

RAJASTHAN STATE MINES & MINERALS LIMITED

(A Government of Rajasthan Enterprise)

Board of Directors

Board as on 01.09.2007

Shri D.C. Samant	Chairman
Shri Rajiv Mehrishi	Director
Shri Ashok Sampatram	Director
Dr. Ashok Singhvi	Director
Shri C.P. V as	Director
Shri A.C. Wadhawan	Director
Shri Rajat Kumar Mishra	Managing Director

Financial Advisor

Shri M.L. Gupta

Compan Secretar

Shri Rajendr Rao

Auditors

C.R. Mehta & Compan
Chartered Accountants

Bankers

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

NOTICE is hereby given that the 60th Annual General Meeting of the shareholders of the Company will be held on Friday, 28th September, 2007 at 4.00 P.M. at the Registered Office of the Company, C-89-90, Lal Kothi, Jaipur 302 015 to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2007, 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 A.C. Wadhawan, who retires by rotation under Article 103 of the Articles of Association of the Company and is eligible for reappointment;
3. To fix the remuneration of the statutory auditors.

Special Business

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:
RESOLVED that Shri C.P. Vyas, being eligible and offering himself for appointment and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation.

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

Rajendr Rao
Company Secretary

Udaipur

3rd September, 2007

NOTES

1. 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 REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE 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. 4

Shri C.P. Vyas, is presently working as Director, Directorate of Mines & Geology (DMG), the notice has been received from one of the shareholders as required under section 257 of the Companies Act, 1956 proposing name of Shri C.P. Vyas as candidate for office of director.

The Directors seeking appointment / reappointment may be deemed to be concerned or interested in the respective resolution concerning their appointment / reappointment.

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

Rajendr Rao
Company Secretary

Udaipur

3rd September, 2007



DIRECTORS' REPORT

Your Directors take great pleasure in presenting the 60th Annual Report together with the audited Balance Sheet and Profit & Loss Account for the financial year ended 31st March, 2007.

The Year in Retrospect

Amidst all round optimism, Indian Economy in 2006-07, again exhibited strong macroeconomic fundamentals amply supported by revenue led fiscal consolidation, robust overall growth, vigorous resurgence in manufacturing sector, ebullient capital market, steep rise in exports, prominent upward swing in service sector, healthy capital flow with increase in investment; thus setting renewed faith on sustainable and accelerated growth for the Nation.

However, the onward march of Indian economy chiefly based on prosperity brought by Industrial and Service sectors was hindered by low and volatile growth in Agricultural sector. In F.Y. 2003-04 the growth in agricultural sector was at a high of 10% which became 0% in 2004-05, again revived to 6% in 2005-06. However in 2006-07 the growth again declined to 2.7%, raising serious concerns for this basic sector, employing 70% of the country's work force.

Against this back drop your company engaged in production of fundamental fertilizer based raw minerals like Rock phosphate and Gypsum had a role to play. Productivity of these minerals was maintained at optimum level, breaking the previous records in mining of minerals and mineral development. Similarly, the spurt in construction sector which grew at 9% in the year demanded enhanced productivity and quality from your company, handling production of a range of Limestone and Gypsum. The unprecedented growth in economy created tremendous demand for steel grade low silica limestone and your Company lived up to the challenge and could supply record quantum to all major SAIL steel plants and TATA Steel. Echoing the global concern against the rising temperature of the planet Earth, your company earned the distinction of being the first PSU of India in getting the projects registered under Clean Development Mechanism of UNFCCC and generating revenue of Rs. 3.50 Crores in foreign currency by selling CERs (Carbon Points) to various companies abroad.

Some of the performance highlights during the year are-

- The Total Revenue has reached the highest ever level at Rs. 570.02 Crores, registering a growth of 5.33 % over previous year figure of Rs. 541.16 Crore.
- The Profit Before Tax (PBT) has scaled up to a record Rs. 156.11 Crores with 10.01% increase over the previous year's figure of Rs. 141.90 Crores.
- The company has recorded the highest ever Profit After Tax (PAT) of Rs. 102.41 Crores which is 7.75% higher than the previous year's PAT of Rs. 95.04 Crores.
- The company has made contribution to State Exchequer amounting to Rs. 112.37 Crores in the form of statutory levies and taxes.
- Earning Per Share (EPS), which indicates return on shareholders' investment, has reached to an all time high of Rs. 13.20 per share.
- The output per employee, which is one of the key indicators for human resource productivity, is also stood at the highest level of Rs. 26.83 lakhs per employee as compared to Rs. 25.34 Lac during the previous year.

All business segments have reported very healthy & outstanding results. Rock Phosphate continued to hold its prime position in the business profile of the Company catering to almost 94% of the domestic demand for rock phosphate during the preceding two years. The sale of rock phosphate has touched the level of 9.63 Lac MT as compared to 9.51 Lac MT previous year.

Despatches of gypsum of 28.51 Lac tonnes in 2006-07 is marginally lower than 28.87 Lac tonnes sold in previous year. Renewed emphasis has been laid on Environmental Management for the operation of gypsum mines.

Production of SMS grade limestone has crossed 2.0 million tonnes in this year, with better financial results.

Financial Performance

With a positive shift in the corporate mindset, your company has successfully realigned itself to new focus

RAJASTHAN STATE MINES & MINERALS LIMITED

of acquiring competitiveness in cost and quality of delivery in each business segments. Such realignment has been achieved through significant technology up gradation, process improvement, innovation and higher levels of customer satisfaction. These key stones of our corporate strategy have been formulated

based on considerable analysis and on application of modern & scientific technique at all level throughout the organisation. The resultant financial performance as compared to that of the previous fiscal is depicted below-

(Rs. in Lac)

	2006-07	2005-06
Profit after Interest but before Depreciation and Prior period Adjustments.	19066.60	17081.54
Depreciation & amortisation	(3451.15)	(2875.47)
Prior Period Adjustment	(4.40)	(16.20)
Surplus for the Year Before Tax	15661.05	14189.87
Provision for Current Tax	(3718.70)	(4811.00)
Tax Adjustment of Earlier Years	28.46	78.10
Fringe Benefit Tax	(74.59)	(50.00)
Deferred Tax Provision	(1605.72)	97.25
Net Profit after tax	10240.50	9504.22
Add : Balance brought forward from the previous year	79.92	44.26
Balance available for Appropriation	10320.42	9548.48
Appropriations		
- Interim/Proposed Dividend	-	1551.03
- Corporate Dividend Tax	-	217.53
- General Reserve	10250.00	7700.00
Balance carried forward to Next Year	70.42	79.92

Growth Indicators

(Rs. in Lac)

	2006-07	2005-06
Total Revenue	57001.81	54116.08
Contribution to Exchequer	11236.60	11866.97
Cash Profit	19066.61	17081.51
Profit after tax	10240.51	9503.54
Net Worth	45363.41	35534.62
Basic and Diluted Earning per Share (Rs.)	13.20	12.26
Output per Employee	26.83	25.34

Financial Resources

The capital structure of the company remains unchanged during the financial year with the paid up share capital of 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

Your company considers new projects and ventures as important drivers of growth. The company has taken up several short, medium and long term projects, which would fuel the growth engines in future. A brief of various projects completed / being pursued is given in the ensuing paragraphs.

Wind power project at Jaisalmer

Your company has installed wind power projects in five phases in Jaisalmer district of Rajasthan with a combined installed capacity of 37.3 MW. All units installed in various phases are working satisfactorily. The project enabled the company to produce 690 Lac units (Kwh) of grid quality electricity without polluting the environment and saved global warming by eliminating emission of about 5.86 Lac tons of CO₂ every year. By wheeling and selling of power generated through state grid the company have gained/saved significant amount in energy cost and also taken advantage of tax benefit incentives offered by the Government for such projects.

A capacity augmentation of 15 MW wind energy project at a cost of Rs 78.00 Crores is also in the progress and is expected to be completed by the end of September 2007.

Carbon credit

Your Directors are pleased to inform that your company achieved distinction in getting its wind farm projects (generating capacity of 14.8 MW) registered with UNFCC under CDM project category. Your company has become the first public sector undertaking in India to get such approval and to earn foreign exchange equivalent to Rs 3.50 Crores by selling Carbon Emission Reduction Certificate to foreign buyers.

Your company is also preparing the CDM projects for registration for its following projects:

- Energy saving by use of Roller Press technology in IBP plant at Jhamarkotra mines, for which PDD has been prepared. The site verification has been carried out by internationally approved valuer and Host Country approval has also been received from MOEF, Government of India.
- Registration of 22.5 MW wind farm (Phase IV & V) executed in last two years. The work for preparation of PDD has been awarded to M/s Synergy Global Pvt. Limited.

- Registration of 1 TPD bio diesel plant as CDM project for which study is being carried out for adopting proper methodology as it is yet to be finalized by UNFCC

DAP project in joint venture with RCF

RCF and RSMML have entered into a Joint Venture agreement for setting up a DAP plant at Kapasan, Distt. Chittorgarh. As per the JV agreement a Joint Venture company namely Rajasthan Rashtriya Chemicals and Fertilizers Limited is being incorporated wherein RCFL will hold 51% and balance 49% equity will be held by RSMML. M/s Projects and Development India Ltd. (A Government of India Undertaking) is assisting us as a consultant for preparation of a bankable definitive feasibility report. Through International Competitive Bidding (ICB), offers have been solicited to put up DAP & Phosphoric Acid Plant on turnkey basis. The bids received are under evaluation.

Subsidiary Companies

Your Directors are pleased to inform that a new Joint Venture Company M/s Barmer Lignite Mining Company has been incorporated during the year. In the JV Company, RSMML holds 51% share capital while balance 49% is held by M/s Raj West Power Limited.

Government of India has granted block allotments for Jalipa, Kapurdi Lignite deposits in favour of your company. Based on Kapurdi Jalipa deposit, Raj West Power Limited is setting up 1000 MW lignite based pit head power plant in Barmer. The power plant will be set up in a modular configuration of 8 x 135 MW units to be commissioned in phased manner. The company has already initiated action for land acquisition. It is expected that first unit of will be commissioned in the November 2008.

RBG Project

Your company has also entered into a Memorandum of Understanding with M/s Binani Industries Ltd. and M/s Gujarat Mineral Development Corporation for setting up a multi-metal project on the reserves available at Deri and Basantgarh deposits situated in Rajasthan and adjoining Ambaji deposit in Gujarat. Rajasthan State Pollution Control Board (RSPCB) has reportedly sent 'No Objection Certificate' to Ministry of Environment & Forests (MOEF) GOI for operating the mines with enhanced capacity along with the approval for construction of water storage dam near the mines. Public hearing completed for Deri Beneficiation Plant,

Dam & the environmental clearance from MOEF are expected very soon, whereas for Deri Mines, the environmental clearance has already been obtained.

20 MLD desalination water plant at Nagaur

While mining lignite at Kasnau-Matasukh mines in Nagaur, the company encountered a huge aquifer under pressure beyond a depth of 60 meters, capable of producing considerable amount of brackish water. The mines were flooded. The company had to remodel its mining system after thorough studies conducted by the NLC and CMPDIL and recommenced the mining activities. For proper disposal & effective use of this huge volume of brackish water, the company has decided to commission water desalination facilities at site. The initial desalination capacity will be to treat 20 MLD of brackish water to produce a minimum of 12 MLD of potable water, which will be distributed by PHED in adjoining rural areas for drinking purposes. The company in this way will significantly achieve one of major goals in social responsibility. The project will be implemented on DBOOT basis.

MOU with Lafarge

A MOU is also signed with M/s. Lafarge Boral Gypsum India Pvt. Ltd. (LBGIPL) for supply of gypsum for a period of fifteen years. M/s. LBGIPL has proposed to install a project for producing high quality Gypsum board with an investment of around Rs 100 Crores at Kushkhera Industrial Area in Rajasthan. This would be the first project of its kind in Rajasthan.

Bio Diesel Plant

As reported earlier, the pilot bio-diesel plant was commissioned on 31st March 2006. Since then 42073 litres of bio-diesel along with Jatropha Cake (160 MT), Glycerine (2796Kg), Soap (98195952 Kg) and Potassium Sulphate (790 Kg) have been produced up to May 2007. The oil conforms to European EN 14214 standards and is being used in mining machinery by blending ten percent with HSD. Soap is being consumed in IBP and Cake is being sold in open market. This pilot plant has established the technology for processing Jatropha seeds to produce bio diesel and saleable by products.

Status of New Lignite Projects

Gurha (West), Bikaner

The block is located at a distance of 70 KM South West, Bikaner. The notification under Section-4 for

acquisition of land has been published. The mine plan of the Gurha (West) lignite Project has been approved for a production capacity of One million tonne of Lignite. The necessary Environment Clearance is likely to be obtained from the Ministry of Environment & Forest shortly. Creation/ development of infrastructure activities like Road, building etc. will be commenced soon after the land acquisition. Action has also been initiated for award of contract for production of lignite.

Soneri, Barmer

The block is located near Giral, Bikaner. The mine plan for a production capacity of One million tonne has already been approved by Ministry of Coal and Environment clearance from MOEF is expected soon. Section 6 notification has already been published and it is expected that the process of acquisition will be completed soon. Infrastructure development activities like road, building are also being undertaken. Necessary action has also been initiated for award of contract for production of lignite.

Other important initiatives

Supply of lignite to power plant

RSMML has now to its credit the supply of Lignite to first Lignite based power plant setup in Rajasthan by RVUNL. The power generation from this plant was inaugurated on 28th February 2007. The second unit of 125 MW unit of Giral Thermal Power Plant is under progress and is scheduled to commence operations in August 2008. Your corporation will shortly enter into long term Fuel Supply Agreement with RVUNL. It will be the most appropriate usage of lignite for overall development of the state.

Creation of RSMML Foundation for Research Innovation and Development

RSMML is deeply committed towards economic betterment and creation of conducive living conditions for people living in and around its project district in particular and people of the state and the country in general. RSMML also accords, high priority to protection of environment and conservation of natural resources. For attainment of these objectives, your company has created the Foundation for Research Innovation and Development, registered on 30.06.2006.

The principal object of the Trust is to carry on charitable project in Sectors like health, social welfare,



environment restoration/management and other activities for welfare of the general mankind, without distinction to any caste or creed and in consonance with to the secular character of our nation.

Physical Performance

Strategic Business Unit & Profit Centre- Rock Phosphate

Total rock handling at the Jhamarkotra mines was 195.52 Lac MT in comparison to 179.23 Lac MT of previous year out of which departmental rock handling was 100.23 Lac MT and Contractual production was 95.29 Lac MT.

In the financial year 2006-07, production of high-grade ore (HGO) and low grade ore (LGO) were 7.11 Lac MT and 10.88 Lac MT respectively. The corresponding figures for the previous year were 7.41 Lac MT of HGO and 11.29 Lac MT of LGO.

With respect to beneficiation of low grade ore into high grade concentrate, 8.07 Lac MT of LGO of average feed grade of 14.49% P_2O_5 was beneficiated to produce 3.05 Lac MT of beneficiated rock phosphate during the year as against the beneficiation of 8.77 Lac MT of LGO of average 15.85% to produce 2.97 Lac MT of beneficiated in the previous year.

The company could achieve a major break through and has developed, with the help of IBM, a technology to beneficiate rock phosphate having 12 to 13% P_2O_5 contents with high silica and iron. This rock was being kept separately as it was not usable. Using this technology, the company will be able to beneficiate additional quantity of 75 Lac tons of Rock Phosphate in next 8-10 years. The company is also having high grade rock phosphate with high R_2O_3 . Till the financial year 2005-06, the material was being not sold because of high R_2O_3 in it. However, during the year the company could find market for this production also. These developments would help in enhancing the life of the rock phosphate mines as well as profits of the company.

Strategic Business Unit and Profit Centre - Gypsum

The production and sales of gypsum are stood at 29.45 Lac MT and 28.50 Lac MT respectively in the current year as against 27.97 Lac MT and 28.87 lakh MT for the year 2005-06. Several new mining leases have been applied, to augment supplies to various customers both in agriculture and cement sectors.

Strategic Business Unit and Profit Centre - Limestone

The limestone business of the company could maintain the momentum with proactive marketing strategies and strong demand from the steel industry in spite of adversities like increase in freight. The limestone mines are located at Jaisalmer & Gotan and fluorspar mining operations are located at Bhinmal. The production from units at Jaisalmer and Gotan stood at 20.07 Lac tons as against 19.82 Lac in previous year. Similarly, sales of limestone gitti stood at 18.80 Lac tons as compared to 18.73 Lac tons during the previous year.

With the increase in GDP and higher growth rate in the basic industry, it is expected that Steel industry will further grow in coming years. The various steel plants of SAIL and Tata are going for expansion. This will result in increased off take of limestone from Jaisalmer in years to come. Further, with the commissioning of thermal power plant in Barmer, which requires undersized limestone for desulphurization, the sale of undersized limestone is also expected to increase.

The growth in the cement & steel industries has also resulted spurt in demand of limestone from Gotan. This will have a positive impact on the working of the Gotan Unit and the sale of limestone from Gotan is also expected to grow at a faster rate. At the same time, acceptability of low grade fluorspar in cement plants as a mineralizer will also result in increased sale of fluorspar from Bhinmal.

The low grade fluorspar is being used as mineralizer in the cement plant and the company has good reserve of low grade fluorspar lying as reject in the dump yard. The demand of this grade of fluorspar has now on the upward swing. This will give additional revenue to the company from the stock which was having no value and this will also help in conservation of the mineral wealth of the country.

Strategic Business Unit & Profit Centre-Lignite

Lignite is an important industrial fuel and energy source for the power sector. The Company has made pioneering efforts for development of lignite deposits of the State. The Company is operating two mining leases, one at Giral in Barmer district and another at Kasnau- Matasukh in Nagaur district. The production in the Giral project was started in 1995. The commercial production commenced in Matasukh mine in the Financial Year 2003-04. The Company is supplying

lignite as an important industrial fuel to brick kilns, textile, cement and Paper Pulp Industries. The Rajasthan Vidyut Utpadan Nigam Limited (RVUNL) has commissioned one 125 MW pit head lignite based power generating unit at Giral for which entire quantum of lignite would be supplied by the company from its Jalelo & Giral pits.

The production activity at Giral was severely disrupted in August 2006, due to unprecedented rains in the Barmer district causing submerging of pits with flood water. Efforts were made to restore the mining operation in Giral pit and after pumping out the pit water, production was re-commenced in September 2006.

However as the Jalelo pit was fully submerged with flood water, the mining could not be restored immediately. The flood water stored in Jalelo pit, was earlier planned to be utilized by RVUNL however, due to inability expressed by RVUNL on technical ground to use this water for power plant dewatering is being carried out by RSMML. To ensure uninterrupted supply of lignite for power generation, RSMML opened up a new pit in Jalelo block and excavation in new pit started in November 2006 whereas production was commenced in March, 2007.

Matasukh-Kasnau

Due to inrush of water in the Kasnau-Matasukh pits from confined aquifer below lignite seam, the mining activities were suspended In March 2004.

On the request of the company, various studies were done by M/s Nevyelli Lignite Corporation (NLC), M/s Central Mine Planning & Design Institute (CMPDI),

Ranchi & other consultants for commencement of the mining in these mines. Based on the recommendations of consultants, depressurization of confined aquifer was made by pumping out 60-70 MLD water through tube-wells below lignite seams in different cycles. As a result 1.62 Lac Mt of lignite was produced in the year 2006-07.

New Activities in Lignite

The company has received block allotment for developing lignite reserves at Jalipa, Kapuradi, Gurha West, Shivkar and Sacha Sauda. The Company has also applied prospecting licence in the new arrears which include Hadlam Batian and Ghadiala. Geological reports for Shivkar and Sacha Sauda have been obtained from GSI/CMPDI/NLC and the work of preparation of mine plan and EIA has been awarded to GMICS and WAPCOS respectively. For Kapurdi the mine plan has been approved by Government of India and the land acquisition is under active progress. For Jalipa also mine plan has already been approved by Government of India and the process of land acquisition has been initiated. For both the leases, EIA and EMP have been submitted to the authorities of MOEF.

Non-Functional Units

The company has already initiated closure of economically non-viable units viz. Fluorspar Project at Dungarpur, Graphite Project at Banswara Green Marble Project at Kesariaji etc and assets of these projects have been auctioned. Mine closure plans for Fluorspar & Graphite Projects have also been submitted to IBM Nagpur sanction of which is awaited.

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

Product	2006-07		2005-06	
	Qty (Lac MT)	Value (Rs crore)	Qty (Lac MT)	Value (Rs crore)
Rock Phosphate (incl. LGO)	9.62	248.74	9.51	229.20
Beneficiated Rock phosphate (Dry)	2.82	81.75	2.39	68.44
Rajphos	0.43	5.13	0.65	6.52
Lignite	4.67	42.04	6.73	61.34
Gypsum & Selenite	28.51	71.96	28.87	80.67
Limestone	20.01	70.43	19.69	65.27
Power (Lakhs Unit)	284.89	10.54	173.18	6.38
Fluorspar	0.05	0.26	0.04	0.75



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. 248.74 Crores. The total foreign exchange outgo was of the order of Rs. 53.97 Lac towards stores and spares etc. The company has also earned foreign exchange to the tune of Rs. 3.50 crores by selling 54004 Carbon Emission Reduction Certificates during the year.

Research & Development, Technology Absorption and Conservation of Energy

In the line of the company's philosophy of creation of value on sustainable basis requires continuous Research and Development activities. Several R&D initiatives have been taken up. The details of conservation of energy and Research & Development technology in accordance with the provisions of 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.

Social Obligations

As modern day business entity, your company believes that corporate social responsibility & profitable growth co-exist. Every corporate entity has some responsibility towards the society in which it operate. A unique spirit of synergising business objectives with a larger sense of social purpose has inspired the company to consciously contribute to the society. Such commitment propels RSMML to contribute far beyond serving financial capital by enhancing the quality of economic, social & environmental capitals.

RSMML has been contributing generously towards the development of the areas located near its mining sites and other areas of operation.

In the financial year company has contributed to Chief Minister's Relief Fund for fundamental qualitative improvement in medical facilities:

Zanana Hospital, M.B.Hospital, Udaipur - Rs. 20.00 Lac.

Sardar Patel Medical College & Hospital, Bikaner – Rs. 50.00 Lac.

Government Hospital, Sojat City, Pali – Rs. 25.00 Lac.

Jawahar Chikitsalaya, Jaisalmer & Community Health Centre, Pokaran – Rs. 20.00 Lac.

Government Hospital Sri Ganganagar & Community Health Centre, Suratgarh – Rs.20.00 Lac.

In addition company has also contributed a sum of Rs. 5.00 Lac for Heart Valve Replacement for the poor people.

During the unprecedented flash flood inundating Barmer in 2006 the Company's Medical Team organised special medical camps and rendered services wherein free distribution of medicines was done. The flood victims were also provided with blankets, tents, and eatables worth of Rs. 5.50 Lac. The Company also made a gross contribution of 151.00 Lac to the Chief Minister's Relief Fund for relief of flood victims.

The company is providing entire financial aid of Rs.32.00 Lac in the financial year 2006-07 for running of Vidhya Bhawan School at Jhamarkotra for the benefit of children of nearby villages. The company has spent a sum of Rs. 3.28 Crores on the construction of the 10 Kms long road connecting Kasnau and Matasukh villages. Similarly, a sum of Rs.50.00 Lac has been sanctioned for construction of roads in Thyumbli and Jalelo villages in Barmer district. New drinking water supply system for Matasukh village from Dehari village through PHED has also made operational at a cost of Rs.11.79 Lac. Company has constructed school building and gaushala at Kasnau-Matasukh. Company has contributed a sum of Rs.60.00 Lac towards creation of kitchen under mid day meal scheme in Jhadol, Udaipur.

Concern for Environment

Respect for the environment and the earth's ecosystem is the cornerstone of your company's work philosophy. This includes pollution and waste minimisation and introduction of clean technologies. Your company has been complying with environment related statutory norms. All mitigative measures for protection of environment have been adopted. Afforestation work is being regularly carried out in and around Jhamarkotra mines and at various gypsum mines of the company.

At Giral mine the company has undertaken a project for improvement of soil degradation which was sponsored by Central Arid Zone Research Institute, Jodhpur. This project was aimed for the development of suitable soil improvement techniques and identification of suitable species for mine degraded areas so that these soils are rehabilitated during reclamation. The reclaimed area is being utilized for plantation of different species identified by CAZRI.

At Nagaur also, a study has been undertaken by Central Salt and Marine Research Institute for development of process for desalination of saline water from Kasnau Matasukh mines.

A research project on study of salt and water movement in the evaporation pond and surrounding area has been sponsored by RSMML through Soil Science Department, Maharana Pratap Agriculture University, Udaipur.

A Regional Hydro Geological Study has been initiated by the company through Central Ground Water Board for evaluation of ground water resources around Kasnau-Matasukh Lignite mine and for study of ground water potential in the long run. For the first time the company has received a research grant under ST scheme of MOC to the tune of Rs 1.78 Crores for the study and evaluation of regional ground water in Jayal tehsil of Nagaur.

Safety

The safety of men and machinery at various mines is being accorded the highest priority. Pit safety committee meeting and tripartite meetings involving labour, management and the Directorate of Mines Safety has been held. Periodical Medical Examination of the workmen was carried out. The company is paying full attentions towards the ensuing mines safety measures. The necessary mines safety devices have been installed. The Mines Managers and supervisory staff have been imparted special training for increasing awareness on the safety in the mines. The working of various mines of the company has been appreciated during the celebration of mines safety week 2006 / mines environment and mineral conservation week 2006. Several awards were conferred on various aspects for achieving the safe working.

Industrial Relations

Industrial Relations scenario in your Company for the year was peaceful, cordial and healthy as in the past. Your Company's emphasis on dispute resolution through consultative approach and mutual discussions has ensured peaceful industrial atmosphere and mutual trust between the management and the employees. The management found strong support from the worker's union for the management initiatives and future growth plan.

Manpower

Your company recognises human resource as the most valuable resource and strive to provide a conducive and congenial work environment along with facilities and opportunities for growth. Your company believes that the quality of human resource is the key driver of corporate success.

The manpower employed in the Company at the end of the financial year 2006-07 was 1979 as against 2047 employees last year. These figures also reflect efficient man management and improved productivity as a result of which, the company could operate at a higher operational level with lesser work force. Thus, the productivity in terms of output per employee has increased to Rs. 26.83 lakhs from Rs. 25.34 lakhs as compared to previous year 2006-07.

Dividend

Looking to various diversification and expansion plans coupled with a new land tax imposed by Government of Rajasthan your Directors are of the view that the profit should be ploughed back and hence have decided not to declare any dividend for the financial year 2006-07.

Unclaimed dividend

Pursuant to Section 205 A of the Companies Act, 1956, unclaimed dividend for the year 1998-99 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 2006-07. Unclaimed dividend for the year 1999-2000 has also been for transferred to IEPF this year.

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

The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is nil.

Audit Committee

Your company gives high importance for creating an effective control environment that not only ensures thorough scrutiny of operations but also compliance with various standards and norms in preparation of financial statements. Internal audit of various units are



conducted by professional firms who bring out deviations from internal control procedures, if any. The observations arising out of audit are periodically reviewed and compliance is ensured. The summary of the internal audit reports is submitted to the Audit Committee of the Board. The committee reviews significant audit observations along with the compliance.

Thus, the Audit Committee inter-alia provides reassurance to the Board on the existence of effective internal control systems. The Audit Committee was reconstituted during the year. Presently, the Committee comprises Shri Ashok Sampatram, Dr Ashok Singhvi, and Shri A.C. Wadhawan. The role, terms of reference and the authority and powers of the Audit Committee are in conformity with the requirements 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 had been followed along with proper explanation relating to material departures
- ii) The Directors had 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 had 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 had prepared the annual accounts on a going concerns basis.

Directors

The Governor of Rajasthan, in exercise of the powers vested in him under Article 99(i) and 100 of the Articles of Association of the company, appointed Shri D.C. Samant as Director and Chairman of the company in place of Shri Anil Vaish.

Shri G. L. Vyas has resigned from the post of Director of the company on superannuation.

Shri A.C. Wadhawan retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment. Necessary resolution is being placed before share holders for approval.

The Board places on record its appreciation for the valuable contribution made by Shri Anil Vaish and Shri G.L. Vyas during their tenure in the office.

Auditors

M/s C.R Mehta & Company, Chartered Accountants, Jaipur were appointed as auditors to audit your company's Annual Accounts for the year 2006-07. Necessary recommendation shall be made for the re-appointment of M/s C.R. Mehta & Company, Chartered Accountants, Jaipur to audit the accounts for the year 2007-08.

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.

Acknowledgement

Your Directors place on record their gratitude to the various Government departments and authorities, financial institutions, banks, consultants for the assistance, co-operation and encouragement extended to the company. Your Directors also wish to thank to all employees of the company for their commitment, dedication, contribution and support available through out the year.

For and on Behalf of the Board

Place: Jaipur
Dated: 28.08.2007

D.C. Samant
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Particulars pursuant to the provisions of Companies (Disclosure of particulars in the Report of Board 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 be 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 and commissioned 1 TPD Jatropha seeds based bio-diesel in LCV and some of HEMM. The bio-diesel project is being registered as a CDM project.
- Energy audit has been carried out through Petroleum Conservation Research Association (PCRA). PCRA has submitted the report and suggested the energy conservation opportunities, which are being implemented.
- Units of wind energy used in-house 61.56 lakh units.

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.

- Experts have evaluated industrial plant for induction of solar based heating on DBOOT basis.

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.

- 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.
- Cost saving achieved due to low cost power from wind mills, Jaisalmer.

B. TECHNOLOGY ABSORPTION

a) 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 & innovation.

- a) Beneficiation of secondary rock-phosphate with the help of IBM. A budget chapter has been added to rock phosphate resources and conservation.
- b) Converting the tailing rejects of IBP to direct application fertilizer as source of Magnesium in acidic soils. The results of trials under taken by Horticulture Research Station, Ooty are encouraging for two years. The project has been sponsored for the third year.



- c) Mineral conservation by developing the use of waste 12-14% P₂O₅ tailing, into a product named Fused Ca-Mg phosphate (FCMP) by fusion process. The process developed under a DST sponsored project in association with Mohanlal Sukhadia University.
 - d) Productivity studies of HEMM at Jhamarkotra Mines by Indian Institute of Coal Mining.
 - e) Development of appetite for use as semi precious stone.
 - f) Making the use of fine size limestone gitti produced at Jaisalmer.
 - g) Utilization of saline water encountered while mining of lignite in Kasnau-Matasukh mines for drinking process. Pilot plant by CSMCRI in operation.
 - h) Linking up the PROM technology with Biogas technology using lignite residues generated while handling the lignite.
 - i) Pilot bio-diesel production has been successful.
 - j) Quantification and characterization determination of brackish water resource in Jayal, Nagaur under ST programme of Government of India at a cost of Rs. 1.75 crores in which 20% will be provided by RSMML. The studies in field are in progress.
2. Benefits derived as a result of the above R&D
- a) Conservation of mineral
 - b) Strengthening of mineral availability

- c) Converting waste into useful product
3. Future plan of action
- a) Energy efficient process
 - b) Massive plantation of Jatropha plants in company's leased area for bio-diesel production
 - c) Lab to land projects in secondary ore and reject tailings.
 - d) Solar energy for heating in Industrial Beneficiation Plant.
4. Expenditure on R&D
- | | |
|------------------------------------------------------------|---------------|
| (i) Capital | Nil |
| (ii) Recurring | Rs. 28.95 Lac |
| (iii) Total | Rs. 28.95 Lac |
| (iv) Total R&D Expenditure as percentage of total turnover | 0.05% |

C. Technology absorption, adaptation and innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation.
- a) Company has installed, commissioned and being operated 1 TPD bio-diesel pilot plant after successfully tested the use of bio-diesel.
 - b) Company has developed the low cost organic fertilizer "PROM"
 - c) Two patents have been filed by the Company jointly with MLS University, Udaipur under the title i) "process for making slow release phosphate fertilizer." ii) "An eco-friendly process for making EPSOM and Gypsum."
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

- 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.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following
- | | | |
|---------------------------------------------------------------------------------------------------------------|---|----------------|
| A) Technology imported. | } | Not applicable |
| B) Year of import | | |
| C) Has technology been fully absorbed? | | |
| D) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. | | |
- information may be furnished: Not applicable



AUDITORS' 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, 2007, 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 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 explanation 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 **except, AS-6 for " Depreciation Accounting " in respect of change in method of depreciation.** (refer (f) (i) below), **AS-28 for "Impairment of Assets"** (refer (f) (ii) below).
 - (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) **On account of amalgamation of erstwhile RSMDC with the Company, accounting policy of erstwhile RSMDC in respect of depreciation was changed**

in the year 2002-03 from straight-line method to written down value method. However, the effect of this change was not given retrospectively as required under Accounting Standard-6 "Accounting for Depreciation". This anomaly is continuing during the current year also. For want of proper records, the effect of the same on profit for the year is not ascertainable.

- (ii) Following units of the Company are not in operation for a long period. The value of net block of fixed assets of such units is as detailed below:

S. No.	Name of the Unit	Written down Value of Fixed Assets (Rs. in lacs)
1.	Deri	5.56
2.	Barmer (Bentonite Plant)	1.08
	Total	6.64

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.

- (iii) The Company has not provided for the sales tax demand of Rs. 8.30 lacs for 1986 to 1988.
- (iv) 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.
- (v) 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

- (vi) 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'.
- (vii) Ownership documentation of mining land in respect of Lignite Project at Nagaur and land at and around Jhamarkotra mines has not yet been completed, as mentioned in the Note No.2 (b& c) of Part B of Schedule 'G'.
- (viii) 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.



- (ix) **The company has shown under the head Investment in Subsidiary Company, The equity shares issued by the Barmer Lignite Mining Company Ltd. of Rs. 2,55,000/- being 25,500 equity shares, 51% of the paid up share capital. In our opinion the same should be shown on ZERO value as the company has not paid any consideration for the same and therefore the investment in subsidiary company and capital reserve has been overstated by Rs. 2,55,000/-. Further the company has executed a Joint Venture agreement with M/s Rajwest Power Limited on 27-12-2006 and the terms and conditions mentioned in Para-4 of agreement , regarding the Authorised Capital and Paid Up Capital has not been complied with, which is against the interest of the company, as mentioned in the Note No.5 & 10 of Part B of Schedule "G."**
- (x) **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. The company paid a sum of Rs. 50 crores during the year against the liability worked out by the company to the tune 31,17,52,346/- for the Financial Year 2006-07. As per the company neither they have received the assessment of Provisional/Final Tax nor any demand from the Assessing Authority so far. As per Land Tax Act, the tax is to be payable on the receipt of demand from the Assessing Authority. In view of the facts the expenses of land Tax debited in P&L A/c of Rs. 31,17,52,346/-was not payable, though paid during the Financial Year 2006-07 and thus the net profit has been understated by Rs. 31,17,52,346/- and Loans and Advances has been understated by the same. The Federation of Mine Owners Association of which the company is also member has challenged the imposition of Land Tax and filed the Petition before The Hon'ble Rajasthan High Court which is still pending. Refer Note No.25 of Part B of Schedule "G."**
- (xi) **The Development Charges Paid by the company of Rs. 21,30,60,224/- have been withdrawn by the State Govt. w.e.f. 1-4-2006 and the same have been refunded back to the company. The company has not made any provision for refund to the buyer, which has not been ascertained, and therefore to that extent the profits of the company have been overstated and Current Liabilities have been understated to that extent, refer Note No. 26 of para B of schedule "G".**
- (xii) **The Stores and Spares Consumed shown by the SBU & PC Limestone includes Rs. 19,75,293/-, which has been overvalued in closing stock of stores and spares in the previous year due to mistake of software whereas the same has not been consumed during the year. Thus the Net Profit for the year 2006-07 has been shown less by this amount.**
- (xiii) **The company has made the payment of Rs. 60 lacs to the Sports Council of Rajasthan towards the Corpus Fund as per Board Resolution and debited to the Rural Development Expenses. In our opinion the expenses does not relate to the mining/business/rural development and therefore the same should have**

been reduced from the General Fund instead of debiting to Rural Development Expenses. Therefore the profit of the company has been understated to this extent.

- (xiv) In the Board Meeting held on 28-7-2004 the original agreement between RSMML and National Construction Co. 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 4th year amounting to Rs. 2,86,72,700/-, which the company has not provided in the books of accounts and therefore the Net Profit to the extent of Rs. 2,86,72,700/- was overstated and Current Liabilities are understated. The effect of earlier 3 years of reconciliation of additional excavation also has not been provided in the books amounting to Rs. 11.05 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.
- (xv) 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.
- (xvi) 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.
- (g) We further report that, without considering sub para nos.(i), (ii), (vi) (vii), (viii) and (xv) of para (f) above where effect could not be ascertained, had the observations made by us in sub para nos. (iii), (iv), (v),(ix),(x),(xi), (xii), (xiii), (xiv) and (xvi) of para (f) above, been considered Reserves & Surplus would have Rs. 38332.41 lacs (as against Rs. 38722.38 lacs as reported by the Company), Loans & Advances would have been Rs. 9930.09 lacs (as against Rs. 6829.67 lacs reported by the Company), Inventories would have been Rs. 4360.54 lacs (as against Rs. 4368.52 lacs reported by the Company) Current Liabilities would have been Rs. 14671.73 lacs (as against Rs. 11139.73 lacs reported by the Company) , Investments would have been Rs. 1.00 lac (as against 3.55 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, 2007 ;
- (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: 22.08.2007

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 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 thereunder.
- 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 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, 2007 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)	82.38
Development Charge payable to DMG (Gypsum)	80.01
Contribution to CPF	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
Total	194.70

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, 2007 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
	Grand Total	6.22	

- x. The Company has neither accumulated losses as at 31st March, 2007 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.

RAJASTHAN STATE MINES & MINERALS LIMITED

- 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 obtain 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: 22.08.2007



ADDENDUM TO THE DIRECTORS' REPORT

(Under Section 217 of the Companies Act, 1956)

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

Para	Clarification
f (i)	A common accounting policy was adopted in the year 2002-03. The effect due to change in the method of depreciation could not be given, as the year wise details of assets of erstwhile RSMDC are not available. The company would however take suitable action to resolve the issue.
f (ii)-v & vi)	A committee would be constituted to examine and determine the realizable value of the assets and to suggest necessary action in the matter. The Company would also take necessary action for registration of DMG buildings and recovery/provisioning for value of blended rock phosphate stock.
f (iii)	The company is contesting the case. However, due provision would be made during the financial year 2007-08.
f (iv)	Due provision would be made during the financial year 2007-08.
f (vii)	<p>As mentioned in the Note No. 2.b of Part B of Schedule 'G' annexed to the annual accounts for the year 2006-07, 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. However, mutation is under progress.</p> <p>As mentioned in the Note No. 2.c of Part B of Schedule 'G' annexed to the annual accounts for the year 2006-07, the cost of land was deposited with the office of SDO, Udaipur for disbursement to the land owners. The mutation is, however, under progress.</p> <p>The accounting treatment has been given in accordance with the accepted accounting practices being followed in such cases.</p>
f (viii)	Payment/provision would be made on the basis of outcome of legal proceedings/settlement, as was done in earlier years. However, the Company would work out and provided for the liability, if any, in the financial year 2007-08.
f (ix)	The company has received shares of M/s Barmer Lignite Mining Company Limited (BLMCL) as per terms of Joint venture agreement dated 27.12.2006 in consideration of proposed transfer of mining rights of Lignite and other obligations mentioned therein. The shares received are accounted for at face value being the fair value of the shares, based on the provisions of Accounting Standards AS-27 and AS-13. This view has also been confirmed by the opinion of the consultant of the company. However, the Company would take further opinion on the matter. As far as the issue relating to authorized capital & paid up capital is concerned, the company is following up with M/s Raj West Power Limited (RWPL), the other JV partner of M/s BLMCL, for early compliance.
f (x)	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 and the due amount for the year 2006-07 has been paid and accounted for, following accrual and the conservative concept of accounting as per AS1. The liability of the company to pay tax is 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 Rajasthan High Court, the liability of land tax cannot be avoided. The company has, thus, rightly accounted for the liability of land tax.

f (xi) The development charges on Gypsum and Limestone were being paid as a levy imposed by the State Government and the company was booking the same as an expense in its books of accounts till 31.03.2006. However, the State Government has withdrawn the same w.e.f. 1.4.2006 and refunded the amount paid during the year 2006-07, to the company. Since it was a refund of expenses, it is not meant to be passed on to the customers. The company has given the correct treatment of the money so received in its books of accounts. In case, any liability arises in subsequent years on this account to the company, the same would be accounted for in that year.

f (xii) With the accounting treatment given by the company, the overall profit of the company has not been shown less by Rs. 19, 75,293/- as pointed out by the audit.

f (xiii) The payment made to Sports Council of Rajasthan was for development of sports facilities in the state, as a part of company's social responsibility. The money spend by any company to meet out its social responsibility is a business expenditure to be charged to the Profit & Loss Account. Such types of expenses are of routine nature. Thus, looking to the nature of expense, the amount cannot be debited to General Fund (General Reserve) as suggested by audit. The accounting treatment given by the company is correct.

f (xiv) In the Board Meeting held on 28.7.2004, 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. According to the new methodology with the approval of Board, the contractor was allowed advance payment on additional quantity of excavation to ease out the financial constrain. 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 (xv) 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,

Thus ITDS deducted u/s 194C on the said payments is as per the provisions of the Act.

f (xvi) The demand is for interest on Sales Tax and the company is to file a petition for waiver of the interest. Accordingly, the company has provided the Contingent liability for the amount. In case of non-waiver of the amount the same would be provided for.



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 finalization of the same. |

For and on Behalf of the Board

Place: Jaipur
Dated: 28.08.2007

D.C. Samant
Chairman

BALANCE SHEET AS AT 31st MARCH, 2007

	Schedule	As at 31st March, 2007		As at 31st March, 2006	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	'A'	77,55,15,000		77,55,15,000	
Reserves & Surplus	'B'	<u>387,22,37,968</u>	464,77,52,968	<u>284,79,32,461</u>	362,34,47,461
LOAN FUNDS					
Secured Loans	'C'	18,57,14,200		24,76,19,000	
Unsecured Loans		<u>9,74,49,500</u>	28,31,63,700	<u>13,29,04,368</u>	38,05,23,368
DEFERRED TAX LIABILITY					
			<u>33,85,71,553</u>		<u>17,79,99,447</u>
			<u>526,94,88,221</u>		<u>418,19,70,276</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block (At cost)	'D'	543,68,81,983		469,96,51,951	
Less: Depreciation & Amortization		<u>294,42,56,067</u>		<u>273,79,46,135</u>	
Net Block		249,26,25,916		196,17,05,816	
Add : Capital Work in Progress		22,70,859		100,53,690	
Add : Obsolete Machinery		57,67,625		-	
Add : Machinery in Stores/Site		<u>82,23,468</u>	250,88,87,868	<u>28,16,869</u>	197,45,76,375
INVESTMENTS					
Current Assets, Loans & Advances	'E'		3,55,004		1,00,005
A. Inventories	'F-1'	43,68,52,004		37,69,09,295	
B. Sundry Debtors		52,49,68,698		54,73,40,854	
C. Cash & Bank balances		179,83,89,466		188,67,74,255	
D. Other Current Assets		84,18,24,756		68,24,80,058	
E. Loans & Advances		<u>68,29,66,871</u>		<u>32,02,53,648</u>	
		<u>428,50,01,795</u>		<u>381,37,58,110</u>	
Less: Current Liabilities & Provisions	'F-2'				
A. Current Liabilities		111,39,73,166		105,47,71,864	
B. Provisions		<u>52,21,94,755</u>		<u>62,16,77,910</u>	
		<u>163,61,67,921</u>		<u>167,64,49,774</u>	
NET CURRENT ASSETS			264,88,33,874		213,73,08,336
MISCELLANEOUS EXPENDITURE					
(To the extent not written off/Adjusted)					
Deferred Revenue Expenditure	'L'		11,14,11,475		6,99,85,560
Accounting Policies & Notes on Accounts 'G'					
			<u>526,94,88,221</u>		<u>418,19,70,276</u>

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

	Schedule	2006-07 Rs.	2005-06 Rs.
INCOME			
Operational Revenue	'H'	530,88,19,416	518,61,45,188
Increase/Decrease in Stock	'H 1'	4,58,14,129	2,45,52,589
Other Revenues	'I'	34,55,47,531	20,09,10,629
Total Income		<u>570,01,81,076</u>	<u>541,16,08,406</u>
EXPENDITURE			
Purchases of Ore		1,58,39,977	1,65,72,385
Mining & Other Operating Expenses	'J'	341,93,87,633	329,57,84,146
Establishment & Financial Expenses	'J'	35,03,29,513	38,04,23,467
Provision for Doubtful Loans & Advances		4,14,009	-
Investments written off		1	-
Capital Work in Progress Written Off		1,23,046	-
Obsolete and other Fixed Assets Written off		12,82,741	11,69,299
Impaired/Obsolescence loss on Machinery		40,65,058	68,47,338
Obsolescence loss on Spares		15,02,511	21,58,809
Loss on Sale/transfer of Obsolete and other Fixed Assets		2,89,776	4,99,383
Loss on Sale of Spares		2,86,024	-
Total Expenditure		<u>379,35,20,289</u>	<u>370,34,54,827</u>
Profit before Depreciation, Prior Period Adjustments & Tax		190,66,60,787	170,81,53,579
Less: Depreciation & Amortization		34,51,15,247	28,75,47,164
Prior Period Adjustments (Net)	'K'	-4,40,388	-16,20,211
Profit Before Tax		156,11,05,152	141,89,86,204
Less : Provision for Taxation			
Current Tax (Including interest Rs 28.40 Lac)(Prev Yr 13.87 Lac)		37,18,70,000	48,11,00,000
Tax of earlier years		-28,46,733	-78,10,335
Fringe Benefit Tax		74,59,272	50,00,000
Deferred tax		16,05,72,106	-97,25,461
Net Profit After Tax		102,40,50,507	95,04,22,000
Add Balance brought forward from previous year		79,91,752	44,25,948
Amount Available for Appropriation		103,20,42,259	95,48,47,948
APPROPRIATIONS :			
Proposed/Interim Dividend		-	15,51,03,000
Tax on Dividend		-	2,17,53,196
General Reserve		102,50,00,000	77,00,00,000
Balance Carried to Balance sheet		70,42,259	79,91,752
Basic and Diluted Earning Per Share (Face Value Rs. 10/- Each)	Rs	13.20	12.26
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 : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary

SCHEDULE 'A'
SHARE CAPITAL

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
AUTHORISED		
8,00,00,000 Equity shares of Rs. 10/- each (Previous Year 8,00,00,000 equity shares of Rs. 10/- each)	80,00,00,000	80,00,00,000
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 : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary



SCHEDULE 'B'
RESERVES & SURPLUS

			As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
	As at 31.03.2007	As at 31.03.2006		
Capital Reserve	10,83,93,492	10,83,93,492		
Add: Shares of M/s BLMC received for consideration other than cash	2,55,000	-	10,86,48,492	10,83,93,492
Debenture Redemption Reserve	16,25,00,000	16,25,00,000		
Less: Transferred to General Reserve	<u>1,25,00,000</u>	-	15,00,00,000	16,25,00,000
General Reserve				
As per last balance sheet	256,90,47,217	179,90,47,217		
Add : Transferred from Debenture Redemption Reserve	1,25,00,000			
Add : Transferred from Profit & Loss Account	<u>102,50,00,000</u>	<u>77,00,00,000</u>	360,65,47,217	256,90,47,217
Profit & Loss Account			70,42,259	79,91,752
			<u>387,22,37,968</u>	<u>284,79,32,461</u>

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary

SCHEDULE 'C'
LOAN FUNDS

	As at 31st March, 2007 Rs.	As at 31st March, 2006 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 1st September, 2004)	9,99,99,800	13,33,33,200
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 17th, December, 2003)	8,57,14,400	11,42,85,800
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 85T 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.	-	
	18,57,14,200	24,76,19,000



SCHEDULE 'C' (Contd.)
LOAN FUNDS

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
UNSECURED LOANS		
Long Term		
Deferred Payment Credit	9,74,49,500	13,29,04,368
	9,74,49,500	13,29,04,368
	28,31,63,700	38,05,23,368

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary

SCHEDULE 'D'
FIXED ASSETS

PARTICULARS	GROSS BLOCK		DEPRECIATION				NET BLOCK			
	Total Cost as at 1.4.2006 Rs.	Additions 2006-07 Rs.	Deductions/ Adjustments Rs.	Total Cost as at 31.3.2007 Rs.	Up To 31.3.2006 Rs.	for the year 2006-07 Rs.	Deductions/ Adjustments Rs.	Upto 31.03.2007 Rs.	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
Mining Land	205406990			205406990	30986758	9299632		40286390	165120600	174420232
Other Land										
-Free Hold	20423009	1192348	60708	21554649	0			0	21554649	20423009
- Lease Hold	42132004	8005257		50137261	4882858	726239		5609097	44528164	37249146
Buildings	261978255	16197491	2377579	275798167	131756266	8948767	1714652	138990381	136807786	130221989
Railway Rakes- Leased to Railways	247886511			247886511	188867128	8209595		197076723	50809788	59019383
Railway Sidings	8454151			8454151	6792908	231079		7023987	1430164	1661243
Plant & Machinery	2121349740	143469106	141493173	2123325673	1540104696	134739723	131363583	1543480836	579844837	581245044
Power Plant	124373039			124373039	100042703	3476805		103519508	20853531	24330336
Wind Power Plant	1009339334	700845000	2000000	1708184334	260567300	153129186	134836	413561650	1294622684	748772034
Furniture & Fittings	15823231	1090869	149274	16764826	13590029	1112912	137252	14565689	2199137	2233202
Vehicles	30698964	6367993	1603008	35463949	22857995	2654376	1584222	23928149	11535800	7840969
Water Supply Plant & Pipeline	141394945	1032328	1578021	140849252	116013301	3547329	1091236	118469394	22379858	25381644
Dam	54642501			54642501	47683013	968065		48651078	5991423	6959488
Office & Other Equipment	61267074	4272564	2509999	63029639	46661934	4004109	2233369	48432674	14596965	14605140
Electrical Equipment & Inst.	194674583	10907161	4972549	200609195	141328021	8382602	1788042	147922581	52686614	53346562
Road	112481981	594226		113076207	49276575	3171441		52448016	60628191	63205406
Tailing Dam	47325639			47325639	36534650	3755264		40289914	7035725	10790989
Total	4699651951	893974343	156744311	5436881983	2737946135	346357124	140047192	2944256067	2492625916	1961705816
Previous Year	4288188633	528970935	117507617	469,96,51,951	2562299637	287547164	111900666	2737946135	1961705816	128,70,559
1.Capital Work in progress									2270859	10053690
2. Obsolete Machinery									5767625	0
2.Machinery in stores/at site									8223468	2816869

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. Depreciation for the Year includes net Rs. 1099588/ (Previous Year Rs. Nil-) 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

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendra Rao Company Secretary

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007



SCHEDULE 'E'
INVESTMENTS

	As at 31.03.2007	As at 31.03.2006	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
SHARES				
A SUBSIDIARY COMPANIES (Unquoted)				
(i) 1,90,000 Equity Shares of Rs 10/- each fully paid-up in RSGML (Wound up) (Previous year 1,90,000 shares)	19,00,000	19,00,000		
Less : Diminution in value	18,99,999	18,99,999		
Less : Written off during the year	<u>1</u>	<u>-</u>	-	1
(ii) 25,500 Equity shares of Rs 10/- each fully paid up in Barmer Lignite Mining Company			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) 15,000 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 Mumbai Stock Exchange 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 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
	As at 31.03.2007	As at 31.03.2006		
(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>3,55,004</u>	<u>1,00,005</u>

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary



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

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
A INVENTORIES (AS TAKEN , CERTIFIED BY THE MANAGEMENT AND VALUED AS MENTIONED IN ACCOUNTING POLICIES)		
Stores & Spare parts (Including in transit Rs.64.03 Lac) (Previous year Rs. Nil)	15,00,05,668	13,58,77,088
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	396,71,718	87,01,209
Lime Stone	4,34,32,783	3,27,29,162
Lignite	-	31,57,127
Fluorspar	-	1,36,075
Graphite	97,143	2,10,945
Granite	47,79,813	48,66,755
Bio diesel and by products	1,34,345	9,995
Green Marble	820	820
	<u>43,68,52,004</u>	<u>37,69,09,295</u>
B SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months :		
i Considered Good	67,26,819	42,29,830
ii Considered Doubtful	8,91,62,730	9,88,93,093
Other debts considered good	51,82,41,879	54,31,11,024
	<u>61,41,31,428</u>	<u>64,62,33,947</u>
Less: Provision for Doubtful debts (Bad Debts Written off during the year Rs Nil , Prev Year Rs 37,828/-)	8,91,62,730	9,88,93,093
	<u>52,49,68,698</u>	<u>54,73,40,854</u>
C CASH & BANK BALANCES		
Cash on hand	3,10,314	15,05,102
Cheques in hand	2,90,91,975	-
Remittances in Transit	5,00,000	3,00,00,000
Balances with Treasury in P. D. Account	99,79,46,444	139,75,81,465
Balances with Scheduled Banks		
i In Current Accounts (Including Rs 47.88 Lac (Prev Year Nil) freezed by the Bank as per order of the Court)	33,54,43,931	10,16,77,671
ii In Fixed Deposit Receipts (Including Rs 272.27 Lac (Prev. Yr Rs 115.46 Lac) Pledged with Bank as Margin money)	43,50,96,802	35,60,10,017
	<u>179,83,89,466</u>	<u>188,67,74,255</u>

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

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
D OTHER CURRENT ASSETS		
Security Deposits	3,97,00,550	2,81,32,588
Income-tax Deposits including FBT (Including Rs 3197.91 Lac under appeal) (Prev. Year Rs.1487.98 Lac)	78,72,64,543	64,09,02,481
Interest accrued on FDRs/NSCs	81,87,616	62,88,867
Non Judicial Stamps in hand	13,26,873	13,26,873
Claims Recoverable (Including Duty Drawback Receivables)		
Considered Good	53,45,174	58,29,249
Considered Doubtful	5,03,766	5,17,377
	58,48,940	63,46,626
Less Provision for doubtful claims	5,03,766	5,17,377
	53,45,174	58,29,249
	84,18,24,756	68,24,80,058
E LOANS & ADVANCES		
Advance and other amount recoverable in cash or in kind or for value to be received (Including Rs. 111.20 Lac towards Capital expenditure) (Prev. Year Rs. 160.26 lac)		
UNSECURED		
To Others		
Considered Good	50,84,51,332	20,40,64,240
Considered Doubtful	42,89,833	42,55,809
	51,27,41,165	20,83,20,049
Less : Provision for Doubtful Loans & Advances	42,89,833	42,55,809
	50,84,51,332	20,40,64,240
To Employees		
Considered Good	17,10,07,362	11,36,37,668
Considered Doubtful	5,80,504	2,21,089
	17,15,87,866	11,38,58,757
Less : Provision for Doubtful Loans & Advances	5,80,504	2,21,089
	17,10,07,362	11,36,37,668
Prepaid Expenses	35,08,177	25,51,740
	68,29,66,871	32,02,53,648
	428,50,01,795	381,37,58,110

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary



SCHEDULE 'F-2'
CURRENT LIABILITIES & PROVISIONS

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
A CURRENT LIABILITIES		
Sundry Creditors		
i Owed to Small Scale Industrial Undertakings	34,12,235	58,75,753
ii Others	59,19,09,738	57,80,85,142
Other Current Liabilities (Including Book overdraft of Rs 696.17 Lac) (Prev. Year 114.03 Lac)	23,29,16,832	14,33,21,696
Security Deposits	7,34,68,458	6,32,00,436
Advance from Customers & Others	20,87,06,934	25,97,95,840
Interest Accrued But Not Due	35,22,789	44,64,016
Unclaimed Dividend	36,180	28,981
	111,39,73,166	105,47,71,864
B PROVISIONS		
Leave Encashment	14,36,24,755	11,38,24,714
Tax on Dividend	-	2,17,53,196
Taxation	37,85,70,000	48,61,00,000
	52,21,94,755	62,16,77,910
	163,61,67,921	167,64,49,774

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board
Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary

SCHEDULE 'G'

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES

1. Basis of the preparation of the Financial Statement:

The 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 & spares:

(a) Inventory:

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

(b) Stores & Spares:

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 installations, 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 benefit 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.

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 Contribution to Provident Fund & Pension Fund as per applicable rules/statute is made to the Provident Fund Trust and Regional Provident Fund Commissioner respectively and charged to the Profit & Loss Account.

7.2 Gratuity liability is provided for on the basis of actuarial valuation and is being funded every year through Policy of L.I.C of India. Liability of leave encashment is accounted for on the basis of actuarial valuation.



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 In organics 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 the face value of the shares.

10. 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.

11. Forest Plantation & Environment:

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

12. Deferred Revenue Expenditure

12.1. 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 the 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 a/c in the same year.

12.2. Expenses on voluntary retirement are written off over a period of three years in equal annual installments.

13. 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 have been valued at the rate equal to the amount being adjusted in power bills by Ajmer Vidhyut 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 principally creditors and accrued liabilities.

14. 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 share outstanding during the year.

B. NOTES ON ACCOUNTS:
1. Contingent Liabilities not provided for in respect of: (Rs. in lacs)

S. No.	Particulars	As at 31st March, 2007	As at 31st March, 2006
i.	Claims against company not acknowledged as debt.	26320.70	26795.07
ii.	Estimated amount of contracts remaining to be executed on Capital Account Advance paid (Rs. 48.05 Lac) Previous year (Rs. 167.50 Lac)	1256.05	1340.08
iii.	Disputed Income tax liability pending:		
a.	Company in appeals Payment made (Rs.3200.00 Lac) (Previous year Rs. 1487 .98 Lac)	3200.00	2146.26
b.	IT Department in appeals (As per information available with company)	1111.11	4173.41
iv.	Guarantee given by bankers on behalf of the company for which counter guarantee provided by the company	243.51	329.99
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, Dead Rent, Surface Rent and Rent of Office Building 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 as 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	Liability for Dearness Allowance payable to the executives from January 2007 is not provided for as orders for the same have not been issued.		

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 18th July 2007. The land acquisition proceeding and mutation are in progress.



- c) The cost of land includes Rs. 1,52,70,872/- (Previous year Rs. 1,40,78,524/-). 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 current financial year 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/- and cheques for balance amount are with SDO, Udaipur. 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 the Memorandum of Understanding (MOU) dated 04.05.1997, M/s Binani Industries Ltd. (Parent Company of BZL), erstwhile RSMDC (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 Joint Venture Company would enter into an MOU with erstwhile RSMDC with a stipulation that erstwhile RSMDC 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 got changed to R.B.G. Minerals Industries Limited.
- Though the various activities are in progress at the project sight but no significant development has been 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 principals & policies.
5. The company has formed a joint venture company with Raj West Power Limited, Jaipur (RWPL) namely Barmer Lignite Mining Company Ltd. Jaipur (BLMCL). BLMCL will undertake the work of Lignite mining in Jallipa Kapoori 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. The shares will be issued to RSMML in lieu of fulfillment of various obligations and for transfer of mining lease rights by RSMML in Joint Venture Company. RSMML will not take any financial liability for its holding in BLMCL. BLMCL has allotted shares worth Rs. 5.00 Lac till 31.03.2007, out of which shares worth Rs. 2.55 Lac being 51% of the shares so allotted have been issued to the company.
6. The company has entered into Joint venture agreement with Rashtriya Chemical Fertilizers Ltd. Mumbai (RCFL), (A Govt. of India Enterprises) 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. 405.00 Crores. As per 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. The process of formation of Joint Venture Company is in progress.
7. As per the terms of contract, Suzlon Energy Limited has given guarantee for generation of minimum number of units of power from the first three phases of windmills installed at Jaisalmer irrespective of wind availability. The power, however, is not being generated to the extent of Net Minimum Guaranteed Generation (NMGG) given by the Suzlon Energy Limited due to poor availability of desired wind speed in the

area accordingly, an amount of Rs 767.09 Lacs leviable upon M/s Suzlon. The company has not released the due installments amounting to Rs. 354.55 Lac out of deferred credit amount equal to 25% of value of respective wind form projects. In addition to it, a sum of Rs. 412.54 Lac is still recoverable from Suzlon Energy Limited, which shall be recovered/adjusted from the amount falling due for payment in future years. M/S Suzlon Energy Limited has disputed the issue therefore the recoverable amount would be accounted for as income of the company in the year of settlement.

8. The company has installed fourth phase of wind mills having capacity of 7.5 MW in the year 2005-06, out of which, towers of 2.5 MW were installed in the leased land of Suzlon Energy Limited. The land has been given on sub lease to the company and Government of Rajasthan has also executed necessary deed for this purpose.

M/s Vestas RRB Limited has installed fifth 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.

9. RSMML got its Wind Power Project of 14.8 MW registered with UNFCCC (United Nations Framework convention on Climate Change) under CDM (Clean Development Mechanism) category projects vide registration no. 0243 dated 14.4.2006. All the required formalities for issue of Carbon Emission Reduction Certificates (CER's) from CDM Executive Board, Bonn Germany are completed and company has received 54004 CERs for the period up to 30.04.06. The CERs are tradable in the international Market. The company has sold these CERs for a sum of Rs. 3, 50, 00,162/- (Euro 603195.20). The Company has also got another CDM project for use of Roller Press technology in wet grinding process in Industrial Beneficiation plant. The Company would be receiving CERs on regular basis from its existing registered and future projects in pipe line for registration.
10. Investment includes 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.
11. The amount due to Small Scale Undertakings is furnished under the relevant head, on the basis of information available with the company regarding Small-Scale Undertaking status of the suppliers. The company owes Rs. 1,15,404/ - to M/S Minichem Industries being Small-Scale undertakings, which is outstanding for more than 30 days.
12. 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.
13. The fixed assets declared obsolete up to the financial year 2005-06 have been valued at Rs Nil. As per revised policy of the company, obsolete equipments, Machinery and other fixed assets are valued at lower of the estimated realizable value or the carrying cost. Due to change in the accounting policy, the profits for the year have been increased by Rs. 57,67,625/-
14. Classification of Income/Expenses:-
Till the financial year 2005-06, the company was following the below mentioned accounting policy:-
Being not material:-
- 14.1 Income /Expenditure up to Rs. 50,000/- in each case pertaining to prior years is charged to the current year.
- 14.2 Pre-paid expenditure up to Rs. 50, 000/- in each case is charged to Revenue as and when incurred.
- 14.3 The liability for expenses are provided for only if the amount exceeds Rs. 25,000/- in each case excluding liability on account of payment to contractors and rent.

The policies have been withdrawn in the current financial year, due to which the profit of the current financial year has been reduced by Rs. 35,910/-



15. 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 500.00 Lac fully, so 25% of DRR has been transferred to General Reserve. In addition to this, debentures worth Rs. 619.048 Lac have been redeemed during the year. The balance in the DRR as on 31.03.07 is 80.77 % of the outstanding debentures as on 31.03.07.
16. (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.
17. Advance to employees includes Rs. Nil (previous year Rs. Nil) with maximum balance of Rs 1.04 Lac. (Previous year Rs. 1.05 Lac) of other officers.
18. 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 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.
19. 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.
20. 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. (AVNL) while balance is being sold to AVNL. From February 2005, AVNL had stopped the adjustment of wind power in captive use without assigning any reason thereof. After long persuasion at various levels, AVNL informed in November 2005 that they have revised power bills from 2002 on new methodology as per guidelines of their Audit team. They had recovered around Rs. 74.30 Lac towards difference in minimum charges and adjusted the wind power units accordingly. RSMML had objected the methodology of AVNL and filed petition in this matter with Rajasthan Electric Regulatory Commission (RERC) Jaipur vide petition no. 100/2006. A part of the petition has been decided in the favour of the RSMML vide its order dated 04.11.06 by RERC. The AVNL 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 is still to be decided.
21. 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 guidelines issued by EPFO. Since the interest rates had decreased in last few years tremendously and the trust could not generated sufficient income from invested funds to pay the interest to the various members as per guidelines issued by EPFO. There is a shortage of Rs. 21.36 Lac

(Previous year Rs. 91.48 Lac) during the financial Year and RSMML has to contribute the same to bridge the gap. The amount has been included in under the head Employee Welfare Expense.

22. Realizable value of the quantity of Graphite concentrate at Banswara of Rs 0.97 Lac (Previous year Rs 2.10 Lac) has been ascertained on the basis of market survey conducted by the committee.
23. In compliance of Gazette notification dated 10th April 2003, Royalty on Rock Phosphate & Gypsum is being paid to DMG at rate declared by the Indian Bureau of Mines on the notional value plus 20% premium thereon (i.e. IBM formula). During the current financial year, Royalty collected on Rock Phosphate is more than the royalty payable as per the IBM formula. Accordingly, company has provided liability for the excess amount so collected.
24. The company is paying Dearness Allowance to the executives of the company as and when it is being declared by the State Government subsequent issuance of order by the concerned department of the company. The State Government though has declared Dearness Allowance from the month of January 2007 but pending issuance of orders by concerned department liability for the same is not provided for.
25. The State Govt. has imposed Land Tax vide "The Rajasthan Finance Act 2006" on the land holders on such lands as notified at such rates as declared by notifications issued from time to time in this regard. As per the notification-dated 09.03.2007, land tax liability is worked out to Rs. 31,17,52,346/- for the year 2006-07 and thus provided for. The Validity of imposition of Land tax has, however, been challenged by the Federation of Mining Associations of Rajasthan in the Hon'able High Court Jodhpur, which is still pending.
26. The State Govt. vide its orders dated 30.03.2007 has withdrawn the levy of development chares on Gypsum and Limestone and also payment of Special lease money on High Grade Ore of Rock phosphate.
27. 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	Decrease
(i) Change in policy regarding accounting of items relating to Prior period, Pre-paid expenses and Liability for expenses based on the thresh hold Limits specified for each of such items:-		
(a) Due to providing for Liability for expenses		79446/-
(b) Due to providing for Pre Paid expenses	43536/-	-
(c) Due to providing for Prior Period Expenses	-	-
(ii) Change in method of valuation of obsolete equipment, Machinery and other fixed assets from NIL value to lower of estimated releasable value or carrying cost.	5767625/-	-
Total	5811161/-	79446/-

Due to change in above accounting policies, profit for the year is increased by Rs 57,31,715/- Lac.

28. Related party disclosures

Shri Rajat Kumar Mishra 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.



29. The major components of deferred tax assets and liabilities as on 31.03.2007 are as follows: (Amount in Rs.)

Components	As on 31.03.2007		As on 31.03.2006	
	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		409979750		254796413/-
Provision for doubtful debts, claims & advances	32133070		34968488/-	
Provision for Leave Encashment	48818054		38313399/-	
Deferred Revenue Expenditure		10673304	1927127/-	
Others	1130377		1587952/-	
Total	82081501	420653054	76796966/-	254796413/-
Net Deferred Tax Liability / (Deferred Tax Assets)		338571553		177999447/-

30. **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 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.

31. **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.

32. Schedule 'A' to 'L' is annexed to and form part of Accounts as on 31st March 2007.

33. Other information pursuant to requirement of part II to Schedule VI of the Companies Act, 1956:

33.1. (i). Rock Phosphate, Beneficiated Rock Phosphate and Rajphos (In M. T.)

	Rock Phosphate		Beneficiated Rock Phosphate		Rajphos	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Opening Stock	565320	523988	34921	17634	3982	4690
Production	1800103	1871315	390109	367974	47305	63842
Less: Moisture Qty.			-85119	-70345		
Purchase	44737	47429				
Transfer/Retrival	41925	38040	-32847	-38040		
Stock in Transit						
Sales	962670	951143	327266	277381	43424	64550
Less: Moisture			-44817	-38030		
Own consumption for Ben. Rock Phosphate Rajphos	887890	940836				
Samples	-			4		
Stock as per Books	601525	588793	24615	37868	7863	3982
Shortages	26475	23473	3613	2947	-	0
Closing Stock	575050	565320	21002	34921	7863	3982

(ii) Gypsum & Selenite :

(In M. T.)

	Gypsum		Selenite	
	2006-07	2005-06	2006-07	2005-06
Opening Stock	35,000	1,26,978	-	-
Purchase	346			
Production	29,44,776	27,96,893	-	-
Sales	28,50,537	28,87,402	-	-
Stock as per Books	1,29,585	36,469	-	-
Shortages	3,756	1,469	-	-
Closing Stock	1,25,829	35,000	-	-

(iii) Lime Stone :

(In M. T.)

Particular	2006-07		2005-06	
	Lime Stone	Sub Grade Lime Stone	Lime Stone	Sub Grade Lime Stone
Opening Stock	2,17,929	1,06,943	1,18,418	68,181
Production	20,07,293	1,46,789	19,82,240	1,34,091
Sales	18,80,157	1,21,180	18,73,501	96,226
Stock as per Books	3,45,065	1,32,552	2,27,157	1,06,046
Shortages(-Excess)	37,123	37	9228	-897
Closing Stock	3,0,7942	1,32,515	2,17,929	1,06,943

(iv) Lignite :

(In M. T.)

	2006-07	2005-06
Opening Stock	4073	-
Production	463292	6,87,053
Sales	467365	6,73,239
Stock as per Books	-	13,814
Shortages	-	9,741
Closing Stock	-	4,073

(v) Green Marble :

(In M. T.)

	Crack Block		Lumperts	
	2006-07	2005-06	2006-07	2005-06
Opening Stock	155	155	4,029	4,029
Production	-	-	-	-
Sale	-	-	-	-
Closing Stock	155	155	4,029	4,029



(vi) Granite :

	2006-07			2005-06		
	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	4,46,564	50,268	908	4,74,170	50,282
Production						
Sales		35,958			27,606	14
Stock as per Books	908	4,10,606	50,268	908	4,46,564	50,268
Excess/Shortage	-	-	-			
Closing Stock	908	4,10,606	50,268	908	4,46,564	50,268

(vii) Granite Tiles :

(In Sq. Ft.)

	2006-07	2005-06
Opening Stock	10,169	15,679
Production	-	-
Sales	-	250
Own Consumption	3563	5260
Stock as per Books	6606	10,169
Shortages	-	-
Closing Stock	6606	10,169

(viii) Graphite :

(In M.T.)

Particulars	2006-07		2005-06	
	Concentrate	Ore	Concentrate	Ore
Opening Stock	53	2276	122	2276
Production			0	0
Sales	29		69	0
Stock as per Books	24	2276	53	2276
Shortages	0	0	0	0
Closing Stock	24	2276	53	2276

(ix) Flourspar : (In M.T.)

	2006-07	2005-06
Opening Stock	37	2,673
Production	5,042	1,672
Sales	5,079	4,253
Stock as per Books	-	92
Shortages	-	55
Closing Stock	-	37

(x) Multimetal : (In M.T.)

	2006-07	2005-06
Opening Stock	340	340
Production	-	-
Sales	-	-
Stock as per Books	340	340
Shortages	-	-
Closing Stock	340	340

(xi) Bentonite : (In M.T.)

	2006-07	2005-06
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 : (37.3 MW Wind Farm Power Plant) (In Units)

	2006-07	2005-06
Generation	3,53,32,936	2,11,48,315
Sales	2,84,88,606	1,73,18,081
Own Consumption	61,59,895	37,24,379
Wheeling Charges	68,44,35	1,05,855



(xiii) Power : (3.8 MW DG Set)

(In Units)

	2006-07	2005-06
Generation	10,45,240	2,61,24,240
Own Consumption	9,27,100	25,05,33,80
Auxiliary Consumption	1,18,140	10,70,860

Note : The plant was operated for 38 days only during the year 2006-07, as and when required.

33.2 (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)	
				2006-07	2005-06
(a)	Crushing Plant (Old)	150 MT/Hr	N. A.	4.55	4.46
(b)	Crushing Plant (New)	132 MT/Hr	160 MT/Hrs	4.95	4.62
(c)	Main Process Plant	9.00 Lac MT p.a. (Through Put)	10.00 Lac MT p.a.	8.41 (Through Put) 3.05 (Output)	8.77 (Through Put) 2.97 (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)	2006-07 (In Lac M. T.)	2005-06 (In Lac M. T.)
Crushing & Screening Plant			
(a) R. O. M.	350	12.65	10.05
(b) Finished Product	140	6.23	4.83

(iii) Installed/Rated and Designed Capacity of various Power Plants:-

(As intimated by the Manufacturer) and Production during the year are as under:

S. No.	Name of the Plant	Installed/ Rated /Designed Capacity	Production (In Units)	
			2006-07	2005-06
1.	DG Set	3.8 M W.	10,45,240	2,61,24,240
2.	Wind Farm Power Plants	37.3 M W (22.3 MW from 28.03.2006) (34.9 MW from 30.09.2006) (37.3 MW from 14.10.2006)	3,53,32,936	2,11,48,315

RAJASTHAN STATE MINES & MINERALS LIMITED

(iv) Licensed /Installed Capacity of processing units for beneficiation of Graphite/Flourspar Ore.

	Licensed Capacity		Installed Capacity		Production	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Graphite	NA	NA	1800	1800	NIL	NIL
Flourspar	NA	NA	2304	2304	NIL	NIL

(v) Licensed /Installed Capacity of Gypsum Grinding unit at Rawala

(In M.T.)

	Licensed Capacity		Installed Capacity		Production	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Gypsum	70 MT per Hour	70 MT per Hour	70 MT per Hour	70 MT per Hour	85040	110580

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

	2006-07		2005-06	
	In Rs. Lac	Percentage	In Rs. Lac	Percentage
Imported	1.52	0.03	67.50	1.18
Indigenous	4851.72	99.97	5627.68	98.82

33.4 Imported raw material consumed during the year Nil.

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

	2006-07	2005-06
	In Rs. Lac	In Rs. Lac
Earnings (Net of Bank charges)	349.98	-
Expenditure	-	-
Spares	49.45	50.62
Traveling	1.40	0.43
Other Matters	3.12	2.24



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

	2006-07	2005-06
	In Rs. Lac	In Rs. Lac
Salary (including pension contribution)	3.95	3.64
Telephone/Car*	-	-
Total	3.95	3.64

* 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 2006-2007.

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board
Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary

SCHEDULE 'H'
OPERATIONAL REVENUE

	2006-07 Rs.	2005-06 Rs.
High Grade Rock Phosphate	248,06,37,745	226,98,72,939
Low Grade Rock Phosphate	67,75,362	2,20,77,143
Beneficiated Rock Phosphate	81,74,88,260	68,43,59,472
Rajphos	5,13,49,267	6,52,15,380
Gypsum	71,96,10,918	80,66,90,207
Lime Stone	70,43,18,823	65,26,88,784
Lignite	42,04,35,738	61,33,75,555
Power	10,53,81,592	6,38,31,761
Fluorspar	25,98,846	75,49,499
Graphite	1,69,575	4,30,520
Granite	53,290	53,928
	<u>530,88,19,416</u>	<u>518,61,45,188</u>

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary



SCHEDULE 'H-1'
INCREASE/DECREASE IN STOCK

	2006-07 Rs.	2005-06 Rs.
CLOSING 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
Lime Stone	4,34,32,783	3,27,29,162
Granite	47,79,813	48,66,755
Fluorspar	-	1,36,075
Lignite	-	31,57,127
Graphite	97,143	2,10,945
Bio diesel and by products	134,345	9,995
Green Marble	820	820
	28,68,46,336	24,10,32,207
OPENING STOCK		
Rock Phosphate	11,31,99,033	11,98,12,517
Beneficiated Rock Phosphate	7,46,44,806	3,72,54,244
Rajphos	33,76,280	40,80,924
Gypsum	87,01,209	277,79,406
Lignite	31,57,127	-
Lime Stone	3,27,29,162	1,97,46,741
Granite		
	2006-07	2005-06
Opening Stock	48,66,755	50,96,729
Less Own Consumption	-	2,06,121
Fluorspar	1,36,075	24,14,358
Graphite	2,10,945	5,00,000
Bio diesel and by products	9,995	-
Green Marble	820	820
	24,10,32,207	21,64,79,618
INCREASE/DECREASE	4,58,14,129	2,45,52,589

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary

SCHEDULE 'I'
OTHER REVENUE

	2006-07 Rs.	2005-06 Rs.
Interest (Gross) (TDS Rs 140.41 Lac, Prev. Year Rs 82.28 Lac)	15,57,62,090	13,62,04,827
Lease Rent On Railway Rakes	1,76,08,998	3,72,09,288
Duty Draw Back	-	21,76,734
Reliasation of Carbon Reduction Emmission	3,50,00,162	-
Recovery against bad debts Written off earlier	1,18,43,873	1,36,158
Excess provision for doubtful debts written back	97,30,363	-
Profit on Sale of Obsolete and other Fixed Assets	1,75,34,856	11,615
Miscellaneous Receipts, Refunds, Forfeitures & Claims	8,43,68,734	2,28,10,546
Liability No Longer Required	1,36,17,586	23,61,461
Sundry Credit Balances Written Back	80,869	-
	<u>34,55,47,531</u>	<u>20,09,10,629</u>

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board
Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary



SCHEDULE 'J'

MINING, OPERATIONAL, ESTABLISHMENT & FINANCIAL EXPENDITURE

	2006-07		2005-06	
	Mining & Other Operating Expenses	Establishment and Financial Expenses	Mining & Other Operating Expenses	Establishment and Financial Expenses
	Rs.	Rs.	Rs.	Rs.
Salaries & Wages	34,46,21,483	11,49,17,083	34,58,18,708	11,06,36,011
Contribution to Provident/Pension & Other Funds	4,16,39,577	156,07,452	4,35,09,063	1,71,49,919
Leave Encashment	3,85,51,464	1,46,30,105	2,54,51,428	70,49,180
Bonus/Additional Remuneration	91,19,506	29,70,465	94,57,312	29,86,500
Voluntary Retirement Payment Written Off	42,50,906	21,80,742	36,48,484	42,01,787
Employees' Welfare	6,82,47,956	1,29,01,175	6,29,48,935	1,54,10,739
Exgratia to employees	10,000	-	82,30,000	23,15,000
Employees' Social Security	79,016	2,12,758	2,57,128	1,55,394
Stores consumed*	37,74,01,784	25,291	46,70,38,166	1,31,326
Payment to Contractors :				
For Removal of Overburden	28,61,80,009	-	19,46,92,396	-
For Raising, Transportation & Others	90,20,86,828	-	85,06,39,441	-
Freight Charges	11,00,872	-	8,99,54,073	-
Dewatering of Mines	4,65,06,495	-	5,47,35,818	-
Crushing Plant Expenses	46,22,683	-	76,30,050	-
Power Charges	14,44,90,869	-	4,75,19,075	-
Compensation for Rock Phosphate	-	-	11,16,66,232	-
Survey & Prospecting Charges	1,05,67,276	-	24,43,436	-
Royalty & Dead Rent	55,13,90,246	-	51,75,18,575	-
Development Charges	-	-	20,13,21,623	-
Premium Charges to DMG	2,90,04,549	-	2,12,67,199	-
Mine Development Exp Written off	14,58,995	-	14,88,648	-
Repairs to Buildings	42,82,511	29,20,527	64,93,010	22,95,220
Repairs to Machinery	9,06,19,059	-	8,24,24,578	-
Repairs to Plant	2,78,22,109	-	2,49,45,655	-
Repairs to Road	47,42,288	-	45,51,900	-
Repairs to Others	54,45,189	16,93,573	42,34,610	16,55,272
Rent including Plot Rent	28,82,593	55,85,195	45,34,666	48,71,544
Rates & Taxes	44,15,021	7,06,637	1,12,34,670	20,60,101
Land Tax	31,17,52,346	-	-	-
Insurance	31,25,046	6,92,680	36,75,299	3,74,159
Travelling & Conveyance	2,04,15,487	1,11,05,454	1,88,12,135	1,20,26,196
Vehicle Up-keep	86,60,433	20,01,600	75,87,583	18,51,994
Payment to Auditors:				
Audit Fees	-	3,58,146	-	2,47,950
Tax Audit Fees	-	71,383	-	55,100
For reimbursement of expenditure	-	2,04,666	-	1,22,903
Interest:				
Term Loans	-	-	-	3,31,834
Banks & Others	5,11,316	15,98,545	89,518	19,903
Debentures	-	2,36,63,714	-	3,22,70,963
Bank Charges	51,680	27,13,114	39,846	29,98,221
Cash Discounts/Rebate on Sales	1,66,906	1,36,57,961	1,07,387	1,61,10,446
Guarantee Commission	-	60,879	-	2,53,108
Selling Expenses including commission	94,390	64,54,202	81,966	249,61,289

SCHEDULE 'J' (Contd.)

MINING, OPERATIONAL, ESTABLISHMENT & FINANCIAL EXPENDITURE

	2006-07		2005-06	
	Mining & Other Operating Expenses	Establishment and Financial Expenses	Mining & Other Operating Expenses	Establishment and Financial Expenses
	Rs.	Rs.	Rs.	Rs.
Packing Charges	84,61,475	96,23,904	1,77,289	293,50,969
Business Promotion Expenses	24,453	19,76,097	34,625	5,09,732
General Charges	8,05,524	10,95,021	10,32,658	17,95,822
Postage, Telephone & Telegraphs	19,66,030	50,36,642	21,46,911	43,80,807
Printing & Stationery	16,81,094	26,70,401	14,17,285	23,95,788
Electricity & Water	20,40,271	30,69,544	13,32,252	28,01,514
Seminar, Training & Exhibition	1,78,588	4,29,580	1,01,896	15,98,053
Legal & Professional Charges	1,49,609	74,39,292	1,89,368	46,79,672
Advertisement & Publication	-	1,61,71,989	7,908	1,59,43,770
Subscription	49,954	2,94,452	70,555	1,48,251
Entertainment	66,308	10,87,203	1,93,907	9,15,912
Board Meeting Expenses	-	91,022	-	75,967
Donation	10,000	5,10,77,000	-	4,61,24,650
Sundry debit Balance written off	1,10,105	-	-	-
Laboratory Expenses	5,93,734	49,277	10,69,588	1,01,680
Consultancy Charges	41,91,379	8,09,877	22,57,945	-
Research & Development	18,87,787	10,06,856	17,26,908	14,43,384
Sampling & Analysis	1,38,77,499	2,14,893	1,55,95,209	2,11,536
Compensation for Mineral	1,01,46,238	-	90,44,431	-
Claims & Settlements	-	-	-	18,25,318
Computer Maintenance & Software Exp.	12,95,114	10,79,040	9,88,836	8,56,196
Rural Development Expenses	2,26,01,802	70,47,370	92,62,272	6,84,025
Afforestation Plantation & Environment	29,33,781	31,26,706	1,30,85,690	20,38,362
	341,93,87,633	35,03,29,513	329,57,84,146	38,04,23,467

* Does not include consumption of Stores & Spares Rs. 1078.97 Lac charged under various heads (Prev. Year Rs. 1023.49 Lac).

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary



SCHEDULE 'K'
PRIOR PERIOD ADJUSTMENT

	2006-07		2005-06	
	Debit	Credit	Debit	Credit
	Rs.	Rs.	Rs.	Rs.
Interest	-	-	4,686	-
Miscellaneous Receipt	-	-	-	1,89,048
Duty Drawback	-	-	57,116	-
Salary and Wages	24,752	21,468	5,551	-
Employees' Welfare	-	8,38,280	-	-
Contractors Payment for Raising, Transportation & others	30,81,320	-	2,47,696	-
Printing & Stationery	-	-	19,462	-
Loss on sale of Machinery	-	-	5,720	-
Electricity & Water	453,840	-	-	-
Rent	-	-	15,313	-
Rates & Taxes	-	-	6,78,605	-
General Charges	1,375	-	3,585	-
Repairs to Machinery	6,498	34,14,528	-	-
Research & Development	29,005	-	-	-
Legal & Professional Charges	5,000	-	1,10,000	-
Traveling & Conveyance	-	1,369	-	-
Mine development expenses w/off	-	-	3,10,000	-
Depreciation	18,87,171	7,87,583	-	-
Aforestation, Plantation & Environment	-	-	3,45,753	-
Bonus /Additional Remuneration	3,655	-	2,000	-
Entertainment	-	-	3,772	-
Miscellaneous	11,000	-	-	-
	5503616	5063228	18,09,259	1,89,048
Net Debit / Credit	-4,40,388		-16,20,211	

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary

SCHEDULE 'L'

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

	Opening Balance 01/04/2006	Additions/ Adjustments During the Year	Written off	Closing Balance 31/03/2007
	Rs.	Rs.	Rs.	Rs.
Development Expenditure on Mines (Including Survey & Prospecting)	6,60,35,297	4,02,33,197	14,58,995	10,48,09,499
Payment under employee VRS Scheme	39,50,263	90,83,361	64,31,648	66,01,976
	699,85,560	493,16,558	78,90,643	11,14,11,475
Previous Year	258,11,570	535,12,909	93,38,919	699,85,560

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary



ANNEXURE - 1

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	Year ended 31-03-2007	Year ended 31-3-2006
	Rs.	Rs.
A Cash Flow From Operating Activities		
Net Profit Before Tax	1561105152	1418986204
Adjustments For :		
Depreciation	346214835	287547164
Miscellaneous Expenditure Written Off	7890643	9338919
Miscellaneous Expenditure added during the year	(49316558)	(53,512,909)
Diminution In Value of Investment	1	0
Interest Income	(155762090)	(136204827)
Interest Expenditure	25773575	32712218
Impaired/Obsuletion loss on assets	4065058	6847338
Assets Written Off	1282741	1169299
Profit/Loss On Sale of Fixed Assets (Net)	-17325467	487,768
Operating Profit Before Working Capital Change	1723927890	1567371174
Change In Working Capital (Excluding Cash & Bank Balance)		
Inventories	(59942709)	-42468877
Sundry Debtors	22372156	125473527
Other Current Assets	(12982636)	-4341442
Loans And Advances	(362713223)	-27449147
Trade And Other Payable	89001343	219351555
Cash Generated From Operation	1399662821	1837936790
Less: Direct Taxes Paid Net of refund(Including Tds)	(630374601)	(463033050)
Net Cashflow From Operating Activities	769288220	1374903740
B Cash Flow From Investing Activities		
Addition/Price revision in Fixed Assets	(886804502)	(535191627)
Sale of Fixed and Other Assets	18255842	142500
Interest Income	155762090	136204827
Net Cash (Used) In/From Investing Activities	(712786570)	(398844300)
C Cash Flow From Financing Activities		
Payment of Dividend	0	(155103000)
Payment of Corporate Dividend Tax	(21753196)	0
Repayment of of Debentures	(61904800)	(111904800)
Refund/Adjustment of Deferred Payment Credit	(35454868)	(16194500)
Repayment of Loan To Govt of Rajasthan	0	(19909996)
Interest Paid	(25773575)	(32712218)

ANNEXURE - 1 (Contd.)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	Year ended 31-03-2007 Rs.	Year ended 31-3-2006 Rs.
Net Cash (Used) In/From Financing Activities	(144886439)	(335824514)
D Net Change In Cash & Cash Equivalents(A+B+C)	(88384789)	640234926
E Cash & Cash Equivalents at end of the year	1798389466	1886774255
F Cash & Cash Equivalents at beginning of the year	1886774255	1246539329

Net Change In Cash & Cash Equivalent (E-F)	(88384789)	640234926
--------------------------------------------	------------	-----------

Notes:

	Rs In lac	Rs In lac
1 Cash & Cash equivalent held by the company and not available for use by it	272.27	115.46
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 years' presentation.		

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board
Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary

INFORMATION ABOUT BUSINESS SEGMENTS AS ON 31.03.2007

	Rock Phosphate		Limestone		Lignite		Gypsum		Gypsum		Capitive Power Plant (D G Set)		Wind farm		Wind farm		Other misc		Eliminations		Eliminations		Consolidated Total		Consolidated Total				
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07		
EXTERNAL SALES																													
Inter-segment Sales	5376230534	3947529934	704318823	657088794	420353738	613375555	719682208	806744135	4051427	105725264	105725264	105725264	105725264	8286311	83371701	63871701	7980719	7980719	0	0	0	0	0	0	0	0	0	0	
Increase/Decrease in stock	11689664	5814828	3137053	9084585	6885309	4705547	3913723	4741314	0	2159853	2159853	2159853	2159853	0	0	0	35456	35456	0	0	0	0	0	0	0	0	0	0	
Unallocated corporate revenue	3473510108	3129926941	746399497	674752790	424160720	621233229	75455633	791973528	4051427	105725264	105725264	105725264	105725264	721188072	721188072	721188072	5448137	5448137	0	0	0	0	0	0	0	0	0	0	
Total Expenses	2097972397	1916032108	713448128	640038992	402362161	487971705	503812913	616825784	1502841	141107331	141107331	141107331	141107331	82931045	82931045	82931045	12799195	12799195	0	0	0	0	0	0	0	0	0	0	
Result	1377537711	1213894833	12951369	34716898	21897959	132861524	250712720	175146744	-1111414	-35382267	-35382267	-35382267	-35382267	-1299957	-1299957	-1299957	-7310558	-7310558	0	0	0	0	0	0	0	0	0	0	
Other Unallocable Expenditure																													
Operating Profit																													
Interest & Financial Charges exp.																													
Income taxes																													
Profit from ordinary activities																													
Prior period adjustments																													
Net Profit	1523484123	1459312609	512402368	443212283	583609806	471750368	384188997	165755020	25014900	28229627	28229627	28229627	28229627	8566999	8566999	8566999	14378778	14378778	0	0	0	0	0	0	0	0	0	0	0
OTHER INFORMATION																													
Segment assets	1523484123	1459312609	512402368	443212283	583609806	471750368	384188997	165755020	25014900	28229627	28229627	28229627	28229627	8566999	8566999	8566999	14378778	14378778	0	0	0	0	0	0	0	0	0	0	0
Unallocated corporate assets	38702891	363525935	191038286	5400337	14286369	106324526	8404457	16539276	532231	3457897	3457897	3457897	3457897	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	1523484123	1459312609	512402368	443212283	583609806	471750368	384188997	165755020	25014900	28229627	28229627	28229627	28229627	8566999	8566999	8566999	14378778	14378778	0	0	0	0	0	0	0	0	0	0	0
Segment liabilities	38702891	363525935	191038286	5400337	14286369	106324526	8404457	16539276	532231	3457897	3457897	3457897	3457897	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unallocated corporate liabilities	38702891	363525935	191038286	5400337	14286369	106324526	8404457	16539276	532231	3457897	3457897	3457897	3457897	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	38702891	363525935	191038286	5400337	14286369	106324526	8404457	16539276	532231	3457897	3457897	3457897	3457897	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure	146467492	165828878	8353627	11030340	16925449	14249159	3514939	3444761	3476805	12991864	12991864	12991864	12991864	82763	82763	82763	1004022	1004022	0	0	0	0	0	0	0	0	0	0	0
Total Capital expenditure	146467492	165828878	8353627	11030340	16925449	14249159	3514939	3444761	3476805	12991864	12991864	12991864	12991864	82763	82763	82763	1004022	1004022	0	0	0	0	0	0	0	0	0	0	0
Depreciation/Amortisation	146467492	165828878	8353627	11030340	16925449	14249159	3514939	3444761	3476805	12991864	12991864	12991864	12991864	82763	82763	82763	1004022	1004022	0	0	0	0	0	0	0	0	0	0	0
Unallocated corporate Depreciation	146467492	165828878	8353627	11030340	16925449	14249159	3514939	3444761	3476805	12991864	12991864	12991864	12991864	82763	82763	82763	1004022	1004022	0	0	0	0	0	0	0	0	0	0	0
Total Depreciation	146467492	165828878	8353627	11030340	16925449	14249159	3514939	3444761	3476805	12991864	12991864	12991864	12991864	82763	82763	82763	1004022	1004022	0	0	0	0	0	0	0	0	0	0	0
Non-cash expenses other than depreciation	5335835	12904236	1499182	433468	208333	2046360	104171	2288522	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Unallocated/Non-cash expenses other than depreciation	5335835	12904236	1499182	433468	208333	2046360	104171	2288522	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	1024490895	

Pervious Years Figures have been recasted / regrouped. Wherever Necessary to confirm 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 : 22.08.2007

For and on behalf of the Board
Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendra Rao Company Secretary



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

Balance Sheet Date 3 1 0 3 2 0 0 7
Date Month Year

II Capital Raised during the Year

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

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

Total Liabilities 5 2 6 9 4 8 8 Total Assets 5 2 6 9 4 8 8

Sources of Funds

Paid-up Capital	Reserves & Surplus
_____ 7 7 5 5 1 5	_____ 3 8 7 2 2 3 8
Share Application Money	Deffered Tax Liability
_____ N I L	_____ 3 3 8 5 7 2
Secured Loans	Unsecured Loans
_____ 1 8 5 7 1 4	_____ 0 0 9 7 4 4 9

Application of Funds

Net Fixed Assets	Investments
_____ 2 5 0 8 8 8 8	_____ 0 3 5 5
Net Current Assets	Misc. Expenditure
_____ 2 6 4 8 8 3 4	_____ 1 1 1 4 1 1
Accumulated Losses	
_____ N I L	

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

Turnover	Total Expenditure
_____ 5 6 5 4 3 6 7	_____ 4 0 9 3 2 6 2
Profit Before Tax	Profit After Tax
+ + _____ 1 5 6 1 1 0 5	+ + _____ 1 0 2 4 0 5 1
Earning Per Share in Rs.	Dividend Rate %
_____ 1 3 . 2 0	_____ 0 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 0 1 0 . 0 1
Product Description G Y P S U M

Item Code No. (ITC Code) 2 5 2 1 0 0 . 0 1
Product Description L I M E S T O N E

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 22.08.2007

For and on behalf of the Board

Rajat Kumar Mishra Managing Director
Ashok Sampatram Director

M.L. Gupta Financial Advisor
Rajendr Rao Company Secretary



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

Barmer Lignite Mining Company Limited

1	The Financial year of the Subsidiary Company ended on	31st March, 2007
2	i. Shares of subsidiary company held by Rajasthan State Mines & Minerals Limited (out of total of 50,000 shares)	25,500 (Fully paid-up)
	ii. Extent to holding	51%
3	The net aggregate amount of loss of the subsidiary company for the financial year so far as it concerns the members of Rajasthan State Mines & Minerals Ltd.	
	i. Dealt with in the accounts of the Rajasthan State Mines & Minerals Limited for the year ended 31st March, 2007.	Nil
	ii. Not Dealt with in the accounts of the Rajasthan State Mines & Minerals Limited for the year ended 31 st March, 2007.	Nil
4	The net aggregate amount of 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.	Nil
	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

For and on behalf of the Board

Rajat Kumar Mishra Managing Director

Ashok Sampatram Director

M.L. Gupta Financial Advisor

Rajendr Rao Company Secretary

Place : Jaipur

Date : 22.08.2007

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 and Minerals Limited for the year ended 31 March 2007.

The preparation of financial statements of Rajasthan State Mines and Minerals Limited, Udaipur for the year ended 31 March 2007 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 22.8.2007.

I on the 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 and Minerals Limited for the year ended 31 March 2007. 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 Auditor's report under Section 619 (4) of the Companies Act, 1956.

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

Satish Loomba

Accountant General (C. & R. Audit)
Rajasthan, Jaipur

Place: Jaipur
Date: 26.09.07



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

DIRECTORS' REPORT

To the Shareholders,

Your directors take pleasure in presenting the first annual report along with the audited accounts of the Company for the year ended on 31st March 2007.

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.32,74,86,570 towards Capital work in progress and pre operative expenses during the year.

2. Details and Status of the project

Fast changing economic development of the Rajasthan State with rapid growth of Industrialization and service sector has increased the power demand in the State. Government of Rajasthan (GoR) has opened the power sector in Public Private Partnership mode, to bridge the increased gap between demand and supply. In this direction, GoR has entered into an Implementation Agreement with Raj WestPower Limited, (RWPL) for the implementation of 1000 MW lignite based Power Plant at Barmer District of Rajasthan which inter alia provides for the sale of Power from that Plant to Rajasthan Discoms (Jaipur Vidyut Vitaran Nigam Limited, Ajmer Vidyut Vitaran Nigam Limited and Jodhpur Vidyut Vitaran Nigam Limited).

Your Company has been formed as a Joint Venture between Rajasthan State Mines and Minerals Limited (RSMML) (holding 51%) and RWPL (holding 49%) on 19th January 2007, for development, operation and extraction of lignite from the Mines and transportation of lignite to the Power Plant to be set up by RWPL in Barmer district, Rajasthan. Mining operation will be carried out as per directions of Rajasthan Electricity Regulatory Authority (RERC) and necessary actions have been initiated.

RWPL is a subsidiary of JSW Energy Limited controlled by JSW Group of Company. RWPL is implementing 1000 MW lignite based Power Plant at Barmer district of Rajasthan at an estimated Project cost of Rs. 5000

Crores. RWPL has also entered into a Power Purchase Agreement (PPA) with Rajasthan Discoms for sale of entire capacity of the Power Plant.

Your Company is implementing two Lignite mining projects at Jalipa & Kapurdi in the District Barmer in Rajasthan. The Company is estimated to mine about 7-8 million tons of Lignite per year at full capacity from the above projects and shall supply it to RWPL for generation of electricity at lignite based thermal Power Plant.

It is also pertinent to note that Government of India, Ministry of Coal vide its letter dated 13th November 2006 has allocated Jalipa & Kapurdi Lignite blocks to RSMML. Mine plans for both the mines have been submitted to Ministry of Coal (MOC), GoR and MOC has accepted both the plans. RSMML has initiated steps for acquisition of land for the project and it is expected that land for Kapurdi project will be available within a short period of time.

The Company is in the process of finalizing Mining Contract and Fuel Supply Agreement (FSA) for extraction and supply of fuel for a period 30 years to the power plant of RWPL.

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. Financing

Rajasthan Electricity Regulatory Authority (RERC) has estimated the total project cost of Rs.467 Crores 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 in due course.

5. Directors

a) Composition

The Board comprises of 7 directors.

- b) Retirement by Rotation
In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company Dr. Ashok Singhvi and Mr. Yaduvendra Mathur, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.
- c) Changes during the year
During the year Mr. Dheer Chandra Samant, Director had resigned and GoR had nominated Mr. Ashok Sampatram – Principal Secretary-Industry as its nominee.
Mr. Krishna Deshika, Director had resigned as on 15th February 2007 and RWPL had nominated Mr. Raj Kumar Sharma as its nominee.
Mr. Tuhin Kumar Mukherjee, Director of the Company has been designated as Managing Director with effect from 15th February 2007 and has been entrusted with substantial powers of management and the powers exercisable by the Managing Director of a company.
- d) Board Meetings
The Board met twice during the year.

6. 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 had 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 had 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 had prepared the annual accounts for the year under review, on a going concern basis.

7. Auditors

M/s P. Taparia & Associates, Chartered Accountants, Jaipur were appointed as first auditors under section 619 of the Companies Act, 1956, to audit the company's Annual Accounts for the Financial Year 2006-2007. Necessary recommendation shall be made to Comptroller and Auditor General of India (CAG) for the re-appointment of M/s P. Taparia & Associates, Chartered Accountants, Jaipur to audit the accounts for the Financial Year 2007-08.

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.

8. Explanation to Auditors Qualification

During the year your company has received Rs. 33,00,00,000 from Joint Venture Partner RWPL stating that Rs. 9,77,55,000 towards share application money with balance of Rs. 23,22,45,000 towards subordinated debt as per the Joint Venture Agreement and the proceeds were to effect the payment to Naively Lignite Corporation Limited (NLC) under the directions of Government of India. The company has thus failed to comply with the provisions of section 293 (1)(d) of the Companies Act, 1956, related to the borrowing powers while having received subordinated debt and steps has since been taken to ratify the same.



BARMER LIGNITE MINING COMPANY LIMITED

9. 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.

10. Foreign Exchange Earnings and Outgo

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

11. 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.

12. 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

Ashok Sampatram
Chairman

Place: Jaipur
Date: 21.08.2007

AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of Barmer Lignite Mining Company Limited, as at 31st March, 2007 and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 as amended by the Companies (Auditors Report Amendment) Order, 2004, issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, ("the Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure-1, a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in Annexure-1 referred

to in paragraph 3 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 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 explained to us being a Government Company terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable as per G.S.R. no. 829 (E) dated 21.10.2003 of Department of Companies Affairs, Ministry of Finance;
- vi. in our opinion and to the best of our information and according to the explanations given to us, **and subject to our comments in Annexure -1, forming an integral part of this report** the said accounts read together with the Schedule and 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.
 - a. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2007, and
 - b. in the case of Cash Flow Statement of the cash flows for the year ended on that date.

For and on behalf of P. Taparia & Associates,
Chartered Accountants
By the hand of

Poonam Taparia
Partner
Membership No. 76597

Place : Jaipur
Date:21.08.2007



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)

- | | | |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i. | (a) Company has no assets in the nature of Fixed Assets.
(b) Not applicable in view of 1 (a) above.
(c) Not applicable in view of 1(a) above. | (d) There is no overdue amount of loan taken or granted to Companies, firms or parties covered under register maintained under section 301 of the Companies Act, 1956. |
| ii. | (a) Company has not commenced commercial operation and carries no inventory during the period under review.
(b) Not applicable in view of ii(a) above.
(c) Not applicable in view of ii(a) above. | iv. Company has not commenced commercial operation thus this clause is not applicable.

v. (a) According to the information and explanation given to us, we are of the opinion that the company has entered all the transactions required to be entered in the register maintained under section 301 of the Companies Act, 1956. |
| iii. | (a) The company has not given any loans, but has taken loan of Rs. 23,22,65,000/- from M/s Raj West Power Limited a company listed in the Register maintained under section 301 of the Companies Act, 1956 and the same is in contravention of section 293(1) (d) of the Companies Act, 1956.
(b) In our opinion, the rate of interest and other terms and conditions of loans taken by the company is not prima facie prejudicial to the interest of the Company.
(c) Repayment of principal amount of the loans has not become due. Provision of interest has not been made in the books as the terms of the loan of Rs. 23,22,65000/- provided by M/s Raj West Power Limited is subject to approval by senior lenders of the Company and thus the amount of interest for the year has been indicated as a contingent liability in the notes to accounts. As informed, the company has not granted any loans. | (b) As informed and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 during the year have been made at prices which are reasonable having regard to the prices at which similar items are dealt with other parties at the relevant time.

vi. The company has not accepted any deposit from public during the year which would attract the provision of section 58A or 58AA of the Companies Act, 1956.

vii. Internal Audit System is not mandatory for the company.

viii. Maintenance of Cost records has been prescribed under section 209(1) (d) of the Companies Act, 1956 but as the company has not commenced commercial operations the same have not been maintained by the Company. |

RAJASTHAN STATE MINES & MINERALS LIMITED

BARMER LIGNITE MINING COMPANY LIMITED

- ix. (a) On the basis of records it has been observed undisputed current statutory dues including Provident Fund, Works Contract Tax and Income Tax have generally been regularly deposited with the appropriate authorities.
- (b) According to the records and information provided there are no disputed amounts in respect of the statutory dues pending deposition.
- x. The Company has not accumulated losses and has not incurred cash losses during the current financial year.
- xi. During the Financial year the company has not defaulted in repayment of its dues to Financial Institutions & Banks.
- xii. The company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion the Company is not a Chit Fund or a Nidhi/ Mutual benefit and as such the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Fund Benefit Societies are not applicable to the Company.
- xiv. In our opinion the Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of para 4(xiv) of the aforesaid order are not applicable to the company.
- xv. According to the information and explanations given to us we are of the opinion the company has not given any Guarantee for the loans taken by others from Banks/Financial Institutions.
- xvi. In our opinion and according to the information and explanations given to us the company has not obtained any term loans during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that short term funds have not been used to finance long term investments.
- xviii. The Company has not made any preferential allotment of equity shares and hence the requirements of para (xviii) are not applicable to the company.
- xix. The Company has not issued any Debentures during the year accordingly the provision of clause (xix) are not applicable to the company.
- xx. The company has not raised any money by way of public issue.
- xxi. According to the information and explanations given to us, there have been no cases of theft or fraud during the year.

For and on behalf of P. Taparia & Associates,
Chartered Accountants
By the hand of

Poonam Taparia
Partner
Membership No. 76597

Place : Jaipur
Date:21.08.2007



BARMER LIGNITE MINING COMPANY LIMITED

BALANCE SHEET AS AT 31st MARCH, 2007

Amount in Rupees

	Schedule	As at 31st March 2007
SOURCES OF FUNDS		
1. Shareholders' Funds		
Share Capital	A	5,00,000
Share Application Money	A	9,77,55,000
2. Loan Funds		
Unsecured Loans	B	23,22,65,000
Total		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	32,74,86,570
		32,74,86,570
2. Invesments		
		-
3. Current Assets, Loans & Advances		
a) Cash and Bank Balances	D	37,60,450
b) Loans and Advances		-
		37,60,450
Less: Current Liabilities & Provisions		
a) Liabilities	E	28,58,988
		-
		28,58,988
Net Current Assets		9,01,462
4. Miscellaneous Expenditure		
(To the extent not written off or adjusted)	F	21,31,968
Total		33,05,20,000
Significant Accounting Policies and Notes to Accounts	G	-
The above schedules form part of the Financial Statements		

As per our attached report of even date

For P. Taparia & Associates,
Chartered Accountants

Poonam Taparia
Partner
Membership No. 76597

Place : Jaipur
Date : 21.08.2007

For and on behalf of the Board

Ashok Sampatram Chairman
Tuhin Kumar Mukherjee Managing Director

RAJASTHAN STATE MINES & MINERALS LIMITED
BARMER LIGNITE MINING COMPANY LIMITED

Schedules forming part of the Balance Sheet as at 31st March, 2007

Amount in Rupees

	As at 31st March 2007
SCHEDULE ' A ' - SHARE CAPITAL	
1. Authorised 20,000,000 (Previous Year Nil) Equity Shares of Rs.10 each	20,00,00,000
2. Issued, Subscribed & Paid Up 50,000(Previous Year Nil) Fully Paid Equity Shares of Rs.10 each. Of the above shares 25,500shares allotted as fully paid-up without payment being received in cash.	5,00,000
3.Share Application Money (Pending Allocation)	9,77,55,000
	9,82,55,000
SCHEDULE ' B ' - UNSECURED LOANS Subordinated Loan	23,22,65,000
SCHEDULE ' C ' - CAPITAL WORK IN PROGRESS PRE-OPERATIVE EXPENDITURE DURING THE CONSTRUCTION PERIOD (PENDING ALLOCATION)	
	As at 31st March 2007
CAPITAL WORK IN PROGRESS	
Plant and Machinery & Civil Works	
Capital Advances	22,07,020
Rights under the Implementation and Joint Venture Agreement.	2,55,000
Sub Total A	24,62,020
PRE - OPERATIVE EXPENDITURE (PENDING ALLOCATION)	
Audit Fees	20,000
Interest & Finance Charges	4,550
Geological Report	32,50,00,000
Sub Total B	32,50,24,550
Total (A+B)	32,74,86,570
SCHEDULE ' D ' - CASH AND BANK BALANCES	
Balance with Scheduled Banks:	
In Current Accounts	37,60,450
	37,60,450
CURRENT LIABILITIES & PROVISIONS	
SCHEDULE ' E ' - CURRENT LIABILITIES	
Sundry Creditors (other than to small scale industries)	28,58,988
* No amount due to be credited to Investor Education and Protection Fund	
	28,58,988
SCHEDULE ' F ' - MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	
Preliminary Expenses	21,31,968
	21,31,968

As per our attached report of even date

For P. Taparia & Associates,
Chartered Accountants

Poonam Taparia
Partner
Membership No. 76597

 Place : Jaipur
Date : 21.08.2007

For and on behalf of the Board
Ashok Sampatram Chairman
Tuhin Kumar Mukherjee Managing Director



BARMER LIGNITE MINING COMPANY LIMITED

Cash Flow Statement for the period from 19th January '07' to 31st March, 07

	Year ended 31st March 2007
A. CASH FLOW FROM OPERATING ACTIVITIES	-
B. CASH FLOW FROM INVESTMENT ACTIVITIES	
Capital Work in Progress net of Creditors	(14,80,000)
Preoperative Expenses to be capitalised	(32,50,24,550)
NET CASH USED IN INVESTMENT ACTIVITIES	(32,65,04,550)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Purchase of Investments	
Issue of Shares and share application money	9,80,00,000
Proceeds from Borrowings	23,22,65,000
NET CASH USED IN FINANCING ACTIVITIES	33,02,65,000
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	37,60,450
CASH AND CASH EQUIVALENTS - OPENING BALANCES	-
CASH AND CASH EQUIVALENTS - CLOSING BALANCES	37,60,450

Note :

The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3.

As per our attached report of even date

For P. Taparia & Associates,
Chartered Accountants

Poonam Taparia
Partner
Membership No. 76597

Place : Jaipur
Date : 21.08.2007

For and on behalf of the Board

Ashok Sampatram Chairman
Tuhin Kumar Mukherjee Managing Director

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2007
SCHEDULE 'G'

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 a 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 to 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 as 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 same is 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 part of cost of such asset up to the date when such assets are 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 by the balance sheet date.

Deferred tax assets are recognized only to the extent there is 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) At 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 20,36,295 @ 10 % on subordinated debt of Rs 23,22,65,000 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. 23,70,000.
- (d) Based on the information available with the Company regarding the status of the suppliers as defined under the Interest on Delayed

RAJASTHAN STATE MINES & MINERALS LIMITED

BARMER LIGNITE MINING COMPANY LIMITED

- Payments to Small Scale and Ancillary Industrial Undertaking Act, 1993, there are no amounts due to small scale and/or ancillary industrial suppliers on account of principal and/or interest as at the close of the year.
- (e) No provision of deferred tax assets and liabilities is made as on 31st March 2007 as there is no timing deference and project is yet to starts its commercial production
- (f) Remuneration to Auditors Current Year
Audit fees 20,000
- (g) In the opinion of the Management, the 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.
- (h) During the year company received Rs. 32,50,00,000 from joint venture partner RWPL stating that Rs. 9,77,55,000 towards Share Application Money with balance Rs. 23,22,45,000 towards Subordinate Debt as per the Joint Venture agreement and the proceeds were used to effect payment to NLC under the

directions of GOI. The company had thus failed to comply with the provision of section 293(1)(d) of the Companies Act, 1956 related to borrowing powers while having received Subordinate debt and steps have since been taken to ratify the same.

- (i) Related party Disclosure as per Accounting Standard 18:
- (i) List of Related Parties:
Parties where control exists
Rajasthan State Mines and Minerals Limited-Holding Company.
Raj West Power Limited-Associates Company
- (ii) Related Party Transactions
Transaction with Related parties

Nature of Transaction	RSMML	RWPL
Transaction during the year		
Issue of Equity Shares		2,45,000
Issue of Equity Shares other than cash	2,55,000	
Subordinate debt (Unsecured Loan)		23,22,65,000

As per our attached report of even date

For P. Taparia & Associates,
Chartered Accountants

Poonam Taparia
Partner
Membership No. 76597

Place : Jaipur
Date : 21.08.2007

For and on behalf of the Board
Ashok Sampatram Chairman
Tuhin Kumar Mukherjee Managing Director



BARMER LIGNITE MINING COMPANY LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details	
	Registration No.	U14109RJ2007SGC023687
	Balance Sheet Date	31.03.2007
		Rs'000
II	Capital Raised during the Year	500
III	Position of Mobilisation and Deployment of Funds	
	Total Liabilities	330520
	Total Assets	330520
	Sources of Funds	
	Paid-up Capital and Share Application Money	98255
	Reserves & Surplus	Nil
	Secured Loans	Nil
	Unsecured Loans	232265
	Deferred Tax Liability	Nil
	Application of Funds	
	Net Fixed Assets	
	Investments	
	Capital work in Progress Pre Operative	327487
	Net Current Assets	901
	Miscellaneous Expenditure	2132
IV	Performance of the Company (Amount in Rs. Thousands)	
	Turnover	Nil
	Total Expenditure	Ref Note 2(b) of Notes to Accounts
	Profit / Loss Before Tax	Nil
	Profit / Loss After Tax	Nil
	Earning Per Share in Rs.	Nil
	Dividend Rate %	Nil
V	Generic Names of Three Principal Products/Services of The Company (As per monitory terms)	
	Item Code No.	
	Product Description	Lignite

As per our attached report of even date

For P. Taparia & Associates,
Chartered Accountants

Poonam Taparia
Partner
Membership No. 76597

Place : Jaipur
Date : 21.08.2007

For and on behalf of the Board

Ashok Sampatram Chairman
Tuhin Kumar Mukherjee Managing Director

Comments of the Comptroller and Auditor General of India Under Section 619(4) of the Companies Act, 1956 of the Accounts of Barmer Lignite Mining Company Limited for the year ended 31st March 2007.

The preparation of financial statements of Barmer Lignite Mining Company Limited for the year ended 31st March 2007 in accordance with the financial reporting frameworks prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor / auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is / 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 21 August 2007.

I on the behalf of the Comptroller and Auditor General of India have decided not to review the report of the Statutory Auditor's on the accounts of Barmer Lignite Mining Company Limited for the year ended 31st March 2007 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

Place : Jaipur
Date:29.08.2007

Satish Loomba
Accountant General (C & R Audit)
Rajasthan, Jaipur