

ANNUAL REPORT 2013- 2014

BOARD OF DIRECTORS

| | |
|-----------------------|--------------------------|
| ILESH SHAH | <i>CHAIRMAN</i> |
| SHALIN A. SHAH | <i>MANAGING DIRECTOR</i> |
| ASHOK C. SHAH | <i>DIRECTOR</i> |
| HARIYANT C. SHELAT | <i>DIRECTOR</i> |
| MALAV A. MEHTA | <i>DIRECTOR</i> |
| PRAVINBHAI V. TRIVEDI | <i>DIRECTOR</i> |

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.

REGISTERED OFFICE

8, Sigma Corporate, Nr. Mann Party Plot,
S. G. Highway, Ahmedabad – 54.

REGISTRAR & SHARE TRANSFER AGENTS

PURVA SHAREGISTRY (INDIA) PVT. LTD.
Shiv Shakti Industrial Estates, Unit No. 9
J. R. Boricha Marg,
Opp. Kasturba Hospital Lane
Lower Parel (E),
Mumbai 400 011.

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NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of **GUJARAT NATURAL RESOURCES LIMITED** will be held on Tuesday, September 30, 2014 at 11:00 a.m. at 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 054 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2014, Statement of Profit & Loss for the year ended on that date and Directors Report and the Auditors Report thereon.
2. To declare dividend of Rs. 0.25/- per Equity Share of Rs. 10/- each.
3. To appoint a Director in place of Mr. Ashok C. Shah (DIN: 02467830), who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s Pankaj K Shah Associates, Chartered Accountants (Firm Registration No. 107352W), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Annual General Meeting to be held in 2019 (subject to ratification of reappointment by the members at every AGM held after this AGM) of the Company, on a remuneration as may be agreed upon by the Board of Directors and the Auditors.”

By Order of the Board
For Gujarat Natural Resources Limited

Place : Ahmedabad
Date : 02/09/2014

Ilesh Shah
Chairman

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 | Ashok Shah (DIN: 02467830) |
| Age (Yrs.) | 69 years |
| Brief Resume and expertise | Engineering and Administrative Degree. He has vast experience of more than 40 years in technical and administrative fields. |
| Designation | Director |
| Chairman/Member of the Committee of the Board of Directors of the Company | Member of Audit Committee |
| No. of Shares held in the Company | 125100 |
| Other Directorship | 1. Lesha Industries Limited 2. Ashnisha Alloys Private Limited 3. Lesha Agro Foods Private Limited 4. Shree Ghantakarna Rolling Mills Private Limited |

Mr. Ashok C. Shah and Mr. Shalin Shah are related as Father-Son. No other directors are related inter se.

GUJARAT NATURAL RESOURCES LIMITED

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 notify 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 at least 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 the Attendance Slip attached herewith duly filled in for attending the meeting.
6. Register of Shareholders shall remain closed from September 24, 2014 to September 30, 2014 (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.
8. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and in terms of Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 23rd AGM by electronic means and the business may be transacted through e-Voting services provided by Central Depository Services Limited (CDSL). Instructions for e voting are enclosed.

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 23rd Annual Report of the Company and Audited Accounts for the financial year ended 31st March, 2014.

Financial Results:

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

(Rs. In Lacs)

| Particulars | 2013-2014 | 2012-2013 |
|---------------------------------------|-----------|-----------|
| Sales & Other Income | 389.51 | 78.63 |
| Expenditure | 231.62 | 26.57 |
| Profit before Depreciation & Taxation | 157.89 | 52.06 |
| Depreciation | 3.04 | 3.08 |
| Taxation | 9.70 | 0.00 |
| Net Profit after tax for the year | 145.15 | 48.98 |

Dividend

Taking into consideration the profits for the financial year 2013-14 and a positive outlook for the future, the Board of Directors ("the Board") is pleased to recommend a dividend of Rs. 0.25/- per share, being 2.5% on the par value of Rs.10/- per share on 3,87,51,645 Equity Shares of the Company to be appropriated from the profits of the Company for the financial year 2013-14.

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% step down 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 5 International subsidiaries. Apart from International subsidiaries, there is one wholly owned Indian subsidiary.

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:

During the period under review, several energy conservation initiatives were adopted and were taken by the Company and its subsidiaries u/s 217(1)(e). There are no plans to import any kind of technology for the project and hence information regarding its absorption is not applicable. There were no research activities carried out during the year as well as no foreign exchange income or outgo during the year.

Directors:

Mr. Ashok C. Shah, retires from the Board by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

GUJARAT NATURAL RESOURCES LIMITED

Brief resume of the Director 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. The Company has received written certificate from them, as required under The Companies (Audit & Auditors) Rules, 2014.

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 upto the conclusion of the Annual General Meeting to be held in 2019 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, 2014, 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, 2014 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, 2014 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 : 02/09/2014
Place : Ahmedabad

Shalin A. Shah
Managing Director

Ashok C. Shah
Director

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REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

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, 2014

Composition, Category and Designation of Directors

| Name of Director | Category | Designation |
|---------------------------|-------------------------------------|--------------------|
| Mr. Ilesh 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. Ashok C. 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 | 1 |
| Mr. Ilesh Shah | 5 | Yes | 1 | --- | --- |
| Mr. Malav Mehta | 5 | Yes | 3 | --- | --- |
| 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 30/05/2013, 06/07/2013, 14/08/2013, 14/11/2013, and 14/02/2014.

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.

GUJARAT NATURAL RESOURCES LIMITED

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 Four Meetings of Audit Committee were held on 30/05/2013, 14/08/2013, 14/11/2013, and 14/02/2014.

Remuneration Committee

The Company has not set up a Remuneration Committee. The remuneration of Executive Director was 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, 2014 is as follows:

Executive Director

Mr. Shalin A. Shah (MD)

Salary (Rs.)

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, 2014.

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, 01 complaint was received from the Shareholders and the same was 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 |
|---------|--|--|
| 2012-13 | 30 th September, 2013 / 10:30 A.M. | 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 059. |
| 2011-12 | 29 th September, 2012 / 12.00 Noon | 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 059 |
| 2010-11 | 30 th 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 25 Crores. 2. Delisting of Equity Shares from Delhi Stock Exchange, Ahmedabad Stock Exchange Limited and Vadodara Stock Exchange Limited. |

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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, and 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 have 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 two 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 2014-2015 (tentative)

| | |
|---|--------------------------------|
| Results for the quarter ended 30th June, 2014 | : Second Week of August 2014 |
| Results for the quarter ended 30th September, 2014 | : Second Week of November 2014 |
| Results for the quarter Ended 31st December, 2014 | : Second Week of February 2015 |
| Results for the quarter ended 31st March, 2015 | : Second Week of May 2015 |
| Annual General Meeting for the year ending 31st March, 2015 | : September 2015 |

GENERAL INFORMATION FOR SHAREHOLDERS

| | |
|---|---|
| Date, Time and Venue of Annual General Meeting | : Tuesday, 30 th September, 2014 at 11:00 a.m. at 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 054 |
| No. of Shareholders | : 6545 as 31st March, 2014 |
| Financial Year of the Company | : 31st March every year. |
| Book Closure dates | : From 24 th September, 2014 to 30 th September, 2014 (both days inclusive) for the purpose of the Annual General Meeting and dividend. |

GUJARAT NATURAL RESOURCES LIMITED

Dividend Payment

: i) Dividend, if declared will be paid to:

- (a) The members in respect of shares held in physical form, after giving effect to all valid transfers of shares in physical form lodged with the Company on or before the close of business hours on 23rd September, 2014.
- (b) the members whose names will appear on the statement of beneficial ownership furnished by NSDL and CDSL at the end of business hours on 23rd September, 2014, in respect of shares held in Demat form.

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 2013 | 68.95 | 58.00 |
| May 2013 | 64.20 | 50.35 |
| June 2013 | 80.25 | 48.05 |
| July 2013 | 87.40 | 74.60 |
| August 2013 | 85.00 | 67.50 |
| September 2013 | 98.00 | 78.55 |
| October 2013 | 102.90 | 83.20 |
| November 2013 | 95.00 | 68.00 |
| December 2013 | 94.50 | 73.50 |
| January 2014 | 103.95 | 79.50 |
| February 2014 | 108.90 | 80.05 |
| March 2014 | 148.00 | 84.00 |

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Registrar and Share Transfer Agents

PURVA SHAREGISTRY (INDIA) PVT. LTD.
Shiv Shakti Industrial Estates, Unit No. 9
J. R. Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), 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, 2014

| No. of Equity Shares | No. of Shareholders | % of total Shareholders | No. of Shares | % to total Capital |
|----------------------|---------------------|-------------------------|-----------------|--------------------|
| Upto – 5000 | 5656 | 86.42 | 1161478 | 3.00 |
| 5001 – 10000 | 448 | 6.84 | 382842 | 0.99 |
| 10001- 20000 | 160 | 2.44 | 245605 | 0.63 |
| 20001 – 30000 | 54 | 0.83 | 136979 | 0.35 |
| 30001 – 40000 | 33 | 0.50 | 117377 | 0.30 |
| 40001 – 50000 | 25 | 0.38 | 116518 | 0.30 |
| 50001 – 100000 | 52 | 0.79 | 387715 | 1.00 |
| 100001 - above | 117 | 1.79 | 36203131 | 93.42 |
| Total | 6545 | 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 : 38,75,16,450

| | | |
|-------------------------------|---|-------------|
| A. Electronic Holding in NSDL | : | 1,30,57,910 |
| B. Electronic Holding in CDSL | : | 2,39,99,427 |
| C. Physical Holding | : | 16,94,308 |

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
J. R. Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), 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 – 380 054

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

GUJARAT NATURAL RESOURCES LIMITED

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, 2014.

For Gujarat Natural Resources Limited

Place: Ahmedabad
Date : 02/09/2014

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, 2014 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, 2014, 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, Patel & Associates
Company Secretaries

Place : Ahmedabad
Date : 01/09/2014

(Chintan K. Patel)
Partner
M. No. 31987
COP No. 11959

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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 2013-14 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 : 01/09/2014

Shalin A. Shah
Managing Director

GUJARAT NATURAL RESOURCES LIMITED

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.

Industry Structure and Development

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% step down subsidiaries. The company through its subsidiary GNRL Oil & Gas Limited (formerly Heramec Limited), has participating interests in 6 producing blocks in Cambay basin and is operator in four of these blocks.. 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.

Opportunities & Threats

Business conditions continue to be challenging. The industry has pushed technological boundaries but is under keener scrutiny and the frontiers are becoming even more remote.

Rising costs are being driven both by cyclical factors and the end of “easy oil.”

Segment wise or Product wise performance

At present the Company is carrying out its operations in only one segment namely, oil and gas exploration.

Outlook, Risks & Concerns

The Company is exposed to specific risks that are particular to its businesses and the environment within which it operates. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk management policies, monitoring the effectiveness of risk management processes and controls and periodical review of the internal control.

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.

For Gujarat Natural Resources Limited

Place: Ahmedabad
Date : 02/09/2014

Shalin A. Shah
Managing Director

INDEPENDENT AUDITORS' REPORT

To,
The Members of
GUJARAT NATURAL RESOURCES LIMITED
Ahmedabad

Report on the Financial Statements

We have audited the accompanying Financial Statements of **M/s. GUJARAT NATURAL RESOURCES LIMITED** (the "Company"), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit & Loss and also the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the 'Act') read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to

- a) Point No. 2 at Additional Notes to Accounts in Notes – 20 regarding non-provision of doubtful debts amounting to Rs. 739.75 lacs, as a result thereof the debit balance of profit & loss A/c gets understated by the said sum and correspondingly Sundry debtors is overstated 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. 206.17 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.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.

- i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March 2014.
- ii) In the case of Statement of Profit & Loss, of the Profit for the year ended on that date and,
- iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

- 1. 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 of India, 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 and 5 of the said order.
- 2. As required by Section 227(3) of the Act, 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 purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 to the extent applicable.
 - e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors of the company are prima facie disqualified as on 31st March 2014 from being appointed as Directors of the company in terms of clause (g) of Section 274(1) of the Companies Act, 1956.

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

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

Place : Ahmedabad
Date : 30.05.2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date.

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 affected.
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) 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. 272.01 lacs). Rs. 252.01 lacs was payable to this party as at the close of the accounting year.
 - (ii) (a) The company has granted interest free loan to its wholly owned and 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. 5285.48 lacs). Rs. 4310.74 lacs was receivable from this party as at the close of the accounting year.
 - (b) The company has also granted interest free loan to One party 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. 1005.23 lacs). Rs. 892.61 lacs was receivable from this party 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 fixed assets and for the sale of services. 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. On the basis of the audit procedure performed by us and according to the information, explanation and representation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act, have been entered in the register required to be maintained under that section.
 - b. In our opinion and according to the information and explanation given to us, the transaction made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time as per the information available with the company.

GUJARAT NATURAL RESOURCES LIMITED

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, 2014 for a period of more than six months from the date they became payable.
9. The Company has no accumulated losses as at 31st March 2014. The company has not incurred any cash losses during the current financial year and also during 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 : 30.05.2014

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BALANCE SHEET AS AT 31ST MARCH, 2014

| Particulars | Note No | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---------|---------------------------|---------------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| (a) Share Capital | 1 | 387,516,450.00 | 387,516,450.00 |
| (b) Reserves and Surplus | 2 | 438,737,554.65 | 433,910,821.45 |
| 2 Current Liabilities | | | |
| (a) Short-term borrowings | 3 | 25,200,905.60 | 27,636,363.00 |
| (b) Trade Payable | | 90,458,296.40 | — |
| (c) Other Current Liabilities | 4 | 2,545,416.00 | 776,484.00 |
| (d) Short-term Provisions | 5 | 10,951,107.05 | 3,962,164.50 |
| TOTAL RS... | | 955,409,729.70 | 853,802,282.95 |
| II. ASSETS | | | |
| 1 Non-current Assets | | | |
| (a) Fixed Assets | 6 | | |
| - Tangible Assets | | 13,985,812.27 | 14,251,077.18 |
| - Intangible Assets | | 15,206.16 | — |
| (b) Non-current investments | 7 | 154,350,000.00 | 154,350,000.00 |
| (c) Long-term loans and advances | 8 | 55,682,879.00 | 54,186,104.00 |
| (d) Other non-current assets | 9 | 26,050,880.00 | 26,050,880.00 |
| 2 Current Assets | | | |
| (a) Trade Receivables | 10 | 84,368,966.40 | 100,174,826.40 |
| (b) Cash and Cash Equivalents | 11 | 5,441,883.87 | 946,677.37 |
| (c) Short-term Loans and Advances | 12 | 615,514,102.00 | 503,842,718.00 |
| TOTAL RS... | | 955,409,729.70 | 853,802,282.95 |
| The notes form an integral part of these financial statements | 19 | | |

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

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

PLACE : AHMEDABAD
DATE : 30.05.2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHALIN A SHAH
MANAGING DIRECTOR

ASHOK C SHAH
DIRECTOR

PLACE : AHMEDABAD
DATE : 30.05.2014

GUJARAT NATURAL RESOURCES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

| Particulars | Note No | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---------|---------------------------|---------------------------|
| I. INCOME | | | |
| Revenue from operations | 13 | 26,811,224.00 | 169,396.06 |
| II Other Income | 14 | 12,140,062.00 | 7,693,969.00 |
| III Total Revenue (I + II) | | 38,951,286.00 | 7,863,365.06 |
| IV Expenses | | | |
| - Purchases of Stock-in-Trade | 15 | — | 292,824.04 |
| - Employee benefits expenses | 16 | 1,848,260.00 | 1,649,000.00 |
| - Finance Costs | 17 | 100.00 | 213.09 |
| - Depreciation and amortization expense | | 304,058.75 | 307,879.92 |
| - Other Expenses | 18 | 21,313,622.80 | 715,725.19 |
| Total Expenses | | 23,466,041.55 | 2,965,642.24 |
| V Profit before tax (III - IV) | | 15,485,244.45 | 4,897,722.82 |
| VI Tax Expenses : | | | |
| - Current Tax | | 970,600.00 | — |
| VII Profit / (Loss) for the year (V - VI) | | 14,514,644.45 | 4,897,722.82 |
| VIII Earnings per Equity Share of Rs. 10 each | | | |
| Basic/Diluted | | 0.37 | 0.13 |
| The notes form an integral part of these financial statements | 19 | | |

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

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

PLACE : AHMEDABAD
DATE : 30.05.2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHALIN A SHAH
MANAGING DIRECTOR

ASHOK C SHAH
DIRECTOR

PLACE : AHMEDABAD
DATE : 30.05.2014

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

| PARTICULARS | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---------------------------|---------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX | 15,485,244.45 | 4,897,722.82 |
| DIVIDEND INCOME | 10,290,000.00 | 6,174,000.00 |
| INTEREST INCOME | 1,716,191.00 | 1,350,976.00 |
| | 3,479,053.45 | (2,627,253.18) |
| NON CASH ADJUSTMENT FOR- | | |
| DEPRECIATION AND AMORTIZATION EXPENSES | 304,058.75 | 307,879.92 |
| Operating Profit/(Loss) before working capital changes | 3,783,112.20 | (2,319,373.26) |
| INCREASE/(DECREASE) IN SHORT TERM BORROWING | (2,435,457.40) | 18,687,210.00 |
| INCREASE/(DECREASE) IN SHORT TERM PROVISION | 39,395.00 | (1,223,537.00) |
| INCREASE/(DECREASE) IN OTHER CURRENT LIABILITIES | 1,768,932.00 | (206,299.00) |
| INCREASE/(DECREASE) IN TRADE PAYABLE | 90,458,296.40 | - |
| (INCREASE)/DECREASE IN TRADE RECEIVABLE | 15,805,860.00 | 104,377.30 |
| (INCREASE)/DECREASE IN LONG TERM LOANS & ADVANCES | (1,496,775.00) | 854,525.00 |
| (INCREASE) /DECREASE IN SHORT TERM LOANS & ADVANCES | (111,671,384.00) | (25,731,122.31) |
| Cash generated from operations | (3,748,020.80) | (9,834,219.27) |
| DIVIDEND PAID | (3,708,963.70) | - |
| [A] Net cash flow from operating activities | (7,456,984.50) | (9,834,219.27) |
| Cash Flow from Investing activity | | |
| PURCHASE OF FIXED ASSET | (54,000.00) | (3,201.00) |
| DIVIDEND INCOME FROM SUBSIDIARY | 10,290,000.00 | 6,174,000.00 |
| [B] Net Cash from Investing activity | 10,236,000.00 | 6,170,799.00 |
| Cash Flow from Finance activity | | |
| INTEREST INCOME | 1,716,191.00 | 1,350,976.00 |
| [C] Net Cash used in financing activity | 1,716,191.00 | 1,350,976.00 |
| NET INCREASE(DECREASE) IN CASH & CASH EQUIVALENTS | 4,495,206.50 | (2,312,444.27) |
| OPENING CASH AND BANK BALANCE | 946,677.37 | 3,259,121.64 |
| CLOSING CASH AND BANK BALANCE | 5,441,883.87 | 946,677.37 |

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

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

PLACE : AHMEDABAD
DATE : 30.05.2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHALIN A SHAH
MANAGING DIRECTOR

ASHOK C SHAH
DIRECTOR

PLACE : AHMEDABAD
DATE : 30.05.2014

GUJARAT NATURAL RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note - 1 : SHARE CAPITAL

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|-----------|--|---------------------------|---------------------------|
| 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, 2014 | | As at 31st March, 2013 | |
|--|------------------------|-----------------|------------------------|-----------------|
| | 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 | 3,857,145 | 9.95 |
| - Patron Energy Private limited | 3,801,570 | 9.81 | 3,801,570 | 9.81 |
| - Padma Real Infra Private Limited | 2,171,000 | 5.60 | 2,171,000 | 5.60 |
| - Deven Mahendrakumar Shah | — | — | 2,150,000 | 5.55 |
| - Blowing Traders Private Limited | 2,149,992 | 5.55 | 2,150,000 | 5.55 |

Note - 2 : RESERVES & SURPLUS

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|------------|--|---------------------------|---------------------------|
| (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 | 48,693.70 | (973,864.62) |
| | Less : Proposed Dividend | 9,687,911.25 | 3,875,164.50 |
| | Add/(Less) : Net Profit/ (Net Loss) for the year | 14,514,644.45 | 4,897,722.82 |
| | Closing Balance | 4,875,426.90 | 48,693.70 |
| | | 438,737,554.65 | 433,910,821.45 |

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Note - 3 : SHORT TERM BORROWINGS

| Sr. No. | Particulars | As at | As at |
|---------------------|-------------------------|----------------------|----------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| I. UNSECURED | | | |
| - | From Subsidiary Company | 25,200,905.60 | 9,955,363.00 |
| - | From Corporate Bodies | — | 17,681,000.00 |
| | | 25,200,905.60 | 27,636,363.00 |

Note - 4 : OTHER CURRENT LIABILITIES

| Sr. No. | Particulars | As at | As at |
|---------|----------------|---------------------|-------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| 1 | Statutory Dues | 1,728,157.00 | 37,639.00 |
| 2 | Other Payables | 817,259.00 | 738,845.00 |
| | | 2,545,416.00 | 776,484.00 |

Note - 5 : SHORT TERM PROVISIONS

| Sr. No. | Particulars | As at | As at |
|---------|---------------------------------|----------------------|---------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| 1 | Provision for employee benefits | 126,395.00 | 87,000.00 |
| 2 | Proposed Dividend | 9,854,112.05 | 3,875,164.50 |
| 3 | Provision for Taxation | 970,600.00 | — |
| | | 10,951,107.05 | 3,962,164.50 |

NOTE - 6 FIXED ASSETS

| Name of the Assets | GROSS BLOCK | | | | DEPRECIATION | | | NET BLOCK | |
|-----------------------------|----------------------|------------------|-------------|----------------------|---------------------|-------------------|---------------------|----------------------|----------------------|
| | As at | Additions | Deduction | As at | As at | During the | Up to | As at | As at |
| | 01.04.2013 | | | 31.03.2014 | 01.04.2013 | Year | 31.03.2014 | 31.3.2013 | 31.3.2014 |
| A) Tangible Assets | | | | | | | | | |
| 1 Plant & Machinery | 658,064.00 | - | - | 658,064.00 | 93,774.59 | 30,179.73 | 123,954.32 | 564,289.41 | 534,109.68 |
| 2 Office Premises | 14,207,936.00 | - | - | 14,207,936.00 | 1,111,024.06 | 227,061.93 | 1,338,085.99 | 13,096,911.94 | 12,869,850.01 |
| 3 Furniture & Fixture | 1,244,503.00 | - | - | 1,244,503.00 | 1,244,502.00 | 0.00 | 1,244,502.00 | 1.00 | 1.00 |
| 4 Office Equipment | 787,900.00 | - | - | 787,900.00 | 219,040.79 | 37,056.05 | 256,096.84 | 568,859.21 | 531,803.16 |
| 5 Computer | 48,450.00 | 36,500.00 | - | 84,950.00 | 29,749.84 | 7,296.54 | 37,046.38 | 18,700.16 | 47,903.62 |
| 6 Cycle | 2,700.00 | - | - | 2,700.00 | 384.54 | 170.66 | 555.20 | 2,315.46 | 2,144.80 |
| Total - A | 16,949,553.00 | 36,500.00 | 0.00 | 16,986,053.00 | 2,698,475.82 | 301,764.91 | 3,000,240.73 | 14,251,077.18 | 13,985,812.27 |
| A) Intangible Assets | | | | | | | | | |
| 1 Software | 0.00 | 17,500.00 | - | 17,500.00 | - | 2,293.84 | 2,293.84 | 0.00 | 15,206.16 |
| Total - B | 0.00 | 17,500.00 | 0.00 | 17,500.00 | 0.00 | 2,293.84 | 2,293.84 | 0.00 | 15,206.16 |
| Total | 16,949,553.00 | 54,000.00 | 0.00 | 17,003,553.00 | 2,698,475.82 | 304,058.75 | 3,002,534.57 | 14,251,077.18 | 14,001,018.43 |
| Previous years | 16,946,353.00 | - | - | 16,949,553.00 | 2,390,595.90 | 307,879.92 | 2,698,475.82 | 14,555,757.10 | 14,251,077.18 |

GUJARAT NATURAL RESOURCES LIMITED

Note - 7 : NON-CURRENT INVESTMENTS

| Sr. No. | Particulars | No. of Shares 2014 | No. of Shars 2013 | As at 31st March, 2014 | As at 31st March, 2013 |
|-----------|---|-----------------------|----------------------|---------------------------|---------------------------|
| A) | OTHER INVESTMENT - NON TRADE | | | | |
| | I) Investment in Equity Shares | | | | |
| | a) Subsidiary Company | 10,290,000 | 10,290,000 | 154,350,000.00 | 154,350,000.00 |
| | - Sigma Oil & Gas Pvt. Ltd. (Shares of Rs. 10/- each) | | | | |
| | | | | 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 31st March, 2014 | As at 31st March, 2013 |
|----------|--|---------------------------|---------------------------|
| 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 | 159,019.00 | 206,815.00 |
| | — Other Advances | 36,351,708.00 | 34,807,137.00 |
| | | 55,682,879.00 | 54,186,104.00 |

Note - 9 : OTHER NON-CURRENT ASSETS

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|---------|---------------------|---------------------------|---------------------------|
| 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 31st March, 2014 | As at 31st March, 2013 |
|-----------|---|---------------------------|---------------------------|
| A) | Trade receivables outstanding for a period exceeding Six months from the date they are due for payment | | |
| | 1 Unsecured, considered good | 73,974,826.40 | 100,174,826.40 |
| B) | Trade receivables outstanding for a period less than Six months from the date they are due for payment | | |
| | 1 Unsecured, considered good | 10,394,140.00 | — |
| | | 84,368,966.40 | 100,174,826.40 |

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Note - 11 : CASH AND CASH EQUIVALENTS

| Sr. No. | Particulars | As at | |
|-----------|-------------------------------|---------------------|-------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| I. | Cash and Bank Balances | | |
| a. | Balances with Banks | | |
| | - In Current Account | 4,767,520.87 | 18,144.37 |
| b. | Cash on hand | 674,363.00 | 928,533.00 |
| | | 5,441,883.87 | 946,677.37 |

Note - 12 : SHORT TERM LOANS AND ADVANCES

| Sr. No. | Particulars | As at | |
|-----------|--|-----------------------|-----------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| B) | Other Loans & Advances - Unsecured, considered good | | |
| - | Pre-paid Exp. | — | 7,380.00 |
| - | Advance Tax and TDS | 2,911,507.00 | 135,098.00 |
| - | Loan to Subsidiary Company | 431,073,885.00 | 457,243,885.00 |
| - | Loan to Corporate Body | 92,266,000.00 | — |
| - | Loan to Associate Concern | 89,261,210.00 | 46,423,210.00 |
| - | Other Advances | 1,500.00 | 33,145.00 |
| | | 615,514,102.00 | 503,842,718.00 |

Note - 13 : REVENUE FROM OPERATIONS

| Sr. No. | Particulars | As at | |
|-----------|-------------------------------|----------------------|-------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| A) | Sale of Products | | |
| — | F & O Trading - Oil | — | 169,396.06 |
| B) | Sale of Services | | |
| — | Tender Support services | 26,811,224.00 | — |
| | | 26,811,224.00 | 169,396.06 |
| | Tax deducted at source | 2,766,682.00 | — |

Note - 14 : OTHER INCOME

| Sr. No. | Particulars | As at | |
|---------|--|----------------------|---------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| 1 | Accounts written off | 8,831.00 | — |
| 2 | Interest Income | 1,716,191.00 | 1,350,976.00 |
| 3 | Dividend Income | 10,290,000.00 | 6,174,000.00 |
| 4 | Interest on income tax refund | 19,194.00 | 168,993.00 |
| 5 | Other Income | 105,846.00 | — |
| | | 12,140,062.00 | 7,693,969.00 |
| | Tax deducted at source on Interest Income | 144,825.00 | 135,098.00 |

GUJARAT NATURAL RESOURCES LIMITED

Note - 15 : PURCHASES OF STOCK-IN-TRADE

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|---------|---------------|---------------------------|---------------------------|
| — | F & O Trading | — | 292,824.04 |
| | | — | 292,824.04 |

Note - 16 : EMPLOYEE BENEFITS EXPENSE

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|---------|----------------------------|---------------------------|---------------------------|
| 1 | Salaries, Wages, Bonus etc | 1,848,260.00 | 1,649,000.00 |
| | | 1,848,260.00 | 1,649,000.00 |

Note - 17 : FINANCE COSTS

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|---------|--------------|---------------------------|---------------------------|
| 1 | Bank charges | 100.00 | 213.09 |
| | | 100.00 | 213.09 |

Note - 18 : OTHER EXPENSES

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|---------|---------------------------------------|---------------------------|---------------------------|
| 1 | Audit Fees | 125,000.00 | 125,000.00 |
| 2 | Communication Exp. | 104,686.58 | 90,344.99 |
| 3 | Legal & Professional Exp. | 1,015,141.00 | 308,259.00 |
| 4 | Income Tax & Interest on Income Tax | 8,098.00 | 6,121.00 |
| 5 | Consultancy Fees | 19,739,921.00 | — |
| 6 | Repair & Maintenance | | |
| | - Others | 63,975.00 | 16,270.00 |
| 7 | Travelling, Conveyance & Vehicle Exp. | 18,818.00 | 56,768.00 |
| 8 | Miscellaneous expenses | 237,983.22 | 112,962.20 |
| | | 21,313,622.80 | 715,725.19 |

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Schedules forming Part of the Accounts for the year ended 31st March 2014

NOTE - 19

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.

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.

Further the leave accrued has to be encashed within the calendar year and hence there is no accrued leave to be provided for.

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.

GUJARAT NATURAL RESOURCES LIMITED

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. 739.75 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 Auditor, 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 Auditor, it shall be prudent to make sufficient provision for such non performing assets amounting to Rs. 206.17 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 | 2013-14 | 2012-13 |
|-----|-----------------|-----------------|-----------------|
| a) | Audit Fees | 1,00,000 | 1,25,000 |
| b) | Tax Audit Fees | 25,000 | — |
| c) | For other works | 75,000 | — |
| | Total | 2,00,000 | 1,25,000 |

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

| (Rs. In lacs) | | | | |
|---|--|-------------------------------------|--|-------------------------------------|
| Particulars | Name of the Company | Amount outstanding as on 31.03.2014 | Maximum amount due at any one time during the year | Amount outstanding as on 31.03.2013 |
| a) Loans and advances | | | | |
| i) Loans and advances in the nature of loan made to subsidiary company | Sigma Oil & Gas Pvt. Ltd. | 4310.74 | 4572.44 | 4572.44 |
| 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 | 892.61 | 1005.23 | 464.23 |
| 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 | | | | |

GUJARAT NATURAL RESOURCES LIMITED

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. 2013-14 | F.Y. 2012-13 |
| Amount due from Subsidiary Company | 4310.74 | 4572.44 |

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) :**

The earnings considered in ascertaining the Company's EPS comprises of the net profit after tax (and includes the post tax effect of any extra ordinary item). The number of shares used in computing Basis EPS is the weighted average number of shares outstanding during the year.

| Sr. Particulars | 2013-14 | 2012-13 |
|---|-------------|-------------|
| a) Net Profit / (Loss) after Tax available for Equity Shareholders (Rupees) | 1,45,14,644 | 48,97,723 |
| b) Weighted average number of Shares at beginning | 3,87,51,645 | 3,87,51,645 |
| c) Basic and Diluted Earning per Share (Rupees) | 0.37 | 0.13 |

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. Lesha Industries Ltd.
 2. Shree Ghantakarna Rolling Mills P. Ltd
 3. SRPL Developers Pvt. Ltd.
 4. Lesha Agro Food Pvt. Ltd.
- Relative of Directors:
1. Leena A. Shah

Subsidiary Company :

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

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- b) Transactions that have taken place during the period April 1, 2012 to March 31, 2013 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) | |
|--|--|------------------------|----------------------|---------|
| | | | 2014 | 2013 |
| Shalin A. Shah | Managing Director | Remuneration | 6.00 | 6.00 |
| Lesha Industries Ltd | Associate Concern | Loan Granted | 892.61 | 464.23 |
| | | Loan Taken | — | 146.34 |
| GNRL Oil & Gas Ltd | Subsidiary Company | Loan Taken | 252.01 | 99.55 |
| | | Service Received | 268.11 | — |
| Sigma Oil & Gas P. Ltd. | Subsidiary Company | Loan Granted | 4310.74 | 4510.70 |
| | | Interim Dividend | 102.90 | 61.74 |

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 figures have been regrouped and/or rearranged whenever necessary.

Signature to Notes 1 to 19

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

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

PLACE : AHMEDABAD
 DATE : 30.05.2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHALIN A SHAH
MANAGING DIRECTOR

ASHOK C SHAH
DIRECTOR

PLACE : AHMEDABAD
 DATE : 30.05.2014

**STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARIES**

| Name of Subsidiary | Sigma Oil & Gas Pvt. Ltd | Gorlas Corporate Holdings Ltd | GNRL Oil & Gas Ltd. (Formerly known as 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 | 31-03-14 | 31-03-14 | 31-03-14 | 31-03-14 | 31-03-14 | 31-03-14 |
| 2 Shares of the subsidiaries held by the company on 31.03.2013 (a) Number and face value-equity (b) Extent of holding | 100% 10290000 equity shares of Rs. 10 each fully paid. 100% | 100% 10,000 equity shares of \$1 each fully paid. 100% | 100% 50 equity shares of \$1 each fully paid. 100% | 100% 4082000 equity shares of \$1 each fully paid 100% | 100% — 100% | 100% 9100 equity shares of \$1 each fully paid 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 (b) For the previous financial years since they became subsidiaries | Rs.16159856 Rs.6788212 | — \$(66384.89) | Rs.40541987 Rs.30035638 | \$(6106.99) \$(35348.63) | — — | — \$(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. i) Fixed assets ii) Investments iii) Money lent iv) Borrowings other than for meeting current liabilities | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Members of
GUJARAT NATURAL RESOURCES LIMITED
Ahmedabad

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **M/s. GUJARAT NATURAL RESOURCES LIMITED** (the "Company") and its Subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2014, the Consolidated Statement of Profit & Loss and also the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Group in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"), read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the Consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the Company's preparation and fair presentation of the Consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management as well as evaluating the overall presentation of the Consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to

- a) Point No. 11 at Additional Notes to Accounts in Notes – 26 regarding non-provision of doubtful debts amounting to Rs. 739.75 lacs, as a result thereof the debit balance of profit & loss A/c gets understated by the said sum and correspondingly Sundry debtors is overstated 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

GUJARAT NATURAL RESOURCES LIMITED

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. 206.17 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.

- c) Note No. 3 regarding share application money pending allotment, in respect of this matter our opinion is not qualified.
- d) Point No. 2.1 at Additional Notes to Accounts in Notes- 26 about two joint venture which are under exploration and development phaser, exploration / development expenditure are not considered for accounting purpose at the company levels. It has been informed that company has not received the financial statement of these Joint ventures [CB ONN 2004/1 and CB ONN 2004/4] from the operator, ONGC. The effect of the same on the financial statements can not be quantified; in respect of this matter our opinion is not qualified.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on the financial statement of the subsidiaries and associates referred to below in the "Other Matter" paragraph, the aforesaid Consolidate Financial Statement give a true and fair view in conformity with the Accounting Principles generally accepted in India.

- i) In the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2014.
- ii) In the case of Consolidated Statement of Profit & Loss, of the Profit for the Group for the year ended on that date; and
- iii) In the case of Consolidated Cash Flow Statement, of Cash Flow of the Group for the year ended on that date.

Other Matter

- 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, 2014.
- ii) In respect of the financial statement of One subsidiary and its One step down subsidiary, we did not carry out the audit. This financial statements have been audited by other auditor whose reports have been furnished to us and in our opinion, in so far as it relates to the amount included in respect of this subsidiaries is based solely on the report of other auditor. The details of assets and revenue in respect of these subsidiaries whose financial statements reflect total assets of Rs. 9155.52 lacs as at 31st March, 2014, the total revenue of Rs. 1546.08 lacs and net profit of Rs. 560.24 lacs for the year ended on that date.
- iii) We further report that in respect of the Four foreign step down subsidiaries, we have relied on the Unaudited Financial Statement, whose financial statements reflect total assets of Rs. 14.72 lacs as at March, 31, 2014, total revenue of Rs. 0.10 lacs and net loss of Rs. 3.65 lacs for the year ended on that date. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of these Four step down subsidiaries is based solely on such approved financial statements.

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

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

Place : Ahmedabad
Date : 30.05.2014

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CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

| Particulars | Note No | As at 31st March, 2014 | As at 31st March, 2013 |
|-----------------------------------|---------|---------------------------|---------------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| (a) Share Capital | 1 | 387,516,450.00 | 387,516,450.00 |
| (b) Reserves and Surplus | 2 | 457,603,503.78 | 449,128,616.23 |
| (c) Share Application Money | 3 | 38,801,925.00 | 38,801,925.00 |
| 2 Non-Current Liabilities | | | |
| (a) Long-term Borrowings | 4 | 45,936,018.00 | 10,344,363.00 |
| (b) Deferred Tax Liabilities | 5 | 39,140,235.00 | 46,857,028.00 |
| (c) Other Long-term Liabilities | 6 | 200,056,064.00 | 215,754,489.00 |
| (d) Long-term Provisions | 7 | 6,915,776.00 | 7,165,819.00 |
| 3 Current Liabilities | | | |
| (a) Short-term borrowings | 8 | 34,046,101.00 | 60,490,560.00 |
| (b) Trade Payables | 9 | 158,671,672.67 | 28,312,214.88 |
| (c) Other Current Liabilities | 10 | 44,614,757.75 | 35,489,643.25 |
| (d) Short-term Provisions | 11 | 27,014,902.20 | 9,782,580.06 |
| TOTAL RS... | | 1,440,317,405.40 | 1,289,643,688.42 |
| II. ASSETS | | | |
| 1 Non-current Assets | | | |
| (a) Fixed Assets | 12 | | |
| - Tangible Assets | | 233,395,309.27 | 233,806,687.18 |
| - Intangible Assets | | 164,606,515.18 | 162,247,258.80 |
| - Capital Work in Progress | | 436,712,245.00 | 339,133,940.00 |
| (b) Long-term loans and advances | 13 | 96,033,229.75 | 105,442,012.55 |
| (c) Other non-current assets | 14 | 27,149,623.00 | 26,554,435.00 |
| 2 Current Assets | | | |
| (a) Inventories | 15 | 28,676,712.00 | 27,466,899.00 |
| (b) Trade Receivables | 16 | 97,809,973.40 | 124,783,250.40 |
| (c) Cash and Cash Equivalents | 17 | 128,154,382.80 | 18,588,997.49 |
| (d) Short-term Loans and Advances | 18 | 227,779,415.00 | 251,620,208.00 |
| TOTAL RS... | | 1,440,317,405.40 | 1,289,643,688.42 |

The notes form an integral part of these financial statements

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

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

PLACE : AHMEDABAD
DATE : 30.05.2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHALIN A SHAH
MANAGING DIRECTOR

ASHOK C SHAH
DIRECTOR

PLACE : AHMEDABAD
DATE : 30.05.2014

GUJARAT NATURAL RESOURCES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

| Particulars | Note No | As at 31st March, 2014 | As at 31st March, 2013 |
|--|---------|---------------------------|---------------------------|
| I. INCOME | | | |
| Revenue from operations | 19 | 129,775,527.00 | 70,864,813.06 |
| II Other Income | 20 | 36,982,251.63 | 25,608,663.00 |
| III Total Revenue (I + II) | | 166,757,778.63 | 96,473,476.06 |
| IV Expenses | | | |
| - Purchases of Stock-in-Trade | 21 | — | 292,824.04 |
| - Changes in Inventories of Finished goods, | 22 | 87,034.00 | (158,067.00) |
| - Employee benefits expenses | 23 | 9,307,351.00 | 4,203,581.00 |
| - Finance Costs | 24 | 12,497,577.17 | 1,148,518.44 |
| - Depreciation and amortization expense | | 26,984,062.75 | 13,031,082.92 |
| - Other Expenses | 25 | 73,548,554.92 | 35,128,816.71 |
| Total Expenses | | 122,424,579.84 | 53,646,756.11 |
| V Profit before Exceptional Items and Tax | | 44,333,198.80 | 42,826,719.95 |
| VI Exceptional Items | | — | — |
| VII Profit before Tax | | 44,333,198.80 | 42,826,719.95 |
| VIII Tax Expenses : | | | |
| - Current Tax | | 9,622,306.00 | 7,049,095.00 |
| - Deferred Tax | | (7,716,793.00) | 16,341,230.00 |
| - Short Provision of Income Tax for earlier years | | (1,612,685.00) | - |
| | | 292,828.00 | 23,390,325.00 |
| IX Profit / (Loss) for the year | | 44,040,370.80 | 19,436,394.95 |
| VIII Earnings per Equity Share of Rs. 10 each | | | |
| Basic/Diluted | | 1.14 | 0.50 |

The notes form an integral part of these financial statements

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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 : 30.05.2014

PLACE : AHMEDABAD
DATE : 30.05.2014

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

| PARTICULARS | As at 31st March, 2014 | As at 31st March, 2013 |
|--|---------------------------|---------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX | 44,333,198.80 | 42,826,719.95 |
| ADJUSTMENTS FOR- | | |
| DEPRECIATION AND AMORTIZATION EXPENSES | 26,984,062.75 | 13,031,082.92 |
| DIVIDEND INCOME | (24,128,786.00) | (16,174,000.00) |
| ADJUSTMENT DUE TO CONSOLIDATION | (9,920,460.22) | (39,462,715.30) |
| INTEREST INCOME | (10,690,550.00) | (2,164,208.00) |
| Operating Profit/(Loss) before woking capital changes | 26,577,465.33 | (1,943,120.43) |
| INCREASE/(DECREASE) IN SHORT TERM BORROWING | (26,444,459.00) | 45,096,770.00 |
| INCREASE/(DECREASE) IN TRADE PAYABLES | 130,359,457.79 | (6,807,380.12) |
| INCREASE/(DECREASE) IN LONG TERM PROVISION | (250,043.00) | (2,180,088.00) |
| INCREASE/(DECREASE) IN SHORT TERM PROVISION | 11,253,374.59 | (38,507.44) |
| INCREASE/(DECREASE) IN OTHER CURRENT LIABILITIES | 9,125,114.50 | (9,761,967.04) |
| INCREASE/(DECREASE) IN OTHER LONG TERM LIABILITIES | (15,698,425.00) | - |
| (INCREASE)/DECREASE IN INVENTORIES | (1,209,813.00) | (158,067.00) |
| (INCREASE)/DECREASE IN TRADE RECEIVABLE | 26,973,277.00 | (2,752,798.70) |
| (INCREASE)/DECREASE IN LONG TERM LOANS & ADVANCES | 9,408,782.80 | 57,733,384.11 |
| (INCREASE) /DECREASE IN SHORT TERM LOANS & ADVANCES | 23,840,793.00 | (51,339,015.31) |
| (INCREASE) /DECREASE IN OTHER NON-CURRENT ASSETS | (595,188.00) | (2,486.00) |
| Cash generated from operations | 193,340,337.01 | 27,846,724.07 |
| DIRECT TAX PAID (NET OF REFUND) | - | - |
| [A] Net cash flow from operating activities | 193,340,337.01 | 27,846,724.07 |
| Cash Flow from Investing activity | | |
| PURCHASE OF FIXED ASSETS | (26,854,902.00) | (34,053,162.00) |
| INCREASE IN CAPITAL WORK IN PROGRESS | (97,578,305.00) | 978,125.00 |
| DIVIDEND INCOME | 24,128,786.00 | 16,174,000.00 |
| PURCHASE OF INVESTMENTS | - | - |
| INTEREST INCOME | 10,690,550.00 | 2,164,208.00 |
| [B] Net Cash from Investing activity | (89,613,871.00) | (14,736,829.00) |
| Cash Flow from Finance activity | | |
| INCREASE IN SHARE CAPITAL | - | 38,801,925.00 |
| CORPORATE DIVIDEND PAID AND DIVIDEND TAX | (29,752,736.50) | (17,175,756.00) |
| INCREASE IN SHARE PREMIUM | - | - |
| INCREASE IN LONG TERM BORROWINGS | 35,591,655.00 | (29,301,925.00) |
| [C] Net Cash used in financing activity | 5,838,918.50 | (7,675,756.00) |
| NET INCREASE(DECREASE) IN CASH & CASH EQUIVALENTS | 109,565,384.51 | 5,434,139.07 |
| OPENING CASH AND BANK BALANCE | 18,588,997.49 | 13,154,858.42 |
| CLOSING CASH AND BANK BALANCE | 128,154,382.00 | 18,588,997.49 |

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

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

PLACE : AHMEDABAD
DATE : 30.05.2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHALIN A SHAH
MANAGING DIRECTOR

ASHOK C SHAH
DIRECTOR

PLACE : AHMEDABAD
DATE : 30.05.2014

GUJARAT NATURAL RESOURCES LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note - 1 : SHARE CAPITAL

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|-----------|--|---------------------------|---------------------------|
| 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 & 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, 2014 | | As at 31st March, 2013 | |
|--|------------------------|-----------------|------------------------|-----------------|
| | 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 | 3,857,145 | 9.95 |
| — Patron Energy Private limited | 3,801,570 | 9.81 | 3,801,570 | 9.81 |
| — Padma Real Infra Private Limited | 2,171,000 | 5.60 | 2,171,000 | 5.60 |
| — Deven Mahendrakumar Shah | — | — | 2,150,000 | 5.55 |
| — Blowing Traders Private Limited | 2,149,992 | 5.55 | 2,150,000 | 5.55 |

Note - 2 : RESERVES & SURPLUS

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|------------|--|---------------------------|---------------------------|
| (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 | (86,841,162.52) | (85,226,636.97) |
| | Less : Interim Dividend | (33,816,697.25) | (20,049,164.50) |
| | Dividend Dist. Tax | (1,748,786.00) | (1,001,756.00) |
| | Add/(Less) : Net Profit/ (Net Loss) for the year | 44,040,370.80 | 19,436,394.95 |
| | Closing Balance | (78,366,274.98) | (86,841,162.52) |
| | | 457,603,503.78 | 449,128,616.23 |

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Note - 3 : SHARE APPLICATION MONEY PENDING ALLOTMENT

Share application money pending allotment represents conversion of Unsecured loan of US\$ 775,000/- from Stealth Ventures Limited (SLV), a company established under the law of Canada, in terms of Article 2.1 (a) of the restructuring agreement dated November 9, 2011. According to Article 3.1 of the said restructuring agreement subscription per equity share of US\$ 1 each is US\$ 661,765/- at a premium of US\$ 661,764/-.

In terms of para b of Article 3.2, GNRL Oil & Gas Ltd (Formerly known as Heramec Ltd.) is yet to receive "Subscription Notice", or otherwise, from Stealth Ventures Limited (SLV), pending that the said amount is shown as share application money pending allotment in Financial Statement.

The equity shares are expected to be allotted against the share application money within a reasonable period of time, once the company received "Subscription Notice".

Note - 4 : LONG-TERM BORROWINGS

| Sr. No. | Particulars | As at | |
|-----------|--|----------------------|----------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| I. | SECURED * | | |
| — | Kotak Mahindra Prima Ltd. - Innova Car Loan | 816,088.00 | — |
| — | Kotak Mahindra Prima Ltd. - Mahindra Bolero Loan | 337,079.00 | — |
| — | ICICI Bank - Car Loan | 1,663,327.00 | — |
| II | UNSECURED | | |
| — | From Related Parties | 26,511,764.00 | 9,500,000.00 |
| — | Other Loans | 16,607,760.00 | 844,363.00 |
| | | 45,936,018.00 | 10,344,363.00 |

(*) The company has taken interest free unsecured loans. The repayment schedule for the same is not fixed and the amount is repaid depending on the liquidity and financial condition of the company. Accordingly, managements is of the view that these loans are generally repayable after a period of 12 months.

*Maturity Profile and Rate of Interest on Secured Loan

| Particulars | | 2014-15 | 2015-17 | 2017-2019 |
|-------------|--|------------|--------------|--------------|
| 1 | Kotak Mahindra Prime Ltd. - Innova Car Loan (10%) (No. of Outstanding Installments-51) | 93,570.00 | 220,411.00 | 164,014.00 |
| 2 | Kotak Mahindra Prime Ltd.- Mahindra Bolero Loan (10.86%) (No. of Outstanding Installments-51) | 228,156.00 | 531,263.00 | 390,569.00 |
| 3 | ICICI Bank Car Loan (Rate of Interest 9.76%) (Outstanding No. of Installments is 57 and Balance as on 31st March, 2014 is Rs. 20,14,572/-) | 351,245.00 | 813,769.00 | 849,558.00 |
| | Total | 672,971.00 | 1,565,443.00 | 1,404,141.00 |

Note - 5 : DEFERRED TAX LIABILITIES (NET)

| Sr. No. | Particulars | As at | |
|-----------|--|----------------------|----------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| A) | Deferred Tax Liabilities | | |
| — | On excess of WDV as per Books over WDV as per IT | 40,029,586.00 | 64,060,319.00 |
| | | 40,029,586.00 | 64,060,319.00 |
| B) | Deferred Tax Assets | | |
| — | On excess of WDV as per IT over WDV as per Books | 889,351.00 | — |
| — | Others | — | 17,203,291.00 |
| | | 889,351.00 | 17,203,291.00 |
| | | 39,140,235.00 | 46,857,028.00 |

GUJARAT NATURAL RESOURCES LIMITED

Note - 6 : OTHER LONG-TERM LIABILITIES

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|------------|-----------------------|---------------------------|---------------------------|
| (a) | Others | | |
| | — Security Deposit | 500,000.00 | 450,000.00 |
| | — From Joint Ventures | 199,556,064.00 | 215,304,489.00 |
| | | 200,056,064.00 | 215,754,489.00 |

Note - 7 : OTHER LONG-TERM LIABILITIES

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|-----------|--|---------------------------|---------------------------|
| a) | Provision for Employee Benefits | | |
| | — Provision for Gratuity | 2,440,456.00 | 2,810,654.00 |
| | — Provision for Leave Benefits | 1,453,067.00 | 939,213.00 |
| b) | Others | | |
| | — Provision for Income Tax (Net of Advances) | 3,022,253.00 | 3,415,952.00 |
| | | 6,915,776.00 | 7,165,819.00 |

Note - 8 : SHORT-TERM BORROWINGS

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|------------|--|---------------------------|---------------------------|
| I. | SECURED | | |
| | — Corporation Bank - C C | 33,220,040.00 | 41,309,560.00 |
| | Kotak Mahindra Prima Ltd. - Innova Car Loan | 333,900.00 | — |
| | Kotak Mahindra Prima Ltd. - Mahindra Bolero Loan | 140,916.00 | — |
| | ICICI Bank - Car Loan | 351,245.00 | — |
| II. | UNSECURED | | |
| | — Others | — | 19,181,000.00 |
| | | 34,046,101.00 | 60,490,560.00 |

Note - 9 : TRADE PAYABLES

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|---------|----------------|---------------------------|---------------------------|
| — | Trade Payables | 158,671,672.67 | 28,312,214.88 |
| | | 158,671,672.67 | 28,312,214.88 |

Note - 10 : OTHER CURRENT LIABILITIES

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|---------|----------------|---------------------------|---------------------------|
| 1 | Statutory Dues | 10,455,488.00 | 3,686,509.00 |
| 2 | Other Payables | 34,159,269.75 | 31,803,134.25 |
| | | 44,614,757.75 | 35,489,643.25 |

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Note - 11 : SHORT TERM PROVISIONS

| Sr. No. | Particulars | As at | |
|---------|---------------------------------|----------------------|---------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| (a) | Provision for employee benefits | 126,395.00 | 628,220.56 |
| (b) | Proposed Dividend | 9,854,112.05 | 3,875,164.50 |
| (c) | Others | 17,034,395.15 | 5,279,195.00 |
| | | 27,014,902.20 | 9,782,580.06 |

NOTE - 12 FIXED ASSETS

| Name of the Assets | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|-----------------------------|-----------------------|----------------------|-----------------------|----------------------|---------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | As at 01.04.2013 | Additions | Deduction | As at 31.03.2014 | As at 01.04.2013 | During the Year | Up to 31.03.2014 | As at 31.3.2013 | As at 31.3.2014 |
| | | | | | | | | | |
| A) TANGIBLE ASSETS | | | | | | | | | |
| 1 Plant & Machinery | 14,084,414.00 | - | 14,084,414.00 | 7,518,359.59 | - | 865,024.73 | 8,383,384.32 | 6,566,054.41 | 5,701,029.68 |
| 2 Office Premises | 14,207,936.00 | - | 14,207,936.00 | 1,111,024.06 | - | 227,061.93 | 1,338,085.99 | 13,096,911.94 | 12,869,850.01 |
| 3 Building | 874,784.00 | - | 874,784.00 | 484,284.00 | - | 33,159.00 | 517,443.00 | 390,500.00 | 357,341.00 |
| 4 Production Properties | 284,105,357.00 | 21,053,777.00 | 305,159,134.00 | 73,569,187.00 | - | 24,480,575.00 | 98,049,762.00 | 210,536,170.00 | 207,109,372.00 |
| 5 Cell Phone Instru. | 410,331.00 | 124,629.00 | 534,960.00 | 98,627.00 | - | 33,108.00 | 131,735.00 | 311,704.00 | 403,225.00 |
| 6 Furniture & Fixture | 2,091,370.00 | - | 2,091,370.00 | 1,702,217.00 | - | 43,930.00 | 1,746,147.00 | 389,153.00 | 345,223.00 |
| 7 Office Equipment | 1,343,923.00 | 3,600.00 | 1,347,523.00 | 424,882.55 | - | 83,578.05 | 508,460.60 | 919,040.45 | 839,062.40 |
| 8 Computer | 1,721,749.00 | 314,762.00 | 2,036,511.00 | 510,286.08 | - | 264,179.54 | 774,465.62 | 1,211,462.92 | 1,262,045.38 |
| 9 Vehicles | 1,844,946.00 | 5,340,634.00 | 5,915,959.00 | 1,459,255.54 | 1,002,610.00 | 951,152.66 | 1,407,798.20 | 385,690.46 | 4,508,160.80 |
| | 320,684,810.00 | 25,567,781.00 | 346,252,591.00 | 86,878,122.82 | 1,002,610.00 | 26,981,768.91 | 112,857,281.73 | 233,806,687.18 | 233,395,309.27 |
| B) INTANGIBLE ASSETS | | | | | | | | | |
| 1 Goodwill** | 162,247,258.80 | 2,344,050.22 | 164,591,309.02 | - | - | - | - | 162,247,258.80 | 164,591,309.02 |
| 2 Software | - | 17,500.00 | 17,500.00 | - | - | 2,293.84 | 2,293.84 | - | 15,206.16 |
| | 162,247,258.80 | 2,361,550.22 | 164,608,809.02 | - | - | 2,293.84 | 2,293.84 | 162,247,258.80 | 164,606,515.18 |
| Total A + B | 482,932,068.80 | 27,929,331.22 | 510,861,400.02 | 86,878,122.82 | 1,002,610.00 | 26,984,062.75 | 112,859,575.57 | 396,053,945.98 | 398,001,824.45 |

Note : (**) Difference of Liability over assets is considered as Goodwill

Note - 13 : LONG-TERM LOANS AND ADVANCES

| Sr. No. | Particulars | As at | |
|----------|--|----------------------|-----------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| A | Deposits | | |
| | Unsecured, Considered good | 7,195,891.00 | 6,960,945.55 |
| B | Other Loans and Advances (Unsecured, Considered good) | | |
| | — Capital Advances | 875,000.00 | 875,000.00 |
| | — Associate Company | 11,005,650.00 | 22,357,250.00 |
| | — Share Application Money | 12,500,000.00 | 12,500,000.00 |
| | — Balance with Government Authority | 159,019.00 | 206,815.00 |
| | — Other Advances | 64,297,669.75 | 62,542,002.00 |
| | | 96,033,229.75 | 105,442,012.55 |

Note - 14 : OTHER NON-CURRENT ASSETS

| Sr. No. | Particulars | As at | |
|---------|---|----------------------|----------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| 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 | 980,367.00 | 503,555.00 |
| 7 | Term Deposits - Maturity morethan 12 months | 118,376.00 | - |
| | | 27,149,623.00 | 26,554,435.00 |

GUJARAT NATURAL RESOURCES LIMITED

Note - 15 : INVENTORIES

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|---------|---------------------------|---------------------------|---------------------------|
| — | Finished Good of Oil | 380,720.00 | 467,754.00 |
| — | Stores, Spares, Tools etc | 28,295,992.00 | 26,999,145.00 |
| | | 28,676,712.00 | 27,466,899.00 |

Note - 16 : TRADE RECEIVABLES

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|-----------|--|---------------------------|---------------------------|
| a) | Trade receivables outstanding for a period exceeding than Six months from the date they are due for payment | | |
| 1 | Unsecured, considered good | 74,424,826.40 | 100,624,826.40 |
| B) | Trade receivables outstanding for a period less than Six months from the date they are due for payment | | |
| 1 | Unsecured, considered good | 23,385,147.00 | 24,158,424.00 |
| | | 97,809,973.40 | 124,783,250.40 |

Note - 17 : CASH AND CASH EQUIVALENTS

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|------------|-------------------------------|---------------------------|---------------------------|
| I. | Cash and Bank Balances | | |
| a. | Balances with Banks | | |
| - | In Current Account | 8,069,889.80 | 2,974,273.49 |
| b. | Cash on hand | 1,726,602.00 | 1,981,231.00 |
| II. | Other Bank Balances | | |
| - | Term Deposits with Bank | | |
| - | Less than Twelve Months | 118,357,891.00 | 13,633,493.00 |
| | | 128,154,382.80 | 18,588,997.49 |

Note - 18 : SHORT TERM LOANS AND ADVANCES

| Sr. No. | Particulars | As at 31st March, 2014 | As at 31st March, 2013 |
|-----------|--|---------------------------|---------------------------|
| B) | Other Loans & Advances - Unsecured, considered good | | |
| — | Advance Tax, TDS and VAT | 2,911,507.00 | 135,098.00 |
| — | Capital Advance | 35,600,000.00 | 147,500,000.00 |
| — | Pre-paid Exp. | — | 67,180.00 |
| — | Loan to Directors & Related Parties | 89,261,210.00 | 46,423,210.00 |
| — | Loan to Corporate Body | 92,266,000.00 | — |
| — | Other Advances | 7,321,540.00 | 57,145,157.00 |
| — | Advances to Employees | 419,158.00 | 349,563.00 |
| | | 227,779,415.00 | 251,620,208.00 |

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Note - 19 : REVENUE FROM OPERATIONS

| Sr. No. | Particulars | As at | |
|-----------|-------------------------------|-----------------------|----------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| A) | Sale of Products | | |
| — | Sale of Gas | 36,922,059.00 | 28,388,930.00 |
| — | Sale of Oil | 83,998,363.00 | 37,545,288.00 |
| — | Sale of Sludge | 330,000.00 | 1,746,000.00 |
| — | F & O Trading | — | 169,396.06 |
| B) | Sale of Services | 2,398,247.00 | 1,419,500.00 |
| C) | Other Operating Income | | |
| — | PSC Overheads Recovery | 6,126,858.00 | 1,595,699.00 |
| | | 129,775,527.00 | 70,864,813.06 |

Note - 20 : OTHER INCOME

| Sr. No. | Particulars | As at | |
|---------|-------------------------------|----------------------|----------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| 1 | Accounts written off | 8,831.00 | — |
| 2 | Interest income | 10,690,550.00 | 2,164,208.00 |
| 3 | Interest on income tax refund | 24,714.00 | 177,449.00 |
| 4 | Dividend Income | 24,128,786.00 | 16,174,000.00 |
| 5 | Other Income | 2,129,370.63 | 7,093,006.00 |
| | | 36,982,251.63 | 25,608,663.00 |

Note - 21 : PURCHASES OF STOCK-IN-TRADE

| Sr. No. | Particulars | As at | |
|---------|---------------|------------------|-------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| — | F & O Trading | — | 292,824.04 |
| | | — | 292,824.04 |

Note - 22 : CHANGES IN INVENTORIES OF FINISHED GOODS

| Sr. No. | Particulars | As at | |
|-----------|----------------------|------------------|---------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| A. | OPENING STOCK | | |
| — | Finished Goods | 467,754.00 | 309,687.00 |
| B. | CLOSING STOCK | | |
| — | Finished Goods | 380,720.00 | 467,754.00 |
| | | 87,034.00 | (158,067.00) |

GUJARAT NATURAL RESOURCES LIMITED

Note - 23 : EMPLOYEE BENEFITS EXPENSE

| Sr. No. | Particulars | As at | |
|---------|--|---------------------|---------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| 1 | Salaries, Wages, Bonus etc | 8,737,031.00 | 3,951,417.00 |
| 2 | Contribution to Provident Fund and Other Funds | 277,271.00 | 51,076.00 |
| 3 | Staff Welfare Exp. | 293,049.00 | 201,088.00 |
| | | 9,307,351.00 | 4,203,581.00 |

Note - 24 : FINANCE COSTS

| Sr. No. | Particulars | As at | |
|---------|------------------------------------|----------------------|---------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| 1 | Interest on TDS | 86,678.00 | 115,985.00 |
| 2 | Other Interest | 11,702,919.00 | 679,335.00 |
| 3 | Interest on Car Loan | 109,095.00 | — |
| 4 | Bank Guarantees Commission Charges | 347,353.00 | 302,142.00 |
| 5 | Bank charges & Other Charges | 251,532.17 | 51,056.44 |
| | | 12,497,577.17 | 1,148,518.44 |

Note - 25 : OTHER EXPENSES

| Sr. No. | Particulars | As at | |
|---------|---------------------------------------|----------------------|----------------------|
| | | 31st March, 2014 | 31st March, 2013 |
| 1 | Audit Fees | 582,028.10 | 446,513.95 |
| 2 | Handling Processing | 7,166,379.00 | 2,725,483.00 |
| 3 | Hydrofracture Job | 3,458,631.00 | — |
| 4 | Cess | 1,509,925.00 | 625,161.00 |
| 5 | Power & Fuel Charges | 350,948.00 | 223,800.00 |
| 6 | Donation | 2,492.00 | 85,641.00 |
| 7 | Royalty | 860,022.00 | 356,070.00 |
| 8 | Consultancy Charges | 19,879,388.00 | 124,794.00 |
| 9 | Non-operating Fields | | |
| | • North Balol | | |
| | - Profit Petroleum to Government | 3,816,592.00 | 1,949,536.00 |
| | - Others Expense | 4,639,186.00 | 7,911,271.00 |
| | • Unawa | 5,502,716.00 | 4,902,654.00 |
| 10 | Field Personnel Cost | 1,203,435.00 | 1,391,713.00 |
| 11 | Communication Exp. | 297,666.58 | 30,672.00 |
| 12 | Legal & Professional Exp. | 4,960,665.23 | 3,620,982.90 |
| 13 | Income Tax & Interest on Income Tax | 72,766.00 | 6,121.00 |
| 14 | Rent, Rate & Taxes | 3,672,279.00 | 2,442,041.00 |
| 15 | Repair & Maintenance | 1,187,167.00 | 98,397.00 |
| 16 | Travelling, Conveyance & Vehicle Exp. | 1,410,626.00 | 989,667.00 |
| 17 | Well Testing | 2,658,895.00 | — |
| 18 | Foreign Exchange Loss(Net) | (402,597.00) | 601,719.00 |
| 19 | Miscellaneous expenses | 237,983.22 | 2,005,710.19 |
| 20 | Other Expenses - Subsidiaries | 10,481,361.79 | 4,590,869.67 |
| | | 73,548,554.92 | 35,128,816.71 |

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Note : 26 Notes to Consolidated Financial Statements for the year ended on 31st March, 2014

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) GNRL Oil & Gas Limited (Formerly known as 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.

Revenue from services is recognized when the services are rendered and related costs are incurred. 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

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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):

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

Further the leave accrued has to be encashed within the calendar year and hence there is no accrued leave to be provided for.

However in step down subsidiary, the company has made Provision for Gratuity.

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)

- ❖ Allora Field
- ❖ Dholasan Field
- ❖ Kanawara Field
- ❖ North Kathana Field

AS A NON OPERATOR (4 FIELDS)

- ❖ Unawa Field
- ❖ North Balol Field
- ❖ CB-ONN-2004/1
- ❖ CB-ONN-2004/4

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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, 2014 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. GNRL Oil & Gas Limited (Formerly Heramec Limited) (Operator) | 30.00 |
| 2 | Kanawara Field | Onshore Development | 1. Gujarat State Petroleum Corporation Ltd. | 70.00 |
| | | | 2. GNRL Oil & Gas Limited (Formerly Heramec Limited) (Operator) | 30.00 |
| 3 | North Kathana Field | Onshore Development | 1. Gujarat State Petroleum Corporation Ltd. | 70.00 |
| | | | 2. GNRL Oil & Gas Limited (Formerly Heramec Limited) (Operator) | 30.00 |
| 4 | Allora Field | Onshore Development | 1. Gujarat State Petroleum Corporation Ltd. | 70.00 |
| | | | 2. GNRL Oil & Gas Limited (Formerly Heramec Limited) (Operator) | 30.00 |
| 5 | Unawa Field | Onshore Development | 1. Gujarat State Petroleum Corporation Ltd. (Operator) | 70.00 |
| | | | 2. GNRL Oil & Gas Limited (Formerly Heramec Limited) (Operator) | 30.00 |
| 6 | North Balol Field | Onshore Development | 1. Gujarat State Petroleum Corporation Ltd. | 45.00 |
| | | | 2. GNRL Oil & Gas Limited (Formerly Heramec Limited) (Operator) | 30.00 |
| | | | 3. Hindustan Oil Exploration Company Limited (Operator) | 25.00 |
| 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 |
| | | | 3. GNRL Oil & Gas Limited (Formerly Heramec Limited) (Operator) | 10.00 |
| 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 |
| | | | 3. GNRL Oil & Gas Limited (Formerly Heramec Limited) (Operator) | 10.00 |

In taking up its share of balances of assets, liabilities, income and expenditure from the unincorporated joint ventures as at March 31, 2014 Heramec Limited has applied its participating interest in the respective PSCs'.

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

In respect of two joint venture which are under exploration and development phase, company has not received the financial statement of these Joint venture (CB ONN 2004/1 and CB ONN 2004/4) from the operator, ONGC. Thus, the same are not considered for accounting purposes at the Company level.

- 2.2 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 Developed Reserves (Oil) (Million MT) | Proved Developed Reserves (Gas) (Million Cubic Meter) |
|--|---|--|
| Beginning of the Period | 7.72 | 409.46 |
| Recoverable Reserves | 1.520 | 89.593 |
| Additions | - | - |
| Deletions | - | - |
| Production | 0.002 | 3.718 |
| Closing Balance for the year ended on 31.03.2014 | 1.525 | 89.875 |

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.

- 2.3 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 | AS AT |
|---------------------|----------------------------------|----------------------------------|
| | 31 st March 2014 ₹ | 31 st March 2013 ₹ |
| Fixed Assets | 701,494,464 | 595,656,021 |
| Current Assets | 414,015,089 | 245,449,857 |
| Current Liabilities | 151,507,204 | 130,707,043 |

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 2014 and 31st March 2013 is given as under:

| | 2013-14 | | 2012-13 | |
|--|----------------------|-------------------|----------------------|--------------------|
| | Aggregate of all JVs | Heramec's Share | Aggregate of all JVs | Heramec's Share |
| INCOME | | | | |
| Sale of Crude Oil | 279,994,546 | 83,998,364 | 12,51,50,961 | 3,75,45,288 |
| Sale of Gas | 126,800,957 | 38,040,287 | 9,46,29,767 | 2,83,88,930 |
| Sludge Sales | 1,100,000 | 3,30,000 | 58,200 | 17,46,000 |
| Increase/(Decrease) in Stock | (290,113) | (87,034) | 5,26,890 | 1,58,067 |
| Other Income | 5,231,458 | 1,569,437 | 56,84,283 | 17,05,285 |
| Total | 412,836,848 | 69,543,570 | 22,60,50,101 | 6,95,43,570 |
| EXPENDITURE | | | | |
| Production and Administrative Expenses | 177,022,614 | 53,106,784 | 11,15,72,775 | 3,34,71,833 |
| Total Expenditure before Depreciation | 177,022,614 | 53,106,784 | 11,15,72,775 | 3,34,71,833 |
| PROFIT BEFORE DEPRECIATION | 235,814,234 | 16,436,785 | 11,44,77,326 | 3,60,71,737 |

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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) Step down Subsidiary | <ol style="list-style-type: none"> 1. GNRL Oil & Gas Limited (Formerly Heramec Limited) 2. Alkor Petro Overseas Ltd 3. Gorlas Corporate Holding Ltd. 4. Gorlas Global Energy PLC 5. Heramec Oil and Gas (Singapore) pte Ltd. |
| (iii) Enterprises where key managerial Personnel exercise significant influence | <ol style="list-style-type: none"> 1 Lesha Industries Ltd 2 SRPL Developers Pvt. Ltd. 3 Lesha Agro Food Pvt. Ltd. 4 Infinium Natural Resources Inv. Pvt. Ltd. 5 Opal Traders Pvt. Ltd. |
| (iv) Key Management Personnel / Directors | <ol style="list-style-type: none"> 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, 2014 :

| Particulars | For the year ended 31 st March 2014 ₹ | For the year ended 31 st March 2013 ₹ |
|--|--|--|
| Sale /Services : | | |
| 1. Subsidiary Company | 2632377 | 1419500 |
| Advances given/ (Collected) | | |
| 1. Key Management Personnel | 6200000 | (6,200,000) |
| 2. Enterprises where KMP exercise significant influence | (23211764) | (3,300,000) |
| Expenditure : | | |
| 1. Key Managerial personnel. –Remuneration | 6600000 | 600,000 |
| 2. Enterprises where KMP exercise significant influence (Rent) | 15168600 | 14,045,000 |
| 3. Enterprises where KMP exercise significant influence (Travelling) | 949759 | — |
| Outstanding balance as at the Year end | | |
| 1. Amounts Payable | | |
| a) Key Managerial personnel | 5891000 | 6,200,000 |
| b) Enterprises where KMP exercise significant influence | 26893332 | 3300000 |
| 2 Amounts Receivable | | |
| a) Enterprises where KMP exercise significant influence | 97816860 | 66330460 |

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4. EXPENDITURE IN FOREIGN CURRENCY:

| Particulars | For the year ended | For the year ended |
|---|-----------------------------|-----------------------------|
| | 31 st March 2014 | 31 st March 2013 |
| | ₹ | ₹ |
| i) Compensation Paid in terms of investment agreement | - | - |
| ii) Consultancy Expenses | 1,86,383 | 9,17,247 |
| iii) Others | 25,20,962 | Nil |
| iv) Totals | 27,07,345 | 9,17,247 |

5. SALES TURNOVER

| Description | Unit | Quantity | Value ₹ |
|-------------|-------|-------------|-----------------|
| Crude Oil | MBBLs | 13.78 | 83,998,363 |
| | | P.Y. 5.19 | P.Y. 37,545,288 |
| Natural Gas | MM3 | 3598.63 | 36,922,059 |
| | | P.Y. 589.21 | P.Y. 28,388,930 |

6. OPENING AND CLOSING STOCK OF GOODS PRODUCED & TRADED

| Description | Unit | Quantity | Value ₹ |
|---------------|-------|-----------|---------------|
| Opening Stock | | | |
| Crude Oil | MBBLs | 0.44 | 4,67,754 |
| | | P.Y. 0.35 | P.Y. 3,09,687 |
| Closing Stock | | | |
| Crude Oil | MBBLs | 0.38 | 3,80,720 |
| | | P.Y. 0.44 | P.Y. 4,67,754 |

7. ACTUAL PRODUCTION

| Description | Unit | Actual Production for the Year |
|-------------|-------|--------------------------------|
| Crude Oil | MBBLs | 15.71 |
| | | P.Y. 6.677 |
| Natural Gas | MM3 | 3718.26 |
| | | P.Y. 648.124 |

8. EMPLOYEE BENEFITS EXPENSES

| Particulars | Gratuity (funded) 2013-14 |
|--|------------------------------|
| I. Change in obligation during the year ended 31st March, 2014 | |
| Liability at the beginning of the year | 2810654 |
| Interest cost | — |
| Current service cost | 575235 |
| Past service cost | — |
| Benefits paid | (629597) |
| Actuarial (gain) / Losses on obligation | (315837) |
| Liability at the end of the year | 2440455 |

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| Particulars | Gratuity (funded) 2013-14 |
|--|------------------------------|
| II Change in assets during the year ended 31st March, 2014 | |
| Plan assets at the beginning of the year | — |
| Expected return on plan asset | 32253 |
| Contribution by employer | 2948841 |
| Benefits paid | — |
| Actuarial gain / (Losses) | 1076 |
| Plan assets at the end of the year | 2982170 |
| Total Actuarial Gain / (Loss) to be recognized | — |
| III Actual return on plan assets | |
| Expected return of plan assets | 32253 |
| Actuarial gain / (loss) | 1076 |
| Actual return on plan assets | 33329 |
| IV Net asset / (liability) recognized in the Balance Sheet as on 31st March, 2014 | |
| (Assets)/Liability at the end of the year | 2440455 |
| Plan assets at the end of the year | 2982170 |
| Amount recognized in the Balance Sheet accrued (pre paid) | (541715) |
| V Expense recognized in the Statement of profit and loss account for the year ended 31st March, 2014 | |
| Current service cost | 575235 |
| Interest cost on benefit obligation | — |
| Expected return on plan assets | (32253) |
| Net actuarial (gain) / loss in the period | (316913) |
| Past service cost | — |
| Total Expenses | 226069 |
| VI Balance Sheet reconciliation | |
| Opening net liability | 2810654 |
| Expenses as above (P/L Charge) | 226069 |
| Employers contribution | 2948841 |
| Benefits paid directly by the company | 629597 |
| Amount recognized in the balance sheet | (541715) |
| VII Actuarial assumptions | |
| Discount rate | 9.10% |
| Rate of return on the plan assets | 8.75% |
| Salary Escalation | 7.00% |
| VII. Amount for the current period is as under* | |
| Defined benefit obligation | 2440455 |
| Plan asset | 2982170 |
| Surplus/ (deficit) | 541715 |
| Experience adjustment on plan liability | (315837) |
| Experience adjustment on plan assets | (1076) |

* with respect to gratuity, the company has taken actuarial valuation report for the year ended 31st March, 2014

IX. Investment details :

The funds are managed by LIC and LIC has not provided break up of planned assets by investment type for the year 2013-14

X. Expected Employers contribution for the next financial year :

For the gratuity which are funded, company is expecting to contribute the amount which can mitigate future liability. The estimate of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market. The above information is certified by the actuary.

Gratuity is administered through duly constituted and approved independent trusts, also through Group gratuity scheme with Life Insurance Corporation of India.

9. Contingent Liabilities:

9.1 The Company has given Bank Guarantees given in favor of Director General of Hydrocarbon, (DGH) New Delhi, India and the same is outstanding as on March 31, 2014 amounting to USD 650,408 equivalent to ₹ 35,858,125/-. (Previous year: US Dollars 139,698 equivalent to ₹ 75,98,173/-). This guarantee represents the share of GNRL Oil & Gas Limited (Formerly known as Heramec Limited) 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. The Company in capacity of Joint Venture operator has given Bank Guarantees in favor of certain contractors and the same is outstanding as on March 31, 2014 amounting to USD 321,900 equivalent to ₹ 23,021,611/-. This bank guarantee represents the 30% share of Participating Interest (PI) of GNRL Oil & Gas Limited.

9.2 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.

9.3 During the financial year 2011-2012 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 recognized asset (NK#5) and corresponding income on the basis of 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.

10. Capital Commitment

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

i) In respect of Company - Rs.54,400,000/-

11. **Sundry debtors over six months included Rs. 739.75 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 Auditor, 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.

GUJARAT NATURAL RESOURCES LIMITED

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 Auditor, it shall be prudent to make sufficient provision for such non performing assets amounting to Rs. 206.17 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. Previous year figures have been regrouped and/or rearranged whenever necessary.

Signature to Notes 1 to 26

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

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

PLACE : AHMEDABAD
DATE : 30.05.2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHALIN A SHAH
MANAGING DIRECTOR

ASHOK C SHAH
DIRECTOR

PLACE : AHMEDABAD
DATE : 30.05.2014

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GREEN INITIATIVE IN CORPORATE GOVERNANCE **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, Opp. Kasturba Hospital Lane, Lower Parel (E), 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

GUJARAT NATURAL RESOURCES LIMITED

PROCEDURE FOR E-VOTING

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and in terms of Clause 35B of the Listing Agreement, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means on all resolutions set forth in the notice convening the Annual General meeting of the company for the year ended 31st March, 2014. The e-voting period will commence from Thursday, 25th September, 2014 at 9:00 a.m. and will end at 6:00 p.m. on Friday, 26th September, 2014. The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on cutoff date 2nd September 2014. The company has engaged the services of Central Depository Services (India) Limited to provide the e voting facility.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select "Gujarat Natural Resources Limited" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|------------------------|---|
| PAN* | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field. |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field. |

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- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the <Gujarat Natural Resources Limited> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

GUJARAT NATURAL RESOURCES LIMITED

GUJARAT NATURAL RESOURCES LIMITED

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

CIN: L27100GJ1991PLC016158

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 23rd Annual General Meeting held on 30th September 2014 at 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 59. at 11:00 am.

Signature of the Attending Shareholder/Proxy : _____

- Notes : 1. Share holder/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. Share holder/Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting

GUJARAT NATURAL RESOURCES LIMITED

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

CIN: L27100GJ1991PLC016158

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L27100GJ1991PLC016158

Name of the company : GUJARAT NATURAL RESOURCES LIMITED

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

Name of the member (s) : _____

Registered address : _____

E-mail Id : _____

Folio No/ Client Id : _____

DP ID : _____

I/We, _____ being the member (s) of _____ shares of the above named Company, hereby appoint

1. Name : _____

Address : _____

E-mail Id : _____ Signature : _____ , or failing him

2. Name : _____

Address : _____

E-mail Id : _____ Signature : _____ , or failing him

3. Name : _____

Address : _____

E-mail Id : _____ Signature : _____ ,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General meeting of the company, to be held on the 30th day of September, 2014 At 11:00 a.m. at 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 59 and at any adjournment thereof in respect of such resolutions as are indicated in the notice.

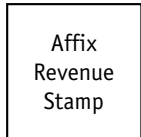
Signed this _____ day of _____ 2014

Signature _____

Signature of Proxy Holder(s) _____

Notes:

- 1. Proxy need not be a member.
- 2. Alterations, if any made in the form of proxy should be initialed;
- 3. Proxy must be deposited at the Registered Office of Gujarat Natural Resources Limited not later than 48 hours before the time for holding the meeting.
- 4. In case of multiple proxies, proxy later in time shall be accepted.
- 5. A form of appointment naming a proxy and a list of individuals who would be willing to act as Proxies will be made available on receipt of request in writing to the Company.



To,

If undelivered please return to:

GUJARAT NATURAL RESOURCES LIMITED

CIN: L27100GJ1991PLC016158

8, Sigma Corporate,

Nr. Mann Party Plot,

S. G. Highway,

Ahmedabad – 380 05, Gujarat, INDIA