



**GUJARAT NRE MINERAL RESOURCES LIMITED**  
**Annual Report — 2007-08**

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**GUJARAT NRE MINERAL RESOURCES LIMITED**  
**Annual Report — 2007-08**

<b>BOARD OF DIRECTORS</b>	:	Mr. Girdhari Lal Jagatramka Mr. Arun Kumar Jagatramka Mrs. Mona Jagatramka Dr. Mahendra Kumar Loyalka Mr. Sananguly Murari Dr. Christopher Royce Harvey	<i>Chairman</i> <i>Managing Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i>
<b>COMPANY SECRETARY</b>	:	Mr. Vimal Taparia	
<b>BANKER</b>	:	HDFC BANK LTD.	
<b>AUDITORS</b>	:	N. C. BANERJEE & Co. 2, Ganesh Chandra Avenue, Room No. 9, 1st Floor, Kolkata – 700 013	
<b>SOLICITOR &amp; ADVOCATE</b>	:	L. P. TIWARI & Co. Emerald House, 1B, Old Post Office Street, Kolkata - 700 001	
<b>REGISTERED OFFICE</b>	:	22, Camac Street, Block-C, 5th Floor, Kolkata - 700 016 Phone: +91 33 2289 1471-75 Fax: +91 33 2289 1470 E-mail : investor@gujaratnre.com Website: www.gujaratnre.com	
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	:	NICHE TECHNOLOGIES PVT. LTD. D-511, Bagri Market, 5th Floor, 71, B. R. B. Basu Road, Kolkata - 700 001 Phone :-+91 33 2235 7270-1 Fax : +91 33 2215 6823	

**ABOUT US**

Gujarat NRE Mineral Resources Limited (GNMRL) is excited to be a part of the \$16.4 billion booming petroleum sector of Western Australia, at present one of the most lucrative resources investment opportunities across the globe.

We are still the largest petroleum exploration block owner among the Indian companies venturing not only in Western Australia but also in entire Australia.

**FEW FACTS ABOUT WESTERN AUSTRALIA**

- Western Australia’s oil and gas industry is in a change mode creating new paradigms for exploration and development which is largely driven by global petroleum economics.
- About 69 % of Australia’s natural gas production and 67 % of crude oil and condensate production are located in Western Australia.
- Western Australia’s petroleum sector looks set to continue its record run with attracting 72 % of Australia’s exploration expenditure last year.

**WHY CANNING BASIN**

The Canning Basin is one of the largest remaining under-explored areas in onshore Australia and has geological similarities with highly productive Paleozoic basins worldwide.

The exploration dynamics of the Canning Basin have been transformed by sustained high oil prices and increased demand and prices for domestic gas supplies in Western Australia.

**EVALUATION OF THE BLOCKS**

Data review and analysis of blocks EP 457 and EP 458 (combined area 10,640 sq km) for evaluation of their hydrocarbon potential has been done by an independent professional agency for GNMRL.

The detailed analysis and prognosis regarding exploration potential of the blocks have been carried out by evaluating many of the critical thresholds of nature which determine the unique circumstances of generation and migration of hydrocarbon and their accumulation in pools which have escaped destruction.

Monte Carlo simulation technique has been used to calculate spread of possible quantitative estimates on the recoverable reserves from input data based on best informed judgments.

The total block area is divided into five major tectonic sectors by the major down-to-basement faults.

The subdivision of the blocks into five sectors are shown below in order of hydrocarbon prospectivity.

Map on subdivision of the blocks EP457 and EP458 in order of prospectivity is given in the next page.

**WHAT WE HAVE DONE IN THE LAST ONE YEAR**

- Grant of the exploration permits EP 457 and EP 458 for a period of six years.
- Execution of participation agreement between Gujarat NRE Oil Pty Ltd (GNOL) and Rey Resources Ltd (REY). GNOL being the operator with 90% and REY having 10%.
- Native title and environmental issues cleared.
- Data volume upgraded to 2800 line km of 2D seismic data and 14 well data.
- 70% increase in the volume of data to be analysed from the initial commitment.
- Commenced reprocessing and interpretation work in progress.

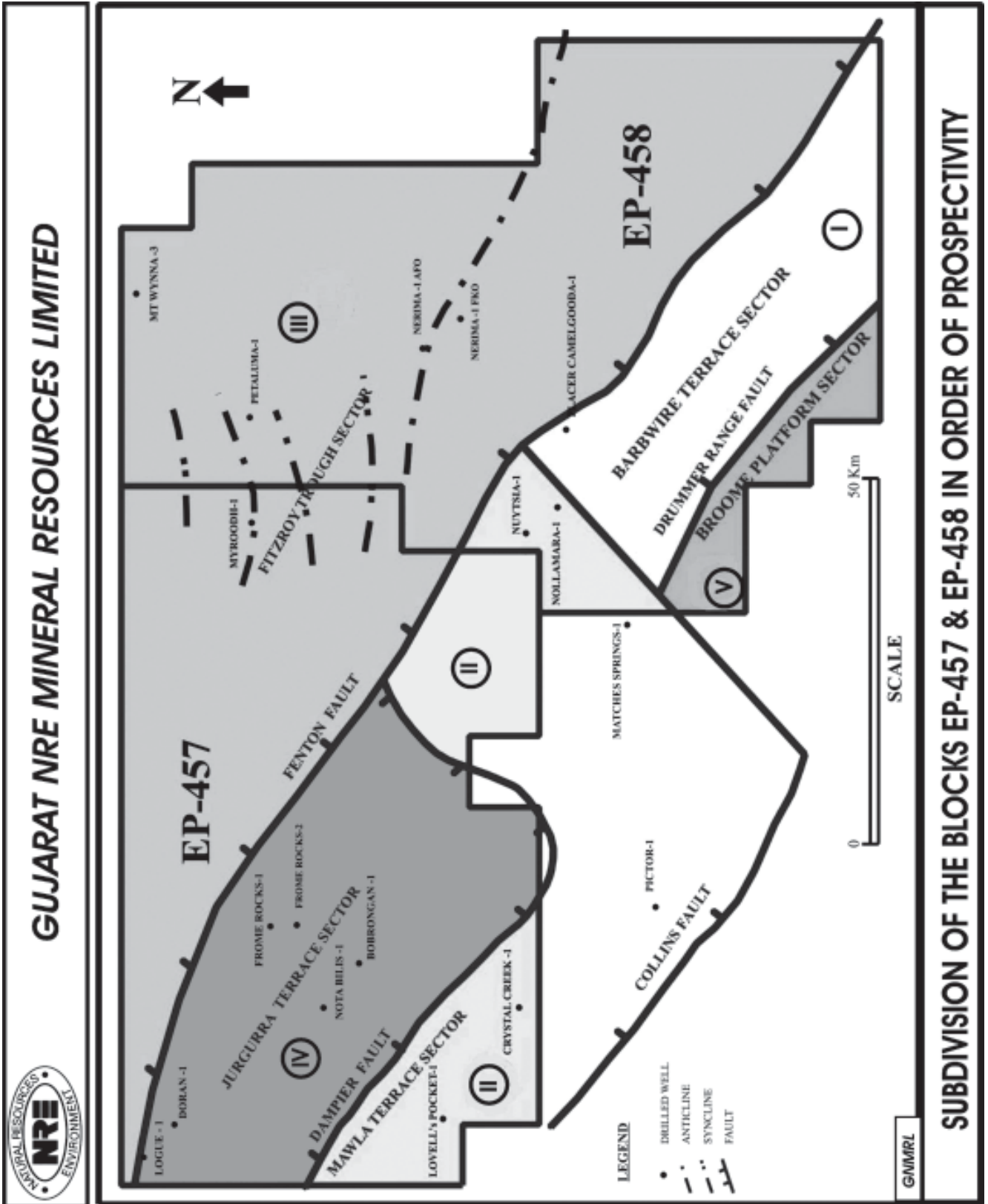
**WORK PROGRAM**

An ‘interpretative’ processing approach is followed to fine tune the processing towards the interpretation objectives of the project.

Landmark’s ‘ProMAX’ software will be used for the processing phase of the project and Halliburton’s ‘GEOGRAPHIX’ software will be used for the interpretation phase. The other supporting softwares to be used are GEOSCAN, WELLSKAN, ZEH and SPA.

The planned schedule of the work program is as below :

Year	Proposed Work Program
Year 1	• Geological and geophysical evaluation of hydrocarbon prospectivity.
Year 2	• 2D seismic data reprocessing and interpretation, well log interpretation & seismic to well tie.
Year 3	• New 2D seismic data acquisition, processing & interpretation.
Year 4	• New 3D seismic data acquisition, processing & interpretation.
Year 5	• Drilling of exploratory wells based on the results of 2D & 3D seismic survey results.
Year 6	• Seismic to well tie and final reserve estimation



## NOTICE

Notice is hereby given that the 15th Annual General Meeting of the members of GUJARAT NRE MINERAL RESOURCES LIMITED will be held at Kala Mandir, 48, Shakespeare Sarani, Kolkata 700 017 on Wednesday, the 17th day of September, 2008 at 11 a.m. to inter alia transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2008 and the Profit & Loss Account for the financial year ended as on that date and the Reports of the Auditors' and Directors' thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Girdharilal Jagatramka, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr Mahendra Kumar Loyalka, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and to pass the following resolution.

"RESOLVED THAT M/s. N C Banerjee & Co., Chartered Accountants, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration to be fixed by the Board of Directors in consultation with the Auditors."

### SPECIAL BUSINESS:

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

6. "RESOLVED THAT pursuant to the provisions of Section 269, 198, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the Company hereby approves the appointment of Mr Arun Kumar Jagatramka as Managing Director of the Company for a period of 5(five) years with effect from 2nd June, 2008 on a remuneration, if any, including minimum remuneration and on such terms and conditions as set out in the Explanatory Statement annexed hereto and as decided by the Board of Directors of the Company with authority to Remuneration Committee/Board to revise the same from time to time, during the tenure of office of appointment."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to sign and execute such paper(s), document(s), deed(s), instrument(s) and to do such act(s), matter(s) and deed(s) as may be necessary for appointment of Mr Arun Kumar Jagatramka as Managing Director of the Company."

7. "RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) to mortgage and/or charge, in addition to the mortgage(s)/charge(s) created/ to be created by the company, in such form and manner and with such ranking and at such time and on such terms and conditions as the Board may determine, on all or any of the movable and/or immovable properties of the company, both present and future and/or whole or any part of the undertaking(s) of the company together with the power to take-over the management of the business and concern of the

company in certain events of default, in favour of the Lender(s), Agent(s) and Trustee(s) for securing the borrowings availed/to be availed by the Company and/or by any of the Company's holding/ subsidiary/ affiliates / associate company, by way of loan(s) (in foreign currency and/or Indian currency) and Securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rate notes/bonds or other debt instrument) issued/to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Lender(s)/Agent(s)/Trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the company in terms of the Loan Agreement(s)/ Other Agreement(s)/Debenture Trust deed(s) or any other document, entered into / to be entered into between the Company and the Lender(s)/Agent(s) and Trustee(s) in respect of the said loans/ borrowings/debentures/other securities and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s)/ Agent(s) and Trustee(s)."

"FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board and/or its duly constituted Committee be and are hereby authorized to finalise, settle and execute such document(s)/deed(s)/writing(s)/paper(s)/agreement(s) as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."

By Order of the Board  
For **Gujarat NRE Mineral Resources Ltd.**



**Vimal Taparia**  
Company Secretary

Place: Kolkata  
Date: 18th day of July, 2008.

### Notes

1. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING ON HIS/HER BEHALF AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DULY COMPLETED, STAMPED AND LODGED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A COPY OF PROXY FORM IS ENCLOSED HERewith.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business is annexed. All documents referred to in the above notice and explanatory statement are open for inspection at the Registered Office of the Company between 2.00 PM and 4.00 PM on all working days from Monday to Friday every week till the ensuing AGM.

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| <p>3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 8th day of September, 2008 to Wednesday, the 17th day of September, 2008 (both days inclusive).</p> <p>4. The Dividend, as recommended by the Board, if declared, will be paid on or after 17th September, 2008 to those members or their mandates :</p> <p style="margin-left: 20px;">a) whose names appear as Beneficial Owners as at the end of the business hours on 17th September, 2008 in the list of Beneficial Owners to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in electronic form; and</p> <p style="margin-left: 20px;">b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Share Transfer Agents of the company on or before 6th September, 2008.</p> | <p>5. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.</p> <p>6. Members desiring any information on accounts are requested to write to the Company at least ten days in advance, so as to enable the management to keep the information ready at the meeting.</p> <p>7. Members are requested to bring the admission slips along with their copies of the Annual Report to the meeting.</p> <p>8. Any change in the address of the members may please be notified to the Registrars and Share Transfer Agents of the Company quoting their registered folio number.</p> |
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### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### ITEM NO. 6

Mr Arun Kumar Jagatramka was appointed as an Additional Director by the Board at its meeting held on 15.2.2005. Thereafter, the members at the 12th Annual General Meeting held on 30.9.2005 appointed him as Director of the Company. Mr Arun Kumar Jagatramka is Vice Chairman & Managing Director of M/s. Gujarat NRE Coke Ltd., India's largest independent producer of Metcoke and the only Indian Company with Coal Mines in Australia. An All India topper in Chartered Accountancy, he is a visionary and is globally acknowledged as an expert in coal & coke and has spoken on the subject in all corners of the globe. Considering his extensive knowledge, business skill and acumen, managerial experience and capabilities, the Board of Directors of the Company in accordance with the provisions of Sections 269, 198, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 by passing a resolution at their meeting held on 2nd June, 2008 on the recommendation of Remuneration Committee, have appointed Mr Arun Kumar Jagatramka as Managing Director of the Company for a period of 5 years with effect from 2nd June, 2008 subject to the approval of the members. Mr Arun Kumar Jagatramka has been appointed as Vice Chairman & Managing Director of M/s. Gujarat NRE Coke Ltd for a period of 5 years w.e.f. 28th March, 2007. Presently, he shall not be entitled to any remuneration from the Company. As per Article 126 of Articles of Association of the Company, his office shall not be subject to retirement by rotation. A notice has been received from a member under Section 257 of the Companies Act, 1956 proposing the name of Mr. Arun Kumar Jagatramka as Managing Director of the Company.

Apart from Mr Girdharilal Jagatramka and Mrs Mona Jagatramka, being in relation, no other Director is concerned or interested in passing of this resolution.

This may also be treated as an abstract under Section 302 of the Act.

The Directors recommend the resolution as set out under item no. 6 for the approval of the members.

#### ITEM NO.7

The borrowings by a Company, in general, is required to be secured by mortgage and/or charge on all or any of the movable and/or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the Lender(s)/ Agent(s) or Trustee(s).

The mortgage and/or charge on any of the movable and/or immovable properties and/or whole or any part of the undertaking(s) of the company, to secure borrowings of the company or of any of its holding, subsidiary, affiliate or associate company, with a power to the charge holders to take over the management of the business and concern of the company in certain events of default, may be regarded as disposal of the company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary for the members to pass a resolution under the said Section.

The Board of Directors accordingly recommend the resolution set out in item no. 7 of the accompanying notice for the approval of the members.

None of the Directors is in any way concerned or interested in the passing of the said Resolution.

By Order of the Board  
For **Gujarat NRE Mineral Resources Ltd.**



**Vimal Taparia**  
Company Secretary

Place: Kolkata  
Date: 18th day of July, 2008.



**DIRECTORS' REPORT**

To  
The Members,

Your Directors are pleased to present the 15th Annual Report and the Audited Financial Results of the Company for the year ended 31st March, 2008.

**FINANCIAL RESULTS**

	(Rs. In Lacs)	
<b>Particulars</b>	<b>2007-08</b>	<b>2006-07</b>
Total Income	<b>8443.83</b>	16.17
<b>Profit Before Tax (PBT)</b>	<b>1063.30</b>	1.32
Less : Provision for Taxation	<b>388.16</b>	1.28
<b>Profit After Tax (PAT)</b>	<b>675.14</b>	0.04
Add : Balance brought forward	<b>56.84</b>	56.80
<b>Amount available for appropriation</b>	<b>731.98</b>	56.84
Less : Appropriation -		
Proposed dividend on equity shares	<b>473.13</b>	—
Corporate Tax on dividend	<b>80.41</b>	—
<b>Balance carried to Balance Sheet</b>	<b>178.44</b>	56.84

**REVIEW OF OPERATIONS**

During the year, the Company extended its business in India from trading and processing of coke to acquiring stake in coke manufacturing units. It acquired major stakes in three coke manufacturing units in the State of Gujarat having a combined capacity of 0.1 million tonnes. Coke prices during the year clocked record high and the same is reflected in the results of your Company.

Your Company had also acquired through its Subsidiaries in Australia, two prospecting licences in the Canning basin region of Western Australia last year covering an area of 10,640 Km<sup>2</sup>. During the year, a team of experts have collected and compiled data needed for analysis as the tenement covers a huge area. These data are being processed and interpreted by the experts before carrying out final survey. Issues relating to native titles have been sorted out and statutory formalities in this regard are being complied with.

The Company's Net Sales stood at Rs. 8334.69 Lacs in the financial year ended 31st March, 2008 as compared to Rs. 3.76 Lacs during the previous financial year. Net Profit after tax went up to Rs. 675.14 Lacs as compared to Rs. 0.04 lacs during the previous year.

**INCREASE OF CAPITAL**

The Company came out with rights issue of the shares of Re.1 each at a premium of Rs.4 per share during the year, second issue in successive years. During the year, 3,69,04,080 shares were allotted and a sum of Rs.18.41 crores was raised to finance your Company's ongoing oil and gas exploration activities in Australia through its subsidiary Companies as well as acquisition of stake in coke manufacturing units in India.

**DIVIDEND**

Your Directors recommend a maiden dividend on equity shares @ 10% i.e. Re. 0.10 per share of Re. 1 each for the year under review.

**PUBLIC DEPOSIT**

The Company has not accepted or renewed any public deposits during the year.

**SUBSIDIARIES**

During the year under review, the Subsidiary companies, i.e NRE Resources Pty Ltd (NRPL) and Gujarat NRE Oil Pty Ltd (GNOL) continued its oil and gas exploration activities in the Canning Basin in Western Australia.

The Central Government granted an exemption to your Company under Section 212(8) of the Companies Act, 1956 from attaching copies of the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and the Report of the Auditors of all the Subsidiary Companies. Accordingly, the same have not been annexed hereto. The annual accounts of the subsidiary Companies and the related detailed information will be made available to the Company's and subsidiary Company's investors seeking such information at any point of time. The Annual accounts of the subsidiary Companies are also kept open for inspection by any investor at the registered office of the Company.

**DIRECTORS**

Mr. Sananguly Murari resigned from the post of Managing Director with effect from 28th March, 2008 due to his pre-occupations and would continue to act as a Director of the Company.

Mr. Girdharilal Jagatramka and Dr. Mahendra Kumar Loyalka, Directors retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re- appointment.

Mr. Arun Kumar Jagatramka, Director was appointed as Managing Director by the Board for a period of 5 years with effect from 2nd June, 2008.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirm that –

- a) all the applicable accounting standards have been followed in the preparation of Annual Accounts and there have been no material departures;
- b) accounting policies have been selected in consultation with the statutory auditors and have been applied consistently in making 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 and of the profit of the Company for the same period;
- c) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 have been taken for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- d) the annual accounts have been prepared on a *going concern basis*.



**AUDIT COMMITTEE**

The Audit Committee comprises of Mr. G. L. Jagatramka as Chairman, Mr. A. K. Jagatramka, Managing Director, Mrs. Mona Jagatramka and Mr. Sananguly Murari, Directors as Members. It periodically discusses with the Statutory Auditors about the internal control system, the scope of audit and reviews the financial statements before submission thereof to the Board and ensure compliance of internal control system apart from considering any reference made to it by the Board of Directors.

**AUDITORS**

M/s. N. C. Banerjee & Co., Chartered Accountants, retire as Auditors of the company at the ensuing Annual General Meeting and are eligible for re-appointment. As required under Section 224(1B) of the Companies Act, 1956, the Company has received a written certificate from them to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in the said section.

**AUDITORS' REPORT**

The Report of the Auditors read with significant accounting policies and notes on the accounts, as annexed is self-explanatory and needs no elaboration.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

There is no information to report relating to conservation of energy and technology absorption as required under Section 217(1)(e) of the

Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 in view of the insignificant activity in these areas. There was no foreign exchange earnings and outgo.

**PARTICULARS OF EMPLOYEES**

There was no employee during the year under review, who was in receipt of remuneration of more than Rs.2,00,000/- per month or Rs.24,00,000/- per annum and therefore, the particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is not given.

**ACKNOWLEDGEMENTS**

Your Directors place on record their gratitude to the customers, bankers, suppliers, media, Government and their agencies for their assistance, co-operation and encouragement they extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinted efforts of investors and employees during the year under review.

For and on behalf of the Board



**G. L. Jagatramka**  
Chairman

Place : Kolkata

Date : the 18th day of July, 2008

**AUDITORS' REPORT**

To  
The members of  
GUJARAT NRE MINERAL RESOURCES LIMITED

1. We have audited the attached Balance Sheet of **Gujarat NRE Mineral Resources Limited** as at 31st March, 2008 and also the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in Para 3 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies in Schedule 13 and note appearing thereon, give the

information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
- ii) in the case of the Profit and Loss Account, of the **profit** of the Company for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **N. C. BANERJEE & CO.**  
Chartered Accountants



**B. BASU**  
Partner

Place: Kolkata.

Date: The 18th day of July, 2008.

Membership No. 12748

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF GUJARAT NRE MINERAL RESOURCES LTD. FOR THE YEAR ENDED 31ST MARCH, 2008.**

1.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) The fixed assets of the company have been physically verified by the management during the year in a phased manner which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
  - (c) The Company has disposed off its fixed assets viz, Plant & Machinery, Furniture & Fixtures, Pay loader during the year under review which does not affect the going concern status of the company.
2.
  - (a) The inventory have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (a), (b), (c), (d), (e), (f) & (g) of clause (iii) of paragraph 4 of the Order are not applicable to the company.

- |  |  |
|--|--|
| <p>4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.</p> <p>5. (a) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.</p> <p>(b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.</p> <p>6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.</p> <p>7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.</p> <p>8. According to information and explanations given to us, maintenance of cost records have not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 for the activities of the company.</p> <p>9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion the company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues to the extent applicable to it.</p> <p>(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable.</p> <p>(c) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.</p> | <p>10. The Company has no accumulated losses as at 31st March, 2008 and the Company has not incurred any cash losses in the financial year covered by our audit report and in the immediately preceding financial year.</p> <p>11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holder.</p> <p>12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>13. In our opinion and according to the information and explanations given to us, the company is not a chit fund or a nidhi/mutual benefit fund/society.</p> <p>14. In our opinion and according to the information and explanations given to us, the company has not dealt with or traded in shares, securities, debentures and other investments. The shares, securities, debentures and others investments have been held by the company in its own name.</p> <p>15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>16. According to the information and explanations given to us the company has not obtained any term loan.</p> <p>17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.</p> <p>18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.</p> <p>19. During the year covered by our audit report, the company has not issued any debentures.</p> <p>20. During the year covered by our audit report, the company has not raised any money by public issues.</p> <p>21. Based on the audit procedures and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.</p> |
|--|--|

For **N. C. BANERJEE & CO.**  
Chartered Accountants



**B. BASU**  
Partner

Place: Kolkata.  
Date: The 18th day of July, 2008.

Membership No. 12748

BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in ,000)

	Schedules	As at 31st March, 2008	As at 31st March, 2007
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	1	473,134	436,230
Reserves & Surplus	2	932,666	830,065
		<u>1,405,800</u>	<u>1,266,295</u>
Deferred Tax Liability		591	639
<b>TOTAL</b>		<b><u>1,406,391</u></b>	<b><u>1,266,934</u></b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	6,101	65,391
Less : Depreciation		584	1,652
Net Block		<u>5,517</u>	<u>63,739</u>
<b>INVESTMENTS</b>	4	863,728	590,471
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories		—	603,348
Sundry Debtors	5	626,608	—
Cash and bank balances	6	7,787	2,117
Loans and advances	7	939	25,155
		<u>635,334</u>	<u>630,620</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	8	4,439	21,451
Provisions		94,249	46
		<u>98,688</u>	<u>21,497</u>
<b>NET CURRENT ASSETS</b>		536,646	609,123
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	9	500	3,601
<b>TOTAL</b>		<b><u>1,406,391</u></b>	<b><u>1,266,934</u></b>
Significant Accounting Policies & Notes on Account	13		
Balance Sheet Abstract and Business Profile	14		
Schedules referred to above form integral part of the Balance Sheet.			
As per our report of even date attached			

For **N. C. BANERJEE & CO.**

Chartered Accountants



**B. BASU**

Partner

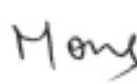
Membership No. 12748

Place : Kolkata

Date : The 18th day of July, 2008



**A. K. JAGATRAMKA**  
Managing Director



**MONA JAGATRAMKA**  
Director



**V. TAPARIA**  
Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

(Rs. in , 000)

Schedules	For the year ended 31st March, 2008	For the year ended 31st March, 2007
<b>INCOME</b>		
Sales	833,469	376
Dividends Income	10,291	1,241
Interest Income (TDS Rs. 121 thousand, Previous year Rs. Nil)	585	—
Profit on sale of Fixed Assets	38	—
Increase / (Decrease) in Stocks	10 (603,348)	85,982
<b>TOTAL</b>	<b>241,035</b>	<b>87,599</b>
<b>EXPENDITURE</b>		
Purchases	126,308	85,982
Processing and handling expenses	11 126	158
Administrative and other expenses	12 7,779	993
Loss on sale of Investments	277	—
Depreciation	3 215	334
<b>TOTAL</b>	<b>134,705</b>	<b>87,467</b>
<b>Profit / (Loss) before Tax</b>	<b>106,330</b>	<b>132</b>
<b>Provision for Taxation</b>		
Current Tax	38,850	—
Earlier years Tax	—	101
Deferred Tax	(48)	22
Fringe benefit Tax	14	5
<b>Profit / (Loss) after Tax</b>	<b>67,514</b>	<b>4</b>
Balance brought forward	5,684	5,680
	<b>73,198</b>	<b>5,684</b>
<b>Appropriations</b>		
Proposed Dividend	47,313	—
Dividend Tax	8,041	—
<b>Balance carried to Balance Sheet</b>	<b>17,844</b>	<b>5,684</b>
Basic & Diluted Earnings per Share (in Rs.) [Face Value Re. 1 per share]	0.15	0.00
Significant Accounting Policies & Notes on Account	13	
Balance Sheet Abstract and Business Profile	14	
Schedules referred to above form integral part of the Profit & Loss Account.		
As per our report of even date attached		

For **N. C. BANERJEE & CO.**

Chartered Accountants



**B. BASU**

Partner

Membership No. 12748

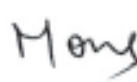
Place : Kolkata

Date : The 18th day of July, 2008



**A. K. JAGATRAMKA**

Managing Director



**MONA JAGATRAMKA**

Director



**V. TAPARIA**

Company Secretary

SCHEDULES TO THE ACCOUNTS

(Rs. in , 000)

Description	As at 31.03.2008	As at 31.03.2007
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
60,00,00,000 (Previous year 60,00,00,000) Equity Shares of Re. 1/- each	600,000	600,000
	<u>600,000</u>	<u>600,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP :</b>		
47,31,33,580 (Previous year 43,62,99,500) Equity Shares of Re. 1/- each fully paid-up	473,134	436,230
	<u>473,134</u>	<u>436,230</u>
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
Securities Premium Account	912,322	765,131
Revaluation Reserve		
As per last account	56,750	
Less : Amount adjusted	<u>56,750</u>	56,750
General Reserve	2,500	2,500
Profit & Loss Account	17,844	5,684
	<u>932,666</u>	<u>830,065</u>

**SCHEDULE - 3 : FIXED ASSETS**

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Additions	Deductions/ Adjustments	As at 31.03.2008	As at 01.04.2007	For the year	Deductions/ Adjustments	Total upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land	57,097	806	54,892	3,011	—	—	—	—	3,011	57,097
Building	4,454	—	1,922	2,532	406	84	64	426	2,106	4,048
Plant & Machinery	1,757	—	1,757	—	462	7	469	—	—	1,295
Furniture & Fixtures	191	—	191	—	59	9	68	—	—	133
Borewell	205	—	—	205	47	10	—	57	148	158
Generator Set	338	—	338	—	75	12	87	—	—	263
Motor Cycle	85	—	85	—	52	6	58	—	—	33
Tractor	376	—	376	—	213	32	245	—	—	163
Weigh Bridge	353	—	—	353	84	17	—	101	252	269
Pay Loader	534	—	534	—	254	38	292	—	—	280
<b>TOTAL</b>	<b>65,391</b>	<b>806</b>	<b>60,095</b>	<b>6,101</b>	<b>1,652</b>	<b>215</b>	<b>1,283</b>	<b>584</b>	<b>5,517</b>	<b>63,739</b>
Previous Year	65,391	—	—	65,391	1,253	399	—	1,652	63,739	

**SCHEDULES TO THE ACCOUNTS (CONTD.)**

(Rs. in , 000)

<b>SCHEDULE - 4 : INVESTMENTS</b>				
Description	Face Value	No. of Shares	Book Value 31.03.2008	Book Value 31.03.2007
<b>LONG TERM INVESTMENTS</b>				
<b>QUOTED (EQUITY SHARES)</b>				
Gujarat NRE Coke Limited	10.00	7,731,543	790,993	545,534
SAL Steel Ltd.	10.00	923,433	16,627	—
			<b>807,620</b>	<b>545,534</b>
<b>UNQUOTED (EQUITY SHARES)</b>				
<u>In wholly owned Foreign Subsidiary</u>				
NRE Resources Pty Ltd.	1.00	100,000	3,449	3,449
<u>In Others</u>				
Arvind Commodities Ltd.	10.00	65,000	650	650
Bulli Coke Pvt Ltd.	1.00	1,000,000	5,000	5,000
Bellambi Coke Pvt Ltd.	1.00	—	—	5,000
Brinda Dealing Pvt Ltd.	1.00	—	—	12,500
Gaurav Vinimay Pvt Ltd.	1.00	90,000	9,000	9,000
Marley Foods Pvt Ltd.	1.00	—	—	188
Matangi Traders & Investors Pvt Ltd.	1.00	150,000	150	150
Mangaldeep Tradelink Pvt Ltd.	10.00	82	1	—
Newage Vinimay Pvt Ltd.	1.00	90,000	9,000	9,000
Jharia Coke Pvt Ltd	1.00	5,750,000	14,403	—
Maa Kali Metcoke Industries Pvt Ltd.	1.00	6,500,000	6,500	—
Shree Salasar Coke (Gujarat) Pvt Ltd.	1.00	9,700,000	7,955	—
			56,108	44,937
<b>TOTAL</b>			<b>863,728</b>	<b>590,471</b>
Aggregate Market value of Quoted Investments			1,092,748	197,756
			<b>As at 31.03.2008</b>	<b>As at 31.03.2007</b>
<b>SCHEDULE - 5 : SUNDRY DEBTORS (Unsecured, considered good)</b>				
Debts outstanding for a period below six months			626,608	—
			<b>626,608</b>	—
<b>SCHEDULE - 6 : CASH &amp; BANK BALANCES</b>				
Cash in hand (As certified by management)			380	269
Balances with Scheduled Banks :				
In Current Accounts			7,407	1,848
			<b>7,787</b>	<b>2,117</b>
<b>SCHEDULE - 7 : LOANS &amp; ADVANCES (Unsecured, considered good)</b>				
Advances recoverable in cash or in kind or for value to be received or adjusted			303	506
VAT Receivable			—	24,134
Security Deposits			463	463
Advance Tax & Tax Deducted at Source			173	52
			<b>939</b>	<b>25,155</b>



SCHEDULES TO THE ACCOUNTS (CONTD.)

(Rs. in , 000)

Description	As at 31.03.2008	As at 31.03.2007
<b>SCHEDULE - 8 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors	166	21,403
Other Liabilities	4,273	48
	<b>4,439</b>	<b>21,451</b>
<b>PROVISIONS :</b>		
Provision for Income tax	38,893	43
Provision for Fringe benefit tax	2	3
Provision for proposed dividend	47,313	—
Provision for dividend tax	8,041	—
	<b>94,249</b>	<b>46</b>
<b>SCHEDULE - 9 : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)</b>		
Deferred Revenue Expenses	500	750
Preoperative Expenses	—	2,851
	<b>500</b>	<b>3,601</b>
	<b>For the year ended 31.03.2008</b>	<b>For the year ended 31.03.2007</b>
<b>SCHEDULE - 10 : INCREASE / (DECREASE) IN STOCK</b>		
Closing Stock	—	603,348
Opening Stock	603,348	517,366
	<b>(603,348)</b>	<b>85,982</b>
<b>SCHEDULE - 11 : PROCESSING &amp; HANDLING EXPENSES</b>		
Repairs & Maintenance	34	53
Electricity Charges	92	105
	<b>126</b>	<b>158</b>
<b>SCHEDULE - 12 : ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Audit Fees	10	10
Advertisement	145	146
Insurance Charges	9	390
Miscellaneous Expenses	30	10
Office Maintenance	103	563
Printing & Stationery	91	65
Postage & Stamps	98	180
Professional Fees & Service Charges	1,274	274
Rates & Taxes	373	1,022
Salaries, wages and bonus	2,038	859
Staff Welfare	29	26
Share Issue Expenses	295	—
Telephone Expenses	5	11
Travelling & Conveyance	178	38
Deferred revenue expenses w/off	250	250
Preoperative Expenses w/off	2,851	—
	<b>7,779</b>	<b>3,844</b>
Less :- Transferred to preoperative expenses	—	2,851
	<b>7,779</b>	<b>993</b>

## **SCHEDULES TO THE ACCOUNTS (CONTD.)**

### **SCHEDULE - 13: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

#### **A) SIGNIFICANT ACCOUNTING POLICIES:**

##### **i. Accounting Conventions:**

The financial statements are prepared under the historical cost conventions and as a going concern basis following the accrual basis of accounting and in accordance with the generally accepted accounting principles in India.

##### **ii. Use of Estimates:**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities for the year under review and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

##### **iii. Fixed Assets:**

Fixed assets are stated at historical cost, which comprises cost of purchase/construction cost, cost of borrowing and other cost directly attributable to bring the assets at its working condition and location for its intended use.

Expenditures during construction period is allocated to the relevant assets in the ratio of costs of respective assets

In the case of revaluation of fixed assets, the original cost, as written up by the approved valuer, is considered in the accounts and the differential amount is credited to revaluation reserve.

##### **iv. Depreciation:**

Depreciation on fixed assets is provided under straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

##### **v. Investments:**

Long term investments are valued at cost. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in the opinion of the management. Unquoted investments are valued at cost.

Current investments are valued at lower of cost or market value.

##### **vi. Inventories:**

Inventories are valued at cost or net realizable value whichever is lower. Inventories are valued on FIFO basis.

##### **vii. Revenue Recognition:**

- |                                   |   |
|-----------------------------------|---|
| a. In respect of indigenous Sales | On dispatch of goods to customers               |
| b. In respect of export sales     | On shipment of goods to customers               |
| c. In respect of service income   | When the services are performed as per contract |
| d. In respect of Dividend Income  | When right to receive payment is established    |
| e. In respect of Insurance Claims | On Settlement of Claims                         |

Revenue from product sales is stated net of applicable duties & taxes, returns, Discount etc. Sales Returns are accounted for when goods are returned.

##### **viii. Foreign Exchange Transactions:**

Foreign Exchange transactions are recorded normally at the exchange rates prevailing on the date of the transactions. Unsettled transactions at the Balance Sheet date are reported at the year end rates and resultant net gain or loss is taken in Profit & Loss Account

##### **ix. Employee's short term & long term benefits:**

Employee benefits of short-term nature are recognized as expense as and when it accrues.

Long term employee benefits and post employments benefits, both funded and unfunded, are recognized as expenses on accrual basis at the end of the year.

**SCHEDULES TO THE ACCOUNTS (CONTD.)**

**SCHEDULE - 13: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**x. Miscellaneous Expenditures:**

Preliminary and Deferred revenue expenses are amortized over the period of 5 years.

**xi. Taxation:**

Provision for current tax is made after taking into consideration the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

Fringe benefit Tax is determined as the amount of tax payable in respect of value of fringe benefits based on applicable tax rates and laws.

Wealth Tax is determined on taxable value of assets on the balance sheet date.

**xii. Impairment of Assets:**

The Company assesses, at each Balance Sheet date, whether there is any indication of any asset being impaired. An asset is treated as impaired when the carrying amount of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss, if any, recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

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

The basic earning per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted with the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

**xiv. Prior Period Adjustments, Extra-ordinary Items and Changes in Accounting Policies:**

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

**xv. Provisions, Contingent Liabilities and Contingent Assets:**

The Company makes a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are disclosed when an inflow of economic benefit is probable and/or certain.

**B) NOTES ON ACCOUNTS:**

1. Contingent liability not provided for Rs.Nil (Previous year Rs.Nil)
2. As no employee has covered the qualifying period of service required for entitlement of gratuity, no provision is required.
3. Expenditure incurred in foreign currency Rs. Nil (Previous Year Rs. Nil).
4. In accordance with Accounting Standard 22, "Accounting for Taxes on Income" the deferred tax liability as at the date of balance sheet as shown below has been provided in the books.

Year	Current Year	Previous Year
Opening Deferred Tax Liability		
– On account of Depreciation	639	617
Closing Deferred Tax Liability		
– On account of Depreciation	591	639
Net Deferred Tax Liability charged to Profit & Loss A/c	<b>(48)</b>	<b>22</b>

(Rs.'000)

**SCHEDULES TO THE ACCOUNTS (CONTD.)**

**SCHEDULE - 13: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

5. The movement of investments made subsequent to the date of previous balance sheet but not existed as on 31st March, 2008 since sold:

Name of Equity Shares	Face Value	No of Shares	Purchase Cost (Rs.'000)
Shah Alloys Ltd.	10.00	2,41,324	9,696
Bellambi Coke Pvt Ltd.	1.00	10,00,000	80,400

6. Revaluation reserve of Rs.56,750 thousand brought forward from earlier year has been written back in this year as considered appropriate by the management.

**7. Managerial Remuneration:**

The remuneration paid to the managing director of the company during the year is Rs.1,025 thousand (Previous year Rs.353 thousand)

**Computation of Net Profit in accordance with section 198 of the Companies Act, 1956:**

	Current Year (Rs.'000)
Profit before tax as per Profit & Loss Account	106,330
Add: Managing Director's remuneration	1,025
Loss on sale of Investments	277
	107,632
Less: Profit on sale of fixed assets	38
Net profit as per section 198 of the Companies Act, 1956	107,594
Maximum permissible remuneration to Managing director @ 5%	5,380

Remuneration paid is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

8. **Related Party Disclosures as required by Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India (ICAI), are given below:**

**A. Particulars of the Related Parties:**

**Subsidiary Companies** (Wholly Owned)

NRE Resources Pty Ltd.

**Sub-Subsidiary Companies**

Gujarat NRE Oil Pty Ltd.

Gujarat NRE Koyala Pty Ltd.

**Associates**

Jharia Coke Pvt. Ltd.

Maa Kali Metcoke Industries Pvt. Ltd.

Shree Salasar Coke (Gujarat) Pvt. Ltd.

**B. Key Management Personnel**

Mr. S. Murari-Managing Director (upto 27th March, 2008)

Mr. A. K. Jagatramka -Managing Director (w.e.f. 2nd June, 2008)

**Enterprises in which key management personnel have significant Influence**

Gujarat NRE Coke Ltd.

Hunter Valley Coal Pvt Ltd.

Marley Foods Pvt Ltd.

Newage Vinimay Pvt. Ltd.

**Enterprise in which key management person is a trustee**

Girdharilal Arun Kumar Family Trust

Arun kumar Family Trust

SCHEDULES TO THE ACCOUNTS (CONTD.)

SCHEDULE - 13: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

C. Transaction with Related Parties		Rs. ('000)	
Particulars of Transactions		Current Year	Previous Year
<b>(i) Sales of Goods/Services</b>			
– Associates		866,808	376
<b>(ii) Purchase of Goods/Services</b>			
– Enterprises in which key Management person has significant influence		—	(517,366)
<b>(iii) Sale of Assets</b>			
– Associates		800	—
– Enterprises in which key Management person has significant influence		1,300	—
<b>(iv) Remuneration</b>			
– Key Management persons		1,025	353
<b>(v) Investments</b>			
– Subsidiaries		—	3,449
<b>(vi) Purchase of Securities</b>			
– Enterprises in which key Management person has significant influence		84,150	2,500
<b>(vii) Sale of Securities</b>			
– Key Management Personnel		18,500	—
– Enterprises in which key management person has significant influence		100,470	—
<b>(viii) Rent Paid</b>			
– Enterprises in which key management person has significant influence		—	450
<b>(ix) Dividend Received</b>			
– Enterprises in which key management person has significant influence		10,291	1,241

D. The Company has the following amounts due from/ to related parties: (Rs. 000)

	Current Year		Previous Year	
	Outstanding Balance	Maximum balance during the year	Outstanding Balance	Maximum balance during the year
<b>i. Due from Related Parties</b>				
Associates				
– included in Sundry Debtors	626,608	657,277	—	—
<b>ii. Due to Related Parties</b>				
Enterprises in which key management person has significant influence				
– included in current liabilities	—	—	450	450

9. The Earnings per Share as per Accounting Standard (AS) - 20 are as under:

Particulars	At 31.03.2008	At 31.03.2007
	Basic & Diluted EPS	Basic & Diluted EPS
<b>Earnings</b>		
Net Profit for the year (Rs.'000)	67,514	4
<b>Shares</b>		
Number of shares at the beginning of the year	436,229,500	399,846,000
Add: Share Allotted during the year	36,904,080	36,383,500
Total number of equity shares outstanding at the end of the year	473,133,580	436,229,500
Weighted average number of shares outstanding during the year (for Basic EPS)	440,043,175	407,814,005
Weighted average number of shares outstanding during the year (for Diluted EPS)	440,043,175	407,814,005
<b>Earning per share :</b>		
– Basic & Diluted (Rs.)	0.15	0.00

**SCHEDULES TO THE ACCOUNTS (CONTD.)**

**SCHEDULE - 13: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**10. Quantitative information in respect of goods traded (Coke):**

		Current Year	Previous Year
Opening Stock	Qty. (MT)	46352.175	43113.825
	Rs. ('000)	603,348	517,366
Purchases (Net of return)	Qty. (MT)	11128.450	3238.350
	Rs. ('000)	126,308	85,982
Sales	Qty. (MT)	57480.625	—
	Rs. ('000)	833,469	—
Closing Stock	Qty. (MT)	—	46352.175
	Rs. ('000)	—	603,348

11. The Company's operations being in a single business/geographical segment as envisaged in AS -17 issued by The Institute of Chartered Accountants of India (ICAI), the disclosure requirements for 'Segment Reporting' is not as such applicable to the Company.
12. None of the Creditors have informed us as to their status of being micro, small and medium enterprise as per Micro, Small and Medium Enterprise Development Act, 2006 (MSMED).
13. The management of the company decided to write off the preoperative expenses fully in this year.
14. Previous year figures have been regrouped / rearranged wherever found necessary.

**SCHEDULES TO THE ACCOUNTS (CONTD.)**

**SCHEDULE - 14 : ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I. Registration Details</b>		
Registration No.		U51109WB1993PLC060639
State Code No.		21
Balance Sheet Date		31.03.2008
		(Rs. in '000)
<b>II. Capital raised during the year</b>		
Public Issue		NIL
Rights Issue		36,904
Bonus Issue		NIL
Private Placement		NIL
<b>III. Position of Mobilisation and Deployment of Funds</b>		
Total Liabilities		1,406,391
Total Assets		1,406,391
<b>Sources of Funds</b>		
Paid-up Capital		473,134
Reserve & Surplus		932,666
Deferred Tax Liability		591
Secured Loans		NIL
Unsecured Loans		NIL
<b>Application of Funds</b>		
Net Fixed Assets		5,517
Investments		863,728
Net Current Assets/Liabilities		536,646
Misc. Expenditure		500
Accumulated Losses		NIL
<b>IV. Performance of Company</b>		
Turnover (Including other Income)		844,383
Total Expenditure		738,053
Profit/(Loss) before Tax		106,330
Profit/(Loss) after Tax		67,514
Earning Per Share in Rs.		0.15
Dividend rate %		10%
<b>V. Generic Names of Principal Products/Services of Company (as per monetary terms)</b>		Item Code No. (ITC Code)
Coke		2704 00 30

As per our report of even date attached

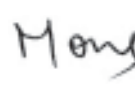
For **N. C. BANERJEE & CO.**  
Chartered Accountants



**B. BASU**  
Partner  
Membership No. 12748  
Place : Kolkata  
Date : The 18th day of July, 2008



**A. K. JAGATRAMKA**  
Managing Director



**MONA JAGATRAMKA**  
Director



**V. TAPARIA**  
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs. in ,000)

	For the year ended 31.03.08	For the year ended 31.03.07
<b>A Cash Flow from Operative Activities</b>		
<b>Net Profit Before Tax &amp; Extraordinary Items</b>	<b>106,330</b>	<b>132</b>
<b>Adjustments for:</b>		
Depreciation	215	334
Deferred revenue expenses w/off	250	250
Preoperative Expenses w/off	2,851	(2,851)
Share Issue Expenses	295	—
Loss on Sale of Investment	277	—
Profit on sale of Fixed Assets	(38)	—
Dividend Income	(10,291)	(1,241)
Interest Income	(585)	—
<b>Operating Profit before working Capital Changes</b>	<b>99,304</b>	<b>(3,376)</b>
<b>Adjustments for:</b>		
Trade & Other Receivables	(602,269)	1,581
Inventories	603,348	(85,981)
Trade Payables	(17,012)	21,379
<b>Cash Generated from Operations</b>	<b>83,371</b>	<b>(66,397)</b>
Direct Taxes Paid / Refunds	(137)	(39)
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>83,234</b>	<b>(66,436)</b>
<b>B Cash Flow from Investing Activities</b>		
Addition to Fixed Assets	(806)	—
Sale of Fixed Assets	2,100	—
Addition to Investments	(290,945)	(6,599)
Sale of Investments	17,411	—
Interest Received	585	—
Dividend / Misc Income	10,291	1,241
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(261,364)</b>	<b>(5,358)</b>
<b>C Cash Flow from financing activities</b>		
Net Proceeds to Share Capital / Reserves	184,095	72,114
Share Issue Expenses	(295)	—
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>183,800</b>	<b>72,114</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>5,670</b>	<b>320</b>
<b>CASH &amp; CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>2,117</b>	<b>1,797</b>
<b>CASH &amp; CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>7,787</b>	<b>2,117</b>

As per our report of even date attached

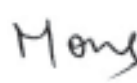
For **N. C. BANERJEE & CO.**  
Chartered Accountants



**B. BASU**  
Partner  
Membership No. 12748  
Place : Kolkata  
Date : The 18th day of July, 2008



**A. K. JAGATRAMKA**  
Managing Director



**MONA JAGATRAMKA**  
Director



**V. TAPARIA**  
Company Secretary

**Statement pursuant to section 212 of the Companies Act, 1956, relating to subsidiary companies**

Name of the Subsidiary Company	NRE Resources Pty Ltd. (Subsidiary)	Gujarat NRE Koyala Pty Ltd. (Sub-subsidiary)	Gujarat NRE Oil Pty Ltd. (Sub-subsidiary)
1. Financial Year of the subsidiary ended on	31.03.08	31.03.08	31.03.08
2. Holding Company's Interest			
i) Equity Shares of AU\$ 1 each	100,000	5,000	30,000
a) Number of Shares Fully paid	100%	100%	100%
b) % Share held by the company directly or through its subsidiaries			
3. Net aggregate amount of Profit/(Losses) of the Subsidiary, so far as they concern members of the company			
i) For the Financial Year of subsidiary			
a) Dealt with in the accounts of the company	(Rs.73 thousand)	(Rs.91 thousand)	(Rs.131 thousand)
b) Not dealt with in the accounts of the company			
ii) For the previous Financial Years of the subsidiary since it became the subsidiary			
a) Dealt with in the accounts of the company	(Rs.278 thousand)	(Rs.83 thousand)	(Rs.83 thousand)
b) Not dealt with in the accounts of the Holding company			
4. Changes in the interest of the Holding Company between the end of the subsidiary's financial year and 31st March, 2008			
5. Material changes between the end of the subsidiary's financial year on date and 31st March, 2008			

**Note:**

The Ministry of Corporate Affairs, Government of India, New Delhi vide its order no. 47/149/2008-CL-III dt. 21.04.2008 issued under section 212(8) of the Companies Act, 1956 has exempted the company from attaching the accounts of subsidiaries of the Company. However, annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the company and the subsidiaries of the Company seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any investor at the Registered Office of the Company and of the concerned subsidiary of the company.

**Particulars of Subsidiary Companies as required by order no. 47/149/2008-CL-III dated 21.04.2008 of Ministry of Corporate Affairs, Government of India, issued under section 212 (8) of the Companies Act, 1956 for the financial year 2007-08 are as follows**

Name of the Subsidiary Company	NRE Resources Pty Ltd. (Subsidiary) (Rs.'000)	Gujarat NRE Koyala Pty Ltd. (Sub-subsidiary) (Rs.'000)	Gujarat NRE Oil Pty Ltd. (Sub-subsidiary) (Rs.'000)
(a) Share Capital (Equity and Preference)	3,690	185	1,107
(b) Reserve & Surplus (net of debit balance of profit & loss account)	(442)	(185)	(470)
(c) Total assets (Fixed Assets + Current Assets)	2,185	37	11,947
(d) Total Liabilities (Debts + Current Liabilities & Provision)	203	37	240
(e) Details of Investment (excluding investments in the subsidiary companies)			
(f) Turnover (Net Sales)	162		
(g) Profit/(Loss) Before Taxation	(73)	(91)	(131)
(h) Provision for Taxation			
(i) Profit/ (Loss) after Taxation	(73)	(91)	(131)
(j) Proposed Dividend (including Corporate Dividend Tax)			

**AUDITORS' REPORT**

**TO THE BOARD OF DIRECTORS OF GUJARAT NRE MINERAL RESOURCES LTD. ON THE CONSOLIDATED FINANCIAL STATEMENT OF GUJARAT NRE MINERAL RESOURCES LTD. AND ITS SUBSIDIARIES**

- |  |   |
|--|---|
| <p>1. We have audited the attached Consolidated Balance Sheet of Gujarat NRE Mineral Resources Limited ("the Company") and its three subsidiaries (collectively referred to as the "the Group") as at March 31, 2008, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.</p> <p>2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, in all respects, in accordance with an identified financial reporting framework. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.</p> <p>3. We did not audit the financial statement of certain subsidiaries whose financial statements reflect total assets of Rs. 15,793 thousand as at March 31, 2008 and total revenue of Rs. 162 thousand and net Cash Inflows of Rs. 3,018 thousand for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to the amount included in respect of the subsidiaries, is based on the reports of other auditors.</p> | <p>4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 - "Consolidated Financial Statements" and Accounting Standard 23 - "Accounting for Investment in Associates in Consolidated Financial Statements" as prescribed by the Companies (Accounting Standards) Rules, 2006.</p> <p>5. We further report that on the basis of the information and on consideration of the audit reports on individual audited financial statements of Gujarat NRE Mineral Resources Ltd. and its subsidiaries, we are of the opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:</p> <ul style="list-style-type: none"> <li>(i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2008;</li> <li>(ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operation of the Group for the year ended on that date; and</li> <li>(iii) in the case of Consolidated Cash Flow Statement, of the consolidated Cash Flows of the Group for the year ended on that date.</li> </ul> |
|--|---|

For **N.C.Banerjee & Co.**  
Chartered Accountants



**B Basu**  
Partner

Place : Kolkata  
Dated : The 18th day of July, 2008

Membership No. 12748

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in ,000)

	Schedules	As at 31st March, 2008	As at 31st March, 2007
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	1	473,134	436,230
Reserves & Surplus	2	932,203	829,621
		<u>1,405,337</u>	<u>1,265,851</u>
<b>LOAN FUNDS</b>			
Unsecured Loan		11,070	—
<b>Deferred Tax Liability</b>		<u>591</u>	<u>639</u>
<b>TOTAL</b>		<u><b>1,416,998</b></u>	<u><b>1,266,490</b></u>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	16,152	65,391
Less : Depreciation		<u>584</u>	<u>1,652</u>
Net Block		15,568	63,739
<b>INVESTMENTS</b>	4	860,555	587,022
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories		—	603,348
Sundry Debtors	5	626,608	—
Cash and bank balances	6	10,805	3,622
Loans and advances	7	<u>2,039</u>	<u>26,939</u>
		<u>639,452</u>	<u>633,909</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	8	4,919	21,801
Provisions		<u>94,249</u>	<u>46</u>
		<u>99,168</u>	<u>21,847</u>
<b>NET CURRENT ASSETS</b>		540,284	612,062
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	9	500	3,689
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>			
		<u>91</u>	<u>(22)</u>
<b>TOTAL</b>		<u><b>1,416,998</b></u>	<u><b>1,266,490</b></u>
Significant Accounting Policies & Notes on Account	13		
Schedules referred to above form integral part of the Consolidated Balance Sheet.			
As per our report of even date attached			

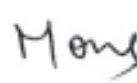
For **N. C. BANERJEE & CO.**  
Chartered Accountants



**B. BASU**  
Partner  
Membership No. 12748  
Place : Kolkata  
Date : The 18th day of July, 2008



**A. K. JAGATRAMKA**  
Managing Director



**MONA JAGATRAMKA**  
Director



**V. TAPARIA**  
Company Secretary

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008** (Rs. in , 000)

Schedules	For the year ended 31st March, 2008	For the year ended 31st March, 2007
<b>INCOME</b>		
Sales	833,469	376
Dividends Income	10,291	1,241
Interest Income	747	26
Profit on sale of Fixed Assets	38	—
Increase / (Decrease) in Stocks	(603,348)	85,982
<b>TOTAL</b>	<b>241,197</b>	<b>87,625</b>
<b>EXPENDITURE</b>		
Purchases	126,308	85,982
Processing and handling expenses	126	158
Administrative and other expenses	8,236	1,463
Loss on sale of Investments	277	—
Depreciation	215	334
<b>TOTAL</b>	<b>135,162</b>	<b>87,937</b>
<b>Profit / (Loss) before Tax</b>	<b>106,035</b>	<b>(312)</b>
<b>Provision for Taxation</b>		
Current Tax	38,850	—
Earlier years Tax	—	101
Deferred Tax	(48)	22
Fringe benefit Tax	14	5
<b>Profit / (Loss) after Tax</b>	<b>67,219</b>	<b>(440)</b>
Share of Profit / (Loss) of Associate Companies	276	—
<b>Net Profit for the Year</b>	<b>67,495</b>	<b>(440)</b>
Balance brought forward	5,240	5,680
	<b>72,735</b>	<b>5,240</b>
<b>Appropriations</b>		
Proposed Dividend	47,313	—
Dividend Tax	8,041	—
<b>Balance carried to Balance Sheet</b>	<b>17,381</b>	<b>5,240</b>
Basic & Diluted Earnings per Share (in Rs.) [Face Value Re. 1 per share]	0.15	(0.001)
Significant Accounting Policies & Notes on Account	13	
Schedules referred to above form integral part of the Consolidated Profit & Loss Account. As per our report of even date attached		

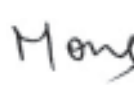
For **N. C. BANERJEE & CO.**  
Chartered Accountants



**B. BASU**  
Partner  
Membership No. 12748  
Place : Kolkata  
Date : The 18th day of July, 2008



**A. K. JAGATRAMKA**  
Managing Director



**MONA JAGATRAMKA**  
Director



**V. TAPARIA**  
Company Secretary

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in , 000)

Description	As at 31.03.2008	As at 31.03.2007
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
60,00,00,000 (Previous year 60,00,00,000) Equity Shares of Re. 1/- each	600,000	600,000
	<b>600,000</b>	<b>600,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP :</b>		
47,31,33,580 (Previous year 43,62,99,500) Equity Shares of Re. 1/- each fully paid-up	473,134	436,230
	473,134	436,230
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
Securities Premium Account	912,322	765,131
Revaluation Reserve		
As per last account	56,750	
Less : Amount adjusted	56,750	56,750
General Reserve	2,500	2,500
Profit & Loss Account	17,381	5,240
	<b>932,203</b>	<b>829,621</b>

**SCHEDULE - 3 : FIXED ASSETS**

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Additions	Deductions/ Adjustments	As at 31.03.2008	As at 01.04.2007	For the year	Deductions/ Adjustments	Total upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Oil Lease	—	10,051	—	10,051	—	—	—	—	10,051	—
Land	57,098	806	54,893	3,011	—	—	—	—	3,011	57,098
Building	4,454	—	1,922	2,532	406	84	64	426	2,106	4,048
Plant & Machinery	1,757	—	1,757	—	462	7	469	—	—	1,295
Furniture & Fixtures	191	—	191	—	59	9	68	—	—	132
Borewell	205	—	—	205	47	10	—	57	148	158
Generator Set	338	—	338	—	75	12	87	—	—	263
Motor Cycle	85	—	85	—	52	6	58	—	—	33
Tractor	376	—	376	—	213	32	245	—	—	163
Weigh Bridge	353	—	—	353	84	17	—	101	252	269
Pay Loader	534	—	534	—	254	38	292	—	—	280
<b>TOTAL</b>	<b>65,391</b>	<b>10,857</b>	<b>60,096</b>	<b>16,152</b>	<b>1,652</b>	<b>215</b>	<b>1,283</b>	<b>584</b>	<b>15,568</b>	<b>63,739</b>
Previous Year	65,391	—	—	65,391	1,253	399	—	1,652	63,739	

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (CONTD.)**

(Rs. in , 000)

<b>SCHEDULE - 4 : INVESTMENTS</b>				
Description	Face Value	No. of Shares	Book Value 31.03.2008	Book Value 31.03.2007
<b>LONG TERM INVESTMENTS</b>				
<b>QUOTED (EQUITY SHARES)</b>				
Gujarat NRE Coke Limited	10.00	7,731,543	790,993	545,534
SAL Steel Ltd.	10.00	923,433	16,627	—
			<b>807,620</b>	<b>545,534</b>
<b>UNQUOTED (EQUITY SHARES)</b>				
Arvind Commodities Ltd.	10.00	65,000	650	650
Bulli Coke Pvt Ltd.	1.00	1,000,000	5,000	5,000
Bellambi Coke Pvt Ltd.	1.00	—	—	5,000
Brinda Dealing Pvt Ltd.	1.00	—	—	12,500
Gaurav Vinimay Pvt Ltd.	1.00	90,000	9,000	9,000
Marley Foods Pvt Ltd.	1.00	—	—	188
Matangi Traders & Investors Pvt Ltd.	1.00	150,000	150	150
Mangaldeep Tradelink Pvt Ltd.	10.00	82	1	—
Newage Vinimay Pvt Ltd.	1.00	90,000	9,000	9,000
Jharia Coke Pvt Ltd	1.00	5,750,000	14,411	—
Maa Kali Metcoke Industries Pvt Ltd.	1.00	6,500,000	6,751	—
Shree Salasar Coke (Gujarat) Pvt Ltd.	1.00	9,700,000	7,972	—
			52,935	41,488
<b>TOTAL</b>			<b>860,555</b>	<b>587,022</b>
Aggregate Market value of Quoted Investments			1,092,748	197,756
			<b>As at 31.03.2008</b>	<b>As at 31.03.2007</b>
<b>SCHEDULE - 5 : SUNDRY DEBTORS (Unsecured, considered good)</b>				
Debts outstanding for a period below six months			626,608	—
			<b>626,608</b>	—
<b>SCHEDULE - 6 : CASH &amp; BANK BALANCES</b>				
Cash in hand (As certified by management)			380	269
Balances with Scheduled Banks :				
In Current Accounts			7,407	1,848
Balances with Non Scheduled Banks :				
In Current Accounts			3,018	1,505
			<b>10,805</b>	<b>3,622</b>
<b>SCHEDULE - 7 : LOANS &amp; ADVANCES (Unsecured, considered good)</b>				
Advances recoverable in cash or in kind or for value to be received or adjusted			1,403	2,290
VAT Receivable			—	24,134
Security Deposits			463	463
Advance Tax & Tax Deducted at Source			173	52
			<b>2,039</b>	<b>26,939</b>



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (CONTD.)

(Rs. in , 000)

Description	As at 31.03.2008	As at 31.03.2007
<b>SCHEDULE - 8 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors	646	21,753
Other Liabilities	4,273	48
	<u>4,919</u>	<u>21,801</u>
<b>PROVISIONS :</b>		
Provision for Income tax	38,893	43
Provision for Fringe benefit tax	2	3
Provision for proposed dividend	47,313	—
Provision for dividend tax	8,041	—
	<u>94,249</u>	<u>46</u>
<b>SCHEDULE - 9 : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)</b>		
Deferred Revenue Expenses	500	750
Preoperative Expenses	—	2,851
Preliminary Expenses	—	88
	<u>500</u>	<u>3,689</u>
	<b>For the year ended 31.03.2008</b>	<b>For the year ended 31.03.2007</b>
<b>SCHEDULE - 10 : INCREASE / (DECREASE) IN STOCK</b>		
Closing Stock	—	603,348
Opening Stock	603,348	517,366
	<u>(603,348)</u>	<u>85,982</u>
<b>SCHEDULE - 11 : PROCESSING &amp; HANDLING EXPENSES</b>		
Repairs & Maintenance	34	53
Electricity Charges	92	105
	<u>126</u>	<u>158</u>
<b>SCHEDULE - 12 : ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Audit Fees	290	333
Advertisement	145	146
Insurance Charges	9	390
Miscellaneous Expenses	34	14
Office Maintenance	103	563
Printing & Stationery	91	65
Postage & Stamps	98	180
Professional Fees & Service Charges	1,359	407
Rates & Taxes	373	1,022
Salaries, wages and bonus	2,038	859
Staff Welfare	29	26
Share Issue Expenses	295	—
Telephone Expenses	5	11
Travelling & Conveyance	178	38
Deferred revenue expenses w/off	250	250
Preoperative Expenses w/off	2,851	(2,851)
Preliminary Expenses w/off	88	10
	<u>8,236</u>	<u>1,463</u>

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (CONTD.)**

**SCHEDULE - 13: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON CONSOLIDATED ACCOUNTS**

**A) SIGNIFICANT ACCOUNTING POLICIES:**

**i. Accounting Conventions:**

The consolidated financial statements are prepared under historical cost conventions and as a going concern basis following the accrual basis of accounting and in accordance with the generally accepted accounting principles in India.

**ii. Principles of Consolidation**

The accounts of subsidiaries have been consolidated with the parent companies accounts in accordance with Accounting Standard-21 on "Consolidated Financial Statements" and investments in Associates have been accounted for using the equity method as per Accounting Standard - 23 on "Accounting for Associates in Consolidated Financial Statements" as specified in the Companies (Accounting Standard) Rules, 2006.

Consolidated Financial Statements have been made by adding together like items of assets, liabilities, income and expenses. The inter-company transactions and unrealized profits/(losses) thereon have been eliminated.

Goodwill/Capital Reserves represent the difference between the cost of control in the subsidiaries, over the book value of net assets at the time of acquisition of control in the subsidiaries.

Foreign subsidiaries are considered as non-integral foreign operation as per Accounting Standard-11, on "The effect of Changes in Foreign Exchange Rates". The financial statements of the same have been converted using the following methods :

Components of Profit & Loss Account except opening & closing stock have been converted using monthly average rate of the reported year.

Components of Balance Sheet have been converted using the rates of at the balance sheet date, except balance of Profit & Loss Account. Resultant foreign exchange translation difference has been recognized as "Foreign Currency Translation Reserve".

**iii. Use of Estimates**

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities for the year under review and disclosure of contingent liabilities on the date of the consolidated financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**iv. Revenue Recognition**

a. In respect of indigenous Sales	On dispatch of goods to customers
b. In respect of export sales	On shipment of goods to customers
c. In respect of service income	When the services are performed as per contract
d. In respect of Dividend Income	When right to receive payment is established
e. In respect of Insurance Claims	On Settlement of Claims

**v. Fixed Assets**

Fixed assets are stated at historical cost, which comprises cost of purchase/construction cost, cost of borrowing and other cost directly attributable to bring the assets at its working condition and location for its intended use.

Expenditures during construction period is allocated to the relevant assets in the ratio of costs of respective assets

In the case of revaluation of fixed assets, the original cost, as written up by the approved valuer, is considered in the accounts and the differential amount is credited to revaluation reserve.

**vi. Depreciation on Fixed Assets**

Depreciation is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. In case of associate Companies, depreciation is provided on Written Down Value Method as per Schedule XIV of the Companies Act, 1956.

**vii. Inventories**

Inventories are valued at cost or net realizable value whichever is lower. Inventories are valued on FIFO basis.

**viii. Investments**

Long term investments are valued at cost. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in the opinion of the management. Unquoted investments are valued at cost.

Current investments are valued at lower of cost or market value.

**ix. Foreign Exchange Transactions**

Transactions are recorded normally at the exchange rates prevailing on the date of the transactions. Unsettled transactions at the Balance Sheet date are adjusted at the year end rates and resultant net gain or loss is taken in Profit & Loss Account.

**x. Provisions, Contingent Liabilities and Contingent Assets**

The Company makes a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are disclosed when an inflow of economic benefit is probable and/or certain.

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (CONTD.)**

**SCHEDULE - 13: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON CONSOLIDATED ACCOUNTS (CONTD.)**

**xi. Taxation**

Provision for current tax is made after taking into consideration the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

Fringe benefit Tax is determined as the amount of tax payable in respect of value of fringe benefits based on applicable tax rates and laws.

Wealth Tax is determined on taxable value of assets on the balance sheet date.

Foreign Companies recognize tax liabilities and assets as per their local regulations & laws.

**xii. Employee's short term & long term benefits**

Employee benefits of short-term nature are recognized as expense as and when it accrues.

Long term employee benefits and post employments benefits, both funded and unfunded, are recognized as expenses on accrual basis at the end of the year.

**xiii. Miscellaneous Expenditures**

Preliminary and Deferred revenue expenses are amortized over the period of 5 years..

**xiv. Impairment of Assets**

The Company assesses, at each Balance Sheet date, whether there is any indication of an asset being impaired. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value, in which case the impairment loss is charged to the Profit and Loss Account of the year. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**xv. Prior Period Adjustments, Extra-ordinary Items and Changes in Accounting Policies**

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

**B. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

1. Contingent liability not provided for Rs.Nil (Previous year Rs.Nil)
2. As no employee has covered the qualifying period of service required for entitlement of gratuity, ce no provision is required.
3. Revaluation reserve of Rs.56,750 thousand brought forward from earlier year has been written back in this year as considered appropriate by the management.

**4. The Earnings per Share as per Accounting Standard (AS) - 20 are as under:**

Particulars	At 31.03.2008 Basic & Diluted EPS	At 31.03.2007 Basic & Diluted EPS
<b>Earnings</b>		
<b>Shares</b>		
Number of shares at the beginning of the year	436,229,500	399,846,000
Add: Share Allotted during the year	36,904,080	36,383,500
Total number of equity shares outstanding at the end of the year	473,133,580	436,229,500
Weighted average number of shares outstanding during the year (for Basic EPS)	440,043,175	407,814,005
Weighted average number of shares outstanding during the year(for Diluted EPS)	440,043,175	407,814,005
<b>Earning per share :</b>		
– Basic & Diluted (Rs.)	0.15	(0.001)

**5. Associates with the percentage holding of GNMRL are as under:**

	% of Share held	Original Cost of Investment	Goodwill / (Capital Reserve)	Accumulated P/L for the Period ended*	Carrying amount of Investment as on 31st March 2008
Jharia Coke Pvt Ltd.	43.25%	14,403	4,984	8	14,411
Maa Kali Metcoke Industries Pvt Ltd.	43.46%	6,500	1,119	251	6,751
Shree Salasar Coke (Gujarat) Pvt Ltd.	49.74%	7,955	(1,411)	17	7,972

\* Accounting year of these companies are for the nine month period ended 31st December 2007.

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (CONTD.)**

**SCHEDULE - 13: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON CONSOLIDATED ACCOUNTS (CONTD.)**

**6. Related Party Disclosures as required by Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India (ICAI), are given below:**

**A. Particulars of the Related Parties:**

**Associates**

Jharia Coke Pvt. Ltd.  
Maa Kali Metcoke Industries Pvt. Ltd.  
Shree Salasar Coke (Gujarat) Pvt. Ltd.

**B. Key Management Personnel**

Mr. S. Murari-Managing Director (upto 27th March, 2008)  
Mr. A. K. Jagatramka -Managing Director (w.e.f. 2nd June, 2008)

**Enterprises in which key management personnel have significant Influence**

Gujarat NRE Coke Ltd.  
Hunter Valley Coal Pvt Ltd.  
Marley Foods Pvt Ltd.  
Newage Vinimay Pvt. Ltd.

**Enterprise in which key management person is a trustee**

Girdharilal Arun Kumar Family Trust  
Arun kumar Family Trust

**C. Transaction with Related Parties**

**Particulars of Transactions**

**(i) Sales of Goods/Services**

– Associates

**(ii) Purchase of Goods/Services**

– Enterprises in which key Management person has significant influence

**(iii) Sale of Assets**

– Associates

– Enterprises in which key Management person has significant influence

**(iv) Remuneration**

– Key Management persons

**(v) Purchase of Securities**

– Enterprises in which key Management person has significant influence

**(vi) Sale of Securities**

– Key Management Personnel

– Enterprises in which key management person has significant influence

**(vii) Rent Paid**

– Enterprises in which key management person has significant influence

**(viii) Dividend Received**

– Enterprises in which key management person has significant influence

**D. The Company has the following amounts due from/ to related parties:**

	Current Year		Previous Year	
	Outstanding Balance	Maximum balance during the year	Outstanding Balance	Maximum balance during the year
<b>i. Due from Related Parties</b>				
Associates				
– included in Sundry Debtors	626,608	657,277	—	—
<b>ii. Due to Related Parties</b>				
Enterprises in which key management person has significant influence				
– included in current liabilities	—	—	450	450

7. Foreign Companies Establishment Cost recognize as expenses and/or assets as per their regulations & laws.

8. Unsecured loan represents interest free loan taken by a foreign subsidiary for acquisition of Oil lease.

9. The Company's operations being in a single business segment as envisaged in AS -17 issued by The Institute of Chartered Accountants of India (ICAI), the disclosure requirements for 'Segment Reporting' is not as such applicable to the Company.

10. Previous year figures have been regrouped / rearranged wherever found necessary.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008** (Rs. in ,000)

**For the year  
ended 31.03.08**

<b>A Cash Flow from Operative Activities</b>	
<b>Net Profit Before Tax &amp; Extraordinary Items</b>	<b>106,035</b>
<b>Adjustments for:</b>	
Depreciation	215
Deferred revenue expenses w/off	250
Preoperative Expenses w/off	2,851
Exchange differences on foreign exchange translation	(113)
Share Issue Expenses	295
Preliminary Expenses w/off	88
Loss on Sale of Investment	277
Profit on sale of Fixed Assets	(38)
Dividend Income	(10,291)
Interest Income	(747)
<b>Operating Profit before working Capital Changes</b>	<b>98,822</b>
<b>Adjustments for:</b>	
Trade & Other Receivables	(601,586)
Inventories	603,348
Trade Payables	(16,882)
<b>Cash Generated from Operations</b>	<b>83,702</b>
Direct Taxes Paid / Refunds	(136)
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>83,566</b>
<b>B Cash Flow from Investing Activities</b>	
Addition to Fixed Assets	(10,857)
Sale of Fixed Assets	2,100
Addition to Investments	(290,945)
Sale of Investments	17,411
Interest Received	747
Dividend / Misc Income	10,291
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(271,253)</b>
<b>C Cash Flow from financing activities</b>	
Net Proceeds to Share Capital / Reserves	184,095
Increase in Unsecured Loan	11,070
Share Issue Expenses	(295)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>194,870</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>7,183</b>
<b>CASH &amp; CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>3,622</b>
<b>CASH &amp; CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>10,805</b>

As per our report of even date attached

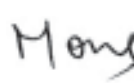
For **N. C. BANERJEE & CO.**  
Chartered Accountants



**B. BASU**  
Partner  
Membership No. 12748  
Place : Kolkata  
Date : The 18th day of July, 2008



**A. K. JAGATRAMKA**  
Managing Director



**MONA JAGATRAMKA**  
Director



**V. TAPARIA**  
Company Secretary



**GUJARAT NRE MINERAL RESOURCES LIMITED**

Registered Office : 22, Camac Street, Block – C,  
5th Floor, Kolkata – 700 016

**ATTENDANCE SLIP**

Member's Folio Number DP ID and Client ID	Name of the attending Member (IN BLOCK LETTERS)	No. of Shares Held

Email :

(Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall)

I hereby record my presence at the 15th Annual General Meeting of the Company to be held at Kala Mandir, 48, Shakespeare Sarani, Kolkata – 700 017 on Wednesday, September 17, 2008 at 11.00 AM.

Name of the Proxy\* .....  
(IN BLOCK LETTERS)

(\*To be filled in case the Proxy attends instead of the Member)

\_\_\_\_\_  
Signature of the Shareholder/Proxy

(To be signed at the time of handing over this slip)

Note : Please bring the copy of the Annual Report 2007-08 to the Meeting Hall



**GUJARAT NRE MINERAL RESOURCES LIMITED**

Registered Office : 22, Camac Street, Block – C,  
5th Floor, Kolkata – 700 016

**PROXY FORM**

I/We ..... of ..... In the District of .....being a member(s) of GUJARAT NRE MINERAL RESOURCES LIMITED, hereby appoint ..... of ..... failing him/her ..... of .....in the district of .....as my/our proxy to vote for me/us and on my/our behalf at the 15th Annual General Meeting of the Company to be held at Kala Mandir, 48, Shakespeare Sarani, Kolkata – 700 017 on Wednesday, September 17, 2008 at 11.00 AM. and at any adjournment thereof.

As witness my/our hand(s) this ..... day of .....2008

Folio No./DP ID & Client ID No .....

No. of Shares Held .....

Affix Rupee  
one  
Revenue  
Stamp

\_\_\_\_\_  
Signature

Note : The proxy form (duly filled up and signed) must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding of the aforesaid meeting.



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**BOOK POST**

***If undelivered please return to :***  
Niche Technologies (P) Ltd.  
D-511, Bagri Market, 5th Floor,  
71, B.R.B. Basu Road,  
Kolkata – 700 001

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