



GUJARAT NRE COKE LIMITED

ANNUAL REPORT 2011-12



Corporate Information

BOARD OF DIRECTORS

(As on 27th May, 2012)

Mr. Girdharilal Jagatramka	<i>Chairman Emeritus</i>
Mr. Arun Kumar Jagatramka	<i>Chairman & Managing Director</i>
Mrs. Mona Jagatramka	<i>Director</i>
Mr. Subodh Kumar Agrawal	<i>Director</i>
Mr. Chinubhai R Shah	<i>Director</i>
Dr. Basudeb Sen	<i>Director</i>
Dr. Mahendra Kumar Loyalka	<i>Director</i>
Mr. Murari Sananguly	<i>Director</i>

CHIEF FINANCIAL OFFICER

Mr. P. R. Kannan

COMPANY SECRETARY

Mr. Manoj K Shah

AUDITORS

M/s. N. C. Banerjee & Co.
Chartered Accountants,
2, Ganesh Chandra Avenue,
Room No. 9, 1st Floor,
Kolkata - 700 013

SOLICITORS & ADVOCATES

M/s. L. P. Tiwari & Co.
Emerald House, 4th Floor,
1B, Old Post Office Street,
Kolkata - 700 001

BANKERS

State Bank of India
Bank of Baroda
State Bank of Hyderabad
Standard Chartered Bank
Axis Bank Ltd.
ICICI Bank Ltd.
Tamilnad Mercantile Bank Ltd.

REGISTERED OFFICE

22, Camac Street,
Block - C, 5th Floor,
Kolkata - 700016, India
Phone : +91-33-22891471
Fax : +91-33-22891470
Email : investor@gujaratnre.com
Website : www.gujaratnre.com

WORKS

COKE

- 1) Village Dharampur, Khambhalia, Jamnagar, Gujarat, India
- 2) Village Lunva, Bhachau, Kutch, Gujarat, India
- 3) Road No. 16, 1st Cross, KIADB, Belur Industrial Area, Dharwad, Karnataka, India

STEEL

Village Lunva, Bhachau,
Kutch, Gujarat, India

REGISTRAR & SHARE TRANSFER AGENT

M/s. Niche Technologies (P) Ltd.
D-511, Bagri Market, 5th Floor,
71, B. R. B. Basu Road, Kolkata - 700 001
Phone : +91-33-2235-7270 / 7271
Fax : +91-33-2215-6823

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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Directors' Report

To
The Members,

Your Directors have pleasure in presenting the Twenty-Fifth Annual Report and the Audited Financial Results on the business and operations of the Company for the financial year ended on March 31, 2012.

FINANCIAL RESULTS/HIGHLIGHTS

	Rs. in crores	
	2011-12	2010-11
Income from Operations	331.00	336.00
Less : Finance Cost	208.57	161.12
Less : Depreciation	56.77	50.44
Profit before Tax & Exceptional Items	65.66	124.44
Less : Exceptional Items	60.13	0.00
Profit before Tax	5.53	124.44
Less : Provision for Taxation	2.44	21.79
Profit after Tax	3.09	102.65
Add : Balance brought forward	22.75	5.95
Amount available for appropriation	25.84	108.60
Less : Appropriations		
Transferred to(+)/from(-) General Reserve	-10.80	0.00
Dividend and Dividend Tax for earlier year	0.00	0.00
Proposed dividend on equity shares	28.87	57.73
Corporate Tax on Dividend	4.68	9.37
Debenture Redemption Reserve	3.09	18.75
Balance carried to Balance Sheet	0.00	22.75

REVIEW OF OPERATIONS

Indian economy during the year under review, went through one of its most challenging phases in last two decades with slow growth, runaway inflation, high interest rates, falling industrial output, depreciating rupee, adverse balance of payments position and last but not the least, global uncertainty, severely hurting economic activities. Indian steel industry after witnessing a modest recovery during the previous financial year, went into a slump during 2011-12 being confronted with a series of impediments such as iron ore mining issues and its limited availability, flat demand prevailing throughout 2011-12 on account of compounding effect of slow economic growth, etc. This had a major impact on the operations of merchant metcoke producers in India like our Company, as steel industry is the largest consumer of the coking coal and metcoke. However, it is believed that with India investing heavily in infrastructure and allied industries, the demand for steel and consequently for metcoke is bound to rise in the coming years.

The Company reported income from operations amounting to Rs.331.00 Crores during the year under review as compared to Rs 336.00 Crores during the previous year as a consequence of flat demand. The net profit after tax earned during the financial

year ended 31st March, 2012 was reported at Rs. 3.09 crores due to the adverse impact of depreciation in value of rupee as well as slow economic growth during the year under review, as compared net profit after tax of Rs. 102.65 crores reported during the previous year.

DIVIDEND

There being inadequacy/absence of profit for payment of dividend for the year under review, the Board unanimously decided to recommend payment of dividend considering the dividend track record of the Company by utilizing the balance lying to the credit of Profit & Loss Account and/or General Reserve in accordance with the provisions of Companies (Declaration of Dividend out of Reserves) Rules, 1975. Accordingly, the Board recommends payment of dividend of Re.0.50 per Equity Share of Rs.10 each (5%) and Re.0.50 per "B" Equity Share of Rs.10 each (5%) respectively, for the year ended 31st March 2012 subject to the approval of members of the Company and Ministry of Corporate Affairs. The total payout towards the said dividend will amount to Rs.33.55 crores (approx. with dividend tax) for the year under review as compared to Rs. 67.10 crores (with dividend tax) for the previous year.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

In terms of Sections 205A & 205C of the Companies Act, 1956, the company since the previous Directors Report, had transferred a sum of Rs. 12,21,329.00 (Rupees Twelve lacs, twenty-one thousand three hundred twenty nine only) for 2nd interim dividend 2003-04, Rs.4,31,199.00 (Rupees Four lacs, thirty one thousand, one hundred ninety nine only) for final dividend 2003-04 and Rs.6,49,498.50 (Rupees Six lacs, forty-nine thousand, four hundred ninety eight & paise fifty only) for 1st interim dividend for 2004-06 to the Investor Education & Protection Fund (IEPF) created by the Central Government, since these dividend remained unclaimed for a period of 7 years. The Company had also transferred a sum of Rs.1,28,275.50 (Rupees one lac, twenty eight thousand, two hundred seventy five & paise fifty only) towards final dividend for the year 2003-04 paid by erstwhile FCGL Industries Ltd (since merged with the company) to the IEPF during the year under review.

ISSUE OF EQUITY

The Company allotted 1,74,07,793 Equity Shares of Rs.10 each at a premium of Rs.34.64 per share and 17,40,778 "B" Equity Shares of Rs. 10 each during the year under review consequent upon conversion of 174 (one hundred seventy-four) Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCBs) of USD 100000 each issued in 2006 and with this conversion the entire series of these FCCBs stands converted to equity shares of the company.

The Company also allotted 52,280 Equity Shares of Rs.10 each at a premium of Rs. 13.86 per share and 5,228 "B" Equity Shares of Rs. 10 each as bonus shares upon conversion of Options issued under Employee Stock Option Scheme, 2005 and 21,700 Equity Shares of Rs. 10 each at a premium of Rs.8.05 per share and 2,170 "B" Equity Shares of Rs. 10 each as bonus shares upon conversion of Options issued under 2nd Tranche of GNCL Employee Stock Options Scheme 2007 during the year under review.

Directors' Report (Contd.)

NON-CONVERTIBLE DEBENTURES

During the year under review, the company redeemed Non-Convertible Secured Redeemable Debentures (NCDs) amounting Rs. 25 crores which were issued to Life Insurance Corporation of India (LIC) as per the terms of issue of these debentures. The NCDs outstanding at the end of the year under review, aggregated to Rs. 375 crores comprising of Qualified Institutional Placement (QIP) issue of NCDs amounting Rs.250 crores issued during the year 2010-11 and the balance comprising of NCDs issued to LIC and nationalised banks in the years prior to 2010-11.

LISTING

Both the Equity Shares and "B" Equity Shares of your Company are listed at the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Non-convertible Debentures of the company (including Debentures issued under QIP) are listed at Bombay Stock Exchange. The convertible warrants issued by the Company under QIP are also listed at both NSE and BSE.

BUSINESS PLANS

We believe that the current decade till 2020 would continue to be interesting and exciting, similar to the one that has gone by. Coking Coal and metcoke are going to be in huge demand with steel demand rising, as Indian economy grows with investments in infrastructure and other industries. We are in a sector which is one of the most lucrative business possible in the current times. We have everything going for us, a well developed market, and a global mismatch of demand and supply with demand outstretching supply. Our company has an irrefutable advantage of secured supply of excellent quality raw materials, a dedicated team and most importantly a supportive share holder family, making us the undisputable leader in our business with strong fundamentals.

During the year under review, the company through its Australian subsidiary(ies) took an important step towards achieving its plan for ramping up coking coal production at Australian mines to above 5 MTPA (million tonnes per annum) by 2015-16 by installing longwall mining machinery at one of its mines i.e. at NRE No 1 after receiving necessary Departmental approval. Steps have also been initiated for expanding the production capacity of metcoke in India and we expect to raise the production capacity to around 4 MTPA in the next 4 years.

The Company is presently generating power through non polluting method i.e. through wind turbine generators having capacity to generate 87.5 MW. Further, the projects for generation of power having an aggregate capacity of 60 MW, from waste heat emanating from the Company's coke oven plants are at various stages of completion.

SUBSIDIARIES

The Company has two Indian Subsidiaries and nine Australian Subsidiaries at the close of the financial year under review. The consolidated financial statements presented by the company and annexed to the Annual Report 2011-12 include the financial information of the subsidiaries prepared in accordance with the applicable accounting standard. The Ministry of Corporate Affairs vide its circular no 2/2011 dated 8th February 2011 has granted a

general exemption under Section 212(8) of the Companies Act 1956, from attaching the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies to the balance sheet of any company upon compliance of certain conditions. As the company is in compliance with the said circular and as per consent of Board through a resolution, the Balance Sheet, Profit & Loss Account and other documents of the subsidiaries are not attached to this Annual Reports & Accounts. However, the annual accounts of the subsidiary companies and related detailed information shall be made available to the shareholders of the company and its subsidiaries seeking such information in writing at any point of time. The annual accounts of the subsidiary companies are available at Registered Office of the Company during the working hours and also available at the respective offices of the Subsidiary companies.

FINANCIAL OBLIGATIONS

The Company has been regular in the payment of interest and/or repayment of loans to financial institutions and/or banks or in meeting its other financial obligations during the year under review.

CORPORATE GOVERNANCE

In compliance with the requirements of clause 49 of the Listing agreement with Stock Exchanges, a Report on 'Corporate Governance' as on 31st March, 2012 and a Report on Management Discussions and Analysis are annexed to and forms a part of this Report.

Chairman & Managing Director (CEO) and Chief Financial Officer (CFO) have certified to the Board with regard to the financial statements and other matters as required by the aforesaid clause of the listing agreement and the said certificate is also annexed to and forms a part of this Report.

EMPLOYEE STOCK OPTION SCHEME

The Company had granted 11,15,000 options under Employee Stock Option Scheme 2005 (ESOP 2005) against the authority from shareholders to grant 11,75,000 options. The employees/Directors of the company exercised 8,24,148 options during the exercise period. The validity of the said scheme expired on 12th January 2012 and accordingly, the outstanding options under the scheme have also expired.

The Company had granted 60,29,000 options to its Employees/Directors through three different tranches under GNCL Employee Stock Options Scheme 2007 (ESOP 2007) till the end of previous year. A fourth tranche of options aggregating 35,60,000 were granted under ESOP 2007 to the Employees/Directors of the company during the year under review. The Company has therefore granted a total of 95,89,000 options under various tranches of ESOP 2007 Scheme till 2011-12 against the approval received from shareholders to grant upto 1,21,95,302 options under the said Scheme.

As required by clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, the disclosures with regard to Stock Options in respect of GNCL Employee Stock Option Scheme 2007 as on 31st March, 2012 are given in an Annexure to this Report.

Directors' Report (Contd.)

The Company has received a certificate from the Auditors that the aforesaid Scheme has been implemented in accordance with SEBI Guidelines and the resolution passed by the shareholders. The Certificate would be available at 25th Annual General Meeting for inspection by the shareholders.

DIRECTORS

Dr Mahendra Kumar Loyalka and Mr Murari Sananguly, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment in terms of the Articles of Association of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) Followed in the preparation of the annual accounts the applicable accounting standards with proper explanation relating to material departures, if any;
- ii) Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year under review and of the profit of the Company for the year ended on that date;
- iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud or other irregularities; and
- iv) prepared the annual accounts on a 'going concern basis.

AUDITORS

M/s. N. C. Banerjee & Co., Chartered Accountants, the Statutory Auditors hold office upto the forthcoming Annual General Meeting of the Company and are eligible for reappointment i.e. to audit the Accounts of the Company for the financial year 2012-13. In compliance with the provisions of Section 224(1B) of the Companies Act, 1956, the Company has received written confirmation from M/s. N C Banerjee & Co., that their re-appointment as Auditors, if made, would be in conformity within the limits prescribed in the said Section and that they are not disqualified from being appointed as the Auditors of the Company within the meaning of Section 226 of the said Act.

AUDITORS' REPORT

The observations of the Auditors in their Report read with relevant notes on the accounts, as annexed are self-explanatory and need no elaboration.

COST AUDIT

Cost Audit Branch of the Ministry of Corporate Affairs vide its order no 52/26/CAB-2010 dated 30th June 2011 has made it mandatory for company(ies) which is/are engaged in production of steel products to appoint a Cost Auditor to audit cost records of steel plant/unit(s) for the financial year 2011-12. Our Company has

accordingly, appointed M/s B Mondal & Co., Practicing Cost Accountants as Cost Auditor under the provisions of Section 233B of the Companies Act, 1956, to audit the cost records of steel plant located at Bhachau in the State of Gujarat for the financial year 2011-12.

PUBLIC DEPOSITS

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

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

The information on Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forms a part of this Report as an Annexure. A copy of the said Annexure is annexed hereto.

PARTICULARS OF EMPLOYEES

The information on Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 in respect of employees of the Company forms a part of this Report as an Annexure. A copy of the said Annexure is annexed hereto.

PERSONNEL / INDUSTRIAL RELATIONS

The Company maintained cordial and harmonious relations with its workers/employees at all levels at the offices and plants of the Company and its subsidiaries throughout the year under review.

APPRECIATION

We wish to acknowledge the understanding, support and services of our workers, staff and Executives which has largely contributed to efficient operations and management of the Company during the year under review. We also take this opportunity to express our deep sense of gratitude to all our customers, dealers, suppliers, bankers, government officials and all other business associates for their continuous guidance and support to the Company and their continued confidence in its management. We also take this opportunity to express our sincere thanks to our shareholders and debenture holders for the confidence and faith in our company.

For and on behalf of the Board

Place : Kolkata
Dated : 27th May, 2012

Arun Kumar Jagatramka
Chairman & Managing Director

Annexure To The Directors' Report

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The Company continued to give major emphasis for conservation of energy, and the measures taken in the previous year were continued. The efficiency of Energy Utilization at each plant is monitored at the respective plant level every quarter, in order to achieve effective conservation of energy. The significant Energy conservation measures during the year were as follows -

- Use of Energy Efficient Lighting systems like low wattage sodium vapour lamps and CFL in place of high power mercury vapour lamps and fluorescent tube lights.
- Use of transparent roof sheets wherever possible to make use of natural lighting to avoid power lights in day time.
- switching off machines / equipment immediately after use and fixing of timers to avoid over usage of water pumps.
- Use of power capacitors to improve the Power factor.
- Creating awareness among employees about the necessity of energy conservation by celebrating energy conservation week.

The Company continued to generate power through wind mills having a capacity of 87.5 MW during the year under review. The setting up of co-generation power plants at its coke plants at Bhachau and Khambhalia in the State of Gujarat and at Dharwad in the State of Karnataka for generating power using the gas emanating from its coke ovens is expected to be completed by 2012-13 at Dharwad and by 2013-14 at Bhachau and Khambhalia.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The Company is setting up co-generation power plants having aggregate capacity of 60 MW at its plants in the States of Gujarat and Karnataka at an investment of around Rs. 275 crores which are expected to be commissioned during 2012-13 & 2013-14. Such captive generation of power through co-generation power plants reduces use of power acquired from external agencies. Apart from this, the Company has also installed energy efficient equipment wherever required.

(c) Impact of above measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The generation of power through alternate means such as wind mills provides power to the company at a rate lower than the market rates for purchasing power from power generating companies and thereby reducing the cost of production.

(d) Total energy consumption and energy consumption per unit of Production:

As per Form-A annexed

B. TECHNOLOGY ABSORPTION

(a) Efforts made in technology absorption:

As per Form-B annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to export, initiative taken to increase exports; development of new export markets for products and services; and export plans:

The exports of the Company during the year under review was Rs.347.75 crores as compared to Rs 321.58 crores amount in the previous year. Exports were made to countries such as Brazil, Malaysia etc. during the year under review and efforts are being made to explore the possibilities of increasing the volumes through penetrating new markets.

(b) Total foreign exchange used and earned (Amount) :

(Rs. in crores)

	Current Year	Previous Year
Total Foreign exchange earning	347.75	321.58
Total Foreign exchange outgo	1097.16	1050.96

FORM-A

Disclosure of particulars with respect to Conservation of Energy for the year ended 31st March, 2012

A. POWER AND FUEL CONSUMPTION

	Current Year	Previous Year
1 Electricity		
a) Purchased		
- Units (kwh in Lacs)*	1019.69	1062.51
- Total Amount (in crores)**	20.21	17.34
- Rate (Rs./ Unit)	1.98	1.63
b) Own Generation		
Through Diesel Generator		
- Units (kwh In Lacs)	1.59	1.93
- Units per ltr. of Diesel Oil	2.06	1.91
- Cost (Rs./ Unit)	21.96	21.74
2. Coal		
- Quantity (MT)	Nil	Nil
- Total Cost (Rs. in crores)	Nil	Nil
- Average Rate (Rs./ MT)	Nil	Nil
3. Furnace Oil		
- Quantity (K. Ltrs.)	3858.45	4002.40
- Total Cost (Rs. in crores)	14.63	10.56
- Average Rate (Rs./ K.Ltr.)	37,919.72	26,388.45
4. Others/Internal Generation	Nil	Nil

Annexure To The Directors' Report (Contd.)

B. CONSUMPTION PER UNIT OF PRODUCTION (MT)

	Current Year	Previous Year
Coke		
Electricity (Kwh)	25.76	22.09
Rolled & Alloy Steel Products		
Electricity (kwh)	904.98	945.47
Coal (MT)	NIL	NIL
Furnace Oil (K. Ltrs.)	0.04	0.04

* includes units through wind turbine generators.

** represents cost of Electricity purchased after adjusting generation through wind turbine generators.

FORM - B

Form for disclosure of particulars with respect to technology absorption

RESEARCH AND DEVELOPMENT (R&D)

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY : None
2. BENEFITS DERIVED : Not Applicable.
3. FUTURE PLAN OF ACTION : None
4. EXPENDITURE ON R&D: (Rs. in Lacs)
 - (a) Capital : NIL
 - (b) Recurring : NIL
 - (c) Total : NIL
 - (d) Total R&D Expenditure as a Percentage of total turnover : N.A.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **EFFORTS MADE** : Efforts are being made towards improvements in the existing production process through indigenous methods.
2. **BENEFITS** :
 - a) Improved quality and productivity.
 - b) Conservation of fuel & reduced emissions.
3. **PARTICULARS OF TECHNOLOGY IMPORTED DURING LAST 5 YEARS**:

(a) Technology imported	: NIL
(b) Year of import	: N.A.
(c) Has technology been fully absorbed	: N.A.
(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action	: N.A.

For and on behalf of the Board of Directors

Place : Kolkata

Dated : 27th day of May 2012

Arun Kumar Jagatramka

Chairman & Managing Director

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH' 2012

Employed throughout the year and were in receipt of remuneration in the aggregate, of not less than Rs.60 Lacs p.a. or employed for a part of the year and were in receipt of remuneration in the aggregate, of not less than Rs. 5 Lacs per month

Name	Designation & Nature of Duties	Remuneration Received (Rs.)	Qualification & Experience (years)	Age (years)	Date of Commencement of Employment	Last Employment held with Designation
Mr. Arun Kumar Jagatramka	Chairman & Managing Director (Managerial)	1,63,60,121	B.Com [Hons.], FCA (Gold Medalist), 29Years	50	28.03.1997	None

Notes:

- 1) Remuneration includes salary, commission, company's contribution to provident fund, gratuity and monetary value of perquisites.
- 2) The appointment of Chairman & Managing Director is contractual. Terms and conditions of employees other than those aforesaid, are as per respective agreements and as per the Rules of the Company.
- 3) Mr. A K Jagatramka is related to Mrs. Mona Jagatramka, Director of the Company within the meaning of Section 6 of the Companies Act, 1956.
- 4) Apart from Mr A K Jagatramka, Chairman & Managing Director, no employee holds by himself or alongwith his/her spouse and dependant children, two percent or more of the equity shares of the company.

For and on behalf of the Board of Directors

Place : Kolkata

Dated : 27th day of May 2012

Arun Kumar Jagatramka

Chairman & Managing Director

Annexure forming part of the Directors' Report

Disclosure in compliance with Clause 12 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are given below

Sr	Particulars	GNCL Employee Stock Option Scheme, 2007 – 1st Tranche	GNCL Employee Stock Option Scheme, 2007 – 2nd Tranche	GNCL Employee Stock Option Scheme, 2007 – 3rd Tranche	GNCL Employee Stock Option Scheme, 2007 – 4th Tranche
1	Total number of options under the Plan	33,90,800 Options (includes 27,77,600 options also entitled to receive 2,77,760 "B" Equity Shares as bonus shares) (options issued initially 25,06,000 plus bonus options issued 8,84,800)	4,26,600 Options (includes 3,65,400 options also entitled to receive 36,540 "B" Equity Shares as bonus shares) (Options issued initially 3,09,000 plus bonus options issued 1,17,600)	32,14,000 Options	35,60,000 Options
2	Options Granted during the year	N.A.	N.A.	N.A.	The abovementioned options were allotted on 30.9.2011.
3	Pricing Formula	Options were granted on 02.06.2007 at the closing market price of the shares of the Company on NSE on the day immediately preceding the date of grant of the options i.e. Rs.60.20 per share. Price of all options under the Scheme was adjusted to Rs.43 per share on account of bonus issue in 2008. All options were re-priced at Rs.18.05 per share as per Note given below. Consequent upon a further bonus issue of "B" Equity Shares in 2010, the price was not adjusted but 27,77,600 options outstanding at that time were entitled to receive 2,77,760 "B" Equity Shares as bonus shares free of cost in the ratio of 1 "B" Equity Share upon conversion of every 10 options into 10 equity shares.	Options were granted on 19.01.2008 at Rs.120 per share at a discount to the market price on a day immediately preceding the date of grant of options to make it lucrative to the employees. Price of all options under the Scheme was adjusted to Rs.85.72 per share on account of bonus issue in 2008. All options were re-priced at Rs.18.05 per share as per Note given below. Consequent upon a further bonus issue of "B" Equity Shares in 2010, the price was not adjusted but 3,65,400 options outstanding at that time were entitled to receive 36,540 "B" Equity Shares as bonus shares free of cost in the ratio of 1 "B" Equity Share upon conversion of every 10 equity shares.	Options were granted on 9.7.2010 at the closing market price of the shares of the Company on NSE on the day immediately preceding the date of grant of options i.e. Rs.63.05 per share.	Options were granted on 30.9.2011 at the closing market price of the shares of the Company on NSE on the day immediately preceding the date of grant of options i.e. Rs.24.30 per share.
4	Options Vested (as on March 31, 2012)	25,200 Options (these options are also entitled to receive 2,520 "B" Equity Shares as bonus shares).	1,72,200 Options (these options are also entitled to receive 17,220 "B" Equity Shares as bonus shares).	Nil	Nil
5	Options Exercised during the year	Not yet Exercised	21,700 Options (Previous year 1,27,300).	Not applicable	Not applicable
6	Total number of shares arising as a result of exercise of options	Not Applicable	21,700 Equity Shares and 2,170 "B" Equity Shares (Previous year 1,27,300 Equity Shares & 12,730 "B" Equity Shares)	Not applicable	Not applicable
7	Options lapsed/forfeited during the year	2,53,400 Options (Options lapsed till Prev. Year 7,16,800)	25,200 Options (Options lapsed till Prev. Year 99,000)	2,82,000 Options (Options lapsed till previous year -93,000)	3,13,250 Options
8	Variation of terms of options upto March 31, 2012	Nil	Nil	Nil	Nil
9	Money realized by exercise of options during the year	Nil	Rs.3,91,185/-	Nil	Nil

Annexure forming part of the Directors' Report (contd.)

Sr	Particulars	GNCL Employee Stock Option Scheme, 2007 – 1st Tranche	GNCL Employee Stock Option Scheme, 2007 – 2nd Tranche	GNCL Employee Stock Option Scheme, 2007 – 3rd Tranche	GNCL Employee Stock Option Scheme, 2007 – 4th Tranche
10	Total number of options in force at the end of the year	24,20,600 Options (these options are also entitled to receive 2,42,060 "B" Equity Shares as bonus shares).	1,53,400 Options (these options are also entitled to receive 15,340 "B" Equity Shares as bonus shares).	28,39,000 Options	32,46,750 Options
11	Employee wise details of options granted to: <ul style="list-style-type: none"> i) Senior Managerial Personnel ii) Employees holding 5% or more of the total number of options granted during the year iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. 	List given below. Options to Directors given in Corporate Governance Report Nil Nil	List given below. Options given to Directors – Nil Nil Nil	List given below. Options to Directors given in Corporate Governance Report Nil Nil	List given below. Options to Directors given in Corporate Governance Report Nil Nil
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on the exercise of option calculated in accordance with Accounting Standard (AS) 20	Not Applicable	Rs.0.05	Not Applicable	Not Applicable
13	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company.	The Company has calculated Employee Compensation Costs on the basis of Intrinsic Value Method and has amortized Rs. 51,21,158.73 for the year ended 31st March, 2012 in respect of 1st & 2nd Tranches of ESOP 2007 Scheme. However, had the company followed Fair Value Method for calculating Employee Compensation Costs, such costs for the year would have been lower by Rs. 15,06,532/- and the Profit after tax higher by the like amount and its impact on Basic as well as Diluted EPS would have been negligible.	Not Applicable	Not Applicable	Not Applicable
14	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date.	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Annexure forming part of the Directors' Report (contd.)

Sr	Particulars	GNCL Employee Stock Option Scheme, 2007 – 1st Tranche	GNCL Employee Stock Option Scheme, 2007 – 2nd Tranche	GNCL Employee Stock Option Scheme, 2007 – 3rd Tranche	GNCL Employee Stock Option Scheme, 2007 – 4th Tranche
15	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the weighted average information.	The fair value of options is estimated using Black Scholes Option Pricing Model after applying the following key assumptions i) Risk free interest rate 6.23% ii) expected life - 10 Years iii) expected volatility 84% iv) expected dividends - 3% v) the price of the underlying share in market at the time of option/grant - the market price (i.e. closing price at NSE) on the day immediately preceding the day of grant i.e. Rs.60.20 per share.	The fair value of options is estimated using Black Scholes Option Pricing Model after applying the following key assumptions i) Risk free interest rate 6.23% ii) expected life - 10 Years iii) expected volatility 84% iv) expected dividends - 3% v) the price of the underlying share in market at the time of option/grant - the market price (i.e. closing price at NSE) on the day immediately preceding the day of grant i.e. Rs.139.15 per share.	The fair value of options is estimated using Black Scholes Option Pricing Model after applying the following key assumptions i) Risk free interest rate 8.0907% ii) expected life - 10 Years iii) expected volatility 85% iv) expected dividends - 2% v) the price of the underlying share in market at the time of option/grant - the market price (i.e. closing price at NSE) on the day immediately preceding the day of grant i.e. Rs.63.05 per share.	The fair value of options is estimated using Black Scholes Option Pricing Model after applying the following key assumptions i) Risk free interest rate 8.33% ii) expected life - 10 Years iii) expected volatility 85% iv) expected dividends 3.2% v) the price of the underlying share in market at the time of option/grant - the market price (i.e. closing price at NSE) on the day immediately preceding the day of grant i.e. Rs.24.30 per share.

NB The shareholders through postal ballot as per its results declared on 2nd May, 2009 have approved re-pricing of all options issued under GNCL Employee Stock Option Scheme, 2007- 1st Tranche and 2nd Tranche at Rs.18.05 per option.

List of employee wise details of Options Granted to Senior Managerial Personnel and outstanding as on 31.3.2012

Sr	Name of the Senior Managerial Personnel	Options granted under GNCL Employee Stock Option Scheme, 2007 – 1st Tranche		Options granted under GNCL Employee Stock Option Scheme, 2007 – 2nd Tranche		Options granted under GNCL Employee Stock Option Scheme, 2007 – 3rd Tranche		Options granted under GNCL Employee Stock Option Scheme, 2007 – 4th Tranche	
		Equity Shares	"B" Equity Shares	Equity Shares	"B" Equity Shares	Equity Shares	Equity Shares	Equity Shares	Equity Shares
1	Mr. P. R. Kanman	42,000	4,200	-	-	27,000	-	25,500	-
2	Mr. P. K. Agrawal	42,000	4,200	-	-	27,000	-	25,500	-
3	Mr S. Maskara	-	-	42,000	4,200	27,000	-	25,500	-
4	Mr K. Sengupta	-	-	-	-	-	-	25,500	-
5	Mr. D. R. Sabherwal	42,000	4,200	-	-	24,000	-	21,000	-
6	Mr. B. Ramaprasad	-	-	29,400	2,940	15,000	-	14,250	-
7	Mr. B. N. Tiwari	29,400	2,940	-	-	21,000	-	18,000	-
8	Mr R K Agarwal	-	-	-	-	21,000	-	18,000	-
9	Mr. M. K. Shah	29,400	2,940	-	-	21,000	-	18,000	-

Report on Corporate Governance

1. Philosophy on Corporate Governance:

The Company believes that the management is the trustee of all investor's capital and is obligated to maximize shareholders value over long term, while preserving the interest of all stakeholders, such as employees, customers, business partners/vendors and the society at large. It is committed to high levels of ethics and integrity in business dealings, which avoids all conflicts of interest. In order to conduct business with these principles, Gujarat NRE creates simple corporate structures based on business needs and maintains a high degree of transparency through regular disclosures and a focus on adequate control mechanism.

Gujarat NRE Coke 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 principles of Corporate Governance adopted by Gujarat NRE Coke leads the company's governance philosophy, trusteeship, transparency, independence, fairness, accountability and social responsibility, which in turn is the basis of public confidence in corporate system.

A Report in line with the requirement of clause 49 of listing agreement with Stock Exchange for the year ended 31st March, 2012 is given below.

2. Board of Directors:

Composition, Category & Independence etc.

The Board of Directors of the Company represents an appropriate mix of executive and independent directors which provides leadership, guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board consists of seven members out of which five directors are Non-Executive Independent Directors. The Company has one Promoter

Non Executive Director and one Promoter Chairman & Managing Director on the Board.

As mandated by Clause 49 of the Listing Agreement, the Non Executive Independent Directors on the company's Board

- Apart from receiving sitting fee, commission and stock options, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or any one level below the Board.
- Have not been an executive of the company in the immediately preceding three financial years.
- Are not partners or executive or were not partners or executives during the preceding three financial years of the -
 - Statutory Audit firm or the internal audit firm that is associated with the company.
 - Legal Firm(s) and consulting firm(s) that have a material association with the company.
 - Are not material suppliers, service providers or customers or lessors or lessees of the company,
- Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares/rights.
- Are not less than 21 years of age.
- As mandated by clause 49, none of the Directors are members of more than ten Board committees nor are they Chairman of more than five committees across all companies in which they occupy the position of a Director.

The Chairman & Managing Director has been appointed by the shareholders on such terms and conditions including remuneration on the recommendation of the Board of Directors. The details of remuneration received by him during 2011-12 are given elsewhere in this Report

The following Table indicates the 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 & Managing Director</i>	Promoter Executive	8	1	1
Mrs. Mona Jagatramka	Promoter Non-Executive	5	-	-
Mr. Subodh Kumar Agrawal	Non Executive Independent	1	1	1
Mr. Chinubhai R Shah	Non Executive Independent	13	3	5
Dr. Basudeb Sen	Non Executive Independent	6	3	1
Dr. Mahendra Kumar Loyalka	Non Executive Independent	-	-	-
Mr. Murari Sananguly	Non Executive Independent	-	-	-

*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 and shareholders' grievance committee in Indian Public Limited Companies have been considered.

Meetings and Attendance Record of Directors.

The Board meets on a regular basis to ensure overall focus on preserving and increasing stakeholders' value. This includes review of Company strategy and performance, management oversight, ethical business practices and legal compliance, accounting and financial controls, financial structure, preservation of assets and Board effectiveness. The required information as enumerated in Annexure IA of Clause 49 of the Listing Agreement is made available to the Board of Directors for discussion and consideration at the Board Meeting. The Chairman & Managing Director keeps the Board apprised of the overall operations & performance of the Company and about the market of the products of the Company.

Report on Corporate Governance (contd.)

During the year ended on March 31, 2012, 5 (Five) Board Meetings were held on April 24, July 15, September 30, November 7, in 2011 and on February 13 in 2012. The maximum time gap between any two consecutive board meetings did not exceed four months. The last AGM was held on September 30, 2011.

The following Table indicates the attendance of each Director at these Board Meetings and at the last Annual General Meeting (AGM):

Name of the Directors	No. of Board Meetings held	No. of Board Meetings Attended *	Attendance at last AGM held on 30.9.2011
Mr. Arun Kumar Jagatramka	5	5	Yes
Mrs. Mona Jagatramka	5	5	Yes
Mr. Subodh Kumar Agrawal	5	4	Yes
Mr. Chinubhai R Shah	5	5	Yes
Dr. Basudeb Sen	5	4	Yes
Dr. Mahendra Kumar Loyalka	5	4	No
Mr. Murari Sananguly	5	5	Yes

(* Includes participation through tele-conference/video-conference)

3. Code of Conduct

The Company's Board has laid down a Code of Conduct for all Board members and Senior Management personnel for avoidance of conflict of interest. This Code inter alia requires the Board members and Senior management personnel to also comply with the Code of Conduct for Insider Trading as laid down by Securities & Exchange Board of India (SEBI). The Company has received necessary confirmations affirming compliance of the Code from all of them during the year 1.4.2011 to 31.3.2012. A declaration to this effect, duly signed by the Chairman & Managing Director and Chief Financial Officer of the Company, is given in CEO & CFO's Certificate as annexed hereto and forms a part of this Report.

4. Board Committees:

To focus effectively on the issues and ensure expedient decision making/resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/ scope. The Committees operates as empowered agents of the Board as per their Charter/terms of reference. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out.

At present there are 5 (five) Committees of the Board (constituted by the Board in earlier years) namely, Audit Committee, Share Transfer Committee, Shareholders/ Investors' Grievance Committee, Remuneration/ Compensation Committee and Management Committee. The scope of the said Committees and its memberships etc. are as follows:

(a) Audit Committee

i) **Terms of Reference.** The primary objective of the committee is to monitor and provide effective supervision of the Management's financial reporting process to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 of the Listing Agreement and 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 to fix 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, compliance with Stock Exchanges and 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 of unlisted subsidiary company, in particular, the investment, if any, made and all significant transactions entered into by the subsidiary company.
- 8) To review the minutes of the Board meetings of the unlisted subsidiary company along with a statement of significant transactions and arrangements it has entered into, if any.
- 9) To review the statement of material related party transactions.
- 10) 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:

Mr. Subodh Kumar Agrawal, Committee Chairman

Dr. Basudeb Sen., Director

Mr. Chinubhai R Shah, Director

Dr. Mahendra Kumar Loyalka, Director

Mr. Murari Sananguly, Director (appointed as member w.e.f. 13.02.2012)

All the members of the Committee are NonExecutive Independent Directors. Mr. Subodh Kumar Agrawal, an Independent Director is a qualified Chartered Accountant. Dr. Basudeb Sen, Mr. Chinubhai R Shah, Dr Mahendra Kumar Loyalka and Mr Murari Sananguly are other Directors possessing extensive experience in the respective fields of accounting, finance, taxation, business policies and management. The Company Secretary acts as the Secretary to this Committee.

Report on Corporate Governance (contd.)

iii) Meetings and Attendance

During the financial year ended on March 31, 2012, four meetings of Audit Committee were held on April 24, July 15 and November 7 in 2011 and on February 13 in 2012.

The attendance of the committee members in these meetings were as follows. Mr. Murari Sananguly has been appointed as a member of the Audit Committee w.e.f 13.02.2012.

Name(s)	Held	Attended*
Mr. Subodh Kumar Agrawal	04	03
Dr. Basudeb Sen	04	03
Mr. Chinubhai R Shah	04	04
Dr. Mahendra Kumar Loyalka	04	04

(* Includes participation through tele-conference/video-conference)

The Statutory Auditors of the Company are invited to attend audit committee meeting whenever required. Chairman & Managing Director, Chief Financial Officer (CFO), Internal Auditor and other senior executives are also invited to attend and deliberate in the Audit Committee meetings.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

(b) Share Transfer Committee

The Committee at present consists of the following members:

- Dr. Basudeb Sen, Committee Chairman
- Mr. Subodh Kumar Agrawal, Director
- Dr. Mahendra Kumar Loyalka, Director
- Mr. Pawan Kumar Agrawal, Sr. Vice President

The Committee meets at regular intervals to consider and approve transfers, transmission and issue of duplicate share certificates. The Company Secretary acts as the Secretary to this Committee. During the year under review, 12 meetings were held and the attendance of the committee members in these meetings were as follows :

Name(s)	Held	Attended*
Dr. Basudeb Sen	12	11
Mr. Subodh Kumar Agrawal	12	10
Dr. Mahendra Kumar Loyalka	12	07
Mr Pawan Kumar Agrawal	12	11

(* Includes participation through tele-conference/video-conference).

(c) Shareholders'/Investors' Grievance Committee

The Committee, at present, consists of the following members:

- Mr. Subodh Kumar Agrawal, Committee Chairman
- Dr. Mahendra Kumar Loyalka, Director
- Dr. Basudeb Sen, Director

The Committee looks into the redressal of shareholders' and investors' complaints like transfer of shares,

nonreceipt of Annual Reports & Accounts, non-receipt of declared dividends etc. The Committee met 4 times during the year under review and the attendance of the committee members in these meetings were as follows:

Name(s)	Held	Attended*
Mr. Subodh Kumar Agrawal	4	4
Dr. Mahendra Kumar Loyalka	4	2
Dr Basudeb Sen	4	3

(* Includes participation through tele-conference/video-conference)

Mr. Manoj K Shah, Company Secretary has been designated as the Compliance Officer by the Board and assigned with the responsibilities of overseeing shareholders'/investors' grievances under the supervision of the Committee. He also acts as the Secretary to this Committee. There were no complaints which remained pending at the beginning of the year and out of 73 complaints received during the year ended 31st March, 2012, 73 complaints were redressed and no complaint was pending as on 31st March, 2012.

(d) Remuneration/Compensation Committee.

The Committee consists of following members :

- Dr. Mahendra Kumar Loyalka, Committee Chairman
- Mr. Subodh Kumar Agrawal, Director
- Mr. Arun Kumar Jagatramka, CMD
- Dr. Basudeb Sen, Director
- Mr. Murari Sananguly, Director

The terms of reference of this Committee is to consider and approve the remuneration payable to managerial personnel including Chairman & Managing Director upon examining a) employment scenario, b) remuneration package, c) individual performance track record and d) the provisions relating to payment of managerial remuneration prescribed under the Companies Act, 1956 and/or rules framed under the said Act. The Company is committed to make full disclosures regarding its payment to all directors. Apart from sitting fees for attending Board and Committee meetings and grant of Stock options, the Company did not pay any other remuneration to the non-executive directors during the year under review. The details of remuneration paid by the Company to its Executive and Non-executive Directors during the year under review are given below. The Company Secretary acts as the Secretary to this Committee.

The attendance at the meeting of the Committee during the year under review is as follows:

Name(s)	Held	Attended*
Dr Mahendra Kumar Loyalka	02	01
Mr. Subodh Kumar Agrawal	02	02
Mr Arun Kumar Jagatramka	02	02
Dr Basudeb Sen	02	02
Mr. Murari Sananguly	02	02

(* Includes participation through tele-conference/video-conference)

(i) Payments made to the Chairman and Managing Director & Whole time Director during the year under review are given in the following Table :

Name of the Directors	Salary (Rs.)	Perquisite (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs.)	Service Contract/ Notice Period/ Severance Fees
Mr. Arun Kumar Jagatramka	1,20,00,000	29,20,121	Nil	14,40,000	1,63,60,121	As per Service Contract

Report on Corporate Governance (contd.)

(ii) Details of sitting fees paid to the non-executive Directors for the year ended March 31, 2012 along with shares/convertible instruments held by them are given in the following Table:

Name of the Director	Equity Shares & "B" Equity Shares held	Sitting Fees Paid * (Rs.)	Commission Paid (Rs.)	Service Contract/ Notice Period/ Severance Fees
Mrs. Mona Jagatramka	58,55,007 Equity Share & 5,85,500 "B" Equity Shares	1,00,000	Nil	Retire by Rotation
Mr. Subodh Kumar Agrawal	35,000 Equity Shares & 3,500 "B" Equity Shares	3,85,000	Nil	Retire by Rotation
Mr. Chinubhai R Shah	50,000 Equity Shares & 5,000 "B" Equity Shares	1,80,000	Nil	Retire by Rotation
Dr. Basudeb Sen	35,000 Equity Shares & 3,500 "B" Equity Shares	3,00,000	Nil	Retire by Rotation
Dr. Mahendra Kumar Loyalka	35,000 Equity Shares & 3,500 "B" Equity Shares	2,60,000	Nil	Retire by Rotation
Mr. Murari Sananguly	37,440 Equity Shares & 3,744 "B" Equity Shares	1,60,000	Nil	Retire by Rotation

(* includes sitting fees paid for attending any committee meeting.)

NB Non-executives Directors hold no convertible instrument issued by the Company except ESOP and the details of their holdings in ESOP are given below.

(iii) Details of Outstanding Stock Options held by Directors, if any, as on 31st March 2012 and whether issued at a discount as well as the period over which accrued and over which exercisable are given in the following Tables :

A) Under GNCL Employee Stock Option Scheme, 2007 1st tranche -

Name of the Director	Options Outstanding as on 31.3.2012	Whether issued at a discount	Period over which Accrued	Period over which exercisable
Mr Subodh Kumar Agrawal	70,000	No	On or After 1.6.2022	1.6.2022 to 31.5.2025
Mr. Chinubhai R Shah	70,000	No	On or After 1.6.2013	1.6.2013 to 31.5.2016
Dr. Basudeb Sen	70,000	No	- do -	- do -
Dr. Mahendra Kumar Loyalka	70,000	No	- do -	- do -
Mr. Murari Sananguly	70,000	No	- do -	- do -

NB The abovementioned options were re-priced and are convertible at the rate of Rs.18.05 per share as already stated in an Annexure to the Directors Report i.e. Disclosure on ESOP.

B) Under GNCL Employee Stock Option Scheme, 2007 3rd tranche -

Name of the Director	Options Outstanding as on 31.3.2012	Whether issued at a discount	Period over which Accrued	Period over which exercisable
Mr Subodh Kumar Agrawal	20,000	No	On or after 9.7.2013	9.7.13 - 8.7.16
	20,000	No	On or after 9.7.2014	9.7.14 8.7.17
	20,000	No	On or after 9.7.2015	9.7.15 8.7.18
Mr. Chinubhai R Shah	20,000	No	On or after 9.7.2013	9.7.13 - 8.7.16
	20,000	No	On or after 9.7.2014	9.7.14 8.7.17
	20,000	No	On or after 9.7.2015	9.7.15 8.7.18
Dr. Basudeb Sen	20,000	No	On or after 9.7.2013	9.7.13 - 8.7.16
	20,000	No	On or after 9.7.2014	9.7.14 8.7.17
	20,000	No	On or after 9.7.2015	9.7.15 8.7.18
Dr. Mahendra Kumar Loyalka	20,000	No	On or after 9.7.2013	9.7.13 - 8.7.16
	20,000	No	On or after 9.7.2014	9.7.14 8.7.17
	20,000	No	On or after 9.7.2015	9.7.15 8.7.18
Mr. Murari Sananguly	20,000	No	On or after 9.7.2013	9.7.13 - 8.7.16
	20,000	No	On or after 9.7.2014	9.7.14 8.7.17
	20,000	No	On or after 9.7.2015	9.7.15 8.7.18

Report on Corporate Governance (contd.)

C) Under GNCL Employee Stock Option Scheme, 2007 4th tranche -

Name of the Director	Options Outstanding as on 31.3.2012	Whether issued at a discount	Period over which Accrued	Period over which exercisable
Mr Subodh Kumar Agrawal	15,000	No	On or after 30.09.2014	30.09.2014 29.09.2017
	15,000	No	On or after 30.09.2015	30.09.2015 29.09.2018
	15,000	No	On or after 30.09.2016	30.09.2016 29.09.2019
Mr. Chinubhai R Shah	15,000	No	On or after 30.09.2014	30.09.2014 29.09.2017
	15,000	No	On or after 30.09.2015	30.09.2015 29.09.2018
	15,000	No	On or after 30.09.2016	30.09.2016 29.09.2019
Dr. Basudeb Sen	15,000	No	On or after 30.09.2014	30.09.2014 29.09.2017
	15,000	No	On or after 30.09.2015	30.09.2015 29.09.2018
	15,000	No	On or after 30.09.2016	30.09.2016 29.09.2019
Dr. Mahendra Kumar Loyalka	15,000	No	On or after 30.09.2014	30.09.2014 29.09.2017
	15,000	No	On or after 30.09.2015	30.09.2015 29.09.2018
	15,000	No	On or after 30.09.2016	30.09.2016 29.09.2019
Mr. Murari Sananguly	15,000	No	On or after 30.09.2014	30.09.2014 29.09.2017
	15,000	No	On or after 30.09.2015	30.09.2015 29.09.2018
	15,000	No	On or after 30.09.2016	30.09.2016 29.09.2019

(iv) Other Remuneration:

The shareholders of the Company at the 24th AGM held on 30th September, 2011 had in supersession to the resolution passed at the previous AGM, approved the payment of such remuneration comprising of incentive/commission to all the non-executive directors (to be equally divided amongst them) as may be determined by the Board on annualized basis for a period of 5 (five) years commencing from 1st April 2011, such that the aggregate of such remuneration shall -

- Not exceed 1% of the Net profits (computed as per the provisions of Sections 198, 349 and 350 of the Companies Act, 1956) for net profits earned upto Rs. 200 crores during any corresponding financial year and
- where the net profits earned during any corresponding financial year exceeds Rs.200 crores, they shall be entitled to an aggregate incentive/commission as computed in clause (a) above plus incentive commission not exceeding 0.5% of net profits, in respect of net profits earned beyond Rs.200 crores.

Besides the aforesaid, no other pecuniary relationship or transaction exist vis-a-vis the Company and its Independent Directors.

(e) Management Committee

Management Committee consists of the following members:

- Mr. Arun Kumar Jagatramka, CMD Committee Chairman

- Mr. Subodh Kumar Agrawal, Director
- Mr. P. R. Kannan, Chief Financial Officer,
- Mr. Pawan Kumar Agrawal, Senior Vice President

The term of reference of the committee comprises of matters generally of routine nature such as allotment of shares on conversion of FCCBs/ Warrants/ESOP etc., to borrow other than by issue of Debenture(s), to give Loan(s)/ Advance(s) as well as to invest funds of the company, to issue securities and/or to provide guarantee(s) on the basis of limits prescribed by the Board, opening and closure of bank accounts, filing of forms and any other matter of routine nature etc. subject to guidelines and supervision of the Board. The Company Secretary acts as the Secretary to this Committee. The committee met 20 times during the year under review. The attendance of the Committee members at the Management Committee meetings during the year under review were as follows:

Name(s)	Held	Attended*
Mr. Arun Kumar Jagatramka	20	20
Mr. Subodh Kumar Agrawal	20	17
Mr. P. R. Kannan	20	20
Mr. Pawan Kumar Agrawal	20	20

(* Includes participation through tele-conference/video-conference)

5. General Body Meetings:

a) The details of last 3 Annual General Meetings :

Year	Meeting	Location	Date	Time	Special Resolution, if any
2010-11	24th AGM	Kala Mandir, 48, Shakespeare Sarani, Kolkata – 700 017	30.09.2011	11.30 A.M.	Yes
2009-10	23rd AGM	Kala Mandir, 48, Shakespeare Sarani, Kolkata – 700 017	10.09.2010	11.30 A.M.	Yes
2008-09	22nd AGM	Ghanshyam Das Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata – 700 019	19.09.2009	11.45 AM	No

Report on Corporate Governance (contd.)

- b) **Postal Ballot:** One Special Resolution was passed by the members during the financial year ended 31st March, 2012 through Postal Ballot as per results declared on 24th day of September, 2011. Mr. S. K. Ghosh, Practicing Company Secretary, duly appointed by the Board as Scrutinizer, conducted this Postal Ballot exercise and the details of voting pattern as per report submitted by him to the Chairman is as follows :

Sr No.	Subject Matter of Resolutions	No of valid postal ballot forms received	Votes in favour of the resolution	Votes against the resolution	% of votes in favour	No. of invalid postal ballot forms received
1	To make investment/ loan and/or give guarantee/ security in excess of limits under Section 372A of the Companies Act, 1956.	676	27,37,01,106	24,368	99.99	210

6. Subsidiaries:

The Company has two Indian Subsidiaries i.e. Manor Dealcom Pvt. Ltd and Huntervalley Coal Pvt. Ltd. and nine Australian Subsidiaries (including sub-subsidiaries) i.e. Gujarat NRE Ltd., Gujarat NRE Coking Coal Ltd., Gujarat NRE Coal (NSW) Pty Ltd., Gujarat NRE Resources NL, Gujarat NRE Wonga Pty Ltd (Previously known as Gujarat NRE FCGL Pty Ltd), Gujarat NRE Properties Pty Ltd., Wonga Coal Pty Ltd., Gujarat NRE India Pty Ltd. and Southbull Holdings Pty Ltd as on 31st March, 2012. The Company is adequately represented on the Board of Subsidiaries. The financial performance of the Subsidiaries is discussed by the Board at its meeting and the details of investment made by and minutes of the unlisted subsidiaries are also reviewed by the Company's Board.

7. Disclosures:

- a) **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 Director's 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. 33(C) of Notes to Financial Statement for the year ended March 31, 2012. The Company's major related party transactions are generally with its Subsidiaries and Group Associates. The related party transactions are entered into based on consideration of various business exigencies, synergy in operations, and optimization of market share, profitability, legal requirements, liquidity and capital resources of Subsidiaries/Associates. All related party transactions are negotiated at arms length basis and in the interest of the Company.
- b) **Details of Compliance** - The Company is regular in complying with the requirements of the regulatory authorities on the matters relating to the Capital market and no penalties/strictures have been imposed on the Company by Stock Exchange or SEBI or any regulatory authority, during last three years.
- c) **Whistle Blower Policy** The Company has a Whistle Blower Policy and appropriate mechanism in place. Employees can directly report to the top most management (including Chairman & Managing Director and/or the members of the Board/Audit Committee) any concerns about any unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. Management on its turn is responsible for establishing a fearless atmosphere where reporting employee doesn't fear being harassed, demoted or retaliated or threatened in any way and simultaneously receiving, investigating and acting upon

complaints and concerns regarding actual/ possible violation of Code of Conduct or an event that could affect the business and/or reputation of the Company and/or its Subsidiaries or its Associates. No personnel of the company have been denied access to the audit committee during the year under review.

- d) **Non-Mandatory Requirements** The Company is duly complying with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and it has also adopted some of the non-mandatory requirements defined therein such as formation of Remuneration Committee, adoption of best practices to ensure regime of unqualified financial statements, whistle blower policy.

8. Means of Communication:

- a) The quarterly, half yearly and yearly financial results of the Company as taken on record and approved by the Board of Directors are published in leading newspapers such as Economic Times (English) in its All India editions and Dainik Statesman/Sakalbela (Bengali) in its West Bengal edition.
- b) The quarterly, half yearly and yearly financial results are also sent immediately upon conclusion of the meeting approving them, to the Stock Exchange(s) on which the Company's shares are listed.
- c) Copies of the financial results and Annual Reports of the Company are provided to various Analysts, Government Departments, Investors and others interested in getting the same upon receipt of requests.
- d) The Management Discussion and Analysis is annexed to the report and forms a part of this Annual Report.
- e) The quarterly, half yearly and yearly results, press releases and relevant presentations of the Company are displayed in the company's website: www.gujaratnre.com.

9. General Shareholders' Information:

- a) **Annual General Meeting :**
- Date and Time** : Friday. 28th September, 2012 at 11.30 a.m.
- Venue** : Kalamandir, 48, Shakespeare Sarani, Kolkata – 700 017.
- b) **Financial Year** : 12 months from 1st April, 2011 to 31st March, 2012
- c) **Book Closure Date** : Wednesday, the 19th day of September 2012 to Friday, the 28th day of September 2012 (Both days included).
- d) **Dividend Payment** : On or before 27th October, 2012.

Report on Corporate Governance (contd.)

- e) Particulars in respect of Unclaimed dividends declared by the Company for the financial year 2004-06(2nd interim) and thereafter is given in the following Table:

Financial year	Date of declaration of Dividend	Last date of claiming unpaid Dividend
2004-06 (2nd Interim)	13.07.2005	12.07.2012
2004-06 (3rd Interim)	29.10.2005	28.10.2012
2004-06 (Final)	03.07.2006	02.07.2013
2006-07 (Final)	28.09.2007	27.09.2014
2007-08 (Final)	17.09.2008	16.09.2015
2008-09 (Final)	19.09.2009	18.09.2016
2009-10 (Final)	10.09.2010	09.09.2017
2010-11(Final)	30.09.2011	29.09.2018

- f) Listing of Equity Shares on Stock Exchanges :

- (i) Bombay Stock Exchange Ltd.
P J Towers, Dalal Street, Fort, Mumbai - 400 001
- (ii) National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

- g) Listing Fees:

Annual Listing Fees for the year 2012-2013 have been paid to both the Stock Exchanges. The Company has also paid the Annual Custody Fees to both the Depositories for the year 2012-2013.

- h) Depositories:

- i) National Securities Depository Ltd.
Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.
- ii) Central Depository Services (India) Ltd.
P J Towers, 17th Floor, Dalal Street, Fort, Mumbai - 400 001.

- i) Stock Codes:

Equity Shares :

Stock Exchange(s) -	Stock Code
Bombay Stock Exchange, (BSE)	512579
National Stock Exchange (NSE)	GUJNRECOKE
ISIN of equity shares (on both the depositories)	INE110D01013

“B” Equity Shares (DVR Shares) :

Stock Exchange(s) -	Stock Code
Bombay Stock Exchange, (BSE)	570003
National Stock Exchange (NSE)	GUJNREDVR
ISIN of equity shares (on both the depositories)	IN9110D01011

Non-convertible Debentures quoted only at Bombay Stock Exchange (BSE)

Series	Non-convertible Debentures	Stock Id at BSE	Stock Code at BSE	ISIN No. at NSDL
2nd	11.9% NCD's of Rs. 10 lac each	GUJNRE07029	946074	INE110D07044
4th	12.5% NCD's of Rs. 10 lac each	GNCL30MAY9A	946143	INE110D07101
5th	12.5% NCD's of Rs. 10 lac each	GNCL30 MAY9B	946144	INE110D07069
6th	12.5% NCD's of Rs. 10 lac each	GNCL30MAY9C	946145	INE110D07077
7th	12.5% NCD's of Rs. 10 lac each	GNCL30MAY9D	946146	INE110D07085
8th	12.5% NCD's of Rs. 10 lac each	GNCL30MAY9E	946147	INE110D07093
9th	11.0% NCD's of Rs. 10 lac each	GNCL29APR10	946071	INE110D07119

Warrants issued under Qualified Institutional Placement

ISIN no of Warrants INE110D13018

Stock Code at BSE W1-GUJNRECOKE

Stock Code at NSE W1-GUJNRECOKE

- j) Market Price Data:

The Market Price of the Equity Shares of the Company during 2011-12 is given in the table below:

Equity Shares -

Months	BSE		NSE	
	High	Low	High	Low
April 2011	58.65	49.40	58.65	49.30
May 2011	52.00	46.90	51.95	41.25
June 2011	52.50	43.60	52.60	43.55
July 2011	48.90	43.80	48.95	43.60
August 2011	45.70	26.15	45.55	25.50
September 2011	29.50	24.00	29.40	20.50
October 2011	25.50	20.60	25.25	20.50
November 2011	24.95	17.40	25.00	17.40
December 2011	19.00	14.80	19.00	14.70
January 2012	23.35	16.10	23.30	16.05
February 2012	28.90	22.05	28.40	22.05
March 2012	26.40	21.35	28.70	21.25

“B” Equity Shares (DVR Shares)

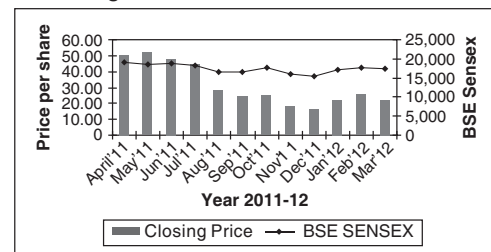
Months	BSE		NSE	
	High	Low	High	Low
April 2011	32.00	28.70	31.60	28.55
May 2011	30.00	23.90	29.85	23.90
June 2011	28.00	21.05	27.45	21.25
July 2011	27.50	24.15	28.50	24.00
August 2011	25.00	17.10	25.30	17.10
September 2011	19.95	15.85	19.00	15.40
October 2011	18.45	15.35	17.75	15.15
November 2011	17.90	13.85	18.10	13.50
December 2011	14.95	10.00	14.90	10.15
January 2012	14.45	10.15	14.40	11.25
February 2012	17.25	12.30	17.45	12.25
March 2012	17.35	13.25	17.15	13.75

NB-1. Data relating to BSE & NSE has been taken from their respective websites.

Warrants & NCDs There is hardly any trading in listed warrants and NCDs of the Company and therefore, its month-wise market prices are not available.

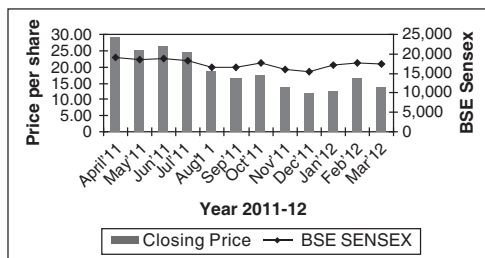
- k) Share Price Performance for

- a) Equity Shares as compared to BSE Sensex during 2011-12:



Report on Corporate Governance (contd.)

b) "B" Equity Shares as compared to BSE Sensex during 2011-12:



NB Data relating to BSE Sensex and Closing price of Company's Equity Shares & B Equity Shares has been collected from BSE Website.

l) Registrar and Share Transfer Agents:

M/s. Niche Technologies Private Limited,
D-511, Bagri Market, 71, B. R. B. Basu Road,
Kolkata-700 001
Phones: +91-33-22357270/7271
Fax: +91-33-22156823
E-Mail: nichetechpl@nichetechpl.com

m) Designated Exclusive email id : The Company has designated the following email id exclusively for investor servicing : investor@gujaratnre.com

n) Share Transfer System:

All matters pertaining to share transfers are being handled by M/s. Niche Technologies 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 by the Share Transfer Committee. The company regularly monitors and supervises the functioning of the system so as to ensure that there are no delays and lapses in the system. Shares held in dematerialised form are traded 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 Payments etc. to the beneficial owners of shares.

The average time taken for process of share transfer requests including dispatch of share certificates etc. is 2 to 3 weeks. Physical shares received for dematerialisation are processed and computerised within a period of seven to ten days from the date of receipt, provided they are found in order in every respect. Bad deliveries are immediately returned to the respective Depository Participant under advice to the Shareholders.

o) Shareholding Pattern as on 31st March 2012 are given in the following Table:

Equity Shares -

Category	No. of Shares	% of Holding
Promoters & Promoter Group	24,17,34,117	46.06
Financial Institutions, Banks, Mutual Funds, etc.	28,18,386	0.54
FII's	10,00,98,344	19.07
Indian Public (incl. Private Corporate Bodies)	16,50,92,660	31.44
NRIs/OCBs	45,50,787	0.87
Clearing Members & others	1,05,85,833	2.02
Total	52,48,80,127	100.00

"B" Equity Shares (DVR Shares) -

Category	No. of Shares	% of Holding
Promoters & Promoter Group	2,41,01,468	45.92
Financial Institutions, Banks, Mutual Funds, etc.	1,40,385	0.26
FII's	60,98,098	11.62
Indian Public (incl. Private Corporate Bodies)	2,15,13,278	40.99
NRIs/OCBs	3,29,279	0.63
Clearing Members & others	3,05,502	0.58
Total	5,24,88,010	100.00

Report on Corporate Governance (contd.)

p) Distribution of Shareholding as on 31st March 2012 are given in the following Table :

Equity Shares -

Shareholding Range	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 - 500	155598	78.07	2,57,86,636	4.91
501 - 1000	21773	10.93	1,68,43,842	3.20
1001 - 5000	18237	9.15	3,91,94,674	7.47
5001 - 10000	2111	1.06	1,48,54,367	2.83
10001 - 50000	1298	0.65	2,56,23,607	4.88
50001 - 100000	124	0.06	87,58,379	1.68
100001 - and above	154	0.08	39,38,18,622	75.03
Total	199295	100.00	52,48,80,127	100.00

"B" Equity Shares (DVR Shares) -

Shareholding Range	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 - 500	134146	97.49	51,46,140	9.80
501 - 1000	1716	1.25	12,42,569	2.37
1001 - 5000	1348	0.98	28,51,055	5.43
5001 - 10000	189	0.14	13,73,382	2.62
10001 - 50000	133	0.09	27,61,529	5.26
50001 - 100000	26	0.02	17,98,600	3.43
100001 - and above	34	0.03	3,73,14,735	71.09
Total	137592	100.00	5,24,88,010	100.00

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

Approximately 99.33% of the Company's Equity Shares and approximately 98.01% of Company's "B" Equity Shares have been dematerialised as on March 31, 2012 respectively. The Equity Shares and the "B" Equity Shares of Company are both actively traded in Stock Exchanges and are permitted to be traded only in dematerialised form.

r) **Outstanding FCCBs / Warrants / ESOS or any other Convertible instruments, Conversion date and likely impact on equity:**

The outstanding convertible bonds, warrants and ESOS as on 31st March, 2012 are as under:

- 2,08,00,000 Warrants of Rs. 120 each issued under Qualified Institutional Placement with option to the warrant holder to get allotment of 1 Equity Share in lieu of each warrant. The warrant holders have the right to exercise the option for conversion of warrants on or before 28th April, 2015. If all the aforesaid warrants are converted then the Share Capital of the Company will increase by 2,08,00,000 Equity Shares of Rs. 10 each and by around 20,80,000 "B" Equity Shares of Rs. 10 each.
- 6,00,00,000 Warrants of Rs. 62.50 each issued on preferential basis to Promoter/ Promoter Group Companies with option to the warrant holder to get allotment of 1 Equity Share in lieu of every warrant. The warrant holders have the right to exercise the option for conversion of warrants on or before 26th

June, 2012. If all aforesaid warrants are converted then the Share Capital of the Company will increase by around 6,00,00,000 Equity Shares of Rs. 10/- each.

- The status on outstanding options under Employee Stock Option Schemes has already been provided in an Annexure to the Directors Report.

s) **Plant Location:**

Coke Plant(s)

1. Vill. : Dharampur, P.O. Khambhalia
Dist.: Jamnagar, Gujarat
Pin: 361305
2. Vill. : Lunva, Taluka-Bhachau
Dist: Kutch, Gujarat
Pin. : 370140
3. Road No. 16, 1st Cross, KIADB,
Belur Industrial Area, Dharwad,
Karnataka, Pin. : 580011

Steel Plant(s)

Vill. : Lunva, Taluka-Bhachau
Dist: Kutch, Gujarat
Pin. : 370140

t) **Address of Subsidiaries**

Manor Dealcom Private Ltd

22, Camac Street, Block C, 5th Floor,
Kolkata 700 016

Huntervalley Coal Private Ltd

22, Camac Street, Block C, 5th Floor,
Kolkata 700 016

Report on Corporate Governance (contd.)

Gujarat NRE Ltd.

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

Gujarat NRE Coking Coal Ltd.

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

Gujarat NRE Coal (NSW) Pty Ltd.

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

Gujarat NRE Resources NL

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

Gujarat NRE Wonga Pty. Ltd.

(previously known as Gujarat NRE FCGL Pty Ltd)

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

Gujarat NRE Properties Pty. Ltd.

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

Wonga Coal Pty Ltd.

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

Gujarat NRE India Pty. Ltd.

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

Southbulli Holdings Pty Ltd.

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

u) Address for Correspondence:

22, Camac Street, Block - C, 5th Floor
Kolkata-700 016,
Phone: +91-33-22891471
Fax: +91-33-22891470
E-mail: kolkata@gujaratnre.com

v) Queries:

Any Query on Financial Statements, Company's
performance etc. may be sent to **investor@
gujaratnre.com** or addressed to the Company.

10. Auditor's Certificate on Corporate Governance

As per Clause 49 of the Listing Agreement, the Auditor's
Certificate on Corporate Governance is annexed to this
Report.

For and on behalf of the Board

Place : Kolkata
Dated : 27th May, 2012

Arun Kumar Jagatramka
Chairman & Managing Director

Auditors' Certificate on Corporate Governance

To the Members of

Gujarat NRE Coke Limited

We have examined the compliance of conditions of Corporate
Governance by Gujarat NRE Coke Limited for the year ended on
31st March 2012, as stipulated in Clause 49G(iii) of the Listing
Agreement of the said Company with the Stock Exchanges.

The compliances of the conditions of the Corporate Governance
is the responsibility of the management. Our examination was
limited to a review of the procedures and implementations thereof,
adopted by the Company for ensuring the compliance of the
conditions of the Corporate Governance as stipulated in the said
clause. It is neither an audit nor an expression of opinion on the
financial statements of the Company.

In our opinion and to the best of our information and according to
the explanations given to us, and based on the representation
made by the Directors and the management, we certify that the
Company has substantially complied with the conditions of
Corporate Governance as stipulated in the above-mentioned
clause of the Listing Agreement.

As required by the guidance note issued by the Institute of
Chartered Accountants of India, we state that as per the records
maintained, there were no investors' complaints remaining
unattended/pending for more than 30 days as at 31st March 2012.

We further state that such compliance is neither an assurance as
to the future viability of the Company nor the efficiency or
effectiveness with which the management has conducted the
affairs of the Company.

For **N. C. Banerjee & Co.,**
Chartered Accountants
(Registration No. 302081E)

Dated : 27th May, 2012
Place : Kolkata

A. Paul
Partner
(Membership No. 06490)

Management Discussion & Analysis

INDUSTRY STRUCTURE & DEVELOPMENTS

ECONOMY

As the western economies seem to submerge in another recession, led by Greece, Italy & Portugal, India has not been able to isolate itself from the European crisis, with the economy registering one of the lowest growth figures recently in the last decade. The feel good factor is fast evaporating and doubts are being raised at some quarters on the future of Indian growth story. The perception of policy paralysis and reforms stagnation has been one of the prime reasons dampening the spirits of India Inc.

However, the intrinsic strength of the Indian economy, buoyed by the demographic dividend and increased domestic consumption of the rising middle class is sure to bring the Indian economy back on track. Government of India, recognising the problems being faced by the Indian economy, has decided to put the economy back on the track by taking several macroeconomic decisions and by strengthening domestic growth drivers. Though no big bang reform is expected at this juncture given the various compulsions, however the government has started taking some steps like supporting infrastructure and construction through massive investments, fast-tracking implementation of various policy decisions, encouraging exports, etc, in an effort to arrest the slide in growth.

WORLD COKING COAL AND METALLURGICAL COKE INDUSTRY

Currently around 70% of global steel is produced in BOF's, and approximately 600 to 750 kg of coking coal is required to produce one ton of steel. As coking coal is primarily used in the production of steel, demand comes from countries that are large steel producers. China being the largest producer of steel, much of global coking coal and met coke supply and demand dynamics depend on how Chinese demand shapes. China imported only 7 MT (million tonnes) in 2008, yet imported approximately 46 MT in 2009 and 43 MT in 2010 and 2011 (through land & sea). It is believed that as per conservative estimates of World Steel Association on China's future steel production, China would import around 45-50 MT in the next couple of years, with Macquarie Bank forecasting that Chinese imports of coking coal will rise to 57 MTPA by 2015.

The ongoing shortage of coking coal, driven in particular by continued strong demand from China and increasingly India, will support prices, which will on average, remain firm or increased from its present levels. Hard coking coal, for which there are few substitutes in coke making, is the highest quality coking coal and thus commands a premium price.

Following the same trend as that of coking coal, the met coke market is also characteristic with supply lagging behind demand. Though no real shortage is expected this year round due to subdued economic activity, however, the closure of units in Europe would have to be filled with supplies from Ukraine, Russia and Columbia. With China also out of global trade, Indian merchant coke producers are presented with an opportunity to tap the global demand. However, with economic activity resuming, and global demand of imported met coke rising to the pre 2009 levels of 25-30 MTPA, the supply would be severely strained in absence of Chinese coke, which would subsequently have positive impact on the prices.

DOMESTIC COKING COAL & MET COKE INDUSTRY

According to World Steel Association, India produced over 72 MT of steel in 2011 becoming the fourth largest producer of steel in the world. According to projections of Ministry of Steel, Government of India, we might become the second largest producer of steel by 2015-16, producing around 120 MTPA. India's coking coal import requirement might rise to over 50 MTPA from present levels of 35 MTPA by then. Securing coking coal supply has been one of the biggest challenges of Indian steel makers.

The country has been experiencing a subdued economic activity and a lower industrial growth for around a year. Coupled with it the iron ore mining issues in South India has further resulted in lower steel production and consequently low demand of met coke. However domestic demand has improved since April 2012 with some huge demands from big steel producers which has resulted a near shortage in domestic market of coke and this supply constrain in domestic met coke may continue till the year end.

OPPORTUNITIES & THREATS

The demand supply gap across the globe for metcoke is significantly attracting more players to enter this segment to reap the benefits. However, shortage in availability of crucial raw material i.e coking coal has restricted the entry of new suppliers making the market skewed in favour of the suppliers. Therefore, organisations owning large metcoke production capacities with strong linkages for raw material sourcing can withstand the competition in the global met coke market with huge opportunities to expand their business.

The future of metcoke industry is heavily reliant on the future of steel industry as steel is the major consumer of metcoke globally with majority of steel still being produced through blast furnace route. Therefore, any slump in steel industry would adversely affect metcoke industry. Metcoke industry is also impacted by availability of crucial raw material i.e coking coal with its global supply generally determining the prices of both coking coal and metcoke. The domestic metcoke industry is also heavily reliant on global supplies and generally moves in tandem with global metcoke market.

The global financial and economic events also play a very crucial role in determining the future of metcoke industry as has been observed during last few years.

COMPANY'S PERFORMANCE

The company's performance during the year under review was affected due to prevalence of flat market conditions and substantial devaluation of rupee as compared to US dollar. The income from operations was marginally lower at Rs. 331.00 crores in the year under review as compared to Rs.336.00 crores during the previous year. However, due to the effect of devaluation of Rupee and prevalent higher interest cost, the net profit during the year under review was consequently lower at Rs. 3.09 crores as compared to Rs. 102.65 crores during the previous year. Accordingly, the Basic & Diluted earnings per share of the Company were reported at Rs.0.05 and Rs.0.05 respectively, for the year under review as compared to Rs.1.85 and Rs.1.82 during the previous year.

Management Discussion & Analysis (Contd.)

SEGMENT WISE PERFORMANCE & OUTLOOK

Coal & Coke

Coking coal and Coke segment has been at the core of the operations of the Company contributing around 75% of the total turnover during the year under review. Net Sales/income from this segment for the year under review amounted to Rs. 1029.26 crores as compared to Rs.1296.81 crores in the previous year.

Steel

Steel segment contributes around 25% to the total turnover. It achieved a turnover of Rs. 342.92 crores during the year under review as compared to Rs.297.90 crores during previous year.

The Company is generating power through its Wind Turbines. This helps the Company to reduce its power costs and ensures regular supply of clean power to its production facilities.

Outlook

The year 2011-12 began with hardening of coking coal and consequently the met coke prices due to floods in Australia and declaration of force majeure by BHP Billiton for Industrial dispute which is the largest supplier of coking coal used mainly for production of met coke. As the year progressed, the global met coke market was affected by various global factors such as eurozone crisis, dampening the economic sentiments across the globe and by the end of the year, the prices had softened substantially. However, continuation of Chinese embargo on met coke exports coupled with supply constraints due to limited availability of coking coal globally and shutting down of met coke producing capacities in Europe and North America are expected to create supply constraints for met coke once the world economy recovers.

RISKS & CONCERNS

Our businesses and operations are subject to a variety of risks and uncertainties which are similar to any other company in general and also common to the industry to which we belong. Some of the key risks and uncertainties affecting the company are set forth below. Any of these risks has the potential of causing the actual operating results in future to vary materially from the current results or from anticipated future results.

- a) Commodity Price Risk :** The Company is exposed to the risk of price fluctuations on raw materials and finished goods. However, considering the normal correlation in the prices of raw material i.e coking coal and finished good i.e. met coke, this risk gets reduced/adjusted over a period of time.
- b) Production Risk :** Coking coal, the critical raw material required for manufacture of met coke is in short supply internationally resulting in uncertainty in its availability and consequently, its prices. Timely availability of raw material at reasonable prices is therefore, critical for survival in this industry. The Company's strategy of backward integration by acquiring coking coal mines in Australia helps in minimising the effect of volatility in prices and secures availability of premium quality hard coking coal.

c) Forex Risk : The company like any other company operating in global markets is subject to Forex Risk. The Company however, has a policy to hedge its foreign exchange risk within the defined parameters. As imports (raw materials etc.) exceed exports or vice versa, the Company suitably hedges the differential from time to time to appropriately manage the currency risk. However, such hedging does not assure avoidance of any losses due to sudden and/or substantial volatility in currency markets.

d) Risk from Natural Calamities: Any act of nature detrimental to the smooth functioning of the mining of Coking coal in Australia as well as production of metallurgical coke in India, can adversely affect the performance of the Company.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has adequate internal controls for its business processes across plants and offices to ensure efficient operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions. The Company also has an internal audit system which is conducted by an independent firm of Chartered Accountants as well as a strong Inhouse Internal Audit Cell so as to cover various operations on regular basis throughout the year. Summarized Internal Audit Observations/Reports are reviewed by the Audit Committee on a regular basis. The finance and accounts functions of the Company are well staffed with qualified and experienced members.

HUMAN RESOURCES

Your company considers its people at its most important resource. All employees of Gujarat NRE are considered leaders and encouraged to take responsibility to do their best that they can while meeting business needs. Our strength lies in our human pool of resources and our success is largely dependent on them. The Company therefore, focuses on developing its talent pool and its employee capability through increased emphasis on learning and skill upgradation job rotation, multi skilling and inter plant sharing of experiences. Critical skills identification and ramp up planning continues at the operating level. The Company continuously reviews its policies/practices with a view to make them more contemporary and uniform in application and this is an ongoing process. To improve quality of work life, medical, transport facilities, welfare and recreational facilities have been reviewed and upgraded. All these efforts had an impact on reducing the attrition levels at our plants and offices. Cordial industrial relations prevailed across the Company and its subsidiaries during the year under review.

CAUTIONARY STATEMENT

The statement in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statement' within the meaning of applicable securities laws and regulations. These statements being based on certain assumptions and expectations of future events, actual results could differ materially from those expressed or implied. The Company assumes no responsibility whatsoever, in this regard.

Managing Director (CEO) & Chief Financial Officer (CFO) Certification

We, Mr. Arun Kumar Jagatramka, Chairman & Managing Director and Mr. P R Kannan, Chief Financial Officer certify that:

- 1) We have reviewed the Financial Statements and the Cash Flow Statements for the year ended 31st March 2012 and to the best of our knowledge and belief :
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulation.
- 2) To the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- 3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, any deficiencies in the design or operation of such internal controls of which we are aware and the steps that have already been taken or proposed to be taken to rectify these deficiencies.
- 4) We have disclosed based on our most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee that -
 - a. there has not been any significant change in internal control over financial reporting during the year under reference;
 - b. there has not been any significant change in the accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - c. we are not aware of any instance during the year of any significant fraud with involvement therein of the management or any employee having a significant role in the company's internal control system over financial reporting.
- 5) We further declare that all board members and senior management personnel have affirmed compliance with the Code of Conduct during the year under review.

Place : Kolkata
Date : 26th May, 2012

A K Jagatramka
Chairman &

P R Kannan
Chief

Managing Director **Financial Officer**

Auditors' Report

To the members of

Gujarat NRE Coke Ltd.

1. We have audited the attached Balance Sheet of Gujarat NRE Coke Limited as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company 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 sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of books and records of the company as we considered appropriate and according to the information and explanations given to us, 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 paragraph 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 purposes 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 to the extent applicable;
- (e) On the basis of written representations received from the directors as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2012 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 the significant accounting policies 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 March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss of the profit for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For N.C.Banerjee & Co.
Chartered Accountants
(Firm's Registration No. : 302081E)

Place : Kolkata
Dated : 27th May, 2012

A Paul
(Partner)
Membership No. 06490

Annexure referred to in paragraph 3 of Audit Report of even date to the members of Gujarat NRE Coke Ltd. for the year ended 31st March 2012.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We were informed that the Company has a phased programme of physical verification of all its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, fixed assets required to be verified were physically verified by management during the period under review and no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year under review were not substantial and therefore do not affect the going concern status of the company.
- (ii) (a) During the year inventories have been physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) In our opinion and according to the information and explanations given to us, the company has not granted or taken loans, Secured or Unsecured, to/from the companies, firm or other parties covered in the Register maintained under section 301 of the Companies Act, 1956 consequently clause 4 (iii) of the order is not applicable to the company.
- (iv) 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 the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. No major weakness in internal control system was observed.
- (v) (a) According to the information and explanations given to us, we are of the opinion that particulars of all the transactions made in pursuance of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.

Annexure to Auditors' Report (contd.)

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five 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.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been

maintained. We have not, however, carried out a detailed examination of such records with a view to determine whether they are accurate or complete.

- (ix) (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 undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues with appropriate authorities during the year under review.
The Central Government has not notified the date for collection cess under Rehabilitation & Revival fund as per Section 441 A of the Companies Act, 1956.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty and Excise duty were in arrear as at 31st March, 2012, for a period of more than six months from the date they became payable except Dividend Distribution Tax amounting to Rs. 9.37 Crores which has since been deposited.

- (c) According to the information and explanations given to us and the records of the company examined by 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./Crores)	Period to which the amount Relates	Forum where/ disputes are pending
Income Tax Act, 1961	Regular Assessment	8.29	2005-06, 2006-07, 2007-08, 2008-09	Income Tax Appellate Tribunal, Kolkata/ Commissioner of Income Tax (Appeals), Kolkata
Chapter V & VA of Finance Act, 1994 (Act 32 of 1994)	Service Tax	0.06	Oct'07 - Mar'08	Custom, Excise and Service Tax Appellate Tribunal, Ahmedabad.
The Customs Act, 1962	Custom Duty	2.55	2004, 2005, 2008, 2010	Custom, Excise and Service Tax Appellate Tribunal, Ahmedabad.

- (x) The Company does not have accumulated losses at the year ended 31st March, 2012 and has not incurred cash losses during the year under review and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks or to any financial institutions or debenture holders.
- (xii) According to the explanation given to us and based on the information available, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of Clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The investments have been held by the company in its own name except to the extent of exemption granted under section 49 of the Companies Act, 1956
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions, on the basis of which the Company has given guarantees for loans taken by the subsidiary companies from banks or financial institutions, are not as such prima facie prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of

account, the term loans were applied for the purpose for which such loans were obtained.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) 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 during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The company has not raised any money by public issues during the year under review.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For N.C.Banerjee & Co.
Chartered Accountants
(Firm's Registration No. : 302081E)

Place : Kolkata
Dated : 27th May, 2012

A Paul
(Partner)
Membership No. 06490

GUJARAT NRE COKE LIMITED

Balance Sheet As at 31st March, 2012

(Rs. in Crores)

	Notes	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	577.37	558.14
Reserves & Surplus	3	910.33	882.98
Money received against Share Warrants		104.15	104.15
		1,591.85	1,545.27
Foreign Currency Convertible Bonds			
		–	77.71
Non-Current Liabilities			
Long Term Borrowings	4	756.91	661.62
Deferred Tax Liability (net)	5	160.65	158.68
Long Term Provisions	6	7.74	93.08
		925.30	913.38
Current Liabilities			
Short Term Borrowings	7	692.06	599.07
Trade Payables	8	790.52	433.74
Other Current Liabilities	9	471.53	273.35
Short Term Provisions	10	44.22	92.29
		1,998.33	1,398.45
	TOTAL	4,515.48	3,934.81
ASSETS			
Non-Current Assets			
Tangible Fixed Assets	11	925.12	943.36
Capital Work-in-Progress	11	171.05	123.99
Non-Current Investment	12	743.29	743.29
Long Term Loan & Advances	13	273.63	370.32
		2,113.09	2,180.96
Current Assets			
Current Investment	14	–	5.00
Inventories	15	1,589.29	1,052.94
Trade Receivables	16	209.99	158.22
Cash & Cash equivalents	17	68.80	84.16
Short Term Loan & Advances	18	534.31	453.53
		2,402.39	1,753.85
	TOTAL	4,515.48	3,934.81
Significant Accounting Policies & Notes on Financial Statements forming part of the financial statements	1 to 39		

In terms of our report of even date annexed hereto

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

For and on behalf of the Board

A. Paul
Partner
Membership No. 06490
Place : Kolkata
Dated : 27th May' 2012.

A K Jagatramka
Chairman &
Managing Director
Place : Kolkata

M Jagatramka
Director
Place : Kolkata

P R Kannan
Chief Financial Officer
Place : London

Manoj K Shah
Company Secretary
Place : Kolkata

Statement of Profit & Loss For the year ended 31st March, 2012

(Rs. in Crores)

Notes	For the year ended 31.03.2012	For the year ended 31.03.2011
INCOME		
Revenue from Operations	1,372.18	1,594.71
Other Income	28.09	81.19
Total Revenue:	1,400.27	1,675.90
EXPENDITURE		
Cost of Materials Consumed	1,285.50	1,045.90
Purchase of Stock-in-Trade	–	118.87
Changes in Inventories of Finished Goods, Stock-in-Process and Stock in Trade	(440.91)	(36.03)
Employees Benefits Expenses	54.58	44.30
Finance Costs	208.57	161.12
Depreciation	56.77	50.44
Other Expenses	170.10	166.86
Total Expenses:	1,334.61	1,551.46
Profit before Exceptional Items & Tax	65.66	124.44
Exceptional Items	60.13	–
Profit before Tax	5.53	124.44
Tax Expenses		
– Current Tax	1.11	24.81
– Deferred Tax	1.97	18.10
– MAT Credit Entitlement	(1.10)	(21.19)
– Tax for Earlier Years	0.46	0.07
Profit after Tax for the year	3.09	102.65
Basic Earnings per Equity & “B” Equity Share (in Rs.) [Face Value Rs. 10 per shares]	0.05	1.85
Diluted Earnings per Equity & “B” Equity Share (in Rs.) [Face Value Rs. 10 per shares]	0.05	1.82
Significant Accounting Policies & Notes on Financial Statements forming part of the financial statements	1 to 39	

In terms of our report of even date annexed hereto

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

For and on behalf of the Board

A. Paul
Partner
Membership No. 06490
Place : Kolkata
Dated : 27th May' 2012.

A K Jagatramka
Chairman &
Managing Director
Place : Kolkata

M Jagatramka
Director
Place : Kolkata

P R Kannan
Chief Financial Officer
Place : London

Manoj K Shah
Company Secretary
Place : Kolkata

Notes on Financial Statement for the year ended 31st March, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

i. Accounting Conventions

The financial statements are prepared under historical cost conventions and as a going concern basis following the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India and in compliance with the provision of the Companies Act, 1956.

ii. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues & expenses for the Year under review and assets & liabilities, 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. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured

- a. In respect of Sales : When the significant risks and rewards of ownership of goods have been passed on to the buyer, which generally coincides with delivery / shipment of goods to customers.
- b. In respect of Interest Income : On time proportion basis taking into account the amount outstanding and the rate applicable.
- c. In respect of Service Income : When the services are performed as per contract.
- d. In respect of Dividend Income : When right to receive payment is established.
- e. In respect of Insurance Claims : On Settlement of Claims
- f. In respect of Guarantee Commission : When right to receive payment is established.

Revenue from product sales is recognized inclusive of Excise duty but exclusive of Sales Tax/Value added Tax (VAT) and net of returns, Sales Discount etc. Sales Returns are accounted for when goods are returned.

iv. Fixed Assets

Fixed assets are stated at historical cost, which comprises cost of purchase/construction cost, cost of borrowing and other cost directly attributable to bring the assets at its working condition and location for its intended use. Expenditures during construction period are allocated to the relevant assets in the ratio of costs of respective assets.

v. Depreciation on Fixed Assets

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. Inventories

1. Inventories are valued as under:

- a. Raw Materials : At Cost or Net Realisable Value whichever is lower
- b. Finished Products : At Cost or Net Realisable Value whichever is lower
- c. Stores, Spares and Components : At Cost or Net Realisable Value whichever is lower
- d. Stock in process : At Raw material Cost plus estimated cost of conversion up to the stage of completion or Net Realisable Value whichever is lower.

Cost includes all direct cost and applicable manufacturing and administrative overheads.

2. Inventories are valued on FIFO basis.

3. Variation, if any, between books and physical stocks detected on physical verification, obsolete & slow moving stocks are adjusted in accounts as found appropriate.

vii. Investments

Long term investments are stated at cost. Provision is made when diminution in the value of investments is considered permanent in nature.

Current investments are stated at lower of cost and market value.

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

viii. Foreign Exchange Transactions

a. Initial Recognition:

Foreign Exchange transactions are recorded normally at the exchange rates prevailing on the date of the transactions.

b. Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction and non-monetary items which are carried at the fair value or other similar denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c. Exchange differences

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.

d. Forward Exchange Contract not intended for trading or speculative purposes

The premium or discount arising at the inception of forward exchange contract is amortized as expenses or income over the life of the respective contract. Exchange differences on such contracts are considered in the statement of Profit or Loss in the Year in which exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expenses for the Year.

ix. 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.

x. Borrowing Costs

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

xi. Taxation

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

Deferred Tax Liability is recognized for all timing differences 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.

Tax on Distributed Profit Payable is in accordance with the provision of Section 155O 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.

xii. Employee benefits

a) Short Term & Post Employment Benefits

Employee benefits of short-term nature are recognized as expense as and when those accrue. Post employment benefits are recognized as expenses based on actuarial valuation at Year end which takes into account actuarial gains and losses.

b) Employee Stock Option Scheme (ESOS)

Aggregate quantum of options granted under the schemes in monetary term net of consideration of issue, to be paid in cash, are shown in the Balance Sheet as Employees Stock Option outstanding under Reserves & Surplus and as Deferred Employees Compensation (ESOS) under Unamortised Expenditure as per guide-lines of SEBI in this respect.

With the exercise of options and consequent issue of equity shares corresponding ESOS outstanding is transferred to Securities Premium Reserve.

Notes on Financial Statement for the year ended 31st March, 2012 *(contd.)*

xiii. Indirect Taxes

Excise Duty on Finished Goods Stock is accounted for at the point of manufacture of goods and is accordingly considered for valuation of finished goods stock as on Balance sheet date. Customs duty on imported raw materials is accounted for on the clearance of goods from the Customs Authorities.

xiv. Unamortised Expenditure

Unamortised expenditure, stated at cost, is amortized over period of time as under:

- (i) Deferred Revenue Expenses-5 years
- (ii) Deferred Employees Compensation under ESOS-Amortised on straight line basis over vesting period.

xv. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication of an asset being impaired. An asset is treated as impaired when the carrying amount of assets exceeds its recoverable value, in which case the impairment loss is charged to the Statement of Profit & Loss of 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.

xvi. Research and development

Revenue expenditure on research and development is expensed as incurred. Capital expenditures incurred on research and development are capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

xvii. Earning per share (EPS)

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

xviii. 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.

xix. Segment Reporting

i. Identification of Segments :

The Company's Operating Businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

ii. Allocation of Common Costs :

Common allocable costs are allocated to each segment according to sales of each segment to total sales of the Company.

Notes on Financial Statement for the year ended 31st March, 2012 *(contd.)*

(Rs. in Crores)

2 SHARE CAPITAL

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
AUTHORISED :		
1,60,00,00,000 Equity Shares (Previous Year 1,60,00,00,000) of Rs. 10/- each	1,600.00	1,600.00
10,00,00,000 "A" Equity Shares (Previous Year 10,00,00,000) of Rs.10/- each Carrying 100 Voting Rights per "A" Equity Share	100.00	100.00
30,00,00,000 "B" Equity Shares (Previous Year 30,00,00,000) of Rs.10/- each Carrying 1 Voting Right per 100 "B" Equity Shares	300.00	300.00
	2,000.00	2,000.00
ISSUED,SUBSCRIBED AND PAID-UP :		
52,48,80,127 Equity Shares of Rs.10/- each fully paid up, (Previous year 50,73,98,354)	524.88	507.40
5,24,88,010 "B" Equity Shares of Rs.10/- each fully paid up, (Previous year 5,07,39,834)	52.49	50.74
	577.37	558.14

2.1 Of the above Shares:

(No of Shares)

	As at 31st March, 2012	As at 31st March, 2011
Equity Shares out of the issued, subscribed and paid up Equity Share Capital were issued as fully paid Bonus Shares in the last five years.	134,834,154	256,787,175
"B" Equity Shares out of the issued, subscribed and paid up "B" Equity Share Capital were issued as fully paid Bonus Shares in the last five years.	52,488,010	50,739,834
Equity Shares out of the issued, subscribed and paid up Equity Share Capital were issued in the last five years for consideration other than Cash pursuant to a scheme of amalgamation	-	20,684,205

2.2 The Details of Shareholders holding more than 5% of shares:

Name of the Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	No of Shares	% held	No of Shares	% held
Equity Shares:				
Gujarat NRE Mineral Resources Ltd.	192,578,554	36.69%	191,859,138	37.81%
HSBC Global Investment Funds A/c HSBC Global Fund	32,308,462	6.16%	32,308,462	6.37%
"B" Equity Shares:				
Gujarat NRE Mineral Resources Ltd.	16,675,913	31.77%	16,675,913	32.87%
HSBC Global Investment Funds A/c HSBC Global Fund	2,731,594	5.20%	2,731,594	5.38%
Arun Kumar Jagatramka Trustee, Girdharilal Arun Kumar Family Trust	2,779,125	5.29%	2,779,125	5.48%

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

2.3 The reconciliation of the number of shares outstanding is set out below:

(No of Shares)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Equity Shares:		
<i>Equity Shares at the beginning of the year</i>	507,398,354	498,194,215
Add: Shares issued on Conversion of Foreign Currency Convertible Bonds	17,407,793	100,044
Add: Shares issued on Conversion of Share Warrant	–	8,550,000
Add: Shares issued on exercise of Employees Stock Option	73,980	554,095
<i>Equity Shares at the end of the year</i>	524,880,127	507,398,354
“B” Equity Shares:		
<i>Equity Shares at the beginning of the year</i>	50,739,834	–
Add: Shares issued as Bonus Shares to Equity Shareholders	–	49,819,421
Add: Shares issued as Bonus Shares on Conversion of Foreign Currency Convertible Bonds	1,740,778	10,004
Add: Shares issued as Bonus Shares on Conversion of Share Warrant	–	855,000
Add: Shares issued as Bonus Shares on exercise of Employees Stock Option	7,398	55,409
<i>Equity Shares at the end of the year</i>	52,488,010	50,739,834

- 2.4 i) The grant of option to the employees under the Stock Option Schemes is on the basis of their performance and other eligibility criteria. The options are vested over a period, subject to the discretion of the Management and fulfillment of certain conditions.

(Rs. in Crores)

ii) Basic & Diluted EPS and Proforma Basic & Diluted EPS-	Current Year	Previous Year
Net Profit as reported	3.09	102.64
Add/(Less): Employee Compensation Expenses [As per Para 2.5 (iii) below]	0.15	0.21
Adjusted Proforma Net Profit	3.24	102.85
Basic & Diluted EPS as reported		
– Basic (Rs.)	0.05	1.85
– Diluted (Rs.)	0.05	1.82
Proforma Basic & Diluted EPS		
– Basic (Rs.)	0.06	1.85
– Diluted (Rs.)	0.06	1.83

2.5 (i) Shares Reserved for issue under Employee Stock Options Plan

Movement in Options granted during the Year ended March'2012 is given below:

	No. of Options 31.03.12	Weighted Average Exercise Price (in Rs.) 31.03.12	No. of Options 31.03.11	Weighted Average Exercise Price (in Rs.) 31.03.11
a) Outstanding at the beginning of the Year				
– Equity Shares	6,178,876	40.95	3,753,371	18.99
– “B” Equity Shares	305,788	–	–	–
Granted during the Year				
– Equity Shares	3,560,000	24.30	3,214,000	63.05
– “B” Equity Shares (to give effect of Bonus)	–	–	375,337	–
Forfeited during the Year				
– Equity Shares	873,850	34.81	234,400	35.90
– “B” Equity Shares	27,860	–	14,140	–
Exercised during the Year				
– Equity Shares	73,980	22.16	554,095	22.53
– “B” Equity Shares	7,398	–	55,409	–
Expired during the Year				
– Equity Shares	131,296	23.86	–	–
– “B” Equity Shares	13,130	–	–	–

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

2.5 Shares Reserved for issue under Employee Stock Options Plan (contd.)

Movement in Options granted during the Year ended March'2012 is given below (contd.):

	No. of Options 31.03.12	Weighted Average Exercise Price (in Rs.) 31.03.12	No. of Options 31.03.11	Weighted Average Exercise Price (in Rs.) 31.03.11
b) Outstanding at the end of the Year				
- Equity Shares	8,659,750	35.15	6,178,876	40.95
- "B" Equity Shares	257,400	-	305,788	-
c) Exercisable at the end of the Year				
- Equity Shares	19,000	18.05	228,476	22.72
- "B" Equity Shares	1,900	-	22,848	-

(ii) Fair value

	No. of Options	Price (in Rs.)	(Rs./Crores)
Granted during the Year	3,560,000	21.64	7.70

(iii) The Company has calculated Employee Compensation Costs on the basis of Intrinsic Value Method and has amortized Rs.0.51 Crores (Previous Year Rs. 1.16 Crores) for the Year ended 31st March, 2012. However, had the company followed Fair Value Method for calculating Employee Compensation Costs, such costs for the Year would have been lower by Rs.0.15 Crores (Previous Year Rs.0.21 Crores) with corresponding impact on the Profit after Tax and Basic as well as Diluted EPS for the Year.

(iv) Share Reserved for issue against Share Warrants

	As at 31st March, 2012 No. of Warrants	As at 31st March, 2011 No. of Warrants
Equity Shares	80,800,000	80,800,000
"B" Equity Shares	2,080,000	2,080,000

Out of above 60,000,000 warrants are to be issued at the exercise price of Rs.62.50 and 20,800,000 Share to be issued at exercise price of Rs. 120 each. Upon conversion of the above 20,800,000 equity shares, 20,80,000 "B" Equity Shares will be issued as bonus shares.

3 RESERVES & SURPLUS

(Rs. in Crores)

DESCRIPTION	As at 31st March, 2012		As at 31st March, 2011	
Capital Reserve:				
As per Last Balance Sheet		51.12		51.12
Securities Premium Reserve:				
As per Last Balance Sheet	387.05		388.03	
Add: Received during the year	60.57		49.76	
Less: Amount capitalised for Bonus Shares Issued	1.75	445.87	50.74	387.05
General Reserve:				
As per Last Balance Sheet	251.26		251.26	
Less: Transferred to Surplus from Statement of Profit & Loss	(10.81)	240.45	-	251.26
Debentures Redemption Reserves				
As per Last Balance Sheet	162.50		143.75	
Add: Transfer from Surplus from Statement of Profit & Loss	3.09	165.59	18.75	162.50
Employees Stock Option Outstanding				
As per Last Balance Sheet	8.30		9.90	
Less: Adjustment for Option Forfeited during the year	0.84		0.57	
Less: Transferred to Securities Premium Reserve	0.16	7.30	1.03	8.30
Surplus from Statement of Profit & Loss				
As per last Balance Sheet	22.75		5.95	
Add: Profit for the year	3.09		102.65	
	25.84		108.60	
<i>Less/(Add): Appropriations</i>				
Transfer to/ (from) General Reserve	(10.81)		-	
Proposed Dividend				
(Dividend per share Rs.0.50 (Previous Year - Re.1 per share))	28.87		57.73	
Dividend Tax	4.69		9.37	
Transferred to / (from) Debenture Redemption Reserve	3.09	-	18.75	22.75
		910.33		882.98

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

(Rs. in Crores)

4 LONG TERM BORROWINGS

DESCRIPTION	As at 31st March, 2012		As at 31st March, 2011	
	Current	Non Current	Current	Non Current
Secured				
Non Convertible Debentures	37.50	337.50	25.00	375.00
External Commercial Borrowings	–	–	22.57	–
Term Loans from Scheduled Banks	173.14	414.96	177.04	286.62
Term Loans from Others	2.08	4.45	–	–
	212.72	756.91	224.61	661.62

- 4) a) i 11.90% Non-Convertible Debentures and 12.50% Non-Convertible Debentures are secured by following securities:
- First pari-passu charge over entire fixed assets of the company, both present and future.
 - Second pari-passu charge over entire current assets of the company, both present and future.
- ii 11% Non - Convertible Debentures are Secured by First pari-passu charge over entire fixed assets of the Company, both present and future.
- iii Term Loans from State Bank of India, Axis Bank Limited, ICICI Bank Limited, IDBI Bank Limited, State Bank of Patiala, The Lakshmi Vilas Bank Ltd.-I and State Bank of Hyderabad-II are secured by following securities:
- First pari-passu charge over entire fixed assets of the company, both present and future.
 - Second pari-passu charge over entire current assets of the company, both present and future.
 - Personal guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
- iv Term Loan from IDBI Bank Ltd is collaterally secured by following securities:
- Pledge of equity shares of the company held by Gujarat NRE Mineral Resources Limited, a promoter company along with Corporate Guarantee
 - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
- v Term Loan from Dhanalakshmi Bank Limited is secured by following securities:
- Subservient charge on movable assets of the company
 - Pledge of equity shares of the company held by Gujarat NRE Mineral Resources Limited, a promoter company and Mr. Arun Kumar Jagatramka, Chairman and Managing Director of the Company;
 - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company and / or Corporate Guarantee by Gujarat NRE Mineral Resources Limited, a Promoter Company.
- vi Term Loans from State Bank of Hyderabad-I and State Bank of Travancore are secured by following securities:
- Subservient Charges on movable fixed and Current assets of the Company;
 - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the Company.
- vii Term Loan from Yes Bank Ltd. is secured by following securities:
- Subservient charge on movable fixed and current assets of the company, both present & future.
 - Exclusive Charge on Entire Fixed & current assets, both present & future, of Bharat NRE Coke Ltd., an associate Company, along with Corporate Guarantee.
 - Pledge of equity shares of the company held by Gujarat NRE Mineral Resources Limited, a promoter company, along with Corporate Guarantee;
 - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
- viii Term Loan from others is secured by Hypothecation of specific assets financed.
- ix The aggregate amount of all the Personal Guarantee given by Mr. Arun Kumar Jagatramka, Chairman & Managing Director as securities noted above comes to Rs. 2078.10 Crores
- 4) b) Maturity Profile and Rate of interest of Non-Convertible Debentures are as set below:
- i 11.00% Secured Redeemable Non Convertible Debentures of Rs. 250.00 Crores (Previous Year - Rs.250.00 Crores) are redeemable at par in 8 equal half yearly installments commencing from 29th April 2013.
- ii 12.50% Secured Redeemable Non Convertible Debentures of
- Rs. 10.00 Crores (Previous Year 10.00 Crores) are redeemable at par in 4 equal annual installments commencing from 30th May 2012,
 - Rs. 10.00 Crores (Previous Year 10.00 Crores) are redeemable at par on 30th May 2015,
 - Rs. 10.00 Crores (Previous Year 10.00 Crores) are redeemable at par on 30th May 2014,
 - Rs. 10.00 Crores (Previous Year 10.00 Crores) are redeemable at par on 30th May 2013,
 - Rs. 10.00 Crores (Previous Year 10.00 Crores) are redeemable at par on 30th May 2012
- iii 11.90% Secured Redeemable Non Convertible Debentures of Rs. 75.00 Crores (Previous Year Rs. 100.00 Crores) are redeemable at par in 3 equal annual installments from 7th February 2013.

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

c) Maturity Profile of Secured Term Loans are as set below : (Rs. in Crores)

Repayment profile	2012-13	2013-14	2014-15	Beyond 2014-15
Term Loan from Banks	173.14	190.61	135.90	88.45
Term Loan from Others	2.08	2.36	2.08	–

5 DEFERRED TAX LIABILITIES (net)

DESCRIPTION	As at 31st March, 2012		As at 31st March, 2011	
<i>Net Deferred Tax Liabilities at beginning of the year:</i>		158.68		140.58
Deferred Tax Liabilities				
– Deferred Tax Liability on account of Depreciation	(4.87)		5.32	
Total Deferred Tax Liabilities:(A)	(4.87)		5.32	
Deferred Tax Assets				
– Unabsorbed Depreciation and loss carry forward/(set off)	(7.40)		(12.77)	
– Capital Loss carry forward/(set off)	0.13		(0.32)	
– Employees compensation carried forward	0.11		0.04	
– Gratuity & Leave Encashment	0.32		0.27	
Total Deferred Tax Assets:(B)	(6.84)		(12.79)	
<i>Net Deferred Tax Liability charged to Statement of Profit & Loss (A-B)</i>		1.97		18.10
		160.65		158.68

6 LONG TERM PROVISIONS

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Provision for Gratuity & Leave Encashment	4.93	3.94
Provision for Taxation	2.81	89.14
	7.74	93.08

7 SHORT TERM BORROWINGS

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Secured		
Term Loans from Scheduled Banks	–	125.00
Working Capital Facilities from Scheduled Banks	541.82	294.04
	541.82	419.04
Unsecured		
Term Loans from Scheduled Banks	130.01	180.03
Working Capital Facilities from Scheduled Banks	20.23	–
	150.24	180.03
Total	692.06	599.07

- a) Working Capital facilities from a consortium of banks viz. State Bank of India, Bank of Baroda, ING Vysya Bank Ltd, AXIS Bank Ltd, Standard Chartered Bank, ICICI Bank Ltd and Tamilnad Mercantile Bank Ltd are secured by following securities:
- First pari-passu charge over entire current assets of the company, both present and future.
 - Second pari-passu charge over entire fixed assets of the company, both present and future.
 - Equitable mortgage over residential property at Kolkata of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
 - Personal guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
 - Pledge of equity shares of the Company held by Gujarat NRE Mineral Resources Limited, a promoter Company along with Corporate Guarantee of the Company equivalent to the value of shares pledged.
- b) Unsecured Term Loans and unsecured working capital facilities are collaterally secured by Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

8 TRADE PAYABLES (Rs. in Crores)

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Micro, Small & Medium Enterprises*	–	–
Others	790.52	433.74
	790.52	433.74

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

Particulars	As at 31st March, 2012	As at 31st March, 2011
Principal amount due and remaining unpaid	–	–
Interest due on above and the unpaid interest	–	–
Interest paid on all delayed payment under the MSMED Act	–	–
Payment made beyond the appointed day during the Year	–	–
Interest due and payable for the Year of delay other than above	–	–
Interest accrued remaining unpaid	–	–
Amount of further interest remaining due and payable in succeeding Years	–	–

9 OTHER CURRENT LIABILITIES

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Current maturities of long term debts	212.72	224.61
Interest Accrued but not due on borrowings	13.30	13.49
Unclaimed Dividend	2.18	2.19
Creditors for Capital Expenditure	33.64	19.93
Others Payables	209.69	13.13
	471.53	273.35

10 SHORT TERM PROVISIONS

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Provision for Gratuity & Leave Encashment	0.19	0.20
Provision for Taxation	1.11	24.81
Provision for Fringe Benefit Tax	–	0.18
Provision for Proposed Dividend	28.87	57.73
Provision for Dividend Tax / Dividend Tax Payable	14.05	9.37
	44.22	92.29

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

NOTES-11

(Rs. in Crores)

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.11	Addition during the year	Sales / Adjustment during the year	Total up to 31.03.12	As on 01.04.11	Provided during the year	Adjustment for Sales	Total up to 31.03.12	As on 31.03.12	As on 31.03.11
Land - Freehold	43.01	0.03	-	43.04	-	-	-	-	43.04	43.01
Land -Lease Hold *	8.51	-	-	8.51	-	-	-	-	8.51	8.51
Building	110.65	7.23	-	117.88	10.68	3.31	-	13.99	103.89	99.97
Plant & Machineries	446.16	22.44	-	468.60	88.49	23.23	-	111.72	356.88	357.67
Office Equipment	2.06	0.22	-	2.28	0.73	0.21	-	0.94	1.34	1.33
Furniture & Fixture	3.13	0.12	-	3.25	0.98	0.20	-	1.18	2.07	2.15
Material handling Equipments/ Vehicles	19.98	7.33	0.25	27.06	10.16	2.85	0.14	12.87	14.19	9.82
Weighing Machine	0.48	-	-	0.48	0.08	0.02	-	0.10	0.38	0.40
Electrical Installations	24.11	1.27	-	25.38	4.70	1.18	-	5.88	19.50	19.41
Wind Mill	488.10	-	-	488.10	87.01	25.77	-	112.78	375.32	401.09
Total	1,146.19	38.65	0.25	1,184.58	202.83	56.77	0.14	259.46	925.12	943.36
Previous Year	1,002.48	144.19	0.48	1,146.19	152.52	50.44	0.12	202.83	943.36	
Capital W I P									171.05	123.99

* Conveyance deed will be executed in favour of the company in due course.

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

12 NON-CURRENT INVESTMENTS

(Rs. in Crores)

DESCRIPTION	Face Value (Rs)	No.of Shares*	As at 31st March, 2012	As at 31st March, 2011
Long Term Investment (At Cost)				
Non-Trade Investments				
Quoted (Equity)				
Indian				
Shah Alloys Ltd	10	969,769 (969,769)	7.34	7.34
Sal Steel Ltd.	10	2,737,682 (2,737,682)	6.14	6.14
Overseas Investments				
Gujarat NRE Coking Coal Ltd (Sub-Subsidiary) (formerly Gujarat NRE Minerals Ltd)	N.A.	86,092,966 (86,092,966)	42.18	42.18
Aggregate Book Value of Quoted Investments (Equity)			55.66	55.66
Unquoted (Equity)				
Indian				
In Indian Subsidiaries				
Wholly owned				
Hunter Valley Coal (P) Ltd	1	20,592,850 (20,592,850)	203.95	203.95
Manor Dealcom (P) Ltd	1	19,051,150 (19,051,150)	189.52	189.52
Others				
Bharat NRE Coke Ltd	10	10,835,000 (10,835,000)	10.84	10.84
In Foreign Subsidiaries				
Wholly owned				
Gujarat NRE Ltd	N.A.	87,474,689 (87,474,689)	283.32	283.32
Aggregate Book Value of Unquoted Investments (Equity)			687.63	687.63
Total Long Term Investment (At cost)			743.29	743.29
Market value of Quoted Investments (Equity)			78.86	238.10

* Previous Year figure are in bracket.

**Investment in Indian company equity shares are fully paid up.

*** Refer Note No. 1(vii) for mode of valuation.

13 LONG TERM LOANS AND ADVANCES *

DESCRIPTION	As at 31st March, 2012		As at 31st March, 2011	
<i>(Unsecured, Considered Good)</i>				
Capital Advance		7.83		15.30
Loan & Advances		89.15		89.15
Deposits With Govt. Authorities & Others		107.42		108.87
Advance Tax (incl. Tax Deducted at Source)		64.27		150.69
Unamortised Expenses: (To the extent not written off/or adjusted)				
– Deferred Employee Compensation Under ESOS				
Balance B/F	6.31		8.04	
Less – Adjusted for Employees left during the year	0.84		0.57	
– Amortised during the year (net)	0.51	4.96	1.16	6.31
		273.63		370.32

* Refer Note 33(D)

Notes on Financial Statement for the year ended 31st March, 2012 *(contd.)*

14 CURRENT INVESTMENTS

(Rs. in Crores)

DESCRIPTION	Face Value (Rs)	No.of Shares*	As at 31st March, 2012	As at 31st March, 2011
Investment in Mutual Funds (Unquoted)				
SBI Premier Liquid Fund	10	- (3,243,573)	-	5.00
			-	5.00

* Previous Year figure are in bracket.

** Refer Note No. 1(vii) for mode of valuation.

15 INVENTORIES*

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Stores , Spares & Consumables	9.39	6.57
Raw Materials	582.54	491.02
Work in Process	9.56	8.90
Finished Goods	987.80	546.45
	1,589.29	1,052.94

*Refer Note No. 1(vi) for mode of valuation

16 TRADE RECEIVABLE* (Unsecured, considered good)

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Debts due for a period exceeding six months	5.18	6.53
Other Debts	204.81	151.69
	209.99	158.22

*Refer Note No. 33(D)

17 CASH & CASH EQUIVALENTS

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Cash in hand (as certified by the Management)	0.23	0.14
Balance with Scheduled Banks		
- In Current Account	1.81	28.35
- In Current Account for Unclaimed Dividend	2.18	2.19
- In Term Deposits* (Including interest accrued) **	64.48	53.39
Balance with Non Scheduled Banks		
- In Current Account	0.10	0.09
	68.80	84.16

* includes Term deposits held as margin on Letter of Credit and Bank Guarantee.

** Term Deposits with Banks includes deposits of Rs.9.80 Crores (Previous Year Rs.37.57 Crores) with maturity of more than 12 months.

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

18 SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good) (Rs. in Crores)

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Advances recoverable in cash or in kind or value to be received	520.93	428.87
Advance Tax (incl. Tax Deducted at Source)	13.38	24.66
	534.31	453.53

[Refer Note 33(D)]

19 REVENUE FROM OPERATIONS

DESCRIPTION	For the year ended 31.03.2012		For the year ended 31.03.2011	
Sales	1,437.34		1,628.79	
Less: Excise Duty	65.16	1,372.18	34.08	1,594.71
		1,372.18		1,594.71

19.1 PARTICULARS OF SALE OF PRODUCTS

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Coal & Coke	1,029.26	1,296.80
Rolled & Alloy Steel Products	326.85	287.35
Electricity Power (Windmill)	16.07	10.56
	1,372.18	1,594.71

20 OTHER INCOME

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest Income (TDS Rs.0.59 Crores, Previous Year Rs. 0.66 Crores)	7.49	7.88
Income from Long Term Investment: Non Trade - Profit on Sale of Investments	-	70.87
Foreign Exchange Fluctuation	-	1.70
Profit on Sale of Fixed Assets	-	0.01
Gurantee Commission	19.43	-
Miscellaneous Income	1.17	0.73
	28.09	81.19

21 COST OF MATERIAL CONSUMED

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Coal	1,046.56	839.90
Iron & Steel Scrap and Sponge Iron	238.94	206.00
	1,285.50	1,045.90

21.1 PARTICULARS OF COST OF MATERIAL CONSUMED

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Imported	1,187.15	979.18
Indigenous	98.36	66.72
	1,285.50	1,045.90

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

22 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK -IN-PROCESS & STOCK IN TRADE (Rs. in Crores)

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Closing Stocks	997.36	555.35
Less :Opening Stocks	555.35	518.62
	442.01	36.73
Less: Change in Excise Duty on Stock	(1.10)	(0.70)
	440.91	36.03

23 EMPLOYEES BENEFITS EXPENSES

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Salaries, Wages, Bonus & Labour Charges	44.10	35.55
Contribution to PF & Other Funds	2.73	2.01
Provision/Payment of Gratuity	1.08	0.79
Employee Compensation Amortisation Under ESOS	0.51	1.16
Employees Welfare Expenses	6.16	4.79
	54.58	44.30

23.1 Disclosure as required by Accounting Standard 15 (Revised) on Employee benefits :-

In respect of defined benefit scheme (based on Actuarial valuation)

	<u>Gratuity Plan</u>	<u>Leave Encashment</u>
i Change in Obligation during the year ended 31.03.2012		
– Present value of Defined Benefit Obligation as on 01.04.2011	3.58	0.56
– Current Service Cost	0.80	0.07
– Past Service Cost	–	–
– Interest Cost	0.30	0.05
– Curtailment Cost / (Credit)	–	–
– Settlement Cost / (Credit)	–	–
– Actuarial (gains)/ losses	0.05	0.04
– Benefits paid	(0.26)	(0.07)
– Present Value of defined Benefit Obligation as on 31.03.2012	4.47	0.65
ii Expenses recognized during the Year 2011-12		
– Current Service Cost	0.80	0.07
– Past Service Cost	–	–
– Interest Cost	0.30	0.05
– Curtailment Cost / (Credit)	–	–
– Settlement Cost / (Credit)	–	–
– Actuarial (gains)/ losses	0.05	0.04
– Expected return on plan assets	–	–
– Total Expenses for the Year	1.15	0.16
iii Principal Actuarial Assumptions at the balance sheet date.		
– Discount rate		8.50%
(based on the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities)		
– Expected rate of return on assets		N.A
– Salary increase (taking into account inflation, seniority, promotion and other relevant factors)		7.50%
Projected Unit Credit (PUC) actuarial method has been used to assess the Plan's liabilities, including those death-in-service and in capacity benefits.		

Notes on Financial Statement for the year ended 31st March, 2012 *(contd.)*

iv **General Descriptions of defined benefit plans:**

a) **Gratuity Plan:**

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on Termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service.

b) **Provident Fund Plan:**

The Company contributes 12% of salary for all eligible employees towards Provident Fund managed by the Regional Provident Fund Authority.

24 FINANCE COSTS

(Rs. in Crores)

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest Expenses	179.22	151.08
Other Borrowing Costs	15.08	13.49
Applicable loss/(gain) on foreign currency transactions and translation	14.27	(3.45)
	208.57	161.12

25 OTHER EXPENSES

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Manufacturing Expenses:		
Power & Fuel	36.00	30.23
Stores, Spares & Consumables	27.09	27.63
Repair & Maintenance:		
– Plant & Machinery	23.11	16.58
– Building	0.60	0.23
– Others	3.51	2.62
Plant Hire Charges	4.89	4.93
	95.20	82.22
Selling & Distribution Expenses:		
Advertisement & Business Development	4.96	2.51
Carriage & Cartage	39.65	60.49
Commision on Sales	1.97	0.85
	46.58	63.85
Establishment Expenses:		
Professional & Service Charges	12.13	7.33
General Expenses	2.73	2.26
Rent	0.36	0.36
Rates & Taxes	0.35	0.36
Insurance Expenses	6.98	5.98
Communication Expenses	0.35	0.40
Travelling & Conveyance	4.61	3.81
Auditors Remuneration		
– For Audit Fees	0.11	0.12
Internal Audit Fees	0.08	0.09
Loss on Sale of Fixed Assets	0.01	–
Loss on Sale of Long Term Investments (Net)	0.61	–
Deferred Revenue Expenses Written Off	–	0.08
	28.32	20.79
	170.10	166.86

Notes on Financial Statement for the year ended 31st March, 2012 *(contd.)*

26 Segment Informations:

Segment wise Revenue, Results and Capital Employed for the Year ended 31st March, 2012.

The Company has two reportable segments i.e. "Coal & Coke" and "Steel" as primary business segments.

i Primary Segment Reporting (by Business Segment):

(Rs. in Crores)

Particulars	2011-12			2010-11		
	Coal & Coke	Steel	Total	Coal & Coke	Steel	Total
Segment Revenue (Net Sales/Income from segment)						
External Sales	1029.26	342.92	1372.18	1296.81	297.90	1594.71
Inter-Segment Revenue		1.65	1.65		2.16	2.16
	1029.26	344.57	1373.83	1296.81	300.06	1596.87
Less: Inter Segment Revenue		1.65	1.65		2.16	2.16
Total Segment Revenue	1029.26	342.92	1372.18	1296.81	297.90	1594.71
Segment Results before Tax & Interest	199.06	13.17	212.23	205.56	16.04	221.60
Add:- Other Un-allocable Income Net of Expenditure			1.87			63.96
Less:- Interest Expense			208.57			161.12
Less:- Provision for Tax			2.44			21.79
Net Profit after Tax			3.09			102.65
Assets						
Segment Assets*	2,969.66	577.59	3547.25	2,165.86	577.94	2743.80
Un-allocable Assets			963.27			1190.06
Total Assets			4510.52			3933.86
Liabilities						
Segment Liabilities	955.16	82.55	1037.71	397.92	71.82	469.74
Un-allocable Liabilities			63.58			198.10
Total Liabilities			1101.29			667.84
*including captive windmills	6.84	368.47		7.44	393.64	
Capital Expenditure	78.88	6.74		132.85	5.85	
Non Cash Expenses						
Depreciation & Amortisation	26.66	29.69		20.71	29.32	

ii Secondary Segment Reporting (by Geographical demarcation):

Particulars	2011-12			2010-11		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	1,006.59	365.59	1,372.18	1,253.69	341.02	1,594.71
Segment Assets	3,547.25	–	3,547.25	2,743.80	–	2,743.80
Capital Expenditure	85.62	–	85.62	138.70	–	138.70

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

27 The Earnings Per Share as per Accounting Standard (AS- 20) are as under:

Particulars	At 31.03.2012 Basic & Diluted EPS	At 31.03.2011 Basic & Diluted EPS
Earnings		
Net Profit for the Year (Rs. / Crores)	3.09	102.65
Add: Interest on FCCB (Rs. / Crores)	–	–
Earnings for Diluted EPS (Rs. / Crores)	3.09	102.65
Shares		
Number of shares at the beginning of the Year	558,138,188	498,194,215
Add : Share Allotted against Share Warrants	–	8,550,000
Add : Conversion of FCCB	17,407,793	100,044
Add : Share Allotted against ESOS	73,980	554,095
Add : Bonus "B" Equity Shares Issue	1,748,176	50,739,834
Total number of equity shares outstanding at the end of the Year	577,368,137	558,138,188
Weighted average number of shares outstanding during the Year (for Basic EPS)	576,976,321	554,582,402
Add : Number of equity shares arising out of exercise of option of outstanding Share Warrants that have dilutive effect on the EPS	2,080,000	2,080,000
Add : Number of equity shares arising out of conversion of outstanding FCCB that have dilutive effect on the EPS	–	5,558,439
Add : Number of Equity Shares arising out of exercise of option of Employee Stock Option Scheme	262,550	1,275,496
Weighted average number of shares outstanding during the Year (for Diluted EPS)	579,318,871	563,496,337
Earning per share :		
– Basic (Rs.)	0.05	1.85
– Diluted (Rs.)	0.05	1.82

In the above statement, paid up Equity & Earning Per Share include both Equity Shares & "B" Equity Shares since both class of shares are pari-passu in all respect except for voting rights.

28.1 Contingent liabilities not provided for in respect of:

(Rs. in Crores)

	As on 31st March 2012	As on 31st March 2011
i Letter of Credits outstanding for purchase of materials.	18.67	50.92
ii Outstanding Bank Guarantees and Counter / Corporate Guarantees given on behalf of subsidiary companies.	2,458.56	1,550.55
iii Capital commitments	58.73	137.17
iv Bills discounted under letter of credit with banks	85.04	32.41
v Duty on account of Advance Authorisation against Export obligation.	0.73	1.03
vi On Balance Sheet date, the disputed amount involved in four income-tax demands(Previous Year - three) under appeal. 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.	8.29	4.42
vii A demand raised by the Service tax department, against which company has filed an appeal to the jurisdiction authorities.	0.06	0.06
viii A demand raised by the Custom department, against which company has filed an appeal to the jurisdiction authorities.	2.55	–

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

28.2 Greenerth Resources & Projects Limited (formerly known as Austral Coke & Projects Limited) had filed a defamation suit in Hon'ble Bombay High Court against the Company for Rs.600 Crores. The Company had also filed Civil Suit in Hon'ble Calcutta High Court against Austral Coke & Projects Limited, all its Directors, its merchant bankers and Auditors and others claiming for loss of damages worth Rs.4761 crores. Management is confident that outcome of the defamation suit filed by the Austral Coke & Projects Limited would be in favour of the company.

28.3 On 16 October 2007, the company and Armada Singapore Pte Ltd ("Armada") entered into five year charter party agreement which provided, inter alia, for Armada to supply vessels to ship the company's tonnage, namely coal or coking coal from various destinations worldwide. Between late 2008 and early 2009, following the worldwide economic crisis, Armada experienced serious financial losses resulting into a large number of third party defaults under its shipping agreements. As a result, during the course of 2009 Armada entered into Judicial Management, a Singaporean insolvency regime. As a result of Armada's insolvency, the Company refused to make further nominations since there was no assurance or security for Armada's performance for the balance period under the agreement.

Armada later on filed its claim submission in an arbitration proceeding against the company before Arbitration Tribunal in London. Although there was no specific clause on jurisdiction or applicable law in the agreement and also the constitution of Arbitration Tribunal was not in accordance with the agreement and even after the company's repetitive challenges to aforesaid, the Tribunal passed an order in favour of Armada assessing the liability of the company towards Armada as Rs.42.85 Crores (including interest of Rs.3.42 Crores).

Aggrieved by the aforesaid order the company has filed a civil suit against Armada with the Hon'ble High Court at Calcutta claiming for damages for an amount of Rs 144 crores and cancellation of the aforesaid order being void and restraining Armada from giving any effect to the order passed by the Tribunal. Subsequently, an order was passed by the Hon'ble High Court at Calcutta restraining Armada to take any further steps to enforce the award passed by the Tribunal in India. The matter is presently sub judice before the Hon'ble High Court at Calcutta.

29 Earning in Foreign Exchange:

(Rs. in Crores)

	For the year ended 31.03.2012	For the year ended 31.03.2011
– FOB value of exports	347.75	321.58

30 Value of Imports on CIF basis in respect of:

	For the year ended 31.03.2012	For the year ended 31.03.2011
Raw Materials		
– Coking Coal	950.71	956.85
– M.S.Scrap	140.77	87.83
Capital Goods	1,091.48	1,044.68
	0.16	1.91

31 Expenditure in foreign currency

	For the year ended 31.03.2012	For the year ended 31.03.2011
-		
– Travelling	0.68	0.63
– Interest	0.42	3.73
– Professional & Consultancy Fees	4.42	0.01

32 i The company uses forward contracts to hedge its risks associated with foreign currencies relating to foreign currency liabilities. The company does not use forward contracts for speculative purpose.

	As on 31st March 2012	As on 31st March 2011
a Forward Contracts outstanding for hedging currency risks		
- Loans	–	–
- Payable	119.04	130.41
b Foreign Currency Exposures that have not been hedged		
- Loans including accrued interest	134.00	100.28
- Payable	553.04	243.06

ii Exchange difference Gain/ (Loss) of Rs. (1.34) Crores [Previous Year Rs. (0.03) Crores] in respect of unexpired period of forward cover contracts will be recognised in the Statement of Profit & Loss in subsequent year.

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

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

A. Particulars of the Related Parties:

Subsidiary Companies

Wholly Owned

- i Gujarat NRE Limited
- ii Huntervalley Coal (P) Ltd.
- iii Manor Dealcom (P) Ltd.

Sub-Subsidiary Companies

- i Gujarat NRE Coking Coal Ltd.
- ii Gujarat NRE Wonga Pty. Ltd. (formerly known as Gujarat NRE FCGL Pty. Ltd.)
- iii Wonga Coal Pty. Ltd.
- iv Gujarat NRE Resources NL
- v Gujarat NRE Coal (NSW) Pty. Ltd.
- vi South Bulli Holdings Pty. Ltd.
- vii Gujarat NRE Properties Pty. Ltd.
- viii Gujarat NRE India Pty. Ltd.

Associates

- i Bharat NRE Coke Ltd.
- ii NRE Metcoke Ltd.
- iii Bajrang Bali Coke Industries Ltd.
- iv Surajbari Traders Pvt. Ltd.
- v Dharwad Traders Pvt. Ltd.
- vi Mandvi Traders Pvt. Ltd.
- vii Lunva Traders Pvt. Ltd.

Enterprises in which key management personnel have significant Influence

- i Gujarat NRE Mineral Resources Ltd.
- ii Gujarat NRE Energy Resources Ltd.
- iii Russell Vale Traders Pvt. Ltd.
- iv Bulli Coke Ltd.

Enterprise in which key management person is a trustee

- i Girdharilal Arun Kumar Family Trust

B. Key Management Personnel

- i Mr. A. K. Jagatramka – Chairman & Managing Director
- ii Mr. P. R. Kannan – Chief Financial Officer

C Transaction with Related Parties

(Rs. in Crores)

Particulars of Transactions	Current Year	Previous Year
i Sale/(Sales Return) of Goods/Services		
– Associates	0.15	0.24
– Sub-Subsidiaries	19.43	–
ii Purchase of Goods /Services		
– Associates	5.40	4.95
– Sub-Subsidiaries	898.60	789.95
iii. Remuneration		
– Key Management Persons	1.98	2.18
iv Investments		
– Subsidiaries	–	96.80
v Remittance on Capital Reduction by		
– Subsidiaries	–	85.82
vi Shares Alloted		
– Enterprises in which key management person has significant influence	–	8.55

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

(Rs. in Crores)

Particulars of Transactions	Current Year	Previous Year
vii Share Warrant Deposit		
Received		
– Enterprises in which key management person has significant influence	–	93.75
viii Rent Paid		
– Enterprises in which key management person is a trustee	0.25	0.25
ix Security Deposit Given		
– Associates	–	30.00
x Loans / Advance Given/(Refunded)		
– Associates	30.09	51.42
– Subsidiaries	–	(7.65)
xi Guarantees/Collateral Securities Outstanding as at the Year end		
– Given on behalf of Associates	–	2.93
– Given on behalf of Sub-Subsidiaries	2192.32	1291.35
– Given on behalf of Subsidiaries	252.80	248.27
– Given by Associates on behalf of the Company	55.00	–
– Given by Key Management Personnel on behalf of the Company	2,078.10	1062.73
– Given by Enterprises in which key management person has significant influence	94.50	170.55

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

	As on 31st March 2012	As on 31st March 2011
Due from Related Parties (included in loans & advances and sundry debtors)		
Subsidiaries		
– included in Loans & Advances	89.15	89.15
Associates		
– included in Sundry Debtors	–	–
– included in Loans & Advances	200.49	170.78
Sub-Subsidiaries		
– included in Loans & Advances	4.41	–
Enterprises in which key managerial persons has significant influence		
– included in Loans & Advances	9.35	9.35
Due to Related Parties (included in current liabilities)		
– Sub-Subsidiaries	634.47	310.36

34 Particulars of Balances with Non-Scheduled banks :

In current Account*	Balance as on		Maximum Balance	
	31st March 2012	31st March 2011	Current Year	Previous Year
a) ICICI Bank UK PLC, London Branch	0.04	0.04	0.04	0.06
b) SBI Sydney Branch	0.06	0.05	0.06	0.91

* None of the directors of the company are interested in such banks.

- 35 a** The indicators of impairment listed in paragraph 8 to 10 of Accounting Standard (AS)- 28 "Impairment of assets" issued by ICAI have been examined by the management and on such examination, it has been found that none of the indicators are present in the case of the Company's assets. A formal estimate of the recoverable amount has not been made, as there is no indication of a potential impairment loss.

Notes on Financial Statement for the year ended 31st March, 2012 (contd.)

b In the opinion of Board of Directors and to the best of their knowledge and belief, the value on realization of Current Assets, Loans and Advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

36 Exceptional items for the year ended 31st March, 2012 represents net foreign exchange loss of Rs. 60.13 Crores due to unusual diminution in the value of Rupee as against the US Dollar during the year.

37 There are no amounts due and outstanding to be credited to Investors Education and Protection Fund as at 31st March 2012

38 Remittance in Foreign Currency on account of Dividend:

The Company has paid dividend in respect of shares held by Non-resident on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remitted in this respect is given herein below:

(Rs. in Crores)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Number of Non-Resident Shareholders	2581	2583
Number of Equity & "B" Equity Shares held by them	4,213,257	4,394,223
(i) Amount of Dividend Paid (Gross)	0.42	0.44
Tax deducted at Source	NIL	NIL
(ii) Year to which dividend relates	2010-11	2009-10

39 The Revised Schedule VI has become effective from April 1, 2011 for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figure have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

Cash Flow Statement for the year ended 31st March, 2012

(Rs. in Crores)

	For the Year ended 31-Mar-2012	For the Year ended 31-Mar-2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	5.51	124.44
Adjustments for:		
Depreciation / Other non cash items	56.77	50.52
Interest Paid / Payable	208.57	151.08
Other Income	(20.60)	(5.89)
Loss/(Profit) on Sale / Discard of Fixed Assets	0.01	(0.01)
Loss/(Profit) on Sale of Investment	0.61	(70.87)
Employee Stock Option - Compensation	0.51	1.16
Interest Received / Receivable	(7.49)	(7.88)
Operating Profit before Working Capital Changes	243.89	242.55
Adjustments for:		
Trade & Other Receivables	(142.37)	34.19
Inventories	(536.35)	(221.00)
Trade Payables	568.02	(86.80)
Cash Generated from Operations	133.19	(31.06)
Direct Taxes Paid / Refunds	(12.96)	(17.46)
Net Cash Generated from Operating Activities	120.23	(48.52)
B CASH FLOW FROM INVESTING ACTIVITIES		
Addition to Fixed Assets	(78.23)	(140.26)
Sale of Fixed Assets	0.10	0.30
Addition to Investments	-	(101.80)
Sale of Investments	4.39	157.87
Interest Received	7.49	7.88
Dividend / Misc Income	20.60	5.89
Net Cash used in Investing Activities	(45.65)	(70.12)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds to Share Capital / Reserves	0.16	43.42
Deposit against Share Warrant	-	104.15
Increase in Long / Short Term Borrowing	176.40	116.00
Interest Paid	(208.76)	(139.99)
Dividend & Dividend Tax Paid	(57.74)	(64.10)
Net Cash Generated from Financing Activities	(89.94)	59.48
Net Increase / (Decrease) in Cash & Cash Equivalents	(15.36)	(59.16)
Cash & Cash Equivalents (Opening Balance)	84.16	143.32
Cash & Cash Equivalents (Closing Balance)*	68.80	84.16

*Includes Dividend Account of Rs. 2.18 Crores (Previous year Rs. 2.19 Crores)

In terms of our report of even date annexed hereto

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

Chartered Accountants

(Firm Registration No. 302081E)

For and on behalf of the Board

A. Paul

Partner

Membership No. 06490

Place : Kolkata

Dated : 27th May' 2012.

A K Jagatramka

Chairman &
Managing Director

Place : Kolkata

M Jagatramka

Director

Place : Kolkata

P R Kannan

Chief Financial Officer

Place : London

Manoj K Shah

Company Secretary

Place : Kolkata

GUJARAT NRE COKE LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Company	(Rs. in Crores)										
	Hunter Valley Coal Pvt. Ltd.	Manor Dealcom Pvt. Ltd.	Gujarat NRE Ltd.	Gujarat NRE Coal (NSW) Pty Ltd.	Gujarat NRE Coking Coal Ltd.	Wonga Coal Pty Ltd.	Gujarat NRE Resources NL	Gujarat NRE Wonga Pty Ltd.	South Bulli Holdings Pty Ltd.	Gujarat NRE India Pty. Ltd.	Gujarat NRE Properties Pty. Ltd.
1. Country of Incorporation	India	India	Australia	Australia	Australia	Australia	Australia	Australia	Australia	Australia	Australia
2. Financial Year of the subsidiary ended on	31.03.12	31.03.12	31.03.12	31.03.12	31.03.12	31.03.12	31.03.12	31.03.12	31.03.12	31.03.12	31.03.12
3. Holding Company's interest											
i) Equity Shares											
a) Number of Shares	20,592,850	19,051,150	87,474,689	2,000,000	993,137,858	71,903,274	251,603,872	170,022,500	5,005,000	1,000,000	810,000
b) % of Share held by Gujarat NRE Coke Ltd and its Subsidiaries	100.00%	100.00%	100.00%	100.00%	69.56%	100.00%	100%	100.00%	100.00%	100.00%	100.00%
ii) Preference Shares											
a) Number of Shares											
b) % Share held by Gujarat NRE Coke Ltd and its Subsidiaries											
4. Net aggregate amount of Profit/(Losses) of the Subsidiary, so far as they concern members of Gujarat NRE Coke Ltd											
i) For the Financial Year of Subsidiary											
a) Dealt with in the accounts of the Holding company											
b) Not dealt with in the accounts of the Holding company	0.00	0.00	(107.47)	(0.00)	(42.62)	(1.18)	(0.82)	71.26	(0.00)	(0.00)	(0.03)
ii) For the previous Financial Years of the Subsidiary since it became the holding Company's Subsidiary											
a) Dealt with in the accounts of the Holding company											
b) Not dealt with in the accounts of the Holding company	0.00	0.00	(16.59)	(0.00)	(1.86)	(0.18)	(0.70)	59.48	(0.00)	(0.00)	(0.05)
5. Changes in the interest of Gujarat NRE Coke Ltd between the end of the subsidiary's financial year and 31st March, 2012											
Number of shares acquired											
Material changes between the end of the subsidiary's financial year and 31st March, 2012											
a) Fixed assets (net additions)											
b) Investments (Net)											
c) Moneys lent by the subsidiary											
d) Moneys borrowed by the subsidiary company other than for meeting current liabilities											

Notes:

The Ministry of Corporate Affairs vide its circular no.2/2011 dated 8th February 2011 has granted a general exemption under section 212(8) of the Companies Act 1956, from attaching the Balance Sheet, Statement of Profit & Loss and other documents of the subsidiary companies to the balance sheet of any company upon compliance of certain conditions, the Balance Sheet, Statement of Profit & Loss and other documents of the subsidiaries are not attached to the Annual Reports & Accounts. The Annual Accounts of the Subsidiaries Companies are available for inspection by any investor at the Registered Office of the Company & the concerned subsidiary of the Company.

Particulars of Subsidiary Companies issued under section 212 (8) of the Companies Act, 1956 for the financial year 2011-12 are as follows :-

Name of the Subsidiary Company	Hunter Valley Coal Pvt. Ltd.		Manor Dealcom Pvt. Ltd.		Gujarat NRE Ltd.		Gujarat NRE Coal(NSW) Pvt. Ltd.		Gujarat NRE Coking Coal Ltd.		Wonga Coal Pty Ltd.		Gujarat NRE Resources NL		Gujarat NRE Wonga Pty Ltd.		South Buil. Holdings Pty Ltd.		Gujarat NRE India Pty Ltd.		Gujarat NRE Properties Pty Ltd.	
	INR	INR	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS
(a) Share Capital (Equity and Preference)	2,0593	1,9051	392,3782	0,0020	0,1062	56,2240	2,996,1055	7,1903	381,8064	5,0458	267,9306	1,58	83,91	0,5005	26,58	0,0010	0,05	0,08	4,30			
(b) Reserve & Surplus (net of debit balance of statement of profit & loss)	201,9348	187,8545	(170,5690)	(0,0009)	(0,0491)	(1,4334)	(142,2554)	(0,0758)	(4,0272)	0,1850	8,6465	5,61	277,48	0,0080	0,40	-0,0004	0,02	(0,01)	(1,11)			
(c) Total Assets	248,2991	234,4132	585,9454	0,0011	0,0571	91,7365	4,837,7823	7,1145	377,7792	5,3096	281,8308	21,56	1,131,64	0,5120	27,16	0,0007	0,03	0,98	51,49			
(d) Total Liabilities	44,3050	44,8535	384,1362	-	-	36,9459	1,983,9323	-	-	0,0988	5,2537	14,38	770,25	0,0035	0,19	0,0000	0,00	0,91	48,30			
(e) Details of Investment (excluding investments in the subsidiary companies)																						
- Equity / Preference Shares	248,2804	234,3733	2,8500	-	-	0,4256	22,3360	-	-	0,1700	9,1000	-	-	-	-	-	-	-	-			
- Government Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Bonds / Mutual Funds Units	-	-	-	-	-	0,9688	50,8452	-	-	-	-	-	-	-	-	-	-	-	-			
(f) Turnover	0,0089	0,0093	3,2025	0,0000	0,0000	3,7787	185,6892	-	-	-	-	15,48	774,73	-	-	-	-	-	-			
(g) Profit/(Loss) Before Taxation	0,0027	0,0033	(2,0543)	(0,0000)	(0,0014)	(2,1727)	(112,0929)	(0,0324)	(1,6297)	(0,0345)	(1,8124)	3,59	179,35	(0,0001)	(0,01)	(0,0000)	(0,0017)	(0,00)	(0,06)			
(h) Provision for Taxation	0,0010	0,0011	11,3123	-	-	(1,1057)	(59,3990)	(0,0086)	(0,4502)	(0,0119)	(0,6373)	1,43	76,90	(0,0000)	(0,00)	-	-	(0,00)	(0,02)			
(i) Profit / (Loss) after Taxation	0,0017	0,0022	(107,4737)	(0,0000)	(0,0014)	(1,0670)	(62,6939)	(0,0238)	(1,1795)	(0,0227)	(1,1751)	2,16	102,45	(0,0001)	(0,0039)	(0,0000)	(0,0017)	(0,00)	(0,04)			
(j) Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Auditors Report on Consolidated Financial Statements

Auditors' Report to the Board of Directors of the Gujarat NRE Coke Ltd. on the consolidated financial statement of Gujarat NRE Coke Ltd. and its subsidiaries

- We have audited the attached Consolidated Balance Sheet of Gujarat NRE Coke Limited ("the Company") and its eleven subsidiaries (collectively referred to as the "Gujarat NRE Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
 - We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, in all respects, in accordance with an identified financial reporting framework. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
 - We did not audit the financial statement of certain subsidiaries whose financial statements reflect total assets of Rs.5940.26 Crores as at March 31, 2012 and total revenue of Rs. 952.04 Crores and net Cash outflows of Rs. 351.13 Crores for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amount included in respect of the subsidiaries is based on the reports of other auditors.
 - We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21- "Consolidated Financial Statements" and Accounting Standard 23- "Accounting for Investment in Associates in Consolidated Financial Statements" as prescribed by the Companies (Accounting Standards) Rules, 2006.
- Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Gujarat NRE Group as at March 31, 2012;
 - in the case of the Consolidated Statement of Profit and Loss, of the consolidated loss of the Gujarat NRE Group for the year ended on that date; and
 - in the case of Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Gujarat NRE Group for the year ended on that date.
- For N. C. Banerjee & Co.
Chartered Accountants
(Firm's Registration No. 302081E)
A. Paul
Partner
Membership No.06490
- Place: Kolkata
Dated: 27/05/2012

Consolidated Balance Sheet As at 31st March, 2012

(Rs. in Crores)

Notes	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2	577.37
Reserves & Surplus	3	885.09
Money received against Share Warrants		104.15
	1,566.61	1,814.39
Minority Interest		953.91
Foreign Currency Convertible Bonds		–
Non-Current Liabilities		77.71
Long Term Borrowings	4	2,392.00
Deferred Tax Liability (net)	5	178.21
Long Term Provisions	6	7.78
	2,577.99	2,187.32
Current Liabilities		
Short Term Borrowings	7	1,087.34
Trade Payables	8	568.46
Other Current Liabilities	9	1,275.59
Short Term Provisions	10	117.52
	3,048.91	1,755.29
TOTAL	8,147.42	6,660.59
ASSETS		
Non-Current Assets		
Tangible Fixed Assets	11	3,904.93
Intangible Fixed Assets	11	219.65
Capital Work-in-Progress	11	672.31
Non-Current Investment	12	393.86
Long Term Loan & Advances	13	252.53
	5,443.28	4,305.60
Current Assets		
Current Investment	14	50.85
Inventories	15	1,628.80
Trade Receivables	16	382.61
Cash & Cash Equivalents	17	90.95
Short Term Loan & Advances	18	550.93
	2,704.14	2,354.99
TOTAL	8,147.42	6,660.59
Significant Accounting Policies & Notes on Financial Statements forming part of the financial statements	1 to 34	

In terms of our report of even date annexed hereto

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

For and on behalf of the Board

A. Paul
Partner
Membership No. 06490
Place : Kolkata
Dated : 27th May' 2012.

A K Jagatramka
Chairman &
Managing Director
Place : Kolkata

M Jagatramka
Director
Place : Kolkata

P R Kannan
Chief Financial Officer
Place : London

Manoj K Shah
Company Secretary
Place : Kolkata

Consolidated Statement of Profit & Loss For the year ended 31st March, 2012

(Rs. in Crores)

	Notes	For the year ended 31.03.2012	For the year ended 31.03.2011
INCOME			
Revenue from Operations	19	1,398.39	1,813.71
Other Income	20	11.38	186.46
Total Revenue:		1,409.77	2,000.17
EXPENDITURE			
Cost of Materials Consumed	21	372.13	324.34
Purchase of Stock-in-Trade		35.96	129.51
Changes in Inventories of Finished Goods, Stock-in-Process and Stock in Trade	22	(436.37)	(48.85)
Employees Benefits Expenses	23	174.33	218.50
Finance Costs	24	252.19	234.91
Depreciation		150.65	217.33
Other Expenses	25	782.58	737.43
Total Expenses:		1,331.47	1,813.17
Profit/(Loss) before Exceptional Items, Extra Ordinary Items & Tax		78.30	187.00
Exceptional Items	32	64.42	-
Extra Ordinary Items	31	67.09	23.62
Profit/(Loss) before Tax		(53.21)	163.38
Tax Expenses			
- Current Tax		28.81	31.70
- Deferred Tax		1.97	18.10
- MAT credit entitlement		(1.10)	(21.20)
- Tax for Earlier Years		0.45	0.07
Profit/(Loss) after tax for the year		(83.34)	134.71
Less : Minority Interest		14.67	26.37
Add : Share in Profit of Associates		(0.67)	0.82
Profit/(Loss) for the year after taxes, minority interest & share of profit of associates		(98.68)	109.16
Basic Earnings per Equity & "B" Equity Share (in Rs.) [Face Value Rs. 10 per share]		(1.71)	1.97
Diluted Earnings per Equity & "B" Equity Share (in Rs.) [Face Value Rs. 10 per share]		(1.70)	1.94
Significant Accounting Policies & Notes on Financial Statements forming part of the financial statements	1 to 34		

In terms of our report of even date annexed hereto

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

For and on behalf of the Board

A. Paul
Partner
Membership No. 06490
Place : Kolkata
Dated : 27th May' 2012.

A K Jagatramka
Chairman &
Managing Director
Place : Kolkata

M Jagatramka
Director
Place : Kolkata

P R Kannan
Chief Financial Officer
Place : London

Manoj K Shah
Company Secretary
Place : Kolkata

Notes on Consolidated Financial Statement for the year ended 31st March, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

i. Accounting Conventions

The consolidated financial statements are prepared under historical cost conventions and as a going concern basis following the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India.

ii. Principles of Consolidation

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

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

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

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

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

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

iii. Use of estimates

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

iv. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured

- a. In respect of Sales : When the significant risks and rewards of ownership of goods have been passed on to the buyer, which generally coincides with delivery / shipment of goods to customers.
- b. In respect of Interest Income : On time proportion basis taking into account the amount outstanding and the rate applicable.
- c. In respect of Service Income : When the services are performed as per contract.
- d. In respect of Dividend Income : When right to receive payment is established.
- e. In respect of Insurance Claims : On Settlement of Claims

Revenue from product sales is recognised inclusive of Excise duty but exclusive of Sales Tax / Value added Tax (VAT) and net of returns, Sales Discount etc. Sales Returns are accounted for when goods are returned.

v. Fixed Assets

Fixed assets are stated at historical cost, which comprises cost of purchase/construction cost, cost of borrowing and other cost directly attributable to bring the assets at its working condition and location for its intended use. Expenditures during construction period are allocated to the relevant assets in the ratio of costs of respective assets.

vi. Depreciation on Fixed Assets

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.

In case of foreign subsidiaries, depreciation is provided on Straight Line Method (SLM) over the useful life of assets.

Mining lease is amortised over the life of the asset. Amortisation is calculated in proportion of actual production when measured against the resources available in the mine.

Mine Development is activities undertaken to gain access to mineral reserves. Typically this includes sinking shafts, permanent excavations, building transport infrastructure and roadways. All costs relating to mine development are capitalised and are amortised over the estimated reserve in that developed area of the mine. Amortisation is calculated in proportion to actual production when measured against mineable resources in the mine area developed on which the expenses were incurred. The carrying value of mine development is reviewed by directors to ensure it is not in excess of its recoverable amount.

All costs relating to the pre-production of coal were capitalized as Pre Production Expenses and are amortised over the estimated life of reserves in the mine. Amortisation is calculated in proportion to actual production when measured against mineable resources in the mine seam for which the expenses were incurred. The carrying value of pre-production is reviewed by directors to ensure it is not in excess of its recoverable amount.

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 (contd.)

vii. Inventories

1. Inventories are valued as under:

- | | | |
|----------------------------------|---|--|
| a. Raw Materials | : | At Cost or Net Realisable Value whichever is lower |
| b. Finished Products | : | At Cost or Net Realisable Value whichever is lower |
| c. Stores, Spares and Components | : | At Cost or Net Realisable Value whichever is lower |
| d. Stock in process | : | At Raw material Cost plus estimated cost of conversion up to the stage of completion or Net Realisable Value whichever is lower. |

Cost includes all direct cost and applicable manufacturing and administrative overheads.

2. Inventories are valued on FIFO basis.

3. Variation, if any, between books and physical stocks detected on physical verification, obsolete & slow moving stocks are adjusted in accounts as found appropriate.

viii. Investments

Long term investments are stated at cost. Provision is made when diminution in the value of investments is considered permanent in nature.

Current investments are stated at lower of cost and market value.

ix. Foreign Exchange Transactions

a. Initial Recognition:

Foreign Exchange transactions are recorded normally at the exchange rates prevailing on the date of the transactions.

b. Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction and non-monetary items which are carried at the fair value or other similar denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c. Exchange differences

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.

d. Forward Exchange Contract not intended for trading or speculative purposes

The premium or discount arising at the inception of forward exchange contract is amortized as expenses or income over the life of the respective contract. Exchange differences on such contracts are recognised in the statement of Profit or Loss in the year in which exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expenses for the year.

x. Provisions, Contingent Liabilities and Contingent Assets

The Company makes a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liabilities 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.

xi. Borrowing Costs

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

xii. Taxation

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

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

Deferred Tax Assets are recognized only if there is reasonable certainty that the same will be realized and are reviewed for the appropriateness of its respective carrying values at each Balance Sheet date.

Tax on Distributed Profit Payable is in accordance with the provision of Section 155O 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.

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

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 *(contd.)*

xiii. Employee benefits

a) *Short Term & Post Employment Benefits*

Employee benefits of short-term nature are recognized as expense as and when those accrue. Post employment benefits are recognized as expenses based on actuarial valuation at year end which takes into account actuarial gains and losses.

b) *Employee Stock Option Scheme (ESOS)*

Aggregate quantum of options granted under the schemes in monetary term net of consideration of issue, to be paid in cash, are shown in the Balance Sheet as Employees Stock Option outstanding under Reserves & Surplus and as Deferred Employees Compensation (ESOS) under Unamortised Expenditure as per guidelines of SEBI in this respect. With the exercise of options and consequent issue of equity shares corresponding ESOS outstanding is transferred to Securities Premium Account.

In case of foreign subsidiaries the fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized over the period during which the employee become unconditionally entitled to the options. Fair value at grant date is independently determined using Binomial method for option pricing.

xiv. Indirect Taxes

Excise Duty on Finished Goods Stock is accounted for at the point of manufacture of goods and is accordingly considered for valuation of finished goods stock as on Balance sheet date. Customs duty on imported raw materials is accounted for on the clearance of goods from the Customs Authorities.

In Foreign Subsidiaries

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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 the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

xv. Unamortised Expenditure

Unamortised expenditure, stated at cost, is amortized over period of time as under:

- (i) Deferred Revenue Expenses - 5 years
- (ii) Deferred Employees Compensation under ESOS - Amortised on straight line basis over vesting period.

The restoration liability calculated as discounted present value in relation to restoration guarantee at the end of the lease is correspondingly represented by a Unamortised Expenditures as Deferred restoration Guarantee.

The deferred restoration guarantee, after deducting the change in liability, is amortised on a straight line basis over the life of the mine lease.

xvi. Impairment of Assets

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

xvii. Research and development

Revenue expenditure on research and development is expensed as incurred. Capital expenditures incurred on research and development having alternate uses are capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

xviii. Earning per share (EPS)

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

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

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

xx. Minority Interest

Minority Interest as shown in the consolidated balance sheet comprises of share in equity and reserves and surplus/losses of the subsidiaries.

xxi. Segment Reporting

i. **Identification of Segments :**

The Group's Operating Businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

ii. **Allocation of Common Costs :**

Common allocable costs are allocated to each segment according to sales of each segment to total sales of the Group.

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 *(contd.)*

(Rs. in Crores)

2 SHARE CAPITAL

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
AUTHORISED :		
1,60,00,00,000 Equity Shares (Previous Year 1,60,00,00,000) of Rs. 10/- each.	1,600.00	1,600.00
10,00,00,000 "A" Equity Shares (Previous Year 10,00,00,000) of Rs.10/- each Carrying 100 Voting Rights per "A" Equity Share.	100.00	100.00
30,00,00,000 "B" Equity Shares (Previous Year 30,00,00,000) of Rs.10/- each Carrying 1 Voting Right per 100 "B" Equity Shares.	300.00	300.00
	2,000.00	2,000.00
ISSUED, SUBSCRIBED AND PAID-UP :		
52,48,80,127 Equity Shares of Rs.10/- each fully paid up (Previous year 50,73,98,354)	524.88	507.40
5,24,88,010 "B" Equity Shares of Rs.10/- each fully paid up (Previous year 5,07,39,834)	52.49	50.74
	577.37	558.14

2.1 Of the above Shares:

(No of Shares)

	As at 31st March, 2012	As at 31st March, 2011
Equity Shares out of the issued, subscribed and paid up Equity Share Capital were issued as fully paid Bonus Shares in the last five years.	134,834,154	256,787,175
"B" Equity Shares out of the issued, subscribed and paid up "B" Equity Share Capital were issued as fully paid Bonus Shares in the last five years.	52,488,010	50,739,834
Equity Shares out of the issued, subscribed and paid up Equity Share Capital were issued in the last five years for consideration other than Cash pursuant to a scheme of amalgamation	-	20,684,205

2.2 The Details of Shareholders holding more than 5% of shares:

Name of the Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	No of Shares	% held	No of Shares	% held
Equity Shares:				
Gujarat NRE Mineral Resources Ltd.	192,578,554	36.69%	191,859,138	37.81%
HSBC Global Investment Funds A/c HSBC Global Fund	32,308,462	6.16%	32,308,462	6.37%
"B" Equity Shares:				
Gujarat NRE Mineral Resources Ltd.	16,675,913	31.77%	16,675,913	32.87%
HSBC Global Investment Funds A/c HSBC Global Fund	2,731,594	5.20%	2,731,594	5.38%
Arun Kumar Jagatramka Trustee, Girdharilal Arun Kumar Family Trust	2,779,125	5.29%	2,779,125	5.48%

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 (contd.)

2.3 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at	As at
	31st March, 2012	31st March, 2011
	No of Shares	No of Shares
Equity Shares:		
<i>Equity Shares at the beginning of the year</i>	507,398,354	498,194,215
Add: Shares issued on Conversion of Foreign Currency Convertible Bonds	17,407,793	100,044
Add: Shares issued on Conversion of Share Warrant	–	8,550,000
Add: Shares issued on exercise of Employees Stock Option	73,980	554,095
<i>Equity Shares at the end of the year</i>	524,880,127	507,398,354
“B” Equity Shares:		
<i>“B” Equity Shares at the beginning of the year</i>	50,739,834	–
Add: Shares issued as Bonus Shares to Equity Shareholders	–	49,819,421
Add: Shares issued as Bonus Shares on Conversion of Foreign Currency Convertible Bonds	1,740,778	10,004
Add: Shares issued as Bonus Shares on Conversion of Share Warrant	–	855,000
Add: Shares issued as Bonus Shares on exercise of Employees Stock Option	7,398	55,409
<i>“B” Equity Shares at the end of the year</i>	52,488,010	50,739,834

2.4 Shares Reserved for issue under Employee Stock Options Plan

(i) Movement in Options granted during the Year ended March'2012 is given below:

Particulars	No. of Options		Weighted Average Exercise Price	
	GNCL	GNCCL	GNCL (in Rs.)	GNCCL (in AUD)
a) Outstanding at the beginning of the Year				
– Equity Shares	6,178,876	58,497,000	40.95	0.66
– “B” Equity Shares	305,788	–	–	–
Granted during the Year				
– Equity Shares	3,560,000	678,000	24.30	–
– “B” Equity Shares (To give effect of Bonus)	–	–	–	–
Forfeited during the Year				
– Equity Shares	873,850	23,448,000	34.81	0.57
– “B” Equity Shares	27,860	–	–	–
Exercised during the Year				
– Equity Shares	73,980	2,185,000	22.16	–
– “B” Equity Shares	7,398	–	–	–
Expired during the Year				
– Equity Shares	131,296	1,756,000	23.86	0.94
– “B” Equity Shares	13,130	–	–	–

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 *(contd.)*

2.4 Shares Reserved for issue under Employee Stock Options Plan *(contd.)*

(i) Movement in Options granted during the Year ended March'2012 is given below *(contd.)* :

Particulars	No. of Options		Weighted Average Exercise Price	
	GNCL	GNCCL	GNCL (in Rs.)	GNCCL (in AUD)
b) Outstanding at the end of the Year				
- Equity Shares	8,659,750	31,786,000	35.15	0.73
- "B" Equity Shares	257,400	-	-	-
c) Exercisable at the end of the Year				
- Equity Shares	19,000	5,530,000	18.05	1.05
- "B" Equity Shares	1,900	-	-	-

(ii) Share Reserved for issue against Share Warrants

Particulars	As at	As at
	31st March, 2012 No. of Warrants	31st March, 2011 No. of Warrants
Equity Shares	80,800,000	80,800,000
"B" Equity Shares	2,080,000	2,080,000

Out of above 60,000,000 warrants are to be issued at the exercise price of Rs.62.50 and 20,800,000 Share to be issued at exercise price of Rs. 120 each. Upon conversion of the above 20,800,000 equity shares, 20,80,000 "B" Equity Shares will be issued as bonus shares.

(Rs. in Crores)

3 RESERVES & SURPLUS

DESCRIPTION	As at		As at	
	31st March, 2012		31st March, 2011	
Capital Reserve:		51.12		51.12
Securities Premium Reserve:				
As per Last Balance Sheet	387.05		388.03	
Add: Received during the year	60.57		49.76	
Less: Amount capitalised for Bonus Shares Issued	1.75	445.87	50.74	387.05
General Reserve:		241.88		251.80
Foreign Currency Translation Reserve		(0.35)		239.80
Debentures Redemption Reserves				
As per Last Balance Sheet	162.50		143.75	
Add: Transfer from Surplus from Statement of Profit & Loss	3.09	165.59	18.75	162.50
Employees Stock Option Outstanding		72.25		37.58
Equity Conversion Bond reserve		8.80		7.57
Restoration Guarantee Reserve		58.02		48.26
Surplus from Statement of Profit & Loss				
As per last Balance Sheet	(33.58)		(56.90)	
Add: Profit for the year	(98.68)		109.17	
	(132.26)		52.27	
<i>Less: Appropriations</i>				
Transfer to/(from) General Reserve	(10.81)		-	
Proposed Dividend				
[Dividend per share Rs.0.50 share(Previous Year Re.1 per share)]	28.87		57.73	
Dividend Tax	4.69		9.37	
Transferred to / (from) Debenture Redemption Reserve	3.09	(158.09)	18.75	(33.58)
		885.09		1,152.11

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 (contd.)

(Rs. in Crores)

4 LONG TERM BORROWINGS	As at		As at	
	31st March, 2012		31st March, 2011	
DESCRIPTION	Current	Non Current	Current	Non Current
Secured				
Convertible Bonds	–	37.19	–	32.35
Non Convertible Debentures	37.50	337.50	25.00	375.00
External Commercial Borrowings	–	–	22.57	–
Term Loans from Banks	259.21	1,998.65	177.04	1,508.81
Term Loans from Others	2.08	4.45	–	–
Interest Accrued but not due on Long Term Borrowings	–	14.21	–	8.61
	298.79	2,392.00	224.61	1,924.77

- 4) a) i) 11.90% Non-Convertible Debentures and 12.50% Non-Convertible Debentures are secured by following securities:
- First pari-passu charge over entire fixed assets of the company, both present and future.
 - Second pari-passu charge over entire current assets of the company, both present and future.
- ii) 11% Non - Convertible Debentures are Secured by First pari-passu charge over entire fixed assets of the Company, both present and future.
- iii) Term Loans from State Bank of India, Axis Bank Limited, ICICI Bank Limited, IDBI Bank Limited, State Bank of Patiala, The Lakshmi Vilas Bank Ltd.-I and State Bank of Hyderabad-II are secured by following securities:
- First pari-passu charge over entire fixed assets of the company, both present and future.
 - Second pari-passu charge over entire current assets of the company, both present and future.
 - Personal guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
- iv) Term Loan from IDBI Bank Ltd is collaterally secured by following securities:
- Pledge of equity shares of the company held by Gujarat NRE Mineral Resources Limited, a promoter company along with Corporate Guarantee
 - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
- v) Term Loan from Dhanalakshmi Bank Limited is secured by following securities:
- Subservient charge on movable assets of the company
 - Pledge of equity shares of the company held by Gujarat NRE Mineral Resources Limited, a promoter company and Mr. Arun Kumar Jagatramka, Chairman and Managing Director of the Company;
 - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company and /or Corporate Guarantee by Gujarat NRE Mineral Resources Limited, a Promoter Company.
- vi) Term Loans from State Bank of Hyderabad-I and State Bank of Travancore are secured by following securities:
- Subservient Charges on movable fixed and Current assets of the Company;
 - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the Company.
- vii) Term Loan from Yes Bank Ltd. is secured by following securities:
- Subservient charge on movable fixed and current assets of the company, both present & future.
 - Exclusive Charge on Entire Fixed & current assets, both present & future, of Bharat NRE Coke Ltd., an associate Company, along with Corporate Guarantee.
 - Pledge of equity shares of the company held by Gujarat NRE Mineral Resources Limited, a promoter company, along with Corporate Guarantee;
 - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
- viii) Term Loan from others is secured by Hypothecation of specific assets financed.
- ix) The aggregate amount of all the Personal Guarantee given by Mr. Arun Kumar Jagatramka, Chairman & Managing Director as securities noted above comes to Rs. 2078.10 Crores
- x) Convertibles Bond are 200 nos. of 8% 20 Year Secured Convertibles Bond issued by GNCCL.
- xi) During the year Gujarat NRE Coking Coal Ltd has been sanctioned additional Term Loan facilities of USD 150 million from consortium of banks (Axis Bank Ltd being the lead banker).
- Gujarat NRE Coking Coal Ltd has granted the following charges in favour of the security trustee for the fresh lenders in the syndication to secure the additional Term Loan of USD 150 million:
- A pari-passu charge over the entire Fixed Assets of Gujarat NRE Coking Coal Ltd
 - A pari-passu charge over the mining leases and consolidated coal leases pertaining to 'NRE No. 1 Colliery' and 'NRE Wongawilli Colliery'
 - A pari-passu charge over the entire fixed assets of the subsidiary company – Gujarat NRE Wonga Pty Ltd. but excluding in each case the Working Capital Assets being the assets of each company constituting raw materials, stocks, inventory and accounts receivable on account of sales and purchases of goods made and received in the normal course of trade or any other assets of a similar nature.
- Gujarat NRE Coking Coal Ltd entered into priority agreement with that security trustee on terms satisfactory to State Bank of India to regulate the priority of the above charges and the existing fixed charges which State Bank of India has over the same property so that the fixed charges will rank pari-passu to secure each lender's and State Bank of India's respective pro-rata share of the Syndicated Loan and the facilities of State Bank of India.

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 (contd.)

This is with following conditions:

1. Gujarat NRE Coking Coal Ltd has provided a Corporate Guarantee for the total facilities granted by State Bank of India to Gujarat NRE Wonga Pty Ltd (USD 50 million Term Loan and AUD50 million Bank Guarantee).
 2. Gujarat NRE Wonga Pty Ltd provided a Corporate Guarantee for the total facilities granted by SBI to Gujarat NRE Coking Coal Ltd (USD 20 million Bill Discounting, AUD 5.4 million Export Packing Credit, AUD 11 million Bank Guarantee).
 3. Cross-collateralisation of the existing charges is held by State Bank of India over Gujarat NRE Coking Coal Ltd and Gujarat NRE Wonga Pty Ltd in respect of the State Bank of India facilities referred to in 1 and 2 above.
- 4) b) Maturity Profile and Rate of interest of Non-Convertible Debentures are as set below:
- i 11.00% Secured Redeemable Non Convertible Debentures of Rs. 250.00 Crores (Previous Year Nil) are redeemable at par in 8 equal half yearly installments commencing from 29th April 2013.
 - ii 12.50% Secured Redeemable Non Convertible Debentures of
 - Rs. 10.00 Crores (Previous Year 10.00 Crores) are redeemable at par in 4 equal annual installments commencing from 30th May 2012,
 - Rs. 10.00 Crores (Previous Year 10.00 Crores) are redeemable at par on 30th May 2015,
 - Rs. 10.00 Crores (Previous Year 10.00 Crores) are redeemable at par on 30th May 2014,
 - Rs. 10.00 Crores (Previous Year 10.00 Crores) are redeemable at par on 30th May 2013,
 - Rs. 10.00 Crores (Previous Year 10.00 Crores) are redeemable at par on 30th May 2012
 - iii 11.90% Secured Redeemable Non Convertible Debentures of Rs. 75.00 Crores (Previous Year Rs. 100.00 Crores) are redeemable at par in 3 equal annual installments from 7th February 2013.

4) c) Maturity Profile of Secured Term Loans are as set below: (Rs. in Crores)

Repayment profile	2012-13	2013-14	2014-15	Beyond 2014-15
Term Loan from Banks	259.21	598.21	633.25	767.19
Term Loan from Others	2.08	2.36	2.08	–
Convertible Bonds	–	–	–	37.19

5 DEFERRED TAX LIABILITIES (net) (Rs. in Crores)

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
<i>Net Deferred Tax Liabilities</i>	178.21	155.18
	178.21	155.18

6 LONG TERM PROVISIONS

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Provision for Gratuity & Leave Encashment	4.93	17.47
Provision for Taxation	2.85	89.90
	7.78	107.37

7 SHORT TERM BORROWINGS

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Secured		
Term Loans from Banks	366.27	125.00
Working Capital Facilities from Banks	570.83	294.04
	937.10	419.04
Unsecured		
Term Loans from Banks	130.01	180.03
Working Capital Facilities from Banks	20.23	–
	150.24	180.03
	1,087.34	599.07

- i. Working Capital facilities from a consortium of banks viz. State Bank of India, Bank of Baroda, ING Vysya Bank Ltd, AXIS Bank Ltd, Standard Chartered Bank, ICICI Bank Ltd and Tamilnad Mercantile Bank Ltd are secured by following securities:
- First pari-passu charge over entire current assets of the company, both present and future.

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 (contd.)

- Second pari-passu charge over entire fixed assets of the company, both present and future.
- Equitable mortgage over residential property at Kolkata of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
- Personal guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
- Pledge of equity shares of the Company held by Gujarat NRE Mineral Resources Limited, a promoter Company along with Corporate Guarantee of the Company equivalent to the value of shares pledged.
- ii. Term Loan from ICICI Bank in Gujarat NRE Ltd. is secured by pledge of shares of Gujarat NRE Coking Coal Ltd. (GNCCCL).
- iii Working Capital facilities from State Bank of India in Gujarat NRE Coking Coal Ltd. is secured by fixed and floating charge over assets of the Gujarat NRE Coking Coal Limited.
- iv Unsecured Term Loans are collaterally secured by Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.

8 TRADE PAYABLES

(Rs. in Crores)

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Micro, Small & Medium Enterprises *	-	-
Others	568.46	292.98
	568.46	292.98

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

Particulars	As at 31st March, 2012	As at 31st March, 2011
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid on all delayed payment under the MSMED Act	-	-
Payment made beyond the appointed day during the Year	-	-
Interest due and payable for the Year of delay other than above	-	-
Interest accrued remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding Years	-	-

9 OTHER CURRENT LIABILITIES

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Current maturities of long term debts	298.79	224.61
Interest Accrued but not due on borrowings	13.30	17.35
Unclaimed Dividend	2.18	2.19
Creditors for Capital Expenditure	33.64	19.93
Others Payables	344.18	72.57
Acceptances	583.50	402.04
	1,275.59	738.69

10 SHORT TERM PROVISIONS

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Provision for Gratuity & Leave Encashment	72.95	31.33
Provision for Taxation	1.65	24.81
Provision for Fringe Benefit Tax	-	1.30
Provision for Proposed Dividend	28.87	57.74
Provision for Dividend Tax/Dividend Tax Payable	14.05	9.37
	117.52	124.55

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 (contd.)

(Rs. in Crores)

NOTES-11

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.2011	Addition during the year	Sales / Adjustment during the year	Total up to 31.03.12	As on 01.04.2011	Provided during the year	Sales / Adjustment during the year	Total up to 31.03.12	As on 31.03.12	As on 31.03.2011
Goodwill	228.20	-	8.55	219.65	-	-	-	-	219.65	228.20
Land - Freehold	214.54	55.74	-	270.28	-	-	-	-	270.28	214.54
Land - Lease Hold*	8.51	-	-	8.51	-	-	-	-	8.51	8.51
Building	116.19	59.31	-	175.50	11.31	3.95	-	15.26	160.24	104.88
Plant & Machineries	1,031.01	114.03	-	1,145.04	203.05	83.39	-	286.44	858.60	827.96
Office Equipment	5.17	2.22	-	7.39	2.77	0.85	-	3.62	3.77	2.40
Furniture & Fixture	3.59	0.14	-	3.73	1.17	0.24	-	1.41	2.32	2.42
Material handling Equipments/ Vehicles	22.96	7.33	0.40	29.89	10.65	3.20	0.14	13.71	16.18	12.31
Weighing Machine	0.47	-	-	0.47	0.08	0.02	-	0.10	0.37	0.39
Electrical Installations	24.11	1.27	-	25.38	4.70	1.17	-	5.88	19.51	19.41
Wind Mill	488.10	-	-	488.10	87.01	25.77	-	112.78	375.32	401.09
Mining Lease	218.61	172.60	-	391.21	4.34	0.60	-	4.94	386.27	214.27
Mine Development	1,155.95	795.20	-	1,951.15	229.66	77.78	-	307.44	1,643.71	926.29
Pre Production Expenses	308.10	-	-	308.10	147.66	0.59	-	148.25	159.85	160.44
Total	3,825.51	1,207.84	8.95	5,024.40	702.40	197.56	0.14	899.82	4,124.58	3,123.11
Previous Year	2,807.71	677.02	(340.78)	3,825.51	409.05	227.36	(65.99)	702.40	3,123.11	
Capital Work-in-progress									672.31	375.83

* Conveyance deed will be executed in favour of the company in due course.

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 *(contd.)*

12 NON-CURRENT INVESTMENTS

(Rs. in Crores)

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Investments in Equity Shares, Bonds & Others		
-Quoted	43.84	108.40
-Unquoted	105.63	105.26
Investments in Associates (Long Term) (Unquoted)	244.39	245.06
Investments in Subsidiaries	–	–
	393.86	458.72
Market value of Quoted Investments (Equity)	32.57	129.32

13 LONG TERM LOANS AND ADVANCES *(Unsecured, Considered Good)*

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Capital Advance	7.83	15.30
Loan & Advances	2.57	1.27
Deposits With Govt. Authorities & Others	107.59	109.74
Advance Tax (incl. Tax Deducted at Source)	64.27	156.07
Unamortised Expenses: (To the extent not written off/or adjusted)		
– Deferred Employee Compensation Under ESOS		
Balance B/F	6.31	8.04
Less – Adjusted for Employees left during the year	0.84	0.57
– Amortised during the year (net)	0.51	1.16
	4.96	6.31
Deferred Revenue Expenses	–	0.01
Restoration Guarantee	65.31	59.23
	252.53	347.93

14 CURRENT INVESTMENTS*

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Other Investment (Unquoted)		
SBI Premier Liquid Fund	–	5.00
Grove Street Ventures SPC	50.85	67.99
	50.85	72.99

* Refer Note 1(viii) for mode of valuation

15 INVENTORIES

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Stores , Spares & Consumables	33.03	30.48
Raw Materials	542.89	460.69
Stock in Process	9.56	8.89
Finished Products	1,043.32	606.52
	1,628.80	1,106.58

(Refer Note 1(vii) for mode of valuation)

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 (contd.)

16 TRADE RECEIVABLE (Unsecured, considered good)

(Rs. in Crores)

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Debts due for a period exceeding six months	5.18	6.53
Other Debts	377.43	255.19
	382.61	261.72

17 CASH & BANK BALANCES

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Cash in hand (as certified by the Management)	0.25	0.16
Balance with Scheduled Banks		
- In Current Account	1.85	28.39
- In Current Account for Unclaimed Dividend	2.18	2.19
- In Term Deposits* (Including interest accrued) **	64.48	53.39
Balance with Non Scheduled Banks		
- In Current Account	22.19	60.55
- In Term Deposits	-	312.77
	90.95	457.45

* includes Term deposits held as margin on Letter of Credit and Bank Guarantee

** Term Deposits with Banks includes deposits of Rs.9.80 Crores (Previous Year Rs.37.57 Crores) with maturity of more than 12months.

18 SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good)

DESCRIPTION	As at 31st March, 2012	As at 31st March, 2011
Advances recoverable in cash or in kind or value to be received	537.55	431.59
Advance Tax (incl. Tax Deducted at Source)	13.38	24.66
	550.93	456.25

19 REVENUE FROM OPERATIONS

DESCRIPTION	For the year ended 31.03.2012		For the year ended 31.03.2011	
Sales of Product	1,463.55		1,846.71	
Less: Excise Duty	65.16	1,398.39	34.08	1,812.63
Freight Revenue		-		1.08
		1,398.39		1,813.71

19.1 PARTICULARS OF SALE OF PRODUCTS

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Coal & Coke	1,055.47	1,514.73
Rolled & Alloy Steel Products	326.85	287.34
Electricity Power (Windmill)	16.07	10.56
	1,398.39	1,812.63

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 *(contd.)*

20 OTHER INCOME

(Rs. in Crores)

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest Income	9.20	9.21
Income from Long Term Investment: Non Trade		
- Profit on Sale of Investments	-	68.80
Foreign Exchange Fluctuation	-	107.18
Profit on Sale of Fixed Assets	0.01	0.01
Miscellaneous Income	2.17	1.26
	11.38	186.46

21 COST OF MATERIAL CONSUMED

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Coal	133.18	118.34
Iron & Steel Scrap and Sponge Iron	238.95	206.00
	372.13	324.34

21.1 PARTICULARS OF COST OF MATERIAL CONSUMED

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Imported	273.77	257.62
Indigenous	98.36	66.72
	372.13	324.34

22 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK -IN-PROCESS & STOCK IN TRADE

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Closing Stocks	1,052.88	615.41
Less :Opening Stocks	615.41	565.86
	437.47	49.55
Less: Change in Excise Duty on Stock	1.10	0.70
	436.37	48.85

23 EMPLOYEES BENEFITS EXPENSES

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Salaries, Wages, Bonus & Labour Charges	159.17	201.73
Contribution to PF & Other Funds	2.73	2.01
Provision/Payment of Gratuity	1.14	8.06
Employee Compensation Amortisation Under ESOS	0.51	1.16
Employees Welfare Expenses	10.78	5.54
	174.33	218.50

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 *(contd.)*

24 FINANCE COSTS

(Rs. in Crores)

DESCRIPTION	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest Expenses	234.14	221.61
Other Borrowing Costs	18.05	16.74
Applicable loss/(gain) on foreign currency transactions and translation	–	(3.44)
	252.19	234.91

25 OTHER EXPENSES

DESCRIPTION	For the year ended 31.03.2012		For the year ended 31.03.2011	
Manufacturing Expenses:				
Mine Operating Expenses	156.40		95.33	
Power & Fuel	49.89		39.65	
Stores, Spares & Consumables	45.69		51.44	
Repair & Maintenance:				
– Plant & Machinery	99.75		61.45	
– Building	2.70		0.82	
– Others	3.82		2.92	
Royalties	40.96		48.85	
Plant Hire Charges	4.89		4.93	
		404.10		305.39
Selling & Distribution Expenses:				
Advertisement & Business Development	10.07		3.89	
Carriage & Cartage	242.75		348.56	
Commission on Sales	1.97		0.85	
		254.79		353.30
Establishment Expenses:				
Professional & Service Charges	33.35		30.23	
General Expenses	7.35		7.39	
Rent	0.83		0.46	
Rates & Taxes	7.47		4.74	
Insurance Expenses	8.42		12.37	
Chartering Expenses	14.63		–	
Communication Expenses	1.23		1.31	
Travelling & Conveyance	5.46		5.69	
Auditors Remuneration				
– For Audit Fees	1.44		1.29	
Internal Audit Fees	0.08		0.09	
Loss on Sale of Fixed Assets	–		0.17	
Loss on Sale/Restatement of Investments (Net)	30.11		–	
Environment Expenses	10.24		13.74	
Deferred Revenue Expenses Written Off	3.08		1.26	
		123.69		78.74
		782.58		737.43

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 *(contd.)*

26 The Earnings Per Share as per Accounting Standard (AS)- 20 are as under:

Particulars	At 31.03.2012 Basic & Diluted EPS	At 31.03.2011 Basic & Diluted EPS
Earnings		
Net Profit/(Loss) for the Year (Rs. / Crores)	(98.68)	109.16
<i>Add: Interest on FCCB (Rs. / Crores)</i>	-	-
Earnings for Diluted EPS (Rs. / Crores)	(98.68)	109.16
Shares		
Number of shares at the beginning of the Year	558,138,188	498,194,215
<i>Add: Share Allotted against Share Warrants</i>	-	8,550,000
<i>Add: Conversion of FCCB</i>	17,407,793	100,044
<i>Add: Share Allotted against ESOS</i>	73,980	554,095
<i>Add: Bonus "B" Equity Shares Issue</i>	1,748,176	50,739,834
Total number of equity shares outstanding at the end of the Year	577,368,137	558,138,188
Weighted average number of shares outstanding during the Year (for Basic EPS)	576,976,321	554,582,402
<i>Add: Number of equity shares arising out of exercise of option of outstanding Share Warrants that have dilutive effect on the EPS</i>	2,080,000	2,080,000
<i>Add: Number of equity shares arising out of conversion of outstanding FCCB that have dilutive effect on the EPS</i>	-	5,558,439
<i>Add: Number of Equity Shares arising out of exercise of option of Employee Stock Option Scheme</i>	262,550	1,275,496
Weighted average number of shares outstanding during the Year (for Diluted EPS)	579,318,871	563,496,337
Earning per share :		
- Basic (Rs.)	(1.71)	1.96
- Diluted (Rs.)	(1.70)	1.94

In the above statement, paid up Equity & Earning Per Share include both Equity Shares & "B" Equity Shares since both class of shares are pari-passu in all respect except for voting rights.

27 Contingent liabilities not provided for in respect of:

(Rs. in Crores)

	As on 31st March 2012	As on 31st March 2011
27.1 For Parent Company (Gujarat NRE Coke Ltd.)		
i Letter of Credits outstanding for purchase of materials.	18.67	50.92
ii Outstanding Bank Guarantees	13.44	10.93
iii Capital commitments	58.73	137.17
iv Bills discounted under letter of credit with banks	85.04	32.41
v Duty on account of Advance Authorisation against Export obligation.	0.73	1.03
vi On Balance Sheet date, the disputed amount involved in four (previous year three) income-tax demands under appeal. 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.	8.29	4.42
vii A demand raised by the Service Tax Department, against which company has filed an appeal to the jurisdiction authorities.	0.06	0.06
viii A demand raised by the Custom Department, against which company has filed an appeal to the jurisdiction authorities.	2.55	-

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 (contd.)

For Subsidiaries

State Bank of India bank guarantees of Rs.3.22 Crores (Previous Year - Rs.2.80 Crores) has been provided to The Sydney Catchment Authority and Supreme Court of NSW.

Bank guarantee has been provided to DPI for restoration liability for NRE No1 mine - Rs.30.39 Crores (Previous Year - Rs.26.43 Crores). Restoration liability for the said liabilities has been accounted at their present value in the group's financial statements.

State Bank of India bank guarantee of Rs.1.74 Crores (Previous Year Nil) has been provided to CBA to enable them to further issue a BG favoring Port Kembla Coal Terminal (PKCT).

State Bank of India bank guarantee of Rs.5.37 Crores (Previous Year - Nil) has been provided to Port Kembla Coal Terminal.

State Bank of India bank guarantee of Rs.10.74 Crores (Previous Year - Nil) has been provided to WDS in relation to secure payments

State Bank of India bank guarantee of Rs.5.37 Crores (Previous Year - Rs.4.67 Crores) has been provided to National Basketball League to provide corporate support for Wollongong Hawks to participate in National Basketball League.

Capital Commitment - Rs.166.59 Crores (Previous Year - Rs.458.95 Crores)

27.2 Greenerth Resources & Projects Limited (formerly known as Austral Coke & Projects Limited) had filed a defamation suit in Hon'ble Bombay High Court against the Company for Rs.600 Crores. The Company had also filed Civil Suit in Hon'ble Calcutta High Court against Austral Coke & Projects Limited, all its Directors, its merchant bankers and Auditors and others claiming for loss of damages worth Rs.4761 Crores. Management is confident that outcome of the defamation suit filed by the Austral Coke & Projects Limited would be in favour of the company.

27.3 On 16 October 2007, the company and Armada Singapore Pte Ltd ("Armada") entered into five year charter party agreement which provided, inter alia, for Armada to supply vessels to ship the company's tonnage, namely coal or coking coal from various destinations worldwide. Between late 2008 and early 2009, following the worldwide economic crisis, Armada experienced serious financial losses resulting into a large number of third party defaults under its shipping agreements. As a result, during the course of 2009 Armada entered into Judicial Management, a Singaporean insolvency regime. As a result of Armada's insolvency, the Company refused to make further nominations since there was no assurance or security for Armada's performance for the balance period under the agreement.

Armada later on filed its claim submission in an arbitration proceeding against the company before Arbitration Tribunal in London. Although there was no specific clause on jurisdiction or applicable law in the agreement and also the constitution of Arbitration Tribunal was not in accordance with the agreement and even after the company's repetitive challenges to aforesaid, the Tribunal passed an order in favour of Armada assessing the liability of the company towards Armada as Rs. 42.85 Crores (including interest of Rs. 3.42 Crores).

Aggrieved by the aforesaid order, the company has filed a civil suit against Armada with the Hon'ble High Court at Calcutta claiming for damages for an amount of Rs 144 Crores and cancellation of the aforesaid order being void and restraining Armada from giving any effect to the order passed by the Tribunal. Subsequently, an order was passed by the Hon'ble High Court at Calcutta restraining Armada to take any further steps to enforce the award passed by the Tribunal in India. The matter is presently sub judice before the Hon'ble High Court at Calcutta.

28 Gujarat NRE Resources NL(GNRNL) has entered into a joint venture (30% ownership), farm-in arrangement with Pluton Resources Limited (60%) & Southern Ocean Sciences Pty Ltd and John McDougall (10 %) which is managed by Pluton through joint venture exploration program and GNRNL has commenced pro rata cost contribution to the joint venture agreement. Cethana is prospective for gold and base metals. The Exploration License is located 50km South of Devonport on the north coast of Tasmania. Joint Venture IEL 29/2006 Cethana is not impaired and directors are of the opinion that the carrying value is the reasonable fair value of the asset.

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 (contd.)

29 Segment Informations:

Segment wise Revenue, Results and Capital Employed for the Year ended 31st March, 2012.

The group has three reportable segments i.e. "Coal & Coke", "Steel" and "Mining" as primary business segments.

i Primary Segment Reporting (by Business Segment):

(Rs. in Crores)

Particulars	2011-12				2010-11			
	Coal & Coke	Steel	Mining	Total	Coal & Coke	Steel	Mining	Total
Segment Revenue								
(Net Sales/Income from segment)								
External Sales	1029.26	342.92	26.21	1398.39	1296.81	297.90	217.92	1812.63
Inter-Segment Revenue		1.65	909.56	911.21		2.16	720.99	723.15
	1029.26	344.57	935.77	2309.60	1296.81	300.06	938.91	2535.78
Less: Inter Segment Revenue		1.65	909.56	911.21		2.16	720.99	723.15
Total Segment Revenue	1029.26	342.92	26.21	1398.39	1296.81	297.90	217.92	1812.63
Segment Results before Tax, Extraordinary Items & Interest	293.44	14.82	2.77	311.03	252.07	14.78	6.30	273.15
Add:- Other Un-allocable Income Net of Expenditure				(112.04)				111.86
Less:- Interest Expense				252.19				221.61
Less:- Provision for Tax				30.14				28.68
Net Profit/(Loss) after Tax				(83.34)				134.72
Assets								
Segment Assets*	2,969.64	577.59	4,024.14	7571.37	2,185.09	577.94	2,507.60	5270.63
Un-allocable Assets				576.04				1063.00
Total Assets				8147.41				6333.63
Liabilities								
Segment Liabilities	955.15	82.55	625.31	1663.01	397.92	71.82	375.16	844.90
Un-allocable Liabilities				21.77				202.68
Total Liabilities				1684.78				1047.58
*including captive windmills	6.84	368.47			7.44	393.64		
Capital Expenditure	78.88	6.74	1,429.14		132.85	5.85	588.02	
Non Cash Expenses :								
Depreciation & Amortisation	26.66	29.69	93.88		20.71	29.32	168.07	

ii Secondary Segment Reporting (by Geographical demarcation):

(Rs. in Crores)

Particulars	2011-12			2010-11		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	1,006.59	391.80	1,398.39	1,253.69	341.02	1,594.71
Segment Assets	3,547.23	4,024.14	7,571.37	2,763.03	2,507.60	5,270.63
Capital Expenditure	85.62	1,429.14	1,514.76	138.70	588.02	726.72

Notes on Consolidated Financial Statement for the year ended 31st March, 2012 *(contd.)*

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

A. Particulars of the Related Parties:

Associates

- 1 Bharat NRE Coke Ltd.
- 2 NRE Metcoke Ltd.
- 3 Bajrangbali Coke Industries Ltd.
- 4 Surajbari Traders Pvt. Ltd.
- 5 Dharwad Traders Pvt. Ltd.
- 6 Mandvi Traders Pvt. Ltd.
- 7 Lunva Traders Pvt. Ltd.

Enterprises in which key management personnel have significant influence

- 1 Gujarat NRE Mineral Resources Ltd.
- 2 Gujarat NRE Energy Resources Ltd.
- 3 Russel Vale Traders Pvt. Ltd.
- 4 Bulli Coke Ltd.
- 5 Gujarat NRE Oil Ltd.

Enterprise in which key management person is a trustee

- 1 Girdharilal Arun Kumar Family Trust

B. Key Management Personnel

- 1 Mr. A. K. Jagatramka – Chairman & Managing Director
- 2 Mr. P. R. Kannan – Chief Financial Officer

Relatives of Key Management Personnel

Mrs. Mona Jagatramka
Ms. Tanvee Jagatramka

C Transaction with Related Parties

(Rs. in Crores)

Particulars of Transactions	Current Year	Previous Year
i Sale/(Sales Return) of Goods/Services		
– Associates	0.15	0.24
ii Purchase of Goods /Services		
– Associates	5.40	4.95
iii Remuneration		
– Key Management persons	6.07	3.20
– Relative of Key Management Personnel	0.94	0.59
iv Share Warrant Deposit		
Received		
– Enterprises in which key management person has significant influence	–	93.75
v Rent Paid		
– Enterprises in which key management person is a trustee	0.25	0.25
vi Security Deposit Given		
– Associates	–	30.00
vii Loans / Advance Given/(Refunded)		
– Associates	30.09	51.42
– Enterprises in which key management person has significant influence	0.30	–
viii Guarantees/Collateral Securities Outstanding as at the Year end		
– Given on behalf of Associates	–	2.93
– Given by Associates on behalf of the Company	55.00	–
– Given by Key Management Personnel on behalf of the Company	2,078.10	1062.73
– Given by Enterprises in which key management person has significant influence	94.50	170.55

Notes on Financial Statement for the year ended 31st March, 2012 *(contd.)*

- 31.1** Directors of Gujarat NRE Limited after review & assesment of investment in Pike River Coke Ltd has determined that investment in Pike River Coke Ltd. has impaired and has been accordingly charged off fully in the Statement of Profit & Loss Account as Extraordinary item.
- 31.2** The indicators of impairment listed in paragraph 8 to 10 of Accounting Standard (AS)- 28 "Impairment of assets" issued by ICAI have been examined by the management and on such examination, it has been found that none of the indicators are present in the case of the Company's assets . A formal estimate of the recoverable amount has not been made, as there is no indication of a potential impairment loss.
- 32** Exceptional items for the year ended 31st March'2012 represents the foreign exchange losses due to unusual diminution in the value of Rupee as against the US Dollar during the year.
- 33** There are no amounts due and outstanding to be credited to Investors Education and Protection Fund as at 31st March 2012.
- 34** The Revised Schedule VI has become effective from April 1,2011 for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figure have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

Consolidated Cash Flow Statement for the year ended 31st March, 2012

(Rs. in crores)

	For the Year ended 31-Mar-12	For the Year ended 31-Mar-11
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax	(53.21)	163.38
Adjustments for:		
Depreciation / Other non cash items	153.73	218.59
Interest Paid / Payable	236.66	221.61
Net Other Income	(2.17)	(111.88)
Net Loss/(Profit) on Sale / Discard of Fixed Assets	(0.01)	0.16
Net Loss/(Profit) on Sale of Investment	30.11	(68.80)
Employee Stock Option - Compensation debited to Profit and Loss A/c	0.51	1.16
Interest Received / Receivable	(9.20)	(9.21)
Extra Ordinary Items	67.09	23.62
Operating Profit before Working Capital Changes	423.51	438.63
Adjustments for:		
Trade & Other Receivables	(225.99)	(68.38)
Inventories	(522.22)	(212.03)
Trade Payables	771.34	45.35
Cash Generated from Operations	446.64	203.57
Direct Taxes Paid / Refunds	(15.54)	(26.55)
Net Cash Generated from Operating Activities	431.10	177.02
B CASH FLOW FROM INVESTING ACTIVITIES		
Addition to Fixed Assets	(1,441.38)	(750.28)
Sale of Fixed Assets	0.28	0.30
Addition to Investments	-	(174.52)
Sale of Investments	(13.86)	60.88
Interest Received	9.20	9.21
Dividend / Misc Income	2.17	111.88
Net Cash used in Investing Activities	(1,443.59)	(742.53)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds to Share Capital / Reserves	0.79	274.51
Deposit against Share Warrant	-	104.15
Increase in Long / Short term borrowing	946.38	753.31
Interest Paid	(235.12)	(203.30)
Dividend & Dividend Tax Paid	(57.74)	(64.10)
Unamortised Expenses	(8.32)	(4.48)
Net Cash Generated From Financing Activities	645.99	860.09
Net Increase / (Decrease) in Cash & Cash Equivalents	(366.50)	294.58
Cash & Cash Equivalents (Opening Balance)	457.45	162.87
Cash & Cash Equivalents (Closing Balance)	90.95	457.45

In terms of our report of even date annexed hereto

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

For and on behalf of the Board

A. Paul
Partner
Membership No. 06490
Place : Kolkata
Dated : 27th May' 2012.

A K Jagatramka
Chairman &
Managing Director
Place : Kolkata

M Jagatramka
Director
Place : Kolkata

P R Kannan
Chief Financial Officer
Place : London

Manoj K Shah
Company Secretary
Place : Kolkata





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