



## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF GNRL OIL & GAS LIMITED (Formerly known as Heramec Limited) (Incorporated in the Commonwealth of Bahamas)**

### **Opinion**

We have audited the accompanying standalone financial statements of **GNRL OIL & GAS LIMITED (Formerly known as Heramec Limited) (Incorporated in the Commonwealth of Bahamas)** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and the Statement of Profit and Loss, and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its loss, and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information and other information in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our





audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of Management for Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Emphasis Matter Paragraph**

We draw your attention to the following matters in the Notes to the financial statements:

- 1) Note No. 1.1 regarding basis of preparation of Financial Statement in compliance with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014 and relevant provisions of Companies Act, 2013 availing relief, as an overseas subsidiary of an Indian company, from preparing Financial Statement in accordance with Indian Accounting Standards (Ind AS).





as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of Companies Act, 2013 and other relevant provisions of the Act..

- 2) Note No. 20.3 about two joint venture which are under exploration and development phase, exploration/ development expenditure are not considered for accounting purpose at the company level, it has been informed that the Company has not received the financial statement of these Joint ventures (CB ONN 2004/1 and CB ONN 2004/4) from the operator, ONGC. The effect of the same on the financial statements cannot be quantified.

Our opinion is not modified in respect of these matters.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A" 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 purposes of our audit, except for the financial information relating to two unincorporated joint venture for the year ended March 31, 2019 referred to in paragraph 2 under Emphasis Matter;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
  - g) 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 – Refer Note 20 to the financial statements.
- (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**Other**

- a) We have placed reliance on technical/ commercial evaluation by the management in respect of categorization of wells as exploratory, development and producing, allocation of costs incurred on them, treatment of capitalization, depletion of producing properties on the basis of the proved probable hydrocarbon reserves.
- b) As stated in notes forming part of Financial Statements (Note No. 1.7 and Note No. 28), the financial statements of the unincorporated joint ventures are prepared 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, 2013 have been made in these accounts to the extent of information available with the Company.
- c) The accounts include net Fixed Assets aggregating to `84,87,53,524/-, Current Assets aggregating to `73,23,40,551/-, liabilities aggregating to `13,25,03,263/-, income aggregating to `7,67,83,536/- and expenditure aggregating to `3,79,96,323/- relating to the Company's share in Six producing joint ventures, which have been incorporated on the basis of accounts of Six joint ventures, audited by other auditors.



Place of Signature: Ahmedabad  
Date : 21/05/2019

**For, J.R. PUROHIT & CO.**  
Chartered Accountants  
(Firm Regn No: 111841W)

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**Vikas Purohit**  
(Partner)  
Membership No: 131959



## ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

### (i) In respect of its fixed assets:

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. Majority of the assets have been physically verified by the management according to a program designed to cover substantial items, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the fixed assets during the year, no material discrepancies between the book records and physical inventory were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

### (ii) In respect of its Inventories:

- a. As explained to us, inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. As per the information given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

### (iii) In respect of the loans secured or unsecured to the Companies, Firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013:

The Company has granted unsecured loan to Companies covered in the register required to be maintained under Section 189 of the Act.

| Party                             | Maximum Amount Involved During the Year (₹) | Year End Balance (₹) |
|-----------------------------------|---|----------------------|
| Alkor Petro Overseas Limited      | 918,626/-                                   | 918,626/-            |
| Gorlas Corporate Holdings Limited | 41,265/-                                    | 41,265/-             |
| Gujarat Natural Resources Limited | 20,453,506/-                                | 20,453,506/-         |





According to the information and explanation given to us, during the period under review, the Company has not granted unsecured loans to parties covered in the register maintained under section 189 of the Companies Act, 2013. Year-end balance of the interest free loans granted to three Companies aggregate to ₹21,413,397/- are as explained to us, have been made for exploration and production interest in oil and gas business.

In respect of these loans:

- a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest after considering the purpose for which loans have been granted as indicated above.
  - b. In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, as per the terms of loan agreement, schedule of repayment of principal and payment of interest is not stipulated and hence we are unable to make specific comment on the regularity of repayment of principal and payment of interest amount in such cases.
  - c. There is no overdue amount in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act, in accordance with the terms and conditions on which the loan has been granted.
- (iv) In our opinion and according to the information and explanations given to us, the Company has prima facie complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act for any of the products of the Company.
- (vii) **In respect of statutory dues:**
- a. According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.





- b. The disputed Statutory dues aggregating to ₹47,37,083/- that have not been deposited on account of disputed statutory matters pending before appropriate authorities are as under:

| Name of the statute       | Nature of dues  | Amount under dispute not yet deposited<br>As on 31.03.2019<br>(in ₹) | Periods to which the amount Relates | Forum where the dispute is pending |
|---------------------------|---|--|-------------------------------------|------------------------------------|
| Value Added Tax (Gujarat) | Value Added Tax including Penalty & interest as applicable. | 21,97,321/-  | FY 2008-09                          | Gujarat Value Added Tax Tribunal   |
| Value Added Tax (Gujarat) | Value Added Tax including Penalty & interest as applicable. | 25,39,762/-  | FY 2009-10                          | Gujarat Value Added Tax Tribunal   |
| <b>Total</b>              |   | <b>47,37,083/-</b>   |                                     |                                    |

- (viii) No default towards repayment of dues to any financial institution or bank exist on the balance sheet date from our examination of the books of account and the information and explanations given to us by the Company. The Company has not issued any debentures and hence any default for repayment on this account does not arise.
- (ix) The Company did not raise any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud by the Company or on the Company by its officers or employee has been noticed or reported during the year under audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.





- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For, J.R. PUROHIT & CO.**  
Chartered Accountants  
(Firm Regn No: 111841W)



A handwritten signature in black ink, appearing to read "Vikas Purohit", written over a horizontal line.

**Vikas Purohit**  
(Partner)  
Membership No: 131959

Place of Signature: Ahmedabad  
Date : 21/05/2019



## **ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **GNRL OIL & GAS LIMITED (Formerly known as HERAMEC LIMITED)** (Incorporated in the Commonwealth of Bahamas) ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.







Place of Signature: Ahmedabad  
Date : 21/05/2019

For, J.R. PUROHIT & CO.  
Chartered Accountants  
(Firm Regn No: 111841W)




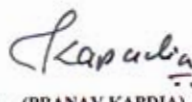
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Vikas Purohit  
(Partner)  
Membership No: 131959



| <b>GNRL OIL &amp; GAS LIMITED</b><br><b>(FORMERLY KNOWN AS HERAMEC LIMITED)</b><br>(Incorporated in the Commonwealth of the Bahamas with Limited Liability)<br><b>BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2019</b> |         |   |  |
|---|---------|---|--|
| Particulars   | Note    | As at<br>31 <sup>st</sup> March, 2019<br>₹  | As at<br>31 <sup>st</sup> March, 2018<br>₹ |
| <b><u>EQUITY &amp; LIABILITIES</u></b>  |         |   |  |
| <b>Shareholders' Funds</b>  |         |   |  |
| Share Capital   | 2       | 1,988   | 1,988                                      |
| Reserves and Surplus  | 3       | 12,53,53,978  | 14,28,81,982                               |
| <b>Non Current Liabilities</b>  |         |   |  |
| Long Term Borrowings  | 4       | 53,90,59,394  | 53,43,66,745                               |
| Net Deferred Tax Liabilities  | 5       | 3,02,24,624   | 3,34,15,270                                |
| Other Long Term Liabilities   | 6       | 7,79,51,823   | 9,68,90,284                                |
| <b>Current Liabilities</b>  |         |   |  |
| Short Term Borrowings   | 7       | 4,14,59,485   | 4,15,19,112                                |
| Trade payables  | 8       | 1,03,51,207   | 1,23,29,493                                |
| Other Current Liabilities   | 9       | 10,79,393   | 20,63,892                                  |
| Short Term provisions   | 10      | 10,76,450   | 14,80,915                                  |
| <b>TOTAL</b>  |         | <b>82,65,58,342</b>   | <b>86,49,49,682</b>                        |
| <b><u>ASSETS</u></b>  |         |   |  |
| <b>Non-Currents Assets</b>  |         |   |  |
| Fixed Assets  |         |   |  |
| Tangible Assets   | 11      | 27,63,12,033  | 31,42,36,891                               |
| Capital Work in Progress  | 12      | 42,37,46,022  | 42,33,04,974                               |
| Long Term Loans & Advances  | 13      | 4,87,04,750   | 4,86,06,520                                |
| Other Non-Current Assets  | 14      | 72,51,382   | 58,32,985                                  |
| <b>Current Assets</b>   |         |   |  |
| Inventories   | 15      | 2,84,36,451   | 2,87,86,543                                |
| Trade Receivables   | 16      | 2,13,32,180   | 2,14,43,984                                |
| Cash & Cash Equivalent  | 17      | 1,66,74,592   | 1,86,24,032                                |
| Short Term Loan and Advances  | 18      | 37,00,932   | 37,13,753                                  |
| Other Current Assets  | 19      | 4,00,000  | 4,00,000                                   |
| <b>TOTAL</b>  |         | <b>82,65,58,342</b>   | <b>86,49,49,682</b>                        |
| Notes forming part of Financial Statements  | 1 to 38 |   |  |
| The accompanying notes are an integral part of the Financial Statements<br>As per our Independent Audit Report of even date attached  |         |   |  |
| For, J. R. PUROHIT & CO.<br>Chartered Accountants<br>(Firm Regn. No. 111841W)   |         | For and on behalf of Board of Directors   |  |
| <br><b>VIKAS PUROHIT</b><br>PARTNER<br>MEMBERSHIP NO. 131959   |         | <br><b>(MALAV A MEHTA)</b><br>DIRECTOR<br>(DIN: 1234736)   |  |
|    |         | <br><b>(PRANAV KAPADIA)</b><br>DIRECTOR<br>(DIN: 220246) |  |
| Date : 21/05/2019<br>Place : Ahmedabad  |         | Date : 21/05/2019<br>Place : Ahmedabad  |  |



| <b>GNRL OIL &amp; GAS LIMITED</b><br><b>(FORMERLY KNOWN AS HERAMEC LIMITED)</b><br>(Incorporated in the Commonwealth of the Bahamas with Limited Liability)<br><b>STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019</b> |         |   |   |
|---|---------|---|---|
| Particulars   | Note    | For the year ended<br>31 <sup>st</sup> March, 2019<br>₹   | For the year ended<br>31 <sup>st</sup> March, 2018<br>₹ |
| <b>INCOME</b>   |         |   |   |
| Revenue from Operations (Gross)   | 21      | 7,77,98,009   | 7,28,25,816   |
| Less: Excise Duty   |         | -   | -   |
| Revenue from Operations (Net)   |         | 7,77,98,009   | 7,28,25,816   |
| Other Income  | 22      | 10,77,399   | 16,73,916   |
| <b>Total Income</b>   |         | <b>7,88,75,408</b>  | <b>7,44,99,732</b>                                      |
| <b>EXPENDITURE</b>  |         |   |   |
| Changes in Inventories of finished goods  | 23      | 71,163  | (41,089)  |
| Employee Benefits Expenses  | 24      | 94,08,406   | 1,00,72,321   |
| Finance Costs   | 25      | 57,53,433   | 56,47,796   |
| Depreciation, Depletion and Amortization  | 11      | 4,64,25,969   | 4,43,77,037   |
| Other expenses  | 26      | 3,71,50,014   | 4,41,58,103   |
| <b>Total Expenditure</b>  |         | <b>9,88,08,984</b>  | <b>10,42,14,168</b>                                     |
| Prior period  |         | -   | -   |
| <b>Profit/ (Loss) Before Extraordinary Items</b>  |         | <b>(1,99,33,576)</b>  | <b>(2,97,14,436)</b>                                    |
| <b>Extraordinary Items</b>  |         |   |   |
| Share Application Money Written Back  | 27      | -   | 3,88,01,925   |
| <b>Profit/ (Loss) After Extraordinary Items</b>   |         | <b>(1,99,33,576)</b>  | <b>90,87,489</b>  |
| <b>TAX EXPENSES</b>   |         |   |   |
| Current Tax   |         | -   | 18,00,000   |
| Deferred Tax  |         | (31,90,646)   | (14,64,640)   |
| (Excess)/Short provision of Income Tax  |         | 7,85,074  | -   |
| <b>PROFIT/ (LOSS) FOR THE YEAR</b>  |         | <b>(1,75,28,004)</b>  | <b>87,52,129</b>  |
| Earning Per Share - Basic/ Diluted<br>(Face value \$ 1 per Share)   | 30      | (3,50,560)  | 1,75,043  |
| Notes forming part of Financial Statements  | 1 to 38 |   |   |
| The accompanying notes are an integral part of the Financial Statements<br>As per our Independent Audit Report of even date attached  |         |   |   |
| For, J. R. PUROHIT & CO.<br>Chartered Accountants<br>(Firm Regn. No. 111841W)   |         | For and on behalf of Board of Directors   |   |
| <br><b>VIKAS PUROHIT</b><br>PARTNER<br>MEMBERSHIP NO. 131959   |         | <br><b>(MALAV A MEHTA)</b><br>DIRECTOR<br>(DIN: 1234736) |   |
|    |         | <br><b>(PRANAV KAPDIA)</b><br>DIRECTOR<br>(DIN: 220246) |   |
| Date : 21/05/2019<br>Place : Ahmedabad  |         | Date : 21/05/2019<br>Place : Ahmedabad  |   |



| <b>GNRL OIL &amp; GAS LIMITED</b><br><b>(FORMERLY KNOWN AS HERAMEC LIMITED)</b><br>(Incorporated in the Commonwealth of the Bahamas with Limited Liability)<br><b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019</b> |   |   |
|--|---|---|
| Particulars  | Year Ended<br>31 <sup>st</sup> March, 2019<br>₹ | Year Ended<br>31 <sup>st</sup> March, 2018<br>₹ |
| <b>1. CASH FLOW FROM OPERATING ACTIVITIES</b>  |   |   |
| Profit for the period  | (1,75,28,004)                                   | 87,52,129                                       |
| Add : Income Tax   | -   | 18,00,000                                       |
| Deferred Tax   | (31,90,646)                                     | (14,64,640)                                     |
|  | (2,07,18,650)                                   | 90,87,489                                       |
| Add : Depreciation, Depletion and Amortization   | 4,64,25,969                                     | 4,43,77,037                                     |
| Financial Cost   | 57,53,433                                       | 56,47,796                                       |
| Foreign Exchange Loss/(Gain)   | -   | -   |
|  | 3,14,60,751                                     | 5,91,12,322                                     |
| Less : Interest / Dividend Income  | (10,76,084)                                     | (7,68,766)                                      |
| Profit on Sale of Fixed asset  | -   | -   |
| Share Application Money Written Back   | -   | (3,88,01,925)                                   |
| Changes in Liabilities due to Joint Venture  | (1,89,38,461)                                   | (7,06,76,127)                                   |
| Add / Less : Working Capital Adjustments   |   |   |
| (Increase)/ Decrease in Current Assets   | (61,78,574)                                     | 81,74,629                                       |
| Increase / (Decrease) in Current Liabilities   | (33,67,251)                                     | (1,47,84,166)                                   |
| Increase / (Decrease) in Provisions  | -   | -   |
|  | (2,84,84,285)                                   | (7,72,85,664)                                   |
| Less : Direct Tax Paid   | (14,18,397)                                     | (13,25,721)                                     |
| Net Cash Flow from Operating Activities (A)  | 4,81,985  | (5,90,69,754)                                   |
| <b>2. CASH FLOW FROM INVESTING ACTIVITIES</b>  |   |   |
| Purchase of Assets / CWIP including Joint Ventures (Net)   | (89,42,159)                                     | (86,44,808)                                     |
| Fixed Asset sold during the year   | -   | -   |
| Loans & Advances   | (98,230)  | (1,27,855)                                      |
| Interest / Dividend Income   | 10,76,084                                       | 7,68,766  |
| Net Cash Flow from Investing Activities (B)  | (79,64,305)                                     | (80,03,897)                                     |
| <b>3. CASH FLOW FROM FINANCING ACTIVITIES</b>  |   |   |
| Proceeds from Secured/Unsecured Loans  | 46,92,649                                       | 8,00,60,973                                     |
| Proceeds from Short term borrowing   | (59,627)  | 8,48,695  |
| Interest & Financing Charges Paid  | (57,53,433)                                     | (56,47,796)                                     |
| Net Cash Flow from Financing Activities (C)  | (11,20,411)                                     | 7,52,61,872                                     |
| Net Increase/ (Decrease) in Cash and Cash equivalents (D) (A+B+C)  | (86,02,731)                                     | 81,88,221                                       |
| Cash and Cash equivalents at the Beginning of the Year   |   |   |
| Cash on hand   | 4,874   | 9,921   |
| Bank Balances  | 90,19,080                                       | 8,25,812  |
|  | 90,23,954                                       | 8,35,733  |
| Cash and Cash equivalents at the End of the Year   |   |   |
| Cash on hand   | 7,593   | 4,874   |
| Bank Balances  | 4,13,630  | 90,19,080                                       |
|  | 4,21,223  | 90,23,954                                       |

As per our Independent Audit Report of even date attached



For, **J. R. PUROHIT & CO.**  
Chartered Accountants  
(Firm Regn. No. 111841W)

  
**VIKAS PUROHIT**  
PARTNER  
MEMBERSHIP NO. 131959

Date : 21/05/2019  
Place : Ahmedabad



For and on behalf of Board of Directors

   
(MALAV A MEHTA) (PRANAV KAPDIA)  
DIRECTOR DIRECTOR  
(DIN: 1234736) (DIN: 220246)

Date : 21/05/2019  
Place : Ahmedabad



GNRL Oil Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

**GNRL OIL & GAS LIMITED**  
**FORMERLY KNOWN AS HERAMEC LIMITED**  
(Incorporated in the Commonwealth of the Bahamas with Limited Liability)

**1. DESCRIPTION OF THE BUSINESS**

GNRL Oil & Gas Limited (the "Company") (Formerly known as Heramec Limited) has a Indian Project Office Heramec Limited - IPO and the IPO is registered at Ahmedabad, India. The IPO has Exploration and production interest in Oil and Gas business and has entered into unincorporated joint ventures for development and production of hydrocarbons in India.

**SIGNIFICANT ACCOUNTING POLICIES**

**1) Basis of Preparation of Financial Statements**

The Financial Statements are prepared under the historical cost convention and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. These financial statements have been prepared to comply in all material aspects with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014, relevant provisions of Companies Act, 2013 "the 2013 Act", as applicable, and the guidance note issued by The Institute of Chartered Accountants of India for Oil and Gas Producing Activities and the practices prevalent in the industry in India. All income and expenditures having material bearing on the financial statements are recognized on accrual basis. Accounting Policies not specifically referred to otherwise are consistent with those used in the previous year. In applying the accounting policies consideration has been given to Prudence, Substance over Form and Materiality.

The Company is Wholly owned subsidiary of Gujarat Natural Resources Limited, a listed entity on Bombay Stock Exchange (Step up Holding Company). The said step up Holding Company is covered under the mandatory provisions of preparing Financial Statements in accordance with Indian Accounting Standards (Ind AS), as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

Further, in view of Management, as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of Companies Act, 2013 (the 'Act') as the Company is Overseas Subsidiary of Step up Holding Company, it is following under the relief that an overseas subsidiary of an Indian company is not required to prepare its stand-alone financial statements as per the Ind AS. Hence these financial statements have been prepared to comply in all material aspects with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014, relevant provisions of Companies Act, 2013 "the 2013 Act".

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the 2013 Act.

**2) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting policy requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues & expenses and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of the financial statements. Differences between actual results and estimates are recognized in the periods in which the results are known/ materialize.

**3) Fixed Assets**

Fixed Assets other than producing properties are stated at cost of acquisition or construction less accumulated depreciation and impairment loss if any, including attributable interest and financial costs till such assets are ready for its intended use.

**4) Depreciation & Depletion**

4.1. 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.

4.2 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





**GNRL Oil Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements**

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**

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

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

6.3. 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





GNRL Oil Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

#### 9) Foreign Currency Transactions

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

9.2. 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) Employee Benefits

Gratuity and Leave Encashment liability which arises through companies share in unincorporated Joint Ventures, is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The Gratuity scheme is maintained and administered by an insurer to which the trustees make periodic contributions. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done on projected unit credit method.

#### 13) 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 can not be made.

#### 14) 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.





GNRL Oil Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

## 2. SHARE CAPITAL

| <u>Particulars</u>   | As at<br>31 <sup>st</sup> March, 2019<br>₹ | As at<br>31 <sup>st</sup> March, 2018<br>₹ |
|--|--|--|
| <b>Authorised Share Capital:</b><br>50,00,000 equity shares of \$1 each (P.Y. 50,00,000 equity shares of \$1 each)       | 19,73,50,000                               | 19,73,50,000                               |
| <b>Issued, Subscribed and Paid up share Capital:</b><br>50 equity shares of \$1 each (P.Y. 50 equity shares of \$1 each) | 1,988                                      | 1,988                                      |
| <b>TOTAL</b>   | <b>1,988</b>                               | <b>1,988</b>                               |

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| EQUITY SHARE                         | 2018-19       |       | 2017-18       |       |
|--------------------------------------|---------------|-------|---------------|-------|
|                                      | No. of Shares | In ₹  | No. of Shares | In ₹  |
| At the beginning of the period       | 50            | 1,988 | 50            | 1,988 |
| Outstanding at the end of the period | 50            | 1,988 | 50            | 1,988 |

Details of share holders holding more than 5% share in the company.

| Name of Shareholders  | 2018-19            |              | 2017-18            |              |
|---|--------------------|--------------|--------------------|--------------|
|   | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Equity shares of \$1 each fully paid<br>Sigma Oil and Gas Private Limited | 50                 | 100%         | 50                 | 100%         |

### Terms /Rights attached to equity shares.

The company has only one class of equity shares having a face value of \$1 per share. Each holder of equity shares is entitled to one vote per share.

In the events of liquidation of the company, the holders of equity shares will be entitled to remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportions to the number of equity share held by the shareholders.





GNRL Oil & Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

### 3. Reserves And Surplus

| Particulars  | As at<br>31 <sup>st</sup> March, 2019<br>₹ | As at<br>31 <sup>st</sup> March, 2018<br>₹ |
|--|--|--|
| Capital Reserve  | 2,01,09,545                                | 2,01,09,545                                |
| Securities Premium   | 8,19,98,106                                | 8,19,98,106                                |
| <b>Surplus/ (Deficit) in the Statement of Profit &amp; Loss</b>    |  |  |
| Balance as per last Balance Sheet                                  | 4,07,74,331                                | 3,20,22,203                                |
| Add : Foreign Exchange Fluctuation                                 | -  | -  |
| Profit/ (Loss) for the Year  | (1,75,28,004)                              | 87,52,128                                  |
|  | 2,32,46,327                                | 4,07,74,331                                |
| Less : Appropriations  |  |  |
| Adjustment relating to Fixed Assets                                | -  | -  |
| equity shareholders ' Nil/- per share) (in P.Y. ' Nil/- per share) | -  | -  |
| Net Surplus/ (Deficit) in the Statement of Profit & Loss           | 2,32,46,327                                | 4,07,74,331                                |
| <b>TOTAL</b>   | <b>12,53,53,978</b>                        | <b>14,28,81,982</b>                        |

### 4. Long Term Borrowings

| Particulars   | As at<br>31 <sup>st</sup> March, 2019<br>₹ | As at<br>31 <sup>st</sup> March, 2018<br>₹ |
|---|--|--|
| <b>Secured Borrowings</b>   |  |  |
| Corporation Bank Car Loan (Refer Note No 4.1)                     | -  | 7,04,041                                   |
| <b>Unsecured Borrowings*</b>                                      |  |  |
| <b>Loans and Advances from Related Parties (Refer Note No 29)</b> |  |  |
| Heramec Oil & Gas (Singapore) Pte Ltd.                            | 25,14,11,369                               | 25,14,11,369                               |
| Gorlas Global Energy Plc  | 1,08,19,661                                | 1,08,19,661                                |
| Sigma Oil and Gas Private Ltd.                                    | 27,68,28,364                               | 26,29,44,724                               |
| Ilesh P Shah  | -  | 84,86,950                                  |
| <b>TOTAL</b>  | <b>53,90,59,394</b>                        | <b>53,43,66,745</b>                        |

| 4.1 Maturity Profile and Rate of Interest on Secured Loan   |                 |              |
|---|-----------------|--------------|
| Particulars   | Upto 1 year     | 1 to 3 years |
| Corporation Car Loan (Outstanding No. of Installments is 12 and Balance as on 31 <sup>st</sup> March, 2019 is ' 627743/-) | 6,27,743        | -            |
| <b>Total</b>  | <b>6,27,743</b> | <b>-</b>     |

\*The company has taken Loan from Directors and Inter Corporate Deposit (ICD) as unsecured loans 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.





GNRL Oil Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

**5. Net Deferred Tax Liabilities**

| Particulars                                      | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|--|--------------------------------|--------------------------------|
| <b>Deferred Tax Liabilities</b>                  |                                |                                |
| On excess of WDV as per Books over WDV as per IT | 3,02,59,924                    | 3,34,16,814                    |
| Others   | -                              | -                              |
| <b>Total (A)</b>                                 | <b>3,02,59,924</b>             | <b>3,34,16,814</b>             |
| <b>Deferred Tax Assets</b>                       |                                |                                |
| Others   | 35,300                         | 1,543                          |
| <b>Total (B)</b>                                 | <b>35,300</b>                  | <b>1,543</b>                   |
| <b>Net Deferred Tax Liability (A-B)</b>          | <b>3,02,24,624</b>             | <b>3,34,15,270</b>             |

**6. Other Long Term Liabilities**

| Particulars         | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|---------------------|--------------------------------|--------------------------------|
| <b>Others</b>       |                                |                                |
| Security Deposit    | 5,00,000                       | 5,00,000                       |
| From Joint Ventures | 7,74,51,823                    | 9,63,90,284                    |
| <b>TOTAL</b>        | <b>7,79,51,823</b>             | <b>9,68,90,284</b>             |

**7. Short Term Borrowings**

| Particulars                                    | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|--|--------------------------------|--------------------------------|
| <b>Secured</b>                                 |                                |                                |
| Corporation Bank Car Loan (Refer Note No. 4.1) | 6,27,743                       | 5,53,345                       |
| Corporation Bank-CC                            | 4,08,31,742                    | 4,09,65,767                    |
| <b>TOTAL</b>                                   | <b>4,14,59,485</b>             | <b>4,15,19,112</b>             |

**8. Trade Payables**

| Particulars                               | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|---|--------------------------------|--------------------------------|
| <b>Trade payables (Refer Note No 8.1)</b> |                                |                                |
| Trade Payables                            | 1,03,51,207                    | 1,23,29,493                    |
| <b>TOTAL</b>                              | <b>1,03,51,207</b>             | <b>1,23,29,493</b>             |

8.1 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 is 'Nil (Previous year ' Nil).



GNRL Oil Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

**9. Other Current Liabilities**

| Particulars           | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|-----------------------|--------------------------------|--------------------------------|
| <b>Other Payables</b> |                                |                                |
| Statutory Dues*       | 10,51,464                      | 19,49,488                      |
| Others                | 27,929                         | 1,14,404                       |
| <b>TOTAL</b>          | <b>10,79,393</b>               | <b>20,63,892</b>               |

\*It includes TDS payables and Duties & Taxes of Fields

**10. Short Term Provisions**

| Particulars                   | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|-------------------------------|--------------------------------|--------------------------------|
| <b>Others</b>                 |                                |                                |
| Provision from Joint Ventures | 8,38,850                       | 11,24,965                      |
| Provision for Expenses        | 2,37,600                       | 3,55,950                       |
| <b>TOTAL</b>                  | <b>10,76,450</b>               | <b>14,80,915</b>               |

**12. Capital Work In Progress**

| Particulars              | As at<br>31st March, 2019<br>₹ | As at<br>31 <sup>st</sup> March, 2018<br>₹ |
|--------------------------|--------------------------------|--|
| <b>Tangible</b>          |                                |  |
| Capital work in progress | 42,37,46,022                   | 42,33,04,974                               |
| <b>TOTAL</b>             | <b>42,37,46,022</b>            | <b>42,33,04,974</b>                        |

**13. Long Term Loans & Advances**

| Particulars  | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|--|--------------------------------|--------------------------------|
| <b>Unsecured considered good unless otherwise stated</b> |                                |                                |
| Security deposits  |                                |                                |
| Security Deposits  | 16,58,864                      | 15,60,634                      |
| Loans and advances to related parties (Refer Note No 30) |                                |                                |
| Gujarat Natural Resources Limited                        | 2,04,53,506                    | 2,04,53,506                    |
| Other Loans & Advances                                   |                                |                                |
| Others   | 2,65,92,380                    | 2,65,92,380                    |
| <b>TOTAL</b>   | <b>4,87,04,750</b>             | <b>4,86,06,520</b>             |





GNRL Oil Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

**14. Other Non-Current Assets**

| Particulars  | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|--------------|--------------------------------|--------------------------------|
| Others*      | 72,51,382                      | 58,32,985                      |
| <b>TOTAL</b> | <b>72,51,382</b>               | <b>58,32,985</b>               |

\*It includes advance tax(net of provisions)

**15. Inventories**

| Particulars  | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|--|--------------------------------|--------------------------------|
| At lower of Cost or Net Realizable Value<br>As certified by management |                                |                                |
| Finished Goods of Oil  | 1,28,213                       | 1,99,376                       |
| Stores, Spares, Tools etc.   | 2,83,08,238                    | 2,85,87,167                    |
| <b>TOTAL</b>   | <b>2,84,36,451</b>             | <b>2,87,86,543</b>             |

**16. Trade Receivables**

| Particulars                | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|----------------------------|--------------------------------|--------------------------------|
| Secured, considered good   |                                |                                |
| More than Six Months       | 4,50,000                       | 4,50,000                       |
| Others                     | -                              | -                              |
|                            | <b>4,50,000</b>                | <b>4,50,000</b>                |
| Unsecured, considered good |                                |                                |
| More than Six Months       | -                              | -                              |
| Others                     | 2,08,82,180                    | 2,09,93,984                    |
|                            | <b>2,08,82,180</b>             | <b>2,09,93,984</b>             |
| <b>TOTAL</b>               | <b>2,13,32,180</b>             | <b>2,14,43,984</b>             |

**17. Cash & Cash Equivalent**

| Particulars   | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|---|--------------------------------|--------------------------------|
| <b>A Cash &amp; Cash Equivalent</b>   |                                |                                |
| Balance with Banks - in Current accounts  | 4,13,630                       | 90,19,080                      |
| Cash on Hand  | 7,593                          | 4,874                          |
|   | <b>4,21,223</b>                | <b>90,23,954</b>               |
| <b>B Other Bank Balance</b>   |                                |                                |
| Term Deposits with Bank for the period of more than three months but less than twelve months* | 1,62,53,369                    | 96,00,078                      |
|   | <b>1,62,53,369</b>             | <b>96,00,078</b>               |
| <b>TOTAL (A+B)</b>  | <b>1,66,74,592</b>             | <b>1,86,24,032</b>             |



GNRL Oil & Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

#### 18. Short Term Loans & Advances

| Particulars   | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|---|--------------------------------|--------------------------------|
| <b>Unsecured considered good unless otherwise stated</b>          |                                |                                |
| <b>Loans &amp; Advances to related parties (Refer Note No 30)</b> |                                |                                |
| Gorlas Corporate Holdings Limited                                 | 41,265                         | 41,265                         |
| Alkor Petro Overseas Ltd  | 9,18,626                       | 9,18,626                       |
| <b>Other Loans &amp; Advances</b>                                 |                                |                                |
| Others  | 23,58,510                      | 24,33,208                      |
| Advances to Employees   | 3,82,531                       | 3,20,654                       |
| <b>TOTAL</b>  | <b>37,00,932</b>               | <b>37,13,753</b>               |

#### 19. Other Current Assets

| Particulars                         | As at<br>31st March, 2019<br>₹ | As at<br>31st March, 2018<br>₹ |
|-------------------------------------|--------------------------------|--------------------------------|
| Balance with Government Authorities | 4,00,000                       | 4,00,000                       |
| <b>TOTAL</b>                        | <b>4,00,000</b>                | <b>4,00,000</b>                |

#### 20. Contingent Liabilities

- 20.1 The Company has given Bank Guarantees given/agreed in favor of Director General of Hydrocarbon, (DGH) New Delhi, India and the same is outstanding as on March 31, 2019 amounting to USD 2,00,770 equivalent to ₹ 66,65,384/- (Previous year: USD 3,14,355 equivalent to ₹ 1,53,80,019/-). 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. This bank guarantee represents the 30% share of Participating Interest (PI) of GNRL Oil & Gas Limited. Reporting amount of Bank Guarantee is not adjusted for F.Y. 2019-20 as till the conclusion of the financial year, there is no Managing Committee meeting for deciding Bank Guarantee.
- 20.2 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 ₹ 23,97,321/- and ₹ 27,39,762/- for FY 2008-09 and FY 2009-10 respectively (Including Interest and penalty). The Company has filed appeal before Gujarat Value Added Tax Tribunal, against demand raised and paid advance payment of ₹ 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. Further on the same matter, the stay was granted by the way of order dated 03/03/2015, and the matter has been referred to the first appellant authority and it will have the liberty to decide the matter independently.
- 20.3 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.
- 20.4 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.
- 20.5 Capital Commitment
- Estimated amount of contracts remaining to be executed on capital account and not provided for:
- |                                    |     |     |
|------------------------------------|-----|-----|
| i) In respect of Company -         | Nil | Nil |
| ii) In respect of Joint Ventures - | Nil | Nil |





GNRL Oil Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

## 21. REVENUE FROM OPERATIONS

| Particulars  | For the year ended<br>31st March, 2019<br>₹ | For the year ended<br>31st March, 2018<br>₹ |
|--|---|---|
| <b>Sales of Products</b>                             |   |   |
| Sale of Gas - Joint Ventures (Refer Note No 28.3)    | 4,64,35,672                                 | 4,44,66,475                                 |
| Sale of Oil - Joint Ventures (Refer Note No 28.3)    | 3,01,88,884                                 | 2,56,60,841                                 |
| Sale of Sludge - Joint Ventures (Refer Note No 28.3) | -   | 13,22,831                                   |
| <b>Other Operating Income</b>                        |   |   |
| Other Operating Income                               | 1,58,979                                    | 1,39,064                                    |
| PSC Overheads Recovery (Net)                         | 10,14,474                                   | 12,36,605                                   |
| <b>TOTAL</b>   | <b>7,77,98,009</b>                          | <b>7,28,25,816</b>                          |

## 22. OTHER INCOME

| Particulars                       | For the year ended<br>31st March, 2019<br>₹ | For the year ended<br>31st March, 2018<br>₹ |
|-----------------------------------|---|---|
| <b>Interest Income</b>            |   |   |
| Interest on Deposits              | 10,76,084                                   | 7,52,161                                    |
| Prior Period Interest on Deposits | -   | 16,605                                      |
|                                   | <b>10,76,084</b>                            | <b>7,68,766</b>                             |
| <b>Other Non Operating Income</b> |   |   |
| Other Income                      | -   | 35,535                                      |
| Sundry Balance Written Back       | 1,315                                       | 8,69,615                                    |
|                                   | <b>1,315</b>                                | <b>9,05,150</b>                             |
| <b>TOTAL</b>                      | <b>10,77,399</b>                            | <b>16,73,916</b>                            |

## 23. CHANGES IN INVENTORIES OF FINISHED GOODS

| Particulars                              | For the year ended<br>31st March, 2019<br>₹ | For the year ended<br>31st March, 2018<br>₹ |
|--|---|---|
| <b>Finished Goods</b>                    |   |   |
| At lower of Cost or Net Realizable Value |   |   |
| Closing stock of Oil                     | 1,28,213                                    | 1,99,376                                    |
| Opening stock of Oil                     | 1,99,376                                    | 1,58,287                                    |
| <b>TOTAL</b>                             | <b>71,163</b>                               | <b>(41,089)</b>                             |

## 24. EMPLOYEE BENEFITS EXPENSE

| Particulars                                    | For the year ended<br>31st March, 2019<br>₹ | For the year ended<br>31st March, 2018<br>₹ |
|--|---|---|
| Salaries, Wages & Allowances                   | 87,68,067                                   | 93,02,238                                   |
| Contribution to Provident Fund and Other Funds | 3,98,925                                    | 3,99,085                                    |
| Staff Welfare Expenses                         | 2,41,414                                    | 3,70,998                                    |
| <b>TOTAL</b>                                   | <b>94,08,406</b>                            | <b>1,00,72,321</b>                          |



GNRL Oil & Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

\* With respect to Gratuity & Leave Encashment, the Company has taken actuarial valuation report for the year ended 31st March, 2019.

\*\* Previous year's figures have been regrouped, rearranged and reclassified wherever necessary, so as to confirm with the figures of actuarial valuation report.

**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 2018-19.

**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 through its unincorporated Joint Ventures. 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.

**25. FINANCE COSTS**

| Particulars                             | For the year ended<br>31st March, 2019<br>₹ | For the year ended<br>31st March, 2018<br>₹ |
|---|---|---|
| Interest Expenses                       | 55,81,026                                   | 55,88,095                                   |
| Interest on late payment of TDS         | 55,640                                      | 28,265                                      |
| Interest on late payment of Service Tax | -   | 428   |
| Bank Guarantees Commission Charges      | 1,16,767                                    | 31,008                                      |
| <b>TOTAL</b>                            | <b>57,53,433</b>                            | <b>56,47,796</b>                            |

**26. OTHER EXPENSES**

| Particulars                                      | For the year ended<br>31st March, 2019<br>₹ | For the year ended<br>31st March, 2018<br>₹ |
|--|---|---|
| <b>Expenses related to Production Activities</b> |   |   |
| <b>Operating Fields</b>                          |   |   |
| Cess   | 7,66,343                                    | 9,00,460                                    |
| Consultancy Charges                              | 9,864                                       | 50,100                                      |
| Dead Rent  | 25,571                                      | 3,682                                       |
| Echometer/ Dynamometer Survey                    | -   | 8,100                                       |
| Field Personnel Cost                             | 16,98,449                                   | 16,03,363                                   |
| Flow Assurance Services                          | 1,73,488                                    | 1,11,962                                    |
| Fluid Analysis                                   | -   | 3,000                                       |
| GST  | 33,97,677                                   | 39,00,015                                   |
| Handling & Processing                            | 26,65,964                                   | 38,36,194                                   |
| Health & Safety & Environment Exp                | 2,94,867                                    | 3,47,834                                    |
| Land Lease Rentals                               | 12,80,631                                   | 10,33,743                                   |
| Power & Fuel Charges                             | 5,29,423                                    | -   |
| Oil Chemical Circulation                         | -   | 20,010                                      |
| Rent, Rates & Taxes                              | 31,73,184                                   | 49,09,838                                   |
| Repairs & Maintenance Expenses                   | 8,39,927                                    | 3,99,445                                    |
| Royalty  | 4,36,918                                    | 5,24,418                                    |
| Scrapping Charges                                | 6,97,320                                    | 7,93,232                                    |
| Security Service Charges                         | 7,59,411                                    | 7,65,535                                    |
| Service & Utility Cost                           | 56,835                                      | 37,041                                      |
| Site Office Cost                                 | 1,94,970                                    | 1,54,595                                    |
| Slick Line Services                              | -   | 78,764                                      |
| Subscription Charges                             | 1,87,836                                    | 1,69,816                                    |
| Transportation Charges - Crude                   | 9,26,227                                    | 10,77,943                                   |
| Well Testing                                     | 5,93,750                                    | 5,10,277                                    |
| Workover   | 1,46,855                                    | 9,29,147                                    |





|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| <b>Non-operating Fields</b>        |                    |                    |
| North Balol                        |                    |                    |
| - Profit Petroleum to Government   | 41,13,777          | 21,23,545          |
| - Others Expense                   | 50,48,186          | 72,92,461          |
| Unawa                              | 4,83,444           | 15,15,997          |
| <b>TOTAL (A)</b>                   | <b>2,85,00,917</b> | <b>3,31,00,517</b> |
| <b>Administrative Expenses</b>     |                    |                    |
| Bank Charges                       | 2,65,730           | 5,08,720           |
| Donation                           | -                  | 10,29,400          |
| Electrical Charges                 | 1,59,164           | 8,16,739           |
| Insurance                          | 9,52,438           | 8,74,159           |
| Postage, Telegrams & Telephones    | 2,23,446           | 2,39,867           |
| Printing & Stationery              | 43,418             | 44,192             |
| Professional & Consultancy Charges | 36,85,057          | 19,85,788          |
| Transportation Charges             | 6,22,610           | 7,62,772           |
| Traveling & Conveyance             | 3,92,420           | 12,04,908          |
| Vehicle running Expenses           | 1,21,653           | 1,33,203           |
| Payment to Auditors                |                    |                    |
| As Auditor                         | 1,77,000           | 1,77,000           |
| Other Services                     | 82,600             | 82,600             |
|                                    | 2,59,600           | 2,59,600           |
| Foreign Exchange loss (Net)        | 233                | 3,17,893           |
| Other expenses                     | 19,23,328          | 28,80,345          |
| <b>TOTAL (B)</b>                   | <b>86,49,097</b>   | <b>1,10,57,586</b> |
| <b>TOTAL (A+B)</b>                 | <b>3,71,50,014</b> | <b>4,41,58,103</b> |

## 27. Share Application Money Written Back

The Company had obtained unsecured loan of US\$ 775,000/- from Stealth Ventures Limited (SVL), 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 (SVL), pending that the said amount was shown as share application money pending allotment in Financial Statement.

Since the Company had not received any such subscription notice and Stealth Ventures Limited (SVL) has been dissolved, the Company has written back the Share Application Money Pending Allotment in Previous Year i.e. 2017-18.

## 28. 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)

- v Allora Field
- v Dholasan Field
- v Kanawara Field
- v North Kathana Field

### AS A NON OPERATOR (4 FIELDS)

- v Unawa Field
- v North Balol Field
- v CB-ONN-2004/1
- v 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, 2019 are set out below.



GNRL Oil & Gas Limited (Formerly known as Heramec Limited) Notes forming part of Financial Statements

| Sl.No | Field-Location Status                      | Joint Venture Partners  | Participating Interest (%) |
|-------|--|---|----------------------------|
| 1     | Dholasan Field<br>Onshore Development      | 1. Gujarat State Petroleum Corporation Ltd.<br><br>2. GNRL Oil & Gas Limited (Formerly Heramec Limited)<br>*(Operator)  | 70<br><br>30               |
| 2     | Kanawara Field<br>Onshore Development      | 1. Gujarat State Petroleum Corporation Ltd.<br><br>2. GNRL Oil & Gas Limited (Formerly Heramec Limited)<br>*(Operator)  | 70<br><br>30               |
| P     | North Kathana Field<br>Onshore Development | 1. Gujarat State Petroleum Corporation Ltd.<br><br>2. GNRL Oil & Gas Limited (Formerly Heramec Limited)<br>*(Operator)  | 70<br><br>30               |
| 4     | Allora Field<br>Onshore Development        | 1. Gujarat State Petroleum Corporation Ltd.<br><br>2. GNRL Oil & Gas Limited (Formerly Heramec Limited)<br>*(Operator)  | 70<br><br>30               |
| 5     | Unawa Field<br>Onshore Development         | 1. Gujarat State Petroleum Corporation Ltd. (Operator)<br><br>2. GNRL Oil & Gas Limited (Formerly Heramec Limited)  | 70<br><br>30               |
| 6     | North Balol Field<br>Onshore Development   | 1. Gujarat State Petroleum Corporation Ltd.<br><br>2. GNRL Oil & Gas Limited (Formerly Heramec Limited)<br>3. Hindustan Oil Exploration Company Limited *(Operator) | 45<br><br>30<br>25         |
| 7     | CB-ONN-2004/1 Field<br>Onshore Development | 1. Gujarat State Petroleum Corporation Ltd.<br><br>2. GNRL Oil & Gas Limited (Formerly Heramec Limited)<br>3. Oil and Natural Gas Corporation Ltd.<br>*(Operator)   | 40<br><br>10<br>50         |





GNRL Oil Gas Limited (Formerly known as Heramec Limited)/Notes forming part of Financial Statements

|   |  |  |    |
|---|--|--|----|
| 8 | CB-ONN-2004/4 Field<br>Onshore Development | 1. Gujarat State Petroleum Corporation Ltd.          | 40 |
|   |  | 2. GNRL Oil & Gas Limited (Formerly Heramec Limited) | 10 |
|   |  | 3. Oil and Natural Gas Corporation Ltd. *(Operator)  | 50 |

In taking up its share of balances of assets, liabilities, income and expenditure from the unincorporated joint ventures as at March 31, 2017 GNRL Oil & Gas Limited (Formerly Heramec Limited) has applied its participating interest in the respective

#### 28.1 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.

28.2 Of the above, 6 fields/ blocks are in production, namely Unawa, North Balol, Dholasan, North Kathana, Kanawars 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                             | 1.518  | 68.852  |
| Additions  | -  | -   |
| Deletions  | -  | -   |
| Production                                       | 0.001  | 4.223   |
| Closing Balance for the year ended on 31.03.2018 | 1.517  | 64.629  |

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.



## 29. Related Party Transactions

### a. Names of related parties and description of relationship :

|       |                                 |  |
|-------|---------------------------------|--|
| (i)   | Holding Company                 | Sigma Oil and Gas Private Ltd  |
| (ii)  | Step up Holding Company         | Gujarat Natural Resources Limited  |
| (iii) | Subsidiaries                    | Nil  |
| (iv)  | Fellow Subsidiaries             | 1. Gorlas Corporate Holdings Ltd (Ise of Man)<br>2. Heramec Oil and Gas (Singapore) Pte Limited<br>3. Alkor Petro Overseas Limited |
| (vi)  | Subsidiary of Fellow subsidiary | Gorlas Global Energy PLC   |
| (vii) | Key Management Personnel        | 1. Malav Ajitbhai Mehta<br>2. Pranav Tejpal Kapadia*<br>3. Besh Purshottandas Shah**   |

\*With Effect from 27th June, 2018.

\*\*Upto 28th June, 2018.

### b. Transaction for the year ended March 31, 2019 :

| Particulars                                   | For the year ended<br>31 <sup>st</sup> March, 2019<br>₹ | For the year ended<br>31 <sup>st</sup> March, 2018<br>₹ |
|---|---|---|
| <b>Advances (Taken)/ Repaid</b>               |   |   |
| 1. Holding Company                            | (1,38,83,640)   | (7,29,84,439)   |
| 2. Key Management Personnel                   | 84,86,950   | (84,86,950)   |
| <b>Expenditure</b>                            |   |   |
| 1. Holding Company                            | 15,87,120   | 20,92,140   |
| 2. Remuneration to KMP                        | 67,56,905   | 60,00,000   |
| <b>Outstanding balance as at the Year end</b> |   |   |
| <b>1. Amounts Payable</b>                     |   |   |
| a) Holding Company                            | 27,68,28,364  | 26,29,44,724  |
| b) Fellow Subsidiaries                        | 25,14,11,369  | 25,14,11,369  |
| c) Subsidiary of Fellow Subsidiary            | 1,08,19,661   | 1,08,19,661   |
| d) Director Remuneration                      | -   | -   |
| e) Key Management Personnel                   | -   | 84,86,950   |
| <b>2. Amounts Receivable</b>                  |   |   |
| a) Fellow Subsidiaries                        | 9,59,891  | 9,59,891  |
| b) Step up Holding Company                    | 2,04,53,506   | 2,04,53,506   |

## 30. Earnings per Share

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2019<br>₹ | For the year ended<br>31 <sup>st</sup> March, 2018<br>₹ |
|--|---|---|
| Profit/(Loss) as per statement of Profit & Loss ( ₹ )                            | (1,75,28,004)   | 87,52,129   |
| Weighted Average number of Equity Shares of \$1 each outstanding upto the period | 50  | 50  |
| Earnings per share<br>Basic and Diluted ( ₹ )                                    | (3,50,560.08)   | 1,75,042.58   |





**31. Expenditure in Foreign Currency**

| PARTICULARS             | For the year ended<br>31st March, 2019<br>₹ | For the year ended<br>31st March, 2018<br>₹ |
|-------------------------|---|---|
| i) Consultancy Expenses | 1,20,041                                    | 93,743                                      |
| ii) Others              | -   | 90,439                                      |
| <b>TOTAL</b>            | <b>1,20,041</b>                             | <b>1,84,182</b>                             |

**32.1. Sales Turnover**

| Description | Unit   | Quantity     | Value in ₹      |
|-------------|--------|--------------|-----------------|
| Crude Oil   | MBBLs* | 6.56         | 3,01,88,884     |
|             |        | P.Y. 7.65    | P.Y. 25,660,841 |
| Natural Gas | MM3*   | 4,211.88     | 4,64,35,672     |
|             |        | P.Y. 3997.14 | P.Y. 44,466,475 |

**32.2. Opening and Closing Stock of Goods Produced & Traded**

| Description   | Unit   | Quantity  | Value in ₹   |
|---------------|--------|-----------|--------------|
| Opening Stock |        |           |              |
| Crude Oil     | MBBLs* | 0.34      | 1,99,376     |
|               |        | P.Y. 0.34 | P.Y. 158,287 |
| Closing Stock |        |           |              |
| Crude Oil     | MBBLs* | 0.20      | 1,28,213     |
|               |        | P.Y. 0.34 | P.Y. 199,376 |

**32.3 Actual Production**

| Description | Unit   | Actual Production for<br>the Year |
|-------------|--------|-----------------------------------|
| Crude Oil   | MBBLs* | 6.85                              |
|             |        | P.Y. 8.22                         |
| Natural Gas | MM3*   | 4,222.79                          |
|             |        | P.Y. 4014.63                      |

\* MM3 - Thousand Cubic Meter

\* MBBL - Thousand Barrels

**33. CIF Value of Imports**

| PARTICULARS                    | For the year ended<br>31st March, 2019<br>₹ | For the year ended<br>31st March, 2018<br>₹ |
|--------------------------------|---|---|
| i) Raw Materials               | -   | -   |
| ii) Components and Spare Parts | 23,783                                      | -   |
| iii) Capital Goods             | -   | -   |
| <b>TOTAL</b>                   | <b>23,783</b>                               | <b>-</b>                                    |



**34. Earnings in Foreign Currency**

| PARTICULARS                     | For the year ended<br>31st March, 2019<br>₹ | For the year ended<br>31st March, 2018<br>₹ |
|---------------------------------|---|---|
| i) Earnings in Foreign Currency | -   | -   |
| <b>TOTAL</b>                    | -   | -   |

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

**36. Segment Reporting**

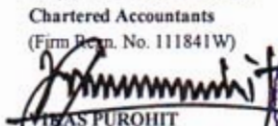
The Company operates in one business segment i.e. the exploration, development and production of oil and gas based on the nature of products, the risks and returns, the organization structure and the internal financial reporting systems and extraction in one geographical location.

37. 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 confirmations from the parties.



38. Previous year's figures have been regrouped, reworked, restated, rearranged and reclassified wherever necessary, so as to confirm with the figures of Current year.

As per our Independent Audit Report of even date attached

For, J. R. PUROHIT & CO.  
Chartered Accountants  
(Firm Regn. No. 111841W)

  
J. R. PUROHIT & CO.  
AHMEDABAD  
CHARTERED ACCOUNTANTS  
VIRAS PUROHIT  
PARTNER  
MEMBERSHIP NO. 131959

For and on behalf of Board of Directors

   
(MALAV A MEHTA) (PRANAV KAPADIA)  
DIRECTOR DIRECTOR  
(DIN: 1234736) (DIN: 220246)

Date : 21/05/2019  
Place : Ahmedabad

Date : 21/05/2019  
Place : Ahmedabad



# Note Forming Part of Financial Statements

## Note - 11 : TANGIBLE FIXED ASSETS

| Particulars                    | Building  | Plant & Equipment | Producing Properties | Furniture & Fixtures | Vehicles  | Office equipments | Computers | Air Conditioner | Cell phone Instruments | Total        |
|--------------------------------|-----------|-------------------|----------------------|----------------------|-----------|-------------------|-----------|-----------------|------------------------|--------------|
| <b>Cost of assets</b>          |           |                   |                      |                      |           |                   |           |                 |                        |              |
| At 31 March 2017               | 12,24,825 | 1,54,42,716       | 53,67,75,998         | 8,46,741             | 36,26,398 | 3,57,586          | 13,34,119 | 2,23,245        | 6,33,582               | 56,04,65,210 |
| Additions                      | -         | -                 | 1,41,09,442          | -                    | -         | -                 | 26,039    | -               | -                      | 1,41,35,481  |
| Disposal / Adjustment          |           |                   |                      |                      |           |                   |           |                 |                        | -            |
| At 31 March 2018               | 12,24,825 | 1,54,42,716       | 55,08,85,440         | 8,46,741             | 36,26,398 | 3,57,586          | 13,60,158 | 2,23,245        | 6,33,582               | 57,46,00,691 |
| Additions                      | -         | 21,120            | 84,79,991            | -                    | -         | -                 | -         | -               | -                      | 85,01,111    |
| Disposal / Adjustment          |           |                   |                      |                      |           |                   |           |                 |                        | -            |
| At 31 March 2019               | 12,24,825 | 1,54,63,836       | 55,93,65,431         | 8,46,741             | 36,26,398 | 3,57,586          | 13,60,158 | 2,23,245        | 6,33,582               | 58,31,01,802 |
| <b>Depreciation/ Depletion</b> |           |                   |                      |                      |           |                   |           |                 |                        |              |
| At 31 March 2017               | 6,06,845  | 1,00,29,683       | 20,02,48,839         | 7,32,972             | 21,05,868 | 3,20,551          | 12,41,896 | 2,01,711        | 4,98,399               | 21,59,86,763 |
| Charge for the year            | 57,949    | 6,28,923          | 4,30,92,754          | 29,007               | 4,69,328  | 10,237            | 23,996    | 6,036           | 58,807                 | 4,43,77,037  |
| Disposal / Adjustment          |           |                   |                      |                      |           |                   |           |                 |                        | -            |
| At 31 March 2018               | 6,64,794  | 1,06,58,606       | 24,33,41,593         | 7,61,979             | 25,75,196 | 3,30,788          | 12,65,891 | 2,07,747        | 5,57,206               | 26,03,63,800 |
| Charge for the year            | 52,449    | 5,50,924          | 4,54,33,271          | 17,830               | 3,22,977  | 5,978             | 14,022    | 3,316           | 25,202                 | 4,64,25,969  |
| Disposal / Adjustment          |           |                   |                      |                      |           |                   |           |                 |                        | -            |
| At 31 March 2019               | 7,17,243  | 1,12,09,530       | 28,87,74,864         | 7,79,809             | 28,98,173 | 3,36,766          | 12,79,913 | 2,11,063        | 5,82,408               | 30,67,89,769 |
| <b>Net Block</b>               |           |                   |                      |                      |           |                   |           |                 |                        |              |
| At 31 March 2017               | 6,17,980  | 54,13,032         | 33,65,27,159         | 1,13,769             | 15,20,530 | 37,035            | 92,224    | 21,534          | 1,35,183               | 34,44,78,447 |
| At 31 March 2018               | 5,60,031  | 47,84,110         | 30,75,43,847         | 84,762               | 10,51,202 | 26,798            | 94,267    | 15,498          | 76,376                 | 31,42,36,891 |
| At 31 March 2019               | 5,07,582  | 42,54,306         | 27,05,90,567         | 66,932               | 7,28,225  | 20,820            | 80,245    | 12,182          | 51,174                 | 27,63,12,033 |

| Particular   | Gratuity (Funded) |             |             |             | Leave Encashment (Non-funded) |             |             |             |
|--|-------------------|-------------|-------------|-------------|-------------------------------|-------------|-------------|-------------|
|  | 2018-19           | 2017-18     | 2016-17     | 2015-16     | 2018-19                       | 2017-18     | 2016-17     | 2015-16     |
| <b>I Change in obligation during the year ended 31st March, 2019</b>   |                   |             |             |             |                               |             |             |             |
| 1 Liability at the beginning of the year   | 61,22,471         | 53,18,041   | 43,51,057   | 25,16,158   | 25,16,158                     | 24,89,162   | 19,25,776   | 19,25,776   |
| 2 Interest cost  | 4,44,881          | 3,77,546    | 3,40,630    | 1,88,712    | 1,88,712                      | 1,72,665    | 1,48,438    | 1,48,438    |
| 3 Current service cost   | 7,50,161          | 7,88,498    | 6,98,569    | 6,68,146    | 6,68,146                      | 3,33,458    | 2,66,241    | 2,66,241    |
| 4 Past service cost  | -                 | 5,25,527    | -           | -           | -                             | -           | -           | -           |
| 5 Benefit paid   | (36,346)          | (1,31,798)  | (17,812)    | (6,17,630)  | (6,17,630)                    | (7,90,186)  | (5,72,934)  | (5,72,934)  |
| 6 Actuarial (gain) / Losses  | (3,81,444)        | (7,55,343)  | (56,403)    | 3,11,059    | 3,11,059                      | 3,11,059    | 7,21,641    | 7,21,641    |
| 7 Liability at the end of the year   | 68,99,723         | 61,22,471   | 53,18,041   | 25,16,158   | 25,16,158                     | 24,89,162   | 19,25,776   | 19,25,776   |
| <b>II Change in assets during the year ended 31st March, 2019</b>  |                   |             |             |             |                               |             |             |             |
| 1 Plan assets at the beginning of the year   | 48,86,931         | 45,22,802   | 41,16,077   | -           | -                             | -           | -           | -           |
| 2 Expected return of plan assets   | 3,82,043          | 3,48,675    | 3,04,898    | -           | -                             | -           | -           | -           |
| 3 Contributions  | 16,03,242         | 1,80,363    | 1,32,295    | -           | -                             | -           | -           | -           |
| 4 Benefit paid   | (36,346)          | (1,31,798)  | (17,812)    | -           | -                             | -           | -           | -           |
| 6 Actuarial gain / (Loss)  | 888               | (33,111)    | (12,655)    | -           | -                             | -           | -           | -           |
| 7 Expenses deducted from fund  | -                 | -           | -           | -           | -                             | -           | -           | -           |
| 8 Plan assets at the end of the year   | 68,36,758         | 48,86,931   | 45,22,802   | -           | -                             | -           | -           | -           |
| <b>III Actual return on plan assets</b>  |                   |             |             |             |                               |             |             |             |
| 1 Expected return of plan assets   | 3,82,043          | 3,48,675    | 3,04,898    | -           | -                             | -           | -           | -           |
| 2 Actuarial gain / (Loss)  | 888               | (33,111)    | (12,655)    | -           | -                             | -           | -           | -           |
| 3 Actual return on plan assets   | 3,82,931          | 3,15,564    | 2,92,243    | -           | -                             | -           | -           | -           |
| <b>IV Net asset / (liability) recognized in the Balance Sheet as at 31st March, 2019</b>                       |                   |             |             |             |                               |             |             |             |
| 1 Liability at the end of the year   | 68,99,723         | 61,22,471   | 53,18,041   | 25,16,158   | 25,16,158                     | 24,89,162   | 19,25,776   | 19,25,776   |
| 2 Plan assets at the end of the year   | (68,36,758)       | (48,86,931) | (45,22,802) | -           | -                             | -           | -           | -           |
| 3 Unrecognised Past Service Cost   | (76,629)          | (1,53,257)  | -           | -           | -                             | -           | -           | -           |
| 4 Amount recognized in the Balance Sheet Accrued (Assets)/Liability  | (13,664)          | 10,82,283   | 7,95,238    | 31,27,227   | 31,27,227                     | 25,16,158   | 24,89,162   | 24,89,162   |
| <b>V Expenses recognized in the Statement of Profit &amp; Loss account for the year ended 31st March, 2019</b> |                   |             |             |             |                               |             |             |             |
| 1 Current service cost   | 7,50,161          | 7,88,498    | 6,98,569    | 6,68,146    | 6,68,146                      | 3,33,458    | 2,66,241    | 2,66,241    |
| 2 Interest cost  | 4,44,881          | 3,77,546    | 3,40,630    | 1,88,712    | 1,88,712                      | 1,72,665    | 1,48,438    | 1,48,438    |
| 3 Expected return on plan assets   | (3,82,043)        | (3,48,675)  | (3,04,898)  | -           | -                             | -           | -           | -           |
| 4 Actuarial (gain) / Losses  | (3,82,332)        | (7,22,232)  | (43,748)    | 3,11,059    | 3,11,059                      | 3,11,059    | 7,21,641    | 7,21,641    |
| 5 Past service cost  | 76,629            | 3,72,270    | -           | -           | -                             | -           | -           | -           |
| 6 Total expenses   | 5,07,296          | 4,67,407    | 6,90,553    | 12,29,199   | 12,29,199                     | 8,17,182    | 11,36,320   | 11,36,320   |
| <b>VI Balance Sheet reconciliation</b>   |                   |             |             |             |                               |             |             |             |
| 1 Opening net liability / (asset)  | 12,35,540         | 7,95,239    | 2,36,980    | 25,16,158   | 25,16,158                     | 24,89,162   | 19,25,776   | 19,25,776   |
| 2 Expenses as above  | 5,07,296          | 4,67,407    | 6,90,553    | 12,29,199   | 12,29,199                     | 8,17,182    | 11,36,320   | 11,36,320   |
| 3 Employer contribution  | 16,03,242         | 1,80,363    | 1,32,295    | -           | -                             | -           | -           | -           |
| 4 Benefits paid directly by the Company  | -                 | -           | -           | (6,17,630)  | (6,17,630)                    | (7,90,186)  | (5,72,934)  | (5,72,934)  |
| 5 Amount recognized in the Balance Sheet   | 1,39,594          | 10,82,283   | 7,95,238    | 31,27,227   | 31,27,227                     | 25,16,158   | 24,89,162   | 24,89,162   |
| <b>VII Actuarial assumptions</b>   |                   |             |             |             |                               |             |             |             |
| 1 Discount rate  | 7.45%             | 7.50%       | 7.20%       | 7.45%       | 7.45%                         | 7.50%       | 7.20%       | 7.20%       |
| 2 Rate of return on plan assets  | 7.45%             | 7.50%       | 7.20%       | 0.00%       | 0.00%                         | 0.00%       | 0.00%       | 0.00%       |
| 3 Salary Escalation  | 8.33%             | 8.33%       | 8.33%       | 8.33%       | 8.33%                         | 8.33%       | 8.33%       | 8.33%       |
| <b>VIII Amount for the current period is as under *</b>  |                   |             |             |             |                               |             |             |             |
| <b>Particulars</b>   |                   |             |             |             |                               |             |             |             |
| <b>Gratuity (Funded)</b>   |                   |             |             |             |                               |             |             |             |
| Defined Benefit obligation   | 68,99,723         | 61,22,471   | 53,18,041   | 25,16,158   | 25,16,158                     | 24,89,162   | 19,25,776   | 19,25,776   |
| Plan asset   | (68,36,758)       | (48,86,931) | (45,22,802) | -           | -                             | -           | -           | -           |
| Surplus/(deficit)  | (62,965)          | (12,15,540) | (7,95,238)  | (31,27,227) | (31,27,227)                   | (25,16,158) | (24,89,162) | (24,89,162) |
| Experience adjustment on plan liability  | (4,14,018)        | (15,76,667) | (4,44,234)  | 3,51,777    | 3,51,777                      | 3,76,292    | 5,62,710    | 5,62,710    |
| Actuarial Loss / (Gain) due to change in Actuarial Assumption  | 32,574            | (1,78,676)  | 3,87,831    | 20,564      | 20,564                        | (65,733)    | 1,58,931    | 1,58,931    |
| Experience adjustment on plan assets   | (888)             | 33,111      | 12,655      | -           | -                             | -           | -           | -           |





28.3 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 Statement of Profit and Loss. The summary of the Company's share in Assets & Liabilities of Joint Ventures are as follow:

| PARTICULARS         | AS AT<br>31st March 2019<br>₹ | AS AT<br>31st March 2018<br>₹ |
|---------------------|-------------------------------|-------------------------------|
|                     |                               |                               |
| Fixed Assets        | 84,87,53,524                  | 83,98,11,366                  |
| Current Assets      | 73,23,40,551                  | 67,64,61,414                  |
| Current Liabilities | 13,25,03,263                  | 10,61,00,118                  |

The Statement of Profit and Loss of the Company includes its share in Profit or Loss pertaining to the respective Joint Ventures. The summary of Statement of Profit and Loss for the year ended 31st March 2019 and 31st March 2018 is given as under:

|  | 2018-19                 |                    | 2017-18                 |                    |
|--|-------------------------|--------------------|-------------------------|--------------------|
|  | Aggregate of all<br>JVs | Heramec's Share    | Aggregate of all<br>JVs | Heramec's Share    |
| <b>INCOME</b>                                |                         |                    |                         |                    |
| Sale of Crude Oil                            | 10,06,29,607            | 3,01,88,883        | 8,55,36,136             | 2,56,60,842        |
| Sale of Gas                                  | 15,47,85,574            | 4,64,35,672        | 14,82,21,580            | 4,44,66,474        |
| Sludge Sales                                 | -                       | -                  | 44,09,438               | 13,22,831          |
| Increase/ (Decrease) in Inventories          | 9,38,963                | 2,81,689           | 1,96,743                | 59,023             |
| Other Income                                 | 5,29,935                | 1,58,981           | 5,81,995                | 1,74,599           |
| <b>Total</b>                                 | <b>25,68,84,079</b>     | <b>7,70,65,225</b> | <b>23,89,45,892</b>     | <b>7,16,83,769</b> |
| <b>EXPENDITURE</b>                           |                         |                    |                         |                    |
| Production and Administrative Expenses       | 12,66,54,410            | 3,79,96,323        | 16,78,28,005            | 5,03,48,401        |
| <b>Total Expenditure before Depreciation</b> | <b>12,66,54,410</b>     | <b>3,79,96,323</b> | <b>16,78,28,005</b>     | <b>5,03,48,401</b> |
| <b>PROFIT BEFORE DEPRECIATION</b>            | <b>13,02,29,669</b>     | <b>3,90,68,902</b> | <b>7,11,17,888</b>      | <b>2,13,35,367</b> |

