

**ANNUAL REPORT 2014 - 2015**

**BOARD OF DIRECTORS**

Ilesh Shah	<i>Chairman</i>
Shalin A. Shah	<i>Managing Director</i>
Ashok C. Shah	<i>Director</i>
Malav A. Mehta	<i>Director</i>
Hariyant C. Shelat	<i>Independent Director</i>
Pravinbhai V. Trivedi	<i>Independent Director</i>
Sarika Kulkarni	<i>Independent 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 Shareregistry (India) Pvt. Ltd.  
Shiv Shakti Industrial Estates, Unit No. 9  
J. R. Boricha Marg,  
Opp. Kasturba Hospital Lane  
Lower Parel (E),  
Mumbai - 400 011.

**NOTICE**

Notice is hereby given that the **24<sup>th</sup> Annual General Meeting of Gujarat Natural Resources Limited** will be held at the registered office of the Company on Wednesday, 30<sup>th</sup> Day of September, 2015 at 11:00 A.M. to transact following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2015 including audited Balance Sheet as at 31<sup>st</sup> March, 2015 and Statement of Profit and Loss and the cash flow statement for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend of Rs. 0.10/- per equity share of Rs. 10/- each.
3. To re-appoint Mr. Malav Mehta (DIN: 01234736), who is liable to retire by rotation and being eligible, offers himself for re-appointment.
4. To ratify appointment of M/s. Pankaj K. Shah Associates, Chartered Accountants (Firm Registration No.107352W) as statutory auditors of the Company in accordance with the resolution passed by the members at the 23<sup>rd</sup> Annual General held on 30<sup>th</sup> September, 2014 and to authorize the Board of Directors to fix their remuneration for the financial year 2015-16.

**SPECIAL BUSINESS:**

5. **Appointment of Mrs. Sarika Abhijit Kulkarni (DIN 07141926) as an Independent Director.**

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 149, 152 and all other applicable provisions of the Companies Act, 2013, if any and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV and Clause 49 of the Listing Agreement, Mrs. Sarika Abhijit Kulkarni (DIN 07141926) who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 along with requisite deposit of Rs. 1 Lac, from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 3 consecutive years for a term from March 30, 2015 to March 29, 2018, not liable to retire by rotation.”

**“RESOLVED FURTHER THAT** Board of Directors of the Company be and are hereby authorized as to do all such acts, deeds and things incidental thereto to give effect to aforesaid resolution.”

6. **To approve Borrowing limits of the Company.**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

**“RESOLVED THAT** pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, Companies Rules (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 100 crore.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.”

**7. To re-appoint Mr. Shalin Ashok Shah as Managing Director of the Company.**

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

"RESOLVED that pursuant to Sections 196, 197, 198 and 203 and all other applicable provisions of the Companies Act, 2013, read with Schedule V to the said Act, and subject to other approvals as are necessary, Mr. Shalin Ashok Shah (DIN: 00297447) be and is hereby reappointed as Managing Director of the Company for a period of Five years from 22/01/2015 to 21/01/2020 on the remuneration and terms and conditions recommended by the Nomination & Remuneration Committee for a period of three years.

RESOLVED FURTHER that notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the Managing Director, the company has no profits or its profits are inadequate, the Company will pay Mr. Shalin A. Shah the remuneration by way of salary and perquisites not exceeding the limits as mentioned in the explanatory statement annexed.

RESOLVED FURTHER that the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 2013 and/ or the rules and regulations made there under and / or such guidelines as may be announced by the Central Government from time to time.

RESOLVED FURTHER that the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**Place: Ahmedabad**

**Date: 4<sup>th</sup> September, 2015**

**For and on behalf of the Board**

**Sd/-  
Shalin A Shah  
Managing Director  
DIN: 00297447**

## NOTES:

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy, provided such person shall not act as a proxy for any other person or shareholder.
3. The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of commencement of the meeting.
4. The Register of Members of the Company will remain closed from 24<sup>th</sup> September, 2015 to 30<sup>th</sup> September, 2015 (both days inclusive), for the purpose of payment of dividend.
5. The dividend when sanctioned will be made payable on or before 5<sup>th</sup> October, 2015, to those members whose names stand on the Register of Members of the Company on 24<sup>th</sup> September, 2015 in case of Physical shares and to those members as per the beneficiary position to be given by NSDL and CDSL. Members are requested to notify promptly any change in their registered addresses.
6. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on any working day except Saturdays and holidays up to the date of Annual General Meeting. 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.
7. Updation of Email Id: The Shareholders are requested to intimate their Email Id to the Company or update their email registered with Depository Participants, if the same is changed.
8. Voting through electronic means:  
Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, and Clause 35B of the Listing Agreement, the Company is pleased to provide its members the facility to exercise their right to vote by electronic means. The facility of casting votes using an electronic voting system from a place other than the AGM venue ('remote e-voting') will be provided to the members by Central Depository Services (India) Limited (CDSL).

The Company is providing facility for voting by electronic means and the business may be transacted through such electronic voting. The facility for voting through ballot paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The 'Step by Step' procedure and instructions for casting your vote electronically are as under:

- i. The e-voting period begins on 26th September, 2015 (9:00 a.m.) and end on 29th September, 2015 (5:00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as at the cut-off date of 24<sup>th</sup> September, 2015, may cast their vote electronically. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on 24th September, 2015, may obtain the login id and password by standing request at helpdesk.evoting@cdslindia.com. The e-voting module shall be disabled by CDSL for voting after 29th September, 2015 (5.00 p.m.).
- ii. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii. Next click on "Shareholders" tab to cast your votes.
- iv. Now Enter your User ID  
For CDSL: 16 digits beneficiary ID,  
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,  
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](http://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:

PAN	Enter your 10 digits alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) 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 8 digits of the sequence number in the PAN Field. The Sequence Number is printed on address label/ sticker affixed on the back page of the Annual Report.  In case the sequence 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.  E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 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 your dividend bank details as recorded in your demat account or in the Company records for the said demat account or folio.

# please enter DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or member, please enter the member id/folio no. in the Dividend Bank details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. Kindly note that this password can be used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that such 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. Click on the EVSN for the relevant Company (GUJARAT NATURAL RESOURCES LIMITED) on which you choose to vote.
- xi. 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.
- xii. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xiii. 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.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. If Demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Note for Non-Individual Shareholders and Custodians.
  - Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

- A scanned copy of Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk. [evoting@cdslindia.com](mailto:evoting@cdslindia.com)
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - 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.com](http://www.evotingindia.com) under help section or write an email to helpdesk [evoting@cdslindia.com](mailto:evoting@cdslindia.com)
- xviii. Mr. Chintan Patel, Partner, M/s. Patel & Associates, Company Secretaries, Ahmedabad has been appointed as the Scrutinizer for conducting the e-voting process.

**Place: Ahmedabad**  
**Date: 4<sup>th</sup> September, 2015**

**For and on behalf of the Board**

**Sd/-**  
**Shalin Shah**  
**Managing Director**  
**DIN: 00297447**

**Explanatory Statement as required under Section 102 of the Companies Act, 2013****Item No. 5:**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, had appointed Mrs. Sarika A. Kulkarni, as an Additional Director with effect from March 30, 2015.

Ms. Sarika A. Kulkarni (DIN 07141926) is a Commerce graduate and a practicing company secretary. She specialises in company law and related matters.

The other details of Mrs. Sarika A. Kulkarni in terms of Clause 49 of the Listing Agreement are provided in Corporate Governance Report. Copy of the draft letter for appointment of Ms. Sarika A. Kulkarni as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company.

In the opinion of the Board, Ms. Sarika A. Kulkarni fulfils the conditions specified in the Companies Act, 2013 and rules made there under for her appointment as an Independent Director of the Company and is independent of the management.

The Board of Directors is of the opinion that her vast knowledge and varied experience will be of great value to the Company and hence recommends the Resolution at Item No. 5 of this Notice for your approval. Ms. Sarika A. Kulkarni does not hold any shares in the company.

None of the Directors, Key Managerial Personnel and relatives thereof other than, Ms. Sarika A. Kulkarni has any concern or interest, financial or otherwise, in the resolution at Item No. 5 of the Notice.

**Item No. 6:**

As per Section 180 (1) (c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company. Keeping in view of enhanced requirement of loan and also the legal requirement that Section 180(1) of the Companies Act, 2013 provides that the Board of Directors of a company shall exercise the said power only with the consent of the Company by a special resolution. Hence, the Special Resolution at Item No. 6 for authorizing the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding Rs. 100 crores is intended for this purpose.

The Directors recommends the resolution for members' approval as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

**Item No. 7:**

Mr. Shalin A. Shah, (DIN: 00297447) Managing Director of the Company is reappointed for a term of 5 years from 22.01.2015 to 21.01.2020. The details of terms of appointment and remuneration payable to Mr. Shalin A. Shah as Managing Director as per Schedule V is recommended for a period of 3 years as set out below:

## 1. Remuneration:

- a) Salary of Rs. 1,00,000 - (Rupees One Lacs only) per month with such increments as may be decided by the Board subject to a ceiling of Rs. 2,00,000/- (Rupees Two Lacs Only) per month.
- b) Perquisites: In addition to the salary and commission the Managing Director shall be entitled to the following perquisites :

The perquisites are classified into three categories as under:

**CATEGORY 'A'**

- i) **Housing I** : The expenditure incurred by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling :

Forty Five per cent of the Salary, over and above ten per cent payable by the Managing Director.

**Housing II** : In the case the accommodation is owned by the Company, ten per cent of the salary of the Managing Director shall be deducted by the Company.

**Housing III** : In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the Managing Director.

- ii) Medical, Hospitalization and Health-care expenses Reimbursement: Reimbursement of actual expenses incurred for the Managing Director and his family.
- iii) Leave Travel Concession: For the Managing Director and his family, once in a year incurred in accordance with any rules specified by the Company.
- iv) Personal accident insurance: Premium as per the rules of the Company.

#### **CATEGORY 'B'**

- i) Provident Fund: Company's contribution to Provident Fund shall be as per the scheme applicable to the employees of the Company.  
Contribution to provident fund will not be included in the computation of perquisites to the extent this is not taxable under the Income-tax Act.
- ii) Gratuity : As per the rules of the Company, which shall not exceed half a month's salary for each completed year of service.
- iii) Encashment of Leave: Encashment of Leave at the end of the tenure of the appointment will not be included in the computation of perquisites.

#### **CATEGORY 'C'**

- i) Car: Provision of car with driver for use on Company's business is not to be considered as perquisites. Use of car for private purpose shall be billed by the Company to the Managing Director.
- ii) Telephone: Telephone(s) at the residence of the Managing Director and a Mobile Phone for his use not to be considered as perquisites. Personal long distance calls on telephone(s) shall be billed by the Company to the Managing Director.

2. The Managing Director shall be entitled to annual privilege leave on full salary for a period of thirty days and such leave shall be allowed to be accumulated for not more than Ninety days.

Payment of remuneration is approved by resolution passed by the Nomination and Remuneration Committee in its meeting dated 19th January, 2015. As required by the Companies Act, 2013, approval of the members is being sought, for the re-appointment and remuneration of Mr. Shalin A. Shah, Managing Director. The draft Agreement between the Company and the Managing Director is available for inspection by the members at the company's Registered office between 10:00 a.m. to 1:00 p.m. on all working day's upto the date of Annual General Meeting.

Your Directors recommend the above resolution for approval of the Shareholders as a Special Resolution.



Except Mr. Shalin A. Shah and Mr. Ashok C. Shah no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution.

This may also be treated as a written memorandum setting out the terms of reappointment of Mr. Shalin A. Shah, pursuant to section 190 of the Companies Act, 2013.

#### **Additional information pursuant to Schedule V:**

##### **I. General Information**

- i. Nature of Industry: The Company is engaged in the business of oil and gas exploration.
- ii. Financial Performance: Financial Performance is given in Directors' Report.
- iii. Foreign investment or collaborations: No

##### **II. Information about the appointee:**

1. Background details: Mr. Shalin A. Shah aged 41 is an Engineering Graduate. He has more than 15 years' managerial experience.
2. Past Remuneration: Last remuneration paid to Mr. Shalin A. Shah is Rs. 6 lacs p.a.
3. Job Profile and his suitability: Mr. Shalin A. Shah is an engineering graduate. The position of Managing Director demands technical, managerial and leadership qualities. Mr. Shalin A. Shah's dynamic personality combined with his vast experience in the field makes him suitable to lead the company with his knowledge and expertise.
4. Remuneration proposed: Detailed proposed remuneration is as elaborated formerly in this section.
5. Comparative Remuneration profile: Remuneration proposed reflects the standards as respect to industry, size of the Company and profile.
6. Pecuniary relationship: Apart from the proposed salary as Managing Director of the Company, Mr. Shalin A. Shah has no other pecuniary relationship or transactions with the company or any other managerial personnel.

##### **III. Other information:**

1. Reasons of loss or inadequate profits: Due to frequent fluctuation in the prices of oil worldwide and technological advances, profitability of the company diminished.
2. Steps taken or proposed to be taken for improvement: The Company is working on technology upgradation to increase the production of oil and gas. The sharp fall in global crude prices had an adverse impact on the profitability of the Company .
3. Increase in productivity & profits: The Company believes that due to its efforts in improving technology and induction of qualified and competent workforce the productivity & profits of the Company will increase.
4. **Disclosures:** Details of remuneration of Directors' and other service terms are mentioned in detail in the "Corporate Governance".

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 24<sup>th</sup> Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2015.

**1. FINANCIAL SUMMARY/HIGHLIGHTS OF PERFORMANCE OF THE COMPANY:**

(₹ in Lacs)

Particulars	Year ended 31/03/2015	Year ended 31/03/2014
Sales & Other Income	109.83	389.51
Exceptional Items	18.70	--
Expenditure	55.93	231.62
Profit Before Depreciation and Tax	72.6	157.89
Depreciation	2.57	3.04
Taxation	2.90	9.70
<b>Net Profit (Loss) for the year</b>	<b>67.13</b>	<b>145.15</b>

**2. PERFORMANCE & STATE OF AFFAIRS OF THE COMPANY:**

Income from tender support services reduced as compared to the previous year and consequently profits for the year also diminished. The Board of Directors of the Company is continuously making efforts for the growth of the Company.

**3. DIVIDEND:**

Your Directors recommended dividend on equity shares at ₹ 0.10 per share for the financial year 2014 - 15.

**4. SHARE CAPITAL:**

At present, the Company has only one class of shares – equity shares with face value of ₹ 10/- each. The authorized share capital of the company is ₹ 40,00,00,000/- divided into 4,00,00,000 equity shares of ₹10/- each. The paid up share capital of the company is ₹ 38,75,16,450/- divided into 3,87,51,645 equity shares of ₹10/- each.

**5. RESERVES:**

Reserves & Surplus at the end of the year stood at ₹ 440,291,201 as compared to ₹ 438,737,554 at the beginning of the year.

**6. DEPOSITS:**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**7. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

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

**8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

There have been no material changes and commitments affecting the financial position of the Company since the close of financial year i.e. since 31st March, 2015. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

**9. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS:**

No such Orders have been passed by the Regulators/Court or Tribunals which can impact the going concern status and Company's operation in future.

**10. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:**

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.

As required under Rule 8(1) of the Companies (Accounts) Rules, 2014, the Board's Report has been prepared on standalone financial statements and a report on performance and financial position of each of the subsidiaries included in the consolidated financial statements is included in the financial statements.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.gnrl.in](http://www.gnrl.in). Further, as per fourth proviso of the said section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company, [www.gnrl.in](http://www.gnrl.in). Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary at the Company's registered office.

**11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT BY THE COMPANY:**

Details of Loans, Guarantees and Investments, if any covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

**12. MEETING OF BOARD OF DIRECTORS:**

During the year under the review, 8 (Eight) Board meetings were held, with gap between Meetings not exceeding the period prescribed under the Companies Act, 2013 and Rules made thereunder. Details of Board and Board committee meetings held during the year are given in the Corporate Governance Report.

Board meeting dates are finalized in consultation with all directors and agenda papers backed up by comprehensive notes and detailed background information are circulated well in advance before the date of the meeting thereby enabling the Board to take informed decisions.

**13. EXTRACTS OF ANNUAL RETURN:**

An extract of Annual Return in Form **MGT-9** is attached herewith as **ANNEXURE-II**.

**14. RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company which may have a potential conflict with the interest of the Company at large and thus disclosure in Form AOC-2 is not required. The Board has formulated Policy on Related Party Transactions.

**15. DIRECTORATE AND KEY MANAGERIAL PERSONNEL:**

The Board of Directors of your company has various executive and non-executive directors including Independent Directors who have wide and varied experience in different disciplines of corporate functioning.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. Malav Mehta (DIN: 01234736) retires by rotation at the ensuing Annual General Meeting and being eligible in terms of Section 164 of the Act offers himself for re-appointment.

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements entered into with Stock Exchanges, appointed Ms. Sarika Abhijit Kulkarni (DIN 07141926), as an Independent Woman Director of the Company w.e.f. March 30, 2015.

Pursuant to the provisions of section 203 and other applicable provisions of the Companies Act, 2013 and the Listing Agreements entered into with Stock Exchanges, the Company had appointed Ms. Sheetal G. Pandya, as Company Secretary and Compliance Officer of the company w.e.f. August 14, 2014.

The term of appointment of Shalin A. Shah as Managing Director of the company expired on 22/01/2015. The Board re-appointed him as Managing Director of the Company for a period of Five years from 22.01.2015 to

21.01.2020 on the remuneration and terms and conditions recommended by the Nomination & Remuneration Committee.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

There is change in the constitution of Board of Directors during the year.

As required under Section 203 of the Companies Act, 2013, the Company has Mr. Shalin A. Shah (Managing Director) and Ms. Sheetal G. Pandya (Company Secretary) as Key Managerial Personnel of the Company.

#### **16. EVALUATION OF BOARD, COMMITTEES AND DIRECTORS:**

Pursuant to the provisions of the Act and Clause 49 of the Listing Agreement and Companies Act, 2013, the Board had carried out performance evaluation of its own, the Board Committees and of the Independent directors. Independent Directors at a separate meeting evaluated performance of the Non-Independent Directors, Board as a whole and of the Chairman of the Board.

The following were the Evaluation Criteria:

##### **(a) For Independent Directors:**

- Knowledge and Skills
- Professional conduct
- Duties, Role and functions

##### **(b) For Executive Directors:**

- Performance as Team Leader/Member.
- Evaluating Business Opportunity and analysis of Risk Reward Scenarios
- Key set Goals and achievements
- Professional Conduct, Integrity
- Sharing of Information with the Board

The Directors expressed their satisfaction with the evaluation process.

#### **17. POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS:**

The Board has on the recommendation of the Nomination & Remuneration Committee, formulated criteria for determining Qualifications, Positive Attributes and Independence of a Director and also a Policy for remuneration of Directors, Key managerial Personnel and senior management. The details of criteria laid down and the Remuneration Policy are given in the Corporate Governance Report.

#### **18. MANAGERIAL REMUNERATION**

The Company has paid Mr. Shalin A. Shah (Managing Director) remuneration during the year. A detail of the remuneration paid is elaborated in extract of Annual Return (MGT-9) in Annexure II.

#### **19. INDEPENDENT DIRECTORS' MEETING:**

Independent Directors of the Company had met during the year under review details of which are given in the Corporate Governance Report.

#### **20. COMMITTEES OF THE BOARD:**

During the year, in accordance with the Companies Act, 2013, the Board re-constituted some of its Committees and also formed a Nomination and Remuneration Committee.

There are currently **Three Committees** of the Board, as follows:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee

Details of all the Committees along with their charters, composition and meetings held during the year, are provided in the "**Report on Corporate Governance**", a part of this Annual Report.

**21. AUDITORS:****A. Statutory Auditors**

M/s. Pankaj K. Shah Associates, Chartered Accountants (Firm Registration No.107352W) were appointed as Statutory Auditors of the Company at the last Annual General Meeting held on 30<sup>th</sup> September, 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

The Company has obtained a written confirmation under section 139 of the Companies Act, 2013 from M/s. Pankaj K. Shah Associates, Chartered Accountants (Firm Registration No.107352W) that their appointment, if made, would be in conformity with the limits specified under the Act.

It is proposed to ratify the appointment M/s. Pankaj K. Shah Associates, Chartered Accountants (Firm Registration No.107352W) to audit the accounts of the Company for the financial year 2015-2016.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

**There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.**

**B. Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Patel & Associates, Practising Company Secretaries, Ahmedabad to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **Annexure IV**

**There is no qualification, reservation or adverse remark in the Secretarial Audit Report given by the Secretarial Auditors in their Report.**

**C. Internal Auditors:**

The Board of Directors has appointed M/s. Naimish K. Shah & Co., Chartered Accountant (FRN 106828W) as Internal Auditors of the Company for the F. Y. 2015-16.

**22. INTERNAL CONTROL SYSTEM AND COMPLIANCE FRAMEWORK:**

The Company has an Internal Control System, commensurate with size, scale and complexity of its operations. The internal financial controls are adequate and are operating effectively so as to ensure orderly and efficient conduct of business operations. The Company has appointed M/s. Naimish K. Shah & Co., Chartered Accountant (FRN 106828W) as an Internal Auditors of the Company. The Audit Committee in consultation with the internal auditors formulates the scope, functioning, periodicity and methodology for conducting the internal audit. The internal auditors carry out audit, covering inter alia, monitoring and evaluating the efficiency & adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations and submit their periodical internal audit reports to the Audit Committee. Based on the internal audit report and review by the Audit committee, process owners undertake necessary actions in their respective areas. The internal auditors have expressed that the internal control system in the Company is robust and effective. The Board has also put in place requisite legal compliance framework to ensure compliance of all the applicable laws and that such systems are adequate and operating effectively.

**23. RISK MANAGEMENT:**

Company has implemented an integrated risk management approach through which it reviews and assesses significant risks on a regular basis to help ensure that there is a robust system of risk controls and mitigation in place. Senior management periodically reviews this risk management framework to keep updated and address emerging challenges. Major risks identified for the Company by the management are Compliances of various applicable Laws, Regulatory changes, Manufacturing & Supply, Litigation, Technological Changes and new capital

investments return. The management is however, of the view that none of the above risks may threaten the existence of the Company as robust Risk mitigation mechanism is put in place to ensure that there is nil or minimum impact on the Company in case any of these risks materialize.

#### **24. VIGIL MECHANISM AND WHISTLE BLOWER POLICY:**

In accordance with Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, the Company has constituted a Whistle Blower Policy/ Vigil Mechanism to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed and to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct.

#### **25. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:**

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has assigned the responsibilities to Audit Committee. During the year, no complaint with allegations of sexual harassment was filed with the Company.

#### **26. PREVENTION OF INSIDER TRADING:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

#### **27. DIRECTORS' RESPONSIBILITY STATEMENT:**

In accordance with the provisions of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013 and to the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors state that-

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31<sup>st</sup> March, 2015 and of the profit and loss of the company for that period;
- iii. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 and Rules made thereunder for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. The directors had prepared the annual accounts on a going concern basis;
- v. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively, and
- vi. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **28. CORPORATE GOVERNANCE:**

As required by the existing Clause 49(X) of the Listing Agreement entered into with the Stock Exchanges, a detailed report on Corporate Governance is given as a part of the Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Practicing Company Secretary's Certificate of the compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance. Report on Corporate Governance is attached as **ANNEXURE VI**.

#### **29. GENERAL SHAREHOLDER INFORMATION:**

General Shareholder Information is given in Report on Corporate Governance forming part of the Annual Report.

**30. CORPORATE SOCIAL RESPONSIBILITY:**

The Company is not required to constitute Corporate Social Responsibility Committee or spend on social responsibility pursuant to section 135 of the Companies Act, 2013.

**31. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Report on Management Discussion and Analysis Report as required under clause 49 of the Listing Agreement is included in this Report. Certain statements in the said report may be forward looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

**32. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES :**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure III**.

**33. Listing of shares:**

The Equity Shares of the Company are listed on the BSE Limited (BSE) with scrip code No. 513536 & security id: GNRL. The Company confirms that the annual listing fee to the stock exchange for the financial year 2015-16 has been paid.

**34. ACKNOWLEDGEMENT:**

Your Directors take this opportunity to express their gratitude for the generous commitment, dedication, hard work and significant contribution made by employees at all levels in ensuring sustained growth of the Company. Your Directors also sincerely thank to all the stakeholders, customers, vendors, bankers, business associates, government, other statutory bodies and look forward to their continued assistance, co-operation and support.

**Place: Ahmedabad**  
**Date: August 14, 2015**

**For and on behalf of the Board**

**Sd/-**  
**Ashok C. Shah**  
**Director**  
**DIN: 02467830**

**Sd/-**  
**Shalin A. Shah**  
**Managing Director**  
**DIN: 00297447**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****➤ INDUSTRIAL 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.

**➤ OPPORTUNITY & 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.”

**➤ COMPETITION:**

Competition in the domestic as well as international market has intensified and forced the players to adopt aggressive marketing strategy and promotional campaigns to capture and protect their market shares, The Company has the plans to penetrate better in to world market, especially through the customer retention and business development in the regions which have not been tapped.

Sharp fluctuations in value of the Indian Rupee and the rising inventory prices have put pressure on the profitability of the Company.

**➤ SEGMENT WISE AND PRODUCT WISE PERFORMANCE:**

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

**➤ RISK AND CONCERN:**

The risk management function is integral to the company and its objectives includes ensuring that critical risk are identified continuously, monitored and managed effectively in order to protect the company’s business. However, the changes in the tax laws, Government policies and regulatory requirement might affect the company’s business. The management has already taken initiatives in advance for mitigating the above mentioned risk and concerns/challenges.

**➤ INITIATIVES BY THE COMPANY:**

The Company has taken the following initiatives:

1. Concentration on reduction of costs by undertaking specific exercise in different fields.
2. Focusing on modernization of manufacturing process to improvise quality and reduction of costs.
3. The Company is quite confident that the overall productivity, profitability would improve in a sustainable manner, as a result of this strategy.

**➤ OUTLOOK:**

The profit margins in the industry are under pressure. However, the Company has taken remedial measures. The Company is confident to meet the challenges with its strength in marketing network, its strategic planning, Research & Development productivity improvement and cost reduction exercise.

**➤ INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

Your Company places significant emphasis and efforts on the internal control systems. The Company has appointed an independent firm of Chartered Accountant for the same with such powers and responsibilities that are required to ensure the adequacy of the internal Control System.

**➤ HUMAN RESOURCE:**



Your Company firmly believes that employees are the most valuable assets and key players of business success and sustained growth. Various employee benefits, recreational and team building efforts are made to enhance employee skills, motivation as also to foster team spirit. Industrial relations were cordial throughout the year.

➤ **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.

➤ **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.

➤ **CAUTIONARY STATEMENT**

The statements in the "Management Discussion and Analysis Report" section describes the Company's objectives, projections, estimates, expectations and predictions, which may be "forward looking statements" within the meaning of the applicable laws and regulations. The annual results can differ materially from those expressed or implied, depending upon the economic and climatic conditions, Government policies and other incidental factors.

**Place: Ahmedabad**

**Date: August 14, 2015**

**For and on behalf of the Board**

**SD/-**

**Shalin Shah**

**Managing Director**

**DIN: 00297447**

**ANNEXURE – II TO THE DIRECTORS REPORT**

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31/03/2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	L27100GJ1991PLC016158
2	Registration Date	23 <sup>rd</sup> August, 1991
3	Name of the Company	Gujarat Natural Resources Limited
4	Category/Sub-category of the Company	Company limited by shares and Indian Non-Government Company
5	Address of the Registered office & contact details	8, Sigma Corporate, Nr. Mann Party Plot, S. G. High Way, Bodakdev, Ahmedabad, Gujarat Phone: 079 - 4002 9806
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Purva Sharegistry (India) Pvt. Ltd. Unit No.9, Shiv Shakti Ind. Area J.R. Boricha Marg, Lower Parel(E) Mumbai-400011. Email:- busicomp@gmail.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :**

All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Oil & Gas Exploration	0610 0620	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sr. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	Sigma Oil & Gas Private	U65999GJ2007PTC064693	Subsidiary	100%	2(87)(ii)
2	Gorlas Corporate Holdings Ltd.	NA	*	*	2(87)(ii)
3	GNRL Oil & Gas Ltd.	NA	*	*	2(87)(ii)
4	Heramec Oil & Gas (Singapore) Pte Ltd.	NA	*	*	2(87)(ii)
5	Alkor Petro Overseas Ltd.	NA	*	*	2(87)(ii)
6	Gorlas Globas Energy PLC	NA	**	**	2(87)(ii)

\* Companies in which 100% holding is with Sigma Oil & Gas Private Limited, a wholly owned subsidiary of the Company.

\*\* Company in which 100% holding is with Gorlas Corporate Holdings Ltd., wholly owned subsidiary of Sigma Oil & Gas Private Limited which is a wholly owned subsidiary of the Company.

## IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

## A) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year as on 31 <sup>st</sup> March, 2014				No. of Shares held at the end of the year as on 31 <sup>st</sup> March, 2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	756,221	Nil	756,221	1.95	756,221	Nil	756,221	1.95	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	8498141	Nil	8498141	21.93	8498141	Nil	8498141	21.93	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any other Foreign Individual	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total shareholding of Promoter (A)</b>	<b>9,254,362</b>	<b>Nil</b>	<b>9,254,362</b>	<b>23.88</b>	<b>9,254,362</b>	<b>Nil</b>	<b>9,254,362</b>	<b>23.88</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	0	800	800	0.00	0	800	800	0.00	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>800</b>	<b>800</b>	<b>0.00</b>	<b>0</b>	<b>800</b>	<b>800</b>	<b>0.00</b>	<b>Nil</b>
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	21939368	17300	21956668	56.66	22,190,907	10300	22,201,207	57.29	0.63
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	825600	1516408	2,342,008	6.04	748155	1509708	2257863	5.83	(0.21)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4655520	159800	4815320	12.43	4543311	104600	4647911	11.99	(0.44)
c) Others (specify)NRI/OCB	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
OTHERS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non Resident Indians	7,336	Nil	7,336	0.02	7462	Nil	7462	0.02	0.02
Overseas Corporate Bodies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Clearing Members	94,122	Nil	94,122	0.24	26612	Nil	26612	0.07	(0.17)
Hindu Undivided Family	281,029	Nil	281,029	0.73	355428	Nil	355428	0.92	0.19
Foreign Bodies - D R	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(2):-</b>	<b>27,802,975</b>	<b>1693508</b>	<b>29,496,483</b>	<b>76.12</b>	<b>27,871,875</b>	<b>1624608</b>	<b>29,496,483</b>	<b>76.12</b>	<b>Nil</b>
<b>Total Public Shareholding (B)=(B)(1)+</b>	<b>27,802,975</b>	<b>1694308</b>	<b>29,497,283</b>	<b>76.12</b>	<b>29,497,283</b>	<b>1625408</b>	<b>27,871,875</b>	<b>76.12</b>	<b>Nil</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>37,057,337</b>	<b>1695108</b>	<b>38,751,645</b>	<b>100</b>	<b>37,126,237</b>	<b>1625408</b>	<b>38,751,645</b>	<b>100</b>	<b>0.00</b>

## B) SHAREHOLDING OF PROMOTER-

Sr. no.	Shareholder's Name	No. of Shares held at the beginning of the year as on 31 <sup>st</sup> March, 2014			No. of Shares held at the end of the year as on 31 <sup>st</sup> March, 2015			% change in shareholding during the year
		No. of Shares	% of total Shares of the co.	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the co.	% of Shares Pledged / encumbered to total shares	
1	Pranathi Constructions Pvt. Ltd.	3,940,570	10.17	Nil	3,940,570	10.17	Nil	Nil
2	Tiw Systems Private Limited	1,555,000	4.01	Nil	1,555,000	4.01	Nil	Nil
3	Shalin A. Shah	565,000	1.46	Nil	Nil	Nil	Nil	(1.46)
4	Advanced Energy Resources And Management Private Limited	530,000	1.37	Nil	530,000	1.37	Nil	Nil
5	Shree Ghantakarna Rolling Mills Private Limited	505,000	1.30	Nil	505,000	1.30	Nil	Nil
6	Tanya Estates Private Limited	350,000	0.90	Nil	350,000	0.90	Nil	Nil
7	Infinium Natural Resources Investment Private Limited	300,000	0.77	Nil	300,000	0.77	Nil	Nil
8	Infinium Motors Private Limited	1,000,000	2.58	Nil	1,000,000	2.58	Nil	Nil
9	Lasha Industries Limited	298,900	0.77	Nil	298,900	0.77	Nil	Nil
10	Ashok Chinubhai Shah	125,100	0.32	Nil	125,100	0.32	Nil	Nil
11	Malav Ajitbhai Mehta	48,000	0.12	Nil	48,000	0.12	Nil	Nil
12	Ilesh Infracap Private Limited	18,671	0.05	Nil	18,671	0.05	Nil	Nil
13	Leena Ashok Shah	9,700	0.03	Nil	9,700	0.03	Nil	Nil
14	Mehta Jayshree Ajitbhai	8,421	0.02	Nil	8,421	0.02	Nil	Nil
15	Payal Shalin Shah	Nil	Nil	Nil	565,000	1.46	Nil	1.46

## C) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding During the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mr. Shalin A. Shah</b>				
2	At the beginning of the year	565000	1.46	565,000	1.46
3	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	31.12.2014 Transferred 565000 shares by way of gift	1.46	0	0
4	At the end of the year	0	0	0	0
5	<b>Mrs. Payal Shalin Shah</b>				
6	At the beginning of the year	0	0	0	0
7	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	31.12.2014 Acquired 565000 shares by way of gift	1.46	565000	1.46
	At the end of the year	565000	1.46	565000	1.46

D) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS AS ON 31<sup>ST</sup> MARCH, 2015:  
(OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND DRS):

Sr. no.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase / Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
1	Algorab Power Projects Pvt.	3,857,145	9.95	-	-	3,857,145	9.95
2	Patron Energy Private Limited	3,801,570	9.81	-	-	3,801,570	9.81
3	Padma Real Infra Private	2,171,000	5.60	-	-	2,171,000	5.60
4	Blowing Traders Private Limited	2,149,992	5.55	Decrease	*Market Sale	2,149,986	5.55
5	Deven Mahendrakumar Shah	1,870,000	4.83	-	-	1,870,000	4.83
6	Shaurya Organics Private Limited	1,555,000	4.01	-	-	1,555,000	4.01
7	Midrina Oil And Gas Services Private Limited	1,565,000	4.04	-	-	1,565,000	4.04
8	Suryaja Infrastructure Pvt. Ltd.	1,555,000	4.01	-	-	1,555,000	4.01
9	Rhetan Estate Private Limited	1,500,000	3.87	-	-	1,500,000	3.87
10	Milan Grafitech Private Limited	1,000,000	2.58	Increase	*Market purchas	1,075,437	2.78

\* The shares of the Company are frequently traded and were traded on different dates.

## E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>Mr. Shalin A. Shah</b>				
<b>2</b>	At the beginning of the year	565000	1.46	565000	1.46
<b>3</b>	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / / sweat equity etc.):	31.12.2014 Transferred 565000 shares by way of gift	1.46		
<b>4</b>	At the end of the year	0	0	0	0
<b>5</b>	<b>Mr. Ashok Chinubhai Shah</b>				
<b>6</b>	At the beginning of the year	125,100	0.32	125,100	0.32
<b>7</b>	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	No Change during the year			
<b>8</b>	At the end of the year	125,100	0.32	125,100	0.32
<b>9</b>	<b>Mr. Malav Mehta</b>				
<b>10</b>	At the beginning of the year	48000	0.12	48000	0.12
<b>11</b>	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	No Change during the year			
<b>12</b>	At the end of the year	48000	0.12	48000	0.12
<b>13</b>	<b>Mr. Hariyant Shelat</b>				
<b>14</b>	At the beginning of the year	4000	0.01	4000	0.01
<b>15</b>	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	No Change during the year			
<b>16</b>	At the end of the year	4000	0.01	4000	0.01

None other directors apart from above and Company Secretary hold any shares in the Company.

**V. INDEBTEDNESS –**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(` in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	0.00	25200905.6	0.00	25200905.6
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	0.00	25200905.6	0.00	25200905.6
<b>Change in Indebtedness during the financial year</b>				
* Addition	0.00	0.00	0.00	0.00
* Reduction	0.00	5,497,400.00	0.00	5,497,400.00
<b>Net Change</b>	0.00	5,497,400.00	0.00	5,497,400.00
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0.00	19,703,505.60	0.00	19,703,505.60
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	0.00	19,703,505.60	0.00	19,703,505.60

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-****A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:**

(` in Lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name of Director	Shalin A. Shah MD	----
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.5	7.5
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL



5	Others, please specify 1. PF Contribution 2. Gratuity Accrued for the year (Payable at Retirement/resignation)	NIL NIL	NIL NIL
	Total (A)	<b>7.5</b>	<b>7.5</b>
	Ceiling as per the Companies Act 2013	<b>3.87</b>	<b>3.87</b>

**B. REMUNERATION TO OTHER DIRECTORS**

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors	NIL	
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors	NIL	
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
	Total (B)=(1+2)	NIL	NIL
	Total Managerial Remuneration		
	Overall Ceiling as per the Companies Act 2013		0.77

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	2.04	Nil	2.04
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	Nil	<b>2.04</b>	<b>Nil</b>	<b>2.04</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	U/S 301 ( Companies Act, 1956)	Non maintenance of register of Contracts with related party	Rs. 10000/-	Company Law Board Mumbai bench.	N.A.
<b>B. DIRECTORS(the then M.D. Mr. Ashok Shah )</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	U/S 217 (Companies Act, 1956)	For violation of Section 217(3) read with 217 (5) of the Companies Act, 1956 for not providing explanation separately	Rs.5000/-	Company Law Board Mumbai bench.	N.A.
	U/S 301 (Companies Act, 1956)	Non maintenance of register of Contracts with related party	Rs. 10000/-	Company Law Board Mumbai bench	N.A.
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	<b>NONE</b>				
Punishment					
Compounding					

Place: Ahmedabad  
Date: 14<sup>th</sup> August, 2015

For and on behalf of the Board

SD/-  
Shalin Shah  
Managing Director  
(DIN: 00297447)

**ANNEXURE-III TO THE DIRECTORS REPORT****1. Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

- i. The ratio of the remuneration of each Director to the Median Remuneration of the Employees of the Company for the Financial Year 2014-15 and
- ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year

( ` In Lacs)

Sr. No.	Name of Director/KMP and its Designation	Remuneration to the Director / KMP for the Financial Year 2014-15	Percentage increase / decrease in remuneration in the Financial Year 2014-15	Ratio of Remuneration of each Director to the Median Remuneration of Employees
1	Mr. Shalin A. Shah Managing Director	7.50	25%	3.75:1
2	Ms. Sheetal G. Pandya Company Secretary & Compliance Officer	2.04	Nil	1.02:1

an Remuneration of Employees (MRE) of the Company is ₹ 1.99 Lacs for the Financial Year 2014-15. The MRE for the year increased by 10.24% compared to ₹ 1.80 Lacs during the previous financial year.

- iii. The number of permanent employees on the rolls of the Company is nine for the year ended 31<sup>st</sup> March, 2015.
  - iv. Overall increase in remuneration is in line with the performance of the Company.
  - v. The remuneration of the Key Managerial Personnel (KMP) of the Company and the percentage increase in the remuneration of KMP during 2014-15 is as given in (i) and (ii) above. The remuneration of the Key Managerial Personnel (KMP) is in line with the performance of the company.
  - vi. The Market Capitalization as on, 31<sup>st</sup> March, 2015 was ₹ 353.80 crores as compared to ₹ 534.96 crores as on March 31, 2014. Price Earnings Ratio of the Company increased to 537.06 as on 31<sup>st</sup> March, 2015 as against 373.11 as on 31<sup>st</sup> March, 2014.
  - vii. Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year was 12.06%. Average percentage increase made in the salary of the managerial personnel in the last Financial Year was 25%. The increase in remuneration is determined based on the performance by the employees of the Company.
  - viii. The remuneration of each of the Key Managerial Personnel is given in (i) and (ii) above. The performance of the Company, in comparison, is as stated in (v) above.
  - ix. There is no variable component in remuneration of Directors of the Company.
  - x. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year — None.
  - xi. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.
- 2. There were no employees covered under rule 5(2) of the Companies (Appointment and Remuneration) Rules, 2014.**

For and on behalf of the Board

Place: Ahmedabad  
Date: August 14, 2015

SD/-  
Shalin A. Shah  
Managing Director  
(DIN: 00297447)

ANNEXURE – IV TO THE DIRECTORS REPORT

FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**Gujarat Natural Resources Limited.**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gujarat Natural Resources Limited** (hereinafter called the Company) (CIN: **L27100GJ1991PLC016158**) having its registered office at **8, Sigma Corporate, Nr. Mann Party Plot, S. G. High Way, Bodakdev Ahmedabad**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Gujarat Natural Resources Limited** (the Company) for the financial year ended on 31st March, 2015 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- A) The Company has maintained a Register of Directors' Attendance as prescribed in the Secretarial Standards.
- B) The Directors have signed against their respective names after the meeting has been held.
- C) The Company had not received any proxy forms for the Annual General Meeting for the financial year ended 31st March, 2014.
- D) The Company has complied with requirements of at least one-third of the total number of directors as independent directors as stated in Clause-49 of Listing Agreement.
- E) The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited.
- F) The Company has obtained all necessary approvals under the various provisions of the Act;
- G) There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers. The brief details of the Compounding of Offences is as per Annexure – A.

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

The following mentioned observations are made:

- A) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
- B) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct and ethics for Directors and Management Personnel;

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, the Company has no major / specific events, actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- i. Public/Right/Preferential issue of shares / debentures/sweat equity etc.
- ii. Redemption / buy-back of securities
- iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
- iv. Merger / amalgamation / reconstruction etc.
- v. Foreign technical collaborations.

**Place : Ahmedabad  
Date : August 14, 2015**

**For, Patel & Associates  
Company Secretaries**

**Sd/-  
Chintan K. Patel  
Partner  
Mem. No. A31987  
COP No. 11959**

**Annexure – A – TO THE SECRETARIAL AUDIT REPORT****COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	U/S 301 (Companies Act, 1956)	Non maintenance of register of Contracts with related party	Rs. 10000/-	Company Law Board Mumbai bench.	N.A.
<b>B. DIRECTORS(the then M.D. Mr. Ashok Shah )</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	U/S 217 (Companies Act, 1956)	For violation of Section 217(3) read with 217 (5) of the Companies Act, 1956 for not providing explanation separately	Rs.5000/-	Company Law Board Mumbai bench.	N.A.
	U/S 301 ( Companies Act, 1956)	Non maintenance of register of Contracts with related party	Rs. 10000/-	Company Law Board Mumbai bench	N.A.
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	<b>NONE</b>				
Punishment					
Compounding					

Place : Ahmedabad  
Date : August 14, 2015

For, Patel & Associates  
Company Secretaries

Sd/-  
Chintan K. Patel  
Partner  
Mem. No. A31987  
COP No. 11959

**ANNEXURE VI – TO THE DIRECTOR REPORT****REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance is set of systems and practices to ensure that the operations of the Company are being managed in a way which ensures fairness, integrity, transparency and accountability in its dealings with its customers, stakeholders, dealers, lenders, government and employees. Company has guiding principles laid out through its Code of business conduct, duly adopted by directors and senior management personnel which has been posted on website of Company ([www.gnrl.in](http://www.gnrl.in)).

**1. ETHICS/GOVERNANCE POLICIES:**

At Gujarat Natural Resources Limited, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of these codes and policies are:

- ✓ Code of Conduct
- ✓ Vigil Mechanism and Whistle Blower Policy
- ✓ Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
- ✓ Board Performance Evaluation Policy
- ✓ Familiarization of Independent Directors Policy
- ✓ Policy for Selection of Directors and determining Directors Independence
- ✓ Remuneration Policy for Directors, Key Managerial Personnel and other Employees
- ✓ Policy for determining Material Subsidiaries.
- ✓ Risk Management Policy
- ✓ Sexual Harassment Policy

**2. BOARD OF DIRECTORS:**➤ **Composition of the Board of Directors**

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors Pursuant Clause 49 (II) (A) of the Listing Agreement. The composition of the Board and category of Directors are as follows:

<b>Name of Director</b>	<b>Category</b>	<b>Designation</b>
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
Ms. Sarika A. Kulkarni	Independent, Non Executive Director	Director

➤ **Number of Board Meetings and Attendance of Directors:**

During the financial year 2014 - 15, **8 (Eight)** Board Meetings were held on **29/05/2014, 14/08/2014, 02/09/2014, 14/11/2014, 25/11/2014, 19/01/2015, 14/02/2015, and 30/03/2015.**

The composition of Directors and the attendance at the Board Meeting during the year 2014-2015 and last Annual General Meeting are as under:



Name of Director	Category	No. of other Public Directorships	Membership of Board Committees		No. of Board Meetings Attended	Attendance at last AGM
			Chairman	Member		
Mr. Ilesh Shah	Chairman	1	--	--	6	No
Mr. Shalin A. Shah	Managing Director	1	--	1	8	Yes
Mr. Hariyant C. Shelat	Director	1	1	2	7	Yes
Mr. Ashok C. Shah	Director	1	--	2	7	Yes
Mr. Malav Mehta	Director	3	--	--	6	Yes
Mr. Pravinbhai V. Trivedi	Director	None	2	1	6	No
Ms. Sarika A. Kulkarni	Director	None	--	--	1	No

### 3. BOARD COMMITTEES:

As per the requirement of the Companies Act, 2013 read with Rules and amended clause 49 of the Listing Agreement, various Board committees have been formed for better governance and accountability viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee.

The terms of reference of each committee are determined by the Board as per the requirement of law and their relevance is reviewed from time to time.

#### A. AUDIT COMMITTEE:

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's responsibilities, an Audit Committee had been constituted by the Board. The terms of reference of this committee covers matters specified under clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013 and other matters referred by the Board from time to time. Committee lays emphasis on adequate disclosures and compliance with all relevant statutes.

Main areas are deliberated as under.

- To provide an open avenue of communication between the independent auditors, internal auditors and the Board of Directors (BOD).
- To oversee the work of the independent auditors for the purpose of preparing or issuing an audit report or related work.
- Relying on the review and discussions with the management and the independent auditor, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles in all material aspects.
- To consider and review the adequacy of internal control including computerized information system controls an periodically to the Board of Directors on significant activities.

The Constitution of the committee and the attendance of each member of the committee is given below:

Name	Designation	Category
Mr. Hariyant Shelat	Chairman	Non-Executive Independent Director
Mr. Ashok C. Shah	Member	Executive Director
Mr. Pravin V Trivedi	Member	Non-Executive Independent Director

**Attendance of each member of the committee:**

Committee Members	Meetings held	Meetings attended
Mr. Pravin V. Trivedi	4	3
Mr. Ashok C. Shah	4	3
Mr. Hariyant Shelat	4	4

**B. NOMINATION AND REMUNERATION COMMITTEE:**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreements, the Board of Directors of the Company constituted "Nomination and Remuneration Committee".

Composition of committee as on 31<sup>st</sup> March, 2015 and member's attendance at the meetings during the year are as under:

Name	Designation	Category
Mr. Pravin V Trivedi	Chairman	Non-Executive Independent Director
Mr. Ashok C. Shah	Member	Executive Director
Mr. Hariyant Shelat	Member	Non-Executive Independent Director

**Attendance of each member of the committee:**

Committee Members	Meetings held	Meetings attended
Mr. Pravin V Trivedi	4	4
Mr. Ashok C. Shah	4	4
Mr. Hariyant Shelat	4	2

**Policy on Directors' Appointment and Remuneration****1.1 Appointment criteria and qualifications**

- A person who is proposed to be appointed as Director of the Company should be eligible to be appointed as Director and must hold Director Identification Number issued by the Central Government and possess such qualification, expertise and experience as prescribed under the Act.
- Without prejudice to generality of the above, a person who is proposed to be appointed as an Independent Director shall also be subject to compliance of provisions of Section 149(6).
- KMP or Senior Management personnel shall have adequate qualification, expertise and experience in the relevant field for which the appointment is proposed to be made.
- The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

**1.2 Term / Tenure**

- Managing Director/Whole-time Director/Manager (Managerial Personnel)  
The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- Independent Director
  - An Independent Director shall hold office for a term of up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
  - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said

period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

### 1.3 Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at such interval as deemed fit.

### 1.4 Removal

The Committee may recommend the Board for removal of a Director, KMP or Senior Management Personnel for reasons recorded in writing. The Procedure for removal of any Director shall be as per the provisions of the Act in this regard.

### 2.1 Remuneration Policy

- The remuneration / compensation / commission etc. to the Managerial Personnel will be determined by the Committee and recommended to the Board for approval which shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to the Managerial Personnel shall be in accordance with the percentage / slabs / conditions as per the provisions of the Act.
- Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel. Criteria for Performance Evaluation of Independent Directors. The Criteria for performance evaluation of Independent Directors is disclosed in the Board's Report.

### Details of Remuneration paid to Directors during the year:

#### A. Executive Directors

The remuneration paid to Directors during the financial year ended 31st March, 2015 is as follows:

Mr. Shalin A. Shah (MD) Rs. 7,50,000/-

#### B. Non Executive Directors

No sitting fees has been paid to Non – Executive Directors for attending any meetings during the financial year ended 31st March, 2015.

### C. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreements, the Board of Directors of the Company reconstituted and renamed Shareholders'/Investors' Grievances Committee as "Stakeholders Relationship Committee".

Composition of committee as on 31<sup>st</sup> March, 2015 and member's attendance at the meetings during the year are as under:

Name	Designation	Category
Mr. Pravin V Trivedi	Chairman	Non-Executive Independent Director
Mr. Shalin A. Shah	Member	Executive Director
Mr. Hariyant Shelat	Member	Non-Executive Independent Director

### Attendance of each member of the committee:

Committee Members	Meetings held	Meetings attended
Mr. Pravin V Trivedi	4	3
Mr. Shalin A. Shah	4	4
Mr. Hariyant Shelat	4	4

Ms. Sheetal G. Pandya, Company Secretary is the Compliance Officer of the Company.

No. of Shareholders' complaints received so far: 11

No. of complaints not solved to the satisfaction of shareholders: Nil

No. of pending complaints: Nil

#### 4. INDEPENDENT DIRECTORS' FAMILIARISATION PROGRAMME & Independent Directors' Meeting:

As per requirements under the Listing Agreement, the Company undertook familiarization Programme for Independent Directors in order to familiarize them with business model, management structure, product portfolio, Industry overview, manufacturing operations, internal control system and processes, risk management framework, functioning of various divisions, HR Management etc.

During the year under review, the Independent Directors met on 14th November, 2015, inter alia, to discuss:

- \* Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- \* Evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors;
- \* Evaluation of quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonable perform its duties.

All Independent Directors were present at the Meeting.

#### 5. SHAREHOLDING OF NON-EXECUTIVE NON-PROMOTER DIRECTORS

None of the Non-Executive Non-Promoter Directors hold any shares in the Company.

#### 6. DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

Mr. Ashok C. Shah, Non-Executive Director is the father of Mr. Shalin A. Shah, Managing Director. No other Director of the Company is related to any other Director.

#### 7. POSTAL BALLOT:

During the year, the Company had not sought approval from the shareholders through Postal Ballot. The Company had provided e-voting facility at the time of Annual General Meeting for the year ended 31<sup>st</sup> March, 2014. The Company had appointed Mr. Chintan K. Patel, Practising Company Secretary to act as Scrutinizer for the entire e-voting process.

#### 8. ANNUAL GENERAL MEETINGS

Details of last three AGMs held-

Year	Date	Time	Venue	No. of Special Resolutions passed
2011-12	29th September, 2012	12:00 p.m.	8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 059	---
2012-13	30th September, 2013	10:30 a.m.	8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 059	---
2013-14	30th September, 2014	11:00 a.m.	8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 059	---

No Resolutions were put through postal ballot.

Resolutions were passed on show of hands at the Annual General Meetings for the financial years ended on 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2013 and through E-voting and poll at the Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2014.

#### 9. DEMAT / REMAT OF SHARES

Details of Shares Dematerialized / Rematerialized during the last financial year is as below:

a)	Number of Demat requests approved	105
b)	Number of Shares Dematerialized	68900
c)	Percentage of Shares Dematerialized	0.18%

d)	Number of Remat requests approved	Nil
e)	Number of Shares Rematted	Nil

Representatives of the Company are constantly in touch with M/s. Purva Sharegistry (India) Pvt. Ltd., Share Transfer Agents of the Company and review periodically the outstanding matters.

#### 10. DISCLOSURES:

- i. There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large
- ii. There were no instances of non-compliance nor have any penalties/strictures imposed by Stock Exchanges or SEBI or any other statutory authority on any matters related to capital market, during last 3 financial years.
- iii. Whistle Blower Policy  
In terms of Clause 49 of the Listing Agreements, the Company has established vigil mechanism for directors, employees and other stakeholders to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethical policy.
- iv. Details of Compliance with Mandatory requirements and adoption of Non-mandatory requirements of Clause 49

##### **Mandatory requirements:**

The Company complies with all the mandatory requirements of Clause 49 of the Listing Agreement on Code of Corporate Governance.

##### **Non-Mandatory requirements:**

- a) Office for non-executive Chairman at company's expense: No
- b) Half-yearly declaration of financial performance to each household of shareholders: Not complied
- c) Audit Qualifications: Complied as there are no audit qualifications
- d) Separate posts of Chairman & CEO: Not applicable
- e) Reporting of Internal Auditors directly to Audit Committee: Complied

#### 11. MEANS OF COMMUNICATION:

Board of Directors approves and takes on record Unaudited Quarterly Results and Audited Annual Results in the prescribed form and announces forthwith the results and intimate to the Bombay Stock Exchange Ltd. where the Company's shares are listed. The results are also published in two newspapers, one in English and the other in Regional Language.

#### 12. ADDITIONAL INFORMATION TO SHAREHOLDERS

##### a. Annual General Meeting:

**Date:** 30<sup>th</sup> September, 2015

**Time:** 11.00 a.m.

**Address:** 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 054

##### b. Calendar of Financial Year ended 31st March, 2015

The meetings of Board of Directors for approval of quarterly financial results during the Financial Year ended 31<sup>st</sup> March, 2015 were held on the following dates:

**First Quarter Results:** 14<sup>th</sup> August, 2014

**Second Quarter and Half yearly Results:** 14<sup>th</sup> November, 2014

**Third Quarter Results:** 14<sup>th</sup> February, 2015

**Fourth Quarter and Annual Results:** 30<sup>th</sup> May, 2015

##### c. Tentative Calendar for financial year ending 31<sup>st</sup> March, 2016

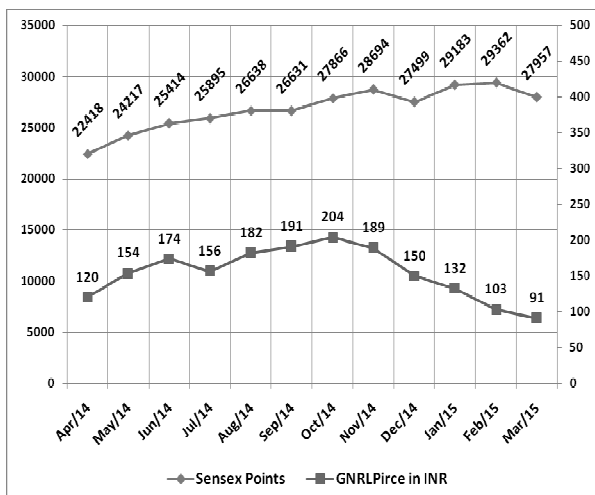
Unaudited Results for the quarter ended 30/06/2015	Second Week of August, 2015
Unaudited Results for the quarter ended 30/09/2015	Second Week of November, 2015
Unaudited Results for the last quarter ended 31/12/ 2015	Second Week of February 2016
Audited Results for the quarter ended 31/03/ 2016	Fourth Week of May 2016

Annual General Meeting for the year ending 31<sup>st</sup> March, 2016

September 30, 2016

- d. **Date of Book Closure**  
24<sup>th</sup> September, 2015 to 30th September, 2015 (both days inclusive) for Annual General Meeting and dividend.
- e. **Regd. Office**  
8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 380 054.
- f. Equity shares of the Company are listed on BSE Limited Stock Exchange.
- g. Scrip Code:- **513536** (BSE), Scrip ID: **GNRL**, ISIN : **INE207H01018**
- h. **Stock Market Data (in ₹ / Per Share)**

Month	The Bombay Stock Exchange Ltd.	
	Month's High	Month's Low
April, 2014	144.00	110.00
May, 2014	170.40	119.75
June, 2014	180.00	147.25
July, 2014	182.60	151.35
August, 2014	204.00	147.90
September, 2014	204.00	150.00
October, 2014	240.95	169.00
November, 2014	217.00	168.15
December, 2014	210.00	127.00
January, 2015	182.00	120.50
February, 2015	153.60	101.70
March, 2015	117.00	76.00



- i. **Share Transfer System**  
Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company, Purva Sharegistry (India) Pvt. Ltd. All valid transfers are processed within 15 days from the date of receipt
- j. **Distribution of Shareholding as on 31<sup>st</sup> March, 2015 is as under:**

Slab of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	Amount (in ₹)	% of Capital
1-500	5603	86.81	1129620	11296200	2.92
501-1000	437	6.77	372760	3727600	0.96
1001-2000	143	2.22	217354	2173540	0.56
2001-3000	48	0.74	122892	1228920	0.32
3001-4000	32	0.50	113960	1139600	0.29
4001-5000	27	0.42	125037	1250370	0.32
5001-10000	51	0.79	369600	3696000	0.95
10001 and above	113	1.75	36300422	363004220	93.67
<b>TOTAL</b>	<b>6454</b>	<b>100.00</b>	<b>38751645</b>	<b>387516450</b>	<b>100.00</b>

- k. **Dematerialization of Shares and liquidity**  
The shares of the company are permitted for demat on NSDL and CDSL

<b>Issued, Subscribed and Paid up Capital as on March 31, 2015</b>	:	38751645
A. Electronic Holding in NSDL	:	13176883
B. Electronic Holding in CDSL	:	23949354
C. Physical Holding	:	1625408

- l. Outstanding GDRs / ADRs / Warrants or Conversion instruments, Conversion date and like impact on equity-** Not applicable
- m. Investors' correspondence:**  
For transfer / dematerialization of shares, Change of Address, Change in Status of investors, payment of dividend on shares and other query relating to the shares of the Company:  
PURVA SHAREGISTRY (INDIA) PVT. LTD. (Unit : Gujarat Natural Resources Limited)  
Shiv Shakti Industrial Estates, Unit No. 9, J. R. Boricha Marg, Lower Parel (E), Mumbai – 400 011.
- n. Share Transfer System**  
Shares in physical form sent for registering transfer, to the Registrar and Shares Transfer Agents, Purva Sharegistry (India) Pvt. Ltd. are registered and returned within a period of 15 days from the date of receipt, if the documents are in order in all respects. The Share Transfer Committee of the Company meets as often as required.

#### **Compliance Certificate of the Auditors**

A Certificate from the Company Secretary in Practice regarding compliance of conditions of corporate Governance as stipulated under clause 49 of the listing Agreement is attached to this Report.

**Place: Ahmedabad**  
**Date: August 14, 2015**

**For and on behalf of the Board**

**SD/-**  
**Shalin A. Shah**  
**Managing Director**  
**(DIN: 00297447)**

#### **DECLARATION**

All Board Members and Senior Management personnel have affirmed compliance with the code of conduct for Directors and Senior Management as approved by the Board.

**Place: Ahmedabad**  
**Date: August 14, 2015**

**For and on behalf of the Board**

**SD/-**  
**Shalin A. Shah**  
**Managing Director**  
**(DIN: 00297447)**

**ANNEXURE – VII TO THE DIRECTORS REPORT****CORPORATE GOVERNANCE CERTIFICATE**

To the Members of the **GUJARAT NATURAL RESOURCES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by GUJARAT NATURAL RESOURCES LIMITED (“the Company”) for the year ended 31st March, 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.

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

**Place : Ahmedabad**  
**Date : August 14, 2015**

**For, Patel & Associates**  
**Company Secretaries**

**Chintan K. Patel**  
**Partner**  
**Mem. No. A31987**  
**COP No. 11959**



**CEO CERTIFICATION**

To,  
The Board of Directors,  
GUJARAT NATURAL RESOURCES LIMITED  
Ahmedabad.

We hereby certify that:

- i. We have reviewed the financial statements and the cash flow statement for the Financial Year 2014-15 and that to the best of our knowledge and belief.
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. 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.
- ii. 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 in violation of the Company's code of conduct.
- iii. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we hereby disclose to the Auditors and the Audit Committee that there have been no inefficiencies in the design or operation of internal controls, prevailing in the company.
- iv. We hereby certify that :
  - a. There have been no significant changes in internal control during the year.
  - b. There have been no significant changes in accounting policies during the year and
  - c. 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 system.

**Place: Ahmedabad**  
**Date: August 14, 2015**

**For and on behalf of the Board**

**SD/-**  
**Shalin A. Shah**  
**Managing Director**  
**(DIN: 00297447)**

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members,  
**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 31<sup>st</sup> March 2015, 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 Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for the ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view 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 the Company's Directors, 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 on the financial statements.

**Emphasis of Matter:**

We draw attention to ;

- a) Point No. 3 in Note No. 19(II) to the financial statements 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 are overstated by the said sum.
- b) Point No. 4 in Note No. 19(II) to the financial statements regarding the company has in past granted/renewed loans and advances to certain parties which have 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.

- c) Further Point No. 5 in Note No. 19(II) to the accompanying financial statements regarding non charging of Interest on Loans & Advances to Related Parties and other parties u/s. 186 of the Companies Act, 2013

**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 31<sup>st</sup> March 2015.
- 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, 2015, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and 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 it appears from our examination of those books.
  - c) The Balance Sheet and Statement of Profit & Loss dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2015, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2015, from being appointed as a Director in terms of Section 164(2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors), Rules 2014, in our opinion and to the best of our information and according to the explanations given to us;
    - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
    - ii) In our opinion and as per the information and explanations provides to us, the company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses, and
    - iii) There are no outstanding amount which is required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Place : Ahmedabad  
Date : 30.05.2015

**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.**

- 1.1 The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets on the basis of available information.
- 1.2 We are informed that all the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
2. The company's activities are such that this clause of the aforesaid order is not applicable to the company.
3. According to the information and explanations given to us, the company has granted Interest free unsecured loans to parties covered in the Register maintained under Section 189 of the Companies Act.
  - 3.1 In respect of the aforesaid loans, the parties are repaying the principal amounts, as stipulated.
  - 3.2 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 Para 3 above.
4. In our opinion and according to the information and explanation given to us, 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 not observed any continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanation given to us, the Company has not accepted any deposits in terms of directives issued by Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and rules framed there under.
6. Maintenance of cost records has not been prescribed by the central government under sub-section (1) of section 148 of the Companies Act, for the activities of the company.
  - 7.1. The company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and we have been informed that there are no arrears of outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.
  - 7.2 According to the information and explanations given to us and record of the Company disputed amount payable in respect of Income tax not deposited with the appropriate authorities are as under:

<b>Name of Statue</b>	<b>Nature of Dues</b>	<b>Disputed Amount Rs.</b>	<b>Period to which the amount Relates</b>	<b>Forum where dispute is pending</b>
Income Tax Act	Income Tax	7,77,730/-	A.Y. 2012-13	CIT (Appeal), Ahmedabad

- 7.3 According to the information and explanation given to us, there are no outstanding amounts that are required to be transferred to investor Education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and Rules made thereunder.
8. The Company has no accumulated losses at the end of the financial year under audit. The company has not incurred any cash losses during the financial year covered under audit, and also during immediately preceding financial year.
9. Since the company has not availed any financial assistance from Bank and / or financial institution and also not issued any debentures, this clause is not applicable.

10. In our opinion, and according to information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.
11. According to the information and explanations given to us, no term loans were obtained during the year under audit.
12. 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.

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

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

Place : Ahmedabad  
Date : 30.05.2015

**BALANCE SHEET AS AT 31ST MARCH, 2015**

Particulars	Note No	As at 31st March, 2015	As at 31st March, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	1	387,516,450.00	387,516,450.00
(b) Reserves and Surplus	2	440,291,201.01	438,737,554.65
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings		—	—
(b) Deferred Tax Liability (Net)		—	—
(c) Other Long-term Liabilities		—	—
(d) Long-term Provisions		—	—
<b>3 Current Liabilities</b>			
(a) Short-term borrowings	3	19,703,505.60	25,200,905.60
(b) Trade Payable		81,259,457.40	90,458,296.40
(c) Other Current Liabilities	4	1,182,870.00	2,545,416.00
(d) Short-term Provisions	5	5,018,001.55	10,951,107.05
<b>TOTAL RS...</b>		<b>934,971,485.56</b>	<b>955,409,729.70</b>
<b>II. ASSETS</b>			
<b>1 Non-current Assets</b>			
(a) Fixed Assets	6		
- Tangible Assets		12,448,160.74	13,985,812.27
- Intangible Assets		11,905.41	15,206.16
(b) Non-current investments	7	154,350,000.00	154,350,000.00
(c) Long-term loans and advances	8	46,385,956.00	55,682,879.00
(d) Other non-current assets	9	22,720,880.00	26,050,880.00
<b>2 Current Assets</b>			
(a) Current Investments		—	—
(b) Inventories		—	—
(c) Trade Receivables	10	73,974,826.40	84,368,966.40
(d) Cash and Cash Equivalents	11	2,897,490.01	5,441,883.87
(e) Short-term Loans and Advances	12	622,182,267.00	615,514,102.00
(f) Other Current Assets		—	—
<b>TOTAL RS...</b>		<b>934,971,485.56</b>	<b>955,409,729.70</b>
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 : 30.05.2015

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**SHALIN A SHAH**  
MANAGING DIRECTOR  
DIN : 00297447

PLACE : AHMEDABAD  
DATE : 30.05.2015

**ASHOK C SHAH**  
DIRECTOR  
DIN : 02467830

**SHEETAL PANDYA**  
COMPANY SECRETARY

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

Particulars	Note No	As at 31st March, 2015	As at 31st March, 2014
<b>I. INCOME</b>			
<b>Revenue from operations</b>	13	3,505,281.60	26,811,224.00
<b>II Other Income</b>	14	7,477,894.00	12,140,062.00
<b>III Total Revenue (I + II)</b>		<b>10,983,175.60</b>	<b>38,951,286.00</b>
<b>IV Expenses</b>			
- Employee benefits expenses	15	2,412,500.00	1,848,260.00
- Finance Costs	16	832.36	100.00
- Depreciation and amortization expense		256,713.00	304,058.75
- Other Expenses	17	3,180,439.60	21,313,622.80
<b>Total Expenses</b>		<b>5,850,484.96</b>	<b>23,466,041.55</b>
<b>V Profit before tax (III - IV)</b>		<b>5,132,690.64</b>	<b>15,485,244.45</b>
<b>VI Exceptional Items</b>	18	1,870,000.00	—
		<b>7,002,690.64</b>	<b>15,485,244.45</b>
<b>VI Tax Expenses :</b>			
- Current Tax		289,640.00	970,600.00
<b>VII Profit / (Loss) for the year (V - VI)</b>		<b>6,713,050.64</b>	<b>14,514,644.45</b>
<b>VIII Earnings per Equity Share of Rs. 10 each</b>			
<b>Basic/Diluted</b>		<b>0.17</b>	<b>0.37</b>
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 : 30.05.2015

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHALIN A SHAH  
MANAGING DIRECTOR  
DIN : 00297447

PLACE : AHMEDABAD  
DATE : 30.05.2015

ASHOK C SHAH  
DIRECTOR  
DIN : 02467830

SHEETAL PANDYA  
COMPANY SECRETARY

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

PARTICULARS	As at	
	31st March, 2015	31st March, 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	<b>7,002,690.64</b>	<b>15,485,244.45</b>
DIVIDEND INCOME	5,659,500.00	10,290,000.00
INTEREST INCOME	1,552,520.00	1,716,191.00
	(209,329.36)	3,479,053.45
<b>NON CASH ADJUSTMENT FOR-</b>		
DEPRECIATION AND AMORTIZATION EXPENSES	256,713.00	304,058.75
<b>Operating Profit/(Loss) before working capital changes</b>	<b>47,383.64</b>	<b>3,783,112.20</b>
INCREASE/(DECREASE) IN SHORT TERM BORROWING	(5,497,400.00)	(2,435,457.40)
INCREASE/(DECREASE) IN SHORT TERM PROVISION	54,323.00	39,395.00
INCREASE/(DECREASE) IN OTHER CURRENT LIABILITIES	(1,362,546.00)	1,768,932.00
INCREASE/(DECREASE) IN OTHER NON CURRENT ASSETS	3,330,000.00	-
INCREASE/(DECREASE) IN TRADE PAYABLE	(9,198,839.00)	90,458,296.40
(INCREASE)/DECREASE IN TRADE RECEIVABLE	10,394,140.00	15,805,860.00
(INCREASE)/DECREASE IN LONG TERM LOANS & ADVANCES	9,296,923.00	(1,496,775.00)
(INCREASE) /DECREASE IN SHORT TERM LOANS & ADVANCES	(6,668,165.00)	(111,671,384.00)
<b>Cash generated from operations</b>	<b>395,819.64</b>	<b>(3,748,020.80)</b>
<b>INCOME TAX PAID</b>	(970,600.00)	
DIVIDEND PAID	(9,181,633.50)	(3,708,963.70)
<b>[ A ] Net cash flow from operating activities</b>	<b>(9,756,413.86)</b>	<b>(7,456,984.50)</b>
<b>Cash Flow from Investing activity</b>		
PURCHASE OF FIXED ASSET	-	(54,000.00)
DIVIDEND INCOME FROM SUBSIDIARY	5,659,500.00	10,290,000.00
<b>[ B ] Net Cash from Investing activity</b>	<b>5,659,500.00</b>	<b>10,236,000.00</b>
<b>Cash Flow from Finance activity</b>		
INTEREST INCOME	1,552,520.00	1,716,191.00
<b>[ C ] Net Cash used in financing activity</b>	<b>1,552,520.00</b>	<b>1,716,191.00</b>
<b>NET INCREASE(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(2,544,393.86)</b>	<b>4,495,206.50</b>
<b>OPENING CASH AND BANK BALANCE</b>	<b>5,441,883.87</b>	<b>946,677.37</b>
<b>CLOSING CASH AND BANK BALANCE</b>	<b>2,897,490.01</b>	<b>5,441,883.87</b>

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

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

PLACE : AHMEDABAD  
DATE : 30.05.2015

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SHALIN A SHAH  
MANAGING DIRECTOR  
DIN : 00297447

PLACE : AHMEDABAD  
DATE : 30.05.2015

ASHOK C SHAH  
DIRECTOR  
DIN : 02467830

SHEETAL PANDYA  
COMPANY SECRETARY



**NOTES TO THE FINANCIAL STATEMENTS****Note - 1 : SHARE CAPITAL**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>1.</b>	<b>AUTHORISED CAPITAL</b>		
-	4,00,00,000 Equity Shares of Rs. 10/- each	400,000,000.00	400,000,000.00
<b>2.</b>	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
-	3,87,51,645 Equity Shares of Rs.10/- each, fully paid.	387,516,450.00	387,516,450.00
		<b>387,516,450.00</b>	<b>387,516,450.00</b>

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, 2015		As at 31st March, 2014	
	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
— Blowing Traders Private Limited	2,149,986	5.55	2,149,992	5.55

**Note - 2 : RESERVES & SURPLUS**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>(a)</b>	<b>Securities Premium Account</b>		
	Balance as per last Balance Sheet	433,333,445.00	433,333,445.00
<b>(b)</b>	<b>Revaluation Reserve</b>		
	Balance as per last Balance Sheet	528,682.75	528,682.75
<b>(c)</b>	<b>Surplus in Statement of Profit &amp; Loss</b>		
	Opening Balance	4,875,426.90	48,693.70
	Less : Transitional provision for Depreciation	(1,284,239.28)	—
	Less : Proposed Dividend	(3,875,165.00)	9,687,911.25
	Add/(Less) : Net Profit/ (Net Loss) for the year	6,713,050.64	14,514,644.45
	Closing Balance	<b>6,429,073.26</b>	<b>4,875,426.90</b>
		<b>440,291,201.01</b>	<b>438,737,554.65</b>

**Note - 3 : SHORT TERM BORROWINGS**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>I.</b>	<b>UNSECURED</b>		
-	From Subsidiary Company	19,703,505.60	25,200,905.60
		<b>19,703,505.60</b>	<b>25,200,905.60</b>

**Note - 4 : OTHER CURRENT LIABILITIES**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
1	Statutory Dues	60,371.00	1,728,157.00
2	Other Payables	1,122,499.00	817,259.00
		<b>1,182,870.00</b>	<b>2,545,416.00</b>

**Note - 5 : SHORT TERM PROVISIONS**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
1	Provision for employee benefits	180,718.00	126,395.00
2	Proposed Dividend	4,547,643.55	9,854,112.05
3	Provision for Taxation	289,640.00	970,600.00
		<b>5,018,001.55</b>	<b>10,951,107.05</b>

**NOTE - 6 FIXED ASSETS**

	GROSS BLOCK				DEPRECIATION			NET BLOCK			
	As at		As at		As at	Transitional	During the	Up to	As at		
	01.04.2014	Additions	Deduction	31.03.2015					01.04.2014	Year	31.03.2015
<b>A) Tangible Assets</b>											
1	Plant & Machinery	658,064.00	-	-	658,064.00	123,954.32	(534,109.68)	-	658,064.00	534,109.68	0.00
2	Office Premises	14,207,936.00	-	-	14,207,936.00	1,338,085.99	(324,695.67)	218,669.00	1,881,450.66	12,869,850.01	12,326,485.34
3	Furniture & Fixture	1,244,503.00	-	-	1,244,503.00	1,244,502.00	81,137.91	18,649.00	1,182,013.09	1.00	62,489.91
4	Office Equipment	787,900.00	-	-	787,900.00	256,096.84	(492,408.00)	0.00	748,504.84	531,803.16	39,395.16
5	Computer	84,950.00	-	-	84,950.00	37,046.38	(12,894.59)	16,381.00	66,321.97	47,903.62	18,628.03
6	Cycle	2,700.00	-	-	2,700.00	555.20	(726.50)	256.00	1,537.70	2,144.80	1,162.30
	<b>Total - A</b>	<b>16,986,053.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16,986,053.00</b>	<b>3,000,240.73</b>	<b>(1,283,696.53)</b>	<b>253,955.00</b>	<b>4,537,892.26</b>	<b>13,985,812.27</b>	<b>12,448,160.74</b>
<b>B) Intangible Assets</b>											
1	Software	17,500.00	-	-	17,500.00	2,293.84	(542.75)	2,758.00	5,594.59	15,206.16	11,905.41
	<b>Total - B</b>	<b>17,500.00</b>	<b>0.00</b>	<b>0.00</b>	<b>17,500.00</b>	<b>2,293.84</b>	<b>(542.75)</b>	<b>2,758.00</b>	<b>5,594.59</b>	<b>15,206.16</b>	<b>11,905.41</b>
	<b>Total</b>	<b>17,003,553.00</b>	<b>0.00</b>	<b>0.00</b>	<b>17,003,553.00</b>	<b>3,002,534.57</b>	<b>(1,284,239.28)</b>	<b>256,713.00</b>	<b>4,543,486.85</b>	<b>14,001,018.43</b>	<b>12,460,066.15</b>
	Previous years	16,946,553.00	54,000.00	-	17,000,553.00	2,698,475.82	0.00	304,058.75	3,002,534.57	14,251,077.18	14,001,018.43

**Note - 7 : NON-CURRENT INVESTMENTS**

Sr. No.	Particulars	No. of Shares 2015	No. of Shars 2014	As at 31st March, 2015	As at 31st March, 2014
<b>A)</b>	<b>OTHER INVESTMENT - NON TRADE</b>				
	<b>I) Investment in Equity Shares</b>				
	<b>a) Subsidiary Company</b>	10,290,000	10,290,000	154,350,000.00	154,350,000.00
	- Sigma Oil & Gas Pvt. Ltd. (Shares of Rs. 10/- each)				
				<b>154,350,000.00</b>	<b>154,350,000.00</b>
	<b>Book value of Unquoted Investment</b>			<b>154,350,000.00</b>	<b>154,350,000.00</b>

**Note - 8 : LONG TERM LOANS AND ADVANCES**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>A</b>	<b>Deposits</b>		
	Unsecured, Considered good	5,797,152.00	5,797,152.00
<b>B</b>	<b>Other Loans and Advances (Unsecured, Considered good)</b>		
	— Capital Advances	875,000.00	875,000.00
	— Share Application Money	—	12,500,000.00
	— Balance with Government Authority	1,964,828.00	159,019.00
	— Other Advances	37,748,976.00	36,351,708.00
		<b>46,385,956.00</b>	<b>55,682,879.00</b>

**Note - 9 : OTHER NON-CURRENT ASSETS**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
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.	15,912,910.00	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
		<b>22,720,880.00</b>	<b>26,050,880.00</b>

**Note - 10 : TRADE RECEIVABLES**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>A)</b>	<b>Trade receivables outstanding for a period exceeding Six months from the date they are due for payment</b>		
1	Unsecured, considered good	73,974,826.40	73,974,826.40
<b>B)</b>	<b>Trade receivables outstanding for a period less than Six months from the date they are due for payment</b>		
1	Unsecured, considered good	—	10,394,140.00
		<b>73,974,826.40</b>	<b>84,368,966.40</b>

**Note - 11 : CASH AND CASH EQUIVALENTS**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>I.</b>	<b>Cash and Bank Balances</b>		
a.	Balances with Banks		
	- In Current Account	812,046.01	4,767,520.87
b.	Cash on hand	2,085,444.00	674,363.00
		<b>2,897,490.01</b>	<b>5,441,883.87</b>

**Note - 12 : SHORT TERM LOANS AND ADVANCES**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>B)</b>	<b>Other Loans &amp; Advances - Unsecured, considered good</b>		
—	Advance Tax and TDS	505,780.00	2,911,507.00
—	Loan to Subsidiary Company	417,443,885.00	431,073,885.00
—	Loan to Corporate Body	110,046,000.00	92,266,000.00
—	Loan to Related Parties	94,185,102.00	89,261,210.00
—	Other Advances	1,500.00	1,500.00
		<b>622,182,267.00</b>	<b>615,514,102.00</b>

**Note - 13 : REVENUE FROM OPERATIONS**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
	<b>Sale of Services</b>		
—	Tender Support services	3,505,281.60	26,811,224.00
		<b>3,505,281.60</b>	<b>26,811,224.00</b>
	<b>Tax deducted at source</b>	<b>350,528.00</b>	<b>2,766,682.00</b>

**Note - 14 : OTHER INCOME**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
1	Accounts written off	—	8,831.00
2	Interest Income	1,552,520.00	1,716,191.00
3	Dividend Income	5,659,500.00	10,290,000.00
4	Interest on income tax refund	12,822.00	19,194.00
5	Prior Period Income	253,052.00	—
6	Other Income	—	105,846.00
		<b>7,477,894.00</b>	<b>12,140,062.00</b>
	<b>Tax deducted at source on Interest Income</b>	<b>155,252.00</b>	<b>144,825.00</b>

**Note - 15 : EMPLOYEE BENEFITS EXPENSE**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
1	Salaries, Wages, Bonus etc	2,412,500.00	1,848,260.00
		<b>2,412,500.00</b>	<b>1,848,260.00</b>

**Note - 16 : FINANCE COSTS**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
1	Bank charges	832.36	100.00
		<b>832.36</b>	<b>100.00</b>

**Note - 17 : OTHER EXPENSES**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
1	Audit Fees	125,000.00	125,000.00
2	Communication Exp.	130,190.00	104,686.58
3	Legal & Professional Exp.	779,830.00	1,015,141.00
4	Income Tax & Interest on Income Tax	73.00	8,098.00
5	Consultancy Fees	1,800,256.00	19,739,921.00
6	Repair & Maintenance		
	— Others	38,730.00	63,975.00
7	Travelling, Conveyance & Vehicle Exp.	31,220.00	18,818.00
8	Miscellaneous expenses	275,140.60	237,983.22
		<b>3,180,439.60</b>	<b>21,313,622.80</b>

**Note - 18 : EXCEPTIONAL ITEMS**

Sr. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
1	Recovery of Managarial Remuneration (*)	1,870,000.00	—
		<b>1,870,000.00</b>	<b>—</b>

(\*) The Company has recovered Remuneration paid to Mr. Ashok C. Shah as Managing Director for the Period 1998 to 2010 for making application for Compounding of an offence u/s. 269, 309 of the Companies Act, 1956

Schedules forming Part of the Accounts for the year ended 31<sup>st</sup> March 2015

## NOTE - 19

## NOTES TO THE ACCOUNTS:

## I. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Preparation:**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the national Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) of Companies Act, 1956 (Companies (Accounting Standards) Rules, 2006 as amended) and other relevant provisions of the Companies Act, 2013.

b) **USE OF ESTIMATES:**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/materialised

c) **Fixed Assets and Depreciation :**

## (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 has been provided on S.L.M Method at rates for single shift specified in Part-C of Schedule - II of the Companies Act, 2013.

d) **Borrowing Costs:**

Borrowing cost attributable to acquisition, construction or production of qualifying assets are capitalized 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.

e) **Investments (Long Term):**

The investments in shares are shown at cost.

f) **Revenue Recognition:**

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

g) **Employee Benefits :**

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.

h) **Foreign Exchange Transactions :**

This accounting standard is not applicable

i) **Amortization of Miscellaneous Expenditure:**

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

j) **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 not recognized since there is negligible effect using the tax rates that have been enacted or substantially enacted by the balance sheet date as per the Accounting Standard – 22.

**k) Prior Period Adjustment :**

Expense and income pertaining to earlier/previous year are accounted as prior period item.

**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 and Contingent Liabilities :**

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. A contingent liability is disclosed when the company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed in the Financial Statements.

**o) Impairment of assets:**

Impairment loss is charged to the Profit and Loss Account in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognized in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

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

**1. Contingent liabilities not provided for :**

Demand of Rs. 7,77,730/- for the accounting year 2011-12 raised by Income Tax Authorities, which is disputed by the Company.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for in the Accounts (net of advances) **NIL**

3. **Sundry debtors over six months included Rs. 739.71 lacs non-performing in nature.** In the opinion of the Directors, they are good and recoverable. The Directors are hopeful of getting recoveries in the next year as present market conditions are not favourable. **However in the opinion of the 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.

4. 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.**

5. During the year the company has granted loan of Rs. 5116.29 lacs to the related parties and Rs. 1269.93 lacs to other parties without charging any interest as required under the provision of Section 186 of the Companies Act, 2013. In absence of rate of interest, the amount of the income foregone on such advances could not be quantified in this regard.

**6. Amount Paid / Payable to Auditors :**

(Rs. In Lacs)

Particulars	2014-15	2013-14
Audit Fees	1.00	1.00
Tax Audit Fees	0.25	0.25
For other Services	2.80	0.75
<b>Total</b>	<b>4.05</b>	<b>2.00</b>

## 7. 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 31.03.2015	Maximum amount due at any one time during the year	Amount outstanding as on 31.03.2014
a) Loans and advances				
i) Loans and advances in the nature of loan made to subsidiary company	—	—	—	—
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	Sigma Oil & Gas Pvt. Ltd.	4174.44	4310.74	4310.74
	Lesha Industries Limited	49.94	941.85	892.61
iv) Loans and advances in the nature of loans made to firms/ companies in which directors of the Company are interested	Lesha Industries Limited	49.94	941.85	892.61
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				



8. 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.
9. 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.
10. **Short Term Loans & Advances includes:**

	(Rs. In lacs)	
	F.Y. 2014-15	F.Y. 2013-14
Amount due from Subsidiary Company	4174.44	4310.74

11. **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.

12. **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).

Sr. Particulars	F.Y. 2014-15	F.Y. 2013-14
a) Net Profit / (Loss) after Tax available for Equity Shareholders (Rupees)	67,13,051	1,45,14,644
b) Weighted average number of Shares at beginning	3,87,51,645	3,87,51,645
c) Basic and Diluted Earning per Share (Rupees)	<b>0.17</b>	<b>0.37</b>

13. **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
7. Sarika Kulkarni

**Enterprises where KMP exercise significant influence**

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 Limited (Formerly known as Heramec Ltd)
4. Heramec Oil & Gas (Singapore) Pte Ltd
5. Alkor Petro Overseas Ltd
6. Gorlas Global Energy PLC

- b) Transactions that have taken place during the period April 1, 2014 to March 31, 2015 with related parties by the company.

(Rs. in Lacs)

Name of the Related Parties with whom the transaction have been made	Nature of Transaction	F.Y. 2014-15	
		During the year	Amount Outstanding
Shalin A.Shah	Remuneration	7.50	—
Leshia Industries Ltd	Loan Granted	49.94	
	Loan Recovered	0.70	941.85
GNRL Oil & Gas Ltd	Loan Taken	27.03	
	Loan Repaid	82.00	
	Sale of Services	35.05	197.04
Sigma Oil & Gas P. Ltd.	Loan Recovered	136.30	4174.44
	Interim Dividend	56.60	

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

14. Earning & Expenditure in Foreign Exchange : NIL
15. 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 could not be provided.
16. 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 : 30.05.2015

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**SHALIN A SHAH**  
**MANAGING DIRECTOR**  
**DIN : 00297447**

PLACE : AHMEDABAD  
DATE : 30.05.2015

**ASHOK C SHAH**  
**DIRECTOR**  
**DIN : 02467830**

**SHEETAL PANDYA**  
**COMPANY SECRETARY**

**INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To,  
The Members,  
**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 31<sup>st</sup> March 2015, 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. (hereinafter referred to as Consolidated Financial Statements)

**Management's Responsibility for the Consolidated Financial Statements :**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of the Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for the ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility :**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the other Matters paragraph below, is sufficient and appropriate to provide for our audit opinion on the Consolidated Financial Statement.

**Emphasis of Matter:**

We draw attention to ;

- a) Point No. 13 in Note No. 26(II) to the financial statements 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 are overstated by the said sum.
- b) Point No. 14 in Note No. 26(II) to the financial statements regarding the company has in past granted/ renewed loans and advances to certain parties which have 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.
- c) Further Point No. 15 in Note No. 26(II) to the accompanying financial statements regarding non charging of Interest on Loans & Advances to Related Parties and other parties u/s. 186 of the Companies Act, 2013

**Opinion :**

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 Consolidated Balance Sheet, of the state of affairs of the Group at 31<sup>st</sup> March 2015.
- ii) In the case of Consolidated Statement of Profit & Loss, of the Profit for the year ended on that date and,
- iii) In the case of Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

**Other Matter**

- i) In case of GNRL Oil & Gas Limited, the auditor express his opinion – 1) Note No. 3 regarding Share application money pending allotment. 2) Point No. 11.3 in Note No. 26(II) about two joint venture which are under exploration and development phase, 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 OMN 2004/4) from the operator, ONGC. The effect of the same on the financial statements cannot be qualified.
- 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 by the Management 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. 4729.10 lacs as at 31<sup>st</sup> March, 2015, the total revenue of Rs. 1962.18 lacs and net profit of Rs. 234.71 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. 15.41 lacs as at March, 31, 2015, total revenue of Rs. NIL and net loss of Rs. 3.37 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.

**Report on other Legal and Regulatory Requirements :**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the holding company, its subsidiaries, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid Consolidated financial statement have been kept so far it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the Directors of the holding company as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors of the holding company and the reports of the statutory auditors of the subsidiary companies, none of the Directors is disqualified as on 31<sup>st</sup> March, 2015, from being appointed as a Director in terms of Section 164(2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors), Rules 2014, in our opinion and to the best of our information and according to the explanations given to us as well as based on the report of statutory auditors of subsidiaries companies;
    - i) The consolidated financial statements disclosed the impact of pending litigations on the consolidated financial position of the holding company and subsidiaries companies.
    - ii) The Holding Company and its subsidiary companies did not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses, and
    - iii) There are no outstanding amount which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and in case of its subsidiary companies incorporated in India, it is not applicable at present.

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

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

Place : Ahmedabad  
Date : 30.05.2015

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015**

Particulars	Note No	As at 31st March, 2015	As at 31st March, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	1	387,516,450.00	387,516,450.00
(b) Reserves and Surplus	2	467,599,034.49	457,603,503.78
(c) Share Application Money	3	38,801,925.00	38,801,925.00
<b>2 Non-Current Liabilities</b>			
(a) Long-term Borrowings	4	107,871,903.00	45,936,018.00
(b) Deferred Tax Liabilities	5	35,554,872.00	39,140,235.00
(c) Other Long-term Liabilities	6	261,121,629.00	200,056,064.00
(d) Long-term Provisions	7	2,654,532.00	6,915,776.00
<b>3 Current Liabilities</b>			
(a) Short-term borrowings	8	42,654,332.00	34,046,101.00
(b) Trade Payables	9	98,399,668.81	158,671,672.67
(c) Other Current Liabilities	10	40,140,437.17	44,614,757.75
(d) Short-term Provisions	11	20,323,102.55	27,014,902.20
<b>TOTAL RS...</b>		<b>1,502,637,886.02</b>	<b>1,440,317,405.40</b>
<b>II. ASSETS</b>			
<b>1 Non-current Assets</b>			
(a) Fixed Assets	12		
— Tangible Assets		214,167,193.74	233,395,309.27
— Intangible Assets		138,998,127.08	164,606,515.18
— Capital Work in Progress		558,660,482.00	436,712,245.00
(b) Long-term loans and advances	13	78,190,471.49	96,033,229.75
(c) Other non-current assets	14	27,667,505.00	27,149,623.00
<b>2 Current Assets</b>			
(a) Inventories	15	28,814,106.00	28,676,712.00
(b) Trade Receivables	16	92,936,141.40	97,809,973.40
(c) Cash and Cash Equivalents	17	112,433,668.31	128,154,382.80
(d) Short-term Loans and Advances	18	250,770,191.00	227,779,415.00
<b>TOTAL RS...</b>		<b>1,502,637,886.02</b>	<b>1,440,317,405.40</b>
The notes form an integral part of these financial statements	26	-	-

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

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

PLACE : AHMEDABAD  
DATE : 30.05.2015

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**SHALIN A SHAH**  
**MANAGING DIRECTOR**  
DIN : 00297447

PLACE : AHMEDABAD  
DATE : 30.05.2015

**ASHOK C SHAH**  
**DIRECTOR**  
DIN : 02467830

**SHEETAL PANDYA**  
**COMPANY SECRETARY**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31ST MARCH, 2015**

Particulars	Note No	As at 31st March, 2015	As at 31st March, 2014
<b>I. INCOME</b>			
<b>Revenue from operations</b>	19	139,010,765.60	129,775,527.00
<b>II Other Income</b>	20	68,190,365.00	36,982,251.63
<b>III Total Revenue (I + II)</b>		<b>207,201,130.60</b>	<b>166,757,778.63</b>
<b>IV Expenses</b>			
- Changes in Inventories of Finished goods,	21	77,293.00	87,034.00
- Employee benefits expenses	22	14,056,560.00	9,307,351.00
- Finance Costs	23	52,953,065.36	12,497,577.17
- Depreciation and amortization expense		51,916,812.00	26,984,062.75
- Other Expenses	24	60,014,141.25	73,548,554.92
<b>Total Expenses</b>		<b>179,017,871.61</b>	<b>122,424,579.84</b>
<b>V Profit before Exceptional Items and Tax</b>		<b>28,183,258.99</b>	<b>44,333,198.80</b>
<b>VI Exceptional Items</b>	25	1,870,000.00	—
<b>VII Profit before Tax</b>		<b>30,053,258.99</b>	<b>44,333,198.80</b>
<b>VIII Tax Expenses :</b>			
- Current Tax		3,471,443.00	9,622,306.00
- Deferred Tax		(3,535,687.00)	(7,716,793.00)
- Short Provision of Income Tax for earlier years			(1,612,685.00)
		<b>(64,244.00)</b>	<b>292,828.00</b>
<b>IX Profit / (Loss) for the year</b>		<b>30,117,502.99</b>	<b>44,040,370.80</b>
<b>VIII Earnings per Equity Share of Rs. 10 each</b>			
<b>Basic/Diluted</b>		<b>0.78</b>	<b>1.14</b>

The notes form an integral part of these financial statements 26

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

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

PLACE : AHMEDABAD  
DATE : 30.05.2015

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**SHALIN A SHAH**  
**MANAGING DIRECTOR**  
DIN : 00297447

PLACE : AHMEDABAD  
DATE : 30.05.2015

**ASHOK C SHAH**  
**DIRECTOR**  
DIN : 02467830

**SHEETAL PANDYA**  
**COMPANY SECRETARY**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

PARTICULARS	As at	
	31st March, 2015	31st March, 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	<b>30,053,258.99</b>	<b>44,333,198.80</b>
<b>ADJUSTMENTS FOR-</b>		
DEPRECIATION AND AMORTIZATION EXPENSES	51,916,812.00	26,984,062.75
DIVIDEND INCOME	(13,159,500.00)	(24,128,786.00)
ADJUSTMENT DUE TO CONSOLIDATION	(4,054,719.30)	(9,920,460.22)
PROFIT ON SALE OF FIXED ASSETS	(141,671.00)	-
INTEREST INCOME	(53,888,708.00)	(10,690,550.00)
<b>Operating Profit/(Loss) before working capital changes</b>	<b>10,725,472.69</b>	<b>26,577,465.33</b>
INCREASE/(DECREASE) IN SHORT TERM BORROWING	8,608,231.00	(26,444,459.00)
INCREASE/(DECREASE) IN TRADE PAYABLES	(60,272,003.86)	130,359,457.79
INCREASE/(DECREASE) IN LONG TERM PROVISION	(4,261,244.00)	(250,043.00)
INCREASE/(DECREASE) IN SHORT TERM PROVISION	(1,385,331.15)	11,253,374.59
INCREASE/(DECREASE) IN OTHER CURRENT LIABILITIES	(4,474,320.58)	9,125,114.50
INCREASE/(DECREASE) IN OTHER LONG TERM LIABILITIES	61,065,565.00	(15,698,425.00)
(INCREASE)/DECREASE IN INVENTORIES	(137,394.00)	(1,209,813.00)
(INCREASE)/DECREASE IN TRADE RECEIVABLE	4,873,832.00	26,973,277.00
(INCREASE)/DECREASE IN LONG TERM LOANS & ADVANCES	17,842,758.26	9,408,782.80
(INCREASE) /DECREASE IN SHORT TERM LOANS & ADVANCES	(22,990,776.00)	23,840,793.00
(INCREASE) /DECREASE IN OTHER NON-CURRENT ASSETS	(517,882.00)	(595,188.00)
<b>Cash generated from operations</b>	<b>9,076,907.36</b>	<b>193,340,337.01</b>
<b>[ A ] Net cash flow from operating activities</b>	<b>9,076,907.36</b>	<b>193,340,337.01</b>
<b>Cash Flow from Investing activity</b>		
PURCHASE OF FIXED ASSETS	(9,647,298.00)	(26,854,902.00)
INCREASE IN CAPITAL WORK IN PROGRESS	(121,948,237.00)	(97,578,305.00)
DIVIDEND INCOME	13,159,500.00	24,128,786.00
SALE OF FIXED ASEETS	1,959,000.00	—
INTEREST INCOME	53,888,708.00	10,690,550.00
<b>[ B ] Net Cash from Investing activity</b>	<b>(62,588,327.00)</b>	<b>(89,613,871.00)</b>
<b>Cash Flow from Finance activity</b>		
CORPORATE DIVIDEND PAID AND DIVIDEND TAX	(24,145,179.05)	(29,752,736.50)
INCREASE IN LONG TERM BORROWINGS	61,935,885.00	35,591,655.00
<b>[ C ] Net Cash used in financing activity</b>	<b>37,790,705.95</b>	<b>5,838,918.50</b>
<b>NET INCREASE(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(15,720,713.69)</b>	<b>109,565,384.51</b>
<b>OPENING CASH AND BANK BALANCE</b>	<b>128,154,382.00</b>	<b>18,588,997.49</b>
<b>CLOSING CASH AND BANK BALANCE</b>	<b>112,433,668.31</b>	<b>128,154,382.00</b>

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  
DIN : 00297447

ASHOK C SHAH  
DIRECTOR  
DIN : 02467830

SHEETAL PANDYA  
COMPANY SECRETARY

PLACE : AHMEDABAD  
DATE : 30.05.2015

PLACE : AHMEDABAD  
DATE : 30.05.2015



**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS****Note - 1 : SHARE CAPITAL**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>1.</b>	<b>AUTHORISED CAPITAL</b>		
-	4,00,00,000 Equity Shares of Rs. 10/- each	400,000,000.00	400,000,000.00
<b>2.</b>	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
-	3,87,51,645 Equity Shares of Rs.10/- each, fully paid.	387,516,450.00	387,516,450.00
		<b>387,516,450.00</b>	<b>387,516,450.00</b>

- 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
— Blowing Traders Private Limited	2,149,992	5.55	2,149,992	5.55

**Note - 2 : RESERVES & SURPLUS**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>(a)</b>	<b>Securities Premium Account</b>		
	Balance as per last Balance Sheet	515,331,551.00	515,331,551.00
<b>(b)</b>	<b>Capital Reserve</b>		
	Balance as per last Balance Sheet	20,109,545.00	20,109,545.00
<b>(d)</b>	<b>Revaluation Reserve</b>		
	Balance as per last Balance Sheet	528,682.75	528,682.75
<b>(e)</b>	<b>Surplus in Statement of Profit &amp; Loss</b>		
	Opening Balance	(78,366,274.97)	(86,841,162.52)
	Add/(Less) : Interim Dividend	(17,034,665.00)	(33,816,697.25)
	Transitional provision for Depreciation	(1,955,740.28)	—
	Dividend Dist. Tax	(1,131,567.00)	(1,748,786.00)
	Add/(Less) : Net Profit/ (Net Loss) for the year	30,117,502.99	44,040,370.80
	Closing Balance	<b>(68,370,744.26)</b>	<b>(78,366,274.97)</b>
		<b>467,599,034.49</b>	<b>457,603,503.78</b>

**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, 2015	31st March, 2014
<b>I.</b>	<b>SECURED *</b>		
—	Kotak Mahindra Prima Ltd. - Innova Car Loan	669,545.00	816,088.00
—	Kotak Mahindra Prima Ltd. - Mahindra Bolero Loan	280,177.00	337,079.00
—	Corporation Bank.- Mahindra Bolero Loan	602,775.00	—
—	Corporation Bank.	2,812,765.00	—
—	ICICI Bank - Car Loan	—	1,663,327.00
<b>II</b>	<b>UNSECURED</b>		
—	From Related Parties	20,000,000.00	26,511,764.00
—	Other Loans	83,506,641.00	16,607,760.00
		<b>107,871,903.00</b>	<b>45,936,018.00</b>

(\* ) 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		2015-16	2016-18	2018-2020
1	Kotak Mahindra Prime Ltd. - Innova Car Loan (10%) (No. of Outstanding Installments-39)	252,287	587,455	82,090
2	Kotak Mahindra Prime Ltd.- Mahindra Bolero Loan (10.86%) (No. of Outstanding Installments-39)	104,253	245,576	34,601
3	Corporation Bank.- Mahindra Bolero Loan (10.65%) (No. of Outstanding Installments -60)	97,225	261,762	341,013
	<b>TOTAL</b>	<b>453,765.00</b>	<b>1,094,793.00</b>	<b>457,704.00</b>

The company has taken unsecured loans from directors, related parties of Key Managerial Personnel, Inter Corporate Deposit (ICD) and others at the interest rate of 0% to 24% p.a. on terms and conditions as agreed between management and parties. 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.

**Note - 5 : DEFERRED TAX LIABILITIES (NET)**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>A)</b>	<b>Deferred Tax Liabilities</b>		
—	On excess of WDV as per Books over WDV as per IT	36,470,542.00	40,029,586.00
		<b>36,470,542.00</b>	<b>40,029,586.00</b>
<b>B)</b>	<b>Deferred Tax Assets</b>		
—	On excess of WDV as per IT over WDV as per Books	—	889,351.00
—	Others	915,670.00	—
		<b>915,670.00</b>	<b>889,351.00</b>
		<b>35,554,872.00</b>	<b>39,140,235.00</b>

**Note - 6 : OTHER LONG-TERM LIABILITIES**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>(a)</b>	<b>Others</b>		
	— Security Deposit	500,000.00	500,000.00
	— From Joint Ventures	260,621,629.00	199,556,064.00
		<b>261,121,629.00</b>	<b>200,056,064.00</b>

**Note - 7 : OTHER LONG-TERM LIABILITIES**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>a)</b>	<b>Provision for Employee Benefits</b>		
	— Provision for Gratuity	3,429,075.00	2,440,456.00
	— Provision for Leave Benefits	1,532,535.00	1,453,067.00
<b>b)</b>	<b>Others</b>		
	— Provision for Income Tax (Net of Advances)	(2,307,078.00)	3,022,253.00
		<b>2,654,532.00</b>	<b>6,915,776.00</b>

**Note - 8 : SHORT-TERM BORROWINGS**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>I.</b>	<b>SECURED</b>		
	— Corporation Bank - C C	42,654,332.00	33,220,040.00
	— 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
		<b>42,654,332.00</b>	<b>34,046,101.00</b>

**Note - 9 : TRADE PAYABLES**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
—	Trade Payables	98,399,668.81	158,671,672.67
		<b>98,399,668.81</b>	<b>158,671,672.67</b>

**Note - 10 : OTHER CURRENT LIABILITIES**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
1	Statutory Dues	10,896,163.00	10,455,488.00
2	Current Maturities of Long Term Debts	453,765.00	—
3	Interest Accrued and due on Borrowings	2,634,356.00	—
4	Other Payables	26,156,153.17	34,159,269.75
		<b>40,140,437.17</b>	<b>44,614,757.75</b>

**Note - 11 : SHORT TERM PROVISIONS**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
(a)	Provision for employee benefits	180,718.00	126,395.00
(b)	Proposed Dividend	4,547,643.55	9,854,112.05
(c)	Others	15,594,741.00	17,034,395.15
		<b>20,323,102.55</b>	<b>27,014,902.20</b>

**NOTE - 12 FIXED ASSETS**

		GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at	Additions/	As at	As at	Transitional	Depreciation	Up to	As at	As at
		01.04.2014	(Deduction)	31.03.2015	01.04.2014	Depreciation	During the	31.03.2015	31.3.2014	31.3.2015
							Year			
<b>A)</b>	<b>TANGIBLE ASSETS</b>									
1	Plant & Machinery	14,084,414.00	121,046.00	14,205,460.00	8,383,384.32	534,109.68	613,108.00	9,530,602.00	5,701,029.68	4,674,858.00
2	Office Premises	14,207,936.00	-	14,207,936.00	1,338,085.99	324,695.67	218,669.00	1,881,450.66	12,869,850.01	12,326,485.34
3	Building	874,784.00	(85,571.00)	789,213.00	517,443.00	-	25,027.00	542,470.00	357,341.00	246,743.00
4	Producing Properties	305,159,134.00	31,847,254.00	337,006,388.00	98,049,762.00	-	48,044,253.00	146,094,015.00	207,109,372.00	190,912,373.00
5	Cell. Phone Instru.	534,960.00	(2,574.00)	532,386.00	131,735.00	-	215,532.00	347,267.00	403,225.00	185,119.00
6	Furniture & Fixture	2,091,370.00	(126.00)	2,091,244.00	1,746,147.00	(81,137.91)	127,073.00	1,792,082.09	345,223.00	299,161.91
7	Office Equipment	1,347,523.00	4,047.00	1,351,570.00	508,460.60	467,227.00	169,995.00	1,145,682.60	839,062.40	205,887.40
8	Computer	2,036,511.00	(154,214.00)	1,882,297.00	774,465.62	12,894.59	911,187.00	1,698,547.21	1,262,045.38	183,749.79
9	Vehicles	5,915,959.00	1,245,899.00	7,161,858.00	1,407,798.20	967,965.50	1,589,209.00	2,029,041.70	4,508,160.80	5,132,816.30
		<b>346,252,591.00</b>	<b>32,975,761.00</b>	<b>379,228,352.00</b>	<b>112,857,281.73</b>	<b>2,225,754.53</b>	<b>51,914,053.00</b>	<b>165,061,158.26</b>	<b>233,395,309.27</b>	<b>214,167,193.74</b>
<b>B)</b>	<b>INTANGIBLE ASSETS</b>									
1	Goodwill**	164,591,309.02	(25,605,087.35)	138,986,221.67	-	-	-	-	164,591,309.02	138,986,221.67
2	Software	17,500.00	-	17,500.00	2,293.84	542.75	2,758.00	5,594.59	15,206.16	11,905.41
		<b>164,608,809.02</b>	<b>(25,605,087.35)</b>	<b>139,003,721.67</b>	<b>2,293.84</b>	<b>542.75</b>	<b>2,758.00</b>	<b>5,594.59</b>	<b>164,606,515.18</b>	<b>138,998,127.08</b>
	<b>Total A + B</b>	<b>510,861,400.02</b>	<b>7,370,673.65</b>	<b>518,232,073.67</b>	<b>112,859,575.57</b>	<b>2,226,297.28</b>	<b>51,916,811.00</b>	<b>165,066,752.85</b>	<b>398,001,824.45</b>	<b>353,165,320.82</b>

**Note : (\*\*)**

- Difference of Liability over assets is considered as Goodwill
- During the year, the Company has revised depreciation rate on certain fixed assets as per the useful life specified in the Companies Act, 2013. Based on the current estimates, depreciation of Rs. 671,500/- on account of assets whose useful life is already exhausted as on 01.04.2014 have been adjusted to General Reserve
- Had there not been any change in useful life of assets, depreciation for the year would have been higher by Rs. 386,143/- & Rs. 280098/-

**Note - 13 : LONG-TERM LOANS AND ADVANCES**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>A</b>	<b>Deposits</b>		
	Unsecured, Considered good	7,416,809.49	7,195,891.00
<b>B</b>	<b>Other Loans and Advances (Unsecured, Considered good)</b>		
	— Capital Advances	875,000.00	875,000.00
	— Associate Company	—	11,005,650.00
	— Share Application Money	—	12,500,000.00
	— Balance with Government Authority	1,964,821.00	159,019.00
	— Other Advances	67,933,841.00	64,297,669.75
		<b>78,190,471.49</b>	<b>96,033,229.75</b>

**Note - 14 : OTHER NON-CURRENT ASSETS**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
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.	15,912,910.00	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	4,946,625.00	980,367.00
7	Term Deposits - Maturity morethan 12 months	—	118,376.00
		<b>27,667,505.00</b>	<b>27,149,623.00</b>

**Note - 15 : INVENTORIES**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
—	Finished Good of Oil	303,427.00	380,720.00
—	Stores, Spares, Tools etc	28,510,679.00	28,295,992.00
		<b>28,814,106.00</b>	<b>28,676,712.00</b>

**Note - 16 : TRADE RECEIVABLES**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>a)</b>	<b>Trade receivables outstanding for a period exceeding than Six months from the date they are due for payment</b>		
1	Unsecured, considered good	74,424,826.40	74,424,826.40
<b>B)</b>	<b>Trade receivables outstanding for a period less than Six months from the date they are due for payment</b>		
1	Unsecured, considered good	18,511,315.00	23,385,147.00
		<b>92,936,141.40</b>	<b>97,809,973.40</b>

**Note - 17 : CASH AND CASH EQUIVALENTS**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>I.</b>	<b>Cash and Bank Balances</b>		
a.	Balances with Banks		
-	In Current Account	9,859,366.31	8,069,889.80
b.	Cash on hand	2,107,185.00	1,726,602.00
<b>II.</b>	<b>Other Bank Balances</b>		
-	Term Deposits with Bank		
-	Less than Twelve Months	100,467,117.00	118,357,891.00
		<b>112,433,668.31</b>	<b>128,154,382.80</b>

**Note - 18 : SHORT TERM LOANS AND ADVANCES**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
<b>B)</b>	<b>Other Loans &amp; Advances - Unsecured, considered good</b>		
—	Advance Tax, TDS and VAT	505,780.00	2,911,507.00
—	Balance With Government Authority	400,000.00	—
—	Capital Advance	11,800,000.00	35,600,000.00
—	Pre-paid Exp.	21,513.00	—
—	Loan to Directors & Related Parties	95,544,867.00	89,261,210.00
—	Loan to Corporate Body	110,046,000.00	92,266,000.00
—	Other Advances	31,929,299.00	7,321,540.00
—	Advances to Employees	522,732.00	419,158.00
		<b>250,770,191.00</b>	<b>227,779,415.00</b>

**Note - 19 : REVENUE FROM OPERATIONS**

Sr. No.	Particulars	As at	As at
		31st March, 2015	31st March, 2014
<b>A)</b>	<b>Sale of Products</b>		
	— Sale of Gas	49,408,110.00	36,922,059.00
	— Sale of Oil	79,289,831.00	83,998,363.00
	— Sale of Sludge	2,532,000.00	330,000.00
<b>B)</b>	<b>Sale of Services</b>	6,634,281.60	2,398,247.00
<b>C)</b>	<b>Other Operating Income</b>		
	— PSC Overheads Recovery	—	6,126,858.00
	— Others	1,146,543.00	—
		<b>139,010,765.60</b>	<b>129,775,527.00</b>

**Note - 20 : OTHER INCOME**

Sr. No.	Particulars	As at	As at
		31st March, 2015	31st March, 2014
1	Accounts written off	—	8,831.00
2	Interest income	53,888,708.00	10,690,550.00
3	Interest on income tax refund	49,103.00	24,714.00
4	Dividend Income	13,159,500.00	24,128,786.00
5	Prior Period Income	253,052.00	—
6	Other Income	117,519.00	2,129,370.63
7	Sundry Balance Written Back	722,483.00	—
		<b>68,190,365.00</b>	<b>36,982,251.63</b>

**Note - 21 : CHANGES IN INVENTORIES OF FINISHED GOODS**

Sr. No.	Particulars	As at	As at
		31st March, 2015	31st March, 2014
<b>A.</b>	<b>OPENING STOCK</b>		
	— Finished Goods	380,720.00	467,754.00
<b>B.</b>	<b>CLOSING STOCK</b>		
	— Finished Goods	303,427.00	380,720.00
		<b>77,293.00</b>	<b>87,034.00</b>

**Note - 22 : EMPLOYEE BENEFITS EXPENSE**

Sr. No.	Particulars	As at	As at
		31st March, 2015	31st March, 2014
1	Salaries, Wages, Bonus etc	13,245,196.00	8,737,031.00
2	Contribution to Provident Fund and Other Funds	347,772.00	277,271.00
3	Staff Welfare Exp.	463,592.00	293,049.00
		<b>14,056,560.00</b>	<b>9,307,351.00</b>

**Note - 24 : FINANCE COSTS**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
1	Interest on TDS	1,489,596.00	86,678.00
2	Other Interest	45,469,297.00	11,702,919.00
3	Interest on Car Loan	5,052,406.00	109,095.00
4	Bank Guarantees Commission Charges	589,644.00	347,353.00
5	Bank charges & Other Charges	352,122.36	251,532.17
		<b>52,953,065.36</b>	<b>12,497,577.17</b>

**Note - 25 : OTHER EXPENSES**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
1	Audit Fees	576,229.80	582,028.10
2	Handling Processing	7,643,512.00	7,166,379.00
3	PSC Overheads (Net)	3,461,813.00	1,838,057.00
4	Cess	1,803,815.00	1,509,925.00
5	Power & Fuel Charges	547,807.00	350,948.00
6	Donation	15,750.00	2,492.00
7	Royalty	1,027,415.00	860,022.00
8	Consultancy Charges	1,800,256.00	19,879,388.00
9	<b>Non-operating Fields</b>		
	- North Balol		
	- Profit Petroleum to Government	4,010,479.00	3,816,592.00
	- Others Expense	3,692,499.00	4,639,186.00
	- Unawa	4,234,112.00	5,502,716.00
10	Field Personnel Cost	1,641,180.00	1,203,435.00
11	Communication Exp.	527,486.00	297,666.58
12	Transportation Charges- Crude	1,050,665.00	792,632.00
13	Legal & Professional Exp.	4,050,776.13	4,960,665.23
14	Income Tax & Interest on Income Tax	14,587.00	72,766.00
15	Rent, Rate & Taxes	5,345,639.00	3,672,279.00
16	Repair & Maintenance	1,214,637.00	1,187,167.00
17	Travelling, Conveyance & Vehicle Exp.	1,432,687.00	1,410,626.00
18	Well Testing	3,475,895.00	2,658,895.00
19	Foreign Exchange Loss(Net)	184,217.00	(402,597.00)
20	Miscellaneous expenses	275,140.60	237,983.22
21	Other Expenses - Subsidiaries	11,987,543.72	11,309,303.79
		<b>60,014,141.25</b>	<b>73,548,554.92</b>

**Note - 25 : EXCEPTIONAL ITEMS**

Sr. No.	Particulars	As at	
		31st March, 2015	31st March, 2014
1	Recovery of Managarial Remuneration (*)	1,870,000.00	—
		<b>1,870,000.00</b>	<b>—</b>

(\*) The Company has recovered Remuneration paid to Mr. Ashok C. Shah as Managing Director for the Period 1998 to 2010 for making application for Compounding of an offence u/s. 269, 309 of the Companies Act, 1956

Note : 26 Notes to Consolidated Financial Statements for the year ended on 31<sup>st</sup> March, 2015

**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.

The Consolidated financial statement have been prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards prescribed under section 129 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014

**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 has been provided on S.L.M Method at rates for single shift specified in Part-C of Schedule - II of the Companies Act, 2013.

However in step down subsidiary, Depreciation is provided on written down value method based on useful life of the assets as prescribed in Schedule -II to the Companies Act, 2013.

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 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

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the notes to the financial statements. Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) present obligation arising from past events where it is not probable that an out flow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

#### 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 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

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)	30.00
6	North Balol Field Onshore Development	1. Gujarat State Petroleum Corporation Ltd.	45.00
		2. GNRL Oil & Gas Limited (Formerly Heramec Limited)	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)	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)	10.00

In taking up its share of balances of assets, liabilities, income and expenditure from the unincorporated joint ventures as at March 31, 2015 Heramec Limited has applied its participating interest in the respective PSCs'.

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

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 f 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	1.525	85.875
Additions	-	-
Deletions	-	-
Production	0.003	4.517
Closing Balance for the year ended on 31.03.2015	1.522	81.358

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 <sup>st</sup> March 2015 ₹	31 <sup>st</sup> March 2014 ₹
Fixed Assets	783,674,005	701,494,464
Current Assets	539,996,622	414,015,089
Current Liabilities	106,671,241	151,507,204

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 2015 and 31st March 2014 is given as under:

	2014-15		2013-14	
	Aggregate of all JVs	Heramec's Share	Aggregate of all JVs	Heramec's Share
<b>INCOME</b>				
Sale of Crude Oil	264,230,420	79,269,126	279,994,546	83,998,364
Sale of Gas	173,028,882	51,908,665	126,800,957	38,040,287
Sludge Sales	8,440,000	2,532,000	1,100,000	3,30,000
Increase/(Decrease) in Stock	(2,680,614)	(804,184)	(290,113)	(87,034)
Other Income	5,910,314	1,773,094	5,231,458	1,569,437
<b>Total</b>	<b>448,929,002</b>	<b>134,678,701</b>	<b>412,836,848</b>	<b>69,543,570</b>
<b>EXPENDITURE</b>				
Production and Administrative Expenses	19,281,0378	57,843,114	177,022,614	53,106,784
<b>Total Expenditure before Depreciation</b>	<b>192,810,378</b>	<b>57,843,114</b>	<b>177,022,614</b>	<b>53,106,784</b>
<b>PROFIT BEFORE DEPRECIATION</b>	<b>256,118,624</b>	<b>76,835,587</b>	<b>235,814,234</b>	<b>16,436,785</b>

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

b. Transaction for the year ended March 31, 2015 :

Particulars	For the year ended 31 <sup>st</sup> March 2015 ₹	For the year ended 31 <sup>st</sup> March 2014 ₹
<b>Sale /Services :</b>		
1. Subsidiary Company	3422302	2632377
<b>Advances given/ (Collected)</b>		
1. Key Management Personnel	—	6200000
2. Enterprises where KMP exercise significant influence	94185102	(23211764)
<b>Expenditure :</b>		
1. Key Managerial personnel. –Remuneration	750000	6600000
2. Enterprises where KMP exercise significant influence (Rent)	15730400	15168600
3. Enterprises where KMP exercise significant influence (Travelling)	913000	949759
<b>Outstanding balance as at the Year end</b>		
<b>1. Amounts Payable</b>		
a) Key Managerial personnel	21485371	5891000
b) Enterprises where KMP exercise significant influence	—	26893332
<b>2 Amounts Receivable</b>		
a) Enterprises where KMP exercise significant influence	94185102	97816860

**4. EXPENDITURE IN FOREIGN CURRENCY:**

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
	₹	₹
i) Consultancy Expenses	99,094	1,86,383
ii) Others	66,775	25,20,962
Totals	1,65,869	27,07,345

**5. SALES TURNOVER**

Description	Unit	Quantity	Value ₹
Crude Oil	MBBLs	15.79	79,289,831
		P.Y. 13.78	P.Y. 83,998,363
Natural Gas	MM3	4321.88	49,408,110
		P.Y. 3598.63	P.Y. 36,922,059

**6. OPENING AND CLOSING STOCK OF GOODS PRODUCED & TRADED**

Description	Unit	Quantity	Value ₹
Opening Stock Crude Oil	MBBLs	0.38	380,720
		P.Y. 0.44	P.Y. 309,687
Closing Stock Crude Oil	MBBLs	0.58	303,427
		P.Y. 0.38	P.Y. 380,720

**7. ACTUAL PRODUCTION**

Description	Unit	Actual Production for the Year
Crude Oil	MBBLs	19.16
		P.Y. 15.71
Natural Gas	MM3	4,516.66
		P.Y. 3,718.26

\* MM3 - Thousand Cubic Meter \* MMBL - Thousand Barrels

**8. CIF value of Imports :**

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
	₹	₹
i) Raw Materials	4,350,216	—
ii) Components and Spare Parts	14,762,261	3,018,392
iii) Capital Goods	88,777	170,346
<b>Total</b>	<b>19,201,254</b>	<b>3,188,738</b>

## 9. Earning in Foreign Currency :

Particulars	For the year	For the
	ended	year ended
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
	₹	₹
Earnings in Foreign Currency (Liquidated Damages)	8,777	—

The company has not remitted any amount in foreign currency on account of dividend to non-resident shareholder during the current year.

## 10. EMPLOYEE BENEFITS EXPENSES

Particulars	Gratuity (funded)		Leave
	2014-15	2013-14	Encashment (non-funded) 2014-15
<b>I. Change in obligation during the year ended 31<sup>st</sup> March, 2015</b>			
Liability at the beginning of the year	2440455	2810654	1453067
Interest cost	218351	—	131319
Current service cost	627582	575235	226226
Past service cost	—	—	—
Benefits paid	(40818)	(629597)	(321415)
Actuarial (gain) / Losses on obligation	183505	(315837)	43338
Liability at the end of the year	3429075	2440455	1532535
<b>II Change in assets during the year ended 31<sup>st</sup> March, 2015</b>			
Plan assets at the beginning of the year	2982170	—	—
Expected return on plan asset	283109	32253	—
Contribution by employer	394473	2948841	—
Benefits paid	(40818)	—	—
Actuarial gain / (Losses)	(18910)	1076	—
Expenses deducted from fund	(40905)	—	—
Plan assets at the end of the year	3559119	2982170	—
Total Actuarial Gain / (Loss) to be recognized	—	—	—
<b>III Actual return on plan assets</b>			
Expected return of plan assets	283109	32253	—
Actuarial gain / (loss)	(18910)	1076	—
Actual return on plan assets	264199	33329	—
<b>IV Net asset / (liability) recognized in the Balance Sheet as on 31<sup>st</sup> March, 2015</b>			
(Assets)/Liability at the end of the year	3429075	2440455	1532535
Plan assets at the end of the year	3559119	2982170	—
Amount recognized in the Balance Sheet accrued (pre paid)	(130044)	(541715)	1532535
<b>V Expense recognized in the Statement of profit and loss account for the year ended 31<sup>st</sup> March, 2015</b>			
Current service cost	627582	575235	226226
Interest cost on benefit obligation	218351	—	131319
Expected return on plan assets	(283109)	(32253)	—
Net actuarial (gain) / loss in the period	202415	(316913)	43338
Past service cost	—	—	—
Total Expenses	765239	226069	400883

Particulars	Gratuity (funded)		Leave Encashment (non-funded)
	2014-15	2013-14	2014-15
<b>VI Balance Sheet reconciliation</b>			
Opening net liability	(541715)	2810654	1453067
Expenses as above (P/L Charge)	765239	226069	400883
Employers contribution	394473	2948841	—
Benefits paid directly by the company	(40905)	(629597)	(321415)
Amount recognized in the balance sheet	(13044)	(541715)	1532535
<b>VII Actuarial assumptions</b>			
Discount rate	7.80%	9.10%	7.80%
Rate of return on the plan assets	8.75%	8.75%	0.00%
Salary Escalation	7.00%	7.00%	7.00%
<b>VII. Amount for the current period is as under*</b>			
<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2014-15</b>
<b>Gratuity (Funded)</b>			
Defined benefit obligation	3429075	2440455	1532535
Plan asset	3559119	2982170	—
Surplus/ (deficit)	130044	541715	(1532535)
Experience adjustment on plan liability	(273323)	(315837)	(573428)
Actual Loss/(Gain) due to change in actual assumption	456828	—	616766
Experience adjustment on plan assets	18910	(1076)	—

\* with respect to gratuity, the company has taken actuarial valuation report for the year ended 31<sup>st</sup> March, 2015

#### 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 2014-15

#### 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.

#### 11. Contingent Liabilities:

11.1 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, 2015 amounting to USD 275,892 equivalent to 17,132,480/-. (Previous year: US Dollars 650,408 equivalent to ₹ 35,832,191/-). 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, 2015 amounting to USD 236,953/- equivalent to ₹ 14,872,284/-. This bank guarantee represents the 30% share of Participating Interest (PI) of GNRL Oil & Gas Limited.

11.2 The company has received notice from VAT department on 08/12/2014 for non payment of VAT on Sludge Sale for the FY 2008-09 and FY 2009-10. Total demand raised by the department is of Rs. 23,97,321/- and Rs. 27,39,762/- for FY 2008-09 and FY 2009-10 respectively (including interest and penalty). The company has failed appeal before Gujarat Value Added Tax Tribunal, against demand raised and paid advance payment of Rs. 4,00,000/- for granting appeal and stay against the recovery of the outstanding demand as per the order of the Gujarat Value Added Tax Tribunal dated 13/2/2015.



- 11.3 JV accounts of CB ONN 2004/01 and CB ONN 2004/04:  
The company has not received the Joint Venture accounts of CB ONN 2004/01 and CB ONN 2004/4 from the JV Partner, ONGC. In the absence of the same, the financial results and any possible outflow of these JV accounts could not be considered for accounting purposes at the Company level.
- 11.4 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.
- 11.5 Demand of Rs. 7,77,730/- for the accounting year 2011-12 raised by Income Tax Authorities, which is disputed by the Company.
12. Capital Commitment  
Estimated amount of Contracts remaining to be executed on capital account and not provided for:  
i) In respect of Company - Rs. 7,82,00,000/-
13. **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.
14. 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.**
15. During the year the company has granted loan of Rs. 5116.29 lacs to the related parties and Rs. 1269.93 lacs to other parties without charging any interest as required under the provision of Section 186 of the Companies Act, 2013. In absence of rate of interest, the amount of the income foregone on such advances could not be quantified in this regard.
16. 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.
17. 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.
18. 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).
19. 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.
20. Previous year figures have been regrouped and/or rearranged whenever necessary.

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**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 : 30.05.2015

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**SHALIN A SHAH**  
**MANAGING DIRECTOR**  
**DIN : 00297447**

**ASHOK C SHAH**  
**DIRECTOR**  
**DIN : 02467830**

**SHEETAL PANDYA**  
**COMPANY SECRETARY**

PLACE : AHMEDABAD  
DATE : 30.05.2015

## AOC- 1

(₹ in lacs)

## Part "A": Subsidiaries

1	Name of the subsidiary	Sigma Oil & Gas Private Limited
2	Reporting period for the subsidiary	31st March, 2015
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year	₹ (Indian Rupees)
4	Share capital	1029.00
5	Reserves & surplus	815.20
6	Total assets	7111.84
7	Total Liabilities	8755.2
8	Investments	3487.56
9	Turnover	1343.59
10	Profit before taxation	231.33
11	Provision for taxation	31.81
12	Profit after taxation	234.54
13	Proposed Dividend	56.59
14	% of shareholding	100%

1. The following company's accounts are consolidated in Sigma Oil & Gas Private Limited, a wholly owned subsidiary of Gujarat Natural Resources Limited
  - i. Gorlas Corporate Holdings Ltd. (Subsidiary of Sigma Oil & Gas Private Limited)
  - ii. GNRL Oil & Gas Ltd. (Subsidiary of Sigma Oil & Gas Private Limited)
  - iii. Heramec Oil & Gas (Singapore) Pte Ltd. (Subsidiary of Sigma Oil & Gas Private Limited)
  - iv. Alkor Petro Overseas Ltd. (Subsidiary of Sigma Oil & Gas Private Limited)
  - v. Gorlas Globas Energy PLC (Subsidiary of Gorlas Corporate Holdings Ltd.)
2. Names of subsidiaries which are yet to commence operations - None
3. Names of subsidiaries which have been liquidated or sold during the year. - NA

Part "B": Associates and Joint Ventures

**There are no Associates of the Company.**

**GUJARAT NATURAL RESOURCES LIMITED**

**Regd. Office: 8, Sigma Corporate, Nr. Mann Party Plot, S. G. High Way, Bodakdev Ahmedabad Gujarat**

**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 Annual General Meeting held on Wednesday, September 30, 2015 at the Registered Office of the Company at 11:00 A.M.

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

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**GUJARAT NATURAL RESOURCES LIMITED**

**Regd. Office: 8, Sigma Corporate, Nr. Mann Party Plot, S. G. High Way, Bodakdev Ahmedabad Gujarat**

**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. High Way, Bodakdev Ahmedabad Gujarat.

Name of the member Folio No/ Client ID:  
(s): \_\_\_\_\_

Registered address: \_\_\_\_\_ DP ID: \_\_\_\_\_

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

- |                                 |                                 |                  |
|---------------------------------|---------------------------------|------------------|
| 1. Name: _____                  | 2. Name: _____                  | 3. Name: _____   |
| Address: _____                  | Address: _____                  | Address: _____   |
| E-mail Id: _____                | E-mail Id: _____                | E-mail Id: _____ |
| Signature:....., or failing him | Signature:....., or failing him | 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 30<sup>th</sup> day of September, 2015 At 11:00 a.m. at 8, Sigma Corporate, Nr. Mann Party Plot, S. G. High Way, Bodakdev Ahmedabad Gujarat and at any adjournment thereof in respect of such resolutions as are indicated in the notice.

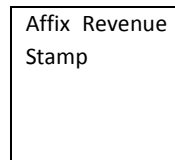
Signed this \_\_\_\_ day of \_\_\_\_ 2015

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 initialled;
- 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 Secretary.



**BOOK POST**

To,

*If undelivered please return to:*

**GUJARAT NATURAL RESOURCES LIMITED**

8, Sigma Corporate, Nr. Mann Party Plot,

S. G. High Way, Bodakdev,

Ahmedabad, Gujarat.