

**14th
Annual Report
2003-2004**



Exploring and Exploiting Oil and Natural Gas



**SHIV-VANI OIL & GAS
EXPLORATION SERVICES LTD.**

(An ISO 9001-2000 Company)

BOARD OF DIRECTORS

Shri Prem Singhee, Chairman & Managing Director
Shri Prateep Kumar Lahiri
Shri Llewellyn Neville Vaz,
Industrial Development Bank of India Ltd. Nominee
Smt. Monisha Krishna, IFCI Ltd. Nominee
Shri Dwarka Das Daga
Shri Om Prakash Garg
Shri Padam Singhee

COMPANY SECRETARY

Shri Vimal Chadha

AUDITORS

M/s Vijay Prakash Gupta & Associates

BANKERS

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

REGISTERED OFFICE

F-213/C, III Floor, Lado Sarai, M.B. Road,
New Delhi - 110 030

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure to submit fourteenth Annual Report together with the audited accounts of the Company for the period ended 31st December 2004.

FINANCIAL RESULTS

(Rupees in lacs)

	Period ended 31.12.2004 (18 months)	Period ended 30.06.2003 (12 month)
Contract Revenue and other Income	13,730	7,735
Profit before Interest, Depreciation and Taxation	4,714	2,443
Interest	1,607	782
Depreciation	1,250	669
Profit before taxation	1,857	992
Provision for tax		
—Current	216	78
—Deferred	158	64
Net Profit after tax	1,483	850
Add surplus brought forward from previous year	4,289	3,539
	5,772	4,389
Appropriation made as under:-		
Transferred to General Reserve	50	50
Transferred to Capital Redemption Reserve	75	50
Surplus carried forward to the next year	5,647	4,289
	5,772	4,389

OPERATING RESULTS

The Company's Contract revenue has increased from Rs. 7,644 lacs last year to Rs. 13,570 lacs during the period ended 31st December, 2004 registering an increase of about 18.34% (annualized). The resultant Profit before Taxation (PBT) has also increased from Rs. 992 lacs to Rs. 1,857 lacs i.e. an increase of 24.80% (annualized).

The net worth has registered an increase of 22.64% from Rs. 8,757 lacs as on 30th June, 2003 to Rs. 10,740 lacs on 31st December, 2004.

DIVIDEND

To conserve the resources for undertaking new projects, your Directors have not recommended any dividend for the period under review.

OPERATIONS REVIEW

All the contracts of the company are running with utmost efficiency. During the period under review, the following new projects have started operations:-

- 2D Seismic Data Acquisition Contract at Passighat, Arunachal Pradesh, awarded by **Oil India Limited**, operation started in December 2004.
- 2Nos. Rigs of 100 Ton and 1 No Rig of 150Ton for providing Workover Services at Sibsagar, Assam, awarded by **ONGC Ltd**, operation started in April, 2004.
- 3 Nos. Rigs of 50 Ton for work over services at Mehsana, Gujarat awarded by **ONGC Limited**, operation started on 1st January 2004, 30th March 2004 and 22nd April 2004 respectively.
- 1 No. Rig of 100 Ton for work over services at Jodhpur, Rajasthan, contract awarded by **Oil India Limited**, operation started on 7th July 2004
- 1 No. Rig of 100 Ton for work over services at Jodhpur, Rajasthan, contract awarded by **Cairn Energy India Limited**, operation started on 9th July 2003.
- Drilling at Ganganagar, Rajasthan for **Essar Oil Limited**, operation started on 23rd December, 2003.

During the period under review 2003-2004, the Company has successfully completed the following Projects:

- Drilling at Ganganagar, Rajasthan for **Essar Oil Limited**.
- Work Over services at Jodhpur, Rajasthan, contract of **Cairn Energy India Limited**.

In addition to above, the following new contracts were awarded:-

- 1No. Rig of 30 Ton for work over services at Shadol, M.P, awarded by **Reliance Industries Limited**.
- 1No. Rig for Deep Well Drilling at Duliajan, Assam, contract awarded by **Oil India Limited**.

DIRECTORS

Shri Dwarka Das Daga, Director of the Company being longest in the office retire by rotation and being eligible, offer himself for re-appointment. His re-appointment is recommended for the approval of the shareholders.

Since 30th October, 2004 Shri Padam Singhee, opted to continue as an ordinary Director, liable to retire by rotation, instead of Executive Director (Whole Time Director).

Shri. Llewellyn Neville Vaz was nominated as a Director on the Board of the Company by Industrial Development Bank of India Limited on 19th May, 2004.

Smt. Monisha Krishna was nominated as a Director on the Board of the company by IFCI Ltd., in place of Shri Ashok Kumar Mehta with effect from 27th January, 2005.

Due to sudden demise of Shri Vidya Bhushan Chadha, he ceases to be director of the Company. The Directors gave regards and appreciated the professional services provided by him and contribution made in the growth of the Company over the last decade

CHANGE OF NAME OF THE COMPANY

In the Extra-Ordinary General Meeting of the members of the Company held on 7th October, 2004, the members approved the new name of the Company i.e Shiv-Vani Oil & Gas Exploration Services Ltd. Thereafter, the Company has got fresh Certificate of Incorporation from the Registrar of Companies, NCT of Delhi w.e.f. 20th October, 2004.

SHARE CAPITAL

During the period under review, the Authorised Share Capital of the Company has been re-classified from 2,50,00,000 Equity Shares of Rs 10/- each and 15,00,000 Redeemable Non-Convertible Preference Shares of Rs 100/- each to 3,50,00,000 Equity Shares of Rs 10/- each and 5,00,000 Redeemable Non-Convertible Preference Shares of Rs 100/- each and consequently the respective capital clauses in the Memorandum of Association of the Company altered with your prior approval in the Extra-Ordinary General Meeting of the members held on 7th October, 2004.

FIXED DEPOSITS

During the year, the Company has accepted deposit of Rs. 90,00,000/- from private placement under Section 58A of the Companies Act, 1956. The deposit as on 31st December 2004 is Rs. 90,00,000/- (Previous year Rs. Nil).

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:-

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

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

AUDITORS

Messers Vijay Prakash Gupta & Associates, Chartered Accountants, the Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the prescribed limits specified under Section 224 (IB) of the Companies Act, 1956.

AUDITORS' REPORT

The observation of the Auditor's Report read with notes to the accounts are self explanatory except to the qualification made in para 4 to the Auditors' Report on Consolidated Financial Statements with respect to note No. 6 regarding treatment of Rs.1,04,37,537/- recoverable toward balance contribution against share capital of a subsidiary company.

On the same, the Board has viewed that the accounts of subsidiary company are made in accordance with international accounting standards and Oman Commercial Company Law, according to which effect of necessary treatment towards the balance account receivable against the contracted capital of the subsidiary Company has been given in the books of account of the subsidiary company. However since no such provisions exists in Indian Accounting Standard, no provision has been made by the parent company while consolidating the accounts.

CORPORATE GOVERNANCE

A separate report on Corporate Governance as prescribed under the Listing Agreement is annexed as part of this report, along with the Auditor's Certificate on its compliance.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

PARTICULARS OF EMPLOYEES

There is no employee covered under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

This additional information regarding conservation of energy, technology absorption, foreign exchange earnings and outgo, stipulated under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is appended hereto and forms part of the report:-

(A) CONSERVATION OF ENERGY

- (a) Energy conservation is ongoing process and there is a continuous program to create awareness and motivate the employees to conserve energy. The various measures taken by the company are as under:
 - I. Wherever possible local power connections were tapped and the running of generators is minimal.
 - II. Inefficient Engines have been replaced with new ones for the efficient and economic running.
 - III. All the engines are maintained properly to keep the fuel consumption minimal.
 - IV. Running of automobiles is controlled by reducing possible trips and locating the working crew close to work spot.
- (b) Additional investment and proposals for reduction of consumption of energy:-
 - I. Utilization of energy sources with over capacity is limited/zeroed.
 - II. Additional manpower is deployed for maintenance of the equipment to optimize their utilization.
 - III. Induction of new equipment contributed to reduction of number of existing operating unit for the same output.
- (c) Impact of the above measures

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

(B) TECHNOLOGY ABSORPTION

(a) RESEARCH & DEVELOPMENT

- (i) Specific areas in which R&D carried out by the Company:-

New technologies have been introduced in shot hole drilling to overcome difficulties in the retention of the hole drilled through boulder beds. These are :

 - a) Odex System for truck mounted and man-portable operations.
 - b) Guiding bit for casing of the hole while drilling.
 - c) Different types of mud additions are introduced to avoid collapse of formation.
- (ii) Benefits derived as a result of R & D :-
 - (a) Reduction in the "loss of depth" in drilled holes.
 - (b) Increased acceptance of shot holes leading to enhanced production.
 - (c) Introduction of carts for faster and easier mobilization of man - portable equipment.

(iii) Future plan & action

The Company is planning to streamline the operations and improve productivity per unit per man operation.

(iv) Expenditure as R & D :-

Capital	:	Around Rs. 10 lakhs
Recurring	:	Rs. 6 lakhs
Total	:	Rs. 16 lakhs
Total R & D expenses		
as a % of total turnover	:	0.11%

(b) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

(i) Efforts made toward technology absorption, adaptation & innovation

- a) Indigenous development of drilling units, modules have been adapted.
- b) International standard has been observed in the adoption and manufacture of new items. Drilling technology is indigenous.

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

Improved quality, time efficiency and cost reduction.

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

— Technology imported	—	Shot hole drilling, Work Over Services and Deep Drilling
— Year of Import	—	1994 - 1998
— Has technology been fully absorbed	—	Almost. A small fraction of the Technology is still to be outsourced and this much small percentage will always be out-sourced due to fast development in the International arena and to develop full fledged technology indigenously for a small volume is difficult and not viable.
— If not fully absorbed, areas where this has not taken place, reason & future plans of action.	—	Not Applicable

(c) FOREIGN EXCHANGE EARNING & OUTGO

	2003-04 (Rs.) (18 months)	2002-03 (Rs.) (12 months)
(i) Foreign Exchange Earnings :	Nil	7,69,03,000
(ii) Foreign Exchange Outgo :		
— On Investment	4,57,64,130	Nil
— On Capital goods	24,529,821	1,00,87,500
— On Foreign traveling	3,718,153	20,94,864
— On Stores & Spares	99,429,889	78,14,926

AMALGAMATION AND MERGER

The Company is under process of amalgamation of SVUL Projects Limited, a Company incorporated under Companies Act, 1956 with our Company with effect from the appointed date, i.e. 1st April, 2004.

SUBSIDIARY COMPANIES

The Company has incorporated following subsidiaries Companies during the year under review:-

- a) Shiv-Vani Oil & Gas LLC, Oman
- b) SV Oil & Natural Gas Limited, Mauritius.

to execute the contract awarded by Petroleum Development Oman (PDO) for deployment of 2 Nos. Drilling and 2 Nos. Work Over Rigs in the Sultanate of Oman. Out of 4 Rigs, 3 Rigs have started operations on 7th April, 2005, 20th April, 2005 and 17th May, 2005.

The members may refer to the statement under section 212 of the Companies Act, 1956 for further information of these subsidiaries.

The Company has made an application to Central Government for seeking exemption from attaching the financials of subsidiary companies with the Annual Accounts of the Company. The members may, if they desire, write to the Company Secretary at the Company's registered office for giving a copy of the subsidiary financials.

CONSOLIDATED ACCOUNTS

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

Sales	Rs. 1,37,30,60,573
Profit before Tax	Rs. 17,00,34,472
Total Assets employed	Rs. 3,25,88,54,603
Total Shareholders Fund	Rs. 1,05,83,07,371

LISTING/DELISTING OF EQUITY SHARES

The Company's Shares are listed at Delhi and Mumbai Stock Exchanges. The listing fees to all the Stock Exchanges have been paid for the year 2004-2005. The Company is pursuing listing of its securities at National Stock Exchange (NSE) because with its extensive connectivity, investors have access to dealings in the equity shares of the company all over the country.

As approved by you, the shares of the company have been got delisted from Jaipur Stock Exchange Limited w.e.f. 20th December, 2004 and the application for delisting of securities is in process with Calcutta Stock Exchange.

PERSONNEL

The Board expresses its deep appreciation to all employees in the Company for their outstanding contribution to the growth of the business during the year.

Industrial relations in the Company remained cordial during the year under review.

ACKNOWLEDGEMENTS

The Board placed on record their appreciation for the valuable support and co-operation of the Central and State Governments, the Financial Institutions, Banks, Government Agencies, Suppliers and shareholders and look forward to their continued support in future.

For and on behalf of the Board

**New Delhi
May 24, 2005**

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

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT

Foreseeing the increase in the consumption of hydrocarbons and indigenous production remaining static, Government of India is announcing New Exploration Licensing Policy (NELP) from time to time to increase the participation of Private Sector. The Government has already awarded a total of about 90 blocks under the previous four rounds. Under the present NELP - V round 20 blocks are under offer in the deep and shallow off-shore waters and inland.

The exploration wings of the Government are aggressively going abroad to acquire exploration acreage's to make sure the availability of hydrocarbons to India without any hindrance.

As a result, there has been an increase in exploration and exploitation activities and thereto an increase in the net availability of hydrocarbons to the ever increasing demand.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

The operations of the Company are subject to general business risk, economic conditions and competition in the hydrocarbon industry. The change in government policies could also effect the profitability of the Company. Globalization offers unlimited opportunities, but the same is coupled with threats from the competitors abroad.

OUTLOOK

The global economy is expected to show strong growth rates and this will drive the exploration and development of oil reserves. High oil prices which are cash generative further enable oil companies to increase capital expenditure. With strong crude forecasts, Companies seeks to hasten reserve exploration and capitalize on high realization.

Within India there is an increased demand for oil field equipment due to increased activities of oil sector government undertaking such as ONGC Ltd., Oil India limited, apart from Private players like Cairn Energy, Reliance Industries, GSPCL, NIKO Resources etc. Recently the Company has been awarded a contract for well drilling in Assam by Oil India Limited and a second contract is awaited.

Foreign companies who have been awarded contracts and are contesting for contracts in India need Indian collaborations like Shiv-Vani having rich experience, team of experts, infrastructure with an excellent base to face the Indian conditions and working culture. These assets were fully utilized by our erstwhile collaborators Viz, Geophysics Tarun, a Polish company and TNGF, a Russian Company.

With the opening of more and more services, Shiv-Vani is exploring the possibility to form joint ventures to take up new assignments.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorised, recorded and reported correctly.

Regular internal audits by independent Chartered Accountants are being carried out to ensure proper internal control system.

Management continuously reviews the internal control systems and procedures to ensure orderly and efficient conduct of business. A strong internal audit service and effective Audit Committee of the Board have strengthened the internal control system within the organization.

HUMAN RESOURCE DEVELOPMENTS/INDUSTRIAL RELATIONS

Our employees are the backbone of our organization. The Company recognizes the importance and contribution of its human resource for its growth and development and is committed to the development of its people.

Our efforts to instill the competency driven culture have resulted in much more dynamic and result oriented human capital throughout the organization.

Industrial Relations have continued to be harmonious at the unit throughout the year. Measures for safety of employees, training, welfare and development continued to receive top priority.

CAUTIONARY STATEMENT

This report contains certain 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those that are expressed or implied in the event of changes in the assumptions/market conditions.

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE ON GOVERNANCE

Corporate Governance, in our view, relates to systems and processes that direct corporate resources and management strategies towards maximizing value for stakeholders while ensuring accountability, probity and openness in the conduct of business within the acceptable legal and ethical framework. A good governance process should thus provide sufficient transparency over corporate policies, strategies and the decision making process while strengthening internal control systems and building relationship with stakeholders, including employees and shareholders. The adherence to good governance practices in true spirit, not just in letter, will help align interests of shareholders, enhance investor confidence and provide access to cheaper capital, in turn facilitating the creation of superior value on a sustainable basis.

In this context, our Company has been striving for excellence through adoption of best governance and disclosure practices over the last few years. The Company has been making significant disclosures on the Board composition and functioning, management thoughts on business performance and outlook as well as the significant risks and protective measures taken by the Company.

Compliance with the SEBI Code on Corporate Governance

- The Board should have an optimum combination of Executive and Non-executive Directors and at least 50% of the Board should comprise of Non-Executive Directors. Further, at least one third of the Board should comprise of independent Directors where Chairman is non-executive and at least half of the Board should be independent in case of an executive Chairman.

Your Company's Board comprises of seven Directors including executive Chairman. Out of this, six Directors are non-executive and four Directors are independent, including nominees of Industrial Development Bank of India Ltd. and IFCI Limited.

Particulars of present Directors of the Company and their directorship in other Companies, Membership/ Chairmanship in committees across all companies in which they are directors:-

Name of the Director	Category	Number of other Committees		No of other Directorship held
		Membership	Chairmanship	
Shri Prem Singhee	Executive (Chairman & Managing Director) Promoter	-	-	4
Shri Padam Singhee	Director - Promoter	-	-	4
Shri Prateep Kumar Lahiri	Independent Non- Executive	1	1	2
Shri Llewellyn Neville Vaz	Independent - Nominee Industrial Development Bank of India Limited	1	-	1
Smt Monisha Krishna	Independent Nominee IFCI Limited	-	-	-
Shri Dwarka Das Daga	Non Independent Non Executive	-	-	5
Shri Om Prakash Garg	Independent Non Executive	-	-	7

None of the Non-Executive / Independent Director except Shri Padam Singhee has any pecuniary relationship with the company except sitting fees for attending Board/Audit/Committee meetings from the Company, details of which are furnished later in the Report.

There are no pecuniary relationship or transactions of independent directors vis-à-vis the Company.

Shri Prem Singhee and Shri Padam Singhee are brothers. Shri Dwarka Das Daga is father in law of Shri Prem Singhee.

Chairman & Managing Director

The Company has one Chairman & Managing Director, who is responsible for overall management, planning, policy, strategy, operations, marketing, sales and matters related to the Board.

Retirement of Directors

Chairman & Managing Directors is not subject to retirement by rotation but hold office for five years and are eligible for re-appointment. The non-executive/independent directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

II Board Meetings

The Board Meetings should be held at least four times in a year, with a maximum time gap of four months between any two meetings and all information recommended by SEBI Committee should be placed at the Board.

The Board of Directors of your Company met 17 times during the period ending 31st December, 2004. The agenda papers were circulated to the Directors at least 7 days before the meeting with sufficient information as required to be given pursuant to Clause 49 of the Listing Agreement.

Date of the Board Meeting	Place of the Meeting	Directors	
		Number	Present
31st July, 2003	New Delhi	8	6
27th October, 2003	New Delhi	8	7
19th November, 2003	New Delhi	8	5
24th December, 2003	New Delhi	8	5
29th January, 2004	New Delhi	7	6
13th February, 2004	New Delhi	7	4
23rd March, 2004	New Delhi	7	5
6th April, 2004	New Delhi	7	4
7th April, 2004	New Delhi	7	4
28th April, 2004	New Delhi	7	3
18th May, 2004	New Delhi	7	3
15th June, 2004	New Delhi	7	4
29th July, 2004	New Delhi	7	5
9th September, 2004	New Delhi	7	5
30th October, 2004	New Delhi	7	4
10th November, 2004	New Delhi	7	3
21st December, 2004	New Delhi	7	3

III Attendance at the Meetings

Name of the Director	No of Board Meeting		Attended last AGM
	Held	Attended	
Shri Prem Singhee	17	10	No
Shri Padam Singhee	17	17	Yes
Shri Om Prakash Garg	17	7	No
Shri Prateep Kumar Lahiri	17	5	No
Shri Vidya Bhushan Chadha	17	14	Yes
Shri Ashok Kumar Mehta (Nomination Withdrawn on 29.07.04)	12	11	Yes
Smt Monisha Krishna (Appointed in January 2005)	—	—	—
Shri Llewellyn Neville Vaz (Appointed on 29.07.04)	5	5	—
Shri Dwarka Das Daga	17	8	Yes
Shri Harwant Singh Cheema (not appointed in the last AGM held on 24th December, 2003).	4	—	—

IV Membership of Board Committee

None of the Director hold membership in more than 10 committees or act as Chairman of more than 5 committees, across all companies in which he/she is a director.

C. AUDIT COMMITTEE

Your Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 II (c) and (D) of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. The Audit Committee comprises of following directors :-

- 1 Shri Om Prakash Garg, Chairman
- 2 Shri Llewellyn Neville Vaz, Nominee, Industrial Development Bank of India Ltd.
- 3 Ms Monisha Krishana, Nominee IFCI Limited
- 4 Shri Padam Singhee, Non Independent Director

During the period under review, the Audit Committee of the Board met seven times to deliberate on various matters :-

Name of the Director	Position held	Meetings held	Meetings attended
Shri Vidya Bhushan Chadha (expired in 29th January, 2005)	Chairman	7	7
Shri Llewellyn Neville Vaz (appointed on 19th May, 2004)	Member	7	2
Mrs Monisha Krishna (Appointed on 27th January, 2005)	Member	—	—
Shri Padam Singhee	Member	7	7
Shri Ashok Kumar Mehta (Nomination withdrawn in June, 2004)	Member	7	5
Shri Om Prakash Garg	Member	7	4

The Chairman of the Audit Committee was present at the Annual General Meeting of your company held on 24th December, 2004.

The Company Secretary, acted as Secretary to the Committee.

D. REMUNERATION COMMITTEE

Your Company has a Remuneration Committee, presently consisting of Shri Om Prakash Garg, Chairman, Mrs Monisha Krishna, IFCI Nominee and Shri Llewellyn Neville Vaz, Industrial Development Bank of India Limited Nominee. It was constituted to formulate and recommend, the remuneration of directors. During the period under review, no meeting of this committee was held, as it was not considered necessary.

The Non Executive Directors are entitled to sitting fee and conveyance only.

The details of the remuneration paid during the period ended 31st December, 2004 is given below:-

Name of the Director	Sitting fee (Rs.)	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Shri Prem Singhee	-	21,72,800/-	9,12,184/-	30,84,984/-
ShriHarwant Singh Cheema	-	-	-	-
Shri Prateep Kumar Lahiri	7,500/-	-	-	7,500/-
ShriVidya Bhushan Chadha	30,000/-	-	-	30,000/-
Shri Ashok Kumar Mehta	24,000/-	-	-	24,000/-
Shri Dwarka Das Daga	12,000/-	-	-	12,000/-
Shri Om Prakash Garg	16,500/-	-	-	16,500/-
Shri Padam Singhee	-	-	-	-
Shri Llewellyn Neville Vaz	12,000/-	-	-	12,000/-

E. SHAREHOLDERS GRIEVANCE COMMITTEE

Your Company has a Shareholders' Grievance Committee at the Board level to look into the redresses of shareholders complaints, monitoring expeditious redresses of their grievance, and such other matters as may be delegated to committee by the Board of Directors of the Company from time to time.

Presently the members of the Committee are Shri Dwarka Das Daga - Chairman, Shri Llewellyn Neville Vaz and Mrs Monisha Krishna inectas. Shri Vidya Bhushan Chadha expired on 29th January, 2005.

The Company Secretary acts as a Secretary to the Committee.

F. SHARE TRANSFER COMMITTEE

The Share Transfer Committee met 33 times in the period from 1st July, 2003 to 31st December, 2004. The Minutes of each Share Transfer Committee meetings were placed before the meeting of the Board.

The Share Transfer Committee consists of the following members:-

- (i) Shri Padam Singhee, Chairman
- (ii) Shri Om Parkash Garg
- (iii) Shri DwarkaDas Daga
- (iv) Shri Vidya Bhushan Chadha (expired on 29th January, 2005)

Name and Designation of Compliance Officer :

Shri Vimal Chadha - Company Secretary

G. COMMITTEE FOR ROUTINE TRANSACTIONS

The Committee of the Board met five times during the year. The Committee of the Board consists of following members:-

- (i) Shri Prem Singhee, Chairman
- (ii) Shri Padam Singhee
- (iii) Shri Om Prakash Garg
- (iv) Shri Vidya Bhushan Chadha (expired on 29th January, 2005)

The Company Secretary acts as a Secretary to the Committee.

The minutes of the Committee Meetings are placed before the Meeting of the Board.

None of the Directors of your Company is a member of more than 10 committees or Chairman of more than 5 committees across all companies in which he is a Director as referred above in this report.

H. GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings and one Extra-Ordinary General Meeting :-

Year	Location of the Meeting	Date	Type of Meeting	Time
2001	Panchvati Farm, Village Raghavpur, Post Chawla, New Delhi - 110071.	22nd December	11th AGM	12.30 p.m.
2002	-do -	23rd December	12th AGM	12.30 p.m.
2003	-do-	24th December	13th AGM	11.30 a.m
2004	-do-	7th October	EGM	12.00 (Noon)

EXTRA-ORDINARY GENERAL MEETING

Special Resolution was passed for the change in the name of the Company from Shiv-Vani Universal Ltd. to Shiv-Vani Oil & Gas Exploration Services Limited. The new name became effective from 20th October, 2004.

Special Resolution was also passed for re-classification of the Authorised Share Capital of the Company.

POSTAL BALLOT

During the period ending 31st December, 2004, the Company had adopted Postal Ballot route as per the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, read with Section 192A of the Companies Act, 1956, for passing of following resolutions :-

- (a) Increase in the limits under Section 372A of the Companies Act, 1956;
- (b) Consent for entering into a joint venture with WJ Towell & Co. LLC;
- (c) Consent for investment in the Joint Venture.

The postal ballot exercise was conducted by Shri D P Gupta, Practising Company Secretary as Scrutinizer.

The result was as under :-

	Votes cast in favour of	Votes cast against
Resolution No 1	49,92,905	300
Resolution No 2	49,93,205	—
Resolution No 3	49,93,105	100

Accordingly the special resolutions set out in the Notice dated 19th November, 2003 were declared to have been passed on 9th January, 2004 and the result was published in Financial Express and Jansata (Hindi) on 12th January, 2004.

I. OTHER DISCLOSURES

- (i) Disclosure on the materially significant related party transaction i.e. transactions of the Company of material nature, with its promoters, Directors or the management their subsidiaries or relatives etc., that may have potential conflict with the interest of the company at large:

None of the transactions with any of the related Party were in conflict with the interest of the company. The related party disclosure is annexed to and forms part of the accounts for the period ending 31st December, 2004. (Refer Schedule 18 at S.No. 13).

- (ii) Details of non compliance by the Company, penalties, strictures imposed on the company by Stock Exchange of SEBI or any statutory authority, on any matter related to capital markets during the last three year:

The Company has complied with the requirement of regulatory authorities on matters related to capital market during the last three year. There were no penalties, strictures imposed on the Company by Stock Exchange of SEBI or any statutory authority.

J. MEANS OF COMMUNICATION

- (i) At present, half-yearly reports are not being sent to each shareholder:-
- (ii) Quarterly results are normally published in the following newspapers:-
- (a) The Financial Express (English)
 - (b) Jansatta (Hindi)
- (iii) Quarterly results and Shareholding pattern are displayed on Company's web site at www.shiv-vani.com
- (iv) Management Discussion and Analysis Report forms part of the Annual Report.

K. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with the SEBI Regulations on prevention of Insider Trading, the Company has adopted a code of conduct for its Directors and designated employees. The code lays down guidelines which includes procedures to be followed and disclosures to be made while dealing into the shares of the Company.

L. SECRETARIAL AUDIT

Shri D P Gupta, Practicing Company Secretary carried out secretarial audit on quarterly basis to reconcile the total admitted capital with 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 in physical form and the total number of dematerialised shares held with NSDL and CDSL.

M. GENERAL SHAREHOLDERS INFORMATION

- (a) Annual General Meeting to be held
- | | | |
|-------|---|---|
| Date | : | 23 June, 2005 |
| Day | : | Thursday |
| Time | : | 11.30 a.m. |
| Venue | : | Panchvati Farm, Village Raghavpur, Post Chhawla, New Delhi-110071 |

- (b) Financial Calendar (Tentative)
- Financial reporting for the quarter ending March 31, 2005
End -April, 2005
 - Financial reporting for the quarter ending June 30, 2005 :
End-July, 2005
 - Financial reporting for the quarter ending September 30, 2005 :
End-Oct., 2005
 - Financial reporting for the quarter ending December 31, 2005 :
End-Jan., 2006
- (c) Book Closure Date : 21st June, 2005 to 23rd June, 2005
(Both days inclusive)
- (d) Registered Office : F-213/C, III Floor, Lado Sarai,
M B Road, New Delhi - 110030
Tel: 2952 1585, 29523092
Fax: 011-2952 1586-87
Email: mail@shiv-vani.com
- (e) Dividend payment date : To conserve the funds for working capital needs, no dividend is proposed this year.
- (f) Listing of securities
1. The Delhi Stock Exchange Association Limited
DSE House, 3/1, Asaf Ali Road,
New Delhi - 110002
 2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai - 400 001
 3. The Calcutta Stock Exchange Association Limited
7, Lyons Range,
Kolkotta - 700 001
- (g) Listing Fees for the year 2004-2005 has been paid to Delhi Stock Exchanges and Mumbai Stock Exchange. An application for de-listing of shares of the company from The Calcutta Stock Exchange Association Limited is in process.
- (h) Stock Code
- Bombay Stock Exchange
(Physical & Demat) 522175
 - Delhi Stock Exchange 19341
- (i) Share Transfer System:

The shares sent for transfer in physical form are registered in the name of transferee provided the necessary documents are in order.

Requests for de-materialisation of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited. (CDSL).

(j) Break-up of shares in physical and Demat segment as on 31st December, 2004

Segment	No of shares	% of shareholding
Physical	14918488	68.98
Demat	6708412	31.02
Total	21626900	100.00

(k) Distribution of shareholding: -

The shareholding distribution of Equity Shares as on 31st December, 2004 is given below:-

S.No.	Holding of Nominal Value of Rs.	Number of shareholders	Number of shares	%age of total
1	Upto 5,000	8378	13137730	6.075
2	5001-10,000	387	3223000	1.490
3	10,001-20,000	169	2645700	1.223
4	20,001-30,000	49	1261690	0.583
5	30,001-40,000	21	750620	0.347
6	40,001-50,000	21	980240	0.453
7	50,001-1,00,000	22	1738230	0.840
8	100,001 and above	112	192531790	89.024
TOTAL		9159	216,26,900	100.000

(l) Pattern of shareholding as on 31st December, 2004 :

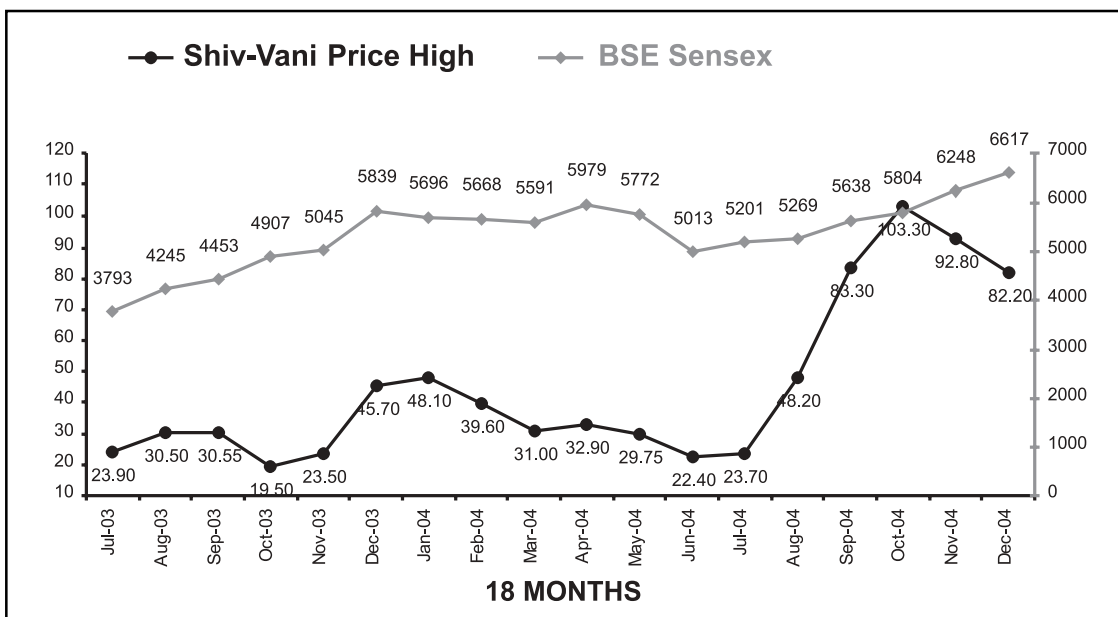
Category	No of Shareholders	No of shares held	Voting strength(%)
Promoters & their families	85	1,55,68,000	71.98
Public			
Individuals	8,387	24,60,395	11.38
Body Corporates	257	33,69,885	15.58
NRIs	429	1,95,620	0.90
Banks	1	33,000	0.15
FIs	Nil	Nil	
	9,159	2,16,26,900	100

(m) Stock Market Data

Monthly High and Low quotations of shares traded at Mumbai Stock Exchange for the period from July 2003 to 31st December 2004 are as under :-

Year 2003-04	Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)
July, 2003	23.90	16.50
August, 2003	30.50	17.40
September, 2003	30.55	17.40
October, 2003	19.50	13.10
November, 2003	23.50	12.55
December, 2003	45.70	17.30
January, 2004	48.10	28.05
February, 2004	39.60	25.75
March, 2004	31.00	22.20
April, 2004	32.90	28.00
May, 2004	29.75	20.00
June, 2004	22.40	16.25
July, 2004	23.70	15.20
August, 2004	48.20	22.00
September, 2004	83.30	36.00
October, 2004	103.30	71.00
November, 2004	92.80	72.50
December, 2004	82.20	65.20

INDEX COMPARISON - SHIV-VANI VS. BSE SENSEX



(n) Plant location

The works of the Company varies from place, depending upon the orders received from time to time.

(o) Compliance Officer

The name and designation of the Compliance Officer is Mr. Vimal Chadha, Company Secretary. His contact number is 29521585 & 86 Extention No 128. The shareholders can get in touch with the Compliance Officer on all legal and Secretarial matters relating to the Company.

(p) Address for correspondence

Shiv-Vani Oil & Gas Exploration Services Limited
Regd. Office : F-213/C, IIIrd Floor, Lado Sarai, M. B. Road, New Delhi-110 030.

OTHER USEFUL INFORMATION FOR SHAREHOLDERS

- (a) The amount of unclaimed dividend for and upto the financial year 31st March, 1995 has already been transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.
- (b) Pursuant to Section 205A of the Companies Act, 1956 the amount of unpaid or unclaimed dividend relating to the financial year 30th June, 1996 and 30th June, 1997 have been transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government under the Companies Act, 1956. The due date for transfer of unpaid or unclaimed dividend for the financial year 30th June, 1997 to the Investor Education and Protection Fund (IEPF) is 14th February, 2006. Therefore, the shareholders who have not claimed the dividend for the year 1996-97 may contact the Company Secretary for payment. It may be noted that once the unclaimed dividend is transferred to the aforesaid fund, no claim shall be entertained in respect thereof either by the company or by the said fund.
- (c) Members/Beneficial owners are requested to quote their Folio No./D.P. & client ID Nos. as the case may be in all correspondence with the Company.
- (d) Members holding shares in physical form are requested to notify to the company, change in their address and bank details.
- (e) Beneficial owners of shares are requested to send their instructions regarding change of address, bank details, nomination, power of attorney etc. directly to their DP as the same are maintained by the DPs.
- (f) Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in companies. Members, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nomination in the prescribed nomination form.

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER
CLAUSE 49 OF THE LISTING AGREEMENT (S)**

We have examined the compliance of conditions of corporate governance by Shiv-Vani Oil & Gas Exploration Services Limited for the period ended on 31st December, 2004, as stipulated in clause 49 of the listing agreement of the said company with stock exchanges (s).

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the shareholders/investors grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Place : New Delhi
Date : May 24, 2005**

**V. P. Gupta
Partner
Membership No. : 84420**

AUDITORS' REPORT

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

We have audited the attached Balance Sheet of **Shiv-Vani Oil & Gas Exploration Services Ltd.** as at 31st December, 2004 and also the annexed Profit and Loss Account and the Cash Flow Statement for the period ended on that date (together referred to as 'Financial Statements'). These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that :

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. 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;
- iii. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on 31st December, 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2004 from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2004,
 - (b) in the case of Profit and Loss Account, of the Profit of the Company for the period ended on that date and
 - (c) in case of Cash Flow Statement, of the cash flows for the period ended on that date.

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

**Place : New Delhi
Date : May 24, 2005**

**V. P. Gupta
Partner
Membership No. : 84420**

ANNEXURE

ANNEXURE REFERRED TO IN PARAGRAPH ABOVE OF OUR REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available.
(b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year, were not substantial and, therefore, it does not affect the going concern assumption.
2. (a) As explained to us, the inventory of store & spare parts, 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 size 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 the business.
(c) The company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory, as compared to book records.
3. (a) As per the information & explanation given to us and the records produced to us for our verification the company has neither taken nor granted any loans, secured or un-secured, to/from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
(b) According to the information and explanations given to us, we are of the opinion that the rate of interest and the term and conditions of loans taken by the company are not prima facie prejudicial to the interest of the company. Also the company is regular in payment of principal and interest. If the overdue amount is more than Rs.1 Lac, reasonable steps has been taken by the company for the payment of the principal and interest.
4. In our opinion and according to the information and explanation given to us, there is an adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of store & spare parts, plant & machinery, equipment and other assets and for the sale of service. In our opinion and according to the information and explanation given to us, we have not observed any continuing failure to correct major weaknesses in internal control.
5. (a) As per the audit procedure applied by us and according to the information & explanation given to us, the transactions which are required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) As per the audit procedure applied by us and according to the information & explanations given to us, with respect to the transactions as entered in the register maintained under section 301, exceeding the value of Rs 5 lacs in respect to any party during the financial year, the prices at which these have been made are reasonable having regard to the prevailing market price at that time.
6. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 58 A and 58 AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

7. In our opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.
8. Maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
9. (a) The company is regular, except in respect of Provident Fund of Rs.52,33,791/- and Tax Deducted at source of Rs 52,39,450/- in depositing the undisputed dues including Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Excise duty, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed statutory dues were outstanding as at 31st December 2004 in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess which for a period of more than six months from the date they became payable.

(b) Following are the details of disputed Income Tax that have not been paid to the concerned authority

Name of the statute	Nature of Dues	Amount (Rs.)	Forum where dispute is pending
Income Tax	Penalty u/s 271(1C)	39,16,023/-	ITAT (Tribunal)

10. There are no accumulated losses as at the end of the year. The company has not incurred any cash losses during the current financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books of account examined by us, the company has not defaulted in the repayment of dues of financial institutions or to the banks or to the debenture holders.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a Chit fund, Nidhi or mutual benefit Society. Hence the requirement of item (xiii) of paragraph 4 of the Order is not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments and so the provision of this clause are not applicable to the company.
15. According to the information and explanations given to us, the company has given counter guarantee against the guarantees issued by the company's bankers to Oil & Natural Gas Corp. Ltd (ONGC) & Oil India Ltd (OIL).
16. As per information and explanations given to us, term loans raised during the year by the company have been applied for the purpose for which said loans were raised.
17. According to the information and explanations given to us and as per the books and records examined by us, as on the date of balance sheet, funds raised on short-term basis have not been used for long-term investment. Similarly, no funds raised on long term basis have been used for short-term investment.
18. The company has not made any preferential allotment to the parties and companies covered in the register maintained under section 301 of the Act. According to the information and explanations 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.

19. The company has not issued any debentures. Hence the requirement of clause (xix) of paragraph 4 of the order is not applicable to the company.
20. The company has not raised any money through public issue during the year. Accordingly, Clause 4(xx) of the order is not applicable.
21. According to the information and explanations given to 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, noticed and reported during the year.

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

**Place : New Delhi
Date : May 24, 2005**

**V. P. Gupta
Partner
Membership No. : 84420**

BALANCE SHEET AS AT 31st DECEMBER, 2004

Particulars	Schedule No.	As at 31.12.2004 (Rs.)		As at 30.06.2003 (Rs.)	
SOURCES OF FUNDS					
SHAREHOLDERS' FUND					
SHARE CAPITAL	1	26,62,36,000		24,79,65,372	
RESERVES & SURPLUS	2	80,77,68,377	1,07,40,04,377	62,78,80,435	87,58,45,807
DEFERRED TAX LIABILITY			6,34,14,397		4,76,19,680
LOAN FUNDS					
SECURED LOANS	3	77,81,95,089		60,37,30,195	
UNSECURED LOANS	4	14,36,47,674	92,18,42,763	3,40,21,000	63,77,51,195
TOTAL			2,05,92,61,537		1,56,12,16,682
APPLICATION OF FUNDS					
FIXED ASSETS					
GROSS BLOCK	5	1,92,96,11,535		1,51,93,50,863	
LESS : DEPRECIATION		45,16,81,331		32,92,38,442	
NET BLOCK		1,47,79,30,204		1,19,01,12,421	
CAPITAL WORK-IN-PROGRESS		55,10,000	1,48,34,40,204	—	1,19,01,12,421
INVESTMENTS	6		5,91,52,438		1,08,18,000
CURRENT ASSETS, LOANS & ADVANCES					
INVENTORIES	7	3,10,51,370		2,21,30,167	
SUNDRY DEBTORS	8	36,62,02,792		31,10,21,460	
CASH & BANK BALANCES	9	3,76,67,525		2,90,10,357	
LOANS & ADVANCES	10	16,68,90,390		8,47,71,126	
		60,18,12,077		44,69,33,110	
LESS : CURRENT LIABILITIES & PROVISIONS					
CURRENT LIABILITIES	11A	4,82,25,861		7,06,05,795	
PROVISIONS	11B	3,69,21,815		1,61,86,105	
		8,51,47,676	51,66,64,401	8,67,91,900	36,01,41,210
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
PRELIMINARY EXPENSES		4,494	4,494	1,45,051	1,45,051
TOTAL			2,05,92,61,537		1,56,12,16,682
NOTES TO THE ACCOUNTS					
	18				

Schedules referred to above form an integral part of the accounts.

As per our report of even date
For **VIJAY PRAKASH GUPTA & ASSOCIATES**
Chartered Accountants

V. P. Gupta
Partner
M. No. 84420

For and on behalf of Board

Prem Singhee Chairman & Managing Director

Padam Singhee Director

Vimal Chadha Company Secretary

New Delhi
May 24, 2005

PROFIT & LOSS ACCOUNT FOR PERIOD ENDED 31ST DECEMBER, 2004

Particulars	Schedule No.	For the period ended 31.12.2004 (Rs.)	For the year ended 30.06.2003 (Rs.)
TOTAL INCOME			
OPERATIVE INCOME	12	1,35,69,68,307	76,44,02,841
OTHER INCOME (GROSS)	13	1,60,70,223	90,99,829
		1,37,30,38,530	77,35,02,670
EXPENDITURE			
DIRECT EXPENSES	14	73,80,14,823	43,79,67,156
PERSONNEL EXPENSES	15	8,17,39,702	4,53,65,116
ADMINISTRATIVE & OTHER EXPENSES	16	8,18,61,955	4,58,48,263
INTEREST	17	16,06,58,371	7,81,72,858
DEPRECIATION		12,50,32,200	6,68,91,064
	TOTAL	1,18,73,07,051	67,42,44,457
PROFIT FOR THE YEAR		18,57,31,479	9,92,58,213
LESS : PROVISION FOR INCOME TAX			
- CURRENT		2,15,97,442	78,16,584
- DEFERRED		1,57,94,717	64,51,609
PROFIT AFTER TAX		14,83,39,320	8,49,90,020
SURPLUS AS PER LAST BALANCE SHEET		42,89,23,208	35,39,33,188
PROFIT AVAILABLE FOR APPROPRIATIONS		57,72,62,528	43,89,23,208
APPROPRIATIONS			
TRANSFER TO GENERAL RESERVE		50,00,000	50,00,000
TRANSFER TO CAPITAL REDEMPTION RESERVE		75,00,000	50,00,000
BALANCE CARRIED FORWARD TO BALANCE SHEET		56,47,62,528	42,89,23,208
	TOTAL	57,72,62,528	43,89,23,208
EARNING PER SHARE			
— FOR THE PERIOD UNDER REVIEW		7.12	—
— ANNUALIZED		4.75	4.24
NOTES TO THE ACCOUNTS		18	

Schedules referred to above form an integral part of the accounts.

As per our report of even date
For **VIJAY PRAKASH GUPTA & ASSOCIATES**
Chartered Accountants

V. P. Gupta
Partner
M. No. 84420

New Delhi
May 24, 2005

For and on behalf of Board

Prem Singhee Chairman & Managing Director
Padam Singhee Director
Vimal Chadha Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2004

Particulars	As at 31.12.2004 (Rs.)	As at 30.06.2003 (Rs.)
SCHEDULE - 1 SHARE CAPITAL		
Authorised		
3,50,00,000 (Previous year 2,50,00,000) Equity Shares of Rs. 10/- each	35,00,00,000	25,00,00,000
5,00,000 (Previous year 5,00,000 11% Redeemable Non-Convertible Cumulative) 11% Redeemable Non-Convertible Preference Shares of Rs. 100/- each	5,00,00,000	5,00,00,000
10,00,000 11% Redeemable Non-Convertible Preference Shares of Rs. 100/- each	—	10,00,00,000
	<u>40,00,00,000</u>	<u>40,00,00,000</u>
Issued & Subscribed		
2,16,26,900 (Previous year 2,00,26,900) Equity Shares of Rs. 10/- each fully paid up	21,62,69,000	20,02,69,000
5,00,000 (Previous year 5,00,000) 11% Redeemable Non-Convertible Preference Shares of Rs. 100/- each	5,00,00,000	5,00,00,000
	<u>26,62,69,000</u>	<u>25,02,69,000</u>
Paid up		
2,16,26,900 (Previous Year : 2,00,26,900) Equity Shares of Rs. 10/- each fully paid up	21,62,69,000	20,02,69,000
Less : Calls in Arrear	<u>33,000</u>	<u>23,03,628</u>
	21,62,36,000	19,79,65,372
5,00,000 11% Redeemable Non-Convertible Preference Shares of Rs. 100/- each fully paid up	5,00,00,000	5,00,00,000
	<u>26,62,36,000</u>	<u>24,79,65,372</u>
(5,00,000 11% Redeemable Non-Convertible Preference Shares of Rs. 100/- each, are redeemable after a period of 10 years from the date of allotment i.e. 30th June, 1996)		
SCHEDULE - 2 RESERVES & SURPLUS		
General Reserve		
As per last Balance Sheet	6,94,05,849	6,44,05,849
Add : Transferred from Profit & Loss A/c	<u>50,00,000</u>	<u>50,00,000</u>
	7,44,05,849	6,94,05,849
Share Premium Account		
As per last Balance Sheet	9,45,51,378	9,45,51,378
Add : Received during the year	<u>3,15,48,622</u>	<u>—</u>
	12,61,00,000	9,45,51,378
Capital Redemption Reserve		
As per last Balance Sheet	3,50,00,000	3,00,00,000
Add : Transferred from Profit & Loss A/c	<u>75,00,000</u>	<u>50,00,000</u>
	4,25,00,000	3,50,00,000
Balance in Profit & Loss Account		
	<u>56,47,62,528</u>	<u>42,89,23,208</u>
	<u>80,77,68,377</u>	<u>62,78,80,435</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2004

Particulars	As at 31.12.2004 (Rs.)	As at 30.06.2003 (Rs.)
SCHEDULE - 3 SECURED LOANS		
a) Term Loans		
From Financial Institutions		
i) Industrial Development Bank of India Limited	9,25,00,000	24,21,84,984
ii) IDBI Bank Ltd.	40,62,130	1,98,75,633
iii) IFCI Ltd.	2,01,20,960	4,42,45,734
iv) State Bank of India	5,32,48,534	10,85,73,666
v) Punjab National Bank	23,36,12,227	7,12,55,944
vi) State Bank of Mysore	6,31,76,656	—
vii) Life Insurance Corporation of India	9,44,71,918	—
viii) Allahabad Bank	—	30,24,845
	-----	-----
	56,11,92,425	48,91,60,806
b) Working Capital Loan		
Cash Credit from Bank	14,94,14,415	7,18,29,759
	-----	-----
	14,94,14,415	7,18,29,759
c) Deferred Creditors		
	6,75,88,250	4,27,39,630
	-----	-----
	6,75,88,250	4,27,39,630
	-----	-----
	77,81,95,089	60,37,30,195

Notes :

1. a) (I) Term loans from Financial Institutions are secured by way of 1st charge on pari passu basis on all the immovable and movable assets of the company (save and except book debts) including drilling and other movable machinery, machinery spares, tools and accessories present & future.

(II) The term loans are also personally guaranteed by Shri Prem Singhee, Chairman and Managing Director, Shri Padam Singhee, Director except Rs. 29.92 crores which was additionally guaranteed by Mrs. Madhuri Singhee.
- b) Amounts repayable within one year Rs. 2171.80 lakhs (Previous year Rs. 1964.09 lakhs).
2. Working Capital Loan from banks are secured by way of hypothecation of stocks of consumable stores and spares and book debts of the company, both present and future. These are secured, additionally, by way of First Charge on Plant & Machinery worth Rs. 559.20 lakhs and 1st charge on machinery and personally guaranteed by Shri Prem Singhee, Chairman and Managing Director, Shri Padam Singhee, Director and Mrs. Madhuri Singhee.
3. Deferred Creditors are secured by way of hypothecation of specific assets acquired under hire purchase. Amount payable within one year Rs. 103.68 lakhs (Previous year Rs. 79.61 lakhs)

SCHEDULE - 4 UNSECURED LOANS

Public Deposits	90,00,000	—
From Others	13,46,47,674	3,40,21,000
	-----	-----
	13,46,47,674	3,40,21,000
	-----	-----

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2004
SCHEDULE - 5 FIXED ASSETS

Particular of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01-07-03 (Rs.)	Additions (Rs.)	Sale/Adj. (Rs.)	Cost as at 31-12-04 (Rs.)	Upto 01-07-03 (Rs.)	For the period (Rs.)	Sale/Adj. (Rs.)	Upto 31-12-04 (Rs.)	As At 31-12-04 (Rs.)	As At 30-06-03 (Rs.)
Plant & Machinery	1,46,32,52,023	38,62,39,374	52,93,252	1,84,41,98,145	30,05,75,185	11,63,42,577	2,39,719	41,66,78,043	1,42,75,20,102	1,16,26,76,838
Office Equipment	52,61,404	19,06,276	—	71,67,680	11,43,103	4,47,376	—	15,90,479	55,77,201	41,18,301
Computers	56,58,002	21,01,819	—	77,59,821	30,11,334	13,92,094	—	44,03,428	33,56,393	26,46,668
Vehicles	4,24,50,144	2,84,19,415	37,28,132	6,71,41,427	2,32,22,258	64,96,857	23,49,592	2,73,69,524	3,97,71,903	1,92,27,885
Furnitures & Fixtures	19,36,069	6,15,171	—	25,51,240	6,59,075	2,18,112	—	8,77,186	16,74,054	12,76,995
Tent	7,93,221	—	—	7,93,221	6,27,486	1,35,184	—	7,62,671	30,550	1,65,735
Total	1,51,93,50,863	41,92,82,055	90,21,384	1,92,96,11,535	32,92,38,442	12,50,32,200	25,89,311	45,16,81,331	1,47,79,30,204	1,19,01,12,421
Previous Year	1,24,51,85,548	27,43,05,316	1,40,000	1,51,93,50,863	26,24,34,679	6,68,91,064	87,300	32,92,38,442	1,19,01,12,421	

Particulars	As at 31.12.2004 (Rs.)	As at 30.06.2003 (Rs.)
-------------	---------------------------	---------------------------

SCHEDULE - 6 INVESTMENTS (At cost)
Quoted : Trade

* 48,200 Equity Shares of Om Metal & Minerals Ltd. of Rs. 10/- each at a premium of Rs. 40.00 per share (Rs. 20.75 per share paid up)	10,00,000	10,00,000
* 4,300 Equity Shares of Equipment Conductors & Cables Ltd. of Rs. 10/- each (Fully paid up)	43,000	43,000
* 5,000 Equity Shares of Parasrampurua Synthetics Ltd. of Rs. 10/- each at a premium of Rs. 10/- per share (Rs. 5/- paid up)	25,000	25,000

* (Market Value of quoted shares is not available)

Unquoted : Trade

Investment in Shiv Vani Oil & Gas Co. LLC, Oman	4,79,39,608	—
Investment in SV Oil & Natural Gas Ltd., Mauritius	3,94,830	—
9,75,000 Fully paid Equity Shares of SVUL Projects Ltd. of Rs. 10/- each (Previous year 9,75,000)	97,50,000	97,50,000
	5,91,52,438	1,08,18,000

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2004

Particulars	As at 31.12.2004 (Rs.)	As at 30.06.2003 (Rs.)
SCHEDULE - 7		
INVENTORIES		
(As Valued and certified by the Management at lower of cost or net realisable value)		
Stores, Spares & Consumables	1,85,98,650	1,80,81,600
Goods in Transit	1,24,52,720	40,48,567
	<u>3,10,51,370</u>	<u>2,21,30,167</u>
SCHEDULE - 8		
SUNDRY DEBTORS		
(Unsecured Considered good)		
Debts outstanding for a period exceeding six months	5,74,38,250	6,01,84,386
Others	30,87,64,543	25,08,37,074
	<u>36,62,02,792</u>	<u>31,10,21,460</u>
SCHEDULE - 9		
CASH & BANK BALANCES		
Cash & Cheques in Hand	62,76,573	44,02,449
Balance with Scheduled Banks		
In Current Account	84,37,855	28,57,931
In Deposit Account	2,24,28,140	2,04,53,725
In Unpaid Dividend Account	5,24,957	12,96,252
	<u>3,76,67,525</u>	<u>2,90,10,357</u>
SCHEDULE - 10		
LOANS & ADVANCES		
(Unsecured Considered good)		
Advances & Other amounts recoverable in cash or in kind for which value is to be received	11,48,79,357	4,41,18,244
Advance Tax (MAT)	2,10,25,526	2,10,25,526
Advance Tax Paid	78,92,222	69,97,005
Tax deducted at source by others	2,00,04,864	99,79,127
Security Deposits	30,88,421	26,51,225
	<u>16,68,90,390</u>	<u>8,47,71,126</u>
SCHEDULE - 11		
CURRENT LIABILITIES & PROVISIONS		
A Current Liabilities		
Sundry Creditors	1,74,98,010	4,78,69,787
Unpaid Dividend	5,18,907	12,89,292
Other Current Liabilities	3,02,08,994	2,14,46,716
	<u>4,82,25,861</u>	<u>7,06,05,795</u>
B Provisions		
Income Tax	3,35,02,807	1,44,05,365
Gratuity	34,19,008	17,80,740
	<u>3,69,21,815</u>	<u>1,61,86,105</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2004

Particulars	As at 31.12.2004 (Rs.)	As at 30.06.2003 (Rs.)
SCHEDULE - 12		
OPERATIVE INCOME		
Contract Revenue	1,35,69,68,307	76,44,02,841
	<u>1,35,69,68,307</u>	<u>76,44,02,841</u>
SCHEDULE - 13		
OTHER INCOME		
Interest on Fixed Deposit Receipts (Gross) (Tax deducted at source : Rs. 1,48,958/-, Previous year Rs. 1,24,481/-)	13,20,957	14,03,142
Interest Received on others	1,26,63,609	94,097
Insurance Claim Received	2,21,644	19,77,663
Miscellaneous Income	18,64,013	56,24,927
	<u>1,60,70,223</u>	<u>90,99,829</u>
SCHEDULE - 14		
CONSUMPTION OF STORES & OTHER DIRECT EXPENSES		
Stores & Spare Parts	17,26,67,113	10,07,60,283
Oil & Lubricants	9,83,97,280	5,39,79,963
Contract Expenses	42,21,56,877	26,21,35,906
Hiring Charges	1,88,37,442	33,10,410
Insurance	55,33,106	22,33,653
Repair to Plant & Machinery	2,04,23,004	1,55,46,941
	<u>73,80,14,823</u>	<u>43,79,67,156</u>
SCHEDULE - 15		
PERSONNEL EXPENSES		
Payment to & Provision for Employees		
Salary, Wages, Bonus, Gratuity etc.	7,05,85,803	3,92,92,680
Directors' Remuneration	29,58,765	25,99,773
Contributions to Provident Fund	27,89,495	12,67,337
Staff Welfare	54,05,639	22,05,326
	<u>8,17,39,702</u>	<u>4,53,65,116</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2004

Particulars	As at 31.12.2004 (Rs.)	As at 30.06.2003 (Rs.)
SCHEDULE - 16		
ADMINISTRATIVE & OTHER EXPENSES		
Directors' Travelling	49,67,362	27,00,704
Travelling Expenses	89,84,803	49,14,539
Conveyance	37,01,539	19,35,524
Repair & Maintenance to others	47,01,614	28,22,953
Vehicle Expenses	92,92,444	57,53,831
Postage & Telegram	8,05,731	3,24,513
Telephone Expenses	59,35,314	25,43,889
Rent	1,00,23,351	44,97,596
Legal & Professional Charges	65,85,020	29,72,285
Directors' Sitting Fees	1,09,300	63,000
Printing & Stationery	20,88,576	9,34,685
Rates & Taxes	32,45,628	13,55,173
Advertisement	2,50,839	58,408
Charity & Donation	3,12,070	1,76,107
Demurrage Charges	39,92,060	4,32,211
Fees & Subscription	6,36,426	5,31,476
Water & Electricity Charges	29,65,801	7,59,107
Miscellaneous Expenses	1,07,30,405	73,54,489
Payment to Auditors		
- Audit Fees	1,70,850	86,400
- Tax Audit Fees	22,000	21,600
- For Other Matters	1,46,733	1,35,050
Public Issue Expenditure written off	—	3,75,388
Preliminary Expenses written off	1,40,557	93,638
Loss on sale of assets	20,53,533	700
Loss on Investment	—	50,05,000
	-----	-----
	8,18,61,955	4,58,48,263
	-----	-----

SCHEDULE - 17

INTEREST & BANK CHARGES

On Term Loan	10,39,45,380	6,16,35,916
Others	5,67,12,992	1,65,36,942
	-----	-----
	16,06,58,371	7,81,72,858
	-----	-----

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st DECEMBER 2004 AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE.

SCHEDULE - 18 NOTES TO THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF ACCOUNTS

The financial statements have been prepared by the company in all material aspects with the mandatory Accounting Standards issued by the Institute of Chartered Accounts of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis.

2. FIXED ASSETS

- I) Capital expenditure comprises purchase price, import duties, levies and any directly attributable cost of bringing the assets to their working condition.
- II) In respect of new projects, all expenses including interest incurred up to the date of commencement of the project are capitalised.
- III) In respect of up gradation of Rig the indirect expenditure including interest paid or payable attributable to the completion of the asset, up to the date of such completion is capitalized on proportionate basis.
- iv) Foreign currency denominated assets and liabilities are recorded at cost as increased or reduced due to exchange fluctuations at the closing rate of exchange on the Balance Sheet date.

3. DEPRECIATION

- a) Depreciation on Plant & Machinery is provided on Straight Line Method with double / triple shift working wherever applicable and all other fixed assets are depreciated under Straight Line Method at the rate prescribed under Schedule XIV to the Companies Act, 1956.
- b) Depreciation on increase in value of fixed assets due to foreign exchange fluctuation on the same method as mentioned in (a) above.

4. INVESTMENTS

Investments being long term in nature are stated at cost. Diminution in value of long-term investments is not provided for as it is considered temporary in nature.

5. INVENTORIES

Stores and spare parts are valued at cost on FIFO basis.

6. FOREIGN CURRENCY TRANSACTIONS

Foreign currency fluctuations relating to debtors are adjusted in Profit & Loss A/c. Foreign currency invoice raised during the period are translated at the rate prevailing on the date of invoice.

7. REVENUE RECOGNITION

Contract Revenue is being credited by the Company on work done basis.

8. RETIREMENT BENEFITS

- I) Provident Fund - Employer's & Employees Contribution to provident fund during the period is deposited with the appropriate authorities. Employer's contribution for the year is charged to the Profit & Loss Account as an expense for the year.
- II) Provision for the gratuity is made on accrual basis.
- III) Leave Encashment - Leave encashment is paid to employees as & when employee leaves the company.

9. INCOME TAX AND DEFERRED TAX

- a) Provision for Taxation has been made in books of accounts as per provision of Income Tax Act, 1961.
- b) Deferred Tax assets and liabilities are computed on the timing differences as at 31st December 2004 between the carrying amount of assets and liabilities and their respective tax basis. Deferred tax assets are recognized based on management estimates of available future taxable income and assessing its certainty.

10. DEFERRED REVENUE EXPENDITURE

Preliminary expenses and Share Issue expenses are being amortized over a period of 10 years from the date of commencement of business.

11. CONTINGENT LIABILITY

Liabilities which are material and whose future outcome cannot be reasonably ascertained are disclosed by way of contingent liability.

12. SEGMENT DATA

Business Segment:

The company considers its principal activity of oil and natural gas exploration service to be a complete segment and all revenues for period ended 31st December 2004 have been derived from this segment.

13. RELATED PARTY DISCLOSURE

- a) The following is the listing of related parties & the relationship therewith :
 - 1. Shiv-Vani Oil & Gas Co. LLC, Muscat OMAN - Subsidiary
 - 2. SV Oil & Natural Gas Ltd, Mauritius - Subsidiary
 - 3. Jiva International Inc, USA - Control by Director's Brother
- b) The company has the following transactions with related parties :

	Description of Transaction	Value (in Rupees)	
		31-12-2004	30-06-2003
Jiva International, Inc. (USA)	Purchase of Spares & Equipment	11,48,65,912	1,37,12,034

14. BORROWING COSTS

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

B. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

	December 2004 (Rs.)	June 2003 (Rs.)
1. Amount unpaid on investment in shares:-		
— 48,200 Equity Shares of Om Metals & Minerals Ltd.	14,09,850	14,09,850
— 5,000 Equity Shares of Parasrampurua Synthetics Ltd.	35,000	35,000
2. Counter Guarantees given in respect of Guarantees Issued by the company's bankers to Oil & Natural Gas Corpn. Ltd (ONGC) and Oil India Ltd (OIL)	17,96,17,734	8,76,76,160
3. Un-expired letters of credit	4,74,30,000	4,31,55,000
4. Income Tax Demand in appeal	39,16,023	—
5. Corporate Guarantees given to Financial Institutions/ Banks for securing financial assistance for a subsidiary Co. and other Company.	1,82,00,79,169	28,89,44,857
6. Estimated value of capital commitments (Net of advances)	19,01,20,000	3,85,00,000
7. Sales Tax demands (*)	20,19,394	2,05,60,418

(*) To be adjusted against refund granted Rs. 133.86 lacs.

C. OTHERS

- Balance appearing in Sundry Debtors / Creditors and Loans & Advances are subject to confirmation.
- Remuneration paid to the Managing Director of the Company.

	December 2004 (Rs.)	June, 2003 (Rs.)
Managing Director		
Salary	19,40,000	10,40,000
Free Accommodation		
— for rent	4,50,000	3,00,000
— for expenses	4,64,579	2,33,445
Club Fees	91,800	55,000
Medical Expenses	12,386	10,661
Provident Fund	2,32,800	1,24,800
Total	31,91,565	17,63,906

Remuneration to Managing Director has been paid in accordance with Schedule XIII of Companies Act, 1956 read with Section 198 & 309.

3. Dividend Unpaid	December 2004		June 2003		
	Year	No. of Persons	Amount	No. of persons	Amount
	1995-96	—	—	4,383	7,70,185/-
	1996-97	1,295	2,51,007	1,295	2,51,007/-
	1997-98	1,360	2,67,900	1,362	2,69,100/-

4. Cost of Plant & Machinery and Vehicle includes assets acquired under hire purchase agreement amounting to Rs.78,74,776/-(Previous Year Rs.1,43,16,378/-)

5. C.I.F. Value of Imports:

	December 2004 (Rs.)	June 2003 (Rs)
— Stores & Spares	2,45,29,821	78,14,926
— Capital Goods	9,94,29,889	1,00,87,500

6. Expenses incurred for foreign travelling Rs.90,42,049 (Previous year Rs.28,62,371) includes Rs.37,18,153/- incurred in foreign currency during the year.

7. Earnings in foreign currency amounting to Rs. Nil (Previous year Rs. 769.03 lacs).

8. A sum of Rs.843.72 lacs has been deducted by M/s. Oil India Ltd. In 1998-99 towards liquidated damages and other penalties arbitrarily which the Company has gone for arbitration. During the year arbitration expenses incurred by the company amounting to Rs.7,34,408/- (previous year Rs. 9,13,508/-) debited to legal & professional expenses.

9. Fixed Deposits of Rs. 224.28 lacs (Previous year Rs. 135.85 lacs) are under lien in respect of guarantees / Letter of credit issued by bank.

10. The previous years figures have been regrouped / rearranged wherever found necessary. The figures have been rounded off to the nearest rupee.

11. The costs in respect of old unusable Fixed Assets sold/adjusted amounting to Rs.90,21,384 (Previous year Rs.1,40,000/-) has been reduced from the Gross Block.

12. The company does not owe any amount to the Small-Scale Industrial (SSI) undertaking at the year-end.

13. Insurance claims are accounted for on received basis.

14. The Provident Fund Dues amounting to Rs.52,33,791/-, Tax deducted at Source amounting to Rs.52,39,450 were delayed in absence of relevant information from various sites. However, the amount was later deposited with the appropriate authorities (Previous year - P.F Rs. 11,19,276/-, T.D.S. Rs. 24,00,994, Works Contract Tax Rs.4,86,871).

15. Material events occurring after the balance sheet date are taken into cognizance.

16. The current Year's figures are for 18 months and previous year's are for 12 months and hence are not comparable.

17. The company has applied to the Department of Company Affairs for seeking exemption for annexing the audited accounts of the subsidiaries companies. The approval is still awaited, accordingly the accounts of the subsidiary companies are not being annexed herewith.

18. On the basis of the legal opinion obtained, the Company has not accounted service tax liability.

19. Earning per share

Calculation of EPS (Basic and Diluted)

Particulars	For the period ended December, 2004	For the year ended June, 2003
Basic and Diluted		
Profit after Tax (amount)	14,83,39,320	8,49,90,020
Number of Shares outstanding	2,16,26,900	
Weighted average		2,00,26,900
EPS (Rupees)		
— For the period under review	7.12	—
— Annualized	4.75	4.24

Schedules referred to above form an integral part of the accounts.

As per our report of even date
For **VIJAY PRAKASH GUPTA & ASSOCIATES**
Chartered Accountants

V. P. Gupta
Partner
M. No. 84420

For and on behalf of Board

Prem Singhee Chairman & Managing Director

Padam Singhee Director

Vimal Chadha Company Secretary

New Delhi
May 24, 2005

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

1. Registration Details

Registration No.	<input type="text"/> <input type="text"/> <input type="text"/> 3 8 5 4 2	State Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 5
Balance Sheet Date	<input type="text"/> 3 <input type="text"/> 1 <input type="text"/> - <input type="text"/> 1 <input type="text"/> 2 <input type="text"/> - <input type="text"/> 0 <input type="text"/> 4		

2. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Right Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Private Placement	<input type="text"/> <input type="text"/> <input type="text"/> 1 6 0 0 0

3. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousand)

Total Liabilities	<input type="text"/> <input type="text"/> 2 1 4 4 4 0 9	Total Assets	<input type="text"/> <input type="text"/> 2 1 4 4 4 0 9
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SOURCES OF FUNDS

Paid up Capital	<input type="text"/> <input type="text"/> 2 6 6 2 3 6	Reserve & Surplus	<input type="text"/> <input type="text"/> 8 0 7 7 6 8
Secured Loans	<input type="text"/> <input type="text"/> 7 7 8 1 9 5	Unsecured Loans	<input type="text"/> <input type="text"/> 1 4 3 6 4 7
		Deferred Tax Liability	<input type="text"/> <input type="text"/> 6 3 4 1 4

APPLICATION OF FUNDS

Net Fixed Assets	<input type="text"/> <input type="text"/> 1 1 9 0 1 1 2	Investment	<input type="text"/> <input type="text"/> 5 9 1 5 2 4
Net Current Assets	<input type="text"/> <input type="text"/> 5 1 6 6 6 4	Misc. Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 0 4
Accumulated Losses	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L		

4. Performance of Company (Amount in Rs. Thousand)

Turnover	<input type="text"/> <input type="text"/> 1 3 7 3 0 3 9	Total Expenditure	<input type="text"/> <input type="text"/> 1 1 8 7 3 0 7
Profit/Loss Before Tax	<input type="text"/> <input type="text"/> 1 8 5 7 3 1	Profit/Loss after Tax	<input type="text"/> <input type="text"/> 1 4 8 3 3 9
Earning per shares is in	<input type="text"/> <input type="text"/> R s. 7 . 1 2	Dividend Rate	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

5. Generic Name of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	9 8 0 1 0 0 0 5
Product Description	Project for Exploration of Oil

For and on behalf of Board

Prem Singhee Chairman & Managing Director

Padam Singhee Director

Vimal Chadha Company Secretary

New Delhi
May 24, 2005

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER, 2004

	31-12-2004 (Rs.)	30-06-2003 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	18,57,31,479	9,92,58,213
Adjustment for :		
1. Depreciation	12,50,32,200	6,68,91,064
2. Deferred Revenue Expenditure	1,40,557	4,69,026
3. Investments (Interest Income)	(1,39,84,566)	(14,97,239)
4. Interest Expenditure	16,06,58,371	7,81,72,858
5. Loss on Sale of Fixed Assets	20,53,533	700
6. Loss on Sale of Investment	—	50,05,000
Operating Profit before Working Capital Charges	45,96,31,574	24,82,99,622
1. Trade and Other Receivables	(12,72,74,858)	(5,94,30,923)
2. Inventories	(89,21,203)	(47,51,867)
3. Trade Payables	(16,44,224)	59,87,895
Cash Generation from Operations	32,17,91,289	19,01,04,728
1. Interest Paid	(16,06,58,371)	(7,81,72,858)
2. Direct Taxes Paid	(3,16,23,179)	(1,37,11,974)
Cash Flow Before Extra Ordinary Items	12,95,09,739	9,82,19,896
1. Extraordinary items	—	—
Net Cash from Operating Activities	12,95,09,739	9,82,19,896
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(42,47,92,055)	(25,51,17,770)
Sale of fixed assets	43,78,540	52,000
Purchase of Investments	(4,83,34,438)	—
Interest Received	1,39,84,566	14,97,239
Net Cash from Investing Activities	(45,47,63,387)	(25,35,68,531)

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of share capital	4,98,19,250	—
Proceeds from long and short term borrowings	28,40,91,568	16,34,12,805
	-----	-----
Net cash flow from financing activities	33,39,10,818	16,34,12,805
	-----	-----
Net increase in Cash and Cash Equivalents	86,57,169	80,64,170
Cash and Cash equivalents at the beginning	2,90,10,349	2,09,46,178
	-----	-----
Cash and Cash equivalents at the closing	3,76,67,518	2,90,10,349
	-----	-----

For and on behalf of Board

Prem Singhee Chairman & Managing Director

Padam Singhee Director

Vimal Chadha Company Secretary

New Delhi
May 24, 2005

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER, 2004
Auditors' Certificate

We have examined the attached Cash Flow Statement of **Shiv-Vani Oil & Gas Exploration Services Limited** for the period ended 31st December, 2004. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

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

New Delhi
May 24, 2005

(V.P. Gupta)
Partner
Membership No. 84420

REPORT OF AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

**To the Board of Directors
Shiv-Vani Oil & Gas Exploration Services Ltd.**

We have examined the attached consolidated Balance Sheet of Shiv-Vani Oil & Gas Exploration Services Ltd. and its Subsidiaries as at 31st December, 2004 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 Shiv-Vani Oil & Gas Exploration Services Ltd's management. 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 statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the following subsidiaries viz. Shiv-Vani Oil & Gas Co. LLC and SV Oil & Natural Gas Ltd, whose financial statement reflects total assets of Rs 11,144.50 lacs as at 31st December, 2004 and total revenues of NIL for the year ended on that date (these figures include intragroup balances and intragroup transactions eliminated on consolidation). These financial statement 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 report of the other auditors.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of the Accounting Standard (AS) 21 issued by the Institute of Chartered Accountants of India, *subject to Note no 6 regarding treatment of Rs 1,04,37,537/- recoverable from parent company towards balance contribution against share capital of a subsidiary company.*

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, 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 December, 2004;
- (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 December,2004.

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

**Place : New Delhi
Date : May 24, 2005**

**V. P. Gupta
Partner
Membership No. : 84420**

CONSOLIDATED BALANCE SHEET AS AT 31st DECEMBER, 2004

Particulars	Schedule No.	As at 31.12.2004 (Rs.)	
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
SHARE CAPITAL	1	26,62,36,000	
RESERVES & SURPLUS	2	79,20,71,371	1,05,83,07,371
			<u>6,34,14,397</u>
DEFERRED TAX LIABILITY			
LOAN FUNDS			
SECURED LOANS	3	1,77,52,53,446	
UNSECURED LOANS	4	18,82,22,576	1,96,34,76,022
			<u>3,08,51,97,790</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
GOODWILL	5		21,49,162
GROSS BLOCK		2,10,08,85,341	
LESS : DEPRECIATION		45,77,18,243	
			<u>1,64,31,67,098</u>
NET BLOCK		97,57,71,525	2,61,89,38,623
CAPITAL WORK-IN-PROGRESS			
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES			
INVENTORIES	7	3,10,51,370	
SUNDRY DEBTORS	8	36,62,02,792	
CASH & BANK BALANCES	9	3,80,93,290	
LOANS & ADVANCES	10	19,16,01,366	
			<u>62,69,48,818</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	11A	13,67,39,492	
PROVISIONS	11B	3,69,21,815	
			<u>17,36,61,307</u>
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
PRELIMINARY EXPENSES		4,494	4,494
			<u>3,08,51,97,790</u>
NOTES TO THE ACCOUNTS			
	18		

Schedules referred to above form an integral part of the accounts.

As per our report of even date
For **VIJAY PRAKASH GUPTA & ASSOCIATES**
Chartered Accountants

V. P. Gupta
Partner
M. No. 84420

New Delhi
May 24, 2005

For and on behalf of Board

Prem Singhee Chairman & Managing Director

Padam Singhee Director

Vimal Chadha Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR PERIOD ENDED 31ST DECEMBER, 2004

Particulars	Schedule No.	For the period ended 31.12.2004 (Rs.)
TOTAL INCOME		
OPERATIVE INCOME	12	1,35,69,68,307
OTHER INCOME (GROSS)	13	1,60,92,266
		1,37,30,60,573
EXPENDITURE		
DIRECT EXPENSES	14	73,82,49,759
PERSONNEL EXPENSES	15	8,65,55,488
ADMINISTRATIVE & OTHER EXPENSES	16	9,22,22,547
INTEREST	17	16,06,60,545
DEPRECIATION		12,53,37,762
	TOTAL	1,20,30,26,101
PROFIT FOR THE YEAR		
		17,00,34,472
LESS : PROVISION FOR INCOME TAX		
- CURRENT		2,15,97,442
- DEFERRED		1,57,94,717
		13,26,42,313
PROFIT AFTER TAX		
		13,26,42,313
SURPLUS AS PER LAST BALANCE SHEET		42,89,23,208
		56,15,65,522
PROFIT AVAILABLE FOR APPROPRIATIONS		
		56,15,65,522
APPROPRIATIONS		
TRANSFER TO GENERAL RESERVE		50,00,000
TRANSFER TO CAPITAL REDEMPTION RESERVE		75,00,000
BALANCE CARRIED FORWARD TO BALANCE SHEET		54,90,65,522
	TOTAL	56,15,65,522
EARNING PER SHARE		
		6.37
NOTES TO THE ACCOUNTS		
	18	

Schedules referred to above form an integral part of the accounts.

As per our report of even date
For **VIJAY PRAKASH GUPTA & ASSOCIATES**
Chartered Accountants

V. P. Gupta
Partner
M. No. 84420

For and on behalf of Board

Prem Singhee Chairman & Managing Director
Padam Singhee Director
Vimal Chadha Company Secretary

New Delhi
May 24, 2005

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2004

Particulars	As at 31.12.2004 (Rs.)
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SCHEDULE - 1 SHARE CAPITAL
Authorised

3,50,00,000 Equity Shares of Rs. 10/- each	35,00,00,000
5,00,000 11% Redeemable Non-Convertible Preference Shares of Rs. 100/- each	5,00,00,000

40,00,00,000
Issued & Subscribed

2,16,26,900 Equity Shares of Rs. 10/- each fully paid up	21,62,69,000
5,00,000 11% Redeemable Non-Convertible Preference Shares of Rs. 100/- each	5,00,00,000

26,62,69,000
Paid up

2,16,26,900 Equity Shares of Rs. 10/- each fully paid up	21,62,69,000
Less : Calls in Arrear	33,000

21,62,36,000

5,00,000 11% Redeemable Non-Convertible Preference Shares of Rs. 100/- each fully paid up	5,00,00,000
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26,62,36,000

(5,00,000 11% Redeemable Non-Convertible Preference Shares of Rs. 100/- each, are redeemable after a period of 10 years from the date of allotment i.e. 30th June, 1996)

SCHEDULE - 2 RESERVES & SURPLUS
General Reserve

As per last Balance Sheet	6,94,05,849
Add : Transferred from Profit & Loss A/c	50,00,000

7,44,05,849
Share Premium Account

As per last Balance Sheet	9,45,51,378
Add : Received during the year	3,15,48,622

12,61,00,000
Capital Redemption Reserve

As per last Balance Sheet	3,50,00,000
Add : Transferred from Profit & Loss A/c	75,00,000

4,25,00,000

Balance in Profit & Loss Account	54,90,65,522
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79,20,71,371

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2004

Particulars **As at 31.12.2004**
(Rs.)

SCHEDULE - 3 SECURED LOANS

a) Term Loans

From Financial Institutions

i) Industrial Development Bank of India Limited	9,25,00,000
ii) IDBI Bank Ltd.	40,62,130
iii) IFCI Ltd.	2,01,20,960
iv) State Bank of India	5,32,48,534
v) Punjab National Bank	23,36,12,227
vi) State Bank of Mysore	6,31,76,656
vii) Life Insurance Corporation of India	9,44,71,918
viii) Bank Muscat SAOG*	85,32,32,432
ix) Interest Accrued & Due	1,05,23,294

1,42,49,48,151

b) Working Capital Loan

Cash Credit from Bank	14,94,14,415
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1,57,43,62,565

c) Deferred Creditors

20,08,90,881

1,77,52,53,446

Notes :

1. a) (I) Term loans from Financial Institutions are secured by way of 1st charge on pari passu basis on all the immovable and movable assets of the company (save and except book debts) including drilling and other movable machinery, machinery spares, tools and accessories present & future.
(II) The term loans are also personally guaranteed by Shri Prem Singhee, Chairman and Managing Director, Shri Padam Singhee, Director except Rs. 29.92 crores which was additionally guaranteed by Mrs. Madhuri Singhee.
- b) Amounts repayable within one year Rs. 2171.80 lakhs (Previous year Rs. 1964.09 lakhs).
2. Working Capital Loan from banks are secured by way of hypothecation of stocks of consumable stores and spares and book debts of the company, both present and future. These are secured, additionally, by way of First Charge on Plant & Machinery worth Rs. 559.20 lakhs and Ind charge on machinery and personally guaranteed by Shri Prem Singhee, Chairman and Managing Director, Shri Padam Singhee, Director and Mrs. Madhuri Singhee.
3. Deferred Creditors are secured by way of hypothecation of specific assets acquired under hire purchase. A sum of Rs.13,33,02,631 from United Finance Company, SAOG are additionally guaranteed by Corporate Guarantee of Shiv-Vani Oil & Gas Exploration Services Ltd. Amount payable within one year Rs. 103.68 lakhs (Previous year Rs. 79.61 lakhs)
- 4.* Represents loan in foreign currency - US\$ 1,97,54,170.
Term loan from Bank Muscat SAOG secured by way of exclusive first charge on the entire equipment acquired out of the loan, assignment of receivable under Contract No. C31-0312 with Petroleum Development Oman LLC and guaranteed by Corporate Guarantee of Shiv-Vani Oil & Gas Exploration Services Ltd.

SCHEDULE - 4 UNSECURED LOANS

Public Deposits	90,00,000
Interest Accrued & Due	12,70,272
From Others	17,79,52,304

18,82,22,576

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2004

SCHEDULE - 5 FIXED ASSETS

Particular of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK
	Cost as at 01-07-03 (Rs.)	Additions (Rs.)	Sale/Adj. (Rs.)	Cost as at 31-12-04 (Rs.)	Upto 01-07-03 (Rs.)	For the period (Rs.)	Sale/Adj. (Rs.)	Upto 31-12-04 (Rs.)	As At 31-12-04 (Rs.)
Plant & Machinery	1,46,32,52,023	38,62,39,374	52,93,252	1,84,41,98,145	30,05,75,185	11,63,42,577	2,39,719	41,66,78,043	1,42,75,20,102
Office Equipment	52,61,404	24,30,355	—	76,91,759	11,43,103	4,81,340	—	16,24,443	60,67,316
Computers	56,58,002	29,28,086	—	85,86,088	30,11,334	14,48,438	—	44,59,772	41,26,316
Vehicles	4,24,50,144	12,34,51,381	37,28,132	16,21,73,393	2,32,22,258	1,09,57,373	23,49,592	3,18,30,039	13,03,43,354
Furnitures & Fixtures	19,36,069	22,16,759	—	41,52,829	6,59,075	4,33,366	—	10,92,441	30,60,388
Tent	7,93,221	7,32,89,906	—	7,40,83,127	6,27,486	14,06,018	—	20,33,505	7,20,49,622
Total	1,51,93,50,863	59,05,55,861	90,21,384	2,10,08,85,341	32,92,38,442	13,10,69,112*	25,89,311	45,77,18,243	1,64,31,67,098

* Input Rs. 57,31,350 capitalised during the period.

Particulars **As at 31.12.2004**
(Rs.)

SCHEDULE - 6 INVESTMENTS (At cost)

Quoted : Trade

* 48,200 Equity Shares of Om Metal & Minerals Ltd. of Rs. 10/- each at a premium of Rs. 40.00 per share (Rs. 20.75 per share paid up)	10,00,000
* 4,300 Equity Shares of Equipment Conductors & Cables Ltd. of Rs. 10/- each (Fully paid up)	43,000
* 5,000 Equity Shares of Parasram Puria Synthetics Ltd. of Rs. 10/- each at a premium of Rs. 10/- per share (Rs. 5/- paid up)	25,000

* (Market Value of quoted shares is not available)

Unquoted : Trade

9,75,000 Fully paid shares of SVUL Projects Ltd. of Rs. 10/- each (Previous year 9,75,000)	97,50,000
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1,08,18,000

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2004

Particulars	As at 31.12.2004 (Rs.)
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SCHEDULE - 7
INVENTORIES

(As Valued and certified by the Management at lower of cost or net realisable value)

Stores, Spares & Consumables	1,85,98,650
Goods in Transit	1,24,52,720
	3,10,51,370

SCHEDULE - 8
SUNDRY DEBTORS

(Unsecured Considered good)

Debts outstanding for a period exceeding six months	5,74,38,250
Others	30,87,64,543
	36,62,02,792

SCHEDULE - 9
CASH & BANK BALANCES

Cash & Cheques in Hand	67,02,337
Balance with Scheduled Banks	
In Current Account	84,37,855
In Deposit Account	2,24,28,140
In Unpaid Dividend Account	5,24,957
	3,80,93,290

SCHEDULE - 10
LOANS & ADVANCES

(Unsecured Considered good)

Advances & Other amounts recoverable in cash or in kind for which value is to be received	13,95,90,334
Advance Tax (MAT)	2,10,25,526
Advance Tax Paid	78,92,222
Tax deducted at source by others	2,00,04,864
Security Deposits	30,88,421
	19,16,01,366

SCHEDULE - 11
CURRENT LIABILITIES & PROVISIONS
A Current Liabilities

Sundry Creditors	8,51,50,473
Unpaid Dividend	5,18,907
Other Current Liabilities	5,10,70,112
	13,67,39,492

B Provisions

Income Tax	3,35,02,807
Gratuity	34,19,008
	3,69,21,815

CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2004

Particulars **As at 31.12.2004**
(Rs.)

SCHEDULE - 12

OPERATIVE INCOME

Contract Revenue	1,35,69,68,307
	1,35,69,68,307

SCHEDULE - 13

OTHER INCOME

Interest on Fixed Deposit Receipts (Gross)	13,20,957
(Tax deducted at source : Rs. 1,48,958/-, Previous year Rs. 1,24,481/-)	
Interest Received on others	1,26,85,652
Insurance Claim Received	2,21,644
Miscellaneous Income	18,64,013
	1,60,92,266

SCHEDULE - 14

CONSUMPTION OF STORES & OTHER DIRECT EXPENSES

Stores & Spare Parts	17,29,02,049
Oil & Lubricants	9,83,97,280
Contract Expenses	42,21,56,877
Hiring Charges	1,88,37,442
Insurance	55,33,106
Repair to Plant & Machinery	2,04,23,004
	73,82,49,759

SCHEDULE - 15

PERSONNEL EXPENSES

Payment to & Provision for Employees

Salary, Wages, Bonus, Gratuity etc.	7,45,05,258
Directors Remuneration	29,58,765
Contributions to Provident Fund	28,25,258
Staff Welfare	62,66,207
	8,65,55,488

CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2004

Particulars **As at 31.12.2004**
(Rs.)

SCHEDULE - 16

ADMINISTRATIVE & OTHER EXPENSES

Directors' Travelling	61,87,925
Travelling Expenses	1,00,62,425
Conveyance	38,75,295
Repair & Maintenance to others	53,16,788
Vehicle Expenses	92,92,444
Postage & Telegram	8,13,041
Telephone Expenses	63,44,230
Rent	1,30,94,866
Legal & Professional Charges	66,50,233
Directors' Sitting Fees	1,52,775
Printing & Stationery	26,94,528
Rates & Taxes	34,60,092
Advertisement	2,50,839
Charity & Donation	3,12,070
Demurrage Charges	39,92,060
Fees & Subscription	6,36,426
Water & Electricity Charges	32,67,765
Miscellaneous Expenses	1,31,42,178
Payment to Auditors	
— Audit Fees	2,01,283
— Tax Audit Fees	22,000
— For Other Matters	1,59,196
Preliminary Expenses written off	1,40,557
Loss on sale of assets	20,53,533

	9,22,22,547

SCHEDULE - 17

INTEREST & BANK CHARGES

On Term Loan	10,39,45,380
Others	5,67,15,165

	16,06,60,545

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES

18. NOTES ON CONSOLIDATED ACCOUNTS

I. 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 company's 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 is recognized in the financial statement as goodwill. The goodwill arising on consolidation is not being amortized as on the date of Balance Sheet.
- iv. The details of subsidiary companies whose financial statements are consolidated are as under:

S. No.	Name of Subsidiary	Country of Incorporation	Percentage of ownership	Main Activity of the Subsidiary
1	Shiv Vani Oil & Gas Co. LLC	OMAN	99%*	Drilling & Workover Operations in oil field
2	SV Oil & Natural Gas Ltd.	Mauritius	100%	Management Company

* 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 period from their inception to 31st December, 2004.
- vi. All the above companies have become subsidiaries of the company during the current financial year, therefore, previous year figures are not made available in the consolidated financial statements.

II. SIGNIFICANT ACCOUNTING POLICIES

1. Recognition of Income and Expenditure

- i. All revenues and expenditures are accounted for on accrual basis except wherever stated otherwise.
- ii. Contract Revenue is credited by the Company on work done basis.
- iii. **Fixed Assets**
Fixed Assets are stated at cost less depreciation.
- iv. **Depreciation**
Depreciation on fixed assets in the case of parent company has been calculated on Straight Line method on pro-rata basis at the rates specified in Schedule-XIV of the Companies Act, 1956. However, in case of plant

and machinery's where higher depreciation rate has been charged, is based upon their residual useful life. In case of depreciation on fixed assets of the subsidiary company, the same is calculated on diminishing value method at the following rates.

Comps & Caravans	15.00%
Vehicles	33.33%
Furniture Fixtures	33.33%
Computers	15.00%
Office Equipment	15.00%

v. **Investments**

Current investments are valued at acquisition cost or market value whichever is lower. Long term investments are valued at acquisition cost. Diminution in value of long term investment is provided only if such a diminution is other than temporary in the opinion of the management.

vi. **Inventories**

Stores & spares are valued at cost on FIFO 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. However, in case of the subsidiary company, the same is recognized in the income statement.

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.

viii. **Retirement Benefits**

- The actuarial valuation of the accrued liability for retirement gratuities payable to employees of the parent company upto 31st December 2004 has been made on accrual basis.
- However, in case of subsidiary company, the provision for employees' retirement benefits is made in accordance with their local laws and regulations. The total expense recognized on such account was Rs. 6.56 lacs.
- Encashment of Leaves is being done as and when the employee leaves the service of the Company.

ix. **Borrowing Costs**

Borrowing cost that are 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 are charged to revenue in the period when they are incurred.

x. **Taxation**

Current Year Charge

The provision for income-tax as ascertained is made in accordance with the prevailing laws of the countries where the Companies are situated.

Deferred Tax

The company provides for deferred tax using the liability method, based on the tax effect of timing difference resulting from the recognition of items in the financial statements and in estimating its current income tax provision. However in the case of subsidiary Companies, no provision has been made due to the loss incurred during the period ended on the date of Audited Accounts.

xi. **Earning per share**

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average, number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profit attributable to the equity shareholders by the weighted average of number of equity shares outstanding during the year (Adjusted for the effects of dilutive options.)

xii. **Miscellaneous Expenditure**

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

xiii **Expenses during construction period**

Expenses incurred during implementation of project have been capitalized, as part of the cost of the project upto the date of its becoming ready for its intended use.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

**December 2004
(Rs)**

a	Amount unpaid on investment in shares:- 48,200 Equity Shares of Om Metals & minerals Ltd.	14,09,850
b.	5,000 Equity Share of Parasrampuriah Synthetics Ltd.	35,000
c.	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)	17,96,17,734
d.	Un-expired letters of credit	4,74,30,000
e.	Income Tax Demand in appeal	39,16,023
f.	Corporate Guarantees given to Financial Institutions/ Banks for securing financial assistance for a subsidiary Co. and other Company	1,82,00,79,169
g.	The estimated amount of contracts remaining to be Executed on capital account and no provided for (Net of Advances)	19,01,20,000
h.	Sales Tax Demands	20,19,394*

* To be adjusted against refund granted for Rs. 133.86 Lacs.

3. 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.
4. Stores and spares consumed and salaries and wages incurred during the year for repair and maintenance of plant and Machinery and sheds and building have been charged to the former accounts and not allocated separately as the amount is not ascertainable.
5. There are no amounts due and outstanding to be credited to investor's Education and Protection Fund.
6. In accordance with the International Accounting Standards and Oman Commercial Companies Law, Shiv-Vani Oil & Gas Co. LLC. Oman, (A subsidiary of Shiv-Vani Oil & Gas Exploration Services Ltd, New Delhi) has shown an amount of Rs 1,04,37,597/- as recoverable from the Parent Company against their balance contribution towards the Share Capital. However, the parent company has given no effect in its books of accounts in conformity to the Accounting Standards applicable in India. Accordingly, the consolidation to the accounts to such extent is not on line by line and against the provisions of AS 21 as prescribed by the Institute of Chartered Accountants of India
7. There is no liability outstanding as on 31.12.2004, due to small-scale industrial units covered under Small Scale and Ancillary Industrial Undertakings Act, 1993.

8. Term loans installments due within next one year are amounting to Rs. 37.84 crores.
9. On the basis of the legal opinion obtained, the Company has not accounted Service Tax liability in case of parent company. However, in case of subsidiary company provision of service tax are not applicable.
10. Remuneration paid to the Managing Director of the Company.

	December 2004 (Rs.)
Managing Director	
Salary	19,40,000
Free Accommodation	
— for rent	450,000
— for expenses	464,579
Club Fees	91,800
Medical Expenses	12,386
P F	2,32,800
Total	31,91,565

Remuneration to Managing Director has been paid in accordance with schedule XIII of The Companies Act, 1956 read with section 198 & 309 of the Companies Act, 1956.

11. RELATED PARTY DISCLOSURE

- a) The following is the listing of related parties & the relationship therewith :
- | | |
|---------------------------------|-------------------------------------|
| 1. Shiv-Vani Oil & Gas Co. LLC, | Muscat OMAN - Subsidiary |
| 2. SV Oil & Natural Gas Ltd, | Mauritius - Subsidiary |
| 3. Jiva International Inc, | USA - Control by Director's Brother |
- b) The company has the following transactions with related parties :

	Description of Transaction	Value (in Rupees) 2003-04
Jiva International, Inc. (USA)	Purchase of Spares & Equipment	114865912

12. Earning per share

Calculation of EPS (Basic and Diluted)

Particulars	For the period ended December, 2004
Basic and Diluted	
Profit after Tax (amount)	13,26,42,313
Number of Shares outstanding	2,16,26,900
Weighted average	2,08,26,900
EPS (Rupees)	6.37

Schedules referred to above form an integral part of the accounts.

As per our report of even date
For **VIJAY PRAKASH GUPTA & ASSOCIATES**
Chartered Accountants

V. P. Gupta
Partner
M. No. 84420

For and on behalf of Board

Prem Singhee Chairman & Managing Director
Padam Singhee Director
Vimal Chadha Company Secretary

New Delhi
May 24, 2005

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER, 2004

2003-04
(Rs.)

A. CASH FLOW FROM OPERATING ACTIVITIES

Net Profit before tax and extraordinary items 17,00,34,472

Adjustment for :

1.	Depreciation	12,53,37,762
2.	Deferred Revenue Expenditure	1,40,557
3.	Investments (Interest Income)	(1,40,06,609)
4.	Interest Expenditure	16,06,60,545
5.	Loss on Sale of Fixed Assets	20,53,533

Operating Profit before Working Capital Charges 44,42,20,260

1.	Trade and Other Receivables	(16,20,11,572)
2.	Inventories	(89,21,203)
3.	Trade Payables	8,68,69,407

Cash Generation from Operations 36,01,56,893

1.	Interest Paid	(16,06,60,545)
2.	Direct Taxes Paid	(2,15,97,442)

Cash Flow Before Extra Ordinary Items 17,78,98,906

1.	Extraordinary items	—
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Net Cash from Operating Activities 17,78,98,906

B. CASH FLOW FROM INVESTING ACTIVITIES

Goodwill (21,49,162)

Purchase of Fixed Assets (1,56,05,96,037)

Sale of fixed assets 43,78,540

Interest Received 1,40,06,609

Net Cash from Investing Activities (1,54,43,60,050)

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of share capital	4,98,19,250
Proceeds from long and short term borrowings	1,32,57,24,827

Net cash flow from financing activities	1,37,55,44,077

Net increase in Cash and Cash Equivalents	90,82,933
Cash and Cash equivalents at the beginning	2,90,10,349

Cash and Cash equivalents at the closing	3,80,93,281

For and on behalf of Board

Prem Singhee Chairman & Managing Director

Padam Singhee Director

Vimal Chadha Company Secretary

New Delhi
May 24, 2005

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER, 2004**Auditors' Certificate**

We have examined the attached Consolidated Cash Flow Statement of **Shiv Vani Oil & Gas Exploration Services Ltd.** for the period ended 31st December, 2004. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

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

New Delhi
May 24, 2005

(V.P. Gupta)
Partner

SHIV VANI OIL & GAS CO LLC, OMAN

SUMMARY OF BALANCE SHEET AS AT 31ST DECEMBER, 2004

Particulars	Omni Rial	Conversion Rate	As at 31.12.2004 (Rs.)
Share Capital	5,00,000	112.463	5,62,31,600
Reserve & Surplus	(1,36,658)	112.463	(1,53,68,996)
Total Assets	1,04,08,709	112.463	1,17,05,96,722
Total Liabilities	1,04,08,709	112.463	1,17,05,96,722
Investments			—
Total Income	196	112.463	22,043
Profit Before Taxation	(1,36,658)	112.463	(1,53,68,996)
Provision for Income Tax			—
Profit After Tax	(1,36,658)	112.463	(1,53,68,996)
Proposed Dividend			Nil

As per our report of even date
For **VIJAY PRAKASH GUPTA & ASSOCIATES**
Chartered Accountants

V. P. Gupta
Partner
M. No. 84420

New Delhi
May 24, 2005

For and on behalf of Board

Prem Singhee Chairman & Managing Director
Padam Singhee Director
Vimal Chadha Company Secretary

SV OIL & NATURAL GAS LTD., MAURITIUS

SUMMARY OF BALANCE SHEET AS AT 31ST DECEMBER, 2004

Particulars	USD	Conversion Rate	As at 31.12.2004 (Rs.)
Share Capital	9,000	43.475	3,91,275
Reserve & Surplus	(7,550)	43.475	(3,28,236)
Total Assets	21,884	43.475	9,51,407
Total Liabilities	21,884	43.475	9,51,407
Investments			—
Total Income			—
Profit Before Taxation	(7,550)	43.475	(3,28,236)
Provision for Income Tax			—
Profit After Tax	(7,550)	43.475	(3,28,236)
Proposed Dividend			Nil

As per our report of even date
For **VIJAY PRAKASH GUPTA & ASSOCIATES**
Chartered Accountants

V. P. Gupta
Partner
M. No. 84420

New Delhi
May 24, 2005

For and on behalf of Board

Prem Singhee Chairman & Managing Director
Padam Singhee Director
Vimal Chadha Company Secretary

