

GUJARAT NATURAL
RESOURCES LIMITED

19th Annual Report

2009 – 2010

Regd. Office
8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway,
Ahmedabad 380 059.

GUJARAT NATURAL RESOURCES LIMITED

19th ANNUAL REPORT
2009-2010

BOARD OF DIRECTORS

ASHOK C. SHAH
SHALIN A. SHAH
HARIYANT C. SHELAT
PRAVIN P. SHAH
MALAV A. MAHTA
ILESH SHAH
PRAVINBHAI V. TRIVEDI

CHAIRMAN
MANAGING DIRECTOR
DIRECTOR
DIRECTOR UPTO 12/11/2009
DIRECTOR
DIRECTOR
DIRECTOR

AUDITORS

M/s. NAIMISH K. SHAH & CO.
Chartered Accountants.

BANKERS

ICICI Bank Ltd., Ashram Road Branch, Ahmedabad
Union Bank of India, Ashram Road Branch, Ahmedabad
Syndicate Bank, Ashram Road, Ahmedabad.

REGD. OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

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

GUJARAT NATURAL RESOURCES LIMITED

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of **GUJARAT NATURAL RESOURCES LIMITED** will be held on 30th September, 2010 at 10.00 a.m at 8, Sigma Corporate, Nr. Mann Party Plot, S. G. Highway, Ahmedabad – 59 to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March 2010, Profit & Loss Account for the year ended on that date and Director's Report and the Auditor's Report thereon.
2. To appoint a Director in place of Mr. Hariyant C. Shelat, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Shalin A. Shah, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors of the company to hold office from the conclusion of this Annual General Meeting up to the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri Pravinbhai V. Trivedi, who was appointed as an additional director of the Company by the Board of directors and who holds office as per section 260 of the Companies Act 1956 up to the date of forthcoming Annual General Meeting and in respect of whom the Company has, pursuant to section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a director of the company, liable to retire by rotation".

By Order of the Board
FOR, Gujarat Natural Resources Limited.

Place : Ahmedabad
Date : 04.09.2010

Ashok C. Shah
[Chairman]

ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN ANNUAL GENERAL MEETING.

(IN PURSUANCE OF CLAUSE 49(VI) A OF THE LISTING AGREEMENTS)

NAME OF DIRECTOR	Pravinbhai Trivedi	Shalin A. Shah	Hariyant C Shelat
Age (Yrs.)	64	37	59
Qualifications	Retd. IAS, BSc. L.L.B	B.E.(Civil)	B.Com., L.L.B.
Designation	Director	Managing Director	Director
Chairman/Member of the Committee of the Board of Directors of the Company	Member – Audit Committee Chariman – Investors Committee	Member – Investors Committee	Member – Investors Committee Chariman – Audit Committee
No of Shares held in the company	Nil	565000	2000

By Order of the Board
FOR, Gujarat Natural Resources Limited.

Place : Ahmedabad
Date : 04.09.2010

Ashok C. Shah
[Chairman]

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

GUJARAT NATURAL RESOURCES LIMITED

NOTES :

1. A Member is eligible to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself and a Proxy need not be a member. The instrument appointing a proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.
2. The Members are requested to notify any change in their address to the company quoting their folio number at the earliest to avoid inconvenience at a later stage.
3. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting, therefore, Members are requested to bring their copies of Annual Report to the meeting.
4. Shareholders seeking any information with regards to accounts are requested to write to the Company latest by 20th September, 2010 so as to enable the management to keep the information ready.
5. Members/Proxies should bring the Attendance slip attached herewith duly filled in for attending the meeting.
6. Register of Members shall remain closed from 30th September, 2010 to 8th October, 2010 (Both days inclusive).
7. Member Companies/Organisations are requested to send a copy of the resolution of their Governing Body authorising their representative to attend and vote at this Annual General Meeting.
8. Explanatory Statement pursuant to Section 173(2) of the Act is enclosed.

By Order of the Board
FOR, Gujarat Natural Resources Limited.

Place : Ahmedabad
Date : 04.09.2010

Ashok C. Shah
[Chairman]

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5 :

The Board of Directors of the Company have appointed Shri Pravinbhai Trivedi as an Additional Director with effect from 23.01.2010.

In terms of Section 260 of the Companies Act, 1956, Shri Pravinbhai Trivedi holds office up to the date of Annual General Meeting of the Company. The company has received valid notice along with requisite deposits from the Director under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director. In view of the background and vast experience, it will be in the interest of the Company that they continue as Director of the Company. Brief resume of him have been given in the Corporate Governance Report attached to the Directors' Report and Annexure to the AGM Notice.

Your Director recommend the resolutions for approval of members.

None of the Directors, except Shri Pravinbhai Trivedi who is proposed to be appointed, is interested in the resolution.

By Order of the Board
FOR, Gujarat Natural Resources Limited.

Place : Ahmedabad
Date : 04.09.2010

Ashok C. Shah
[Chairman]

GUJARAT NATURAL RESOURCES LIMITED

DIRECTORS' REPORT

To
The Members of
GUJARAT NATURAL RESOURCES LIMITED.

Your Directors have pleasure in presenting their 19th Annual Report together with the audited statement of accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS :

The following figures represent the results for the year :-->

	(Rs. In lacs)	
	2009-2010 Rs.	2008-2009 Rs.
Sales & Other Income	204.70	71.97
Profit before Depreciation & Taxation	3.88	2.03
Depreciation	3.27	1.31
Taxation	0.20	0.14
Net Profit After Tax for the year	0.41	0.57

STATUS OF THE PROJECT :

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

FUTURE OUTLOOK:

The company plans to acquire new units producing small & medium sized Oil & Gas fields in India & abroad to push production levels to 2500 BOPD mark. The company is planning strategic entry into proven basins across the globe and own marquee assets – presently evaluating onshore producing assets in South East Asian region.

FINANCE :

During the year the company has raised finance by issuing Equity Shares, Share Warrants and OFCD under preferential issue guideline of the SEBI to finance the projects of the company.

DE-MERGER OF STEEL DIVISION:

During the year, the company has received an order from High Court of Gujarat sanctioning the Scheme of Arrangement in nature of De-merger of Steel Division of the company and it is effective from 4th February, 2010 and accordingly the effect of this de-merger scheme is given in this year's account as the appointed date was 1st April 2009.

SUBSIDIARY COMPANY :

During the year, the company has acquired 100% stake in M/s. Gorlas Oil and Gas Private Limited for total consideration of Rs. 1543.50 lacs and it became subsidiary of the company. Further M/s. Alkor Petro Overseas Ltd., M/s. Heramec Ltd, M/s. Gorlas Corporate Holdings Ltd, and M/s. Heramec Oil & Gas (Singapore) PTE Ltd. being subsidiary of M/s. Gorlas Oil and Gas Pvt. Ltd. , all these companies also became the subsidiary of the company. Moreover M/s. Gorlas Global Energy PLC ISLE of MAN

being subsidiary of M/s. Gorlas Corporate Holdings Ltd., the said company also became the subsidiary of the Company.

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

PARTICULARS OF EMPLOYEES:

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

STATUTORY INFORMATION:

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

DIRECTORS :

Mr. Hariyant C. Shelat and Mr. Shalin A. Shah retire from the Board by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Mr. Pravin P. Shah ceased to be a Director due to death during the year and the board appreciate the services rendered by him.

Mr. Pravinbhai V. Trivedi was appointed as Additional Director by the Board with effect from 23rd January, 2010. He holds such office upto the date of the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Brief resume of the Directors seeking appointment / reappointment together with the nature of their expertise in specific functional areas, name of companies in which they hold directorships and the membership of Committees of the Board and Shareholding of non-executive directors as stipulated under clause 49 of the Listing Agreement are given in the Corporate Governance Report and Annexure to AGM Notice.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits during the year under review.

AUDITORS:

M/s Naimish K. Shah & Co, Chartered Accountants, Ahmedabad, is not eligible for reappointment and therefore M/s. Pankaj K. Shah Associates, Chartered Accountants, Ahmedabad be appointed as an Auditors of this company to hold office from this meeting until the conclusion of the next Annual General Meeting.

AUDIT OBSERVATIONS:

With reference to the observations of the Auditors on the accounts, the notes on accounts in the Schedule are self-explanatory.

DIRECTORS RESPONSIBILITY STATEMENT:

In compliance of Section 217(2AA), as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956 your Directors confirm :

- i) That, in the preparation of the annual accounts, the applicable accounting standards had been followed,
- ii) That, the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended on 31st March'2010 and of the profit or Loss of the company for the year.
- iii) That, the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That, the directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT :

The Directors wish to place on record the unstinted efforts and dedicated services extended by the employees at all levels and the support received at all times from customers, suppliers, agents, and general public for their support and confidence reposed in the management.

Your Directors are also grateful to the Central and State Government Authorities and Company's Bankers for their continued assistance and support.

The Directors also express their sincere thanks to all the Shareholders for the continued support and trust they have reposed in the management.

By Order of the Board
FOR, Gujarat Natural Resources Limited.

Place : Ahmedabad

Date : 04.09.2010

Ashok C. Shah
[Chairman]

ANNEXURE - II

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy:

Statutorily, Corporate Governance involves transparency, full disclosure, independent monitoring of the state of affairs and being fair to all stakeholders. The Company's philosophy of Corporate Governance is not only to meet the statutory requirements but also to go well beyond that and to attain a high level of transparency and accountability in the functioning of the company and the conduct of the business both internal and external. This is done with the sole view to enhance stake holder's value.

2. Board of Directors :

a) Composition of Board

The Board of Directors of the Company comprises of 6 Directors, of which one is Managing Director and non-executive Chairman. During the year two directors in the category of Promoter has been appointed and there are two Independent Directors.

b) Board Meetings:

During the financial year 2009-2010, Twelve Board meetings were held on 27/04/09, 18/05/09, 23/05/2009, 09/07/2009, 21/07/09, 01/09/09, 30/10/2009 14/12/2009, 20/01/10, 23/01/10, 11/02/10 & 27/02/2010.

The composition, attendance and other memberships of the Board of directors of the company is given as follows:

Name of Director	Designation	Category	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in public companies	Total No. of Committee memberships
Ashok C. Shah	Chairman	Non-Executive Promoter	12	YES	--	1
Shalin A. Shah	Managing Director	Executive Director Promoter	12	YES	--	1
Hariyant C. Shelat	Director	Non-Executive Independent	9	YES	--	2
Pravin P. Shah	Director Ceased w.e.f 12.11.09	Non-Executive Independent	6	YES	--	--
Ilesh Shah	Director w.e.f. 23.01.10	Non-Executive Promoter	3	No	--	--
Malav Mehta	Director w.e.f. 23.01.10	Non-Executive Promoter	3	No	--	--
Pravinbhai Trivedi	Director w.e.f. 23.01.10	Non-Executive Independent	3	No	--	2

3. Remuneration of Directors

a) Directors :

The Company has not set up a Remuneration Committee. The remuneration of Executive Directors were fixed by the Board and approved by the Shareholders at the Annual General Meetings. Details of remuneration paid to Managing Director during the financial year 2009-2010 is given below :

Name	Designation	Tenure of Appointment	Salary (Rs.)
Ashok C. Shah	Chairman & Director	5 Years	3,67,100
Shalin A. Shah	Managing director	5 Years	4,50,000