



# **GUJARAT NRE MINERAL RESOURCES LIMITED**

**Annual Report – 2008-09**

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## Corporate Information

### BOARD OF DIRECTORS

(As on 8th August 2009)

- : Mr. Girdhari Lal Jagatramka, *Chairman*  
Mr. Arun Kumar Jagatramka, *Managing Director*  
Mrs. Mona Jagatramka, *Director*  
Dr. Mahendra Kumar Loyalka, *Director*  
Mr. Rajendra Prasad Jain, *Director*

### COMPANY SECRETARY

- : Mr. Vimal Kumar Taparia

### BANKER

- : HDFC Bank Ltd.

### AUDITORS

- : N. C. Banerjee & Co.  
(Chartered Accountants)  
2, Ganesh Chandra Avenue,  
Room No. 9, 1<sup>st</sup> Floor  
Kolkata - 700013

### SOLICITOR & ADVOCATE

- : L. P. Tiwari & Co.  
Emerald House  
1B, Old Post Office Street  
Kolkata - 700001

### REGISTERED OFFICE

- : 22, Camac Street  
Block – C, 5<sup>th</sup> Floor  
Kolkata – 700016  
Phone: +91 33 2289 1471 – 75  
Fax: +91 33 2289 1470  
E-mail : [investor@gujaratnre.com](mailto:investor@gujaratnre.com)  
Website : [www.gujaratnre.com](http://www.gujaratnre.com)

### REGISTRAR & SHARE TRANSFER AGENT

- : Niche Technologies Pvt. Ltd.  
D-511, Bagree Market, 5<sup>th</sup> Floor  
71, B. R. B. Basu Road  
Kolkata – 700001  
Phone : + 91 33 2235 7270-71  
Fax: +91 33 2215 6823

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## An update on Oil & Gas expedition

Gujarat NRE is a vertically integrated global resource group. Oil and gas are prime components of the resource basket for Gujarat NRE Mineral Resources Limited (GNMRL) to explore and develop. With this long term view, GNMRL began its quest for oil & gas in the year 2006-07 by acquiring through its Australian subsidiaries two onshore exploration blocks covering an area of 10640 kms<sup>2</sup> in the highly prospective Central Canning Basin in Western Australia.

India imports around two-thirds of its oil & gas requirement, primarily from the Gulf countries. Western Australia's oil fields being largely untapped, throw up some exciting opportunities for India in her quest to meet her growing energy requirement. Even in Western Australia, existing and upcoming fertilizer as well as power projects have huge demand for oil and gas. The Region currently hosts more than 3681 billion cubic metres (130 trillion cubic feet) of discovered gas reserves with most areas still being under-explored which provide abundant opportunities for further discoveries and developments in the years ahead.

One of the most under-explored areas is the onshore Canning Basin with huge potential for industry expansion. This basin has a proven petroleum system with producing wells in the near vicinity towards north and south directions of the blocks EP457 & EP458 (operated by GNMRL) which motivates to explore the leads and prospects present within the area of these two blocks.

### EXPLORATION APPROACH OF GNMRL

We, at GNMRL look ahead to put our confident step forward when exploring for Oil in the vast acreage area of more than 10600 kms<sup>2</sup> and in this process understand the need of meticulous planning in order to ensure optimum utilization of the resources at hand. This can be identified by the fact that the average amount of seismic data reprocessing done in a oil exploration block in Australia ranges between 500-700 line kms whereas we have reprocessed more than 1800 line kms of 2D seismic data for both the blocks.

This extra effort has been taken up to ensure that the further exploration program which involves much higher investment is narrowed down to the right areas. Once having a fairly good idea of the subsurface geology of the whole area with the help of reprocessing and interpretation done, we further concentrate only to the highly prospective structures and increase our chances of striking oil and justifying our investment.

### EXPLORATION PROGRAM

- The exploration tenure of 6 years can be divided into two phases i.e. the 'Phase I' consisting of years 1 & 2 and the 'Phase II' consisting of years 3, 4, 5 & 6.

As of today, we have almost completed our 'Phase I' work well within the time schedule with many positive outcomes which are waiting to be validated through 'Phase II' of our exploration program.

PHASE I	
Year	Work Program Completed
Year 1	Geological and geophysical evaluation of hydrocarbon prospectivity.
Year 2	a) 2D seismic data reprocessing and interpretation. b) Well log interpretation & seismic to well tie.

- 'Phase II' of the exploration program starts with the planning of further seismic survey on the leads and prospects located from 'Phase I'. Till date, no 3D seismic data has ever been acquired within the blocks. The favourable geological prospects for petroleum accumulation delineated from 2D seismic data reprocessing and interpretation would be confirmed by acquiring further 2D/3D seismic data, the outcome of which can further pin-point the drilling location.
- The geological leads for which sufficient data is not available but has the capability of further being developed into prospect may need some regional seismic control i.e. 2D/3D seismic data to confirm the structure and develop it for drilling. The proposed work program for the 'Phase II' is as follows:

PHASE II	
Year	Proposed Work Program
Year 3	New 2D/3D seismic data acquisition.
Year 4	New 2D/3D seismic data processing & interpretation.
Year 5	Drilling of exploratory wells based on the 3D seismic survey results.
Year 6	Final analysis and reserve estimation.

## **NOTICE**

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the members of GUJARAT NRE MINERAL RESOURCES LIMITED will be held at Ghanshyam Das Birla Sabhagar, 29 Ashutosh Choudhury Avenue, Kolkata – 700 019 on Saturday, 19<sup>th</sup> September 2009 at 11.15 a.m. to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2009 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 Mrs. Mona Jagatramka, who retires by rotation and being eligible, offers herself for re- appointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and if thought fit, to pass the following resolution which will be proposed as an Ordinary 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, to conduct the audit at such remuneration as may be determined by the Board of Directors in consultation with the Auditors."

### **SPECIAL BUSINESS:**

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

"RESLOVED THAT Mr. Rajendra Prasad Jain, Director of the Company who vacates his office at the conclusion of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company who shall be liable to retire by rotation in terms of Section 255 of the Companies Act, 1956."

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

"RESOLVED THAT the Authorized Share Capital of the Company be and is hereby increased from Rs. 122,16,00,000/- to Rs. 500,00,00,000/- by creation of additional 347,84,00,000 class "A" equity shares (Equity Shares) of Re. 1/- each and 30,00,00,000 class "B" equity shares (DVR Shares) of Re. 1/- each both aggregating to Rs. 377,84,00,000/- and accordingly clause V of the Memorandum of Association of the Company be and is hereby modified and substituted with the following clause V:-

"The Authorized Share Capital of the Company is Rs. 500,00,00,000/- (Rupees five hundred crore only) divided into 470,00,00,000 Class "A" equity shares (referred to as "Equity Shares") of Re. 1/- each and 30,00,00,000 class "B" equity shares (referred to as "DVR Shares") of Re. 1/- with power to the Board to decide on the extent of variation in such voting rights and to classify and re-classify from time to time such shares into any other class of shares, with such rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being with the power to increase or reduce the capital in accordance with the Company's regulations and the legislative provisions for the time being in force in this behalf and with the power to divide or consolidate the Equity Share Capital into such number of equity shares having face value higher than Re. 1/-, as the Board may decide, and to attach thereto respectively, any preferential, qualified or special rights, privileges, conditions as may be determined by, or in accordance with the provisions of the Companies Act, 1956 and the regulations of the company and to vary or modify or abrogate such rights, privileges or condition in such manner as may be for the time being provided by the regulations of the Company.

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

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956, the Articles of the Company be and is hereby altered in the following manner:-

#### **a) Following new Articles be inserted after the existing Article 3**

3A) Notwithstanding anything written in contrary anywhere else in these Articles, the Board may issue Equity shares with deferential rights as to voting power (hereinafter referred to as "B" Equity Shares or "DVR shares") upto an amount not exceeding 25% of the total issued capital of the Company. Such issue of DVR shares shall be in accordance with the Act, other applicable laws, Articles of Association of the company and other terms and conditions that may be specified at the time of its issue.

Class "B" Equity shares if any, issued by the Company will enjoy all rights and privileges that are attached to the Class "A" Equity Shares (Equity shares) in law and by the provisions of these presents, except the right as to voting, which may vary as provided in these Articles and as may be permitted under applicable law from time to time.

3B) The Board shall have the power and authority to remove any difficulties, and to do such other acts and deeds, in relation to the applicability of this Article to the rights and obligations of the holders of Class "B" Equity Shares, if any, including but not limited to the issue and deciding whether Class "B" Eq-

uity Shares would be at all listed with the Stock Exchange(s) and if so, the Stock Exchange(s) on which such Class "B" Equity Shares would be listed.

3C) The Board shall follow the general principles set out under the Articles of Association of the company in respect of Class "A" Equity Shares at all times whilst making any decision in regard to Class "B" Equity Shares, as the case may be, except specified differently for Class "B" Equity Shares under these Articles.

3D) Where the Company proposes to make a rights issue of Class "A" Equity Shares (Equity shares) or rights issue of any other securities convertible into Class "A" Equity Shares (Equity shares) at a later date, the Company shall simultaneously make a similar rights offer to the holders of Class "B" equity shares, as the case may be. Upon making such an offer, the holders of Class "B" equity shares shall be offered further Class "B" equity shares carrying same voting rights as they are entitled on their existing Class "B" equity shares, as the case may be, subject to the applicable rules, laws and regulations at the time of issue of shares.

3E) Where the Company proposes to make a Bonus Issue of Class "A" Equity Shares (Equity shares), the holders of Class "B" Equity Shares shall be given further Class "B" equity shares, subject to the applicable rules, laws and regulations at the time of issue of Bonus shares, carrying same voting rights as they are entitled on their existing Class "B" equity shares, as the case may be to the end and intent that the proportion of Class "A" equity Shares to Class "B" Equity Shares after such offer, shall as far as possible, remain unaffected.

3F) In the event of any scheme, arrangement or amalgamation in accordance with the Act and subject to such other approvals and applicable rules, laws and regulations for amalgamation/ reconstruction of the company with or into other entity and which results into share swap or exchange, the holders of Class "B" Equity Shares shall in share swap/ exchange, as far as possible, be given equity shares of that entity with same rights as to voting as they hold in the company.

**b) Existing Article 86 be replaced with the following Article :-**

86. "Subject to the provisions of the Act and of these Articles and notwithstanding anything written in contrary anywhere else in these Articles;

(1) Upon a show of hands at general meeting every member holding equity shares of Class "A" (Equity shares) and/ or Class "B" (DVR shares) and entitled to vote and present in person (including an attorney or a representative of a body corporate as mentioned in Article 87) shall have 1 (one) vote.

(2) Upon a poll demanded at a general meeting as per provisions of the Companies Act, 1956, every

member holding equity shares of Class "A" (Equity shares) shall have 1 (one) vote for each Class "A" share and every member holding equity share of Class "B" shall have 100 (One hundred) votes for each Class "B" Share.

Apart from the said differential voting rights all the other rights and privileges being carried by one Class "A" Equity Share (Equity shares) and one Class "B" equity share (DVR shares) shall be same and equal in all respect.

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force, the Articles of Association of the Company be and is hereby altered in the following manner:

The following proviso be inserted after the existing Article 144 (2):

"Provided that allotment or distribution of Bonus shares shall not be made to those Members who furnish to the Company an advance written intimation waiving their entitlement to receive such allotment or distribution of shares credited as fully paid-up pursuant to this Article and accordingly the corresponding amount shall not be capitalized."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions, as may in its absolute discretion, be deemed necessary and to settle any question or difficulty that may arise in this regard."

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

"RESOLVED THAT in accordance with the relevant provisions of the Companies Act, 1956 and the existing Article 144 and any other applicable provisions of the Articles of the Company and subject to the new proviso which is proposed to be inserted to the Article 144 (2) as per Item No. 8 of this Notice and in accordance with the intimations received from the Members belonging to the Promoter Group waiving their entitlement to the Bonus shares and consequent upon recommendations of the Board of Directors, consent of the members be and is hereby accorded to the Board of Directors of the Company for capitalization of Rs. 9,47,71,920/- standing to the credit of the Company's Share Premium Account and General Reserves as may be considered necessary by the Board, for the purpose of issue and allotment of 94771920 Bonus Share(s) in the proportion of one share for every existing one share, credited as fully

paid-up share to the existing shareholders of the Company (except to the shareholders belonging to the Promoter Group) as on such Record Date as may be fixed by the Board of Directors of the Company.”

“RESOLVED FURTHER THAT the new equity shares shall be allotted subject to the Memorandum & Articles of Association of the Company and shall in all respect rank pari-passu, with the existing Class “A” Equity Shares (Equity shares) of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such act(s), deed(s), matter(s) and thing(s) and execute all such document(s), instrument(s) and writing(s), settle any question or difficulty on any matter as may be required and as it may in its sole and absolute discretion deem necessary, or expedient or incidental in regard to issue and allotment of Bonus Shares as aforesaid.”

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

“RESOLVED THAT pursuant to Section 17 of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered in the following manner:-

Following new object clause III (A) (3) be inserted after the existing Object clause III (A) (2)

“To make loans and investments or provide guarantee and security in any manner and/ or of any nature, directly or indirectly, to persons, bodies corporate, etc. which are engaged in the business of or have interests, direct or indirect, in the business of coal, coke, oil & gas, Petro products, mines, mineral properties as more specifically elaborated under Object Clause III (A) (1) and III (A) (2) as aforesaid.”

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

“RESOLVED THAT pursuant to Section 293 (1) (d) of the Companies Act 1956 including any amendments or modifications thereto, and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company herein after referred to as “the Board” (which term includes any committee of the Board) to borrow any sum or sums of money from time to time notwithstanding that the monies to be borrowed along with the monies already borrowed by the Company, if any, (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may, at any time, exceed the aggregate of the paid-up capital and free reserves, if any, that is to say the reserves not set apart for any specific purpose, provided however that the total amount of monies to be borrowed by the Board together with the monies already borrowed shall not exceed Rs.

1000 crores outstanding at any point of time”

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

“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 rupee 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 rates notes/bonds or other debt instrument) issued/to be issued by the Company, from time to time, subject to the limits approved by the shareholders under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest, in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/Trustees, 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 documents/ deeds/writings/papers/agreements 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 of 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.**



Date : 8<sup>th</sup> August, 2009

**V K Taparia**

Place : Ahmedabad

Company Secretary

**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 LOGGED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY – EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A COPY OF PROXY 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 p.m. and 4.00 p.m. on all working days from Monday to Friday every week till the ensuing Annual General Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 14<sup>th</sup> September 2009 to Saturday, 19<sup>th</sup> September

2009 (both days inclusive).

4. The Dividend, as recommended by the Board, if declared, will be paid on or after 19<sup>th</sup> September 2009 to those members or their mandates:
  - a) whose names appear as Beneficial Owners as at the end of the business hours on 19<sup>th</sup> September 2009 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
  - 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 12<sup>th</sup> September 2009.
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.
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.
7. Members are requested to bring the admission slips along with their copies of the Annual Report to the meeting.
8. Any change in the address of the members holding shares in physical segment may please be notified to the Registrars and Share Transfer Agents of the Company quoting their respective registered folio number.

## **Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.**

### **ITEM NO. 5**

Mr. Rajendra Prasad Jain was appointed as an Additional Director w.e.f. 6<sup>th</sup> April, 2009 by the Board of Directors of the Company. Mr. Rajendra Prasad Jain as such holds the office of Director only upto the conclusion of the ensuing Annual General Meeting. A notice has been received from a member of the Company under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- only signifying her intention to propose Mr. Rajendra Prasad Jain as a candidate for the office of the Director.

Mr. Rajendra Prasad Jain is a fellow member of Institute of Chartered Accountants of India. He has over three decades of experience in business organization and administration in reputed business houses in India. Presently, he is an Executive Director of Gujarat NRE Coke Limited and Managing Director of Bharat NRE Coke Limited.

The Board of Directors accordingly recommends passing of the Resolution for the appointment of Mr. Rajendra Prasad Jain as Director of the Company.

Apart from Mr. Rajendra Prasad Jain, none of the other Directors of the Company are concerned or interested in passing of this resolution.

### **ITEM NO. 6 & 7**

Hon'ble Calcutta High Court vide Order passed on 16<sup>th</sup> December 2008 has approved the amalgamation of (1) Bellambi Coke Pvt. Ltd., (2) Brinda Dealing Pvt. Ltd., (3) Vartika Traders Pvt. Ltd., (4) Prince Dealcom Pvt. Ltd., (5) Mangaldeep Tradelink Pvt. Ltd., (6) Steel Rx Corporation Pvt. Ltd., (7) India Finvest Limited, and (8) Marley Foods Pvt. Ltd. with Gujarat NRE Mineral Resources Limited.

The Company needs to increase its Authorized share Capital up to Rs. 500.00 crores in order to make allotments to

the eligible shareholders of the Transferor Companies in compliance with the Scheme of Amalgamation. Hence, your consent is sought under Section 95 of the Companies Act 1956 for increase in authorised capital and to amend Clause V of the Memorandum of Association of the company as set out at Item No. 6 of the notice.

Further, in compliance with the aforesaid order of Hon'ble Calcutta High Court, the Company is also required to issue equity shares of Differential Voting Rights (DVR shares) to the eligible shareholders of the transferor companies pursuant to the aforesaid Scheme of Amalgamation. Therefore, Articles of Association of the Company needs to be suitably amended by insertion/alteration of Articles carrying provisions relating to the issue of DVR shares as set out in Item no. 7 of the notice. Hence, your consent is sought through special resolution under Section 31 of the Companies Act 1956 for making necessary alterations to the Articles of Association of the Company.

**Statement pursuant to Rule 3(9) of the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001**

- a) 300000000 Class "B" equity shares (DVR shares) of Re. 1/- each shall carry 100 (one hundred votes) per share on a poll as compared to Class "A" equity share of Re.1/- each which carry 1 (one) vote per equity share on a poll. Apart from such differential voting rights, all other rights carried by the holders of Equity Shares shall also be carried by the holders of DVR shares.
- b) The Company shall not convert its equity capital with normal voting rights into equity share capital with differential voting rights and the shares with differential voting rights into equity share capital with normal voting rights.
- c) The shares with differential voting rights shall not exceed 25% of the total share capital issued.
- d) The members of the Company holding equity shares with differential voting rights shall be entitled to Bonus shares/rights shares of the same class.
- e) The holder of the equity shares with differential voting rights shall enjoy all other rights to which the holder of class "A" share is entitled except right to vote as indicated in (a) above.

The Board recommends passing of the aforesaid resolutions set at Item No. 6 & 7 to enable the company to comply with the aforesaid order of the Hon'ble Calcutta High Court.

Mr. G. L. Jagatramka, Mr. A. K. Jagatarmka and Mrs. Mona Jagatramka may be deemed to be concerned or interested in passing of the resolution at Item No. 6 & 7 to the extent of the allotment of equity shares / DVR shares to be made to them and to the bodies corporate/ trusts in which they are shareholders/ beneficiaries in compliance with the order of Hon'ble High Court at Calcutta. None of the other Directors are concerned or interested in passing of these resolutions.

**ITEM NO. 8 & 9**

Keeping with Gujarat NRE Group's policy towards creating value for its investors, the Board of Directors of the Company, has recommended subject to the approval of members and such other approvals, sanctions as may be necessary, issue of Bonus Shares to the shareholders of the Company (excluding the Promoter Group), in the ratio of 1 (one) Class "A" equity share of Re. 1/- for every 1 (one) Class "A" Equity Shares (equity share) of Re. 1/- held by capitalization of Securities Premium Account and General Reserves as the Board deems fit. In the long term interest of the Company and its shareholders, the promoters of Gujarat NRE Group, Mr Arun Kumar Jagatramka, his family members and Companies belonging to the Promoter Group, have agreed and consented by means of separate communications to the Company to waive their respective entitlements to the issue and allotment of 378361660 bonus shares as aforesaid. Accordingly, an aggregate of 94771920 Class "A" equity shares, if approved, will be issued as Bonus Shares to the non-promoter shareholders only.

The aforesaid Bonus Shares, from the date of allotment thereof, shall rank pari-passu in all respects with the existing Class "A" Equity Shares (Equity shares) of the Company. No letter of allotment shall be issued in relation to the said Bonus Shares. Instead, share certificates will be dispatched to the shareholders who hold the existing shares in physical form and the respective beneficiary accounts will be credited for the bonus shares, for such shareholders who hold the existing Class "A" Equity Shares (Equity shares) or opt to receive the Bonus Shares, in dematerialized/electronic form, within the prescribed period.

It is also proposed to suitably amend the Articles of Association as set out in Item No. 9 of the notice, to make provisions for the willing share holders in the matter of waiver of entitlement to Bonus shares.

The Board of Directors accordingly, recommends passing of the resolution as set out in Item No. 8 and 9 of the accompanying notice as a Special Resolution and an Ordinary Resolution respectively, as it believes that this will result in enhancing the value of the shares held by the shareholders.

The Directors of the Company, except Promoter Directors, may be deemed to be concerned or interested in the resolution to the extent of the Bonus Shares, if any, that may be allotted to them or their relatives.

**ITEM NO. 10**

Upon amalgamation of various Group companies as mentioned elsewhere, a substantial part of total assets of the Company are consisting of investments in shares & securities of the group companies. The Company has accordingly, become "Core Investment Company" as per the directions of Reserve Bank of India on non banking financial companies which exempts core investment companies from registering itself with the Reserve Bank of India. Hence, the



Board proposes to insert a new Clause III (A) (3) to the Memorandum of Association of the Company after the existing clause III (A) (2) enabling the company to carry on the business of making loans and investment activities as mentioned in the said new clause. Your consent by way of special resolution is sought for the inclusion of the aforesaid clause to the object clause of the Memorandum of Association.

Your Director recommend passing of this resolution as set out in item no. 10 to the accompanying notice for the approval of the members.

The Company may consider loans, investments, etc. in group companies in which directors of the Company may have interest in the capacity as shareholder/ Director. To such an extent, your directors may be deemed to be concerned or interested in passing of this resolution.

**ITEM NO. 11**

In terms of provisions of Section 293 (1) (d) of the Companies Act 1956 the Board of Directors of the Company, can not except with the consent of the Company in general meeting, borrow monies, apart from the temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any particular purpose.

Keeping in view the Company's business requirements, it is considered desirable to increase the said borrowing limit to Rs. 1000 crores only.

The Directors accordingly recommend passing of the resolution as set out in Item No. 11 for the approval of the members.

None of the Directors are concerned or interested in passing of this resolution.

**ITEM NO. 12**

The borrowing 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 proposed for the members to pass a resolution under the said Section.

The Board of Directors accordingly, recommend passing of the resolution as set out in item no. 12 of the accompanying notice for the approval of the members.

The Directors of the Company may be deemed to be concerned or interested in passing of the resolution to the extent that mortgage or charge on the properties of the Company may be created to secure credit facilities to the companies in which they are either shareholder or Director.

By order of the Board

For **Gujarat NRE Mineral Resources Ltd.**



**V K Taparia**

Company Secretary

Date: 8<sup>th</sup> August, 2009

Place: Ahmedabad

## DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the 16<sup>th</sup> Annual Report and the Audited Financial Results of the Company for the year ended 31<sup>st</sup> March, 2009.

### FINANCIAL RESULTS

Particulars	(Rs. In Lacs)	
	<u>2008-09</u>	<u>2007-08</u>
Total Income	2569.12	8443.83
Total Expenditure	324.58	1347.05
(Increase) / decrease in stocks	-	6033.48
<b>Profit before Tax(PBT)</b>	<b>2244.54</b>	1063.30
Less: Provision for Taxation	(2.09)	388.16
<b>Profit After Tax (PAT)</b>	<b>2246.63</b>	675.14
Add: Balance brought forward	178.44	56.84
<b>Amount available for appropriation</b>	<b>2425.07</b>	731.98
Less: Appropriation :-		
a) Proposed dividend on equity shares	236.57	473.13
b) Corporate Tax on dividend	40.20	80.41
<b>Balance carried to Balance Sheet</b>	<b>2148.30</b>	178.44

### REVIEW OF OPERATIONS

During the year under review, your company has earned total income of Rs. 2569.12 lacs (mainly consisting of Income from Dividend) as against Rs. 8443.83 lacs registered in the previous year. Net Profit after tax was Rs. 2246.63 lacs as against of Rs. 675.14 lacs recorded in the previous year.

The progress of the Company on its oil & gas project in Western Australia through its subsidiaries is satisfactory and running as per schedule. As already informed, GNMRL through its wholly owned Australian subsidiary, has 90% interest in two onshore exploration blocks namely EP457 & EP458 covering an area of 10640 Sq. KM. in the highly prospective onshore Canning Basin, Western Australia. We, at GNMRL look ahead to put our confident step forward when exploring for Oil & Gas in this vast acreage area and in this process understand the need of meticulous planning in order to ensure safety and prosperity to our shareholders' investments.

The Company in a strategic development has reprocessed more than 1800 line kms of 2D seismic data for both the aforesaid exploration blocks as part of its "Phase I" exploration program with many fruitful and optimistic outcomes. The outcome of reprocessing of 2D seismic data shall further be validated by applying advanced techniques like 3D seismic survey in the next programme of phase II of oil exploration project and locations for drilling would be finalized accordingly. The whole operation is supervised

and closely monitored by a team of experienced geoscientists.

### AMALGAMATION OF GROUP COMPANIES

During the year under review, the group companies viz. (1) Bellambi Coke Pvt. Ltd., (2) Brinda Dealing Pvt. Ltd., (3) Vartika Traders Pvt. Ltd., (4) Prince Deacom Pvt. Ltd., (5) Mangaldeep Tradelink Pvt. Ltd., (6) Steel Rx Corporation Pvt. Ltd., (7) India Finvest Limited and (8) Marley Foods Pvt. Ltd. have been merged with Gujarat NRE Mineral Resources Limited under a Scheme of Amalgamation approved by Hon'ble Calcutta High Court under Section 391, 392 and 394 of the Companies Act, 1956 vide its Order dated 16.12.2008. Accordingly, the accounts of the said amalgamating companies have been merged with the Company from 1<sup>st</sup> August 2008, the Appointed Date.

Consequent upon the aforesaid amalgamation of group companies, GNMRL has gained control over 34% equity stake in Group's Flagship Company viz. Gujarat NRE Coke Limited (GNCL). Hence, this amalgamation will benefit the Company in long term as the LAMC market gradually starts improving thereby boosting the GNCL's stakeholders' wealth.

Consequent to the aforesaid Amalgamation, your Company holds more than 90% of its assets as investments in its group companies as on 31<sup>st</sup> March 2009. Hence, your Company is regarded as "Core Investment Company" in terms of RBI guidelines on NBFCs. This has necessitated the need to have a suitable object clause inserted in the Main Objects of the Company. A resolution in this regard is proposed at the ensuing Annual General Meeting for your approval.

### INCREASE OF CAPITAL

Pursuant to the Scheme of Amalgamation of eight group companies with the Company as approved by the Hon'ble Calcutta High Court, vide Order dated 16.12.2008, the authorized capital of all the amalgamating companies have been added to the authorized capital of the Company. Accordingly, authorized share capital of the Company has been increased from Rs. 60.00 crores to Rs. 122.16 crores. However, the authorized share capital further needs to be increased to Rs. 500.00 crores consisting of Rs. 470.00 equity share capital and Rs. 30.00 crores DVR equity share capital to facilitate allotments to the shareholders of all the amalgamating companies as per Scheme of Amalgamation."

### DIVIDEND

Your Directors recommend a dividend on equity shares @ 5% i.e. 5 paise per share of Re. 1/- for the year under review.

### BONUS ISSUE OF EQUITY SHARES

Your directors are pleased to recommend a Bonus Issue of equity shares in the ratio of 1:1 i.e. one equity share for every one equity share held as on the record date which will be fixed by the Board of Directors of the Company. A resolution in this regard is proposed for your approval. In an unprecedented move, the Promoters of the Company have decided to waive their entitlement of Bonus shares in larger interests of the Company and its shareholders. The bonus shares would accordingly be allotted only to Non-Promoter shareholders. Hence, the dilution of equity share capital due to issue of Bonus Shares shall be minimal.

**PUBLIC DEPOSIT**

The Company did not accept any public deposit during the year under review.

**SUBSIDIARIES**

During the year under review, the Subsidiary viz. NRE Resources Pty. Ltd. (NRPL) and Sub-Subsidiary viz. Gujarat NRE Oil Ltd. (GNOL) continued its oil & gas exploration activities in the Canning Basin in Western Australia. Gujarat NRE Koyala Pty. Ltd. had ceased to be a sub-subsidiary of the Company w.e.f. 16<sup>th</sup> June 2008.

The Balance Sheet, Profit & Loss Account, Report of Board of Directors and Auditors and other statements relating to Subsidiaries of the Company as required under Section 212 of the Companies Act, 1956 are annexed to this Annual Report.

**DIRECTORS**

Mr. Sananguly Murari and Dr. Christopher Royce Harvey had resigned with effect from 6<sup>th</sup> April, 2009 due to their pre-occupation. The Board records its appreciation of the services rendered by Mr. Sananguly Murari and Dr. Christopher Royce Harvey.

Mr. Rajendra Prasad Jain has been inducted as Additional Director with effect from 6<sup>th</sup> April, 2009 and accordingly he vacates his office at the ensuing Annual General Meeting. The Company has received a Notice from a member proposing Mr. Rajendra Prasad Jain for the Office of Director. The resolution for his appointment as Director is included in the Notice annexed hereto.

Mrs. Mona Jagatramka retires by rotation at the ensuing Annual General Meeting and offers herself for re-appointment. The resolution for her re-appointment as Director is included in the Notice annexed hereto.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement in respect of the financial year ended 31<sup>st</sup> March 2009, it is hereby confirmed that:

- a) In the preparation of the Annual Accounts, all the applicable accounting standards had been followed and that no material departures have been made from the same.
- b) the Directors had selected such accounting policies and practices and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit of the Company for the year ended on that date.
- c) the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Company Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- d) the Directors have prepared the Annual Accounts 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. Rajendra Prasad Jain, 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, retires 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 and that they are not disqualified from being appointed as Auditors of the Company.

**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 by the Board.

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

The provisions 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 are not applicable to the Company.

Foreign Exchange earnings and outgo

- a) Foreign Exchange earning : Nil
- b) Foreign Exchange outgo: Rs. 21,00,000/-

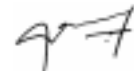
**PARTICULAR OF EMPLOYEES**

There are no employees during the year under review, who were 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, are not given.

**ACKNOWLEDGEMENTS**

Your Directors place on record their gratitude to the customers, bankers, suppliers, media, Government and other 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



Place : Ahmedabad  
Date : 8<sup>th</sup> August 2009

**A. K. Jagatramka**  
Managing Director

## 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, 2009 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, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st

March, 2009 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 12 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, 2009;
  - 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: Ahmedabad

Date : 8<sup>th</sup> August, 2009

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, 2009.**

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 not disposed off any of its fixed assets during the year.
2. As informed to us the company did not have any inventory at any time during the year under review. Hence, the sub-clauses (a) (b) & (c) of clause (ii) of paragraph 4 of the order are not applicable to the company.
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.

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.
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.  
(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.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies act, 1956.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
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.
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.  
(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, 2009 for a period of more than six months from the date they became payable.  
(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.
10. The Company has no accumulated losses as at 31st

March, 2009 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.

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.
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.
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.
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.
15. In our Opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by the other company from banks or financial institutions are not prejudicial to the interest of the Company.
16. According to the information and explanations given to us the term loans obtained by the Company were applied for the purpose for which such loans were obtained.
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.
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.
19. During the year covered by our audit report, the company has not issued any debenture.
20. During the year covered by our audit report, the company has not raised any money by public issues.
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.

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



**B. BASU**  
Partner

Place: Ahmedabad

Date : 8<sup>th</sup> August, 2009

Membership No. 12748

# GUJARAT NRE MINERAL RESOURCES LIMITED

## BALANCE SHEET as at 31st March, 2009

(Rs. in '000)

	Schedules	As at 31st March, 2009	As at 31st March, 2008
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	4,676,415	473,134
Reserves & Surplus	2	1,230,705	932,666
		5,907,120	1,405,800
<b>Secured Loans</b>	3	330,000	-
<b>Deferred Tax Liability</b>		366	591
		<b>6,237,486</b>	<b>1,406,391</b>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	4	26,114	6,101
Less: Depreciation		710	584
Net Block		25,404	5,517
<b>Investments</b>	5	6,559,180	863,728
<b>Current Assets, Loans and Advances</b>			
Sundry debtors	6	1,412	626,608
Cash & Bank Balances	7	8,373	7,787
Loans & Advances	8	40,366	939
		50,151	635,334
<b>Less : Current Liabilities &amp; Provisions</b>	9		
Current Liabilities		330,063	4,439
Provisions		67,436	94,249
<b>Net Current Assets</b>		(347,348)	536,646
<b>Miscellaneous Expenditure</b>	10	250	500
(To the extent not written off or adjusted)		<b>6,237,486</b>	<b>1,406,391</b>
Significant Accounting Policies & Notes on Account	12		
Balance Sheet Abstract and Business Profile	13		

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 : Ahmedabad  
Date : 8<sup>th</sup> August , 2009



**A K Jagatramka**  
Managing Director



**R P Jain**  
Director



**V K Taparia**  
Company Secretary

**PROFIT & LOSS ACCOUNT** For the year ended 31st March, 2009

(Rs. in '000)

Schedules	For the year ended 31st March, 2009	For the year ended 31st March, 2008
<b>INCOME</b>		
Sales	-	833,469
Dividend Income	256,868	10,291
Interest Income	-	585
Other Income	44	38
Increase / (Decrease) in Stocks	-	(603,348)
	<b>256,912</b>	<b>241,035</b>
<b>EXPENDITURE</b>		
Purchases	-	126,308
Administrative and other expenses	11 6,548	7,905
Loss on sale of Investments	-	277.00
Interest	25,784	-
Depreciation	4 126	215
	<b>32,458</b>	<b>134,705</b>
<b>Profit before Tax</b>	<b>224,454</b>	<b>106,330</b>
<b>Provision for Taxation</b>		
Current Tax	-	38,850
Earlier years Tax	3	-
Deferred Tax	(225)	(48)
Fringe Benefit Tax	13	14
<b>Profit after Tax</b>	<b>224,663</b>	<b>67,514</b>
Balance brought forward	17,844	5,684
	<b>242,507</b>	<b>73,198</b>
<b>Appropriations</b>		
Proposed Dividend	23,657	47,313
Dividend Tax	4,020	8,041
<b>Balance carried to Balance Sheet</b>	<b>214,830</b>	<b>17,844</b>
Basic & Diluted Earning per share (in Rs.) [Face Value Re.1 per share]	0.07	0.15
Significant Accounting Policies & Notes on Account	12	
Balance Sheet Abstract and Business Profile	13	

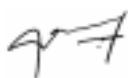
Schedules referred to above form integral part of the Profit & Loss Account

As per our report of even date attached

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



**B. Basu**  
Partner  
Membership No. 12748  
Place : Ahmedabad  
Date : 8<sup>th</sup> August , 2009



**A K Jagatramka**  
Managing Director



**R P Jain**  
Director



**V K Taparia**  
Company Secretary

**SCHEDULES TO THE ACCOUNTS**

**SCHEDULE - 1: SHARE CAPITAL**

( Rs. in '000)

DESCRIPTION	As At 31.03.2009	As At 31.03.2008
<b>Authorised:</b>		
122,16,00,000 Equity Shares of Re.1/- each ( Previous year 60,00,00,000 Equity Shares of Re.1/- each)	<u>1,221,600</u>	<u>600,000</u>
<b>Issued, Subscribed and Paid-up:</b>		
47,31,33,580 Equity Shares of Re.1/- each fully paid-up (Previous year 47,31,33,580 Equity Shares of Re.1/- each fully paid-up)	473,134	473,134
<b>Share Suspense Account:</b>		
395,07,81,274 shares of Re. 1/- each ( to be issued as Class "A" Equity Shares)and 25,25,00,000 shares of Re. 1/- each ( to be issued as Class "B" Equity Shares) are to be issued as fully paid up shares and allotted to the Shareholders of erstwhile amalgamating companies (since amalgamated) pursuant to the Scheme of Amalgamation sanctioned by Hon'ble High Court at Calcutta.	4,203,281	-
	<u>4,676,415</u>	<u>473,134</u>
<b>SCHEDULE - 2: RESERVES &amp; SURPLUS</b>		
Capital Reserve (Arising out of Amalgamation)	101,053	-
Securities Premium Account	912,322	912,322
General Reserve	2,500	2,500
Profit & Loss Account	214,830	17,844
	<u>1,230,705</u>	<u>932,666</u>
<b>SCHEDULE - 3: SECURED LOANS</b>		
Loan from		
- Banks	-	-
- Others	330,000	-
(Secured by pledge of equity shares held as investments)	<u>330,000</u>	<u>-</u>



## SCHEDULE-4 : FIXED ASSETS

(Rs. in '000)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Additions/ (Deductions) during the year	As on 31.03.2009	As on 01.04.2008	For the Year	Deductions/ Adjustments during the year	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Land	3,011	19,822	22,833	-	-	-	-	22,833	3,011
Building	2,532	-	2,532	426	85	-	511	2,021	2,106
Borewell	205	-	205	57	10	-	67	138	148
Weigh Bridge	353	-	353	101	16	-	117	236	252
Computers	-	118	118	-	13	-	13	105	-
Office Equipments	-	73	73	-	2	-	2	71	-
<b>TOTAL</b>	<b>6,101</b>	<b>20,013</b>	<b>26,114</b>	<b>584</b>	<b>126</b>	<b>-</b>	<b>710</b>	<b>25,404</b>	<b>5,517</b>
Previous Year	65,391	(59,289)	6,102	1,652	215	(1,283)	584	5,517	

# GUJARAT NRE MINERAL RESOURCES LIMITED

## SCHEDULES TO THE ACCOUNTS ( Contd.)

### SCHEDULE - 5: INVESTMENTS

( Rs. in '000)

Description	Face value	No. of Shares	As at 31.03.2009	As at 31.03.2008
<b>Long Term Investments</b>				
<b>Quoted (Equity Shares)</b>				
Gujarat NRE Coke Limited	10	164,502,162	4,534,234	790,993
SAL Steel Ltd.	10	1,445,633	25,070	16,627
Arvind Chemicals Ltd.	10	56,000	2,431	-
Interstate Oil Carriers Ltd.	10	4,000	24	-
			<b>4,561,759</b>	<b>807,620</b>
<b>UnQuoted (Equity Shares)</b>				
<b><u>In wholly owned Foreign Subsidiary</u></b>				
NRE Resources Pty Ltd.	1	100,000	3,449	3,449
<b><u>In Others</u></b>				
Arvind Commodities Ltd.	10	-	-	650
Bulli Coke Pvt Ltd.	1	5,552,000	80,200	5,000
Bharat NRE Coke Ltd.	10	10,895,000	108,950	-
Critical Mass Multilink Pvt Ltd.	1	1,077,000	107,700	-
FCGL Investments Ltd.	1	50,000	300	-
Gaurav Vinimay Pvt Ltd.	1	-	-	9,000
Gouriputra Consultants Pvt Ltd.	1	202,000	20,200	-
Gujarat NRE Energy Resources Ltd.	1	850,000	75,100	-
Jharia Coke Pvt Ltd.	1	10,400,000	479,404	14,403
Maa Kali Metcoke Industries Pvt Ltd.	1	10,270,000	383,500	6,500
Malgudi Investments Ltd.	1	235,000	23,500	-
Madhur Coal Mining Pvt Ltd.	1	2,083,500	208,350	-
Mangal Crystal Coke Pvt Ltd.	1	1,735,000	173,500	-
Matangi Traders & Investors Pvt Ltd.	1	671,457	25,313	150
Mangaldeep Tradelink Pvt Ltd.	10	-	-	1
Newage Vinimay Pvt Ltd.	1	-	-	9,000
Shree Salasar Coke (Gujarat) Pvt Ltd.	1	12,700,000	307,955	7,955
			<b>1,997,421</b>	<b>56,108</b>
		<b>TOTAL</b>	<b>6,559,180</b>	<b>863,728</b>
Aggregate Market Value of Quoted Investments			3,260,489	1,092,748

### SCHEDULE - 6: SUNDRY DEBTORS (Unsecured, considered good)

Outstanding for a period exceeding six months	1,412	-
Other Debts	-	626,608
	<b>1,412</b>	<b>626,608</b>

### SCHEDULE - 7 : CASH & BANK BALANCES

Cash in hand (As certified by management)	1,851	380
Balances with Scheduled Banks:		
in Current Accounts	3,416	7,407
in Dividend Account	3,106	-
	<b>8,373</b>	<b>7,787</b>

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

**SCHEDULE - 8: LOANS & ADVANCES (Unsecured, considered good)**

( Rs. in '000)

Description	As at 31.03.2009	As at 31.03.2008
Advances recoverable in cash or in kind or for value to be received or adjusted	1,204	303
Deposits with Government & Other Authorities	474	463
Advance Tax & Tax Deducted at Source	38,688	173
	<u>40,366</u>	<u>939</u>

**SCHEDULE - 9: CURRENT LIABILITIES & PROVISIONS**

**Current Liabilities :**

Sundry Creditors	112,241	166
Other Liabilities	214,716	4,273
Unclaimed Dividend	3,106	-
	<u>330,063</u>	<u>4,439</u>

**Provisions :**

Provision for Income tax	39,688	38,893
Provision for Fringe Benefit Tax	15	2
Provision for Proposed Dividend	23,657	47,313
Provision for Dividend Tax	4,020	8,041
Provision for Gratuity & Leave encashment	56	-
	<u>67,436</u>	<u>94,249</u>

**SCHEDULE - 10: MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Deferred Revenue Expenses	250	500
	<u>250</u>	<u>500</u>

**SCHEDULE - 11: ADMINISTRATIVE & OTHER EXPENSES**

	For the year ended 31.03.2009	For the year ended 31.03.2008
Salaries,wages and bonus	935	2,038
Gratuity & Leave	56	-
Audit Fees	9	10
Advertisement	17	145
Insurance Charges	24	9
Miscellaneous Expenses	38	30
Printing & Stationery	165	91
Postage & Stamps	96	98
Professional Fees & Service Charges	3,497	1,274
Rates & Taxes	73	22
Repairs & Maintenance	40	34
Electricity Charges	96	92
Staff Welfare	24	29
Security Service Charges	130	103
Security Transaction Taxes	947	351
Share Issue Expenses	-	295
Telephone Expenses	6	5
Travelling & Conveyance	145	178
Deferred revenue expenses w/off	250	250
Preoperative Expenses w/off	-	2,851
	<u>6,548</u>	<u>7,905</u>

**SCHEDULES TO THE ACCOUNTS ( Contd.)****SCHEDULE - 12: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A) SIGNIFICANT ACCOUNTING POLICIES:****i. Accounting Conventions:**

The 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 (GAAP) in India and in Compliance with the provision of the Companies Act, 1956.

**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

**iv. Borrowing Costs :**

Borrowing Costs that are attributable to the acquisition and constructions of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs of the year are charged to revenue in the period in which they are incurred.

**v. Depreciation:**

Depreciation on fixed assets is provided on straight line method (SLM) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

**vi. 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.

**vii. Inventories:**

Inventories are valued at cost or net realizable value whichever is lower. Cost includes all direct and indirect cost incurred in bringing the inventories to their present location and conditions. Inventories are valued on FIFO basis.

**viii. 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.

**ix. 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 except in case where they relates to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

**x. 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.

**xi. Miscellaneous Expenditures:**

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

**xii. Taxation:**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred Tax liability is recognized for all timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax Assets are recognized only if there is reasonable certainty that the same will be realized and are

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

reviewed for the appropriateness of its respective carrying values at each Balance Sheet date.

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

Tax on Distributed Profit Payable in accordance with the provision of Section 115 O of the Income Tax Act, 1961 and in accordance with guidance note on 'Accounting for Corporate Dividend Tax'.

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

**xiii. 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.

**xiv. 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.

**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.

**xvi. 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 in respect of :-**

(a) Corporate guarantee of Rs.1,00,000 thousand (Previous year Rs. Nil) given to bank for loans taken by its associate company.

(b) Disputed income tax demand of Rs.706 thousand (Previous year Rs. Nil) for which an appeal has been preferred.

**2. The company has pledged 4,07,09,956 (Previous year Nil) equity shares of Gujarat NRE Coke Ltd. with the banks and financial institution for loans taken by its associate company.**

**3. Expenditure incurred in foreign currency Rs.21 thousand (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.**

	(Rs. in '000)	
	<u>Current Year</u>	<u>Previous Year</u>
Opening Deferred Tax Liability		
- On account of Depreciation	591	639
Closing Deferred Tax Liability		
- On account of Depreciation	366	591
Net Deferred Tax Liability charged to Profit & Loss A/c	(225)	(48)

**5. Managerial Remuneration:**

The remuneration paid to the Managing Director of the company during the year is Rs.Nil (Previous year Rs.1,025 thousand)

**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:**

**Subsidiary Company**

- Wholly Owned  
NRE Resources Pty Ltd.

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

**Sub- Subsidiary Company**

- Wholly Owned
- Gujarat NRE Oil Ltd.

**Associates**

1. Gujarat NRE Coke Ltd.
2. Gujarat NRE Energy Resources Ltd.
3. Jharia Coke Pvt. Ltd.
4. Maa Kali Metcoke Industries Pvt. Ltd.
5. Shree Salasar Coke (Gujarat) Pvt. Ltd.
6. Bharat NRE Coke Ltd.
7. Bulli Coke Pvt Ltd

**B. Key Management Personnel**

Mr. A. K. Jagatramka -Managing Director

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

1. Huntervalley Coal Pvt Ltd.
2. Manor Dealcom Pvt Ltd
3. Gaurav Vinimay Pvt Ltd.
4. Newage Vinimay Pvt. Ltd.
5. Madhur Coal Mining Pvt Ltd.
6. Mangal Crystal Coke Pvt Ltd.
7. Critical Mass Multilink Pvt Ltd.

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

1. Girdharilal Arun Kumar Family Trust
2. Arun kumar Family Trust

**C. Transaction with Related Parties**

(Rs. in '000)

**Particulars of Transactions**

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

- Associates

**(ii) Sale of Assets**

- Associates
- Enterprises in which key Management personnel has significant influence

**(iii) Remuneration**

- Key Management persons

**(iv) Purchase of Securities**

- Associates
- Enterprises in which key Management personnel has significant influence

**(v) Sale of Securities**

- Associates
- Key Management Personnel
- Enterprises in which key management personnel has significant influence
- Enterprises in which key management personnel is a trustee

**(vi) Dividend Received**

- Enterprises in which key management personnel has significant influence

**(vii) Shares Alloted by**

- Associates

**vii) Advance Received**

- Enterprises in which key management personnel has significant influence

	<u>Current Year</u>	<u>Previous Year</u>
	-	866,808
	-	800
	-	1,300
	-	1,025
	331,194	-
	10,925	84,150
	222,000	-
	1	18,500
	2,529	100,470
	650	-
	256,868	10,291
	886,000	-
	208,000	-

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

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

(Rs. in '000)

	<u>Current Year</u>		<u>Previous Year</u>	
	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	626,608	657,277
<b>(ii) Due to Related Parties</b>				
Associates				
- included in current liabilities	3,016	3,016	-	-
Enterprises in which key management personnel has significant influence				
- included in current liabilities	208,000	208,000	-	-

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

Particulars	Current Year Basic & Diluted EPS	Previous Year Basic & Diluted EPS
<b>Earnings</b>		
Net Profit for the year (Rs.'000)	224,662	67,514
<b>Shares</b>		
Number of shares at the beginning of the year	473,133,580	436,229,500
Add: Share Allotted during the year		369,040,80
Add: Shares to be issued pursuant to Schemes of Amalgamations	4,203,281,274*	-
Total number of equity shares outstanding at the end of the year	4,676,414,854	473,133,580
Weighted average number of shares outstanding during the year (for Basic & Diluted EPS)	3,275,321,096	440,043,175
<b>Earning per share :</b>		
- Basic & Diluted (Rs.)	0.07	0.15

\* Number of shares to be issued on account of Amalgamation is considered for calculation for EPS from the effective date of Amalgamation i.e. 1st August 2008.

8. 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.
9. 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).
10. a) Pursuant to the Schemes of Amalgamation (the Schemes) under Section 391 to 394 of the Companies Act, 1956, with effect from 1<sup>st</sup> August'2008 ( the Appointed date), erstwhile amalgamating companies ( hereinafter referred as "Transferor Companies") stated in Para (e) below, have been merged with the company.
- b) Pursuant to Schemes, as approved by the Hon'ble High Court at Calcutta, vide its order dated 16th December, 2008, all the assets and liabilities of the Transferor Companies have been transferred to and stand vested with the company with effect from the appointed date at their respective book values on that date.
- c) Transferor Companies carried on their business and activities for the benefit of and in trust for, the company from the appointed date. Thus, the profit or income accruing or arising to transferor companies, or expenditure or losses arising or incurred by them from the appointed date are treated as the profit or income or expenditure or loss as the case may be, of the Company. The Schemes have accordingly been given effect to in these accounts.
- d) As per the Schemes 3,95,07,81,274 Class "A" Equity Shares of Re.1/- each fully paid carrying 1 voting right per share and 25,25,00,000 Class "B" Equity Shares of Re.1/- each fully paid carrying 100 voting rights per share of the Company are to be

## GUJARAT NRE MINERAL RESOURCES LIMITED

### SCHEDULES TO THE ACCOUNTS ( Contd.)

issued and allotted to the shareholders of erstwhile transferor companies in their respective exchange ratio, as stated in Para (e) below, pending allotment has been shown under 'Share Suspense Account' as at 31st March, 2009.

e) The amalgamations have been accounted for under "Purchase Method" as prescribed by Accounting Standard (AS14) "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly, the net assets of the amalgamating companies have been taken over at their book values on the appointed date, subject to adjustments specified in the Schemes.

Name of amalgamating compaies.	Bellambi Coke Private Limited. (BCPL)	Brinda Dealing Private Limited. (BDPL)	Vartika Traders Private Limited. (VTPL)	Prince Dealcom Private Limited. (PDPL)	Mangaldeep Tradelink Private Limited. (MTPL)	Steel Rx Corporation Private Limited. (SRCPL)	India Finvest Limited (IFL)	Marley Foods Private Limited. (MFPL)
General nature of business of the amalgamating companies	Investment in Shares & Securities					Operations of Website Portal	Investment in Shares & Securities	
Effective date of amalgamation for accounting purposes	5 <sup>th</sup> February 2009							
The method of accounting used to reflect the amalgamation	"Purchase Method"							
Particulars of the scheme sanctioned	All the assets and liabilities on the appointed date as appearing in the books of the transferor companies are recorded by the Company at their respective book values.							
Consideration for Amalgamation								
a)Type/ Class of Shares to be Issued	i)Class "A" Eq. Share	i) Class "A" Eq. Share ii) Class "B" Eq. Share	i) Class "A" Eq. Share ii)Class "B" Eq. Share	i)Class "A" Eq. Share	i)Class "A" Eq. Share	i)Class "A" Eq. Share	i)Class "A" Eq. Share	i) Class "A" Eq. Share ii)Class "B" Eq. Share
b)No. of Shares to be Issued	i) 552,933,333	i) 406,293,525 ii) 27,500,000	i) 79,99,86,000 ii) 60,000,000	i) 576,721,090	i) 80,64,18,540	i) 36	i) 1,68,00,000	i) 79,16,28,750 ii) 165,000,000
c)Face Value of Shares to be Issued	i)Re. 1/-	i) Re 1/- ii) Re 1/-	i) Re. 1/- ii) Re. 1/-	i)Re 1/-	i)Re 1/-	i)Re. 1/-	i)Re. 1/-	i) Re. 1/- ii) Re. 1/-
d)Paid-up Value of Shares to be Issued	i)Re. 1/-	i) Re. 1/- ii) Re. 1/-	i) Re. 1/- ii) Re. 1/-	i)Re. 1/-	i)Re. 1/-	i)Re. 1/-	i)Re. 1/-	i) Re. 1/- ii) Re. 1/-



**GUJARAT NRE MINERAL RESOURCES LIMITED**

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

Name of amalgamating compaies.	Bellambi Coke Private Limited. (BCPL)	Brinda Dealing Private Limited. (BDPL)	Vartika Traders Private Limited. (VTPL)	Prince Dealcom Private Limited. (PDPL)	Mangaldeep Tradelink Private Limited. (MTPL)	Steel Rx Corporation Private Limited. (SRCPL)	India Finvest Limited (IFL)	Marley Foods Private Limited. (MFPL)
e)Exchange Ratio	i) 88 Class "A" Equity Shares of GNMRL for every 3 Equity shares of Re.1/- each fully paid-up held in BCPL	i) 11 Class "A" Equity shares of GNMRL for every 4 class "A" Equity shares of Re.1/- each fully paid-up held in BDPL ii) 11Class "B" Equity shares of GNMRL for every 4 Class "B" Equity shares of Re.1/- each fully paid-up held in BDPL	i) 6 Class "A" Equity shares of GNMRL for every 1 Class "A" Equity shares of Re.1/- each fully paid-up held in VTPL ii) 6 Class "B" Equity shares of GNMRL for every 1 Class "B" Equity shares of Re.1/- each fully paid-up held in VTPL	i) 27830 Class "A" Equity Shares of GNMRL for every 1 Class "A" Equity shares of Rs.10/- each fully paid-up held in PDPL	i) 33570 Class "A" Equity Shares of GNMRL for every 1 Class "A" Equity shares of Rs.10/- each fully paid-up held in MTPL	i) 1 Class "A" Equity Shares of GNMRL for every 5000 Equity shares of Rs.10/- each fully paid-up held in SRCPL	i) 4 Class "A" Equity Shares of GNMRL for every 5 Equity shares of Re.1/- each fully paid-up held in IFL	i) 33 Class "A" Equity shares of GNMRL for every 1 Class "A" Equity shares of Re.1/- each fully paid-up held in MFPL ii) 33 Class "B" Equity shares of GNMRL for every 1 Class "B" Equity shares of Re.1/- each fully paid-up held in MFPL
i)Net Assets of Transferor Companies	939,207	768,011	634,715	175,633	1,214,651	-16,555	22,571	566,101
ii)Net Consideration for Amalgamation	552,933	433,793	859,986	576,721	806,419	-	16,800	956,629
Capital Reserve/ (Goodwill)/ (i-ii)	386,274	334,218	- 225,271	- 401,088	408,232	- 16,555	5,771	- 390,528

f) In view of the aforesaid amalgamations the figures for the current year appearing in the accounts are not comparable with the figures of the previous year.

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

# GUJARAT NRE MINERAL RESOURCES LIMITED

## SCHEDULES TO THE ACCOUNTS ( Contd.)

### SCHEDULE: 13

#### ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT,1956

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

##### I. Registration Details

Registration No.	U51109WB1993PLC060639
State Code No.	21
Balance Sheet Date	31.03.2009
	( Rs. in '000)

##### II. Capital raised during the year

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

##### III. Position of Mobilisation and Deployment of Funds

Total Liabilities	6,237,486
Total Assets	6,237,486
Sources of Funds	
Paid-up Capital	4,676,415
Reserve & Surplus	1,230,705
Deferred Tax Liability	366
Secured Loans	330,000
Unsecured Loans	Nil

##### Application of Funds

Net Fixed Assets	25,404
Investments	6,559,180
Net Current Assets/Liabilities	(-) 347,348
Misc.Expenditure	250
Accumulated Losses	Nil

##### IV. Performance of Company

Turnover (Including other Income)	256,912
Total Expenditure	32,458
Profit /(Loss) before Tax	224,454
Profit /(Loss) after Tax	224,663
Earning Per Share in Rs.	0.07
Dividend rate %	5%

##### V. Generic Names of Principal Products/Services of Company

As per our report of even date attached

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

Chartered Accountants

Not Applicable



**B. Basu**  
Partner  
Membership No. 12748  
Place : Ahmedabad  
Date : 8<sup>th</sup> August , 2009



**A K Jagatramka**  
Managing Director



**R P Jain**  
Director



**V K Taparia**  
Company Secretary

(Rs. in '000)

**CASH FLOW STATEMENT For The Year Ended 31st March, 2009**


	For the year ended 31.03.09	For the year ended 31.03.08
<b>A CASH FLOW FROM OPERATIVE ACTIVITIES</b>		
Net Profit Before Tax	224,454	106,330
<i>Adjustments for:</i>		
Depreciation / Other non cash items	126	215
Deferred revenue expenses w/off	250	250
Preoperative Expenses w/off	-	2,851
Share Issue Expenses	-	295
Loss on Sale of Investment	-	277
Interest Paid	25,784	
Profit on sale of Fixed Assets	-	(38)
Dividend Income	(256,868)	(10,291)
Interest Income	-	(585)
<b>Operating Profit before working Capital Changes</b>	<b>(6,254)</b>	<b>99,304</b>
<i>Adjustments for:</i>		
Trade & Other Receivables	337,836	(602,269)
Inventories	-	603,348
Trade Payables	314,252	(17,012)
Cash Generated from Operations	645,834	83,371
Direct Taxes Paid / Refunds	(36,704)	(137)
<b>Cash Generated From Operating Activities</b>	<b>6,09,130</b>	<b>83,234</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Fixed Assets	(17,878)	(806)
Sale of Fixed Assets	-	2,100
Addition to Investments	(1,157,803)	(290,945)
Sale of Investments	280,380	17,411
Interest Received	-	585
Dividend Received	256,868	10,291
<b>Net Cash Used In Investing Activities</b>	<b>(6,38,433)</b>	<b>(261,364)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Proceeds to Share Capital / Reserves	-	184,095
Share Issue Expenses	-	(295)
Increase/(Decrease) in Borrowing	100,679	-
Interest Paid	(25,784)	-
Dividend / Dividend Tax Paid	(55,354)	-
<b>Net Cash Generated From Financing Activities</b>	<b>19,541</b>	<b>183,800</b>
<b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents</b>	<b>(9,762)</b>	<b>5,670</b>
<b>Cash &amp; Cash Equivalents (Opening Balance)</b>	<b>7,787</b>	<b>2,117</b>
<b>Cash &amp; Cash Equivalents (Recd. on Merger)</b>	<b>10,348</b>	
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>8,373</b>	<b>7,787</b>

As per our report of even date attached

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



**B. Basu**  
Partner  
Membership No. 12748  
Place : Ahmedabad  
Date : 8<sup>th</sup> August , 2009



**A K Jagatramka**  
Managing Director



**R P Jain**  
Director



**V K Taparia**  
Company Secretary

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

(Rs. in '000)

<b>Name of the Subsidiary Company</b>	<b>NRE Resources Pty Ltd. (Subsidiary)</b>	<b>Gujarat NRE Oil Ltd. (Sub-subsidiary)</b>
1. Financial Year of the Subsidiary ended on	31.03.2009	31.03.2009
2. Holding Company's interest Equity Shares of AU\$ 1 each	-	-
(a) Number of Shares fully paid	1,00,000	60,000
(b) % Share held by the Company directly or through its subsidiaries	100%	100%
3. Net aggregate of Profit/ (Loss) of the Subsidiary, so far as they concern members of the Company		
(i) For the Financial Year of the Subsidiary		
(a) Dealt with in the accounts of the Company	Nil	Nil
(b) Not dealt with in the accounts of the Company	(123)	(1952)
(ii) For the previous Financial Years of the Subsidiary since it became the subsidiary		
(a) Dealt with in the accounts of the Company	Nil	Nil
(b) Not dealt with in the accounts of the Company	(351)	(214)
Note : Since the financial year(s) of the above subsidiary companies coincide with the financial year(s) of the Holding Company i.e. 31st March 2009 the furnishing of information under Section 212 (1) (f) of the Companies Act 1956 is not applicable.		

**DIRECTORS' REPORT**

Your directors present their report on the company for the year ended 31 March, 2009.

**DIRECTORS**

The names of Directors in office at any time during or since the end of the year are:

- Mr. Arun Kumar Jagatramka
- Mrs. Mona Jagatramka
- Mr. Sanjay Sharma

**RESULT**

The company reported a net loss of \$3,384 (2008; loss \$2,086).

**PRINCIPAL ACTIVITIES**

The Company is engaged in resource and oil exploration activity. No significant changes in the nature of this activity occurred during the period.

**DIVIDENDS**

No dividend was paid during the year and none is recommended.

**OPTIONS**

No options to shares in the company have been granted during the or since the end of the financial year and there were no options outstanding at the date of this report.

**SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE**

No significant event has occurred since balance sheet date

**INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The indemnification of directors, secretaries and senior managers of the companies are covered under a contract taken on global basis by one of the related company of the ultimate holding company Gujarat NRE Mineral Resources Ltd. in India. No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

**NO LEAVE OR PROCEEDINGS**

No person has applied for leave of Court to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceeding.

**LIKELY DEVELOPMENTS**

Information on likely developments in the entity's operations in future financial years and the expected results of those operations has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the entity.

**NON AUDIT SERVICES**

Amount due and receivable for the company by Gokani & Associates

<b>2009</b>	<b>2008</b>
-------------	-------------

Taxation and secretarial work (\$)	-	1,256
------------------------------------	---	-------

The Board has perused non-audit services performed by the associated firm of the auditor Kantilal Ratanshi Gokani and is satisfied that those non-audit services are compatible with, and did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board to ensure that these services do not impact on the impartiality and objectivity of the auditor.
- The non-audit services provided do not undermine the general principles relating to auditor independence as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.
- The ratio of non-audit fee to audit fee is at a level that would not impact the impartiality and objectivity of the auditor.
- There were no known conflict of interest situations or any circumstances arising out of a relationship between the Company (including its Directors and Officers) and the auditor which may

impact on auditor independence.

The auditor's independence declaration (made under section 307C of the Corporations Act 2001) is attached to and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.



Director

Dated this 30<sup>th</sup> June 2009

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements, comprising the income statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, are in accordance with the Corporations Act 2001 and;
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 31st March 2009 and of the performance for the financial year ended 31st March 2009 of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is

Signed for and on behalf of the Directors by:



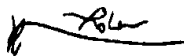
Director

Dated this 30<sup>th</sup> June 2009

**AUDITOR'S INDEPENDENCE DECLARATION**

I Kantilal Ratanshi Gokani being auditor of NRE Resources Pty Ltd declare that to the best of my knowledge and belief, during the year ended 31 March, 2009 there have been :

- i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to audit
- ii) no contravention of any applicable code of professional conduct in relation to the audit.



Signed by KANTILAL RATANSHI GOKANI  
of 96 Cahors Road, PADSTOW NSW 2211

Dated this 30<sup>th</sup> June 2009

**INDEPENDENT AUDITOR'S REPORT**

To the members of NRE Resources Pty Limited

**Report on the Financial Report**

I have audited the accompanying financial report of NRE Resources Pty Limited, which comprises the balance sheet as at 31 March 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company at the year's end or from time to time during the financial year.

**Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting

# NRE RESOURCES PTY LIMITED

estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

### Auditor's Opinion

In my opinion:

- (a) the financial report of NRE Resources Pty Limited is in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the company's financial position as at 31 March 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



KANTILAL RATANSHI GOKANI

96 Cahors Road, PADSTOW NSW 2211

Dated this 30<sup>th</sup> June 2009

### INCOME STATEMENT For the year ended 31st March, 2009

	Notes	2009 (\$)	2008 (\$)
<b>Other income</b>	2	2,038	4,638
<b>Less:</b>			
Expenses	3	(5,422)	(6,724)
<b>(Loss) before income tax</b>		<b>(3,384)</b>	<b>(2,086)</b>
Income tax expense	4	-	-
<b>(LOSS) after income tax</b>		<b>(3,384)</b>	<b>(2,086)</b>

The above income statement should be read in conjunction with the accompanying notes

### BALANCE SHEET As at 31st March, 2009

	Notes	2009 (\$)	2008 (\$)
<b>CURRENT ASSETS</b>			
Cash and cash equivalent		31,539	55,103
Receivables	5	-	5,320
<b>TOTAL CURRENT ASSETS</b>		<b>31,539</b>	<b>60,423</b>
<b>NON-CURRENT ASSETS</b>			
Investment	6	60,000	35,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>60,000</b>	<b>35,000</b>
<b>TOTAL ASSETS</b>		<b>91,539</b>	<b>95,423</b>
<b>CURRENT LIABILITIES</b>			
Accrued expenses		5,000	5,500
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,000</b>	<b>5,500</b>
<b>TOTAL LIABILITIES</b>		<b>5,000</b>	<b>5,500</b>
<b>NET ASSETS</b>		<b>86,539</b>	<b>89,923</b>
<b>EQUITY</b>			
Contributed capital	8	100,000	100,000
Accumulated (loss)		(13,461)	(10,077)
<b>TOTAL EQUITY</b>		<b>86,539</b>	<b>89,923</b>

The above balance sheet should be read in conjunction with the accompanying notes

### STATEMENT OF CHANGES IN EQUITY For the year ended 31st March, 2009

	Issued capital \$	Accumulated (Loss) \$	Total equity \$
<b>At 31 March 2007</b>	<b>100,000</b>	<b>(7,991)</b>	<b>92,009</b>
(Loss) for the year	-	(2,086)	(2,086)
Share issued	-	-	-
<b>At 31 March 2008</b>	<b>100,000</b>	<b>(10,077)</b>	<b>89,923</b>
(Loss) for the year	-	(3,384)	(3,384)
Share issued	-	-	-
<b>At 31 March 2009</b>	<b>100,000</b>	<b>(13,461)</b>	<b>86,539</b>

The above statement of changes in Equity should be read in conjunction with the accompanying notes

### CASH FLOWS STATEMENT For the year ended 31st March, 2009

	Notes	2009 (\$)	2008 (\$)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Interest received		2,038	4,078
Payments to suppliers		(602)	(9,976)
<b>Net cash (outflow) from operating activities</b>	11	<b>1,436</b>	<b>(5,899)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Sale of investment in Gujarat NRE Koyala Pty Ltd		5,000	-
Investments in Gujarat NRE Oil Ltd		(30,000)	(25,000)
Deposit with middle lawyer Trust		-	50,000
<b>Net cash (outflow) from investing activities</b>		<b>(25,000)</b>	<b>25,000</b>
<b>Net (Decrease)/Increase in cash and cash equivalents</b>		<b>(23,564)</b>	<b>19,101</b>
<b>Cash and cash equivalents at Beginning of the Period</b>		<b>55,103</b>	<b>36,002</b>
<b>Cash and cash equivalents at end of the Period</b>		<b>31,539</b>	<b>55,103</b>

The above Cash Flow statement should be read in conjunction with the accompanying notes

**NOTES TO THE FINANCIAL STATEMENTS** For the year ended 31 March, 2009

**NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the company to Gujarat NRE Minerals Resources Limited.

The report has been prepared in accordance with the measurement requirements of International Financial Reporting Standards and in accordance with accounting policies as set out below.

Compliance with IFRS -

Compliance with Australian Accounting Standards ensures that the financial report of NRE Resources Pty Ltd as an individual entity complies with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on a historical cost basis. The concept of accruals accounting has been adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**a Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax asset for unused tax loss is recognized only if it is probable that future taxable amount is recoverable to utilise the loss.

**b Cash and equivalents**

For the purposes of cash flows, cash includes cash on hand and deposits held on call with banks or financial institutions.

**c Revenue**

Revenue from sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to customers. There was no such revenue during the year.

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

**d Goods and Services Tax (GST)**

Revenues, expenses and assets are recognized net of the amount of GST except where the GST is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office (ATO) is included as a current asset or liability in the balance sheet.

	2009 (\$)	2008 (\$)
<b>NOTE 2 : OTHER REVENUE</b>		
Interest income	2,038	4,638
	<u>2,038</u>	<u>4,638</u>
<b>NOTE 3 : EXPENSES</b>		
Audit fee	5,000	5,000
Bank charges	70	62
Establishment expenses w/off	-	810
Consultancy and professional cost	140	640
ASIC fee	212	212
	<u>5,422</u>	<u>6,724</u>

**NOTE 4 : INCOME TAX**

No income tax is payable during the period because of losses. Deferred tax asset not recognised in balance sheet on unrecouped tax loss of \$13,461 is \$ 4,038.30.

	2009 \$	2008 \$
<b>NOTE 5 : RECEIVABLES</b>		
GST receivable	-	50
Interest receivable	-	758
Other	-	4512
	<u>-</u>	<u>5,320</u>

**NOTE 6 : INVESTMENTS**

5,000 ordinary equity shares in Gujarat NRE Koyala Pty Ltd			-	5,000
60,000 ordinary shares in Gujarat NRE Oil Ltd			60,000	30,000
		<u>60,000</u>	<u>60,000</u>	<u>35,000</u>

**NOTE 7 : ESTABLISHMENT COST**

Establishment cost	-	810
Less establishment cost written off	-	(810)
Establishment cost carried forward	<u>-</u>	<u>-</u>

**NOTE 8 : CONTRIBUTED CAPITAL**

Ordinary equity shares	Share No.			
Opening balance	100,000	100,000	-	-
Issued and paid up capital during the year	-	-	100,000	-
<b>Balance at the end of the year 2008</b>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Opening balance on 01 <sup>st</sup> April 2008	100,000	100,000	100,000	100,000
Issued and paid up capital during the year	-	-	-	-
<b>Balance at the end of the year 2009</b>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

**NOTE 9 : REMUNERATION AND RETIREMENT BENEFITS**

No remuneration was paid or payable to directors of the company.

Names of directors who held office during the period are:

Arun Kumar Jagatramka  
Mona Jagatramka  
Sanjay Sharma

**NOTE 10 : RELATED PARTY TRANSACTION**

**Directors**

Disclosure relating to directors is set out in Note 9

The only shareholder is Gujarat NRE Mineral Resources Ltd a public limited company incorporated in India. Gujarat NRE Oil Ltd, a public limited company incorporated in Australia is the only subsidiary of NRE Resources Pty Ltd.

**Transactions With Gujarat NRE Oil Ltd**

Acquired 30,000 ordinary shares for \$30,000 in Gujarat NRE Oil Ltd.

**NOTE 11 : RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX**

Loss from ordinary activities	(3,384)	(2,086)
Non cash flow items:		
Establishment expenses written off	-	810
<b>Change in asset and liabilities</b>		
Accrual and audit fee	(500)	-
Receivables	5,320	50
<b>Cash (outflow) from operations</b>	<u>( 1,436)</u>	<u>( 3,076)</u>

**NOTE 12 : AUDITOR'S REMUNERATION**

Amount due and receivable for the audit and review of the financial reports of the company	5,000	5,500
Amount received, or due and receivable, for the other services by Gokani & Associates in which auditor is a partner	-	-
	<u>5,000</u>	<u>5,500</u>

# NRE RESOURCES PTY LIMITED

## AUDITORS CERTIFICATE

To  
The Board of Directors  
Gujarat NRE Mineral Resources Ltd.

NRE Resources Pty. Ltd. (herein after referred to as "NRPL"), a subsidiary of Gujarat NRE Mineral Resources Ltd. (herein after referred to as "GNML") was incorporated with Australian Securities and Investment Commission on 23rd day of August, 2006.

The attached audited accounts of the Company (NRPL) for the year ended on 31st March, 2009 drawn as per Australian Laws comprising of financial statements together with Directors' Report, Independent Auditors' Report and Notes to accounts were audited by Mr. Kantilal Ratanshi Gokani of 96 Cahors Road, Padstow, NSW 2211. These accounts have been forwarded by NRPL for attaching with the audited accounts of holding company Gujarat NRE Mineral Resources Ltd.

In terms of the Section 212 of the Companies Act, 1956, the accounts of the subsidiary company, that has to be attached with the holding company's audited accounts, shall be drawn as per provisions of the Companies Act, 1956.

For the purpose of attaching the subsidiary's audited statement of accounts, the holding company GNML has recast the audited statements of accounts drawn under Australian Laws in accordance with the provisions of the Companies Act, 1956 as far as possible based on the information available with the holding company in India. The recast audited accounts of NRPL have been drawn in accordance with the Part I & Part II of the Schedule-VI of the Companies Act, 1956. For the purpose of these recasting, the Australian dollars have been converted in Indian rupee in accordance with the applicable exchange rate in accordance with AS-11.

For the purpose of checking this conversion and recasting, we have relied upon the independent audit report issued by Mr. Kantilal Ratanshi Gokani and as such we have not examined the accuracy and authenticity of any part of the said audited accounts. On the basis of the said audited accounts and information and explanations given to us, we observe that the accounts of NRPL for the year ended 31<sup>st</sup> March, 2009 have been properly recast as far as possible in accordance with the Schedule-VI of the Companies Act, 1956.

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

  
**B. Basu**  
Partner

M.No.12748

Place : Ahmedabad,  
Date : 8th August, 2009.

**BALANCE SHEET** As at 31st March, 2009 (Rs.in '000)

	Schedules	As at 31.03.09	As at 31.03.08
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	3,563.00	3,690.00
		<u>3,563.00</u>	<u>3,690.00</u>
<b>APPLICATION OF FUNDS:</b>			
<b>Investments</b>			
Current Assets, Loans And Advances	2	2,077.00	1,266.00
Cash & Bank Balances	3	1,092.00	1,993.00
Other current assets	4	-	192.00
		<u>1,092.00</u>	<u>2,185.00</u>
Less: Current Liabilities	5	178.00	203.00
<b>Net Current Assets</b>		<b>914.00</b>	<b>1,982.00</b>
<b>Profit &amp; Loss Account</b>		474.00	351.00
(As per accounts annexed)			
<b>Foreign Currency Translation Reserve</b>		<u>98.00</u>	<u>91.00</u>
		<u>3,563.00</u>	<u>3,690.00</u>

Significant Accounting Policies  
& Notes on Accounts 7  
Schedules referred to above form integral part of the Balance Sheet  
As per our attached certificate of even date to the Board of Directors

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

For and on Behalf of the Board



**B. BASU**  
Partner  
Membership No. 12748  
Place : Ahmedabad  
Date : 8th August, 2009

  
**A K JAGATRAMKA**  
Director

  
**MONA JAGATRAMKA**  
Director

**PROFIT AND LOSS ACCOUNT** For the year ended 31st March, 2009  
(Rs.in ,000)

	Schedules	Year Ended 31.03.2009	Year Ended 31.03.2008
<b>INCOME</b>			
Interest		74.00	162.00
		<u>74.00</u>	<u>162.00</u>
<b>EXPENDITURE</b>			
Administrative & Other expenses 6		197.00	235.00
		<u>197.00</u>	<u>235.00</u>
Loss before Tax		<u>(123.00)</u>	<u>(73.00)</u>
<b>Provision for Taxation</b>			
Loss after Tax		-	-
Balance brought forward		(351.00)	(278.00)
Balance carried to Balance Sheet		<u>(474.00)</u>	<u>(351.00)</u>

Significant Accounting Policies  
& Notes on Accounts 7  
Schedules referred to above form integral part of the Profit & Loss Account

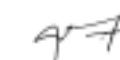
As per our attached certificate of even date to the Board of Directors

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

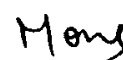
For and on Behalf of the Board



**B. BASU**  
Partner  
Membership No. 12748  
Place : Ahmedabad  
Date : 8th August, 2009



**A K JAGATRAMKA**  
Director



**MONA JAGATRAMKA**  
Director

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE - 1 : SHARE CAPITAL** (Rs.in '000)

DESCRIPTION	As At 31.03.09	As At 31.03.08
<b>AUTHORISED :</b>		
1,00,000 (Previous year 1,00,000 )		
Equity Shares of AU\$ 1 each	3,563.00	3,690.00
	<u>3,563.00</u>	<u>3,690.00</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP :</b>		
1,00,000 (Previous year 1,00,000 )		
Equity Shares of AU\$ 1 each	3,563.00	3,690.00
	<u>3,563.00</u>	<u>3,690.00</u>

**SCHEDULE - 2 : INVESTMENTS**

**UNQUOTED:**

**Long Term:**

**In wholly owned subsidiary**

Nil (Previous year 5000) Ordinary		
Shares in Gujarat NRE Koyala Pty Ltd. 60000 (Previous year 30000)	-	181.00
Ordinary Shares in Gujarat NRE Oil Ltd.	2,077.00	1,085.00
	<u>2,077.00</u>	<u>1,266.00</u>

**SCHEDULE - 3 : CASH & BANK BALANCES**

Balances with Non scheduled banks		
In Current Accounts	1,092.00	1,993.00
	<u>1,092.00</u>	<u>1,993.00</u>



**SCHEDULE - 4 : OTHER CURRENT ASSETS**

DESCRIPTION	As At 31.03.09	As At 31.03.08
GST Receivable	-	2.00
Interest Receivable	-	27.00
Other Receivable	-	163.00
	<u>-</u>	<u>192.00</u>

**SCHEDULE - 5 : CURRENT LIABILITIES**

For Expenses	178.00	203.00
	<u>178.00</u>	<u>203.00</u>

**SCHEDULE -6 :ADMINISTRATIVE & OTHER EXP.**

Auditor's Remuneration	181.00	175.00
Bank Charges	3.00	2.00
Professional & Legal Fees	13.00	30.00
Preliminary Expenses written off	-	28.00
	<u>197.00</u>	<u>235.00</u>

**SCHEDULE-7**

**NOTES FORMING PART OF THE ACCOUNTS** For The Year Ended 31<sup>ST</sup> March, 2009

**1. SIGNIFICANT ACCOUNTING POLICIES:**

**a) Basis of preparation**

The report has been prepared in accordance with the measurement requirements of International Financial Reporting Standards and in Compliance with Australian Accounting Standards ensures that the financial report of NRE Resources Pty Ltd as an individual entity complies with International Financial Reporting Standards (IFRS).

The Balance Sheet and Profit & Loss Account has been recast as per Part-I & II of the Schedule VI of the Companies Act 1956 and the foreign currency has been converted as per Accounting Standard-11.

**Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical costs basis. The accounting policies have been consistently applied, unless otherwise stated.

**b) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax asset for unused tax loss is recognised only if it is probable that future taxable amount is recoverable to utilise the loss.

**c) Cash and equivalents**

For the purposes of cash flows, cash includes cash on hand and deposits held on call with banks or financial institutions.

**d) Revenue**

Revenue from sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to customers. There was no such revenue during the year.

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

**e) Investment**

Long Term Investments are stated at cost.

**f) Impairment of Assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there

is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

**g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognized net of the amount of GST except where the GST is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office (ATO) is included as a current asset or liability in the balance sheet

**h) Amortisation**

Preliminary expenses are amortised over the period of ten years.

**2. NOTES TO THE ACCOUNTS:**

**i) Income Tax**

No income tax is payable during the year because of losses. Income tax benefit on unrecouped tax loss has not been brought into account but will be utilized to reduce tax on future profits.

**ii) Remuneration and Retirement benefits**

No remuneration was paid or payable to directors of the company.

Names of directors who held office during the year are:

Arun Kumar Jagatramka

Mona Jagatramka

Sanjay Sharma

**iii) Related Party transactions**

The only shareholder is Gujarat NRE Mineral Resources Ltd, a company in India. Gujarat NRE Oil Ltd, a Public Limited Company in Australia is subsidiary of the company.

**Transactions with Gujarat NRE Oil Ltd a related Party**

Acquired 30,000 ordinary shares for AUD 30,000 in Gujarat NRE Oil Ltd.

iv) Previous period's figures have been regrouped/rearranged wherever found necessary.

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

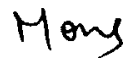
For and on Behalf of the Board



**B. BASU**  
Partner  
Membership No. 12748  
Place : Ahmedabad  
Date : 8th August, 2009



**A K JAGATRAMKA**  
Director



**MONA JAGATRAMKA**  
Director

## DIRECTORS' REPORT

Your directors present their report on the company for the year ended 31 March, 2009.

### DIRECTORS

The Directors in office at any time during or since the end of the financial year are:

- Mr. Arun Kumar Jagatramka- Chairman
- Mrs. Mona Jagatramka
- Dr. Andrew Firek- Appointed 01.08.2008
- Mr. Maurice Anghie- Appointed 01.08.2008
- Mr. Sanjay Sharma- resigned on 18.08.2008

### OPERATING RESULTS

The Company made a Loss of \$53,855 (2008 Loss \$3,731) after providing for income tax of \$Nil.

### PRINCIPAL ACTIVITIES

The Company is engaged in OIL Exploration activity. No significant changes in the nature of this activity occurred during the period. During the period under review, the Company converted itself from a proprietary Company to a public limited Company.

### DIVIDENDS

No dividend was paid during the year and none is recommended.

### OPTIONS

No options to shares in the company have been granted during or since the end of the financial year and there were no options outstanding at the date of this report.

### SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

No significant event has occurred since balance sheet date

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

The indemnification of directors, secretaries and senior managers of the companies are covered under a contract taken on global basis by one of the related company of the ultimate holding company Gujarat NRE Mineral Resources Ltd. in India. No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

### NO LEAVE OR PROCEEDINGS

No person has applied for leave of Court to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceeding.

### LIKELY DEVELOPMENTS

Information on likely developments in the entity's operations in future financial years and the expected results of those operations has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated.

### NON AUDIT SERVICES

During the year, the associate firm of the auditor Kantilal Ratanshi Gokani has performed certain other services in addition to the statutory duties of the auditor.

The Board has considered the non – audit services provided during the year by associated firm of the auditor and is satisfied that those non- audit services are compatible with, and did not compromise the auditor independence requirements of the Corporation Act 2001 for the following reasons:

- All non audit services have been reviewed by the board to ensure these do not impact on the impartiality and objectivity of the auditor.
- The non- audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional Independence as this did not involve reviewing or auditing the auditors own work, actions in a management or decision making capacity for the company, acting as an advocate for the company or jointly assessing risks and

rewards.

- The ratio of non-audit fee to audit fees is at a level that would not impact the impartiality and objectivity of auditor.

The auditors independence declaration as required by sec 307C of the Corporation act 2001 is attached to and forms part of this report.

Signed in accordance with a resolution of the Board of Directors



Director

Dated this 30th day of June 2009

## DIRECTORS' DECLARATION

### In the directors opinion:

1. The financial statements, comprising the income statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, are in accordance with the Corporations Act 2001 and;
  - a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - b) give a true and fair view of the financial position as at 31st March 2009 and of the performance for the financial year ended 31st March 2009 of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is

Signed for and on behalf of the Directors by:



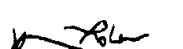
Director

Dated this 30th June 2009

## AUDITOR'S INDEPENDENCE DECLARATION

I Kantilal Ratanshi Gokani, being auditor of Gujarat NRE Oil Ltd declare that to the best of my knowledge and belief, during the year ended 31 March, 2009 there have been :

- i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to audit.
- ii) no contravention of any applicable code of professional conduct in relation to the audit.



Signed by KANTILAL RATANSHI GOKANI

96 Cahors Road, PADSTOW NSW 2211

Dated this 30<sup>th</sup> June 2009

## INDEPENDENT AUDIT REPORT

To Members of Gujarat NRE OIL LTD

### Scope

#### The financial report and directors' responsibility

The financial report comprises the Balance Sheet, Income Statement, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for the year ended 31 March, 2009.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001, This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Audit approach

I conducted an independent audit in order to express an opinion to members of the company. My audit was conducted in accordance

with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the company's financial position, and of its performance as represented by the results of its operations, changes in equity and cash flows.

I formed my opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report: and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of my procedures, my audit was not designed to provide assurance on internal controls.

My audit did not involve an analysis of the prudence of business decisions made by directors or management.

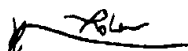
**Independence**

In conducting my audit I followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to my audit of the financial report, my firm Gokani & Associates was engaged to undertake services disclosed in the financial statements. The provision of these services has not impaired my independence.

**Audit opinion**

In my opinion, the financial report of Gujarat NRE Oil Ltd is in accordance with:

- a) the Corporation Act 2001, including
  - i) giving a true and fair view, of the company's financial position as at 31 March, 2009, and of its performance for the year ended on that date: and
  - ii) complying with Australian Accounting Standards and the Corporation Regulations 2001;
- b) other mandatory financial reporting requirements in Australia.



KANTILAL RATANSHI GOKANI

96 Cahors Road, PADSTOW NSW 2211

Dated this 30<sup>th</sup> June 2009

**INCOME STATEMENT** For the year ended 31st March, 2009

	Notes	2009 (\$)	2008 (\$)
Revenue	-	-	-
<b>Less:</b>			
Expenses	2	(53855)	(3731)
<b>(Loss) before income tax</b>		<b>(53855)</b>	<b>(3731)</b>
Income tax expense	3	-	-
<b>(LOSS) after income tax</b>		<b>(53855)</b>	<b>(3731)</b>

The above income statement should be read in conjunction with the accompanying notes

**BALANCE SHEET** As at 31st March, 2009

	Notes	2009 (\$)	2008 (\$)
<b>CURRENT ASSETS</b>			
Cash and cash equivalent		72,641	27,388
Receivables		27,599	25,051
<b>TOTAL CURRENT ASSETS</b>		<b>100,240</b>	<b>52,439</b>
<b>NON-CURRENT ASSETS</b>			
Lease Oil Tenement Exploration		529,125	277,965
<b>TOTAL NON-CURRENT ASSETS</b>		<b>529,125</b>	<b>277,965</b>
<b>TOTAL ASSETS</b>		<b>629,365</b>	<b>330,404</b>
<b>CURRENT LIABILITIES</b>			
Trade Creditors and Accrued expenses		54,328	6,512
Loan		575,000	300,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>629,328</b>	<b>306,512</b>
<b>TOTAL LIABILITIES</b>		<b>629,328</b>	<b>306,512</b>
<b>NET ASSETS</b>		<b>37</b>	<b>23,892</b>
<b>EQUITY</b>			
Contributed capital	5	60,000	30,000
Accumulated (loss)		-59,963	-6,108
<b>TOTAL EQUITY</b>		<b>37</b>	<b>23,892</b>

The above balance sheet should be read in conjunction with the accompanying notes

**STATEMENT OF CHANGES IN EQUITY** For the year ended 31st March, 2009

	Issued capital \$	Accumulated (Loss) \$	Total equity \$
<b>At 31 March 2007</b>	<b>5,000</b>	<b>(2,377)</b>	<b>2,623</b>
(Loss) for the year	-	(3,731)	(3,731)
Share issued	25,000	-	25,000
<b>At 31 March 2008</b>	<b>30,000</b>	<b>(6,108)</b>	<b>23,892</b>
(Loss) for the year	-	(53,855)	(53,855)
Share issued	30,000	-	30,000
<b>At 31 March 2009</b>	<b>60,000</b>	<b>(59,963)</b>	<b>37</b>

The above statement of changes in Equity should be read in conjunction with the accompanying notes

# GUJARAT NRE OIL LIMITED

## CASH FLOWS STATEMENT For the year ended 31st March, 2009

	Notes	2009 (\$)	2008 (\$)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Payments to suppliers		(40,775)	(3,076)
<b>Net cash (outflow) from operating activities</b>	7	<b>(40,775)</b>	<b>(3,076)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Oils lease and exploration		(218,972)	(298,187)
Establishment Cost		-	-
<b>Net cash (outflow) from investing activities</b>		<b>(218,972)</b>	<b>(298,187)</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Issue of equity shares		30,000	25,000
Loan		275,000	300,000
<b>Net cash (outflow) from financing activities</b>		<b>305,000</b>	<b>325,000</b>
<b>Net (Decrease)/Increase in cash and cash equivalents</b>		<b>45,253</b>	<b>23,737</b>
<b>Cash and Cash equivalent at Beginning of the Period</b>		<b>27,388</b>	<b>3,651</b>
<b>Cash and Cash equivalent at end of the Period</b>		<b>72,641</b>	<b>27,388</b>

The above cash flow statement should be read in conjunction with the accompanying notes

### NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), Urgent Issues Group Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on accruals basis and is based on historical costs and does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The principal accounting policies adopted by the company in the preparation of the financial report are set out below.

#### a) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax asset for unused tax loss is recognized only if it is probable that future taxable amount is recoverable to utilise the loss.

#### b) Cash and equivalents

For the purposes of cash flows, cash includes cash on hand and deposits held on call with banks or financial institutions.

#### c ) Revenue

Revenue from sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to customers. There was no such revenue during the year.

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

#### d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST except where the GST is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office (ATO) is included as a current asset or liability in the balance sheet.

	2009 \$	2008 \$
<b>NOTE 2 : EXPENSES</b>		
Administrative and finance	23,497	876
Audit fee	1,000	2,000
Consultancy and travel	29,358	-
Establishment cost written off	-	855
	<b>53,855</b>	<b>3,731</b>

### NOTE 3: INCOME TAX

No income tax is payable during the period because of losses. Income tax benefit of \$17,988.90 on unrecouped tax loss of \$59,963 has not been brought into account but will be utilized to reduce tax on future profits

	2009 \$	2008 \$
<b>NOTE 4: ESTABLISHMENT COST</b>		
Establishment cost	-	855
Less establishment cost written off	-	855
Establishment cost carried forward	-	-

### NOTE 5 : CONTRIBUTED CAPITAL

	2009 \$		2008 \$	
<b>Ordinary equity shares</b>	<b>Share No.</b>	<b>Amount</b>	<b>Share No.</b>	<b>Amount</b>
Opening balance	30,000	30,000	5,000	5,000
Issued and paid up capital during the year	30,000	30,000	25,000	25,000
<b>Balance at the end of the year</b>	<b>60,000</b>	<b>60,000</b>	<b>30,000</b>	<b>30,000</b>

### NOTE 6: REMUNERATION AND RETIREMENT BENEFITS

No remuneration was paid or payable to directors of the company.

Names of directors who held office during the period are:

- Mr. Arun Kumar Jagatramka
- Mrs. Mona Jagatramka
- Mr. Sanjay Sharma (resigned on 18.08.2008)
- Dr. Andrew Firek ( appointed on 01.08.2008)
- Mr. Maurice Anghie (appointed on 01.08.2008)

### NOTE 7: RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

	2009 \$	2008 \$
Loss from ordinary activities	(53,855)	(3,731)
Non cash flow items:		
Establishment expenses written off	-	855
<b>Change in asset and liabilities</b>		
Payables	15,628	-
Receivable	(2,548)	200
<b>Cash outflow from operations</b>	<b>(40,775)</b>	<b>( 3,076)</b>

### NOTE 8 : RELATED PARTY TRANSACTION

#### Directors

Disclosure relating to directors is set out in Note 6.

The only shareholder is NRE Resources Pty Ltd a proprietary company incorporated in Australia which is a 100% subsidiary of Gujarat NRE Mineral Resources Limited, a company limited by shares incorporated in India.

#### Transactions With NRE Resources Pty Ltd

Received \$ 30,000 against issue of 30,000 ordinary equity shares.

**NOTE 9 AUDITOR'S REMUNERATION**

	2009 \$	2008 \$
Amount due and receivable for the audit and review of the financial reports of the company	1,000	1,500
Amount received, or due and receivable, for the other services by Gokani & Associates in which auditor is a partner	-	704

**AUDITORS CERTIFICATE**

To  
The Board of Directors  
Gujarat NRE Mineral Resources Ltd.  
Gujarat NRE Oil Ltd. (herein after referred to as "GNOL"), a sub-subsidiary of Gujarat NRE Mineral Resources Ltd. (herein after referred to as "GNML") was incorporated with Australian Securities and Investment Commission on 19th day of October, 2006.

The attached audited accounts of the Company GNOL) for the year ended on 31st March, 2009 drawn as per Australian Laws comprising of Financial Statements together with Directors' Report, Independent Auditors' Report and Notes to accounts were audited by Mr. Kantilal Ratanshi Gokani of 96 Cahors Road, Padstow, NSW 2211. These accounts have been forwarded by GNOL for attaching with the audited accounts of holding company Gujarat NRE Mineral Resources Ltd.

In terms of the Section 212 of the Companies Act, 1956, the accounts of the subsidiary company, that has to be attached with the holding company's audited accounts, shall be drawn as per provisions of the Companies Act, 1956.

For the purpose of attaching the subsidiary's audited statement of accounts, the holding company GNML has recast the audited statements of accounts drawn under Australian Laws drawn in accordance with the provisions of the Companies Act, 1956 as far as possible based on the information available with the holding company in India.

The recast audited accounts of GNOL have been drawn in accordance with the Part-I & Part II of the Schedule -VI of the Companies Act, 1956. For the purpose of these recasting, the Australian dollars have been converted in Indian rupee in accordance with the applicable exchange rate in accordance with AS-11.

For the purpose of checking this conversion and recasting, we have relied upon the independent audit report issued by Mr. Kantilal Ratanshi Gokani and as such we have not examined the accuracy and authenticity of any part of the said audited accounts.

On the basis of the said audited accounts and information and explanations given to us, we observe that the accounts of GNOL for the year ended 31<sup>st</sup> March, 2009 have been properly recast as far as possible in accordance with the Schedule-VI of the Companies Act, 1956.

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

  
**B. Basu**

Partner

Place : Ahmedabad,  
Date : 8th August, 2009.

M.No.12748

**BALANCE SHEET** As at 31st March, 2009 (Rs. in '000)

	SCHEDULES AS AT 31ST MARCH, 2009	AS AT 31ST MARCH, 2008
<b>SOURCES OF FUNDS:</b>		
<b>ShareHolder's Funds</b>		
Share Capital	1	1,107
<b>Loan Funds</b>		
Unsecured Loan	20,487	11,070
	<u>22,625</u>	<u>12,177</u>
<b>APPLICATION OF FUNDS:</b>		
<b>Fixed Assets</b>		
Oil Lease	18,313	10,051
<b>Current Assets</b>		
Cash & Bank Balances	2	990
Other current assets	3	906
	<u>3,469</u>	<u>1,896</u>
Less: Current Liabilities	4	240
<b>Net Current Assets</b>	<u>1,533</u>	<u>1,656</u>
<b>Profit &amp; Loss Account</b>	2,166	214
(As per accounts annexed)		
<b>Foreign Currency Translation Reserve</b>	613	256
	<u>22,625</u>	<u>12,177</u>

Significant Accounting Policies & Notes on Accounts 6  
Schedules referred to above form integral part of the Balance Sheet

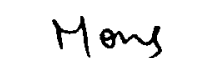
As per our attached certificate of even date to the Board of Directors

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

For and on Behalf of the Board



  
**A K JAGATRAMKA**  
Director

  
**MONA JAGATRAMKA**  
Director

Membership No. 12748  
Place : Ahmedabad  
Dated : 8th August, 2009

**PROFIT AND LOSS ACCOUNT** For the year ended 31st March, 2009 (Rs. in '000)

	Schedules Year Ended 31.03.2009	Year Ended 31.03.2008
<b>EXPENDITURE</b>		
Administrative & Other expenses	5	131
<b>Loss before Tax</b>	<u>(1,952)</u>	<u>(131)</u>
Provision for Taxation	-	-
<b>Loss after Tax</b>	<u>(1,952)</u>	<u>(131)</u>
Balance Brought forward	(214)	(83)
<b>Balance carried to Balance Sheet</b>	<u>(2,166)</u>	<u>(214)</u>

Significant Accounting Policies & Notes on Accounts 6  
Schedules referred to above form integral part of the Profit & Loss Account

As per our attached certificate of even date to the Board of Directors

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

For and on Behalf of the Board



  
**A K JAGATRAMKA**  
Director

  
**MONA JAGATRAMKA**  
Director

Membership No. 12748  
Place : Ahmedabad  
Date : 8th August, 2009

# GUJARAT NRE OIL LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE - 1 : SHARE CAPITAL**

(Rs. in ,000)

DESCRIPTION	As At 31.03.09	As At 31st 31.03.08
<b>AUTHORISED :</b>		
60,000 (Previous year 30,000)		
Ordinary Shares of AU\$ 1 each	2,138	1,107
<b>ISSUED, SUBSCRIBED AND PAID-UP :</b>		
60,000 (Previous year 30,000)		
Ordinary Shares of AU\$ 1 each	2,138	1,107
	<u>2,138</u>	<u>1,107</u>

**SCHEDULE - 2 : CASH & BANK BALANCES**

Balances with Non scheduled banks		
In Current Accounts	2,514	990
	<u>2,514</u>	<u>990</u>

**SCHEDULE - 3 : OTHER CURRENT ASSETS**

GST Receivable	955	906
	<u>955</u>	<u>906</u>

**SCHEDULE - 4 : CURRENT LIABILITIES**

For Expenses	1,936	240
	<u>1,936</u>	<u>240</u>

**SCHEDULE - 5: ADMINISTRATIVE & OTHER EXP.**

DESCRIPTION	Year Ended 31.03.2009	Year Ended 31.03.2008
Auditor's Remuneration	36	70
Bank & Finance Charges	6	1
Professional & Consultancy	599	30
Rates & Taxes	846	
Travelling & Conveyance	465	
Preliminary Expenses written off	-	30
	<u>1,952</u>	<u>131</u>

**SCHEDULE-6**

**NOTES FORMING PART OF THE ACCOUNTS** For The Year Ended 31<sup>st</sup> March, 2009

**1. SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), Urgent Issues Group Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Balance Sheet and Profit & Loss Account has been recast as per Part-I & II of the Schedule VI of the Companies Act 1956 and the foreign currency has been converted as per Accounting Standard-11.

**b) Reporting Basis and Conventions**

The financial report has been prepared on accruals basis and is based on historical costs and does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

**c) Income tax**

Income tax on the profit or loss for the year comprises current and

deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets for unused tax losses are recognised only if it is probable that future taxable amounts is recoverable to utilise the loss.

**d) Revenue**

Revenue from sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to customers. There was no such revenue during the year.

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

**e) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognized net of the amount of GST except where the GST is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office (ATO) is included as a current asset or liability in the balance sheet

**f) Amortisation**

Preliminary expenses is amortised over the period of ten years.

**2. NOTES TO THE ACCOUNTS:**

**i) No income tax is payable during the period because of losses.** Income tax benefit on un recouped tax loss has not been brought into account but will be utilized to reduce tax on future profits

**ii) Remuneration and retirement benefits**

No remuneration was paid or payable to directors of the company.

Names of directors who held office during the period are:

Mr. Arun Kumar Jagatramka

Mrs. Mona Jagatramka

Mr. Sanjay Sharma (resigned on 18.08.2008)

Dr. Andrew Firek ( appointed on 01.08.2008)

Mr. Maurice Anghie (appointed on 01.08.2008)

**iii) Related Party transactions**

The only shareholder is NRE Resources Pty Ltd a proprietary company in Australia which is a 100% subsidiary of Gujarat NRE Mineral Resources Ltd. a company limited by shares in India.

**Transactions with NRE Resources Pty Ltd, a related Party**

Received AUD 30,000 against issue of 30,000 Ordinary Shares.

**iv) Previous year's figures have been regrouped/ rearranged wherever found necessary.**

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

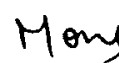
For and on Behalf of the Board



**B. BASU**  
Partner  
Membership No. 12748  
Place : Ahmedabad  
Date : 8th August, 2009



**A K JAGATRAMKA**  
Director



**MONA JAGATRAMKA**  
Director



## GUJARAT NRE MINERAL RESOURCES LIMITED

Registered Office: 22 Camac Street, Block-C, 5<sup>th</sup> Floor,  
Kolkata-700016

### ATTENDANCE SLIP

Member's Folio Number/DP ID & Client ID No.	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 16<sup>th</sup> Annual General Meeting of the Company to be held at Ghanshyam Das Birla Sabhaghar, 29, Ashutosh Choudhury Avenue, Kolkata-700019 on Saturday, September 19, 2009 at 11.15 A.M.

Name of the Proxy\* .....

(IN BLOCK LETTERS)

(To be filled if 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 2008-09 to the Meeting Hall



## GUJARAT NRE MINERAL RESOURCES LIMITED

Registered Office: 22 Camac Street, Block-C, 5<sup>th</sup> Floor,  
Kolkata-700016

### PROXY FORM

I/We.....of.....in the district of.....being a member(s) of GUJARAT NRE MINERAL RESOURCES LIMITED, hereby appoint.....of.....in the district 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 16<sup>th</sup> Annual General Meeting of the Company to be held at Ghanshyam Das Birla Sabhaghar, 29, Ashutosh Choudhury Avenue, Kolkata-700019 on Saturday, September 19, 2009 at 11.15 A.M. and at any adjournment thereof.

As witness under my/our hand(s) this..... day of.....2009

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 Pvt. Ltd.  
D-511, Bagri Market, 5th Floor,  
71, B.R. B. Basu Road  
Kolkata- 700 001

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