

**21ST ANNUAL REPORT
2011-2012**

**GUJARAT NATURAL
RESOURCES
LIMITED**

Regd. Office

**8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway,
Ahmedabad – 380 059**

GUJARAT NATURAL RESOURCES LIMITED
21st ANNUAL REPORT
2011 - 2012

BOARD OF DIRECTORS

ILESH SHAH	CHAIRMAN
SHALIN A. SHAH	MANAGING DIRECTOR
ASHOK C. SHAH	DIRECTOR
HARIYANT C. SHELAT	DIRECTOR
MALAV A. MEHTA	DIRECTOR
PRAVINBHAI V. TRIVEDI	DIRECTOR

AUDITORS

M/s. PANKAJ K SHAH ASSOCIATES
Chartered Accountants.
Ahmedabad

BANKERS

ICICI Bank Ltd., Ashram Road Branch, Ahmedabad
Union Bank of India, Ashram Road Branch, Ahmedabad
IDBI Bank, Lal Bungalow Branch, Ahmedabad.

REGD. OFFICE

8, Sigma Corporate, Nr. Mann Party Plot,
S. G. Highway, Ahmedabad – 59.

REGISTRAR & SHARE TRANSFER AGENTS

PURVA SHAREGISTRY (INDIA) PVT. LTD.
Shiv Shakti Industrial Estates, Unit No. 9
7-B, J. R. Boricha Marg,
Sitaram Mill Compound,
Mumbai 400 011.

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of **GUJARAT NATURAL RESOURCES LIMITED** will be held on September 29, 2012 at 12.00 Noon at 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 059 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2012, Statement of Profit & Loss for the year ended on that date and Directors Report and the Auditors Report thereon.
2. To appoint a Director in place of Mr. Pravinbhai Trivedi, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Hariyant Shelat, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of next Annual General Meeting and to fix their remuneration.

By Order of the Board
For Gujarat Natural Resources Limited

Place : Ahmedabad
Date : 04.09.2012

Ilesh Shah
Chairman

Regd. Office:

8, Sigma Corporate, Nr. Mann Party plot,
S. g. Highway, Ahmedabad – 380 059

Annexure to the Notice of Annual General Meeting

Details of Directors seeking Appointment/Reappointment in Annual General Meeting (In pursuance of Clause 49(VI) A of the Listing Agreements)

Name of the Director	Pravinbhai Trivedi	Hariyant Shelat
Age (Yrs.)	66	61
Qualifications	Retd. IAS, BSC, LLB	B.Com, LLB
Designation	Director	Director
Committee Membership	Member – Audit Committee Chairman - Shareholders'/Investors' Grievance Committee	Chairman – Audit Committee Member - Shareholders'/Investors' Grievance Committee
No. of Shares held in the Company	NIL	4000

Notes:

1. A Shareholder is eligible to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and a Proxy need not be a Shareholder. The instrument appointing a proxy shall be deposited at the Registered Office of the company not later than 48 hours before the time fixed for holding the meeting.
2. The Shareholder are requested to notifying change in their address to the company quoting their folio number at the earliest to avoid inconvenience at a later stage.
3. Shareholders are requested to kindly bring their copy of the Annual Report with them at the Annual General Meeting, as no extra copy of Annual Report would be made available at the Annual General Meeting.
4. Shareholders seeking any information with regards to accounts are requested to write to the Company atleast 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
5. Shareholders/Proxies should bring he Attendance Slip attached herewith duly filled in for attending the meeting.
6. Register of Shareholders shall remain closed from September 23, 2012 to September 29, 2012 (both days inclusive).
7. Shareholders Companies/Organizations are requested to send a copy of the resolution of their Governing Body authorizing their representative to attend and vote at this Annual General Meeting.

DIRECTORS REPORT

Dear Shareholders,

Your Directors are pleased to present the 21st Annual Report of the Company and Audited Accounts for the financial year ended 31st March, 2012.

Financial Results:

The financial highlights of the Company on Standalone basis are as below:

Particulars	2010-2011	2011--2012
Sales & Other Income	598.21	4563.40
Profit before Depreciation & Taxation	4.25	(32.01)
Depreciation	3.55	3.08
Taxation	1.55	---
Net Profit after tax for the year	(0.85)	(35.09)

(Rs. In Lacs)

Status of the Project:

The Company is engaged in the business of Oil & Gas exploration and production, and currently the company is carrying on these activities through its 100% owned subsidiaries. The Company currently holds 30% participating interest (through its 100% owned subsidiary) in six producing Oil & Gas fields in the Cambay Basin. It is an operator in majority of these fields (with remaining held by ONGC, Government of India undertaking and GSPCL – Gujarat State Petroleum Corporation Limited).

Future outlook:

The Company plans to acquire new units producing small & medium sized Oil and Gas fields in India & abroad to increase production levels. The Company is planning strategic entry into proven basins across the globe and own marquee assets – presently evaluating on shore producing assets in South East Asian Region.

Subsidiary Company:

With a view to market the Company across the globe, your company has 4 International subsidiaries. Apart from International subsidiaries, there are 2 Indian subsidiaries.

Statement under Section 212 of the Companies Act, 1956 relating to subsidiaries is enclosed herewith. Further as required under Accounting Standard 21, consolidated account of parent and subsidiary companies are also enclosed with the accounts.

Particulars of Employees:

There are no employees drawing remuneration exceeding the limit stipulated under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Statutory Information:

Particulars of conservation of energy etc. u/s 217(1)(e) are not applicable as the Commercial Production has not yet commenced. There are no plans to import any kind of technology for the project and hence information regarding its absorption is not applicable. There is no foreign exchange income or outgo.

Directors:

Mr. Pravinbhai Trivedi and Mr. Hariyant Shelat, retires from the Board by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

Brief resume of the Directors seeking appointment / reappointment together with membership of Committees of the Board and Shareholding of non-executive directors as stipulated under Annexure to AGM Notice.

Public Deposits:

Your company has not accepted any fixed deposit under Section 58A of the Companies Act, 1956 and hence no amount of principal or interest was outstanding as at the Balance Sheet date.

Auditors:

The Statutory Auditors of the Company M/s. Pankaj K. Shah Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office of Statutory Auditors, if reappointed.

The Audit Committee and the Board of Directors recommended reappointment of M/s. Pankaj K. Shah Associates, Chartered Accountants, as Statutory Auditors of the Company for the financial year 2012-13 for shareholder's approval.

Auditors Report:

The observations made in the Auditors' Report, read with the relevant notes thereon are self-explanatory and therefore do not call for any further comments under Section 217 of the Companies Act, 1956.

Director's responsibility Statement:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the Accounts for the Financial Year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2012 and of the profit and loss of the Company for the year under review;

3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the accounts for the financial year ended 31st March, 2012 on 'going concern' basis.

Corporate Governance:

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure – II.

Management Discussion & Analysis:

Management Discussion & Analysis is given separately and forms part of this Annual Report.

Acknowledgment:

The Board greatly appreciates the commitment and dedication of employees at all levels who have contributed to the growth and success of the Company. We would also thank all our clients, vendors, investors, bankers and other business associates for their continued support and encouragement during the year.

We also thank the Government of India, Government of Gujarat, Ministry of Commerce and Industry, Ministry of Finance, Customs and Excise Departments, Income Tax Department, and all other Government Agencies for their support during the year and look forward to their continued support in the future.

On behalf of Board of Directors

Date : 04.09.2012
Place : Ahmedabad.

Shalin A. Shah
Managing Director

Ashok C. Shah
Director

CORPORATE GOVERNANCE REPORT

Company Philosophy:

Gujarat Natural Resources Limited involves transparency, full disclosure, independent monitoring of the state of affairs and being fair to all stakeholders. The Company's philosophy envisages the attainment of the highest standards of Corporate Governance by timely disclosures, transparent accounting policies, responsibility and fairness. Its endeavor is to maximize the long term value of the Shareholders of the Company.

Board of Directors

The Board of Directors comprises of 6 Directors as on 31st March, 2012
Composition, Category and Designation of Directors

Name of Director	Category	Designation
Mr. Ashok C. Shah	Promoter, Non Executive Director	Chairman
Mr. Shalin A. Shah	Promoter, Executive Director	Managing Director
Mr. Hariyant C. Shelat	Independent, Non Executive Director	Director
Mr. Ilesh Shah	Promoter, Non Executive Director	Director
Mr. Malav Mehta	Promoter, Non Executive Director	Director
Mr. Pravinbhai V. Trivedi	Independent, Non Executive Director	Director

Name of Director	Attendance Particulars		No. of other Directorships and Committee Memberships / Chairmanships		
	Board Meetings	Last AGM	Other Public Directorships	Committee Memberships	Committee Chairmanships
Mr. Ashok C. Shah	5	Yes	1	1	---
Mr. Shalin A. Shah	5	Yes	1	1	---
Mr. Hariyant C. Shelat	5	Yes	---	1	1
Mr. Ilesh Shah	5	Yes	---	---	---
Mr. Malav Mehta	5	Yes	---	---	---
Mr. Pravinbhai V. Trivedi	5	Yes	---	1	1

Number & Dates of Board Meetings

During the year under review Five Meetings of Board of Directors were held on 14.05.2011, 12.08.2011, 03.09.2011, 14.11.2011 and 15.02.2012.

Audit Committee

The Board of Directors have constituted the Audit Committee to assist the Board in discharging its responsibilities effectively. The constitution of the Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956.

Composition and Terms of Reference

The Board has constituted Audit Committee comprising three Directors namely Mr. Ashok C. Shah Mr. Pravinbhai V. Trivedi and Mr. Hariyant C. Shelat. Mr. Hariyant C. Shelat is the Chairman of the Audit Committee. Except Mr. Ashok C. Shah all other members are Independent. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956. The Committee deals with accounting matters, financial reporting and internal controls. Terms of reference of Audit Committee specified by the Board are as contained in section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement with Stock Exchanges.

Number & Dates of Meetings of Audit Committee

During the year under review Five Meetings of Audit Committee were held on 14.05.2011, 12.08.2011, 03.09.2011, 14.11.2011 and 15.02.2012.

Remuneration Committee

The Company has not set up a Remuneration Committee. The remuneration of Executive Directors were fixed by the Board and approved by the Members at the Annual General Meeting.

Details of Remuneration paid to Directors during the year.

A. Executive Directors

The remuneration paid to Directors during the financial year ended 31st March, 2012 is as follows:

Executive Director	Salary (Rs.)
Mr. Shalin A. Shah	Rs. 600000/-

B. Non Executive Directors

No sitting fees have been paid to Non – Executive Directors for attending any meetings during the financial year ended 31st March, 2012.

Shareholders'/Investors' Grievance Committee

As a measure of good Corporate Governance and focusing on strengthening the relation with the stakeholders, the Board has formed Shareholders/ Investors' Grievance Committee.

Constitution and Composition

The Committee was constituted comprising of the following directors as members: Mr. Hariyant C. Shelat and Mr. Shalin A. Shah are the members and Mr. Pravinbhai Trivedi is the Chairman of the Committee.

The Committee was constituted to look into the Investors' complaints and to redress the same expediently. The committee, inter alia, approves, issue of duplicate certificates and overseas and reviews all matters connected with the transfer of securities. The Committee also looks into shareholders' complaints like transfer of shares, non receipts balance sheet,

etc. The Committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services.

During the year, 25 complaints were received from the Shareholders and all 25 complaints were resolved. The Company has no transfer pending at the close of the financial year.

General Body Meetings

Date, Time, Venue and any Special Resolution passed at last three Annual General Meeting :

Year	Date/Time	Venue
2010-11	30th September, 2011 / 10.00 A.M.	8, Sigma Corporate, Nr. Mann Party Plot, S.G. Highway, Ahmedabad – 380 059. Special Resolution Passed : 1. Issue of GDR upto a value of 250 crores. 2. Delisting of Equity Shares from Delhi Stock Exchange, Ahmedabad Stock Exchange Limited and Vadodra Stock Exchange limited.
2009-10	30th September, 2010 / 10.00 A.M.	8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 059
2008-09	30th September, 2009 / 10.00 A.M.	7th Floor, Ashoka Chambers, Nr. Lions Hall, Mithakhali Six Roads, Ahmedabad – 380 006

Date, Time, Venue and any Special Resolution passed in Extra Ordinary General Meeting held during last three years:

Date/Time/Venue	Particulars
27th March, 2010 / 11.00 A.M. / 8, Sigma Corporate House, Nr. Mann Party Plot, S. G. Highway, Bodakdev, Ahmedabad – 380 059	1. Preferential Allotment of 2,42,660 Equity Shares to strategic investors
4th March, 2010 / 11.00 A.M. / 8, Sigma Corporate House, Nr. Mann Party Plot, S. G. Highway, Bodakdev, Ahmedabad – 380 059	1. Name of the Company has been changed from “Lesh Energy Resources Limited” to “Gujarat Natural Resources Limited” 2. Appointment of Mr. Malav Mehta, Director as Co-Promoter 3. Appointment of Mr. Ilesh Shah, Director as Co-Promoter 4. Appointment of Mr. Shalin A. Shah as a Managing Director for a period 23.01.2010 to 22.01.2015.
16th January, 2010 / 11.00 A.M. / 702, Ashoka Chambers, Mithakhali Six Roads, Ahmedabad – 380 006	1. Preferential Allotment of 2,80,000 Equity Shares to strategic investors.
18th August, 2009 / 11.00 A.M. / 702, Ashoka Chambers, Mithakhali Six Roads, Ahmedabad – 380 006	1. Conversion of Warrants into Equity Shares 2. Increase in Authorised Share Capital

18th June, 2009 / 1.00 P.M. / 702, Ashoka Chambers, Mithakhali Six Roads, Ahmedabad – 380 006	1. Court convened meeting of Scheme of Arrangement in the nature of Demerger of Steel Unit of Lasha Energy Resources Limited into Technocorp Infosystems Limited.
18th June, 2009 / 11.00 A.M. / 702, Ashoka Chambers, Near Lion Hall, Mithakhali Six Roads, Ahmedabad – 380 006	1. Preferential Allotment of Optionally Fully Convertible Debentures
4th May, 2009 / 11.00 A.M. / 702, Ashoka Chambers, Near Lion Hall, Mithakhali Six Roads, Ahmedabad – 380 006	1. Resolution as per section 372A to acquire share by share swap 2. Increase in Authorised Share Capital 3. Preferential Allotment on basis of Share swap 4. Preferential Allotment of Optionally Fully Convertible Debentures

DISCLOSURES

Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large

During the year, there were no materially significant transaction with related parties except disclosed in notes on accounts as per accounting standard 18 viz. its promoters, the Directors or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the Company at large.

Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Nil.

Details of compliance with mandatory requirements and adoption of the non- mandatory requirements of this clause.

All the mandatory requirements has been adopted by the Company and the Company has not adopted the Non-Mandatory requirements.

Disclosures of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out in the Notes of the Accounts.

Means of Communication

The Unaudited quarterly / half yearly results are announced within 45 days from the end of the quarter as stipulated under the Listing Agreement with the Stock Exchanges. Further these results are published within 48 hours in to news papers-one in English and one in Gujarati.

Financial Results are also available on the Company's website www.gnrl.in

Financial Year Calendar for 2012-2013 (tentative)

Results for the quarter ended 30th June, 2012 :

Second Week of August 2012

Results for the quarter ended 30th September, 2012 : Second Week of November 2012
 Results for the last quarter Ended 31st December, 2012 : Second Week of February 2013
 Results for the quarter ended 31st March, 2013 : Second Week of May 2013
 Annual General Meeting for the year ending
 31st March, 2013 : September 2013

General Information for Shareholders

Date, Time and Venue of Annual General Meeting : 29th September, 2012 at 12.00 Noon at 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 059

Financial Year of the Company : 31st March every year.

Book Closure dates : From 23rd September, 2012 to 29th September, 2012 (both days inclusive) for the purpose of the Annual General Meeting.

Dividend Payment Date : Not Applicable

Listing on Stock Exchanges : The Bombay Stock Exchange Limited

Stock Code

a. Scrip code Bombay Stock Exchange : 513536
 Scrip ID Bombay Stock Exchange : GNRL
 b. Demat ISIN Number in NSDL & CDSL: INE207H01018

Monthly High / low Closing Stock Quotation at BSE

Month	Share Prices	
	High	Low
April 2011	91.40	70.00
May 2011	90.40	73.25
June 2011	87.00	74.20
July 2011	87.45	70.30
August 2011	85.50	64.70
September 2011	107.90	73.00
October 2011	106.90	94.00
November 2011	126.00	99.05
December 2011	127.00	108.70
January 2012	128.00	110.00
February 2012	124.00	107.00
March 2012	141.40	99.50

Registrar and Share Transfer Agents

PURVA SHAREGISTRY (INDIA) PVT. LTD.
Shiv Shakti Industrial Estates, Unit No. 9
7-B, J. R. Boricha Marg,
Sitaram Mill Compound, Mumbai – 400 011

Share Transfer System

The Company had appointed M/s Purva Sharegistry (India) Pvt. Ltd. as the Registrar and Transfer Agents valid Share Transfers in physical form and complete in all respects were approved and registered within the stipulated period.

Distribution of Shareholding as on 31st March, 2012

No. of Equity Shares	No. of Shareholders	% of total Shareholders	No. of Shares	% to total Capital
Upto – 5000	5768	85.25	1198573	3.09
5001 – 10000	476	7.04	404433	1.04
10001- 20000	187	2.76	292162	0.75
20001 – 30000	61	0.90	151127	0.39
30001 – 40000	43	0.64	153580	0.40
40001 – 50000	33	0.49	151021	0.39
50001 – 100000	54	0.80	392445	1.01
100001 - above	144	2.13	36008304	92.92
Total	6766	100.00	38751645	100.00

Dematerialization of shares and liquidity

The shares of the company are permitted for demat on NSDL and CDSL

Issued, Subscribed and Paid up Capital	:	38,751,645
A. Electronic Holding in NSDL	:	12,569,561
B. Electronic Holding in CDSL	:	24,448,976
C. Physical Holding	:	1,733,108

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity: NIL.

Address for Correspondence

For Shares held in Physical & Demat form
PURVA SHAREGISTRY (INDIA) PVT. LTD.
(Unit : Gujarat Natural Resources Limited)
Shiv Shakti Industrial Estates, Unit No. 9
7-B, J. R. Boricha Marg,
Sitaram Mill Compound, Mumbai – 400 011

Any Query on Annual Report

Gujarat Natural Resources Limited
Secretarial Department
8, Sigma Corporate,
Nr. Mann Party Plot,
S. G. Highway,
Ahmedabad – 380 059

For any other queries: email : info@gnrl.in

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

As provided under clause 49 of the Listing Agreement with the Stock Exchange, all Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2012.

For Gujarat Natural Resources Limited

Place : Ahmedabad
Date : 04.09.2012

Shalin A. Shah
Managing Director

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Shareholders of Gujarat Natural Resources Limited

We have examined the compliance of the conditions of Corporate Governance by Gujarat Natural Resources Limited for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

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

We state that in respect of investor grievances received during the year ended March 31, 2012, no investor grievances are pending against the Company for a period exceeding one month as per the records maintained by the Company and presented to the investors / shareholders Grievances 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 PANKAJ K. SHAH ASSOCIATES
Firm Registraton No. 107352W
CHARTERED ACCOUNTANTS

Place : Ahmedabad
Date : 04.09.2012

(Pankaj K. Shah)
PROPRIETOR
M. NO. 34603

CEO CERTIFICATE

(As per Clause 49(v) of the Listing Agreement)

To,
The Board of Directors,
Gujarat Natural Resources Limited, Ahmedabad.

I hereby certify that :

- a. I have reviewed the financial statement and the cash flow statements for the year 2011-12 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violent of the Company's Code of Conduct.
- c. I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and has disclosed to the auditors and the Audit Committee that there have been no deficiencies in the design or operation of internal controls, prevailing in the Company.
- d. I hereby certify that:
 - i. There have been no significant changes in internal control during the year.
 - ii. There have been no significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the Financial Statement and
 - iii. No instances of fraud were observed in the Company by the management or an employee having a significant role in the Company's internal control systems.

For Gujarat Natural Resources Limited

Place : Ahmedabad
Date : 04.09.2012

Shalin A. Shah
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

The operational performance and future outlook of the business has been reviewed by the management based on current resources and future development of the Company.

Internal Control System

Your Company has clearly laid down policies, guidelines and procedures that form part of the internal control system which provide for automatic checks and balances. All operating parameters are monitored and controlled. Regular internal audit and checks ensure the effectiveness and efficiency of these systems to ensure that all assets are protected against loss and that the financial and operational information is complete and accurate.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a management discussion and analysis report, Corporate Governance report and auditors' certificate regarding compliance of conditions of Corporate Governance are made as a part of the annual report.

CEO and CFO Certification

Mr. Shalin A. Shah, Managing Director, have given certificate to the board as contemplated in sub-clause (V) of clause 49 of the Listing Agreement.

Health, safety and environmental protection

Your Company has complied with all the applicable environmental laws and labour laws. The Company has been complying with the relevant laws and has been taking all necessary measures to protect the environment and maximize worker protection and safety.

Cautionary Statement:

Statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations, predictions etc. may be "Forward Statement" within the meaning of applicable laws and regulations. Actual results, performance or achievements may vary with those expressed or implied, depending upon the economic conditions, Government policies and other incidental/unforeseeable factors. Important factors that could influence the Company's operations include domestic supply and demand affecting pricing of finished goods in the Company's principal markets, changes in Government regulations, tax laws, economic developments within the Country and other incidental factors.

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AUDITORS' REPORT

To,
The Members of
GUJARAT NATURAL RESOURCES LIMITED
Ahmedabad

1. We have audited the attached Balance Sheet of GUJARAT NATURAL RESOURCES LIMITED Ahmedabad as at 31st March, 2012 and also the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any 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 presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the companies (Auditor's Report) (amendment) order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of such books;
 - (c) The Balance Sheet and Statement of Profit & Loss and Cash Flow Statement dealt with, by this report are in agreement with the books of accounts.
 - (d) In our opinion, Balance Sheet and Statement of Profit and Loss and Cash flow statement dealt with by this report comply with the Accounting Standard referred to in sub Section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
 - (e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the company are prima facie disqualified as at 31st March 2012 from being appointed as Directors of the company in terms of Clause (g) of Section 274(1) of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanation given to us, the attached accounts subject to the following qualificatory notes give the information

required by the Companies Act, 1956 in the manner so required.

- a) Point No. 2 at Additional Notes to Accounts in Notes – 20 regarding non-provision of doubtful debts amounting to Rs. 519.71 lacs, as a result thereof the debit balance of profit & loss A/c gets understated by the said sum and correspondingly Sundry debtors is overstand by the said sum.
- b) The company has in past granted/ renewed loans and advances to certain parties which has been identified as non-performing asset. Accordingly company has not recognized any income from the same. In the opinion of the directors, the process of recovery is going on and the same is not fully doubtful of recovery. However in our opinion company needs to make provision for such long outstanding non-performing assets amounting to Rs. 138.65 lacs. Due to non provision in this regard, the debit balance of profit & loss account is under stated and the balance of loans and advances is over stated by the said sum.

Subject to the above qualificatory notes, the attached accounts give the information required by the Companies Act, 1956 in the manner so required and it gives a true and fair view.

- (i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2012, and
- (ii) In the case of the Statement of Profit & Loss, of the Loss of the Company for the year ended on that date.
- (iii) In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date :

FOR PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS

Place : Ahmedabad
Date : 04.09.2012

(PANKAJ K. SHAH)
PROPRIETOR
M. No. 34603

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditor's report to the members of GUJARAT NATURAL RESOURCES LIMITED, on the accounts for the year ended on 31st March, 2012.

1. a. According to the information and explanation given to us, the fixed assets records showing full particulars including quantitative details and situation of fixed assets are under compilation.
b. As explained 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 the nature of its assets. No material discrepancies were noticed on such physical verification.
c. In our opinion, the company has not disposed of substantial part of its fixed assets during the year and the Going Concern status of the Company is not effected.
2. (a) According to the information and explanations given to us, the Company has taken/granted unsecured loans from/to companies covered in the Register maintained under Section 301 of the Companies Act, 1956;
 - (i) (a) The company has taken interest free loan from its step down subsidiary company covered in the Register maintained u/s 301 of the Companies Act, 1956. The amount involved (i.e. the maximum amount outstanding during the year was Rs. 525.37 lacs). Rs. 87.55 lacs was payable to this party as at the close of the accounting year.
(b) The Company has taken interest free loans from Three parties covered in the aforesaid Register. The amount involved (i.e. the maximum amount outstanding during the year was Rs. 26.64 lacs). Rs. 1.94 lacs were payable to these parties as at the close of the accounting year.
 - (ii) (a) The company has granted interest free loan to its wholly owned subsidiary company covered in the Register maintained u/s 301 of the Companies Act, 1956. The amount involved (i.e. the maximum amount outstanding during the year was Rs. 4750.70 lacs). Rs. 4750.70 lacs was receivable from this party as at the close of the accounting year.
(b) The company has also granted interest free loans to Six parties covered in the Register maintained u/s 301 of the Companies Act, 1956. The amount involved (i.e. the maximum amount outstanding during the year was Rs. 1112.10 lacs). Rs. 28.50 lacs was receivable from these parties as at the close of the accounting year.
(b) According to the information and explanation given to us, the terms and conditions in respect of unsecured loans taken/granted by the Company are not prima-facie prejudicial to the interest of the Company.
(c) In our opinion and according to the information and explanations given to us, the payment of principal amount are on demand.
(d) In our opinion and according to the information and explanation given to us, there are no overdue amounts in respect of the transactions listed in clause (a) above.
3. In our opinion and on the basis of test checks carried out by us, it appears that there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of audit, we have neither come across nor have been informed of any instance of major weaknesses in aforesaid internal control procedure, which would require corrective action.
4. a. In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
b. As there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, paragraph 4(b) of the order is not applicable.
5. According to the information and explanation given to us, the Company has not accepted any

- deposits attracting the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.
6. The company did not have any formal internal audit system during the year under review. In the opinion of the management, the existing internal control procedures are adequate and hence separate internal audit is not called for.
 7. According to the information given to us by the Management, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the activities of the Company.
 8. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, VAT, wealth tax, custom duty, Service tax, excise duty, cess and any other statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, VAT, wealth tax, custom duty, service tax, excise duty, cess were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable.
 9. The Company has accumulated losses of Rs. 28.03 lacs at the end of the year, which is less than 50% of Net worth of the Company. Further, the company has incurred cash loss of Rs. 32.01 lacs during the financial year covered under audit. However the company has not incurred any cash loss during the immediately preceding financial year.
 10. According to the records of the company and the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank during the financial year.
 11. In our opinion, the company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities.
 12. In our opinion, the provisions of any special statute applicable to chit fund or nidhi mutual fund or mutual benefit fund/ societies are not applicable to the company.
 13. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
 14. As per the information and explanations given to us, the company has not given guarantees for loans taken by others from bank during the year.
 15. The company has not availed any term loan facility during the year.
 16. According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the company for the year under audit, prima faces no funds raised on short-term basis have been used for long term investment.
 17. The Company has not made any preferential allotment of shares during the year to any parties and companies covered in the register maintained under Section 301 of the Companies Act 1956.
 18. The Company has not issued any debenture during the year.
 19. The company has not raised any money by way of public issues during year.
 20. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.
 21. Clause (ii) of the aforesaid order is not applicable to the company.

FOR PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS

(PANKAJ K. SHAH)
PROPRIETOR
M. No. 34603

Place : Ahmedabad
Date : 04.09.2012

AUDITORS' CERTIFICATE

AS PER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Member of
GUJARAT NATURAL RESOURCES LIMITED
Ahmedabad.

We have examined the compliance of conditions of corporate governance by Gujarat Natural Resources Ltd. for the ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchanges.

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 the 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 information and according to the explanations given to us, we certify that company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2012, no investor grievances are 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 PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS

(PANKAJ K. SHAH)
PROPRIETOR
M. No. 34603

Place : Ahmedabad
Date : 04.09.2012

GUJARAT NATURAL RESOURCES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	387,516,450.00	387,516,450.00
(b) Reserves and Surplus	2	431,059,325.13	434,568,266.96
2 Current Liabilities			
(a) Short-term borrowings	3	8,949,153.00	45,887,613.00
(b) Other Current Liabilities	4	982,784.00	673,247.32
(c) Short-term Provisions	5	1,310,537.00	898,688.00
TOTAL RS...		829,818,249.13	869,544,265.28
II. ASSETS			
1 Non-current Assets			
(a) Fixed Assets	6		
-- Tangible Assets		14,555,757.10	14,863,493.02
(b) Non-current investments	7	154,350,000.00	154,350,000.00
(c) Long-term loans and advances	8	53,394,585.00	51,117,367.00
(d) Other non-current assets	9	26,050,880.00	26,050,880.00
2 Current Assets			
(a) Trade Receivables	10	100,279,203.70	100,540,381.49
(b) Cash and Cash Equivalents	11	3,259,121.64	3,470,500.77
(c) Short-term Loans and Advances	12	477,928,701.69	519,151,643.00
TOTAL RS...		829,818,249.13	869,544,265.28
The notes form an integral part of these financial statements	20	-	-
FOR PANKAJ K. SHAH ASSOCIATES Firm Registration No. 107352W CHARTERED ACCOUNTANTS (PANKAJ K. SHAH) PROPRIETOR M. No. 34603 PLACE: AHMEDABAD DATE : 04.09.2012		FOR GUJARAT NATURAL RESOURCES LIMITED Shalin A. Shah MANAGING DIRECTOR Ashok C. Shah DIRECTOR PLACE: AHMEDABAD DATE : 04.09.2012	

GUJARAT NATURAL RESOURCES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No	As at 31st March, 2012	As at 31st March, 2011
I. INCOME			
Revenue from operations	13	456,152,776.24	575,709,028.25
II Other Income	14	188,088.00	24,093,381.00
III Total Revenue (I + II)		456,340,864.24	599,802,409.25
IV Expenses			
- Purchases of Stock-in-Trade	15	456,712,139.78	574,107,738.78
- Changes in Inventories of Finished goods,	16	--	1,595,086.00
- Employee benefits expenses	17	1,584,066.00	1,013,760.00
- Finance Costs	18	1,777.46	21,026,131.01
- Depreciation and amortization expense		307,735.92	355,128.98
- Other Expenses	19	1,244,086.91	1,569,081.10
Total Expenses		459,849,806.07	599,666,925.87
V Profit before tax (III - IV)		(3,508,941.83)	135,483.38
VI Tax Expenses :			
- Current Tax		--	155,370.00
- Short Provision of Income Tax for earlier years		--	65,258.00
		--	220,628.00
VII Profit / (Loss) for the year (V - VI)		(3,508,941.83)	(85,144.62)
VIII Earnings per Equity Share of Rs. 10 each			
Basic/Diluted		(0.09)	(0.002)
The notes form an integral part of these financial statements	20		

FOR PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS

FOR GUJARAT NATURAL RESOURCES LIMITED

(PANKAJ K. SHAH)
PROPRIETOR
M. No. 34603

Shalin A. Shah
MANAGING DIRECTOR

Ashok C. Shah
DIRECTOR

PLACE: AHMEDABAD
DATE : 04.09.2012

PLACE: AHMEDABAD
DATE : 04.09.2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	(3,508,941.83)	135,483.38
NON CASH ADJUSTMENT FOR-		
DEPRECIATION AND AMORTIZATION EXPENSES	307,735.92	355,128.98
INTEREST EXPENSES	-	21,021,030.00
Operating Profit/(Loss) before working capital changes	(3,201,205.91)	21,511,642.36
INCREASE/(DECREASE) IN SHORT TERM BORROWING	(36,938,460.00)	14,887,613.00
INCREASE/(DECREASE) IN SHORT TERM PROVISION	567,219.00	576,476.00
INCREASE/(DECREASE) IN OTHER CURRENT LIABILITIES	309,536.68	(17,708,781.68)
(INCREASE)/DECREASE IN INVENTORIES	-	1,595,086.00
(INCREASE)/DECREASE IN TRADE RECEIVABLE	261,177.79	(48,569,731.49)
(INCREASE)/DECREASE IN LONG TERM LOANS & ADVANCES	(2,277,218.00)	(15,000,000.00)
(INCREASE) /DECREASE IN SHORT TERM LOANS & ADVANCES	41,222,941.31	(172,473,422.00)
(INCREASE) /DECREASE IN OTHER NON-CURRENT ASSETS	-	(68,174.00)
Cash generated from operations	(56,009.13)	(215,249,291.81)
DIRECT TAX PAID (NET OF REFUND)	(155,370.00)	(85,258.00)
[A] Net cash flow from operating activities	(211,379.13)	(215,334,549.81)
Cash Flow from Investing activity		
PURCHASE OF INVESTMENTS	-	(12,500,000.00)
PROCEEDS FROM SALE OF INVESTMENTS	-	33,200,000.00
[B] Net Cash from Investing activity	-	20,700,000.00
Cash Flow from Finance activity		
INCREASE IN SHARE CAPITAL	-	60,411,225
INCREASE IN SHARE PREMIUM	-	357,132,125
REPAYMENT OF OPTIONALLY FULLY CONVERTIBLE DEBENTURES	-	(199,999,975)
INTEREST ON OPTIONALLY FULLY CONVERTIBLE DEBENTURES	-	(21,021,030.00)
[C] Net Cash used in financing activity	-	196,522,345.00
NET INCREASE(DECREASE) IN CASH & CASH EQUIVALENTS	(211,379.13)	1,887,795.19
OPENING CASH AND BANK BALANCE	3,470,500.77	1,582,705.58
CLOSING CASH AND BANK BALANCE	3,259,121.64	3,470,500.77
FOR PANKAJ K. SHAH ASSOCIATES	FOR GUJARAT NATURAL RESOURCES LIMITED	
Firm Registration No. 107352W		
CHARTERED ACCOUNTANTS		
(PANKAJ K. SHAH)	Shalin A. Shah	Ashok C. Shah
PROPRIETOR	MANAGING DIRECTOR	DIRECTOR
M. No. 34603		
PLACE: AHMEDABAD	PLACE: AHMEDABAD	
DATE : 04.09.2012	DATE : 04.09.2012	

NOTES TO THE FINANCIAL STATEMENTS

Note - 1 : SHARE CAPITAL

Particulars	As at	
	31st March, 2012	31st March, 2011
1. AUTHORISED CAPITAL		
-- 4,00,00,000 Equity Shares of Rs. 10/- each	400,000,000.00	400,000,000.00
2. ISSUED, SUBSCRIBED & PAID UP CAPITAL		
-- 3,87,51,645 Equity Shares of Rs.10/- each, fully paid.	387,516,450.00	387,516,450.00
	387,516,450.00	387,516,450.00

3. There is no movement of the shares outstanding at the beginning and at the end of the reporting period.

4. The company has issued only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

5. Company has not allotted any bonus shares, Shares without consideration in cash and/or bought back any equity shares during the period of five years immediately preceeding the Balance sheet date.

6. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	No. of Share held	% of Holding	No. of Share held	% of Holding
-- Pranathi Constructions Private Limited	3,940,570	10.17	3,940,570	10.17
-- Algorab Power Projects Private Limited	3,857,145	9.95	--	--
-- Patron Energy Private limited	3,801,570	9.81	2,373,000	6.12
-- Padma Real Infra Private Limited	2,171,000	5.60	--	--
-- Deven Mahendrakumar Shah	2,150,000	5.55	--	--
-- Blowing Traders Private Limited	2,150,000	5.55	--	--

Note - 2 : RESERVES & SURPLUS

Sr. No	Particulars	As at	
		31st March, 2012	31st March, 2011
(a)	Securities Premium Account		
	Balance as per last Balance Sheet	433,333,445.00	433,333,445.00
(b)	Revaluation Reserve		
	Balance as per last Balance Sheet	528,682.75	528,682.75
(c)	Surplus in Statement of Profit & Loss		
	Opening Balance	706,139.21	791,283.83
	Add/(Less) : Net Profit/ (Net Loss) for the year	(3,508,941.83)	(85,144.62)
	Closing Balance	(2,802,802.62)	706,139.21
		431,059,325.13	434,568,266.96

Note - 3 : SHORT-TERM BORROWINGS					
Sr. No	Particulars			As at	As at
				31st March, 2012	31st March, 2011
I.	UNSECURED				
--	From Subsidiary Company			8,755,363.00	44,287,613.00
--	From Directors & Corporate Bodies			193,790.00	1,600,000.00
				8,949,153.00	45,887,613.00
Note - 4 : OTHER CURRENT LIABILITIES					
Sr. No	Particulars			As at	As at
				31st March, 2012	31st March, 2011
1	Statutory Dues			68,060.00	45,162.00
2	Other Payables			914,724.00	628,085.32
				982,784.00	673,247.32
Note - 5 : SHORT TERM PROVISIONS					
Sr. No	Particulars			As at	As at
				31st March, 2012	31st March, 2011
(a)	Provision for employee benefits			1,310,537.00	743,318.00
(b)	Provision for taxation			--	155,370.00
				1,310,537.00	898,688.00
Note - 7 : NON-CURRENT INVESTMENTS					
Sr. No	Particulars	No. of Shares	No. of Shares	As at	As at
		2012	2011	31st March, 2012	31st March, 2011
A)	OTHER INVESTMENT - NON TRADE				
I)	Investment in Equity Shares				
a)	Subsidiary Company				
--	Sigma Oil & Gas Pvt. Ltd. (Shares of Rs. 10/- each)	10,290,000	10,290,000	154,350,000.00	154,350,000.00
				154,350,000.00	154,350,000.00
	Book value of Unquoted Investment			154,350,000.00	154,350,000.00
Note - 8 : LONG-TERM LOANS AND ADVANCES					
Sr. No	Particulars			As at	As at
				31st March, 2012	31st March, 2011
A	Deposits				
	Unsecured, Considered good			5,797,152.00	5,797,152.00
B	Other Loans and Advances (Unsecured, Considered good)				
--	Capital Advances			875,000.00	875,000.00
--	Share Application Money			12,500,000.00	12,500,000.00
--	Balance with Government Authority			2,277,218.00	--
--	Other Advances			31,945,215.00	31,945,215.00
				53,394,585.00	51,117,367.00

Note - 6 : FIXED ASSETS

NO.	NAME OF THE ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2011	Additions	Deduction	As at 31.03.2012	As at 01.04.2011	During the Year	Up to 31.03.2012	As at 31.3.2011	As at 31.3.2012	
A)	Tangible Assets										
1	Plant & Machinery	658,064.00	-	-	658,064.00	31,258.51	31,258.04	62,516.55	626,805.49	595,547.45	
2	Office Premises	14,207,936.00	-	-	14,207,936.00	647,843.34	231,589.36	879,434.70	13,560,090.66	13,328,501.30	
3	Furniture & Fixture	1,244,503.00	-	-	1,244,503.00	1,244,502.00	1,244,502.00	1,244,502.00	1.00	1.00	
5	Office Equipment	787,900.00	-	-	787,900.00	144,190.31	37,425.24	181,615.55	643,709.69	606,284.45	
6	Computer	45,250.00	-	-	45,250.00	14,935.76	7,335.04	22,270.80	30,314.24	22,979.20	
7	Cycle	2,700.00	-	-	2,700.00	128.06	128.24	256.30	2,571.94	2,443.70	
	Total	16,946,353.00	0.00	0.00	16,946,353.00	2,082,859.98	307,735.92	2,390,595.90	14,863,493.02	14,555,757.10	
	Previous years	16,946,353.00	-	-	16,946,353.00	1,727,731.00	355,128.98	2,082,859.98	15,218,622.00	14,863,493.02	

Note - 9 : OTHER NON-CURRENT ASSETS			
Sr. No	Particulars	As at	As at
		31st March, 2012	31st March, 2011
1	Preliminary Exp.	1,870,000.00	1,870,000.00
2	Public Issue Exp.	880,765.00	880,765.00
3	Pre-operative Exp.	19,242,910.00	19,242,910.00
4	De-merger Exp.	2,776,492.00	2,776,492.00
5	Interest Receivable	1,280,713.00	1,280,713.00
		26,050,880.00	26,050,880.00
Note - 10 : TRADE RECEIVABLES			
Sr. No	Particulars	As at	As at
		31st March, 2012	31st March, 2011
A)	Trade receivables outstanding for a period exceeding Six months from the date they are due for payment		
1	Unsecured, considered good	100,174,826.40	51,974,826.40
B)	Trade receivables outstanding for a period less than Six months from the date they are due for payment		
1	Unsecured, considered good	104,377.30	48,565,555.09
		100,279,203.70	100,540,381.49
Note - 11 : CASH AND CASH EQUIVALENTS			
Sr. No	Particulars	As at	As at
		31st March, 2012	31st March, 2011
I.	Cash and Bank Balances		
a.	Balances with Banks		
	- In Current Account	54,146.64	227,963.77
b.	Cash on hand	3,204,975.00	3,242,537.00
		3,259,121.64	3,470,500.77
Note - 12 : SHORT TERM LOANS AND ADVANCES			
Sr. No	Particulars	As at	As at
		31st March, 2012	31st March, 2011
B)	Other Loans & Advances - Unsecured, considered good		
--	Advance Tax, TDS and VAT	--	4,154,700.00
--	Pre-paid Exp.	8,550.00	13,220.00
--	Loan to Subsidiary Company	475,069,885.00	315,450,000.00
--	Loan to Directors & Relatives	2,850,266.69	2,806,588.00
--	Other Advances	--	196,727,135.00
		477,928,701.69	519,151,643.00

Note - 13 : REVENUE FROM OPERATIONS			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
A)	Sale of Products		
	Commodity Trading of Oil	456,152,776.24	575,709,028.25
		<u>456,152,776.24</u>	<u>575,709,028.25</u>
Note - 14 : OTHER INCOME			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Accounts written off	24,490.00	--
2	Interest income	--	24,086,671.00
3	Interest on income tax refund	163,598.00	6,710.00
		<u>188,088.00</u>	<u>24,093,381.00</u>
	Tax deducted at source on Interest Income	--	2,408,667.00
Note - 15 : PURCHASES OF STOCK-IN-TRADE			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Commodity Purchase of Oil	456,712,139.78	574,107,738.78
		<u>456,712,139.78</u>	<u>574,107,738.78</u>
Note - 16 : CHANGES IN INVENTORIES OF FINISHED GOODS			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
A.	OPENING STOCK		
--	Finished Goods	--	1,595,086.00
B.	CLOSING STOCK		
--	Finished Goods	--	--
		<u>--</u>	<u>1,595,086.00</u>
Note - 17 : EMPLOYEE BENEFITS EXPENSE			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Salaries, Wages, Bonus etc	1,571,000.00	1,013,760.00
2	Staff Welfare Exp.	13,066.00	--
		<u>1,584,066.00</u>	<u>1,013,760.00</u>

Note - 18 : FINANCE COSTS

Sr. No	Particulars	As at	As at
		31st March, 2012	31st March, 2011
1	Interest on OFCD	--	21,021,030.00
2	Bank charges	1,777.46	5,101.01
		1,777.46	21,026,131.01

Note - 19 : OTHER EXPENSES

Sr. No	Particulars	As at	As at
		31st March, 2012	31st March, 2011
1	Audit Fees	150,000.00	137,875.00
2	Communication Exp.	109,533.35	110,598.32
3	Legal & Professional Exp.	592,942.31	617,064.60
4	Foreign Travelling Exp.	--	80,000.00
5	Rate & Taxes	9,045.48	22,987.73
6	Repair & Maintenance -- Others	20,007.00	23,845.00
7	Travelling, Conveyance & Vehicle Exp.	165,308.00	79,543.00
8	Miscellaneous expenses	197,250.77	497,167.45
		1,244,086.91	1,569,081.10

Schedules forming Part of the Accounts for the year ended 31st March 2012

NOTE - 20

NOTES TO THE ACCOUNTS:

I. Significant Accounting Policies:

A) **Basis of Preparation:**

The financial statements of Gujarat Natural Resources Limited ("the Company") have been prepared under the historical cost convention on accrual basis of accounting in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, to the extent applicable and relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of product and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current –non current classification of assets and liabilities.

B) **Fixed Assets:**

(i) Fixed Assets:

Fixed Assets are stated at cost of acquisition less accumulated depreciation. All costs, including financing cost till commencement of commercial production are capitalised/ to be capitalised.

(ii) Depreciation:

Depreciation on fixed assets is charged on the Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

C) **Borrowing Costs:**

Borrowing cost attributable to acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset, till the asset is ready for use. Other borrowing costs are recognized as an expense in the period in which these are incurred.

D) **Investments :**

Investments are valued at cost.

E) **Revenue Recognition:**

All income and expenditure items having material bearing on the financial statements are recognised on accrual basis.

Sales and Purchase of Commodity are mainly executed on MCX

F) Employee Benefits (AS -15):

As informed to us and explained to us there are no employees who are eligible for such benefits and hence not applicable

G) Foreign Exchange Transactions (AS-11):

This accounting standard is not applicable

H) Amortization of Miscellaneous Expenditure:

Preliminary expenses and Pre-operative expenses has not been amortized.

I) Deferred tax

Deferred Tax charge or credit reflects the tax effects of timing differences between accounting Income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the Balance Sheet date as per the Accounting Standard – 22.

In view of negligible difference in taxable profit and book profit, the impact of deferred tax assets/ liability is not considered.

J) Impairment of assets:

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which assets is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

K) Prior Period Adjustment :

Expenses and income pertaining to earlier/previous years are accounted as prior period items.

L) Earning Per Share:

Disclosure is made in the Profit and Loss Account as per the requirements of the standard.

M) Consolidated financial statements

Consolidated financial statements of the Company and its subsidiaries are enclosed.

N) Provisions, Contingent Liabilities and Contingent Assts:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of that obligation. Contingent Liabilities which are considered significant and

material by the company are disclosed in the Notes to Accounts. Contingent Assets are neither recognized nor disclosed.

II. ADDITIONAL NOTES (Forming an integral part of Accounts)

1. Estimated amount of contracts remaining to be executed on capital account and not provided for in the Accounts (net of advances) **NIL**
2. **Sundry debtors over six months included Rs. 519.71 lacs non-performing in nature.** In the opinion of the Directors, they are good and recoverable. The Directors are hopeful of getting recoveries in the next year as present market conditions are not favourable. **However in the opinion of the Auditors, it shall be prudent to identify the same as doubtful of recovery requiring adequate provision.** It has been explained that the management of the company is pursuing recoveries and actual losses, if any, shall be adjusted as and when arises.
3. In opinion of the management of the company, all loans, advances and deposits are recoverable in nature for which no provision is required. **However in the opinion of the Auditors, it shall be prudent to make sufficient provision for such non performing assets amounting to Rs. 138.65 lacs which are outstanding since long.**
4. **Particulars of Managerial Remuneration :**

As fixed monthly remuneration has been paid to the Directors' as per Schedule XIII of the Companies Act, 1956, the company has not computed net profit for the purpose of Managerial remuneration under section 349 of the Companies Act, 1956.

Managerial Remuneration paid to Managing Director is Rs. 6,00,000 /- included in salaries & wages.

5. Amount Paid / Payable to Auditors :

Sr.	Particulars	2011-2012	2010-2011
a)	Audit Fees	1,25,000	75,000
b)	Tax Audit Fees	25,000	25,000
c)	For other works	1,62,500	50,000
	Total	3,12,500	1,50,000

6. Disclosure made in terms of Clause 32 of the Listing Agreement with Stock Exchanges:

Particulars	Name of the Company	(Rs. In lacs)		
		Amount outstanding as on 31.03.2012	Maximum amount due at any one time during the year	Amount outstanding as on 31.03.2011
a) Loans and advances				
i) Loans and advances in the nature of loan made to subsidiary company	Sigma Oil & Gas Pvt. Ltd.	4750.70	4750.70	3154.50
ii) Loans and advances in the nature of loans made to associate company	--	--	--	
iii) Loans and advances in the nature of loans where there is	--	--	--	

1) no repayment schedule or repayment beyond seven year (or)	--	--	--	
2) no interest or interest below Section 372A of the Companies Act, 1956	--	--	--	
iv) Loans and advances in the nature of loans made to firms/ companies in which directors of the Company are interested	Lesha Industries Limited SRPL Developers Pvt. Ltd.	--	587.26 440.82	0.65 440.82
b) Investments by the Company				
i) In subsidiary companies	Sigma Oil & Gas Pvt. Ltd. (10290000 equity shares of Rs. 10/- each fully paid up)	1543.50	--	1543.50
ii) In associate company	--	--	----	
iii) In holding company	--	--	----	
c) Investments by the loanee in the shares of the parent Company and subsidiary company when the Company has made a loan or advance in the nature of loan – NIL				

7. In the opinion of the Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and provision for all known and determined liabilities (except wherever otherwise stated) are adequate and not in excess of the amount reasonably necessary.

8. Balances under Sundry Debtors, Sundry Creditors, Loans & Advances are subject to confirmation and reconciliation with the respective parties/ concerns. Necessary adjustment if any, thereon having an importance of revenue nature, will be made in the year of such confirmation / reconciliation.

9. **Loans & Advances includes:**

		(Rs. In lacs)
	F.Y. 2011-12	F.Y. 2010-11
Amount due from Subsidiary Company	4750.70	3154.50

10. **Segment Reporting:**

The Company predominantly operates in a single segment namely "Oil & Gas" and is primary basis for segment information which as per Accounting Standards 17 is considered as the only reportable business segment.

11. **Earning per share (EPS) :**

Sr. No.	Particulars	2011-2012	2010-2011
a)	Net Profit / (Loss) after Tax available for Equity Shareholders (Rupees)	(35,08,942)	(85,145)
b)	Weighted average number of Shares at beginning	3,87,51,645	3,87,51,645
c)	Basic and Diluted Earning per Share (Rupees)	(0.09)	(0.002)

12. **Related parties disclosure :**

Related parties disclosure in accordance with Accounting Standard 18 issued by Institute of Chartered Accountants of India :

Directors of the Company :

1. Ashok C. Shah
2. Shalin A. Shah
3. Hariyant C. Shelat
4. Ilesh Shah
5. Malav Mehta
6. Pravinbhai Trivedi

Associates Companies, Firms:

1. Lasha Industries Ltd.
2. Shree Ghantakarna Rolling Mills P. Ltd
3. SRPL Developers Pvt. Ltd.

Subsidiary Company :

1. Sigma Oil & Gas Pvt. Ltd.
2. Gorlas Corporate Holding Ltd
3. Heramec Ltd
4. Heramec Oil & Gas (Singapore) Pte Ltd
5. Alkor Petro Overseas Ltd

Relative of Directors:

1. Leena A. Shah

- b) Transactions that have taken place during the period April 1, 2011 to March 31, 2012 with related parties by the company.

Name of the related parties whom transactions have been made	Description of relationship with the party	Nature of Transactions	Amount (Rs. in Lacs)	
			2012	2011
Shalin A. Shah	Managing Director	Remuneration	6.00	6.00
		Loan Granted	27.55	27.57
Malav A. Mehta	Director	Loan Taken	--	16.00
Lasha Industries Ltd	Associate Concern	Loan Granted	--	0.65
		Loan Taken	1.34	--
Leena A. Shah	Relative of Director	Loan Granted	0.95	0.50
SRPL Developers Pvt. Ltd.	Associate Company	Loan Granted	--	440.82
Heramec Ltd	Subsidiary Company	Loan Taken	87.55	442.88
Sigma Oil & Gas P. Ltd.	Subsidiary Company	Loan Granted	4750.70	3154.50
		Interest Income	--	240.00

Related party relationship is as identified by the management and relied upon by the auditors.

13. Earning & Expenditure in Foreign Exchange : NIL
14. The Company has not received any information from 'Suppliers' regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure requirements in this regard as per Schedule VI of the Companies Act, 1956 could not be provided.
15. **Previous year comparatives:**

Till the year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

Signature to Notes 1 to 20

As per our report of even date.

**FOR PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS**

For and on Behalf of the Board of Directors

**Pankaj K. Shah
Proprietor
M. No. 34603**

**Shalin A Shah
MANAGING DIRECTOR**

**Ashok C Shah
DIRECTOR**

Place : Ahmedabad
Date : 04.09.2012

Place : Ahmedabad
Date : 04.09.2012

Statement under section 212 of the Companies Act, 1956 relating to subsidiaries

Name of Subsidiary		Sigma Oil & Gas Pvt. Ltd	Gorlas Corporate Holdings Ltd	Heramec Ltd	Heramec Oil & Gas (Singapore) Pte Ltd	Alkor Petro Overseas Ltd	Gorlas Global Energy PLC
Name of Holding Co.		Gujarat Natural Resources Ltd	Sigma Oil & Gas Pvt. Ltd	Sigma Oil & Gas Pvt. Ltd	Sigma Oil & Gas Pvt. Ltd	Sigma Oil & Gas Pvt. Ltd	Gorlas Corporate Holdings Ltd
1	Financial year of the subsidiaries ended on	31-03-12	31-03-12	31-03-12	31-03-12	31-03-12	31-03-12
2	Shares of the subsidiaries held by the company on 31.03.2012	100%	100%	100%	100%	100%	100%
	(a) Number and face value-equity	10290000 equity shares of Rs. 10 each fully paid.	10,000 equity shares of \$1 each fully paid.	50 equity shares of \$1 each fully paid.	4082000 equity shares of \$1 each fully paid	--	9100 equity shares of \$1 each fully paid
	(b) Extent of holding	100%	100%	100%	100%	100%	100%
3	Net aggregate amount of profit/ losses of the subsidiaries not dealt with in the company's account so far as it concerns the members of the holding company						
	(a) For the financial year of the subsidiaries	Rs.(601812.42)	\$(4400.40)	Rs.14347177	\$(9497.00)	--	\$(4420.87)
	(b) For the previous financial years since they became subsidiaries	Rs.(2200276)	\$(66384.89)	Rs.22470805	\$(28134.63)	--	\$(14979.39)
4	Net aggregate amount of profit/ losses of the subsidiaries dealt with in the company's account so far as it concerns the members of the holding company						

	(a)	For the financial year of the subsidiary	--	-----				
	(b)	For the previous financial years since they became subsidiaries	--	-----				
5		Change of interest of the company in the subsidiaries between the end of the financial year of the subsidiary and the financial year of the company.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6		Material changes between the end of the financial year of the subsidiary and the end of financial year of the company is respect of subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	i)	Fixed assets						
	ii)	Investments						
	iii)	Money lent						
	iv)	Borrowings other than for meeting current liabilities						

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors,
Gujarat Natural Resources Limited

We have examined the attached Consolidated Balance Sheet of M/s. Gujarat Natural Resources Limited, Ahmedabad and its subsidiaries as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed hereto.

These Financial Statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate Financial Statements and other Financial information regarding components. 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 misstatements. An audit includes examining on a test basis evidence supporting the amounts and disclosure 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 Two subsidiaries included in the Consolidated Financial Statements, Whose Annual Financial Statement reflect Total Assets of Rs. 13051.70 lacs as at 31st March, 2012; as well as the total revenue of Rs. 688.52 lacs for the year ended on 31st March, 2012. This Financial Statement and other financial information has been audited by other auditor whose reports has been furnished to us, and our opinion is based solely on the report of other auditor.

Similarly, we did not audit the Financial Statement of Four Subsidiaries, the Profit of which is included in the Consolidated Annual Financial Statement, whose Annual Financial Statements reflect total assets of Rs. 3149.49 lacs as at 31st March, 2012; as well as the Total Revenue of Rs. NIL for the year ended on 31st March, 2012, which is not audited but certified by the Management only.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of the Accounting Standard 21, "Consolidated Financial Statements" notified by the Companies "Accounting Standards" Rules, 2006 on the basis of separate audited Financial Statements of Gujarat Natural Resources Limited and its Subsidiaries.

On the basis of the information and explanations given to us and based on our audit and on consideration of the separate audit reports of the individual Financial Statements of the Company and its subsidiaries read together with significant accounting policies and notes thereon, we are of the opinion that the attached Consolidated Financial Statements given a true and fair view in conformity with the accounting principles generally accepted in India except as stated below:

- i) In case of Sigma Oil and Gas Private Limited, the auditor has expressed his inability to obtain corroborative evidence as regards to cash balance as on 31st March, 2012 and
- ii) In case of Heramec Limited (Incorporated in the Commonwealth of Bahamas), the Auditor has observed non compliance of the Accounting Standard – 15 on “Accounting for Employees Benefits”.
- a) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of Gujarat Natural Resources Limited and its subsidiaries as at 31st March, 2012.
- b) In the case of Consolidated Statement of Profit & Loss, of the Profit of operation of Gujarat Natural Resources Limited and its subsidiaries for the year ended on that date; and
- c) In the case of Consolidated Cash Flow Statement, of the cash flow of Gujarat Natural Resources Limited and its subsidiaries for the year ended on that date;

FOR PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS

Place : Ahmedabad
Date : 04.09.2012

(PANKAJ K. SHAH)
PROPRIETOR
M. No. 34603

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	387,516,450.00	387,516,450.00
(b) Reserves and Surplus	2	448,914,203.78	439,185,811.30
2 Non-Current Liabilities			
(a) Long-term Borrowings	3	39,646,288.00	8,349,050.00
(b) Deferred Tax Liabilities	4	30,515,798.00	34,098,573.00
(c) Other Long-term Liabilities	5	450,000.00	450,000.00
(d) Long-term Provisions	6	5,929,955.00	6,398,833.00
3 Current Liabilities			
(a) Short-term borrowings	7	15,393,790.00	45,887,613.00
(b) Trade Payables	8	35,119,595.00	41,139,700.00
(c) Other Current Liabilities	9	260,556,099.29	299,659,460.85
(d) Short-term Provisions	10	4,147,908.00	1,188,060.00
TOTAL RS...		1,228,190,087.07	1,263,873,551.15
II. ASSETS			
1 Non-current Assets			
(a) Fixed Assets	11		
-- Tangible Assets		212,784,609.10	221,084,507.02
-- Intangible Assets		124,619,670.50	158,037,340.31
-- Capital Work in Progress		367,111,210.00	324,490,669.00
(b) Long-term loans and advances	12	161,529,352.66	144,525,033.75
(c) Other non-current assets	13	26,551,949.00	26,999,751.00
2 Current Assets			
(a) Inventories	14	309,687.00	279,775.00
(b) Trade Receivables	15	122,030,451.70	127,074,107.49
(c) Cash and Cash Equivalents	16	13,154,858.42	30,662,236.58
(d) Short-term Loans and Advances	17	200,098,298.69	230,720,131.00
TOTAL RS...		1,228,190,087.07	1,263,873,551.15
The notes form an integral part of these financial statements	26	-	-
FOR PANKAJ K. SHAH ASSOCIATES Firm Registration No. 107352W CHARTERED ACCOUNTANTS (PANKAJ K. SHAH) PROPRIETOR M. No. 34603 PLACE: AHMEDABAD DATE : 04.09.2012		FOR GUJARAT NATURAL RESOURCES LIMITED Shalin A Shah MANAGING DIRECTOR Ashok C Shah DIRECTOR PLACE: AHMEDABAD DATE : 04.09.2012	

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2012**

Particulars	Note No	As at 31st March, 2012	As at 31st March, 2011
I. INCOME			
Revenue from operations	18	524,312,966.24	628,254,941.25
II Other Income	19	879,852.00	5,295,381.00
III Total Revenue (I + II)		525,192,818.24	633,550,322.25
IV Expenses			
- Purchases of Stock-in-Trade	20	456,712,139.78	574,107,738.78
- Changes in Inventories of Finished goods,	21	(29,912.00)	1,534,082.00
- Employee benefits expenses	22	7,025,917.00	6,572,555.00
- Finance Costs	23	1,036,363.46	23,693,963.01
- Depreciation and amortization expense		14,257,009.92	13,223,195.98
- Other Expenses	24	38,977,661.60	48,152,444.38
Total Expenses		517,979,179.76	667,283,979.15
V Profit before Exceptional Items and Tax		7,213,638.48	(33,733,656.90)
VI Exceptional Items	25	2,090,987.00	--
VII Profit before Tax		9,304,625.48	(33,733,656.90)
VIII Tax Expenses :			
- Current Tax		2,850,000.00	1,916,029.00
- Deferred Tax		(3,582,775.00)	383,897.00
- Short Provision of Income Tax for earlier years		309,008.00	--
		(423,767.00)	2,299,926.00
IX Profit / (Loss) for the year		9,728,392.48	(36,033,582.90)
VIII Earnings per Equity Share of Rs. 10 each			
Basic/Diluted		0.25	(0.930)
The notes form an integral part of these financial statements	26		

FOR PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS

(PANKAJ K. SHAH)
PROPRIETOR
M. No. 34603

PLACE: AHMEDABAD
DATE : 04.09.2012

FOR GUJARAT NATURAL RESOURCES LIMITED

Shalin A. Shah
MANAGING DIRECTOR

Ashok C Shah
DIRECTOR

PLACE: AHMEDABAD
DATE : 04.09.2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	9,304,625.48	(33,733,656.90)
ADJUSTMENTS FOR-		
DEPRECIATION AND AMORTIZATION EXPENSES	14,257,009.92	13,223,195.98
PRIOR PERIOD EXPENSES	-	18,134,868.00
ADJUSTMENT DUE TO CONSOLIDATION	33,417,669.00	235,026,013.09
INTEREST INCOME	(426,902.00)	(416,963.00)
Operating Profit/(Loss) before working capital changes	56,552,402.40	232,233,457.17
INCREASE/(DECREASE) IN SHORT TERM BORROWING	(30,493,823.00)	(427,719,308.70)
INCREASE/(DECREASE) IN TRADE PAYABLES	(6,020,105.00)	249,378,786.00
INCREASE/(DECREASE) IN LONG TERM PROVISION	(468,878.00)	(32,204,848.00)
INCREASE/(DECREASE) IN SHORT TERM PROVISION	2,959,848.00	1,188,060.00
INCREASE/(DECREASE) IN OTHER CURRENT LIABILITIES	(39,103,361.56)	450,000.00
(INCREASE)/DECREASE IN INVENTORIES	(29,912.00)	1,534,081.00
(INCREASE)/DECREASE IN TRADE RECEIVABLE	5,043,655.79	(55,208,190.49)
(INCREASE)/DECREASE IN LONG TERM LOANS & ADVANCES	(19,854,318.91)	-
(INCREASE) /DECREASE IN SHORT TERM LOANS & ADVANCES	30,777,202.31	(191,167,870.80)
(INCREASE) /DECREASE IN OTHER NON-CURRENT ASSETS	447,802.00	(68,174.00)
Cash generated from operations	(189,487.97)	(221,584,007.82)
DIRECT TAX PAID (NET OF REFUND)	(464,378.00)	-
[A] Net cash flow from operating activities	(653,865.97)	(221,584,007.82)
Cash Flow from Investing activity		
PURCHASE OF FIXED ASSETS	(5,957,113.00)	(7,496,377.00)
INCREASE IN CAPITAL WORK IN PROGRESS	(42,620,541.00)	10,642,758.00
PURCHASE OF INVESTMENTS	-	(187,550,000.00)
INTEREST INCOME	426,902.00	416,963.00
[B] Net Cash from Investing activity	(48,150,752.00)	(183,986,656.00)

Cash Flow from Finance activity		
INCREASE IN SHARE CAPITAL	-	60,411,225
INCREASE IN SHARE PREMIUM	-	357,132,125
INCREASE IN LONG TERM BORROWINGS	31,297,238.00	8,349,050
[C] Net Cash used in financing activity	31,297,238.00	425,892,400.00
NET INCREASE(DECREASE) IN CASH & CASH EQUIVALENTS	(17,507,379.97)	20,321,736.18
OPENING CASH AND BANK BALANCE	30,662,236.58	10,340,500.40
CLOSING CASH AND BANK BALANCE	13,154,858.42	30,662,236.58
FOR PANKAJ K. SHAH ASSOCIATES	FOR GUJARAT NATURAL RESOURCES LIMITED	
Firm Registration No. 107352W		
CHARTERED ACCOUNTANTS		
(PANKAJ K. SHAH)	Shalin A Shah	Ashok C Shah
PROPRIETOR	MANAGING DIRECTOR	DIRECTOR
M. No. 34603		
PLACE: AHMEDABAD	PLACE: AHMEDABAD	
DATE : 04.09.2012	DATE : 04.09.2012	

NOTES TO THE FINANCIAL STATEMENTS

Note - 1 : SHARE CAPITAL

Particulars	As at 31st March, 2012	As at 31st March, 2011
1. AUTHORISED CAPITAL		
-- 4,00,00,000 Equity Shares of Rs. 10/- each	400,000,000.00	400,000,000.00
2. ISSUED, SUBSCRIBED & PAID UP CAPITAL		
-- 3,87,51,645 Equity Shares of Rs.10/- each, fully paid.	387,516,450.00	387,516,450.00
	387,516,450.00	387,516,450.00

3. There is no movement of the shares outstanding at the beginning and at the end of the reporting period.

4. The company has issued only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

5. Company has not allotted any bonus shares, Shares without consideration in cash and/or bought back any equity shares during the period of five years immediately preceding the Balance sheet date.

6. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	No. of Share held	% of Holding	No. of Share held	% of Holding
-- Pranathi Constructions Private Limited	3,940,570	10.17	3,940,570	10.17
-- Algorab Power Projects Private Limited	3,857,145	9.95	--	--
-- Patron Energy Private limited	3,801,570	9.81	2,373,000	6.12
-- Padma Real Infra Private Limited	2,171,000	5.60	--	--
-- Deven Mahendrakumar Shah	2,150,000	5.55	--	--
-- Blowing Traders Private Limited	2,150,000	5.55	--	--

Note - 2 : RESERVES & SURPLUS

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
(a)	Securities Premium Account		
	Balance as per last Balance Sheet	515,331,551.00	515,331,551.00
(b)	Capital Reserve		
	Balance as per last Balance Sheet	20,109,545.00	20,109,545.00
(d)	Revaluation Reserve		
	Balance as per last Balance Sheet	528,682.75	528,682.75
(e)	Surplus in Statement of Profit & Loss		
	Opening Balance	(96,783,967.45)	(60,750,384.55)
	Add/(Less) : Net Profit/ (Net Loss) for the year	9,728,392.48	(36,033,582.90)
	Closing Balance	(87,055,574.97)	(96,783,967.45)
		448,914,203.78	439,185,811.30

Note - 3 : LONG-TERM BORROWINGS			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
I.	UNSECURED		
--	Other Loans	39,646,288.00	8,349,050.00
		39,646,288.00	8,349,050.00
Note - 4 : DEFERRED TAX LIABILITIES (NET)			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
A)	Deferred Tax Liabilities		
--	On excess of WDV as per Books over WDV as per IT	60,365,550.00	15,963,705.00
--	Prior Period Expenses	--	18,134,868.00
		60,365,550.00	34,098,573.00
B)	Deferred Tax Assets		
--	Others	29,849,752.00	--
		29,849,752.00	--
		30,515,798.00	34,098,573.00
Note - 5 : OTHER LONG-TERM LIABILITIES			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
(a)	Others		
--	Security Deposit	450,000.00	450,000.00
		450,000.00	450,000.00
Note - 6 : LONG-TERM PROVISIONS			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
a)	Provision for Employee Benefits		
--	Provision for Gratuity	3,481,377.00	3,747,759.00
--	Provision for Leave Benefits	1,187,031.00	1,075,373.00
b)	Others		
--	Provision for Income Tax (Net of Advances)	1,261,547.00	1,575,701.00
		5,929,955.00	6,398,833.00
Note - 7 : SHORT-TERM BORROWINGS			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
I.	UNSECURED		
--	From Directors & Corporate Bodies	193,790.00	1,600,000.00
--	Others	15,200,000.00	44,287,613.00
		15,393,790.00	45,887,613.00

Note - 8 : TRADE PAYABLES			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
--	Trade Payables	35,119,595.00	41,139,700.00
		35,119,595.00	41,139,700.00
Note - 9 : OTHER CURRENT LIABILITIES			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Statutory Dues	3,781,774.00	5,443,043.00
2	From Joint Ventures	221,573,669.00	239,178,852.00
3	Other Payables	35,200,656.29	55,037,565.85
		260,556,099.29	299,659,460.85
Note - 10 : SHORT TERM PROVISIONS			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
(a)	Provision for employee benefits	1,310,537.00	743,318.00
(b)	Others	2,837,371.00	444,742.00
		4,147,908.00	1,188,060.00
Note - 12 : LONG-TERM LOANS AND ADVANCES			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
A	Deposits		
	Unsecured, Considered good	6,768,927.00	6,068,951.00
B	Other Loans and Advances (Unsecured, Considered good)		
--	Capital Advances	875,000.00	875,000.00
--	Associate Company	34,756,388.66	17,184,710.75
--	Share Application Money	12,500,000.00	12,500,000.00
--	Balance with Government Authority	2,277,218.00	--
--	Other Advances	104,351,819.00	107,896,372.00
		161,529,352.66	144,525,033.75
Note - 13 : OTHER NON-CURRENT ASSETS			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Preliminary Exp.	1,870,000.00	1,870,000.00
2	Public Issue Exp.	880,765.00	880,765.00
3	Pre-operative Exp.	19,242,910.00	19,242,910.00
4	De-merger Exp.	2,776,492.00	2,776,492.00
5	Interest Receivable	1,280,713.00	1,280,713.00
6	TDS Receivable	501,069.00	948,871.00
		26,551,949.00	26,999,751.00

Note - 14 : INVENTORIES			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
--	Finished Good of Oil	309,687.00	279,775.00
		309,687.00	279,775.00
Note - 15 : TRADE RECEIVABLES			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
A)	Trade receivables outstanding for a period exceeding Six months from the date they are due for payment		
1	Unsecured, considered good	100,914,253.40	53,182,326.40
B)	Trade receivables outstanding for a period less than Six months from the date they are due for payment		
1	Unsecured, considered good	21,116,198.30	73,891,781.09
		122,030,451.70	127,074,107.49
Note - 16 : CASH AND CASH EQUIVALENTS			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
I.	Cash and Bank Balances		
a.	Balances with Banks		
	- In Current Account	3,554,098.42	21,399,320.58
b.	Cash on hand	4,270,503.00	4,309,604.00
II.	Other Bank Balances		
--	Term Deposits with Bank		
	-- Less than Twelve Months	5,330,257.00	4,953,312.00
		13,154,858.42	30,662,236.58
Note - 17 : SHORT TERM LOANS AND ADVANCES			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
B)	Other Loans & Advances - Unsecured, considered good		
--	Advance Tax, TDS and VAT	--	4,154,700.00
--	Capital Advance	170,000,000.00	--
--	Pre-paid Exp.	8,550.00	13,220.00
--	Loan to Directors & Related Parties	28,364,508.69	29,292,647.00
--	Other Advances	1,385,868.00	197,119,533.00
--	Advances to Employees	339,372.00	140,031.00
		200,098,298.69	230,720,131.00

NOTE - 11. FIXED ASSETS

NO.	NAME OF THE ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		AS ON 01.04.2011	AS ON 31.03.2012	AS ON 01.04.2011	DEDUCTION	DEPRECIATION DURING THE YEAR	UP TO 31.03.2012	AS ON 31.3.2011	AS ON 31.3.2012	
A)	TANGIBLE ASSETS									
1	Plant & Machinery	13,594,946.00	14,073,033.00	5,439,234.51	--	1,078,711.04	6,517,945.55	8,155,711.49	7,555,087.45	
2	Office Premises	14,207,936.00	14,207,936.00	647,845.34	--	231,589.36	879,434.70	13,560,090.66	13,328,501.30	
3	Building	874,784.00	874,784.00	407,593.00	--	40,192.00	447,785.00	467,191.00	426,999.00	
4	Production Properties	246,608,470.00	251,294,029.00	4,685,559.00	--	12,534,728.00	62,295,990.00	196,847,208.00	188,998,039.00	
5	Cell Phone Instru.	114,354.00	156,504.00	34,620.00	--	17,596.00	52,216.00	79,734.00	104,288.00	
6	Furniture & Fixture	1,840,726.00	1,929,870.00	1,579,375.00	--	54,147.00	1,633,522.00	261,351.00	296,348.00	
7	Office Equipment	1,118,506.00	1,206,484.00	304,966.31	--	33,348.00	338,314.31	813,539.69	868,169.69	
8	Computer	524,805.00	1,099,000.00	232,140.76	--	110,080.28	342,221.04	292,664.24	756,778.96	
9	Vehicles	1,790,008.00	1,790,008.00	1,182,991.06	--	156,619.24	1,339,610.30	607,016.94	450,397.70	
		280,674,535.00	286,631,648.00	59,590,027.98	--	14,257,010.92	73,847,038.90	221,084,507.02	212,784,609.10	
B)	INTANGIBLE ASSETS									
1	Goodwill**	158,037,340.31	124,619,670.50	--	--	--	--	158,037,340.31	124,619,670.50	
		158,037,340.31	124,619,670.50	--	--	--	--	158,037,340.31	124,619,670.50	
	Total A + B	438,711,875.31	411,251,318.50	59,590,027.98	--	14,257,010.92	73,847,038.90	379,121,847.33	337,404,279.60	

Note : (**)

Difference of Liability over assets is considered as Goodwill

Note - 18 : REVENUE FROM OPERATIONS			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
A)	Sale of Products		
--	Commodity Trading of Oil	456,152,776.24	575,709,028.25
--	Sale of Gas	32,098,798.00	26,928,537.00
--	Sale of Oil	34,272,043.00	23,347,969.00
B)	Sale of Services	890,000.00	1,393,501.00
C)	Other Operating Income		
--	PSC Overheads Recovery	899,349.00	875,906.00
		524,312,966.24	628,254,941.25
Note - 19 : OTHER INCOME			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Accounts written off	24,490.00	--
2	Interest income	426,902.00	416,963.00
3	Interest on income tax refund	195,086.00	6,710.00
4	Foreign Exchange Gain (Net)	--	3,911,168.00
5	Other Income	233,374.00	960,540.00
		879,852.00	5,295,381.00
Note - 20 : PURCHASES OF STOCK-IN-TRADE			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Commodity Purchase of Oil	456,712,139.78	574,107,738.78
		456,712,139.78	574,107,738.78
Note - 21 : CHANGES IN INVENTORIES OF FINISHED GOODS			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
A.	OPENING STOCK		
--	Finished Goods	279,775.00	1,813,857.00
B.	CLOSING STOCK		
--	Finished Goods	309,687.00	279,775.00
		(29,912.00)	1,534,082.00
Note - 22 : EMPLOYEE BENEFITS EXPENSE			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Salaries, Wages, Bonus etc	6,490,171.00	6,171,143.00
2	Contribution to Provident Fund and Other Funds	143,489.00	154,721.00
3	Staff Welfare Exp.	392,257.00	246,691.00
		7,025,917.00	6,572,555.00

Note - 23 : FINANCE COSTS

Sr. No	Particulars	As at	As at
		31st March, 2012	31st March, 2011
1	Interest on OFCD	--	21,021,030.00
2	Other Interest	535,407.00	1,132,003.00
3	Bank Guarantees Commission Charges	460,009.00	1,471,136.00
4	Bank charges	40,947.46	69,794.01
		1,036,363.46	23,693,963.01

Note - 24 : OTHER EXPENSES

Sr. No	Particulars	As at	As at
		31st March, 2012	31st March, 2011
1	Audit Fees	358,000.00	303,325.00
2	Business Development Expenses	57,655.00	374,045.00
3	Handling Processing	2,960,569.00	2,897,110.00
4	Power & Fuel Charges	303,090.00	149,206.00
5	Donation	15,000.00	15,000.00
6	Consultancy Charges	1,102,317.00	379,436.00
7	Profit Petroleum to Government	1,610,842.00	572,081.00
8	Field Personnel Cost	1,674,552.00	1,403,566.00
9	Communication Exp.	390,231.35	355,687.32
10	Legal & Professional Exp.	5,381,432.43	3,468,434.60
11	Foreign Travelling Exp.	--	80,000.00
12	Rent, Rate & Taxes	5,263,222.48	4,460,383.73
13	Repair & Maintenance		
14	-- Others	20,007.00	23,845.00
15	Travelling, Conveyance & Vehicle Exp.	3,514,395.00	3,796,128.00
16	Foreign Exchange Loss(Net)	2,782,982.00	--
17	Prior Period Exp.	--	18,134,868.00
18	Miscellaneous expenses	977,983.77	1,149,360.45
19	Other Expenses - Subsidiaries	12,565,382.57	10,589,968.28
		38,977,661.60	48,152,444.38

Note - 25 : EXCEPTIONAL ITEMS

Sr. No	Particulars	As at	As at
		31st March, 2012	31st March, 2011
1	Participating Right in well Nk#(TS#8)	31,630,517.00	--
2	Compensation paid in terms of investment agreement*	(29,539,530.00)	--
		2,090,987.00	--
(*)	Amount paid to Aitreya Limited pursuant to settlement agreement and order of Supreme Court of Bahamas for Petition of Winding up		

Note : 26 Notes to Consolidated Financial Statements for the year ended on 31st March, 2012

I. Significant Accounting Policies:

1. Basis of Consolidation:

The consolidated financial statements relates to the parent company Gujarat Natural Resources Limited ("Parent") and its One wholly owned Subsidiary Company, (a) Sigma Oil and Gas Pvt. Ltd., incorporated in India and Subsidiary's Subsidiary Companies, (a) Heramec Limited, incorporated in Commonwealth of Bahamas (b) Gorlas Corporate Holdings Ltd, incorporated in Isle of Man (c) Heramec Oil & Gas (Singapore) Pte Ltd, incorporated in Singapore, (d) Alkor Petro Overseas Ltd., incorporated in Dubai (e) Gorlas Global Energy PLC, incorporated in ISLE of man.

2. Principles of consolidation

The consolidated accounts have been prepared based on line-by-line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the accounts of the parent company and its subsidiaries duly certified by the auditors of the respective companies.

Intra-group balances, intra-group transactions have been eliminated.

The Consolidated accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's individual accounts.

The excess of cost of parent company's investments over parent company's portion of equity in subsidiaries is treated as goodwill and in case where the parent company's share in subsidiaries' equity is more than the cost of investment in subsidiaries, the excess is treated as capital reserve.

3. Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. All costs, including financing cost till commencement of commercial production are capitalised/ to be capitalised.

4. Depreciation & Depletion

Depreciation on fixed assets of holding company is charged on the Straight Line Method and on subsidiary companies' assets is provided on written down value method at the rates and in the manner prescribed in Schedule -XIV to the Companies Act, 1956.

No depreciation/depletion has been provided in the accounts of the Joint Ventures. However the depreciation/depletion has been provided for by the Company in respect of its participating interest.

The depletion on producing properties has been calculated and provided, using the unit of production method as described in the Guidance Note on Accounting for Oil and Gas Producing Activities issued by ICAI, in proportion of oil and gas production achieved vis a vis the proved and probable reserves considering the estimated future expenditure (reviewed & revised) and other costs to be incurred on developing the reserves. Para 50 of the guidance

note on Accounting for Oil and Gas producing activities under full cost method states that “Proved Oil and Gas” reserves for calculating depletion comprise developed and undeveloped oil and gas reserves estimated at the end of the period as increased by the production during the period

As Guidance Note is for “Producing Activities”, the company keeping in mind the prudent industry practice considers the assets for depletion only once the commercial production is commenced with the approval of the Management Committee as per the provisions of the Production Sharing Contract (PSC). Till that time, neither the reserves are taken for depletion nor are the assets with respect to the said PSC are capitalized

5. Inventories

Inventory of crude oil in Joint Ventures are valued as per Crude Off take and Sale Agreement (COSA).

6. Revenue Recognition:

All income and expenditure items having material bearing on the financial statements are recognised on accrual basis.

Sales and Purchase of Commodity are mainly executed on MCX

Company’s share of Revenue from Joint Ventures is considered on the basis of Accounts submitted by Joint Ventures.

Sale of crude oil and gas produced from exploratory wells in progress is adjusted against expenditure incurred on such wells.

Profit Petroleum paid to MoPNG is subject to the approval of Director General of Hydrocarbon (DGH) and difference, if any, is accounted for in the period of settlement of such differences.

7. Accounting for Oil and Gas Joint Ventures

The company Follows Full Cost Method for accounting for its oil and gas activity and all costs incurred in prospecting, acquisition, exploration and development of blocks are accumulated considering the country as a cost center. However as a matter of policy, the company is writing off the balance of entire cost of the block which is permanently abandoned, in the year of abandonment. All Oil and Gas Joint Ventures are in the nature of Jointly Controlled Assets. Accordingly the financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Joint Venture operations which are accounted on the basis of available information on line by line basis with similar items in the Company’s accounts to the extent of the participating interest of the Company and also as per the various joint venture agreements except in cases of abandonment, impairment, depletion and depreciation which are accounted as per the accounting policies of the Company.

The financial statements of the unincorporated joint ventures are prepared by the respective Operators in accordance with the requirements prescribed by the respective Production Sharing Contracts of the unincorporated joint ventures. Hence, certain adjustments / disclosures required under the mandatory Accounting Standards and the Companies Act, 1956 have been made in the financial statements of the Company only to

the extent of information available with the Company. Such information may pertain to foreign exchange differences and details relating to fixed assets of respective unincorporated Joint Ventures, information relating to micro, small and medium enterprises, particulars of expenditure in foreign currency, particulars of earnings in foreign currency, particulars of CIF value of imports, transactions with related parties, details of leases, details of commitments and contingencies and information relating to consumption of stores and spares, capital stock and drilling tangibles.

8. Income Tax and Deferred Tax

Tax Expense comprises of Current Tax and Deferred Tax. Provision for Current Tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment years after consideration of the applicable provisions of the Income Tax Act, 1961 including benefits, allowances and deductions admissible under the said Act.

Deferred tax is recognized subject to consideration of prudence in respect of deferred tax assets, on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or subsequently enacted up to balance sheet date. Deferred tax assets are reviewed at each balance sheet date to assets realization.

The Deferred Tax Asset is recognized and carried forward only to the extent that there is a virtual certainty of its realization supported by convincing evidence.

9. Foreign Currency Transactions

All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

Monetary items denominated in foreign currency at the year end are restated at the rate of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is recognized in the profit and loss account during the year.

10. Impairment

As provided in the Guidance Note on Accounting for Oil & Gas Producing Activities, for the purpose of AS 28 on Impairment of Assets, each cost center used for depreciation / depletion purpose is treated as a Cash Generating Unit. An asset is considered as impaired in accordance with AS-28 when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and the value in use.). In assessing the value in use, the estimated future cash flow expected from the continuing use of the asset and its ultimate disposal are discounted to their present value using a predetermined discount rate. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the profit and loss account.

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity share holders of the company by the weighted average number of equity shares issued during the year. Diluted earnings per share is calculated by dividing net

profit attributable to equity share holders (after adjustment for diluted earnings) by weighted average no. of equity shares outstanding during the year.

12. Provisions, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of that obligation. Contingent Liabilities which are considered significant and material by the company are disclosed in the Notes to Accounts. Contingent Assets are neither recognized nor disclosed.

13. Cash flow statements

The Cash Flow statement is prepared by the "indirect method" set out in Accounting Standard 3 on "cash Flow Statements" and presents the cash flow by operating, investing and financial activities of the company. Cash and cash equivalents presented in the cash flow statements consist of cash on hand and demand deposit with banks.

14. Employee Benefits (AS -15):

The company has made Provision for leave encashment and Gratuity. However, the same are not certified by the report of an actuary as stated in Accounting Standard 15 on Employee Benefits. In absence of actuarial valuation report the effect of provision of the employee benefits cannot be quantified as per Accounting Standard 15 and to that extent loss/Profit for the year and balance of liabilities has been understated / overstated.

15. Amortization of Miscellaneous Expenditure:

Preliminary expenses and Pre-operative expenses has not been amortized.

16. Prior Period Adjustment:

Expenses and income pertaining to earlier/previous years are accounted as prior period items.

17. Segment Reporting:

The Company predominantly operates in a single segment namely "Oil & Gas" i.e. providing services to companies in oil and gas exploration and extraction in one geographical location and is primary basis for segment information which as per Accounting Standards 17 is considered as the only reportable business segment.

II. ADDITIONAL NOTES (Forming an integral part of Accounts)

1. Interest in Joint Ventures

The Indian Project office's current producing and active Exploration & Development activities relate to the following Fields:

AS AN OPERATOR(4 FIELDS)

AS A NON OPERATOR (4 FIELDS)

❖ Allora Field	❖ Unawa Field
❖ Dholasan Field	❖ North Balol Field
❖ Kanawara Field	❖ CB-ONN-2004/1
❖ North Kathana Field	❖ CB-ONN-2004/4

The unincorporated joint ventures relating to the above mentioned Fields were set up under the respective Production Sharing Contracts (PSCs) entered into with the Government of India. The details of the participating interest as on March 31, 2012 are set out below.

Sl. No	Field–Location Status	Joint Ventures Partners	Participating Interest (%)
1	Dholasan Field Onshore Development	1. Gujarat State Petroleum Corporation Ltd.	70.00
		2. Heramec Limited (Operator)	30.00
			100.00
2	Kanawara Field Onshore Development	1. Gujarat State Petroleum Corporation Ltd.	70.00
		2. Heramec Limited (Operator)	30.00
			100.00
3	North Kathana Field Onshore Development	1. Gujarat State Petroleum Corporation Ltd.	70.00
		2. Heramec Limited (Operator)	30.00
			100.00
4	Allora Field Onshore Development	1. Gujarat State Petroleum Corporation Ltd.	70.00
		2. Heramec Limited (Operator)	30.00
			100.00
5	Unawa Field Onshore Development	1. Gujarat State Petroleum Corporation Ltd. (Operator)	70.00
		2. Heramec Limited	30.00
			100.00
6	North Balol Field Onshore Development	1. Gujarat State Petroleum Corporation Ltd.	45.00
		2. Heramec Limited	30.00
			25.00
			100.00
7	CB-ONN-2004/1 Field Onshore Development	1. Oil and Natural Gas Corporation Ltd.(Operator)	50.00
		2. Gujarat State Petroleum Corporation Ltd.	40.00
			10.00
			100.00
8	CB-ONN-2004/4 Field Onshore Development	1. Oil and Natural Gas Corporation (Operator)	50.00
		2. Gujarat State Petroleum Corporation Ltd.	40.00
			10.00
			100.00

In taking up its share of balances of assets, liabilities, income and expenditure from the unincorporated joint ventures as at March 31, 2012 Heramec Limited has applied its participating interest in the respective PSCs'.

2.1 JV accounts of CB ONN 2004/01 and CB ONN 2004/04

The company has not received the Joint Venture accounts of CB ONN 2004/01 and CB ONN 2004/4 from the JV Partner, ONGC. In the absence of the same, the financial results of these JV accounts could not be considered for accounting purposes at the Company level.

27.2 of the above, 6 fields/blocks are in production, namely Unawa, North Balol, Dholasan, North Kathana, Kanawara and Allora, Net quantity of Company's interest (on gross basis) in proved developed reserves is as follows:

Particulars	Proved Reserves (Oil) (Million MT)	Developed Reserves (Gas) (Million Cubic Meter)
Beginning of the Period	7.72	409.46
Recoverable Reserves	1.54	116.72
Additions	-	-
Deletions	-	-
Production	0.012	23.423
Closing Balance for the year ended on 31.03.2012	1.528	93.297

The Company's share of reserve as on 30th June, 2008 has been considered on the basis of the "Reserve" certification provided by M/s. Gaffney, Cline & Associates.

2.2 The financial statements of the Company reflect its share of Assets, Liabilities, Income and Expenditure of the Joint Venture operations which are accounted on a line to line basis with similar items in the Company's accounts to the extent of participating interest of the company as per the various joint venture agreements, in compliance of AS-27. The income and expenditure from Joint Ventures are disclosed separately in the Profit and Loss Account. The summary of the Company's share in Assets & Liabilities of Joint Ventures are as follow:

PARTICULARS	AS AT 31 St March 2012	AS AT 31 St March 2011
Fixed Assets	578,559,829	562,400,213
Current Assets	58,990,050	42,193,500
Current Liabilities	260,053,375	273,066,697

The Profit and Loss Account of the subsidiaries includes its share in Profit or Loss pertaining to the respective Joint Ventures. The summary of Profit and Loss Account for the year ended 31st March 2012 and 31st March 2011 is given as under:

	2011-12		2010-11	
	Aggregate of all JVs	Heramec's Share	Aggregate of all JVs	Heramec's Share
INCOME				
Sale of Crude Oil	106,995,993	32,098,798	89,761,790	26,928,537
Sale of Gas	114,240,143	34,272,043	77,826,563	23,347,969
Increase/(Decrease) in Stock	99,707	29,912	203,347	61,004
Other Income	3,773,183	1,131,955	3,307,013	992,104
Total	225,109,027	67,532,708	171,098,713	51,329,614
EXPENDITURE				
Production and Administrative Expenses	110,185,618	33,055,685	101,598,740	30,479,622
Total Expenditure before Depreciation	110,185,618	33,055,685	101,598,740	30,479,622
PROFIT BEFORE DEPRECIATION	114,923,409	34,477,023	69,499,973	20,849,992

3. Related Party Transactions:

a. Names of related parties and description of relationship:

(i)	Holding Company	Gujarat Natural Resources Ltd
(ii)	Subsidiaries	Sigma Oil & Gas Private Ltd
(ii)	Associates	1. Hermac Limited 2. Alkor Technologies Ltd 3. Gorlas Infrastructure Pvt Ltd 4. Gorlas Techno space Ltd 5. Gorlas Construction Pvt Ltd 6. Lasha Industries Ltd 7. Shree Ghantakarna Rolling Mills Pvt. Ltd. 8. SRPL Development Pvt. Ltd.
(iii)	Enterprises where key managerial Personnel exercise significant influence	NIL
(iv)	Key Management Personnel / Directors	1. Ashok C. Shah 2. Shalin A. Shah 3. Malav Mehta 4. Ilesh Shah 5. Pravinbhai Trivedi 6. Hariyant C. Shelat

b. Transaction for the year ended March 31, 2012 :

Particulars	For the year ended 31 st March 2012	For the year ended 31 st March 2011
Purchases/Services		

1.Holding Company	890,000	1537032
Advances taken:		
1.Associates -		29,659,550
Advances given/ (Repaid)		
1. Holding Company	(1,536,430)	(52,48,039)
2. Fellow of Subsidiaries	41,265	
3. Step up of Holding Company	9,673,989	
Expenditure (Directors Remuneration) :		
1. Key Managerial personnel.	57,60,000	55,59,333
Outstanding balance as at the Year end		
1. Amounts Payable		
a) Fellow Subsidiaries	26,01,66,732	29,56,98,982
b) Step up Holding Company --		712,387
c) Associates	1,33,790	16,00,000
2 Amounts Receivable		
a)Holding Company	6,380,882	7,917,312
b)Fellow of Subsidiaries	959,891	918,626
c) Step up of Holding Company	8,755,363	-
d)Key Management Personnel exercise significant influence	27,55,267	27,56,588

4. EXPENDITURE IN FOREIGN CURRENCY:

Particulars	For the year ended 31 st March 2012	For the year ended 31 st March 2011
i) Compensation Paid in terms of investment agreement	29,539,530	Nil
ii)Consultancy Expenses	2,283,558	Nil
iii) Others	Nil	Nil
Totals	31,823,088	Nil

5. SALES TURNOVER

Description	Unit	Quantity	Value `
Crude Oil	MBBLs	7.714	34,272,043
Natural Gas	MM3	4,187.73	32,098,798

6. OPENING AND CLOSING STOCK OF GOODS PRODUCED & TRADED

Description	Unit	Quantity	Value in `
Opening Stock			
Crude Oil	MBBLs	0.38 (0.41)	279,775(218,771)

Closing Stock			
Crude Oil	MBBLs	0.35 (0.38)	309,687(279,775)

7. ACTUAL PRODUCTION

Description	Unit	Actual Production for the Year
Crude Oil	MBBLs	7.714(8.0831)
Natural Gas	MM3	4,270.10(4,426.30)

8. Contingent Liabilities:

- 8.1 The Company has given Bank Guarantees favour of Director General of Hydrocarbon, (DGH) New Delhi, India and outstanding as on March 31, 2012 amounting to USD 279,373 equivalent to Rs. 1,28,51,159/-. (Previous year: US Dollars 805,009 equivalent to Rs. 3,60,00,000/-). This guarantee represents the share of Heramec Ltd in respect of the total estimated annual expenditure as per Approved Work Program in the contract area during the development phase of the existing discoveries.
- 8.2 The company's Indian Project Office has given a corporate guarantee to a local Bank (Axis Bank Ltd) for INR Rs. 130,00,000 equivalent to USD 2,82,609 (Previous year : Rs. 360,00,000 equivalent to USD 8,05,009) towards Facilities for Bank Guarantees to the Company.
- 8.3 JV accounts of CB ONN 2004/01 and CB ONN 2004/04:
The company has not received the Joint Venture accounts of CB ONN 2004/01 and CB ONN 2004/4 from the JV Partner, ONGC. In the absence of the same, the financial results and any possible outflow of these JV accounts could not be considered for accounting purposes at the Company level.
- 8.4 The company has entered into "Investment Agreement" with Stealth Ventures limited dated 21st Oct, 2011 for proposed investment in equity share of the company. Company is of the view that this amount shall eventually be converted into equity pursuant to terms and condition of the agreement and hence no effect of any probable interest expense has been given in these financial statements
- 8.5 Discovery of oil in TS#8 (Tarapur South#8) of CB-ON/2 field has been regularized and shall be governed by provisions of PSC for North Kathana Joint Venture as per the regularization order received from the Directorate General of Hydrocarbons, Ministry of Petroleum & Natural Gas, Govt. of India dated 15th February 2012. Based on the said order, the company has recognised asset (NK#5) and corresponding income on the basis its participating interest in North Kathana PSC. In view of the same, the Company has not considered any liability towards the operator of CB-ON/2 under the said regularization order while consolidating the Joint Venture accounts on a line by line basis.
9. The Company has given Corporate Guarantee to Axis Bank Ltd., Greenlands Branch, Begumpet, Hyderabad towards the "Bank Guarantee Limits" of Rs.130,00,000 sanctioned to Heramec Ltd, a wholly owned Subsidiary of the company.
10. Capital Commitment

Estimated amount of Contracts remaining to be executed on capital account and not provided for:

i) In respect of Company - Rs.70,000,000

11. **Sundry debtors over six months included Rs. 519.71 lacs non-performing in nature.** In the opinion of the Directors, they are good and recoverable. The Directors are hopeful of getting recoveries in the next year as the market conditions are not favourable. **However in the opinion of the Auditors, it shall be prudent to identify the same as doubtful of recovery requiring adequate provision.** It has been explained that the management of the company is pursuing recoveries and actual losses, if any, shall be adjusted as and when arises.
12. In opinion of the management of the company, all loans, advances and deposits are recoverable in nature for which no provision is required. **However in the opinion of the Auditors, it shall be prudent to make sufficient provision for such non performing assets amounting to Rs. 138.65 lacs which are outstanding since long.**
13. In the opinion of the Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and provision for all known and determined liabilities (except wherever otherwise stated) are adequate and not in excess of the amount reasonably necessary.
14. Balances under Sundry Debtors, Sundry Creditors, Loans & Advances are subject to confirmation and reconciliation with the respective parties/ concerns. Necessary adjustment if any, thereon having an importance of revenue nature, will be made in the year of such confirmation / reconciliation.
15. The company has not received any Memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprise Development Act, 2006) claiming their status as micro, small and medium enterprise as on the Balance Sheet date. Consequently, the amount payable to micro, small and medium enterprises during the year Rs. Nil (Previous year Nil).
16. The company has sent request letter for balance conformation to the trade receivable, trade payables and loans and advances parties. These balances as stated in the balance sheet, are subject to adjustment of differences, if any, on receipt such conformations from the parties.
17. **Earning per share (EPS) :**

Sr. No.	Particulars	2011-2012	2010-11
a)	Net Profit / (Loss) after Tax available for Equity Shareholders (Rupees)	97,28,392	(3,60,33,583)
b)	Weighted average number of Shares at beginning	3,87,51,645	3,87,51,645
c)	Basic and Diluted Earning per Share (Rupees)	0.25	(0.93)

18. **Previous year comparatives:**

Till the year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act,

1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

Signature to Notes 1 to 26

As per our report of even date.

**FOR PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS**

For and on Behalf of the Board of Directors

**Pankaj K. Shah
Proprietor
M. No. 34603**

**Shalin A. Shah
MANAGING DIRECTOR**

**Ashok C. Shah
DIRECTOR**

Place : Ahmedabad
Date : 04.09.2012

Place : Ahmedabad
Date : 04.09.2012

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholders,

The Ministry of Corporate Affairs has taken "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies through electronic mode.

Clause 32 of the Listing Agreement as amended provides that the Company shall send soft copy of the Annual Report containing its Balance Sheet, Profit and Loss Statement and Directors Report to all those Shareholders who have registered their email address for the purpose.

Please note that as a Shareholders of the company, would be entitled to get free of cost a printed copy of the Annual Report upon receipt of a requisition from them, at any time.

Shareholders who have not registered their email address so far are requested to register their email addresses so that the Company can send the documents including Annual Report in Electronic Mode.

Shareholders can register their email address with their concerned DPs. Shareholders can also register their email address with Purva Sharegistry (India) Private Limited, R & T or by email us at info@gnrl.in quoting your Folio No. / Client ID and DP ID.

Alternatively, Shareholders may also write to our R & T at the following Address:

PURVA SHAREGISTRY (INDIA) PVT. LTD.

(Unit : Gujarat Natural Resources Limited)

Shiv Shakti Industrial Estates, Unit No. 9

7-B, J. R. Boricha Marg,

Sitaram Mill Compound, Mumbai – 400 011

We also request you to intimate changes in your email address / contact details as and when they change, to the R&T/DPs, as applicable.

The Annual Report would also be made available on the Company's Website: www.gnrl.in

Yours Faithfully,

For Gujarat Natural Resources Limited

Shalin A. Shah
Managing Director

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GUJARAT NATURAL RESOURCES LIMITED

Regd. Office: 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 59.

ATTENDANCE SLIP

Name of the attending Shareholder/Proxy : _____

Shareholder's Folio No./Client ID : _____

No. of Shares held : _____

I/We hereby record my/our presence at the 21st Annual General Meeting held on 29th September 2012 at 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 59. at 12.00 Noon.

Signature of the Attending Shareholder/Proxy : _____

Notes : 1. Shareholder/Proxy holder wishing to attend the meeting must bring the attendance slip to the Meeting and hand it over at the entrance duly signed.

2. Shareholder/Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting

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GUJARAT NATURAL RESOURCES LIMITED

Regd. Office: 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 59.

PROXY FORM

I/We _____ of _____ in the district of _____ being a Shareholder/Shareholders of the Company, hereby appoint _____ of _____ in failing him/her _____ of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on 29th September, 2012 at 12.00 Noon or any adjournment thereof.

Signed this _____ day of _____ 2012.



Reference Folio No. _____

This form is to be used in favour of/against* the resolution. Unless otherwise introduced, the Proxy will act as he thinks fit.

* Strike out whichever is not desired.

BOOK POST

To,

If undelivered please return to:

Gujarat Natural Resources Limited

8, Sigma Corporate, Nr. Mann Party Plot,
S. G. Highway, Ahmedabad – 380 05, Gujarat, INDIA

