

**Schedules to the Accounts (Contd.)**

**SCHEDULE - 18 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

- Term Loan from Dhanalakshmi Bank Limited and Yes Bank Limited are 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;
  - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.

**b) Secured Short Term Loans:**

- Term Loan from Indusind Bank is collaterally secured by following securities:
  - Pledge of equity shares of the company held by Gujarat NRE Mineral Resources Limited, a promoter company;
  - Corporate Guarantee by Gujarat NRE Mineral Resources Limited, a Promoter Company.
- Term Loans from Dena Bank and Central Bank of India are secured by following securities:
  - Subservient charge on movable assets of the company
  - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company
- Working Capital facilities from a consortium of banks viz. State Bank of India, Bank of Baroda, ING Vysya Bank Ltd, AXIS Bank Ltd and Standard Chartered Bank 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 3,98,7410 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.

**c) Unsecured Short Term Loans:**

Working Capital facilities and Term Loans are collaterally secured by Personal guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.

5. **In accordance with Accounting Standard 22 "Accounting for Taxes on Income", the provision for net deferred tax liability as at date of the Balance Sheet as shown below has been provided in the books.**

	(Rs. in Crores)	
<b>Deferred Tax Liabilities</b>	<u>Current Year</u>	<u>Previous Year</u>
Deferred Tax Liability on account of Depreciation	16.92	69.76
<b>Total Deferred Tax Liabilities</b>	<b>16.92</b>	<b>69.76</b>
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation and carry forward loss for set off	(5.54)	36.47
Long Term Capital Loss carry forward for set off	0.20	0.35
Deferred Revenue Expenditure carried forward for set off	(0.80)	(0.80)
Employees compensation carried forward	0.56	0.03
Credit for Minimum Alternate Tax	12.64	15.66
Gratuity & Leave Encashment	0.25	0.26
<b>Total Deferred Tax Assets</b>		
	7.31	51.97
Net Deferred Tax Liability charged to Profit & Loss Account	9.61	17.79
Opening Balance	132.44	99.01
Add: Credit for Minimum Alternate Tax transferred to Current Assets	12.63	15.64
<b>Net Deferred Tax Liabilities at year end</b>	<b>154.68</b>	<b>132.44</b>

6. Austral Coke & Projects Limited has filed a defamation suit in Hon'ble Bombay High Court against the Company for Rs.600 Crores. The Company has 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 filed by the Austral Coke & Projects Limited would be in favour of the company.

## Schedules to the Accounts (Contd.)

**SCHEDULE - 18 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****7. • Particulars of Managerial remuneration:**

The remuneration paid to the Chairman & Managing Director and Executive Director of the company during the year is Rs. 2.05 crores (Previous Year-Rs. 3.52 crore), detailed as under:

	(Rs. in Crores)	
	<u>Current Year</u>	<u>Previous Year</u>
Salary	1.54	1.62
Commission (as computed below)	-	1.44
Contribution to Provident Fund	0.17	0.16
Other Perquisites	0.34	0.30
<b>Total</b>	<b>2.05</b>	<b>3.52</b>

**Computation of Net Profit in accordance with Section 198 and Section 309 (5) of the Companies Act, 1956 and calculation of Director's commission:**

	(Rs. in Crores)	
	<u>Current Year</u>	<u>Previous Year</u>
Profit before tax as per Profit & Loss Account	74.37	138.19
Add: Managing and Executive Directors' Remuneration & Commission	2.05	3.52
Commission paid to Non-Executive Directors (net)	-	1.44
Directors fees	0.15	0.20
	<b>76.57</b>	<b>143.35</b>
Add : Loss/(Profit) on sale of Investments	(8.35)	0.65
Add : Loss/(Profit) on Sale of Assets	0.03	0.01
Net Profit as per Section 198 of the Companies Act, 1956	<b>68.25</b>	<b>144.01</b>
a) Maximum permissible remuneration to Managing and Executive Directors under Section 198 of the Companies Act, 1956.@ 10% of the profits computed as above	6.83	14.40
<b>Commission Payable</b>	-	<b>1.44</b>
b) Maximum permissible managerial remuneration to non-executive Directors under section 198 of the Companies Act, 1956 @1%	0.68	1.44
<b>Commission Payable</b>	-	<b>1.44</b>

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

- In recognition of valuable contributions made by Mr. Arun Kumar Jagatramka, Chairman & Managing Director to the growth & development of the Company, the Company had assigned & endorsed 7 ( Seven) Keyman Insurance Policies taken by the Company in 2004 to cover Mr. Arun Kumar Jagatramka maturing in 2019 (having a surrender value of Rs. 2.58 Crores as on 24<sup>th</sup> February'2009) in his favour as an additional reward to him, after the approval of shareholders vide Postal Ballot as per its result declared on 2<sup>nd</sup> May'2009. Considering the above Keyman Policies endorsed, the total managerial remuneration & commission of Rs. 2.05 Crores as stated above for Managing & Executive Director comes to Rs. 4.63 crores, which is within the Maximum permissible remuneration under Section 198 & Section 309 (5) of the Companies Act, 1956 as stated above.

**8. Besides Sales of Coke, Coal, Power and Steel, Sales include the followings :**

	(Rs. in Crores)	
	<u>Current Year</u>	<u>Previous Year</u>
Sale of Chemicals	-	6.91
Conversion Income	1.41	15.38

**9. 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:**

Sr. No.	Particulars	As at <u>31<sup>st</sup> March'10</u>	As at <u>31<sup>st</sup> March'09</u>
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payment under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other then (3) above	-	-
6	Interest accrued remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

## Schedules to the Accounts (Contd.)

**SCHEDULE - 18 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

10. Dividend for earlier year, including dividend tax on such dividend Rs. 0.09 Crores (Previous Year Rs. 0.003 Crores), appearing in the Profit & Loss account represents additional amount of Dividend & Dividend Tax paid on share capital issued subsequently after approval of Annual Accounts for the year 2008-09 by the Board of Directors and before the record date fixed for the payment of dividend.

## 11. Segment Information

## a. Primary Segment Reporting ( by Business Segment ) :

The Company has two reporting segments i.e. "Coal & Coke" & "Steel" as primary segments.

(Rs. in crores)

Particulars	2009-10			2008-09		
	Coal & Coke	Steel	Total	Coal & Coke	Steel	Total
<b>Segment Revenue</b>						
(Net Sales/Income from segment)						
External Sales	1111.55	290.31	1401.86	1231.18	285.36	1516.54
Inter-Segment Revenue		1.77	1.77		3.88	3.88
	1111.55	292.08	1403.63	1231.18	289.24	1520.42
Less: Inter Segment Revenue		1.77	1.77		3.88	3.88
<b>Total Segment Revenue</b>	<b>1111.55</b>	<b>290.31</b>	<b>1401.86</b>	<b>1231.18</b>	<b>285.36</b>	<b>1516.54</b>
<b>Segment Results</b>						
Profit before Tax & Interest	<b>124.44</b>	<b>42.41</b>	<b>167.85</b>	<b>182.92</b>	<b>31.80</b>	<b>214.72</b>
Add:- Other Un-allocable Income						
Net of Expenditure			32.66			(11.78)
Less:- Interest Expense			126.14			64.75
Less:- Provision for Tax			22.50			30.95
<b>Net Profit (After Tax)</b>			<b>51.87</b>			<b>107.24</b>
<b>Assets</b>						
Segment Assets*	1968.31	580.32	2548.63	1,799.64	611.99	2411.63
Un-allocable Assets			1139.10			1040.43
<b>Total Assets</b>			<b>3687.73</b>			<b>3452.06</b>
<b>Liabilities</b>						
Segment Liabilities	495.72	61.08	556.80	611.63	53.72	665.35
Un-allocable Liabilities			174.08			162.89
<b>Total Liabilities</b>			<b>730.88</b>			<b>828.24</b>
*including captive windmills of						
(Rs./Crores)	8.04	418.82		8.64	452.63	
Capital Expenditure	82.74	11.54		148.21	194.76	
Non Cash Expenses						
Depreciation & Amortization	16.83	29.29		15.43	23.59	

## b. Secondary Segment Reporting ( by Geographical demarcation):

Particulars	2009-10			2008-09		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	1401.86	-	1401.86	920.56	595.98	1,516.54
Segment Assets	2548.63	-	2548.63	2,411.63	-	2,411.63
Capital Expenditure	94.28	-	94.28	342.97	-	342.97

## Schedules to the Accounts (Contd.)

**SCHEDULE - 18 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

12. 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**

1. Gujarat NRE Ltd.
2. Hunter Valley Coal (P) Ltd.
3. Manor Dealcom (P) Ltd.

**Sub-Subsidiary Companies**

1. Gujarat NRE Coal (NSW) Pty Ltd.
2. Gujarat NRE FCGL Pty Ltd.
3. Wonga Coal Pty Ltd.
4. Gujarat NRE Coking Coal Ltd. ( formerly Gujarat NRE Minerals Ltd)
5. Gujarat NRE Resources NL.
6. South Bulli Holdings Pty Ltd.
7. Gujarat NRE Properties Pty Ltd.
8. Gujarat NRE India Pty Ltd.

**Associates**

1. Bharat NRE Coke Ltd.
2. Gujarat NRE Energy Resources Ltd.
3. NRE Met Coke Ltd.
4. Bajrangbali Coke Industries Ltd.

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

1. Gujarat NRE Mineral Resources Ltd.
2. Critical Mass Multilink Ltd.
3. Bulli Coke Pvt. Ltd.

**B. Key Management Personnel**

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

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

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

**C. Transaction with Related Parties****S.N Particulars of Transactions**

		(Rs. in Crores)	
		<u>Current Year</u>	<u>Previous Year</u>
i.	Sale/(Sales Return) of Goods/Services		
	- Associates	213.74	159.28
ii.	Purchase of Goods /Services		
	- Associates	4.22	111.54
	- Sub-Subsidiaries	524.69	736.13
iii.	Remuneration		
	- Key Management persons	2.28	3.83
iv.	Investments		
	- Subsidiaries	-	161.27
v.	Sale of Securities		
	- Enterprises in which key management person has significant influence	-	10.90
vi.	Remittance on Capital Reduction by		
	- Subsidiaries	72.95	-
vii.	Shares Alloted		
	- Associates	3.95	-
	- Enterprises in which key management person has significant influence	12.50	-

## Schedules to the Accounts (Contd.)

## SCHEDULE - 18 : SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS

	(Rs. in Crores)	
	<u>Current Year</u>	<u>Previous Year</u>
viii. Share Warrant Deposit		
Received		
- Associates	14.06	-
- Enterprises in which key management person has significant influence	-	39.00
Forfeited		
- Enterprises in which key management person has significant influence	39.00	-
ix. Interest Received		
- Associates	-	0.85
- Sub-Subsidiaries	0.26	0.53
x. Rent Paid		
- Enterprises in which key management person is a trustee	0.25	0.25
xi. Security Deposit Given		
- Associates	35.00	30.00
- Enterprises in which key management person is a trustee	-	9.00
xii. Demurrage Received		
- Enterprises in which key management person is a trustee	0.18	-
xiii. Loans / Advance Given/(Refunded)		
- Associates	7.42	(21.50)
- Sub-Subsidiaries	(6.92)	-
xiv. Guarantees/Collateral Securities Outstanding as at the year end		
- Given on behalf of Associates	5.87	17.05
- Given on behalf of Sub-Subsidiaries	873.35	526.97
- Given by Key Management Personnel on behalf of the Company	1023.47	1425.77
- Given by Enterprises in which key management person has significant influence	244.87	137.65

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

	<u>Current Year</u>		<u>Previous Year</u>	
	<u>Outstanding Balance</u>	<u>Maximum Balance during the year</u>	<u>Outstanding Balance</u>	<u>Maximum balance during the year</u>
	<u>(Rs/ Crores)</u>	<u>(Rs/ Crores)</u>	<u>(Rs/ Crores)</u>	<u>(Rs/ Crores)</u>
<b>i. Due from Related Parties</b>				
(included in loans & advances and sundry debtors)				
Subsidiaries				
- included in Loans & Advances	96.80	96.80	-	55.41
Associates				
- included in Sundry Debtors	46.94	95.80	74.34	135.78
- included in Loans & Advances	81.42	127.84	31.35	116.03
Sub-Subsidiaries				
- included in Loans & Advances	-	6.92	6.92	7.23
Enterprises in which key managerial persons has significant influence				
- included in Loans & Advances	9.35	9.35	9.35	9.35
<b>ii. Due to Related Parties</b>				
(included in current liabilities)				
- Sub-Subsidiaries	282.71		401.20	

## Schedules to the Accounts (Contd.)

## SCHEDULE - 18 : SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS

13. 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.

(Rs. in Crores)

	As on 31 <sup>st</sup> March 2010	As on 31 <sup>st</sup> March 2009
a. Forward Contracts outstanding for hedging currency risks		
- Loans	22.92	-
- Payable	290.66	-
b. Foreign Currency Exposures that have not been hedged		
- Loans including accrued interest	235.97	403.38
- Payable	135.29	614.37
14. Exchange difference (gain) of Rs.0.58 Crores (Previous Year Nil) in respect of unexpired period of forward cover contracts will be recognised in the Profit & Loss accounts in subsequent year.		
15. <b>Foreign Currency Convertible Bonds (FCCB)</b>		
(a) The Company issued 600, Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCB) of US\$ 100,000 each aggregating US\$ 60 Million at par on 11 <sup>th</sup> April, 2006. These bonds are convertible into equity shares of the Company at the option of bondholders at a price of Rs. 44.64 per share, If not converted then they are redeemable on 12 <sup>th</sup> April, 2011 at 139.36% of the face value. As on 31.03.10, 425 Bonds has been converted into 3,17,98,240 equity shares leaving balance of 175 bond as on 31.03.2010.		
(b) Out of the above FCCBs of Rs. 267.96 crores, a sum of Rs. 0.11 crores remained unutilized at Balance Sheet date.		
16. <b>The Earnings Per Share as per Accounting Standard (AS)- 20 are as under:</b>		

Particulars	As on 31. 03. 2010 Basic & Diluted EPS	As on 31. 03. 2009 Basic & Diluted EPS
<b>Earnings</b>		
Net Profit for the year (Rs. / Crores)	51.87	107.24
Add: Interest on FCCB (Rs. / Crores)	0.01	0.01
Earnings for Diluted EPS (Rs. / Crores)	<b>51.88</b>	<b>107.25</b>
<b>Shares</b>		
Number of shares at the beginning of the year	471,919,538	337,017,176
Add: Share Allotted against Share Warrants	20,450,000	-
Add: Bonus Issue	-	134,834,154
Add : Conversion of FCCB	5,193,248	68,208
Add: Share Allotted against ESOS 2005	631,429	-
<b>Total number of equity shares outstanding at the end of the year</b>	<b>498,194,215</b>	<b>471,919,538</b>
<b>Weighted average number of shares outstanding during the year</b>	<b>479,471,607</b>	<b>471,907,952</b>
<b>(for Basic EPS)</b>		
Add: Number of equity shares arising out of exercise of option of outstanding Share Warrants that have dilutive effect on the EPS	8,550,000	45,500,000
Add: Number of equity shares arising out of conversion of outstanding FCCB that have dilutive effect on the EPS	17,507,841	22,701,089
Add: Number of Equity Shares arising out of exercise of option of Employee Stock Option Scheme	3,753,371	4,499,600
<b>Weighted average number of shares outstanding during the year</b>	<b>509,282,819</b>	<b>544,608,641</b>
<b>(for Diluted EPS)</b>		
<b>Earning per share :</b>		
- Basic (Rs.)	1.08	2.27
- Diluted (Rs.)	1.02	1.97

## Schedules to the Accounts (Contd.)

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## 17. Secured Non-Convertible Debentures:

- 10.60% Secured Redeemable Non Convertible Debentures of Rs. 75.00 Crores (Previous Year Rs. 95.00 Crores) were redeemable at par in 15 equal quarterly installments by 27th November 2013. The same are being redeemed since 27<sup>th</sup> February 2009.
- 11.90% Secured Redeemable Non Convertible Debentures of Rs. 100.00 Crores (Previous Year Rs. 100.00 Crores) are redeemable at par in 4 equal annual installments commencing from 07th February 2012.
- 12.50% Secured Redeemable Non Convertible Debentures of
  - Rs. 50.00 Crores (Previous Year Rs. 50.00 Crores) were redeemable at par in 4 equal annual installments commencing from 6th March 2012,
  - Rs. 10.00 Crores (Previous Year NIL) are redeemable at par in 4 equal annual installments commencing from 30th May 2012,
  - Rs. 10.00 Crores (Previous Year NIL) are redeemable at par on 30th May 2012,
  - Rs. 10.00 Crores (Previous Year NIL) are redeemable at par on 30th May 2013,
  - Rs. 10.00 Crores (Previous Year NIL) are redeemable at par on 30th May 2014,
  - Rs. 10.00 Crores (Previous Year NIL) are redeemable at par on 30th May 2015.

## 18. Disclosure as required by Accounting Standard 15 ( Revised ) on Employee benefits :-

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

Description	(Rs. in Crores)	
	Gratuity Plan	Leave Encashment
<b>A. Change in Obligation over the year ended 31.03.2010</b>		
- Present value of Defined Benefit Obligation as on 01.04.2009	2.21	0.38
- Current Service Cost	0.54	0.05
- Past Service Cost	-	-
- Interest Cost	0.18	0.03
- Curtailment Cost / ( Credit )	-	-
- Settlement Cost / ( Credit )	-	-
- Actuarial ( gains )/ losses	(0.11)	0.06
- Benefits paid	(0.01)	(0.00)
- Present Value of defined Benefit Obligation as on 31.03.2010	2.81	0.52
<b>B. Expenses recognized during the year 2009-10</b>		
- Current Service Cost	0.54	0.05
- Past Service Cost	-	-
- Interest Cost	0.17	0.04
- Curtailment Cost / ( Credit )	-	-
- Settlement Cost / ( Credit )	-	-
- Actuarial ( gains )/ losses	(0.10)	0.06
- Expected return on plan assets	-	-
- Total Expenses for the year	0.61	0.15
<b>C. Principal Actuarial Assumptions at the balance sheet date.</b>		
- Discount rate		
( based on the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities)		8%
- Expected rate of return on assets		N.A
- Salary increase		7.50%
( taking into account inflation, seniority, promotion and other relevant factors )		
Projected Unit Credit (PUC) actuarial method has been used to assess the Plan's liabilities, including those death-in-service and in capacity benefits.		

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## SCHEDULE - 18 : SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS

## D General Descriptions of defined benefit plans:

## i) 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.

## ii) Provident Fund Plan:

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

19. The Company has exercised the option granted vide notification No. GSR 225(E) dated 31st March'2009 issued by the Ministry of Corporate Affairs and accordingly the exchange differences arising on revaluation of long term foreign currency monetary items have been recognised over the shorter of the maturity period or 31st March' 2011, due to this, profit for the current year is lower by Rs.1.94 Crores.

## 20. Particulars of Balances with Non-Scheduled banks :

(Rs. in Crores)

In current Account*	Balance as on 31st March 2010	Maximum Balance	
		During the Current Year	During Previous Year
a) ICICI Bank UK PLC, London Branch	0.06	0.12	0.1
b) HSBC Bank Australia Ltd, Sydney Branch	-	0.05	2.38
c) SBI Sydney Branch	0.05	0.05	-

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

21. For the Convenience of operations, NRE Metcoke Limited has appointed the Company as 'Operator' to operate and manage their plants at Bhachau, Gujarat w.e.f. 1<sup>st</sup> April 2010 vide an agreement dated 8<sup>th</sup> March 2010. Pursuant to the said agreement the Company has given an interest free Security Deposit of Rs. 35 Crores to NRE Metcoke Limited. Consequently, additional capacity of 90,000 MT of Low-Ash Metallurgical Coke has been available to the company from that date.
22. 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.
- 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.
23. There are no amounts due and outstanding to be credited to Investors Education and Protection Fund as at 31<sup>st</sup> March, 2010.
24. a) There were no transactions of securities which were Purchase and Sold during the same financial Year.
- b) Revenue & Capital Expenditure on account of Research & Development expenditure incurred during the Year Rs. Nil (Previous Year Nil).
25. Additional information Pursuant to the provision of Part II of Schedule VI of the Companies Act, 1956 to the extent applicable to the Company :

## A) Particulars of Capacity and Production

Description	Units	Installed Capacity		Actual Production	
		2009-10	2008-09	2009-10	2008-09
Low-Ash Metallurgical Coke	M.T.	1,130,000 <sup>#</sup>	1,006,000 <sup>#</sup>	704,904*	767,346*
Rolled & Alloy Steel Products	M.T.	311,000	311,000	105,895	81,037
Electricity Power (Windmill)	KWH/LACS	7,665	7,665	1,483 **	1,023**

# installed capacity includes capacity of Bharat NRE Coke Ltd. Plant operated by the company as "operator" at Dharward, Karnataka.

\* includes Conversion for others 8,025 MT (Previous Year 90,901MT)

\*\* includes 999.04 Lacs KWH units (Previous Year 598.13 Lacs KWH) captivity used for own consumptions.

Note: Weighted Average capacity utilisation based on weighted average installed capacity

Low-Ash Metallurgical Coke -	68.41% (Previous Year – 78.38 %)
Rolled & Alloy Steel Products -	26.06 % (Previous Year – 25.52 %)
Electricity Power- Windmill-	19.35 % (Previous Year – 16.19 %)



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**B) Particulars of Stocks and Sales**

Description	Units	Stocks				Sales	
		Opening		Closing		2009-10	2008-09
		2009-10	2008-09	2009-10	2008-09		
LAMC	M.T.	308,430	112,334	286,061	308,430	745,473	696,827
	Rs./Crores	555.19	94.94	500.61	555.19	957.54	1,081.41
Coal	M.T.	326,356	198,572	342,929	326,356	241,017	327,386
	Rs./Crores	375.31	109.21	296.93	375.31	152.60	133.53
Coal in Process	M.T.	4,634	2,324	5,361	4,634	-	-
	Rs./Crores	5.79	1.42	6.40	5.79	-	-
Billets & Ingots	M.T.	1,714	527	1,576	1,714	439.99	864
	Rs./Crores	4.05	1.71	3.83	4.05	1.04	2.82
Rolled Products	M.T.	1,800	2,943	3,045	1,800	101,082	77,978
	Rs./Crores	4.54	10.08	7.78	4.54	268.69	262.77
Sponge Iron	M.T.	611	249	493	611	-	-
	Rs./Crores	0.84	0.49	0.74	0.84	-	-
M.S.Scrap	M.T.	2,466	751	5,314	2,466	2,440	2,345
	Rs./Crores	3.73	2.10	9.49	3.73	5.11	6.37
Electricity	KWH/Lacs	-	-	-	-	541	397
	Rs./Crores	-	-	-	-	15.47	13.40
<b>TOTAL</b>	<b>Rs./Crores</b>	<b>949.45</b>	<b>219.95</b>	<b>825.78</b>	<b>949.45</b>	<b>1,400.45</b>	<b>1,500.30</b>

**C) Particulars of Raw Materials Consumed**

Description	Current Year		Previous Year	
	Quantity M.T.	Value Rs./Crores	Quantity M.T.	Value Rs./Crores
Raw Coal	920464	659.41	867827	677.88
Sponge Iron	41150	56.63	21717	37.92
M.S .Scrap	80166	116.90	69568	158.74
Stores & Spares Parts consumed and included under various heads of revenue expenditure		18.95		15.40

**D) Purchase of Goods**

Class of Goods	Current Year		Previous Year	
	Quantity M.T.	Value Rs./Crores	Quantity M.T.	Value Rs./Crores
LAMC	26,224	21.60	216,478	268.84

**E) Other Additional Information**

	Current Year Rs./Crores	Previous Year Rs./Crores
<b>i) Expenditure in foreign currency</b>		
- Travelling	0.60	0.39
- Interest	3.88	4.26
- Professional & Consultancy Fees	2.77	0.93
<b>ii) CIF value of imports -Raw Materials</b>		
- Coking Coal	705.68	1,152.07
- M.S.Scrap	54.69	21.69
- Capital Goods	0.33	0.18
- Others	-	6.42
<b>iii) Earning in Foreign Exchange</b>		
- FOB value of exports	-	539.39
- Interest on Fixed Deposits with foreign banks	-	0.26
- Interest on Loan from subsidiaries	0.26	0.53

## Schedules to the Accounts (Contd.)

## SCHEDULE - 18 : SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS

	Current Year		Previous Year	
	Rs./Crores	%	Rs./Crores	%
<b>iv ) Value of imported / indigenous raw materials consumed</b>				
(a) Raw Coal				
Imported	652.98	99.02	652.59	96.27
Indigenous	6.43	0.98	25.29	3.73
	<b>659.41</b>	<b>100.00</b>	<b>677.88</b>	<b>100.0</b>
(b) Sponge Iron				
Imported	-	-	-	-
Indigenous	56.63	100.00	37.92	100.00
	<b>56.63</b>	<b>100.00</b>	<b>37.92</b>	<b>100.00</b>
(c) MS. Scrap				
Imported	116.54	99.69	22.20	13.99
Indigenous	0.36	0.31	136.54	86.01
	<b>120.48</b>	<b>100.00</b>	<b>158.74</b>	<b>100.00</b>
(d) Stores and spares parts				
Imported	0.19	1.00	-	-
Indigenous	18.76	99.00	15.40	100.00
	<b>18.95</b>	<b>100.00</b>	<b>15.40</b>	<b>100.00</b>

**F) 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)	
	Current Year	Previous Year
A. Number of Non-Resident Shareholders	2146	1305
B. Number of Equity Shares held by them	37,04,984	19,85,167
C. (i) Amount of Dividend Paid (Gross)	0.37	0.50
Tax deducted at Source	NIL	NIL
(ii) Year to which dividend relates	2008-09	2007-08

26. Previous Year figures have been regrouped / rearranged wherever considered necessary

Schedules to the Accounts (Contd.)

**SCHEDULE - 19 : BALANCE SHEET ABSTRACT AND BUSINESS PROFILE**

Information pursuant to part IV of schedule VI of the Companies Act, 1956

Balance sheet abstract and company's general business profile

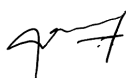
<b>I. Registration Details</b>	
Registration No.	40098
State Code No.	021
Balance Sheet Date	31-Mar-10
<b>II. Capital raised during the year</b>	
	<b>( Rs. in thousand)</b>
Public Issue	N I L
Rights Issue	N I L
Bonus Issue	N I L
Private Placement	262,747 #
# Includes Conversion of Foreign Currency Convertible Bonds of Rs. 51,932 thousand	
<b>III. Position of Mobilisation and Deployment of Funds</b>	
Total Liabilities	36,958,364
Total Assets	36,958,364
<b>Source of Fund</b>	
Paid-up Capital	4,981,942
Deposit Against Share Warrants	140,605
Reserve & Surplus	8,525,130
Foreign Currency Convertible Bonds	789,950
Secured Loans	12,372,297
Un-Secured Loans	1,292,974
Deferred Tax Liability	1,546,769
<b>Application of Fund</b>	
Net Fixed Assets	8,499,587
Capital Work in Progress	1,431,545
Investments	7,334,982
Net Current Assets/Liabilities	12,302,345
Miscellaneous Expenditure	81,208
<b>IV. Performance of Company</b>	
Turnover (Including other Income)	14,764,668
Total Expenditure	14,020,979
Profit/(Loss) before Tax	743,689
Profit /(Loss) after Tax	518,700
Earning Per Share (Basic) in Rs.	1.08
Earning Per Share (Diluted) in Rs.	1.02
Dividend	10.00%
<b>V. Generic Names of Principal Products/ Services of the Company (as per monetary terms)</b>	
<b>Product Description</b>	<b>Item Code No. (ITC Code)</b>
Coke	2704 00 30
TMT Bar	7213 10 90
Coking Coal	2701 19 10

In terms of our report of even date annexed hereto

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



**B. Basu**  
Partner  
Membership No. 12748  
Place : Kolkata  
Dated : 30<sup>th</sup> May, 2010



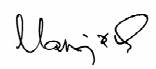
**A K Jagatramka**  
Chairman &  
Managing Director  
Place : Ahmedabad



**R P Jain**  
Executive Director  
Place : Ahmedabad



**P R Kannan**  
Chief Financial Officer  
Place : Kolkata



**Manoj K Shah**  
Company Secretary  
Place : Kolkata

For and on behalf of the Board

## Cash Flow Statement For the Year ended 31st March 2010


(Rs. in crores)


	For the Year ended 31.03.10	For the Year ended 31.03.09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	74.37	138.18
<b>Adjustments for:</b>		
Depreciation / Other non cash items	50.50	43.39
Interest Paid / Payable	126.14	64.75
Other Income	(57.29)	(0.92)
Loss/(Profit) on Sale / Discard of Fixed Assets	0.03	0.01
Loss/(Profit) on Sale of Investment	(8.35)	0.65
Employee Stock Option - Compensation	1.65	0.09
Interest Received / Receivable	(8.97)	(12.99)
<b>Operating Profit before working Capital Changes</b>	<b>178.08</b>	<b>233.16</b>
<b>Adjustments for:</b>		
Trade & Other Receivables	(324.10)	(15.83)
Inventories	126.71	(730.98)
Trade Payables	(120.67)	434.18
<b>Cash Generated from Operations</b>	<b>(139.98)</b>	<b>(79.47)</b>
Direct Taxes Paid / Refunds	(8.86)	(36.80)
<b>Cash Flow from Operating Activities</b>	<b>(148.84)</b>	<b>(116.27)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Fixed Assets	(94.99)	(364.28)
Sale of Fixed Assets	0.14	0.02
Addition to Investments	-	(161.27)
Sale of Investments	81.68	10.96
Interest Received	8.97	12.99
Dividend / Misc Income	57.29	0.92
<b>Net Cash Flow from Investing Activities</b>	<b>53.09</b>	<b>(500.66)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Proceeds to Share Capital / Reserves	128.94	-
Deposit against Share Warrant	14.06	-
Increase in Long / Short term borrowing	159.08	680.87
Interest Paid	(124.72)	(65.68)
Dividend & Dividend Tax Paid	(55.51)	(98.35)
<b>Net Cash Flow from financing activities</b>	<b>121.85</b>	<b>516.84</b>
<b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents</b>	<b>26.10</b>	<b>(100.09)</b>
<b>Cash &amp; Cash Equivalents (Opening Balance)</b>	<b>117.22</b>	<b>217.31</b>
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>143.32</b>	<b>117.22</b>

In terms of our report of even date annexed hereto

For N. C. BANERJEE & CO.  
Chartered Accountants
  
**B. Basu**  
 Partner  
 Membership No. 12748  
 Place : Kolkata  
 Dated : 30<sup>th</sup> May, 2010

  
**A K Jagatramka**  
 Chairman &  
 Managing Director  
 Place : Ahmedabad

  
**R P Jain**  
 Executive Director  
 Place : Ahmedabad

  
**P R Kannan**  
 Chief Financial Officer  
 Place : Kolkata

  
**Manoj K Shah**  
 Company Secretary  
 Place : Kolkata

For and on behalf of the Board

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

(Rs. in Crores)

Name of the Subsidiary Company	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 FCGL 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	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10
3. Holding Company's Interest											
i) Equity Shares											
a) Number of Shares	15,512,850	14,451,150	121,550,000	1,000,000	886,471,199	51,129,000	251,603,872	170,022,500	5,005,000	500,000	810,000
b) % of Share held by Gujarat NRE Coke Ltd and its Subsidiaries	100.00%	100.00%	100.00%	100.00%	75.13%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ii) Preference Shares											
a) Number of Shares (Face Value Rs. 100 each) Fully Paid up											
b) % of Share held by Gujarat NRE Coke Ltd and its Subsidiaries											
4. Net aggregate amount of Profit/(Loss) 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	0.04	0.03	(4.35)	(0.01)	(65.35)	(0.01)	4.13	41.93	0.34	-	(0.22)
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	-	-	(9.67)	-	35.81	(0.05)	9.14	(41.74)	-	(0.01)	(0.02)
5. Changes in the interest of Gujarat NRE Coke Ltd between the end of the subsidiary's financial year and 31st March, 2010											
Number of shares acquired											
Material changes between the end of the subsidiary's financial year and 31 <sup>st</sup> March, 2010											
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											

**Note :**

Pursuant to an application made to the Ministry of Corporate Affairs, Government of India, New Delhi under section 212(8) of the Companies Act, 1956, the accounts of subsidiaries have not been annexed to this Annual Report. The annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the company and the subsidiaries of the Company seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any investor at the Registered Office of the Company and of the concerned subsidiary of the company.

**Particulars of Subsidiary Companies issued under section 212 (8) of the Companies Act, 1956 for the financial year 2009-10 are as follows**

(Rs. In Crores)

Name of the Subsidiary Company	Hunter Valley Coal Pvt Ltd.	Man or 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 FCGL Pty Ltd.		South Bulli Holdings Pty Ltd.		Gujarat NRE India Pty. Ltd.		Gujarat NRE Properties Pty. Ltd.	
	INR	INR	AU\$	INR	AU\$	INR	AU\$	INR	AU\$	INR	AU\$	INR	AU\$	INR	AU\$	INR	AU\$	INR	AU\$	INR
(a) Share Capital (Equity and Preference)	1.5513	1.4451	10.1494	425.5654	0.0010	0.0400	49.0427	2,029.6800	5.1129	211.1100	5.0458	208.3500	1.58	65.25	0.5005	20.67	0.0005	0.02	0.08	3.34
(b) Reserve & Surplus (net of debit balance of profit & loss account)	151.6390	142.1110	(0.3677)	(23.0435)	(0.0009)	(0.0359)	(1.9071)	(107.4300)	(0.0477)	(1.9687)	0.2092	8.5000	(0.12)	(18.74)	0.0081	0.32	(0.0003)	(0.01)	(0.01)	(0.62)
(c) Total Assets	203.9930	189.5577	9.9875	411.1393	0.0005	0.0222	61.3016	2,515.6500	5.0655	209.1531	5.3454	220.5800	12.98	527.48	0.5124	21.15	0.0004	0.02	0.56	22.59
(d) Total Liabilities	50.8027	46.0016	0.2058	8.6174	0.0004	0.0168	14.1661	593.4015	0.0003	0.0100	0.0904	3.7322	11.52	480.97	0.0038	0.16	0.0002	0.01	0.48	19.87
(e) Details of Investment (excluding investments in the subsidiary companies)																				
- Equity / Preference Shares	203.5820	189.3593	1.8917	76.8958	-	-	0.4151	16.8740	-	-	0.2000	8.1300	-	-	-	-	-	-	-	-
- Government Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds/ Mutual Funds Units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f) Turnover	0.0448	0.0373	0.1161	4.6812	-	-	9.7719	389.8800	-	-	0.1501	6.0465	7.29	298.68	0.0124	0.50	-	-	0.00	0.01
(g) Profit/(Loss) Before Taxation	0.0379	0.0313	(0.1613)	(6.5036)	(0.0003)	(0.0136)	(2.2710)	(89.8800)	(0.0002)	(0.0100)	0.1489	6.0000	1.43	63.81	0.0122	0.49	(0.00)	(0.0016)	(0.01)	(0.31)
(h) Provision for Taxation	-	-	(0.0513)	(2.1511)	(0.0001)	(0.0041)	(0.0700)	(2.8900)	(0.0001)	(0.0025)	0.0447	1.8734	0.52	21.88	0.0037	0.16	(0.00)	(0.0005)	(0.00)	(0.10)
(i) Profit/ (Loss) after Taxation	0.0379	0.0313	(0.1100)	(4.3525)	(0.0002)	(0.0095)	(2.2010)	(86.9900)	(0.0001)	(0.0075)	0.1042	4.1266	0.91	41.93	0.0086	0.33	(0.00)	(0.0011)	(0.01)	(0.21)
(j) Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

As at 31st March 2010, 1 Australian Dollar = Rs. 40.65

## 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

1. 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, 2010, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, in all respects, in accordance with an identified financial reporting framework. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statement of certain subsidiaries whose financial statements reflect total assets of Rs.3927.77 crores as at March 31, 2010 and total revenue of Rs. 699.80 crores and net Cash Inflows of Rs. 12.75 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.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance

with the requirements of Accounting Standard 21- "Consolidated Financial Statements" and Accounting Standard 23- "Accounting for Investment in Associates in Consolidated Financial Statements " as prescribed by the Companies (Accounting Standards) Rules, 2006.

5. We further report that on the basis of the information and on consideration of the audit reports on individual audited financial statements of Gujarat NRE Coke Ltd. and its subsidiaries, we are of the opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Gujarat NRE Group as at March 31, 2010;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operation of the Gujarat NRE Group for the year ended on that date; and
  - (iii) 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  
(Registration No. 302081E)



**B. Basu**

Partner

Place: Kolkata  
Dated: 30<sup>th</sup> May,2010

Membership No. 12748

## Consolidated Balance Sheet As at 31st March, 2010

(Rs. in crores)

	SCHEDULES	As at 31st March 2010	As at 31st March 2009
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	498.19	471.92
Deposit against Share Warrants		14.06	39.00
Reserves & Surplus	2	742.59	785.94
		<b>1,254.84</b>	<b>1,296.86</b>
<b>Minority Interest</b>		476.42	194.50
<b>Foreign Currency Convertible Bonds</b>		108.03	140.07
<b>Loan Funds</b>			
	3		
Secured Loans		1,824.98	1,488.19
Un- Secured Loans		132.09	-
<b>Deferred Tax Liability</b>		143.74	94.70
	<b>TOTAL</b>	<b>3,940.10</b>	<b>3,214.32</b>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
	4		
Gross Block		2,423.41	1,960.27
Less: Depreciation		270.30	150.96
Net Block		2,153.11	1,809.31
Capital Work-in-Progress		296.67	190.51
		2,449.78	1,999.82
<b>Investments</b>	5	376.05	378.41
<b>Current Assets, Loans and Advances</b>			
Inventories	6	894.55	1,012.10
Sundry Debtors	7	449.48	274.43
Cash & Bank Balances	8	162.87	123.55
Loans and Advances	9	453.00	265.79
		1,959.90	1,675.87
<b>Less : Current Liabilities &amp; Provisions</b>	10		
Liabilities		769.85	793.39
Provisions		266.26	224.03
		1,036.11	1,017.42
<b>Net Current Assets</b>		923.79	658.45
<b>Miscellaneous Expenditure</b>	11	190.48	177.64
[To the extent not written off or adjusted]			
	<b>TOTAL</b>	<b>3,940.10</b>	<b>3,214.32</b>
Significant Accounting Policies & Notes on Accounts	19		

Schedules referred to above form an integral Part of the Consolidated Balance Sheet

In terms of our attached report of even date annexed hereto

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

For and on behalf of the Board

**B. Basu**  
Partner  
Membership No. 12748  
Place : Kolkata  
Dated : 30<sup>th</sup> May, 2010**A K Jagatramka**  
Chairman &  
Managing Director  
Place : Ahmedabad**R P Jain**  
Executive Director  
Place : Ahmedabad**P R Kannan**  
Chief Financial Officer  
Place : Kolkata**Manoj K Shah**  
Company Secretary  
Place : Kolkata



## Consolidated Profit &amp; Loss Account For the year ended 31st March 2010

(Rs. In Crores)

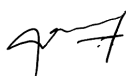
Schedules	For the year ended 31st March 2010	For the year ended 31st March 2009
<b>INCOME</b>		
Sales	12	1,439.93
Other Income	13	210.84
Increase/(Decrease) in Stocks	14	(122.05)
	<b>1,528.72</b>	<b>2,339.36</b>
<b>EXPENDITURE</b>		
Purchases		391.92
Manufacturing Expenses	15	154.73
Payment to and Provision for Employees	16	205.86
Administrative, Selling and Other Expenses	17	452.78
	<b>1,205.29</b>	<b>1,890.32</b>
<b>Income from Operations</b>		323.43
Interest	18	155.89
Depreciation	4	119.51
<b>Profit Before Tax and Exceptional items</b>		<b>48.03</b>
Less: Exceptional Items		-
<b>Profit before Tax</b>		<b>48.03</b>
<b>Provision For Taxation</b>		
Current Year		31.65
Deferred Tax		9.61
Tax for earlier Year		-
Fringe Benefit Tax		-
<b>Profit After Tax</b>		<b>6.77</b>
Less : Minority Interest		(10.11)
Add : Share in Profit of Associates		3.52
	<b>20.40</b>	<b>87.30</b>
Brought Forward Profit		49.01
	<b>69.41</b>	<b>166.74</b>
<b>APPROPRIATIONS</b>		
Transfer to General Reserve		5.00
Dividend for Earlier Year		0.50
Proposed Dividend		54.80
Dividend Tax		9.19
Transferred to/(from) Debenture Redemption Reserve		56.25
<b>Balance Carried to Balance Sheet</b>		<b>(56.33)</b>
Basic Earnings per Share (Face Value Rs. 10 per share)		0.43
Diluted Earnings per Share (Face Value Rs. 10 per share)		0.40
Significant Accounting Policies & Notes on Accounts	19	

Schedules referred to above form an integral Part of the Consolidated Profit & Loss Account  
In terms of our report of even date annexed hereto

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



**B. Basu**  
Partner  
Membership No. 12748  
Place : Kolkata  
Dated : 30<sup>th</sup> May, 2010



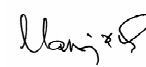
**A K Jagatramka**  
Chairman &  
Managing Director  
Place : Ahmedabad



**R P Jain**  
Executive Director  
Place : Ahmedabad



**P R Kannan**  
Chief Financial Officer  
Place : Kolkata



**Manoj K Shah**  
Company Secretary  
Place : Kolkata

For and on behalf of the Board

## Schedules to the Consolidated Accounts

(Rs. in Crores)

<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>DESCRIPTION</b>	<b>As At 31st March, 2010</b>	<b>As At 31st March, 2009</b>
<b>AUTHORISED :</b>		
160,00,00,000 Equity Shares(Previous Year 160,00,00,000) 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
	<b>2,000.00</b>	<b>2,000.00</b>
<b>ISSUED,SUBSCRIBED AND PAID-UP :</b>		
49,81,94,215 Equity Shares of Rs.10/- each fully paid up, ( Previous year 47,19,19,538)	498.19	471.92
Of the above shares :		
i) 33,17,29,291 Equity Shares were issued as fully paid Bonus Shares by way of capitalisation of Free Reserves (Previous Year 33,17,29,291)		
ii) 2,77,64,205 Equity Shares were issued for consideration other than cash (Previous Year 2,77,64,205)		
	<b>498.19</b>	<b>471.92</b>

<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
Capital Reserve	51.12	12.12
Share Premium	388.03	261.60
General Reserve	248.71	247.54
Foreign Currency Monetary Item Translation Difference Account	1.94	(16.41)
Profit & Loss A/C	(56.33)	49.01
Foreign Currency Translation Reserve	(78.70)	53.51
Debenture Redemption Reserve	143.75	87.50
Equity Conversion Bond Reserve	9.89	8.39
Employee Stock Option Plan	34.18	82.68
	<b>742.59</b>	<b>785.94</b>

<b>SCHEDULE - 3 : LOANS &amp; FUNDS</b>		
<b>SECURED LOANS</b>		
<b>Long Term Loans :</b>		
Non Convertible Debentures	275.00	245.00
Term Loans from Non Schedule Banks	552.83	-
External Commercial Borrowings	68.06	76.43
Term Loans from Scheduled Banks	602.48	753.47
	<b>1,498.37</b>	<b>1,074.90</b>
<b>Short Term Loans :</b>		
Working Capital Facilities from Scheduled Banks	181.69	394.05
Working Capital Facilities from Non-Scheduled Banks	30.09	19.24
Loan from Scheduled Bank	110.00	-
Interest Accrued & Due	4.83	-
	<b>326.61</b>	<b>413.29</b>
<b>Total Secured Loans</b>	<b>1,824.98</b>	<b>1,488.19</b>
<b>UNSECURED LOANS</b>		
<b>Short Term Loans :</b>		
Term Loans from Scheduled Banks	110.00	-
Working Capital Facilities from Scheduled Bank	19.30	-
From Others	2.79	-
<b>Total Un - Secured Loans</b>	<b>132.09</b>	<b>-</b>
<b>TOTAL LOAN FUND</b>	<b>1,957.07</b>	<b>1,488.19</b>

## Schedules to the Consolidated Accounts (Contd.)

(Rs. in Crores)

<b>SCHEDULE - 4 : FIXED ASSETS</b>										
DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2009	Addition during the year	Sales / Adjustment during the year	As on 31.03.10	As on 01.04.2009	Provided during the year	Adjustment for Sales during the year	Total up to 31.03.10	As on 31.03.2010	As on 31.03.2010
Goodwill on Consolidation	260.94	213.92	260.48	214.38	-	-	-	-	214.38	260.94
Land-Freehold	163.28	5.20	-	168.48	-	-	-	-	168.48	163.28
Land-Leasehold	8.03	-	-	8.03	-	-	-	-	8.03	8.03
Buildings	76.97	11.36	-	88.33	6.18	2.30	-	8.48	79.85	70.79
Plant & Machineries	504.84	167.20	-	672.04	83.11	38.47	-	121.58	550.46	421.73
Furniture & Fixtures	3.03	0.25	-	3.28	0.71	0.21	-	0.92	2.36	2.32
Material Handling Equipment/Vehicles	19.18	1.57	0.40	20.35	6.95	2.16	0.17	8.94	11.41	12.23
Weighing Machine	0.23	0.23	-	0.46	0.05	0.01	-	0.06	0.40	0.18
Office Equipment	3.44	0.67	-	4.11	1.38	0.40	-	1.78	2.33	2.06
Electrical Installations	19.12	1.20	-	20.32	2.82	0.92	-	3.74	16.58	16.30
Wind Mill	488.10	-	-	488.10	35.47	25.77	-	61.24	426.86	452.63
Mining Lease	169.33	-	-	169.33	1.33	0.92	-	2.25	167.08	168.00
Mine Development	243.78	322.42	-	566.20	12.96	48.35	-	61.31	504.89	230.82
<b>TOTAL</b>	<b>1,960.27</b>	<b>724.02</b>	<b>260.88</b>	<b>2,423.41</b>	<b>150.96</b>	<b>119.51</b>	<b>0.17</b>	<b>270.30</b>	<b>2,153.11</b>	<b>1,809.31</b>
Previous Year	1260.93	759.14	59.80	1960.27	101.88	64.16	15.08	150.96	1809.31	
Capital W I P									<b>296.67</b>	<b>190.51</b>

## Schedules to the Consolidated Accounts (Contd.)

(Rs. in Crores)

<b>SCHEDULE - 5 : INVESTMENTS</b>		
<b>DESCRIPTION</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>
Investments in Shares, Bonds & Others	152.40	181.18
Investments in Associates	223.65	197.23
Investments in Subsidiaries	-	-
	<b>376.05</b>	<b>378.41</b>
Market Value of Quoted Investments (Equity)	124.28	84.63

<b>SCHEDULE - 6 : INVENTORIES</b>		
Stores, Spares & Consumables	21.53	17.45
Raw Materials	307.16	387.77
Stock in Process	6.40	5.79
Finished Product	559.46	601.09
	<b>894.55</b>	<b>1,012.10</b>

<b>SCHEDULE - 7 : SUNDRY DEBTORS (Unsecured, considered good)</b>		
Debts due for a period exceeding six months	5.03	6.55
Other Debts	444.45	267.88
	<b>449.48</b>	<b>274.43</b>

<b>SCHEDULE - 8 : CASH &amp; BANK BALANCES</b>		
Cash in hand (As Certified by Management)	0.39	0.40
Balance with Scheduled Banks		
- In Current Account	12.59	19.57
- In Short Term Deposits (Including interest accrued)	131.00	97.39
Balance with Non-Scheduled Banks		
- In Current Account	18.85	6.19
- In Short Term Deposits (Including interest accrued)	0.04	-
	<b>162.87</b>	<b>123.55</b>

<b>SCHEDULE - 9 : LOANS AND ADVANCES (Unsecured, Considered Good)</b>		
Loans	0.69	2.69
Advances recoverable in cash or in kind or value to be received or pending adjustment	205.20	102.81
Deposits With Govt. Authorities & Others	80.57	25.75
Advance Tax (including Tax Deducted at Source)	166.54	134.55
	<b>453.00</b>	<b>265.79</b>

## Schedules to the Consolidated Accounts (Contd.)

(Rs. in Crores)

<b>SCHEDULE - 10 : CURRENT LIABILITIES &amp; PROVISION</b>		
DESCRIPTION	As at 31st March 2010	As at 31st March 2009
<b>Liabilities :</b>		
Sundry Creditors	623.31	708.98
Liabilities for:		
Capital goods and expenses	21.89	21.46
Others	119.99	58.74
Unclaimed Dividend Account	1.83	1.53
Interest Accrued but not due	2.83	2.68
	<b>769.85</b>	<b>793.39</b>
<b>Provisions :</b>		
Provision for Taxation	110.57	91.99
Provision for Fringe Benefit Tax	0.55	0.55
Provision for Proposed Dividend	54.80	47.19
Provision for Dividend Tax	9.10	8.02
Provision for Gratuity & Leave Encashment	25.77	18.53
Restoration Guarantee	65.46	57.75
	<b>266.26</b>	<b>224.03</b>

<b>SCHEDULE - 11. : MISCELLANEOUS EXPENDITURE (To the extent not written off/or adjusted)</b>		
Deferred Employee Compensation Under ESOS	8.04	0.29
Preliminary Expenses	127.00	124.08
Deferred Revenue Expenses	0.09	4.11
Restoration Guarantee	55.35	49.16
	<b>190.48</b>	<b>177.64</b>

<b>SCHEDULE - 12 : SALES</b>		
	For the year ended 31.03. 2010	For the year ended 31.03. 2009
Sales	1,462.36	1,526.66
Less: Excise Duty	22.43	19.44
	1,439.93	1,507.22
Coke Conversion Charges	-	15.38
	<b>1,439.93</b>	<b>1,522.60</b>

<b>SCHEDULE - 13 : OTHER INCOME</b>		
Freight Revenue	-	25.05
Interest Income	13.02	13.70
Income from Investment		
- Dividend Received	0.08	-
- Profit on Sale of Investments	13.00	-
Income from Lease	0.09	0.07
Foreign Exchange Fluctuation	177.54	-
Miscellaneous Income	1.06	1.03
Profit on sale of Tenement	6.05	11.12
	<b>210.84</b>	<b>50.97</b>

## Schedules to the Consolidated Accounts (Contd.)

(Rs. in Crores)

<b>SCHEDULE - 14 : INCREASE/(DECREASE) IN STOCKS</b>		
<b>DESCRIPTION</b>	<b>For the year ended 31.03. 2010</b>	<b>For the year ended 31.03. 2009</b>
Closing Stocks	873.02	994.64
Less :Opening Stocks	994.65	228.20
	(121.62)	766.44
Less: Change in Excise Duty on Stock	0.43	0.65
	<b>(122.05)</b>	<b>765.79</b>

<b>SCHEDULE - 15 : MANUFACTURING EXPENSES</b>		
Mine Operating Expenses	57.38	46.90
Power & Fuel	30.53	21.30
Stores,Spares & Consumables	28.55	28.42
Repair & Maintenance		
- Plant & Machinery	29.58	39.01
- Building	0.55	0.45
- Others	3.91	2.30
Plant Hire Charges	4.22	4.47
	<b>154.73</b>	<b>142.85</b>

<b>SCHEDULE - 16 : PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salaries, Wages, Bonus & Labour Charges	191.93	238.74
Contribution to PF & Other Funds	1.48	1.26
Provision / Payment of Gratuity	10.34	0.63
Employees Welfare Expenses	2.11	4.26
	<b>205.86</b>	<b>244.89</b>

<b>SCHEDULE - 17 : ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Auditors Remuneration	0.78	0.72
Internal Audit Fees	0.08	0.08
Bank & Finance Charges	22.97	25.51
Carriage & Cartage	183.98	100.59
Commision on Sales	1.39	1.14
General Expenses	8.29	7.99
Loss on Sale of Fixed Assets	0.03	0.01
Loss on Sale of Investment	9.49	37.09
Insurance Expenses	14.75	14.17
Professional & Service Charges	18.44	14.48
Commission to Directors	-	2.88
Rent	3.90	0.85
Royalties Paid	35.64	21.03
Rates & Taxes	7.93	7.84
Communication Expenses	1.54	1.29
Travelling & Conveyance	4.67	4.61
Marketing & Distribution Expenses	96.73	156.53
Exploration & Evaluation Expenses	2.66	0.01
Environment Expense	13.45	10.59
Establishment Expenses	2.21	4.02
Defferred Revenue Expenses Written Off	5.25	4.23
Preliminary Expenses Written Off	18.59	73.43
	<b>452.78</b>	<b>489.09</b>

## Schedules to the Consolidated Accounts (Contd.)

(Rs. in Crores)

SCHEDULE - 18 : INTEREST		
DESCRIPTION	For the year ended 31.03. 2010	For the year ended 31.03. 2009
On Non - Convertible Debentures	32.52	13.31
On Foreign Currency Convertible Bonds	2.86	0.01
On Term Loan to Banks/Financial Institutions	67.76	63.70
To Banks/ Financial Institution	67.64	37.35
To Others	4.54	2.52
Less : Interest Capitalised	(19.42)	(14.79)
	<b>155.89</b>	<b>102.10</b>

## SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON CONSOLIDATED ACCOUNTS

## A. SIGNIFICANT ACCOUNTING POLICIES

## i) Accounting Conventions

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

## ii) Principles of Consolidation

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

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

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

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

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

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

## iii) Use of estimates

The preparation of the consolidated financial statements in conformity with 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

## Schedules to the Consolidated Accounts (Contd.)

### SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON CONSOLIDATED ACCOUNTS

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 include 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.

#### 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 upto 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.

Foreign Currency Convertible Bonds (FCCBs) are treated as fully convertible into equity shares

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



## Schedules to the Consolidated Accounts (Contd.)

**SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON CONSOLIDATED ACCOUNTS**

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 1550 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.

**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 Miscellaneous 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 under the Incentive Share Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized during the period in which the shares issue. Fair value is determined using an option pricing model relevant to the limited recourse nature of the shares.

**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) Miscellaneous Expenditures**

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

- |  |            |
|--|------------|
| (i) Preliminary & Share Issue Expenses   | - 10 years |
| (ii) Deferred Revenue Expenses   | - 5 years  |
| (iii) Amalgamation Expenses  | - 5 years  |
| (iv) 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 Miscellaneous 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 Profit and Loss Account of the year. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**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

## Schedules to the Consolidated Accounts (Contd.)

### SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON CONSOLIDATED ACCOUNTS

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

##### a) 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.

##### b) Allocation of Common Costs:

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

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

#### 1. Of the equity shares of Rs. 10/- each comprised in the subscribed & paid up capital of the Group:-

1,91,008 (Previous Year 68,208) equity shares were allotted as fully paid up shares pursuant to exercise of options by bond holders of 1% Foreign Currency Convertible Bonds (FCCB) of USD 55 Million.

50,02,240 (Previous Year Nil) equity shares were allotted as fully paid up shares pursuant to exercise of options by bond holders of Zero Coupon Foreign Currency Convertible Bonds (FCCB) of USD 60 Million .

1,64,50,000 (Previous Year Nil) equity shares were allotted as fully paid up shares pursuant to conversion of share warrants by the Promoters.

40,00,000 (Previous Year Nil) equity shares were allotted as fully paid up shares pursuant to exercise of options by holders of share warrants.

#### 2. Contingent liabilities not provided for in respect of:

##### For Parent Company (Gujarat NRE Coke Ltd.) :

Letter of Credits outstanding for purchase of materials as on the Balance Sheet date aggregating to Rs.162.75 Crores (Previous Year Rs. 84.46 Crores)

Outstanding Bank Guarantees and Counter/Corporate Guarantees given on behalf of Associate companies as on Balance Sheet date aggregating to Rs. 12.71 Crores (Previous Year Rs. 23.05 Crores)

Capital commitments as on Balance Sheet date - Rs. 164.64 Crores (Previous Year - Rs. 189.53 Crores)

On Balance Sheet date, the disputed dues involved in two income-tax demands under appeal - Rs. 4.09 Crores (Previous Year - Rs. 3.55 Crores). 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.

A demand raised by the Service tax department of Rs.0.06 Crores, against which company has filed an appeal to the jurisdiction authorities.

Duty on account of Advance Authorisation against Export obligation is Rs. 1.61 Crores (Previous Year - Nil)

Bills discounted under letter of credit with banks aggregating to Rs. 40.62 Crores (Previous Year – Rs. 50.32 Crores).

##### For Subsidiary Companies:

State Bank of India bank guarantees of Rs.2.51 Crores (Previous year Rs.2.13 Crores) and Rs.4.19 Crores (Previous Year - Nil) have been provided to the Sydney Catchment Authority & National Basketball League (NBL) respectively. Guarantee to NBL was provided as a corporate support to the Wollongong Hawks.

A bank guarantee has been provided to the Department of Primary Industries in respect of the restoration liability for NRE No. 1 mine for Rs. 23.72 Crores (Previous Year Rs. 20.16 Crores) The restoration liability for this has been accounted at its present value in the Group's financial statements.

The Group has provided Rs. 168.39 Crores (Previous Year Rs.143.05 Crores.) as a bank guarantee to the Department of Primary Industries. The amount is for rehabilitation of the new NRE Wongawilli (previously known as Eloura mine) purchased from BHP Billiton by the subsidiary Gujarat NRE FCGL Pty. Ltd. This site rehabilitation guarantee is large due to the large area of land of the mine site. This estimated rehabilitation will be reviewed by the company within two years and may result in a decrease in the said liability. The restoration liability has been accounted at its present value in the Group's financial statements.

State Bank of India's bank guarantees of Rs.3.77 Crores (Previous Year Rs.3.21 Crores) have been provided to Supreme Court of NSW for Claim against and by Williams & Ors ("Williams Proceedings").

Capital Commitment as on Balance Sheet date Rs. 260.07 Crores (Previous Year Rs. 217.78 Crores)

## Schedules to the Consolidated Accounts (Contd.)

## SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON CONSOLIDATED ACCOUNTS

## 3. Stock Option Schemes

- i. In case of Indian companies 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. The Company has calculated Employee Compensation Costs on the basis of Intrinsic Value Method and has amortized Rs.1.65 Crores (Previous Year Rs. 0.09 Crores) for the year ended 31<sup>st</sup> March, 2010.
- ii. In case of foreign subsidiaries the fair value of options granted under the Incentive Share Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized during the period in which the shares issue. Fair value is determined using an option pricing model relevant to the limited recourse nature of the shares.
- iii. Movement in Options granted in the year 2009-10 is given below

		<u>NUMBER OF OPTIONS</u>	
		<u>Gujarat NRE Coke Limited</u>	<u>Gujarat NRE Coking Coal Limited</u>
1	a) Outstanding at the beginning of the year	4,499,600	27,112,000
	b) Granted during the year	Nil	16,610,000
	c) Forfeited during the year	114,800	Nil
	d) Exercised during the year	631,429	1,856,000
	e) Expired during the year	Nil	3,419,000
2	Outstanding at the end of the year	3,753,371	38,447,000

## 4. For Parent Company

Austral Coke & Projects Limited has filed a defamation suit in Hon'ble Bombay High Court against the Company for Rs.600 Cr. The Company has 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 Cr. Management is confident that outcome of the defamation filed by the Austral Coke & Projects Limited would be in favour of the company.

**For Subsidiary Companies****A. Gujarat NRE Coking Coal Limited & Others vs Gary Alexander Williams & Others – Supreme Court Case 2006/268464**

In December 2004 Gujarat NRE Coking Coal Limited ("GNM") & others bought the NRE No.1 Colliery (erstwhile Bellambi Colliery) and associated assets, effected by contracts including the Venture Agreement dated 15 October, 2004 ("Joint Venture") and the Land and Assets Sale Agreement dated 21 October, 2004 ("LASA").

GNM & others have on 28<sup>th</sup> April 2006 filed a suit in Supreme Court of NSW against other parties to the Joint Venture, namely Gary Alexander Williams, Mark Ngataiawhio William Gray, Malcolm Anthony Carson, Continental Mining & Materials Handling Pty Limited, Billiva Pty Limited, Ambigo Pty Limited and Bounty Industries Australia Pty Limited (collectively "Defendants"). The cross-claimants countersued by cross-claim filed on 19th July 2006. The Plaintiffs have filed amended pleadings on 19th December 2009. GNM & others have alleged that the Defendants (or some of them) were in breach of their contractual obligations, representations and warranties, on which GNM & others expressly relied while entering into the acquisition of the mine. GNM & others further allege that some of the Defendants (Williams, Gray and Carson) have breached their directors'/officers' duties and common law duties of care and diligence. Accordingly GNM & others are seeking damages for various claims including interest and cost; and relief from making further payment/s to some of the Defendants pursuant to the Venture Agreement.

**B. Settlement with Bellpac Pty Ltd ("Bellpac")**

During 2008, the Company had settled Bellpac's claims in relation to the Remediation Obligation and the Royalty Obligation by way of a Deed dated 23 July, 2008 ("Settlement" or "Deed"), wherein inter alia Bellpac acknowledged that the Company's obligations and Bellpac's rights under the Remediation Deed have expired and has surrendered its rights to receive any payment of royalty under the Royalty Deed. Pursuant to the terms of the Settlement the Company paid Rs.25.16 Cr. in cash and issued 200 Convertible Bonds aggregating to Rs.41.93 Cr. in Bellpac's favor and Bellpac surrendered the bank guarantee for A\$5 million issued in its favour in the matter.

The Company had acquired NRE No.1 Colliery ("Colliery") from Bellpac in December 2004 and entered into various agreements with it and others.

1. In terms of the Remediation Licence Deed dated 3 December 2004 ("Remediation Deed") the Company was liable to Bellpac to undertake remediation of the land associated with the Colliery and to provide a bank guarantee for A\$5 million as security for the remediation work (together the Remediation Obligations).

2. In terms of a Royalty Deed dated 3 December 2004 ("Royalty Deed") the Company was obliged to pay an annual royalty to Bellpac based on product tonnes of coal greater than 500,000 tonnes at a rate of A\$0.50 per tonne and greater than 1,000,000 tonnes at a rate of A\$1.00 per tonne (the Royalty Obligation).

The Settlement also provides for the Company through its wholly owned subsidiary, Southbulli Holdings Pty Ltd, to acquire a part of the total land presently occupied by the Company, considered essential by the Company for its future mining

## Schedules to the Consolidated Accounts (Contd.)

### SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON CONSOLIDATED ACCOUNTS

operations, ("Mining Land") and to withdraw its operations from the remaining land ("Remaining Land").

Since the Settlement, while the Company was in process of fulfilling its further obligations and agreed terms for the settlement of all other issues including finalizing the terms of sale and acquiring the Mining Land, Bellpac went into liquidation and Receivers were appointed ("Bellpac Receiver"). The Company had expressed its willingness to acquire the Mining Land at a fair market price from the Bellpac Receivers.

The Company in response to a Rectification Notice issued by Bellpac on 24th April 2009 filed a suit (Supreme Court Case 2009/298733) by Summons seeking that the Bellpac's rights pursuant to the Remediation Deed have expired and that Bellpac is not entitled to such Rectification; and sought an injunction permanently restraining Bellpac and claimed costs.

In August 2009, the company has been served with a statement of claim from LM Investment Management Limited ("LM") and Permanent Trustee Australia Limited ("PTAL") alongwith Bellpac Receivers (collectively "Plaintiffs") wherein the validity of the Settlement dated 23rd July 2008 has been questioned. The Plaintiffs is a lender to Bellpac and holds a mortgage over the mining surface land at Russell Vale. The Plaintiffs have since filed suit (in response to the suit of Gujarat NRE Coking Coal Limited (Gujarat) (Supreme Court Case 2009/298733) first commenced by Summons, followed by Statement of Claim and then Commercial List Summons as amended.

The Company has filed appropriate defense to the original pleadings and cross claims and the Board of Directors are of the view that the case will not have any materially adverse effect on the working of the Company.

#### 5. For Parent Company :

##### a) Secured Long Term Loans:

- Non-Convertible Debentures and External Commercial Borrowing 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.
- Term Loans from State Bank of India, State Bank of Hyderabad, YES Bank Ltd, State Bank of Mysore, Axis Bank Limited, ICICI Bank Limited, IDBI Bank Limited and State Bank of Patiala 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.
- Term Loans from IDBI Bank Ltd and Tamilnad Mercantile Bank Ltd are collaterally secured by following securities:
  - Pledge of equity shares of the company held by Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company and/or Gujarat NRE Mineral Resources limited, a promoter 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.
- Term Loan from Dhanalakshmi Bank Limited and Yes Bank Limited are 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;
  - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.

##### b) Secured Short Term Loans:

- Term Loan from Indusind Bank is collaterally secured by following securities:
  - Pledge of equity shares of the company held by Gujarat NRE Mineral Resources Limited, a promoter company.
  - Corporate Guarantee by Gujarat NRE Mineral Resources Limited, a Promoter Company.
- Term Loans from Dena Bank and Central Bank of India are secured by following securities:
  - Subservient charge on movable assets of the company
  - Personal Guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.
- Working Capital facilities from a consortium of banks viz. State Bank of India, Bank of Baroda, ING Vysya Bank Ltd, AXIS Bank Ltd and Standard Chartered Bank 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 3,98,7410 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.

##### c) Unsecured Short Term Loans:

Working Capital facilities and Term Loans are collaterally secured by Personal guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the company.

## Schedules to the Consolidated Accounts (Contd.)

## SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON CONSOLIDATED ACCOUNTS

## For Subsidiary Companies

1. During the period ended 31st March 2008 the company took composite revolving working capital facilities from SBI. The purpose of such facility was to provide additional funds for general corporate purposes within the entity. SBI working capital loan provided as part of the composite revolving working capital facilities are:

- Pre shipment overdraft facility is up to a maximum of Rs.22.64 Crores (Previous year Rs. 19.24 Crores), of which Rs.22.64 Crores (Previous year Rs. 19.24 Crores) has been drawn down. Rate of interest applicable to the pre shipment overdraft facility is 1.25% above the 3 month AUD LIBOR rate.
- Bill Discounting facility is up to a maximum of Rs.83.86 Crores (Previous year Rs. 71.26 Crores), of which Rs.50.26 Crores (Previous year Rs. 7.63 Crores) has been drawn down. Rate of interest applicable to the facility is 1.80766% per annum.
- Bank Guarantee facility is up to maximum of Rs.46.12 Crores (Previous year Rs. 39.19 Crores), of which Rs.34.20 Crores (Previous year Rs. 25.50 Crores) has been applied for Restoration guarantee, Sydney Catchment Authority, Supreme Court of NSW and National Basketball League (Guarantee to National Basketball League was provided as a corporate support for the Wollongong Hawks). A fee of 1.00% per annum on the face value of each Guarantee Liability is payable (6 months in advance) in respect of bank guarantee facility on the date of establishment of that facility.

Above arrangements are secured by following Securities

- First ranking fixed and floating charge over all the assets and liabilities of Gujarat NRE Coking Coal Ltd.
- Guarantee and indemnity by Gujarat NRE Coke Ltd in favor of the lender.
- Deed of priority between Gujarat NRE Coke Ltd and the lender.
- Gujarat NRE Coking Coal Ltd will not create any other charge on its assets without prior written consent of lender.

2. During the year Gujarat NRE Coking Coal Ltd has entered into syndicated Term Loan facility of Rs.338.55 Cr. with AXIS Bank Ltd and others during the year ("Syndicated Loan"). The facility is sanctioned by consortium of Banks in Singapore, London, Hong Kong, India and Antwerp led by the Axis Bank Limited.

Gujarat NRE Coking Coal Ltd has granted the following charges in favour of the security trustee for the lenders in the syndication to secure Rs.338.55 Cr. Term Loan as follows:

- A charge over the entire Fixed Assets of Gujarat NRE Coking Coal Ltd.
- A charge over the mining leases and consolidated coal leases pertaining to 'NRE No. 1 Colliery' and 'NRE Wongawilli Colliery'.
- A charge over the entire fixed assets of the subsidiary company – Gujarat NRE FCGL Pty Ltd.
- 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. This is with following conditions:
- Gujarat NRE Coking Coal Ltd has provided a Corporate Guarantee for the total facilities granted by State Bank of India to Gujarat NRE FCGL Pty Ltd (Rs.225.70 Crores Term Loan and Rs.209.65 Crores Bank Guarantee).
- Gujarat NRE FCGL Pty Ltd provided a Corporate Guarantee for the total facilities granted by SBI to Gujarat NRE Coking Coal Ltd (Rs.83.86 Crores Bill Discounting, Rs.22.64 Crores Export Packing Credit, Rs.46.12 Crores Bank Guarantee).
- Cross-collateralisation of the existing charges is held by State Bank of India over Gujarat NRE Coking Coal Ltd and Gujarat NRE FCGL Pty Ltd in respect of the State bank of India facilities referred to in 1 and 2 above.

6. Dividend for earlier year, including dividend tax on such dividend Rs. 0.09 Crores (Previous Year Rs. 0.003 Crores), appearing in the Profit & Loss account represents additional amount of Dividend & Dividend Tax paid on share capital issued subsequently after approval of Annual Accounts for the year 2008-09 by the Board of Directors and before the record date fixed for the payment of dividend.

## 7. Segment Information

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

(Rs. in crores)

Segments	Revenue		Profit Before Tax & Interest		Capital Employed*	
	2009-10	2008-09	2009-10	2008-09	31.03.10	31.03.09
a) Coke	1111.55	1246.74	123.67	149.49	1472.59	1188.01
b) Steel	292.08	289.24	44.18	31.80	519.24	558.27
c) Mining	562.77	712.05	(122.45)	(30.69)	1167.43	645.66
d) Others Unallocated			158.52	47.76	590.36	701.35
<b>Total</b>	<b>1966.40</b>	<b>2248.03</b>	<b>203.92</b>	<b>198.36</b>	<b>3749.62</b>	<b>3093.29</b>

\*Represents Total Assets net of Current Liabilities and Miscellaneous Expenditures

## Schedules to the Consolidated Accounts (Contd.)

## SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON CONSOLIDATED ACCOUNTS

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

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

1. Bharat NRE Coke Ltd.
2. Bajrangbali Coke Industries Ltd.
3. NRE Metcoke Ltd.
4. Gujarat NRE Energy Resources Ltd.

**Enterprises in which key management personnel have significant influence :**

1. Gujarat NRE Mineral Resources Ltd.
2. Critical Mass Multilink Ltd.
3. Bulli Coke Pvt. Ltd.
4. Gujarat NRE Oil Ltd.

**Key Management Personnel**

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

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

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

**B. Transaction with Related Parties:**

(Rs. in crores)

Particulars of Transactions	Current Year	Previous Year
(i) Sale/(Sales Return) of Goods/Services		
- Associates	213.74	159.28
(ii) Purchase of Goods/Services		
- Associates	4.22	115.54
(iii) Remuneration		
- Key Management persons	4.25	4.60
(iv) Sale of Securities		
- Enterprises in which key management person has significant influence	-	10.90
(v) Shares Allotted		
- Associates	3.95	-
- Enterprises in which key management person has significant influence	12.50	-
(vi) Share Warrant Deposit		
Received		
- Associates	14.06	-
- Enterprises in which key management person has significant influence	-	39.00
Forfeited		
- Enterprises in which key management person has significant influence	39.00	-
(vii) Interest Received		
- Associates	-	0.85
(viii) Rent Paid		
- Enterprises in which key management person is a trustee	0.25	0.25
(ix) Security Deposit Given		
- Associates	35.00	30.00
- Enterprises in which key management person is a trustee	-	9.00
(x) Demurrage Received		
- Enterprises in which key management person is a trustee	0.18	-
(xi) Loans/ Advance Given/(Refunded)		
- Associates	7.42	(21.50)
- Enterprises in which key management person is a trustee	(2.34)	-
(xii) Guarantees/Collateral Securities Outstanding as at the year end		
- Given on behalf of Associates	5.87	17.05
- Given by Key Management Personnel on behalf of the Company	1023.47	1425.77
- Given by Enterprises in which key management person has significant influence	244.87	137.65

## Schedules to the Consolidated Accounts (Contd.)

## SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON CONSOLIDATED ACCOUNTS

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

	Current Year		Previous Year	
	Outstanding Balance (Rs/ Crores)	Maximum Balance during the year (Rs/ Crores)	Outstanding Balance (Rs/ Crores)	Maximum balance during the year (Rs/ Crores)
Due from Related Parties (included in loans & advances and sundry debtors)				
Associates				
- included in Sundry Debtors	46.94	95.80	74.34	135.78
- included in Loans & Advances	85.19	127.84	31.35	116.03
Enterprises in which key managerial persons has significant influence included in Loans & Advances	9.35	9.35	9.35	9.35

#### 9. Foreign Currency Convertible Bonds (FCCB)

##### For Parents Company

The Company issued 600, Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCB) of US\$ 100,000 each aggregating US\$ 60 Million at par on 11<sup>th</sup> April, 2006. These bonds are convertible into equity shares of the Company at the option of bondholders at a price of Rs. 44.64 per share, If not converted then they are redeemable on 12<sup>th</sup> April, 2011 at 139.36% of the face value. As on 31.03.2010, 425 Bonds has been converted into 3,17,98,240 equity shares leaving balance of 175 bond as on 31.03.2010.

Out of the above FCCBs of Rs. 267.96 Crores, a sum of Rs. 0.11 crores remained unutilized at Balance Sheet date.

##### For Subsidiary Company

Gujarat NRE Coking Coal Ltd. has issued 200,8 % Convertible 20 years bond aggregating Rs. 29.03 Crores.

#### 10. Secured Non-Convertible Debentures:

- 10.60% Secured Redeemable Non Convertible Debentures of Rs. 75.00 Crores (Previous Year Rs. 95.00 Crores) were redeemable at par in 15 equal quarterly installments by 27th November 2013. The same are being redeemed since 27th February 2009.
- 11.90% Secured Redeemable Non Convertible Debentures of Rs. 100.00 Crores (Previous Year Rs. 100.00 Crores) are redeemable at par in 4 equal annual installments commencing from 07th February 2012.
- 12.50% Secured Redeemable Non Convertible Debentures of
  - Rs. 50.00 Crores (Previous Year Rs. 50.00 Crores) were redeemable at par in 4 equal annual installments commencing from 6th March 2012,
  - Rs. 10.00 Crores (Previous Year NIL) are redeemable at par in 4 equal annual installments commencing from 30th May 2012,
  - Rs. 10.00 Crores (Previous Year NIL) are redeemable at par on 30th May 2012,
  - Rs. 10.00 Crores (Previous Year NIL) are redeemable at par on 30th May 2013,
  - Rs. 10.00 Crores (Previous Year NIL) are redeemable at par on 30th May 2014,
  - Rs. 10.00 Crores (Previous Year NIL) are redeemable at par on 30th May 2015.

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

	As on 31.03.2010 Basic & Diluted EPS	As on 31.03.2009 Basic & Diluted EPS
<b>Earnings</b>		
Net Profit for the year (Rs. / Crores)	20.41	87.31
Add: Interest on FCCB (Rs. / Crores)	0.01	0.01
Earnings for Diluted EPS (Rs. / Crores)	20.42	87.32
<b>Shares</b>		
Number of shares at the beginning of the year	471,919,538	337,017,176
Add: Share Allotted against Share Warrants	20,450,000	-

## Schedules to the Consolidated Accounts (Contd.)

## SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON CONSOLIDATED ACCOUNTS

Add: Bonus Issue	-	134,834,154
Add : Conversion of FCCB	5,193,248	68,208
Add: Share Allotted against ESOS 2005	631,429	-
<b>Total number of equity shares outstanding at the end of the year</b>	<b>498,194,215</b>	<b>471,919,538</b>
<b>Weighted average number of shares outstanding during the year (for Basic EPS)</b>	<b>479,471,607</b>	<b>471,907,952</b>
Add: Number of equity shares arising out of exercise of option of outstanding Share Warrants that have dilutive effect on the EPS	8,550,000	45,500,000
Add: Number of equity shares arising out of conversion of outstanding FCCB that have dilutive effect on the EPS	17,507,841	22,701,089
Add: Number of Equity Shares arising out of exercise of option of Employee Stock Option Scheme	3,753,371	4,499,600
<b>Weighted average number of shares outstanding during the year (for Diluted EPS)</b>	<b>509,282,819</b>	<b>544,608,641</b>
<b>Earning per share :</b>		
– Basic (Rs.)	0.43	1.85
– Diluted (Rs.)	0.40	1.60
12. The Company has exercised the option granted vide notification No. GSR 225(E) dated 31st March'2009 issued by the Ministry of Corporate Affairs and accordingly the exchange differences arising on revaluation of long term foreign currency monetary items have been recognised over the shorter of the maturity period or 31st March' 2011, due to this, profit for the current year is lower by Rs.1.94 Cr.		
13. <b>REY RESOURCES LTD TAKEOVER</b>		
Gujarat NRE Coking Coal Ltd has made an intention of off market takeover offer for all the shares of Rey Resources Limited (Rey) on 3rd June, 2009. The offer was made unconditional on 21 August 2010. The consideration under the offer is 9 Australian cents for each Rey share held (the cash offer) or 1 GNM share for every 5 Rey share held (the share offer).		
• The Company has extended the off market takeover offer for all the securities of Rey Resources Ltd on a periodical basis. Accordingly, the current offer of the Company unless extended would expire on Friday, 11 <sup>th</sup> June, 2010 at 7.00 p.m. EST.		
• The Company is currently holding 11.998% of the shares in Rey Resources Ltd.		
14. The Company joint venture (30% ownership), farm-in arrangement with Pluton Resources Limited (60%) and Southern Ocean Science Pty Ltd and John McDougall (SOSM) 10% is managed by Pluton through joint venture exploration program and Gujarat NRE Resources NL will commence pro rata cost contribution after Rs.2.44 Crores has been spent by Pluton. Cethana is prospective for gold and base metals. The Exploration License is located 50km South of Devonport on the north coast of Tasmania. At balance date the joint venture has started operation but there is no immediate commitment on Gujarat NRE Resources NL.		
15. <b>Impairments of Assets</b>		
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 Group's assets . A formal estimate of the recoverable amount has not been made, as there is no indication of a potential impairment loss.		
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.		
16. Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Parent Company's Financial Statements.		
17. Previous Year figures have been regrouped / rearranged wherever considered necessary.		



**Consolidated Cash Flow Statement** for the year ended 31st March, 2010

(Rs. In Crores)

	For the Year ended 31.03.2010	For the Year ended 31.03.2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	48.03	96.26
<b>Adjustments for:</b>		
Depreciation / Other non cash items	143.34	141.56
Interest Paid / Payable	155.89	102.10
Other Income	(184.82)	(12.15)
Loss/(Profit) on Sale / Discard of Fixed Assets	0.04	0.01
Loss/(Profit) on Sale of Investment	(3.51)	37.09
Employee Stock Option Compensation	1.65	0.09
Interest Received / Receivable	(13.02)	(13.69)
<b>Operating Profit before working capital changes</b>	<b>147.60</b>	<b>351.27</b>
<b>Adjustments for:</b>		
Trade & Other Receivables	(330.26)	(84.47)
Inventories	117.55	(750.14)
Trade Payable	(9.03)	482.62
<b>Cash Generated from Operations</b>	<b>(74.14)</b>	<b>(0.72)</b>
Direct Taxes Paid / Refunds	(5.62)	(35.25)
<b>Cash Flow from Operating Activities</b>	<b>(79.76)</b>	<b>(35.97)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Fixed Assets	(830.19)	(621.50)
Sale of Fixed Assets	260.68	68.88
Addition to Investments	(171.14)	(15.51)
Sale of Investments	177.01	64.40
Interest Received	13.02	13.69
Dividend / Misc Income	184.82	12.15
<b>Net Cash Flow from Investing Activities</b>	<b>(365.80)</b>	<b>(477.89)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Proceeds to Share Capital / Reserves	233.15	9.27
Deposit against Share Warrant	14.06	-
Increase in Long / Short term borrowing	482.40	705.11
Interest Paid	(150.91)	(101.49)
Dividend & Dividend Tax Paid	(55.51)	(98.35)
Miscellaneous Expenditure	(38.31)	(117.20)
<b>Net Cash Flow from Financing Activities</b>	<b>484.88</b>	<b>397.34</b>
<b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents</b>	<b>39.32</b>	<b>(116.52)</b>
<b>Cash &amp; Cash Equivalents (Opening Balance)</b>	<b>123.55</b>	<b>240.07</b>
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>162.87</b>	<b>123.55</b>

In terms of our report of even date annexed hereto

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

For and on behalf of the Board



**B. Basu**  
Partner  
Membership No. 12748  
Place : Kolkata  
Dated : 30<sup>th</sup> May, 2010



**A K Jagatramka**  
Chairman &  
Managing Director  
Place : Ahmedabad



**R P Jain**  
Executive Director  
Place : Ahmedabad



**P R Kannan**  
Chief Financial Officer  
Place : Kolkata



**Manoj K Shah**  
Company Secretary  
Place : Kolkata





## **Gujarat NRE Coke Limited**

REGISTERED OFFICE

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