

RAJASTHAN STATE MINES & MINERALS LIMITED

(A Government of Rajasthan Enterprise)

Board of Directors

Board as on 01.09.2008

Shri D C Samant	Chairman
Shri Ashok Sampatram	Director
Shri Subhash Chandra Garg	Director
Dr. Ashok Singhvi	Director
Shri A C Wadhawan	Director
Shri C P Vyas	Director
Shri Alok Gupta	Managing Director

Financial Advisor

Shri M.L. Gupta

Company Secretary

Shri Rajendr Rao

Auditors

M/s. C.R. Mehta & Company
Chartered Accountants

Bankers

The Bank of Rajasthan Ltd.
State Bank of India
Punjab National Bank
IDBI Bank

Registered Office

C-89-90, Janpath,
Lal Kothi Scheme, Jaipur - 302 015
Tel. : 0141 - 2743734, 2743934
Fax : 0141 - 2743735
E-mail : rsmml@sancharnet.in
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Corporate Office

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Tel. : 0294-2428763-67
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INDEX

	Page No.
Notice	1
Directors' Report	3
Auditors' Report	15
Corrigendum to the Auditors Report	22
Addendum to the Directors Report	23
Balance Sheet	25
Profit & Loss Account	26
Schedules forming part of the Balance Sheet and Profit and Loss Account	27
Cash Flow Statement	60
Information about Business Segments	62
Balance Sheet Abstract and Company's General Profile	63
Statement relating to subsidiary companies	64
Comments of CAG	65
Financial Statement of Subsidiary companies	66



NOTICE

NOTICE is hereby given that the 61st Annual General Meeting of the shareholders of the company will be held on Monday, 29th September, 2008 at 4.00 PM at the Registered Office of the Company, C-89-90, Lal Kothi, Janpath, Jaipur (Rajasthan) to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2008, Profit and Loss Account for the year ended on that date, the Auditors' Report thereon and the Report of the Board of Directors;
2. To appoint a Director in place of Shri Ashok Sampatram who retires by rotation under Article 103 of the Articles of Association of the company and is eligible for reappointment;
3. To declare dividend for the financial year 2007-08;
4. To fix the remuneration of the statutory auditors.

Special Business

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

RESOLVED that Shri Subhash Chandra Garg, who was appointed as an Additional Director pursuant to Article 101 of the Articles of Association of the company and section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting, being eligible and offering himself for appointment and in respect of whom the company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the director, be and is hereby appointed as a Director of the company liable to retire by rotation.

By the Order of the Board
For Rajasthan State Mines and Minerals Limited

Rajendr Rao
Company Secretary

Udaipur

3rd September, 2008

NOTES

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR MEETING.

RAJASTHAN STATE MINES & MINERALS LIMITED

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Shri Subhash Chandra Garg is presently working as Principal Secretary (Finance) GOR, notice has been received from one of the shareholders as required under section 257 of the Companies Act, 1956 proposing him as a candidate for the office of Director.

The Director seeking appointment / re-appointment may be deemed to be concerned or interested in the respective resolution concerning his appointment / re-appointment.

By the Order of the Board
For Rajasthan State Mines and Minerals Limited

Rajendr Rao
Company Secretary

Udaipur

3rd September, 2008



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 61st Annual Report on the business and operations of your company together with the audited statement of accounts for the financial year ended 31st March, 2008.

The Year in Retrospect

India being a high growth potential market and one of the largest economies in Asia is on the fulcrum of an ever increasing economic growth curve. With positive indicators such as stable 8-9 per cent annual growth, rising foreign exchange reserves, a healthy capital market and a rapidly expanding FDI inflows, India has emerged as the second fastest growing major economy in the world. This is the third year in a row when the Indian economy has achieved a growth rate of around 9%.

While recent events in international arena might have some wavelet effect, it is believed that the growth of Indian economy is expected to continue to be high in the coming years.

In 2007-08 RSMML delivered a record performance across several operating and financial indicators. Optimal utilisation of resources, innovations, strategic investments, sound management practices that adapt rapidly to the changing environment along the way have collectively resulted in business performance being exceedingly well.

Some of the performance highlights during the year are :

- The Total Revenue increased to Rs. 636.41 Crores, registering a growth of 11.65 % over previous year's figure of Rs. 570.02 Crore.
- The Profit before Tax (PBT) surged to Rs. 186.75 Crores with 19.63 % increase over the previous year's level of Rs. 156.11 Crores.
- The company has recorded the highest ever Profit After Tax (PAT) of Rs. 122.38 Crores which is 19.51 % higher than the previous year's PAT of Rs. 102.41 Crores.
- Earning per Share (EPS), which indicates return on shareholders' investment, improved to Rs. 15.78 per share as compared to previous year's figure of Rs 13.20 per share .
- The output per employee, which is one of the key indicators of human resource productivity, also stood at the highest level of Rs. 31.41 Lac per employee as compared to Rs. 26.83 Lac during the previous year.

During the financial year all business segments continued to show stellar performance except limestone which could not keep pace only due to the heavy incidence of land tax on Gotan unit. Rock Phosphate continued to hold the dominating position and a major contributory in the revenue mix of the company. The prices of the imported rock phosphate continued to be on a rise due to the curtailment of exports from rock phosphate producing countries. This coupled with favourable monsoon has enabled the company to realize better prices. The sale of rock phosphate reported a rise to 9.93 Lac Metric Tonne over the previous year figure of 9.62 Lac Metric Tonne.

Despatches of gypsum of 28.77 Lac tonnes in 2007-08 is marginally higher than 28.51 Lac tonnes sold in previous year.

Financial Performance

Your company has been continuously strengthening its financial results year after year demonstrating the successful delivery of its strong strategies and quality of overall performance.

The resultant financial performance as compared to that of the previous fiscal is depicted below :

(Rs. in Lac)

	2007-08	2006-07
Profit after Interest but before Depreciation and Prior Period Adjustments.	23003.59	19066.60
Depreciation & Amortisation	(4338.89)	(3451.15)
Prior Period Adjustment	10.44	(4.40)
Profit Before Tax	18675.14	15661.05
Provision for Current Tax	(4082.50)	(3718.70)
Tax Adjustment of Earlier Years	(1.38)	28.46
Fringe Benefit Tax	(67.00)	(74.59)
Deferred Tax Provision	(2286.19)	(1605.72)
Net Profit After Tax	12238.07	10240.50
Add : Balance brought forward from the previous year	70.42	79.92
Balance available for Appropriation	12308.49	10320.42
Appropriations		
- General Reserve	10400.00	10250.00
- Proposed Dividend	1551.03	-
- Tax on Proposed Dividend	263.60	-
Balance carried forward to Next Year	93.86	70.42

Growth Indicators

(Rs. in Lac)

	2007-08	2006-07
Total Revenue	63641.22	57001.81
Contribution to Exchequers	13805.25	11236.60
Cash Profit	23003.59	19066.61
Profit After Tax	12238.06	10240.51
Net Worth	55769.49	45363.41
Output per Employee	31.41	26.83
Basic and Diluted Earnings per Share (Rs.)	15.78	13.20

Financial Resources

CAPITAL STRUCTURE

SHARE CAPITAL

The authorized share capital of the company as on 31.3.2008 remained same as in the previous year and stood at Rs 8000 lakhs.

The paid up capital of the company as on 31.3.2008 remained unaltered and stood at 7,75,51,500 shares of Rs. 10/- each fully paid up, totalling Rs. 77,55,15,000 (Rupees Seventy Seven Crores Fifty Five Lakhs Fifteen Thousand only).



Projects and New Ventures

The company has undertaken several short, medium and long term projects to gain higher scales of growth. A brief of various projects completed / being pursued is given in the ensuing paragraphs.

Wind power project at Jaisalmer

Your company has so far installed 59.8 MW capacity wind farm in Jaisalmer district in different phases up to March, 2008. All the units of wind farm are working satisfactorily and are able to generate 900 lac units of electricity per year. The company is selling a part of the power so generated to the state grid and the balance is captively consumed. By installation of the wind farm company has not only protected the environment but also helped in reducing global warming by eliminating emission of about 72000 tons of CO₂ every year. By wheeling and selling of power generated through the state grid, the company has gained / saved significant amount in energy cost and also taken advantage of tax incentives offered by the Government of India for such projects.

A capacity augmentation of 15 MW wind energy project at a cost of Rs.79.00 Crores is also in the progress and is expected to be completed by the end of September, 2008.

Carbon Credit

Your Directors are pleased to inform that your company achieved distinction in getting its following projects approved and registered by the United Nations Framework Convention of Climate Change (UNFCCC), Bonn, Germany under the Clean Development Mechanism (CDM).

- (i) 14.8 MW wind farm project at Jaisalmer (Phase I, II & III).
- (ii) Use of Roller Press Technology in Low Grade Ore (LGO) Beneficiation Plant for power saving.

Your company is getting Carbon Emission Reduction (CER) Certificates for above projects. In the year 2006-07 the company earned foreign exchange worth Rs 3.50 Crores by selling the first lot of CERs issued by UNFCCC.

The second lot of CERs was issued in the year 2007-08 which was sold in April 2008 generating a revenue of Rs.4.17 Crores.

Apart from financial benefits the approval of CDM project helps in achieving goals in social responsibility in protecting and enriching the environment.

Your company is regularly preparing different CDM projects and completing the validation, verification and related activities for its other projects.

Di-ammonium Phosphate (DAP) Project in Joint Venture with RCFL

Your directors are pleased to inform that during the financial year a new Joint Venture Company namely Rajasthan Rashtriya Chemicals and Fertilizers Limited has been incorporated with Rashtriya Chemicals and Fertilizers Limited (RCFL). As per the agreement 49% shares of the new company shall be held by your company while RCF Ltd. shall hold 51% stake.

The company has been incorporated for setting up a 850 Metric Tonnes per day (MTPD) DAP Plant at Kapasan, Distt. Chittorgarh. Bids for the plant have been received and is under evaluation. M/S PDIL has been appointed as consultant to the project. A draft Bankable Feasibility Report has been prepared by the consultant and is under review of JV partners. The total project cost is estimated to be Rs. 832 crores. Rock phosphate will be supplied by RSMML and ammonia will be supplied by RCFL. Dialogues are going on with Hindustan Zinc Limited for supply of sulphuric acid for the plant on long term basis.

Other activities like obtaining environmental clearance are in process. Both the joint venture partners have also approached the Government of Rajasthan for providing various concessions and incentives.

It is hoped that the Joint Venture Company with its two partners will have a great future and will play yeoman's role in the agricultural sector in general and Rajasthan in particular.

Subsidiary Company

Barmer Lignite Mining Company Limited (BLMCL)

As stated earlier, a joint venture company M/s Barmer Lignite Mining Company Limited has been incorporated with the joint venture partner M/s Raj West Power Ltd (RWPL). Your company is holding 51% equity of the JV company while balance is with RWPL. The object of the company is the development, operation and extraction of lignite from Jalipa and

RAJASTHAN STATE MINES & MINERALS LIMITED

Kapurdi mines block which will be supplied to 1080 MW Power Plant being set up by RWPL in Barmer. The mining plans of Kapurdi and Jalipa Blocks have been approved. A Fuel Supply Agreement has been entered into with RWPL for supply of fuel for 30 years.

Mineral Exploration Corporation has been entrusted with the exploration work of converting probable category reserves into proved category reserves in the northern blocks of Jalipa. Approval of mining plan for Kapurdi Lignite Blocks and Jalipa Lignite Blocks have already been obtained. EIA/EMP for Kapurdi and Jalipa Mines has been submitted to Ministry of Environment & Forest (MoEF) and clearance is expected shortly. Terms of reference has been issued. District Collector of Barmer has issued a demand note for Kapurdi. Approval under section 4(1) for Jalipa Block has already been issued. The initial survey for diversion of NH-15 has been completed and possession of Kapurdi Block Land will be taken shortly. Approval for the diversion of National Highways is also expected shortly.

The subsidiary company has already initiated action for acquisition of land, approval of Rajasthan Electricity Regulatory Commission (RERC) and purchase of the plant and machinery. It is expected that first unit will be commissioned in November 2008. The progress on land acquisition is slow on account of resistance by local villagers. M/s RWPL is planning to commission the plant on scheduled time by making alternative arrangements for fuel. Necessary action for obtaining environmental clearance is underway.

The installation of plant will help in fulfilling the energy needs of the state.

The financials of BLMCL are annexed and made part of annual report.

Rajasthan State Petroleum Corporation Ltd.

After the significant discoveries of oil & gas in the state, Rajasthan is getting attention of the world. Looking to the potential of state's participation in upstream and downstream sectors of hydrocarbon, your company has formed a new company, Rajasthan State Petroleum Corporation Limited as a wholly owned subsidiary. The company's main objectives include all activities in the petroleum & natural gas sector from owning of rights for exploration to refining, processing, storage, transportation, distribution, marketing of petroleum products and natural gas including laying of pipelines etc.

Certificate of Incorporation has been received from the Registrar of Companies. It is anticipated that the formation of the company will fulfil the state's energy needs by pursuing opportunities in the newly opened upstream & down stream hydrocarbon sectors.

RBG Project

As reported in the earlier report, your company had entered into a Memorandum of Understanding with M/s Binani Industries Ltd. and M/s Gujarat Mineral Development Corporation (GMDC) for setting up a multi-metal project at Deri and Basantgarh. As per MOU and our commitments, after getting sanction and execution of mining lease of Deri Mines in the name of RSMML, the Mining Lease (ML) is to be transferred in favour of M/s RBGMIL.

Forest diversification and Environmental Clearance has been received. Mining Lease has been executed for a period of 20 years. However, Environmental clearance received earlier in the name of RSMML has been kept in abeyance till a demand note which has recently been issued is paid to the forest department. M/s GMDC are in the process of obtaining forest clearance for the Ambaji mines and transfer of mining lease will be done subsequently.

Desalination Project at Kasnau-Matasukh Lignite Mines, Nagaur

In the course of mining lignite at Kasnau-Matasukh, the company had encountered a huge aquifer under pressure of 60 meters capable of producing considerable amount of brackish water. For proper and effective use of brackish water the company has decided to install a desalination plant at the site. In this direction the company has awarded the work of setting up a 20 MLD desalination plant at Nagaur to M/s Doshion Ltd, Ahmedabad on DBOOT basis. The project completion period will be 15 months from the date of obtaining environmental clearance. Initial operation of the project will be 15 years.

With the setting and operation of this plant, the high salinity water of confined aquifer will be treated to produce 13 MLD water having a Total Dissolved Solids (TDS) content of about 1000ml/g. This water will be suitable for human usages. The water produced by the plant will be distributed in and around Nagaur district through Public Health Engineering Department (PHED).



Physical Performance

Strategic Business Unit & Profit Centre- Rock Phosphate

Total rock handling at Jhamarkotra mines was 197.99 Lac MT as compared to 195.52 Lac MT of previous year, the contribution of departmental mining operations was 90.11 Lac MT wherein contractually the excavation of rock was 107.88 Lac MT which includes the exploratory mining operation and footwall dressing.

During the financial year 2007-08, production of high-grade ore (HGO) and low grade ore (LGO) was 8.03 Lac MT and 9.37 Lac MT respectively. The corresponding figures for the previous year were 7.11 Lac MT of HGO and 10.88 Lac MT of LGO.

During the financial year 2007-08, 7.76 Lac MT of LGO , containing average 15.09% P₂O₅ was milled and beneficiated to produce 3.01 Lac MT of beneficiated rock phosphate as against the beneficiation of 8.07 Lac MT of LGO of average 14.49 % to produce 3.05 Lac MT of beneficiated rock phosphate in the previous year.

Total sales during the year were 13.30 lac MT resulting in a revenue of Rs. 355.82 crores as compared to the previous year sale of 12.87 Lac MT yielding a revenue of Rs 335.62 crores.

During the previous year the company had made efforts to market 31.5% rock phosphate consisting of high iron which could neither be blended nor beneficiated and would otherwise have been stacked in the mines premises. Due to the efforts of the company, approximately 80,000 MT of this grade has been sold during this year to DAP manufacturers like GSFC, GNFC and M/s SOLARIS. Marketing of such high iron content rock phosphate has, apart from enhancing realisations of the company, also contributed to the mineral conservation.

Strategic Business Unit and Profit Centre - Gypsum

The production and sale of gypsum stood at 28.10 Lac MT and 28.77 Lac MT respectively in the current year as against 29.45 Lac MT and 28.51 lac MT in the year 2006-07. The increase in sale is despite the reduced demand of powdered gypsum from Uttar Pradesh Bhumi Sudhar Nigam. During the year state govt. granted 4 mining leases and one mining lease has also been renewed. On account of environmental clearance given by the Ministry of Environment and forests for 6

gypsum mines it is expected that the production capacity of the SBU will enhance considerably.

Strategic Business Unit and Profit Centre - Limestone

Limestone mines are located at Jaisalmer and Gotan and fluorspar mining operations are located at Bhinmal. The production from units at Jaisalmer and Gotan stood at 20.24 Lac tonnes as against 20.07 Lac in previous year. Similarly, sales of limestone gitti stood at 20.94 Lac tonnes as compared to 18.80 Lac tonnes during the previous year.

Due to the robust growth in the global demand for iron & steel industry, India is expected to become the second largest steel producer after China by 2015-16. The demand for steel will be much higher due to the industrial growth, infrastructure development and huge house-building activities in the country. Your company is all set to capitalise the boom as it is a producer of major raw material of the steel sector. As a part of expansion plan SAIL has already signed MOU with the company for supply of SMS grade limestone from Sanu Mines on long-term basis. The quantities of supply will increase from 2.1 million tonne to 4.4 million tonne from 2008-09 to 2017-18. SAIL has increased the quantity of procurement of undersized material by three times. The steel plants are also procuring undersized limestone for sintering.

Strategic Business Unit & Profit Centre-Lignite

Lignite of the state has to play a vital role in the power sector in future. The company has obtained various approvals/ clearances of various blocks and notifications for land acquisitions have been issued in the year under report.

Lignite activities witnessed significant success after setback of flood at Barmer and confined water problem at Nagaur during the year 2006.

The production and sale of lignite was increased to 6.06 Lac MT as compared to 4.67 Lac MT produced and sold during 2006-07 displaying a growth of 30%.

The 125 MW Power Plant set up by Rajasthan Vidyut Utpadan Nigam Ltd (RVUNL) based on Giral Lignite has commenced power generation and the company is supplying lignite to it. This has led to the increase in demand of lignite at Giral. However, production as well as sale was lower in Kasnau-Matasukh due to dewatering and other connected problems.

RAJASTHAN STATE MINES & MINERALS LIMITED

The Jalelo pit which is still under water, after creating all the required infrastructure like power connection from M/s. Jodhpur Vidyut Vitran Nigam Limited (JVNL) and purchasing of pumps & pipe lines and their installation, dewatering from old Jalelo pit started in the last week of May 2007 and is continuing since then. By now, almost 70% of the total available water has been pumped out. The working of new Jalelo pit would join the workings of old pit once dewatering is completed and the benches damaged due to flood are rectified.

Matasukh

The Kasnau-Matasukh Lignite Project, Nagaur unit, after closure of the mines from March, 2004 to October, 2005 are being worked in a cyclical manner by depressurizing the areas from where lignite is mined by pumping out certain amount of saline water from the pit through a battery of pumps and evacuating the same through a network of delivery pipes at surface point. In the last 3 cycles, around 3.5 lack tonnes of lignite has been mined by pumping nearly 6000 million litres of water by cumulative 273 days operation of pumps. During the course of operations of third cycle, production of 79730 MT lignite was achieved. However, part of the lignite, quantifying around 25000-30000 MT could not be extracted during this cycle due to the collapse of some part of the south side benches resulting in the suspension of mining operations. It is proposed to be recovered during next cycle of operations; likely to be started after finalizing the new tender for depressurization and rectifications of benches would be carried out as per the plan given by Central Mine Planning & Design Institute (CMPDI).

Projections for future

Looking to the market scenario and increased demand for captive supply of lignite to Giral Power Plant, the SBU & PC is gearing up its production through opening of new mining leases namely Sonari, Shivkar and Sachha Sauda in Barmer and Gurha (West) in Bikaner in a phased manner. It is expected that the company will raise its production capacity to 3.5 million tonne by the year 2010-11.

Non-Functional Units

As stated earlier the company has already initiated closure of economically non-viable units viz. Rajasthan Fluorspar Project (RFP) at Dungarpur, Mahi Graphite Project at Banswara. Their assets have already been auctioned. Mine closure plans for Fluorspar and Graphite Projects have also been submitted to IBM Nagpur, sanction of which is awaited.

Foreign Exchange: Earnings and Outgo

Since our country is a net importer of Rock Phosphate, the Rock Phosphate mined at Jhamarkotra during the year contributed to a saving of foreign exchange worth Rs. 271.26 Crores. The total foreign exchange outgo was of the order of Rs. 29.51 Lac towards stores and spares, travelling and other matters.

Research & Development, Technology Absorption and Conservation of Energy

In consonance with the company's policy of continuously upgrading itself several R&D projects are being undertaken by the company.

A research project to study salt and water movement in

Sales: The sales figures of the various products of the company are tabulated as under:

Product	2007-08		2006-07	
	Qty (Lac MT)	Value (Rs crore)	Qty (Lac MT)	Value (Rs crore)
Rock Phosphate (incl. LGO)	9.93	271.26	9.62	248.74
Beneficiated Rock phosphate (Dry)	2.58	75.85	2.82	81.75
Rajphos	0.79	8.72	0.43	5.13
Limestone	22.98	86.65	20.01	70.43
Gypsum & Selenite	28.77	82.41	28.51	71.96
Lignite	6.06	60.64	4.67	42.04
Power (Lac Unit)	418.26	15.60	284.89	10.54
Fluorspar	0.10	0.41	0.05	0.26



the evaporation pond and surrounding area at Matasukh Mines has been sponsored by RSMML through Soil Science Department, Maharana Pratap Agriculture University, Udaipur.

A Regional Hydrogeological Study has been sponsored by the company through Central Ground Water Board for evaluation of ground water resources around Kasnau-Matasukh Lignite Mines and for study of ground water potential in the long run. A grant of Rs 182.12 Lac has been sanctioned by Ministry of Coal, Government of India out of its Science and Technology Funds. National Institute of Hydrology, Roorkee which is a premier research and development institute under the Ministry of Water Resources, GOI has also been associated. Their association in the study is for incorporating advanced technical inputs particularly that of Isotope Finger-printing for study of ground water movement and its recharge.

The details of Conservation of Energy and Research & Development technology as required by Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure to the Directors' Report.

Corporate Social Responsibility (CSR) Report

HEALTH, SAFETY, SOCIAL WELFARE AND ENVIRONMENT

The company realises its responsibilities and perceives itself as a social being under the corporate veil. Following is a glimpse of the discharge of its social obligations.

Manpower

It has always been the policy of the company to provide an attractive workplace with a healthy and safe working environment which promotes the development of the business and its employees in an effective and long-term manner. Efforts have always been directed towards the health and wellbeing of all employees, the safety of each individual and the sustainability of the natural environment and society at large.

The manpower employed at the end of the financial year 2007-08 was 1915 as against 1979 employees last year. Despite the reduction in strength the output per employee has increased to Rs. 31.41 Lac per employee as against Rs. 26.83 Lac per employee in the previous

year.

The company has been laying emphasis on upgrading skills of its employees and keeping them abreast of latest developments and industry practices. It is committed to enhancing the professional expertise of all its employees. Towards this end, it relies on training innovations, whereby training needs are assessed and necessary inputs are provided to personnel at all levels.

Safety

Company assigns highest priority to the safety of its employees in mines and environment protection measures. Supervisors and managers are responsible for monitoring the use of all reasonable safeguards in the workplace including company procedures, safe work practices, and personal protective equipment. In pursuance of the safety policies of the company a Risk Management Plan was distributed to the responsible officers of each SBU. Risk Management has been included in the curriculum of various training programmes. The plan has also been included in the agenda of Pit Safety Committee Meetings. The efforts made by the company in this regard were also appreciated during the Safety & Environment Week organised by the different departments of Govt. of India and mines of SBU were accredited with different awards in different categories. Safety Committee meetings were held at SBUs and mines. Recently your Board has approved a comprehensive Occupational Health and Safety Policy applicable to all units. The Safety & Training Department is regularly providing training through updated means. During the year it provided training to 369 persons.

Social Obligations

The company has been constantly contributing to various institutions in discharge of its social responsibility.

During the year the following contributions were made through Chief Ministers' Relief Fund for procurement of equipment and/or creation of infrastructure activities at :

- M.B. Government Hospital, Udaipur Rs. 201.00 Lac
- Sardar Patel Medical College & Hospital, Bikaner Rs. 98.00 Lac

RAJASTHAN STATE MINES & MINERALS LIMITED

- District Hospital, Sojat City, Pali Rs. 75.00 Lac
- MDM Hospital, Jodhpur Rs 50.00 Lac
- Chandpole Satellite Hospital, Udaipur Rs 10.00 Lac

Besides this, the company has also contributed a sum of Rs 10.00 Lac for heart valve replacement of poor people.

Concern for Environment

The company's manufacturing focus has never been only on the equipments and machines and their productivity but also on the careful management of the environment. Being socially responsible the company considers the extent of fulfilment of economic, environmental and social responsibility as the yardstick for measuring its success.

- During the year, the company has taken significant steps in this regard and has invested in various environmental management measures including pollution control and waste minimisation.
- All the applicable environment related statutory laws and regulations have been complied with.
- The Reverse Osmoses (RO) plant based on process developed by CSMCRI has been installed at Kasnau-Matasukh lignite mines and is presently under operation. The water produced from this plant is supplied to schools of nearby villages for drinking purpose.
- Environmental protection measures undertaken include regular water sprinkling for dust suppression, wet drilling, dust extraction system, plantation on waste dumps and road side.
- Explosives have been used judiciously and the explosive charge per day is kept minimum to control blast vibration.

During the year, Ministry of Environment & Forest (MOEF) has accorded Environmental Clearances for various mines of gypsum, rock phosphate, lignite and limestone. Central Ground Water Authority, New Delhi has granted permission for extraction of ground water in the mining area for Jhamarkotra Mines.

At Giral mine, a project for improvement of soil degraded as a result of mining was sponsored through Central Arid Zone Research Institute (CAZRI) Jodhpur.

These studies include development of suitable soil improvement techniques and identification of suitable class of mine degraded areas so that these soils are rehabilitated during reclamation. The top soil generated during mining is utilized for reclamation of mined out area. The reclaimed area is being utilized for plantation of different species identified by CAZRI and by adoption of techniques recommended by them.

Industrial Relations

The industrial relations in all the units of the company remained cordial and peaceful throughout the year. Conflict resolution through mutual discussion has promoted understanding and trust between management and employees. Management received positive buttress from worker's union for future projects undertaken by it.

During the year verification of trade union membership at Rock phosphate Division was conducted peacefully under the supervision of Labour Department, GOI.

Awards

- The Company's Sanu Limestone Mines was selected for National Safety Award for the year 2006-07 for lowest accident frequency. This award was given by the President of India in Delhi.
- Jhamarkotra Integrated Rock Phosphate Project won excellence award in the field of Mines Environment & Mineral Conservation under the aegis of Indian Bureau of Mines, (Govt. of India) for the third consecutive year.
- Giral Mines was honoured with second prize in the field of Mines Plans & Records and Matasukh won First prize in the field of Electric Installations in XX Mines Safety Week organised by Mines Safety Association, Ajmer region.
- Gypsum Mines won prize for good reclamation of mined out land and Ballar Mines won prize for better safety measures during the Mines Safety Week 2007.

Dividend

The Board is pleased to recommend a dividend @20% of paid up share capital of the company for the financial year 2007-08.



Unclaimed dividend

Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividend for the year 1999-2000 has been transferred to Investor Education & Protection Fund (IEPF) established by the Government pursuant to Section 205C of the Companies Act, 1956 during the financial year 2007-08. Unclaimed dividend for the year 2000-01 will be transferred to IEPF later this year.

Disclosure under Section 217(2A) of the Companies Act, 1956

There was no employee of the company who received remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975.

Audit Committee

The company had constituted an Audit Committee in the year 2001. Presently three Directors are members of the Committee namely Shri Ashok Sampatram, Dr Ashok Singhvi, and Shri A.C. Wadhawan. The Committee addresses significant issues raised by the Internal Auditors and the Statutory Auditors.

The role, terms of reference and the authority and powers of the Committee are in conformity with the requirements under section 292A of the Companies Act, 1956.

Directors Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and proper explanation relating to material departures have been given wherever required.
- ii) The directors have selected such accounting policies and applied them consistently and made judgements 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 financial year and of the profit or loss of the company for that period.
- iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

- iv) That the directors have prepared the annual accounts on a going concerns basis.

Directors

Article 99(i) and 100 of the Articles of Association of the company empower the Governor of Rajasthan to appoint directors on the Board of the company. In exercise of the same, GOR has appointed Shri Alok Gupta as the Managing Director of the company in place of Shri Rajat Kumar Mishra.

Shri Rajiv Mehrishi has resigned from the post of Director of the company consequent to his transfer. Shri Subhash Chandra Garg, Principal Secretary, Finance has been appointed as an Additional Director who holds the office till the date of ensuing Annual General Meeting (AGM). The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Shri Subhash Chandra Garg as a director of the company liable to retire by rotation. Necessary resolution is being placed before the share holders for their approval.

Shri Ashok Samapatram retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. Necessary resolution is being placed before share holders for approval.

The Board recommends the resolution pertaining to re-appointment and appointment of Directors for approval of the members.

The Board places on record the valuable contribution made by Shri Rajiv Mehrishi and Shri Rajat Kumar Mishra in the growth of the company.

Auditors

Annual Accounts for the financial year 2007-08 were audited by M/s C.R. Mehta & Company, Chartered Accountants, Jaipur. They retire at the conclusion of this Annual General Meeting and being eligible for re-appointment, have expressed their willingness to be re-appointed as Statutory Auditors of the company. The company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

RAJASTHAN STATE MINES & MINERALS LIMITED

The Board recommend their re-appointment for the year 2008-09.

Your Directors request you to authorise the Board of Directors to fix the remuneration of the auditors as appointed by the Comptroller and Auditor General of India under Section 619 of the Companies Act, 1956.

Acknowledgment

The Directors gratefully acknowledge and express their gratitude to:

- Banks, Financial Institutions, Registrar of Companies, Government Departments, in particular Government of Rajasthan, other authorities for their substantive contribution, co-operation and continued assistance and for reposing their confidence and trust in the company.

- Contractors, vendors and consultants in the implementation of various projects of the company.
- Officers and employees at all levels for their creditable and impeccable services which has enabled the company to consistently maintain its position in the mining sector.
- Legal advisors and consultants for their valuable suggestions and guidance.
- Comptroller & Auditor General of India, the Statutory Auditors and the Internal Auditors for their constructive suggestions and guidance.

The company looks forward to their continued support and encouragement from time-to-time.

For and on Behalf of the Board

Place: Jaipur
Dated: 31.08.2008

D.C. Samant
Chairman



ANNEXURE TO THE DIRECTORS' REPORT

Particulars pursuant to the provisions of Companies (Disclosure of particulars in the Report of Directors) Rules, 1988.

A. Conservation of Energy

a) Energy Conservation Measures taken :

RSMML has already taken initiatives towards energy conservation. The company has exhibited tremendous concern for trimming its energy consumption so as to the least cost producer in the segments in which it operates.

- Installation of energy efficient High pressure Grinding Rolls in Grinding circuit in Industrial Beneficiation Plant.
- After successfully testing the bio-diesel, company has installed, commissioned and operated 1 TPD Jetropha seeds based bio-diesel pilot plant and using the 10 BD bio-diesel in LCV and some of HEMM. So far RSMML has produced about 47000 liters of bio diesel. The bio diesel project is being registered under CDM project.
- Energy audit has been carried out through Petroleum Conservation Research Association (PCRA). PCRA has submitted the report and suggested the energy conservation measures, which are being implemented.

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

- Investment proposal amounting to Rs. 30.00 lacs has been identified and being implemented for reduction of energy consumption.

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

- a. Reduction of energy consumption from 49 KWH to 32 KWH/MT of LGO feed and consequent impact on the cost of production of Beneficiated Rock Phosphate.
- b. Cost saving achieved due to low cost power from wind mills, Jaisalmer

B. Technology Absorption

Research and Development (R&D)

1. Specific areas in which R&D carried out by the company.
R&D efforts in the following areas strengthened the company's operation through technology absorption, adaptations & innovations.
 - a) Phosphate Rich Organic Manure (PROM) Technology –Standardization of PROM is under progress. Company has an ambitious plan to establish testing facilities in association with universities or Govt. department for testing of PROM or organic manure as organic manure is put under FCO by Government of India.
 - b) Converting the tailing rejects of Industrial Beneficiation Plan (IBP) to direct application fertilizer as source of Magnesium in acidic soils. The results of trails under taken by Horticulture Research Station, Ooty are encouraging for two years. The project has been sponsored for third year.
 - c) Mineral conservation by developing the use of waste

<p>12-14% P₂O₅ tailing into a product named Fused Ca-Mg phosphate (FCMP) by fusion process.</p> <p>d) Productivity studies of HEMM at Jhamarkotra Mines.</p> <p>e) Beneficiation of secondary rock-phosphate.</p> <p>f) Making the use of fine size limestone gitti produced at Jaisalmer.</p> <p>g) Utilization of saline water encountered while mining of lignite in Kasnau – Matasukh mines.</p> <p>h) Linking up the PROM technology with Biogas technology using lignite residues generated while handling the lignite. The work is being carried out at Maharana Pratap University of Agriculture & Technology, Udaipur.</p>	<p>technology absorption, adaptation and innovation.</p> <p>a) Company has installed, commissioned and operated 1 TPD bio-diesel pilot plant after successfully testing the use of bio-diesel.</p> <p>b) Company has developed the low cost organic fertilizer "PROM"</p> <p>c) Two patents have been filed by the Company jointly with Mohan Lal Sukhadia University, Udaipur under the title i) " process for making slow release phosphate fertiliser." ii) " An eco-friendly process for making EPSOM and Gypsum."</p>						
<p>2. Benefits derived as a result of the above R&D</p> <p>a) Strengthening of market share</p> <p>b) Converting waste into useful product</p> <p>c) Conservation of mineral.</p>	<p>2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.</p> <ul style="list-style-type: none"> ● Above efforts helped in satisfying the consumer needs as well as business requirements by introducing new products. Dissemination of PROM technology will bring down the import of phosphoric fertilizers. 						
<p>3. Future plan of action</p> <p>a) Energy efficient process</p> <p>b) Massive plantation of Jetropha plants in company's leased area for bio-diesel production</p> <p>c) Forms of customized products.</p>	<p>3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:</p> <p>a) Technology imported.</p> <p>b) Year of import</p> <p>c) Has technology been fully absorbed?</p> <p>d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.</p>						
<p>4. Expenditure on R&D</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">(i) Capital</td> <td style="text-align: right;">Nil</td> </tr> <tr> <td>(ii) Recurring</td> <td style="text-align: right;">Rs 22.82 Lac</td> </tr> <tr> <td>(iii) Total R&D Expenditure</td> <td style="text-align: right;">0.04 %</td> </tr> </table> <p style="padding-left: 40px;">as a percentage of total turnover</p>	(i) Capital	Nil	(ii) Recurring	Rs 22.82 Lac	(iii) Total R&D Expenditure	0.04 %	<p style="font-size: 2em;">}</p> <p>Not applicable</p>
(i) Capital	Nil						
(ii) Recurring	Rs 22.82 Lac						
(iii) Total R&D Expenditure	0.04 %						
<p>C. Technology absorption, adaptation and innovation</p>							
<p>1. Efforts, in brief, made towards</p>							



AUDITOR'S REPORT

To
The Members of
Rajasthan State Mines & Minerals Ltd.

We have audited the attached Balance Sheet of Rajasthan State Mines & Minerals Limited as at 31st March, 2008, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement (s). 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 the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state 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 accounts, as required by law, have been kept by the Company, so far as it appears from our examination of such books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement are in compliance with the mandatory Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - (e) In accordance with the notification dated 21st October, 2003 issued by the Ministry of Finance – Department of Company Affairs the provisions of section 274 (1) (g) of the Companies Act, 1956 regarding disqualification of directors are not applicable to Rajasthan State Mines & Minerals Ltd. being a Government Company.
 - (f) We also report that:
 - (i) **Following unit of the Company is not in operation for a long period. The value of net block of fixed assets of such unit is as detailed below:**

S. No.	Name of the Unit	Written down Value of Fixed Assets (Rs. in lacs)
1.	Deri	4.97
	Total	4.97

The Company has not ascertained recoverable amount of above stated assets and, therefore, impairment loss, if any, in terms of Accounting Standards 28 - "Impairment of Assets", remains unascertained and unprovided for .

- (ii) Advances to Directorate of Mines & Geology (DMG) are subject to confirmation and reconciliation. In our opinion, a sum of Rs. 17.10 Lacs included in the above is doubtful of recovery or against which no future benefit is expected and therefore the same should be provided for.
- (iii) Value of stock of mineral is overstated by Rs. 7.98 Lacs as detailed below:

S.No	Particulars	Amount (Rs. in lacs)
1.	Blended Rock Phosphate with others	7.98
	Total	7.98

- (iv) Building acquired from DMG during the year 1990-91 and 1992-93 are yet to be registered in favour of the Company as mentioned in Note No. 2(a) of Part B of Schedule 'G'.
- (v) The mutation of ownership of mining land has already been completed in respect of Lignite project at Nagaur as mentioned in the Note No. 2(b) of part B of Schedule 'G' and ownership documentation of mining land at and around Jhamarkotra mines has not yet been completed as mentioned in the Note no.2(c) of part B of Schedule 'G'.
- (vi) The Company has not provided for incremental liability, if any, of pay and allowances of employees on the basis of recommendation of Fifth Pay Commission in respect of employees who have opted for the Voluntary Retirement Scheme.
- (vii) The State Govt. has imposed Land Tax vide Rajasthan Finance Act 2006, on the Land Holders w.e.f. 1-4-2006 on such rate as notified by notification issued from time to time in this regard. In the Audit of the F/Y ended 31/03/2007 there was a qualification of the Auditors that the amount of Land Tax 31,17,52,346/- is being payable only after the receipts of the notices of demand from the various assessing authorities as against the liability booked by the company on the accrual basis and also paid to the Govt. of Rajasthan against Land Tax a sum of Rs. 50 crores. During the year under consideration several demand notices received from the assessing authorities for the Financial Year 2006-07 and 2007-08 by various SBU & PC of the company and accordingly the total amount paid/ debited in Land Tax was shown/ provided in the books of accounts. In some cases the company has not received the notices but liability has been provided on accrual basis. Against the order of assessing authority the company has gone into appeal in numbers of cases before the Appellate Authority and disputed the liability of Land Tax amounting to Rs. 14,97,27,404/- where as the additional liability created by the assessing authorities was also debited in the Land Tax where as the disputed



liability is not firm to that extent, it is the Contingent Liability of the Company. In view of these facts the amount of Rs. 68,88,820/- of which demand notice has not been received is not payable. Further against the Liability of 2006-07 the company has debited the Land Tax A/c by Rs. 7,87,99,484/- (Net) in the year 2007-08 and not debited the Prior Period Adjustments for the year under consideration, and Net Profit has been understated to the extent of Rs. 23,54,15,708/-. The matter is pending before Hon'ble Supreme Court of India in appeal by the Federation of Mines Owners Association of which the company is also one of the member as informed by the company, as mentioned in the Note No.10 of Part B of Schedule 'G'.

- (viii) The Development Charges on Gypsum and Limestone of Rs. 21,30,60,224/- was refunded back to the company in the Financial Year 2006-07 as the levy of development charges was withdrawn since 1/04/2006 the said Development Levy of Rs. 21,30,60,224/- was reimbursed from the buyers while raising the bills/invoices showing as Development Charges. There was a qualification in the Auditor's Report that the company has not made any provision for refund to the buyer, as the same has not been ascertained. The company while replying to the auditor's qualification in the addendum to the Director's Report said that in case any liability arises in subsequently years on this account to the company, the same would be accounted for in that year. The company has received certain claims from the buyer as informed by the company amounting to Rs. 2,17,18,370/- but the liability has not provided for during the year under consideration and as such the profit has been overstated and current liabilities are understated to that extent.
- (ix) In the Board Meeting held on 8-7-2004 the original agreement between RSMML and National Construction Company was modified. The terms and conditions regarding reconciliation of additional excavation instead of at the 7th year, it was decided to do reconciliation of overburden on annual basis. Resulting the company was required to make provisions in the 5th year amounting to Rs. 1,93,30,234/-, which the company has not provided in the books of accounts and therefore the Net Profit to the extent of Rs. 1,93,30,234/- was overstated and Current Liabilities are understated. The effect of earlier 4 years of reconciliation of additional excavation has also not been provided in the books amounting to Rs. 13.93 crores approximately and to this extent the expenses of previous year has not been shown and Profit has been overstated and Current Liabilities has been understated.
- (x) The company was awarded several contracts for hiring of HEMM and other related work on which the Income Tax was to be deducted at source as per section 194 C of the Income Tax Act up to 12-7-2006. After 12-7-2006 the Income Tax on Hiring of HEMM and other related works, was to be deducted at source u/s 194 I. The company has not deducted the TDS u/s 194 I and as per the Income Tax Act, if TDS has not been deducted as per Income Tax Act & Rules, the expenses can be disallowed for which no provision of Income Tax has been made while finalizing the Balance Sheet, as the amount is unascertainable.

- (xi) The company has not provided liability of Sales Tax Demand of Rs. 209391/- for the Assessment year 2004-05 hence the profit for the year has been overstated by Rs. 209391/- and Current Liabilities and Provisions has been understated to this extent.
- (xii) The M.R.Cess has been imposed by the Government of Rajasthan w.e.f. 25.02.08 on dispatches of certain minerals and has been credited Rs. 35,24,452/- in the Sales of the company and the amount of Rs. 58,08,272/- against the M.R.Cess was due for payment to the Government of Rajasthan has been shown in Mining Expenditure whereas the M.R.Cess is neither the part of the sales nor the amount due to the Government of Rajasthan is an expenditure of the company. Thus the Sales of Rs. 35,24,452/- has been overstated and Expenditure of M.R. Cess has been overstated to the extent of Rs. 58,08,272/- in the profit and loss account.
- (g) We further report that, without considering sub para nos.(i), (iv), (v) and (vi), (x) of para (f) above where effect could not be ascertained, had the observations made by us in sub para nos. (ii), (iii), (vii),(viii),(ix)and (xi) of para (f) above, been considered Reserves & Surplus would have Rs. 48883.17 lacs (as against Rs. 49147.67 lacs as reported by the Company), Loans & Advances would have been Rs. 5674.52 lacs (as against Rs. 5780.65 lacs reported by the Company), Inventories would have been Rs. 3822.34 lacs (as against Rs. 3830.32 lacs reported by the Company) Current Liabilities would have been Rs. 18905.46 lacs (as against Rs. 18755.07 lacs reported by the Company).
- (h) Subject to our comments in paragraph (f) and (g) above, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement read together with the Accounting Policies and other notes 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 so far as it relates to the Balance Sheet , of the state of affairs of Company as at 31st March, 2008 ;
- (ii) in so far as it relates to the Profit & Loss Account , of the profit of the Company for the year ended on that date ; and
- (iii) in so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For C.R. Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner
Membership No. 10988

Place: Jaipur
Dated: 25.08.2008



ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

- i.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, it was observed that at some of the smaller units, full particulars were not maintained and records were not updated.
 - (b) All the fixed assets have been physically verified by the management during the year. There is a phased programme of physical verification of fixed assets by the Management which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
 - (c) Some of the fixed assets have been sold during the year, which do not amount to disposing off substantial part of the fixed assets of the Company.
- ii.
 - (a) The management has conducted physical verification of inventory at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and discrepancies noted on physical verification between the physical stocks and the books records were not material in relation to the operations of the Company and have been properly dealt with in the books of accounts.
- iii. We are informed that the Company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses iii(b), iii(c) and iii(d) of paragraph 4 of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination and according to the information and explanation given to us, we have neither come across nor we have been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedure.
- v. Based on the audit procedure applied by us and according to the information and explanation provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 and the same has been complied with. Accordingly, Clause 4(v)(b) of the order is not applicable to the company.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business. However, the system of Internal Audit needs to be strengthened in terms of its scope, timely completion and prompt remedial action.
- viii. The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the mineral products of the Company. However, maintenance of cost records has been prescribed for generation of electricity from Wind Power and Diesel Generating Set. We have broadly reviewed the accounts and records maintained by the Company in respect of generation of electricity from Wind Power and Diesel Generating Set. We are of the opinion that prima facie the prescribed accounts and

RAJASTHAN STATE MINES & MINERALS LIMITED

records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

- ix. (a) According to the information and explanation given to us and according to the books and records as produced and examined by us, the undisputed statutory dues in respect of the provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, royalty, development charges and cess, to the extent applicable and required, have been regularly deposited by the Company during the year with the appropriate authorities except the following which are outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable:

Nature of dues	Amount (Rs. in lacs)
Royalty payable to DMG (Jaisalmer)	18.84
Royalty payable to DMG (Gypsum)	71.01
Development Charges payable to DMG (Gypsum)	82.97
Contribution to Provident Fund	1.16
Development Charges payable to DMG (Jaisalmer)	9.50
Rajasthan Sales Tax (Waiver Application is Pending before Commissioner for the year 2003-04)	2.81
Entry Tax Liability payable to Commercial Taxes Department for (Rock Phosphate)	9.52
Entry Tax Liability payable to Commercial Taxes Department for (Corporate Office)	0.07
Entry Tax Liability payable to Commercial Taxes Department for (Limestone)	65.68
Royalty payable to DMG	148.48
Premium Charges payable to DMG (Gypsum)	170.24
Total	580.28

However, the Company has not reconciled its accounts with the erstwhile RSMDC CPF trust since long. Outstanding amount, if any, in this regard, is not ascertainable due to lack of information and details.

- (b) As at 31st March, 2008 according to the records of the Company, the following are the particulars of disputed dues on account of sales tax, income tax, customs duty, wealth tax, excise duty, royalty, development charges and cess that have not been deposited (net of refund adjustments):

S. No.	Name of Statute	Amount (Rs. in lacs)	Forum where dispute is pending
1.	MP Sales Tax	6.22	Commissioner of Sales Tax
2.	Rajasthan Sales Tax	24.44	Deputy Commissioner Appeals, Udaipur
	Grand Total	30.66	

- x. The Company has neither accumulated losses as at 31st March, 2008 nor it has incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institution, bank or to debenture holders during the year.



- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to Chit Fund and Nidhi/Mutual Benefit Fund/Securities as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
- xv. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi. During the year the Company did not obtained any term loan.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment and no long-term funds have been used to finance short-term assets.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix. The Company has not issued any debentures during the year. Proper securities have been created in respect of debentures issued in earlier years.
- xx. The Company has not raised any money by public issue during the year.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For C.R. Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner
Membership No. 10988

Place: Jaipur
Dated: 25.08.2008

To
The Members of
Rajasthan State Mines & Minerals Ltd.
Registered Office : C-89, Lal Kothi,
Jaipur

**CORRIGENDUM TO THE AUDIT REPORT DATED 25/08/2008
FOR THE YEAR ENDED 31/03/2008**

While framing the audit report, due to clerical error, it was reported in the point no 2(g)the Audit Repot dated 25/08/2008 that "Current Liabilities would have been Rs 18905.46 lacs (as against Rs. 18755.07 lacs reported by the Company)". The same should be read as "Current Liabilities would have been Rs 20720.09 lacs (as against Rs. 20569.70 lacs reported by the Company)".

For C.R. Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner
Membership No. 10988

Place: Jaipur
Dated: 26.08.2008



ADDENDUM TO THE DIRECTORS' REPORT

(Under Section 217 of the Companies Act, 1956)

Clarifications on the remarks contained in the Auditors' Report are as under:

- f)(i),(iii)&(iv) A Committee has been constituted to examine and determine the realisable value of the assets. The report is under consideration. The Company has also already initiated action for registration of DMG buildings. The company is also taking necessary steps for recovery/provisioning for value of blended rock phosphate stock.
- f(ii) Due provision would be made after proper scrutiny of the account.
- f(v) As mentioned in the Note No. 2.b of Part B of Schedule 'G', annexed to the annual accounts, the cost of land was deposited with the office of Collector, Nagaur for disbursement to the land owners. The land is in the possession of the Company.
- As mentioned in the Note No. 2.c of Part B of Schedule 'G' annexed to the annual accounts, few land owners have taken the cheques of compensation and cheques for the balance amount are yet to be distributed. In fact cheques for land compensation were handed over to the Land Acquisition authorities, but the land owners have not taken the cheques. The mutation is under progress.
- The accounting treatment has been given in accordance with the accepted accounting practices being followed in such cases.
- f(vi) Payment/provision would be made on the basis of outcome of legal proceedings/settlement, as done in earlier years.
- f(vii) The company is maintaining its accounts on mercantile basis and all the expenses accrued during the year, whether paid or not, has to be accounted for. The State Government has imposed land tax w.e.f 1.4.2006. The company has received demand notices from various assessing authorities for the land tax for lands of all the SBU&PCs except for the lands of Banswara & Dungarpur units and also where the windmills are installed. The company has provided for liability for the land tax in case demand notices received on that basis and as per company's own assessment where the demand notices were not received, following the accrual and the conservative concept of accounting. The company has to account for the tax liability for land tax, irrespective of the fact whether it receives notices from the Assessing authorities or not. Further due to mere pendency of petition of Federation of Mine Owners Association of Rajasthan with the Hon'ble Supreme Court of India, the company can not assume to be absolved from the liability of land tax.
- Further the short liability for the previous year has been made good in this year on the basis of demand notices received from the assessing authorities hence the same have been treated as expenditure of this year.
- f(viii) The company has received demands from few of its customers, but the same has not been accepted by the company. While replying to the auditors qualification on the accounts of the company for FY 2006-07 it was replied that in case any liability arises in subsequent years the same would be accounted for in that year. Since in the opinion of the company the development charges are not refundable, the company has not accepted the demand and hence no liability on this account has

arisen which is to be provided for. However, the company has shown the amount demanded as contingent liability .

- f(ix) It was decided to modify the methodology of payment of money on excavation of additional quantity of overburden over & above 10% of originally estimated excavation. The modification was done with a view to provide some relief to the contractor as the production of Lignite and sale was severely hampered by inrush of water as the quantity of lignite produced was less than originally envisaged quantity. The contractor had to excavate higher quantity overburden having additional financial burden on him, accordingly company has modified the payment arrangement of the contractor. The contractor was allowed advance payment on additional quantity of excavation to ease out the financial constraint. The advance amount so paid is to be adjusted against remuneration of the following years.

Thus, the company has rightly accounted for the money paid to the contractor as an advance.

- f(x) The payment is contractual in nature for carrying out the mining and other related activities which is covered under the provisions of section 194C of the income tax Act. The payment to the contractor is not made by way of rent for machinery, which is covered under section 194 I of Income tax Act.

The company has also obtained the opinion of the tax consultant who is also in conformity with the company's views. Thus ITDS deducted u/s 194C on the said payments is as per the provisions of the Act.

- f(xi) The Sales Tax Department is to issue final order after giving effect for some adjustments. On receipt of such adjustments the company propose to file a petition for waiver of the interest. The company has however treated the amount as the Contingent liability.

- f(xii) The Government of Rajasthan vide notification dated 25.02.2008 has imposed environment and health cess on mineral rights at prescribed rates on dispatch of Rock Phosphate, Gypsum and cement grade Limestone. The amount of cess is being recovered from the customers on the material sold to them whereas the payment of cess to the Government is to be made on the basis of material dispatched from the Mines. Since the nature of cess and that of royalty is similar, the company has given the same accounting treatment for the cess as is being given for royalty since inception.

Annexure to the Auditors' Report

- i (a) The Fixed Assets records are being maintained properly. However, efforts will be made to maintain/update these records at smaller units.
- ix (a) Reconciliation with the CPF Trust of erstwhile RSMDC is under progress and necessary accounting treatment would be given after the finalisation of the same.

For and on Behalf of the Board

Place: Jaipur
Dated: 31.08.2008

D.C. Samant
Chairman



BALANCE SHEET AS AT 31st MARCH, 2008

	Schedule	As at 31st March, 2008		As at 31st March, 2007	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	'A'	77,55,15,000		77,55,15,000	
Reserves & Surplus	'B'	<u>491,47,67,237</u>	569,02,82,237	<u>387,22,37,968</u>	464,77,52,968
LOAN FUNDS					
Secured Loans	'C'	12,38,09,400		18,57,14,200	
Unsecured Loans		<u>8,12,50,000</u>	20,50,59,400	<u>9,74,49,500</u>	28,31,63,700
DEFERRED TAX LIABILITY			56,74,17,320		33,85,71,553
			<u>646,27,58,957</u>		<u>526,94,88,221</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block (At cost)	'D'	663,59,66,300		543,68,81,983	
Less: Depreciation & Amortisation		<u>331,01,05,461</u>		<u>294,42,56,067</u>	
Net Block		332,58,60,839		249,26,25,916	
Add : Capital Work in Progress		1,11,03,067		22,70,859	
Add : Obsolete Machinery		45,65,297		57,67,625	
Add : Machinery in Stores/Site		<u>1,19,90,040</u>	335,35,19,243	<u>82,23,468</u>	250,88,87,868
INVESTMENTS	'E'		1,00,005		3,55,004
Current Assets, Loans & Advances	'F-1'				
A. Inventories		38,30,32,467		43,68,52,004	
B. Sundry Debtors		65,93,03,565		52,49,68,698	
C. Cash & Bank balances		220,19,47,279		179,83,89,466	
D. Other Current Assets		123,04,28,131		84,18,24,756	
E. Loans & Advances		<u>57,80,65,652</u>		<u>68,29,66,871</u>	
		<u>505,27,77,094</u>		<u>428,50,01,795</u>	
Less: Current Liabilities & Provisions	'F-2'				
A. Current Liabilities		126,84,44,202		111,39,73,166	
B. Provisions		<u>78,85,26,304</u>		<u>52,21,94,755</u>	
		<u>205,69,70,506</u>		<u>163,61,67,921</u>	
NET CURRENT ASSETS			299,58,06,588		264,88,33,874
MISCELLANEOUS EXPENDITURE					
(To the extent not written off/Adjusted)					
Deferred Revenue Expenditure	'L'		11,33,33,121		11,14,11,475
Accounting Policies & Notes on Accounts	'G'				
			<u>646,27,58,957</u>		<u>526,94,88,221</u>

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Schedule	2007-08 Rs.	2006-07 Rs.
INCOME			
Operational Revenue	'H'	601,53,99,603	530,88,19,416
Increase/Decrease in Stock	'H 1'	-6,95,67,682	4,58,14,129
Other Revenue	'I'	41,82,89,976	34,55,47,531
Total Income		<u>636,41,21,897</u>	<u>570,01,81,076</u>
EXPENDITURE			
Purchase of Ore		1,50,27,410	1,58,39,977
Mining & Other Operating Expenses	'J'	370,56,08,765	341,93,87,633
Establishment & Financial Expenses	'J'	32,99,29,906	35,03,29,513
Provision for Doubtful Debts		15,83,284	-
Provision for Doubtful Loans & Advances		6,07,126	4,14,009
Investments written off		-	1
Capital Work in Progress written off		-	1,23,046
Obsolete and Other Fixed Assets written off		55,594	12,82,741
Impaired/Obsolescence loss on Machinery		18,46,200	40,65,058
Obsolescence loss on Spares		90,98,777	15,02,511
Loss on sale/transfer of Obsolete and Other Fixed Assets		5,889	2,89,776
Loss on Sale of Spares		-	2,86,024
Total Expenditure		<u>406,37,62,951</u>	<u>379,35,20,289</u>
Profit Before Depreciation, Prior Period Adjustments & Tax		230,03,58,946	190,66,60,787
Less: Depreciation & Amortization		43,38,88,934	34,51,15,247
Prior Period Adjustments (Net)	'K'	10,43,578	-4,40,388
Profit Before Tax		186,75,13,590	156,11,05,152
Less : Provision for Taxation			
Current Tax (Including interest Rs 1.92 Lac) (Prev Yr Rs. 28.40 Lac)		40,82,50,000	37,18,70,000
Tax of earlier years		1,38,247	-28,46,733
Fringe Benefit Tax		67,00,000	74,59,272
Deferred Tax		22,86,18,902	16,05,72,106
Net Profit After Tax		122,38,06,441	102,40,50,507
Add: Balance brought forward from previous year		70,42,259	79,91,752
Amount Available for Appropriation		123,08,48,700	103,20,42,259
APPROPRIATIONS :			
Proposed Dividend		15,51,03,000	-
Tax on proposed Dividend		2,63,59,755	-
General Reserve		104,00,00,000	102,50,00,000
Balance Carried to Balance sheet		93,85,945	70,42,259
Basic and Diluted Earning Per Share (Face Value Rs. 10/- Each)		15.78	13.20
Weighted Average Number of Equity Shares		77551500	77551500
Accounting Policies & Notes on Accounts	'G'		

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

 Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board
Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

 Place : Jaipur
Date : 23.08.2008



SCHEDULE 'A'
SHARE CAPITAL

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
AUTHORISED		
8,00,00,000 Equity shares of Rs. 10/- each (Previous Year 8,00,00,000 equity shares of Rs. 10/- each)	<u>80,00,00,000</u>	<u>80,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
7,75,51,500 Equity Shares of Rs. 10/- each fully paid-up (Previous year, 7,75,51,500 Equity shares of Rs. 10/- each fully paid-up)	77,55,15,000	77,55,15,000
of the above		
I 19,09,371 Equity shares issued as fully paid-up for consideration other than cash.		
II 1,00,000 Equity Shares issued as fully paid-up Bonus Shares on Capitalisation of Reserve.		
III 57,15,500 Equity shares issued as fully paid-up to Shareholders of erstwhile RSMDC Ltd in pursuance of amalgamation with the company.		
	<u>77,55,15,000</u>	<u>77,55,15,000</u>

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

SCHEDULE 'B'
RESERVES & SURPLUS

	As at 31.03.2008	As at 31.03.2007	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
Capital Reserve	10,86,48,492	10,83,93,492		
Add/Less : Shares of M/s BLMC received for consideration other than cash	-2,54,999	2,55,000	10,83,93,493	10,86,48,492
Debenture Redemption Reserve	15,00,00,000	16,25,00,000		
Less: Transferred to General Reserve	2,61,90,600	1,25,00,000	12,38,09,400	15,00,00,000
General Reserve				
As per last Balance Sheet	360,65,47,217	256,90,47,217		
Add Transferred from Debenture Redemption Reserve	2,61,90,600	1,25,00,000		
Add Transferred in compliance of AS 15	4,40,582	-		
Add Transferred from Profit & Loss Account	104,00,00,000	102,50,00,000	467,31,78,399	360,65,47,217
Profit & Loss Account			93,85,945	70,42,259
			491,47,67,237	387,22,37,968

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008



SCHEDULE 'C'
LOAN FUNDS

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
SECURED LOANS		
Debentures		
a) 200 Nos. (11 %) Non Convertible Debentures (Series AA-I) of Rs 10.00 Lac each Fully Paid up (Redeemable at par by proportional reduction in face value in six equal annual installments from 1 st September, 2004)	6,66,66,400	9,99,99,800
b) 200 Nos. (10.50 %) Non Convertible Debentures (Series AA-II) of Rs 10.00 Lac each Fully Paid up (Redeemable at par by proportional reduction in face value in seven equal annual installments from 17 th December, 2003)	5,71,43,000	8,57,14,400
i) Debentures referred in (a) above are privately placed with Banks & FI's and are secured by Mortgage/Charge in favour of Trustees on lease hold rights of the plot of land situated at Barabagh, Jaisalmer, the Wind electric Generator installed therein, the movable parts of the Wind Electric Generator with all accessories installed thereon, one 85 Tonne dumper and one bulldozer of the company.		
ii) Debentures referred in (b) above are privately placed with Banks & FI's and are secured by Mortgage/Charges in favour of trustees on lease hold rights of the plot of land situated at village Barabagh, Jaisalmer, Wind electric generator installed therein, movable parts of the wind electric generator with all accessories installed thereon and 181 BOXN Wagons as per RDSO specification WD-09-BOXN-94 of the company.	-	
	12,38,09,400	18,57,14,200

**SCHEDULE 'C' (Contd.)
LOAN FUNDS**

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
UNSECURED LOANS		
Long Term		
Deferred Payment Credit	8,12,50,000 <u>8,12,50,000</u>	9,74,49,500 <u>9,74,49,500</u>
	<u>20,50,59,400</u>	<u>28,31,63,700</u>

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

SCHEDULE 'D'
FIXED ASSETS

PARTICULARS	Total Cost as at 1.4.2007		GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Rs.	As at 1.4.2007	Additions 2007-08	Deductions/ Adjustments	Total Cost as at 31.3.2008	Up To 31.3.2007	for the year 2007-08	Deductions/ Adjustments	Up to 31.03.2008	As at 31.03.2008	As at 31.03.2007
Mining Land	206599338	0	0	0	206599338	40286390	9299632	0	49586022	157013316	165120600
Free Hold	20362301	0	0	0	20362301	0	0	0	0	20362301	21554649
Lease Hold	50137261	6787326	0	56924587	5609097	5609097	802482	0	6411579	50513008	44528164
Buildings	275798169	5251701	563273	280486597	138990383	138990383	9051125	372141	147669367	132817230	136807786
Railway Rakes- Leased to Railways	247886511	0	0	247886511	197076723	7023987	7067641	0	204144364	43742147	50809788
Railway Sidings	8454151	0	0	8454151	0	198937	0	0	7222924	1231227	1430164
Plant & Machinery	2123456105	68091470	55409657	2136137918	1543578734	142491594	53667307	1632403021	503734897	579844837	579844837
Power Plant	124373039	0	0	124373039	103519508	2900726	0	106420234	17952805	20853531	20853531
Wind Power Plant	1708184334	1164468000	0	2872652334	413561644	234848205	259439	648150410	2224501924	1294622684	1294622684
Furniture & Fittings	16764826	1684166	34023	18414969	14565691	1239509	32299	15772901	2642068	2199137	2199137
Vehicles	35463949	4378387	2894401	36947935	23928149	3872715	2817608	24983256	11964679	11535800	11535800
Water Supply Plant & Pipeline	140718820	8157509	1446423	147429906	118371496	3455463	1146395	120680564	26749342	22379858	22379858
Dam	54642501	0	0	54642501	48651078	833407	0	49484485	5158016	5991423	5991423
Office & Other Equipment	63031897	5960381	10470059	58522219	48404682	4139126	10360636	42183172	16339047	14596965	14596965
Electrical Equipment & Inst.	200606934	5492275	369062	205730147	147950574	9139154	308738	156780990	48949157	52686614	52686614
Road	113076208	0	0	113076208	52448017	3025809	0	55473826	57602382	60628191	60628191
Tailing Dam	47325639	0	0	47325639	40289914	2448432	0	42738346	4587293	7035725	7035725
Total	5436881983	1270271215	71186898	6635966300	2944256067	434813957	68964563	3310105461	3325860839	2492625916	2492625916
Previous Year	4699651951	893974343	156744311	543,68,81,983	2737946135	346337124	140047192	2944256067	2492625916	11103067	2270859
										4565297	5767625
										11990040	8223468
										276,58,404	162,61,952

- Capital Work in progress
- Obsolete Machinery
- Machinery in stores/at site

Note : 1. Free hold land includes Rs. 62,16,030/- located at Bhatt ji ki Bari, Udaipur given on conditional Lease of Rs 1/- p.a. to American International Health Management Ltd.(AIHML) for 99 Years.
2. Electric installation includes Rs. 94,12,050/- (Gross) being 33 KVA power line at Nagaur which is not owned by the company.
3. Depreciation for the year includes Rs 925023/ (Prev. Year Rs 1099588/-) in respect of earlier years.

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

C.R. Mehta
Partner

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 25.08.2008

Place : Jaipur
Date : 23.08.2008



SCHEDULE 'E'
INVESTMENTS

	As at 31.03.2008	As at 31.03.2007	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
A SUBSIDIARY COMPANIES (Unquoted)				
1,02,00,000 Equity Shares in Barmer Lignite Mining Company Limited of Rs 10/- each fully paid-up (Previous Year 25,500 Equity Shares)			1	2,55,000
B JOINT SECTOR/ASSISTED SECTOR				
a. Unquoted				
(i) 9,000 Equity Shares in Rajesh Mineral Inds. Ltd. of Rs 100/- Each Fully Paid up (Previous year 9,000 shares)	9,00,000	9,00,000		
Less :Diminution in value	<u>8,99,999</u>	<u>8,99,999</u>	1	1
(ii) 10,000 Equity Shares in Mayur Inorganics Ltd. of Rs. 10/- Each Fully Paid-up (Previous year 10,000 shares)	<u>1,00,000</u>	<u>1,00,000</u>	1,00,000	1,00,000
(iii) 15000 Equity Shares in Tedco Granite Limited of Rs 100/- Each Fully Paid up (Previous year 15,000 shares)	15,00,000	15,00,000		
Less :Diminution in value	<u>14,99,999</u>	<u>14,99,999</u>	1	1
b. Quoted				
(a) Under buy back arrangement				
(i) 1,43,000 Equity Shares In Mewar Marbles Ltd. of Rs 10/- Each Fully Paid-up. Last quoted at Rs. 7/- Per Share at Bombay Stock Exchange (BSE) in 1996-97(Previous year 1,43,000 shares)	14,30,000	14,30,000		
Less :Diminution in value	<u>14,29,999</u>	<u>14,29,999</u>	1	1



SCHEDULE 'E' (Contd.)
INVESTMENTS

	As at 31.03.2008	As at 31.03.2007	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
(ii) 3,00,000 Equity Shares in Nihon Nirman Ltd of Rs 10/- Each Fully Paid-up last quoted at Rs. 2/- per share at Kolkata Stock Exchange in Aug.1997 (Previous year 3,00,000 shares) Less :Diminution in value	30,00,000 <u>29,99,999</u>	30,00,000 <u>29,99,999</u>	 1	 1
(b) Others 1,72,500 Equity Shares In Nihon Nirman Ltd of Rs 10/- Each Fully Paid-up last quoted at Rs.2/-per share at Kolkata Stock Exchange in Aug.1997 (Previous year 1,72,500 shares) Less :Diminution in value	 17,25,000 <u>17,25,000</u>	 17,25,000 <u>17,25,000</u>	 - <u>1,00,005</u>	 - <u>3,55,004</u>

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

SCHEDULE 'F-1'
CURRENT ASSETS, LOANS & ADVANCES

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
A INVENTORIES (AS TAKEN & CERTIFIED BY THE MANAGEMENT AND VALUED AS MENTIONED IN ACCOUNTING POLICIES)		
Stores & Spare Parts (Including in transit Rs 10.62 Lac) (Previous year Rs. 64.03 Lac)	16,57,53,813	15,00,05,668
Rock Phosphate	13,77,19,065	14,82,35,664
Beneficiated Rock Phosphate	2,96,29,005	4,31,55,554
Rajphos	23,58,113	73,38,496
Gypsum	183,00,382	396,71,718
Lime Stone	2,45,04,534	4,34,32,783
Graphite	-	97,143
Granite	47,31,964	47,79,813
Bio Diesel and By Products	34,771	134,345
Green Marble	820	820
	<u>38,30,32,467</u>	<u>43,68,52,004</u>
B SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months :		
i Considered good	21,16,126	67,26,819
ii Considered doubtful	9,07,46,014	8,91,62,730
Other debts considered good	65,71,87,439	51,82,41,879
	<u>75,00,49,579</u>	<u>61,41,31,428</u>
Less: Provision for doubtful debts	9,07,46,014	8,91,62,730
	<u>65,93,03,565</u>	<u>52,49,68,698</u>
C CASH & BANK BALANCES		
Cash in hand	5,98,810	3,10,314
Cheques in hand	-	290,91,975
Remittances in Transit	4,60,00,000	5,00,000
Balances with Treasury in P. D. Account	160,97,30,259	99,79,46,444
Balances with Scheduled Banks		
i In Current Accounts(Including FFD) (Including Rs 59.46 Lac freezed by the Bank as per order of the Court) (Prev Year 47.88 Lac)	29,89,78,702	33,54,43,931
ii In Fixed Deposit Receipts (Including Rs 175.55 Lac Pledged with Bank as Margin money) (Prev. Yr Rs 272.27 Lac)	24,66,39,508	43,50,96,802
	<u>220,19,47,279</u>	<u>179,83,89,466</u>



SCHEDULE 'F-1' (Contd.)
CURRENT ASSETS, LOANS & ADVANCES

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
D OTHER CURRENT ASSETS		
Security Deposits	4,92,25,435	3,97,00,550
Income-Tax Deposits including FBT (Including Rs 6105.54 Lac under appeal) (Prev. Year Rs.3197.91 Lac)	112,87,38,785	78,72,64,543
Interest accrued on FDRs/NSCs	47,09,011	81,87,616
Non Judicial Stamps in hand	13,26,873	13,26,873
Certified Emission Reduction Credit Receivable	416,89,979	-
Claims Recoverable (Including Duty Drawback Receivables)		
Considered good	47,38,048	53,45,174
Considered doubtful	<u>11,10,892</u>	<u>5,03,766</u>
	58,48,940	58,48,940
Less : Provision for Doubtful Claims	<u>11,10,892</u>	<u>5,03,766</u>
	47,38,048	53,45,174
	123,04,28,131	84,18,24,756
E LOANS & ADVANCES		
Advance and other amount recoverable in cash or in kind or for value to be received (Including Rs 33.91 Lac towards Capital expenditure) (Prev. Year Rs. 111.20 Lac)		
UNSECURED		
To Others		
Considered good	39,63,98,891	50,84,51,332
Considered doubtful	<u>47,03,842</u>	<u>47,03,842</u>
	40,11,02,733	51,31,55,174
Less : Provision for Doubtful Loans & Advances	<u>47,03,842</u>	<u>47,03,842</u>
	39,63,98,891	50,84,51,332
To Employees		
Considered good	17,81,34,983	17,10,07,362
Considered doubtful	<u>1,66,495</u>	<u>1,66,495</u>
	17,83,01,478	17,11,73,857
Less : Provision for Doubtful Loans & Advances	<u>1,66,495</u>	<u>1,66,495</u>
	17,81,34,983	17,10,07,362
Prepaid Expenses	<u>35,31,778</u>	<u>35,08,177</u>
	57,80,65,652	68,29,66,871
	505,27,77,094	428,50,01,795

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

SCHEDULE 'F-2'
CURRENT LIABILITIES & PROVISIONS

	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
A CURRENT LIABILITIES		
Sundry Creditors		
i Outstanding dues of Micro and Small Enterprises	-	-
ii Others' outstanding dues	72,35,38,973	59,53,21,973
Other Current Liabilities (Including Book overdraft of Rs 201.34 Lac) (Prev. Year 114.03 Lac)	21,43,86,395	23,29,16,832
Security Deposits	6,69,02,801	7,34,68,458
Advances from Customers & Others	26,12,27,155	20,87,06,934
Interest Accrued but not due	23,55,458	35,22,789
Unclaimed Dividend	33,420	36,180
	126,84,44,202	111,39,73,166
B PROVISIONS		
Proposed Dividend	15,51,03,000	-
Tax on proposed dividend	2,63,59,755	-
Leave Encashment	14,92,81,376	14,36,24,755
Gratuity	9,50,216	-
Taxation	45,68,31,957	37,85,70,000
	78,85,26,304	52,21,94,755
	205,69,70,506	163,61,67,921

In terms of our report of even date

For **C.R.Mehta & Co.,**
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram **Alok Gupta**
Director Managing Director

M.L. Gupta **Rajendr Rao**
Financial Advisor Company Secretary

Place : Jaipur
Date : 23.08.2008



SCHEDULE 'G'

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES

1. Basis of preparation of the Financial Statements:

Financial Statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles and materially comply with the mandatory accounting standards issued by The Institute of Chartered Accountants of India.

2. Valuation of Inventories, stores & spare:

(a) Inventory:

The valuation of inventories is carried out on the principle of net realizable value or cost of production whichever is less except Stock of Green Marble which is valued at a token value of Re. 1/- per MT.

(b) Stores & Spare:

Stores and Spares are valued at their weighted average cost.

3. Shortages found on physical verification of materials are being accounted for considering the nature of material and the volume of shortages.

4. (i) Obsolete spares, stores are taken at Nil value.

(ii) Obsolete Equipment, Machinery and Other Fixed Assets have been valued at lower of estimated realizable value or carrying cost in accordance of with AS-28-“Impairment of Assets”.

5. Fixed Assets & Depreciation

5.1 The value of "Gross Block" of fixed assets represents the cost of acquisition including taxes, duties, expenditure on installation, attributable to pre-operative expenses including borrowing cost and other identifiable direct expenses incurred up to the date of commercial use of assets.

5.2 Depreciation has been provided on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

5.3 Depreciation on High Grade Ore crushers at Jhamarkotra Mines has been provided for treating them part of surface mining machinery.

5.4 Cost of leasehold land is amortized over the period of lease.

5.5 Cost of freehold mining land is amortized on the basis of future benefits likely to be accrued.

5.6 Depreciation on Tailing Dam has been provided for on written down value method considering the useful life of seven years based on technical estimation.

5.7 Assets costing up to Rs. 5,000/- each are fully depreciated in the year of purchase.

5.8 Depreciation on Shovel PC- 104 has been charged for the useful life of three years based on technical estimation on straight line method.

- 5.9 Depreciation on assets not owned by the company is amortized over a period of five years from the year of completion.
6. Additional liability, if any, in respect of taxes and duties is accounted for when such liability is ascertained with reasonable certainty.
7. **Retirement Benefits**
- 7.1 Provident Fund & Pension Fund of the Regional Provident Fund Commissioner are a defined contribution schemes as per applicable rules/statute and contribution made to the Provident Fund Trust and Regional Provident Fund Commissioner respectively are charged to the Profit & Loss Account.
- 7.2 Gratuity liability is defined benefit obligations and is provided for on the basis of actuarial valuation and is being funded every year through Policy of L.I.C of India.
- 7.3 Liability of leave encashment is accounted for on the basis of actuarial valuation.
- 7.4 Actuarial gains and losses are charged to profit and loss account.
- 7.5 Payments made under the Voluntary Retirement Scheme are charged to the Profit & Loss Account over a period of three years in equal annual installments.
8. Assets and Liabilities in foreign currency are translated at the rates prevailing at the close of the year.
9. **Investments:**
- 9.1 Equity shares of subsidiary companies under liquidation are valued at a token value of Re. 1/-.
- 9.2 Equity shares of Joint Sector/Assisted Sector are valued at token value of Re. 1/- except shares in Mayur Inorganics Ltd which have been valued at lower of cost and realizable value.
- 9.3 Equity shares of subsidiary company namely Barmer Lignite Mining Company Ltd. Jaipur; have been valued on Re. 1/- based on the opinion obtained from The Institute of Chartered Accountants of India, New Delhi .
10. **Revenue Recognition:**
- 10.1 Revenue from the sale of goods and services rendered is recognized upon passage of title and rendering of services to the customers.
- 10.2 Income from Certified Emission Reduction Certificates (CERCs) is recognized at the estimated realisable value on confirmation of the CERCs by the concerned authorities.
- 10.3 Insurance & other claims including liquidated damages/refunds etc. are accounted for on acceptance/actual receipt basis, if there is uncertainty in realization of such income.
11. **Taxation:**
- Income Tax expenses comprise of current tax & deferred tax charge or credit. Current tax is provided on the taxable income by applying the prevailing rates and tax laws. The deferred tax for timing difference between the book and taxable profit for the year is accounted using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.



Deferred Tax Assets arising from the timing difference are recognized to the extent there is reasonable certainty that sufficient future taxable income will be available.

12. Forest Plantation & Environment:

Expenditure on afforestation including payments made to forest department is written off in the year in which the same are incurred.

13. Deferred Revenue Expenditure:

The expenditure on survey, prospecting and development of mines are deferred till the mining operation commence/abandoned. Once the mining operation starts the same are being amortized over a period of five years in equal annual installments. In case the operation is abandoned in subsequent period unamortized portion of the deferred expenditure is charged to Profit & Loss Account in the same year.

14. Segment Reporting:

The accounting policies adopted for Segment Reporting are in line with the accounting policies of the company with the following additional policy for Segment Reporting:

- (a) The company has identified its business segments based on its products.
- (b) There are no geographical segments.
- (c) Inter Segment transfers have been accounted for on the market price or the cost price whichever is lower, except in case of transfer of power generated from wind mills which has been valued at the rate equal to the amount being adjusted in power bills by Ajmer Vidhyuat Vitaran Nigam Limited (AVVNL)
- (d) Income & Expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income & Expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "unallocated corporate income/expenses".
- (e) Segment assets include all operating assets used by a segment and consist principally of fixed assets, inventories, advances and debtors. Assets at the corporate level are not allocable to segments on a reasonable basis and thus, the same has not been allocated.
- (f) Segment liabilities include all operating liabilities and consist of principally creditors and accrued liabilities.

15. Earning per share

Basic and diluted earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

B. NOTES ON ACCOUNTS:

1. Contingent Liabilities not provided for in respect of: (Rs. in lac)

S.No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
i.	Claims against company not acknowledged as debt	27296.75	26320.70
ii.	Estimated amount of contracts remaining to be executed on Capital Account Advance paid (Rs. 74.40 Lac) Previous year (Rs. 48.05 Lac)	893.76	1256.05
iii.	Disputed Income tax liability pending:		
a.	Company in appeals Payment made (Rs. 6105.54 Lac) (Previous year Rs. 3200.00 Lac)	6105.54	3200.00
b.	IT Department in appeals (As per information available with the company)	4173.54	1111.11
iv.	Guarantee given by bankers on behalf of the company for which counter guarantee provided by the company	162.12	243.51
v	Claims of workmen pending adjudication and of those who have taken Voluntary Retirement amount unascertainable		
vi	Additional Liabilities, if any, in respect of pending Sales tax, Income Tax, Service Tax, Land Tax, Land & Building Tax, House tax, Royalty, M. R. Cess, Development charges, Dead Rent, Surface Rent and Rent of Office Building, Cost of Land Acquired and diversion of Forest Area etc. is unascertainable		
vii	Guarantee given by Company to RIICO/RFC in respect of debt and interest thereon recoverable from Rajasthan Granite and Marble Ltd.(Since Liquidated) amount unascertainable		
viii	Amount relating to environmental liabilities are unascertainable.		
ix.	Liabilities on account of Rider Agreements with contractors in which amounts are unascertainable		
x	Liability for the claims on account of other court cases filed against company in which claim amount cannot be ascertained is not included in above		
xi	Additional Liabilities on account of Retirement benefits payable to the employees, due to likely enhancement of retirement age from 58 to 60 years		

2. a) Building acquired from DMG during the year 1990-91, costing Rs. 2,26,135/- and in 1992-93, costing Rs. 2,16,760/- is yet to be registered in the name of the Company.
- b) The cost of land includes Rs. 17,18,16,973/- deposited with the office of Collector, Nagaur for disbursement to the land owners in respect of acquisition of 7509 bighas of land for mining of Lignite at Nagaur vide Land Acquisition Award dated 19.09.2000 issued by Land Acquisition Officer



(SDO, Nagaur). Out of the above deposited amount, the District Collector, Nagaur has disbursed an amount of Rs. 16,45,39,290/- up to 31st July 2008. The land acquisition proceeding and mutation are in progress.

c) The cost of land includes Rs. 1,52,70,872/- (Previous year Rs. 1,52,70,872/-). The land acquired in compliance of original award issued by Dy. Collector, Girwa, Udaipur bearing no. ACQ/1/02/4953 – 55 dated 30.6.2004 and modifications thereof issued in financial year 2006-07 for acquiring 56 hectare of land at Jhamarkotra, Lakkadwas, Sameta and Dhamdhar villages. Out of the total compensation, only 38 land owners took payment of Rs. 51,92,350/- only and cheques for the balance amount are yet to be distributed. The land acquisition proceeding and mutation are in progress.

3. As royalty is chargeable / payable on the mineral taken out from mining areas, the company is not providing for any liabilities towards royalty chargeable / payable on the minerals lying in the mining areas.

4. As per Accounting Standard 15 “Employees Benefits”, the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as an expense for the year are as under: (Rs. In Lac)

	2007-08
Employer's Contribution to Provident Fund	471.17

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund Act, 1952. The conditions for grant of exemption stipulate that the employer shall make good the deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate.

Defined Benefit Plan:

The employees' gratuity fund scheme managed by a Trust (LIC) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

I. Reconciliation of opening and closing balances of Defined Benefit Obligation:

(Rs. In Lac)

	Gratuity (Funded)	Leave Encashment (Unfunded)
Particulars	2007-08	2007-08
Present value of obligations at the beginning of the year	3567.02	1436.25
Current Service Cost	267.53	143.56
Interest Cost	138.58	114.90
Actuarial (gain) / Loss	77.42	52.85
Benefits paid	(256.81)	(254.75)
Present value of obligations at end of the year	3793.74	1492.81

II. Reconciliation of opening and closing balances of fair value of plan assets:

(Rs. In Lac)

Particulars	Gratuity (Funded)
	2007-08
Fair value of plan assets at the beginning of the year	3573.70
Expected return on plan assets	335.45
Actuarial (gain) / Loss	0.00
Employer Contribution	131.90
Benefits paid	(256.81)
Fair value of plan assets at year end	3784.24
Actual return on plan assets	335.45

III. Reconciliation of fair value of assets and obligation:

(Rs. In Lac)

Particulars	Gratuity (Funded) As at 31 st March 2008
Fair value of plan assets	3784.24
Present value of obligation	3793.74
Amount recognized in Balance sheet	9.50

IV. Expense recognized during the year

(Rs. In Lac)

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)
	2007-08	2007-08
Current Service Cost	138.58	143.56
Interest Cost	267.53	114.90
Expected return on plan assets	335.45	-
Actuarial (gain) / Loss	77.42	52.85
Net Cost	148.08	311.31

V. Actuarial assumption:

	Gratuity (Funded)	Leave Encashment (Unfunded)
	2007-08	2007-08
Mortality Table (LIC)		
Discount rate (Per annum)	8%	8%
Expected rate of return on plan assets (per annum)	8%	Not applicable
Rate of escalation in salary (per annum)	7%	7%



The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

5. The accumulated transitional assets as on 1st April 2007 amounting to Rs. 4.41 Lac (net of deferred tax amounting to Rs. 2.26 Lac) arising on account of difference between the liability for employee benefits calculated as per AS-15 (revised) and the liability for the employee benefit as accounted for/recognized by the company as on 1st April 2007 has been credited to Revenue Reserves.
6. As per the Memorandum of Understanding (MOU) dated 04/05/1997, M/s Binani Industries Ltd. (Parent Company of BZL), eRSMDC (since then merged with RSMML), and M/S White Tiger Resource NL formed a Joint venture Company under the name and style R.B.W. Minerals Industries Limited was incorporated on 16/07/1997 to carry out prospecting work on base metal deposits and other allied activities in Rajasthan and Gujrat states including at the Deri Multi Metal Project of the company.

It was also provided in the Memorandum of Understanding that the Joint venture Company would enter into an MOU with eRSMDC with a stipulation that eRSMDC would allow the Joint venture Company to carry out exploration work in mines and Joint Venture Company would reimburse the expenditure incurred on watch & ward, dead rent, other expenses for retaining the area. It was further provided in the MOU that once the project is proved to be economically viable then Deri mines along with fixed assets would be transferred to the new company on mutually agreed valuation and terms & conditions after the permission of eRSMDC Board and State Govt. However, no such activities were started within the time specified in the MOU and thereafter. Subsequently, M/S White Tiger Resource NL has withdrawn itself from the Joint Venture and GMDC has become a new entrant in the project as per the terms of MOU dated 01/09/2001 executed between GMDC and of R.B.W. Minerals Industries Limited. Accordingly, the name of R.B.W. Minerals Industries Limited was changed to R.B.G. Minerals Industries Limited.

Though the various activities are in progress at the project site but no significant development has taken place. The transfer price of the assets of the RSMML has also not been firmed up and agreed by Joint Venture Company.

Pending final decision on the issues, the company is booking the expenses incurred on Deri mines in the books of accounts as per prudent accounting principles & policies.

7. The company has formed a joint venture company with M/s. Raj West Power Limited, Jaipur (RWPL) namely Barmer Lignite Mining Company Ltd., Jaipur (BLMCL). BLMCL will undertake the work of lignite mining in Jallipa Kapoordi areas of Barmer District and supply the same to RWPL, which is going to install lignite based pit head power plant. As per terms of agreement between RSMML & RWPL, RSMML shall have 51% shares in BLMCL and RWPL will hold the remaining 49% of the equity of the JV Company. BLMCL has allotted shares to the company having face value Rs. 1020.00 Lac till 31.03.2008 (Previous year Rs. 2.55 Lac). The shares are shown as investment at a token vale of Rs. 1/- in view of the opinion obtained from The Institute of Chartered Accountants of India. Accordingly, investment in shares of BLMCL has been reduced to Rs. 1/- by crediting Capital Reserve by Rs. 254999/-.
8. The company has formed a joint venture company with RCF Ltd. Mumbai (RCFL), (A Govt. of India Enterprises) in the name of Rajasthan Rashtriya Chemical & Fertilizers Limited having registered office at Jaipur (Rajasthan) to establish a plant for manufacturing a chemical fertilizer namely, Di-Ammonia Phosphate (DAP) in Kapasan, Rajasthan. The estimated cost of the project is Rs. 832.38 Crores. As per the terms of agreement between RSMML & RCFL, equity of the proposed Joint Venture Company shall be shared by RSMML & RCFL in the ratio of 49:51.
9. (a) M/s Vestas RRB Limited has installed V phase of wind power generating unit having capacity of 15 MW in the financial year 2006-07 on the land belonging to M/S Vestas RRB Limited. The land has

however, not yet been sub leased in favour of the company. The matter is pending with the Government of Rajasthan.

(b) M/s Suzlon Energy Limited has installed VI A phase of wind mills having capacity of 7.5 MW in the year 2007-08, on the leased land of Suzlon Energy Limited. The land has however, not yet been sub leased in favour of the company. The matter is pending with the Government of Rajasthan.

10. Land tax has been provided for on the basis of demand notices received from various assessment authorities. However, where the demand notices are not received, the liability have been provided as per the company's own assessment.
11. The company is having 41710 CERCs in its credit as on 31.03.2008 for its wind mill projects and for using Roller Press Technology in industrial beneficiation plant. The CERCs are tradable in the international market. The company has valued the CERCs at Rs. 416.90 Lac (Euro 667360) being estimated realizable value on the basis of accounting policy. The Company is in the process of getting its other wind mill projects registered with United Nations Framework Convention on Climate Change (UNFCCC) under Clean Development Mechanism (CDM) category. The Company would be receiving CERCs on regular basis from its existing registered and future projects in pipe line for registration.
12. Investment includes 1,02,00,000 (Previous year 25500) fully paid shares of Rs. 10/- each issued by Barmer Lignite Mining Company Limited, in compliance of terms & conditions of Joint Venture Agreement signed between RSMML and Raj West Power Limited on 27.12.2006.
13. A court case has been filed by the parties namely M/S Ace India Transport Pvt. Limited and M/S Taru Overseas against the company and in compliance of directives given by the competent court, Bank has frozen a sum of Rs. 59.46 Lac (previous year Rs. 47.88 Lac) lying in the account of the company.
14. In compliance of the requirement under "The Micro, Small and Medium Enterprises Development Act, 2006" the company has requested its vendors to provide their status under "The Micro, Small and Medium Enterprises Development Act, 2006". The company has received the requisite information only from few of its vendors and no interest is payable to these vendors under section 16 of the Act. Hence no provision for interest is made during the financial year.
15. Revenue expenditure on Research & Development is charged to Profit & Loss A/c in the year in which it is incurred. There is no capital expenditure on Research & Development.
16. In compliance of Gazette notification dated 10th April 2003, Royalty on Rock Phosphate & Gypsum is being paid to DMG at the rate declared by The Indian Bureau of Mines on month wise bench mark price (notional value) plus 20% premium thereon (i.e. IBM formula). Since IBM is declaring the bench mark prices after a gap of 6-7 months which are effective retrospectively, due to which there is a difference in the amount of royalty collected and payable to DMG on Rock phosphate as per the IBM formula. The company has issued demand letters to its customers for payment of differential royalty in the cases where amount of royalty recovered was short and the customers have filed cases in Jodhpur Bench of Hon'ble High Court, Rajasthan, against such demand letters. The cases are yet to be decided. As matter is sub-judice, and assessment of royalty for the period is also pending, the accounts of the customers would be settled and necessary accounting adjustment would be made as per the decision of the Hon'ble High Court, Rajasthan and on the basis of the outcome of the royalty assessment.
17. As per the system in place in the company, the Demand Drafts/Pay Orders received towards Earnest Money are being kept till the award of the work/purchase order, to be returned back in original. The company was having Demand Drafts/Pay Orders amounting to Rs. 1,69,52,911/- in hand as on 31/03/2008.
18. The mining operations at Matasukh Lignite mines of the company have been suspended from January, 08 due to the collapse of few benches in the mining area because the mining pit was filled with huge quantity of water. The company is taking all the necessary steps for early re-commencement of mining operations.
19. As per clarification issued by the Ministry of Law, Justice & Company Affairs vide circular no. 9/2002 dated



18/04/2002, the company is required to create Debenture Redemption Reserve (DRR) equivalent to 25% of the amount of debentures before redemption commences. Company had issued debentures for Rs. 4500.00 Lac in the years 2001-02 and 2003-04. The company has redeemed debentures worth Rs. 619.048 Lac during the current financial year. The balance in the DRR as on 31.03.08 is 100% of the outstanding debentures as on 31.03.08.

20. (i) Various assets taken over by erstwhile RSMDC from RIMDC (now RIICO) on 31.10.1979 have not yet been registered in the name of the company.
 - (ii) Various assets taken over by the company from erstwhile RSMDC consequent upon its merger with the company have not yet been registered in the name of the company. The process of registration of such assets is in progress.
 - (iii) No provision for assets, stores and spares taken over from The Directorate of Mines & Geology, Rajasthan at Deri Mines in 1979-80 has been made as the value of the items in question was not intimated by DMG and accordingly no depreciation and consumption of stores, spares and tools have been charged/adjusted on such items during relevant years although put to use. The materials sold out of such stock of DMG have been credited to DMG account.
21. Advance to employees includes Rs. Nil (previous year Rs. Nil) with maximum balance of Rs 0.85 Lac. (Previous year Rs. 1.04 Lac) of Directors.
 22. The company's revenue in lieu of minimum guaranteed service charges in respect of marble mines at Kankroli unit up to the year 1987-88 has been considered to be waived by the Board of Directors, subject to the approval of state government in earlier year. Income on account of minimum guaranteed service charges for the year 1988-89 amounting to Rs. 9.06 Lac as per recommendation of Nathani Committee shall be accounted for in the year of recovery. The recovery had been delayed as the mines have been taken over by the Government and company does not have direct control on the recovery from these parties. The whole issue including recovery of service charges is pending for decision with Govt. of Rajasthan.
 23. M/s A. P. Nirman Ltd. a raising contractor at Gotan Unit had given a bank guarantee of Rs. 10.00 Lac favoring the company in lieu of security deposit. The said contractor fraudulently got the said bank guarantee released submitting a fake letter purporting to be of the company. Company has lodged an FIR against the contractor and recognition of revenue in terms of penalty shall be made in the year of actual receipt.
 24. R S M M L is generating power from Wind Farm since August 2001 and part of the generated power is being adjusted in power bill of SBU PC Rock phosphate (Jhamarkotra Mines) towards captive use by Ajmer Vidyut Vitaran Nigam Ltd. (A V V N L) while balance is being sold to A V V N L. From February 2005, A V V N L had stopped the adjustment of wind power in captive use without assigning any reason thereof. After long persuasion at various levels, A V V N L informed in November 2005 that they had revised power bills from 2002 on new methodology as per the guidelines of their Audit team. As per the records of the company the amount so adjusted is Rs. 74.30 Lac only. However, as per the information gathered from A V V N L, the amount in dispute is Rs. 92.01 Lac. RSMML had objected the methodology of A V V N L and filed petition in this matter with Rajasthan Electric Regulatory Commission (RERC) Jaipur vide petition no. 100/2006. A part of the petition to the extent of Rs. 38.42 Lac has been decided in the favour of RSMML vide its order dated 04.11.06 by RERC. The A V V N L has however, not paid the amount to the company and filed an appeal in the Central Tribunal for electricity New Delhi against the order of RERC. The matter has been referred to the Chairman, Central Tribunal, as the members were having divergent opinion on the issue and is still pending with the Chairman.
 25. RSMML is administering the Provident Fund Liability through a Provident Fund Trust. The amount of Provident Fund deducted from employees along with the employers contribution is being paid to the trust. The Trust is investing the fund as per the guidelines issued by EPFO. Since the interest rates had decreased in the last few years tremendously and the trust could not generate sufficient income from invested funds to pay the interest to various members as per the guidelines issued by EPFO. There is a shortage of Rs. NIL (Previous year Rs. 21.36 Lac) during the financial Year 2007-08.

RAJASTHAN STATE MINES & MINERALS LIMITED

26. The effect on the profits for the year of the company, due to change in accounting policies during the year is as under:-

Change in Policy	Effect on Current year's Profit	
	Increase (Rs.)	Decrease (Rs.)
Depreciation of PC104	-	6,04,668

Due to change in above accounting policies, profit for the year has decreased by Rs. 6,04,668/-.

27. Related party disclosures

Shri Rajat Kumar Mishra from 1.04.2007 to 27.12.2007, Sh. Alok from 27.12.2007 to 09.02.2008 and Sh. Alok Gupta from 09.02.08 to 31.03.2008 Managing Director being key managerial personnel with whom transactions have taken place during the year. Details of transactions are disclosed under Note No. 33.6 of Schedule 'G' forming part of the Balance Sheet and Profit & Loss Account.

28. The major components of deferred tax assets and liabilities as on 31.03.2008 are as follows:

(Amount in Rs.)

Components	As on 31/03/2008		As on 31/03/2007	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Difference between Book Value of Depreciable Assets as per books of accounts and Written Down Value for tax purposes	-	63,84,90,762	-	40,99,79,750
Provision for doubtful debts, claims & advances	3,28,77,590	-	3,21,33,070	-
Provision for Leave Encashment	5,07,40,740	-	4,88,18,054	-
Deferred Revenue Expenditure	-	1,36,32,318	-	1,06,73,304
Others	10,87,430	-	11,30,377	-
Total	8,47,05,760	65,21,23,080	8,20,81,501	42,06,53,054
Net Deferred Tax Liability / Deferred Tax Assets	-	56,74,17,320	-	33,85,71,553

29. Earning per share

Basic and diluted earning per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity share outstanding during the year. The Company has not issued the potential equity shares, and accordingly, basic and diluted earning per share is the same.

30. Miscellaneous:

- Balance of sundry creditors, debtors and loans and advances are taken subject to confirmation/reconciliation and resultant adjustment(s) thereof.
- Previous year figures have been regrouped/rearranged/reclassified, wherever considered necessary to conform to the current year's classification.



31. Schedule 'A' to 'L' is annexed to and form part of Accounts as on 31st March 2008.
32. Other information pursuant to requirement of part II to Schedule VI of the Companies Act, 1956:

32.1. (i). Rock Phosphate, Beneficiated Rock Phosphate and Rajphos

(In M. T.)

	Rock Phosphate		Beneficiated Rock Phosphate		Rajphos	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Opening Stock	575050	565320	21002	34921	7863	3982
Production	1740610	1800103	388357	390109	73678	47305
Less: Moisture Qty.			-87397	-85119		
Purchase	42189	44737				
Transfer	44172	41925	44172	-32847		
Retrieval	1536					
Sales	992787	962670	299768	327266	78862	43424
Less: Moisture			-41876	-44817		
Own consumption for Ben. Rock Phosphate Rajphos	849627	887890				
Samples	-	-	1			
Stock as per Books	561143	601525	19897	24615	2679	7863
Shortages	24767	26475	5198	3613	319	-
Closing Stock	536376	575050	14699	21002	2360	7863

Note:- 1.98 MT of Dolomite tailing dispatched to Horticulture Research Station Ooty as free sample is not included.

(ii) Gypsum & Selenite:

(In M. T.)

	Gypsum		Selenite	
	2007-08	2006-07	2007-08	2006-07
Opening Stock	1,25,829	35,000	-	-
Purchase	616	346	-	-
Production	28,05,790	29,44,776	3,865	-
Sales	28,73,384	28,50,537	3,865	-
Stock as per Books	58,851	1,29,585	-	-
Shortages / Retrieval	1,296	3,756	-	-
Closing Stock	60,147	1,25,829	-	-

(iii) Lime Stone :

(In M. T.)

Particular	2007-08		2006-07	
	Lime Stone	Sub Grade Lime Stone	Lime Stone	Sub Grade Lime Stone
Opening Stock	307942	132515	217929	106943
Production	2023526	180275	2007293	146789
Sales	2094217	203487	1880157	121180
Stock as per Books	237251	109303	345065	132552
Shortages(-Excess)	21559	6361	37123	37
Closing Stock	215692	102942	307942	132515

(iv) Lignite :

(In M. T.)

	2007-08	2006-07
Opening Stock	-	4073
Production	605835	463292
Sales	605835	467365
Stock as per Books	-	-
Shortages	-	-
Closing Stock	-	-

(v) Green Marble :

(In M. T.)

	Crack Block		Lumperts	
	2007-08	2006-07	2007-08	2006-07
Opening Stock	155	155	4,029	4,029
Production	-	-	-	-
Sales	-	-	-	-
Closing Stock	155	155	4,029	4,029

(vi) Granite :

(In M. T.)

	2007-08			2006-07		
	Dressed Block in (CU. M.)	Cobbles In Nos.	Khandas In Nos.	Dressed Block in (CU. M.)	Cobbles In Nos.	Khandas In Nos.
Opening Stock	908	410606	50,268	908	4,46,564	50,268
Production	-	-	-	-	-	-
Sales	-	30549	-	-	35,958	-
Stock as per Books	908	380057	50,268	908	4,10,606	50,268
Excess/Shortage	-	-	-	-	-	-
Closing Stock	908	380057	50,268	908	4,10,606	50,268



(vii) Granite Tiles :

(In Sq. Ft.)

	2007-08	2006-07
Opening Stock	6,606	10,169
Production	-	-
Sales	-	-
Own Consumption	1283	3563
Stock as per Books	5323	6606
Shortages	-	-
Closing Stock	5323	6606

Note : The quantity of Granite tiles is excluding of 554.97 sq.ft. polished Granite slabs.

(viii) Graphite :

(In M.T.)

Particulars	2007-08		2006-07	
	Concentrate	Ore	Concentrate	Ore
Opening Stock	24	2276	53	2276
Production	-	-	-	-
Sales	-	-	29	-
Stock as per Books	24	2276	24	2276
Shortages/written off	24	2276	0	0
Closing Stock	-	-	24	2276

(ix) Fluorspar :

(In M.T.)

	2007-08	2006-07
Opening Stock	-	37
Production	9779	5042
Sales	9779	5079
Stock as per Books	-	-
Shortages	-	-
Closing Stock	-	-

(x) Multimetal :

(In M.T.)

	2007-08	2006-07
Opening Stock	340	340
Production	-	-
Sales	-	-
Stock as per Books	340	340
Shortages	-	-
Closing Stock	340	340

(xi) Bentonite :

(In M.T.)

	2007-08	2006-07
Opening Stock	2,687	2,687
Production	-	-
Sales	-	-
Stock as per Books	2,687	2,687
Shortages		
Closing Stock	2,687	2,687

(xii) Power : (Wind Farm Power Plant)

(In Units)

	2007-08	2006-07
Generation	56971958	35332936
Sales	41830546	28488606
Own Consumption	13627270	6159895
Wheeling Units	1514142	684435

(xiii) Power : (3.8 MW DG Set)

(In Units)

	2007-08	2006-07
Generation	81420	1045240
Own Consumption	37120	927100
Auxiliary Consumption	44300	118140

Note: The plant was operated for 7 days only during the year 2007-08, as and when required.

32.2 (i) Installed/Rated and Designed capacity of Various Plants of Phosphate Division (as intimated by the manufacturer) and production during the year are as under:

S. No.	Name of the Plant	Installed/Rated Capacity	Designed Capacity	Production (In Lac MT)	
				2007-08	2006-07
(a)	Crushing Plant (Old)	150 MT/Hr	N. A.	4.54	4.55
(b)	Crushing Plant (New)	132 MT/Hr	160 MT/Hr	4.17	4.95
(c)	Main Process Plant	9.00 Lac MT p.a.(Through Put)	10.00 Lac MT p.a.	7.76 (Throughput) 3.00 (Output)	8.41 (Throughput) 3.05(Output)



- (ii) Installed/Rated capacity of crushing & screening plant of Limestone Unit (as intimated by the manufacturer) and production during the year is as under:-

Name of the Plant	Installed capacity (MT per hour)	2007-08	2006-07
		(In Lac M. T.)	(In Lac M. T.)
Crushing & Screening Plant			
(a) R. O. M.	350	13.80	12.65
(b) Finished Product	140	6.63	6.23

- (iii) Installed/Rated and Designed Capacity of various Power Plants:-
(as intimated by the manufacturer) and production during the year is as under:

S. No.	Name of the Plant	Installed/ Rated /Designed Capacity	Production (In Units)	
			2007-08	2006-07
1.	3.8 MW DG Set	3800 K W.	81420	1045240
2.	59.8 MW Wind Farm Power Plants	59800 K W (37.3 MW from 14.10.2006 (52.3 MW from 29.09.2007) (59.8 MW from 31.03.2008)	56971958	35332936

- (iv) Licensed /Installed Capacity of Gypsum grinding unit at Rawala

(In M.T.)

	Licensed Capacity		Installed Capacity		Production	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Gypsum	70 MT per Hour	70 MT per Hour	70 MT per Hour	70 MT per Hour	75378	85040

- 33.3 Analysis of Stores and Spares consumed is as under:-

	2007-08		2006-07	
	In Rs. Lac	Percentage	In Rs. Lac	Percentage
Imported	20.47	0.43	1.52	0.03
Indigenous	4720.95	99.57	4851.72	99.97

- 33.4 Imported raw material consumed during the year Nil.

33.5 Earning and expenditure in foreign currency (on accrual basis) are as under:-

	2007-08	2006-07
	In Rs. Lac	In Rs. Lac
Earnings (Net of Bank Charges)	416.90	349.98
Expenditure	-	-
Spares	23.46	49.45
Travelling	1.91	1.40
Other Matters	4.14	3.12

33.6 Details of remuneration of the Managing Director are as under: -

	2007-08	2006-07
	Rs. in Lac	Rs. in Lac
Salary (including pension contribution & perquisite on accommodation provided)	5.83	3.95
Telephone/Car*	—	—
Total	5.83	3.95
Amount adjusted in respect of accounts	—	—
Rent (Net)	NIL	2.51

* Value of Telephone/Car used not ascertainable

34. Annexure 1 and 2 pursuant to AS 3 (Cash Flow Statement), & AS 17 (Segment Reporting) respectively issued by The Institute of Chartered Accountants of India and Annexure 3 as per requirement of Part IV to Schedule VI of the Companies Act, 1956 are forming part of the Annual Accounts for the year 2007-08.

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008



SCHEDULE 'H'
OPERATIONAL REVENUE

	2007-08 Rs.	2006-07 Rs.
High Grade Rock Phosphate	271,25,79,544	248,06,37,745
Low Grade Rock Phosphate	-	67,75,362
Beneficiated Rock Phosphate	75,84,66,588	81,74,88,260
Rajphos	8,71,39,921	5,13,49,267
Lime Stone	86,65,45,262	70,43,18,823
Gypsum	82,04,51,680	71,96,10,918
Selenite	36,66,245	-
Lignite	60,64,01,549	42,04,35,738
Power	15,60,00,665	10,53,81,592
Fluorspar	41,07,199	25,98,846
Graphite	-	1,69,575
Granite	40,950	53,290
	601,53,99,603	530,88,19,416

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

SCHEDULE 'H-1'
INCREASE/DECREASE IN STOCK

	2007-08 Rs.	2006-07 Rs.
CLOSING STOCK		
Rock Phosphate	13,77,19,065	14,82,35,664
Beneficiated Rock Phosphate	2,96,29,005	4,31,55,554
Rajphos	23,58,113	73,38,496
Gypsum	1,83,00,382	3,96,71,718
Lime Stone	2,45,04,534	4,34,32,783
Granite	47,31,964	47,79,813
Graphite	-	97,143
Bio Diesel and By Products	34,771	1,34,345
Green Marble	820	820
	21,72,78,654	28,68,46,336
OPENING STOCK		
Rock Phosphate	14,82,35,664	11,31,99,033
Beneficiated Rock Phosphate	4,31,55,554	7,46,44,806
Rajphos	73,38,496	33,76,280
Gypsum	3,96,71,718	87,01,209
Lignite	-	31,57,127
Lime Stone	4,34,32,783	3,27,29,162
Granite	47,79,813	48,66,755
Fluorspar	-	1,36,075
Graphite	97,143	2,10,945
Bio Diesel and By Products	1,34,345	9,995
Green Marble	820	820
	28,68,46,336	24,10,32,207
INCREASE/DECREASE	-6,95,67,682	4,58,14,129

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008



SCHEDULE 'I'
OTHER REVENUE

	2007-08 Rs.	2006-07 Rs.
Interest (Gross) (TDS Rs 153.42 Lac) (Prev. Year Rs 140.41 Lac)	19,10,01,468	15,57,62,090
Lease Rent on Railway Rakes	23,25,580	1,76,08,998
Dividend Received on Long Term Investments	10,000	10,000
Carbon Emission Reduction	4,16,89,979	3,50,00,162
Recovery against bad debts written off earlier	1,02,11,837	1,18,43,873
Excess provision for doubtful debts written back	-	97,30,363
Profit on Sale of Obsolete and Other Fixed Assets	1,23,17,071	1,75,34,856
Profit on Sale of Obsolete and Other Spares	45,98,339	-
Miscellaneous Receipts, Refunds, Forfeitures & Claims	14,22,82,846	8,43,58,734
Liability no longer required	1,07,91,252	1,36,17,586
Sundry Credit Balances written back	30,61,604	80,869
	<u>41,82,89,976</u>	<u>34,55,47,531</u>

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

SCHEDULE 'J'
MINING, OPERATIONAL, ESTABLISHMENT & FINANCIAL EXPENDITURE

	2007-08		2006-07	
	Mining & Other Operating Expenses	Establishment and Financial Expenses	Mining & Other Operating Expenses	Establishment and Financial Expenses
	Rs.	Rs.	Rs.	Rs.
Salaries & Wages	34,73,08,975	11,47,69,990	34,46,21,483	11,49,17,083
Contribution to Provident/Pension & Other Funds	4,65,99,475	175,02,556	4,16,39,577	156,07,452
Leave Encashment	2,57,44,370	53,87,175	3,85,51,464	1,46,30,105
Bonus/Additional Remuneration	1,15,85,118	33,39,230	91,19,506	29,70,465
Voluntary Retirement Payment written off	34,72,438	21,22,997	42,50,906	21,80,742
Employees' Welfare	7,54,84,646	1,27,18,205	6,82,47,956	1,29,01,175
Exgratia to employees	69,78,488	21,87,409	10,000	-
Employees' Social Security	-	1,47,141	79,016	2,12,758
Stores consumed*	36,73,44,103	-	37,74,01,784	25,291
Payment to Contractors :				
For Removal of Overburden	34,93,28,605	-	28,61,80,009	-
For Raising, Transportation & Others	93,65,94,731	-	90,20,86,828	-
Freight Charges	10,71,457	-	11,00,872	-
Dewatering of Mines	1,61,49,716	-	465,06,495	-
Crushing Plant Expenses	70,52,501	-	46,22,683	-
Power Charges	11,32,71,481	-	14,44,90,869	-
Survey & Prospecting Charges	3,59,959	-	1,05,67,276	-
Royalty & Dead Rent	69,25,08,306	-	55,13,90,246	-
MR Cess	58,08,272	-	-	-
Premium Charges to DMG	1,59,19,944	-	2,90,04,549	-
Mine Development Exp written off	14,94,187	-	14,58,995	-
Repairs to Buildings	27,32,255	19,47,518	42,82,511	29,20,527
Repairs to Machinery	6,36,46,640	-	9,06,19,059	-
Repairs to Plant	3,31,62,776	-	2,78,22,109	-
Repairs to Road	4,77,409	-	47,42,288	-
Repairs to Others	33,91,308	17,66,565	54,45,189	16,93,573
Rent including Plot Rent	20,38,628	44,13,676	28,82,593	55,85,195
Rates & Taxes	49,66,820	25,51,019	44,15,021	7,06,637
Land Tax	46,45,16,191	55,32,328	31,17,52,346	-
Insurance	23,22,917	7,15,655	31,25,046	6,92,680
Travelling & Conveyance	2,05,15,534	1,13,95,757	2,04,15,487	1,11,05,454
Vehicle Up-keep	63,85,096	17,21,800	86,60,433	20,01,600
Payment to Auditors:				
Audit Fees	-	3,03,696	-	3,58,146
Tax Audit Fees	-	67,488	-	71,383
For reimbursement of expenditure	-	2,85,347	-	2,04,666
Interest:				
Term Loans	-	-	-	-
Banks & Others	-	10,743	511,316	15,98,545
Debentures	-	1,69,99,324	-	2,36,63,714
Bank Charges	16,256	34,128	51,680	27,13,114



SCHEDULE 'J' (Contd.)

MINING, OPERATIONAL, ESTABLISHMENT & FINANCIAL EXPENDITURE

	2007-08		2006-07	
	Mining & Other Operating Expenses	Establishment and Financial Expenses	Mining & Other Operating Expenses	Establishment and Financial Expenses
	Rs.	Rs.	Rs.	Rs.
Cash Discounts/Rebate on Sales	3,58,127	1,00,39,516	1,66,906	1,36,57,961
Guarantee Commission	-	35,380	-	60,879
Selling Expenses including commission		35,23,276	94,390	64,54,202
Packing Charges	30,66,037	1,51,25,721	84,61,475	96,23,904
Business Promotion Expenses	49,387	8,50,639	24,453	19,76,097
General Charges	7,38,054	9,14,060	8,05,524	10,95,021
Postage, Telephone & Telegraphs	17,01,311	49,47,793	19,66,030	50,36,642
Printing & Stationery	15,23,358	29,63,919	16,81,094	26,70,401
Electricity & Water	38,15,397	28,95,789	20,40,271	30,69,544
Seminar, Training & Exhibition	1,43,313	5,38,593	1,78,588	4,29,580
Legal & Professional Charges	340,700	80,42,533	1,49,609	74,39,292
Advertisement & Publication	9,74,929	1,98,21,453	-	1,61,71,989
Subscription	36,685	2,39,191	49,954	2,94,452
Entertainment	68,422	10,99,885	66,308	10,87,203
Board Meeting Expenses	-	1,44,915	-	91,022
Donation	-	4,45,20,000	10,000	5,10,77,000
Sundry debit balance written off	-	28,63,807	1,10,105	-
Laboratory Expenses	7,47,476	63,420	5,93,734	49,277
Consultancy Charges	10,65,731	95,590	41,91,379	8,09,877
Research & Development	20,32,251	2,50,000	18,87,787	10,06,856
Sampling & Analysis	1,68,39,264	2,54,621	1,38,77,499	2,14,893
Compensation for Mineral	66,18,737	-	1,01,46,238	-
Claims & Settlements	-	11,53,448	-	-
Computer Maintenance & Software Exp.	13,16,892	6,03,990	12,95,114	10,79,040
Rural Development Expenses	3,13,82,424	11,55,060	2,26,01,802	70,47,370
Afforestation Plantation & Environment	45,41,668	13,67,560	29,33,781	31,26,706
	370,56,08,765	32,99,29,906	341,93,87,633	35,03,29,513

* Does not include consumption of Stores & Spares Rs. 1067.98 Lac charged under various heads (Prev. Year Rs. 1078.90 Lac).

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

SCHEDULE 'K'
PRIOR PERIOD ADJUSTMENTS

	2007-08		2006-07	
	DEBIT	CREDIT	DEBIT	CREDIT
	Rs.	Rs.	Rs.	Rs.
Salaries and Wages	1,20,269	-	24,752	21,468
Employees' Welfare	51,274	-	-	8,38,280
Lease Money from Railway Wagon	13,06,248	-	-	-
Sale of Lignite	-	31,52,428	-	-
Payment to Contractors				
a Removal of Overburden	-	-	-	-
b For Raising, Transportation & others	3,17,368	-	30,81,320	-
Electricity & Water	-	-	453,840	-
General Charges	-	-	1,375	-
Bank Charges	30,000	-	-	-
Repairs to Machinery	7,725	-	6,498	34,14,528
Repairs to Road	-	-	-	-
Research & Development	-	-	29,005	-
Legal & Professional Charges	-	-	5,000	-
Travelling & Conveyance	-	-	-	1,369
Survey & Prospecting	5,711	-	-	-
Depreciation	9,25,023	6,80,366	18,87,171	7,87,583
Afforestation, Plantation & Environment	9,781	-	-	-
Bonus /Additional Remuneration	-	-	3,655	-
Entertainment	2,143	-	-	-
Sampling & Analysis	35,136	-	-	-
Dead Freight	-	21,462	-	-
Miscellaneous	-	-	11,000	-
	28,10,678	38,54,256	55,03,616	50,63,228
Net Debit/Credit	10,43,578		-4,40,388	

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram **Alok Gupta**
Director Managing Director

M.L. Gupta **Rajendr Rao**
Financial Advisor Company Secretary

Place : Jaipur
Date : 23.08.2008



SCHEDULE 'L'

MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

	Opening Balance 01/04/2007	Additions/ Adjustments During the Year	Written off	Closing Balance 31/03/2008
	Rs.	Rs.	Rs.	Rs.
Development Expenditure on Mines (Including Survey & Prospecting)	10,48,09,499	29,47,532	14,94,187	10,62,62,844
Payment under Employee VRS Scheme	66,01,976	60,63,736	55,95,435	70,70,277
	11,14,11,475	90,11,268	70,89,622	1133,33,121
Previous Year	699,85,560	493,16,558	78,90,643	11,14,11,475

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

ANNEXURE - 1
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

		Year Ended 31/03/2008 (Rs.)		Year Ended 31/03/2007 (Rs.)
A Cash Flow From Operating Activities				
Net Profit Before Tax		1867513590		1561105152
Adjustments For :				
Depreciation	434133597		346214835	
Miscellaneous Expenditure written off	7089622		7890643	
Miscellaneous Expenditure paid during the year	(9011268)		(49316558)	
Diminution In value of Investment	0		1	
Interest received	(191001468)		(155762090)	
Dividend Income	(10000)			
Interest expenditure	17010067		25773575	
Impaired/Obsolescence loss on assets	1846200		4065058	
Assets Written Off	55594		1282741	
Adjustment in Revenue, Reserves in accordance with Transitional provision of AS 15 (Revised)	667447		—	
Profit/Loss on sale of Fixed Assets (Net)	(12311182)	248468609	(17325467)	162822738
Operating Profit Before Working Capital Change		2115982199		1723927890
Change In Working Capital (Excluding Cash & Bank Balance)				
Inventories	53819537		(59942709)	
Sundry Debtors	(134334867)		22372156	
Other Current Assets	(47129133)		(12982636)	
Loans and Advances	104901219		(362713223)	
Trade and Other Payable	161077873	138334629	89001343	(324265069)
Cash Generated From Operation		2254316828		1399662821
Less: Direct Taxes Paid net of refund(including TDS)		(678300532)		(630374601)
Net Cashflow From Operating Activities		1576016296		769288220
B Cash Flow From Investing Activities				
Addition/Price revision in Fixed Assets	(1282869995)		(886804502)	
Sale of Fixed and Other Assets	14514411		18255842	
Dividend Income	10000			
Interest Income	191001468		155762090	
Net Cash (Used) In/From Investing Activities		(1077344116)		(712786570)
C Cash Flow From Financing Activities				
Payment of Corporate Dividend Tax	—		(21753196)	
Repayment of of Debentures	(61904800)		(61904800)	
Refund/Adjustment of Deferred Payment Credit	(16199500)		(35454868)	
Interest paid	(17010067)		(25773575)	
Net Cash (Used) In/From Financing Activities		(95114367)		(144886439)



ANNEXURE - 1 (Contd.)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year Ended 31/03/2008 (Rs.)	Year Ended 31/03/2007 (Rs.)
D Net Change In Cash & Cash Equivalents(A+B+C)	403557813	(88384789)
E Cash & Cash Equivalents at the beginning of the year	1798389466	1886774255
F Cash & Cash Equivalents at end of the year	2201947279	1798389466

Net Change In Cash & Cash Equivalent (F-E) 403557813 (88384789)

Notes:	Rs In lac	Rs In lac
1 Cash & Cash equivalent held by the company and not available for use by it	235.01	320.15
2 Cash Flow has Been prepared under indirect method as set out in AS-3 issued by The Institute of Chartered Accountants of India.		
3 Purchase of Fixed Assets includes Movement of Capital Works In Progress during the year.		
4 Previous year's figures have been recasted/regrouped, wherever necessary, to conform to the current year's presentation.		

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

INFORMATION ABOUT BUSINESS SEGMENTS AS ON 31.03.2008

(Amount in Rs.)

	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
	Rock Phosphate	Rock Phosphate	Limestone	Limestone	Lignite	Lignite	Gypsum	Gypsum	Capitve Power Plant (D.G.Set)	Capitve Power Plant (D.G.Set)	Wind Farm	Wind Farm	Other misc	Other misc	Eliminations	Eliminations	Consolidated Total	Consolidated Total
External Sales	3550186053	3356250634	866545762	704318823	606401549	420435738	824158875	719664208	0	16214	105381592	150000665	4107199	2768421	0	0	6015399603	5308819416
Inter-segment Sales									4051427	0	25273473	5322920	0	0	-53395134	-29324900	0	0
Other Revenue	104718315	111689664	2183349	3337053	24676256	6881509	877938	3913723	0	0	35000162	11495113	2525713	2159853	0	0	276832684	191021964
Increase/Decrease in stock	-29146199	7598810	-18928249	10703621	0	-3157127	-21396091	3094702	0	0	0	0	-97483	-249877	0	0	-69566682	45814129
Unallocated Corporate Revenue	3633758169	3475510108	868800362	746399497	631077805	424160120	811540722	754525633	4051427	16214	165655227	324184698	6535769	4678397	-53395134	-29324900	6364121897	5700181076
Total Revenues	2246699707	2097972397	881952790	733448128	457278778	402262161	490000462	503812913	15162841	9867862	170419857	25289155	11069332	17478354	-53395134	-29324900	4296392952	3911231751
Result	1387058462	1377537711	-13152428	12951369	173799027	21897959	321480260	250712720	-11111414	-9705648	-4764630	71325543	-4533563	-12799957	0	0	2067728945	1788949325
Other Unallocable Expenditure																	184248866	201630210
Operating Profit																	17100067	-25773375
Interest & Financial Charges exp.																	-643707149	-537054645
Income taxes																	1222762863	1024490695
Profit from ordinary activities																	1043578	-440388
Prior period adjustments																	0	0
Extraordinary Item																	0	0
Payment Against LTA																	0	0
Net Profit																	1223806441	1024050507
OTHER INFORMATION																		
Unallocated corporate assets	1475020456	1523484123	504698186	512492368	679035722	583609806	232182529	384148997	25014090	2703865	134043011	2278812930	6784997	8566999	0	0	5198238685	4377493394
Total Assets	1475020456	1523484123	504698186	512492368	679035722	583609806	232182529	384148997	25014090	2703865	134043011	2278812930	6784997	8566999	0	0	3321490778	2528196748
Segment liabilities	396124148	387026891	211969725	191028386	162627022	114286369	222395520	196596608	532231	1487940	108008607	8514442	12603283	10515794	0	0	1092351780	1007947476
Unallocated Corporate liabilities																		
Total liabilities	396124148	387026891	211969725	191028386	162627022	114286369	222395520	196596608	532231	1487940	108008607	8514442	12603283	10515794	0	0	1737095446	1249908388
Capital Expenditure	86528489	159753568	5082236	2077305	2411302	14687638	10881205	8494157	0	0	696699927	696699927	0	0	0	0	2829447226	2237903174
Unallocated Corporate Capital																	801603159	881706895
Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	481266836	10014262
Total Capital expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	481266836	10014262
Depreciation/Amortisation	155147634	146467492	7166008	8353627	17485944	16925449	3211806	3514939	3476805	2900726	15387405	234588767	71209	82763	0	0	1282869995	891721157
Unallocated Corporate																	420572094	334698480
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13316840	10416767
Total Depreciation	155147634	146467492	7166008	8353627	17485944	16925449	3211806	3514939	3476805	2900726	15387405	234588767	71209	82763	0	0	433888934	345115247
Non-cash expenses other than depreciation	12309125	5355835	1865982	1499182	2130815	2081333	640011	1014171	0	0	0	0	7273	4162926	0	0	16953206	14093447
Unallocated Non-cash expenses other than depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1142876	1060529
Total	12309125	5335835	1865982	1499182	2130815	2081333	640011	1014171	0	0	0	0	7273	4162926	0	0	18096082	15153776

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board
Ashok Sampatram
Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008



ANNEXURE -3

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	T	-	5	0	5	-	1	0	1	2	8	State code	1	7										
CIN	U	1	4	1	0	9	R	J	1	9	4	9	S	G	C	0	0	5	0	5				
Balance Sheet Date	3			1			0			3			2			0			0			8		
	Date						Month						Year											

II Capital Raised during the Year

Public Issue	N I L										Right Issue	N I L									
Bonus Issue	N I L										Private Placement	N I L									

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	6										4										6										2										7										5										8									
Total Assets	6										4										6										2										7										5										8									

Sources of Funds

Paid-up Capital	7										7										5										5										1										5									
Share Application Money																																																												
Secured Loans	1										2										3										8										0										9									

Application of Funds

Net Fixed Assets	3										3										5										3										5										1										9									
Net Current Assets	2										9										9										5										8										0										7									
Accumulated Losses																																																													N I L									

IV Performance of the Company (Amount in Rs. Thousands)

Turnover	6										4										3										3										6										9										0									
Profit Before Tax	1										8										6										7										5										1										4									
Earning Per Share in Rs.	1										5										.										7										8																													
Total Expenditure	4										5										6										6										1										7										6									
Profit After Tax	1										2										2										3										8										0										6									
Dividend Rate %	2										0																																																											

V Generic Names of Three Principal Products/Services of The Company

Item Code No. (ITC Code)	2	5	1	0	2	0	.	0	1				
Product Description	R	O	C	K	P	H	O	S	P	H	A	T	E
Item Code No. (ITC Code)	2	5	2	1	0	0	.	0	1				
Product Description	L	I	M	E	S	T	O	N	E				
Item Code No. (ITC Code)	2	5	2	0	1	0	.	0	1				
Product Description	G	Y	P	S	U	M							

In terms of our report of even date

For C.R.Mehta & Co.,
Chartered Accountants

C.R. Mehta
Partner

Place : Jaipur
Date : 25.08.2008

For and on behalf of the Board

Ashok Sampatram
Director

Alok Gupta
Managing Director

M.L. Gupta
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 23.08.2008

RAJASTHAN STATE MINES & MINERALS LIMITEDSTATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**Barmer Lignite Mining Company Limited**

1	Financial year of the Subsidiary Company ended on	31-Mar-08
2	i. Shares of subsidiary company held by Rajasthan State Mines & Minerals Limited ii. Extent to holding	10200000(Fully paid-up) (out of total of 20000000 shares) 51.00%
3	The net aggregate amount of profit/loss of the subsidiary company for the financial year so far as it concerns the members of Rajasthan State Mineral & Minerals Ltd. i. Dealt with in the accounts of the Rajasthan State Mines & Minerals Limited for the year ended 31st March, 2008 ii. Not Dealt with in the accounts of the Rajasthan State Mines & Minerals Limited for the year ended 31st March, 2008	Nil Nil
4	The net aggregate amount of profit/loss of the subsidiary company for the previous year, so far as it concerns the members of Rajasthan State Mines & Minerals Ltd. i. Dealt with in the accounts of Rajasthan State Mines & Minerals Ltd. for the previous years since it became the subsidiary of Rajasthan State Mines & Minerals Ltd. ii. Not dealt with in the accounts of Rajasthan State Mines & Minerals Ltd. for the previous years since it became the subsidiary of Rajasthan State Mines & Minerals Limited	Nil Nil Nil

For and on behalf of the Board**Ashok Sampatram**
Director**Alok Gupta**
Managing Director**M.L. Gupta**
Financial Advisor**Rajendr Rao**
Company SecretaryPlace : Jaipur
Date : 23.08.2008



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956
ON THE ACCOUNTS OF RAJASTHAN STATE MINES & MINERALS LIMITED,
UDAIPUR FOR THE YEAR ENDED 31st MARCH 2008.

CAG Comments

The preparation of financial statements of Rajasthan State Mines & Minerals Limited, Udaipur for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25.08.2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Rajasthan State Mines & Minerals Limited, Udaipur for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my supplementary I would like to highlight following significant matters under section 619(4) of The Companies Act, 1956 which have audit nothing significant has come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

Management Reply



BARMER LIGNITE MINING COMPANY LIMITED

*Financial Statement
&
Balance Sheet of
Barmer Lignite Mining Company Limited
(A subsidiary company of RSMML)*

Barmer Lignite Mining Company Limited
(A subsidiary company of RSMML)
DIRECTORS' REPORT

To the Shareholders,

Your directors take pleasure in presenting the second annual report along with the audited accounts of the Company for the year ended on 31st March 2008.

1. Financial Results

As the Company is yet to commence commercial operations, no Profit and Loss Account has been prepared. The Company has incurred Rs 46,74,66,746 towards Capital work in progress and pre operative expenses upto 31st March, 2008.

2. Details and Status of the Project

Your Company has been formed for development, operation and extraction of lignite from the mines and transportation of lignite to the Power Plant being set up by Raj West Power Limited in Barmer District, Rajasthan. Mining operation will be carried out as per directions of Rajasthan Electricity Regulatory Commission (RERC) and necessary actions have been initiated.

Your Company is implementing two Lignite mining projects at Jalipa & Kapurdi in the District Barmer in Rajasthan and lignite mined from these mines shall be supplied to Raj WestPower Limited (RWPL), a joint venture partner and a subsidiary of JSW Energy Limited for generation of electricity at Lignite based Thermal Power Plant.

Your Company has entered into Fuel Supply Agreement with RWPL on 16th February, 2008 for supply of fuel for 30 years.

Your Company has obtained the approval of Mining Plan for Kapurdi Lignite Blocks and Jalipa Lignite Blocks on 29th January, 2008 and 20th March, 2008 respectively.

Your Company's exploration work to convert probable category reserves into proved category reserves is undergoing in the northern block of Jalipa where 1/3rd of the Lignite Reserves are located. Mineral Exploration Corporation Limited has been entrusted with the task. Out of 74 boreholes, 50 have been

completed with Geo Physical logging.

EIA/EMP for Kapurdi and Jalipa Mines has been submitted to Ministry of Environment and Forests (MoEF) on 08th May, 2007 and 15th June, 2007 respectively. TOR for Jalipa and Kapurdi has been issued on 25th October, 2007 and 05th December, 2007 respectively. MoEF clearance is expected very shortly. District Collector, Barmer has issued a demand Note for the Kapurdi Land to Rajasthan State Mines and Minerals Limited (RSMML) after survey of Kapurdi Land. Section 4(1) for Jalipa Block has already been issued on 24th December, 2007. The possession of the Kapurdi Block Land is expected very shortly and initial survey for diversion of NH-15 has been completed and preliminary project report has been received. Approval for the diversion of National Highways (NH) is also expected very shortly.

3. Dividend

Since the Company has not commenced commercial operations during the year under review, the Company has not made any profits. Hence your Directors have not recommended any dividend for the year under review.

4. Fixed Deposits

Your Company has not accepted any Fixed Deposits from the public and is therefore not required to furnish information as per Companies (Acceptance of Deposits) Rules, 1975.

5. Share Capital

During the year 1,99,50,000 (One Crore Ninety Nine Lakhs Fifty Thousand) Equity shares of Rs.10 each were allotted to Raj West Power Limited and Rajasthan State Mines and Minerals Limited through Private Placement Basis.

Accordingly, during the year your company's paid up equity share capital has increased from Rs. 5,00,000 to Rs. 20,00,00,000 comprising of 2,00,00,000 equity shares of Rs. 10/- each.



6. Financing

Rajasthan Electricity Regulatory Commission (RERC) has estimated the total project cost at Rs. 467 Crores which is proposed to be funded on a Debt Equity Ratio of 75:25. Your company is negotiating with Banks / Institutions for approval of Debt portion which is expected to be completed soon.

7. Directors

- a) **Composition**
The Board comprises of 7 directors.
- b) **Retirement by Rotation**
Mr. Ashok Sampatram and Mr. Upinder Singh, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment. The proposals regarding their reappointment as Directors are placed for your approval.
- c) **Changes during the year**
During the year Mr. Raj Kumar Sharma, Director had resigned and RWPL had nominated Mr. N.K. Jain as its nominee with effect from 21st August, 2007.
Mr. Alok Gupta, Director has been nominated by RSMML in place of Mr. Rajat Kumar Mishra, Director with effect from 07th March, 2008 as its nominee.
Your Directors place on record their deep appreciation for the valuable services rendered by Mr. Raj Kumar Sharma and Mr. Rajat Kumar Mishra during their tenures as Directors.
- d) **Board Meetings**
The Board met four times during the year.

8. Composition of Audit Committee

As per the requirements of Section 292A of the Companies Act, 1956, an Audit Committee was constituted on 27th December, 2007 and was

reconstituted during the year and presently constitutes of the following members :

- 1) Mr. Alok Gupta
- 2) Mr. Nirmal Kumar Jain
- 3) Mr. Upinder Singh

The terms of reference of audit committee is in accordance with Section 292A of the Companies Act, 1956. Members of the Audit Committee met once during the year.

9. Directors' Responsibility Statement

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

- a) That in preparation of the annual accounts, the applicable accounting standards are followed.
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) That the Directors have prepared the annual accounts for the year under review, on a going concern basis.

10. Auditors

M/s Vinod Singhal & Company, Chartered Accountants, Jaipur were appointed as Auditors under Section 619 of the Companies Act, 1956, to audit the Company's Annual Accounts for the Financial Year 2007-08. Necessary recommendation shall be made to Comptroller and Auditor General of India (CAG) for the

RAJASTHAN STATE MINES & MINERALS LIMITED

BARMER LIGNITE MINING COMPANY LIMITED

re-appointment of M/s Vinod Singhal & Company, Chartered Accountants, Jaipur to audit the accounts for the Financial Year 2008-09.

Your Directors request you to authorise the Board of Directors to fix the remuneration of the auditors as appointed by the CAG under Section 619 of the Companies Act, 1956.

11. Conservation of Energy and Technology Absorption

Since the Company has not commenced commercial operations, reports pertaining to conservation of energy and technology absorption are not applicable.

12. Foreign Exchange Earnings and Outgo

There are no foreign exchange earnings or outgo during the year.

13. Particulars as per Section 217 (2A) of the Companies Act 1956

None of the employees of the Company was in receipt of remuneration in excess of the limits specified under section 217(2A) of the Companies Act, 1956.

14. Acknowledgment

Your Directors express their grateful appreciation for the cooperation and assistance received from the Government of Rajasthan, various Government departments and authorities, banks, consultants, Rajasthan State Mines and Minerals Limited and Raj West Power Limited.

For and on Behalf of the Board

Place: Jaipur
Date: 05.07.2008

Ashok Sampatram
Chairman



BARMER LIGNITE MINING COMPANY LIMITED

AUDITORS' REPORT

To,
The Members of,
Barmer Lignite Mining Company Limited,

1. We have audited the attached Balance Sheet and annexures thereto of Barmer Lignite Mining Company Limited, as at 31st March, 2008 and also annexed Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standard 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 the 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 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books;
- iii. The Balance Sheet and Cash Flow Statement dealt by this report are in agreement with the books of accounts;
- iv. In our opinion, the Balance Sheet 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;
- v. As per the explanations given to us that it is being a Government Company, therefore the provisions of section 274(1)(g) of the Companies Act, 1956 are not applicable to it as per G.S.R. no. 829 (E) dated 21.10.2003 of the Companies Affair Department, Finance Ministry.
- vi. In our opinion and to the best of our information and according to the explanations give to us, the said account 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.
 - a. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008, and
 - b. in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For Vinod Singhal & Co.
Chartered Accountants

Place: Jaipur
Date: 05.07.2008

Vinod Kumar Singhal
Partner
Membership No. 074391

ANNEXURE – I TO THE AUDITOR'S REPORT

(Statement referred to in paragraph-3 of our report of even date on the matters specified on paragraph 4 of the Statement on the Companies (Auditors Report) Order, 2003)

Referred to in paragraph 3 of our report of even date.

- | | |
|--|--|
| <p>(i) (a) The company has no any Fixed Assets.
(b) Above reference (i) (a) is not Applicable.
(c) Above reference (i) (a) is not Applicable.</p> <p>(ii) (a) Company has not Commenced the Business operation, and there is no inventory as n the date of balance sheet.
(b) Above reference (i) (a) is not Applicable.
(c) Above reference (i) (a) is not Applicable.</p> <p>(iii) (a) The Company has taken Loan from M/s Raj West Power Limited of Rs. 25,97,75,000/- covered in the register maintained under Section 301 of the Companies Act, 1956. This Loan overrule of Section 293 (1) (d) of the Companies Act, 1956.
(b) In our opinion, the rate of interest and other terms and condition of such Loan are not, prima facie, prejudicial to the interest of the Company.
(c) The party has not repaid the principal amount of loan as stipulated and no provision of interest is made because condition of loan given by M/s Raj West Power Limited is pending for acceptance of senior lender of company interest of loan of this year has been shown as Contingencies liabilities. As Reported, Company has not accepted any loan.
(d) There is no overdue amount in respect of loans granted to companies, firm or other parties listed in their register maintained under section 301 of the Companies Act, 1956.</p> <p>(iv) Company has not commenced the Business activities, so this clause does not apply.</p> <p>(v) (a) According to the information and explanation given to us, we are of the opinion that the particulars of all contracts</p> | <p>or agreements that need to be entered in the register maintained under section 301 of the companies act, 1956 have been so entered.</p> <p>(b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or agreements entered in the register maintained under section 301 of companies act, 1956.</p> <p>(vi) In our opinion and according to the information given to us, in this financial year company has not accepted any public deposit, so section 58A and 58AA of Companies Act, 1956 does not apply.</p> <p>(vii) In our opinion, internal audit system is not compulsory for this Company.</p> <p>(viii) As per section 209 (1) (d) company is required to maintain cost records, but company has not commenced business, and has not maintained any cost record.</p> <p>(ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee sate insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
(b) According to the information and explanation given to us no undisputed amount payable in respect of provident fund, investor education and protection fund, employee state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues were outstanding, at the year end, for period of more then six month from the date they become payable.</p> |
|--|--|



BARMER LIGNITE MINING COMPANY LIMITED

- (c) According to the records of the company, no dues of sales tax, investor education and protection fund, income tax, custom duty, wealth tax, excise duty and cess on a/c of any dispute.
- (x) In our opinion, the company has not incurred cash losses during the financial year covered by our audit; no such accumulated losses are seen.
- (xi) In our opinion and according to the information and explanation given to us the company has not defaulted in repayment of dues to a Financial Institution and Bank.
- (xii) In our opinion and according to the information and explanation given to us company has not granted any Loan and Advance against security of shares, Debentures and other securities.
- (xiii) In our opinion, the company is not a Chit Fund or a Nidhi / Mutual benefit fund / Society. Therefore the provision of clause 4 (xiii) of the companies (Auditor Report) order 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing or trading in Share, securities debentures and other investments. According to the provision of clause 4 (xiv) of the companies (Auditor Report) order 2003 are not applicable to the company.
- (xv) According to the information given to us, company has not given any guarantee for loans taken by other from bank or financial institution.
- (xvi) In our opinion and according to the information given to us that company has not accepted any term loan.
- (xvii) According to the information and explanation given to us and on an overall examination of balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares, So clause (xviii) is not applicable.
- (xix) The company has not issued any debentures in this year so provision of clause (xix) is not applicable.
- (xx) The company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and information and explanation given by the management, we have report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Vinod Singhal & Co.,
Chartered Accountants

Vinod Kumar Singhal
Partner
Membership No. 074391

Place : Jaipur
Date : 05.07.2008

BALANCE SHEET AS AT 31st MARCH, 2008

(AMOUNT IN RUPEES)

	Schedule	As at 31st March 2008	As at 31st March 2007
SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	A	20,00,00,000	500,000
Share Application Money		-	9,77,55,000
2. Loan Funds			
Unsecured Loans	B	25,97,75,000	23,22,65,000
Total		45,97,75,000	33,05,20,000
APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block		-	-
b) Less: Depreciation		-	-
c) Net Block		-	-
d) Capital Work In Progress and Pre - operative Expenditure during the construction period (Pending Allocation)	C	46,74,66,746	32,96,18,538
		46,74,66,746	32,96,18,538
2. Invesments			
		-	-
3. Current Assets, Loans & Advances			
a) Loans and Advances		-	-
b) Cash and Bank Balances	D	21,68,450	37,60,450
		21,68,450	37,60,450
Less: Current Liabilities & Provisions			
a) Liabilities	E	98,60,196	28,58,988
		-	-
		98,60,196	28,58,988
Net Current Assets		(76,91,746)	9,01,462
Total		45,97,75,000	33,05,20,000
Significant Accounting Policies and Notes to Accounts	F	-	-
The above schedules form part of the Financial Statements			

As per our attached report of even date

For Vinod Singhal & co.,
Chartered Accountants

Vinod Kumar Singhal
Partner
Membership No. 074391

Place : Jaipur
Date : 05.07.2008

For and on behalf of the Board

Ashok Sampatram Chairman
Tuhin Kumar Mukherjee Managing Director
Nitesh Gangwal Company Secretary



BARMER LIGNITE MINING COMPANY LIMITED

Schedules forming part of the Balance Sheet as at 31st March, 2008

BARMER LIGNITE MINING COMPANY LIMITED		(AMOUNT IN RUPEES)
	As at 31st March 2008	As at 31st March 2007
SCHEDULE 'A' - SHARE CAPITAL		
1. Authorised		
20,000,000 (Previous Year 20,000,000) Equity Shares of Rs.10 each	20,00,00,000	20,00,00,000
2. Issued, Subscribed & Paid Up		
2,00,00,000 (Previous Year 50,000) Fully Paid Equity Shares of Rs. 10 each. Of the above shares 1,02,00,000 shares allotted as fully paid-up without payment being received in cash.	20,00,00,000	5,00,000
3. Share Application Money (Pending Allocation)		
	-	9,77,55,000
	20,00,00,000	9,82,55,000
SCHEDULE 'B' - UNSECURED LOANS		
Subordinated Debt	25,97,75,000	23,22,65,000
	As at 31st March 2008	As at 31st March 2007
SCHEDULE 'C' - CAPITAL WORK IN PROGRESS AND PRE-OPERATIVE EXPENDITURE DURING THE CONSTRUCTION PERIOD (PENDING ALLOCATION)		
CAPITAL WORK IN PROGRESS		
A. Plant and Machinery & Civil Works		
Capital Advances	30,21,900	22,07,020
Rights under the Implementation and Joint Venture Agreement	10,20,00,000	2,55,000
Sub Total A	10,50,21,900	24,62,020
B. PRE - OPERATIVE EXPENDITURE (PENDING ALLOCATION)		
Opening Balance	32,71,56,518	-
Geological Report	-	32,50,00,000
Audit Fees	30,562	20,000
Interest & Finance Charges	2,465	4,550
Digitization of Exploration Data Expenditure	15,94,108	-
Professional Fees	1,09,147	-
Preliminary Expenses	-	21,31,968
Ecological Study	4,90,000	-
Geological Study	19,51,334	-
Geo Physical Logging & Drilling	282,05,560	-
Hydrogeological Investigation	12,93,699	-
Mining Plan Expenses	5,61,800	-
ROC Fees	10,020	-
Stamp Duty on shares issued	1,99,500	-
Printing & Stationery	26,816	-
Rates & Taxes	5,569	-
Advertising Expenses	5,11,800	-
Travelling Expenses	16,764	-
Office Expenses	2,79,184	-
Sub Total B	36,24,44,846	32,71,56,518
Total (A+B)	46,74,66,746	32,96,18,538

RAJASTHAN STATE MINES & MINERALS LIMITED**BARMER LIGNITE MINING COMPANY LIMITED**

	As at 31st March 2008	As at 31st March 2007
SCHEDULE 'D' - CASH AND BANK BALANCES		
Balance with Scheduled Banks:		
In Current Accounts	21,68,450	37,60,450
	21,68,450	37,60,450
	-	
	-	
CURRENT LIABILITIES & PROVISIONS		
SCHEDULE 'E' - CURRENT LIABILITIES		
Sundry Creditors (other than to small scale industries)	98,60,196	28,58,988
* No amount due to be credited to Investor Education and Protection Fund		
	98,60,196	28,58,988
	-	
	-	

As per our attached report of even date

For Vinod Singhal & Co.,
Chartered Accountants

Vinod Kumar Singhal
Partner
Membership No. 074391

Place : Jaipur
Date : 05.07.2008

For and on behalf of the Board

Ashok Sampatram Chairman
Tuhin Kumar Mukherjee Managing Director
Nitesh Gangwal Company Secretary



BARMER LIGNITE MINING COMPANY LIMITED

Cash Flow Statement for the period ending 31st March, 2008

(AMOUNT IN RUPEES)

	Year ended 31st March 2008	Period ended 31st March 2007
A. CASH FLOW FROM OPERATING ACTIVITIES	-	-
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Capital Work in Progress net of Creditors	61,86,328	(14,80,000)
Preoperative Expenses to be capitalised	(3,52,88,328)	(32,50,24,550)
NET CASH USED IN INVESTMENT ACTIVITIES	(2,91,02,000)	(32,65,04,550)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Purchase Of Investments		
Issue of Shares	-	9,80,00,000
Proceeds from Borrowings	2,75,10,000	23,22,65,000
NET CASH USED IN FINANCING ACTIVITIES	2,75,10,000	33,02,65,000
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(15,92,000)	37,60,450
CASH AND CASH EQUIVALENTS - OPENING BALANCES	37,60,450	-
CASH AND CASH EQUIVALENTS - CLOSING BALANCES	21,68,450	37,60,450

Note :

1. The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3.
2. Significant Non-cash Transaction:-During the year Company has issued 1,01,74,500 fully paid up Equity share of Rs. 10 each aggregating to Rs. 10,17,45,000 for consideration otherwise than in cash to Joint venture partner Rajasthan State Mines & Minerals Ltd. towards Rights Under Implementation and Joint Venture Agreement.

As per our attached report of even date

For Vinod Singhal & co.,
Chartered Accountants

Vinod Kumar Singhal
Partner
Membership No. 074391

Place : Jaipur
Date : 05.07.2008

For and on behalf of the Board
Ashok Sampatram Chairman
Tuhin Kumar Mukherjee Managing Director
Nitesh Gangwal Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31st MARCH 2008

SCHEDULE 'F'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) General:

The financial statements are prepared under the historical cost convention, on the accounting principles of going concern and as per applicable accounting standards. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision of accounting estimates is recognised prospectively.

(b) Fixed Assets

Fixed assets are recorded at cost which includes all direct and indirect expenses up to the date of acquisition and installation of the same.

(c) Depreciation

Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Depreciation on impaired assets related to a cash generating unit is provided by adjusting the depreciation charge in the remaining periods so as to allocate the revised carrying amount of the asset over its remaining useful life.

(d) Impairment of Assets:

In accordance with AS 28 on "Impairment of Assets" issued by ICAI, where there is an

indication of impairment of the company's assets relating to cash generating units, the carrying amount of such assets are reviewed at each balance sheet date to determine whether there is an impairment. The recoverable amount of such assets is estimated at the higher of its net selling price and its value in use. An impairment loss is recognized in the Profit & Loss Account whenever carrying amount of such assets exceeds its recoverable amount.

(e) Investments:

Long term investments are stated at cost. In case, there is a decline other than temporary in the value of the investment, a provision for the same has been made.

(f) Inventories:

Inventories are valued at lower of cost and net realisable value. Cost is determined on the basis of weighted average. Obsolete, defective and unserviceable stock is duly provided for wherever applicable.

(g) Foreign exchange Transactions:

Transactions are recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency designated assets, liabilities and capital commitments are stated at the year end rates. The exchange differences are adjusted to carrying cost of the fixed assets acquired outside India if they relate to fixed assets and to profit and loss accounts in other cases.

(h) Borrowing Cost:

Borrowing Costs directly attributable to the acquisition and construction of qualifying assets are capitalized as a part of cost of such asset up to the date when such assets are ready for its intended use.

(i) Taxes on Income

Income tax expenses comprise current tax



and fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charges or credit (reflecting the tax effects of timing differences between accounting income and taxable income of the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future; however where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain as the case may be to be realized.

Tax credit is recognised in respect of Minimum Alternate Tax (MAT) paid in terms of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and the same is reviewed at each balance sheet date.

(j) Miscellaneous Expenditure

Preliminary Expenses will be amortised over a period of five years from the date of commencement of commercial mining activities.

(k) Provisions and Contingent Liabilities

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) The Company has a present obligation as a result of a past event.
- b) A probable outflow of resources is expected to settle the obligation and
- c) The amount of the obligation can be reliably estimated

Where some or all the expenditure required to settle a provision is expected to be reimbursed by another party, such reimbursement is recognized to the extent of provision or contingent liability as the case may be, only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

- a) A present obligation arising from a past event, when it is not probable that a outflow of resources will be required to settle the obligation.
- b) A possible obligation, unless the probability of outflow of resources is remote.

2. Notes to accounts

- (a) Contingent Liabilities not provided for:

Interest amounting to Rs. 2,39,55,064 @ 10 % on unsecured loan (in the form of subordinated debt) of Rs. 25,97,75,000 not provided as the same is subject to lender's approval.

- (b) Since the project is under implementation and yet to commence commercial operation, no Profit & Loss Account has been prepared. The Company has instead prepared the statement of Pre-operative expenditure during the construction period (pending allocation) as per schedule 'D' to the financial statement. It is the Company's intention to account for the same by way of allocation to the fixed assets relating to the project and /or as revenue expenditure, in the year of commencement of commercial operations. The amount to be capitalised or treated as revenue expenditure will be determined in accordance with the generally accepted accounting principles.

- (c) Estimated amount of contracts

remaining to be executed on Capital Account and not provided for (net of advances) Rs. 20,70,000.

- (d) Company has not deducted any TDS on payment made Rs 641880/- as on 14.08.2007 to RRSSC Jodhpur and Rs. 250000/- paid as on 15.12.2007 to Geological Survey of India. Concerning person explained to us that above company are exempted for deduction of TDS liabilities but they did not give any evidence regarding exemption given to above company from deduction of TDS liabilities.
- (e) Based on the information available with the Company regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to Micro, Small and Medium Enterprises Suppliers on account of principal and/or interest as at the close of the year.
- (f) No provision of deferred tax assets and liabilities is made as on 31st March 2008 as there is no timing difference and project is yet to start its commercial production
- (g) Remuneration to Auditors

	Current Year	Previous Year
Audit fees (including service tax)	Rs. 28090	Rs. 20,000

- (h) In the opinion of the Management, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of what is required.
- (i) During the year company received Rs. 2,75,10,000 from joint venture partner RWPL towards Subordinate Debt as per the Joint Venture agreement and the proceeds were used to effect payment to various parties to whom work order has been awarded.
- (j) Related party Disclosure as per Accounting Standard 18:

List of Related Parties:

- (i) Parties where control exists
- (a) Rajasthan State Mines and Minerals Limited-Holding Company.
- (b) Raj West Power Limited-Associate Company
- (ii) Related Party Transactions

Transaction with Related parties

(Amount in Rs.)

Nature of Transaction	RSMML	RWPL
Transaction during the year		
Issue of Equity Shares		9,77,55,000
Issue of Equity Shares other than cash	10,17,45,000	
Subordinate debt (Unsecured Loan)		2,75,10,000

As per our attached report of even date

For Vinod Singhal & co.,
Chartered Accountants

Vinod Kumar Singhal
Partner
Membership No. 074391

Place : Jaipur
Date : 05.07.2008

For and on behalf of the Board

Ashok Sampatram Chairman

Tuhin Kumar Mukherjee Managing Director

Nitesh Gangwal Company Secretary



BARMER LIGNITE MINING COMPANY LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details	
	Registration No.	U14109RJ2007SGC023687
	State Code No.	
	Balance Sheet Date	31.03.2008
		Rs. '000
II	Capital raised during the year	199,500,
III	Position of mobilisation and deployment of funds	
	Total Liabilities	459,775
	Total Assets	459,775
	Sources of Funds	
	Paid-up Capital & Share Application Money	200,000
	Reserves & Surplus	Nil
	Secured Loans	Nil
	Unsecured Loans	259,775
	Deferred Tax Liability	Nil
	Application of Funds	
	Net Fixed Assets	
	Investments	
	Capital Work in Progress Pre Operative	467,467
	Net Current Assets	(7,692)
	Miscellaneous Expenditure	Nil
IV	Performance of the Company	
	Turnover	Nil
	Total Expenditure	Ref. Note 2(b) of Notes to Accounts
	Profit/(Loss) Before Tax	Nil
	Profit/(Loss) After Tax	Nil
	Earnings per share in Rs.	Nil
	Dividend Rate %	Nil
V	Generic Name of principal product of the Company (as per monetary terms)	
	Item Code No.	
	Product Description	Lignite

As per our attached report of even date

For Vinod Singhal & co.,
Chartered Accountants

Vinod Kumar Singhal
Partner
Membership No. 074391

Place : Jaipur
Date : 05.07.2008

For and on behalf of the Board

Ashok Sampatram Chairman
Tuhin Kumar Mukherjee Managing Director
Nitesh Gangwal Company Secretary

RAJASTHAN STATE MINES & MINERALS LIMITED

BARMER LIGNITE MINING COMPANY LIMITED

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BARMER LIGNITE MINING COMPANY LIMITED, JAIPUR FOR THE YEAR ENDED 31 MARCH 2008.

The preparation of financial statements of Barmer Lignite Mining Company Limited, Jaipur for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 5.07.2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Barmer Lignite Mining Company Limited, Jaipur for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comments upon or supplement to Statutory Auditors report under section 619(4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller and Auditor General of India**

Satish Loomba

Accountant General (C & R Audit)
Rajasthan, Jaipur

Place : Jaipur
Date : 17.09.2008