



"Be more dedicated to making solid achievements than in running after swift but synthetic happiness."

**GUJARAT NRE MINERAL RESOURCES LIMITED**

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Annual Report 2010–11

## Corporate Information

<b>BOARD OF DIRECTORS</b>	:	Mr. Arun Kumar Jagatramka (Chairman & Managing Director) Mr. Amit Kumar Majumdar Mr. Sisir Kumar Mukherjee Mr. Gopal Prasad Dokania
<b>COMPANY SECRETARY</b>	:	Mr. Vimal Kumar Taparia
<b>BANKER</b>	:	HDFC Bank Ltd.
<b>AUDITORS</b>	:	M/s. N. C. Banerjee & Co. Chartered Accountants 2, Ganesh Chandra Avenue Room No. 9, 1st Floor Kolkata - 700013
<b>SOLICITOR &amp; ADVOCATE</b>	:	M/s. L. P. Tiwari & Co. Emerald House 1B, Old Post Office Street Kolkata - 700001
<b>REGISTERED OFFICE</b>	:	22, Camac Street Block C, 5th Floor Kolkata 700016 Phone: +91-33-2289 1471 to 1475 Fax: +91-33-2289 1470 E-mail : info@gnmrl.com Website : www.gnmrl.com
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	:	Bigshare Services Pvt. Ltd. E-2&3, Ansa Industrial Estate, Sakivihar Road Saki Naka, Andheri (E) Mumbai 400 072 Phone: 91 22 4043 0200 Fax: +91 22 2847 5207 E-mail : investor@bigshareonline.com Website : www.bigshareonline.com

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*The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies and has issued circulars stating that service of notice/documents/annual reports can be sent by email to its members. To support this initiative in full measure, members who have not registered their email address so far, are requested to register their email address, in respect of electronic holdings with their concerned Depository Participants immediately. Members who hold shares in physical segment are also requested to immediately register their email address with Registrar & Share Transfer Agent of the Company.*

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## NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of **GUJARAT NRE MINERAL RESOURCES LIMITED** will be held on Friday, 30th September 2011 at 11.00 a.m. at Kalamandir, 48, Shakespeare Sarani, Kolkata - 700017 to transact the following business:


### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2011 and Profit & Loss Account for the year ended as on that date together with the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Amit Kumar Majumdar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. In this connection, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT M/s. N. C. Banerjee & Co., Chartered Accountants, (Registration no. 302081E) 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 at such remuneration as may be determined the Board of Directors in consultation with the Auditors."

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-  
 "RESOLVED THAT Mr. Gopal Prasad Dokania who was appointed by the Board of Directors as an Additional Director of the Company with effect from 10th September 2010 and who holds office upto the date of ensuing Annual General Meeting of the Company in terms of Section 260 of the Companies Act 1956 and in respect of whom the Company has received a Notice from a Member under Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company whose office shall be liable to retire by rotation in terms of Section 255 of the Companies Act, 1956."

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



Place: Kolkata  
Date: 2nd August, 2011

**Vimal Kumar Taparia**  
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 AT 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, 26th September 2011 to Friday, 30th September 2011 (both days inclusive).
4. Members, who are holding shares in physical mode 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.
5. 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.
6. Members are requested to bring the admission slips along with their copies of the Annual Report to the meeting.
7. Any change in the address of the members may please be notified to the Registrar and Share Transfer Agent of the Company quoting their registered folio number.
8. Shareholders are informed that dividend which remains unclaimed/unpaid over a period of seven years is required to be transferred as per the provisions of Section 205A of the Companies Act 1956 by the Company to the Investor Education and Protection Fund constituted by the Central Government under Section 205C of the Companies Act 1956. Hence the shareholders who have not encashed their dividend warrant for the financial year 2007-08, 2008-09 and 2009-10 are requested to immediately forward the same to the Company for revalidation or seek issue of duplicate dividend warrants by writing to the Company's Registrar & Share Transfer Agent.

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

### Item no. 4

Mr. Gopal Prasad Dokania was appointed as an Additional Director w.e.f. 10th September 2010 by the Board of Directors of the Company. He holds office of the Director upto the conclusion of the ensuing Annual General Meeting as per the provisions of Section 260 of the Companies Act, 1956.

Mr. Dokania, a well known Chartered Accountant is the senior partner of M/s G P Dokania & Co., Chartered Accountants. He has vast experience of more than 30 years in various fields viz. Taxation, Management Consultancy, Accountancy, Corporate matters with specialization in taxation and merger & acquisition. He has served the Institute of Chartered Accountants of India (ICAI) for many years in various capacities viz. (1) Central Council Member for the term 2001-04 (2) Chairman of Eastern India Regional Council for the term 1995-96 (3) Regional Council Member, EIRC for two consecutive terms 1991-94 and 1995-98. Mr. Dokania is a prolific speaker and writer and he has contributed various articles of professional interest. Mr. Dokania is also

associated with many other professional bodies.

A notice has been received from a member of the Company under Section 257 of the Companies Act, 1956 alongwith requisite deposit signifying his intention to propose Mr. Dokania as a candidate for office of Director.

The Board of Directors accordingly recommends passing of the Resolution for the appointment of Mr. Gopal Prasad Dokania as a Director of the Company. Apart from Mr. Gopal Prasad Dokania, none of the other Directors of the Company are concerned or interested in passing of this resolution.

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



Place: Kolkata  
Date: 2nd August , 2011

**Vimal Kumar Taparia**  
Company Secretary

## DIRECTORS' REPORT

To  
The Members,

Your Directors are pleased to present the 18th Annual Report and the Audited Financial Results of the Company for the year ended 31st March, 2011.

### FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2010-11	2009-10
Total Income	2040.40	1659.77
Total Expenditure	275.92	43.96
<b>Profit before Tax (PBT)</b>	<b>1764.48</b>	<b>1615.81</b>
Less: Provision for Taxation	0.61	0.48
<b>Profit after Tax (PAT)</b>	<b>1763.87</b>	<b>1615.33</b>
Add: Balance brought forward	3031.91	2148.30
<b>Amount available for appropriation</b>	<b>4795.78</b>	<b>3763.63</b>
Less: Appropriation		
(a) Transfer to General Reserve	-	100.00
(b) Proposed dividend on equity shares	-	541.74
(c) Corporate Tax on dividend	-	89.98
<b>Balance carried to Balance Sheet</b>	<b>4795.78</b>	<b>3031.91</b>

### REVIEW OF OPERATIONS

Your Company being a core investment Company is primarily engaged in making investments in its subsidiaries and group companies which are engaged in Oil & Gas Sector and Coking Coal & Met Coke Sector.

During the year under review, your Company has earned total income of Rs. 2040.40 lacs (including income from Dividend of Rs. 2039.85 lacs) as against Rs. 1659.77 lacs (including income from Dividend of Rs. 1657.72 lacs) registered in the previous year. Net Profit after Tax was Rs. 1763.87 lacs as against Rs. 1615.33 lacs recorded in the previous year.

### OIL EXPLORATION ACTIVITIES

Your Company is directly present in the Oil & Gas play through its Australian subsidiary Gujarat NRE Oil Ltd. (GNOL) which has licenses to two large onshore blocks viz. EP457 and EP458 spread over 10640 sq. km. in the highly Prospective Canning Basin of Western Australia. GNOL has since completed Geological and Geophysical evaluation of hydrocarbon prospectivity and 2D seismic data reprocessing and interpretation.

The current year has been extra ordinary in terms of weather conditions coupled with periodic severe cyclones affecting the exploration activities for almost the whole field season. The following activities are scheduled to commence in the year 2011-12 when the field conditions would become appropriate.

- A detailed Flora Survey and submission of detailed report accompanying Environment Management Plan to DMP, WA.
- Heritage Clearance Survey in co-ordination with KLC.
- The 409 kms of 2D Seismic survey.

### DIVIDEND

Your Company do not recommend any dividend for the year under review in view of the need to conserve resources for its future requirements.

### CORE INVESTMENT COMPANY

Reserve Bank of India (RBI) in order to bring the core investment companies into its regulatory framework has issued directions viz. Core Investment Companies (Reserve Bank) Directions, 2011. Pursuant to these directions, your Company being a core investment company categorized as Systemically Important Non deposit taking - Core Investment Company (CIC-ND-SI) has applied to RBI for a certificate of registration to carry on the business of a core investment company.

### ISSUE OF BONUS SHARES

In terms of the Resolution passed at the Extra Ordinary General Meeting held on 23.05.2011 for issue of Bonus equity shares to non-promoter shareholders only, your Company has allotted 1,80,60,180 equity shares of Rs. 10/- each on 20.06.2011 as Bonus equity shares in the ratio of 1:2 i.e. one Bonus equity share for every two equity shares held. Consequently, the share capital of the Company has been increased to Rs. 501.29 crores only after the close of the financial year under review.

As another investor friendly gesture, the Promoters of the Company had waived their entitlement to the said Bonus equity shares to make the non-promoter shareholders a real beneficiary.

### CORPORATE GOVERNANCE

A report on Corporate Governance is annexed hereto.

### PUBLIC DEPOSITS

The Company has not accepted or renewed any public deposit as defined under Section 58A of Companies Act 1956, during the year under review.

### SUBSIDIARIES

The Company has a wholly owned subsidiary viz. NRE Resources Pty Ltd., Australia (NRPL) and sub-subsidiary Gujarat NRE Oil Ltd., Australia (GNOL).

The Balance Sheet, Profit & Loss Account, Report of the Board of Directors and Report of the Auditors and other statements relating to subsidiaries of the Company viz. NRE Resources Pty Ltd. and Gujarat NRE Oil Ltd. as required under the provisions of Section 212 of the Companies Act 1956 are annexed and form a part of this Annual Report.

### DIRECTORS

Mr. Amit Kumar Majumdar, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The resolution for his re-appointment is included in the Notice.

The Board appointed Mr. Gopal Prasad Dokania as an Additional Director w.e.f. 10.09.2010 to hold office upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite fees under Section 257 of the Companies Act 1956 from a member of the Company proposing the name of Mr. Gopal Prasad Dokania for the Office of Director of the Company. The resolution for appointment of Mr. Gopal Prasad Dokania as Director is included in the Notice.

Mrs. Mona Jagatramka resigned from the Board w.e.f. 3.2.2011.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your Directors confirm having:-

- followed in the preparation of the annual accounts, the applicable accounting standards with proper explanation related to the material departures, if any;

## **DIRECTORS' REPORT (Contd.)**

- b) selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year under review and of the profit of the Company for the year under review;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- d) prepared the annual accounts on a going concern basis."

### **AUDIT COMMITTEE**

The Audit Committee comprises of Mr. Gopal Prasad Dokania (Chairman), Mr. Sisir Kumar Mukherjee, Mr. Amit Kumar Majumdar and Mr. Arun Kumar Jagatramka. The committee 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 it also takes steps to ensure compliance of internal control system apart from considering any reference made to it by the Board of Directors.

### **AUDITORS**

M/s. N. C. Banerjee & Co., Chartered Accountants, retire as Statutory 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 Statutory 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 need no elaboration.

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

The information regarding 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 as the Company is a core investment company. There was no foreign exchange earning and outgo during the year under review.

### **PARTICULARS OF EMPLOYEES**

There was no employee during the year under review who was in receipt of remuneration of more than Rs. 5,00,000/- per month if appointed for a part of the year or Rs. 60,00,000/- per annum, if appointed for whole year. Therefore, the particulars of employees as required to be disclosed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 2011 as amended, are not applicable.

### **ACKNOWLEDGEMENTS**

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

For and on behalf of the Board



Date: 2nd August 2011  
Place : Wollongong (Australia)

**A. K. Jagatramka**  
Chairman & Managing Director

## REPORT ON CORPORATE GOVERNANCE

### 1. Philosophy on Corporate Governance:

Gujarat NRE Mineral Resources Limited defines Corporate Governance as a systematic process by which companies are directed and controlled keeping in mind the long term interest of the stakeholders. It firmly believes that good corporate governance is the foundation of corporate excellence. It focuses on equitable treatment to all shareholders and enforces that it is "your company" and it belongs to you, the shareholders.

Gujarat NRE Mineral Resources Limited is committed to good Corporate Governance by creating an environment based on entrepreneurship, professionalism and pursuit for excellence. The company's corporate governance is based on two core principles:

- Management must have executive freedom to drive the enterprise forward without undue restraints: and

- This freedom of management must be exercised within a framework of effective accountability.

The above belief and core principals of Corporate Governance adopted by Gujarat NRE Mineral Resources Limited leads the company's governance philosophy, trusteeship, transparency, independence, fairness and accountability and social responsibility, which in turn is the basis of public confidence in corporate system.

### 2. Board of Directors: Composition and category

The Board of Directors of your Company comprises of the followings:-

- One Promoter Chairman & Managing Director
- Three Independent Non-Executive Directors

The following Table indicates the present composition of Board of Directors of the Company and the number of other Boards and Board committees served by them as member(s)/chairman:

Name of the Director	Category	No. of other Directorships*	No. of other Board Committee** position as	
			Member	Chairman
Mr. Arun Kumar Jagatramka, <i>Chairman &amp; Managing Director</i>	Promoter, Executive	8	1	1
Mr. Amit Kumar Majumdar	Independent, Non-Executive	3	3	–
Mr. Sisir Kumar Mukherjee	Independent, Non-Executive	–	–	–
Mr. Gopal Prasad Dokania	Independent, Non-Executive	–	–	–

\* Directorship in Foreign Companies, Private Limited Companies and Companies covered under section 25 of the Companies Act, 1956 have not been considered.

\*\* Only the positions held in committees, such as audit, remuneration and shareholders' grievance committee in Indian Public Limited Companies have been considered.

Non-Executive Directors do not have any material pecuniary relationship or transaction with the Company apart from receiving their remuneration by way of sitting fees for attending the Board/ Committee meetings.

All the Directors hold directorship/committee membership in other Companies within the limits prescribed in this regard.

### 3. Board Committees:

The Board had constituted 4 (four) committees consisting of directors and executives. These committees are (a) Audit Committee (b) Share Transfer and Investors' Grievance Committee, (c) Remuneration Committee and (d) Management & Investment Committee. The composition and scope of these Committees are as given below.

#### (a) Audit Committee

i) **Terms of Reference.** The terms of reference of the Audit Committee are in conformity with Section 292A of the Companies Act, 1956. These broadly cover the following:

- 1) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) To review and recommend to the Board the appointment, re-appointment and if required the replacement or removal of statutory auditors and fixation of their fees.

- 3) To review with the management, the financial statements before submission to the Board, focusing primarily on Directors' Responsibility Statement which forms part of the Directors Report, accounting policies, compliance with accounting standards, legal requirements and any related party transactions, etc.
- 4) To review with the management, external and internal auditors, the adequacy of internal control systems.
- 5) To discuss with the Auditors on the scope and nature of Audit and also to have post Audit discussion to ascertain any area of concern.
- 6) To review the Company's financial and risk management policies.
- 7) To review the financial statements, in particular, the investment, if any made by the subsidiary company, all significant transactions entered into by the subsidiary company.
- 8) To review the statement of materially significant related party transactions, if any.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

9) To undertake such other matters as may be delegated by the Board from time to time.

**ii) Composition**

The present composition of the Audit Committee is as follows:

1. Mr. Gopal Prasad Dokania, Chairman
2. Mr. Sisir Kumar Mukherjee
3. Mr. Amit Kumar Majumdar
4. Mr. Arun Kumar Jagatramka

The Company Secretary acts as the Secretary to the Committee.

Three members viz. Mr. Gopal Prasad Dokania (Chairman), Mr. Sisir Kumar Mukherjee and Mr. Amit Kumar Majumdar are Non Executive Independent Directors. Mr. Arun Kumar Jagatramka is a Promoter Executive Director.

**(b) Share Transfer and Investors' Grievance Committee**

The present composition of Share Transfer and Investors' Grievance Committee is as follows:

1. Mr. A. K. Jagatramka, Chairman
2. Mr. Amit Kumar Majumdar
3. Mr. Gopal Prasad Dokania
4. Mr. P R Kannan
5. Mr. P. K. Agrawal

This committee is entrusted with responsibility of looking after share transfers and investors grievances.

Mr. Vimal Kumar Taparia, Company Secretary has been designated as the Compliance Officer by the Board and

has been assigned with the responsibilities of overseeing shareholders'/investors' grievances under the supervision of the Committee. He also acts as a Secretary to the committee.

**(c) Remuneration Committee**

The present composition of the Remuneration Committee is as follows:-

1. Mr. Sisir Kumar Mukherjee (Chairman)
2. Mr. Amit Kumar Majumdar
3. Mr. Gopal Prasad Dokania

The Remuneration Committee considers and decides on payment of remuneration to the directors, etc. The non-executive directors have not been paid any remuneration other than fees for attending the Board/Committee meetings during the year under review. No remuneration was paid to the Chairman and Managing Director as per terms of his appointment.

**(d) Management & Investment Committee**

The present composition of the Management & Investment Committee is as follows:-

1. Mr. Arun Kumar Jagatramka, Chairman
2. Mr. Sisir Kumar Mukherjee
3. Mr. Amit Kumar Majumdar
4. Mr. P. R. Kannan
5. Mr. P. K. Agrawal

The Committee has been entrusted with the responsibility of overseeing investments and borrowings of the Company and other responsibilities as may be assigned by the Board from time to time.

**4. General Body Meetings:**

a) The details of last three Annual General Meetings :

Year	Meeting	Location	Date	Time	Special Resolution, if any
2009-10	17th AGM	Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017	10.09.2010	11.00 AM	No
2008-09	16th AGM	Ghanshyam Das Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	19.09.2009	11.15 AM	Yes
2007-08	15th AGM	Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017	17.09.2008	11.00 AM	No

Postal Ballot: No resolution was passed through postal ballot during the financial year ended 31st March 2011.

**5. Subsidiaries**

The Company has one wholly owned Australian Subsidiary viz. NRE Resources Pty Ltd. (NRPL). NRPL has one wholly owned Australian Subsidiary viz. Gujarat NRE Oil Ltd. (GNOL). Hence, GNOL also is a Subsidiary of the Company.

**6. Disclosures:**

Materially Significant Related Party Transactions - The Company has not entered into any transactions of material

nature, with its Promoters, Directors or the Management, its Subsidiaries or with Directors' relatives, etc. that may have potential conflict with its interest at large, other than those in the normal course of business. The transactions undertaken during the year have been disclosed in Note No. 6 of Schedule No. 11 forming part of the Accounts for the year ended March 31, 2011. All related party transactions are negotiated at arms length basis and in the interest of the Company.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- 7. Means of Communication:**
- a) Copies of the Annual Reports alongwith the audited accounts are sent to all the shareholders in compliance of the provisions of the Companies Act, 1956.
- b) Copies of the Annual Reports of the Company are provided upon requests to various Government Departments, Investors and others interested in getting the same.
- c) The Annual Reports and relevant press releases are displayed on the Company's website viz. www.gnmrl.com

**8. General Shareholders' Information:**

- a) Annual General Meeting :**  
Date, Time and Venue : 30th September 2011 at 11.00 a.m. at Kala Mandir, 48 Shakespeare Sarani, Kolkata - 700017
- b) Financial Year :** 1st April, 2010 to 31st March, 2011
- c) Book Closure Date :** Monday, 26th September 2011 to Friday, 30th September, 2011 (both days inclusive).
- d) Dividend Payment Date :** Not Applicable

Particulars in respect of dividends declared by the Company is given in the following Table:

Financial year	Date of declaration of Dividend	Last date of claiming Dividend
2007-08	17.09.2008	16.09.2015
2008-09	19.09.2009	18.09.2016
2009-10	10.09.2010	09.09.2017

- e) Depositories:**
- i) National Securities Depository Ltd.  
Trade World, Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel  
Mumbai - 400013
- ii) Central Depository Services (India) Ltd.  
P J Towers, 17th Floor, Dalal Street, Fort  
Mumbai - 400001
- ISIN of equity shares - INE 566H01025  
(on both the depositories)
- f) Registrar and Share Transfer Agents:**  
M/s. Bigshare Services Private Limited,  
E-2&3, Ansa Industrial Estate, Sakivihar Road  
Saki Naka, Andheri (E), Mumbai - 400072  
Phones: +91-22-4043 0200  
Fax: +91-22-2847 5207  
E-Mail: investor@bigshareonline.com
- g) Share Transfer System:**  
All matters pertaining to share transfers are being handled by M/s. Bigshare Services Pvt. Ltd., the Registrars & Share Transfer Agents (RTA) of the Company. The share transfer requests received by them are processed and a memorandum of transfer is sent to the Company for approval. The Company regularly monitors and supervises the functioning of the share transfer system so as to ensure that there are no delays and lapses in the system. Shares held in dematerialised form are transferred electronically in the Depository. The RTA of the Company periodically receives from the Depository, the beneficial holding so as to enable them to update their records and to send all notices, corporate communications and dividend warrants etc. to the shareholders.

**h) Shareholding Pattern as on 31st March 2011 is given in the following Table:**

Category	No. of Shares	% of Holding
Promoters & Promoter Group	447116943	92.53
Indian Public (including Bodies corporate)	36038998	07.45
NRIs/OCBs	81362	00.02
<b>Total</b>	<b>483237303</b>	<b>100.00</b>



## REPORT ON CORPORATE GOVERNANCE (Contd.)

i) Distribution of Shareholding as on 31st March 2011 is given in the following Table :

Shareholding Range	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 - 500	8574	51.14	680235	0.14
501 - 1000	1127	6.72	1010781	0.21
1001 - 10000	6574	39.21	18116320	3.75
10001 - 50000	440	2.62	7672331	1.59
50001 - 100000	30	0.18	1857020	0.38
100001 and above	22	0.13	453900616	93.93
<b>Total</b>	<b>16767</b>	<b>100.00</b>	<b>483237303</b>	<b>100.00</b>

j) **Dematerialisation of Shares and Liquidity:**

Approximately 99.96% of the Company's Shares are held in electronic form as on 31st March, 2011.

k) **Address of Subsidiaries**

**NRE Resources Pty. Limited**

Lot No. 1, Princes Highway, Cnr Bellambi Lane  
Russell Vale 2517, NSW, Australia

**Gujarat NRE Oil Limited**

Lot No. 1, Princes Highway, Cnr Bellambi Lane  
Russell Vale 2517, NSW, Australia

l) **Address for Correspondence:**

22, Camac Street, Block - C, 5th Floor  
Kolkata-700 016  
Phone: +91-33-22891471-75  
Fax: +91-33-22891470  
E-mail: [investor@gnmrl.com](mailto:investor@gnmrl.com)

For and on behalf of the Board



**A. K. Jagatramka**  
Chairman & Managing Director

Place : Wollongong (Australia)  
Dated: 2nd August 2011

## 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, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 11 and notes 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, 2011;
- 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  
(Registration No. 302081E)



**B. Basu**  
Partner

Place: Kolkata.  
Date: 2nd August, 2011

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, 2011.**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The company has disposed off a substantial part of its fixed asset comprising of a portion of land not in use during the year, however the going concern status of the Company is not affected.
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 purchase and sale of securities. 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.

**AUDITORS' REPORT (Contd.)**

- (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 the 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 business carried on by 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, 2011 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 were no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute other than those as mentioned here-in-below:

Name of the statute	Nature of Dues	Amount (Rs. in '000)	Period to which the amount relates	Forum where the dispute is pending
I.Tax Act, 1961	Income Tax	7561	FY:2004-05	CIT (Appeals)
I.Tax Act, 1961	Income Tax	706	FY:2005-06	CIT (Appeals)
I.Tax Act, 1961	Income Tax	2810	FY:2007-08	CIT (Appeals)

10. The Company has no accumulated losses as at 31st March, 2011 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 financial institutions, banks or debenture holders.
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 maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. 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 others from banks and/or financial institutions are not prima facie prejudicial to the interests of the Company.
16. According to the information and explanations given to us, the

term loans obtained by the Company were applied for the purposes 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 are of opinion 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 way of 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  
(Registration No. 302081E)



**B. Basu**  
Partner

Place: Kolkata.  
Date: 2nd August, 2011

Membership No.12748

**BALANCE SHEET** as at 31st March, 2011

		(Rs.in '000)	
	Schedules	As at 31st March,2011	As at 31st March,2010
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	4,832,373	4,777,267
Reserves & Surplus	2	1,625,027	1,228,214
		<u>6,457,400</u>	<u>6,005,481</u>
<b>Loan Funds</b>			
Secured Loans	3	2,185,000	1,785,000
<b>Deferred Tax Liability</b>		288	376
		<u><b>8,642,688</b></u>	<u><b>7,790,857</b></u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	4	7,868	25,707
Less:Depreciation		728	633
Net Block		<u>7,140</u>	<u>25,074</u>
<b>Investments</b>	5	8,563,861	6,326,998
<b>Current Assets,Loans and Advances</b>			
Sundry debtors	6	-	197,025
Cash & Bank Balances	7	4,795	13,641
Loans & Advances	8	115,638	1,340,842
		<u>120,433</u>	<u>1,551,508</u>
<b>Less: Current Liabilities &amp; Provisions</b>	9		
Current Liabilities		9,534	10,386
Provisions		39,212	102,337
<b>Net Current Assets</b>		<u>71,687</u>	<u>1,438,785</u>
		<u><b>8,642,688</b></u>	<u><b>7,790,857</b></u>
Significant Accounting Policies & Notes on Account	11		
Balance Sheet Abstract and Business Profile	12		

Schedules referred to above form integral part of the Balance Sheet

As per our report of even date attached

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

Chartered Accountants



**B.Basu**

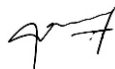
Partner

Membership No.12748

Place : Kolkata

Date:2nd August, 2011

For and on behalf of the Board of Directors



**A.K.Jagatramka**  
Chairman & Mg.Director

Place : Wollongong (Australia)



**S.K.Mukherjee**  
Director

Place : Kolkata



**V.K.Taparia**  
Company Secretary

Place : Kolkata

**PROFIT & LOSS ACCOUNT** for the year ended 31st March, 2011

(Rs.in '000)

Schedules	For the year ended 31st March,2011	For the year ended 31st March,2010
<b>INCOME</b>		
Dividends on long term,Non trade investments	203,985	165,772
Interest (TDS Rs.Nil,Previous year Rs.Nil)	55	161
Profit on sale of long term,Nontrade investments	–	44
	<u>204,040</u>	<u>165,977</u>
<b>EXPENDITURE</b>		
Administrative and Other expenses 10	27,497	3,874
Interest	–	40
Depreciation 4	95	482
	<u>27,592</u>	<u>4,396</u>
<b>Profit before Tax</b>	<b>176,448</b>	<b>161,581</b>
Provision for Taxation		
Current Tax	–	–
Earlier years Tax	149	38
Deferred Tax	(88)	10
<b>Profit after Tax</b>	<b>176,387</b>	<b>161,533</b>
Balance brought forward	303,191	214,830
	<u>479,578</u>	<u>376,363</u>
<b>Appropriations</b>		
Transfer to General Reserve	–	10,000
Proposed Dividend	–	54,174
Dividend Tax	–	8,998
<b>Balance carried to Balance Sheet</b>	<b>479,578</b>	<b>303,191</b>
Basic & Diluted Earning per share (in Rs.) [Face Value Rs.10/- per share]	0.37	0.34
Significant Accounting Policies & Notes on Account 11		

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

As per our report of even date attached

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

Chartered Accountants



**B. Basu**

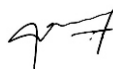
Partner

Membership No.12748

Place : Kolkata

Date:2nd August, 2011

For and on behalf of the Board of Directors



**A.K. Jagatramka**  
Chairman & Mg. Director

Place : Wollongong (Australia)



**S.K. Mukherjee**  
Director

Place : Kolkata



**V.K. Taparia**  
Company Secretary

Place : Kolkata

## SCHEDULES TO THE ACCOUNTS

(Rs.in '000)

	As at 31st March,2011	As at 31st March,2010
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised:</b>		
100,00,00,000 Equity Shares of Rs. 10/- each (Previous year 122,16,00,000 Equity Shares of Re.1/- each)	10,000,000	1,221,600
<b>Issued, Subscribed and Paid-up:</b>		
48,32,37,303 Equity Shares of Rs. 10/- each fully paid-up (Previous year 57,39,85,500 Equity Shares of Re.1/- each fully paid-up)	4,832,373	573,986
<i>Of the above :</i>		
(a) 1,00,85,192 Equity Shares of Rs. 10/- each (Previous year - 10,08,51,920 Equity Shares of Re. 1/- each) were issued as fully paid-up Bonus shares by capitalisation of Securities Premium Account		
(b) 42,03,28,127 Equity Shares of Rs. 10/- each fully paid-up were issued for consideration other than cash to the shareholders of erstwhile amalgamating companies		
<i>Note: The Shares shown under (a) and (b) above are subsequent to consolidation of nominal value from Re. 1/- per share to Rs. 10/- per share.</i>		
<b>Share Suspense Account:</b> (Refer Note No. B-8 of Schedule 11)	-	4,203,281
	<b>4,832,373</b>	<b>4,777,267</b>
<b>SCHEDULE - 2 : RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	101,053	101,053
<b>Securities Premium</b>		
As per last Account	811,470	912,322
Less: Bonus shares issued	-	100,852
Add: On issue of shares	220,426	-
	1,031,896	811,470
<b>General Reserve</b>		
As per last Account	12,500	2,500
Add: Transferred from Profit & Loss Account	-	10,000
	12,500	12,500
<b>Profit &amp; Loss Account</b>	479,578	303,191
	<b>1,625,027</b>	<b>1,228,214</b>
<b>SCHEDULE - 3 : SECURED LOANS</b>		
<b>Term Loans</b>		
From Financial Institutions	1,260,000	960,000
From Others	925,000	825,000
(Refer Note No. B-3 of Schedule 11 for details of securities offered)	<b>2,185,000</b>	<b>1,785,000</b>

### SCHEDULE - 4 : FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	As on 01.04.2010	Additions	Sales/ Adjustments	As on 31.03.2011	As on 01.04.2010	For the Year	Sales/ Adjustments	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land	22,983	158	18,036	5,105	-	-	-	-	5,105	22,983
Building	2,532	-	-	2,532	595	85	-	680	1,852	1,937
Office Equipments	192	39	-	231	38	10	-	48	183	154
<b>TOTAL</b>	<b>25,707</b>	<b>197</b>	<b>18,036</b>	<b>7,868</b>	<b>633</b>	<b>95</b>	<b>-</b>	<b>728</b>	<b>7,140</b>	<b>25,074</b>
Previous Year	26,114	151	558	25,707	710	481	558	633	25,074	

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

**SCHEDULE - 5 : INVESTMENTS (AT COST)**

(Rs.in '000)

	Face Value (Rs.)	No. of Shares	As at 31st March,2011	As at 31st March,2010
<b>Long term,Non trade</b>				
<b>Quoted Equity shares,Fully paid-up</b>				
Gujarat NRE Coke Limited*	10	191,859,138 (165,759,138)	6,713,280	4,779,869
Gujarat NRE Coke Limited (DVR)*	10	16,675,913 ( - )	-	-
SAL Steel Ltd.	10	1,445,633 (1,445,633)	26,622	25,817
<b>Total (Quoted)</b>			<u>6,739,902</u>	<u>4,805,686</u>
<b>Unquoted Equity shares,Fully paid-up</b>				
<b>In wholly owned Foreign Subsidiary</b>				
NRE Resources Pty Ltd.*	1	2,000,000 (2,000,000)	86,865	84,238
<b>In Others</b>				
Bajrang Bali Coke Industries Ltd.*	10	197,000 (197,000)	10,460	10,144
Bulli Coke Ltd.*	1	5,552,000 (5,552,000)	85,166	82,591
Bharat NRE Coke Ltd.*	10	10,895,000 (10,895,000)	115,696	112,198
FCGL Investments Ltd.*	1	50,000 (50,000)	319	309
Matangi Traders & Investors Pvt Ltd.*	1	671,457 (671,457)	26,881	26,068
NRE Metcoke Ltd.*	1	42,678,000 (42,678,000)	1,243,356	1,205,764
Russell Vale Traders Pvt Ltd.*	1	2,475,000 ( - )	255,216	-
<b>Total (Unquoted)</b>			<u>1,823,959</u>	<u>1,521,312</u>
<b>Grand Total</b>			<u><b>8,563,861</b></u>	<u><b>6,326,998</b></u>
Aggregate Market Value of Quoted Investments			9,999,677	14,512,117
<i>* Companies under the same management</i>				
<i>Note:Previous year's quantities are shown within bracket</i>				

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

Outstanding for a period exceeding six months	-	-
Other Debts	-	197,025
	<u>-</u>	<u>197,025</u>

**SCHEDULE - 7 : CASH & BANK BALANCES**

Cash in hand	650	977
Balances with Scheduled Banks:		
in Current Accounts	3,442	12,405
in Dividend Accounts	703	259
	<u>4,795</u>	<u>13,641</u>

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

(Rs. in '000)

	As at 31st March,2011	As at 31st March,2010
<b>SCHEDULE - 8 : LOANS &amp; ADVANCES (Unsecured,considered good)</b>		
Advances recoverable in cash or in kind or for value to be received or adjusted	78,618	1,303,475
Deposits with Government & Other Authorities	140	140
Advance Tax & Tax Deducted at Source	36,880	37,227
	<u>115,638</u>	<u>1,340,842</u>
<b>SCHEDULE - 9 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities:</b>		
Sundry Creditors		
- Micro,Small and Medium Enterprises	-	-
- Others	215	337
Other Liabilities	6,709	6,391
Interest accrued but not due	1,907	3,399
Unclaimed Dividend	703	259
	<u>9,534</u>	<u>10,386</u>
<b>Provisions:</b>		
Provision for Income Tax	38,893	38,893
Provision for Fringe Benefit Tax	-	16
Provision for Proposed Dividend	-	54,174
Provision for Dividend Tax on Proposed Dividend	-	8,998
Provision for Gratuity & Leave	319	256
	<u>39,212</u>	<u>102,337</u>
<b>SCHEDULE - 10 : ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Salaries, Bonus, Allowances etc.	2,964	1,286
Contribution to Provident and Other Funds	142	21
Provision/Payment for Gratuity	76	143
Employees Welfare Expenses	104	31
Auditor's Remuneration		
- For Audit Fees	110	110
Insurance Charges	31	17
Rates & Taxes	162	53
Filing Fees	13,912	9
Security Transaction Taxes	99	137
Electricity Charges	27	34
Printing and Stationery	891	152
Professional,Legal & Service Charges	5,518	1,242
Directors Sitting Fees	510	-
Miscellaneous Expenses	97	52
Communication Expenses	883	210
Travelling & Conveyance	1,971	127
Deferred revenue expenses written off	-	250
	<u>27,497</u>	<u>3,874</u>



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

### **SCHEDULE - 11 : 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 provisions 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. Expenditure 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, construction and development 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.

##### **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 is made when diminution in the value of long term investments is considered permanent in nature.

Current investments are valued at lower of cost and market value/fair 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:**

Revenue is recognized to the extent, it is probable that the economic benefits will flow to the Company and revenue can be reliably measured:

- |                                   |   |   |
|-----------------------------------|---|---|
| a. In respect of Dividend Income  | : | When right to receive payment is established  |
| b. In respect of Interest Income  | : | On time proportion basis taking into account the amount outstanding and the rate applicable |
| c. In respect of Insurance Claims | : | On settlement of claims   |

##### **ix. Foreign Exchange Transactions:**

Foreign Exchange transactions are recorded normally at the exchange rates prevailing on the date of the transactions. Exchange differences arising on settlement of transactions or on reporting monetary items of the Company at the rate different from those at which they were initially recorded during the year, or reported in previous financial statement, are recognised as income or expenses in the year in which they arise except in case where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

##### **x. Employee's short term & Post employment benefits:**

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

Post employment benefits are recognised as expenses on accrual basis at year end.

##### **xi. Miscellaneous Expenditures:**

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

##### **xii. Taxation:**

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

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

## SCHEDULES TO THE ACCOUNTS (Contd.)

Tax on Distributed Profit payable is 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 asset 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 earning 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, if any, 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.31,59,160 thousand (Previous year Rs.29,98,700 thousand) given to banks, financial institutions and others for loans taken by its associate companies.
  - (b) Disputed dues involved in three income tax demands under appeal - Rs. 11,077 thousand (Previous year - Rs. 706 thousand). The management is of view that the outcome of the appeal would be favourable to the Company, hence no provision has been made against these income tax demands.
2. The company has pledged 8,22,52,410 equity shares and 98,65,241 Class "A" equity shares (Previous year 9,53,09,101 equity shares) of Gujarat NRE Coke Ltd with the banks, financial institutions and others for loans taken by companies under the same management.
3.
  - (a) Term loan from Kotak Mahindra Investments Ltd. are secured by way of pledge of equity shares held as investments.
  - (b) Term loan from SICOM Ltd, IFCI Ltd, Reliance Capital Ltd, Barclays investments & Loans (India) Ltd, Securities Trading Corporation of India Ltd and Aditya Birla Finance Ltd are secured by way of pledge of equity shares held as investments and by personal guarantee of Mr. Arun Kumar Jagatramka, the Chairman & Managing Director of the Company.
4. Borrowing cost attributable to acquisition and retention of long term investments have been considered as cost of such investments.
5. In accordance with the Accounting Standard 22 "Accounting for Taxation on Income", the provision for net deferred tax liability as at the date of the Balance Sheet as shown below has been provided in the books.

(Rs.in'000)

Descriptions	Current Year	Previous Year
Opening Deferred Tax Liability		
– On account of depreciation on fixed assets	376	366
Closing Deferred Tax Liability		
– On account of depreciation on fixed assets	288	376
Net Deferred Tax charged/(credited) to Profit & Loss Account	(88)	10

**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.

**Sub-Subsidiary Company**

- Wholly Owned  
Gujarat NRE Oil Ltd.

**Associates**

1. Gujarat NRE Coke Ltd.
2. Bharat NRE Coke Ltd
3. NRE Metcoke Ltd.
4. Bulli Coke Ltd
5. Matangi Traders & Investors Pvt Ltd.
6. Russell Vale Traders Pvt Ltd.

**B. Key Management Personnel**

Mr. A. K. Jagatramka - Chairman & Managing Director

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

1. Gujarat NRE Energy Resources Ltd.
2. Gouriputra Consultants Pvt Ltd
3. Bajrang Bali Coke Industries Ltd.

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

1. GLJ Family Trust

**C. Transactions with Related Parties**

**Particulars of Transactions**

**(i) Purchase of Securities**

- Associates 822,250
- Enterprises in which key Management personnel has significant influence 822,250
- Enterprises in which key management personnel is a trustee 6,578

**(ii) Sale of Securities**

- Enterprises in which key management personnel has significant influence - 608,350

**(iii) Dividend Received**

- Associates 203,985 165,772

**(iv) Investments in**

- Subsidiary - 78,351
- Associates 247,500 -

**(v) Advance Received/(Refunded)**

- Associates - (103,000)
- Enterprises in which key management personnel has significant influence - (105,000)

**(vi) Advance Given/ (Refunded/Adjusted)**

- Associates (874,300) 952,800
- Enterprises in which key management personnel has significant influence (347,500) 347,500

(Rs.in '000)

**Current Year**

**Previous Year**

**D. Amounts due from related parties:**

(Rs.in '000)

	Current Year		Previous Year	
	Outstanding Balance at Year end	Maximum Balance during the year	Outstanding Balance at Year end	Maximum balance during the year
Sub-subsidiary				
– included in Loans and advances	13	1593	1,593	1,593
Associates				
– included in Loans and Advances	78,500	6,168,000	952,800	952,800
Enterprises in which key management personnel has significant influence				
– included in Sundry Debtors	–	197,000	197,000	197,000
– included in Loans and Advances	–	347,500	347,500	347,500

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

Particulars	Current Year	Previous Year
<b>Earnings</b>		
Net Profit for the year (Rs. '000)	176,387	161,533
<b>Shares</b>		
Number of shares at the beginning of the year	573,985,500	473,133,580
Add: Bonus shares issued during the year	–	100,851,920
Add: Right shares issued during the year	551,06,253	–
Add: Shares to be issued pursuant to Scheme of Amalgamation	–	4,203,281,274
Add: Shares issued pursuant to Scheme of Amalgamation	4,203,281,274	–
Less: Number of shares reduced on consolidation of face value from Re.1 to Rs.10/-	4,349,135,724	–
Total number of equity shares of Rs. 10/- each (Previous year Re. 1 each) outstanding at the end of the year	483,237,303	4,777,266,774
Weighted average number of shares outstanding during the year (for Basic & Diluted EPS)	481,984,202	4,777,266,274
<b>Earning per share :</b>		
Basic & Diluted (Rs.)	0.37	0.34*

\* Adjusted EPS for consolidation of nominal value of shares

- 8.** Pursuant to the Schemes of Amalgamation approved by the Hon'ble High Court at Calcutta, vide its Order dated 16th December, 2008 and 9th February, 2010, the Company has allotted on 16th April, 2010, 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 1 voting right per share of the Company to the equity shareholders of erstwhile Transferor companies, ranking pari-pasu in all respects (including right to vote and dividend) with the existing equity shares of the Company.

During the year the company has made a right issue of 55,106,253 equity shares of Re.1 each at a premium of Rs.4/- per equity share.

Pursuant to the consolidation in the share capital approved by the shareholders at the Extra Ordinary General Meeting held on 8th July, 2010, the nominal value of equity shares has been increased from Re.1/- to Rs.10/- w.e.f 3rd August, 2010.

- 9.** 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.
- 10.** The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED), based on the available information with the Company are as under:

Sl No.	Particulars	Current year	Previous year
a)	Principal amount due and remaining unpaid	–	–
b)	Interest due thereon and unpaid	–	–
c)	Interest paid on all delayed payments under the MSMED Act	–	–
d)	Payments made beyond the appointed day during the year	–	–
e)	Interest due and payable for the period of delay other than (d) above	–	–
f)	Interest accrued and remaining unpaid	–	–
g)	Amount of further interest remaining due and payable in succeeding years	–	–

- 12.** Previous year figures have been regrouped / rearranged wherever found necessary.

## SCHEDULES TO THE ACCOUNTS (Contd.)

### SCHEDULE - 12 : ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT,1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>I. Registration Details</b>		U51109WB1993PLC060639
Registration No.		21
State Code No.		31.03.2011
Balance Sheet Date		
<b>II. Capital raised during the year</b>		(Rs. In ,000)
Public Issue		Nil
Rights Issue		55,106
Bonus Issue		Nil
Private Placement		Nil
<b>III. Position of Mobilisation and Deployment of Funds</b>		
Total Liabilities		8,691,434
Total Assets		8,691,434
<b>Sources of Funds</b>		
Paid-up Capital		4,832,373
Reserve & Surplus		1,625,027
Deferred Tax Liability		288
Secured Loans		2,185,000
Unsecured Loans		Nil
<b>Application of Funds</b>		
Net Fixed Assets		7,140
Investments		8,563,861
Net Current Assets/Liabilities		71,687
Misc.Expenditure		Nil
Accumulated Losses		Nil
<b>IV. Performance of Company</b>		
Turnover (Including other Income)		204,040
Total Expenditure		27,592
Profit /(Loss) before Tax		176,448
Profit /(Loss) after Tax		176,387
Earning Per Share in Rs.		0.37
Dividend rate %		Nil
<b>V. Generic Names of Principal Products/Services of Company (as per monetary terms)</b>		
<b>Product Description</b>		<b>Item Code No.(ITC Code)</b>
Investment in Shares and Securities		Not Applicable

As per our report of even date attached

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

Chartered Accountants



**B.Basu**

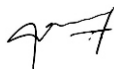
Partner

Membership No.12748

Place : Kolkata

Date:2nd August, 2011

For and on behalf of the Board of Directors



**A.K.Jagatramka**  
Chairman & Mg. Director

Place : Wollongong (Australia)



**S.K.Mukherjee**  
Director

Place : Kolkata



**V.K.Taparia**  
Company Secretary

Place : Kolkata

**CASH FLOW STATEMENT** for the year ended 31st March, 2011

	(Rs. in '000)	
	For the year ended 31st March,2011	For the year ended 31st March,2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	176,448	161,581
<b>Adjustments for:</b>		
Depreciation/Other non cash items	95	482
Gratuity & Leave benefits	63	200
Deferred revenue expenses w/off	-	250
Interest Paid	-	40
Profit on sale of Investments	-	(44)
Dividend Income	(203,985)	(165,772)
Interest Income	(55)	(161)
<b>Operating Profit before working Capital Changes</b>	<b>(27,434)</b>	<b>(3,424)</b>
<b>Adjustments for:</b>		
Trade & Other Receivables	1,421,881	(1,497,549)
Trade Payables	(852)	(319,677)
<b>Cash Generated from Operations</b>	<b>1,393,595</b>	<b>(1,820,650)</b>
Direct Taxes Paid / Refunds	182	628
<b>Net Cash Flow from Operating Activities</b>	<b>1,393,777</b>	<b>(1,820,022)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Fixed Assets	(197)	(151)
Sale of Fixed Assets	18,036	-
Addition to Investments	(2,236,862)	(378,624)
Sale of Investments	-	610,849
Interest Received	55	161
Dividend Received	203,985	165,772
<b>Net Cash Flow from Investing Activities</b>	<b>(2,014,983)</b>	<b>398,007</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Capital	275,531	-
Increase/(Decrease) in Borrowing	400,000	1,455,000
Interest Paid	-	(40)
Dividend / Dividend Tax Paid	(63,171)	(27,677)
<b>Net Cash Flow from Financing Activities</b>	<b>612,360</b>	<b>1,427,283</b>
<b>Net Increase /(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(8,846)</b>	<b>5,268</b>
<b>Cash &amp; Cash Equivalents (Opening Balance)</b>	<b>13,641</b>	<b>8,373</b>
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>4,795</b>	<b>13,641</b>

As per our report of even date attached

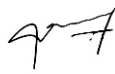
For **N.C.BANERJEE & CO.**  
Chartered Accountants



**B. Basu**  
Partner  
Membership No.12748

Place : Kolkata  
Date:2nd August, 2011

For and on behalf of the Board of Directors



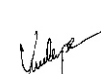
**A.K. Jagatramka**  
Chairman & Mg. Director

Place : Wollongong (Australia)



**S.K. Mukherjee**  
Director

Place : Kolkata



**V.K. Taparia**  
Company Secretary

Place : Kolkata

**DIRECTORS' REPORT**

Your directors present their report on the company for the year ended 31 March, 2011.

**DIRECTORS**

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

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

**RESULT**

The company reported a net profit for the year of \$6,283 (2010; loss of \$3,559). Income tax does not apply.

**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 period and none is recommended.

**OPTIONS**

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

**SIGNIFICANT EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE**

No significant event has occurred since Statement of financial position 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

	31 March 2011 (\$)	31 March 2010 (\$)
Taxation and secretarial work	4,100	2,100

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



A. K. Jagatramka  
Director  
Dated 6th July 2011

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements, comprising the Statement of comprehensive income, Statement of financial position, 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 31 March 2011 and of the performance for the year ended on that day.
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:

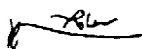


A. K. Jagatramka  
Director  
Dated 6th July 2011

**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, 2011 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 6th July 2011

**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 Statement of financial position as at 31 March 2011, and the Statement of comprehensive income, 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 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.

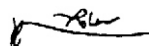
**Independence**

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 2011 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 6th July 2011

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March, 2011

	Notes	31 March 2011 (\$)	31 March 2010 (\$)
Other income	2	13,710	818
<b>Less:</b>			
Expenses	3	(7,427)	(4,377)
<b>Profit / (Loss) before income tax</b>		<b>6,283</b>	<b>(3,559)</b>
Income tax expense	4	-	-
<b>Profit / (Loss) after income tax</b>		<b>6,283</b>	<b>(3,559)</b>

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION** As at 31 March, 2011

	Notes	31 March, 2011 (\$)	31 March, 2010 (\$)
<b>CURRENT ASSETS</b>			
Cash and cash equivalent		1,232,638	1,227,980
GST Receivable		425	-
<b>TOTAL CURRENT ASSETS</b>		<b>1,233,063</b>	<b>1,227,980</b>
<b>NON-CURRENT ASSETS</b>			
Investment	5	760,000	760,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>760,000</b>	<b>760,000</b>
<b>TOTAL ASSETS</b>		<b>1,993,063</b>	<b>1,987,980</b>
<b>CURRENT LIABILITIES</b>			
Accrued expenses		3,800	5,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,800</b>	<b>5,000</b>
<b>TOTAL LIABILITIES</b>		<b>3,800</b>	<b>5,000</b>
<b>NET ASSETS</b>		<b>1,989,263</b>	<b>1,982,980</b>
<b>EQUITY</b>			
Contributed capital	6	2,000,000	2,000,000
Accumulated (loss)		(10,737)	(17,020)
<b>TOTAL EQUITY</b>		<b>1,989,263</b>	<b>1,982,980</b>

The above Statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY** For the year ended 31 March, 2011

	Issued capital	Accumulated (Losses)	Total equity
<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)
Issue of share capital	-	-	-
<b>At 31 March 2009</b>	<b>100,000</b>	<b>(13,461)</b>	<b>86,539</b>
(Loss) for the year	-	(3,559)	(3,559)
Issue of share capital	1,900,000	-	1,900,000
<b>At 31 March 2010</b>	<b>2,000,000</b>	<b>(17,020)</b>	<b>1,982,980</b>
Profit for year	-	6,283	6,283
Issue of share capital	-	-	-
<b>At 31 March 2011</b>	<b>2,000,000</b>	<b>(10,737)</b>	<b>1,989,263</b>

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

**STATEMENT OF CASH FLOWS** For the year ended 31 March, 2011

	Notes	31 March, 2011 (\$)	31 March, 2010 (\$)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Interest received		13,710	818
Payments to suppliers		(9,052)	(4,377)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>9</b>	<b>4,658</b>	<b>(3,559)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in Gujarat NRE Oil Ltd		-	(700,000)
<b>Net cash (outflow) from investing activities</b>		<b>-</b>	<b>(700,000)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of Equity Shares		-	1,900,000
<b>Net cash inflow from financing activities</b>		<b>-</b>	<b>1,900,000</b>
<b>Net (Decrease)/Increase in cash and cash equivalents</b>		<b>4,658</b>	<b>1,196,441</b>
<b>Cash and cash equivalent at beginning of the period</b>		<b>1,227,980</b>	<b>31,539</b>
<b>Cash and cash equivalent at end of the period</b>		<b>1,232,638</b>	<b>1,227,980</b>

The above Statement of cash flows should be read in conjunction with the accompanying notes.



**NOTES TO THE FINANCIAL STATEMENTS** For the year ended 31 March, 2011

**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 Mineral 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 Statement of comprehensive income 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 Statement of financial position 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.

**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 recognised in the Statement of comprehensive income 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 Statement of financial position.

**NOTE 2 : OTHER REVENUE**

	<b>31 March 2011</b>	<b>31 March 2010</b>
	(\$)	(\$)
Interest income	13,710	818
	<u>13,710</u>	<u>818</u>

**NOTE 3 : EXPENSES**

Audit fee	2,750	2,000
Accounting and Taxation Fees	2,800	-
Bank charges	24	65
Consultancy and professional cost	1,300	2,100
ASIC fee	553	212
	<u>7,427</u>	<u>4,377</u>

**NOTE 4 : INCOME TAX**

No income tax is payable during the year because of recoupment of tax losses. Income tax benefit of \$3,221 on unrecouped tax losses of \$ 10,737 has not been brought in to account but will be utilized to reduce tax in future profits.

	<b>31 March 2011</b>	<b>31 March 2010</b>
	(\$)	(\$)

**NOTE 5 : INVESTMENTS**

760,000 ordinary shares in Gujarat NRE Oil Ltd	760,000	760,000
	<u>760,000</u>	<u>760,000</u>

**NOTE 6 : CONTRIBUTED CAPITAL**

	<b>31 March 2011</b>		<b>31 March 2010</b>	
	(\$)		(\$)	
<b>Ordinary equity shares</b>	<b>Share No.</b>	<b>Amount</b>	<b>Share No.</b>	<b>Amount</b>
Opening balance	2,000,000	2,000,000	100,000	100,000
Issued and paid up capital during the year	-	-	1,900,000	1,900,000
<b>Balance at the close of the period</b>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

**NOTE 7 : 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

**NOTE 8 : RELATED PARTY TRANSACTION**

**Directors**

Disclosure relating to directors is set out in Note 7

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.

**NOTE 9 : RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX**

	<b>31 March 2011</b>	<b>31 March 2010</b>
	(\$)	(\$)
<b>Profit / (Loss) from ordinary activities</b>	6,283	(3,559)
<b>Change in assets and liabilities</b>		
Accrual and audit fee	(1,200)	-
Receivables	(425)	-
<b>Cash inflow / (outflow) from operations</b>	<u>4,658</u>	<u>(3,559)</u>

**NOTE 10 : AUDITOR'S REMUNERATION**

Amount due and receivable for the audit and review of the financial reports of the company	2,750	2,900
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Amount received, or due and receivable, for the other services by Gokani & Associates in which auditor is a partner	4,100	2,100
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**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 "GNMRL") 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 31st March, 2011 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 statements of accounts, the holding company GNMRL 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 Part-I & Part II of 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 given 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 according to the information and explanations given to us, we observe that the accounts of NRPL for the year ended 31st March, 2011 have been properly recast as far as possible in accordance with Schedule-VI of the Companies Act, 1956.

For **N.C.BANERJEE & CO.**  
Chartered Accountants  
(Registration No.302081E)

  
**B. Basu**  
Partner

Place:Kolkata  
Date:2nd August,2011

Membership No.12748

**BALANCE SHEET** As at 31st March, 2011 (Rs.in'000)

	Schedules	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	93,440	83,860
		<u>93,440</u>	<u>83,860</u>
<b>APPLICATION OF FUNDS:</b>			
<b>Investments</b>			
Current Assets,Loans and Advances	2	34,542	30,894
Cash & Bank Balances	3	56,023	49,917
Loans & Advances	4	19	-
		<u>56,042</u>	<u>49,917</u>
Less:Current Liabilities	5	178	210
<b>Net Current Assets</b>		<u>55,864</u>	<u>49,707</u>
<b>Profit &amp; Loss Account</b>		348	618
(As per accounts annexed)			
<b>Foreign Currency Translation Reserve</b>		2,686	2,641
		<u>93,440</u>	<u>83,860</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 of Gujarat NRE Mineral Resources Ltd.

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

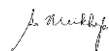
For and on Behalf of the Board of Directors  
of Gujarat NRE Mineral Resources Ltd.



**B. Basu**  
Partner  
Membership No.12748  
Place: Kolkata  
Date : 2nd August, 2011



**A.K. Jagatramka**  
Director  
Wollongong (Australia)



**S.K. Mukherjee**  
Director  
Kolkata

**PROFIT AND LOSS ACCOUNT** For the year ended 31st March, 2011

(Rs.in'000)

	Schedules	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>INCOME</b>			
Interest		589	33
		<u>589</u>	<u>33</u>
<b>EXPENDITURE</b>			
Administrative & Other expenses	6	319	177
		<u>319</u>	<u>177</u>
<b>Profit / (Loss) before Tax</b>		<u>270</u>	<u>(144)</u>
Provision for Taxation		-	-
<b>Profit / (Loss) after Tax</b>		<u>270</u>	<u>(144)</u>
Balance brought forward		(618)	(474)
<b>Balance carried to Balance Sheet</b>		<u>(348)</u>	<u>(618)</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 of Gujarat NRE Mineral Resources Ltd.

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

For and on Behalf of the Board of Directors  
of Gujarat NRE Mineral Resources Ltd.



**B. Basu**  
Partner  
Membership No.12748  
Place: Kolkata  
Date : 2nd August, 2011



**A.K. Jagatramka**  
Director  
Wollongong (Australia)



**S.K. Mukherjee**  
Director  
Kolkata

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH,2011 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

(Rs.in'000)

Description	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
2,000,000 (Previous year 2,000,000 ) Equity Shares of AU\$ 1each	93,440	83,860
<b>Issued,Subscribed and Paid-up</b>		
2,000,000 (Previous year 2,000,000 ) Equity Shares of AU\$ 1each	93,440	83,860
	<u>93,440</u>	<u>83,860</u>

**SCHEDULE - 2 : INVESTMENTS (LONG TERM)**

**Unquoted:**

**In wholly owned subsidiary**

7,60,000 (Previous year 7,60,000) Ordinary Shares in Gujarat NRE Oil Ltd.	34,542	30,894
	<u>34,542</u>	<u>30,894</u>

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

Balances with Non scheduled banks		
In Current Accounts	56,023	49,917
	<u>56,023</u>	<u>49,917</u>

(Rs. in '000)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 4 :LOANS &amp; ADVANCES</b>		
GST Receivable	19	-
	<u>19</u>	<u>-</u>

	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>SCHEDULE - 5 :CURRENT LIABILITIES</b>		
For Expenses	178	210
	<u>178</u>	<u>210</u>

	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>SCHEDULE -6 :ADMINISTRATIVE &amp; OTHER EXP.</b>		
Auditor's Remuneration	118	81
Bank Charges	1	3
Professional & Legal Fees	200	93
	<u>319</u>	<u>177</u>

**SCHEDULE-7: NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011**

**1. SIGNIFICANT ACCOUNTING POLICIES:**

**a. Basis of preparation**

The financial report has been prepared in accordance with the measurement requirements of International Financial Reporting Standards and in Compliance with Australian Accounting Standards to ensure 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 Schedule VI of the Companies Act, 1956 and foreign currency has been converted as per Accounting Standard-11.

**Reporting Basis and Conventions**

The financial report has been prepared on accrual 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 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 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 recognised in the income statement when the significant risks and rewards of ownership have been transferred to customers.

Interest revenue is recognised 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. 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

**2. NOTES TO THE ACCOUNTS:**

**i. Income Tax**

No income tax is payable during the year because of recoupment of tax losses. Income tax benefit of Rs. 104 thousand on unrecouped tax losses of Rs.348 thousand has not been brought in to account but will be utilized to reduce tax in 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:

Mr. Arun Kumar Jagatramka

Mrs. Mona Jagatramka

Mr. Sanjay Sharma

**iii. Related Party transactions**

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 the company. There was no related party transaction during the year.

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

For N.C.BANERJEE & CO.  
Chartered Accountants

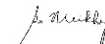


**B. Basu**  
Partner  
Membership No.12748  
Place : Kolkata  
Date : 2nd August, 2011

For and on Behalf of the Board of Directors  
of Gujarat NRE Mineral Resources Ltd.



**A.K. Jagatramka**  
Director  
Wollongong (Australia)



**S.K. Mukherjee**  
Director  
Kolkata

**DIRECTORS' REPORT**

Your directors present their report on the company for year ended 31 March, 2011.

**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 E. Firek (Resigned on 24/7/10)
- Mr. Maurice Anghie (Resigned on 24/7/10)
- Mr. Sanjay Sharma (Appointed on 24/7/10)
- Mr. Mihir Dave (Appointed on 24/7/10)

**OPERATING RESULTS**

The Company made a Loss of \$30,840 for the year (2010 : Loss \$26,998) 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.

**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**

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

Amount due and receivable for the company by Gokani & Associates

	31st March 2011	31st March 2010
	(\$)	(\$)
Taxation and secretarial work	4,850	1,925

The Board has considered the non audit services provided during the period by associated firm of the auditor and are 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 FI 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.

**Auditors Independence Declaration**

The auditors independence declaration as required by sec 307C of the Corporation Act, 2001 is set out on Page 4.

Signed in accordance with a resolution of the Board of Directors



A. K. Jagatramka  
Director  
Dated 6th July 2011

**DIRECTORS' DECLARATION**

In the directors opinion:

1. The financial statements, comprising the Statement of comprehensive income, Statement of financial position, 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*, other mandatory professional reporting requirements in Australia; and
  - b.) give a true and fair view of the company's financial position as at 31st March 2011, its performance changes in equity and cash flows for the year ended on that date;
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

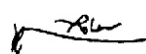


A. K. Jagatramka  
Director  
Dated 6th July, 2011

**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 2011 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 KANTILA.L RATANSHI GOKANI  
of 96 Cahors Road, PADSTOW NSW 2211  
Dated 6th July, 2011

**INDEPENDENT AUDIT REPORT**

To Members of Gujarat NRE OIL LTD

**Report on the Financial Statements**

I have audited the accompanying financial report of Gujarat NRE Oil Ltd, which comprises the Statement of financial position as at 31 March 2011, and the Statement of comprehensive income, 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 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 judgment, including the assessment of the risk 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.

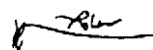
**Independence**

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 Gujarat NRE Oil 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 2011 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 6th July, 2011

**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31st March, 2011

	Notes	31st March 2011 (\$)	31st March 2010 (\$)
Revenue		-	-
Less:			
Expenses	2	(30,840)	(26,998)
<b>(Loss) before income tax</b>		<b>(30,840)</b>	<b>(26,998)</b>
Income tax expense	3	-	-
<b>(Loss) after income tax</b>		<b>(30,840)</b>	<b>(26,998)</b>

The above Statement of comprehensive income should be read in conjunction with the accompanying notes

**STATEMENT OF FINANCIAL POSITION** As at 31st March, 2011

	Notes	31st March 2011 (\$)	31st March 2010 (\$)
<b>CURRENT ASSETS</b>			
Cash and cash equivalent		1,910	94,541
Receivables	4	225	28,820
<b>TOTAL CURRENT ASSETS</b>		<b>2,135</b>	<b>123,361</b>
<b>NON-CURRENT ASSETS</b>			
Lease Oil Tenement Exploration	5	643,864	551,678
<b>TOTAL NON-CURRENT ASSETS</b>		<b>643,864</b>	<b>551,678</b>
<b>TOTAL ASSETS</b>		<b>645,999</b>	<b>675,039</b>
<b>CURRENT LIABILITIES</b>			
Trade Creditors and Accrued expenses		3,800	2,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,800</b>	<b>2,000</b>
<b>TOTAL LIABILITIES</b>		<b>3,800</b>	<b>2,000</b>
<b>NET ASSETS</b>		<b>642,199</b>	<b>673,039</b>
<b>EQUITY</b>			
Contributed capital	6	760,000	760,000
Accumulated (loss)		(117,801)	(86,961)
<b>TOTAL EQUITY</b>		<b>642,199</b>	<b>673,039</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY** For the year ended 31st March, 2011

	Issued Capital \$	Accumulated (Losses) \$	Total equity \$
<b>At 1st April 2009</b>	<b>60,000</b>	<b>(59,963)</b>	<b>37</b>
(Loss) for the year	-	(26,998)	(26,998)
Issue of share capital	700,000	-	700,000
<b>At 31st March 2010</b>	<b>760,000</b>	<b>(86,961)</b>	<b>673,039</b>
(Loss) for the year	-	(30,840)	(30,840)
<b>At 31st March 2011</b>	<b>760,000</b>	<b>(117,801)</b>	<b>642,199</b>

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

**STATEMENT OF CASH FLOWS** For the year ended 31st March, 2011

	Notes	31st March 2011 \$	31st March 2010 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Payments to suppliers		(445)	(80,547)
<b>Net cash (outflow) from operating activities</b>	8	<b>(445)</b>	<b>(80,547)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Oil lease and exploration		(92,186)	(22,553)
<b>Net cash (outflow) from investing activities</b>		<b>(92,186)</b>	<b>(22,553)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of equity shares		-	700,000
Loan		-	(575,000)
<b>Net cash inflow from financing activities</b>		<b>-</b>	<b>125,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(92,631)</b>	<b>21,900</b>
<b>Cash and Cash equivalent at beginning of the period</b>		<b>94,541</b>	<b>72,641</b>
<b>Cash and Cash equivalent at end of the period</b>		<b>1,910</b>	<b>94,541</b>

The above Statement of cash flows should be read in conjunction with the accompanying notes

**NOTES TO THE FINANCIAL STATEMENTS** For the year ended 31st March 2011

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

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirement of the company to Gujarat NRE Mineral 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 Gujarat NRE Oil 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 Statement of comprehensive income 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 unrecouped 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 Statement of comprehensive income 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. There was no interest income during the period.

**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.

**e) Oil Field Leases**

Leases are carried at cost. The carrying amount will be amortised when the production of oil commences. Amortisation is calculated in proportion of actual production when measured against the extractable resources available in the oil field.

**f) Tenement Exploration and Exploration Licenses**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs that do not meet these criteria are expensed. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**NOTE 2 : EXPENSES**

	31 March 2011	31 March 2010
	\$	\$
Accounting and taxation fees	4,850	1,750
Bank fees and charges	4	106
Other fees and charges	12,004	1,065
Rates and charges	10,378	18,684
Travel and Reimbursement	604	1,593
Audit Fee	3,000	3,800
	<u>30,840</u>	<u>26,998</u>

**NOTE 3 : INCOME TAX**

No income tax is payable during the period because of unrecouped tax losses. Income tax benefit of \$35,340 on unrecouped tax loss of \$117,801 has not been brought into account but will be utilized to reduce tax on future profits.

**NOTE 4 : RECEIVABLES**

	31 March 2011	31 March 2010
	\$	\$
GST Receivable	225	28,820

**NOTE 5 : OIL TENEMENT EXPLORATION**

The company owns 2 oil blocks of combined area 10,640 Sq. Km in onshore Canning basin, Western Australia, Australia. These two blocks are surrounded by a number of recent petroleum discoveries.

There is presence of multiple geological formations of conventional petroleum generation and accumulation within the area. Results indicate huge upside potential to be delineated through acquiring fresh seismic data followed by drilling.

**NOTE 6 : CONTRIBUTED CAPITAL**

	31 March 2011		31 March 2010	
	Share No.	Amount	Share No.	Amount
		\$		\$
Opening balance	760,000	760,000	60,000	60,000
Issued and paid up capital during the year	-	-	700,000	700,000
<b>Balance at the end of the year</b>	<u>760,000</u>	<u>760,000</u>	<u>760,000</u>	<u>760,000</u>

**NOTE 7 : 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
- Dr. Andrew Firek (Resigned on 24/7/10)
- Mr. Maurice Anghie (Resigned on 24/7/10)
- Mr. Sanjay Sharma (Appointed on 24/7/10)
- Mr. Mihir Dave (Appointed on 24/7/10)

**NOTE 8 : RECONCILIATION OF CASE FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX**

	31 March 2011	31 March 2010
	\$	\$
(Loss) from ordinary activities	(30,840)	(26,999)
<b>Change in asset and liabilities</b>		
Accruals	1,800	2,000
Payables	-	(54,327)
Receivable	28,595	(1,221)
<b>Cash (outflow) from operations</b>	<u>(445)</u>	<u>(80,547)</u>

**NOTE 9 RELATED PARTY TRANSACTION**

**Directors**

Disclosure relating to directors is set out in Note 7.

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**

There were no transactions with NRE Resources Pty Ltd during the period.

**NOTE 10 AUDITOR'S REMUNERATION**

	31 March 2011	31 March 2010
	\$	\$
Amount due and receivable for the audit and review of the financial reports of the company	3,000	3,800
Amount received, or due and receivable, for the other services by Gokani & Associates in which auditor is a partner	4,850	1,750

**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 "GNMRL") 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 31st March, 2011 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 statements of accounts, the holding company GNMRL 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 GNOL have been drawn in accordance with Part-I & Part II of 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 given by Mr. Kantilal Ratanshi Gokani and as such we have not examined the accuracy and authenticity of any part of the said audited statements of accounts.

On the basis of the said audited statements of accounts and according to the information and explanations given to us, we observe that the accounts of GNOL for the year ended 31st March, 2011 have been properly recast as far as possible in accordance with Schedule-VI of the Companies Act, 1956.

For **N.C.BANERJEE & CO.**  
Chartered Accountants  
(Registration No.302081E)



**B. Basu**  
Partner  
Membership No.12748

Place:Kolkata  
Date:2nd August,2011

**BALANCE SHEET** As at 31st March, 2011 (Rs.in'000)

	Schedules	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	35,507	31,867
		<u>35,507</u>	<u>31,867</u>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>			
Lease Oil Tenement Exploration		29,264	22,426
<b>Current Assets</b>			
Cash & Bank Balances	2	87	3,843
Other Current Assets	3	10	1,172
		<u>97</u>	<u>5,015</u>
Less:Current Liabilities	4	178	84
<b>Net Current Assets</b>		<b>(81)</b>	<b>4,931</b>
<b>Profit &amp; loss Account</b>		4,579	3,254
(As per accounts annexed)			
<b>Foreign Currency Translation Reserve</b>		1,745	1,256
		<u>35,507</u>	<u>31,867</u>

Significant Accounting Policies & Notes on Accounts

6

Schedules referred to above form integral part of the Balance Sheet

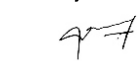
As per our attached certificate of even date to the Board of Directors of Gujarat NRE Mineral Resources Ltd.

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

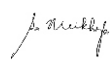


**B. Basu**  
Partner  
Membership No.12748  
Place:Kolkata  
Date : 2nd August, 2011

For and on Behalf of the Board of Directors  
of Gujarat NRE Mineral Resources Ltd.



**A.K. Jagatramka**  
Director  
Wollongong (Australia)



**S.K. Mukherjee**  
Director  
Kolkata

**PROFIT AND LOSS ACCOUNT** For the year ended 31st March, 2011

(Rs.in'000)

	Schedules	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>EXPENDITURE</b>			
Administrative & Other expenses	5	1,325	1,088
<b>(Loss) before Tax</b>		<b>(1,325)</b>	<b>(1,088)</b>
Provision for Taxation		—	—
<b>(Loss) after Tax</b>		<b>(1,325)</b>	<b>(1,088)</b>
Balance Brought forward		(3,254)	(2,166)
<b>Balance carried to Balance Sheet</b>		<b>(4,579)</b>	<b>(3,254)</b>

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 of Gujarat NRE Mineral Resources Ltd.

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



**B. Basu**  
Partner  
Membership No.12748  
Place:Kolkata  
Date : 2nd August, 2011

For and on Behalf of the Board of Directors  
of Gujarat NRE Mineral Resources Ltd.



**A.K. Jagatramka**  
Director  
Wollongong (Australia)



**S.K. Mukherjee**  
Director  
Kolkata

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

(Rs.in'000)

Description	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
7,60,000 (Previous year 7,60,000) Equity Shares of AU\$ 1 each	35,507	31,867
<b>Issued,Subscribed and Paid-up</b>		
7,60,000 (Previous year 7,60,000) Equity Shares of AU\$ 1 each	35,507	31,867
	<u>35,507</u>	<u>31,867</u>
<b>SCHEDULE - 2 :CASH &amp; BANK BALANCES</b>		
Balances with Non scheduled banks		
In Current Accounts	87	3,843
	<u>87</u>	<u>3,843</u>
<b>SCHEDULE - 3 :OTHER CURRENT ASSETS</b>		
GST Receivable	10	1,172
	<u>10</u>	<u>1,172</u>
<b>SCHEDULE - 4 : CURRENT LIABILITIES</b>		
For Expenses	178	84
	<u>178</u>	<u>84</u>
<b>SCHEDULE - 5:ADMINISTRATIVE &amp; OTHER EXP.</b>		
Description	Year Ended 31.03.2011	Year Ended 31.03.2010
Auditor's Remuneration	129	153
Bank & Finance Charges	—	4
Professional & Consultancy	724	113
Rates & Taxes	446	754
Travelling & Conveyance	26	64
	<u>1,325</u>	<u>1,088</u>

**SCHEDULE-6 : NOTES FORMING PART OF THE ACCOUNTS**

For the year ended 31st March, 2011

**1. SIGNIFICANT ACCOUNTING POLICIES:**

**a. Basis of preparation**

The financial report has been prepared in accordance with the measurement requirements of International Financial Reporting Standards and in Compliance with Australian Accounting Standards to ensure that the financial report of Gujarat NRE Oil 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 Schedule VI of the Companies Act, 1956 and foreign currency has been converted as per Accounting Standard-11.

**Reporting Basis and Conventions**

The financial report has been prepared on accrual 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 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.

**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 recognised in the income statement when the significant risks and rewards of ownership have been transferred to customers.

Interest revenue is recognised 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 recognised 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. Oil Field Lease**

Leases are carried at cost. The carrying amount will be amortised when the production of oil commences. Amortisation is calculated in proportion of actual production when measured against the extractable resources available in the oil field.

**g. Tenement Exploration and Exploration Licenses**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs that do not meet these criteria are expensed. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**2. NOTES TO THE ACCOUNTS:**

**i.** No income tax is payable during the year because of unreouped tax losses. Income tax benefit of Rs.1374 thousands on unreouped tax loss of Rs.4,579 thousands 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:

Mr. Arun Kumar Jagatramka

Mrs. Mona Jagatramka

Dr. Andrew E. Firek (Resigned on 24.07.2010)

Mr. Maurice Anghie (Resigned on 24.07.2010)

Mr. Sanjay Sharma (Appointed on 24.07.2010)

Mr. Mihir Dave (Appointed on 24.07.2010)

**iii. Related Party transactions**

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.

There were no transactions with related party during the year.

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

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

(Rs. in '000)

Name of the Subsidiary Company	NRE Resources Pty Ltd. (Subsidiary)	Gujarat NRE Oil Ltd. (Sub-subsidiary)
1. Financial Year of the subsidiary ended on	31.03.2011	31.03.2011
2. Holding Company's interest		
(i) Equity Shares of AU\$ 1 each		
(a) Number of Shares fully paid	20,00,000	7,60,000
(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 Holding Company	Nil	Nil
(b) Not dealt with in the accounts of the Holding Company	270	(1325)
(ii) For the previous Financial Years of the Subsidiary since it became the subsidiary		
(a) Dealt with in the accounts of the Holding Company	Nil	Nil
(b) Not dealt with in the accounts of the Holding Company	(618)	(3254)

Note : Since the financial year(s) of the above subsidiary companies coincide with the financial year of the Holding Company i.e. 31st March 2011, the furnishing of information as required under section 212 (1) (f) of the Companies Act 1956 is not applicable.





## GUJARAT NRE MINERAL RESOURCES LIMITED

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

### ATTENDANCE SLIP

Shareholder's Folio Number/ DP Id No. & Client Id No.	Name of the Shareholder (in block letters)	Number of Shares held
Email :		

I hereby record my presence at the 18th Annual General Meeting of the Company to be held at Kala Mandir, 48, Shakespeare Sarani, Kolkata-700 017 on Friday, September 30, 2011 at 11.00 AM.

Name of the Proxy\* .....

(IN BLOCK LETTERS)

(To be filled if the Proxy attends instead of Shareholder)

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

(Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall)  
Note: Please bring the copy of this Annual Report 2010-11 to the Meeting Hall



## GUJARAT NRE MINERAL RESOURCES LIMITED

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

### PROXY FORM

I/We.....of.....in the district  
of.....being a shareholder(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  
18th Annual General Meeting of the Company to be held at Kala Mandir, 48, Shakespeare Sarani, Kolkata-700 017 on Friday,  
September 30, 2011 at 11.00 AM and at any adjournment thereof.

As witness my/our hand(s) this..... day of.....2011

Folio No./DP Id & Client Id No.....

No. of Equity 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.**