



RAJASTHAN STATE MINES & MINERALS LIMITED

(A Government of Rajasthan Enterprise)

Board of Directors

Board as on 01.12.2009

Shri T Srinivasan	Chairman
Shri Salauddin Ahmed	Director
Shri C. K. Mathew	Director
Shri Sunil Arora	Director
Shri Shreemat Pandey	Director
Dr. Govind Sharma	Director
Shri Ajitabh Sharma	Director
Shri A.C. Wadhawan	Director
Shri Sanjay Malhotra	Managing Director

Financial Advisor

Shri M.L. Tailor

Registered Office

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

Company Secretary

Shri Rajendr Rao

Auditors

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

Corporate Office

Bankers

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

4, Meera Marg, Udaipur - 313 004
Tel. : 0294-2428763-67
Fax : 0294 - 2428770, 2428739

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NOTICE

NOTICE is hereby given that the 62nd Annual General Meeting of the shareholders of the company will be held on Tuesday, 29th December, 2009 at 4.00 PM at the Registered Office of the Company, C-89-90, Lal Kothi, Jaipur (Rajasthan) to transact the following business :-

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2009, 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 declare dividend for the financial year 2008-09;
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 an **Ordinary Resolution:**

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

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

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

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

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

Rajendr Rao
Company Secretary

Udaipur

December 4th, 2009

NOTES:

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

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

Item No. 4

Shri Salauddin Ahmed is presently working as Principal Secretary (Agriculture) to the Government of Rajasthan, Department of Agriculture; notice has been received from one of the shareholders as required under section 257 of the Companies Act, 1956 proposing him as a candidate for the office of director.

Shri Sunil Arora is presently working as Principal Secretary (Industries) to the Government of Rajasthan; notice has been received from one of the shareholders as required under section 257 of the Companies Act, 1956 proposing him as a candidate for the office of director.

Shri Shreemat Pandey is presently working as Principal Secretary (Energy) to the Government of Rajasthan; notice has been received from one of the shareholders as required under section 257 of the Companies Act, 1956 proposing him as a candidate for the office of director.

Shri Ajitabh Sharma is presently working as Director, Directorate of Mines & Geology, Government of Rajasthan; notice has been received from one of the shareholders as required under section 257 of the Companies Act, 1956 proposing him as a candidate for the office of director.

The Directors seeking appointment / re-appointment may be deemed to be concerned or interested in the respective resolutions concerning their appointment / re-appointment.

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

Rajendr Rao
Company Secretary

Udaipur

December 4th, 2009



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting you the 62nd Annual Report on the business and operations of your company during the financial year ended on March 31, 2009 along with the Audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India for the reporting period.

The Year in Retrospect

While the Indian economy registered an average growth of 8.8% during the 5 years ending 2007-08, it has shown signs of slow down during the current fiscal. The global economic recession had its impact on most of the sectors and industries. High crude oil prices also had its effect on the prices of the raw materials. The decline in growth was spread across all the three sectors, viz., agriculture and allied activities, industry and services.

Despite such odds, your company could manage and consolidate itself in the direction of achieving its aims and objectives. This, of course, could be possible only with your help, active participation and tremendous encouragement.

Some of the performance highlights during the year are-

- The total revenue increased to Rs. 972.35 Crores, registering a growth of 52.79 % over previous year's revenue of Rs. 636.41 Crore.

- The Profit Before Tax (PBT) stood at Rs. 177.89 Crores with 4.74% reduction compared to previous year's level of Rs. 186.75 Crores. This is due to substantial enhancement of Government levies in the form of Land tax, MR Cess as also due to revision of pay on account of implementation of VIth pay commission & long term agreement with the union.

- The company's Profit After Tax (PAT) is Rs. 120.68 Crores which is marginally lower by 1.39% over the previous year's PAT of Rs. 122.38 Crores.

- Earning per Share (EPS), which indicates return on shareholders' investment, stood at Rs. 15.56 per share as compared with previous year's earning of Rs 15.78 per share.

- The output per employee, which is one of the key indicators for human resource productivity, also stood at the highest level of Rs. 50.90 Lac per employee as compared to Rs. 31.41 Lac during the previous year.

Financial Performance

The financial performance as compared to the previous fiscal is depicted below-

(Rs. in Lac)

Particulars	2008-09	2007-08
Profit after Interest but before Depreciation and Prior period Adjustments.	23298.56	23003.59
Depreciation & amortisation	(5536.98)	(4338.89)
Prior Period Adjustment	27.78	10.44
Surplus for the Year Before Tax	17789.36	18675.14
Provision for Current Tax	(4252.00)	(4082.50)
Tax Adjustment of Earlier Years	(44.73)	(1.38)
Fringe Benefit Tax	(68.66)	(67.00)
Deferred Tax Provision	(1356.42)	(2286.19)
Net Profit after tax	12067.55	12238.06
Add : Balance brought forward from the previous year	93.86	70.42
Balance available for Appropriation	12161.41	12308.49
Appropriations		
- General Reserve	10300.00	10400.00
- Proposed Dividend	1551.03	1551.03
- Tax on Proposed Dividend	263.60	263.60
Balance carried forward to Next Year	46.78	93.86

Growth Indicators

(Rs. in Lac)

	2008-09	2007-08
Total Revenue	97234.68	63641.22
Cash Profit	23298.56	23003.59
Profit after tax	12067.55	12238.06
Net Worth	65966.90	55769.49
Basic and Diluted Earning per Share (Rs.)	15.56	15.78
Output per Employee	50.90	31.41

Financial Resources

CAPITAL STRUCTURE

SHARE CAPITAL

The authorized share capital of the company during the financial year 2008-09 was 8000 lakhs as was in the previous year.

The paid up capital of the company as on 31.3.2009 was 7,75,51,500 shares of Rs. 10/- each fully paid up, totalling Rs. 77,55,15,000 (Rupees Seventy Seven Crores Fifty Five Lac Fifteen Thousand only).



Projects and New Ventures

Wind Power Project at Jaisalmer

The company has so far installed 74.8 MW capacity wind farm in Jaisalmer district in different phases up to March 2009. All the wind power generation stations of the company taken together generate around 1015 lac units of electricity per year. With the generation of power through wind mills, the company is contributing to reduction of CO₂ emission to the extent of 88,000 tons per year, while bridging the energy demand supply gap.

Another project for installation of a wind farm having capacity of 30MW is in the pipeline and is expected to be completed by March'2010.

Carbon Credit

As it was informed in the earlier report the following projects were approved and registered by the United Nations Framework Convention of Climate Change (UNFCCC), Bonn, Germany under the Clean Development Mechanism (CDM).

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

During the year one more project having capacity of 22.5 MW Windfarm Plant at (Ph. IV and V) has been approved by UNFCCC.

Your company shall be getting Carbon Emission Reduction (CER) certificates for above projects as in the past and contribute to the foreign exchange reserves of the country.

Di-Ammonium Phosphate (DAP) Project in Joint Venture with RCF

It was informed in the earlier report that a Joint Venture Company namely Rajasthan Rashtriya Chemicals and Fertilizers Limited (RRCFL) was incorporated with Rashtriya Chemicals and Fertilizers Limited (RCF) for setting up a facility to manufacture 850 TPD of Di-Ammonium Phosphate (DAP), at Kapanan in Chittorgarh district. RCF is having 51% shares, whereas RSMML is holding 49% of the equity in this company. The project was conceived to meet the growing requirement of DAP in the country and to

gainfully utilize the locally available raw materials like rock phosphate and sulphuric acid.

Projects & Development India Limited (PDIL), Noida, was engaged as a consultant for preparing a Bankable Definitive Feasibility Report (DFR) to facilitate the sponsors for taking an investment decision for the project. The bankable DFR has been prepared on the basis of new pricing policy of Government of India announced in June 2008. The new Fertilizer Pricing Policy notified for DAP was based on Import Parity Price of DAP. For the purpose of financial modelling, the DAP CFR price was taken as US\$ 900/MT and Sulphur CFR price was taken as US\$ 610/MT, being the average prices during December '07 to May '08 CFR the six months prior to the submission of DFR.

Due to reduction in imported price of DAP, the project was not found to be viable and it was decided to defer the investment decision for the time being.

Barmer Lignite Mining Company limited (BLMCL)

As informed earlier, a joint venture company M/s Barmer Lignite Mining Company Limited has been incorporated with the joint venture partner M/s Raj West Power Ltd (RWPL). Your company is holding 51% equity of the JV Company while balance is with RWPL. The object of the company is the development, operation and extraction of lignite from Jalipa and Kapurdi mines block which will be supplied to 1080 MW power plant being set up by RWPL in Barmer. The mining plans of Kapurdi and Jalipa blocks have been approved. A Fuel Supply Agreement has been entered into with RWPL for supply of fuel for 30 years.

Mineral Exploration Corporation has been entrusted with the exploration work of converting probable category reserves into proved category reserves in the northern blocks of Jalipa. Final report of exploration and geo physical logging is awaited. Environment clearance of Kapurdi block has been received while it is awaited for Jalipa block.

The initial surveys for diversion of NH-15 has been completed and possession of Kapurdi block land will be taken shortly. Approval for the diversion of National Highways is also expected shortly.

Rajasthan State Petroleum Corporation Ltd.

As reported earlier, Rajasthan State Petroleum Corporation Limited has been formed as a wholly owned subsidiary of your company with the objective

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of conducting activities in the petroleum & natural gas sector. M/s Indian School of Petroleum and Energy, New Delhi has been engaged for development of a business plan of the company and exploring possibilities of strategic alliance / partner for working in hydro carbon sector as a joint venture.

RBG Project

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

Desalination Project at Kasnau-Matasukh Lignite Mines, Nagaur

As informed earlier, in order to utilise the brackish water resource found in the aquifer under pressure of 60 meters at Kasnau-Matasukh, it was decided to install a desalination facility, having an input water capacity of 20 Million Litres per Day (MLD) on DBOOT basis for 15 years. M/s Doshion Ltd, Ahmedabad, was selected as the DBOOT operator with a project completion period of 15 months from the date of obtaining Environmental clearance from State Pollution Control Board.

M/s Doshion Ltd formed a new company, M/s Nagaur Water Supply Company Pvt. Ltd (NWSCPL) for execution and operation of the work.

The 20 MLD Desalination plant is mechanically complete. The tendering process for construction of a Solar Pond, as per the approved design of RSPCB, is under progress.

Physical Performance

Strategic Business Unit & Profit Centre- Rock Phosphate

Production during the year was hit by various factors due to which total rock handling at the Jhamarkotra mines rolled down to 171.14 lac MT against the previous year's mark of 197.99 lac MT showing a decline of 13.56%. The contribution of departmental

mining operations was 79.87 lac MT whereas contractual excavation of rock was 91.27 lac MT.

During the financial year 2008-09, production of high-grade ore (HGO) and low grade ore (LGO) was 7.06 Lac MT and 7.97 Lac MT respectively. The corresponding figures for the previous year were 8.03 Lac MT of HGO and 9.37 Lac MT of LGO.

Because of non settlement of issue of land acquisition around Sameta Village, mining activities could not be commenced in a part of the mine area across a strike length of 1.2 Km. Presence of groundwater in E Block area also led to the suspension of mining activities for almost 6 months.

During August 2008 to November 2008 unprecedented rise in the price of the raw material resulting in short supply of explosives has also affected the mining activities adversely.

Strategic Business Unit and Profit Centre - Gypsum

The production and sale of gypsum stood at 33.74 Lac MT and 34.09 Lac MT respectively in the current year as against 28.10 Lac MT and 28.77 lac MT in the year 2007-08, with a growth of 20.07% & 18.49% respectively.

Strategic Business Unit and Profit Centre - Limestone

Limestone mines are located at Jaisalmer and Gotan and fluorspar mining operations are located at Bhinmal. The production of limestone at Jaisalmer and Gotan for the current year stood at 22.75 Lac tons as against 20.24 Lac for the year 2007-08. Similarly, sales of limestone gitti increased to 23.07 Lac tons as compared to 20.94 Lac tons during the previous year.

Recent recession in the economy made its mark on the SBU also. The Unit has witnessed a decrease in the demand from SAIL and TISCO. However, demand from SAIL & TISCO has been neutralised by adding new customers such as Jindal Steel & Power Ltd. and Essar Steel Ltd. The company is expecting repeat orders from these customers, which may result in higher sales in the next fiscal year. Further with the increase in cement production, demand for limestone from Gotan has also increased & expected to be more in future.

Presently mining in fluorspar mines at Bhinmal is not being carrying out. However, it is expected that



mining at Bhinmal mines would be recommenced in near future.

Strategic Business Unit & Profit Centre-Lignite

The production and sale of lignite stood at 9.99 lac MT as against 6.06 lac MT produced and sold during 2007-08 registering a remarkable growth of 60 %. Increase in production & sale is mainly due to higher lifting by Giral Thermal Power Project.

Production of Lignite is done at Giral and Matasukh mines. The company signed Fuel Supply Agreement with Rajasthan Vidyut Utpadan Nigam Limited (RVUNL) for supply of Lignite from Giral mines to the Giral Power Plant of RVUNL. The Matasukh mines have an aquifer with saline water. As there is no end use of this highly saline water and it is not feasible to continuously disposed off this water the mines are operated on cyclic pattern disposing water in earthen bunds constructed within the lease hold area. Mining at the adjacent mine of Kasnau is suspended due to the aquifer.

Looking to the complexity and continuous loss in Kasnau-Matasukh lignite project, a possibility is being explored by your company to undertake mining operations in this project through private sector participation by forming a joint Venture.

Your company has obtained allocation of new lignite Blocks from Ministry of Coal, Govt. of India. These blocks are Soneri (Barmer), Gurha West (Bikaner),

Shivkar and Sachha Sauda (Barmer) and Mokala (Nagaur). While in some blocks pre-mining developmental activities are going on, at others the process is near completion.

Non-Functional Units

As stated earlier the assets of non-viable units viz. Rajasthan Fluorspar Project (RFP) at Dungarpur and Mahi Graphite Project at Banswara have already been auctioned. Final Mine Closure Plan (FMCP) for these projects has been submitted to IBM, Nagpur/Udaipur. Sanction/approval of FMCP of Hathai-1 (RFP, Dungarpur) and Jamatia & Chanduji ka Guda (MGP, Banswara) have been given by IBM, Udaipur. Approval/Sanction of FMCP for remaining three mines is awaited from IBM, Nagpur / Udaipur.

Foreign Exchange: Earnings and Outgo

The total foreign exchange earning was of Rs 20.18 Lac and outgo was Rs. 21.95 Lac towards stores and spares, travelling and other matters.

Research & Development, Technology Absorption and Conservation of Energy

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

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

Product	2008-09		2007-08	
	Qty (Lac MT)	Value (Rs lacs)	Qty (Lac MT)	Value (Rs lacs)
Rock Phosphate (incl. LGO)	8.90	44111.16	9.93	27125.80
Beneficiated Rock phosphate (Dry)	2.72	12161.18	2.58	7584.67
Rajphos	0.95	1402.48	0.79	871.40
Limestone	25.08	9706.35	22.98	8664.45
Gypsum & Selenite	34.09	11504.02	28.77	8241.18
Lignite	9.99	12423.11	6.06	6064.02
Power (Lakhs Unit)	836.49	3106.41	418.31	1560.01
Fluorspar	-	-	0.10	41.07
Granite (in No.)	0.10	0.14	0.31	0.41

Corporate Social Responsibility (CSR) Report

HEALTH, SAFETY, SOCIAL WELFARE AND ENVIRONMENT

As a policy, your Company is committed to support the principles of Global Compact to act in a socially responsible way to contribute to national wealth and upholding its responsibility for the environment and promoting the well-being of customers, employees, shareholders and other stakeholders. Several initiatives in this direction have been taken

Following is a glimpse of the discharge of the company's social obligations.

Manpower

HUMAN RESOURCE DEVELOPMENT & TRAINING

Your Company believes that its human resource is its greatest wealth. Therefore, it is the endeavour of your Company to nurture and develop this wealth.

Human Resource Development continued to be accorded high priority with emphasis on improving skill, competence and knowledge through regular training and professional development programmes. Various training programmes were organised during the year for the betterment of workers.

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

The manpower employed at the end of the financial year 2008-09 was 1855 as against 1915 employees last year. Despite the reduction in strength the output per employee has increased to 50.90 Lac per employee as against to 31.41 Lac per employee in the previous year.

Social Obligations

RSMM has always contributed generously towards rural development, education, health and other areas as a part of its Corporate Social Responsibility through contribution to Chief Minister Relief Fund.

During the year the following contributions were made for procurement of equipment and/or creation

of infrastructure activities there at:

- RNT Medical College and M.B. Govt. Hospital, Udaipur Rs. 400.00 Lac
- PBM Hospital, Bikaner Rs 50.00 Lac

In addition to this the company has contributed Rs. 34.20 Lac towards comprehensive healthcare of the school children under "SCHOOL CHILDREN'S HEALTH CARE PLAN" in Bikaner district.

Besides these, the company has also contributed a sum of Rs 5.00 Lac for heart valve replacement of poor people.

Safety

Concern for Environment

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

The company has taken various steps and spending money for undertaking various environmental management measures including pollution control and waste minimisation. Your company believes in follow all the applicable environment related statutory laws and regulations.

Regular water spraying at all points where dust is generated, installation of dust extraction and collection systems on drill machines, treatment of acidic water generated from beneficiation process are the measures taken for protection of environment. Periodical monitoring is done to keep the pollutants under control. Jhamarkotra Rock Phosphate Mines won excellence award in the field of "Mines Environment and Mineral Conservation" for three consecutive years. During "Mines Environment and Mineral Conservation Week-2008" first prize in Community Development and second prize in "Waste Dumps Management and Reclamation" was won by Jhamarkotra Mines.

INDUSTRIAL RELATIONS

Industrial relations in the mines and offices remained cordial during the year. The company continued its emphasis on resolving conflicts through discussions.



Strict compliance with the safety rules and procedures is ensured in all the mines and these are closely monitored. Seminars on Safety were organised to educate the workers and Safety week is also observed.

Awards

Your company won several awards in various events.

Dividend

The Board is pleased to recommend a dividend @20% of paid up share capital of the company for the financial year 2008-09.

Unclaimed dividend

Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividend for the year 2000-2001 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 2008-09. Unclaimed dividend for the year 2001-02 is also been transferred to IEPF later this year.

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

Pursuant to the provision of Section 217 (2A) of the Companies Act, 1956, read with the Companies' (Particulars of Employees) Rules, 1975, as amended from time to time, none of the employees of the Corporation was in receipt of remuneration of more than Rs.24 lacs per annum or Rs.2,00,000/- per month.

Audit Committee

The Audit Committee of the company constitutes Shri C.S. Rajan, Dr Govind Sharma, and Shri A. C. Wadhawan.

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act, 1956 requires the Board of Directors of the Company to prepare accounts for each financial year giving a true and fair view of the state of affairs of the company and the profit and loss of the company for that period. The directors to the best of

their knowledge and explanation state that:

- (i) In preparing the annual accounts, the applicable accounting standards have been followed and there is no material departure from the Accounting Standards.
- (ii) The Accounting Policies adopted have been consistently applied and, wherever necessary, 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 of the company for the year under review;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The annual accounts have been prepared on a going concern basis.

Directors

Article 99(i) and 100 of the Articles of Association of the company empower the Governor of Rajasthan to appoint directors of the Board of the company. In exercise of the same, GOR has appointed Shri T. Srinivasan in place of Smt. Kushal Singh as Chairperson, Shri C. K. Mathew and Dr. Govind Sharma as Directors in place of Shri Subhash Chandra Garg and Dr. Ashok Singhvi and Shri Sanjay Malhotra as the Managing Director of the company in place of Shri Akhil Arora respectively.

Shri Sunil Arora, Principal Secretary Industries, Shri Salauddin Ahmed, Principal Secretary Agriculture and Shri Shreemat Pandey, Principal Secretary Energy and Shri Ajitabh Sharma, DMG have been appointed as an Additional Directors to hold the office till the date of ensuing Annual General Meeting (AGM). The company have received notices under section 257 of the Companies Act, 1956 from a member proposing the candidature of above. Necessary resolutions are being placed before the shareholders for their approval.

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

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The Board places on record the valuable contribution made by the outgoing directors in the growth of the company.

Auditors

Annual Accounts for the financial year 2008-09 were audited by M/s C.R Mehta & Company, Chartered Accountants, Jaipur. They retire at the conclusion of this Annual General Meeting and being eligible for re-appointment, have expressed their willingness to be re-appointed as Statutory Auditors of the company. The company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

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 sincerely acknowledge the support and co-operation provided by Legal advisors and consultants, bankers, contractors, vendors, Registrars of Companies, Govt. of Rajasthan and various other Government agencies. The Directors also thank CAG of India, Chairman & Members of Audit Board, Statutory Auditors for their co-operation and guidance. Your Directors also take this opportunity to place on record their sincere appreciation for the hard work and efforts put in by all the members of RSMM family towards the growth and progress of the company.

For and on Behalf of the Board

Place: Jaipur
Dated: 31.08.2009

T. Srinivasan
Chairman



ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy

a) Energy Conservation Measures taken :

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

- Installation of energy efficient High pressure Grinding Rolls in grinding circuit in Industrial Beneficiation Plant.
- After successfully testing the bio-diesel, company has installed, commissioned and operated 1 TPD Jetropha seeds based bio-diesel pilot plant and using the 10 BD bio-diesel in LCV and some of HEMM. So far RSMML has produced about 49,000 liters of bio diesel. The bio diesel project is being registered under CDM project.
- Energy audit has been carried out through Petroleum Conservation Research Association (PCRA). PCRA has submitted the report and suggested the energy conservation opportunities, which are being implemented.

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

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

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

- 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 of power from wind mills, Jaisalmer.

B. Technology Absorption

Research and development (R&D)

1. Specific areas in which R&D carried out by the company.

R&D efforts in the following areas strengthened the company's operation through technology absorption, adaptations & innovation.

- a) PROM Technology - Standardization of PROM is under progress. Company has an ambitious plan to adopt the villages in and around the mines of respective SBU where extension works of the PROM technology which in turn will save the subsidy burden by reducing the fertilizer requirement.
- b) Converting the tailing rejects of IBP to direct application fertilizer as source of Magnesium in acidic soils. The results of trails under taken by Horticulture Research Station, Ootty are encouraging for two years. The project has been sponsored for 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. In continuation to the green chemistry project, tailing was successfully utilized at lab scale to yield value added products like Epsom, gypsum, magnesium ammonium phosphate and other useful industrial products from the dolomite waste. An integrated solid-liquid-gas reactor (ISLGR-08) was designed and fabricated.
- d) Productivity studies of HEMM at

- Jhamarkotra Mines.
- e) Beneficiation of secondary rock-phosphate.
 - f) Development of appetite for use as semi precious stone.
 - g) Making the use of fine size limestone gitti produced at Jaisalmer.
 - h) Utilization of saline water encountered while mining of lignite in Kasnau - Matasukh mines.
 - i) Linking up the PROM technology with Biogas technology using lignite residues generated while handling the lignite. The work is being carried out at Maharana Pratap University of Agriculture & Technology, Udaipur.
2. Benefits derived as a result of the above R&D
 - a) Strengthening of market share
 - b) Converting waste into useful product
 - c) Conservation of mineral.
 3. Future plan of action
 - a) Energy efficient process
 - b) Massive plantation of Jetropha plants in company's leased area for bio-diesel production
 - c) Forms of customized products.
 4. Expenditure on R&D

(i) Capital	Nil
(ii) Recurring	Rs 59.99 Lac
(iii) Total R& D	0.06 %

expenditures as percentage of total turnover
- c) Two patents have been filed by the Company jointly with MLS University, Udaipur under the title i) "process for making slow release phosphate fertiliser." 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 information may be furnished: Not applicable.
 - a) Technology imported.
 - 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.

] Not applicable

C. Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - a) Company is 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"



AUDITOR'S REPORT

To

The Members of

Rajasthan State Mines & Minerals Ltd.

We have audited the attached Balance Sheet of Rajasthan State Mines & Minerals Limited as at 31st March, 2009, 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-28 for "Impairment of Assets" (refer (f) (i) below), AS-2 "Valuation of Inventories" (refer (f) (ii) and (f) (xiii) below), AS-5 "Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies" (refer (f) (xi) below) and AS-9 "Revenue Recognition" (refer (f) (xiv) 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) **Following unit of the Company is not in operation for a long period. The value of net block of fixed assets of such unit is as detailed below:**

S. No.	Name of the Unit	Written down Value of Fixed Assets (Rs. in lacs)
1.	Jalore (Granite Unit)	5.27

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", hence remains unascertained and unprovided for.

- (ii) 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

The matter was also qualified in the Auditors' Report of previous years. The Chairman in the Addendum to Directors' Report replied that the company is taking necessary steps for recovery/provisioning for value of above Blended Rock Phosphate but till date no such action has been initiated.

- (iii) Buildings 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'. The matter was also qualified in the previous years' Auditors' Reports. The Chairman, in the Addendum to Directors' Report replied that the registration is in progress but till date the buildings have not been registered in favour of the company.
- (iv) The mutation of ownership documentation of mining land at and around JhamarKotra mines has not yet been completed as mentioned in the Note no.2(c) of part B of Schedule 'G'.
- (v) The Company has not provided for incremental liability, if any, of pay and allowances of employees on the basis of recommendation of Fifth and Sixth Pay Commission in respect of employees who have opted for the Voluntary Retirement Scheme. The Chairman, in the Addendum to Directors' Report has given different assurances in the different years but the same have not been complied with by the company.
- (vi) The State Govt. has imposed Land Tax vide Rajasthan Finance Act 2006, on the Land Holders w.e.f. 1-4-2006 on such rate as notified by notification issued from time to time in this regard. In the Audit of the F/Y ended 31/03/2007 there was a qualification of the Auditors that the of Land Tax is being payable only after the receipts of the notices of demand from the various assessing authorities as against the liability booked by the company on the accrual basis and also paid to the Govt. of Rajasthan against Land Tax a sum of Rs. 50 crores. During the year 2006-07, 2007-08 and 2008-09 several demand notices received from the assessing authorities for the Financial Year 2006-07, 2007-08 and 2008-09 by various SBU & PC of the company and accordingly the total amount paid was booked in the Land Tax Accounts and in some cases the company has not received the notices but liability has been provided on accrual basis. The company self assessed the liability of Land Tax and the liability as per self-assessment is/was less than the demand notices raised by the assessing authority. Against the order of assessing authority the company has gone into appeal in numbers of cases before the Appellate Authority and disputed the liability of Land Tax. In case of SBU Lignite and Rock Phosphate the self-assessments were made by the company hence self assessed amount



should be booked as expenditure and in case of SBU Gypsum and Lime Stone total amount has been contested in appeal and self assessments were not made as per Grounds of Appeal, hence total amount is disputed so the same should not be booked at all in the expenditure, while in case of Wind Farm, Banswara and Dungarpur demand notices have not been received, hence the total liability should not be provided until the Demand Notices have been received. Hence in our view Net Profit has been understated by Rs. 187,71,41,442/- Reserves and Surplus have been understated by a total of Rs.258,18,54,760/-, Current Liabilities have been overstated by Rs.392,27,770/- , Current Assets have been understated by Rs. 254,26,26,990/- and Contingent Liabilities have been understated by Rs.258,18,54,760/-. The matter is pending before Hon'ble Supreme Court of India in appeal by the Federation of Mines Owners Association of which the company is also one of the members as informed by the company.

- (vii) The Development Charges on Gypsum and Limestone of Rs.21,30,60,224/- was refunded back to the company in the F/Y 2006-07 as the levy of development charges was withdrawn since 1/04/2006 the said Levy of Rs. 21,30,60,224/- was reimbursed from the buyers while raising the bills/invoices shown as Development Charges. There was a qualification in the Auditor's Report for the year 2006-07 that the company has not made any provision for refund to the buyer, as the same has not been ascertained. The company while replying to the auditor's qualification in the addendum to the Director's Report said that in case any liability arises in subsequent years on this account to the company, the same would be accounted for in that year. The company has received certain claims from the buyer as informed by the company amounting to Rs. 2,36,62,842/- but the liability has not been provided for during the year under consideration and as such the Reserves and Surplus have been overstated and current liabilities are understated to that extent.
- (viii) In the Board Meeting held on 8-7-2004 the original agreement between RSMML and National Construction Co. was modified that the terms and conditions regarding reconciliation of additional excavation would be annual instead of "at the end of 7th year". The matter was also reported in the Audit Report for the year 2006-07 and 2007-08. As per the agreement at the end of 7th year the payment will be made as per the rate of 7th year, which is Rs. 51.95 per BCM, Resulting the company was required to make provisions in the current financial year for the 6th year of the contract period, amounting to Rs. 3,48,27,854/-, which the company has not provided for in the books of accounts and therefore the Net Profit to the extent of Rs. 3,48,27,854/- is overstated.. The effect of earlier 5 years of reconciliation at the 7th years' rate has also not been provided in the books amounting to Rs. 35,26,92,173/- and to this extent the expenses of previous year have not been shown. The Total impact be that Net Profit has been overstated by Rs. 3,48,27,854/- Current Assets Overstated by Rs. 16,86,15,778/-, Reserves and Surplus Overstated by a total of Rs. 38,20,75,027/- and Current Liabilities understated by Rs. 21,34,59,249/-.
- (ix) The company has 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 finalising the Balance Sheet, as the amount is unascertainable.

- (x) The M.R.Cess was imposed by the Government of Rajasthan w.e.f. 25.02.08 on dispatches of certain minerals. The company collects the same from the customers and depositing the same to the Government. The company treats the collections as sale and payments to Govt. as expenditure.

In case of Rock phosphate M.R. Cess was Rs.35/- till 23.01.2009 and the same was enhanced retrospectively to Rs. 500/- w.e.f. from 01/04/2008 by Govt. Of Rajasthan vide notification dated 23.01.2009, which was implemented by the company w.e.f. 06/02/2009. The SBU-PC Rock Phosphate raised the demand letters for the same but did not accounted for in the books of accounts and hence understated the current assets by Rs.46,26,89,600/-.

It was qualified in the Auditors' Report for the F/Y 2007-08 that M.R. Cess is neither the part of the sale nor the amount due to the Govt. is an expenditure of the company. The company sought the opinion from the expert advisory committee of the Institute of Chartered accountants of India who affirmed the view point of the company but we understand that the opinion sought was on the incomplete facts submitted to the committee and the reply of the statutory auditors to the representatives of C&AG was not made available to the committee. The Hon'ble Orissa High Court in the case of Ferro Alloys corporation Ltd. v/s State of Orissa reported in 92 STC 107 has decided that Cess is not part of the sales and as such the payment of MR Cess is not an expenditure in the hands of the company as it is a separate levy on which Sales Tax is also not to be charged. Further the Govt. of Rajasthan while levying Cess on Petrol and Diesel has made clarification dated 16/10/2004 that there will be no levy of Sales Tax on the levy of Cess imposed by the Govt. The MR Cess cannot be treated at par with the Royalty as replied by the Chairman in the Addendum to the Directors' Report for the F/Y 2007-08. The Company recovered Rs.13,99,44,564/- and credited in the Sales and the amount of Rs.60,31,23,017/- against the M.R. Cess, which was due for payment to the Government of Rajasthan has been shown in Mining Expenditure. The company included the MR Cess in the valuation of Closing Stock, Rs.5,35,614/-. Thus giving total impact of the above the Sales of Rs. 13,99,44,564/- has been overstated, Closing Stock of Rs.5,35,614/- has been overvalued, Expenditure of M.R. Cess has been overstated by Rs.60,31,23,017/- in the profit and loss account. Net profit has been understated by a net of Rs. 46,26,42,839/- and Current Assets have been understated by a net of Rs. 46,26,42,839/-.

- (xi) The company has deposited Rs. 9,83,22,430/- towards compensation on Rock Phosphate relating to the year 1993-94 to 2005-06 and booked the same in the expenditure of the current year, while the same should have been booked by the company in the expenditure of the previous years as the original order given by the Govt. of Rajasthan dated 26 Oct. 1993 itself says that the compensation should be given on the "High Grade Rock Phosphate Sold". The



Company sells the Beneficiated Rock Phosphate which is a High Grade Rock Phosphate Product sold by the company after processing the Low Grade Ore. Thus as per the original order it is an error/omission on the part of the company, so the same should be debited to the prior period expenditure. Hence the profit for the current year has been understated by Rs.9,83,22,430/.

- (xii) The company is excavating the Rock Phosphate from the Jhamerkotra mines and during the process of excavation an ore of less than 10% P₂O₅ content is also excavated, which is also stacked by the company separately but the company did not sold/processed the same till the last year. Since 13/03/2009 Company started mixing the same while processing the Beneficiated Rock Phosphate from the Low Grade Ore in a ratio, which varied from 2-10% of total input and the yield derived from that mixture was also sold to the customers. While valuing the closing stock the company did not took any valuation of the same. The total tune of the material stacked at the mines as on 31/03/2009 is 46,40,558.10 MT (as surveyed by the company), which is not valued. The valuation of the same requires technical evaluation of the material due to which the value of the same could not be arrived at by us. The company did not make the valuation of the same even after our repeated requests.
- (xiii) The company is paying royalty on the Bench Mark Price declared by IBM time to time. During the year the company has collected Rs. 62,23,89,522/- from customers on account of Royalty and paid Rs. 57,82,67,451/- to DMG as per the IBM formula , thus the company has collected excess Rs. 4,41,22,071/- from customers and debited the same to the Royalty Account and created the liability towards DMG, whereas the same is refundable to the customers. Due to this the current year's expenditures are overstated by Rs. 4,41,22,071/- and Sales are overstated by Rs. 4,41,22,071/-.
- (xiv) The company has collected Royalty from its customers relating to the year 2003-04, 2004-05, 2006-07, 2007-08, for the Bench Mark Prices declared by IBM at later date. Few parties went in the Court of Law. As per the orders of the court certain amounts were collected from the customers who went to the Court and from other customers who did not preferred appeal, debit notes were raised and 100% of the amount was recovered on the mandate from the customers in SBU Rock Phosphate and credited to Royalty Retention A/c., which is Rs.2,53,39,624/-. In case of SBU Gypsum Rs.49,06,265/- were collected from the customers and credited to Royalty Suspense as against the total amount of royalty of Rs.2,15,80,438/-. In case of SBU Gypsum there is no Court Cases filed by the customers. As per our view the company should recognise the revenue of the total amount recovered/recoverable from the customers as the company is maintaining the books of accounts on accrual basis and hence by not recognising the amount of Royalty as turnover of the company total turnover is understated by Rs.4,69,20,062/- and hence Net Profit is understated by the same. Current liabilities have been overstated by Rs.3,02,45,889/- and Current Assets have been understated by Rs.1,66,74,173/-.
- (xv) During the year the company has deposited Rs.45 crore in the current A/c with The Barmer Central Co Operative Bank Ltd. and later on F.D.R. was made with the same Bank for Rs. 43.53 Crore and further FDR of Rs. 2.5 crores was made with The Udaipur Central Cooperative Bank Ltd., Udaipur, which are not

scheduled banks. The above transactions are not within the purview of the delegation of power given to Managing Director. As per the Board Resolution, the funds of the company can only be deposited in the Scheduled Commercial Banks.

- (g) We further report that, without considering sub para nos.(i), (iii), (v), (ix), (xi), (xii), (xiii) and (xv) of para (f) above where effect could not be ascertained, had the observations made by us in sub para nos. (ii), (iv), (vi),(vii),(viii), (x) and (xiv) of para (f) above, been considered Reserves & Surplus would have Rs.86,249.41 lacs (as against Rs. 59400.59 lacs as reported by the Company), Current Assets would have been Rs.95687.26 lacs (as against Rs.67161.96 lacs reported by the Company), Current Liabilities would have been Rs.31864.40 lacs (as against Rs.30187.92 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 but does not 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, 2009 ;
 - (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: 27th November, 2009



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 in some cases 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 except a Capital Item in Store lying at Jaisalmer valued at 1,12,750/- of which no details were available with the company.
- (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 except as follows:-
 - a) Store Inventories at Lignite and Gypsum units.
 - b) Stock of Rock Phosphate at Kanpur, Blended Rock Phosphate at Jaipur, B Block MGO (Rock Phosphate) at Jhamerkotra.
 - c) In our opinion and according to the information and explanations 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 except few instances as mentioned above.
 - d) 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 within 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 explanations given to us, the internal control procedures do not 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 explanations 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 explanations provided by the management, we are of the opinion that there are 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 there under.

RAJASTHAN STATE MINES & MINERALS LIMITED

- 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 explanations 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, land tax 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, 2009 for a period of more than six months from the date they became payable:

Nature of dues	Amount (Rs. in lacs)
Central Sales Tax (Waiver application Pending Before Commissioner for the year 2005-06)	11.54
Royalty payable to DMG (Gypsum)	84.50
Development Charge payable to DMG (Gypsum)	82.97
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
Entry Tax payable to Commercial Taxes Department	145.29
Royalty payable to DMG (Jaisalmer)	18.84
Royalty payable to DMG (Rock Phosphate)	589.70
Electric Cess (Lignite)	6.45
Premium Charges payable to DMG (Gypsum)	269.52
Total	1222.28

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

- (b) As at 31st March, 2009 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, land tax and cess that have not been deposited (net of refund adjustments):

S. No.	Name of Statue	Amount (Rs. in lacs)	Forum where dispute is pending
1.	MP Sales Tax	6.22	Commissioner of Sales Tax
2.	Rajasthan Sales Tax	44.04	Deputy Commissioner Appeals, Udaipur
	Grand Total	50.26	



- x. The Company has neither accumulated losses as at 31st March, 2009 nor it has incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institution, bank or to debenture holders during the year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to Chit Fund and Nidhi/Mutual Benefit Fund/Securities as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
- xv. The Company has given guarantees to RIICO/RFC for loans taken by Rajasthan Granite and Marble Ltd. Since the guarantee agreements have not been provided to us, we are unable to comment on the prejudice of the interest of the company.
- 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: 27th November, 2009

**CORRIGENDUM TO THE AUDIT REPORT DATED 27/11/2009
FOR THE YEAR ENDED 31/03/2009**

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

CORRIGENDUM TO THE AUDIT REPORT DATED 27/11/2009 FOR THE YEAR ENDED 31/03/2009

While framing the audit report, point no. (xvi) of para.(f) was left to be reported, due to oversight, which is as under:-

- (f) (xvi) That the company has made the provisions of Rs. 765/- u/s 22 of MSMED Act, 2006 for delayed payment to the parties referred in MSMED Act, 2006 as referred in para 15 of part B of Schedule G. The company has not kept proper records for the parties referred under MSMED Act 2006, hence we are unable to report whether the company has made adequate provision for interest or not.

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

C.R. Mehta
Partner
Membership No. 10988

Place : Jaipur
Dated: 27th November, 2009



ADDENDUM TO THE DIRECTORS' REPORT

(Under Section 217 of the Companies Act, 1956)

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

- (f) (i) The value of the fixed assets of the Unit is negligible in comparison to the total asset size of the company. However, as suggested by the audit, the market realizable value of the fixed assets of the Unit will be ascertained and impairment loss, if any, will be provided for.
- (f) (ii) The issue of recovery/ provision for value of blended rock phosphate could not be settled in the current financial year. However, it will be the endeavor of the Company to expedite recovery or to make necessary provision in the next financial year.
- (f)(iii) As assured in the financial year 2007-08 the company has already taken effective steps for registration of DMG building in favour of the Company. The issue of registration is, however, still pending due to some procedural formalities and it is expected to be completed in the financial year 2009-10.
- (f)(iv) Since the Land Acquisition Officer has not handed over the possession of the land, it has not been mutated in our favour. However, efforts are being made to take possession of the land.
- (f)(v) The observation of the audit is related to the employees who had opted for Voluntary Retirement Scheme before implementation of recommendation of Fifth Pay Commission and as such those employees will not be covered under recommendation of the Sixth Pay Commission. While replying to the observations of the audit on the annual accounts for the year 2006-07, it was felt that the company would be able to provide incremental liability, if any, of the pay and allowances of such employees on the basis of the records available in the company. However, the liability could not be provided for due to non availability of desired details / records. Accordingly, on similar observations of the audit for the year 2007-08, it was mentioned that payment/provision would be made on the basis of out come of legal proceedings/ settlement as done in earlier years. The Company is making payment/ settling the accounts of such employees on finalization / settlement of their claims.
- (f)(vi) The company is maintaining its accounts on mercantile basis and following the accrual and conservative concept of accounting; all the expenses accrued during the year, whether paid or not, are accounted for. After imposition of land tax w.e.f. 01.04.2006, the company has rightly been providing liability for land tax on the basis of demand assessed by the relevant authorities and has been assessed on the basis of self assessment where no demand notices have been received. The company is required to account for the tax liability irrespective of the fact whether it receives notices from the assessing authorities or not.
- As far as providing liabilities for the land tax on various lands on the basis of self assessment, instead of on the basis of demand notices, is concerned, the amounts self assessed were mentioned by the respective SBU in their appeals filed with the respective appellate authorities and most of such appeals have been decided against the company. Though the company has also filed further appeals against the order of appellate authorities in some cases but as the appellate authorities have already decided the appeals against the company, the amount of land tax as demanded / self assessed can not be treated as contingent liability and is a firm liability of the company.
- As far as the pendency of petition of Federation of Mine Owners Association of Rajasthan with the

- Hon'ble Supreme Court of India is concerned, it is to mention that Mine Owners Association of Rajasthan has already lost the case in Hon'ble High Court of Rajasthan and accordingly till the Hon'ble Supreme Court decides the case in favour of Mine Owner Association of Rajasthan, the liability of land tax for the tax payers is a firm liability as provided by the company and not a contingent liability.
- (f)(vii) The fact has already been clarified while giving reply to the observations in this respect for the year 2007-08. Since in the opinion of the company the development charges are not refundable, the company has not accepted the demand and hence no such liability has been provided for. However, the company has shown the amount demanded in this account as contingent liability.
- (f)(viii) Due to substantial increase in the quantum of overburden because of heavy inrush of water in mines as compared to the originally estimated quantity, the company provided some financial relief to the contractor by paying an advance amount for additional excavation of OB. The advance amount was computed and paid considering the norms related to excavation of OB as provided in the contract. The advance was paid & reconciled on annualised basis.
- Thus, the company has rightly accounted for this money paid to the contractor as an advance.
- (f)(ix) While replying to the observations of audit on the same point for the financial year 2007-08, it was clarified that the work was awarded for the mining and other related activities which are contractual in nature and are, thus, covered under the provisions of Section 194C of the Income Tax Act. The company has not paid the amount to the contractor by way of rent for the machinery, which is covered under Section 194 I of the Income Tax Act.
- The company had also provided a copy of the opinion taken from the Income Tax consultant confirming the views of the company.
- Thus, the Tax deducted at source u/s 194 C on the amount paid to such contractors is as per the provisions of the Income Tax Act.
- (f)(x) This observations of the audit is in respect of non accounting of Rs. 46,26,89,600/-, being the amount for which company has issued demand letters to the customers for recovery of differential amount of MR cess due to enhancement of the rate of cess from Rs. 35/- PMT to Rs. 500/- PMT vide notification dated 23.1.2009 effective retrospectively from 1.4.2008. Here it is to clarify that against the demand letters issued by the company many customers have filed court cases against the company and Hon'ble High Court, Jodhpur has stated
- “It is directed that during pendency of the writ petition, no recovery shall be made from the petitioner, pursuant to the impugned levy imposed by the Rajasthan Finance Act – 2008.”
- Since the Hon'ble High Court has stayed the recovery, amount in dispute cannot be considered as revenue of the company as per the provisions of AS-9. Hence, there is no understatement of the current assets.
- As far as accounting treatment for recovery of cess and payment made to the Government is concerned, it is to state that as per the notification of the Government the cess is payable on the material dispatched. Accordingly the amount cess is payable to the Government on the mineral dispatched from mines and thus becomes the part of sale consideration to be recovered through invoice and subjected to sales tax. Similarly, on the quantity of mineral taken out from mines and



stocked at dispatched points, cess is payable to the Government and the amount of cess becomes a part of value of closing stock.

Further, as the cess is being recovered, through invoice, it is part of sale value and the payment made to the Government is the expenditure of the company. As such, there is no overstatement of expenses, sales revenue and closing stock.

(f)(xi)

The DMG had raised demand for payment of compensation on beneficiated rock phosphate first time vide their letter dated 03/03/2004 on the beneficiated rock phosphate sold during the period from 1993-94 to December 2003 amounting to Rs.7,41,79,480/- and the company has disputed the demand stating that as per the order of the Government of Rajasthan, compensation is not payable on Beneficiated Rock phosphate, which is an upgraded product of Low Grade Rock phosphate. According to the Govt. order, the compensation was payable on High Grade Rock Phosphate sold whereas Beneficiated Rock Phosphate is not High Grade Rock Phosphate mined from the mines.

However, as there was ambiguity about the applicability of the compensation on Beneficiated Rock Phosphate, the DMG referred the matter to Mines Department Govt. of Rajasthan. Vide its letter dated 23/07/2008.

In reply to the letter of DMG, Govt. of Rajasthan vide its letter dated 11/09/2008 to Mines Department and subsequently vide its letter dated 27/04/2009 informed that it had decided that the amount of compensation on rock phosphate is recoverable from the company. From the above it is clear that the liability was crystallized only during the year 2008-09 and the company has rightly charged the amount in the current year. It is to further mention that after having received the first demand letter dated 3.3.2004 from DMG, such demand was taken as contingent liability by the company in its books of accounts & such treatment was accepted by the statutory auditors conducting the audit of balance sheet of the company as well as AG auditors.

Since it was not an omission on the part of the company in preparing the accounts of earlier year, it is not a prior period expenditure as per provisions of AS-5.

(f)(xii)

The company is excavating and stacking separately rock phosphate ore containing low percentage of P_2O_5 and high silica as a waste rock treating the same as un-saleable being commercially un-viable for processing and upgrading. Since the material is being treated as waste rock neither any cost is being assigned nor being valued by the company. The company has, however, used on test basis, a very small quantity of this grade of rock phosphate by blending the same with the rock phosphate containing high percentage P_2O_5 for up-gradation but till now it is not established that this waste rock is commercially viable for up-gradations & that any value can be assigned to it.

Since so far it is not established that this grade of rock phosphate is commercially viable for up-gradation the same is not valued.

(f)(xiii)

As per the gazette notification royalty on gypsum and rock phosphate is to be paid to the DMG on the basis of the bench mark price declared by IBM on monthly basis. Since there remains a time gap of upto 6-7 months in the bench mark prices declared by IBM and the actual sales, there is difference in the amount of royalty actually collected from customers through invoices and royalty amount payable to DMG as per IBM formula. In the current financial year, the amount of royalty collected from customers is more than the amount payable to the DMG as per IBM formula. Such excess royalty collected has been kept separately and will either be paid to DMG or refunded back to the

- customers on the basis of the out come of court cases relating to earlier years which are pending with the Hon'ble High Court, Jodhpur against the company's demand for the recovery of short royalty collected from the customers then the amount of royalty collected as per IBM formula.
- Since the amount of royalty is collected through sales invoice, it is to be treated as sales of the company and as the amount is to be paid either to the DMG or to be refunded back to the customers as the case may be, the same has been charged to expenditure. Further the accounting treatment is being given as per the prevailing accounting system and, there is no impact on the total profit of the company by the amount in reference.
- (f)(xiv) The issue relating to recovery of short amount of royalty charged from the customers of rock phosphate is pending with the Hon'ble High Court, Jodhpur and as per the interim decision, the part amount of short royalty paid by such customers is being kept in a separate account. On the same lines the amount of royalty recovered from other customers of rock phosphate and gypsum is being kept in a separate account and the same will be recognised as revenue on the basis of the out come of the pending court cases.
- (f)(xv) The observation of the audit has no impact on the P&L account and balance sheet of the company. Further, the Board has already ratified the actions taken.
- Annexure to the Auditors' Report**
- g (a) The Fixed Assets records are being maintained properly. However, efforts will be made to maintain/update these records at smaller units.
- ix(a) Reconciliation with the CPF Trust of erstwhile RSMDC is under progress and necessary accounting treatment would be given after the finalization of the same.
- xv The company for which guarantees were given has already been wound up. However, in case any liability arises on this account, the same shall be provided in the year in which demand is received.

For and on Behalf of the Board

Place: Jaipur
Dated: 27.11.2009

T. Srinivasan
Chairman



BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	As at 31st March, 2009		As at 31st March, 2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	'A'	77,55,15,000		77,55,15,000	
Reserves & Surplus	'B'	<u>594,00,59,010</u>	671,55,74,010	<u>491,47,67,237</u>	569,02,82,237
LOAN FUNDS					
Secured Loans	'C'	6,19,04,600		12,38,09,400	
Unsecured Loans		<u>6,50,60,500</u>	12,69,65,100	<u>8,12,50,000</u>	20,50,59,400
DEFERRED TAX LIABILITY			70,30,59,667		56,74,17,320
			<u>754,55,98,777</u>		<u>646,27,58,957</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block (At cost)	'D'	745,71,09,214		663,59,66,300	
Less: Depreciation & Amortisation		<u>374,58,78,195</u>		<u>331,01,05,461</u>	
Net Block		371,12,31,019		332,58,60,839	
Add : Capital Work in Progress		59,80,855		111,03,067	
Add : Obsolete Machinery		51,45,329		45,65,297	
Add : Machinery in Stores/Site		<u>56,08,787</u>	372,79,65,990	<u>119,90,040</u>	335,35,19,243
INVESTMENTS	'E'		13,45,005		1,00,005
Current Assets, Loans & Advances	'F-1'				
A. Inventories		34,69,54,097		38,30,32,467	
B. Sundry Debtors		72,49,71,359		65,93,03,565	
C. Cash & Bank balances		306,81,72,699		220,19,47,279	
D. Other Current Assets		189,81,56,386		123,04,28,131	
E. Loans & Advances		<u>67,79,41,168</u>		<u>57,80,65,652</u>	
		671,61,95,709		505,27,77,094	
Less: Current Liabilities & Provisions	'F-2'				
A. Current Liabilities		210,20,37,668		126,84,44,202	
B. Provisions		<u>91,67,54,475</u>		<u>78,85,26,304</u>	
		301,87,92,143		205,69,70,506	
NET CURRENT ASSETS			369,74,03,566		299,58,06,588
MISCELLANEOUS EXPENDITURE					
(To the extent not written off/Adjusted)					
Deferred Revenue Expenditure	'L'		11,88,84,216		11,33,33,121
Accounting Policies & Notes on Accounts	'G'				
			<u>754,55,98,777</u>		<u>646,27,58,957</u>

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule	2008-09 Rs.	2007-08 Rs.
INCOME			
Operational Revenue	'H'	944,14,84,397	601,53,99,603
Increase/Decrease in Stock	'H 1'	-3,08,68,552	-6,95,67,682
Other Revenue	'I'	31,28,52,501	41,82,89,976
Total Income		972,34,68,346	636,41,21,897
EXPENDITURE			
Purchase of Ore		1,76,34,815	1,50,27,410
Mining & Other Operating Expenses	'J'	691,00,47,157	370,56,08,765
Establishment & Financial Expenses		45,51,10,659	32,99,29,906
Provision for Doubtful Debts		-	15,83,284
Provision for Doubtful Loans & Advances		53,68,023	6,07,126
Obsolete and Other Fixed Assets written off		400,842	55,594
Impaired/Obsolescence loss on Machinery		48,67,479	18,46,200
Obsolescence loss on Spares		-	90,98,777
Loss on sale/transfer of Obsolete and Other Fixed Assets		1,83,683	5,889
Total Expenditure		739,36,12,658	406,37,62,951
Profit before Depreciation, Prior Period Adjustments & Tax		232,98,55,688	230,03,58,946
Less: Depreciation & Amortization		55,36,97,652	43,38,88,934
Prior Period Adjustments (Net)	'K'	27,77,516	10,43,578
Profit Before Tax		177,89,35,552	186,75,13,590
Less : Provision for Taxation			
Current Tax (Including interest Rs. Nil) (Prev. Year 1.92 Lac)		4252,00,000	40,82,50,000
Tax of earlier years		44,72,604	1,38,247
Fringe Benefit Tax		68,66,073	67,00,000
Deferred Tax		13,56,42,347	22,86,18,902
Net Profit After Tax		120,67,54,528	122,38,06,441
Add: Balance brought forward from previous year		93,85,945	70,42,259
Amount Available for Appropriation		121,61,40,473	123,08,48,700
APPROPRIATIONS :			
Proposed Dividend		15,51,03,000	15,51,03,000
Tax on Dividend		2,63,59,755	2,63,59,755
General Reserve		103,00,00,000	104,00,00,000
Balance Carried to Balance sheet		46,77,718	93,85,945
Basic and Diluted Earning Per Share (Face Value Rs10/- Each)		15.56	15.78
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 : 27.11.2009

For and on behalf of the Board
Sunil Arora **Sanjay Malhotra**
 Director Managing Director

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



SCHEDULE 'A'
SHARE CAPITAL

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
AUTHORISED		
8,00,00,000 Equity shares of Rs. 10/- each (Previous Year 8,00,00,000 equity shares of Rs. 10/- each)	<u>80,00,00,000</u>	<u>80,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
7,75,51,500 Equity Shares of Rs. 10/- each fully paid-up (Previous year 7,75,51,500 Equity shares of Rs. 10/- each fully paid-up)	77,55,15,000	77,55,15,000
of the above		
I 19,09,371 Equity shares issued as fully paid-up for consideration other than cash.		
II 1,00,000 Equity Shares issued as fully paid-up Bonus Shares on Capitalisation of Reserve.		
III 57,15,500 Equity shares issued as fully paid-up to Shareholders of erstwhile RSMDC Ltd in pursuance of amalgamation with the company.		
	<u>77,55,15,000</u>	<u>77,55,15,000</u>

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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

SCHEDULE 'B'
RESERVES & SURPLUS

	As at 31.03.2009	As at 31.03.2008	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
Capital Reserve	10,83,93,493	10,86,48,492		
Add/Less : Shares of M/s BLMCL received for consideration other than cash		-2,54,999	10,83,93,493	10,83,93,493
Debenture Redemption Reserve	12,38,09,400	15,00,00,000		
Less: Transferred to General Reserve	6,19,04,800	2,61,90,600	6,19,04,600	12,38,09,400
General Reserve				
As per last balance sheet	467,31,78,399	360,65,47,217		
Add: Transferred from Debenture Redemption Reserve	6,19,04,800	2,61,90,600		
Add: Transferred in compliance of AS 15 Reserve		4,40,582		
Add: Transferred from Profit & Loss Account	103,00,00,000	104,00,00,000	576,50,83,199	467,31,78,399
Profit & Loss Account			46,77,718	93,85,945
			594,00,59,010	491,47,67,237

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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



SCHEDULE 'C'
LOAN FUNDS

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
SECURED LOANS		
Debentures		
(a) 200 Nos. (11 %) Non Convertible Debentures (Series AA-I) of Rs. 10.00 Lakhs each Fully Paid up (Redeemable at par by proportional reduction in face value in six equal annual installments from 1st September, 2004)	3,33,33,000	6,66,66,400
(b) 200 Nos. (10.50 %) Non Convertible Debentures (Series AA-II) of Rs. 10.00 Lakhs each Fully Paid up (Redeemable at par by proportional reduction in face value in seven equal annual installments from 17th, December, 2003)	2,85,71,600	5,71,43,000
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.		
	6,19,04,600	12,38,09,400

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

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
UNSECURED LOANS		
Long Term		
Deferred Payment Credit	6,50,60,500	8,12,50,000
	<u>6,50,60,500</u>	<u>8,12,50,000</u>
	<u>12,69,65,100</u>	<u>20,50,59,400</u>

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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

SCHEDULE 'D'
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Total Cost as at 1.4.2008	Additions 2008-09	Deductions/ Adjustments	Total Cost as at 31.3.2009	Up To 31.3.2008	for the year 2008-09	Deductions/ Adjustments	Upto 31.03.2009	As at 31.03.2008	As at 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Mining Land	206599338	0	0	206599338	49586022	9299632	0	58885654	147713684	157013316
Free Hold	20362301	0	0	20362301	0	0	0	0	20362301	20362301
Lease Hold	56924587	28500	0	56953087	6411579	799470	0	7211049	49742038	50513008
Buildings	280486597	16629932	754662	296361867	147669367	9076767	354232	156391902	139969965	132817230
Railway Rakes- Leased to Railways	247886511	0	0	247886511	204144364	6084533	0	210228897	37657614	43742147
Railway Sidings	8454151	0	0	8454151	7222924	171264	0	7394188	1059963	1231227
Plant & Machinery	2136137918	120319336	119890972	2136566282	1632403021	131034181	107380426	1656056776	480509506	503734897
Power Plant	124373039	0	0	124373039	106420234	2497235	0	108917469	15455570	17952805
Wind Power Plant	2872652334	793800000	0	3666452334	648150410	366300834	0	1014451244	2652001090	2224501924
Furniture & Fittings	18414969	4465182	585994	222941157	15772901	1287500	550858	16509543	5784614	2642068
Vehicles	36947935	2195123	630234	38512824	24983256	3720739	543109	28160886	10351938	11964679
Water Supply Plant & Pipeline	147429906	1520053	1253311	147696648	120680564	3740161	982704	123438021	24258627	26749342
Dam	54642501	0	0	54642501	49484485	717480	0	50201965	4440536	5158016
Office & Other Equipment	58522219	4460872	8058735	54924356	42183172	4556149	7666351	39072970	15851386	16339047
Electrical Equipment & Inst.	205730147	7956657	621282	213065522	156780990	9891181	473531	166198640	46866882	48949157
Road	113076208	1562449	0	114638657	55473826	2950441	0	58424267	56214390	57602382
Tailing Dam	47325639	0	0	47325639	42738346	1596378	0	44334724	2990915	4587293
Total	6635966300	952938104	131795190	7457109214	3310105461	553723945	117951211	3745878195	3711231019	3325860839
Previous Year	5436881983	1270271215	71186898	663,59,66,300	2944256067	434813957	68964563	3310105461	5980855	11103067
									5145329	4565297
									5608787	11990040
									167,34,971	276,58,404

- 1.Capital Work in progress
2. Obsolete Machinery
- 3.Machinery in stores/ at site

Note : 1. Free hold land includes Rs. 62,16,030/- located at Bhatt ji ki Bari, Udaipur given on conditional Lease of Rs 1/- p.a. to American International Health Management Ltd.(AIHML) for 99 Years.

2. Electric installation includes Rs. 94,12,050/- (Gross) being 33 KVA power line at Nagaur which is not owned by the company.
3. Depreciation for the year includes Rs 26293/- (Prev. Year Rs 925023/-) in respect of earlier years.

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora
Director
Sanjay Malhotra
Managing Director

M.L. Tailor
Financial Advisor
Rajendra Rao
Company Secretary



SCHEDULE 'E'
INVESTMENTS

			As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
	As at 31.03.2009	As at 31.03.2008		
A SUBSIDIARY COMPANIES (Unquoted)				
(i) 1,02,00,000 Equity Shares in Barmer Lignite Mining Company Limited of Rs 10/- each fully paid-up (Previous Year 1,02,00,000 Equity Shares)			1	1
(ii) 1,00,000 Equity Shares in Rajasthan State Petroleum Corporation Limited of Rs 10/- each fully paid-up			1000000	-
B JOINT SECTOR/ASSISTED SECTOR				
a. Unquoted				
(i) 24500 Equity Shares in Rajasthan Rashtriya Chemicals & Fertilisers Limited Ltd. of Rs 10/- Each Fully Paid up (Previous year Nil shares)			245000	-
(i) 9,000 Equity Shares in Rajesh Mineral Inds. Ltd. of Rs 100/- Each Fully Paid up (Previous year 9,000 shares)	9,00,000	9,00,000		
Less :Diminution in value	<u>8,99,999</u>	<u>8,99,999</u>	1	1
(ii) 10,000 Equity Shares in Mayur Inorganics Ltd. of Rs. 10/- Each Fully Paid-up (Previous year 10,000 shares)	<u>1,00,000</u>	<u>1,00,000</u>	1,00,000	1,00,000
(iii) 15000 Equity Shares in Tedco Granite Limited of Rs 100/- Each Fully Paid up (Previous year 15,000 shares)	15,00,000	15,00,000		
Less :Diminution in value	<u>14,99,999</u>	<u>14,99,999</u>	1	1



SCHEDULE 'E' (Contd.)
INVESTMENTS

	As at 31.03.2009	As at 31.03.2008	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
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) Less :Diminution in value	14,30,000 <u>14,29,999</u>	14,30,000 <u>14,29,999</u>	1	1
(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>13,45,005</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 : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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

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

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
A INVENTORIES (AS TAKEN & CERTIFIED BY THE MANAGEMENT) AND VALUED AS MENTIONED IN ACCOUNTING POLICIES)		
Stores & Spare Parts (Including in transit Rs. 11.08 Lac) (Previous year Rs. 10.62 Lac)	16,05,43,995	16,57,53,813
Rock Phosphate	10,18,72,631	13,77,19,065
Beneficiated Rock Phosphate	2,35,67,366	2,96,29,005
Rajphos	55,55,133	23,58,113
Gypsum	102,12,460	1,83,00,382
Lime Stone	4,05,46,585	2,45,04,534
Granite	46,19,593	47,31,964
Bio diesel and by products	35,514	34,771
Green Marble	820	820
	<u>34,69,54,097</u>	<u>38,30,32,467</u>
B SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months :		
i Considered good	529,84,667	21,16,126
ii Considered doubtful	9,04,58,169	9,07,46,014
Other debts considered good	67,19,86,692	65,71,87,439
	<u>81,54,29,528</u>	<u>75,00,49,579</u>
Less: Provision for doubtful debts	9,04,58,169	9,07,46,014
	<u>72,49,71,359</u>	<u>65,93,03,565</u>
C CASH & BANK BALANCES		
Cash in hand	2,64,729	5,98,810
Remittances in Transit	25,000	460,00,000
Balances with Treasury in P. D. Account	197,74,35,950	160,97,30,259
Balances with Scheduled Banks		
i In Current Accounts(Including FFD) (Including Rs. 47.88 Lac (Prev. Year Rs. 59.46 Lac) freezed by the Bank as per order of the Court)	43,98,07,487	38,29,78,702
ii In Fixed Deposit Receipts (Including Rs. 401.05 Lac (Prev. Year Rs. 175.55 Lac) Pledged with Bank as Margin money)	19,02,60,489	13,76,39,508
Balances with Other Banks		
i In Current Accounts(Including FFD) Barmer Central Cooperative Bank Limited (Maximum amount outstanding at any time during the year (Rs. 45,00,00,500/-) (Previous year Nil)	43,53,79,044	
ii In Fixed Deposit Receipts The Udaipur Central Cooperative Bank Limited (Maximum amount outstanding at any time during the year (Rs. 2,50,00,000/-) (Previous year Rs. 2,50,00,000/)	250,00,000	250,00,000
	<u>306,81,72,699</u>	<u>220,19,47,279</u>



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

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
D OTHER CURRENT ASSETS		
Security Deposits	5,69,32,069	4,92,25,435
Income-Tax Deposits including FBT (Including Rs 7546.79 Lac under appeal) (Prev. Year Rs.6105.54 Lac)	183,13,59,099	112,87,38,785
Interest accrued on FDRs/NSCs	79,73,348	47,09,011
Non Judicial Stamps in hand	13,26,873	13,26,873
Certified Emission Reduction Credit Receivable	-	4,16,89,979
Claims Recoverable (Including Duty Drawback Receivables)		
-Considered good	5,64,997	47,38,048
-Considered doubtful	5245,732	1110,892
	58,10,729	58,48,940
Less Provision for doubtful claims	52,45,732	11,10,892
	5,64,997	47,38,048
	189,81,56,386	123,04,28,131
E LOANS & ADVANCES		
Advance and other amount recoverable in cash or in kind or for value to be received (Including Rs. 617.48 Lac towards Capital expenditure) (Prev. Year Rs. 33.91 Lac)		
UNSECURED		
To Subsidiaries	6,37,300	
To Others		
Considered good	56,10,88,902	46,46,69,249
Considered doubtful	43,70,053	31,36,870
	56,54,58,955	46,78,06,119
Less : Provision for Doubtful Loans & Advances	43,70,053	31,36,870
	56,10,88,902	46,46,69,249
To Employees		
Considered good	11,05,95,848	10,98,64,625
Considered doubtful	17,23,458	17,33,467
	11,23,19,306	11,15,98,092
Less : Provision for Doubtful Loans & Advances	17,23,458	17,33,467
	11,05,95,848	10,98,64,625
Prepaid Expenses	56,19,118	35,31,778
	67,79,41,168	57,80,65,652
	671,61,95,709	505,27,77,094

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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

SCHEDULE 'F-2'
CURRENT LIABILITIES & PROVISIONS

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
A CURRENT LIABILITIES		
Sundry Creditors		
i Outstanding dues of Micro and Small Enterprises	1,15,770	-
ii Outstanding dues of creditors other than Micro enterprises and Small Enterprises.	98,17,92,206	72,35,38,973
Subsidiary Companies	44,92,86,271	
Other Current Liabilities (Including Book overdraft of Rs. 29.58 Lac) (Prev. Year Rs. 201.34 Lac)	17,13,44,005	21,43,86,395
Security Deposits	8,13,25,120	6,69,02,801
Advance from Customers & Others	41,69,69,406	26,12,27,155
Interest Accrued but not due	11,74,261	23,55,458
Investor Education and Protection Fund-Unclaimed Dividend	30,629	33,420
	210,20,37,668	126,84,44,202
B PROVISIONS		
Proposed Dividend	15,51,03,000	15,51,03,000
Tax on proposed dividend	2,63,59,755	2,63,59,755
Leave Encashment	12,23,17,129	14,92,81,376
Gratuity	14,01,90,348	9,50,216
Taxation	47,27,84,243	45,68,31,957
	91,67,54,475	78,85,26,304
	301,87,92,143	205,69,70,506

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

M.L. Tailor **Rajendr Rao**
Financial Advisor 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.

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

5.9 Depreciation on the engine received from BEML under "recon" exchange has been charged for the useful life of two years based on technical estimation on Straight line method.

5.10 Depreciation on assets not owned by the company is amortized over a period of five years from the year of completion.

6. Additional liability, if any, in respect of taxes and duties is accounted for when such liability is ascertained with reasonable certainty.
7. **Retirement Benefits**
 - 7.1 Provident Fund & Pension Fund of the Regional Provident Fund Commissioner are a defined contribution schemes as per applicable rules/statute and contribution made to the Provident Fund Trust and Regional Provident Fund Commissioner respectively are charged to the Profit & Loss Account.
 - 7.2 Gratuity liability is defined benefit obligations and is provided for on the basis of actuarial valuation and is being funded every year through Policy of L.I.C of India.
 - 7.3 Liability of leave encashment is accounted for on the basis of actuarial valuation.
 - 7.4 Actuarial gains and losses are charged to profit and loss account.
 - 7.5 Payments made under the Voluntary Retirement Scheme are charged to the Profit & Loss account over a period of three years in equal annual installments.
8. Assets and Liabilities in foreign currency are translated at the rates prevailing at the close of the year.
9. **Investments**
 - 9.1 Long term investments are carried at cost less provisions, if any, for diminutions in the value of such investments.
 - 9.2 Equity shares of Joint Sector/Assisted Sector are valued at token value of Re. 1/- except shares in Mayur Inorganics Ltd. and Rajasthan Rashtriya Chemicals & Fertilizers Limited, which have been valued at lower of cost and realizable value.
 - 9.3 Equity shares of subsidiary company namely Barmer Lignite Mining Company Ltd. Jaipur; have been valued on Re.1/- based on the opinion obtained from the Institute of Chartered Accountants of India New Delhi.
10. **Revenue Recognition**
 - 10.1 Revenue from the sale of goods and services rendered is recognized upon passage of title and rendering of services to the customers.
 - 10.2 Income from certified emission reduction certificates (CER) is recognized at the estimated realisable value on confirmation of the CERCs by the concerned authorities.
 - 10.3 Insurance & other claims including liquidated damages/refunds etc. are accounted for on acceptance/actual receipt basis, if there is uncertainty in realization of such income.
11. **Taxation**

Income Tax expenses comprise of current tax & deferred tax charge or credit. Current tax is provided on the taxable income, by applying the prevailing rates and tax laws. The deferred tax for timing difference between the book and taxable profit for the year is accounted using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

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



12. Forest Plantation & Environment

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

13. Deferred Revenue Expenditure

The expenditure on survey, prospecting and development of mines are deferred, till the mining operation commence/abandoned, once the mining operation starts the same are being amortized over 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.

14. Grants -In -Aid

The Expenditure including capital expenditure incurred from the grant received is being adjusted against the amount of the grant so received. Unspent balances of Grants in aid are being carried forward to the subsequent years under the head "Current Liabilities and Provisions" for future expenses.

15. 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 Vidhyuat Vitaran Nigam Limited (A VVNL)
- (d) Income & Expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income & Expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "unallocated corporate income/expenses".
- (e) Segment assets include all operating assets used by a segment and consist principally of fixed assets, inventories, advances and debtors. Assets at the corporate level are not allocable to segments on a reasonable basis and thus, the same has not been allocated.
- (f) Segment liabilities include all operating liabilities and consist of principally creditors and accrued liabilities.

16. 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 lac)

S.No.	Particulars	As at 31st March, 2009	As at 31st March, 2008
i.	Claims against company not acknowledged as debt.	27713.18	27296.75
ii.	Estimated amount of contracts remaining to be executed on Capital Account Advance paid (Rs. 553.48 Lac) Previous year (Rs. 74.40 Lac)	2539.77	893.76
iii.	Disputed Income tax liability pending:		
a.	Company in appeals Payment made (Rs.7543.87 Lac) (Previous year Rs. 6105.54 Lac)	7543.87	6105.54
b.	IT Department in appeals (As per information available with company)	4173.54	4173.54
iv.	Guarantee given by bankers on behalf of the company for which counter guarantee provided by the company	188.98	162.12
v	Claims of workmen pending adjudication and of those who have taken Voluntary Retirement amount unascertainable.		
vi	Additional Liabilities, if any, in respect of pending Sales tax, Income Tax, Service Tax, Land Tax, Land & Building Tax, House tax, Royalty, M. R. Cess, Development charges, Dead Rent, Surface Rent and Rent of Office Building and diversion of Forest Area, interest on such liabilities etc. is unascertainable		
vii	Guarantee given by Company to RIICO/RFC in respect of debt and interest thereon recoverable from Rajasthan Granite and Marble Ltd. (Since Liquidated) amount unascertainable.		
viii	Amount relating to environmental liabilities are unascertainable.		
ix.	Liabilities on account of Rider Agreements with contractors in which amounts are unascertainable.		
x	Liability for the claims on account of other court cases filed against company in which claim amount cannot be ascertained is not included in above.		

- 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.
- 2.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.16,45,39,840/- so far.



2. c) The cost of land includes Rs. 1,52,70,872/- (Previous year Rs. 1,52,70,872/-). The land acquired in compliance of original award issued by Dy. Collector, Girwa, Udaipur bearing no. ACQ/1/02/4953 - 55 dated 30.6.2004 and modifications thereof issued in the financial year 2006-07 for acquiring 56 hectare of land at Jhamarkotra, Lakkadwas, Sameta and Dhamdhar villages. Out of the total compensation, only 42 (previous year 38) land owners took payment of Rs. 54,19,044/- (Previous year-Rs. 51,92,350/-). The balance amount is being deposited with the court of Civil Judge Sr. Division Udaipur in the form of Fixed Deposit Receipts. The land acquisition proceeding and mutation are in progress.
3. As royalty is chargeable / payable on the mineral taken out from mining areas, the company is not providing for any liabilities towards royalty chargeable / payable on the minerals lying in the mining areas.
4. As per Accounting Standard 15 "Employees Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as an expense for the year are as under:

(Rs. In Lac)

	2008-09	2007-08
Employer's Contribution to Provident Fund	518.80	471.17

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

Defined Benefit Plan:

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

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

(Rs. In Lac)

	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Particulars	2008-09	2008-09	2007-08	2007-08
Present value of obligations at beginning of the year	3793.74	1005.61*	3567.02	1436.25
Current Service Cost	149.07	-173.96	138.58	143.56
Interest Cost	303.50	80.45	267.53	114.90
Actuarial gain/loss	1407.77	381.85	77.42	52.85
Benefits paid	-269.42	-70.78	-256.81	-254.75
Present value of obligations at end of the year	5384.66	1223.17	3793.74	1492.81

*Note:- The Present value of obligations at beginning of the year for 2008-09 on account of Leave Encashment (Unfunded) does not include Rs. 487.21 Lac being the Present value of obligations at beginning of the year Encashment of Sick leaves, as the encashment of Sick leaves has now been discontinued.

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

(Rs. In Lac)

Particulars	Gratuity (Funded)	Gratuity (Funded)
	2008-09	2007-08
Fair value of plan assets at beginning of the year	3784.24	3573.70
Expected return on plan assets	361.78	335.45
Actuarial gain/loss	0.00	0.00
Employer Contribution	158.57	131.90
Benefits paid	-269.42	-256.81
Fair value of plan assets at year end	4035.17	3784.24
Actual return on plan assets	361.78	335.45

III. Reconciliation of fair value of assets and obligation:

(Rs. In Lac)

Particulars	Gratuity (Funded) As at 31st March 2009	Gratuity (Funded) As at 31st March 2008
	Fair value of plan assets	4035.17
Present value of obligation	5384.66	3793.74
Amount recognized in Balance sheet	1349.49	9.50

IV. Expense recognized during the year :

(Rs. In Lac)

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
	2008-09	2008-09	2007-08	2007-08
Current Service Cost	149.07	-173.96	138.58	143.56
Interest Cost	303.50	80.45	267.53	114.90
Expected return on plan assets	361.78	-	335.45	-
Actuarial (gain)/loss	1407.77	381.85	77.42	52.85
Net Cost	1498.56	288.34	148.08	311.31



V. Actuarial assumption:

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
	2008-09	2008-09	2007-08	2007-08
Mortality Table (LIC)				
Discount rate (Per annum)	8%	8%	8%	8%
Expected rate of return on plan assets (per annum)	7%	NA	8%	NA
Rate of escalation in salary (per annum)	7%	7%	7%	7%

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

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

5. As per the Memorandum of Understanding (MOU) dated 04/05/1997, M/s Binani Industries Ltd. (Parent Company of BZL), eRSMDC (since then merged with RSMML), and M/S White Tiger Resource NL formed a Joint venture Company under the name and style R.B.W. Minerals Industries Limited was incorporated on 16/07/1997 to carry out prospecting work on base metal deposits and other allied activities in Rajasthan and Gujrat states including at the Deri Multi Metal Project of the company.

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

6. 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 Kapurdi 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

RAJASTHAN STATE MINES & MINERALS LIMITED

BLMCL and RWPL will hold the remaining 49% of the equity of the JV Company. BLMCL has allotted 1,02,00,000 (Previous year 1,02,00,000 shares) to the company having face value of Rs. 1020.00 Lac till 31.03.2009 (Previous year Rs. 1020.00 Lac). The shares are shown as investment at a token value of Rs. 1/- in view of the opinion obtained from the Institute of the Chartered Accountants of India.

7. As per the terms of Joint Venture Agreement dated 27.12.2006 entered between Raj West Power Limited, Jaipur (RWPL) and company, the Joint Venture Company has paid a sum of Rs. 26754.43 Lac till date to the company for purchase/acquisition of Land for Mining of Lignite at Jalippa Kapuradi villages in the state of Rajasthan. The proceedings for purchase/acquisition of Land have been initiated and the same amount of Rs 26754.43 Lac has been paid to Land acquisition Officer for acquisition of land.
8. The company has entered into Long Term Wage Agreement in August 2009 with the recognized union revising the wages of the workmen w. e. f. 1/10/2007. The company has provided liability for the arrears including leave encashment, gratuity etc. payable to all the employees including the retired workmen in terms of the Agreement.
9. M/s Suzlon Energy Limited has installed VII phase of wind mills having capacity of 15 MW in the year 2008-09, in the leased land of the party. The land was however, been sub leased in favour of the company on 10/08/2009.
10. During the year, the company has started using a small percentage of Secondary ore of Rock phosphate for beneficiation in its Industrial Beneficiation Plant on trial basis. The Secondary ore of Rock phosphate is a very low grade mineral containing high Silica and is being treated as waste material having no value. Since the usability of the Secondary ore of Rock phosphate for beneficiation is yet to be established, the same has not been valued and is being valued at zero as per the prevailing system of valuation of Rock phosphate.
11. Land tax has been provided for on the basis of demand notices received from various assessment authorities. However, where the demand notices are not received, the liabilities provided as per the companies own assessment.
12. The Company is getting CERs from its wind mill projects and other projects registered with United Nations Framework Convention on climate Change (UNFCCC) under Clean Development Mechanism (CDM) category which are tradable in the international market. The Company would be receiving CERs on regular basis from its existing registered and future projects in pipe line for registration.
13. The company has formed a joint venture company with RCF Ltd. Mumbai (RCFL), (A Govt. of India Enterprises) in the name of Rajasthan Rashtriya Chemical Fertilizers Limited having registered office at Jaipur (Rajasthan) to establish a plant for manufacturing a chemical fertilizer namely, Di-Ammonia Phosphate (DAP) in Kapasan, Rajasthan. 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. Looking to the present market conditions, decision for commissioning of Plant has been deferred and hence the provisions of Accounting Standard -27"Financial Reporting of Interest in Joint Venture" Issued by the Institute of Chartered Accountants of India is not applicable to the company at present.
14. A court case had been filed by M/S Ace India Transport Pvt. Limited and Taru Overseas against the company and in compliance of directives given by the competent courts, Bank had frozen a sum of Rs. 59.46 Lac upto 31/03/2008 during the year the an amount of Rs. 11.58 Lac in respect of M/s Taru Overseas has been released by the bank. The remaining frozen amount of Rs. 47.88 Lac is lying in bank account of the company under the lien as per the order of the competent court.
15. In compliance of the requirement under "The Micro, Small and Medium Enterprises Development Act, 2006" the company has been making request to its vendors to provide their status under "The Micro, Small and Medium Enterprises Development Act, 2006". The company has received the requisite information only from few of its vendors based on above the requisite information is as under-



Particulars	Amount
Delayed payments due as at 31/03/2009	
- Principal	Rs 11809/-
-Interest due	Rs 765/-
Total interest paid on all delayed payments during the year under the provisions of the Act -	Nil
Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act -	Rs 765/-
Interest accrued but not due	Nil
Total Interest Due but not paid	Rs 765/

16. 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.
17. 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 month wise Bench mark price (notional value) plus 20% premium thereon (i.e. IBM formula). Since IBM is declaring the Bench mark prices after a gap of 6-7 months which are effective retrospectively, due to which there is a difference in the amount of royalty collected and payable to DMG on Rock phosphate as per the IBM formula. The company has issued demand letters to its customers for payment of differential royalty in the cases where amount of royalty recovered was short and the customers have filed cases in Jodhpur bench of Hon'ble High Court, Rajasthan, against such demand letters. The cases are yet to be decided. As matter is sub-judice, and assessment of Royalty for the period is also pending, the accounts of the customers would be settled and necessary accounting adjustment would be made as per the decision of the Hon'ble High Court, Rajasthan and on the basis of the outcome of the royalty assessment.
18. The Government of Rajasthan vide its notification dated 23rd Jan 2009, has enhanced the rate of M. R. Cess on Rock phosphate from Rs.35/- PMT to Rs. 500/-PMT w. e. f. from 01.04.2008. Since the rate of M. R. Cess was enhanced retrospectively the company has issued demand letters to its customers of Rock phosphate for payment of differential amount of M. R. Cess. Against such demand letters some of the customers have filed cases in Jodhpur bench and Jaipur bench of Hon'ble High Court, Rajasthan. The cases are yet to be decided. As matter is sub-judice, the accounts of the customers would be settled and necessary accounting adjustment would be made as per the decision of the Hon'ble High Court, Rajasthan.
19. As per the System in place in the company, the Demand Drafts/Pay Orders towards Earnest Money are being kept till the award of the work/purchase order, to be returned back in original. The company was having Demand Drafts/Pay Orders amounting to Rs.1,61,67,340/-(Previous year Rs. 1,69,52,911/-) in hand as on 31/03/2009.
20. The Mining operations at Matasukh Lignite mines of the company are suspended from January, 08, due to collapse of few benches in the mining area because the mining pit was filled with the huge quantity of water. The rehabilitation work in the mining area continued during the year and the dewatering activities for depressurization recommenced during the year 2008-09. The mining of Lignite at small scale level has now been restarted.
21. 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.

RAJASTHAN STATE MINES & MINERALS LIMITED

4500.00 Lac in the years 2001-02 and 2003-04. The company has redeemed debentures worth Rs. 619.048 Lac during the current financial year. The balance in the DRR as on 31.03.09 is 100% of the outstanding debentures as on 31.03.09.

22. (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.
23. Advance to employees includes Rs. Nil (previous year Rs. Nil) with maximum balance of Rs 0.97 Lac (Previous year Rs. 0.85 Lac) of directors.
24. 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.
25. 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.
26. RSMML 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. (AVVNL) while balance is being sold to AVVNL. From February 2005, AVVNL had stopped the adjustment of wind power in captive use without assigning any reason thereof. After long persuasion at various levels, AVVNL informed in November 2005 that they have revised power bills from 2002 on new methodology as per guidelines of their Audit team. As per the records of the company, the amount so adjusted is Rs. 74.30 Lac only. However, as per the information gathered from AVVNL, the amount in dispute is Rs. 92.01 Lac. RSMML had objected the methodology of AVVNL and filed petition in this matter with Rajasthan Electric Regulatory Commission (RERC) Jaipur vide petition no. 100/2006 further the matter was referred to the Chairman, Central Tribunal where in the case was decided in favour of the company. However AVVNL has filed a writ in Hon'ble High Court of Rajasthan against the order and the amount has not been refunded by AVVNL as matter is subjudice.
27. The sale values of Rock phosphate, Gypsum and Limestone include Rs. 1399.45 Lac recovered from the customers on account of Environment and Health Cess on Mineral Rights imposed by the State Government. Similarly expenditures include Rs. 6031.23 Lac being the amount payable on account of Environment and Health Cess.
28. The effect on the profits for the year of the company, due to change in accounting policies during the year is as under:-



Change in Policy	Effect on Current year's Profit	
	Increase (Rs.)	Decrease (Rs.)
Charging depreciation on Recon Engine from Written Down Value method to Straight line method considering useful life of two years.	-	201185

Due to change in above accounting policies, profit for the year is decreased by Rs 201185/-.

29. Related party disclosures

(i) Shri Alok Gupta from 01.04.2008 to 12.01.2009, Sh. Anand Kumar from 12.01.2009 to 22.01.2009 and Shri Akhil Arora from 22.01.2009 to 31.03.2009, Managing Director being key managerial personnel with whom transactions have taken place during the year. Details of transactions are disclosed under Note No. 34.6 of Schedule 'G' forming part of the Balance Sheet and Profit & Loss Account.

(ii) Parties where control exists

Barmer Lignite Mining Company Limited (BLMCL) -Subsidiary Company Rajasthan State Petroleum Corporation Limited(RSPCL)-Subsidiary Company

Rajasthan Rashtriya Chemicals & Fertilizers Limited(RRCFL)- Associate Company

(iii) Transactions with Related parties

(In Rs.)

Nature of Transactions	BLMCL	RSPCL	RRCFL
Transactions during the year			
Investment in Equity Shares	-	10,00,000/-	2,45,000/-
Expenses incurred towards			
-Preliminary expenses	-	6,37,300/-	-
-Others	7,13,729/-	-	63699/-
Received towards acquisition of land	45,00,00,000/-		

30. The major components of deferred tax assets and liabilities as on 31.03.2009 are as follows:

(Amount in Rs.)

Components	As on 31/03/2009		As on 31/03/2008	
	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		840311143		638490762
Provision for doubtful debts, claims & advances	34600941		32877590	
Provision for Leave Encashment	41575592		50740740	
Provision for Bonus	5218539		-	
Provision for Gratuity	47650699		322978	
Deferred Revenue Expenditure	2768353			13632318
Others	5437352		764452	
Total	137251476	840311143	84705760	652123080
Net Deferred Tax Liability		703059667		567417320

31. 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.

32. Miscellaneous:

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

33. Schedule 'A' to 'L' is annexed to and form part of Accounts as on 31st March 2009.

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

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

(In M. T.)

Particulars	Rock Phosphate		Beneficiated Rock Phosphate		Rajphos	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Opening Stock	536376	575050	14699	21002	2360	7863
Production	1502657	1740610	360592	388357	98031	73678
Less: Moisture Qty.			-80948	-87397		
Purchase	40800	42189				
Transfer	49489	44172	-49489	-44172		
Retrieval		1536				
Sales	889649	992787	272152	299768	94834	78862
Less: Moisture			-37334	-41876		
Own consumption for Ben. Rock Phosphate Rajphos	874389	849627				
Samples		-	1	1		
Stock as per Books	365284	561143	10035	19897	5557	2679
Shortages	19998	24767	1606	5198	-	319
Closing Stock	345286	536376	8429	14699	5557	2360

(ii) Gypsum & Selenite:

(In M. T.)

Particulars	Gypsum		Selenite	
	2008-09	2007-08	2008-09	2007-08
Opening Stock	60147	1,25,829	-	-
Purchases	33	616	-	-
Production	3358673	2805790	15465	3865
Sales	3393551	2873384	15465	3865
Stock as per Books	25302	58851	-	-
Shortages/Retrieval	8938	1296	-	-
Closing Stock	34240	60147	-	-



(iii) Lime Stone :

(In M. T.)

Particulars	2008-09		2007-08	
	Lime Stone	Sub Grade Lime Stone	Lime Stone	Sub Grade Lime Stone
Opening Stock	215692	102942	307942	132515
Production	2274929	222807	2023526	180275
Sales	2306973	200987	2094217	203487
Stock as per Books	183649	124762	237251	109303
Shortages(-Excess)	12398	2237	21559	6361
Closing Stock	171250	122525	215692	102942

(iv) Lignite :

(In M. T.)

Particulars	2008-09	2007-08
Opening Stock	-	-
Production	998545	605835
Sales	998545	605835
Stock as per Books	-	-
Shortages	-	-
Closing Stock	-	-

(v) Green Marble :

(In M. T.)

Particulars	Crack Block		Lumperts	
	2008-09	2007-08	2008-09	2007-08
Opening Stock	155	155	4029	4,029
Production		-		-
Sale		-		-
Closing Stock	155	155	4029	4,029

(vi) Granite :

(In M. T.)

Particulars	2008-09			2007-08		
	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	380057	50268	908	410606	50,268
Production						
Sales		10116			30549	
Stock as per books	908	369941	50268	908	380057	50,268
Excess/Shortage				-	-	-
Closing Stock	908	369941	50268	908	380057	50,268

(vii) Granite Tiles :

(In Sq. Ft.)

Particulars	2008-09	2007-08
Opening Stock	5323	6606
Production	-	-
Sales	-	-
Own Consumption	5323	1283
Stock as per Books	-	5323
Shortages	-	-
Closing Stock	-	5323

Note : The quantity of Granite tiles is excluding of 478.50 (Previous year 554.97 sq. ft.) polished Granite slabs.

(viii) Graphite :

(In M.T.)

Particulars	2008-09		2007-08	
	Concentrate	Ore	Concentrate	Ore
Opening Stock	-	-	24	2276
Production	-	-	-	-
Sales	-	-	-	-
Stock as per Books	-	-	24	2276
Shortages/written off	-	-	24	2276
Closing Stock	-	-	-	-

(ix) Fluorspar :

(In M.T.)

Particulars	2008-09	2007-08
Opening Stock	-	-
Production	-	9779
Sales	-	9779
Stock as per Books	-	-
Shortages	-	-
Closing Stock	-	-

(x) Multimetal :

(In M.T.)

Particulars	2008-09	2007-08
Opening Stock	340	340
Production	-	-
Sales	-	-
Stock as per Books	340	340
Shortages	-	-
Closing Stock	340	340



(xi) **Bentonite :**

(In M.T.)

Particulars	2008-09	2007-08
Opening Stock	2,687	2,687
Production	-	-
Sales	-	-
Stock as per Books	2,687	2,687
Shortages	1,679	
Closing Stock	1,008	2,687

(xii) **Power : (74.8 MW Wind Power Plant)**

(In Units)

Particulars	2008-09	2007-08
Generation	101532253	56971958
Sales	83648637	41830546
Own Consumption	16095257	13627270
Wheeling units	1788359	1514142

(xiii) **Power : (3.8 MW DG Set)**

(In Units)

Particulars	2008-09	2007-08
Generation	288540	81420
Own Consumption	21518 0	37120
Auxiliary Consumption	73360	44300

Note: The plant was operated for 16 days only during the year 2008-09, as and when required.

34.2 (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)	
				2008-09	2007-08
(a)	Crushing Plant (Old)	150 MT/Hr	N. A.	3.84	4.54
(b)	Crushing Plant (New)	132 MT/Hr	160 MT/Hrs	4.55	4.17
(c)	Main Process Plant	9.00 Lac MT p.a.(Through Put)	10.00 Lac MT p.a.	7.76 (Through Put) 2.80 (Output)	7.76 (Through Put) 3.00 (Output)

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- (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	2008-09	2007-08
	(MT per hour)	(In Lac MT)	(In Lac MT)
Crushing & Screening Plant			
(a) R. O. M.	350	13.42	13.80
(b) Finished Product	140	5.86	6.63

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

S. No.	Name of the Plant	Installed/ Rated /Designed Capacity	Production (In Units)	
			2008-09	2007-08
1.	3.8 MW DG Set	3800 K W.	288540	81420
2.	74.8 MW Wind Power Plants	74800 K W (59.8 MW up to 28.09.2008) (74.8 MW from 29.09.2008)	101532253	56971958

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

(In M.T.)

	Licensed Capacity		Installed Capacity		Production	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Gypsum	70 MT per Hour	70 MT per Hour	70 MT per Hour	70 MT per Hour	92549 MT	75378 MT

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

	2008-09		2007-08	
	In Rs. Lac	Percentage	In Rs. Lac	Percentage
Imported	2.61	0.04	20.47	0.43
Indigenous	6612.12	99.96	4720.95	99.57

- 34.4 Imported raw material consumed during the year Nil.



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

Particulars	2008-09	2007-08
	Rs. in Lac	Rs. in Lac
Earnings	20.18	416.90
Expenditure		
Spares	18.59	23.46
Travelling	1.27	1.91
Other Matters	2.09	4.14

34.6 Details of remuneration of the Chairman / Managing Director are as under: -

Particulars	2008-09	2007-08
	Rs. in Lac	Rs. in Lac
Salary (including pension contribution & perquisite on accommodation provided)	5.60	5.83
Telephone/Car*	-	-
Total	5.60	5.83
Amount adjusted in respect of accounts		
Rent (Net)	NIL	NIL

* Value of Telephone/Car used not ascertainable

35. 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 2008-09.

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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

SCHEDULE 'H'
OPERATIONAL REVENUE

	2008-09 Rs.	2007-08 Rs.
High Grade Rock Phosphate	441,11,16,084	271,25,79,544
Beneficiated Rock Phosphate	121,61,17,944	75,84,66,588
Rajphos	14,02,47,618	8,71,39,921
Lime Stone	97,06,34,809	86,65,45,262
Gypsum	113,56,78,865	82,04,51,680
Selenite	1,47,22,684	36,66,245
Lignite	124,23,10,968	60,64,01,549
Power	31,06,41,025	15,60,00,665
Fluorspar	-	41,07,199
Granite	14,400	40,950
	944,14,84,397	601,53,99,603

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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



SCHEDULE 'H-1'
INCREASE/DECREASE IN STOCK

	2008-09 Rs.	2007-08 Rs.
CLOSING STOCK		
Rock Phosphate	10,18,72,631	13,77,19,065
Beneficiated Rock Phosphate	2,35,67,366	2,96,29,005
Rajphos	55,55,133	23,58,113
Gypsum	102,12,460	1,83,00,382
Lime Stone	4,05,46,585	2,45,04,534
Granite	46,19,593	47,31,964
Bio diesel and by products	35,514	34,771
Green Marble	820	820
	18,64,10,102	21,72,78,654
OPENING STOCK		
Rock Phosphate	13,77,19,065	14,82,35,664
Beneficiated Rock Phosphate	2,96,29,005	4,31,55,554
Rajphos	23,58,113	73,38,496
Gypsum	183,00,382	396,71,718
Lime Stone	245,04,534	434,32,783
Granite	47,31,964	47,79,813
Graphite	-	97,143
Bio diesel and by products	34,771	1,34,345
Green Marble	820	820
	21,72,78,654	28,68,46,336
INCREASE/DECREASE	-3,08,68,552	-6,95,67,682

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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

SCHEDULE 'I'
OTHER REVENUE

	2008-09 Rs.	2007-08 Rs.
Interest (Gross) (TDS Rs 202.95 Lac) (Prev. Year Rs 153.42 Lac)	25,56,66,349	19,10,01,468
Lease Rent on Railway Rakes	23,25,580	23,25,580
Dividend Received on Long Term Investments	10,000	10,000
Carbon Emmission Reduction	-	4,16,89,979
Exchange Rate Difference	20,18,249	
Recovery against bad debts written off earlier	17,01,955	1,02,11,837
Excess provision for doubtful debts written back	2,87,845	-
Profit on Sale of Obsolete and Other Fixed Assets	40,71,158	1,23,17,071
Profit on Sale of Obsolete and other Spares	-	45,98,339
Miscellaneous Receipts, Refunds, Forfeitures & Claims	4,62,50,700	14,22,82,846
Liability no longer required	4,96,424	1,07,91,252
Sundry Credit Balances written back	24,241	30,61,604
	<u>31,28,52,501</u>	<u>41,82,89,976</u>

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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



SCHEDULE 'J'

MINING, OPERATIONAL, ESTABLISHMENT & FINANCIAL EXPENDITURE

	2008-09		2007-08	
	Mining & Other Operating Expenses	Establishment and Financial Expenses	Mining & Other Operating Expenses	Establishment and Financial Expenses
	Rs.	Rs.	Rs.	Rs.
Salaries & Wages	51,31,80,997	18,50,63,931	34,73,08,975	11,47,69,990
Contribution to Provident/Pension & Other Funds	15,38,32,895	5,50,40,716	4,65,99,475	1,75,02,556
Leave Encashment	1,38,38,212	2,29,60,768	2,57,44,370	53,87,175
Bonus/Additional Remuneration	1,66,38,993	55,74,885	1,15,85,118	33,39,230
Voluntary Retirement Payment written off	51,54,454	37,29,517	34,72,438	21,22,997
Employees' Welfare	9,30,57,971	1,50,56,030	7,54,84,646	1,27,18,205
Exgratia to employees	-	-	69,78,488	21,87,409
Employees' Social Security	2,97,576	1,87,840	-	1,47,141
Stores consumed*	53,84,93,873	-	36,73,44,103	-
Payment to Contractors :				
For Removal of Overburden	28,85,66,713	-	34,93,28,605	-
For Raising, Transportation & Others	125,20,58,069	-	93,65,94,731	-
Freight Charges	7,86,209	-	10,71,457	-
Dewatering of Mines	1,26,55,293	-	161,49,716	-
Crushing Plant Expenses	79,50,362	-	70,52,501	-
Power Charges	8,29,86,092	-	11,32,71,481	-
Survey & Prospecting Charges	84,510	-	3,59,959	-
Royalty & Dead Rent	101,46,42,324	-	69,25,08,306	-
MR Cess	60,31,23,096	-	58,08,272	-
Premium Charges to DMG	71,60,716	-	1,59,19,944	-
Mine Development Exp written off	14,49,250	-	14,94,187	-
Compensation for sale of Rock Phosphate	9,83,22,430	-	-	-
Repairs to Buildings	28,46,497	16,57,297	27,32,255	19,47,518
Repairs to Machinery	9,47,36,654	-	6,36,46,640	-
Repairs to Plant	3,97,69,750	-	3,31,62,776	-
Repairs to Road	19,31,597	-	4,77,409	-
Repairs to Others	45,17,998	17,98,714	33,91,308	17,66,565
Rent including Plot Rent	78,36,460	4,68,743	20,38,628	44,13,676
Rates & Taxes	34,91,580	19,64,330	49,66,820	25,51,019
Land Tax	193,70,29,773	30,84,600	46,45,16,191	55,32,328
Insurance	31,04,708	4,94,582	23,22,917	7,15,655
Travelling & Conveyance	2,09,00,452	1,15,86,367	2,05,15,534	1,13,95,757
Vehicle Up-keep	1,11,93,350	19,20,225	63,85,096	17,21,800
Payment to Auditors:				
Audit Fees (including Rs 0.45 Lac for 2007-08)	-	3,86,874	-	3,03,696
Tax Audit Fees(including Rs 0.22 Lac for 2007-08)	-	1,10,712	-	67,488
For reimbursement of expenditure	-	3,04,077	-	2,85,347
Interest:				
Term Loans	-	-	-	-
Debentures	-	1,03,18,784	-	1,69,99,324
Others including Banks	-	70,14,126	-	10,743

SCHEDULE 'J' (Contd.)
MINING, OPERATIONAL, ESTABLISHMENT & FINANCIAL EXPENDITURE

	2008-09		2007-08	
	Mining & Other Operating Expenses	Establishment and Financial Expenses	Mining & Other Operating Expenses	Establishment and Financial Expenses
	Rs.	Rs.	Rs.	Rs.
Bank Charges	3,682	3,66,485	16,256	5,34,128
Cash Discounts/Rebate on Sales	3,77,432	22,02,333	3,58,127	1,00,39,516
Guarantee Commission	-	27,540	-	35,380
Selling Expenses including commission	60,348	25,92,809	-	35,23,276
Packing Charges	1,84,85,877	2,06,72,577	30,66,037	1,51,25,721
Business Promotion Expenses	34,703	8,49,828	49,387	8,50,639
General Charges	7,73,294	9,94,328	7,38,054	9,14,060
Postage, Telephone & Telegraphs	12,82,422	47,01,535	17,01,311	49,47,793
Printing & Stationery	18,18,311	23,82,509	15,23,358	29,63,919
Electricity & Water	28,22,565	25,32,589	38,15,397	28,95,789
Seminar, Training & Exhibition	1,47,566	2,43,533	1,43,313	5,38,593
Legal & Professional Charges	1,26,020	76,66,270	3,40,700	80,42,533
Advertisement & Publication	3,12,324	2,00,71,388	974,929	1,98,21,453
Subscription	60,809	4,65,757	36,685	2,39,191
Entertainment	59,887	8,92,874	68,422	10,99,885
Board Meeting Expenses	-	83,884	-	1,44,915
Donation	-	5,01,12,500	-	4,45,20,000
Sundry debit balance written off	3,500	36,993	-	28,63,807
Laboratory Expenses	5,16,706	36,798	7,47,476	63,420
Consultancy Charges	5,24,953	5,77,895	10,65,731	95,590
Research & Development	4,57,875	54,41,605	20,32,251	2,50,000
Sampling & Analysis	1,84,30,341	2,61,980	1,68,39,264	2,54,621
Compensation for Mineral Claims & Settlements	1,27,07,572	-	66,18,737	-
Computer Maintenance & Software Exp.	18,62,825	21,02,196	13,16,892	6,03,990
Rural Development Expenses	1,11,45,749	2,14,838	3,13,82,424	11,55,060
Afforestation Plantation & Environment	63,93,542	7,950	45,41,668	13,67,560
	691,00,47,157	45,51,10,659	372,26,08,089	31,29,30,582

* Does not include consumption of Stores & Spares Rs. 1229.79 Lac charged under various heads (Prev. Year Rs. 1067.98 Lac).

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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



SCHEDULE 'K'
PRIOR PERIOD ADJUSTMENTS

	2008-09		2007-08	
	DEBIT	CREDIT	DEBIT	CREDIT
	Rs.	Rs.	Rs.	Rs.
Interest.	2,36,999	-	-	-
Increase /Decrease in stock	-	-	-	-
Miscellaneous Receipt	-	13,74,548	-	-
Stores Consumed	6,82,983	-	-	-
Salaries and Wages	6,895	19,200	1,20,269	-
Employees' Welfare	2,82,045	-	51,274	-
Lease Money form Railway Wagon	-	-	13,06,248	-
Sale of Power	70,802	-	-	-
Sale of Lignite	-	-	-	31,52,428
Payment to Contractors	-	-	-	-
a Removal of Overburden	-	-	-	-
b For Raising, Transportation & others	-	52,273	3,17,368	-
Printing & Stationery	-	-	-	-
Loss on sale of Machinery	-	-	-	-
Electricity & Water	-	24,83,700	-	-
Rent	-	3,34,526	-	-
Rates & Taxes	2,13,125	-	-	-
General Charges	-	-	-	-
Compensation for minerals	-	39,927	-	-
Bank Charges	-	-	30,000	-
Repairs to Machinery	21,850	78,767	7,725	-
Repairs to Others	7,178	-	-	-
Repairs to Road	47,352	-	-	-
Research & Development	-	-	-	-
Legal & Professional Charges	-	-	-	-
Travelling & Conveyance	3,903	-	-	-
Guarantee Commission	-	-	-	-
Survey & Prospecting	-	-	5,711	-
Mine development expenses w/off	-	-	-	-
Depreciation	26,293	-	9,25,023	6,80,366
Consultancy	6,000	-	-	-
Afforestation, Plantation & Environment	-	-	9,781	-
Entertainment	-	-	2,143	-
Sampling & Analysis	-	-	35,136	-
Dead Freight	-	-	-	21,462
	16,05,425	43,82,941	28,10,678	38,54,256
Net Debit / Credit	27,77,516		10,43,578	

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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

SCHEDULE 'L'

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

	Opening Balance 01/04/2008	Additions/ Adjustments During the Year	Written off	Closing Balance 31/03/2009
	Rs.	Rs.	Rs.	Rs.
Development Expenditure on Mines (Including Survey & Prospecting)	10,62,62,844	43,79,495	14,49,250	10,91,93,089
Payment under Employee VRS Scheme	70,70,277	115,04,821	88,83,971	96,91,127
	11,33,33,121	158,84,316	103,33,221	1188,84,216
Previous Year	11,14,11,475	90,11,268	70,89,622	11,33,33,121

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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



ANNEXURE - 1

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	Year Ended 31/03/2009 (Rs.)	Year Ended 31/03/2008 (Rs.)
A Cash Flow From Operating Activities		
Net Profit Before Tax	1778935552	1867513590
Adjustments For :		
Depreciation	553723945	434133597
Miscellaneous Expenditure written off	10333221	7089622
Miscellaneous Expenditure paid during the year	(15884316)	(9011268)
Interest received	(255666349)	(191001468)
Dividend Income	(10000)	(10000)
Interest expenditure	17332910	17010067
Impaired/Obsolescence loss on assets	4867479	1846200
Assets Written Off	400842	55594
Adjustment in Reserves & Surplus as per Transitional provision of AS 15 (Revised)	-	667447
Profit/Loss on sale of Fixed Assets (Net)	(3887475)	(12311182)
Operating Profit Before Working Capital Change	2090145809	2115982199
Change In Working Capital (Excluding Cash & Bank Balance)		
Inventories	36078370	53819537
Sundry Debtors	(65667794)	(134334867)
Other Current Assets	34892059	(47129133)
Loans and Advances	(99875516)	104901219
Trade and Other Payable	945869351	161077873
Cash Generated From Operation	2941442279	2254316828
Less: Direct Taxes Paid net of refund(including TDS)	(1123206705)	(678300532)
Net Cashflow From Operating Activities	1818235574	1576016296
B Cash Flow From Investing Activities		
Addition/Price revision in Fixed Assets	(941434639)	(1282869995)
Sale of Fixed and Other Assets	11883101	14514411
Dividend Income	10000	10000
Investment in Share	(1245000)	
Interest Income	255666349	191001468
Net Cash (Used) In/From Investing Activities	(675120189)	(1077344116)

ANNEXURE - 1 (Contd.)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	Year Ended 31/03/2009 (Rs.)		Year Ended 31/03/2008 (Rs.)
C Cash Flow From Financing Activities			
Payment of Dividend	(155103000)	-	
Payment of Corporate Dividend Tax	(26359755)		
Repayment of of Debentures	(61904800)	(61904800)	
Refund/Adjustment of Deferred Payment Credit	(16189500)	(16199500)	
Interest paid	(17332910)	(17010067)	
Net Cash (Used) In/From Financing Activities	(276889965)		(95114367)
D Net Change In Cash & Cash Equivalents(A+B+C)	866225420		403557813
E Cash & Cash Equivalents at beginning of the year	2201947279		1798389466
F Cash & Cash Equivalents at end of the year	3068172699		2201947279
Net Change In Cash & Cash Equivalent (F-E)	866225420		403557813

Notes:

- | | Rs In lac | Rs In lac |
|---|-----------|-----------|
| 1 Cash & Cash equivalent held by the company and not available for use by it | 448.93 | 235.01 |
| 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 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 : 27.11.2009

For and on behalf of the Board

Sunil Arora **Sanjay Malhotra**
Director Managing Director

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

ANNEXURE-2

INFORMATION ABOUT BUSINESS SEGMENTS AS ON 31.03.2009

(Amount in Rs.)

	Rock Phosphate	Rock Phosphate	Limestone	Limestone	Lignite	Lignite	Gypsum	Gypsum	Capable Power Plant (D G Set)	Capable Power Plant (D G Set)	Wind Farm	Wind Farm	Other misc	Eliminations	Eliminations	Consolidated Total	Consolidated Total
External Sales	200649	200748	200849	200948	200748	200849	200748	200849	200849	200849	200748	200849	200748	200849	200748	200849	200748
Inter-segment Sales	576481646	3538186053	970834609	86654262	60640349	60640349	82415875	82415875	0	0	31064023	156000665	407199	0	0	944484397	601539603
Other Revenue	8905126	10471835	1327807	2183240	2085626	2467626	877928	877928	162214	162214	6443360	53232020	0	-65273907	-53395134	132862783	278622684
Increase/Decrease in stock	-3881786	-2916109	16442051	-1692628	0	0	-4094417	-2396601	0	0	1887505	11491113	2525713	0	0	-3086952	-4956682
Unallocated corporate revenue	581769586	3633758169	999950667	868800362	63107805	63107805	81540722	81540722	940337	940337	393946190	324184698	6535769	-63373997	-63395134	9723468346	6344121897
Total Expenses	5026873558	2246699707	93823262	88195290	69189604	45728778	67867554	490064462	1013108	9867862	396902320	252829155	1266534	-65373907	-65395134	7690241700	4206592952
Result	790894028	1387058462	6171305	-13152428	552500540	173799027	47499429	321480260	-917271	-9705648	-3036380	71335543	-4633563	0	0	2032226646	2067778945
Other Unallocable Expenditure																23973700	184248866
Operating Profit	790894028	1387058462	6171305	-13152428	552500540	173799027	47499429	321480260	-917271	-9705648	-3036380	71335543	-4633563	0	0	1793490946	1883480079
Interest & Financial Charges exp.																-1332900	-17010067
Income taxes																-57286024	-643707149
Profit from ordinary activities																1203977012	1222762863
Prior period adjustments																277756	1043578
Extraordinary item																	
Payment Against LTA																	
Net Profit																120675628	1223066441
OTHER INFORMATION																	
Segment assets	131887241	1475020456	58219947	504698186	126804250	679035722	21256023	221682529	1545570	21703865	2712285674	2278802930	6199662	0	0	6112525330	5189238685
Unallocated corporate assets	131887241	39624148	58219947	21969725	126804250	162627022	21256023	222395520	1487940	1487940	2712285674	8514442	699966	0	0	4449135190	3321490778
Total Assets	545565128	39624148	28183349	21969725	173119317	162627022	302528633	222395520	1652944	1487940	75967350	8514442	12740553	0	0	1389952726	1092331780
Segment liabilities																	
Unallocated corporate liabilities																	
Total liabilities	545565128	86528489	5082236	5082236	2411302	2411302	10881205	10881205	0	0	696699927	696699927	0	0	0	2458859634	1737095446
Capital Expenditure	12989399		28183349		173119317		302528633		1652944		75967350		12740553	0	0	3844816910	2829447226
Unallocated corporate capital			1218866		517949		346782		0		79380000		0	0	0	924444456	801603159
Expenditure	0	15547634	0	7166008	0	1748544	0	321806	0	2900726	0	23458767	0	0	0	19990883	481266836
Total Capital expenditure	0	15547634	0	7166008	0	1748544	0	321806	0	2900726	0	23458767	0	0	0	94434639	1282869995
Depreciation/Amortisation	14327493	15347634	641004	7166008	18741898	1748544	4022204	321806	2497238	2900726	368323748	23458767	13255	0	0	543156840	420572094
Unallocated corporate depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10540812	13316840
Total Depreciation	14327493	15347634	641004	7166008	18741898	1748544	4022204	321806	2497238	2900726	368323748	23458767	13255	0	0	553697652	433888934
Non-cash expenses other than depreciation	8895307	1209125	67485	166382	2256939	210815	1258386	640011	0	0	367177	7273	0	0	0	13389836	16953206
Unallocated Non-cash expenses other than depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2395389	1142876
Total	8895307	1209125	67485	166382	2256939	210815	1258386	640011	0	0	367177	7273	0	0	0	15785225	18096082

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board
Sunil Arora Director
Sanjay Malhotra Managing Director

M.L. Tailor 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						
CIN	U	1	4	1	0	9	R	J	1	9	4	7	S	G	C	0	0	5	0	5
Balance Sheet Date	3 1			0 3			2 0			0 9										
	Date			Month			Year													

II Capital Raised during the Year

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

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

Total Liabilities	7 5 4 5 5 9 9										Total Assets	7 5 4 5 5 9 9									
Sources of Funds											Reserves & Surplus	5 9 4 0 0 5 9									
Paid-up Capital	7 7 5 5 1 5										Deferred Tax Liability	7 0 3 0 6 0									
Share Application Money											Unsecured Loans	6 5 0 6 0									
Secured Loans	0 6 1 9 0 5										Application of Funds										
Net Fixed Assets	3 7 2 7 9 6 6										Investments	1 3 4 5									
Net Current Assets	3 6 9 7 4 0 4										Misc. Expenditure	1 1 8 8 8 4									
Accumulated Losses	N I L																				

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

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

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

Item Code No. (ITC Code)	2 5 1 0 2 0 . 0 1									
Product Description	R O C K P H O S P H A T E									
Item Code No. (ITC Code)	2 7 0 2 2 0 . 0 0									
Product Description	L I G N I T E									
Item Code No.(ITC Code)	2 5 2 0 1 0 . 0 1									
Product Description	G Y P S U M									

In terms of our report of even date

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

C.R. Mehta
Partner

Place : Jaipur
Date : 27.11.2009

For and on behalf of the Board

Sunil Arora Sanjay Malhotra
Director Managing Director

M.L. Tailor Rajendr Rao
Financial Advisor Company Secretary



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

	Name of the Subsidiary		Barmer Lignite Mining Company Limited	Rajasthan State Petroleum Corporation Limited
1	Financial year of the Subsidiary ended on		31-Mar-09	31-Mar-09
2	The extent of the holding company's interest in the subsidiary at the end of the financial year			
	i. Face Value	Rs.	10.00	10.00
	ii. Number of Shares held	No.	10200000	100000
	iii. Shareholding percent	%	51.00%	100.00%
3	The net aggregate amount of profit/loss so far as they concern the members of the company,			
	i. Dealt with in the accounts of the company for the financial year ended 31st March, 2009		Nil	Nil
	ii. Not dealt with in the accounts of the company for the financial year ended 31st March, 2009		Nil	Nil
4	The net aggregate amount of profit/loss so far as they concerns the members of the company			
	i. Dealt with in the accounts of the company for the previous financial years since it became a subsidiary		Nil	Nil
	ii. Not dealt with in the accounts of the company for the previous financial years since it became a subsidiary		Nil	Nil

For and on behalf of the Board

Sunil Arora
Director

Sanjay Malhotra
Managing Director

M.L. Tailor
Financial Advisor

Rajendr Rao
Company Secretary

Place : Jaipur
Date : 27.11.2009

COMMENTS OF CAG UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Rajasthan State Mines & Minerals Limited, Udaipur for the year ended 31st March 2009.

CAG Comments	Management Reply
<p>The preparation of financial statements of Rajasthan State Mines & Minerals Limited, Udaipur for the year ended 31st March, 2009 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 27.11.2009.</p> <p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Rajasthan State Mines & Minerals Limited, Udaipur for the year ended 31st March 2009. 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. Based on my supplementary audit I would like to highlight following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report</p>	
<p>A. <u>Comments on Financial Position</u> Current Liabilities & Provisions (Schedule F-2) Provision for Gratuity : Rs.14.02 crore</p>	
<p>This includes LIC Premium of Rs.52.41 lakh pertaining to the period 2009-10. This has resulted in overstatement of provision for gratuity and understatement of profit and prepaid expenses by Rs.52.41 lakh.</p>	<p>Noted. Necessary accounting adjustment would be made in the financial year 2009-10.</p>
<p>B. <u>Comments on Disclosure</u> Accounting Policies and Notes on Accounts (Schedule 'G') Notes on Accounts</p>	
<p>A reference is invited to Note number '7' wherein the company stated that as per the joint venture agreement (27.12.2006) with Raj West Power Limited, Jaipur (RWPL), the company had received a sum of Rs.267.54 crore till date for purchase/acquisition of land for mining of lignite at Jalipa Kapurdi villages in the State of Rajasthan. As per note, the proceedings for purchase/acquisition of land had been initiated and the amount of Rs.267.54 crore was paid to land acquisition officer for acquisition of land.</p>	<p>Noted</p>



<p>However, as on 31.03.2009 the company has received a sum of Rs. 45 crore only from Raj West Power Limited being joint venture partner of Barmer Lignite Mining Company Limited towards purchase of land out of which the company paid a sum of Rs. 1.46 crore to the land acquisition officer and remaining amount was lying with the company in current account. The note does not reflect the position of money received as on 31st March, 2009. Thus, the note is deficient to this extent.</p>	
<p>2. The company entered (August 2009) into "Long Term Wage Agreement" with the recognized union revising the wage of workmen w.e.f. 1.10.2007. The company has disclosed this fact vide Note number '8'. However, the company has not quantified the same as required under AS-5. The impact on profit and loss account for the same was Rs. 29.39 crore.</p>	<p>The company has provided the liability of Rs 29.39 Crores in its books of accounts for the financial year 2008-09. The observation of AG regarding non mentioning of the amount in the relevant note is noted.</p>
<p>3. Claims against Company not acknowledged as debt – Note No. 1(i) – Rs. 277.13 crore. The Company did not include Rs. 5.51 crore being the amount of Rs. 1.12 crore claimed by National Construction Company, a mining contractor for extra load and lift which was referred to a committee of Board for examination and the amount of Rs. 4.39 crore demanded by the North Western Railways towards punitive charges, however, the Company contested the same and the case is pending before Hon'ble High Court.</p>	<p>Noted</p>
<p>4. Estimated amount of contracts remaining to be executed on Capital Account – Note No. 1(ii) – Rs. 25.40 crore. The above amount is understated by Rs. 21.24 lakh due to non-inclusion of the amount of unexecuted order of Bajaj Electricals Limited for supply, design, erection, testing and commissioning of 4 numbers of Mobile Lightning Towers.</p>	<p>Noted</p>
<p>C. Comments on Auditors' Report</p>	
<p>1. A reference is invited to qualification no. (vi) of para 'f' of the Statutory Auditors Report wherein it was stated that the land tax is payable only after the receipt of the notices of demands as such no expenditure should be booked where no demand notices received and in cases where demand notices were raised and self assessment was made the expenditure should be booked to the extent of assessed amount. Further, where the company had not assessed the amount of land tax and contested the demand notices should not be booked at all. The view of Statutory Auditor is not correct as the company had booked the liability as a matter of precaution as required under AS-29.</p>	<p>The comment of the AG is on the report of Statutory Auditor requiring no comments/clarifications from the management.</p>
<p>2. A reference is invited to the qualification no. (viii) of the para 'f' of Statutory Auditors report where in impact of the qualification was calculated based on the derived rates of seventh year where as till last year the same was calculated on the base of derived rate of that particular year. As a result of change in base of calculation the impact would be overstatement of current years profit by Rs. 2.35 crore (instead of Rs. 3.48 crore) and over statement of prior period profit by Rs. 15.85 crore (instead of Rs. 35.27 crore). Thus, the qualification is not correct to this extent.</p>	<p>The comment of the AG is on the report of Statutory Auditor requiring no comments/clarifications from the management</p>

<p>3. A reference is invited to the sub-para no. (x) of the para (f) of Statutory Auditors report where in it was reported that the company should have booked revenue for MR Cess levied by the Government of Rajasthan retrospectively as recoverable from consumers, however, the consumers went to court of law against recovery of same. As per AS-9 revenue should be booked only when there is reasonable certainty of realization, and in this case there is no reasonable certainty of realization, hence the treatment given by the company is correct.</p>	<p>The comment of the AG is on the report of Statutory Auditor requiring no comments/clarifications from the management</p>
<p>4. In sub-para no. (xi) of para (f) of Statutory Auditor's report wherein it is stated that the mining and operating expenses is overstated by Rs. 9.83 crore due to inclusion of payment of compensation on Rock Phosphate relating to the year 1993-94 to 2005-06 as the same should have been booked as the expenditure of the previous years instead of current year. However, the observation of Statutory Auditor is not correct as this was not due to errors and omissions, therefore, treatment given by the company is correct.</p>	<p>The comment of the AG is on the report of Statutory Auditor requiring no comments/clarifications from the management</p>
<p>5.A reference is invited to paragraph ix a of the annexure to the Statutory Auditors report where in the Statutory Auditor had commented that "entry tax payable to Commercial Taxes Department Rs. 1.45 crore" is undisputed statutory liability is not correct as the matter of levy of entry tax was pending with the Hon'ble Supreme Court.</p>	<p>The comment of the AG is on the report of Statutory Auditor requiring no comments/clarifications from the management</p>
<p>In view of comments Number C1 to C5 it was not proper on the part of the Statutory Auditor to express opinion that the Annual Accounts do not give a "True and Fair" view.</p> <p style="text-align: center;">For and on behalf of the Comptroller and Auditor General of India</p> <p style="text-align: center;">Meera Swarup Accountant General (C. & R. Audit) Rajasthan, Jaipur</p> <p>Place: Jaipur Date: 27.1. 2010</p>	<p style="text-align: center;">For and on behalf of the Board</p> <p style="text-align: center;">T. Srinivasan Chairman</p> <p>Place: Jaipur Date: 27.1. 2010</p>