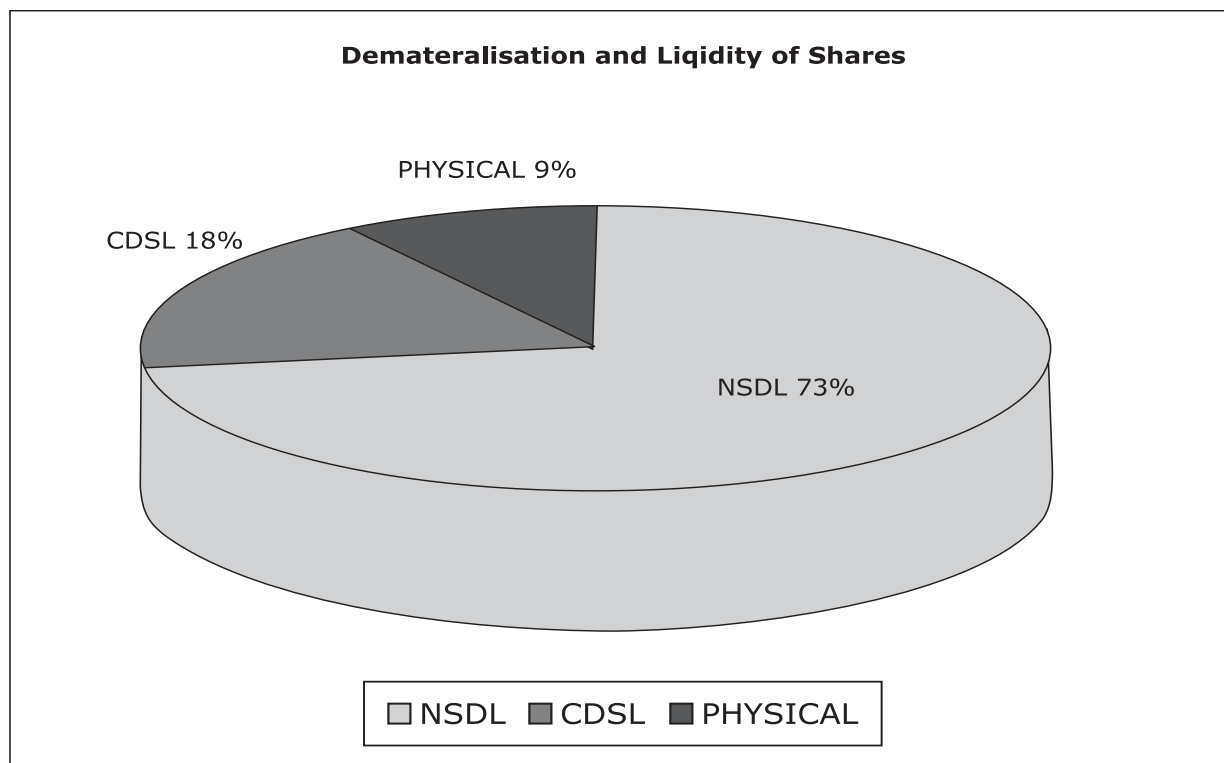
b. Distribution of Shareholding by Category:

| Category | No. of shareholders | No. of Shares held | % of Total Shares |
|---------------------------------------|---------------------|--------------------|-------------------|
| Promoter Group: | | | |
| Individual | 10 | 5,041,630 | 10.87 |
| Body Corporate | 46 | 16,867,698 | 36.39 |
| OCB | 1 | 1,250,000 | 2.70 |
| Foreign Company | 1 | 543,400 | 1.17 |
| Sub Total (A) | 58 | 23,702,728 | 51.13 |
| Public | | | |
| Individual | 17,848 | 1,757,404 | 3.80 |
| Mutual Fund | 9 | 3,575,196 | 7.71 |
| Foreign institutional Investors | 23 | 2,598,781 | 5.61 |
| Financial Institutions/ banks | 2 | 6,200 | 0.01 |
| Foreign Financial Institutions/ Banks | 1 | 2,365,453 | 5.10 |
| Domestic Companies | 564 | 6,849,010 | 14.77 |
| Foreign Companies | 3 | 5,176,829 | 11.17 |
| Others | 1,214 | 328,900 | 0.70 |
| Sub Total (B) | 19,664 | 22,657,773 | 48.87 |
| Total (A+B) | 19,722 | 46,360,501 | 100.00 |


(xii) Dematerialization and Liquidity of Shares

The Shares of the Company are in compulsory demat segment and are available for trading in the in the depository systems of NSDL & CDSL. As on 31st March 2010 the 90.84 % Share Capital of the Company had been dematerialized.

| Segment | No. of Shares | % of Shareholding |
|--------------------------|-------------------|-------------------|
| Physical (A) | 4,244,485 | 9.16 |
| Demat:- | | |
| NSDL | 33,729,906 | 72.75 |
| CDSL | 8,386,110 | 18.09 |
| Total (B) | 42,116,016 | 90.84 |
| Grand Total (A+B) | 46,360,501 | 100.00 |



(xiii) Unclaimed Dividend

Pursuant to Section 205 of the Companies Act, 1956 any amount of dividend which remains unclaimed / unpaid for a period of seven years from the date it is transferred to the dividend unpaid account shall be deposited with Investors Education & Protection Fund (IEPF) maintained by the Central Government in pursuance of section 205C of the Companies Act, 1956, thereafter there shall lie no claim against such unpaid dividend. Hence, all the shareholders, whose dividend is lying un paid are advised to claim at the earliest.

| Financial Year | Interim/Final | Date of Declaration | Dividend Rate | Due date of Transfer to IEPF |
|----------------|---------------|---------------------|---------------|------------------------------|
| 2008-09 | Final | 7th September 2009 | 10 % | 14th October 2016 |

(xiv) Outstanding Convertible Warrants

The Company in its Board meeting held on 29 March 2008 had allotted 6,000,000 warrants with an option to subscribe up to 6,000,000 equity shares of ₹ 10 each at a premium of ₹ 650 per share. Since the right of conversion was not exercised by allottees up to 28 September 2009, the money paid on these warrants was forfeited.

(xv) 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, 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 2010, 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 carried out in accordance with the Guidance Notes on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by Institute of Chartered Accountants of India and 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**
Firm Registration No. 005570N
Chartered Accountants

Vikas Varshney
Partner

Membership No.510929

New Delhi
September 1, 2010

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, 2010, 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 & 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 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 Statements 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 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, 2010;
 - 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, the cash flows for the year ended on that date.

For **Vijay Prakash Gupta & Associates**
Firm Registration No. 005570N
Chartered Accountants

New Delhi
September 1, 2010

Vikas Varshney
Partner
Membership No.510929

ANNEXURE TO THE AUDITORS REPORT 31ST MARCH, 2010**ANNEXURE REFERRED TO IN PARAGRAPH ABOVE OF OUR REPORT OF EVEN DATE**

- I. In respect of its fixed assets;
- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) 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.
 - c) 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;
- a) As explained to us, the inventory of store & Spare parts, excepts 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.
 - b) 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.
 - c) The Company has maintained proper records of inventory, as explained to us, there were no material discrepancies notices 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;
- a) The Company has given interest bearings loan to corporate/interest free to its subsidiaries. In respect of the said loans, the maximum amount outstanding at any time during the year is ₹ 3,502.20 millions.
 - b) 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.
 - c) The said interest free loan given to a wholly owned subsidiary of the Company are repayable on demand and there is no repayment schedule.
 - d) 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.
 - e) 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 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;
- a) 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 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 ₹ 500,000/- (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 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) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, subject to Note no 11 of Notes to Accounts (schedule G), the Company has been generally regular in depositing the undisputed statutory dues including provident fund, tax deducted at source, Investor Education and Protection fund, Employee's state insurance, income tax, sales tax/Vat, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2010 for a period of more than six month is in respect of Income Tax of ₹ 117,990,335/- and Fringe Benefit Tax of ₹ 380,573/- for the A.Y. 2009-10
- b) Following are the details of disputed statutory due that have not Paid to the concerned authorities.

| Name of the Statute pending | Nature of Dues | Amount (₹) | Period to which the amount relates | Forum where dispute is pending |
|-----------------------------|------------------|---------------|------------------------------------|--------------------------------|
| Services tax | Demand | 549,531,062/- | 2007-08 | Service Tax Appellate Tribunal |
| Central Excise & Custom | Penal Proceeding | 1,250,000/- | 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 creations of security or charge in respect of debentures issued does not arise.
- XX. The Company has not raised any monies by way of public issue 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**
Firm Registration No. 005570N
Chartered Accountants

Vikas Varshney
Partner

Membership No.510929

New Delhi
September 1, 2010

BALANCE SHEET AS AT 31ST MARCH 2010

| Particulars | Schedule | As At 31.03.2010 (₹) | | As At 31.03.2009 (₹) | |
|---|----------|-------------------------|----------------|-------------------------|----------------|
| SOURCES OF FUNDS | | | | | |
| SHAREHOLDERS' FUNDS | | | | | |
| Share Capital | 1 | 463,605,010 | | 439,026,060 | |
| Equity Share Warrants | | — | | 396,000,000 | |
| Reserves And Surplus | 2 | 8,782,649,362 | 9,246,254,372 | 6,611,230,860 | 7,446,256,920 |
| DEFERRED TAX LIABILITY | 3 | | 974,448,475 | | 532,689,241 |
| LOAN FUNDS | | | | | |
| Secured Loans | 4 | 16,777,020,619 | | 13,175,253,277 | |
| Unsecured Loans | 5 | 510,726,663 | 17,287,747,282 | 590,629,041 | 13,765,882,318 |
| TOTAL | | | 27,508,450,129 | | 21,744,828,479 |
| APPLICATION OF FUNDS | | | | | |
| FIXED ASSETS | | | | | |
| Gross Block | 6 | 20,847,411,489 | | 16,464,684,705 | |
| Less : Depreciation | | 2,442,489,476 | | 1,662,118,165 | |
| Net Block | | 18,404,922,013 | | 14,802,566,540 | |
| Capital Work-in-progress | | 2,243,306,598 | 20,648,228,611 | 491,061,297 | 15,293,627,837 |
| INVESTMENTS | 7 | | 567,767,189 | | 567,267,189 |
| CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| Inventories | 8 | 730,037,072 | | 850,985,024 | |
| Sundry Debtors | 9 | 3,084,081,920 | | 2,029,128,542 | |
| Cash & Bank Balances | 10 | 430,191,990 | | 809,609,344 | |
| Loans & Advances | 11 | 5,905,237,782 | | 4,534,869,806 | |
| | | 10,149,548,764 | | 8,224,592,715 | |
| LESS: CURRENT LIABILITIES AND PROVISIONS | | | | | |
| Current Liabilities | 12A | 3,448,702,174 | | 1,957,575,611 | |
| Provisions | 12B | 575,307,149 | | 491,727,261 | |
| | | 4,024,009,323 | | 2,449,302,872 | |
| | | | 6,125,539,441 | | 5,775,289,843 |
| MISCELLANEOUS EXPENDITURE (To The Extent Not Written Off Or Adjusted) | | | | | |
| Deferred Revenue Expenditure | | 166,914,888 | 166,914,888 | 108,643,610 | 108,643,610 |
| TOTAL | | | 27,508,450,129 | | 21,744,828,479 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS 19 | | | | | |

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

for **VIJAY PRAKASH GUPTA & ASSOCIATES**

Firm Registration No. 005570N

Chartered Accountants

(Vikas Varshney)

Partner

M.No. 510929

New Delhi

September 1, 2010

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

| Particulars | Schedule | 2009 – 2010 (₹) | 2008 – 2009 (₹) |
|--|-----------|-----------------------|--------------------|
| TOTAL INCOME | | | |
| Operative Income | 13 | 10,718,027,870 | 6,803,898,389 |
| Other Income (Gross) | 14 | 169,966,015 | 61,696,045 |
| | | 10,887,993,885 | 6,865,594,434 |
| EXPENDITURE | | | |
| Direct Expenses | 15 | 5,533,727,005 | 3,277,740,995 |
| Personnel Expenses | 16 | 541,907,767 | 324,677,628 |
| Administrative & Other Expenses | 17 | 723,626,222 | 541,722,888 |
| Interest & Finance Charges | 18 | 1,766,904,323 | 813,515,975 |
| Depreciation | 6 | 817,196,087 | 411,498,967 |
| | | 9,383,361,404 | 5,369,156,453 |
| PROFIT FOR THE YEAR | | 1,504,632,481 | 1,496,437,981 |
| LESS : PROVISION FOR TAXES | | | |
| – Income Tax Relating To Earlier Years | | 41,986,372 | 37,476,976 |
| – Income Tax | | 255,710,000 | 217,630,000 |
| – Mat Credit Entitlement | | (154,880,880) | |
| – Fringe Benefit Tax | | – | 7,664,741 |
| – Deferred Tax | | 441,759,234 | 285,507,612 |
| PROFIT AFTER TAX | | 920,057,755 | 948,158,652 |
| Surplus As Per Last Balance Sheet | | 2,630,419,177 | 1,745,520,437 |
| PROFIT AVAILABLE FOR APPROPRIATIONS | | 3,550,476,932 | 2,693,679,089 |
| APPROPRIATIONS | | | |
| Transfer To General Reserve | | 50,000,000 | 11,896,058 |
| Proposed Dividend On Equity Shares | | 46,360,501 | 43,902,606 |
| Dividend Distribution Tax On Proposed Dividend | | 7,699,900 | 7,461,248 |
| Balance Carried Forward To Balance Sheet | | 3,446,416,531 | 2,630,419,177 |
| TOTAL | | 3,550,476,932 | 2,693,679,089 |
| Earning Per Share – Basic | | 20.93 | 21.60 |
| – Diluted | | 20.93 | 19.00 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS | 19 | | |

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

for **VIJAY PRAKASH GUPTA & ASSOCIATES**

Firm Registration No. 005570N

Chartered Accountants

(Vikas Varshney)

Partner

M.No. 510929

New Delhi

September 1, 2010

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 2010

| Particulars | As at 31.03.2010 (₹) | | As at 31.03.2009 (₹) | |
|---|-------------------------|----------------------|-------------------------|----------------------|
| SCHEDULE-1 SHARE CAPITAL | | | | |
| Authorised | | | | |
| 7,00,00,000 (Previous year 5,85,00,000) Equity Shares of ₹10/- each | | 700,000,000 | | 585,000,000 |
| 5,00,000 (Previous year 5,00,000) 11% Redeemable Non-Convertible Preference Shares of ₹100/- each | | 50,000,000 | | 50,000,000 |
| | | 750,000,000 | | 635,000,000 |
| Issued, Subscribed & Paid Up | | | | |
| 4,63,60,501 Equity Share (Previous year 4,39,02,606) of ₹ 10/- each fully paid up | | 463,605,010 | | 439,026,060 |
| | | 463,605,010 | | 439,026,060 |
| SCHEDULE-2 RESERVES AND SURPLUS | | | | |
| General Reserve | | | | |
| As per last Balance sheet | 260,000,000 | | 248,103,942 | |
| Add : Transferred from Profit & Loss A/c. | 50,000,000 | 310,000,000 | 11,896,058 | 260,000,000 |
| Securities Premium Account | | | | |
| As per last Balance sheet | 3,670,786,181 | | 3,670,786,181 | |
| Add : Received during the year | 909,421,150 | 4,580,207,331 | – | 3,670,786,181 |
| Capital Redemption Reserve | | | | |
| As per last Balance sheet | | 50,000,000 | | 50,000,000 |
| Capital Reserve | | | | |
| (On Equity Share Forfeiture) | | | | |
| As per last Balance sheet | 25,500 | | | |
| Add : Transferred during the year | – | 25,500 | 25,500 | 25,500 |
| Capital Reserve | | | | |
| (On Equity Share Warrant Forfeiture) | | | | |
| As per last Balance sheet | – | – | | |
| Add: Adjustment during the year | 396,000,000 | 396,000,000 | – | – |
| Profit & Loss Account | | | | |
| As per Profit & Loss Account | | 3,446,416,531 | | 2,630,419,179 |
| | | 8,782,649,362 | | 6,611,230,860 |

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

| Particulars | As at 31.03.2010 (₹) | | As at 31.03.2009 (₹) | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| SCHEDULE-3 DEFERRED TAX (NET) | | | | |
| Deferred Tax | | | | |
| As per last Balance Sheet | 532,689,241 | | 247,181,629 | |
| Add: Transferred from Profit & Loss A/c. | 441,759,234 | 974,448,475 | 285,507,612 | 532,689,241 |
| | | 974,448,475 | | 532,689,241 |
| SCHEDULE-4 SECURED LOANS | | | | |
| (a) Term Loans | | | | |
| From Financial Institutions / Banks | | | | |
| Industrial Development Bank of India Ltd. | | – | | 42,962,888 |
| ICICI Bank Ltd | 1,907,866,865 | | | 4,576,056,140 |
| State Bank of Bikaner & Jaipur | – | | | 65,750,567 |
| State Bank of India | 2,406,528,880 | | | 739,729,488 |
| Punjab National Bank | 48,317,217 | | | 502,928,899 |
| State Bank of Mysore | 22,457,397 | | | 47,347,598 |
| Life Insurance Corporation of India | 556,232,506 | | | – |
| State Bank of Hyderabad | 505,232,139 | | | 25,050,240 |
| Yes Bank Ltd. | 700,667,397 | | | 362,021,101 |
| Bank of India | 473,374,378 | | | 504,739,024 |
| Syndicate Bank Ltd. | – | | | 35,395,600 |
| Karnataka Bank Ltd. | – | | | 187,279,708 |
| Exim Bank Ltd. | 1,527,370,824 | | | 2,253,057,480 |
| State Bank of Saurashtra | 305,826,360 | | | 448,064,255 |
| State Bank of Travancore | – | | | 220,796,306 |
| Union Bank of India | 1,024,139,034 | | | 504,834,988 |
| State Bank of Patiala | 666,058,100 | | | 498,568,386 |
| Bank of Baroda | 948,717,634 | | | 929,292,260 |
| Allahabad Bank | – | | | 505,732,180 |
| L&T Infrastructure Finance Limited | 1,004,832,876 | | | – |
| L&T Infrastructure Limited | 502,416,448 | | | – |
| Corporation bank Ltd | 774,234,973 | | | – |
| United Bank of India | 1,010,248,490 | | | – |
| UCO Bank | 1,000,000,000 | | | – |
| | 15,384,521,518 | | | 12,449,607,109 |
| b) Working Capital Loans | | | | |
| Cash Credit Loans from Banks | 1,392,499,101 | | | 725,523,805 |
| | 16,777,020,619 | | | 13,175,130,914 |
| c) Deferred Creditors | – | | | 122,364 |
| | 16,777,020,619 | | | 13,175,253,277 |
| SCHEDULE-5 UNSECURED LOANS | | | | |
| From Bank | 504,266,180 | | | 505,206,787 |
| From Others | 6,460,483 | | | 85,422,254 |
| | 510,726,663 | | | 590,629,041 |

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010
SCHEDULE - 6 FIXED ASSETS

| Particular of Assets | Gross block | | | | Depreciation | | | NET BLOCK | | |
|--------------------------|---------------------------------|------------------|------------------------------|---------------------------------|---------------------------|------------------------|------------------------------|---------------------------|----------------------------|----------------------------|
| | Cost as at 01.04.2009 (₹) | Additions (₹) | Sales/ Adjustments (₹) | Cost as at 31.03.2010 (₹) | Upto 31.03.2009 (₹) | For the year (₹) | Sales/ Adjustments (₹) | Upto 31.03.2010 (₹) | As At 31.03.2010 (₹) | As At 31.03.2009 (₹) |
| Building | 213,876,295 | - | - | 213,876,295 | 861,836 | 3,486,140 | - | 4,347,976 | 209,528,319 | 213,014,460 |
| Plant & Machinery | 16,028,683,362 | 4,445,633,738 | 89,938,890 | 20,384,378,210 | 1,573,451,589 | 793,948,536 | 29,011,284 | 2,338,388,841 | 18,045,989,369 | 14,455,231,774 |
| Office Equipments | 42,374,812 | 20,134,040 | 468,508 | 62,040,344 | 3,861,455 | 2,678,703 | 151,516 | 6,388,642 | 55,651,702 | 38,513,356 |
| Computers | 57,175,968 | 7,037,755 | 2,920,821 | 61,292,902 | 18,403,586 | 8,794,787 | 2,800,724 | 24,397,649 | 36,895,253 | 38,772,382 |
| Vehicles | 87,791,576 | 1,301,748 | 325,413 | 88,767,911 | 58,290,828 | 5,657,424 | 325,413 | 63,622,839 | 25,145,072 | 29,500,748 |
| Furnitures & Fixtures | 30,441,170 | 7,241,571 | 730,912 | 36,951,829 | 2,997,712 | 2,618,735 | 298,315 | 5,318,132 | 31,633,697 | 27,443,458 |
| Tent | 103,998 | - | - | 103,998 | 13,635 | 11,762 | - | 25,397 | 78,601 | 90,363 |
| Temporary Construction | 4,237,524 | - | 4,237,524 | - | 4,237,524 | - | 4,237,524 | - | - | - |
| Total | 16,464,684,705 | 4,481,348,852 | 98,622,068 | 20,847,411,489 | 1,662,118,165 | 817,196,087 | 36,824,776 | 2,442,489,476 | 18,404,922,013 | 14,802,566,541 |
| Capital Work in progress | 491,061,297 | 1,752,245,301, | - | 2,243,306,598 | - | - | - | - | 2,243,306,598 | - |
| GRAND TOTAL | 16,955,746,002 | 6,233,594,153 | 98,622,068 | 23,090,718,087 | 1,662,118,165 | 817,196,087 | 36,824,776 | 2,442,489,476 | 20,648,228,611 | 14,802,566,541 |
| Previous Year | 10,157,865,748 | 9,694,352,409 | 2,896,472,155 | 16,955,746,002 | 1,284,255,468 | 411,498,967 | 33,636,271 | 1,662,118,164 | 15,293,627,838 | - |

(Capital Work in Progress includes advances for capital goods ₹ Nil (Previous year - ₹ 9,610,244/-) and Preoperative Expenditure of ₹ 26,417,847/- (Previous Year - ₹ 69,054,521/-))

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

| Particulars | As at 31.03.2010 (₹) | As at 31.03.2009 (₹) |
|--|---------------------------------|---------------------------------|
| SCHEDULE - 7 INVESTMENTS (At cost) | | |
| LONG TERM INVESTMENTS | | |
| In Equity Shares - Unquoted : Trade | | |
| 495,000 equity shares of Shiv Vani Oil & Gas Co LLC, Oman of Omani Rial 1/- each fully paid up (Previous year 495,000) | 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 | 51 |
| 1,000,000 equity shares of Shiv Vani Oil Services Limited, New Delhi of ₹ 10/- each fully paid up (Previous year 1,000,000) | 10,000,000 | 10,000,000 |
| 25,500 equity shares of TNG Shiv Geo Services Limited, New Delhi of ₹ 10/- each fully paid up (Previous year 25,500) | 255,000 | 255,000 |
| 4,300 equity Shares of Equipment Conductors & Cables Ltd of ₹ 10/- each fully paid up (Previous Year 4,300) | 43,000 | 43,000 |
| 5,000 equity shares of Parasram Puria Synthetics Ltd. of ₹10/- each at a premium of ₹ 10/- per share (₹ 5/- paid up) (Previous Year 5,000) | 25,000 | 25,000 |
| 110,000 equity shares of Neutral Enginners Ltd of ₹ 10/- each fully paid up. (Previous year 110,000) | 1,100,000 | 1,100,000 |
| 180,000 equity Shares of Om Shivay Real Estate (P) Ltd of ₹ 10/- each fully paid up (Previous Year 180,000) | 1,800,000 | 1,800,000 |
| In Preference Shares - Unquoted : Trade - Subsidiary | | |
| 1,140,000 redeemable preference shares of Natural Oil & Gas Services Ltd., Mauritius of US Dollar 10/- each fully paid up (Previous year 1,140,000 shares) | 492,709,774 | 492,709,774 |
| In Mutual Funds - Quoted : Trade | | |
| 200,000 Units of SBI Infrastructure Fund (Previous Year - 200,000 units of ₹ 10/- per unit (Market Value - ₹ 2,068,000/- @ ₹ 10.34 per unit) | 2,000,000 | 2,000,000 |
| 42,723,358 Units of SBI SHF Ultra Short Term Fund (Previous Year - ₹ Nil units) of ₹ 10/- per unit (Market Value - ₹ 512,253/- @ ₹ 11.99 per unit) | 500,000 | - |
| | 567,767,189 | 567,267,189 |
| SCHEDULE-8 INVENTORIES | | |
| (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 |
| Stores, Spares, Consumables & Chemicals | 619,603,812 | 296,401,857 |
| Goods In Transit | 103,402,190 | 6,540,479 |
| Scrap | 7,031,070 | 4,006,070 |
| | 730,037,072 | 850,985,023 |
| SCHEDULE-9 SUNDRY DEBTORS | | |
| (Unsecured - Considered good) | | |
| Debts outstanding for a period exceeding six month | 1,109,085,771 | 548,919,034 |
| Others | 1,974,996,149 | 1,480,209,508 |
| | 3,084,081,920 | 2,029,128,542 |

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

| Particulars | As At 31.03.2010 (₹) | | As At 31.03.2009 (₹) | |
|--|-------------------------|--------------------|-------------------------|-------------------|
| SCHEDULE-10 CASH AND BANK BALANCES | | | | |
| Cash and Cheques in Hand | | 6,413,404 | | 4,995,321 |
| Balances with Scheduled Banks | | | | |
| In Current Accounts - Domestic | 147,081,705 | | 157,942,996 | |
| - Overseas | 2,432,816 | 149,514,521 | 2,745,945 | 160,688,941 |
| In Margin Money Account - Domestic | | 931,474 | | - |
| In Deposit Accounts - Domestic | 267,065,215 | | 636,881,195 | |
| - Overseas | 6,267,376 | 273,332,591 | 7,043,887 | 643,925,082 |
| | | 430,191,990 | | 809,609,344 |
| SCHEDULE-11 LOANS & ADVANCES (Unsecured - Considered good unless otherwise stated) | | | | |
| Advances & Other amounts recoverable in cash or in kind for which value is to be received | | 2,095,147,378 | | 1,399,299,022 |
| Loans to subsidiary companies | | 3,161,063,451 | | 2,822,161,212 |
| Income Tax Paid | | 44,447,203 | | 75,605,846 |
| Tax deducted at source | | 433,125,472 | | 223,307,026 |
| MAT Credit Entitlement | | 154,880,880 | | - |
| Security Deposits | | 16,573,398 | | 14,496,700 |
| | | 5,905,237,782 | | 4,534,869,806 |
| SCHEDULE-12 CURRENT LIABILITIES AND PROVISIONS | | | | |
| A. Current Liabilities | | | | |
| Sundry Creditors | | | | |
| Micro, Small & Medium Enterprises | - | | - | |
| Others | 2,393,331,121 | 2,393,331,121 | 1,206,863,726 | 1,206,863,726 |
| Other Current Liabilities | | 1,055,040,593 | | 750,711,885 |
| Dividend Payable | | 330,460 | | - |
| | | 3,448,702,174 | | 1,957,575,611 |
| B. Provisions | | | | |
| Income Tax | | 473,340,000 | | 406,140,000 |
| Fringe Benefit Tax | | 380,573 | | 1,880,573 |
| Gratuity & Leave encashment | | 47,526,175 | | 32,342,834 |
| Proposed Dividend on Equity Shares | | 46,360,501 | | 43,902,606 |
| Dividend Distribution Tax on Proposed Dividend | | 7,699,900 | | 7,461,248 |
| | | 575,307,149 | | 491,727,261 |
| Particulars | | 2009-10 (₹) | | 2008-09(₹) |
| SCHEDULE-13 OPERATIVE INCOME | | | | |
| Contracts Revenue | | 10,718,027,870 | | 6,803,898,389 |
| | | 10,718,027,870 | | 6,803,898,389 |
| SCHEDULE-14 OTHER INCOME | | | | |
| Interest on Fixed Deposits (TDS-₹ 2,311,008/- Previous year-₹ 2,222,064/-) | | 13,904,385 | | 13,646,146 |
| Interest-Others (TDS-₹ Nil, Previous Year-₹ 267,450/-) | | 126,642 | | 1,201,963 |
| Gain on Currency Fluctuation | | 123,938,441 | | - |
| Miscellaneous Income | | 31,996,547 | | 46,847,936 |
| | | 169,966,015 | | 61,696,045 |

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

| Particulars | 2009-10 (₹) | 2008-09(₹) |
|--|----------------------|----------------------|
| SCHEDULE-15 CONSUMPTION OF STORES & OTHER DIRECT EXPENSES | | |
| Stores, Spares, Consumables & Chemicals | 1,035,201,690 | 777,896,058 |
| Oils & Lubricants | 667,704,155 | 381,484,676 |
| Contract Expenses | 2,585,251,816 | 1,931,131,436 |
| Hiring Charges | 102,218,255 | 72,431,203 |
| Insurance | 19,052,694 | 7,775,562 |
| Repairs to Plant & Machinery | 179,809,097 | 107,022,060 |
| Lease Rental Charges | 944,489,298 | - |
| | 5,533,727,005 | 3,277,740,995 |
| SCHEDULE - 16 PERSONNEL EXPENSES | | |
| Payments to & Provison for Employees | | |
| Salaries, Wages, Bonus, Gratuity etc. | 503,273,566 | 286,896,806 |
| Staff Welfare | 8,078,892 | 9,416,368 |
| Contribution to Provident Fund | 9,837,299 | 9,339,655 |
| Contribution to ESI | 24,718 | 64,196 |
| Directors Remuneration | 20,693,292 | 18,960,603 |
| | 541,907,767 | 324,677,628 |
| SCHEDULE - 17 ADMINISTRATIVE & OTHER EXPENSES | | |
| Rent | 28,886,765 | 25,114,005 |
| Rates & Taxes | 5,060,133 | 4,242,487 |
| Advertisement | 1,487,129 | 2,794,916 |
| Travelling & Conveyance Expenses | 118,357,261 | 72,023,435 |
| Vehicle Repair & Maintenance Expenses | 29,348,312 | 20,536,254 |
| Repair & Maintenance to others | 39,749,255 | 13,469,139 |
| Telephone Expenses | 13,486,447 | 11,881,611 |
| Legal & Professional Charges | 150,207,634 | 81,119,732 |
| Charity & Donation | 268,980 | 513,651 |
| Fees & Subscription | 1,221,897 | 1,187,637 |
| Directors Sitting Fees | 528,000 | 340,500 |
| Miscellaneous Expenses | 196,012,984 | 62,081,650 |
| Payment to Auditors | | |
| For Statutory Audit Fees | 2,250,000 | 2,250,000 |
| For Consolidated Audit Fees | 50,000 | 50,000 |
| For Tax Audit Fees | 250,000 | 250,000 |
| For Other Matters | 1,510,000 | 1,226,375 |
| Bad Debts Written Off | 10,855,536 | - |
| Insurance Claim Written off | 38,442,395 | - |
| FCCB Issue Expenses Written Off | - | 24,849,494 |
| Deferred Revenue Written Off | 41,728,722 | 27,160,902 |
| Assets Written Off | 30,992,272 | 11,003,387 |
| Loss on Currency Fluctuation | - | 166,154,713 |
| Loss on Forward Contracts | 12,932,500 | 13,473,000 |
| | 723,626,222 | 541,722,888 |
| SCHEDULE - 18 INTEREST & BANK CHARGES | | |
| Interest on Term Loans | 1,466,959,178 | 664,107,942 |
| Interest on Cash Credits | 115,759,991 | 70,511,365 |
| Interest to others | 20,837,688 | 33,869,561 |
| Bank & Financial Charges | 163,347,466 | 45,027,107 |
| | 1,766,904,323 | 813,515,975 |

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010 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 statement**

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 ₹ 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 expense comprises of current tax, related to earlier years & deferred 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.

Tax credit is recognized in respect of Minimum Alternate Tax ('MAT') as per the provisions of Section 115 JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within statutory time frame and is reviewed at each Balance Sheet date. The MAT credit is recognized as an asset in accordance with the recommendation provided in the Guidance Note issued by the Institute of Chartered Accountants of India

10. Earnings 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 earnings 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, spares (consumable & capital) 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 31st March 2010 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.

17. Events occurring after the Balance sheet date

Where material, events occurring after the date of the Balance Sheet are considered upto the date of approval of accounts by the Board of Directors.

B. SHARE CAPITAL

a) Preferential Allotment of equity shares

During the year, Company has allotted 2,457,895 equity shares of ₹ 10/- each at a premium of ₹ 370/- per equity share to Templeton Strategic Emerging Markets Fund III L.D.C. on preferential basis resulting in increase of Paid Up Share Capital by ₹ 24,578,950 and in Securities Premium amount by ₹ 909,421,150/-

b) Equity Share Warrants forfeiture

6,000,000 equity share warrants were issued to promoters on 29th March 2008 on preferential basis. Each warrant was to be converted into 1 equity shares of ₹10/- each at a premium of ₹ 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 had deposited non-refundable amount of ₹ 396,000,000/- towards application money, an amount equivalent to 10% of the total consideration.

These warrant holders were allotted 6,000,000 warrants. However, they did not exercise their right to convert the warrants into equity shares till the expiry of the conversion period. Accordingly the application money of ₹ 396,000,000/- was forfeited by the Company and credited to the Equity Share Warrants Forfeitures Account.

C. SECURED LOANS

- a. Rupee Term Loan from Punjab National Bank of ₹ 48.32 Millions (Previous year ₹ 149.36 Millions) is secured by 1st pari passu charge on the block assets (Present & Future) from such loan & further collaterally secured by way of pledge of 825,000 shares of the Company being part of promoters stake.
- b. Rupee Term Loan from State Bank of Patiala of ₹ 160.94 Millions (Previous year – ₹ 498.57 Millions) is secured by way of first charge 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.

- c. Rupee Term Loan from Union Bank of India of ₹ 606.79 Millions (Previous year ₹ Nil) is secured by first pari passu charge on movable fixed assets & further collateral secured by way of pledge of 100,000 shares of the Company being part of promoters stake
- d. Foreign Currency Term Loan ICICI Bank Ltd. of ₹ 1,769.90 Millions (Previous year – ₹ 1,946.86 Millions) 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.
- e. Foreign Currency Term Loan from Export Import Bank of India (EXIM) of ₹ 1,527.37 Millions (Previous year – ₹ 2,253.06 Millions) 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.
- f. All other term loans from Financial Institutions / Banks except above are secured by way of 1st 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.
- g. All 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 and also IInd charge on Plant & Machinery except on specific plant & machinery of ₹ 22.6 Millions exclusively charged to State Bank of India. The Working Capital Loans from State Bank of India and Punjab National Bank are further secured against pledge of 778,400 and 1,523,500 equity shares of the Company (being part of promoters stake) respectively.
- h. All term loans & working capital loans are also personally guaranteed by Shri Prem Singhee, Chairman and Managing Director and Shri Padam Singhee, Joint Managing Director.
- i. Amount repayable (term loans) within one year ₹1,768.70 Millions (previous year ₹ 2,514.40 Millions)

D. Fixed Assets

The registration of leasehold Building acquired is in process

E. Contingent Liabilities not provided for in respect of

| | MARCH 2010 (₹) | MARCH 2009 (₹) |
|---|-------------------|-------------------|
| 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 Corporation Ltd. (ONGC) and Oil India Ltd (OIL) (Includes ₹470 Millions for guarantees issued against pledge of 902,500 shares of the Company held by directors and a third party). | 2,542,111,774 | 2,706,536,994 |
| 3. Unexpired letters of credit | 251,265,002 | 103,475,012 |
| 4. Income Tax demands in appeal | Nil | 7,925,329 |
| 5. Corporate guarantees given to financial institutions/ banks for securing financial assistance for a subsidiary company and other company | 2,344,037,361 | 6,501,285,672 |
| 6. Estimated Value of capital commitments (Net of advances) | 313,000,000 | 643,000,000 |
| 7. Sales tax demands(*) (*)To be adjusted against refund granted for ₹13.39 Millions. | 1,240,768 | 1,240,768 |
| 8. Customs duty | 1,250,000 | 1,250,000 |
| 9. Service tax demand | 549,531,062 | 549,531,062 |

F. EXTERNAL COMMERCIAL BORROWINGS

The External Commercial Borrowings [ECBs] outstanding :

ICICI (US\$ 44 M)

Exim Bank (US\$ 55 M)

| MARCH 2010 (₹) | MARCH 2009 (₹) |
|--------------------------|-------------------|
| US\$ 39,998,304 | US\$ 44,000,000 |
| US\$ 33,661,281 | US\$ 44,018,599 |

G. OTHERS

- The Company had entered into forward contracts for hedging 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.

- Managerial Remuneration*

| | MARCH 2010 (₹) | MARCH 2009 (₹) |
|--------------------------------|--------------------------|-------------------|
| Salary | 17,900,000 | 16,700,000 |
| Accommodation | | |
| - for rent | 1,800,000 | 1,400,000 |
| - for expenses | 993,293 | 860,603 |
| Contribution to Provident Fund | 2,148,000 | 2,004,000 |
| Total | 22,841,293 | 20,964,603 |

*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.

- C.I.F. Value of Imports:

| | MARCH 2010 (₹) | MARCH 2009 (₹) |
|-------------------|--------------------------|-------------------|
| - Stores & Spares | 414,179,491 | 92,174,844 |
| - Capital Goods | 337,026,058 | 3,431,281,352 |

- Foreign traveling expenses for ₹11,075,899/- (Previous year ₹ 10,910,783/-) includes ₹5,588,184/- (previous year ₹ 4,644,675/-) incurred in foreign currency during the year.

- Expenditure in foreign currency

| | MARCH 2010 (₹) | MARCH 2009 (₹) |
|--------------------------------------|--------------------------|-------------------|
| Lease Rent | 908,794,730 | Nil |
| Interest | | |
| -Capital nature | Nil | 134,326,217 |
| -Others | 112,471,059 | 52,263,654 |
| Professional Fees | 8,121,041 | 5,298,252 |
| Travelling Expenses | 5,588,184 | 4,644,675 |
| Telephone Expenses | 9,440 | Nil |
| Repairs & Maintenance | 18,956 | 204,144 |
| Bank Charges | Nil | 1,183,733 |
| Annual Membership Fee & subscription | 297,598 | 281,700 |

| | MARCH 2010 (₹) | MARCH 2009 (₹) |
|---------------------------------|--------------------------|-------------------|
| Business Promotion | Nil | 1,101,294 |
| Listing Fee | Nil | 15,740 |
| Contract Expenses | 296,764,111 | 81,527,583 |
| Dividend | 9,343,088 | Nil |
| 6. Earnings in foreign currency | | |
| Contract Revenue | 848,200,862 | 1,046,187,682 |
| Interest on FDR | 24,391 | 132,706 |

7. A sum of ₹84.37 Millions was 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 ₹ 337,583/- (previous year ₹ 40,550/-) incurred during the year for the same, has been debited to Miscellaneous Expenses.

An award has been received against the same in favour of the Company for an amount of ₹ 49.10 Millions vide award dated 4th December 2009. However Oil India Ltd has filed a writ against the award before the Hon'ble Delhi High Court which is still pending.

8. Information pursuant to clause 32 of the listing agreement with Stock Exchanges

Details of Loans & advances in the nature of interest free loan to wholly owned subsidiary companies with no specified payment schedule.

| Subsidiary | MARCH 2010 | | MARCH 2009 | |
|--|--------------------------|---|--------------------------|---|
| | Amount Due (₹) | Max. Amount during the year (₹) | Amount Due (₹) | Max. Amount during the year (₹) |
| Shiv-Vani Oil & Gas Co. LLC, Oman | 492,029,380 | 535,103,165 | 342,000,595 | 510,815,108 |
| SV Oil & Natural Gas Ltd., Mauritius | 1,363,688,595 | 1,363,688,595 | 936,876,284 | 1,906,817,777 |
| Natural Oil & Gas Services Ltd., Mauritius | 1,282,427,400 | 1,577,459,000 | 1,517,291,000 | 1,517,291,000 |
| Shiv-Vani Singapore Pte Ltd., Singapore | 22,918,074 | 25,867,875 | 25,867,875 | 287,424,389 |
| Shiv-Vani Oil Services Ltd., New Delhi | Nil | 42,382 | 42,382 | 42,382 |
| TNG Shiv Geo Services Ltd., New Delhi | Nil | 87,274 | 83,074 | 83,074 |

9. Fixed Deposits of ₹ 267.07 Millions (Previous year ₹ 136.88 Millions) 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 at the time of receipt of claims.
11. The payment of Provident Fund Dues amounting to ₹ 6,560,365/- (₹ 8,242,628/-), ESI amounting NIL (₹ 48,076/-), Tax deducted at Source amounting to ₹ 66,099,897/- (₹ 2,173,412/-), Service Tax ₹ 746,938,289/- (₹ 137,558,236/-), VAT ₹ 15,537,418/- (₹ 45,479/-) & Fringe Benefit Tax Nil (₹ 7,284,168/-) Income Tax (A.Y. 2009-10) of ₹ 117,990,355/- and FBT (A.Y. 2009-10) ₹ 380,573/- was delayed. These amounts were later deposited with the appropriate authorities. Figures mentioned in brackets are of previous year.
12. Future liability of Gratuity for ₹ 43.35 Millions (Previous year - Rs 30.96 Millions) for employees has been provided in the books of accounts. However the Company has now adopted an approved plan for the payment of gratuity based on actuarial valuation carried by Life Insurance Corporation of India.
13. Expenses include ₹ 3,184,471/- (Previous Year ₹ 1,297,237/-) relating to earlier years.
14. Interest and Bank Charges includes ₹ 57,988,228/- paid on account of hedging of interest on ECB.

15. The previous years figures have been regrouped / rearranged wherever found necessary. The figures have been rounded off to the nearest rupee.
16. Travelling and Conveyance Expenses include ₹7,358,649/- (Previous year ₹ 6,728,966/- incurred for directors travelling).
17. The Company, has during the year, imported machinery worth ₹ 326,079,752/- (Previous year ₹ 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 ₹ 64,364,466/- (Previous Year ₹ 39,354,801/-) has been reduced from the gross block.
19. Remittance in Foreign Currency on account of Dividend to Equity Share holders:

| Description | Current Year | Previous year |
|--------------------------------------|------------------|---------------|
| Year to which dividend relates | 2008 – 09 | - |
| Number of Non-resident Shareholders | 616 | - |
| Number of Equity Shares held by them | 9,343,088 | - |
| Amount remitted (₹) | 9,343,088 | - |

20. The Company has not received any intimation from 'Suppliers' regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 and hence no disclosure as required by Schedule VI of the Companies Act, 1956 has been provided.
21. 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.
22. The Ministry of Corporate Affairs, Government of India vide its Order No. 47 / 453 / 2010 – CL – III dated 17th May, 2010 issued under section 212(8) of the Companies Act, 1956 has exempted the Company from attaching the Balance Sheet and Profit and Loss Account of its Subsidiaries as required under section 212(1) of the Companies Act, 1956.
23. In view of the certificate for deduction of tax at a lower rate sought u/s 195 of the Income Tax Act 1961 from the Income tax department by an overseas party, the TDS on lease rentals on machinery received from such overseas party has been deposited @4.233% instead of 10.5575% by the Company.
In case no certificate is granted to the party, the difference amount of ₹ 31,167,064/- and interest thereon till the date of the payment shall be charged to the accounts in the subsequent year.
24. The name of SV Oil & Natural Gas Ltd., Mauritius, a subsidiary company, has been changed to Oriental Oil & Gas Services Ltd. w.e.f. 17 June, 2010.
25. Balance appearing in Sundry Debtors / Creditors and Loans & Advances are subject to confirmation.

H. 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) Relative of Key Management Persons having control or significant influence over the company by reason of voting power

Name of Key Persons

Prakash Singhee

Mayank Singhee

c) The Company has the following transactions with related parties:

| Description of Transaction | | Value (In ₹) MARCH 2010 | Value (In ₹) MARCH 2009 |
|-------------------------------|--------------------------------------|----------------------------|----------------------------|
| Shiv-Vani Oil & Gas Co. LLC, | Loans | 191,314,250 | (255,180,556) |
| Shiv-Vani Oil & Gas Co. LLC. | (Sale)/Purchase of Spare & Equipment | 1,788,320 | (366,647) |
| SV Oil & Natural Gas Ltd. | Loan | 426,812,311 | (879,987,993) |
| | Lease Rent | 492,798,876 | Nil |
| Shiv-Vani Oil Services Ltd. | Advances | (42,382) | 18,322 |
| TNG Shiv Geo Services Ltd. | Advance | (83,074) | 5,160 |
| Shiv-Vani Singapore PTE. Ltd. | Advance | Nil | (57,104,625) |
| Natural Oil & Gas Services | Investment | Nil | 492,709,825 |
| Natural Oil & Gas Services | Loans | (112,886,300) | 1,929,268,224 |
| | Lease Rent | 456,000,861 | Nil |

I. Earning per share

BASIC EARNING PER SHARE

(Amount in ₹)

Particulars

| | 2009-10 | 2008-09 |
|--|-------------|-------------|
| a) Numerator | | |
| Net Profit after taxation as per profit & loss a/c | 920,057,754 | 948,158,653 |
| b) Denominator | | |
| No. of Equity Shares outstanding | 43,963,212 | 43,902,606 |
| Weighted average of No. of equity shares outstanding | 20.93 | 21.60 |
| Basic (EPS of face value of ₹10/- each) | | |

DILUTED EARNING PER SHARE

(Amount in ₹)

Particulars

| | 2009-10 | 2008-09 |
|--|-------------|-------------|
| a) Numerator | | |
| Net Profit after taxation as per profit & loss a/c | 920,057,754 | 948,158,653 |
| b) Denominator | | |
| No. of Equity Shares outstanding | 43,963,212 | 49,902,606 |
| Weighted average of No. of equity shares outstanding | 20.93 | 19.00 |
| Diluted (EPS of face value of ₹10/- each) | | |

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

for **VIJAY PRAKASH GUPTA & ASSOCIATES**

Firm Registration No. 005570N

Chartered Accountants

(Vikas Varshney)

Partner

M.No. 510929

New Delhi

September 1, 2010

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

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

| | 31 March 2010 (₹) | 31 March 2009 (₹) |
|--|------------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and extraordinary items | 1,504,632,480 | 1,496,437,982 |
| Adjustment for: | | |
| 1. Depreciation | 817,196,087 | 411,498,967 |
| 2. FCCB Issue Expenditure Written off | - | 24,849,494 |
| 3. Deferred Revenue Expenditure | 41,728,722 | 27,160,902 |
| 4. Investments (Interest Income) | (126,642) | (14,848,109) |
| 5. Interest Expenditure | 1,766,904,323 | 813,515,975 |
| 6. Profit on Sale of Fixed Assets | (6,901,457) | (29,842,678) |
| 7. Fixed Assets w/off. | 30,992,272 | 11,553,387 |
| Operating profit before working capital charges | 4,154,425,786 | 2,740,325,920 |
| 1. Trade & Other Receivables | (1,752,878,433) | (517,184,490) |
| 2. Inventories | 120,947,952 | (629,819,490) |
| 3. Trade Payable & Provisions | 1,520,646,050 | 1,076,398,362 |
| Cash generation from operations | 4,043,141,355 | 2,669,720,302 |
| 1. Interest paid | (1,766,904,323) | (813,515,975) |
| 2. Direct Taxes Paid | (434,369,803) | (345,265,198) |
| | 1,841,867,229 | 1,510,939,129 |
| Cash flow before extra ordinary items | | |
| 1. Extraordinary items | (41,986,372) | (37,476,976) |
| Net cash from operating activities | 1,799,880,856 | 1,473,462,153 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed assets (net) | (6,233,594,153) | (6,964,870,966) |
| Sale of fixed assets | 37,706,476 | 151,643,737 |
| Sale of investments | - | 500,000 |
| Interest Received | 126,642 | 14,848,109 |
| Advances to Subsidiary Companies | (338,902,239) | (428,920,863) |
| Purchase of Investments | (500,000) | (492,709,825) |
| Net cash from investing activities | (6,535,163,274) | (7,719,509,808) |

| | 31 March 2010 (₹) | 31 March 2009 (₹) |
|--|----------------------|----------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long and short term borrowings | 3,521,864,964 | 6,445,248,354 |
| Increase in Share Capital | 24,578,950 | 4,000 |
| Premium on issue of equity shares | 909,421,150 | - |
| Misc Expenditure | (100,000,000) | - |
| Net cash flow from financing activities | 4,355,865,064 | 6,445,252,354 |
| Net Increase In cash and Cash Equivalents | (379,417,353) | 199,204,699 |
| Cash and cash equivalents at the beginning | 809,609,344 | 610,404,645 |
| Cash and cash equivalents at the closing | 430,191,990 | 809,609,344 |

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

Auditors' certificate

We have examined the attached cash flow statement of Shiv Vani Oil & Gas Exploration Services Ltd for the year ended 31st March, 2010. 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**

Firm Registration No. 005570N

Chartered Accountants

(Vikas Varshney)

Partner

M.No. 510929

New Delhi
September 1, 2010

**STATEMENT PURSUANT TO PART - IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

| | | |
|--|---|--|
| I Registration Details | <div>L74899DL1989PLC038542</div> | |
| Balance Sheet Date | <div>31 03 2010</div> | |
| | Date | Month Year |
| II Capital raised During the year | | |
| Public Issue | <div>NIL</div> | Right Issue <div>NIL</div> |
| Bonus Issue | <div>NIL</div> | Private issue <div>24,578,950</div> |
| III Position of Mobilisation and Deployment of Funds | | |
| Total Liabilities | <div>27,508,450,129</div> | Total Assets <div>27,508,450,129</div> |
| Source of Fund | | |
| Paid- Up Capital | <div>463,605,010</div> | Reserves & Surplus <div>8,782,649,362</div> |
| Equity Share Warrants | <div>NIL</div> | Deferred Tax Liability <div>974,448,475</div> |
| Secured Loan | <div>16,777,020,619</div> | Unsecured Loans <div>510,726,663</div> |
| Share application money pending allotment | <div>NIL</div> | |
| Application of Funds | | |
| Net Fixed Assets | <div>20,648,228,611</div> | Investment <div>567,767,189</div> |
| Net Current Assets | <div>6,125,539,441</div> | Miscellaneous Expenditure <div>166,914,888</div> |
| IV Performance of Company | | |
| Turnover (including other income) | <div>10,887,993,885</div> | Total Expenditure <div>9,383,361,404</div> |
| Profit /Loss Before Tax | <div>1,504,632,481</div> | Exceptional Items <div>41,986,372</div> |
| Profit /Loss After Tax | <div>920,057,754</div> | Earnings Per Share (Weighted Average - Basic) <div>20.93</div> |
| Dividend Rate % | <div>10%</div> | |
| V Generic Names of Three Principal Product/Services of the Company (as per monetary term) | | |
| Item Code No. (ITC Code) | <div>9 8 0 1 0 0 0 5</div> | |
| Product Description | <div>PROJECT FOR EXPLORATION OF OIL</div> | |

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

for **VIJAY PRAKASH GUPTA & ASSOCIATES**

Firm Registration No. 005570N

Chartered Accountants

(Vikas Varshney)

Partner

M.No. 510929

New Delhi

September 1, 2010

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

Consolidated Financial Statements 2009-10



REPORT OF AUDITORS ON THE CONSOLIDATED FINACIAL STATEMENTS

To The Board of Directors

Shiv-Vani Oil & Gas Exploration Services Limited

We have examined the attached consolidated Balance Sheet of Shiv-Vani Oil & Gas Exploration Services Ltd. and its Subsidiaries as at 31st March 2010 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 ₹13,231 Millions as at 31st March, 2010 and total revenue of ₹2,648 Millions for the year ended on that date (these figures include inter 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 ₹1.18 Millions, 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 31st March, 2010,
- (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 31st March, 2010

For **Vijay Prakash Gupta & Associates**
Firm Registration No. 005570N
Chartered Accountants

Vikas Varshney
Partner
Membership No.510929

New Delhi
September 1, 2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

| Particulars | Schedule | As at 31.03.2010 (₹) | | As at 31.03.2009 (₹) | |
|---|----------|-------------------------|----------------|-------------------------|----------------|
| SOURCES OF FUNDS | | | | | |
| SHAREHOLDERS' FUNDS | | | | | |
| Share Capital | 1 | 463,605,010 | | 439,026,060 | |
| Equity Share Warrants | | - | | 396,000,000 | |
| Reserves and Surplus | 2 | 11,572,963,810 | 12,036,568,820 | 8,176,540,988 | 9,011,567,048 |
| MINORITY INTEREST | | | 190,978 | | 197,662 |
| DEFERRED TAX LIABILITY | 3 | | 974,448,475 | | 532,689,241 |
| LOAN FUNDS | | | | | |
| Secured Loans | 4 | 23,148,967,402 | | 20,061,784,772 | |
| Unsecured Loans | 5 | 588,107,936 | 23,737,075,338 | 649,895,706 | 20,711,680,478 |
| TOTAL | | | 36,748,283,611 | | 30,256,134,429 |
| APPLICATION OF FUNDS | | | | | |
| GOODWILL | | 133,688,666 | | 186,282,228 | |
| Less:Due to consolidation | | 91,943,368 | | - | |
| Less:Capital reserve adjusted on consolidation | | - | 41,745,298 | 52,593,562 | 133,688,666 |
| FIXED ASSETS | | 6 | | | |
| Gross Block | | 29,150,194,200 | | 18,154,132,846 | |
| Less : Depreciation | | 2,992,793,399 | | 1,959,227,594 | |
| Net Block | | 26,157,400,801 | | 16,194,905,252 | |
| Capital Work-in-progress | | 5,173,607,650 | 31,331,008,451 | 9,487,883,527 | 25,682,788,779 |
| INVESTMENTS | 7 | | 15,218,000 | | 14,718,000 |
| CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| Inventories | 8 | 768,343,181 | | 878,021,534 | |
| Sundry Debtors | 9 | 4,010,608,808 | | 2,323,370,456 | |
| Cash & Bank Balances | 10 | 600,055,533 | | 1,033,631,271 | |
| Loans & Advances | 11 | 3,856,625,925 | | 2,838,440,926 | |
| | | 9,235,633,447 | | 7,073,464,187 | |
| LESS: CURRENT LIABILITIES AND PROVISIONS | | | | | |
| Current Liabilities | 12A | 3,438,679,948 | | 2,133,682,386 | |
| Provisions | 12B | 603,814,439 | | 623,744,342 | |
| | | 4,042,494,387 | | 2,757,426,728 | |
| | | | 5,193,139,060 | | 4,316,037,459 |
| MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | | | | | |
| Preliminary Expenses | | 127,316 | | 127,316 | |
| Pre-operative Expenses | | 9,566 | | 9,566 | |
| Deferred Revenue Expenditure | | 167,035,920 | 167,172,802 | 108,764,643 | 108,901,525 |
| TOTAL | | | 36,748,283,611 | | 30,256,134,429 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS 19 | | | | | |

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

for **VIJAY PRAKASH GUPTA & ASSOCIATES**
Firm Registration No. 005570N
Chartered Accountants

(Vikas Varshney)
Partner
M.No. 510929

New Delhi
September 1, 2010

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

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

| Particulars | Schedule | 2009-10 (₹) | 2008-09 (₹) |
|--|-----------|-----------------------|----------------------|
| TOTAL INCOME | | | |
| Operative Income | 13 | 12,520,091,646 | 8,712,749,174 |
| Other Income (Gross) | 14 | 51,587,763 | 307,204,528 |
| | | 12,571,679,409 | 9,019,953,702 |
| EXPENDITURE | | | |
| Direct Expenses | 15 | 5,307,844,833 | 4,067,098,225 |
| Personnel Expenses | 16 | 815,558,432 | 590,950,659 |
| Administrative & Other Expenses | 17 | 844,651,363 | 532,909,709 |
| Interest & Finance Charges | 18 | 1,930,090,375 | 844,961,136 |
| Depreciation | 6 | 1,071,609,443 | 502,213,734 |
| | | 9,969,754,446 | 6,538,133,463 |
| Profit for the year | | 2,601,924,963 | 2,481,820,239 |
| Add : Minority Interest in Loss | | 6,684 | 4,543 |
| | | 2,601,931,647 | 2,481,824,782 |
| Less :Provision for Tax | | | |
| - Income Tax Relating to Earlier Years | | 49,029,912 | 37,476,976 |
| - Income Tax | | 274,870,980 | 224,021,779 |
| - Mat Credit Entitlement | | (154,880,880) | - |
| - Fringe Benefit Tax | | - | 7,664,741 |
| - Deferred Tax | | 441,759,234 | 285,507,612 |
| | | 1,991,152,401 | 1,927,153,674 |
| Profit after Tax | | 4,092,704,498 | 2,236,502,239 |
| Surplus as per last Balance Sheet | | | 4,163,655,913 |
| Profit available for appropriations | | 6,083,856,899 | 4,163,655,913 |
| Appropriations | | | |
| Transfer To General Reserve | | 50,000,000 | 11,896,058 |
| Transfer To Legal Reserve | | 8,917,517 | 7,691,502 |
| Proposed Dividend on Equity Shares | | 46,360,501 | 43,902,606 |
| Dividend Distribution Tax on Proposed Dividend | | 7,699,900 | 7,461,248 |
| Balance Carried Forward to Balance Sheet | | 5,970,878,981 | 4,092,704,498 |
| TOTAL | | 6,083,856,899 | 4,163,655,912 |
| Earning Per Share - Basic | | 45.29 | 43.90 |
| - Diluted | | 45.29 | 38.62 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS | 19 | | |

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

for **VIJAY PRAKASH GUPTA & ASSOCIATES**
Firm Registration No. 005570N
Chartered Accountants

(Vikas Varshney)
Partner
M.No. 510929

New Delhi
September 1, 2010

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 2010

| Particulars | As at 31.03.2010 (₹) | | As at 31.03.2009 (₹) | |
|---|-------------------------|-----------------------|-------------------------|---------------|
| SCHEDULE - 1 SHARE CAPITAL | | | | |
| Authorised | | | | |
| 70,000,000 (Previous year 58,500,000) Equity Shares of ₹10/- each | | 700,000,000 | | 585,000,000 |
| 500,000 (Previous year 500,000) 11% Redeemable Non-Convertible Preference Shares of ₹100/-each | | 50,000,000 | | 50,000,000 |
| | | 750,000,000 | | 635,000,000 |
| Issued, Subscribed & Paid Up | | | | |
| 46,360,501 Equity Share(Previous year 43,902,606) of ₹ 10/- each fully paid up | | 463,605,010 | | 439,026,060 |
| | | 463,605,010 | | 439,026,060 |
| SCHEDULE-2 RESERVES AND SURPLUS | | | | |
| General Reserve | | | | |
| As per last Balance sheet | 260,000,000 | | 248,103,942 | |
| Add : Transferred from Profit & Loss A/c. | 50,000,000 | 310,000,000 | 11,896,058 | 260,000,000 |
| Securities Premium Account | | | | |
| As per last Balance sheet | 3,670,786,181 | | 3,670,786,181 | |
| Add : Recevied during the year | 909,421,150 | 4,580,207,331 | - | 3,670,786,181 |
| Capital Redemption Reserve | | | | |
| As per last Balance sheet | | 50,000,000 | | 50,000,000 |
| Capital Reserve (On Equity Share Forfieture) | | | | |
| As per last Balance sheet | 25,500 | | - | |
| Add : Transferred during the year | - | 25,500 | 25,500 | 25,500 |
| Capital Reserve (On Equity Share Warrant Forfieture) | | | | |
| As per last Balance sheet | - | | - | |
| Add : Transferred during the year | 396,000,000 | 396,000,000 | - | - |
| Capital Reserve (Due to Consolidation) | | | | |
| As per last Balance sheet | - | | 52,593,562 | |
| Add : Due to Consolidation | - | | - | |
| | - | | 52,593,562 | |
| Less : Adjusted Due to Consolidation | - | - | 52,593,562 | - |
| Foreign Currency Translation Reserve (Due to Consolidation) | | | | |
| As per last Balance sheet | 92,498,461 | | 6,619,396 | |
| Add : Due to Consolidation | 153,909,673 | 246,408,134 | 85,879,065 | 92,498,461 |
| Legal Reserve | | | | |
| As per last Balance sheet | 10,526,347 | | 2,834,845 | |
| Add: Adjustment during the year | 8,917,517 | 19,443,864 | 7,691,502 | 10,526,347 |
| Profit & Loss Account | | | | |
| As per Profit & Loss Account | | 5,970,878,981 | | 4,092,704,499 |
| | | 11,572,963,810 | | 8,176,540,988 |

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

| Particulars | As at 31.03.2010 (₹) | | As at 31.03.2009 (₹) | |
|--|-------------------------|-----------------------|-------------------------|-----------------------|
| SCHEDULE-3 DEFERRED TAX (NET) | | | | |
| Deferred Tax | | | | |
| As per last Balance Sheet | 532,689,241 | | 247,181,629 | |
| Add: Transferred from Profit & Loss A/c. | 441,759,234 | 974,448,475 | 285,507,612 | 532,689,241 |
| | | 974,448,475 | | 532,689,241 |
| SCHEDULE-4 SECURED LOANS | | | | |
| a) Term Loans | | | | |
| From Financial Institutions / Banks | | | | |
| Industrial Development Bank of India Limited | | – | | 42,962,888 |
| ICICI Bank Ltd | 4,833,473,503 | | | 8,458,446,140 |
| State Bank of Bikaner & Jaipur | | – | | 65,750,567 |
| State Bank of India | 2,406,528,880 | | | 739,729,488 |
| Punjab National Bank | 48,317,217 | | | 502,928,899 |
| State Bank of Mysore | 22,457,397 | | | 47,347,598 |
| Life Insurance Corporation of India | 556,232,506 | | | – |
| State Bank of Hyderabad | 505,232,139 | | | 25,050,240 |
| Yes Bank Ltd. | 700,667,397 | | | 362,021,101 |
| Bank of India | 473,374,377 | | | 504,739,025 |
| Syndicate Bank Ltd. | | – | | 35,395,600 |
| Karnataka Bank Ltd. | | – | | 187,279,708 |
| Exim Bank Ltd. | 1,527,370,824 | | | 2,253,057,480 |
| State Bank of Saurashtra | 305,826,360 | | | 448,064,255 |
| State Bank of Travancore | | – | | 220,796,306 |
| Union Bank of India | 1,024,139,034 | | | 504,834,988 |
| State Bank of Patiala | 666,058,100 | | | 498,568,386 |
| Bank of Baroda | 948,717,634 | | | 929,292,260 |
| Allahabad Bank | | – | | 505,732,180 |
| L&T Infrastructure Finance Limited | 1,004,832,876 | | | – |
| L&T Infrastructure Limited | 502,416,448 | | | – |
| Corporation bank Ltd | 774,234,973 | | | – |
| United Bank of India | 1,010,248,490 | | | – |
| UCO Bank | 1,000,000,000 | | | – |
| DBS Bank | 1,309,060,000 | | | – |
| Bank Muscat SAOG | 121,535,370 | | | 252,444,817 |
| Standard Chartered Bank | 2,014,372,453 | | | 2,700,683,621 |
| | 21,755,095,978 | | | 19,285,125,547 |
| b) Working Capital Loans | | | | |
| Cash Credit Loans from Banks | 1,392,499,101 | | | 725,523,805 |
| | 23,147,595,079 | | | 20,010,649,352 |
| c) Deferred Creditors | | 1,372,323 | | 51,135,420 |
| | | 23,148,967,402 | | 20,061,784,772 |
| SCHEDULE- 5 UNSECURED LOANS | | | | |
| From Bank | 581,647,453 | | | 564,473,452 |
| From Others | 6,460,483 | | | 85,422,254 |
| | 588,107,936 | | | 649,895,706 |

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010
SCHEDULE - 6 FIXED ASSETS

| Particular of Assets | Gross block | | | Depreciation | | | | NET BLOCK | | |
|--------------------------|---------------------------------|------------------|------------------------------|---------------------------------|---------------------------|------------------------|------------------------------|---------------------------|----------------------------|----------------------------|
| | Cost as at 01.04.2009 (₹) | Additions (₹) | Sales/ Adjustments (₹) | Cost as at 31.03.2010 (₹) | Upto 31.03.2009 (₹) | For the year (₹) | Sales/ Adjustments (₹) | Upto 31.03.2010 (₹) | As At 31.03.2010 (₹) | As At 31.03.2009 (₹) |
| Building | 213,876,295 | - | - | 213,876,295 | 861,835 | 3,486,140 | - | 4,347,975 | 209,528,320 | 213,014,460 |
| Plant & Machinery | 17,518,176,544 | 11,054,890,740 | 89,938,891 | 28,483,128,394 | 1,784,418,953 | 1,027,722,616 | 29,011,284 | 2,783,130,285 | 25,699,998,108 | 15,733,757,591 |
| Office Equipments | 45,216,950 | 20,933,622 | 468,507 | 65,682,065 | 4,496,952 | 2,813,532 | 151,516 | 7,158,969 | 58,523,097 | 40,719,998 |
| Computers | 59,316,833 | 8,035,121 | 2,920,821 | 64,431,133 | 19,681,328 | 9,187,911 | 2,800,724 | 26,068,515 | 38,362,618 | 39,635,505 |
| Vehicles | 196,171,895 | 6,354,582 | 3,097,627 | 199,428,849 | 101,563,553 | 16,131,217 | 1,544,274 | 116,150,497 | 83,278,353 | 94,608,341 |
| Furnitures & Fixtures | 33,568,890 | 7,241,571 | 730,912 | 40,079,549 | 4,029,324 | 2,816,496 | 298,315 | 6,547,504 | 33,532,045 | 29,539,566 |
| Tent | 83,567,914 | - | - | 83,567,914 | 39,938,123 | 9,451,531 | - | 49,389,654 | 34,178,260 | 43,629,791 |
| Temporary Construction | 4,237,524 | - | 4,237,524 | - | 4,237,524 | - | 4,237,524 | - | - | - |
| Total | 18,154,132,846 | 11,097,455,636 | 101,394,282 | 29,150,194,200 | 1,959,227,594 | 1,071,609,443 | 38,043,637 | 2,992,793,399 | 26,157,400,801 | 16,194,905,252 |
| Capital Work in progress | 9,487,883,527 | - | 4,314,275,877 | 5,173,607,650 | - | - | - | - | 5,173,607,650 | - |
| GRAND TOTAL | 27,642,016,373 | 11,097,455,636 | 4,415,670,159 | 34,323,801,850 | 1,959,227,594 | 1,071,609,443 | 38,043,637 | 2,992,793,399 | 31,331,008,451 | 16,194,905,252 |
| Previous Year | 11,866,570,120 | 18,696,519,577 | 2,921,073,324 | 27,642,016,372 | 1,492,679,891 | 502,213,734 | 35,666,033 | 1,959,227,593 | 25,682,788,779 | - |

(Capital Work in Progress includes advances for capital goods Rs. Nil (Previous year - ₹ 5,298,699,702/-) and Preoperative Expenditure of ₹ 26,417,847/- (Previous Year - ₹ 320,597,320/-))

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

| Particulars | As at 31.03.2010 (₹) | As at 31.03.2009 (₹) |
|--|-------------------------|-------------------------|
| SCHEDULE-7 INVESTMENTS (At cost) | | |
| LONG TERM INVESTMENTS | | |
| In Equity Shares - Quoted : Trade | | |
| 429,000 equity shares of Shiv Vani Oil & Gas Exploration Services Ltd. of ₹ 10/- each fully paid up (Previous year 429,000) | 9,750,000 | 9,750,000 |
| In Equity Shares - Unquoted : Trade | | |
| 4,300 equity Shares of Equipment Conductors & Cables Ltd of ₹ 10/- each fully paid up (Previous Year 4,300) | 43,000 | 43,000 |
| 5,000 equity shares of Parasram Puria Synthetics Ltd. of ₹10/- each at a premium of ₹ 10/- per share (₹ 5/- paid up) (Previous Year 5,000) | 25,000 | 25,000 |
| 110,000 equity shares of Neutral Engineers Ltd of ₹ 10/- each fully paid up. (Previous year 110,000) | 1,100,000 | 1,100,000 |
| 180,000 equity Shares of Om Shivay Real Estate (P) Ltd of ₹ 10/- each fully paid up (Previous Year 180,000) | 1,800,000 | 1,800,000 |
| In Mutual Funds - Quoted : Trade | | |
| 200,000 Units of SBI Infrastructure Fund (Previous Year - 200,000 units of ₹ 10/- per unit (Market Value - ₹ 2,068,000/- @ ₹ 10.34 per unit) | 2,000,000 | 2,000,000 |
| 42,723,358 Units of SBI SHF Ultra Short Term Fund (Previous Year - Nil units) of ₹ 10/- per unit (Market Value - ₹ 512,253/- @ ₹ 11.99 per unit) | 500,000 | - |
| | 15,218,000 | 14,718,000 |

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

| Particulars | As at 31.03.2010 (₹) | As at 31.03.2009 (₹) |
|---|-------------------------|-------------------------|
| SCHEDULE-8 INVENTORIES | | |
| (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 |
| -Stores, Spares, Consumables & Chemicals | 653,933,495 | 323,438,368 |
| Goods In Transit | 107,378,616 | 6,540,479 |
| Scrap | 7,031,070 | 4,006,070 |
| | 768,343,181 | 878,021,534 |
| SCHEDULE-9 SUNDRY DEBTORS | | |
| (Unsecured - Considered good) | | |
| Debts outstanding for a period exceeding six month | 1,109,085,771 | 548,919,034 |
| Others | 2,901,523,037 | 1,774,451,422 |
| | 4,010,608,808 | 2,323,370,456 |
| SCHEDULE-10 CASH AND BANK BALANCES | | |
| Cash and Cheques in Hand | 7,033,460 | 5,849,840 |
| Balances with Scheduled Banks | | |
| In Current Accounts - Domestic | 147,673,651 | 158,245,022 |
| - Overseas | 40,298,636 | 90,531,531 |
| | 187,972,287 | 248,776,553 |
| In Margin Money Account - Domestic | 931,474 | |
| In Deposit Accounts - Domestic | 267,065,215 | 636,881,195 |
| - Overseas | 137,053,097 | 142,123,683 |
| | 404,118,312 | 779,004,878 |
| | 600,055,533 | 1,033,631,271 |
| SCHEDULE-11 LOANS & ADVANCES | | |
| (Unsecured - Considered good unless otherwise stated) | | |
| Advances & Other amounts recoverable in cash or in kind for which value is to be received | 3,207,245,559 | 2,524,562,399 |
| Income Tax Paid | 44,447,203 | 75,605,846 |
| Tax deducted at source | 433,125,472 | 223,307,026 |
| MAT Credit Entitlement | 154,880,880 | – |
| Security Deposits | 16,926,811 | 14,965,655 |
| | 3,856,625,925 | 2,838,440,926 |

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

| Particulars | As at 31.03.2010 (₹) | As at 31.03.2009 (₹) |
|---|-------------------------|-------------------------|
| SCHEDULE-12 CURRENT LIABILITIES AND PROVISIONS | | |
| A. Current Liabilities | | |
| Sundry Creditors | | |
| Micro, Small & Medium Enterprises | - | - |
| Others | <u>2,332,614,978</u> | <u>1,354,893,761</u> |
| Other Current Liabilities | <u>1,105,734,510</u> | <u>778,788,625</u> |
| Dividend Payable | <u>330,460</u> | <u>-</u> |
| | 3,438,679,948 | 2,133,682,386 |
| B. Provisions | | |
| Income Tax | <u>492,500,980</u> | <u>529,540,594</u> |
| Fringe Benefit Tax | <u>380,573</u> | <u>1,880,573</u> |
| Gratuity & Leave encashment | <u>56,872,485</u> | <u>40,959,321</u> |
| Proposed Dividend on Equity Shares | <u>46,360,501</u> | <u>43,902,606</u> |
| Dividend Distribution Tax on Proposed Dividend | <u>7,699,900</u> | <u>7,461,248</u> |
| | 603,814,439 | 623,744,342 |
| Particulars | 2009-10 (₹) | 2008-09 (₹) |
| SCHEDULE-13 OPERATIVE INCOME | | |
| Contracts Revenue | <u>12,520,091,646</u> | <u>8,712,749,174</u> |
| | 12,520,091,646 | 8,712,749,174 |
| SCHEDULE-14 OTHER INCOME | | |
| Interest on Fixed Deposits (TDS - ₹ 2,311,008/- Previous year - ₹ 2,222,064/-) | <u>13,904,385</u> | <u>15,287,847</u> |
| Interest-Others (TDS-₹ Nil, Previous Year - ₹ 267,450/-) | <u>132,797</u> | <u>1,236,623</u> |
| Gain on Currency Fluctuation | <u>-</u> | <u>230,139,473</u> |
| Miscellaneous Income | <u>37,550,581</u> | <u>60,540,585</u> |
| | 51,587,763 | 307,204,528 |
| SCHEDULE-15 CONSUMPTION OF STORES & OTHER DIRECT EXPENSES | | |
| Stores, Spares, Consumables & Chemicals | <u>1,077,773,876</u> | <u>828,896,132</u> |
| Oils & Lubricants | <u>695,328,433</u> | <u>406,459,008</u> |
| Contract Expenses | <u>3,137,301,798</u> | <u>2,391,971,174</u> |
| Hiring Charges | <u>158,904,724</u> | <u>286,223,621</u> |
| Insurance | <u>42,994,446</u> | <u>20,382,975</u> |
| Repairs to Plant & Machinery | <u>195,541,556</u> | <u>133,165,315</u> |
| | 5,307,844,833 | 4,067,098,225 |

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

| Particulars | 2009-10 (₹) | 2008-09 (₹) |
|--|------------------------|------------------------|
| SCHEDULE-16 PERSONNEL EXPENSES | | |
| Payments to & Provison for Employees | | |
| Salaries, Wages, Bonus, Gratuity etc. | 767,404,561 | 544,809,372 |
| Staff Welfare | 17,598,562 | 17,776,833 |
| Contribution to Provident Fund | 9,837,299 | 9,339,655 |
| Contribution to ESI | 24,718 | 64,196 |
| Directors Remuneration | 20,693,292 | 18,960,603 |
| | 815,558,432 | 590,950,659 |
| SCHEDULE-17 ADMINISTRATIVE & OTHER EXPENSES | | |
| Rent | 33,682,233 | 29,278,059 |
| Rates & Taxes | 5,060,133 | 4,242,487 |
| Advertisement | 1,487,129 | 2,794,916 |
| Travelling & Conveyance Expenses | 132,882,746 | 86,692,636 |
| Vehicle Repair & Maintenance Expenses | 32,738,541 | 32,162,036 |
| Repair & Maintenance to others | 40,723,071 | 14,304,737 |
| Telephone Expenses | 15,879,311 | 14,064,952 |
| Legal & Professional Charges | 218,804,354 | 178,641,434 |
| Charity & Donation | 268,980 | 513,651 |
| Fees & Subscription | 1,242,365 | 1,187,637 |
| Directors Sitting Fees | 528,000 | 340,500 |
| Miscellaneous Expenses | 207,997,388 | 87,690,576 |
| Payment to Auditors | | |
| For Statutory Audit Fees | 2,261,030 | 2,949,295 |
| For Consolidated Audit Fees | 50,000 | 50,000 |
| For Tax Audit Fees | 250,000 | 250,000 |
| For Other Matters | 1,510,000 | 1,260,012 |
| Bad Debts Written Off | 15,624,988 | - |
| Insurance Claim Written off | 38,442,395 | |
| FCCB Issue Expenses Written Off | - | 24,849,494 |
| Deferred Revenue Written Off | 41,728,722 | 27,160,902 |
| Assets Written Off | 30,992,272 | 11,003,385 |
| Loss due to Currency Fluctuation | 9,565,205 | - |
| Loss on Forward Contracts | 12,932,500 | 13,473,000 |
| | 844,651,363 | 532,909,709 |
| SCHEDULE-18 INTEREST & BANK CHARGES | | |
| Interest on Term Loans | 1,620,371,026 | 681,764,573 |
| Interest on Cash Credits | 115,759,991 | 70,511,364 |
| Interest to others | 24,556,343 | 39,664,940 |
| Bank & Financial Charges | 169,403,015 | 53,020,259 |
| | 1,930,090,375 | 844,961,136 |

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 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% | Provide services to Oil, Gas & Petroleum Industries |
| 3 | Shiv Vani Oil Services Ltd. | India | -do- | 100% | -do- |
| 4 | TNG Shiv Geo Services Ltd. | India | -do- | 51% | -do- |
| 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 and other allied ancillary |
| 8 | SV Videsh Ltd. (Fellow Subsidiary) | Cyprus | -do- | 100% | -do- |

*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 31st March, 2010.
- 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 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 ₹ 5,000/-) 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 | 4.75% |
| Camps & Caravans | 15% |
| Vehicles | 33.33% |
| Furniture Fixtures | 33.33% |
| Computers | 15% |
| Office Equipment | 15% |

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 expense comprises of current tax, related to earlier years & deferred 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.

Tax credit is recognized in respect of Minimum Alternate Tax ('MAT') as per the provisions of Section 115 JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within statutory time frame and is reviewed at each Balance Sheet date. The MAT credit is recognized as an asset in accordance with the recommendation provided in the Guidance Note issued by the Institute of Chartered Accountants of India

xi **Earnings 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.

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

| | MARCH 2010 (₹) | MARCH 2009 (₹) |
|---|--------------------------|--------------------------|
| i. Amount unpaid on investment in shares: - - 5,000 Equity Shares of Parasrampur Synthetics Ltd. | 35,000 | 35,000 |
| ii. 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 ₹470 Million for guarantees issued against pledge of 902,500 shares of the company held by directors and a third party). | 2,542,111,774 | 2,733,335,460 |
| iii. Unexpired letters of credit | 251,265,002 | 103,475,012 |
| iv. Income Tax Demands in appeal | Nil | 7,925,329 |
| v. Corporate Guarantees given to Financial Institutions/ Banks for securing financial assistance for a subsidiary Company and other Company | 2,344,037,361 | 6,501,285,672 |
| vi. Estimated Value of capital commitments (Net of advances) | 313,000,000 | 2,087,700,000 |
| vii. Sales Tax demands* | 1,240,768 | 1,240,768 |
| *To be adjusted against refund granted for ₹13.39 Millions | | |
| viii. Customs Duty | 1,250,000 | 1,250,000 |
| ix. Service Tax Demand | 549,531,062 | 549,531,062 |

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

1. The depreciation has been lower by ₹ 1,177,002/- (Previous Year ₹ 107,673,758/-) to the Consolidated Profit & Loss Account.
2. The profit in the consolidated accounts is higher by ₹ 1,177,002/- (Previous Year ₹ 107,673,758/-) and
3. The fixed assets in consolidated accounts have been stated higher by ₹ 1,177,002/- (Previous Year ₹ 107,673,758/-)

However in the books of Subsidiary Company -Oman, depreciation on Rigs has been changed to 4.75% pa on Straight Line Method (SLM) as against 15% charged in earlier years. This has resulted in a lower depreciation of ₹ 89,032,412/- for the year.

5. The External Commercial Borrowings [ECBs] outstanding :

| | March, 2010 | March, 2009 |
|-----------------------|--------------------|--------------------|
| ICICI (US\$ 44 M) | US\$ 39,998,304 | US\$ 44,000,000 |
| Exim Bank (US\$ 55 M) | US\$ 33,661,281 | US\$ 44,018,599 |

6. Fixed Assets

The registration of leasehold Building acquired is in process

7. Share Capital
a) Preferential Allotment of equity shares

The company has during the year allotted 2,457,895 equity shares of ₹ 10/- each at a premium of ₹ 370/- per equity share to Templeton Strategic Emerging Markets Fund III LDC on preferential basis resulting in increase of Paid Up Share Capital by ₹ 24,578,950 and in Securities Premium amount by ₹ 909,421,150/-

b) **Equity Share Warrants forfeiture**

6,000,000 equity share warrants was issued to promoters on 29th March 2008 on preferential basis. Each warrant was to be converted into 1 equity shares of ₹10/- each at a premium of ₹ 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 had deposited non-refundable amount of ₹ 396,000,000/- towards application money, an amount equivalent to 10% of the total consideration.

These warrant holders were allotted 6,000,000 warrants. However, they did not exercise their right to convert the warrants into equity shares till the expiry of the conversion period. Accordingly the application money of ₹ 396,000,000/- was forfeited by the Company and credited to the Equity Share Warrants Forfeitures Account.

8. **Secured Loans**

- a. Rupee Term Loan from Punjab National Bank of ₹ 48.32 Millions (Previous year ₹ 149.36 Millions) is secured by 1st 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.
- b. Rupee Term Loan from State Bank of Patiala of ₹ 160.94 Millions (Previous year - ₹ 498.57 Millions) is secured by first charge 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's stake.
- c. Rupee Term Loan from Union Bank Of India of ₹ 606.79 Millions (Previous year ₹ Nil) is secured by first pari passu charge on movable fixed assets & further collateral secured by way of pledge of 100,000 shares of the company being part of promoters stake.
- d. Foreign Currency Term Loan ICICI Bank Ltd. of ₹ 1,769.90 Millions (Previous year - ₹ 1,946.86 Millions) 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.
- e. Foreign Currency Term Loan from Export - Import Bank of India (EXIM) of ₹ 1,527.37 Millions (Previous year - ₹ 2,253.06 Millions) is secured by first charge over respective present and future fixed assets acquired from such loans & receivables of the contracts for which the loan has been obtained.
- f. All other term loans from Financial Institutions / Banks except above are secured by way of 1st 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.
- g. All 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 and also 1st charge on Plant & Machinery except on specific plant & machinery of ₹ 22.60 Millions exclusively charged to State Bank of India. The Working Capital Loans from State Bank of India and Punjab National Bank are further secured against pledge of 778,400 and 1,523,500 equity shares of the Company (being part of promoters stake) respectively.
- h. All Term loans & Working capital loans are also personally guaranteed by Shri Prem Singhee, Chairman and Managing Director and Shri Padam Singhee, Joint Managing Director.
- i. Amount repayable (term loans) within one year ₹ 3,418.70 Millions (previous year ₹ 2,924.20 Millions).
- j. Loan in foreign currency ₹ 121.54 Millions (Previous year ₹ 252.44 Millions): 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 policies over Property, Plant and Equipments, Corporate Guarantee and Undertaking from Shiv-Vani Oil & Gas Exploration Services Ltd. (Parent Company).
- k. Deferred Creditors are secured by way of hypothecation of specific assets acquired under hire purchase. A sum of ₹1.37 Millions (Previous year ₹ 51.01 Millions) from United Finance Company, SAOG, Muscat are additionally guaranteed by Shiv-Vani Oil & Gas Exploration Services Ltd. Amount payable within one-year is ₹ 1.37 Millions (Previous year ₹ 48.37 Millions).
- l. Loan in foreign currency ₹ 2,014.37 Millions (Previous year ₹ 2,700.68 Millions) : Term loan from Standard Chartered Bank is secured by way 1st Fixed & Floating Charges on all assets of SV Oil & Natural Gas Ltd. Mauritius.
- m. Loan in foreign currency ₹ 2,925.61 Millions (Previous year ₹ 3,882.39 Millions): Term loan from ICICI Bank Ltd. is secured by first pari passu basis on all assets of Natural Oil & Gas Services Ltd. Mauritius.

- n. Loan in foreign currency ₹ 1,309.06 Millions (Previous year ₹ Nil) : Term loan from DBS Bank Ltd. is secured by first pari passu basis on all assets of Natural Oil & Gas Services Ltd. Mauritius.

9. Others

- i. The company had entered into forward contracts for hedging 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.
- ii. 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.
- iii. The payment of Provident Fund Dues amounting to ₹6,560,365/- (₹ 8,242,628/-), ESI amounting NIL (₹48,076/-), Tax deducted at Source amounting to ₹ 66,099,897/- (₹ 2,173,412/-), Service Tax ₹ 746,938,289/- (₹ 137,558,236/-), VAT ₹ 15,537,418/- (₹ 45,479/-) & Fringe Benefit Tax Nil (₹ 7,284,168/-) Income Tax (A.Y. 2009-10) of ₹ 117,990,355/- and FBT (A.Y. 2009-10) ₹ 380,573/- was delayed. These amounts were later deposited with the appropriate authorities. Figures mentioned in brackets are of previous year.
- iv. Fixed Deposits of ₹ 267.07 Millions (Previous year ₹ 136.88 Millions) are under lien in respect of guarantees / Letters of credit issued by the banks.
- v. The cost in respect of old unusable fixed assets sold/adjusted/impaired amounting to ₹ 64,364,466/- (Previous Year ₹ 39,354,801/-) has been reduced from the gross block.
- vi. Interest on Finance Charges includes ₹ 57,988,228/- paid on account of difference in rates of foreign currency for hedging of interest on ECB.
- vii. The previous years figures have been regrouped / rearranged wherever found necessary. The figures have been rounded off to the nearest rupee.
- viii. Managerial Remuneration*

| | MARCH 2010 | MARCH 2009 |
|--------------------------------|-------------------|-------------------|
| Salary | 17,900,000 | 16,700,000 |
| Accommodation | | |
| - for rent | 1,800,000 | 1,400,000 |
| - for expenses | 993,293 | 860,603 |
| Contribution to Provident Fund | 2,148,000 | 2,004,000 |
| | 22,841,293 | 20,964,603 |

*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.

- ix. The company has during the year imported machinery worth ₹ 326,079,752/- (Previous Year ₹ 2,972,825,915/-) under Essentially Certificate issued by Directorate General of Hydrocarbon, New Delhi for availing zero duty exemption .
- x. The Ministry of Corporate Affairs, Government of India vide its Order No. 47 / 453 / 2010 - CL - III dated 17th May, 2010 issued under section 212(8) of the Companies Act, 1956 has exempted the Company from attaching the Balance Sheet and Profit and Loss Account of its Subsidiaries under section 212(1) of the Companies Act, 1956.
- xi. In case of parent company, future liability of Gratuity for ₹ 43.35 Millions (Previous year - ₹ 30.96 Millions) for employees has been provided in the books of accounts. However the company has now adopted an approved plan for the payment of gratuity based on actuarial valuation carried by Life Insurance Corporation of India.
- xii. 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.

xiii. In view of the certificate for deduction of tax at a lower rate sought u/s 195 of the Income Tax act 1961 from the Income tax department by an overseas party, the TDS on lease rentals on machinery received from such overseas party has been deposited @4.233% instead of 10.5575% by the Company.

In case no certificate is granted to the party, the difference amount of ₹ 31,167,064/- and interest thereon till the date of the payment shall be charged to the accounts in the subsequent year.

xiv. The name of SV Oil & Natural Gas Ltd., Mauritius, a subsidiary company, has been changed to Oriental Oil & Gas Services Ltd. w.e.f. 17th June, 2010.

xv. There are no amounts due and outstanding to be credit to Investor' Education and Protection Fund.

10. 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 |

Relative of Key Management Persons having control or significant influence over the company by reason of voting power

Name of Key Persons

1. Prakash Singhee
2. Mayank Singhee

11. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

| Particulars | 2009-10 | (Amount in ₹) 2008-09 |
|--|---------------|--------------------------|
| a) Numerator | | |
| Net Profit after taxation as per profit & loss a/c | 1,991,152,401 | 1,927,153,672 |
| b) Denominator | | |
| No. of Equity Shares outstanding | | |
| Weighted average of No. of equity shares outstanding | 43,963,212 | 43,902,606 |
| Basic (EPS of face value of ₹10/- each) | 45.29 | 43.90 |

DILUTED EARNINGS PER SHARE

| Particulars | 2009-10 | (Amount in ₹) 2008-09 |
|--|---------------|--------------------------|
| a) Numerator | | |
| Net Profit after taxation as per profit & loss a/c | 1,991,152,401 | 1,927,153,672 |
| b) Denominator | | |
| No. of Equity Shares outstanding | | |
| Weighted average of No. of equity shares outstanding | 43,963,212 | 49,902,606 |
| Diluted (EPS of face value of ₹10/- each) | 45.29 | 38.62 |

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

for **VIJAY PRAKASH GUPTA & ASSOCIATES**

Firm Registration No. 005570N

Chartered Accountants

(Vikas Varshney)

Partner

M.No. 510929

New Delhi

September 1, 2010

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

| | 31 March 2010 (₹) | 31 March 2009 (₹) |
|--|------------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and extraordinary items | 2,601,931,647 | 2,481,824,781 |
| Adjustment for: | | |
| 1. Depreciation | 1,071,609,443 | 502,213,734 |
| 2. FCCB Issue Expenditure Written off | – | 24,849,494 |
| 3. Deferred Revenue Expenditure | 41,728,722 | 27,160,902 |
| 4. Investments (Interest Income) | (13,904,385) | (16,524,470) |
| 5. Interest Expenditure | 1,930,090,375 | 845,842,291 |
| 6. Profit on Sale of Fixed Assets (Net) | (6,441,353) | (29,842,683) |
| 7. Fixed Assets written off | 30,992,272 | 11,553,387 |
| Operating Profit before Working Capital Charges | 5,656,006,721 | 3,847,077,436 |
| 1. Trade & Other Receivables | (2,371,882,666) | 126,694,465 |
| 2. Inventories | 109,678,354 | (638,822,019) |
| 3. Trade Payable & Provisions | 1,231,007,258 | 1,163,263,246 |
| Cash Generation From Operations | 4,624,809,665 | 4,498,213,127 |
| 1. Interest paid | (1,930,090,375) | (845,842,291) |
| 2. Direct Taxes Paid | (453,530,784) | (351,656,977) |
| | 2,241,188,506 | 3,300,713,859 |
| Cash Flow Before Extra Ordinary Items | | |
| 1. Extraordinary items | 196,823,129 | (137,880,139) |
| Net cash From Operating Activities | 2,438,011,635 | 3,162,833,720 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed assets (net) | (6,783,179,759) | (15,967,038,134) |
| Sale of fixed assets | 38,799,726 | 174,215,146 |
| Interest Received | 13,904,385 | 16,524,470 |
| Purchase of Investments | (500,000) | – |
| Net Cash From Investing Activities | (6,730,975,648) | (15,776,298,518) |

| | 31 March 2010 (₹) | 31 March 2009 (₹) |
|--|----------------------|----------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long and short term borrowings | 3,025,394,860 | 13,012,125,040 |
| Increase in Share Capital | 24,578,950 | 4,000 |
| Premium on issue of equity shares | 909,421,150 | - |
| Change in Minority Interest | (6,684) | (4,543) |
| Change in Misc Expenditure | (100,000,000) | 28,500 |
| Net cash flow from financing activities | 3,859,388,276 | 13,012,152,997 |
| Net Increase In cash and Cash Equivalents | (433,575,736) | 398,688,199 |
| Cash and cash equivalents at the beginning | 1,033,631,270 | 634,943,070 |
| Cash and cash equivalents at the closing | 600,055,533 | 1,033,631,270 |

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
September 1, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

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, 2010. 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**
Firm Registration No. 005570N
Chartered Accountants

New Delhi
September 1, 2010

Vikas Varshney
Partner
Membership No.510929

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 AS AT 31.03.2010

| Name of Subsidiary Company | TNG 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 # | |
|---|-------------------------------|--------------------------------|-------------------------------------|---|-------------|------------------------------------|----------|--------------------------|----------|--|---------------|---|--------------|
| | (₹) | (₹) | Omani Rial | (₹) | USD | (₹) | USD | (₹) | USD | (₹) | USD | (₹) | USD |
| 1. Share Capital | 500,000 | 10,000,000 | 500,000 | 58,706,500 | 34,000 | 1,534,760 | 1,573 | 71,005 | 1,573 | 11,400,001 | 514,596,045 | 71 | 3,205 |
| 2. Reserves & Surplus | (111,903) | 389,665 | 3,959,551 | 464,902,762 | 37,061,906 | 1,672,974,437 | (13,474) | (604,199) | (13,385) | 5,462,278 | 246,567,229 | (613,714) | (27,703,050) |
| 3. Total Assets | 388,097 | 10,389,665 | 11,883,195 | 1,395,241,575 | 114,440,718 | 5,165,854,011 | 7,455 | 336,519 | 7,455 | 147,458,056 | 6,656,256,648 | 287,918 | 12,996,619 |
| 4. Total Liabilities | - | - | 7,423,644 | 871,632,313 | 77,344,812 | 3,491,344,814 | 19,356 | 869,712 | 19,267 | 130,595,777 | 5,895,093,374 | 901,561 | 40,696,464 |
| 5. Investments (included in Total Assets) | - | - | - | - | 16,146 | 728,830 | - | - | - | - | - | - | - |
| 6. Total Income | - | 429,000 | 6,577,001 | 772,225,418 | 31,796,185 | 1,435,279,791 | - | - | - | 9,762,760 | 440,690,986 | 42 | 1,896 |
| 7. Profit/(loss) before Tax | (13,640) | 417,985 | 4,086,919 | 479,857,421 | 14,087,602 | 635,914,354 | (6,118) | (276,167) | (6,118) | 6,187,031 | 279,282,579 | (6,412) | (289,438) |
| 8. Provision for Income Tax | - | - | 163,193 | 19,160,980 | - | - | - | - | - | - | - | - | - |
| 9. Profit/ (loss) after Tax | (13,640) | 417,985 | 3,923,726 | 460,696,441 | 14,087,602 | 635,914,354 | (6,118) | (276,167) | (6,118) | 6,187,031 | 279,282,579 | (6,412) | (289,438) |

* The name of SV Oil & Natural Gas Ltd., Mauritius has been changed to Oriental Oil & Gas Services Ltd. with effect from 17-06-2010.

The Foreign currency figures of 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 and Shiv Vani Singapore Pte Ltd., Singapore have been converted into Indian Rupees on the basis of appropriate exchange rates. Exchange rate as on 31st March, 2010*: 1 Omani Rial = ₹117.413; 1 USD = ₹ 45.14

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**

Firm Registration No. 005570N

Chartered Accountants

(Vikas Varshney)

Partner

M.No. 510929

New Delhi

September 1, 2010

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 Limited

Registered Office : Tower 1, 5th Floor, NBCC Plaza, Sector V, Pushp Vihar, Saket, New Delhi-110017