

Chairman's Statement



10 Minutes with the Chairman

"Coke and coking coal is in global short supply and would remain so in future"

Q. 1. How do you review the performance of the company in 2008-09?

- A. Gujarat NRE Coke operates in a unique industry segment, where it neither has peers, nor is the industry and its dynamics easily understood. Suffice to say, the fortunes of the industry, which is closely interlinked with the commodity cycles of coke and steel, is highly volatile. This volatility ensures that there always remain a natural entry barrier for small, marginal players on one hand and on the other, provides the company with a unique opportunity to use the down turns to invest in capacities as per the company's long term vision and prepare the ground to reap the benefits of the inevitable upturn that follows. That is the reason why, at any given point of time, the figures do not reflect the complete picture of the company, as the actual benefits of the huge expansion and integration work that is in progress will be available in near future. In the longer term, on a point to point basis, the picture that emerges of the company's growth, is tell tale and quite satisfactory, especially in the face of global recession. Though the year that has gone by was one of the tough ones for enterprises across the globe, we had our focus on growth and expansion, and needless to say, the progress made has been as per plan and satisfactory. In a nutshell, while I today review the entire year's performance, it has been a eventful and challenging one, but we have been able to take up the challenge in our stride, seize the opportunities that have opened up, invested in future, to reap the benefits in multiples when they mature.

Q. 2. You deal in a commodity that is a vital raw material to the steel making process, which in turn is cyclical in nature. Where do you see the steel industry heading? Where will this demand take Gujarat NRE in the benchmark year?

- A. The steel industry in India has been riding a perpetual growth trajectory for last five years except for a setback from the second half of 2008-09, caused by the global financial crisis. India's economy is largely domestic

consumption led and accordingly it has been less affected by the deceleration in global economic growth when compared to other countries. As a result, Indian steel demand remains better than in many countries. The construction industry is expected to rise further due to the government's stimulus plan. The automotive sector is doing well. Hence, it is expected that domestic steel demand is going to recover soon and for the long term as well. According to the World Steel Association, India's apparent steel use is forecasted for 2009 is expected to see a 1.7% increase from 2008 and is expected to reach 58 million tonne in 2010 an increase of 8% YoY. As per recent announcements of the Steel Ministry, Government of India, Investment worth US\$ 176.49 billion is likely to go into the steel sector by 2020, taking India's steel capacity to around 300 million tonnes. India is poised to be the world's 2nd largest producer of steel before 2016. As the fifth largest producer of steel, India now consumes an average of 25 - 30 million tonnes of coke. At about 300 million tonnes of steel, she will throw up a demand of roughly 120 - 150 million tonnes of coke by the year 2020, a sea of opportunity for merchant coke producers in India and a Mecca for coking coal producers worldwide.

Gujarat NRE Coke Ltd is geared up to take advantage of increased demand of coke, in face of existing severe short supply in India. We plan to invest in two additional over one million tonne coke facilities in Andhra Pradesh and Gujarat, taking our total capacity to around 4 million tonne in next 3-5 years. This would be further supplemented by increased production of coking coal in our Australian mines, which is slated to touch around 7 million tonnes per annum by 2014 -15.

Q. 3. NRE Stands for Natural Resource and Environment. How do you relate coal and environment? How do you claim to be environ friendly?

- A. I believe that coal is the most environment friendly commodity to deal with. Human civilization is hungry

for energy to have the industry running, to put the turbines of the power plant in motion, and the wheels of his transports moving. Think of a civilization without coal and fossil fuels, where the only prime source of energy would have been trees. Forests by now would have turned to barren lands. Civilization would have been near extinct today due to large scale felling of trees and forests for want of energy.

Having said that, GNCL is an environmentally conscious and a responsible corporate citizen. The belief that environment conservation is fundamental to the survival of any organization combined with a desire to contribute more to the environment than what we acquire from it, has led us to adopt stringent pollution control measures. GNCL has in place the necessary safeguards to minimize environmental pollution through the complete combustion of volatile matter, and the gaseous emissions are well below the norms, by employing the best of technologies available. GNCL aims to extensively use wind energy to power its captive requirement. It has invested in 62 Wind Turbine Generators with a total capacity of 87.5 MW. The company is also investing in cogeneration of power using the heat generated during coke production to the tune of 60 MW, thus using all means at its disposal to be a green company. We take pride in our environment ethics-rainwater harvesting, green belt across all plants & wind energy to name a few. GNCL is a part of the emerging carbon credit market through Clean Development Mechanism (CDM) under the Kyoto Protocol agreement. The efforts of the company towards reducing greenhouse gas emissions have made the company eligible for earning carbon credits, which besides generating increased returns will strengthen its commitment of being a socially responsible citizen.

Q. 4. Gujarat NRE has been a pioneer in foraying into overseas coal mine ownership. The move has the potential of ensuring that you morph into a global resource giant. At what stage are the company's Australian operations?

- A. India has severe shortfall of good quality hard coking coal. It is estimated that by 2013 as per the current projections, India would need more than 75 million tonnes of coking coal. Australia has excellent resource of hard coking coal and is the primary source for imports to India. We went to Australia in search of coal, but bought mines in 2004 and made it our second home. The Australian experience has been both challenging and satisfying.

The investment and growth plans as well as the operations of our Australian subsidiary are perfectly on course and progressing as per plans. We have recently secured a Long Term Loan Facility of USD 50 million from a consortium of Indian banks which is being utilised to support & improve the existing infrastructure and facilities and develop new ones at NRE No. 1 & NRE Wongawilli collieries. The Gujarat NRE Group has earmarked plans to incur a further capital expenditure of over A\$ 470 million by FY 2014 in addition to the existing A\$ 250 million already incurred. Various other efforts are in place to ramp up production of

ROM Coal from the mines to 7 million tonnes per annum by the year 2014-15. We aim to be one of the largest coking coal producers of Australia. We are the only independent Company listed in Australia having pure focus on hard coking coal while all the other hard coking coal reserves are owned by bigger resource conglomerates globally.

Gujarat NRE has made an off-market bid for Rey Resources Limited, an ASX Listed Company, which is focusing on the development of its thermal coal exploration assets in the Canning Basin, Western Australia. The Company announced its maiden JORC Resource of nearly 500 million tonnes of thermal coal in April 2009. The successful completion of the proposed takeover would allow diversification of the Company's asset base and to become a major player in the coal mining sector with resources of over 1 billion tonnes of coking and thermal coal.

Q.5. What is the differentiating factor that makes you peerless and the undisputed market leader? What are your plans to maintain the leadership position and increase stakeholder's wealth?

- A. In the past few years the company has made large investments in capacity expansion and integration. The company is ready to reap the fruits of these investments. The company's coke facility in Dharwad, Karnataka is ready for production. This provides the company extra leverage of enhanced capacity to meet the increasing demand of coke in India. Though the current recession had its effect in the consumption of coke in the global market, the domestic scenario has been bullish. India is one of the few countries that imported coke in 2008 and is also going to do so in 2009 as well, due to increased domestic consumption levels, which augurs well for merchant manufacturers of met coke in India. Demand for coke in India has been buoyant in the first half of 2009. Shortages of coking coal are adding to the pressure in the market. We plan to increase our capacity further by setting two plants of 1 million tonne each in Andhra Pradesh and Gujarat to take advantage of this ever yawning gap of demand and supply of coke in India. Consistent and reliable supply of coking coal from Australian mines adds to the company's advantage.

With China closing its coal mines and becoming a net importer of both coking coal and coal has created coke and coking coal a commodity of global short supply.

Going ahead, with our coal mines in Australia increasing production at one end as well as increase in our domestic coke production capacity will strengthen our value chain, insulate us from external effects of adverse price swings and transform us from a coke manufacturer into an integrated coking coal mining company. This would inevitably increase our valuation to that of an integrated mining company higher than those obtained today as a converter. We expect that the combination of the three factors – increased capacity and sale, widened sale and enhanced valuation – will grow the value of our stakeholders over the coming years.

Notice

TO THE SHAREHOLDERS,

Notice is hereby given that the Twenty-second Annual General Meeting of the Members of GUJARAT NRE COKE LIMITED will be held, on Saturday, the 19th day of September, 2009 at 11.45 am at Ghanshyam Das Birla Sabhaghar, 29, Ashutosh Choudhury Avenue, Kolkata 700 019 to transact the following business :

Ordinary Business :

- To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March' 2009 and the Profit & Loss Account for the financial year ended on that date together with the Reports of the Directors' and Auditors' thereon.
- To declare Dividend on Equity Shares.
- To appoint a Director in place of Dr. M K Loyalka, who retires by rotation and being eligible, offers himself for re-appointment.

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND ON HIS/HER BEHALF AND TO VOTE ONLY ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DULY COMPLETED, STAMPED AND LODGED WITH THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING. A COPY OF THE PROXY FORM IS ANNEXED HEREWITH.
- The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 10th day of September, 2009 to Saturday, the 19th day of September, 2009 (both days inclusive).
- The Dividend, as recommended by the Board, if declared, will be paid on or after 19th September, 2009 to those members or their mandates :
 - whose names appear as Beneficial Owners as at the end of the business hours on 19th day of September, 2009 in the list of Beneficial Owners to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in electronic form; and
 - whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Share Transfer Agents of the company on or before 9th day of September, 2009.
- Members desiring any information on the accounts for the year ended 31st March, 2009 are requested to write to the Company at least ten days in advance, so as to enable the management to

- To appoint a Director in place of Mr. Murari Sananguly, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration. In this connection, to consider and if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

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

By Order of the Board
For GUJARAT NRE COKE LIMITED


Manoj K Shah
Company Secretary

Place : Kolkata
Dated : the 18th day of July, 2009

keep the information ready at the meeting.

- Members are requested to bring the admission slip(s) along with their copy of Annual Report to the meeting.
- Any change of address of the members holding shares in physical segments, may please be notified to the Registrar and Share Transfer Agent of the Company quoting their registered folio well before the book closing date to enable the Company to send their dividend at the correct address.
- Members are informed that Dividend which remains unclaimed / unencashed over a period of 7 (Seven) years, is required to be transferred, as per the provisions of Section 205A of the Companies Act, 1956, by the Company to "The Investor Education & Protection Fund", constituted by the Central Government under Section 205C of the Companies Act, 1956.
Accordingly, unclaimed / un-encashed dividend for the financial year 2001-2002 paid on 14.4.2003 would be transferred to the said Fund during April, 2010. It may please be noted that once the unclaimed / un-encashed dividend is transferred to "The Investor Education & Protection Fund", as aforesaid, no claim shall lie in respect of such amount by the shareholder.
Hence, the shareholders who have not encashed their dividend warrants for the financial year 2001-2002 and / or there after, are requested to immediately forward the same to the Company for revalidation or seek issue of duplicate warrant(s) by writing to the Company's Registrar & Share Transfer Agent.
- Members desirous of having a complete text of Annual Report 2008-09 may write to us at investor@gujaratnre.com or at the registered office of the Company.

(Annexure to the Notice dated 18th July, 2009)

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS SEEKING RE - APPOINTMENT

Name of the Director	Dr. M K Loyalka	Mr. Murari Sananguly
Date of Birth	30-01-1938	03-11-1942
Date of Appointment	18-02-2004	29-12-2005
Qualifications	M.B.B.S. (Calcutta) F.C.G.P. (India)	B.E (Mechanical)
Expertise in specific functional areas	Medical Practitioner, Management etc.	Iron Oxide Pellet making and Mineral dressing, Mining etc
Directorship in other Companies	Gujarat NRE Mineral Resources Ltd	Coal India Ltd
Chairmanship/Membership of Committees in other Companies	Nil.	Member, Management Committee of Gujarat NRE Minerals Ltd. Australia
Shareholdings as on 31st March' 2009	14000	Nil

Directors' Report

To

The Members,

Your Directors are pleased to present the Twenty-second Annual Report and the Audited Financial Results of the Company for the financial year ended on March 31, 2009.

FINANCIAL RESULTS/HIGHLIGHTS

	Rs. in crores	
	2008-2009	2007-2008
Income from Operations	357.01	282.99
Less : Interest	64.75	32.91
	292.26	250.08
Less : Depreciation	39.35	23.35
Profit before Tax & Exceptional Items	252.91	226.73
Less : Exceptional Items	114.72	0.00
Profit before Tax	138.19	226.73
Less : Provision for Taxation	30.95	53.85
Profit after Tax	107.24	172.88
Add : Balance brought forward	90.88	96.79
Amount available for appropriation	198.12	269.67
Less : Appropriations :-		
Transferred to General Reserve	-	50.00
Dividend for earlier year (incl. Tax)	0.02	4.46
Proposed dividend on equity shares	47.19	84.25
Corporate Tax on Dividend	8.02	15.08
Debenture Redemption Reserve	62.50	25.00
Balance carried to Balance Sheet	80.39	90.88

REVIEW OF OPERATIONS

Indian economy has been on the fulcrum of a rapid growth trajectory since 2005-06 which remained unfazed till the global recession that rocked economies across the world in 2008-09 and India could not remain unscratched despite all talks of decoupling theories by economists. Economies across the world were faced with dwindling consumption levels resulting into fall in demand, and exports miserably hit in the worst ever slowdown since the great depression. Metallurgical Coke finds its major market in the Steel Industry; hence the consumption depends heavily on the dynamics of Steel Industry across the globe. Faced with declining auto sales and a near stop in all construction activities, steel industry especially in the developed countries faced severe crisis in 2008-09, with many opting for closure, idling of blast furnaces and prolonged suspension of works. Consequently, the met coke industry got hit, exports market nearly dried up and domestic demand receding in the last quarter.

The Company is one of the largest independent producer of met coke in India, the only Indian company to own and operate coking coal mines in Australia. This gives the company a unique advantage of having secured supply of the critical raw material i.e. coking coal and consequently, gaining the strength to withstand volatile and cyclical nature of this business.

Though faced with the odds of severe global recession during the year under review, the Company admirably reported a higher Net Sales of Rs. 1522.60 crores in the financial year ended March 31, 2009 as compared to Rs. 872.15 crores during the previous financial year growing by around 75%. However, massive pressure on margins and prices due to global meltdown in the second half of 2008-09 and the adverse movement of the Indian rupee versus US Dollar resulted in the Company ending the year with the Net profit of Rs 107.24 crores (Previous Year - Rs. 172.88 crores).

DIVIDEND

The Directors are pleased to recommend a dividend of Re.1/- per share for the year ended March 31, 2009 on post bonus capital as compared to Rs.2.50 per share for

the year ended March 31, 2008. This is the 8th consecutive year of dividend payment and the company has made/declared 13 dividends in last 8 years including the dividend for the year 2008-09.

In terms of Sections 205A & 205C of the Companies Act, 1956, the company had transferred a sum of Rs.444030.50 (Rupees Four lac, fortyfour thousand thirty & paise fifty only) to the Investor Education & Protection Fund created by the Central Government towards dividend for the year 2000-01 remaining unclaimed for a period of 7 years.

ISSUE OF EQUITY

The Company allotted 68,208 Equity Shares of Rs.10 each at a premium of Rs.38.04 per share during the year upon conversion of 1% Unsecured Foreign Currency Convertible Bonds (FCCBs) issued in 2005 and there were no conversion requests received for Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCBs) issued in 2006.

The Company also allotted 13,48,34,154 Bonus Shares – at the rate of two shares for every five shares held which were listed with Bombay Stock Exchange & National Stock Exchange w.e.f 19th November, 2008. This was the fifth bonus issue by your Company in the last six years.

The authorized capital of your Company during the year was increased from Rs.1500 crores to Rs.2000 crores by addition of fresh 10 Crore Equity Shares of Rs. 10 each, 10 Crore "A" Equity Shares of Rs. 10 each carrying 100 voting rights per "A" Equity Share and 30 Crore "B" Equity Shares of Rs. 10 each carrying 1 voting right per 100 "B" Equity Share to the existing 150 Crore Equity Shares of Rs.10 each. The Memorandum & Articles of Association of your Company was also amended to incorporate the provisions for issue of Equity Shares with Differential Voting Rights.

ISSUE OF NON-CONVERTIBLE DEBENTURES

During the year under review, the company raised Rs.150 crores through issue of Non-Convertible Secured Redeemable Debentures (NCDs) on a private placement basis to Life Insurance Corporation of India and Axis Bank Ltd amounting Rs.100 crores and Rs. 50 crores respectively for Capex and General Corporate purposes. These Non-convertible Debentures have been listed at Bombay Stock Exchange. The Company has further raised a sum of Rs. 40 crores from Corporation Bank and Rs.10 crores from State Bank of Hyderabad through issue of NCDs since the close of the year under review. The aforesaid NCD issues are in addition to NCDs worth Rs. 100 crores issued to Axis Bank Ltd in the preceding year.

STATUS OF FCCBs

The Company had made two consecutive issues of Foreign Currency Convertible Bonds (FCCBs) in 2005 & 2006. During the year under review, FCCBs worth USD 75000 out of Unsecured 1% FCCBs of USD 55 million issued in 2005 (due in 2010) were converted to 68,208 shares and this conversion along with conversions in earlier year resulted in 99.93% of these FCCBs being converted by the year end leaving bonds worth only USD 150,000 as outstanding.

Further, at the year end, bonds worth USD 22.50 million remain outstanding out of Unsecured Zero Coupon FCCBs of USD 60 million issued in 2006 and due in 2011. However, since March, 2009, the Company has received and converted bonds worth USD 5 million out of these outstanding FCCBs of USD 22.5 million.

LISTING

The equity shares of your Company are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The FCCBs of the Company are listed on the Luxembourg Stock Exchange (LuxSE) and the Non-convertible Debentures of the company are listed at Bombay Stock Exchange.

The Calcutta Stock Exchange Association Ltd. (CSE) vide its Circular dated 11th September, 2008 had delisted the Scrip of the Company from its bourses in accordance with the application for voluntary delisting made by the Company.

BUSINESS OPERATIONS

Your Company's development plans in Australia are going in full steam ahead. The combined production at both the mines are being scaled up from 0.5 million tonnes in the year 2007-08 to 7 million tonnes by the year 2014-15. Keeping with the enhanced inflow of raw materials from our own mines in Australia, we are poised for expanding our production capacities in India.

Your Company believes that downturn is the right time to invest in capacities and to prepare for the next upswing. Accordingly, we are gearing up our production

Directors' Report (Contd.)

facilities by streamlining our production processes, expanding coke producing capacities, setting up new coal washeries, setting up of railway siding and setting up a new Greenfield 1 million tonnes coke manufacturing project in Andhra Pradesh. Carrying on our commitment to provide clean and healthy environment, your Company is also adding facilities to co-generate power from waste heat emanating from its coke oven batteries at Khambalia, Bhachau and Dharwad enhancing its capacity by 60MW over and above the regular operation of Wind Mills having an existing capacity of 87.5 MW.

SUBSIDIARIES

During the year under review, the Company continued its overseas operations through its wholly owned subsidiary, Gujarat NRE Ltd. and through step down subsidiaries i.e. Gujarat NRE Minerals Ltd., Gujarat NRE FCGL Pty. Ltd. Gujarat NRE Coal (NSW) Pty. Ltd., Gujarat NRE Resources NL, Wonga Coal Pty. Ltd. and Southbulli Holdings Pty. Ltd. The consolidation process of Avondale coal mine and Elouera coal mine, both owned by Gujarat NRE FCGL Pty Ltd and operated by Gujarat NRE Minerals Ltd., (Australian subsidiaries of the Company) progressed during the year under review and they are now collectively known as NRE Wongawilli mine. NRE Wongawilli mine have already started commercial production. NRE No. 1 mine owned and operated by Gujarat NRE Minerals Ltd and the Wongawilli mines are currently undergoing expansion of mining operations with plans to ramp up total combined production at both these mines to 7 million tons per annum by 2014-15. The first longwall extraction panel in NRE Wongawilli is expected to start in August 2009. The Wonga Mains project which when completed will allow access to the virgin Wongawilli coal seam is progressing as per schedule. A part of the finance required for the purpose of the said expansion of mining operations has already been negotiated and secured with a consortium of banks.

Gujarat NRE Properties Pty. Ltd. (Formerly known as Gujarat NRE Koyala Pty. Ltd.) became a stepdown subsidiary of the company with effect from 16th June 2008 and Gujarat NRE India Pty. Ltd. was incorporated as a stepdown subsidiary of the company with effect from 19th August 2008.

During the year under review, your Company took over the operations and management of Dharwad plant of Bharat NRE Coke Ltd. in order to make its operations viable. M/s. Bharat NRE Coke Ltd ceased to be a subsidiary of the Company during the year under consideration.

Both Manor Dealcom Pvt. Ltd. and Huntervalley Coal Pvt. Ltd., wholly owned Indian subsidiaries, showed steady performance in their second year of operations. Manor Dealcom Pvt. Ltd has posted an income of Rs.0.80 lacs and net profit of Rs.0.14 lacs as compared to an income of Rs. 0.94 Lacs and net profit of Rs. 0.19 Lacs respectively reported last year. Huntervalley Coal Pvt. Ltd has posted an income of Rs.0.74 lacs and net profit of Rs.0.13 lacs as compared to an income of Rs. 1.03 Lacs and net profit of Rs. 0.26 Lacs respectively reported last year.

There is a requirement for attachment of Directors Report, Balance Sheet & Profit & Loss Account of the subsidiaries to the Annual Report & Accounts of the Company. The Central Government has granted an exemption to your Company under Section 212(8) of the Companies Act, 1956 from the said requirement. Accordingly, the same have not been annexed hereto. However, the Consolidated Financial Statements of the Company prepared in accordance with Accounting Standard 21, which forms a part of the Annual Report, have taken into account the financial information of the subsidiaries.

The Annual Accounts of the subsidiary Companies and the related detailed information will be made available to the Company's and Subsidiary Company's investors seeking such information at any point of time. The Annual accounts of the Subsidiary Companies are also kept open for inspection by any investor at the Registered Office of the Company.

RECOGNITION

Business Standard has graded the company with Super Rank No. 42 in its BS1000 rankings for the year 2007-08. The Financial Express has upgraded the Company's rankings to 178 for the year 2007-08 among top 500 Indian Companies from its ranking of 219 for the year 2006-07. This clearly establishes that the Company continues to grow despite all odds.

FINANCIAL OBLIGATIONS

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

CORPORATE GOVERNANCE

Pursuant to the amended Clause 49 of the Listing Agreement with the Stock Exchanges, a separate Section titled "Corporate Governance Report" has been included in this Annual Report along with a Report on "Management Discussion and Analysis". This 'Corporate Governance Report' is as on 31st March, 2009 and the same has been certified by the Statutory Auditors of the Company accordingly. Since the date of this Corporate Governance Report, Mr G L Jagatramka has resigned from the Board and various Committees on 27th June, 2009. Mr A K Jagatramka has been designated as Chairman and Managing Director (CMD) and the following Committees have been reconstituted from 27th June, 2009 as under. The Company Secretary acts as Secretary to these Committees.

- 1) Audit Committee
 - Mr Subodh Kumar Agrawal, Committee Chairman
 - Dr Basudeb Sen, Director
 - Mr Chinubhai R Shah, Director
 - Dr Mahendra Kumar Loyalka, Director
- 2) Share Transfer Committee
 - Dr Basudeb Sen, Committee Chairman
 - Mr Subodh Kumar Agrawal, Director
 - Dr Mahendra Kumar Loyalka, Director
 - Mr Pawan Kumar Agrawal, Sr. Vice President
- 3) Shareholders/Investors Grievance Committee
 - Mr Subodh Kumar Agrawal, Committee Chairman
 - Dr Mahendra Kumar Loyalka, Director
 - Dr Basudeb Sen, Director
- 4) Remuneration/ Compensation Committee
 - Dr Mahendra Kumar Loyalka, Committee Chairman
 - Mr Arun Kumar Jagatramka, CMD
 - Mr Subodh Kumar Agrawal, Director
 - Dr Basudeb Sen, Director
 - Mr Murari Sananguly, Director
- 5) Management Committee
 - Mr Arun Kumar Jagatramka, Committee Chairman
 - Mr Subodh Kumar Agrawal, Director
 - Mr P R Kannan, Chief Financial Officer
 - Mr Pawan Kumar Agrawal, Sr. Vice President

All Board Members and senior Management Personnel have affirmed compliance with Code of Conduct for the year 2008-09.

Vice Chairman & Managing Director (CEO) and Chief Financial Officer (CFO) have certified to the Board with regard to the financial statements and other matters as required in clause 49 of the listing agreement and the said certificate is also annexed to this Annual Report.

EMPLOYEE STOCK OPTION SCHEME

We believe that employee talent is an asset and we need to nurture this talent by regular motivation. SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, ("the Guidelines") allows the Board to re-price the unexercised Employee Stock Options in case such options become unattractive subject to the approval of the members. The Board of Directors in accordance with the said guidelines and on the recommendation of the Remuneration/Compensation Committee, at its meeting held on March 9, 2009, decided to re-price the Options granted by the Company under GNCL Employees Stock Option Scheme, 2007 and the same was approved by the shareholders through postal ballot as per results declared on 2nd May, 2009.

As required by clause 12 of the Guidelines, the disclosures of Stock Options in respect of both Employee Stock Option Scheme, 2005 and GNCL Employee Stock Options Scheme 2007 as on 31st March, 2009 are given in an Annexure to this report. None of the option-holders exercised any options during the year under review.

DIRECTORS

Mr Girdharilal Jagatramka, Chairman resigned from the Board with effect from 27th

Directors' Report (Contd.)

June, 2009 due to health reasons. Board acknowledges the immense contribution made by Mr Girdharilal Jagatramka to the growth and development of the company being one of the founder Directors of the Company and would like to record their appreciation of the services rendered by him. However, upon the request of the Board, Mr Girdharilal Jagatramka has agreed to act as Chairman Emeritus.

Mr Arun Kumar Jagatramka has since been designated as Chairman and Managing Director by the Board.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of annual accounts for the financial year ended March 31, 2009, the applicable accounting standards had been followed and that no material departures have been made from the same;
- the Directors had selected appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year under review and of the profit of the Company for the year ended on that date;
- the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- Directors had prepared the annual accounts for the financial year ending March 31, 2009 on a 'going concern' basis.

AUDITORS

M/s. N. C. Banerjee & Co., Chartered Accountants, who are Statutory Auditors of the company hold office upto the forthcoming Annual General Meeting of the Company and are recommended for reappointment to audit the Accounts of the Company for the year 2009-10. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has received written confirmation from M/s. N C Banerjee & Co., that their re-appointment as Auditors, if made, would be in conformity with the limits prescribed in the said section and that they are not disqualified from being appointed as the Auditors of the Company within the meaning of Section 226 of the said Act.

AUDITORS' REPORT

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

PUBLIC DEPOSITS

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

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

The information on Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forms a part of this Report as an Annexure. However, as permitted by Section 219(1) (b)(iv) of the Act, this Annual Report is being sent to all the members of the Company excluding the said Annexure.

PARTICULARS OF EMPLOYEES

The information on Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms a part of this Report as an Annexure. However, as permitted by Section 219(1) (b)(iv) of the Companies Act, 1956 this Annual Report is being sent to all the members of the Company excluding the said Annexure.

PERSONNEL / INDUSTRIAL RELATIONS

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinted efforts of employees have enabled the Company to remain at the leadership position in the Industry. It has taken various steps to improve productivity across the organization.

APPRECIATION

We wish to acknowledge the understanding, support and the services of the sincere workers, staff and executives of the Company, which have largely contributed to efficient operations and management of the Company. Your Directors also wish to place on record the valuable co-operation and support received from investors, customers, dealers, suppliers, bankers, financial institutions, media, Government and their agencies and all other business associates in India and abroad.

For and on behalf of the Board



Arun Kumar Jagatramka

Chairman & Managing Director

Place : Kolkata

Dated the 18th day of July' 2009

Annexure forming part of the Director's Report

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

Sr	Particulars	Employee Stock Option Scheme, 2005	GNCL Employee Stock Option Scheme, 2007
1	Total number of options initially granted	11,15,000	28,15,000
2	Options Granted during the year	3,80,000 Options on account of bonus issue	10,02,400 Options on account of bonus issue
3	Pricing Formula	Options have been granted at the closing market price of the shares of the Company on NSE on the day immediately preceding the date of grant of the options, i.e. Rs.33.40 per share. Prices of all options were adjusted to Rs. 23.85 per option on account of bonus issue.	25,06,000 Options have been granted on 02.06.2007 at the closing market price of the shares of the Company on NSE on the day immediately preceding the date of grant of the options i.e. Rs.60.20 per share and 3,09,000 Options have been granted on 19.01.2008 at Rs.120 per share i.e. price at which convertible warrants were issued on 03.01.2008. All options repriced as per note given below
4	Options Vested (as on March 31, 2009)	3,000 Options	6,000 Options
5	Options Exercised during the year	Not yet Exercised	Not yet Exercised
6	Total number of shares arising as a result of exercise of options	Not Applicable	Not Applicable
7	Options lapsed/forfeited during the year	90,000 (options lapsed in Prev. Yr.-1,38,000)	5,84,800

Annexure forming part of the Director's Report

8	Variation of terms of options upto March 31, 2009	Nil	Nil
9	Money realized by exercise of options during the year	Nil	Nil
10	Total number of options in force at the end of the year	12,67,000	32,32,600
11	Employee wise details of options granted to: i) Senior Managerial Personnel ii) Employees holding 5% or more of the total number of options granted during the year iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	List given below. Options to Directors given in Corporate Governance Report Nil Nil	List given below. Options to Directors given in Corporate Governance Report Nil Nil
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on the exercise of option calculated in accordance with Accounting Standard (AS) 20	Not Applicable	Not Applicable
13	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company.	Not Applicable	The company has calculated Employee Compensation Costs on the basis of Intrinsic Value Method and has amortized Rs.0.08 crores for the year ended 31 st March, 2009. However, had the company followed Fair Value Method for calculating Employee Compensation Costs, such costs for the year would have been higher by Rs.10,63,875 and the profit after tax higher by the like amount and its impact on Basic as well as Diluted EPS would have been negligible.
14	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date	Not Applicable	Weighted average exercise price of the options outstanding as at the year end is Rs. 48.01 and Weighted average fair value of the options outstanding as at the year end is Rs.64.47.
15	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information.	The fair value of options is estimated using Black Scholes Option Pricing Model after applying the following key assumptions i) Risk free interest rate - 6.41% ii) expected life - 2.1 years iii) expected volatility - 97% iv) expected dividends - 3% v) the price of the underlying share in market at the time of option/grant - the market price (i.e. closing price at NSE) on the day immediately preceding the day of grant i.e. Rs. 33.40 per share	The fair value of options is estimated using Black Scholes Option Pricing Model after applying the following key assumptions i) Risk free interest rate - 6.41% ii) expected life - 10 Years iii) expected volatility - 97% iv) expected dividends - 3% v) the price of the underlying share in market at the time of option/grant - the market price (i.e. closing price at NSE) on the day immediately preceding the day of grant i.e. 60.20 & Rs. 139.15 per share for 1 st & 2 nd tranches respectively.

NB – The Board of Directors at its meeting held on 9th March, 2009 have decided to re-price all options issued under GNCL Employee Stock Option Scheme, 2007 at Rs.18.05 per option subject to the approval of the shareholders. The shareholders have approved the decision of said decision of the Board through postal ballot as per its results declared on 2nd May, 2009.

List of employee wise details of Options Granted to Senior Managerial Personnel

Sr. No.	Name of the Senior Managerial Personnel	Employee Stock Option Scheme, 2005 Options Granted	GNCL Employee Stock Option Scheme, 2007 Options Granted
1	Mr. P. R. Kannan	4200	42000
2	Mr. P. K. Agrawal	4200	42000
3	Mr. D. R. Sabherwal	4200	42000
4	Mr. Sunil Maskara	-	46200
5	Mr. B. Ramaprasad	-	33600
6	Mr. Hirak Ghosh	-	46200
7	Mr. S. Balasaria	4200	19600
8	Mr. A. S. Rao	4200	29400
9	Mr. B. N. Tiwari	4200	29400
10	Mr. J. Rajaraman	4200	29400
11	Mr. P. Saxena	4200	29400
12	Mr. M. K. Shah	-	33600

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance :

Corporate Governance is a system by which an organization is governed and controlled. The essence of Corporate Governance revolves around three basic inter related segments i.e. integrity & fairness, transparency & disclosures and accountability & responsibility. It is about commitment to values and ethical business conduct, voluntary practices and compliance with laws and regulations leading to effective control and management of the organization in achieving its objectives. It also provides a structure through which the Company objectives, the means of attaining these objectives and monitoring performances are set.

We at Gujarat NRE, believe that Good Corporate Governance brings about sustained corporate growth and long term benefits for all stakeholders. The Company's core values are based on integrity, compliance with statutory/regulatory requirements, emphasis on product quality, effective strategic planning and

processes, growth and development of human resources, which entails converting opportunities into achievements. A Report in line with the requirement of clause 49 of listing agreement with Stock Exchange for the year ended 31st March, 2009 is given below.

2. Board of Directors:

Composition and category

The Board of Directors of the Company comprises of eminent persons with commendable professional expertise. The Board has nine members consisting of :

- One Promoter Non-Executive Chairman
- One Promoter Vice Chairman and Managing Director
- One Promoter Non Executive Director
- Five Non-Promoter Non-Executive Directors and
- One Executive Director

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

Name of the Director	Category	No. of other Directorships*	No. of other Board Committee** position as	
			Member	Chairman
Mr. Girdhari Lal Jagatramka, <i>Chairman</i>	Promoter Non-Executive	4	-	3
Mr. Arun Kumar Jagatramka, <i>Vice-Chairman & Managing Director</i>	Promoter Executive	5	3	—
Mrs. Mona Jagatramka	Promoter Non-Executive	3	2	—
Mr. Subodh Kumar Agrawal	Non-Promoter Non-Executive	2	1	1
Mr. Chinubhai R Shah	Non-Promoter Non-Executive	13	4	4
Dr. Basudeb Sen	Non-Promoter Non-Executive	6	4	4
Dr. Mahendra Kumar Loyalka	Non-Promoter Non-Executive	1	—	—
Mr. Murari Sananguly	Non-Promoter Non-Executive	2	1	—
Mr. Rajendra Prasad Jain	Executive	1	1	—

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

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

Non-Executive Directors do not have any material pecuniary relationship or transaction with the Company apart from receiving their remuneration.

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

Meetings and Attendance Record of Directors.

Board holds periodic meetings to review and discuss performance of the Company, its future plans, strategies and other pertinent items relating to the Company. Board also reviews inter-alia the information as mentioned in Annexure 1A to clause 49 of the Listing Agreement with Stock Exchange. During the year ended on March 31, 2009, 8 (Eight) Board Meetings were held on April 24, July 18, September 17, October 31, December 1 in 2008 and on January 17, February 28 and March 9 in 2009. The last AGM was held on September 17, 2008.

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

Name of the Directors	No. of Board Meetings held	No. of Board Meetings Attended *	Attendance at last AGM held on 17.9.2008
Mr. Girdhari Lal Jagatramka	8	7	No
Mr. Arun Kumar Jagatramka	8	8	Yes
Mrs. Mona Jagatramka	8	8	Yes
Mr. Subodh Kumar Agrawal	8	8	Yes
Mr. Chinubhai R Shah	8	7	Yes
Dr. Basudeb Sen	8	7	No
Dr. Mahendra Kumar Loyalka	8	6	Yes
Mr. Murari Sananguly	8	8	Yes
Mr R P Jain	8	5	No

* Includes participation through tele-conference and video-conference

Report on Corporate Governance (Contd.)

3. Code of Conduct

The Company has a Code of Conduct for all its Board Members and Senior Management Personnel for avoidance of conflict of interest. It has received necessary declarations affirming compliance with it from all of them during the year 1.4.2008 to 31.3.2009. A declaration to this effect, duly signed by the Chairman & Managing Director and CFO of the Company, is annexed and forms a part of this Report.

4. Board Committees:

The Board has constituted five committees namely, Audit Committee, Share Transfer Committee, Shareholders' / Investors' Grievance Committee, Remuneration/Compensation Committee and Management Committee. The scope of the said Committees, memberships etc are given below.

(a) Audit Committee

i) Terms of Reference. The terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. These broadly cover the following:

- 1) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) To review and recommend to the Board the appointment, re-appointment and if required the replacement or removal of statutory auditors and fixation of their remuneration.
- 3) To review with the management, the financial statements before submission to the Board, focusing primarily on Directors Responsibility Statement which forms part of the Directors Report, accounting policies, compliance with accounting standards, compliance with Stock Exchanges and legal requirements and any related party transactions etc.
- 4) To review with the management, external and internal auditors, the adequacy of internal control systems.
- 5) To discuss with the Auditors on the scope and nature of Audit and also to have Post Audit discussion to ascertain any area of concern.
- 6) To review the Company's financial and risk management policies.
- 7) To review the financial statements, in particular, the investment made by the unlisted subsidiary company and all significant transactions entered into by the subsidiary company.
- 8) To review the minutes of the Board meetings of the unlisted subsidiary company alongwith a statement of significant transactions and arrangements entered into by it.
- 9) To review the statement of material related party transactions.
- 10) To undertake such other matters as may be delegated by the Board from time to time.

ii) Composition

The present composition of the Audit Committee is as follows:

Mr. Subodh Kumar Agrawal, Chairman
Mr. Girdhari Lal Jagatramka
Dr. Basudeb Sen
Mr. Chinubhai R Shah

All the members of the Committee are Non-Executive Directors. Mr. Subodh Kumar Agrawal, an Independent Director is a qualified Chartered Accountant. Dr. Basudeb Sen and Mr. Chinubhai R Shah, who possess executive experience in financial institutions and have experience in accounting and related financial management, are other independent directors. Mr.

Girdhari Lal Jagatramka, Member, is the Chairman of the Company. The Company Secretary acts as the Secretary to the Committee.

iii) Meetings and Attendance

During the financial year ended on March 31, 2009, four meetings were held on April 24, July 17 and October 31 in 2008 and on January 17 in 2009.

The attendance of the committee members in these meetings were as follows:

Name(s)	Held	Attended*
Mr. Subodh Kumar Agrawal	04	04
Mr. Girdhari Lal Jagatramka	04	04
Dr. Basudeb Sen	04	04
Mr. Chinubhai R Shah	04	04

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

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

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

(b) Share Transfer Committee

The Committee at present consists of the following members :

- i. Mr. Girdhari Lal Jagatramka, Chairman
- ii. Mr. Subodh Kumar Agrawal, Director
- iii. Dr. Mahendra Kumar Loyalka, Director
- iv. Mr. Pawan Kumar Agrawal, Sr. Vice President

The Committee meets at regular intervals on a fortnightly basis as per the requirements, to approve transfers, transmissions, and issue of duplicate share certificates, etc. During the year under review, 22 meetings were held and the attendance of the committee members in these meetings were as follows :

Name(s)	Held	Attended*
Mr. Girdhari Lal Jagatramka	22	21
Mr. Subodh Kumar Agrawal	22	21
Dr. Mahendra Kumar Loyalka	22	13
Mr Pawan Kumar Agrawal	22	22

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

(c) Shareholders'/Investors' Grievance committee

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

- i. Mr. Girdhari Lal Jagatramka, Chairman
- ii. Mr. Subodh Kumar Agrawal, Director
- iii. Dr. Mahendra Kumar Loyalka, Director

The Committee looks into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of Annual Reports & Accounts, non-receipt of declared dividends etc. The Committee met 4 times during the year under review and the attendance of the committee members in these meetings were as follows :

Name(s)	Held	Attended*
Mr. Girdhari Lal Jagatramka	4	4
Mr. Subodh Kumar Agrawal	4	4
Dr. Mahendra Kumar Loyalka	4	2

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

Report on Corporate Governance (Contd.)

Mr. Manoj K Shah, Company Secretary has been designated as the Compliance Officer by the Board and assigned with the responsibilities of overseeing shareholders'/investors' grievances under the supervision of the Committee. Out of 3 complaints which remained pending at the beginning of the year and 211 complaints received during the year ended 31st March, 2009, 214 complaints were redressed and no complaint was pending as on 31st March, 2009.

(d) Remuneration/Compensation Committee.

The Committee consists of following members :

- i. Mr.Subodh Kumar Agrawal, Chairman
- ii. Mr. Arun Kumar Jagatramka, Vice Chairman & MD
- iii. Dr. Mahendra Kumar Loyalka, Director
- iv. Dr. Basudeb Sen, Director
- v. Mr. Murari Sananguly, Director

The terms of reference is to consider and approve the remuneration payable to the managerial person (s), including Managing Director and/or Wholetime

Directors of the Company, as prescribed under the Companies Act, 1956 and/ or rules under the Act. The Committee aims to attract and retain talent to strengthen the Company's human resource pool. The Company is committed to make full disclosures regarding its payment to all directors. Apart from sitting fees for attending Board and Committee meetings and commission as approved by the shareholders, the Company did not pay any other remuneration to the non-executive directors during the year under review.

The attendance of the committee members in these meetings were as follows:

Name(s)	Held	Attended*
Mr. Subodh Kumar Agrawal	04	04
Mr Arun Kumar Jagatramka	04	03
Dr. Mahendra Kumar Loyalka	04	03
Dr Basudeb Sen	04	03
Mr. Murari Sananguly	04	03

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

(i) Payments made to the Vice-Chairman and Managing Director and Executive Director during the year under review are given in the following Table:

Name of the Directors	Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs.)	Service Contract/ Notice Period/ Severance Fees
Mr. Arun Kumar Jagatramka	1,33,00,000	29,70,935	1,44,01,332	14,40,000	3,21,12,267	Service Contract
Mr. Rajendra Prasad Jain	28,80,000	22,140	Nil	1,80,000	30,82,140	Service Contract

NB – The Board, upon recommendation of Remuneration/Compensation Committee and subject to the approval of the shareholders of the Company had decided on 24th February, 2009 to assign and endorse 7 (seven) Keyman Insurance Policies taken by the Company in 2004 to cover Mr Arun Kumar Jagatramka, Vice Chairman & Managing Director, maturing in 2019 and having a surrender value of Rs. 2.58 crores as on that date in his favour as an additional reward to him in recognition of the valuable contributions made by him to the growth and development of the Company. The shareholders have approved the assignment and endorsement of the aforesaid policies vide Postal Ballot as per its results declared on 2nd May, 2009.

(ii) Details of sitting fees paid to the non-executive Directors for the year ended March 31, 2009 along with shares/convertible instruments held by them are given in the following Table:

Name of the non-executive Director	Shares/ convertible instruments held	Sitting Fees Paid * (Rs.)	Commission Paid (Rs.)	Service Contract/ Notice Period/ Severance Fees
Mr. Girdhari Lal Jagatramka	-	4,70,000	20,57,333	Retire by Rotation
Mrs. Mona Jagatramka	58,55,007	1,40,000	20,57,333	Retire by Rotation
Mr. Subodh Kumar Agrawal	-	5,70,000	20,57,333	Retire by Rotation
Mr. Chinubhai R Shah	30,100	2,20,000	20,57,333	Retire by Rotation
Dr. Basudeb Sen	-	2,50,000	20,57,333	Retire by Rotation
Dr. Mahendra Kumar Loyalka	14,000	1,90,000	20,57,333	Retire by Rotation
Mr. Murari Sananguly	-	1,90,000	20,57,333	Retire by Rotation

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

(iii) Stock Option Details, if any, and whether issued at a discount as well as the period over which accrued and over which exercisable are given in the following Tables :

A. Employee Stock Option Scheme, 2005

Name of the Non-Executive Directors	Options issued (#)	Whether issued at a discount	Period over which Accrued	Period over which exercisable
Mr. Subodh Kumar Agrawal	35,000	No	On or After 20.01.2010	20.01.2010 to 19.01.2012
Mr. Chinubhai R Shah	35,000	No	- do -	- do -
Dr. Basudeb Sen	35,000	No	- do -	- do -
Dr. Mahendra Kumar Loyalka	35,000	No	- do -	- do -
Mr. Murari Sananguly	35,000	No	- do -	- do -
Mr. Rajendra Prasad Jain (issued prior to his appointment as an Executive Director)	4,200	No	- do -	- do -

(#) includes options enhanced on account of bonus issue of shares during the year under review.

Report on Corporate Governance (Contd.)

B) GNCL Employee Stock Option Scheme, 2007

Name of the Non-Executive Directors	Options issued (#)	Whether issued at a discount	Period over which Accrued	Period over which exercisable
Mr. Subodh Kumar Agrawal	70,000	No	On or After 1.6. 2022	1.6.2022 to 31.5.2025
Mr. Chinubhai R Shah	70,000	No	On or After 1.6. 2013	1.6.2013 to 31.5.2016
Dr. Basudeb Sen	70,000	No	- do -	- do -
Dr. Mahendra Kumar Loyalka	70,000	No	- do -	- do -
Mr. Murari Sananguly	70,000	No	- do -	- do -
Mr. Rajendra Prasad Jain (issued prior to his appointment as an Executive Director)	42,000	No	- do -	- do -

(#) includes options enhanced on account of bonus issue of shares during the year under review.

(iv) Other Remuneration :

The shareholders of the Company at the AGM held on 17th September, 2008 had approved the payment of remuneration to all the non-executive directors not exceeding 1% of the net profits of the company to be equally divided among them on an annualized basis for a period of 3 years commencing from 1st April, 2007 provided that the Company makes a net profit of not less than Rs.100 crores during the corresponding year. Besides the above, no other pecuniary relationship or transactions vis a vis the Company exists with the non-Executive Directors.

(e) Management Committee

Management Committee consists of :

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

The term of reference of the committee is allotment of shares on conversion of FCCBs, Warrants, etc., and to borrow other than by issue of Debenture(s) and to give Loan(s) and Advance(s) as well as to invest funds of the company on the basis of limits prescribed by the Board and subject to guidelines and control of the Board. The committee met 14 times during the year under review.

The attendance of the committee members in these meetings were as follows:

Name (s)	Held	Attended*
Mr. Arun Kumar Jagatramka	14	14
Mr. Subodh Kumar Agrawal	14	12
Mr. P. R. Kannan	14	12
Mr. Pawan Kumar Agrawal	14	14

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

5. General Body Meetings:

a) The details of last 3 Annual General Meetings :

Year	Meeting	Location	Date	Time	Special Resolution, if any
2007-08	21 st AGM	Kala Mandir, 48, Shakespeare Sarani, Kolkata – 700 017	17.09.2008	11.45 AM	Yes
2006-07	20 th AGM	Ghanshyam Das Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata 700 019	28.09.2007	3.00 PM	No
2004-06	19 th AGM	Gyan Manch 11, Pretoria Street, Kolkata – 700 071	03.07.2006	10.00 AM	No

Report on Corporate Governance (Contd.)

b) Postal Ballot :

i) Two Ordinary Resolutions and Two Special Resolutions were passed by the members through Postal Ballot as per results declared on 11th day of November, 2008. Mr. S. K. Ghosh, Practicing Company Secretary, duly appointed by the Board as Scrutinizer, conducted this Postal Ballot exercise and the details of voting pattern as per report submitted by him to the Chairman is as follows :

Sr No.	Subject Matter of Resolutions	No of valid postal ballot form received	Votes in favour of the resolution	Votes against the resolution	% of votes in favour	No. of invalid postal ballot forms received
1	Increase in Authorised Capital and amendment of Memorandum of Association.	415	14,11,15,291	6,653	99.99	7
2	Alteration of Articles of Association	415	14,11,10,906	10,283	99.99	7
3	Issue of "A" Equity Shares of Rs.10/- each with Differential voting rights	415	14,11,04,003	17,186	99.98	7
4	Authority to sell, lease or otherwise dispose of whole or substantially the whole of undertaking(s) of the Company	415	14,10,85,229	32,540	99.97	7

ii) Five Special Resolutions were passed by the members through Postal Ballot as per results declared on 2nd day of May, 2009. Mr. S. K. Ghosh, Practicing Company Secretary, duly appointed by the Board as Scrutinizer, conducted this Postal Ballot exercise and the details of voting pattern as per report submitted by him to the Chairman is as follows :

Sr No.	Subject Matter of Resolutions	No of valid postal ballot form received	Votes in favour of the resolution	Votes against the resolution	% of votes in favour	No. of invalid postal ballot forms received
1	Issuance of Securities (including Redeemable Non-convertible Debentures with warrants) for an amount not exceeding Rs.1000 crores	595	21,90,26,887	62,85,099	97.21	25
2	Issue of Convertible Warrants to Non-promoter entity(ies) on Preferential/ Private Placement basis	595	22,52,55,295	54,541	99.97	25
3	Assignment of Keyman Insurance Policies	595	22,52,45,545	64,211	99.97	25
4	Confirmation/Ratification of Guarantee given by Board of Directors under Section 372A of Companies Act, 1956	595	22,52,71,296	36,830	99.98	25
5	Re-pricing of outstanding Stock Options under GNCL Employee Stock Option Scheme, 2007	595	21,89,97,097	63,24,301	97.19	25

6. Subsidiaries

The Company has two Indian Subsidiaries i.e. Manor Dealcom Pvt. Ltd and Huntervalley Coal Pvt. Ltd. and nine Australian Subsidiaries i.e. Gujarat NRE Ltd., Gujarat NRE Minerals Ltd., Gujarat NRE (NSW) Pty Ltd., Gujarat NRE Resources NL, Gujarat NRE FCGL Pty Ltd., Gujarat NRE Properties Pty Ltd., Wonga Coal Pty Ltd., Gujarat NRE India Pty Ltd. and Southbulli Holdings Pty Ltd as on 31st March, 2009. The Company has nominated its Directors/Executives as its representatives on the Board of its Subsidiaries who regularly monitor the performance of subsidiaries. The financial performance of the Subsidiaries is discussed by the Board at its meeting and the details of investment made and minutes of unlisted subsidiaries are placed before the Company's Board.

7. Disclosures:

a) **Materially significant Related Party Transactions** - The Company has not entered into any transactions of material nature, with its promoters, Directors or the Management, its Subsidiaries or relatives, etc. that may have potential conflict with the interest at large, other than those in the normal course of business. The transactions undertaken during the year have been disclosed in Note No. 11 of Schedule 17 forming part of the Accounts for the year ended March 31, 2009. The Company's major related party transactions are generally with its Subsidiaries and Associates. The related party transactions are entered into based on consideration of various business exigencies, synergy in operations, optimization of market share, profitability, legal re-

quirements, liquidity and capital resources of Subsidiaries/ Associates. All related party transactions are negotiated at arms length basis and in the interest of the Company.

- b) **Details of Compliance** - The Company is regular in complying with the requirements of the regulatory authorities on the matters relating to the Capital market and no penalties/strictures have been imposed on the Company by Stock Exchange or SEBI or any regulatory authority, during last three years.
- c) **Whistle Blower Policy** - To strengthen its policy of corporate transparency, the Company has established an empowering mechanism for employees. Employees can directly report to the top most management including Vice Chairman & Managing Director, their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. Management on its turn is responsible for establishing a fearless atmosphere where reporting employee doesn't fear being harassed, demoted or retaliated or threatened in any way and simultaneously receiving, investigating and acting upon complaints and concerns regarding actual/ possible violation of Code of Conduct or an event that could affect the business and/or reputation of the Company and/or its Subsidiaries or its Associates. No personnel had been denied access to the audit committee.
- d) **Non-Mandatory Requirements** - The Company duly complies with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges. However, the

Report on Corporate Governance (Contd.)

Company has not adopted non-mandatory requirements defined therein apart from aforesaid requirements.

8. Means of Communication:

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

9. General Shareholders' Information:

a) Annual General Meeting:

Date and Time : 19th September, 2009 at 11.45 a.m.
Venue : Ghanshaym Das Birla Sabhaghar,
 29, Ashutosh Choudhury Avenue,
 Kolkata – 700 019

b) Financial Year : 12 months from 1st April, 2008 to
 31st March, 2009

c) Book Closure Date : Thursday, 10th September, 2009 to
 Saturday, 19th September, 2009.
 (Both days included)

d) Dividend Payment Date : Within 30 days from the date
 of Annual General Meeting

e) Particulars in respect of Unclaimed dividends declared by the Company for the financial year 2001-02 and thereafter is given in the following Table:

Financial year	Date of declaration of Dividend	Last date of claiming unclaimed Dividend
2001-02 (Final)	09.04.2003	08.04.2010
2002-03 (Final)	29.03.2004	28.03.2011
2003-04 (1st Interim)	29.03.2004	28.03.2011
2003-04 (2nd Interim)	27.07.2004	26.07.2011
2003-04 (Final)	08.01.2005	07.01.2012
2004-06 (1st Interim)	08.01.2005	07.01.2012
2004-06 (2nd Interim)	13.07.2005	12.07.2012
2004-06 (3rd Interim)	29.10.2005	28.10.2012
2004-06 (Final)	03.07.2006	02.07.2013
2006-07 (Final)	28.09.2007	27.09.2014
2007-08 (Final)	17.09.2008	16.09.2015

f) Listing of Equity Shares on Stock Exchanges :

- Bombay Stock Exchange Ltd.
 P J Towers, Dalal Street, Fort, Mumbai – 400001
- National Stock Exchange of India Ltd.
 Exchange Plaza, Bandra Kurla Complex, Bandra (E),
 Mumbai – 400051

g) Listing Fees:

Annual Listing Fees for the year 2009-10 have been paid to the Stock Exchanges. The Company has also paid the Annual Custody Fees to both the Depositories for the year 2009-10.

h) Depositories:

- National Securities Depository Ltd.
 Trade World, Kamala Mills Compound, Lower Parel,
 Mumbai - 400013
- Central Depository Services (India) Ltd.
 P J Towers, 17th Floor, Dalal Street, Fort, Mumbai - 400001

i) Stock Code:

Equity Shares :

Stock Exchange(s)	Stock Code
Bombay Stock Exchange, (BSE)	512579
National Stock Exchange (NSE)	GUJNRECOKE
ISIN of equity shares	INE110D01013

(on both the depositories)

Non-convertible debenture :

Series	Non-convertible Debentures	Stock Code at BSE	ISIN No.
1 st	10.6% NCD's of Rs. 10 lac each	GNCL27MAR08	INE110D07036
2 nd	11.9% NCD's of Rs. 10 lac each	GUJNRE07029	INE110D07044
3 rd	12.5% NCD's of Rs. 10 lac each	GUJNRE09039	INE110D07051

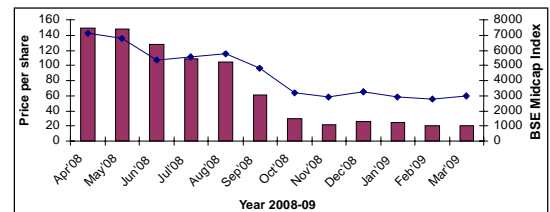
j) Market Price Data:

The Market Price of the Equity Shares of the Company during 2008–2009 is given in the table below:

Months	BSE		NSE	
	High	Low	High	Low
April 2008	174.70	135.60	174.90	126.15
May 2008	164.60	140.40	165.00	140.20
June 2008	152.40	120.00	152.55	120.00
July 2008	129.70	98.65	140.00	98.65
August 2008	113.40	100.95	113.50	100.20
September 2008	105.00	53.25	104.90	53.00
October 2008	63.70	26.00	63.85	27.00
November 2008	36.90	20.60	36.75	20.50
December 2008	28.10	20.85	28.10	20.90
January 2009	35.35	22.80	35.40	23.05
February 2009	26.20	20.20	26.30	20.20
March 2009	22.15	16.80	22.10	16.80

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

k) Share Price Performance as compared to BSE Midcap Index during 2008-09:



Report on Corporate Governance (Contd.)

l) Registrar and Share Transfer Agents:

M/s.Niche Technologies Private Limited,
D-511, Bagri Market, 71, B. R. B. Basu Road,
Kolkata-700 001

Phones: +91-33-22357270/7271

Fax: +91-33-22156823

E-Mail: nichetechpl@nichetechpl.com

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

n) Share Transfer System:

All matters pertaining to share transfers are being handled by M/s. Niche Technologies Pvt Ltd., the Registrars & Share Transfer Agents (RTA) of the Company. The share transfer requests received by them are processed and a memorandum of transfer is sent to the Company for approval by the Share

Transfer Committee. The company regularly monitors and supervises the functioning of the system so as to ensure that there are no delays and lapses in the system. Shares held in dematerialised form are traded electronically in the Depository. The RTA of the Company periodically receives from the Depository, the beneficial holding so as to enable them to update their records and to send all notices, corporate communications and Dividend Warrants etc. to the beneficial owners of shares.

The average time taken for process of share transfer requests including dispatch of share certificates etc. is 15 to 20 days. Physical shares received for dematerialisation are processed and computerised within a period of ten to twelve days from the date of receipt, provided they are found in order in every respect. Bad deliveries are immediately returned to the respective Depository Participant under advice to the Shareholders.

o) Shareholding Pattern as on 31st March 2009 is given in the following Table:

Category	No. of Shares	% of Holding
Promoters & Persons Acting in Concert	21,50,14,701	45.56
Financial Institutions, Banks, Mutual Funds, etc.	64,71,418	1.37
FII's	8,12,13,820	17.21
Indian Public (incl. Private Corporate Bodies)	15,46,98,198	32.78
NRIs	40,24,432	0.85
Clearing Members & others	1,04,96,969	2.23
Total	47,19,19,538	100.00

p) Distribution of Shareholding as on 31st March 2009 is given in the following Table :

Shareholding Range	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 - 500	155886	76.96	2,59,54,921	5.50
501 - 1000	23952	11.82	1,76,78,434	3.75
1001 - 5000	18895	9.33	3,87,99,197	8.22
5001 - 10000	2222	1.10	1,55,02,130	3.28
10001 - 50000	1345	0.66	2,66,46,507	5.65
50001 - 100000	116	0.06	78,71,289	1.67
100001 - and above	145	0.07	33,94,67,060	71.93
Total	2,02,561	100.00	47,19,19,538	100.00

q) Dematerialisation of Shares and Liquidity:

Approximately 98.86% of the Company's Shares have been dematerialised as on March 31, 2009. The Equity Shares of Company are actively traded in Stock Exchanges and are permitted to be traded only in dematerialised form w. e. f. March 26, 2001.

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

The outstanding convertible bonds, warrants and ESOS as on 31st March, 2009 are as under:

- 6 Nos. of 1% Unsecured FCCB due 2010 with an issue value of US\$ 25000 each. If all the bonds are converted into equity shares at its conversion price, then the Share Capital of the Company will increase by around 1,91,008 Equity shares of Rs. 10/- each.

- 225 Nos. of Zero Coupon Unsecured FCCB due 2011 with an issue value of US\$ 100000 each. If all the bonds are converted into equity shares at its conversion price, then the Share Capital of the Company will increase by around 2,25,10,081 Equity shares of Rs. 10/- each.

- 4,55,00,000 Warrants of Rs. 85.71 each issued on preferential basis to Promoter/ Promoter Group Companies with

option to the warrant holder to get allotment of 1 share in lieu of every warrant. The warrant holders have the right to exercise the option for conversion of warrants latest by 2nd July, 2009. If all warrants are converted then the Share Capital of the Company will increase by 4,55,00,000 Equity Shares of Rs. 10/- each.

- The status on outstanding options under ESOS has already been provided in an Annexure to the Directors Report.

s) Plant Location:

Coke Plant(s)

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

Steel Plant

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

t) Address of Subsidiaries

Manor Dealcom Private Ltd

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

Report on Corporate Governance (Contd.)

Huntervalley Coal Private Ltd

22, Camac Street, Block C, 5th Floor, Kolkata – 700 016
Gujarat NRE Ltd.

(Formerly known as Gujarat NRE Pty Ltd)

Lot No. 1, Princes Highway, Cnr Bellambi Lane,

Russel Vale 2517, NSW, Australia

Gujarat NRE Minerals Ltd.

(Formerly known as India NRE Minerals Ltd.)

Lot No. 1, Princes Highway, Cnr Bellambi Lane,

Russel Vale 2517, NSW, Australia

Gujarat NRE Coal (NSW) Pty Ltd.

(Formerly known as Gujarat NRE Coal Pty Ltd.)

Lot No. 1, Princes Highway, Cnr Bellambi Lane,

Russel Vale 2517, NSW, Australia

Gujarat NRE Resources NL

Lot No. 1, Princes Highway, Cnr Bellambi Lane,

Russel Vale 2517, NSW, Australia

Gujarat NRE FCGL Pty. Ltd.

Lot No. 1, Princes Highway, Cnr Bellambi Lane,

Russel Vale 2517, NSW, Australia

Gujarat NRE Properties Pty. Ltd.

(Formerly known as Gujarat NRE Koyala Pty Ltd.)

Lot No. 1, Princes Highway, Cnr Bellambi Lane,

Russel Vale 2517, NSW, Australia

Wonga Coal Pty Ltd.

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

Gujarat NRE India Pty. Ltd.

Lot No. 1, Princes Highway, Cnr Bellambi Lane,

Russel Vale 2517, NSW, Australia

Southbulli Holdings Pty Ltd.

Lot No. 1, Princes Highway, Cnr Bellambi Lane,

Russel Vale 2517, NSW, Australia

u) Address for Correspondence :

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

Phone: +91-33-22891471, Fax: +91-33-22891470

E-mail: investor@gujaratnre.com

v) Queries :

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

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

For and on behalf of the Board

Place: Kolkata

Dated the 27th day of June' 2009


Arun Kumar Jagatramka

Chairman & Managing
Director

Management Discussion and Analysis

Industry Structure and developments

Economy

In the summer of 2008, the United States experienced a startling contraction in wealth, triggered by the subprime crisis, which carved its route to the largest financial shock since the Great Depression. In spite of the current global recession being the worst in recent memory, in India, the downturn has been more muted than the previous ones. The most obvious fact is that the gross domestic product (GDP) growth has been much higher in the current slowdown. The growth rate of GDP at factor cost is 6.5% higher than the average of the last two slowdowns (2002-03 and 1997-98). Though no economy can be insulated from the wrath of such massive recession, Indian Economy managed to survive better due to the fact that our growth story is not based on export market entirely, but on domestic demand-driven, which helped us to grow faster even as the world is trying to come in terms with the negatives. This has resulted in the exuberance and confidence that is being espoused on the Indian growth story. The World Bank has projected (in its Global Development Finance Report) that the Indian economy will grow at 8% in 2010, which would make it the fastest-growing economy in the world for the first time, surpassing China, which is projected to grow at 7.7% rate. According to Goldman Sachs, the Indian economy and the financial sector are returning to a "potential growth path" after adjusting to intense dislocation in the global economic environment.

India's economy has been one of the stars of global economics in recent years, growing 9.2% in 2007 and 9.6% in 2006. Growth had been supported by markets reforms, huge inflows of FDI, rising foreign exchange reserves, both an IT and real estate boom, and a flourishing capital market. During the year 2008-09, there has been a dip in the growth rate of GDP from an average of over 9 per cent in the previous three fiscal years to 6.7 per cent which is a much better performance compared to the economies world over. The economic growth forecast made by the Prime Minister's Economic Advisory Council was 7.1% for fiscal year 2009. IMF, in its World Economic Outlook, has projected India's GDP growth at 5.1% for the current fiscal.

There are still a few areas of concern, where adequate steps need to be taken. Exports would be hit due to the low demand in the developed countries of Europe, the US and Japan, which would have a spiralling effect on the manufacturing sector. Indian industry has to innovate and find newer markets instead of traditional markets of the West and also devise means to tap the growing domestic consumption.

Higher interest rates and a weakening global and domestic outlook have caused companies to scale back investment. The structural transformation that has been adopted by the government in recent times has reduced growth constraints and contributed greatly to the overall growth and prosperity of the country.

World Coke Industry

The Iron & Steel industry have been one of the worst affected sectors worldwide as an outcome of the global recession. As a result, the global met coke market has been hit. The silver lining being that the Asian consumption levels led by India and China have not experienced any drastic cut, which are keeping the order book moving and keeping the industry alive. World coke production was 542.2 million tonnes in 2008, out of which the lion's share of 60% was contributed by China. Even before the onset of the recession, coke industry was facing closures in Europe and the manufacturing focus was shifting to Asia. Total European production was 49.2 million tonnes, down by 5.1% from 2007, while North American production also saw a decrease of 5.7% and stood at 19 million tonnes. China's domestic coke consumption and market has seen a robust growth in the back of stimuli packages and government's thrust on infrastructure spending. Faced with a slump in demand in the Western Economies and a robust growth in the domestic market, Chinese coke exports dropped by almost 97% in January-June 2009 as compared to the same period last year. For the first six months of the year China's coke export volume totalled about 230,000 tonnes which is no way near to the average monthly export figures of 1.1 million tonne in early 2008. Analysts believe that the later part of the second half of the year would see some recovery in the world Iron and Steel industry in the West, which would improve the export figures of the coking coal industry.

Domestic Coke Industry

Despite India being third largest producer and consumer of coal in the world, only 17% of India's proven coal reserves are of coking coal quality, with just 4.7% in prime coking category. Due to scarce availability of good quality coking coal in India, bulk of it is imported mainly from Australia and China. Met coke being derivative of coking coal, the Indian Coke Industry has to heavily depend on imports of coking coal due to insufficient domestic reserves. Certainty of supply of good quality coking coal has been one of the prime differentiating factors of the Indian Met Coke industry.

Demand for coke in India has been buoyant in the first half of 2009. Shortages of coking coal are adding to the pressure in the market. India produced 18.5 million tonnes of coke in 2008, which was higher than 2007 figures of 18.2 million tonnes and marginally lower than 2006 peak figures of 18.9 million tonnes. India imported 2.3 million tonnes of coke in 2008 and inspite of all talks of recession, India is poised to import around 1.7 million tonnes in 2009 as well, due to increased domestic con-

Management Discussion and Analysis (Contd.)

sumption levels, which augurs well for merchant manufacturers of met coke in India.

Indian Steel Industry

India's economy is largely domestic consumption led and accordingly it has been less affected by the deceleration in global economic growth when compared to other countries. As a result, Indian steel demand remains better than in many countries. The construction industry is expected to rise further due to the government's stimulus plan. The automotive sector is doing well. Hence, it is expected that domestic steel demand is going to recover soon and for the long term as well. According to the World Steel Association, India's apparent steel use is forecasted to reach 53.5 million tonne in 2009, a 1.7% increase from 2008 and is expected to reach 58 million tonne in 2010 an increase of 8% YoY. Capacity expansion projects are still on track. Although some projects have been delayed, there have been no announcements of cancellation of major projects.

Opportunities & Threats

The demand for steel in the Indian domestic market is likely to be buoyant as a result of sustained growth of major steel-consuming sectors like infrastructure and automobile and overall industrial growth which would be further boosted by increased government spending and persistent focus on investments in infrastructure, as demonstrated in the recent Union Budget.

As per recent announcements of the Steel Ministry, Government of India, Investment worth US\$ 176.49 billion is likely to go into the steel sector by 2020, taking India's steel capacity to around 300 million tonnes. India is poised to be the world's 2nd largest producer of steel before 2016. India's steel production will be nearly 124 MT by 2012 from the current levels of around 53 million tonnes. With steel production in India aimed to reach 300 MT by 2020, per capita consumption would shoot to over 220 Kg in just 10 years from the current level of 40 Kg per capita consumption. As the fifth largest producer of steel, India now consumes 30 MT of coke. At about 300 MT of steel, she will throw up a demand of roughly 150 MT of coke by the year 2020, a sea of opportunity for steel and raw material producers like the met coke industry in India.

China plays an important role in global coke market. Its policies affect the supply of coke and consequently the price movement of met coke. Continued levy of export tax by China had immediate impact of raising met coke prices globally. Similarly, any measures taken by China to reverse levy of export tax on or to dump met coke in the world market would adversely affect met coke prices. Coke prices, like that of all other commodities are cyclical in nature. While many try to ride the cycle, no one can claim complete knowledge of the same which continues to baffle and burn with impunity.

Company's Performance

The income from operations of the Company stood at Rs. 357.01 crores in the year under review as compared to Rs.282.99 crores during the previous year (i.e., an increase by 26%). However, the net profit stood at Rs.107.24 crores as compared to Rs.172.88 crores during the previous year on account of severe pressure on margins due to devaluation of rupee against US Dollar and global meltdown. Accordingly, the Basic & Diluted earnings per share of the Company were reported at Rs.2.27 and Rs.1.97 respectively, for the year under review as compared to Rs.4.24 and Rs.3.59 respectively,during the previous year.

Segment wise Performance and Outlook

Coke & Coal

Coke has been at the core of the operations of the Company with this segment contributing around 81% to the total turnover during the year under review. It achieved a turnover of Rs.1231.18 crores during the year as compared to Rs. 638.28 crores during the previous year resulting in an increase by 92% on an annualized basis.

Steel

Steel contributes 19% to the total turnover in the third year of its commercial operations. It achieved a turnover of Rs. 289.24 crores during the year under review as compared to Rs.237.80 crores during previous year resulting in an increase of 21% on an annualised basis. The steel plant is also enjoying the benefits like tax and duty exemptions as per applicable Schemes.

The Company is generating power through its Wind Turbines and is in the process of setting up co-generation power plant as well as add to its Wind Turbines to reduce its power costs and ensure regular supply of clean power to its production facilities.

Outlook

During the current year, both the prices of coking coal as well as coke are expected to remain stagnant at around USD 100-150 and USD 350-400 respectively for mixed reasons. Recessionary trends in global markets and shortage of availability of good quality coking coal are expected to govern the movement of both coke and coking

coal prices.

The current year started with steel industry witnessing poor demand and resultant cutbacks in production by most of the big producers. However, as the year progressed, the demand has slowly started looking up and is expected that the year would end with most of the steel producers producing at their full capacities. This would ensure a sustained growth and consistent demand.

Risks and Concerns

There are certain business risks which are external to the Company although there is a systematic risk identification and mitigation framework in place. Over these risks, the Company has very little control.

Some of the risks include a general downturn in market demand conditions, policies and pricing adopted by China, the largest supplier of met coke, global demand of steel, escalation of prices of raw materials i.e. coking coal due to short supply, abrupt movement of forex etc.

Risk is regularly reviewed, monitored and managed under the following broad categories apart from other categories –

- Market Risk** – As major portion of demand for coke is generated by steel industry, the economics of Steel industry heavily weighs on the fate of coke industry. The Company has however tried to minimise this impact by having a diversified portfolio of customers in India and abroad.
- Production Risk** - China being the largest supplier of coking coal (raw material) to the global market, the policies adopted by China in this regard can have major impact. Your company has insulated itself against the risk of raw materials by acquiring coking coal mines in Australia to ensure regular supply of this critical raw material.
- Forex Risk** – With high dependency on imports, the Company is exposed significantly to the exchange rate fluctuations. The management tracks currency rates and effects prudent hedges to reduce adverse impact of foreign currency fluctuations.

Risk Management is an ongoing process based on the dynamics of Risk environment. At Gujarat NRE, we continuously seek to improve and enhance our ability to identify risks and plan responses thereto.

Internal Control Systems and their adequacy

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, recorded and reported correctly. The internal control systems employed by the Company ensures optimal utilization and protection of resources, accurate reporting of financial transactions and compliance with applicable laws and regulations as also internal policies and procedures.

The internal control system is supplemented by extensive internal audits carried out by Internal Audit Cell supported by external management auditors by preparing Annual Audit Plans and conducting extensive reviews covering financial, operational and compliance controls. The Audit Committee of the Board of Directors periodically reviews the adequacy and effectiveness of Company's control and also analyses the Internal Audit Reports and suggests ways to improve the existing Controls. The Company has strong Management Information system which is an integral part of control mechanism.

Human Resources

Gujarat NRE recognizes that its people are key to its continued expansion and growth. Human capital in the organisation has always remained the constant appreciating assets, which have propelled the organisation to its present status. Human resources represent the only valuable asset which can not be replicated by the competition. Therefore, the company puts great emphasis on talent acquisition, development, retention and motivation.

Human Resource management incorporates a process driven approach that invests regularly in the training and development needs of the employees through on job training and extensive training workshops and programs, job rotation etc. Gujarat NRE encourages individuals to go beyond the scope of their work, undertake voluntary projects that enable them to learn and contribute innovative ideas in meeting goals of the Company.

Cautionary Statement

The statement in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statement' within the meaning of applicable securities laws and regulations. These statements being based on certain assumptions and expectations of future events, actual results could differ materially from those expressed or implied.

Auditors' Certificate on Corporate Governance

To the Members of

Gujarat NRE Coke Limited

We have examined the compliance of conditions of Corporate Governance by Gujarat NRE Coke Limited for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the management, we certify that the Company has substantially complied with the conditions of Corporate Governance as stipu-

lated in the above-mentioned Listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we state that as per the records maintained, there were no investors' complaints remaining unattended/pending for more than 30 days as at 31st March 2009.

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

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



B. BASU

Partner

Place: Kolkata

Dated the 27th day of June, 2009

Membership No. 12748

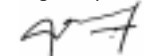
Managing Director (CEO) & Chief Financial Officer (CFO) Certification

We Mr. Arun Kumar Jagatramka, Chairman & Managing Director and Mr. P R Kannan, Chief Financial Officer of Gujarat NRE Coke Limited, to the best of our knowledge and belief, certify that:

- 1) We have reviewed the Balance Sheet as at 31st March, 2009 and Profit & Loss Account, and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements and the Directors' Report for the year ended on that date;
- 2) Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or does not contain any statements that might be misleading;
- 3) Based on our knowledge and information, the Financial Statements, and other financial information included in this Report, present in all material respects, a true and fair view of the Company's Affairs, the Financial condition, results of operations and cash flows of the Company as of, and for, the year presented in this report and are in compliance with the existing accounting standards and/or applicable laws and regulations;
- 4) To the best of our knowledge and belief, no transactions entered into by the company during the aforesaid year are fraudulent, illegal or violative of the Company's Code of Conduct;
- 5) We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over Financial Reporting for the Company, and we have
 - i. evaluated the effectiveness of the Company's disclosure, controls and procedures over Financial Reporting; and
 - ii. disclosed in this report any change in company's internal control over Financial Reporting that occurred during the

company's most recent accounting period that may have materially affected, or is reasonably likely to affect, its internal control over Financial Reporting;

- 6) We have disclosed based on our most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors -
 - a. all deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data and have identified for the Company's Auditors, any material weakness in internal control over Financial Reporting including any corrective actions with regard to such deficiencies, if any;
 - b. all significant changes in internal controls during the year covered by this report, if any;
 - c. all significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the Financial Statements;
 - d. no instances of significant fraud of which we are aware, involving management or other employees who have significant role in the Company's internal controls;
- 7) We further declare that all board members and senior management personnel have affirmed compliance with the Code of Conduct (since its adoption) during the year under review.



A K Jagatramka
Chairman and
Managing Director



P R Kannan
Chief
Financial Officer

Place : Kolkata

Date : 27th day of June' 2009

Auditors' Report on Abridged Accounts

To the members of

Gujarat NRE Coke Ltd.

We have examined the attached abridged Balance Sheet of Gujarat NRE Coke Ltd. ('the Company') as at March 31, 2009 and the related abridged Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date together with the abridged notes thereon. These abridged financial statements have been prepared by the Company pursuant to the Rule 7A of the Companies (Central Government's) Rules and Forms, 1956 and are based on the financial statements of the Company for the year ended March 31, 2009 prepared in accor-

dance with Schedule VI of the Companies Act 1956 and is covered by our report dated 27th June, 2009 to the members of the Company which is attached herewith.

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



B. Basu

Partner

Place: Kolkata

Date : 27th day of June, 2009

Membership No. 12748

Auditors' Report

To the members of

Gujarat NRE Coke Ltd.

1. We have audited the attached Balance Sheet of Gujarat NRE Coke Limited as at March 31, 2009 and the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our exami-

nation of those books;

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
- (e) On the basis of written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in schedule 17 and notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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


B. Basu

Partner

Membership No. 12748

Place: Kolkata
Date: 27th June, 2009

Annexure referred to in paragraph 3 of our report of even date to the members of Gujarat NRE Coke Ltd. for the year ended 31st March 2009.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We were informed that the Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, fixed assets required to be verified were physically verified by management during the period under review and no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year under review were not substantial and therefore do not affect the going concern status of the company.
- (ii) (a) During the year inventories have been physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year the company has not granted secured or unsecured loans to its subsidiary companies. The maximum amount due during the year was Rs. 30.73 Crores and the year end balance outstanding was Rs. 6.92 crores.
- (b) The rate of interest and other terms and conditions of such loans are not, prima-facie, prejudicial to the interest of the company.
- (c) The subsidiary companies are regular in payment of interests. The principal amount of loan is repayable on demand.
- (d) There is no overdue amount in excess of Rs. One lac in respect of loans granted to subsidiary companies.
- (e) In our opinion and according to the information and explanations given to us, the company has not taken any loan from the companies, firm or other parties covered in the Register maintained under section 301 of the Companies Act, 1956, hence paragraph iii (f) and iii (g) of this order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and

Auditors' Report (Contd.)

with regard to the sale of goods and services. No major weakness in internal control system was observed.

- (v) (a) According to the information and explanations given to us, we are of the opinion that particulars of all contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

- (viii) The Central Government has not prescribed rule for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for Low-ash Metallurgical coke business. The cost records are maintained for steel plants as per rules. We have broadly reviewed such cost records relating to material, labour and other items of cost related to steel plant. In our opinion prima facie the prescribed accounts and records have been made and maintained correctly.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues with appropriate authorities during the year under review. The Central Government has not prescribed the amount of cess for rehabilitation revival fund payable under section 441 A of the Companies Act, 1956.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Sales Tax, wealth Tax, Service Tax, Custom duty and Excise duty were in arrear as at 31st March, 2009, for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us and the records of the company examined by us, there were no dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess that have not been deposited with the appropriate authorities on account of any dispute other than those as mentioned here-in-below:

Name of the statute	Nature of Dues	Amount (Rs./Crores)	Period to which the amount Relates	Forum where disputes are pending
Income Tax Act, 1961	Regular Assessment	0.03	2005-06	DCIT-11
-Do-	-Do-	3.52	2005-06	CIT (Appeals)

- (x) The Company does not have accumulated losses at the year ended 31st March, 2009 and has not incurred cash losses during the year under review and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks or to any financial institutions or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The investments have been held by the company in its own name except to the extent of exemption granted under section 49 of the Companies Act, 1956
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions, on the basis of which the Company has given guarantees for loans taken by the subsidiary companies from banks or financial institutions, are not as such prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us and on the basis of our examination of the

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

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956
- (xix) According to the information of explanations given to us, the company issued secured non-convertible debentures during the year (Refer note no. 4(a) of schedule 17B)
- (xx) The company has not raised any money by public issues during the year under review.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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



B. Basu
Partner

Place: Kolkata
Date: 27th June, 2009

Membership No. 12748

Abridged Balance Sheet as at March 31, 2009

(Statement containing salient features of Balance Sheet as per Section 219(1)(b)(iv) of Companies Act,1956)

(Rs.in Crores)

	As at 31.03.09		As at 31.03.08	
SOURCES OF FUNDS :				
1) SHAREHOLDERS' FUNDS				
a) Capital				
i) Equity Share Capital	471.92		337.02	
ii) Deposit against Share Warrants	39.00	510.92	39.00	376.02
b) Reserves & Surplus				
i) Capital Reserve	12.12		12.12	
ii) Surplus in Profit and Loss Account	80.39		90.88	
iii) Share Premium Reserve	261.60		396.17	
iv) General Reserve	246.25		246.26	
Less: Adjustment as per provisions of AS 11	(16.41)		-	
v) Debenture Redemption Reserve	87.50		25.00	
vi) Employee Stock Option Outstanding	0.51	671.96	0.59	771.02
2) Foreign Currency Convertible Bonds		115.40		101.47
3) Loans Funds				
Secured Loans		1,213.14		531.18
4) Deferred Tax Liability		116.80		99.01
Total of (1) to (4)		2,628.22		1,878.70
APPLICATION OF FUNDS :				
1) Fixed Assets				
i) Net Block (Original cost less depreciation)	826.79		530.70	
ii) Capital Work-in-Progress	117.98	944.77	89.18	619.88
2) Investments				
a) Investment in Subsidiary companies (Equity & Bonds)				
i) -Quoted (Market Value-Nil P.Y-Nil)	-		-	
ii) -Unquoted	749.60	749.60	599.22	599.22
b) Others (Equity & Bonds)				
i) -Quoted (Market Value- Rs. 115.53 Crores P.Y- Rs. 549.21 Crores)	57.23		57.24	
ii) -Unquoted	-	57.23	0.71	57.95
3) a) Current Asssts, Loans and Advances				
i) Inventories	958.65		227.67	
ii) Sundry Debtors	263.19		245.95	
iii) Cash & Bank Balances	117.23		217.31	
iv) Loans and Advances				
-To subsidiary companies	6.92		30.73	
-To others	354.48		303.59	
	1,700.47		1,025.25	
b) Less:Current Liabilities and Provisions				
i) Liabilities	678.34		244.70	
ii) Provisions	149.91		187.51	
	828.25		432.21	
Net Current Assets (a) - (b)		872.22		593.04
4) Miscellaneous Expenditure		4.40		8.61
[To the Extent not written off or adjusted]				
Total of (1) to (4)		2,628.22		1,878.70
Refer Notes forming part of the Abridged Accounts				

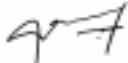
Compiled from the Audited Accounts of the Company referred to in our Report dated 27th June,2009

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

For and on behalf of the Board



B. Basu
Partner
Membership No. 12748
Place : Kolkata
Dated : 27th June' 2009.



A K Jagatramka
Chairman &
Managing Director



R P Jain
Executive Director



P R Kannan
Chief Financial Officer



Manoj K Shah
Company Secretary

Abridged Profit & Loss Account for the year ended March 31, 2009

(Statement containing salient features of Profit & Loss Account as per Section 219(1)(b)(iv) of Companies Act,1956)

(Rs.in Crores)

	For the year ended 31.03.09		For the year ended 31.03.08	
I INCOME				
- Sales		1,522.60		872.15
- Dividend		-		-
- Interest		12.99		8.70
- Other Income		0.92		9.97
		1,536.51		890.82
II EXPENDITURE				
- Cost of goods sold				
i) Opening Stock	219.94		168.79	
ii) Purchases	1,688.55		560.01	
	1,908.49		728.80	
Less : Closing Stock	949.44		219.94	
Add : Change in Excise Duty on Stock	0.65	959.70	-	508.86
- Manufacturing Expenses		63.84		66.95
- Selling & Distribution Expenses		92.08		21.46
- Employee Emoluments		10.50		6.18
- Managerial Remuneration		5.16		6.20
- Interest		64.75		32.91
- Depreciation		39.35		23.35
- Auditor's remuneration		0.06		0.06
- Other Expenses		48.16		(1.88)
- Exceptional Items		114.72		-
Total		1,398.32		664.09
III Profit/(Loss) Before Taxation (I -II)		138.19		226.73
IV Provision For Taxation				
- Current Tax	15.67		32.29	
- Deferred Tax	17.79		21.45	
- Fringe Benefit Tax	0.18		0.11	
-Tax for Eariler Years	(2.69)	30.95	-	53.85
V Profit/(Loss) after Tax		107.24		172.88
Balance of Profit / (Loss) brought forward		90.88		96.79
		198.12		269.67
VI Proposed Dividend (Including Dividend tax)	55.21		98.57	
Earlier Year Dividend (Including Dividend tax)	0.02	55.23	5.22	103.79
VII Transfer to Reserve				
- General Reserve	-		50.00	
- Debenture Redemption Reserve	62.50	62.50	25.00	75.00
Balance Carried To Balance Sheet		80.39		90.88
Earnings per Equity Share (In Rs.)				
(Face Value of Rs.10 per Share)				
Basic		2.27		4.24
Diluted		1.97		3.59
Refer Notes forming part of the Abridged Accounts				

Compiled from the Audited Accounts of the Company referred to in our Report dated 27th June,2009

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

For and on behalf of the Board

B. Basu
Partner
Membership No. 12748
Place : Kolkata
Dated : 27th June' 2009.**A K Jagatramka**
Chairman &
Managing Director**R P Jain**
Executive Director**P R Kannan**
Chief Financial Officer**Manoj K Shah**
Company Secretary

Notes to Abridged Financial Statements

- All amounts in the financial statements are presented in Rupees Crores, unless otherwise stated. The note numbers appeared in the “[]” are as they appear in the complete set of Financial Statements. These abridged financial statements have been prepared in accordance with the requirements of Rule 7A of the Companies (Central Government’s) General Rules & Forms, 1956 and clause 32 of the Listing Agreement. These abridged financial statements have been prepared on the basis of the complete set of financial statements for the year ended March 31, 2009.
- [B3] Contingent liabilities not provided for in respect of:**
 - Letter of Credits outstanding for purchase of raw materials pending shipments as on the Balance Sheet date aggregating to Rs. 84.46 crores (Previous Year Rs. 66.17 crores).
 - Outstanding Bank Guarantees and Counter/Corporate Guarantees given on behalf of subsidiary companies as on Balance Sheet date aggregating to Rs. 550.02 crores (Previous Year Rs. 1197.64 crores)
 - Capital commitments (net of advances) as on Balance Sheet date - Rs. 156.58 crores (Previous Year - Rs. 293.03 crores)
 - On Balance Sheet date, the disputed amount involved in two income-tax demands under appeal - Rs. 3.55 crores (Previous Year - Rs. 3.56 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.
 - Duty on account of Advance Authorisation against Export obligation is Nil. (Previous Year - 0.17 crores.)
 - Bills discounted under letter of credit with banks aggregating to Rs. 50.32 crores (Previous Year – Rs. 12.78)
- [B5] 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)

	Current Year	Previous Year
Deferred Tax Liabilities		
Deferred Tax Liability on account of Depreciation	69.76	23.34
Total Deferred Tax Liabilities	69.76	23.34
Deferred Tax Assets		
Unabsorbed Depreciation and carry forward loss for set off	52.13	-
Long Term Capital Loss carry forward for set off	0.35	-
Deferred Revenue Expenditure carried forward for set off	(0.77)	1.63
Gratuity & Leave Encashment	0.26	0.26
Total Deferred Tax Assets	51.97	1.89
Net Deferred Tax Liability charged to Profit & Loss Account	17.79	21.45
Opening Balance	99.01	77.56
Net Deferred Tax Liabilities at year end	116.80	99.01

- [B6]** 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.
- [B7] Particulars of Managerial remuneration:**
The remuneration paid to the Vice-Chairman & Managing Director and Executive Director of the company during the year is Rs.3.52 crores (Previous Year-Rs. 3.99 crore), detailed as under:

(Rs. in crores)

	Current Year	Previous Year
Salary	1.62	1.53
Commission (as computed below)	1.44	2.05
Contribution to Provident Fund	0.16	0.15
Other Perquisites	0.30	0.26
Total	3.52	3.99

Notes to Abridged Financial Statements (Contd.)

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)

	Current Year	Previous Year
Profit before tax as per Profit & Loss Account	138.19	226.73
Add: Managing and Executive Directors' Remuneration & Commission	3.52	3.99
Commission paid to Non-Executive Directors (net)	1.44	2.05
Directors fees	0.20	0.16
	143.35	232.93
Add : Loss on sale of Investments (Net)	0.65	(28.07)
Add : Loss on Sale of Assets	0.01	0.05
Net Profit as per Section 198 of the Companies Act, 1956	144.01	204.91
a) Maximum permissible remuneration to Managing and Executive Directors under Section 198 of the Companies Act, 1956 @ 10% of the profits computed	14.40	20.49
Commission Payable	1.44	2.05
b) Maximum permissible managerial remuneration to non-executive Directors under section 198 of the Companies Act, 1956 @1%	1.44	2.05
Commission Payable	1.44	2.05

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

6. [B8] Besides Sales of Coke, Coal and Steel, Sales include the followings :

(Rs. in crores)

	Current Year	Previous Year
Sale of Chemicals	6.91	3.77
Sale of Power	13.40	-
Conversion Income	15.38	-

7. [B9] None of the creditors have informed us as to their status of being micro, small and medium enterprise as per Micro, Small and Medium Enterprise Development Act, 2006 (MSMED).

8. [B10] Segment Information

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

(Rs. in crores)

Segments	Revenue		Profit Before Tax & Interest		Capital Employed*	
	2008-09	2007-08	2008-09	2007-08	31.03.09	31.03.08
a) Coke	1231.18	638.28	182.92	226.21	1188.01	689.35
b) Steel	289.24	237.80	31.80	17.33	558.27	328.78
Less: Inter-segment transfer	3.88	1.31	-	-		-
c) Other un allocable					877.96	851.96
-(Income net of expenditures)		-	(11.79)	16.10		
Total	1516.54	874.77	202.93	259.64	2623.82	1870.09

* Represents total assets net of Current Liabilities and Miscellaneous Expenditure.

9. [B13].

- For the Convenience of operational purpose, by an agreement dated 6th June, 2008, Bharat NRE Coke Limited has appointed the Company as 'Operator' to operate and manage their plant at Dharwad, Karnataka. Pursuant to the said agreement the Company has given an interest free Security Deposit of Rs. 30 Crores to Bharat NRE Coke Limited. Consequently, additional capacity of 3,24,000 MT of Low-Ash Metallurgical Coke available to the company.
- Pursuant to above agreement, all the employees of the Bharat NRE Coke Limited has been transferred to the Company. As such, all the liabilities pertaining to employees on the date of agreement have also been transferred to the Company.

10. [B14] Foreign Currency Convertible Bonds (FCCB)

- The Company issued 2,200, 1% Unsecured Foreign Currency Convertible Bonds (FCCB) of US\$ 25,000 each aggregating to US\$ 55 Million at par on 14th March, 2005. These bonds are convertible into equity shares of the Company at the option of bondholders at a price of Rs. 34.31 per share, if not converted then they are Redeemable on 14th March, 2010 at 127.25% of the face value. As on 31.03.09, 2,194 Bonds has been converted into 49,883,342 equity shares.
- The Company issued 600, Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCB) of US\$ 100,000 each aggregating US\$ 60 Million at par on 11th 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 12th April, 2011 at 139.36% of the face value. As on 31.03.09, 375 Bonds has been converted into 26,796,000 equity shares.
- Out of the above FCCBs of Rs. 267.96 crores, a sum of Rs. 0.17 crores remained unutilized at Balance Sheet date.

Notes to Abridged Financial Statements (Contd.)

11. [B15] Secured Non-Convertible Debentures:

- 10.60 % Non Convertible Debentures of Rs. 95.00 Crores (Previous Year Rs. 100 Crores) are redeemable at par in 19 equal Quarterly installments up to 27th November' 2013.
- 12.50 % Non Convertible Debentures of Rs. 50.00 Crores are redeemable at par in 4 equal annual installments commencing from 6th March' 2012.
- 11.90 % Non Convertible Debentures of Rs. 100.00 Crores are redeemable at par in 4 equal annual installments commencing from 6th February' 2012.

12. [B16] The Earnings Per Share as per Accounting Standard (AS)- 20 are as under:

Particulars	At 31.03.2009 Basic & Diluted EPS	At 31.03.2008 Basic & Diluted EPS
Earnings		
Net Profit for the year (Rs. / Crores)	107.24	172.88
Add: Interest on FCCB (Rs. / Crores)	0.01	0.42
Earnings for Diluted EPS (Rs. / Crores)	107.25	173.30
Shares		
Number of shares at the beginning of the year	337,017,176	243,906,042
Add: Share Allotted against Share Warrants	-	16,500,000
Add: Bonus Issue	134,834,154	-
Add : Conversion of FCCB	68,208	76,611,134
Total number of equity shares outstanding at the end of the year	471,919,538	337,017,176
Weighted average number of shares outstanding during the year (for Basic EPS)		
	471,907,952	291,610,148
Add: Number of equity shares arising out of exercise of option of outstanding Share Warrants that have dilutive effect on the EPS	45,500,000	32,500,000
Add: Number of equity shares arising out of conversion of outstanding FCCB that have dilutive effect on the EPS	22,701,089	16,282,226
Add: Number of Equity Shares arising out of exercise of option of Employee Stock Option Scheme	4,499,600	3,456,000
Weighted average number of shares outstanding during the year (for Diluted EPS)	544,608,641	343,848,374
Earning per share :		
- Basic (Rs.)	2.27	4.24*
- Diluted (Rs.)	1.97	3.59*

* Adjusted- EPS for Bonus Issues as per Accounting Standard - 20.

13. [B18] 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' 2009. Due to this, profit after tax for the current year is higher by Rs.16.41 Crores.
14. [B19] Exceptional items for the year ended 31st March' 2009 includes loss of Rs.114.72 Crores on account of fluctuations on foreign currency assets/liabilities including Loans.
15. [B24] 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	
		2008-09	2007-08	2008-09	2007-08
Low-Ash Metallurgical Coke	M.T.	1,006,000#	682,000	767,346*	443,730
Rolled & Alloy Steel Products	M.T.	311,000	311,000	81,037	79,377

Installed capacity includes capacity of Plant operated by the company as "operator" by an agreement dated 6th June' 2008.

* includes Conversion for others 90901 MT

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

Low-Ash Metallurgical Coke - 78.38% (Previous Year – 64.20 %)

Rolled & Alloy Steel Products - 26.06 % (Previous Year – 25.52 %)

Notes to Abridged Financial Statements (Contd.)

B) Particulars of Stocks and Sales :

Description	Units	Stocks				Sales	
		Opening		Closing		2008 - 09	2007 - 08
		2008 - 09	2007 - 08	2008 - 09	2007 - 08		
LAMC	M.T.	112,334	101,901	308,430	112,334	696,827	461,657
	Rs./ Crores	94.94	86.62	555.19	94.94	1,081.41	513.14
Coal	M.T.	198,572	127,709	326,356	198,572	327,386	195,124
	Rs./ Crores	109.21	70.24	375.31	109.21	133.53	118.80
Coal in Process	M.T.	2,324	2,965	4,634	2,324	-	-
	Rs./ Crores	1.42	1.81	5.79	1.42	-	-
Billets & Ingots	M.T.	527	667	1,714	527	864	12,540
	Rs./ Crores	1.71	1.43	4.05	1.71	2.82	31.65
Rolled Products	M.T.	2,943	3,118	1,800	2,943	77,978	64,909
	Rs./ Crores	10.08	7.48	4.54	10.08	262.77	199.57
Sponge Iron	M.T.	249	119	611	249	-	77
	Rs./ Crores	0.49	0.16	0.84	0.49	-	0.12
M.S.Scrap	M.T.	751	692	2,466	751	2,345	2,027
	Rs./ Crores	2.10	1.06	3.73	2.10	6.37	5.09
TOTAL	Rs./Crores	219.95	168.80	949.45	219.95	1,486.90	868.38

C) Particulars of Raw Materials Consumed :

Description	Current Year		Previous Year	
	Quantity	Value	Quantity	Value
	M.T.	Rs./ Crores	M.T.	Rs. / Crores
Raw Coal	867827	677.88	573854	239.34
Sponge Iron	21717	37.92	25432	35.46
M.S .Scrap	69568	158.74	67065	125.08
Stores & Spares Parts consumed and Included under various heads of revenue expenditure		15.40		25.13

D) Purchase of Goods:

Class of Goods	Current Year		Previous Year	
	Quantity	Value	Quantity	Value
	M.T.	Rs./ Crores	M.T.	Rs./ Crores
LAMC	216,478	268.84	28282	35.40

E) Other Additional Information :

	Current Year	Previous Year
Expenditure in foreign currency -		
- Travelling	0.39	0.28
- Interest	4.26	2.30
- Professional & Consultancy Fees	0.93	0.07
CIF value of imports - Raw Materials		
- Coking Coal	1,152.07	270.91
- M.S.Scrap	21.69	2.31
- Capital Goods	0.18	5.17
- Others	6.42	3.71
Earning in Foreign Exchange		
-FOB value of exports	539.39	69.37
-Interest on Fixed Deposits with foreign banks	0.26	0.82
-Interest on Loan from subsidiaries	0.53	0.75

Notes to Abridged Financial Statements (Contd.)

IV Value of Imported / Indigenous Raw Materials Consumed :

	Current Year		Previous Year	
	Rs/ Crores	%	Rs./ Crores	%
a) Raw Coal				
Imported	652.59	96.27	224.17	93.65
Indigenous	25.29	3.73	15.17	6.35
	677.88	100.00	239.34	100.00
b) Sponge Iron				
Imported	-	-	-	-
indigenous	37.92	100.00	35.46	100.00
	37.92	100.00	35.46	100.00
c) MS. Scrap				
Imported	22.20	13.99	3.04	2.44
Indigenous	136.54	86.01	122.04	97.56
	158.74	100.00	125.08	100.0
d) Stores and spares parts				
Imported	—	—	—	—
Indigenous	15.40	100.00	25.13	100.00
	15.40	100.00	25.13	100.00

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:

	Current Year	Previous Year
A) Number of Non-Resident Shareholders	1305	504
B) Number of Equity Shares held by them	19,85,167	12,15,868
C) i) Amount of Dividend Paid (Gross)	0.50	0.18
Tax deducted at Source	NIL	NIL
ii) Year to which dividend relates	2007-08	2006-07

16. Key Financial Ratios for the year ended

	31.03.2009	31.03.2008
(a) Total Income / Total Assets	0.58	0.49
b) PBIT /Capital Employed	0.08	0.14
c) Return on Net Worth %	9.10	15.19
d) Net Profit / Total Income %	6.98	18.81

17. [B25] Previous Year figures have been regrouped / rearranged wherever considered necessary.

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

I. Registration Details	
Registration No.	40,098
State Code No.	021
Balance Sheet Date	31-Mar-09
II. Capital raised during the year	
	<i>(Rs. in thousand)</i>
Public Issue	N I L
Rights Issue	N I L
Bonus Issue	1,348,342
Private Placement	682 #
Conversion of Foreign Currency Convertible Bonds of Rs. 682 thousand	
III. Position of Mobilisation and Deployment of Funds	
Total Liabilities	26,282,207
Total Assets	26,282,207
Source of Fund	
Paid-up Capital	4,719,195
Deposit Against Share Warrants	390,000
Reserve & Surplus	6,719,648
Foreign Currency Convertible Bonds	1,154,018
Secured Loans	12,131,382
Deferred Tax Liability	1,167,964
Application of Fund	
Net Fixed Assets	8,267,897
Capital Work in Progress	1,179,772
Investments	8,068,345
Net Current Assets/Liabilities	8,722,193
Miscellaneous Expenditure	44,000
IV. Performance of Company	
Turnover (Including other Income)	15,365,106
Total Expenditure	13,983,257
Profit/ (Loss) before Tax	1,381,849
Profit /(Loss) after Tax	1,072,360
Earning Per Share (Basic) in Rs.	2.27
Earning Per Share (Diluted) in Rs.	1.97
Dividend	10%
V. Generic Names of Principal Products/	
Services of the Company (as per monetary terms)	
Product Description	Item Code No. (ITC Code)
Coke	2704 00 30
TMT Bar	7213 10 90
M S Round	7213 20 90

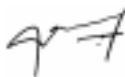
In terms of our report of even date annexed hereto

For N. C. BANERJEE & CO.
Chartered Accountants

For and on behalf of the Board



B. Basu
Partner
Membership No. 12748
Place : Kolkata
Dated : 27th June' 2009.



A K Jagatramka
Chairman &
Managing Director



R P Jain
Executive Director



P R Kannan
Chief Financial Officer



Manoj K Shah
Company Secretary

Cash Flow Statement for the year ended 31st March, 2009

(Rs. in crores)

	For the Year ended 31.03.2009	For the Year ended 31.03.2008
A CASH FLOW FROM OPERATIVE ACTIVITIES		
Net Profit Before Tax	138.19	226.73
Adjustments for:		
Depreciation / Other non cash items	43.39	27.38
Interest Paid / Payable	64.75	32.91
Net Other Income	(0.92)	(38.06)
Net Loss on Sale / Discard of Fixed Assets	0.01	0.05
Net Loss on Sale of Investment	0.65	-
Employee Stock Option - Compensation debited to Profit and Loss Account	0.09	0.12
Interest Received / Receivable	(12.99)	(8.70)
Operating Profit before working Capital Changes	233.16	240.43
Adjustments for:		
Trade & Other Receivables	(15.83)	(185.20)
Inventories	(730.98)	(55.20)
Trade Payables	434.18	97.61
Cash Generated from Operations	(79.47)	97.64
Direct Taxes Paid / Refunds	(36.80)	(33.50)
Cash Generated from Operating Activities	(116.27)	64.14
B CASH FLOW FROM INVESTING ACTIVITIES		
Addition to Fixed Assets	(364.28)	(221.83)
Sale of Fixed Assets	0.02	0.05
Addition to Investments	(161.27)	(143.94)
Sale of Investments	10.96	126.52
Interest Paid	(65.68)	(32.38)
Interest Received	12.99	8.70
Dividend / Misc Income	0.92	9.97
Net Cash Used in Investing Activities	(566.34)	(252.91)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds to Share Capital / Reserves	-	82.83
Deposit against Share Warrant	-	33.75
Increase in Long / Short term borrowing	680.87	273.33
Dividend & Dividend Tax Paid	(98.35)	(50.10)
Net Cash Generated from Financing Activities	582.52	339.81
Net Increase / (Decrease) In Cash & Cash Equivalents	(100.09)	151.04
Cash & Cash Equivalents (Opening Balance)	217.31	66.27
Cash & Cash Equivalents (Closing Balance)	117.22	217.31

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 : 27th June' 2009.A K Jagatramka
Chairman &
Managing DirectorR P Jain
Executive DirectorP R Kannan
Chief Financial OfficerManoj K Shah
Company Secretary

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 Minerals 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	31.03.09	31.03.09	31.03.09	31.03.09	31.03.09	31.03.09	31.03.09	31.03.09	31.03.09	31.03.09	31.03.09
3. Holding Company's Interest											
i) Equity Shares											
a) Number of Shares	15,512,850	14,451,150	121,550,000	1,000,000	802,773,349	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%	82.20%	100.00%	100%	100.00%	100.00%	100.00%	100.00%
ii) Preference Shares											
a) Number of Shares (Face Value Rs. 100 each) Fully Paid up											
b) % 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	-	-	(9.67)	-	35.81	(0.05)	9.14	(41.74)	-	(0.01)	(0.02)
ii) For the previous Financial Years of the Subsidiary since it became the holding Company's Subsidiary											
a) Dealt with in the accounts of the Holding company	-	-	-	-	-	-	-	-	-	-	-
b) Not dealt with in the accounts of the Holding company	-	-	0.76	(0.01)	(24.92)	(1.18)	(0.68)	5.18	(0.01)	NA	NA
5. Changes in the interest of Gujarat NRE Coke Ltd between the end of the subsidiary's financial year and 31st March, 2009											
Number of shares acquired											
Material changes between the end of the subsidiary's financial year and 31st March, 2009											
a) Fixed assets (net additions)											
b) Investments (Net)											
c) Moneys lent by the subsidiary											
d) Moneys borrowed by the subsidiary company other than for meeting current liabilities											

Notes:

- 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 the subsidiary companies issued under section 212 (8) of the Companies Act, 1956 for the financial year 2008-09 are as follows

(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 Minerals 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	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR	AUS	INR
(a) Share Capital (Equity and Preference)	52.3500	47.4400	12.1550	433.0827	0.0010	0.0351	33.1841	1,172.7100	5.1129	179.5700	5.0458	177.2100	1.5803	55.5000	0.5005	17.5800	0.0005	0.0176	0.0810	2.8400
(b) Reserve & Surplus (net of debit balance of profit & loss account)	151.6000	142.0800	(0.2577)	(16.5000)	(0.0006)	(0.0222)	10.6616	356.5176	(0.0476)	(1.6842)	0.1050	3.6200	(1.0323)	(46.2500)	(0.0005)	-	-	(0.0095)	(0.0010)	(0.3115)
(c) Total Assets	203.9500	189.5200	11.9300	346.2295	0.0005	0.0182	51.2075	1,789.7000	5.0656	177.8916	5.1957	182.4100	9.6827	335.2600	0.5002	17.5600	0.0002	0.0080	0.5300	18.5300
(d) Total Liabilities	-	-	0.0344	1.2165	0.0002	0.0053	7.3618	260.4595	0.0003	0.0100	0.0450	1.5798	9.6886	345.1800	-	0.0100	-	0.0053	0.4500	16.0007
(e) Details of Investment (excluding investments in the subsidiary companies)																				
- Equity / Preference Shares	203.8998	189.4500	9.7912	90.4700	-	-	33.5796	1,179.3100	5.0408	177.0316	4.8254	169.4200	-	-	0.5005	17.5800	-	-	-	-
- Government Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds/ Mutual Funds Units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f) Turnover	0.0100	0.0100	0.0907	3.2900			16.8471	629.3300	-	-	0.3080	11.1600	3.7064	133.0726	-	-				
(g) Profit/(Loss) Before Taxation	-	-	(0.3916)	(14.1923)	(0.0004)	(0.0128)	0.5611	41.9800	(0.0207)	(0.7509)	0.2965	10.7470	(1.7008)	(61.9638)	-	(0.0052)	(0.0003)	(0.0113)	(0.0010)	(0.0360)
(h) Provision for Taxation	-	-	(0.1268)	(4.5200)	(0.0002)	(0.0078)	(0.0456)	(1.5878)	(0.0203)	(0.7022)	0.0450	1.6028	(0.5678)	(20.2300)	-	(0.0040)	(0.0000)	(0.0017)	(0.0004)	(0.0143)
(i) Profit/ (Loss) after Taxation	-	-	(0.2648)	(9.6723)	(0.0001)	(0.0050)	0.6067	43.5678	(0.0004)	(0.487)	0.2515	9.1442	(1.1330)	(41.7338)	-	(0.0012)	(0.0003)	(0.0097)	(0.0006)	(0.0200)
(j) Proposed Dividend (including Corporate Dividend Tax)																				

Auditors Report on Abridged Consolidated Accounts

To the member of
Gujarat NRE Coke Ltd.

We have examined the attached abridged Consolidated Balance Sheet of Gujarat NRE Coke Ltd. ('the Parent Company') as at March 31,2009 and the related abridged Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date together with the abridged notes thereon. These abridged consolidated financial statements have been prepared by the Company pursuant to the Rule 7A of the Companies (Central Government's) Rules and Forms, 1956 and are based on the consolidated financial statements of the Company for the year ended March 31, 2009 prepared in accordance with Schedule VI of the Companies Act 1956 and is covered by our report dated June 27 ,2009 to the members of the Company which is attached herewith.

For N.C.Banerjee & Co.
Chartered Accountants



B. Basu
Partner

Place : Kolkata
Date : June 27, 2009

Membership No. 12748

Abridged Consolidated Balance Sheet as at 31st March, 2009

(Statement containing salient features of Balance Sheet as per Section 219(1)(b)(iv) of Companies Act,1956)

(Rs.in Crores)

	As at 31.03.09		As at 31.03.08	
SOURCES OF FUNDS :				
1) Shareholders' Funds				
a) Capital				
(i) Equity Share Capital	471.92		337.02	
(ii) Deposit against Share Warrants	39.00	510.92	39.00	376.02
b) Reserves & Surplus				
i) Capital Reserve	12.12		12.12	
ii) Surplus in Profit and Loss Account	49.01		79.44	
iii) Share Premium Reserve	261.60		396.18	
iv) General Reserve	231.13		246.25	
v) Debenture Redemption Reserve	87.50		25.00	
vi) Investment Revaluation Reserve	-		2.47	
vii) Foreign Currency Translation Reserve	(56.40)		(41.76)	
viii) Equity Conversion Bond Reserve	-		0.75	
ix) Employee Stock Option Outstanding	398.93	983.89	394.53	1,114.98
2) Minority Interest		194.50		192.10
3) Foreign Currency Convertible Bonds		140.07		101.47
4) Loan Funds				
i) Secured Loans		1,488.19		783.51
ii) Unsecured Loan'		-		0.79
5) Deferred Tax Liability		94.70		98.16
Total of (1) to (5)		3,412.27		2,667.03
APPLICATION OF FUNDS :				
1) Fixed Assets				
i) Net Block (Original cost less depreciation)	1,810.73		1,379.70	
ii) Capital Work-in-Progress	190.51	2,001.24	121.80	1,501.50
2) Investments				
a) Investment in Subsidiary companies (Equity & Bonds)				
i) Quoted	-		-	
ii) Unquoted	-	-	-	-
b) Others (Equity & Bonds)				
i) Quoted [M.V. - Rs. 84.63 Crores (P.Y.-Rs. 61.47 Crores)]	90.18		25.42	
ii) Unquoted	288.23	378.41	438.97	464.39
3) a) Current Assets, Loans and Advances				
i) Inventories	1,012.10		261.96	
ii) Sundry Debtors	274.43		253.83	
iii) Cash & Bank Balances	123.55		240.07	
iv) Loans and Advances				
- To others	265.79		234.64	
	1,675.87		990.50	
b) Less:Current Liabilities and Provisions				
i) Liabilities	793.39		378.44	
ii) Provisions	224.03		256.67	
	1,017.42		635.11	
Net Current Assets (a) - (b)		658.45		355.39
4) Miscellaneous Expenditure		374.17		345.75
[To the Extent not written off or adjusted]				
Total of (1) to (4)		3,412.27		2,667.03
Refer Notes forming part of the Consolidated Abridged Accounts				

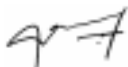
Compiled from the Audited Consolidated Accounts of the Company referred to in our Report dated 27th June,2009

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

For and on behalf of the Board



B. Basu
Partner
Membership No. 12748
Place : Kolkata
Dated : 27th June' 2009.



A K Jagatramka
Chairman &
Managing Director



R P Jain
Executive Director



P R Kannan
Chief Financial Officer



Manoj K Shah
Company Secretary

Abridged Consolidated Profit & Loss Account for the year ended 31st March, 2009

(Statement containing salient features of Profit & Loss Account as per Section 219(1)(b)(iv) of Companies Act,1956)

(Rs.in Crores)

	For the year ended 31.03.09		For the year ended 31.03.08	
I INCOME				
- Sales		1,522.60		887.05
- Dividend		-		-
- Interest		13.70		9.24
- Other Income		37.27		51.35
		1,573.57		947.64
II EXPENDITURE				
Cost of Goods Sold				
(i) Opening Stock	228.20		201.43	
(ii) Purchases	1,013.49		409.94	
Less: Closing Stock	994.00	247.69	249.58	361.79
-Manufacturing Expenses		256.95		155.08
-Selling & Distribution Expenses		257.12		75.45
-Employee Emoluments		126.88		17.55
-Managerial Remuneration		6.79		6.18
-Interest		102.10		47.64
-Depreciation		52.86		45.93
-Auditor's remuneration		0.72		0.66
-Other Expenses		239.40		65.21
-Extra ordinary items		186.79		(14.93)
Total		1,477.30		760.56
III Profit/(Loss) Before Taxation (I - II)		96.27		187.08
IV Provision For Taxation				
- Current Tax	23.87		34.76	
- Previous Year	(2.69)		-	
- Deferred Tax	(16.36)		24.87	
- Fringe Benefit Tax	0.68	5.50	0.13	59.76
V Profit/(Loss) After Tax		90.77		127.32
Less: Minority Interest		1.95		(11.85)
Add: Share in Profit/(Loss) of Associates		(1.51)		30.08
		87.31		169.25
Balance of Profit / (Loss) brought forward		79.44		88.98
		166.75		258.23
VI Proposed Dividend (Including Dividend tax)	55.21		99.33	
-Dividend for Earlier Year (Including Dividend Tax)	0.02	55.23	4.46	103.79
VII Transfer to Reserve				
-General Reserve		-	50.00	
-Debenture Redemption Reserve	62.50	62.50	25.00	75.00
Balance Carried To Balance Sheet		49.01		79.44
Basic Earnings per Share (Face Value Rs. 10 per share)		1.85		4.14
Diluted Earnings per Share (Face Value Rs. 10 per share)		1.60		3.52
Refer Notes forming part of the Consolidated Abridged Accounts				

Compiled from the Audited Consolidated Accounts of the Company referred to in our Report dated 27th June,2009

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

For and on behalf of the Board

B. Basu
Partner
Membership No. 12748
Place : Kolkata
Dated : 27th June' 2009.**A K Jagatramka**
Chairman &
Managing Director**R P Jain**
Executive Director**P R Kannan**
Chief Financial Officer**Manoj K Shah**
Company Secretary

Notes to Abridges Consolidated Financial Statements

All amounts in the Abridged Consolidated Financial Statements are presented in Rupees Crores, unless otherwise stated. The note numbers appeared in the “[]” are as they appear in the complete set of Consolidated Financial Statements. These Abridged Consolidated Financial statements have been prepared in accordance with the requirements of Rule 7A of the Companies (Central Government’s) General Rules & Forms, 1956 and clause 32 of the Listing Agreement. These Abridged Consolidated Financial statements have been prepared on the basis of the complete set of consolidated financial statements for the year ended March 31, 2009.

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 of at the balance sheet date, except balance of Profit & Loss Account. Resultant foreign exchange translation difference has been recognized as “Foreign Currency Translation Reserve”.

iii. Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities for the year under review and disclosure of contingent liabilities on the date of the 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

In respect of Indigenous Sales : On despatch of goods to customers.

In respect of Export Sales : On shipment of goods to customers.

In respect of Service Income : When the services are performed as per contract

In respect of Dividend Income : When right to receive payment is established.

In respect of Insurance Claims: On Settlement of Claims

v. Fixed Assets

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

vi. Depreciation on Fixed Assets

Depreciation is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

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

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

vii. Inventories

Inventories are valued as under:

1. Inventories are valued as under:

- | | | |
|----------------------------------|---|--|
| a. Raw Materials which | : | At Cost or Net Realisable Value ever is lower |
| b. Finished Products which | : | At Cost or Net Realisable Value ever 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, detected on physical verification of stocks and obsolete and 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

Foreign Exchange transactions are recorded normally at the exchange rates prevailing on the date of the transactions. Unsettled transactions at the Balance Sheet date are reported at the year end rates and resultant net gain or loss is taken in Profit & Loss Account except in case where they relates to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

x. 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

Notes to Abridges Consolidated Financial Statements (Contd.)

of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are disclosed when an inflow of economic benefit is probable and/or certain.

xi. Borrowing Costs

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

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.

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

Tax on Distributed Profit Payable in accordance with the provision of Section 155O of the Income Tax Act, 1961 and in accordance with guidance note on Accounting for Corporate Dividend Tax.

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

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

xiii. Employee Benefits

a) Short Term & Long Term benefits

Employee benefits of short-term nature are recognized as expense as and when it accrues. Long term employee benefits and post employments benefits, both funded and unfunded, are recognized as expenses based on actuarial valuation at year end which takes into account actuarial gains and losses.

b) Employee Stock Option Scheme (ESOS)

Aggregate of 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 guide-lines of SEBI in this respect. With the exercise of options and consequent issue of equity shares corresponding ESOS outstanding is transferred to Securities Premium 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.

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. Amortisation is done on straight line basis over the life of the mining lease.

xvi. Impairment of Assets

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

xvii. Research and development

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

xviii. Earning per share (EPS)

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

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

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

xx. Minority Interest

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

xxi. Segment Reporting

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 ACCOUNTS

1. [B4] Segment Information

The Group has three reportable segments i.e. "Coke", "Steel" & "Mining"

Notes to Abridges Consolidated Financial Statements

as primary Business segments.

(Rs. in crores)

Segments	Revenue		Profit Before Tax & Interest		Capital Employed*	
	2008-09	2007-08	2008-09	2007-08	31.03.09	31.03.08
a) Coke	1246.74	584.00	149.49	227.92	1188.01	1133.81
b) Steel	289.24	237.80	31.80	17.33	558.27	328.78
c) Mining	712.05	182.31	(30.69)	(10.61)	645.66	548.94
d) Others Unallocated			47.76	0.07	701.35	321.23
Total	2248.03	1004.11	198.36	234.71	3093.29	2332.76

*Represents Total Assets net of Current Liabilities and Miscellaneous Expenditures

2. [B6] Foreign Currency Convertible Bonds (FCCB)

- (a) The Company issued 2,200, 1% Unsecured Foreign Currency Convertible Bonds (FCCB) of US\$ 25,000 each aggregating to US\$ 55 Million at par on 14th March, 2005. These bonds are convertible into equity shares of the Company at the option of bondholders at a price of Rs. 34.31 per share, if not converted then they are Redeemable on 14th March, 2010 at 127.25% of the face value. As on 31.03.09, 2,194 Bonds has been converted into 49,883,342 equity shares.
- (b) The Company issued 600, Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCB) of US\$ 100,000 each aggregating US\$ 60 Million at par on 11th 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 12th April, 2011 at 139.36% of the face value. As on 31.03.09, 375 Bonds has been converted into 26,796,000 equity shares.
- (c) Out of the above FCCBs of Rs. 267.96 crores, a sum of Rs. 0.17 crores remained unutilized at Balance Sheet date.

3. [B7] For Parent Company:

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 after tax for the current year is higher by Rs.16.41 Crores.

4. [B8] Exceptional items for the year ended 31st March' 2009 includes loss of Rs.186.79 Crores on account of fluctuations on foreign currency assets/liabilities including Loans.**[B9] The Earnings Per Share as per Accounting Standard (AS)- 20 are as under:**

Particulars	At 31.03.2009 Basic & Diluted EPS	At 31.03.2008 Basic & Diluted EPS
Earnings		
Net Profit for the year (Rs./Crores)	87.31	169.25
Add: Interest on FCCB (Rs./Crores)	0.01	0.42
Earnings for Diluted EPS (Rs./Crores)	87.32	169.67
Total number of equity shares outstanding at the end of the year	471,919,538	337,017,176
Weighted average number of shares outstanding during the year (for Basic EPS)	471,907,952	291,610,148
Add: Number of equity shares arising out of exercise of option of outstanding Share Warrants that have dilutive effect on the EPS	45,500,000	32,500,000
Add: Number of equity shares arising out of conversion of outstanding FCCB that have dilutive effect on the EPS	22,701,089	16,282,226
Add: Number of Equity Shares arising out of exercise of option of Employee Stock Option Scheme	4,499,600	3,456,000
Weighted average number of shares outstanding during the year (for Diluted EPS)	544,608,641	343,848,374
Earning per share :		
- Basic (Rs.)	1.85	4.14*
- Diluted (Rs.)	1.60	3.52*

* Adjusted- EPS for Bonus Issues as per Accounting Standard - 20.

6. [B10] Secured Non-Convertible Debentures:

- 10.60% Non Convertible Debentures of Rs. 95 Crores (Previous Year Rs. 100 Crores) are redeemable at par in 19 equal Quarterly installments up to 27th November' 2013.
- 12.50 % Non Convertible Debentures of Rs. 50.00 Crores are redeemable at par in 4 equal annual installments commencing from 6th March' 2012
- 11.90 % Non Convertible Debentures of Rs. 100.00 Crores are redeemable at par in 4 equal annual installments commencing from 6th February' 2012

2. [B13] Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Parent Company's Financial Statements.**8. Key Financial Ratio for the year ended**

	31.03.2009	31.03.2008
a) Total Income / Total Assets	0.46	0.36
b) PBIT /Capital Employed	0.07	0.10
c) Return on Net Worth %	8.10	11.01
d) Net Profit / Total Income %	5.77	13.23

9 [B14] Previous Year figures have been regrouped / rearranged wherever considered necessary.

Consolidated Cash Flow Statement for the year ended 31st March, 2009

(Rs.in Crores)

	For the Year ended 31.03.2009	For the Year ended 31.03.2008
A. CASH FLOW FROM OPERATIVE ACTIVITIES		
Net Profit Before Tax	96.26	187.08
Adjustments for:		
Depreciation / Other non cash items	141.56	53.75
Net Other Income	(12.15)	(59.67)
Net Loss on Sale / Discard of Fixed Assets	0.01	0.07
Employee Stock Option Compensation Amortised	0.09	0.12
Interest Paid	102.10	47.64
Interest Received	(13.69)	(9.23)
Loss on Investment(Net)	37.09	0.01
Operating Profit before Working Capital Changes	351.27	219.77
Adjustments for:		
Trade & Other Receivables	(84.47)	(67.56)
Inventories	(750.14)	(49.62)
Trade Payables	482.62	182.77
Cash Generated from Operations	(0.72)	285.36
Direct Taxes Paid / Refunds	(35.25)	(38.34)
Cash Generated from Operating Activities	(35.97)	247.02
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition to Fixed Assets	(621.50)	(1,561.68)
Sale of Fixed Assets	68.88	620.54
Addition to Investments	(15.51)	(193.78)
Sale of Investments	64.40	126.52
Interest Received	13.69	9.23
Dividend / Misc Income	12.15	31.60
Net Cash Used in Investing Activities	(477.89)	(967.57)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds to Share Capital / Reserves	(29.66)	646.71
Deposit Against Share Warrant	-	33.75
Proceed from Foreign Currency Convertible Bond	38.93	
Increase in Long / Short term borrowing	705.90	438.53
Interest Paid	(101.49)	(47.19)
Dividend / Dividend TaxPaid	(98.35)	(50.10)
Unsecured Loans	(0.79)	0.07
Miscellaneous Expenditure	(117.20)	(136.51)
Net Cash Generated from Financing Activities	397.34	885.26
Net Increase / (Decrease) in Cash & Cash Equivalents	(116.52)	164.71
Cash & Cash Equivalents (Opening Balance)	240.07	75.36
Cash & Cash Equivalents (Closing Balance)	123.55	240.07

In terms of our report of even date annexed hereto

For N. C. BANERJEE & CO.
Chartered AccountantsB. Basu
Partner
Membership No. 12748
Place : Kolkata
Dated : 27th June' 2009.
A K Jagatramka
Chairman &
Managing Director
R P Jain
Executive Director
P R Kannan
Chief Financial Officer
Manoj K Shah
Company Secretary

For and on behalf of the Board