



RAJASTHAN STATE MINES & MINERALS LIMITED

(A Government of Rajasthan Enterprise)

Board of Directors

as on 01.09.2012

| | |
|-------------------------|-------------------|
| Shri C. K. Mathew | Chairman |
| Shri Sunil Arora | Director |
| Dr. Govind Sharma | Director |
| Shri Sudhansh Pant | Director |
| Shri Naresh Pal Gangwar | Director |
| Shri A.C. Wadhawan | Director |
| Shri Ajitabh Sharma | Managing Director |

Financial Advisor

Shri M.L. Tailor

Registered Office

C - 89 - 90, Janpath,
Lal Kothi Scheme, Jaipur-302015

Company Secretary

Shri P.K. Jain

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www.rsmm.com

Auditors

M/s. P.C. Modi & Co.
Chartered Accountants

Bankers

IDBI Bank
ICICI Bank
State Bank of India
Punjab National Bank

Corporate Office

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NOTICE

In supersession of notice dated 08th September, 2012, the 65th Annual General Meeting of the shareholders of the company will now be held on Friday, 19th October, 2012 at 4.00 PM at the Registered Office of the company, C-89-90, Janpath, Lal Kothi Scheme, Jaipur - 302015 (Rajasthan) to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2012, Profit and Loss Account for the year ended on that date, the Auditors' Report thereon and the Report of the Board of Directors;
2. To appoint a Director in place of Shri Naresh Pal Gangwar who retires by rotation under Article 103 of the Articles of Association of the company and is eligible for reappointment;
3. To declare dividend for the financial year 2011-2012;
4. To fix the remuneration of the statutory auditors.

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

Pradeep K. Jain
Company Secretary

Place : Udaipur
Date : 19th September 2012

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.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors are pleased to present the 65th Annual Report on the business and operations of your company together with the Audited Statement of Accounts and Auditors' Report for the year ended on 31st March, 2012.

Financial Year 2011-2012

The Indian economy is expected to grow by 6.9 per cent in 2011-12, after having growth @ of 8.4 per cent in each of the two preceding years. The slowdown in Indian Economy in 2011-12 is not only for the last two years but it traces back to 2003 with an exception in 2008-09. Though the Agriculture and Service sectors are continuing to perform well, the slowdown in India's Economy can be attributed mainly to weakening industrial growth.

Despite of the recession in Indian economy and reported lower industrial growth, your company has been able to achieve excellent results in terms of total revenue, turnover and profitability. Your company could achieve higher profit due to better realization of price, efficient management and increase in production of Lignite and Limestone minerals.

Performance highlights during the reporting year are summarized below-

- | The total revenue increased to Rs. 1340.30 Crores, from previous year's revenue of Rs. 1125.01 Crores, registering a growth of 19.14 % over the previous year.
- | The Profit Before Tax (PBT) stood at Rs. 408.99 Crores as against the PBT of Rs. 271.69 Crores earned during the previous year, which is 50.54% higher than the previous year's profit.
- | The company's Profit After Tax (PAT) stood at Rs. 281.30 Crores which is higher by 49.20 % over the previous year's PAT of Rs. 188.54 Crores.
- | Earnings per Share (EPS), which indicates return on shareholders' investment, stood at Rs. 36.27 per share as compared with previous year's earning of Rs 24.31 per share, registering growth of 49.20 % over the previous year.
- | The output per employee, which is one of the key indicators for human resource productivity, also stood at the level of Rs. 71.23 Lac per employee as compared to Rs. 57.38 Lac during the previous year.



Financial Outcome

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

(Rs. in lakhs)

| Particulars | 2011-12 | 2010-11 |
|--|-----------------|-----------------|
| Profit after Interest but before Depreciation and Prior period Adjustments | 47985.39 | 34492.49 |
| Depreciation & amortisation | (6298.38) | (7209.11) |
| Prior Period Adjustments | (802.17) | (113.86) |
| Profit Before Tax | 40884.99 | 27169.52 |
| Provision for Current Tax | (14000.00) | (8000.00) |
| Tax Adjustment of Earlier Years | 30.36 | 103.94 |
| Exceptional Items | 14.99 | - |
| Deferred Tax Provision | 1200.24 | (419.64) |
| Net Profit after tax | 28130.44 | 18853.82 |
| Add : Balance brought forward from the previous year | 42.67 | 41.49 |
| Balance available for Appropriation | 28173.11 | 18895.31 |
| Appropriations | | |
| - General Reserve | 24500.00 | 17050.00 |
| - Proposed Dividend | 3102.06 | 1551.03 |
| - Tax on Proposed Dividend | 503.23 | 251.61 |
| Balance carried forward to Next Year | 67.82 | 42.67 |

Growth Indicators

(Rs. in lakhs)

| Particulars | 2011-12 | 2010-11 |
|--|-----------|-----------|
| Total Revenue | 134030.06 | 112500.86 |
| Cash Profit | 47985.39 | 34492.49 |
| Profit after tax | 28130.44 | 18853.82 |
| Net Worth | 116984.58 | 92453.78 |
| Basic and Diluted Earnings per Share (Rs.) | 36.27 | 24.31 |
| Output per Employee | 71.23 | 57.38 |

Disinvestment

The Government of Rajasthan in its budget announcement for financial year 2010-2011 had announced disinvestment of 10% equity of the company. Looking to the depressed market scenario, the Government of Rajasthan decided not to proceed further in the matter of disinvestment.

Financial Resources

CAPITAL STRUCTURE

SHARE CAPITAL

Authorized and paid up share capital of the company during the financial year 2011-12 remain unchanged. The authorized capital of the company was Rs.80.00 Crores (Rupees Eighty Crores only) as on 31st March, 2012.

The paid up capital of the company as on 31.3.2012 stood at 7,75,51,500 shares of Rs. 10/- each fully paid up, totalling to Rs. 77,55,15,000 (Rupees Seventy Seven Crores Fifty Five Lac Fifteen Thousand only).

Dividend

In view of encouraging performance of the company, your directors are pleased to recommend a dividend @ 40% of paid up share capital i.e. Rs. 4/- per share of the company for the financial year 2011-2012. The figure is double the amount paid in earlier years.

Unclaimed dividend

Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividend for the year 2004-2005 has been transferred during year under report to Investor Education & Protection Fund (IEPF) established by the Government of India.

Physical Performance

Strategic Business Unit & Profit Centre - Rock Phosphate

During the financial year 2011-12, production of high-grade ore (HGO) and low grade ore (LGO) was 9.64 Lac MT and 7.42 Lac MT respectively. The corresponding figures for the previous year were 9.32 Lac MT and 8.59 Lac MT. The sale of Rock Phosphate stood at 11.36 Lac MT during the financial year 2011-2012 as against sale of 12.57 Lac MT in the previous year. The total revenue earned by the unit during the year was Rs. 77991.07 Lac as against Rs. 66692.88 Lac earned during the previous year, registering a growth of 16.94%. Profit before tax was Rs. 255.71 Crores as against the previous year of Rs. 153.28 Crores, registering a growth of 66.82% over the previous year. This was mainly on account of better price realization in the market.

The total rock handling at the Jhamarkotra mines was 192.62 Lac MT against the previous year's 240.33 Lac MT. The shortfall in rock handling was mainly due to unprecedented heavy rains resulting in water logging in major mining areas in D & E blocks and consequent

contraction and low availability of working areas planned for excavation and development.

Strategic Business Unit & Profit Centre-Lignite

Production and sale of lignite stood at 10.60 Lac MT as against 8.83 Lac MT produced and sold during 2010-11, registering a remarkable growth of 20%.

Profit before tax was stood at Rs. 31.56 Crores as against previous year of Rs. 25.78 crores registering a growth of 22.42%. This was mainly on account of better price realization through e-auction and recommencement of production at Matasukh mines, Nagaur.

A preliminary work has been undertaken to re-start Kasnau pit as an integrated project at Nagaur. Production at Soneri mines, Barmer is expected to commence in the current financial year and it is expected to achieve production of 4.00 Lac MT during the financial year 2012-13.

The mine plan of Gurah West has already been approved by the Ministry of Coal. The acquisition of land of Gurah West is in progress. The production from this mine is expected to be commenced in the financial year 2013-14. The production of this mine will be supplied to 70 MW lignite based power plant to be set up by the bidder already identified by RRVPNL.

Mine blocks namely Shiv Kurla Mahabar, Sachha Sauda in Barmer district have already been allocated to the company. Obtaining necessary clearances / approval of above blocks is in progress.

Strategic Business Unit and Profit Centre – Gypsum

The production and sale of gypsum stood at 33.36 Lac MT and 33.65 Lac MT respectively in the year under report as against 34.63 Lac MT and 34.04 Lac MT in the year 2010-11. The total revenue of gypsum stood at Rs. 16897.28 Lac as against Rs. 16056.28 Lac registering a growth of 5.23% over the previous year. Three new mining leases namely Burasar, Larawala and Deheriya were sanctioned to the company during the year under report. Production in these mines is likely to commence in the current financial year 2012-13. A gypsum grinding unit is proposed to be setup in Bikaner district for which land has been identified. The company has also applied 18 new mining leases of gypsum mineral in the district of Bikaner, Hanumangarh, Jalore and Jaisalmer.

Strategic Business Unit and Profit Centre – Limestone

The steel grade limestone are produced at Jaisalmer and supplied to major steel plant in the country.



Chemical and cement grade limestone are produced from the Gotan deposit. The overall production of the limestone at Jaisalmer has shown growth during the year under report. The production and sales of limestone at Jaisalmer for the financial year stood at 27.59 Lac MT and 27.57 Lac MT for the year 2011-12, as against 25.75 Lac MT and 25.36 Lac MT respectively in the previous year registering 7.14% growth in production and 8.71% in sales over the previous year. Production of limestone from departmental crushing and screening plant has also reported to 8.55 Lac MT as against 7.24 Lac MT in previous year. Profit before tax was Rs. 26.61 Crores as against the previous year of Rs. 15.39 Crores, registering a growth of 72.82% over the previous year.

The demand of the limestone from steel manufactures has witnessed further increase in the year under report. SAIL, TISCO and Jindal Steel have increased their off take of limestone from Jaisalmer. It is expected that market of limestone will further improve in year 2012-2013. The company has applied for nine new mining leases of limestone during the reporting year.

A proposal for laying down rail line from Hameera to Sanu mines for smooth transportation of limestone to various steel plants is under consideration with the company.

Production and sales of limestone from Gotan stood at 4.73 Lac MT as against 5.05 Lac MT in the previous year. Production and sales of Fluorspar from Bhinmal stood at 212 MT only during the reporting year. However, due to exorbitant cost of land diversion demanded by Forest Department, the company has applied for surrender of 3 leases of fluorspar namely Karara, Tavidar and Lakhawas-II.

Non-Functional Units

Non-viable units Rajasthan Fluorspar Project (RFP) at Dungarpur and Mahi Graphite Project at Banswara and Green Marble Project, Keshariyaji have already been closed. Most of the mining leases of these projects have been surrendered to the Government. Remaining leases of non-functioning units are being surrendered to the Government.

Projects and New Ventures

Wind Power Project at Jaisalmer

Your company has forayed into generation of green energy through installing wind energy farms of 106.3 MW capacities at Jaisalmer. The power to the tune of

1515 Lac units was supplied in 2011-12 to State Grid from these eco friendly projects besides contributing to reduction of Co2 emission to the extent of 1.35 Lac tonne per year.

Carbon Credit

The company has earned 61511 CERs this year from UNFCCC towards its contribution in sustainable development and to protect global warming through green energy generation. The verification work for issuance of CERs for other two projects of the company is under progress and it is expected that additional CERs may be obtained in the next financial year.

Desalination Project at Kasnau - Matasukh Lignite Mines, Nagaur

A desalination plant of 20 MLD has been set up at Nagaur by M/s Nagaur Water Supply Company Pvt. Ltd (NWSCL) on DBOOT basis to treat brackish water of Kasnau-Matasukh project. The plant has the capacity to produce 13 MLD potable water for supplying to nearby villages in Nagaur district through PHED. The production of potable water commenced on 22.05.2010 and desalinated water is being supplied by RSMML to PHED for further distribution to 120 villages of Nagaur district.

Mining in Schedule Area

The company has been assigned the responsibility of developing mineral wealth of Tribal Sub Plan (TSP) area by the Government of Rajasthan. The company has taken several initiatives for development of mineral wealth of TSP area. The company has applied for 11 nos. of M.L for manganese deposit in Kushalgarh Tehsil of Banswara district, out of which 8 nos. of M.L. were recommended by Govt. of Rajasthan and forwarded to the Central Government for its approval. P.L. for one lease area of about 3000 hectares is also applied for Manganese. In the meantime, SAIL has shown its interest to become a joint venture partner with RSMML for manganese mining in TSP area. After few meetings with SAIL broad terms & conditions of a joint venture agreement has been finalized. A Joint Venture Agreement shall be executed shortly between RSMML & SAIL.

The company has also executed on 12th July, 2012 a Memorandum of Understanding with Hindustan Copper Limited for development of base metal deposit in TSP and other areas in Rajasthan. This will provide impetus to the development of metal deposits in the State for the benefit of people.

Potash

The Government of Rajasthan has reserved 878 hectares area for RSMML to explore and exploit Potash mineral through Joint Venture Company.

As reported earlier, for potash mining, RSMML has issued 'Expression of Interest' for joint venture partner in which company shall hold minimum 51% share. In response to it, six prominent firms had responded and given their detailed presentation regarding their capabilities, strength and future plan. All the 6 firms were issued the RFP document. However, single offer has been received from M/s Nuziveedu Seeds Pvt. Ltd. which is under consideration.

Geo-chemical mapping programme

As earlier reported, a tripartite agreement has been signed among the Geological Survey of India (GSI), Directorate of Mines & Geology (DMG) and Rajasthan State Mines & Minerals Limited (RSMML) for geochemical mapping in 8 district of Rajasthan. Process for setting up chemical laboratory at Udaipur is in progress. In first phase the work of sampling and field work has been undertaken in the district of Banswara and Dungarpur.

Deep-seated gypsum mining at Badwasi in Nagaur District

The work of preparation of mine plan and the environmental studies has been started for the deep-seated gypsum mining at Badwasi in Nagaur District.

Joint Venture Projects

RBG Mineral Industries Limited

A Memorandum of Understanding had earlier entered into with M/s Binani Industries Ltd and M/s Gujarat Mineral Development Corporation Ltd, for setting up a multi metal project at Deri and Basantgarh. Pursuant to the above, a joint venture company namely RBG Mineral Industries Ltd (RBGMIL) was incorporated. As per the MOU and our commitments, an application for transfer of mining lease of Deri in favour of RBGMIL has already been submitted to Govt. of Rajasthan.

Joint Venture with RCF

Rajasthan Rashtriya Chemicals and Fertilizers Limited (RRCFL) were incorporated with Rashtriya Chemicals and Fertilizers Limited (RCF) for setting up a facility to manufacture 850 TPD of Di-Ammonium Phosphate (DAP), at Kapasan in Chittorgarh district. RCF is having 51% shares, whereas RSMML is holding 49% of the equity in this company. The project was

initially conceived to meet the growing requirement of DAP in the country based on availability of raw materials like rock phosphate and sulphuric acid in the state which could not be taken up due to non viability of the project on account of international pricing of DAP.

It was decided to explore the possibility of setting up SSP plant in place of DAP for which RRCF has engaged M/s PDIL for carrying out study of financial viabilities of setting up SSP project in Rajasthan in current scenario.

Subsidiary Companies

Barmer Lignite Mining Company Limited (BLMCL)

M/s Barmer Lignite Mining Company Limited has been incorporated with 51% share holding of RSMM and remaining 49% equity with joint venture partner M/s Raj West Power Ltd (RWPL) for development, operation and extraction of lignite from Jalipa and Kapurdi mines block for supplying it to 1080 MW power plant being set up by RWPL in Barmer under Fuel Supply Agreement.

The company has acquired 22347.85 bigas of private land for Jalipa mining lease. Commercial production has been commenced from kapurdi lignite mine from October 2011. Four units of 135 MW each are generating power at Bhadres district Barmer. Mine development activities at Jalipa have been commenced.

The company has received in principle approval from Ministry of Road Transport and Highways (MORTH) on 24th September, 2009 for diversion of NH-15 passing through lease area. Pre-Feasibility Report for the project has been received from the consultant appointed by PWD (NH Division), Barmer. Preparation of Detailed Project Report (DPR) is under way.

Rajasthan State Petroleum Corporation Limited (RSPCL)

Rajasthan State Petroleum Corporation Limited has been formed as a wholly owned subsidiary of your company with the objective of conducting activities in the petroleum & natural gas sector. The Government of Rajasthan has approved the business line of oil refining, pipe line transport, gas retailing, city gas distribution, oil exploration, oil field support services for this company. The company has applied for allocation of a lignite block at Nagurda in Barmer-Sanchor basin for underground coal gasification to Ministry of Coal, New Delhi.



A joint venture agreement with GAIL GAS has already been finalized for undertaking city gas distribution and other non-regulated business and which is likely to be signed shortly

Foreign Exchange: Earnings and Outgo

The total foreign exchange earning was of Rs NIL and outgo was Rs. 7.68 Lac towards, travelling and other matters.

Research & Development, Technology Absorption and Conservation of Energy

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

Corporate Social Responsibility (CSR) Report

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. RSM is contributing generously towards rural development, education, health and other areas as a part of its Corporate Social Responsibility through various direct initiatives and contribution to Chief Minister Relief Fund.

Manpower

Human Resource Development & Training

Your company recognises human resource as the most valuable resource and strive to provide a conducive and congenial work environment along with facilities and opportunities for growth. Your company believes that the quality of human resource is the key driver of corporate success and accords priority for Human Resource Development with emphasis on improving skill, competence and knowledge through regular training and professional development programmes.

The company provides safe working environment which promotes the business of the company and growth of its employees in an effective and long-term manner. Eight (08) executives (Probationer Trainee) and Thirteen (13) workmen (Probationer

Trainee) including Eleven (11) compassionate appointment were recruited during the year under report. The manpower employed at the end of the financial year 2011-12 was 1788 as against 1879 employees last year.

Concern for Environment

The company is concerned for environment and has taken various steps including providing fund for undertaking various environmental management measures including pollution control and waste minimisation. Your company believes in following the entire 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.

Industrial Relations

Industrial relations in all mines and offices of the company remained cordial during the year under report. The industrial relations in the company are based on principles of joint consultation and participating management. All major issues pertaining to workmen are resolved through amicable process and discussions. Efforts were made to ensure strict compliance with the safety rules and procedures. Seminars on safety were organised to educate workforce and Safety Week is also being observed in all mines every year.

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

The information required under 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 is nil.

Audit Committee

The Audit Committee of the company constitutes Shri Sunil Arora, Shri Sudhansh Pant 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 on the Board of the company. In exercise of the same, GoR has appointed Shri C.K. Mathew as Chairman in place of Shri S. Ahmad. Shri

Ajitabh Sharma was appointed as Managing Director in place of Shri Akhil Arora. Shri Sudhansh Pant was also appointed as a Director on the Board.

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

Auditors

The appointment of Statutory Auditors is made by the Comptroller & Auditor General of India, New Delhi. M/s P. C. Modi & Company, Chartered Accountants, Jaipur were appointed to audit Annual Accounts for the financial year 2011-12.

Your Directors request you to authorise the Board of Directors to fix the remuneration of the auditors to be appointed by the Comptroller and Auditor General of India under Section 619 of the Companies Act, 1956 for the financial year 2012-13.

Acknowledgement

The Directors gratefully acknowledges and express their gratitude for valuable co-operation and continued support extended by the various Government Department, Financial Institutions, Bankers, Consultants and Customers. Your Directors also take this opportunity to thank CAG of India and Statutory Auditors for their co-operation and guidance.

Your company always holds the commitment and competence of its people in a very high esteem and considers it as one of its greatest strength. Your Directors place on record their sincere appreciation for all employees of the company for their contribution, co-operation and unstinted support towards the overall growth of the company.

For and on behalf of the Board

C.K. Mathew
Chairman

Place : Jaipur
Date : 17.08.2012



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 be the least cost producer in the segments in which it operates.

- | Installation of energy efficient High pressure Grinding Rolls in grinding circuit in Industrial Beneficiation Plant.
- | 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. Energy audit has been carried out through Petroleum Conservation Research Association (PCRA).
- | After successfully testing the bio-diesel, company has installed, commissioned and operated 1 TPD Jetropa 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 68000, liters of bio diesel. The Company is in the process of installing a bio-gas plant based on Jetropa cake and test the gas so produced for suitability of power generation. A research project is under active consideration.

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

- | Investment proposal amounting to Rs. 20.00 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:

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

B. 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) A research project has been awarded to MPUA&T, Udaipur for Rs. 11,62,500/- for three years to increase agronomic efficacy of secondary ore which is being produced as intermediate product and presently not used. The quantity is about 50 lakhs tonnes.
- (b) 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 for extension works of the PROM technology which in turn will save the subsidy burden by reducing the fertilizer requirement.
- (c) Converting the tailing rejects of IBP to direct application fertilizer as source of Magnesium in acidic soils. The results of trials under taken by Horticulture Research Station, Ooty are encouraging for three years. The Government of Tamilnadu has considered using the tailing as source of magnesium.
- (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. Desalination plant is installed and commissioned.

- (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 Rs. NIL
 - (ii) Recurring Rs. 36.12 Lac
 - (iii) Total R&D 0.027 %

expenditures as percentage
of total turnover

C. Technology absorption, adaptation and innovation

- 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - a) Company has developed the low cost organic fertilizer "PROM"

- b) Company is being operated 1 TPD bio-diesel pilot plant after successfully tested the use of bio-diesel.
- 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.
 - i) 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 are furnished as under.

- a) Technology imported. - Nil
- 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



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) | As in the opinion of the company, the development charges are not refundable, therefore the company did not accept the demand and accordingly no liability on this account has been provided for. However, the company has disclosed the amounts of demand as contingent liability.
- (f) (ii) | The company has provided liability for excess over burden handled by the contractor during the contract period of 7 years on the basis of recommendations of the sub-committee of the Board which were accepted by the Board of Directors in its 382nd meeting held on 21st July, 2011. Accordingly, in our opinion liability has adequately been provided.

Annexure to the Auditors' Report

- 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 the demand is raised.

For and on behalf of the Board

C.K. Mathew
Chairman

Place : Jaipur
Date : 17.08.2012

AUDITOR'S REPORT

To

The Members of

Rajasthan State Mines and Minerals Limited

1. We have audited the attached Balance Sheet of Rajasthan State Mines and Minerals Limited as at 31st March, 2012 and also the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in the paragraph 4 & 5 of the said order.
4. Further to our comments in the annexure referred to above, we report that: -
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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 those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement read with Significant Accounting Policies & Notes on Accounts as referred in Notes 1-40 comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) In accordance with the notification dated 21st October, 2003 issued by the Ministry of Finance-Department of Company Affairs the provisions of section 274(1) (g) of the Companies Act, 1956 regarding disqualification of directors are not applicable to Rajasthan State Mines and Minerals Limited being a Government Company.
 - f) We also report that:
 - (i) **The Development Charges on Gypsum and Limestone of ₹ 21.31 crores were refunded back by the government to the Company in the year 2006-07 as the levy of development charges was withdrawn since 1/04/2006. However, the said levy of ₹ 21.31 crores was recovered from the buyers while raising the bills/invoices. The Company had received certain claims from the buyers, as informed by the Company, amounting to ₹ 2.37 crores but the liability has not been provided. The total impact is that the Reserves and Surplus has been overstated by a total of ₹ 2.37 crores, Current Liabilities understated by ₹ 2.37 crores and Contingent Liabilities under the head 'Claims against company not acknowledged as debt' overstated by ₹ 2.37 crores.**
 - (ii) **The Contractor M/s National Construction Company has raised a claim based on the terms of contract between the Company and the Contractor, for Excess Wastage Handling Remuneration which has not been adequately provided for by the Company in its books of accounts. The claim has been provided for at ₹ 19.25 crores in the financial year 2009-10**



instead of ₹ 39.06 crores resulting into short provision of ₹ 19.81 crores. The total impact is that Reserves and Surplus has been overstated by a total of ₹ 19.81 crores, Current Liabilities understated by ₹ 19.81 crores and Contingent Liabilities under the head 'Claims against company not acknowledged as debt' overstated by ₹ 19.81 crores.

(iii) We further report that had the observations made by us in sub para nos. (i) and (ii) of para (f) above, been considered Reserves & Surplus would have been ₹ 1081.04 crores (as against ₹ 1103.22 crores as reported by the Company), Current Liabilities would have been ₹ 1518.36 crores (as against ₹ 1496.18 crores as reported by the Company), Contingent liabilities, under the head 'Claims against company not acknowledged as debt', would have been ₹ 408.83 crores (as against ₹ 431.01 crores as reported by the Company).

g) Subject to our comments in paragraph (f) above, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement read together with the Accounting Policies and other notes thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- b) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For P.C. Modi & Co
Chartered Accountants
FRN: 000239C

Place: Jaipur
Date: 7th August, 2012

Bharat Sonkhiya
Partner
Membership No. 403023

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 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.
- (b) All the fixed assets have been physically verified by the management during the year. There is a phased programme of physical verification of fixed assets by the management which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
- (c) Some of the fixed assets have been sold during the year, which do not amount to disposing off substantial part of the fixed assets of the Company.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals except as follows:-
 - i) Store Inventories at Lignite and Gypsum units.
 - ii) Stock of Rock Phosphate at B Block MGO (Rock Phosphate) at Jhamarkotra.
- (b) 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.
- (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and discrepancies noted on physical verification between the physical stocks and the books records were not material in relation to the operations of the Company and have been properly dealt with in the books of accounts.
- iii. According to the information and explanations given to us, 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, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods except in case of reconciliation of old outstanding balances appearing in the books of accounts of the Company relating to E-RSMDC and others. 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 no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, Clause 4(v) (b) of the Order is not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business. However, the system of Internal Audit needs to be strengthened in terms of timely completion and prompt remedial action.
- viii. According to the information and explanations given to us the cost records are under the process of



preparation. Hence, we have not reviewed the books of account required to be maintained by the Company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost records under clause (d) of subsection (1) of Section 209 of the Act. Considering the same, we are not able to give opinion on maintenance of cost records with a view to determine 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, etc., 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, 2012 for a period of more than six months from the date they became payable:

| S.No. | Nature of dues | Amount (₹ In lacs) |
|-------|--|---------------------|
| 1. | Royalty payable to DMG including Dead Rent(Gypsum) | 114.94 |
| 2. | Development Charges payable to DMG (Gypsum) | 22.04 |
| 3. | Royalty payable to DMG (Jaisalmer) | 176.28 |
| 4. | Royalty payable to DMG (Rock Phosphate) | 2192.93 |
| 5. | Premium Charges payable to DMG (Gypsum) | 72.21 |
| 6. | M. R. Cess (Gypsum) | 3.39 |
| 7. | Land Tax (Wind Mills, Banswara, Dungarpur, Gypsum) | 398.13 |
| 8. | Entry Tax | 383.79 |
| 9. | Service Tax on transportation (Limestone) | 27.73 |
| 10. | Contribution to PF | 1.16 |
| | Total | 3392.61 |

- (b) As at 31st March, 2012 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, etc. that have not been deposited (net of refund adjustments):

| S.No. | Name of Statute | Amount (₹ in Lacs) | Forum where dispute is pending |
|-------|---------------------|--------------------|---|
| 1. | MP Sales Tax | 6.22 | Commissioner of Sales Tax, Chhattisgarh |
| 2. | Rajasthan Sales Tax | 45.13 | Rajasthan Tax Board, Ajmer |
| 3. | Entry Tax | 206.14 | Dy. Commissioner (Appeal) |
| 4. | Land Tax | 10709.64 | RTB, Ajmer |
| | Total | 10967.13 | |

- x. The Company has neither accumulated losses as at 31st March, 2012 nor has it incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi. During the year the Company has not taken any loans from financial institutions, banks or debenture holders. Therefore, the said clause is not applicable to the Company.
- 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 financial statements 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.
- 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 have noticed that state Anti Corruption Bureau is investigating charges against one senior officer of Bikaner SBU & PC. The matter is under investigation. However, no details are yet available. Hence, financial impact, if any, is not ascertainable.

For P.C. Modi & Co
Chartered Accountants
FRN: 000239C

Place: Jaipur
Date: 7th August, 2012

Bharat Sonkhiya
Partner
Membership No. 403023



BALANCE SHEET AS AT 31st MARCH, 2012

(Amt in ₹)

| Particulars | Note No. | As at 31st March, 2012 | | As at 31st March, 2011 | |
|-----------------------------------|----------|------------------------|-----------------------|------------------------|-----------------------|
| I EQUITY AND LIABILITIES | | | | | |
| 1 Shareholders' Funds | | | | | |
| (a) Share Capital | 2 | 77,55,15,000 | | 77,55,15,000 | |
| (b) Reserves & Surplus | 3 | 1103,21,63,034 | 1180,76,78,034 | 857,96,47,948 | 935,51,62,948 |
| 2 Non-Current Liabilities | | | | | |
| (a) Long-term Borrowings | 4 | 55,62,500 | | 1,61,94,500 | |
| (b) Deferred tax Liabilities(Net) | 5 | 78,48,92,640 | | 90,49,17,037 | |
| (c) Other Long term Liabilities | 6 | 6,82,36,615 | | 8,97,72,646 | |
| (d) Long-term Provisions | 7 | 38,35,35,148 | 124,22,26,903 | 20,58,99,215 | 121,67,83,398 |
| 3 Current Liabilities | | | | | |
| (a) Trade Payables | 8 | 53,27,52,903 | | 43,05,34,506 | |
| (b) Other Current Liabilities | 9 | 1256,32,22,918 | | 913,30,04,105 | |
| (c) Short-term Provisions | 10 | 186,58,58,425 | 1496,18,34,246 | 107,26,84,904 | 1063,62,23,515 |
| TOTAL | | | 2801,17,39,183 | | 2120,81,69,861 |
| II ASSETS | | | | | |
| 1 Non-current assets | | | | | |
| (a) Fixed Assets | | | | | |
| (i) Tangible Assets | 11 | 584,02,50,949 | | 446,96,96,281 | |
| (ii) Capital Work-in-Progress | | 5,42,77,461 | | 6,03,13,327 | |
| (b) Non-current Investments | 12 | 1,28,45,004 | | 13,45,005 | |
| (c) Long-term loans and advances | 13 | 123,93,84,686 | | 267,44,22,841 | |
| (d) Other non-current assets | 14 | 12,21,23,955 | 726,88,82,055 | 12,78,80,282 | 733,36,57,736 |
| 2 Current Assets | | | | | |
| (a) Inventories | 15 | 70,74,03,598 | | 55,59,96,535 | |
| (b) Trade Receivables | 16 | 171,09,29,410 | | 100,26,67,928 | |
| (c) Cash & Bank Balances | 17 | 703,41,48,985 | | 576,73,01,882 | |
| (d) Short term Loans & Advances | 18 | 950,50,22,488 | | 500,27,43,613 | |
| (e) Other Current Assets | 19 | 178,53,52,647 | 2074,28,57,128 | 154,58,02,167 | 1387,45,12,125 |
| TOTAL | | | 2801,17,39,183 | | 2120,81,69,861 |

Significant Accounting Policies 1
Notes to Accounts 2-40

In terms of our report of even date

For P.C. Modi & Co.
Chartered Accountants
FRN: 000239C

Bharat Sonkhiya
Partner
Membership No. 403023

Place: Jaipur
Date: 7th August, 2012

Sudhansh Pant
Director

M.L. Tailor
Financial Advisor

For and on behalf of the Board
Ajitabh Sharma
Managing Director

P.K. Jain
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012

(Amt. in ₹)

| Particulars | Note No. | 2011-12 | 2010-11 |
|--|----------|-----------------------|-----------------------|
| INCOME | | | |
| I Revenue from operations | 20 | 1273,63,23,221 | 1078,15,67,231 |
| II Other Income | 21 | 66,66,82,562 | 46,85,18,308 |
| III Total Revenue (I+II) | | 1340,30,05,783 | 1125,00,85,539 |
| IV EXPENSES | | | |
| Purchase of Ore | | 15,61,65,507 | 1,62,38,151 |
| Changes in inventories of finished goods & Others | 22 | -15,01,43,805 | -11,45,42,138 |
| Employee benefit expenses | 23 | 135,40,27,748 | 126,07,43,326 |
| Finance costs | 24 | 12,21,11,428 | 1,55,96,978 |
| Depreciation & Amortisation expense | | 62,98,37,976 | 72,09,11,165 |
| Other Expenses | 25 | 712,23,06,270 | 662,28,00,149 |
| Total Expenses | | 923,43,05,124 | 852,17,47,631 |
| V Profit before Prior Period Adjustments, Exceptional Items & Tax | | 416,87,00,659 | 272,83,37,908 |
| Less : Prior Period Adjustments (Net) | 26 | 8,02,16,462 | 1,13,86,320 |
| VI Profit before Exceptional Items & Tax | | 408,84,84,197 | 271,69,51,588 |
| Add : Exceptional items (Refer Note No. 12.4) | | 14,99,999 | 0 |
| VIII Profit Before Tax | | 408,99,84,196 | 271,69,51,588 |
| IX Tax expense: | | | |
| Current Tax | | 140,00,00,000 | 80,00,00,000 |
| Tax of earlier years | | -30,35,661 | -1,03,93,819 |
| Deferred Tax | | -12,00,24,397 | 4,19,63,739 |
| X Profit for the year (VIII-IX) | | 281,30,44,254 | 188,53,81,668 |
| XI Earning Per equity share | | | |
| Basic and Diluted | 27 | 36.27 | 24.31 |
| Face value Per equity share | | 10.00 | 10.00 |
| Weighted Average Number of Equity Shares | | 7,75,51,500 | 7,75,51,500 |

Significant Accounting Policies

1

Notes to Accounts

2-40

In terms of our report of even date

Sudhansh Pant
 Director

For and on behalf of the Board
Ajitabh Sharma
 Managing Director

For P.C. Modi & Co.
 Chartered Accountants
 FRN: 000239C

M.L. Tailor
 Financial Advisor

P.K. Jain
 Company Secretary

Bharat Sonkhiya
 Partner
 Membership No. 403023

 Place: Jaipur
 Date: 7th August, 2012



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012
(Amt in ₹)

| Particulars | Year Ended | | Year Ended |
|---|--------------|---------------------|------------------------|
| | 31.03.2012 | | 31.03.2011 |
| A Cash Flow From Operating Activities | | | |
| Net Profit Before Tax | | 4089984196 | 2716951588 |
| Adjustments For : | | | |
| Depreciation | 629790006 | | 662340817 |
| Miscellaneous Expenditure written off | 2449389 | | 382512 |
| Miscellaneous Expenditure paid | (1883941) | | (1347243) |
| Reversal of diminition in value of shares | (1499999) | | |
| Interest received | (593557585) | | (267566769) |
| Dividend Income | (10000) | | (10000) |
| Interest expenditure | 122055861 | | 15492799 |
| Impaired/Obsolesion loss on assets | 1792604 | | 316192 |
| Fixed and other Assets Written Off | 134562 | | 11813 |
| Profit/Loss on sale of Fixed Assets (Net) | 91025 | 159361922 | (5680117) 403940004 |
| Operating Profit Before Working Capital Change | | 4249346118 | 3120891592 |
| Change In Working Capital (Excluding Cash & Bank Balance) | | | |
| Inventories | (151407063) | | (157506347) |
| Trade receivables | (708261482) | | (257664) |
| Loans & advances & other assets | (1922905597) | | (3714633370) |
| Trade payables, other liabilities and provisions | 3701446049 | 918871907 | 3707516672 (164880709) |
| Cash Generated From Operation | | 5168218025 | 2956010883 |
| Less: Direct Taxes Paid net of refund(including TDS) | | (872405284) | (767073227) |
| Net Cashflow From Operating Activities | | 4295812741 | 2188937656 |
| B Cash Flow From Investing Activities | | | |
| Addition/Price revision in Fixed Assets | (3301128696) | | (182862681) |
| Sale of Fixed and Other Assets | 1547918 | | 7834544 |
| Dividend Income | 10000 | | 10000 |
| Investment in share application money | (10000000) | | 0 |
| Interest Income | 593557585 | | 267566769 |
| Net Cash (Used) In/From Investing Activities | | (2716013193) | 92548632 |
| C Cash Flow From Financing Activities | | | |
| Payment of Dividend | (155103000) | | (155103000) |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012
Contd ...

| | Year Ended 31.03.2012 | Year Ended 31.03.2011 |
|---|--------------------------|--------------------------|
| Payment of Corporate Dividend Tax | (25161584) | (25760670) |
| Refund/Adjustment of Deferred Payment Credit | (10632000) | (16194500) |
| Interest paid | (122055861) | (15492799) |
| Net Cash (Used) In/From Financing Activities | (312952445) | (212550969) |
| D Net Change In Cash & Cash Equivalents(A+B+C) | 1266847103 | 2068935319 |
| E Cash & Cash Equivalents at beginning of the year | 5767301882 | 3698366563 |
| F Cash & Cash Equivalents at end of the year | 7034148985 | 5767301882 |

Net Change In Cash & Cash Equivalent (F-E) **1266847103** **2068935319**

Notes: ₹ In lac ₹ In lac

1 Cash & Cash Equivalent held by the Company and not available for use by it. 6392.41 27853.24

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 Addition/Purchase of Fixed Assets includes movement of Capital Works in Progress & Capital Advances during the year.

4 Previous Year's figures have been recasted/regrouped, wherever necessary, to conform to the current years' presentation.

In terms of our report of even date

For P.C. Modi & Co.
Chartered Accountants
FRN: 000239C

Bharat Sonkhiya
Partner
Membership No. 403023

Place: Jaipur
Date: 7th August, 2012

Sudhansh Pant
Director

M.L. Tailor
Financial Advisor

For and on behalf of the Board
Ajitabh Sharma
Managing Director

P.K. Jain
Company Secretary



ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 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.

1.2 Valuation of Inventories, Stores & Spares:

(a) Inventory:

The valuation of inventories is carried out on the principle of net realizable value or cost of production whichever is less.

(b) Stores & Spares:

Stores and Spares are valued at their weighted average cost.

(c) CERS/ VERs in hand

CERS/VERs are valued at cost incurred for their certification or net realisable value whichever is lower.

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

1.4 (a) Obsolete spares, stores are taken at Nil value.

(b) 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”.

1.5 Fixed Assets & Depreciation

(a) 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.

(b) Depreciation has been provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(c) Depreciation on High Grade Ore crushers at Jhamarkotra Mines has been provided for treating as a part of surface mining machinery.

(d) Cost of leasehold land is amortized over the period of lease.

(e) Cost of freehold mining land remained unusable after excavation of minerals is amortized on the basis of minerals actually produced during the year to the total estimated mineable reserves reckoning from the year in which regular production is commenced.

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

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

(h) Depreciation on assets not owned by the Company is amortized over a period of five years from the year of completion.

1.6 Additional liability, if any, in respect of taxes and duties is accounted for when such liability is ascertained with reasonable certainty.

1.7 Retirement Benefits

(a) 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 statement of profit and loss.

- (b) 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.
- (c) Liability of leave encashment is accounted for on the basis of actuarial valuation.
- (d) Actuarial gains and losses are charged to statement of profit and loss .
- (e) Payments made under the Voluntary Retirement Scheme are charged to the statement of profit and loss as and when incurred

1.8 Assests and Liabilities in foreign currency are translated at the rates prevailling at the close of the year.

1.9 Investments

- (a) Long term investments are valued at cost less provisions, if any, for diminutions, other than temporary, in the value of such investments.
- (b) Equity shares of Joint Sector/Assisted Sector are valued at token value of ₹1 except shares in Mayur Inorganics Ltd., Rajasthan Rashtriya Chemicals & Fertilizers Limited and Tedco Granite Ltd. which have been valued at lower of cost and realizable value.

1.10 Revenue Recognition

- (a) Revenue from the sale of goods and services rendered is recognized upon passage of title and rendering of services to the customers.
- (b) 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.

1.11 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.

1.12 Forest Plantation & Environment

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

1.13 Deferred Revenue Expenditure

The expenditure incurred on survey, prospecting and development of mines are deferred, till the mining operation commences/ is 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 statement of profit & loss in the same year.

1.14 Mine Closure Expenses

Concurrent mine closure expenses are accounted for as and when incurred. Expenditure on Final mine closure plan of lignite are charged annually as revenue expenses in accordance with the Guidelines issued by the Ministry of Coal, Government of India in this respect , considering life of the mine and other relevant data as per technical estimations.



1.15 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 “Other Current Liabilities” for future expenses.

1.16 Segment Reporting

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

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

1.17 Earning per share

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

1.18 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liabilities is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

2 SHARE CAPITAL

(Amt In ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|--|--------------------------|--------------------------|
| AUTHORISED 8,00,00,000 Equity Shares of ₹10/- each (Previous Year 8,00,00,000 Equity Shares of ₹ 10/- each) | 80,00,00,000 | 80,00,00,000 |
| ISSUED, SUBSCRIBED AND PAID-UP 7,75,51,500 Equity Shares of ₹10/- each fully paid-up (Previous year, 7,75,51,500 Equity Shares of ₹10/- each fully paid-up) | 77,55,15,000 | 7,55,15,000 |
| Total | 77,55,15,000 | 77,55,15,000 |

2.1 Details of shares held by Shareholders holding more than 5% Shares

(Amt In ₹)

| Particulars | 31/03/2012 | | 31/03/2011 | |
|-------------------------|---------------|--------|---------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Government of Rajasthan | 7,75,46,489 | 99.99 | 7,75,46,489 | 99.99 |

2.2 The reconciliation of the number of shares outstanding is set out below-

(Amt In ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| Equity shares at the beginning of the year | 7,75,51,500 | 7,75,51,500 |
| Add: Issued during the year | 0 | 0 |
| Less : Shares cancelled on buy back during the year | 0 | 0 |
| Equity shares at the end of the year | 7,75,51,500 | 7,75,51,500 |

2.3 Terms/right attached to equity shares-

The Company has one class of equity share having a par value of ₹ 10 per share . Members of the Company holding equity share capital therein have a right to vote on every resolution placed before the Company and right to receive dividend.Each shareholder is eligible for one vote per share held.



3 RESERVES & SURPLUS

(Amt In ₹)

| Particulars | | | As at | As at |
|--|----------------------|----------------------|-----------------------|----------------------|
| | 31st March, 2012 | 31st March, 2011 | 31st March, 2012 | 31st March, 2011 |
| Capital Reserve | | | 10,83,93,493 | 10,83,93,493 |
| General Reserve | | | | |
| As per last balance sheet | 846,69,87,799 | 676,19,87,799 | | |
| Add: Transferred from statement of Profit and Loss | 245,00,00,000 | 170,50,00,000 | 1091,69,87,799 | 846,69,87,799 |
| Surplus in statement of Profit and Loss | | | | |
| As per last balance sheet | 42,66,656 | 41,49,572 | | |
| Add: Profit for the year | 281,30,44,254 | 188,53,81,668 | | |
| | 281,73,10,910 | 188,95,31,240 | | |
| Less: Appropriations | | | | |
| (a) Proposed Dividend on Equity Shares | 31,02,06,000 | 15,51,03,000 | | |
| (b) Tax on Dividend | 5,03,23,168 | 2,51,61,584 | | |
| (c) Transferred to General Reserves | 245,00,00,000 | 170,50,00,000 | 67,81,742 | 42,66,656 |
| Total | | | 1103,21,63,034 | 857,96,47,948 |

- 3.1 The dividend proposed by the Board of directors is subject to the approval in the ensuing Annual General Meeting, except in case of interim dividend. During the year ended 31st March 2012 the amount of per share final dividend recognised as distribution to equity shareholders was ₹ 4 per share (F. Y. 2010-11: ₹ 2 per share).

4 LONG TERM BORROWINGS

(Amt In ₹)

| Particulars | As at | As at |
|--|------------------|--------------------|
| | 31st March, 2012 | 31st March, 2011 |
| UNSECURED | | |
| Deferred Payment Liabilities | 1,64,81,000 | 3,26,71,500 |
| Less Transferred to other current liabilities (Refer Note No. 9) | 1,09,18,500 | 1,64,77,000 |
| Total | 55,62,500 | 1,61,94,500 |

5 DEFERRED TAX LIABILITIES (NET)

(Amt in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|--|--------------------------|--------------------------|
| Deferred Tax Liabilities | | |
| Difference between book value of Depreciable Assets as per books of accounts and written down value for tax purposes | 91,68,55,824 | 102,48,44,117 |
| Deferred Revenue Expenditure | 13,79,548 | 0 |
| | 91,82,35,372 | 102,48,44,117 |
| Deferred Tax Assets | | |
| Provision for doubtful debts, claims & advances | 2,95,83,129 | 3,20,34,720 |
| Provision for Leave Encashment | 7,65,39,499 | 6,79,93,162 |
| Provision for Bonus | 0 | 3,14,617 |
| Deferred Revenue Expenditure | 0 | 23,56,019 |
| Others | 2,72,20,104 | 1,72,28,562 |
| | 13,33,42,732 | 11,99,27,080 |
| | 78,48,92,640 | 90,49,17,037 |

6 OTHER LONG TERM LIABILITIES

(Amt in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|-------------------|--------------------------|--------------------------|
| Security Deposits | 6,82,36,615 | 8,97,72,646 |
| Total | 6,82,36,615 | 8,97,72,646 |

7 LONG TERM PROVISIONS

(Amt in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| (a) Provision for employees benefits | | |
| Provision for Leave Encashment | 23,19,99,148 | 20,58,99,215 |
| (b) Others | | |
| Provision for Mine closure (Refer note no 25.3) | 15,15,36,000 | 0 |
| Total | 38,35,35,148 | 20,58,99,215 |

8 TRADE PAYABLES

(Amt in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|----------------------------------|--------------------------|--------------------------|
| UNSECURED | | |
| Due to Micro & Small Enterprises | 17,80,104 | 39,27,643 |
| Others | 53,09,72,799 | 42,66,06,863 |
| Total | 53,27,52,903 | 43,05,34,506 |



- 8.1 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" on the basis of the information received from various supplier/vendor the requisite information is as under-

(Amt in ₹)

| Particulars | Amount 2011-12 | Amount 2010-11 |
|--|-------------------|-------------------|
| Delayed payments due - Principal | 1,07,99,223 | 35,61,789 |
| Interest due | 4,48,836 | 2,65,096 |
| Total interest paid on all delayed payments during the year under the provisions of the Act | 0 | 0 |
| Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act | 4,44,836 | 2,65,096 |
| Interest accrued but not due | 0 | 0 |
| Total Interest due but not paid | 4,44,836 | 2,65,096 |

9. OTHER CURRENT LIABILITIES

(Amt in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| Current Maturity of Deferred Payment Liabilities (Refer note No .4) | 1,09,18,500 | 1,64,77,000 |
| Unclaimed Dividend | 38,062 | 37,842 |
| Security Deposits | 9,34,97,116 | 3,62,55,662 |
| Advances from customers & Others | 42,85,49,901 | 65,89,30,990 |
| Subsidiary Companies | 987,28,23,992 | 735,97,11,915 |
| Other payables | 215,73,95,347 | 106,15,90,696 |
| Total | 1256,32,22,918 | 913,30,04,105 |

- 9.1 As per the system prevailed in the Company upto the year 2010-11, the Demand Drafts/Pay Orders towards Earnest Money were being kept till the award of the work/purchase order and were being returned back in original. The Company was having Demand Drafts/Pay Orders amounting to ₹ NIL (Previous year ₹ 2,78,11,073/) in hand as on 31/03/2012.
- 9.2 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.
- 9.3 In compliance of Gazette notification dated 10th April 2003, Royalty on Rock Phosphate & Gypsum was being paid to DMG at rate declared by the Indian Bureau of Mines (IBM) on the month wise bench mark price of these minerals. Since IBM is declaring the bench mark prices after a gap of six-seven months which are effective retrospectively, there remains some difference in the amount of royalty collected and payable to DMG on Rock phosphate as per the IBM formula. The Company had issued demand letters in earlier years to its customers for Rock Phosphate 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 letter. 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.

10. SHORT TERM PROVISIONS

(Amt in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| (a) Provision for employees benefits | | |
| Leave encashment | 39,06,227 | 36,65,163 |
| Gratuity | 10,14,23,030 | 8,87,55,157 |
| (b) Others | | |
| Proposed Dividend | 31,02,06,000 | 15,51,03,000 |
| Tax on proposed dividend | 5,03,23,168 | 2,51,61,584 |
| Income Tax | 140,00,00,000 | 80,00,00,000 |
| Total | 186,58,58,425 | 107,26,84,904 |

10.1 As per Accounting Standard 15 "Employees Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

(₹ in Lacs)

| Particulars | 2011-12 | 2010-11 |
|--|---------|---------|
| Employer's Contribution to Provident & Pension Funds | 896.94 | 837.05 |

10.2 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, incurred by the trust on account of difference in declared rate and income earned or other reasons. During the year there was a deficiency to the tune of ₹ 175.48 lacs(Previous year ₹ 260.25 lacs) which has been booked under the head of Welfare.

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

(₹ in Lacs)

| Particulars | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) |
|---|----------------------|-----------------------------------|----------------------|-----------------------------------|
| | 2011-12 | 2011-12 | 2010-11 | 2010-11 |
| Present value of obligations at beginning of the year | 7611.55 | 2095.64 | 6187.76 | 1684.61 |
| Current Service Cost | 290.11 | 153.90 | 196.29 | 49.98 |
| Interest Cost | 608.92 | 167.65 | 495.02 | 134.77 |
| Actuarial loss | 1107.69 | 205.88 | 979.86 | 285.79 |
| Benefits paid | -1016.20 | -264.02 | -247.38 | -59.51 |
| Present value of obligations at end of the year | 8602.07 | 2359.05 | 7611.55 | 2095.64 |



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

(₹ in Lacs)

| Particulars | Gratuity (Funded) | Gratuity (Funded) |
|--|-------------------|-------------------|
| | 2011-12 | 2010-11 |
| Fair value of plan assets at beginning of the year | 6724.00 | 5994.12 |
| Expected return on plan assets | 702.38 | 587.33 |
| Employer Contribution | 1177.66 | 389.93 |
| Benefits paid | -1016.20 | -247.38 |
| Fair value of plan assets at end of the year | 7587.84 | 6724.00 |
| Actual return on plan assets | 702.38 | 587.33 |

III. Reconciliation of fair value of assets and obligation

(₹ in Lacs)

| Particulars | Gratuity (Funded) | Gratuity (Funded) |
|--|-------------------|-------------------|
| | 2011-12 | 2010-11 |
| Fair value of plan assets at end of the year | 7587.84 | 6724.00 |
| Present value of obligation at end of the year | 8602.07 | 7611.55 |
| Liability recognized in Balance Sheet | 1014.23 | 887.55 |

IV Expense recognized during the year

(₹ in Lacs)

| Particulars | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) |
|--------------------------------|-------------------|-----------------------------|-------------------|-----------------------------|
| | 2011-12 | 2011-12 | 2010-11 | 2010-11 |
| Current Service Cost | 290.11 | 153.90 | 196.29 | 49.98 |
| Interest Cost | 608.92 | 167.65 | 495.02 | 134.77 |
| Expected return on plan assets | -702.38 | - | -587.33 | - |
| Actuarial loss | 1107.69 | 205.88 | 979.86 | 285.79 |
| Net Cost | 1304.34 | 527.43 | 1083.84 | 470.54 |

V Actuarial assumptions

(₹ in Lacs)

| Particulars | Gratuity | Leave | Gratuity | Leave |
|---|----------|------------|----------|------------|
| | (Funded) | Encashment | (Funded) | Encashment |
| | 2011-12 | (Unfunded) | 2010-11 | (Unfunded) |
| | 2011-12 | 2011-12 | 2010-11 | 2010-11 |
| Mortality Table (LIC) | | | | |
| Discount rate (Per annum) | 8.00% | 8.00% | 8.00% | 8.00% |
| Expected rate of return on plan assets (per annum) | 8.50% | NA | 7.50% | NA |
| Rate of escalation in salary (per annum) | 8.50% | 8.50% | 7.50% | 7.50% |

The estimates of rate of escalation in salary considered in actuarial valuation, takes 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.



11. FIXED ASSETS (Amt in ₹)

| PARTICULARS | GROSS BLOCK | | DEPRECIATION | | | NET BLOCK | | | | |
|-----------------------------------|---------------------------|----------------------|-------------------------|----------------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|----------------------|
| | Total Cost as at 1.4.2011 | Additions 2011-12 | Deductions/ Adjustments | Total Cost as at 31.3.2012 | Up To 31.3.2011 | for the year 2011-12 | Deductions/ Adjustments | Upto 31.03.2012 | As at 31.03.2012 | As at 31.03.2011 |
| TANGIBLE ASSETS | | | | | | | | | | |
| Mining Land | 21,44,13,518 | 188,62,24,116 | | 210,06,37,634 | 1,06,88,723 | 17,44,026 | 0 | 1,24,32,749 | 208,82,04,885 | 20,37,24,795 |
| Free Hold | 2,22,61,764 | 1,53,62,368 | | 3,76,24,132 | 0 | | 0 | 0 | 3,76,24,132 | 2,22,61,764 |
| Lease Hold | 5,99,79,583 | | | 5,99,79,583 | 90,48,274 | 8,18,720 | 0 | 98,66,994 | 5,01,12,589 | 5,09,31,309 |
| Buildings | 33,44,44,907 | 4,40,05,715 | 6,88,340 | 37,77,62,282 | 18,47,77,532 | 1,17,32,295 | 6,62,056 | 19,58,47,771 | 18,19,14,511 | 14,96,67,375 |
| Railway Rakes- Leased to Railways | 24,78,86,511 | | | 24,78,86,511 | 21,99,76,615 | 38,82,268 | | 22,38,58,883 | 2,40,27,628 | 2,79,09,896 |
| Railway Sidings | 84,54,151 | | | 84,54,151 | 76,68,560 | 1,09,276 | | 77,77,836 | 6,76,315 | 7,85,591 |
| Plant & Machinery | 217,54,78,170 | 4,40,03,107 | 7,61,27,741 | 214,33,53,536 | 174,73,35,604 | 11,29,19,436 | 7,08,91,679 | 178,93,63,361 | 35,39,90,175 | 42,81,42,566 |
| Power Plant | 12,43,73,039 | | | 12,43,73,039 | 11,29,18,162 | 15,93,373 | | 11,45,11,535 | 98,61,504 | 1,14,54,877 |
| Wind Power Plant | 531,19,97,334 | | | 531,19,97,334 | 193,03,60,070 | 47,03,85,744 | | 240,07,45,814 | 291,12,51,520 | 338,16,37,264 |
| Furniture & Fittings | 3,38,85,406 | 5,56,149 | 5,81,234 | 3,38,60,321 | 2,15,17,009 | 23,75,484 | 5,28,607 | 2,33,63,886 | 1,04,96,435 | 1,23,68,397 |
| Vehicles | 4,16,40,232 | 1,47,63,326 | 27,51,174 | 5,36,52,384 | 3,21,64,615 | 40,98,514 | 26,97,763 | 3,35,65,366 | 2,00,87,018 | 94,75,617 |
| Water Supply Plant & Pipeline | 16,24,41,538 | 2,09,337 | 8,700 | 16,26,42,175 | 13,11,37,434 | 43,58,154 | 8,897 | 13,54,86,691 | 2,71,55,484 | 3,13,04,104 |
| Dam | 5,46,42,501 | | | 5,46,42,501 | 5,13,51,403 | 4,57,792 | | 5,18,09,195 | 28,33,306 | 32,91,098 |
| Office & Other Equipment | 6,25,39,090 | 71,31,179 | 14,88,250 | 6,81,82,019 | 4,64,24,565 | 49,82,777 | 13,99,184 | 5,00,08,158 | 1,81,73,861 | 1,61,14,525 |
| Electrical Equipment & Inst. | 23,07,56,725 | 18,96,432 | 28,953 | 23,26,24,204 | 18,27,40,755 | 72,86,419 | 26,693 | 19,00,00,481 | 4,26,23,723 | 4,80,15,970 |
| Road | 11,60,88,749 | | | 11,60,88,749 | 6,40,23,483 | 26,03,263 | | 6,66,26,746 | 4,94,62,003 | 5,20,65,266 |
| Tailing Dam | 4,73,25,639 | | | 4,73,25,639 | 4,60,54,189 | 4,42,465 | | 4,64,96,654 | 8,28,985 | 12,71,450 |
| Obsolete Machinery | | | | | | | | | 87,04,937 | 68,11,533 |
| Machinery in stores/ at site | | | | | | | | | 22,21,938 | 1,24,62,884 |
| Total | 924,86,08,857 | 201,41,51,729 | 8,16,74,392 | 1,118,10,86,194 | 479,81,86,993 | 62,97,90,006 | 7,62,14,879 | 535,17,62,120 | 584,02,50,949 | 446,96,96,281 |
| Previous Year | 914,65,39,298 | 15,08,36,571 | 4,87,67,012 | 924,86,08,857 | 418,32,10,512 | 72,09,11,165 | 10,59,34,684 | 479,81,86,993 | 446,96,96,281 | |

- 11.1 Free hold land includes ₹ 62,16,030/- located at Bhatt ji ki Bari, Udaipur given on conditional Lease of ₹ 1/- p.a. to American International Health Management Ltd.(AIHML) for 99 Years.
- 11.2 Electric instalation includes ₹ 1,31,78,550/-(Gross) being power lines at Nagaur & Barmer which is not owned by the Company.
- 11.3 Depreciation for the year includes ₹ 47970 (Prev. Year Rs Nil) in respect of earlier years.
- 11.4 The cost of land includes ₹ 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 ₹ 164818466/- so far.
- 11.5 The cost of land includes ₹ 1,52,70,872/- (Previous year ₹ 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 land owners took payment of ₹ 5419044 /-(Previous year ₹ 5419044 /-). The balance amount has been 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.
- 11.6 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 ₹ 26869.25 Lac to the Company for purchase/acquisition of Land for Mining of Lignite at Kapuradi villages in the state of Rajasthan. The proceedings for purchase/acquisition of Land have been initiated and the amount of ₹ 26825.77 Lac has been paid to Land acquisition Officer for acquisition of land and ₹ 43.48 Lac has been refunded back to JV Company. Though the possession of the land has been taken but the mutation of the land in favour of Company is yet to be completed. After the mutation ,the land shall be transferred in favour of BLMCL. As the Company has acquired the land to be transferred in favour of the Company and not to be used by RSMML, the same is not being shown as the fixed assets of RSMML.
- 11.7 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 ₹ 70925.55 Lac to the Company for purchase/acquisition of Land for Mining of Lignite at Jalipa villages in the state of Rajasthan. The proceedings for purchase/acquisition of Land have been initiated and the amount of ₹ 66191.95 Lac has been paid to Land acquisition Officer for acquisition of land upto 31.03.2012. After the mutation of the land, the same shall be transferred in favour of BLMCL. As the Company has acquired the land to be transferred in favour of the Company and not to be used by RSMML, the same is not being shown as the fixed assets of RSMML.
- 11.8 In compliance of the award of the Government, an amount of ₹ 3341.75 lacs has been paid to Land acquisition Officer for acquisition of land at Gudawest . The land acquisition and mutation is in progress. Hence the same is not being shown fixed assets of the Company.
- 11.9 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)
- 11.10 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.



- 11.11 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.
- 11.12 The Company has submitted a solvency security certificate to the Jodhpur Bench of Hon'ble High Court Rajasthan in favour of North Western Railway & other Railway Authorities Jodhpur on assets of the Company in a case bearing no. D.B. SAW no. 697/2008 filed by the Company against Railway relating to payment of punitive charges amounting to ₹ 7,60,57,373/- imposed on the Company.

12 Non Current Investments

(Amt in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 | As at 31st March,2012 | As at 31st March,2011 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| LONG TERM (OTHER THAN TRADE) | | | | |
| A IN EQUITY INSTRUMENTS | | | | |
| (a) Subsidiaries | | | | |
| (i) 1,02,00,000 Equity Shares in Barmer Lignite Mining Company Limited of ₹ 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 ₹ 10/- each fully paid-up) (Previous Year 1,00,000 Equity Shares) | | | 10,00,000 | 10,00,000 |
| (iii) Application money paid to RSPCL | | | 100,00,000 | 0 |
| (b) Joint Sectors/assisted sectors | | | | |
| Unquoted | | | | |
| (i) 24500 Equity Shares in Rajasthan Rashtriya Chemicals & Fertilisers Limited Ltd. of ₹ 10/- Each Fully Paid up(Previous year 24500 shares) | | | 2,45,000 | 2,45,000 |
| (ii) 9,000 Equity Shares in Rajesh Mineral Inds. Ltd Ltd. of ₹ 100/- Each Fully Paid up (Previous year 9,000 shares) Less :Diminution in value | 9,00,000 8,99,999 | 9,00,000 8,99,999 | 1 | 1 |
| (iii) 10,000 Equity Shares in Mayur Inorganics Ltd. of ₹ 10/- Each Fully Paid-up (Previous year 10,000 shares) | | | 1,00,000 | 1,00,000 |
| (iv) 300000 Equity Shares (including 150000 Bonus in Tedco Granite Limited ₹ 10/- Each Fully Paid up) (Previous year 15,000 shares of ₹ 100/- Each Fully Paid up) Less :Diminution in value | 15,00,000 0 | 15,00,000 14,99,999 | 15,00,000 | 1 |
| Quoted | | | | |
| (a) Under buy back arrangement | | | | |
| (i) 1,43,000 Equity Shares In Mewar Marbles Ltd of ₹ 10/- Each Fully paid-up. Last quoted at ₹ 7/-Per Share at Mumbai Stock Exchange in 1996-97 (Previous year 1,43,000 shares) Less :Diminution in value | 14,30,000 14,29,999 | 14,30,000 14,29,999 | 1 | 1 |
| (ii) 3,00,000 Equity Shares in Nihon Nirman Ltd of ₹ 10/- each fully paid-up.last quoted at ₹ 2/-per share at Kolkata Stock Exchange in Aug.1997 (Previous year 3,00,000 shares) Less :Diminution in value | 30,00,000 29,99,999 | 30,00,000 29,99,999 | 1 | 1 |
| (b) Others | | | | |
| 1,72,500 Equity Shares In Nihon Nirman Ltd of ₹ 10/- each fully paid-up.last quoted at ₹ 2/-per share at Kolkata Stock Exchange in Aug.1997 (Previous year 1,72,500 shares) Less :Diminution in value | 17,25,000 17,25,000 | 17,25,000 17,25,000 | - | - |
| Total | | | 128,45,004 | 13,45,005 |



- 12.1 The Company has formed a joint venture company with Raj West Power Limited, Jaipur (RWPL) in the name of Barmer Lignite Mining Company Ltd. Jaipur (BLMCL). BLMCL will undertake the work of Lignite mining in Jalipa Kapuradi areas of Barmer District and supply the same to RWPL for its Lignite based pit head power plant. As per the terms of the agreement between RSMML & RWPL, RSMML shall have 51% shares in BLMCL and RWPL will hold the remaining 49% of the equity of the JV Company. BLMCL has allotted 1,02,00,000 shares (Previous year 1,02,00,000 shares) to the Company having face value of ₹ 1020.00 Lac till 31.03.2012 (Previous year ₹ 1020.00 Lac). These shares are shown as investment at a token value of ₹ 1/- in view of the opinion obtained from the Institute of the Chartered Accountants of India.
- 12.2 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.
- 12.3 The Company has paid a sum of ₹ 1.00 Crores to M/s Rajasthan State Petroleum Corporation (A subsidiary company of RSMML) as share application money against which shares are pending for allotment till 31.03.2012.
- 12.4 As M/s Tedco granite has turned around and has wiped off its accumulated losses, accordingly a sum of ₹ 14,99,999/- being amount provided earlier on account of diminution in value of investment have been reversed during the year and shown as an exceptional item.
- 12.5 For basis of valuation refer accounting policies 1.9 (b).

13. Long term loans & advances :

(Amt in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|--|--------------------------|--------------------------|
| UNSECURED | | |
| Capital advances | 36,39,23,794 | 166,71,77,573 |
| Security Deposits | 8,25,66,740 | 8,19,38,954 |
| To Employees | | |
| Considered good | 7,15,97,133 | 7,75,87,225 |
| Considered doubtful | 56,206 | 56,206 |
| | 7,16,53,339 | 7,76,43,431 |
| Less : Provision for Doubtful Loans & Advances | 56,206 | 56,206 |
| | 7,15,97,133 | 7,75,87,225 |
| To Others | | |
| Considered good | 10,33,20,661 | 6,94,95,069 |
| Considered doubtful | 15,72,906 | 15,72,906 |
| | 10,48,93,567 | 7,10,67,975 |
| Less : Provision for Doubtful Loans & Advances | 15,72,906 | 15,72,906 |
| | 10,33,20,661 | 6,94,95,069 |
| Prepaid Expenses | 32,04,461 | 44,13,998 |
| Income-Tax Deposits | 61,47,71,897 | 77,38,10,022 |
| Total | 12393,84,686 | 26744,22,841 |

14 OTHER NON CURRENT ASSETS

(Amt in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| Northern Western Railway | 65,37,994 | 54,68,338 |
| Interest accrued on FDRs/NSCs | 86,07,316 | 1,50,26,744 |
| Non Judicial Stamps in hand | 13,385 | 13,385 |
| Unamortised Expenditure | | |
| Mine development expenditure | 1092,19,688 | 1097,85,136 |
| Less Transferred to other current assets (Refer Note No 19) | 22,54,428 | 24,13,321 |
| | 10,69,65,260 | 10,73,71,815 |
| Total | 12,21,23,955 | 12,78,80,282 |



15 INVENTORIES

(Amt. in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|--|--------------------------|--------------------------|
| Finished Goods | | |
| Rock Phosphate | 41,02,04,075 | 26,00,29,565 |
| Beneficiated Rock Phosphate | 5,36,56,903 | 3,68,87,809 |
| Rajphos | 95,537 | 31,24,984 |
| Gypsum | 1,26,54,150 | 1,96,84,145 |
| Lime Stone | 1,99,58,364 | 2,79,35,557 |
| Granite | 0 | 2,07,922 |
| Bio diesel and by products | 26,803 | 5,01,872 |
| Stores & Spare Parts | 20,88,87,939 | 20,76,24,681 |
| (Including in transit ₹ 0.87 Lac) (Previous year ₹ 13.49 Lac) | | |
| Others | | |
| CERs/VERs in hand | 19,19,827 | 0 |
| Total | 70,74,03,598 | 55,59,96,535 |

15.1 For basis of valuation refer accounting policy 1.2.

15.2 The Company had used a small percentage of secondary ore of Rock Phosphate for beneficiation in its Industrial Beneficiation Plant on trial basis from time to time. 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 & economic viability 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 from the financial year 2008-09.

15.3 Hereto the income from emission reduction certificates Carbon Emission Reduction (CERs)/ Voluntary Emission Reduction (VERs) and/or was recognized at the estimated realisable value on their confirmation by the concerned authorities. Consequent upon Guidance note issued by Institute of Chartered Accountants of India –Accounting for Self-generated Certified Emission Reductions (CERs). The Company was having 61511 CERs and 44098 VERs in hand on 31/03/2012 which have been treated as part of inventory and accordingly valued at cost incurred for certification or net realisable value whichever is lower. On account of change in accounting policy, the profit has been reduced by ₹ 134.89 Lacs.

16 TRADE RECEIVABLES (UNSECURED)

(Amt. in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|--|--------------------------|--------------------------|
| Over six months from the date these become due for payment | | |
| i Considered good | 4,39,000 | 34,328 |
| ii Considered doubtful | 8,01,22,695 | 8,76,78,837 |
| Other debts considered good | 171,04,90,410 | 100,26,33,600 |
| | 179,10,52,105 | 109,03,46,765 |
| Less: Provision for doubtful debts | 8,01,22,695 | 8,76,78,837 |
| (Bad debts written off during the year ₹ 70988/-) (Prev. Year Nil) | | |
| Total | 171,09,29,410 | 100,26,67,928 |

17 CASH & BANK BALANCES

(Amt. in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| (a) Cash and cash equivalents | | |
| Balances with Banks | | |
| In current accounts | 219,54,68,993 | 322,94,55,239 |
| In deposit accounts with original maturity less than three months | 19,26,69,633 | 15,74,46,942 |
| Cash on hand | 3,25,496 | 2,46,062 |
| Remittances in Transit | 0 | 1,55,00,000 |
| Balances with Treasury in P.D. Account | 444,97,45,677 | 223,06,14,449 |
| (b) Other bank balances | | |
| Earmarked balances with banks | 19,49,39,186 | 13,16,40,583 |
| Short term bank deposits | 10,00,000 | 23,98,607 |
| Total | 703,41,48,985 | 576,73,01,882 |

- 17.1 A court case had been filed by M/S Ace India Transport Pvt. Limited and in compliance of directives given by the competent courts, Bank had frozen a sum of ₹ 47.88 Lac . The frozen amount of ₹ 47.88 Lac is lying in bank account of the Company under the lien in the form of FD as per the order of the competent court.
- 17.2 Balances with banks includes unclaimed dividend of ₹ 38062/- (Prev year ₹ 37842/-)
- 17.3 Earmarked balances with bank includes Fixed deposit of ₹ 934.93 lacs (Prev Year ₹ 677.35 lacs) with maturity of more than twelve months.

18 SHORT TERM LOANS & ADVANCES

(Amt. in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|--|--------------------------|--------------------------|
| UNSECURED | | |
| To Subsidiaries | 1,05,114 | 69,64,286 |
| To Employees | | |
| Considered good | 64,33,363 | 85,57,248 |
| Considered doubtful | 1,27,505 | 1,27,505 |
| | 65,60,868 | 86,84,753 |
| Less : Provision for Doubtful Loans & Advances | 1,27,505 | 1,27,505 |
| | 64,33,363 | 85,57,248 |
| To Others | | |
| Considered good | 949,07,13,376 | 497,90,46,988 |
| Considered doubtful | 42,14,393 | 42,14,393 |
| | 949,49,27,769 | 498,32,61,381 |
| Less : Provision for Doubtful Loans & Advances | 42,14,393 | 42,14,393 |
| | 949,07,13,376 | 497,90,46,988 |
| Prepaid Expenses | 77,70,635 | 81,75,091 |
| Total | 950,50,22,488 | 500,27,43,613 |



19 OTHER CURRENT ASSETS

(Amt. in ₹)

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|--|--------------------------|--------------------------|
| Income-Tax Deposits | 165,32,14,558 | 141,87,35,488 |
| Interest accrued on FDRs/NSCs | 1,50,69,027 | 78,43,780 |
| Claims Recoverable (Including Duty Drawback Receivables) | | |
| - Considered good | 10,11,69,683 | 10,15,56,752 |
| - Considered doubtful | 50,85,613 | 50,85,613 |
| | 1062,55,296 | 1066,42,365 |
| Less Provision for doubtful claims | 50,85,613 | 50,85,613 |
| | 1011,69,683 | 1015,56,752 |
| Current portion of unamortised Mine development expenses (Refer Note No 14) | 22,54,428 | 24,13,321 |
| Others | 1,36,44,951 | 1,52,52,826 |
| Total | 178,53,52,647 | 154,58,02,167 |

19.1 Claims recoverable includes an amount of ₹ 1002.02 Lac recoverable from various contractors engaged in transportation and loading of limestone at Railway siding on account of punitive/penal/dead freight levied by the Railways on under loading/overloading of limestone. The contractors have filed Court cases against the company which are yet to be decided.

20 REVENUE FROM OPERATIONS

(Amt. in ₹)

| Particulars | 2011-12 | 2010-11 |
|-----------------------------|-----------------------|-----------------------|
| Sale of - | | |
| High Grade Rock Phosphate | 644,22,74,423 | 522,85,89,290 |
| Beneficiated Rock Phosphate | 118,08,21,282 | 122,95,90,629 |
| Rajphos | 5,53,39,333 | 12,18,91,100 |
| Lignite | 129,00,33,250 | 81,47,20,560 |
| Gypsum | 165,74,85,977 | 157,14,53,437 |
| Selenite | 1,62,42,816 | 70,26,104 |
| Lime Stone | 153,40,94,032 | 132,69,17,902 |
| Power | 55,90,98,277 | 47,96,54,875 |
| Fluorspar | 5,86,231 | 17,23,334 |
| Granite | 3,05,100 | 0 |
| Bentonite | 42,500 | 0 |
| Total | 1273,63,23,221 | 1078,15,67,231 |

- 20.1 The selling prices of Rock phosphate and Cement grade Limestone are inclusive of Environment and Health Cess on mineral rights imposed by the State Government while the cess is being recovered separately in case of Gypsum. The amount of cess whether included in selling prices or recovered separately is being treated a part of turnover of Company. During the year sum of ₹ 167.62 Lac are recovered on Gypsum from the customers on account of Environment and Health Cess. Simultaneously expenditure amounting to ₹ 5739.54 lacs on this account is being shown under the head MR cess in mining and other operating expenses.

21 OTHER INCOME

(Amt. in ₹)

| Particulars | 2011-12 | 2010-11 |
|---|---------------------|---------------------|
| Interest | 59,35,57,585 | 26,75,66,769 |
| Lease Rent on Railway Rakes | 23,25,580 | 23,25,580 |
| Dividend received on Long Term Investments | 10,000 | 10,000 |
| Carbon/Voluntary Emission Reduction (CER/VER) | 0 | 2,81,98,150 |
| Profit on Sale of Obsolete and Other Fixed Assets | 6,44,904 | 56,81,079 |
| Profit on Sale of Obsolete and other Spares | 1,77,997 | 0 |
| Miscellaneous Receipts, Refunds, Forfeitures & Claims | 6,16,52,698 | 9,21,59,933 |
| Excess provision for doubtful debts written back | 74,85,154 | 25,50,814 |
| Depreciation/Amortisation writtenback | 0 | 5,79,10,137 |
| Liability no longer required written back | 3,51,965 | 1,09,37,939 |
| Sundry Credit Balances written back | 4,76,679 | 11,77,907 |
| Total | 66,66,82,562 | 46,85,18,308 |

- 21.1 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. Similarly the Company has also started getting Voluntary Emission Reduction (VERs) from Swiss Registry, Switzerland for its wind mill projects, which are also tradable in the international market.



22 CHANGE IN INVENTORIES OF FINISHED GOODS & OTHERS

(Amt. in ₹)

| Particulars | 2011-12 | 2010-11 |
|---|----------------------|----------------------|
| OPENING STOCK | | |
| Finished Goods | | |
| Rock Phosphate | 26,00,29,565 | 17,43,49,846 |
| Beneficiated Rock Phosphate | 3,68,87,809 | 3,56,00,016 |
| Rajphos | 31,24,984 | 99,85,845 |
| Gypsum | 1,96,84,145 | 56,96,292 |
| Lime Stone | 2,79,35,557 | 75,70,742 |
| Granite | 2,07,922 | 2,15,025 |
| Bio diesel and by products | 5,01,872 | 4,11,950 |
| Total | 34,83,71,854 | 23,38,29,716 |
| CLOSING STOCK | | |
| a. Finished goods | | |
| Rock Phosphate | 41,02,04,075 | 26,00,29,565 |
| Beneficiated Rock Phosphate | 5,36,56,903 | 3,68,87,809 |
| Rajphos | 95,537 | 31,24,984 |
| Gypsum | 1,26,54,150 | 1,96,84,145 |
| Lime Stone | 1,99,58,364 | 2,79,35,557 |
| Granite | 0 | 2,07,922 |
| Bio diesel and by products | 26,803 | 5,01,872 |
| b. Others | | |
| CERs/VERs in hand (Refer Note No. 15.3) | 19,19,827 | 0 |
| Total | 49,85,15,659 | 34,83,71,854 |
| Increase/ Decrease | -15,01,43,805 | -11,45,42,138 |

23 EMPLOYEES BENEFIT EXPENSES

(Amt. in ₹)

| Particulars | 2011-12 | 2010-11 |
|---|----------------------|----------------------|
| Salaries & Wages | 85,89,83,784 | 81,67,73,358 |
| Contribution to Provident/Pension & Other Funds | 24,41,58,245 | 19,43,52,646 |
| Leave Encashment | 8,53,95,988 | 9,05,36,583 |
| Bonus/Additional Remuneration | 1,47,82,505 | 1,53,69,674 |
| Ex gratia to employees | 90,00,075 | 0 |
| Voluntary Retirement Payment written off | 0 | 19,57,504 |
| Employees' Welfare | 14,10,19,971 | 14,11,96,537 |
| Employees' Social Security | 6,87,180 | 5,57,024 |
| Total | 135,40,27,748 | 126,07,43,326 |

24 FINANCE COSTS

(Amt. in ₹)

| Particulars | 2011-12 | 2010-11 |
|----------------------|---------------------|--------------------|
| Interest expense | 12,20,55,861 | 1,54,92,799 |
| Guarantee Commission | 55,567 | 1,04,179 |
| Total | 12,21,11,428 | 1,55,96,978 |

25 OTHER EXPENSES

(Amt. in ₹)

| Particulars | 2011-12 | 2010-11 |
|--|---------------|---------------|
| Mining and other operating expenses | | |
| Stores consumed | 74,89,36,278 | 78,42,88,522 |
| Payment to Contractors : | | |
| (i) For Removal of Overburden | 30,89,66,910 | 34,63,61,002 |
| (ii) For Raising, Transportation & Others | 139,98,44,201 | 123,42,74,465 |
| Freight Charges | 8,33,920 | 10,55,845 |
| Dewatering of Mines | 1,55,71,174 | 49,23,412 |
| Power Charges | 12,21,65,714 | 10,00,10,701 |
| Survey & Prospecting Charges | 5,63,875 | 8,53,067 |
| Royalty & Dead Rent | 114,17,55,931 | 111,33,30,671 |
| MR Cess | 57,39,54,252 | 60,35,36,743 |
| Land Tax | 222,05,49,246 | 192,15,82,741 |
| Mine Closure expenditure | 8,41,37,500 | 0 |
| Mine Development Expenses written off | 24,49,389 | 3,82,512 |
| Repairs to Buildings | 44,93,483 | 61,00,888 |
| Repairs to Plant | 2,42,94,465 | 3,13,77,458 |
| Repairs to Machinery | 9,68,24,600 | 10,39,86,464 |
| Crushing Plant Expenses | 78,70,324 | 56,80,303 |
| Repairs to Road | 1,19,06,195 | 17,38,186 |
| Research & Development | 36,11,874 | 3,46,000 |
| Sampling & Analysis | 1,48,87,497 | 1,53,99,708 |
| Laboratory Expenses | 7,99,232 | 15,26,437 |
| Compensation for Mineral | 8,20,55,029 | 3,16,22,808 |
| Afforestation Plantation & Environment | 50,91,457 | 2,65,07,674 |
| Rural Development Expenses | 1,42,35,619 | 1,26,15,773 |
| Selling and distribution expenses | | |
| Cash Discounts/Rebate on Sales | 38,99,509 | 2,82,85,789 |
| Selling Expenses including commission | 1,24,00,206 | 4,25,476 |
| Packing Charges | 1,86,92,377 | 2,67,21,734 |
| Business Promotion Expenses | 31,08,721 | 61,90,757 |



Conti...
(Amt. in ₹)

| Particulars | 2011-12 | 2010-11 |
|--|----------------------|----------------------|
| Establishment & other Misc expenses | | |
| Repairs to Others | 67,72,698 | 74,54,762 |
| Rent including Plot Rent | 82,42,936 | 90,71,373 |
| Rates & Taxes | 96,49,548 | 58,35,016 |
| Insurance | 99,39,450 | 1,02,54,311 |
| Travelling & Conveyance | 4,87,24,459 | 4,12,86,635 |
| Vehicle Up-keep | 1,75,99,014 | 1,58,24,469 |
| Payment to Auditors: | | |
| (i) Audit Fees | 4,30,170 | 3,41,930 |
| (ii) Tax Audit Fees | 1,10,300 | 88,240 |
| (iii) For reimbursement of expenditure | 3,09,679 | 3,00,015 |
| General Charges | 28,67,561 | 26,26,520 |
| Postage, Telephone & Telegraphs | 55,52,845 | 54,54,770 |
| Printing & Stationery | 51,83,045 | 39,92,809 |
| Electricity & Water | 50,21,577 | 43,72,297 |
| Seminar, Training & Exhibition | 12,37,391 | 5,01,205 |
| Legal & Professional Charges | 64,57,350 | 65,41,489 |
| Advertisement & Publication | 1,62,28,863 | 1,45,23,615 |
| Bank Charges | 98,854 | 1,80,117 |
| Subscription | 1,92,028 | 4,92,779 |
| Entertainment | 8,32,567 | 7,67,384 |
| Board Meeting Expenses | 1,52,959 | 75,771 |
| Donation | 3,79,20,073 | 3,12,55,980 |
| Sundry debit balance written off | 9,607 | 12,62,846 |
| Consultancy Charges | 73,65,405 | 53,40,630 |
| Claims & Settlements | 0 | 4,17,82,641 |
| Computer Maintenance & Software Expenses | 48,10,389 | 37,18,442 |
| Obsolete and Other Fixed Assets written off | 1,34,492 | 11,813 |
| Impaired/Obsolescence loss on Fixed assets | 17,92,604 | 3,16,192 |
| Loss on sale/transfer of Obsolete and Other Fixed Assets | 7,35,929 | 962 |
| Loss on Sale of Spares | 35,499 | 0 |
| Total | 712,23,06,270 | 662,28,00,149 |

25.1 Land tax has been provided for on the basis of demand notices received from various assessing authorities. However, where the demand notices are not received, the liabilities are being provided as per the Company's own assessment. The Company has filed petition challenging the land tax assessment orders issued by assessing authorities of various lands for different financial years with appellate authorities and Rajasthan Tax Board. Some of the appeals filed by the Company have been referred back to assessing authorities for reconsideration of the assessments done or otherwise by appellate authorities. The accounting adjustment will be made on final outcome of such cases.

- 25.2 Revenue expenditure on Research & Development is charged to Statement of Profit & Loss in the year in which it is incurred. There is no capital expenditure on Research & Development.
- 25.3 In compliance to the Guideline dated 27/08/2009, as amended from time to time, by Ministry of Coal, Government of India, for preparation of Final Mine Closure plan, an amount of ₹ 718.65 Lac has been charged to prior period expenses for the year 2010-11 and proportionate expenses for the year 2009-10. In addition to this a sum of ₹ 796.71 Lac has been provided for in the financial year 2011-12 on this account. The expenses are provided on the basis of final closure plans prepared for various lignite mines of the company as on date.
- 25.4 Stores consumed does not include consumption of Stores & spares of ₹ 1767.29 Lac charged under various heads (Prev. Year ₹ 1346.00 Lac.)

26 PRIOR PERIOD ADJUSTMENTS

(Amt. in ₹)

| Particulars | 2011-12 | | 2010-11 | |
|--|-------------------|------------------|-------------------|------------------|
| | DEBIT | CREDIT | DEBIT | CREDIT |
| Interest | 0 | 0 | 0 | 1,05,600 |
| Increase/Decrease in stock | | 0 | | 7,98,399 |
| Stores Consumed | 6,930 | 0 | 0 | 0 |
| Salaries and Wages(Net) | 13,672 | 7,203 | 7,964 | 0 |
| Employees' Welfare | 3,600 | 0 | 0 | 0 |
| Payment to raising & transportation contractor | 7,44,065 | 0 | 1,80,869 | 42,23,260 |
| Mine Closure expenditure (Refer note no 25.3) | 7,18,65,000 | | | |
| Electricity & Water | 0 | 7,14,229 | 0 | 0 |
| Rent | 0 | 6,51,307 | 15,000 | 0 |
| Rates & Taxes | 0 | 8,15,197 | 36,94,731 | 0 |
| Land Tax | 96,36,258 | | | |
| General Charges | 750 | 12,887 | 0 | 0 |
| Repairs to Machinery | 0 | 2,10,000 | 0 | 0 |
| Repairs to Others | 0 | | 43,338 | |
| Legal & Professional Charges | 8,250 | 0 | 0 | 5,387 |
| Travelling & Conveyance | 13,542 | 0 | 0 | 0 |
| Depreciation | 0 | 47,970 | 0 | 6,60,211 |
| Seminar & Conference | 6,000 | 0 | 0 | 3,89,081 |
| Afforestation, Plantation & Environment | 0 | 1,20,000 | 0 | 0 |
| Postage, Telephone & Telegram | 838 | 0 | 0 | 0 |
| Royalty & Dead Rent | 0 | 0 | 1,36,24,817 | 1,061 |
| Miscellaneous | 4,96,350 | 0 | 12,812 | 10,212 |
| | 827,95,255 | 25,78,793 | 175,79,531 | 61,93,211 |
| Net Debit | | 80216462 | | 11386320 |



27 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.

28. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

(₹ in Lacs)

| S.No. | Particulars | As at 31st March, 2012 | As at 31st March, 2011 |
|-------|--|---------------------------|---------------------------|
| i. | Claims against Company not acknowledged as debt | 43100.60 | 39898.68 |
| ii. | Estimated amount of contracts remaining to be executed on Capital Account | 10015.21 | 24864.24 |
| iii. | Disputed Income tax liability pending: | | |
| | (a) Company in appeals Payment made (₹ 74.99 Lac) (Previous year ₹ 106.85 Lac) | 74.99 | 106.85 |
| | (b) IT Department in appeals (As per information available with Company) | 9540.75 | 8453.42 |
| iv. | Guarantee given by banker on behalf of the Company for which counter guarantee provided by the Company | 186.57 | 180.45 |
| 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 and other claims whatsoever and interest on such liabilities and on the various claims of the contractors ,incremental liability if any of pay and allowances of employees who opted for Vth & VIth pay commission 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 contractor 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 the above. Besides interest on the amount claimed by various parties who have filed court cases against the Company, is not included as the same is not ascertainable . | | |

29 The Mining operations at Matasukh Lignite mines of the Company were 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 & mining work in the mining area continued during the year. However, the mining work has been discontinued after 16.01.2010 as the contractual period of mining contractor has expired. The mining activities have already been recommenced in the financial year 2011-12.

30 (i) The Company in its Board meeting held on 31/10/2011 decided to invest in equity of ₹ 5.00 Crores in phased manner to its wholly owned subsidiary M/s Rajasthan Sate Petroleum Corporation limited against which a sum of ₹ 1.00 Crore has been invested up to 31/03/2012.

- (ii) The Company has entered in to tripartie Memorandum of Undertanding with DMG and GSI for Geochemical maping of Rajasthan. Under MOU all the cost of project (estimated to ₹ 19 Crores) will be borne by the RSMML and assets created with the above expenditure would be property of the company. The Company has already paid a sum of ₹ 185.00 Lac upto 31/03/2012 as an advance to be adjusted against expenditure incurred by DMG for the project.

- 31 The Government of Rajasthan vide its notification dated 23/01/2009, had enhanced the rate of M. R. Cess on Rock phosphate from ₹ 35/- PMT to ₹ 500/-PMT with effect 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 for the year 2008-09. Against such demand letters some of the customers have filed cases in Jodhpur and Jaipur benches of Hon'ble High Court, Rajasthan. The cases have been decided by the respective High Courts in their favour, against which the Govt. of Rajasthan, being an aggrieved party in the cases, has filed appeal with Honble' supreme Court which is 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. The amount in dispute is of ₹ 4626.90 Lacs.
- 32 Company 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. The amount so adjusted and in dispute is ₹ 115.08 lacs. RSMML had objected the methodology of AVVNL and filed petitions in this matter with Rajasthan Electric Regulatory Commission (RERC) Jaipur which have been decided in favour of the Company. Further, the matter was referred to the Chairman, Central Tribunal wherein 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 the matter is subjudice.The Company has also filed an appeal against AVVNL with RERC for noncompliance of order of RERC which is yet to be disposed off.
- 33 As per the Memorandum of Undertanding (MOU) dated 04/05/1997, M/s Binani Industries Ltd. (Parent Company of BZL), erstwhile RSMDC (since then merged with RSMML), and M/S White Tiger Resource NL formed a Joint venture Company under the name and style R.B.W. Minerals Industries Limited was incorporated on 16/07/1997 to carry out prospecting work on base metal deposits and other allied activities in Rajasthan and Gujarat states including at the Deri Multi Metal Project of the Company. It was also provided in the MOU that Joint venture Company would enter into an MOU with erstwhile RSMDC with a stipulation that erstwhile RSMDC would allow the Joint venture Company to carry out exploration work in mines and Joint Venture Company would reimburse the expenditure incurred on watch & ward, dead rent, other expenses for retaining the area. It was further, provided in the MOU that once the project is proved to be economically viable then Deri mines along with fixed assets would be transferred to the new company on mutually agreed valuation and terms & conditions after the permission of erstwhile RSMDC Board and State Govt. However, no such activities were started within the time specified in the MOU and thereafter. Subsequently, M/S White Tiger Resource NL has withdrawn itself from the Joint Venture and GMDC has become a new entrant in the project as per the terms of MOU dated 01/09/2001 executed between GMDC and of R.B.W. Minerals Industries Limited. Accordingly, the name of R.B.W. Minerals Industries Limited was changed to R.B.G. Minerals Industries Limited.

Though, the various activities are in progress at the project sight but no significant development has taken place. The transfer price of the assets of the compnay has been firmed up and agreed by Joint Venture Company.The Company has given 'No objection' to Director,Mines & Geology to transfer the lease of Deri mines to the Joint Venture Company M/s RBG Minerals but the lease is yet to be transferred.

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



- 34 (i) Smt. Aparna Arora from 01.04.2011 to 12.05.2011, Shri Akhil Arora from 12.05.2011 to 13.08.2011 and Sh. Ajitabh Sharma from 13.08.2011 to 31.03.2012 Managing Director being key managerial personnel with whom transactions have taken place during the year.

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

(₹ in Lacs)

| Particulars | 2011-12 | 2010-11 |
|--|--------------|-------------|
| Salary (including pension contribution & perquisite on accommodation provided) | 10.83 | 5.13 |
| Telephone/Car* | | |
| Total | 10.83 | 5.13 |
| Amount adjusted in respect of accounts | | |
| Rent (Net) | NIL | NIL |

* Value of Telephone/Car used not ascertainable

(ii) Parties where control exists

- a Barmer Lignite Mining Company Limited (BLMCL) -Subsidiary Company
- b Rajasthan State Petroleum Corporation Limited(RSPCL)-Subsidiary Company
- c Rajasthan Rashtriya Chemicals & Fertilizers Limited(RRCFL)- Associate Company

(iii) Transactions with Related parties

a Barmer Lignite Mining Company Limited :

(Amt. in ₹)

| Nature of Transactions during the year | 2011-12 | 2010-11 |
|--|-----------------|------------------|
| Expenses incurred | 63,01,893/- | 1,88,13,293/- |
| Interest earned on deposits | 10,94,13,970/- | 1,33,93,686/- |
| Received towards acquisition of land (net) | 241,00,00,000/- | 4,68,94,79,522/- |
| Received towards reimbursed of expenditure | 0 | 740,627/- |

b Rajasthan State Petroleum Corporation Limited :

(Amt. in ₹)

| Nature of Transactions during the year | 2011-12 | 2010-11 |
|--|---------------|-------------|
| Expenses incurred | 10,40,828/- | 46,30,446/- |
| Share application money | 1,00,00,000/- | 0 |
| Received towards reimbursed of expenditure | 79,00,000/- | 0 |

c Rajasthan Rashtriya Chemicals & Fertilizers Limited :

(Amt. in ₹)

| Nature of Transactions during the year | 2011-12 | 2010-11 |
|--|---------|-------------|
| Contribution | 0 | 10,00,000/- |

35 Miscellaneous:

- (i) The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statement. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts the disclosure and other presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.
- (ii) Normal Operating Cycle of Company's business has been determined in accordance with the requirement of Revised Schedule VI.
- (iii) Assets and liabilities have been classified into Current and Non current using the above Normal Operating Cycle and applying other criteria prescribed in Revised Schedule VI.
- (iv) Balance of trade payables, trade receivables and loans and advances are subject to confirmation/reconciliation and resultant adjustment(s) thereof.

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

(₹ in Lacs)

| Particulars | 2011-12 | 2010-11 |
|-------------|--------------------|------------------|
| Imported | 0.00 (0.00%) | 250.82 (2.73%) |
| Indigenous | 9256.65 (100.00 %) | 8938.07(97.27 %) |

37 No imported raw material was consumed during the year.

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

(₹ in Lacs)

| Particulars | 2011-12 | 2010-11 |
|---------------|---------|---------|
| Earnings | - | 315.53 |
| Expenditure | | |
| Spares | - | 250.82 |
| Other Matters | 7.68 | 7.96 |



39. INFORMATION ABOUT BUSINESS SEGMENTS AS ON 31/03/2012

| | Rock Phosphate 2011-12 | Rock Phosphate 2010-11 | Rock Phosphate 2011-12 | Rock Phosphate 2010-11 | Limestone 2011-12 | Limestone 2010-11 | Limestone 2011-12 | Limestone 2010-11 | Lignite 2011-12 | Lignite 2010-11 | Gypsum 2011-12 | Gypsum 2010-11 | Captive Power Plant (D.G. Set) 2011-12 | Captive Power Plant (D.G. Set) 2010-11 | Wind farm 2011-12 | Wind farm 2010-11 | Other misc 2011-12 | Other misc 2010-11 | Eliminations 2011-12 | Eliminations 2010-11 | Consolidated Total 2011-12 | Consolidated Total 2010-11 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|--------------------|-------------------|-------------------|--|--|----------------------|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|----------------------------------|----------------------------------|
| External Sales | 7678435038 | 6580071009 | 1534680263 | 1326917902 | 1290075750 | 8147205600 | 1674033893 | 1578479541 | 0 | 0 | 55908277 | 479644875 | 0 | 1723334 | 0 | 1273623221 | 10781562731 | 0 | 0 | 1273623221 | 10781562731 | |
| Inter-segment Sales | 120671845 | 89217833 | 18890297 | 24160431 | 183443578 | 109141885 | 15644218 | 27148663 | 0 | 0 | 27443220 | 28108150 | 476679 | 1472411 | 0 | 366019837 | 279339273 | -54081796 | -49120801 | 360627255 | 189178935 | |
| Unallocated corporate revenue | 7799106883 | 6669288952 | 1533570560 | 131078333 | 1473219228 | 9238622445 | 1689728111 | 1605622024 | 481443 | 1996906 | 639841850 | 554974920 | 476679 | 3195785 | -54081796 | 13403085783 | 11350085539 | 0 | 0 | 13403085783 | 11350085539 | |
| Total Expenses | 5232196481 | 51268974563 | 1287330007 | 1190972056 | 955818276 | 651740831 | 791827136 | 6437464446 | 919962 | 11185274 | 572392227 | 615443326 | 2348220 | 46049831 | -54081796 | 8797030313 | 8236892526 | 0 | -49120801 | 8797030313 | 8236892526 | |
| Result | 2566910402 | 1542414289 | 266240553 | 160105277 | 517401052 | 272121614 | 897900975 | 961881758 | -8718319 | -919962 | 1185274 | 6749623 | -1871541 | -42854086 | 0 | 4605975470 | 3013193013 | 0 | 0 | 4605975470 | 3013193013 | |
| Other Unallocable Expenditure | 2566910402 | 1542414289 | 266240553 | 160105277 | 517401052 | 272121614 | 897900975 | 961881758 | -8718319 | -919962 | 1185274 | 6749623 | -1871541 | -42854086 | 0 | 4605975470 | 3013193013 | 0 | 0 | 4605975470 | 3013193013 | |
| Interest & Financial Charges exp. | | | | | | | | | | | | | | | | | | | | | | |
| Profit from ordinary activities | | | | | | | | | | | | | | | | | | | | | | |
| Profit period adjustments | | | | | | | | | | | | | | | | | | | | | | |
| Exceptional Items | | | | | | | | | | | | | | | | | | | | | | |
| Net Profit | | | | | | | | | | | | | | | | | | | | | | |
| OTHER INFORMATION | | | | | | | | | | | | | | | | | | | | | | |
| Segment assets | 252098237 | 185060533 | 768673926 | 657056053 | 1383442788 | 9727150626 | 406979812 | 385514213 | 14372889 | 1596626237 | 3072004239 | 3434633880 | 2850860 | 3745144 | 0 | 20620606891 | 16080151511 | 0 | 0 | 20620606891 | 16080151511 | |
| Unallocated corporate assets | 252098237 | 185060533 | 768673926 | 657056053 | 1383442788 | 9727150626 | 406979812 | 385514213 | 14372889 | 1596626237 | 3072004239 | 3434633880 | 2850860 | 3745144 | 0 | 20620606891 | 16080151511 | 0 | 0 | 20620606891 | 16080151511 | |
| Total Assets | 152952170 | 867080462 | 348058271 | 34089787 | 556040702 | 268430390 | 359030537 | 335423802 | 5064355 | 5064355 | 26314176 | 29061970 | 0 | 0 | 0 | 2000842433 | 161227098 | 0 | 0 | 2000842433 | 161227098 | |
| Unallocated corporate liabilities | 152952170 | 867080462 | 348058271 | 34089787 | 556040702 | 268430390 | 359030537 | 335423802 | 5064355 | 5064355 | 26314176 | 29061970 | 0 | 0 | 0 | 2000842433 | 161227098 | 0 | 0 | 2000842433 | 161227098 | |
| Total Liabilities | 51096502 | 1184597882 | 26630494 | 8602891 | 1896807261 | 5064355 | 26314176 | 29061970 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2000842433 | 161227098 | 0 | 0 | 2000842433 | 161227098 | |
| Unallocated corporate Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Expenditure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Capital expenditure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Depreciation/Amortisation | 4449283816 | 138184752 | 1144923585 | 5174124 | 788381720 | 10891687 | 602594774 | 5021652 | 1593373 | 1593373 | 477193714 | 547971489 | 0 | 9427 | 0 | 7458570982 | 709103954 | 0 | 0 | 7458570982 | 709103954 | |
| Unallocated corporate Depreciation | 4449283816 | 138184752 | 1144923585 | 5174124 | 788381720 | 10891687 | 602594774 | 5021652 | 1593373 | 1593373 | 477193714 | 547971489 | 0 | 9427 | 0 | 7458570982 | 709103954 | 0 | 0 | 7458570982 | 709103954 | |
| Total Depreciation | 4449283816 | 138184752 | 1144923585 | 5174124 | 788381720 | 10891687 | 602594774 | 5021652 | 1593373 | 1593373 | 477193714 | 547971489 | 0 | 9427 | 0 | 7458570982 | 709103954 | 0 | 0 | 7458570982 | 709103954 | |
| Non-cash expenses other than depreciation | 1759521 | 297638 | 616946 | 0 | 2308148 | 0 | 315124 | 382512 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4999739 | 691963 |
| Unallocated Non-cash expenses other than depreciation | 1759521 | 297638 | 616946 | 0 | 2308148 | 0 | 315124 | 382512 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4999739 | 691963 |
| Total | 1759521 | 297638 | 616946 | 0 | 2308148 | 0 | 315124 | 382512 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5033421 | 711479 | |

39.1 Previous year's figures have been recasted/regrouped, wherever Necessary, to conform to the current years' presentation.

40 QUANTITATIVE DETAILS OF PRODUCTS AND OTHER DISCLOSURES
(i) Rock Phosphate, Beneficiated Rock Phosphate and Rajphos

(In MT)

| Particulars | Rock Phosphate | | Beneficiated Rock Phosphate | | Rajphos | |
|---|----------------|---------|--------------------------------|---------|---------|---------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Opening Stock | 558097 | 328913 | 13563 | 12858 | 2693 | 8661 |
| Production | 1705392 | 1791792 | 264256 | 309413 | 30976 | 68955 |
| Less: Moisture Qty. | | | -52131 | -63600 | | |
| Purchase | 31921 | 29424 | | | | |
| Transfer | 47251 | 35167 | -47251 | -35167 | | |
| Retrieval | 1241 | 27 | | | | |
| Sales | 942509 | 944872 | 180411 | 237316 | 33592 | 74923 |
| Less: Moisture | | | -19933 | -29714 | | |
| Own consumption for Ben. Rock Phosphate Rajphos | 536194 | 664136 | | | | |
| Stock as per Books | 865199 | 576315 | 17959 | 15902 | 77 | 2693 |
| Shortages | 1284 | 18218 | 864 | 2339 | | |
| Closing Stock | 863915 | 558097 | 17095 | 13563 | 77 | 2693 |

(ii) Gypsum & Selenite:

(In MT)

| Particulars | Gypsum | | Selenite | |
|---------------------|---------|---------|----------|---------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Opening Stock | 76653 | 19262 | - | - |
| Purchases | 453 | 1725 | - | - |
| Production | 3323532 | 3455970 | 13047 | 6736 |
| Sales | 3352391 | 3396980 | 13047 | 6736 |
| Stock as per Books | 48247 | 79977 | | - |
| Shortages/Retrieval | 300 | 3324 | | - |
| Closing Stock | 47947 | 76653 | - | - |

(iii) Lime Stone:

(In MT)

| Particulars | 2011-12 | | 2010-11 | |
|---------------------|------------|-------------------------|------------|-------------------------|
| | Lime Stone | Sub Grade Lime Stone | Lime Stone | Sub Grade Lime Stone |
| Opening Stock | 61279 | 44505 | 3647 | 86728 |
| Production | 2819465 | 413003 | 2660153 | 420100 |
| Sales | 2921580 | 309236 | 2631303 | 409678 |
| Stock as per Books | -40836 | 148272 | 32497 | 97150 |
| Shortages/Retrieval | -63384 | 17285 | -28782 | 52645 |
| Closing Stock | 22548 | 130987 | 61279 | 44505 |



(iv) Lignite:

(In MT)

| Particulars | 2011-12 | 2010-11 |
|--------------------|---------|---------|
| Opening Stock | - | - |
| Production | 1059906 | 882537 |
| Sales | 1059906 | 882537 |
| Stock as per Books | - | - |
| Shortages | - | - |
| Closing Stock | - | - |

(v) Granite:

(In MT)

| Particulars | 2011-12 | | | 2010-11 | | |
|--------------------|--------------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|
| | 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 | 369941 | 50268 | 908 | 369941 | 50268 |
| Production | | | | | | |
| Sales | 908 | 369941 | 50268 | | | |
| Stock as per Books | - | - | - | 908 | 369941 | 50268 |
| Written off | - | - | - | | | |
| Closing Stock | - | - | - | 908 | 369941 | 50268 |

(vi) Fluorspar :

(In MT)

| Particulars | 2011-12 | 2010-11 |
|--------------------|---------|---------|
| Opening Stock | - | - |
| Production | 212 | 565 |
| Sales | 212 | 565 |
| Stock as per Books | - | - |
| Shortages | - | - |
| Closing Stock | - | - |

(vii) Multimetal:

(In MT)

| Particulars | 2011-12 | 2010-11 |
|--------------------|---------|---------|
| Opening Stock | 340 | 340 |
| Production | - | - |
| Sales | - | - |
| Stock as per Books | 340 | 340 |
| Shortages | - | - |
| Closing Stock | 340 | 340 |

(viii) Bentonite:

(In MT)

| Particulars | 2011-12 | 2010-11 |
|--------------------|---------|---------|
| Opening Stock | 1008 | 1008 |
| Production | - | - |
| Sales | 1008 | - |
| Stock as per Books | | 1008 |
| Shortages | - | - |
| Closing Stock | | 1008 |

(ix) Power : (106.3 MW Wind power plant)

(In Units)

| Particulars | 2011-12 | 2010-11 |
|-----------------|-----------|-----------|
| Generation | 152193872 | 132630353 |
| Sales | 136825407 | 118942713 |
| Own Consumption | 14717215 | 12689344 |
| Wheeling units | 651250 | 998296 |

(x) Power: (3.8 MW DG Set)

(In Units)

| Particulars | 2011-12 | 2010-11 |
|---|---------|---------|
| Generation | 170580 | 546780 |
| Own Consumption | 110170 | 456958 |
| Auxillary Consumption out of generation | 60410 | 89822 |

Note: The plant is operated for 12 days only during the financial year (previous year 28 days), as and when required.

In terms of our report of even date

For P.C. Modi & Co.
Chartered Accountants
FRN: 000239C

Bharat Sonkhiya
Partner
Membership No. 403023

Place: Jaipur
Date: 7th August, 2012

Sudhansh Pant
Director

M.L. Tailor
Financial Advisor

For and on behalf of the Board
Ajitabh Sharma
Managing Director

P.K. Jain
Company Secretary



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| S. No. | Name of the Subsidiary Company | | Barmer Lignite Mining Company Limited | Rajasthan State Petroleum Corporation Limited |
|--------|--|---------------|---------------------------------------|---|
| 1 | Financial year of the Subsidiary ended on | | 31-Mar-12 | 31-Mar-12 |
| 2 | The extent of the holding company's interest in the subsidiary at the end of the financial year i. Face Value ii. Number of Shares held iii. Extent of holding | ₹ No. % | 10.00 10200000 51.00% | 10.00 100000 100.00% |
| 3 | The net aggregate amount of profit/loss of the subsidiary for the above financial year so far as they concern the members of the holding company i. Dealt with in the accounts of the holding company ii. Not dealt with in the accounts of the holding company | ₹ | Nil (71914573) | Nil (1040938) |
| 4 | The net aggregate amount of profit/loss of the subsidiary for the previous financial years since it became a subsidiary so far as they concern the members of the holding company i. Dealt with in the accounts of holding company ii. Not dealt with in the accounts of holding company | ₹ | Nil (74426504) | Nil (6969286) |

Place: Jaipur
Date: 7th August, 2012

Sudhansh Pant
Director

M.L. Tailor
Financial Advisor

For and on behalf of the Board
Ajitabh Sharma
Managing Director

P.K. Jain
Company Secretary

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 AND MINERALS LIMITED, UDAIPUR FOR THE YEAR ENDED 31 MARCH, 2012.

| CAG Comments | Management Reply |
|--|------------------|
| <p>The preparation of financial statements of Rajasthan State Mines & Minerals Limited, Udaipur for the year ended 31 March, 2012 in accordance with 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 7th August, 2012.</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 31 March, 2012. 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 the 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> | |



| CAG Comments | Management Reply |
|---|--|
| <p>A. Comments on Financial Position</p> <p>Balance Sheet</p> <p>1. Current Liabilities</p> <p>Other Current Liabilities (Note No. 9)- Rs. 1256.32 crore</p> <p>This is understated by ₹ 0.48 crore due to non providing of liability for the interest payable to Barmer Lignite Mining Company Limited (BLMC) for the year 2009-10 on the advance received for purchase of land, payable as per directives of the Government of Rajasthan (July, 2011). The Company has paid/adjusted interest for the years 2010-11 and 2011-12. This has resulted in understatement of prior period expenses (Finance Cost) and overstatement of Profit by ₹ 0.48 crores.</p> | <p>Noted. Necessary accounting treatment will be made in the books of accounts for the Financial Year 2012-13.</p> |
| <p>2. Non Current Liabilities</p> <p>Deferred Tax Liabilities (Net)</p> <p>(Note No.5) – Rs. 78.49 crore</p> <p>The above is overstated by ₹ 2.73 crore due to not considering the provision of ₹ 8.41 crore made for mine closure expenditure at the time of calculation of Deferred Tax Liabilities. The provision made by the Company is not be allowable in income tax as expenditure, due to non deposition of the amount in the designated Escrow Account as per guidelines of Ministry of Coal. Consequently, Current Liabilities (short term provisions for income tax) has been understated by ₹ 2.73 crore.</p> | <p>In view of the Company, the expenditure is allowable as revenue expenditure in income tax. However, there is no effect on the profit after tax of the Company even if expenditure is disallowed by the income tax department.</p> |
| <p>B. Comments on profitability</p> <p>Profit & Loss Account</p> <p>Expenses</p> <p>Other Expenses (Note No. 25) Rs. 712.23 crore)</p> <p>The above does not include Rs. 1.18 crore being the various demands raised by the Department of Mines & Geology on account of interest on late payment of premium charges/lease rent and dead rent. Though the Company has not contested for the same and has shown the demand as Contingent Liability</p> | <p>In view of the Company, the amount is not payable to DMG. However, matter will be reviewed and necessary provisions, if required, would be made in the books of accounts of the Financial Year 2012-13.</p> |

| CAG Comments | Management Reply |
|---|--|
| <p>instead of making provision for the same. This has resulted in understatement of Mining and Other Operative Expenses and Current Liabilities by Rs. 1.18 crore and consequently, Profit has been overstated to the same extent.</p> | |
| <p>C. General As per Guidelines issued by the Ministry of Coal Govt. of India (27-8-2009), as amended from time to time regarding Mine Closure Plan, the mining Company shall create a provision on the basis of the final mine closure plan and also open an escrow account for depositing the same. The Company has made a provision of Rs. 15.15 crore for mine closure expenditure during the year 2011-12 and did not open the Escrow Account to deposit the amount in it. The fact of non opening of Escrow Account has also not been disclosed in the Notes to Accounts.</p> | <p>In opinion of the Company, such disclosure is not mandatorily required. However, as suggested the same would be disclosed in the Notes to Accounts of the Financial Year 2012-13.</p> |
| <p style="text-align: center;">For and on behalf of the Comptroller and Auditor General of India</p> <p style="text-align: center;">R. Chouhan Principal Account General (Eco. & Rev. Sector Audit) Rajasthan, Jaipur</p> <p>Place : Jaipur Date : 03.10.2012</p> | <p style="text-align: center;">For and on behalf of Rajasthan State Mines & Minerals Limited</p> <p style="text-align: center;">C.K. Mathew Chairman</p> <p>Place : Jaipur Date : 17.10.2012</p> |



Rajasthan State Petroleum Corporation Limited

FINANCIAL STATEMENTS

OF

RAJASTHAN STATE PETROLEUM CORPORATION LIMITED

(A Subsidiary Company of RSMML)

Rajasthan State Petroleum Corporation Limited

(A Subsidiary Company of RSMML)

KHANIJ BHAWAN, TILAK MARG, C-SCHEME, JAIPUR-302005

DIRECTORS' REPORT

To

The Shareholders,

Your directors take pleasure in presenting the forth annual report along with the audited accounts of the Company for the year ended on 31st March, 2012.

1. Financial Performance

During the year your company has incurred an expenditure of ₹ 10,40,938/- towards routine establishment expenses. The net debit balance in the profit & loss account as on 31st March 2012 is ₹ 80,10,224/-.

2. Change in share capital

There is no change in composition of authorized and paid up share capital during the year. However, the company has received ₹ 1.00 Crores towards share application in the month of March 2012 which will be allotted financial year 2012-13.

3. Progress of the activities of the corporation

Company is in advance stage of finalization of Joint Venture agreement with GAIL Gas for developing "City Gas distribution Network in Rajasthan". For underground Coal Gasification, the Government of Rajasthan has recommended allocation of Nagurda Block in Barmer-Sanchore Basin to RSPCL under Government dispensation route. However, the Ministry of coal; Government of India has notified new policy for coal block allocation vide gazette dated February, 2012. The company shall apply for block allocation as per the guidelines of the policy as soon as blocks are identified for govt. companies. Meanwhile, the company is also exploring the possibility of undertaking Underground Coal Gasification and Microbial Coal Conversion in allocated areas of RSMML. Further, Neyveli Lignite Corporation Limited (NLC) has in principle agreed for forming alliance with RSPCL for "Underground Coal

Gasification and Syn gas production" in Rajasthan. The draft MoU has been sent to NLC for confirmation.

5. Dividend

Since the Company has not commenced its commercial operations during the year under review, the company has not made any profits. Hence, the Directors do not recommend any dividend for the year under review.

6. Fixed Deposit

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

7. Composition of Directors

During the year under report Shri Sudhansh Pant was nominated as Director in place of Shri Govind Sharma.

Your Directors place on record their appreciation for the valuable services rendered by Shri Govind Sharma during their tenure.

8. Directors' Responsibility Statement

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

- a) That in preparation of the annual accounts, the applicable accounting standards have been followed.
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,



Rajasthan State Petroleum Corporation Limited

1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- d) That the Directors have prepared the annual accounts for the year under review, on a going concern basis.

9. Auditors

M/s Maharwal & Associates, Chartered Accountants, Jaipur were appointed as Auditors under Section 619 of the Companies Act, 1956, to audit the Company's Annual Accounts for the Financial Year 2010-11. Necessary recommendation shall be made to comptroller and Auditor General of India (CAG) for the re-appointment of M/s Maharwal & Associates, Chartered Accountants, Jaipur to audit the accounts for the financial year 2011-12.

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

10. Conservation of Energy and Technology Absorption

Since the Company has not commenced commercial operations, reports pertaining to conservation of

energy and technology absorption are not applicable.

11. Secretarial Compliance Report

Pursuant to Section 383A of the Companies Act, 1956, a certificate from Company Secretary in whole time practice regarding status on compliance of the provisions of the Companies Act, 1956 by the Company is attached to the report.

12. Foreign Exchange Earnings and Outgo

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

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

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

14. Acknowledgment

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

For and on behalf of the Board

Sunil Arora
Chairman

Place: Jaipur
Dated: 16.08.2012

COMPLIANCE CERTIFICATE

CIN : U23201RJ2008SGC026960

Nominal Capital : ₹ 35,00,00,000/-

To

The Members

RAJASTHAN STATE PETROLEUM CORPORATION LIMITED

C/O Directorate Of Petroleum,

Khanij Bhawan, Tilak Marg, C-Scheme

Jaipur

I have examined the registers, records, books and papers of RAJASTHAN STATE PETROLEUM CORPORATION LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum of Association of the Company for the financial year ended on 31st March, 2012. In my opinion and to the best of our information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all the entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a public limited Company, comments are not required.
4. The Board of Directors duly met on 18.10.2011 in respect of which meeting proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. Company has passed resolution by circular during the year.

5. The Company is not required to close its Register of Members during the financial year.
6. The Annual general Meeting for the financial year ended on 31.03.2011 was held on 19.12.2011 after giving due notice to the members of the Company and the resolution passed thereat were duly recorded in the Minute Book maintained for purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred in the section 295 of the Act.
9. The Company has duly complied with the provisions of Sec.297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate Share Certificate during the financial year.
13. The Company has:
 - (i) not made allotment of securities during the year under review. There is no share transfer during the year under review.
 - (ii) not declared any dividend/ interim dividend during the financial year under review.
 - (iii) not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) not applicable being no amount is outstanding at the end of the year.
 - (v) duly complied with the requirement of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Director and no appointment of alternate Director, Directors to fill casual vacancy



Rajasthan State Petroleum Corporation Limited

and Mr. Shiv Kumar Agarwal, Mr. Ajithabh Sharma and Mr. Naresh Pal Gangwar were appointed as nominee director Mr. Chunni Lal Kayal, Mr. Akhil Arora Mr. Shreemat Pandey, and Akhil Arora were ceased as nominee director during the financial year.

15. The Company has appointed Mr. Ajithabh Sharma as Managing Director during the Financial year.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company has got approval from Registrar of Companies for extension of time for holding Annual General Meeting. Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, and/ or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and rules made thereunder.
19. The Company has not issued any securities during the year.
20. There was no redemption of preference shares or debentures during the financial year.
21. The company has not bought back any shares during the financial year.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has not made borrowing during the financial year in accordance to the provision of the Act..
25. The Company has not made loans and investments, or given guarantees or provided securities to persons in compliance with the provisions of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another state during the financial year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the financial year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the financial year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the financial year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted contribution towards Provident Fund under Section 418 of the Act during the financial year.

For S.K. Joshi & Associates

Company Secretaries

Sanjay Kumar Joshi
Proprietor

C.P. No. 7342

Place: Jaipur
Dated: 01.08.2012

ANNEXURE A

Registers as maintained by the Company

- | | |
|---------------------------------------|--------------------|
| 1. Register of Members | u/s150 |
| 2. Minute Book of Board Meetings | u/s193(1) |
| 3. Minute Book of General Meetings | u/s 193(1), 196(1) |
| 4. Register of Contracts | u/s 301 |
| 5. Register of Directors | u/s 303 |
| 6. Register of Directors Shareholding | u/s 307 |
| 7. Register of Charges | u/s143 |
| 8. Books of Accounts | u/s 209 |

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Directors, Central Government or other authorities during the financial year ending on 31st March, 2012

| S.N | Document/ Form | Under Section | Date of Document | Filed on | Whether Filed within time | Whether additional fee paid |
|-----|------------------|---------------|------------------|------------|---------------------------|-----------------------------|
| 1. | Form 23AC& 23ACA | 220 | 31.03.2011 | 18.01.2012 | NO | YES |
| 2. | Form 20B | 159 | 19.12.2011 | 16.02.2012 | NO | YES |
| 3. | Form 66 | 383A(1) | 31.03.2011 | 18.01.2012 | NO | YES |
| 4. | Form 32 | 303(2) | 02.09.2011 | 11.10.2011 | NO | YES |
| 5. | Form 32 | 303(2) | 05.04.2011 | 18.01.2012 | NO | YES |
| 6. | Form 32 | 303(2) | 30.05.2011 | 13.06.2011 | YES | N.A. |
| 7. | Form 23 | 192 | 30.05.2011 | 13.06.2011 | YES | N.A. |
| 8. | Form 61 | 166(1) | N.A. | 06.09.2011 | N.A. | N.A. |

For S.K. Joshi & Associates

Company Secretaries

Sanjay Kumar Joshi

Proprietor

C.P. No. 7342

Place: Jaipur

Dated: 01.08.2012



Rajasthan State Petroleum Corporation Limited

MAHARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

B-23/24, CITY CENTER
S.C. Road, Jaipur
(0) 2372450 (M) 9828197927
(M) 9314538631

AUDITOR' S REPORT

To The Members of

Rajasthan State Petroleum Corporation Limited

1. We have audited the attached Balance Sheet, Statement of Profit & Loss and annexure thereto of Rajasthan State Petroleum Corporation Ltd, as at 31st March, 2012 and also 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.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards that we plan and perform thereto obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principle used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matter specified in paragraph 4&5 of the said order.
4. Further to our comments in Annexure I referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of accounts as required by the law have been kept by the company so far as it appears from our examination of those books;
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
 - v. As per the explanations given to us that it is being a Government Company, therefore the provisions of section 274(1)(g) of the Companies Act, 1956 are not applicable to it as per G.S.R. no. 829 (E) dated 21.19.2003 for the Companies Affair Department, Finance Ministry.
 - vi. In our opinion and to the best of our Information and according to the explanations give to us, the said account give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. In the case of the Balance Sheet of the state of the affairs of the company as at 31st March, 2012;

b. In the case of Statement of Profit & Loss of the loss of the company for the year ended 31st March, 2012 and

c. In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For Maharwal & Associates

Chartered Accountants
FRN 003989C

T. C. Kumawat
Partner
Membership No. 078029

Place: Jaipur

Date : 6th August 2012



ANNEXURE - I TO THE AUDITOR' S REPORT

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

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

(i) (a) The company has not kept any fixed Assets.

(b) Above reference (i) (a) is not applicable.

Above reference (i) (a) is not applicable.

(ii) (a) Company has not commenced the Business Operation, and there is no inventory as on the date of balance sheet.

(b) Above reference (ii) (a) is not applicable.

Above reference (ii) (a) is not applicable.

(iii) (a) The company has not taken any loans.

(b) Above reference (iii) (a) is not applicable.

Above reference (iii) (a) is not applicable. As reported, Company has not accepted any loan.

(d) Above reference (iii) (a) is not applicable.

(iv) Company has not commenced the business activities, so this clause does not apply.

(a) According to the information and explanation given to us, we are of the opinion that the particulars of all contracts or agreements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or agreement entered in the register maintained under section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information given to us, in this financial year

company has not accepted any public deposit, so section 58A and 58AA of the Companies Act, 1956 does not apply.

(vi) In our opinion, internal audit system is not compulsory for this company.

(vii) As per section 209 (1) (d) company is required to maintain cost records, but company has not commenced business, and has not maintained any cost record.

(viii) (a) Company has not commenced the business activities so this clause does not apply.

(b) Above reference (ix) (a) is not applicable.

(ix) This clause is not applicable as the company has not yet completed 5 years.

(x) In our opinion and according to the information and explanation given to us the company has not defaulted in repayment of dues to a financial institution and bank.

(xi) In our opinion and according to the information and explanation given to us company has not granted any loan and advances against security of share, debentures and other securities.

(xii) In our opinion, the company is not a chit fund or a Nidhi/Mutual benefit Fund/Society therefore the provisions of clause 4 (xiii) of the companies (Auditor Report) order 2003 are not applicable to the company.

(xiii) In our opinion, the company is not dealing or trading in share, security debentures and other investments. According to the provision of clause 4 (xiv) of the companies (Auditors Report) order 2003 are not applicable to the company.

(xiv) According to the information given to us, company has not given any guarantee for loans taken by other from Bank or financial institution.

(xv) In our opinion and according to the information and explanation given to us, that

- the company has not accepted the term loan.
- (xvi) According to the information and explanation given to us and on an overall examination of balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- (xvii) The company has not made any preferential allotment of shares, so clause (xviii) is not applicable.
- (xviii) The company has not issued any debentures
- in this year so provision of clause (xix) is not applicable.
- (xix) The company has not raised any money through a public issue during the year.
- (xx) Based upon the audit procedure performance for the purpose of reporting the true and fair view of the financial statements and information and explanation 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 Maharwal & Associates

Chartered Accountants
FRN 003989C

T. C. Kumawat
Partner
Membership No. 078029

Place: Jaipur

Date : 6th August, 2012



Rajasthan State Petroleum Corporation Limited

BALANCE SHEET AS ON 31st MARCH, 2012

(Amt in ₹)

| Particulars | Note No. | As at 31.03.2012 | As at 31.03.2011 |
|--|----------|---------------------|---------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholder's Fund | | | |
| (a) Share Capital | 2 | 10,00,000 | 10,00,000 |
| (b) Reserves & Surplus | 3 | -80,10,224 | -69,69,286 |
| 2 Share Application Money Pending for Allotment | 4 | 1,00,00,000 | 0.00 |
| 3 Current Liabilities | | | |
| Other Current liabilities | 5 | 1,10,114 | 69,69,286 |
| TOTAL | | 30,99,890 | 10,00,000 |
| II. ASSETS | | | |
| 1 Current Assets | | | |
| Cash & Cash equivalents | 6 | 30,99,890 | 10,00,000 |
| TOTAL | | 30,99,890 | 10,00,000 |

Significant Accounting Policies

1

Notes on Financial Statements

2-8

As per our attached report of even date

For **MAHARWAL & ASSOCIATES**

Chartered Accountants

FRN: 003989C

T.C. Kumawat

(Partner)

Membership No. 078029

Place: Jaipur

Date: 06.08.2012

For and on behalf of the Board

Sudhansh Pant

Director

Ajitabh Sharma

Managing Director

Rajendr Rao

Company Secretary

PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2012

(Amt in ₹)

| Particulars | Note No. | For the year 2011-12 | For the year 2010-11 |
|--|----------|-------------------------|-------------------------|
| I. Revenue from operations | | 0.00 | 0.00 |
| II. Other Income | | 0.00 | 0.00 |
| III. Total Revenue (I+II) | | 0.00 | 0.00 |
| IV. Expenses | | | |
| Employee benefits expense | 7 | 4,17,472 | 5,57,001 |
| Other expenses | 8 | 6,23,466 | 40,73,445 |
| Total Expenses | | 10,40,938 | 46,30,446 |
| V. Loss before tax (III-IV) | | -10,40,938 | -46,30,446 |
| VI. Tax expense | | | |
| Current Tax | | 0.00 | 0.00 |
| Deferred Tax | | 0.00 | 0.00 |
| VII. Loss for the period (V-VI) | | -10,40,938 | -46,30,446 |
| VIII. Earning per equity share | | | |
| 1) Basic | | -10.41 | -46.30 |
| 2) Diluted | | -10.41 | -46.30 |

Significant Accounting Policies

1

Notes on Financial Statements

2-8

As per our attached report of even date

For MAHARWAL & ASSOCIATES

Chartered Accountants

FRN: 003989C

T.C. Kumawat

(Partner)

Membership No. 078029

Place: Jaipur

Date: 06.08.2012

For and on behalf of the Board

Sudhansh Pant

Director

Ajitabh Sharma

Managing Director

Rajendr Rao

Company Secretary



Rajasthan State Petroleum Corporation Limited

CASH FLOW STATEMENT FOR THE YEAR ENDING ON 31st MARCH 2012

(Amt in ₹)

| PARTICULARS | Year ended 31.03.2012 Rs. | Year ended 31.03.2011 Rs. |
|---|---------------------------------|---------------------------------|
| Cash Flow From Operating Activities | | |
| Net profit before tax | -10,40,938 | -46,30,446 |
| Adjustments | 0 | 0 |
| Operating profit before working capital changes | -10,40,938 | -46,30,446 |
| Working capital changes | | |
| Other payables (RSMML) | -68,59,172 | 46,30,446 |
| Cash generated from operations | -79,00,110 | 0.00 |
| Less: Direct tax paid | 0.00 | 0.00 |
| Net cash flow from operating activities (A) | -79,00,110 | 0.00 |
| Cash Flow From Investing Activities (B) | 0.00 | 0.00 |
| Cash Flow From Financing Activities | | |
| Share Application Money | 1,00,00,000 | 0.00 |
| Cash Flow From Financing Activities (C) | 1,00,00,000 | 0.00 |
| Net Change in Cash & Cash Equivalents (A+B+C) | 20,99,890 | 0.00 |
| Cash & Cash Equivalents at the beginning of the year | 10,00,000 | 10,00,000 |
| Cash & Cash Equivalents at the end of the year | 30,99,890 | 10,00,000 |

As per our attached report of even date

For MAHARWAL & ASSOCIATES

Chartered Accountants

FRN: 003989C

T.C. Kumawat

(Partner)

Membership No. 078029

Place: Jaipur

Date: 06.08.2012

For and on behalf of the Board

Sudhansh Pant

Director

Ajitabh Sharma

Managing Director

Rajendr Rao

Company Secretary

NOTES FORMING PART OF THE ACCOUNTS
AS AT 31st MARCH, 2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

(b) Fixed Assets

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

(c) Depreciation

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

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

(d) Impairment of Assets

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

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

(e) Investments

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

(f) Inventories

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

(g) Foreign exchange Transaction

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

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

(h) Borrowing Cost

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



Rajasthan State Petroleum Corporation Limited

(i) Provisions and Contingent Liabilities

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

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

Where some or all the expenditure required to settle a provision is expected to be reimbursed by another party, such

reimbursement is recognized to the extent of provision or contingent liability as the case may be, only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

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

2. SHARE CAPITAL

(Amt In ₹)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---|-------------------------------|-------------------------------|
| 1. Authorised Share Capital | | |
| 3,50,00,000 Equity Shares of Rs. 10 each (Previous Year 3,50,00,000 Equity Shares of Rs. 10 each) | 35,00,00,000 | 35,00,00,000 |
| 2. Issued, Subscribed & Paid up Share Capital | | |
| 1,00,000 Fully paid equity shares of Rs. 10/- each | 10,00,000 10,00,000 | 10,00,000 10,00,000 |

2.1 The reconciliation of the number of shares outstanding is set out below-

(Amt In ₹)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|--|-----------------------------|-----------------------------|
| Equity Shares outstanding at the beginning of the year | 1000000 | 1000000 |
| Add: Issued during the year | 0 | 0 |
| Equity Shares outstanding at the end of the year | 1000000 | 1000000 |

2.2 Shares held by Holding Company

(Amt In ₹)

| Name of Holding Company | As at 31st March 2012 | | As at 31st March 2011 | |
|--|-----------------------|---------------|-----------------------|---------------|
| | Amount | No. of Shares | Amount | No. of Shares |
| Rajasthan State Mines & Minerals Limited | 10,00,000 | 100000 | 10,00,000 | 100000 |

2.3 The details of Shareholders holding more than 5% shares

(Rs. In Lac)

| Name of Shareholder | As at 31st March 2012 | | As at 31st March 2011 | |
|--|-----------------------|--------|-----------------------|--------|
| | No of Shares | % held | No of Shares | % held |
| Rajasthan State Mines & Minerals Limited | 100000 | 100 | 100000 | 100 |

2.4 Terms/right attached to equity shares

The Company has one class of equity share having a par value of ₹10/- per share . Members of the Company holding equity share capital therein have a right to vote on every resolution placed before the Company and right to receive dividend. Each shareholder is eligible for one vote per share held.

3. RESERVES AND SURPLUS

(Amt In ₹)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|--|-----------------------|-----------------------|
| Debit balance of statement of profit and loss | | |
| As per last balance sheet | -69,69,286 | -23,38,840 |
| Add: Loss for the year | -10,40,938 | -46,30,446 |
| | -80,10,224 | -69,69,286 |

4. SHARE APPLICATION MONEY PENDING ALLOTMENT

- Number of shares proposed to be issued for share application money pending allotment outstanding as of March 31, 2012 10,00,000 representing the shares to be issued against share application money received from RSMML.
- Securities premium on account of shares pending allotment amounts to NIL as on March 31, 2012. The shares pending allotment as of the year-end is expected to be allotted in the current Board Meeting.
- The Company has sufficient authorized equity share capital to cover the share capital on allotment of shares pending allotment as of March 31, 2012.
- There are no interest accrued and due on amount due for refund as of March 31, 2012.
- No shares are pending for allotment beyond the period for allotment as of March 31, 2012.

5. OTHER CURRENT LIABILITIES

(Amt In ₹)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---|-----------------------|-----------------------|
| Other Payables | | |
| From Rajasthan State Mines & Minerals Limited (holding Company) | 1,05,114 | 69,64,286 |
| From others | 5,000 | 5,000 |
| | 1,10,114 | 69,69,286 |



Rajasthan State Petroleum Corporation Limited

- 5.1 Based on the information available with the Company regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to Micro, Small and Medium Enterprises Suppliers on accounts of principal and/or interest as at the close of the year.

6. CASH & CASH EQUIVALENTS

(Amt In ₹)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|--|-----------------------------|-----------------------------|
| Balance with ICICI Bank in current account | 30,99,890 | 10,00,000 |
| | 30,99,890 | 10,00,000 |

7. EMPLOYEE BENEFITS EXPENSE

(Amt In ₹)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|-----------------------|-----------------------------|-----------------------------|
| Salary & Wages | 4,02,073 | 5,49,894 |
| Medical Aid & Welfare | 15,399 | 7,107 |
| | 4,17,472 | 5,57,001 |

8. OTHER EXPENSES

(Amt In ₹)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|-----------------------------------|-----------------------------|-----------------------------|
| Legal & Professional Fees | 23,850 | 30,79,055 |
| Printing & Stationery | 9,915 | 4,071 |
| Travelling Expenses | 2,89,217 | 1,10,351 |
| Advertisement Expenses | 0 | 8,08,505 |
| Audit Fee | 5,000 | 5,000 |
| Postage & Telephone Expenses | 11,816 | 4,403 |
| Entertainment Expenses | 0 | 5,660 |
| Books, Periodicals & Library Exp. | 0 | 56,400 |
| Seminar, Conference & Exhibition | 2,83,098 | 0 |
| Bank Charges | 110 | 0 |
| General Charges | 460 | 0 |
| | 6,23,466 | 40,73,445 |

9. Contingent Liabilities provided for Nil.
10. The project is under implementation and yet to commence commercial operations. In view of the Opinion issued by the Expert Advisory Committee of the profit & Loss Account has been prepared as required by AS-26. Accordingly various expenses incurred during the current year have been charged to Profit & Loss Account for the year.
11. As per AS-22, deferred tax should be recognized for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Therefore, no provision of deferred tax assets and liabilities is made as on 31 March, 2012 as there is no timing difference and project is yet to start its commercial production.
12. Remuneration to Auditors
- | | 2011-12 | 2010-11 |
|------------|------------|-----------|
| Audit fees | Rs. 5000/- | Rs.5000/- |
13. In the opinion of the Management, Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of what is required.
14. Related party Disclosure as per Accounting Standard 18:
- List of Related Parties:
- (i) parties where control exists
Rajasthan State Mines and Minerals Limited- Holding Company.
- (ii) Related Party Transactions - Transaction with Related parties.

(Amt In ₹)

| Nature of Transaction during the year | 2011-12 | 2010-11 |
|---|---------------|-------------|
| Receipt of Share application Money | 1,00,00,000/- | - |
| Refund towards reimbursement of expenditure | -79,00,000/- | - |
| Expenses incurred | 10,40,828/- | 46,30,446/- |

As per our attached report of even date

For MAHARWAL & ASSOCIATES

Chartered Accountants
FRN: 003989C

T.C. Kumawat
(Partner)
Membership No. 078029
Place: Jaipur
Date: 06.08.2012

For and on behalf of the Board

Sudhansh Pant
Director

Ajitabh Sharma
Managing Director

Rajendr Rao
Company Secretary



Rajasthan State Petroleum Corporation Limited

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 PETROLEUM CORPORATION LIMITED, JAIPUR FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of Rajasthan State Petroleum Corporation Limited, Jaipur for the year ended 31 March 2012 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 06.08.2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Rajasthan State Petroleum Corporation Limited, Jaipur for the year ended 31 March 2012 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

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

(R. Chouhan)
Principal Accountant General
(Eco. & Rev. Sector Audit)
Rajasthan, Jaipur

Place : Jaipur
Date 12.09.2012



Barmer Lignite Mining Company Limited

FINANCIAL STATEMENT
OF
BARMER LIGNITE MINING COMPANY LIMITED
(A *subsidiary company of RSMML*)

Barmer Lignite Mining Company Limited
Sixth Annual Report
DIRECTORS' REPORT

To the Shareholders,

Your directors take pleasure in presenting the 6th Annual report along with the audited accounts of the Company for the year ended 31st March 2012.

1. Financial results

During the year, the Company achieved commercial operation of the kapurdi Mines w.e.f. October 10, 2011. As at March 31, 2012 the Gross Block and Capital Work-in-progress aggregates to Rs. 506.80 Crores. During the year, your company has incurred a loss of Rs 0.60 Crores. One of the reasons for losses in the corresponding year was the grant of adhoc interim transfer price of lignite by Regulatory Commission, which was insufficient to cover the entire expenses and other reasons like delay in acquisition of land for the project and consequential delays in project execution.

2. Details and status of the project

Your Company was incorporated on 19th January, 2007 as a joint Venture Company between Rajasthan State Mines & Mineral Ltd. (RSMML), a Government of Rajasthan enterprise & Raj West Power Ltd. (RWPL), a subsidiary of JSW Energy Limited with equity participation of 51% and 49% respectively to develop lignite mines in two contiguous blocks viz kapurdi and Jalipa in Barmer district of Rajasthan for supplying lignite to the mine-head located 1080 MW (8X135 MW) capacity Lignite Based Thermal Power Plant of RWPL.

Your Company is pleased to inform that during the year, the process of transfer of the Kapurdi lignite mines lease was completed. The mining lease of kapurdi lignite block was transferred in the name of your company in October 2011.

The Company had filed petition with Rajasthan Electricity Regulatory Commission (RERC) for determination of provisional transfer price in January, 2011. RERC vide its order dated 17.08.2011, has sought rebid of the Mine Developer cum Operator (MDO) appointed by the company citing certain deficiencies in the process of tendering. The Company while having appealed against the said order of RERC in Appellate Tribunal for Electricity (Aptel), has also

parallelly engaged Engineers India Limited (EIL) to carrying out an international Competitive Bidding (ICB) process. RERC in September, 2011 determined an ad-hoc interim transfer price of lignite to be supplied to RWPL for the year 2011-12. Pursuant to receipt of ad-hoc interim transfer price from RERC, supply of lignite commenced from your Company to RWPL from October 10, 2011. During the year, your Company removed 20.70 Million CuM of overburden and supplied 1.67 Million Tonnes of lignite to the power plant. We are pleased to inform that the Kapurdi lignite mine reached its rated production capacity of 3 MTPA in January 2012. Until the issue related the MDO is fully resolved, the existing MDO is continuing to operate & provide Lignite from the Kapurdi Mines.

During the year, an amount of Rs. 613 Crs. have been disbursed to the khatedars out of Rs. 709 Crs. (Approx) paid to RSMML for payment to land losers towards acquisition of land for Jalipa lignite block, R&R and compensation towards structures. Jalipa Mining Area also covers 2087.15 bighas of Government Land.

During the year, the Company initiated the process of preparation of DPR by PWD-NH Division for diversion of NH-15 which was passing through the Jalipa mining lease area and paid Rs. 50 Lacs to PWD-NH Division for preparation of pre-feasibility report and DPR. Your company is pursuing with RSMML to expedite the execution of Jalipa mining lease including the release of forest land alongside of the NH-15 at earliest.

During the year, your Company has awarded EPC contract for lignite Handling system (LHS) of 5 MTPA capacity at Kapurdi lignite mines to FL Smidth, Chennai on 06.12.2011 valued at Rs. 94 crores. The period of execution to complete the LHS is 14 months

3. Financing

During the year, your company has received Rs. 50.53 Crores from its Promoter, RWPL, towards Subordinate Debt as per Joint Venture Agreement to meet the project requirements.

Your Company has achieved financial closure for the project by tying up debt aggregating to Rs. 1260 Crores to part finance the project costs appraised at 1800 Crores with a consortium of banks.



Barmer Lignite Mining Company Limited

effect from 19th July 2012.

Mr. Umesh Narain Gupta has been nominated by RWPL as Director in place of Mr. Nirmal kumar jain, Director with effect from 06th September, 2012.

Your Directors place on record their deep appreciation for the valuable services rendered by Mrs. Aparna Arora, Mr. Akhil Arora, Mr. Lalit Kumar Gupta and Mr. Nirmal kumar jain during their tenures as Directors.

Your company has been prompt in discharging its obligations to lenders & statutory authorities in the FY 2012.

4. Share capital

There is no change in the Authorised and paid up capital of the Company during the year.

5. Fixed Deposits

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

6. Dividend

As your Company has not made any profits during the year under review, your directors have not recommended any dividend for the year under review.

7. Directors

a) Composition

The Board Comprises of 7 directors.

b) Retirement by Roatation

Mr. Naresh Pal Gangwar and Mr. Sanjay Sagar, Directors, retire by rotation at the ensuring Annual General Meeting and being eligible, offers themselves for re-appointment, The proposals regarding their re-appointment as Directors are placed for your approval.

c) Changes in the Board

Mr. Akhil Arora was nominated by RSMML as Director in place of Mrs. Aparna Arora, Director with effect from 30th May, 2011.

Mr. Ajitabh Sharma was nominated by RSMML as Director in place of Mr. Akhil Arora, Director with effect from 23rd August, 2011.

Mr. Nirmal kumar jain has been nominated by RWPL as Director in place of Mr. Lalit Kumar Gupta, Director with effect from 01st December, 2011

Mr. Sanjay Sagar ceased to be the Managing Director of the Company w.e.f. 19th July, 2012 but continues to remain as Director of the Company as nominee of RWPL. Mr. Pramod Menon has been nominated by RWPL as Managing Director in place of Mr. Sanjay Sagar with

8. Composition of Audit Committee.

As per the requirements of section 292A of the Companies Act, 1956, an Audit Committee was constituted on 27th December, 2007 and was reconstituted from time to time and presently constitutes of the following members.

1. Mr. Sudhansh Pant
2. Mr. Naresh Pal Gangwar
3. Mr. Sanjay Sagar
4. Mr. Pramod Menon

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

9. Director's Responsibility statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hearby confirmed that:

- a) In the preparation of the annual accounts for the year ended 31st march, 2012, the applicable accounting standards have been followed and there is no material departure from the same;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the

companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- d) The directors have prepared the annual accounts for the year under review, on a going concern basis.

10. Auditors

The Statutory Auditors, M/S Chatter & Chatter, Chartered Accountant, Jaipur were appointed as Auditors under Section 619 of the Companies Act, 1956, to audit the Company's Annual Accounts for the Financial year 2011-12.

11. Particulars of Conservation of energy and Technology Absorption etc.

The particulars relating to energy conservation and technology absorption, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the companies (Disclosure of Particulars in

the report of the Board of Directors) Rules, 1988 is given as Annexure to the Director's Report.

12. Foreign Exchange Earnings and Outgo

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

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

In terms of Section 217(2A) of the Companies Act, 1956, read with the companies (Particulars of Employees) Rules, 1975, as amended, none of the employees of the company was in receipt of remuneration in excess of the limits prescribed.

14. Acknowledgment

Your Directors wish to place on record their appreciation for the cooperation and assistance received from the Government of Rajasthan, various government contractors, suppliers departments and authorities, banks, consultants, Rajasthan State Mines and Minerals limited and Raj West Power Limited.

For and on Behalf of the Board

Sunil Arora
Chairman

Place: Jaipur
Date : 13.12.2012



ANNEXURE TO THE DIRECTOR' S REPORT

Particulars pursuant to the provisions of Companies (Disclosure of Particulars in the report of Directors) Rule, 1988

A. Conservation of Energy

a) Energy Conservation Measures taken:

This is the first year of operations of the Company. The Company will be evaluating the energy conservation measures to be taken.

b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy:

The same will be considered

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;

During the year under consideration impact cannot be measured.

B. Technology Absorption

| | | |
|----|---|--|
| 1. | Specific area in which R&D carried out by the company | Company is making studies in the field of slope stability |
| 2. | Benefits derived as a result of the above R&D | Result of above R&D will be helpful in reducing the ultimate slope angle of benches and in turn will result in reduction in land use, reduction of cost, recovery of maximum quantity of Geological Reserve and stability of ground in due course of time. |
| 3. | Future plan of action | The study will be completed only when the mine reaches the maximum depth. Depending on the result of first phase of study future course of action will be decided |
| 4. | Expenditures | a. Nil |
| a. | Capital | b. Nil |
| b. | Recurring | c. Nil |
| c. | Total | d. Nil |
| d. | Total R&D expenditure as a percentage of turnover | |

C. Technology Absorption, Adoption and Innovation

| | | |
|----|--|--|
| 1. | Efforts in brief, made towards Technology absorption, adaptation and innovation | The Mine is working with Conventional Shovel Dumper Combination Technology with Fuel Efficient Equipment |
| 2. | Benefits derived as a result of the above efforts | This technology is Fuel Efficient and Cost Effective. |
| 3. | In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished: | This technology is not an imported technology. |
| 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 thereof and future plans of action | |

AUDITORS' REPORT TO THE SHAREHOLDERS

We had earlier given our report dated 8th September, 2012 on the Balance Sheet of Barmer Lignite Mining Company Limited as at 31st March, 2012 and the profit and Loss Account and also the Cash Flow statement for the Year ended on that date annexed there to duly approved by the Board of Directors on 8th September, 2012.

Subsequent to the above report the said accounts of the company have been revised by the management to give effect to major audit observations made by the comptroller & Auditor General of India. The revised accounts have been approved by the Board of Directors on 13.12.2012. The impact of the revision has resulted in the decrease in loss for the year by Rs. 13.50 Crores and other changes in the Financial Statement on account of the revision are reflected in note no. 24 (a) of Notes on accounts of the financial statements.

This report supersedes our earlier report dated 8th September, 2012 on the Financial statement for the year ended on 31st march, 2012.

We have audited the attached Balance sheet of Barmer Lignite Mining Company Limited as at 31st March, 2012 and the Profit and loss Account and also the Cash Flow statement for the year ended on that annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) (Amendment) Order 2004 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit:
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - c) The Balance Sheet, profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3 C) of section 211 of the companies Act, 1956;
 - e) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act. 1956 is not required for Government Companies as per Notification No. GSR 829 (E) dated October 21, 2003 issued by the Department of Company Affairs;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Significant Accounting Policies, Notes on Accounts and other schedules, give the information as required by the companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:



Barmer Lignite Mining Company Limited

- i. In the case of the Balance sheet, of the state of affairs of the company as at 31st march, 2012.
- ii. In the case of the Profits and Loss Account, of the loss for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For Chatter & Chatter
Chartered Accountants

Rakesh Chatter
Partner
Membership No. 073831
FRN: 005376C

Place: Jaipur
Date: 03.12.2012

Annexure to the Auditors' Report

(Referred to in paragraph 1 of our Report of even Date)

Based upon the information and explanations furnished to us and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and belief:

- | | |
|---|---|
| <p>(i) In respect of its fixed asset</p> <p>(a) The Company has commenced its commercial operations during the year and capitalized its assets pertaining to Kapurdi Mining Block upto the date of commercial operation and all other capital assets are shown as Capital Work in Process which has not been put to use. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.</p> <p>(b) The Fixed Assets were physically verified by the internal auditors / management in accordance with the regular programme of verification which, in our opinion is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.</p> <p>(c) None of or part of fixed assets have been disposed of during the year.</p> | <p>(iii) (d) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, Sub-clause (b),(c) and (d) are not applicable.</p> <p>(e) The company has taken unsecured loans from M/S Raj Wes Power Limited amounting to Rs. 361.63 crores, out of which loan received during the year is of Rs. 50.53 crores covered in the register maintained under section 301 of the Act.</p> <p>(f) The rate of interest and other terms and conditions of loans taken by the company, are not prima facie prejudicial to the interest of the company; and</p> <p>(g) The company has not repaid the principal/interest amount of the loan during year, as according to explanation and information provided to us that same was not due for payment during the current year. Company has made provision for interest on subordinated loan received from M/s Raj West power Limited.</p> |
| <p>(ii) In respect of Inventory</p> <p>(a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.</p> <p>(b) In our opinion and according to the explanations given us, the procedures for the physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>(c) In our opinion and according to the explanations given to us, the company has maintained proper</p> | <p>(iv) During the year the company has started commercial operation and hence internal auditors has been appointed by the company with the approval of the board of Directors. There is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed asset and sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.</p> <p>(v) (a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section, if applicable; and</p> <p>(b) The transactions made in pursuance</p> |



Barmer Lignite Mining Company Limited

Barmer in accordance with the directive of the Honorable High Court, Jodhpur.

- of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted deposits from the public during the year, so section 58A and 58AA of the Companies Act, 1956 does not apply.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of chartered accountants appointed by the management have been commensurate with the size of the company and the nature of its business.
- (viii) The maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act, is not applicable in Lignite Mining business and hence is not applicable to the company which is engaged in Lignite Mining. However the same has been made applicable from the financial year 2012-13.
- (ix) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities and no amount is outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us there is no undisputed amount payable in case dues of income tax/ sales tax/ wealth tax/ service tax/ customs duty/ excise duty/ cess etc except the amount of land tax demand of Rs. 2.11 crores for the financial year 2011-12, which is subjudice with the Honorable High court, Jodhpur. However, The company has deposited 30% of the land tax out of the above mentioned demand i.e. Rs. 0.63 crore as per assessment of sub-Register office,
- (x) The company's accumulated losses at the end of the financial year are Rs. 1.09 crore which includes loss in the current year of Rs. 0.60 Crore, which is less than 50% of its net worth. The company has not incurred any cash loss during the current year however it had incurred cash loss of Rs. 0.35 crore during the preceding year.
- (xi) In our opinion and according to the information and explanation given to us the company has not defaulted in repayment of dues to a financial institutions or bank.
- (xii) In our opinion and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit Fund/ a Nidhi/Mutual benefit fund society/ company. Therefore special statute applicable to chit fund is not applicable.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments and hence it is not applicable.
- (xv) In our opinion and as per information and explanation provided to us the company has not given guarantee for loans taken by others from bank or financial institutions
- (xvi) As per information and explanation provided to us the company has obtained sanction of term loan Rs. 1260.00 crores. The company has availed Rs. 762.50 crores during the year under review and has been utilized for the purposes for which they were raised.
- (xvii) The funds raised on short-term basis have been used for Capital Advances paid for acquisition of land for mining. During current year the company has raised Rs. 100.00 Crores. (PY Rs. 650.00 Crores) on short-term basis from Banks. The said amount of Rs. 750.00 Crores has been repaid by the company by availing long term loans. The short-term loan has been used for the acquisition of Mining land and the payment

- of interest during construction.
- (xviii) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) During the year the company has not issued and Debentures, so provision of this clause is not applicable.
- (xx) The company has not raised any money through the 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 information and explanation given to us, we have to report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Chatter & Chatter
Chartered Accountants

Rakesh Chatter
Partner
Membership No. 073831
FRN : 005376 C

Place: Jaipur
Date: 13.12.2012



BALANCE SHEET AS AT 31st MARCH, 2012

| Particulars | Note | As at 31st March, 2012 In crore | As at 31st March, 2011 In crore |
|-------------------------------------|------|---------------------------------------|---------------------------------------|
| I EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds: | | | |
| (a) Share capital | 2 | 20.00 | 20.00 |
| (b) Reserves and surplus | 3 | (1.09) | (0.49) |
| | | 18.91 | 19.51 |
| (2) Non-current liabilities: | | | |
| (a) Long-term borrowings | 4 | 1,124.13 | 311.10 |
| (b) Other long-term liabilities | 5 | 96.21 | - |
| | | 1,220.34 | 311.10 |
| (3) Current Liabilities: | | | |
| (a) Short-term borrowings | 6 | - | 650.00 |
| (b) Trade payables | 7 | 11.32 | 6.29 |
| (c) Other current liabilities | 8 | 43.05 | 4.59 |
| (d) Short term Provisions | 9 | 2.01 | 0.43 |
| | | 56.38 | 661.31 |
| TOTAL | | 1,295.63 | 991.92 |
| II ASSETS | | | |
| (1) Non-current assets: | | | |
| (a) Fixed Assets | | | |
| (i) Tangible assets | | 5.29 | - |
| (ii) Intangible assets | 10 | 361.00 | - |
| (iii) Capital work-in progress | | 132.03 | 73.79 |
| (b) Non-current investments | 11 | 0.00 | 0.00 |
| (c) Long-term loans and advances | 12 | 712.67 | 736.52 |
| (d) Other non-current assets | 13 | 0.00 | 0.00 |
| (e) Deferred tax Assets | | 1.72 | 0.09 |
| | | 1,212.71 | 810.40 |

RAJASTHAN STATE MINES & MINERALS LIMITED

| | | | |
|-----------------------------------|----|-----------------|---------------|
| (2) Current assets: | | | |
| (a) Inventories | 14 | 25.54 | - |
| (b) Trade receivables | 15 | 37.34 | - |
| (c) Cash and bank balances | 16 | 5.96 | 177.46 |
| (d) Short-term loans and advances | 17 | 0.81 | 2.44 |
| (e) Other current assets | 18 | 13.27 | 1.62 |
| | | 82.92 | 181.52 |
| TOTAL | | 1,295.63 | 991.92 |

Significant Accounting Policies 1

Notes forming Integral part of Financial Statements 2-24

As per our attached report of even date
For Chatter & Chatter
Chartered Accountants

For and on behalf of the Board of Director

Rakesh Chatter
Partner
Membership No. 073831
FRN : 005376C

Pramod Menon
Managing Director

Sunil Arora
Chairman

Place: Jaipur
Date : 13.12.2012

Nitesh Gangwal
Company Secretary



Barmer Lignite Mining Company Limited

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| Particulars | Note | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|---|-------------|--|--|
| | | In crore | In crore |
| I Revenue from operations | 19 | 163.43 | - |
| II Other income | 20 | 0.03 | 0.00 |
| III Total Revenue (I+II) | | 163.46 | 0.00 |
| IV Expenses: | | | |
| Cost of Lignite Mining | 21 | 146.78 | - |
| Increase / (Decrease) in Inventories | | (25.54) | - |
| Finance costs | 22 | 18.43 | 0.00 |
| Depreciation and amortisation expenses | | 8.48 | - |
| Other expenses | 23 | 15.77 | 0.35 |
| Total Expenses | | 163.92 | 0.35 |
| V Profit / (Loss) before tax (III-IV) | | (0.46) | (0.35) |
| VI Tax Expenses: | | | |
| Current tax | | 1.76 | (0.07) |
| Deferred tax | | (1.62) | (0.02) |
| | | (0.14) | (0.09) |
| VII Profit /(Loss) for the year (V- VI) | | (0.60) | (0.26) |
| VIII Earnings per share (Rs.) | | | |
| Basic | | (0.30) | (0.13) |
| Diluted | | (0.30) | (0.13) |
| Significant Accounting Policies | 1 | | |
| Notes forming Integral part of Financial Statements | 2-24 | | |

As per our attached report of even date
For Chatter & Chatter
Chartered Accountants

For and on behalf of the Board of Director

Rakesh Chatter
Partner
Membership No. 073831

Pramod Menon
Managing Director

Sunil Arora
Chairman

Place: Jaipur
Date : 13.12.2012

Nitesh Gangwal
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

| | For the year ended 31st March, 2012 In crore | For the year ended 31st March, 2011 In crore |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before Tax | (0.46) | (0.35) |
| Adjusted for: | | |
| Depreciation | 8.49 | - |
| Interest Income | (0.03) | (0.00) |
| Finance Costs | 18.43 | - |
| Prior Period Adjustments | - | 0.07 |
| | <u>26.89</u> | <u>0.07</u> |
| Operating profit before working capital changes | (26.43) | (0.28) |
| Adjustments for: | | |
| Trade and other receivables | (37.34) | - |
| Trade Payables including Advance received from customers | 44.59 | 0.71 |
| Inventories | (25.54) | - |
| Loans and advances | 13.83 | (2.58) |
| | <u>(4.45)</u> | <u>(1.87)</u> |
| Cash generated from operations | 21.97 | (2.15) |
| Direct Taxes Paid (Net) | (1.30) | 0.07 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | <u>20.68</u> | <u>(2.08)</u> |
| B. CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| Purchase of Fixed Assets including CWIP & Pre-Operative Expenses | (336.81) | (480.27) |
| Interest Income | <u>0.03</u> | <u>0.00</u> |
| NET CASH USED IN INVESTMENT ACTIVITIES | (336.78) | (480.27) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Purchase of Investments (Previous year Rs.20000/-) | - | (0.00) |
| Proceeds from Borrowings | 163.03 | 659.45 |
| Finance cost paid | <u>(18.43)</u> | <u>-</u> |
| NET CASH FINANCING ACTIVITIES | <u>144.60</u> | <u>659.44</u> |
| NET INCREASE / DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C) | <u>(171.50)</u> | <u>177.09</u> |
| CASH AND CASH EQUIVALENTS - OPENING BALANCE | 177.46 | 0.37 |
| CASH AND CASH EQUIVALENTS -CLOSING BALANCE | 5.96 | 177.46 |



Barmer Lignite Mining Company Limited

Note :

- 1) The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3.
- 2) Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification

As per our attached report of even date
For Chatter & Chatter
Chartered Accountants

For and on behalf of the Board of Director

Rakesh Chatter
Partner
Membership No. 073831

Pramod Menon
Managing Director

Sunil Arora
Chairman

Place: Jaipur
Date : 13.12.2012

Nitesh Gangwal
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE: 1

Significant Accounting Policies

(a) General:

- i) The financial statements are prepared under the historical cost convention, on the accounting principles of a going concern.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with the applicable accounting standards prescribed by the Companies (Accounting standards) Rules, 2006 to the extent applicable.
- iii) All expenses and incomes to the extent ascertainable with reasonable certainty are accounted for on accrual basis. All taxes, duties and cess etc paid on purchases have been charged to the profit and loss account except such taxes, duties and cess, which are subsequently recoverable with reasonable certainty from the taxing authorities.

In case of Service tax paid / payable on Lignite extraction charges and other Services, the same has been charged to Profit and Loss account after netting off the Excise duty payable on sale of Lignite. On account of the huge difference in Service tax paid on Lignite extraction cost and excise duty paid on sale of Lignite, the possibility of utilisation of CENVAT credit cannot be ascertained with reasonable certainty.
- iv) The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities

on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

- v) All assets and liabilities have been classified as current and non-current as per the company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956.

(b) Fixed Assets:

(i) Tangible Assets

Fixed assets are stated at cost which includes all direct and indirect expenses up to the date of acquisition, installation and/or any cost attributable for bringing the asset to its working condition for its intended use.

Expenditure incurred during construction period:

Apart from costs related directly to the construction of an asset, indirect expenses incurred up to the date of commencement of commercial production which are incidental and related to construction are capitalized as part of construction cost. Income, if any, earned during the construction period is deducted from the indirect costs.

(ii) Intangible assets:

Surface Rights on Kapurdi Land and Rights under the implementation and Joint Venture agreement are amortized on the basis of lignite actually extracted during the period with respect to the estimated quantity of extractable mineral reserves.



(c) Capital work-in-progress (CWIP)

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP for capitalization.

Expenditure attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related asset.

Interest during construction and expenditure (net) allocated to construction are apportioned to CWIP on the basis of the closing balance of specific asset or part of asset being capitalized. The balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule.

Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance/receipt of claims.

Any other expenditure which is not directly or indirectly attributable to the construction of the project/construction of the Fixed Asset is charged off to profits and loss statement in the period in which they are incurred.

(d) Depreciation/ Amortization:

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

Surface Rights on Kapurdi Land and Rights under the implementation and Joint Venture agreement are amortized on the basis of lignite actually extracted during the period with respect to the estimated quantity of extractable mineral reserves.

(e) Impairment of Assests:

In accordance with Accounting Standard 28 on "Impairment of Assets" Prescribed by the Company (Accounting Standards) Rules, 2006, where there is an indication of impairment of the company's assets relating to cash generating units, the Carrying amount of such assets are reviewed at each balance sheet date to determine whether there is an impairment. The recoverable amount of such

assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized profit & loss statement whenever carrying amount of such assets exceeds its recoverable amount.

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

(f) Employee related Benefits

The company does not have any employee on its rolls and are being deputed from Joint Venture Partners. Hence, all employee related benefits are being taken are by the respective Companies from whom the employees are deputed.

(g) Revenue Recognition:

Revenue from sale of goods and services rendered is recognized upon passage of title and rendering of services to the customers.

(h) Investments:

Long term investments are stated at cost. In case, there is a decline other than temporary in the value of the investment, a provision for same is made. Current investments are valued at lower of cost or fair value.

(i) Inventories:

Inventories are valued at lower of cost and net realizable value. Cost is determined on the basis of weighted average. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, defective and unserviceable stock is duly provided for whenever applicable.

(j) Borrowing cost:

Borrowing Costs directly attributable to the acquisition and construction of qualifying assets are capitalized as part of cost of such asset up to the date when such assets are ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. The borrowing cost eligible for capitalization is being netted off against

borrowing costs shall cease when substantially all activities necessary to prepare the qualifying asset for its intended use are complete.

Other borrowing costs are charged to revenue.

(k) Taxation:

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

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

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

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

(l) Provision for Mine Closure charges:

Company provides for annual mine closure

cost on the Guidelines for preparation of Mine closure plan issued by the Ministry of Coal, Government of India. An amount equal to the annual cost is to be deposited every year throughout the mine life compounded @ 5% annually.

(m) Provisions and Contingent Liabilities:

Provisions and recognized based on the best estimates of the expenditure required to settle the present obligation at the balance sheet date when

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

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

Contingent liability is disclosed in the case of

- a) Present obligation arising from a past event when it is not probable that a outflow of recourses will be required to settle the obligation.
- b) A possible obligation arising from past event, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future event not within the control of the enterprise.



NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE: 2 SHARE CAPITAL

| Particulars | As at 31st March,2012 In crore | As at 31st March,2011 In crore |
|---|---|---|
| Authorised: 2,00,00,000 Equity Shares of Rs. 10 each (Previous year 2,00,00,000 equity shares of Rs.10 each) | 20.00 | 20.00 |
| Issued,Subscribed and paid-up: 2,00,00,000 Equity Shares of Rs. 10 each (Previous year 2,00,00,000 equity shares of Rs.10 each) | 20.00 20.00 | 20.00 20.00 |

2.1 The reconciliation of the number of shares outstanding at the beginning and at the end of the year

| Particulars | As at 31st March,2012 No. of Shares | As at 31st March,2011 No. of Shares |
|---|---|---|
| Shares outstanding at the beginning of the year | 2,00,00, 000 | 2,00,00,000 |
| Add: Fresh Issue of Shares | - | - |
| Shares outstanding at the end of the year | <u>2,00,00, 000</u> | <u>2,00,00,000</u> |

2.2 Details of aggregate shareholding by Holding Company, Subsidiary of Holding Company or Associate of Holding Company

| Particulars | As at 31st March,2012 No. of Shares | As at 31st March,2011 No. of Shares |
|--|---|---|
| Rajasthan State Mines & Minerals Limited (Holding Company) - a Government of Rajasthan Enterprise | 1,02,00, 000 | 1,02,00,000 |

2.3 Details of shareholding more than 5% of aggregate shares in the Company

| Particulars | As at 31st March,2012 No. of Shares | As at 31st March,2011 No. of Shares |
|--|---|---|
| Rajasthan State Mines & Minerals Limited (Holding Company) | 1,02,00,000 | 1,02,00,000 |
| Raj West Power Limited (Joint Venture partner) | 98,00,000 | 98,00,000 |

2.4 Terms & Rights attached to equity shares

- a) The Company has only one class of equity share having a par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share.
- b) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to the shareholding.

2.5 Aggregate number of Bonus Shares issued and shares issued for consideration other than cash during the last five years

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| | No. of Shares | No. of Shares |
| Shares allotted as fully paid-up without payment received in cash to RSMML as per IA & JV Agreement | 1,02,00,000 | 1,02,00,000 |

**NOTE: 3
RESERVES AND SURPLUS**

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| | In crore | In crore |
| Surplus : | | |
| Balance as at the beginning of the year | (0.49) | (0.23) |
| Add: Net Loss for the current year | (0.60) | (0.26) |
| Balance as at the end of the year | <u>(1.09)</u> | <u>(0.49)</u> |

**NOTE: 4
LONG TERM BORROWINGS**

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---------------------------------------|--------------------------|--------------------------|
| | In crore | In crore |
| Secured Loans | | |
| Rupee Term Loans: | | |
| From Banks | 762.50 | - |
| Unsecured Loans | | |
| Subordinate Debt from Related Parties | | |
| Raj West Power Limited (RWPL) | 361.63 | 311.10 |
| | <u>1,124.13</u> | <u>311.10</u> |



4.1 Details of Security:

Rupee Term Loan amounting to Rs. 762.50 crores is availed on which partial security has been created on 24th July, 2012. For balance creation of Security, the Company is awaiting approval from Govt./Govt. undertaking. The stipulated security for the said facility is:

- | Hypothecation of movable assets.
- | A first mortgage charge by way of mortgage on the immovable assets of the Project as may be permitted by the Government
- | A first charge on all the Project's bank accounts including but not limited to the Trust & Retention Account (TRA).
- | A first charge on the operating cash flows, commissions, revenues of whatever nature and wherever arising, present and future, intangibles, goodwill, uncalled capital, present and future;
- | Assignment of all rights, titles and interests of the Company in, to and under all assets of the Project and all project documents, contracts, insurance policies, permits/approvals etc. related to the lignite mine development to which the Company is a party, which can be legally assigned and as may be permissible by the Government;
- | Assignment of mining lease/mining rights and other related rights as may be permissible under relevant laws/ allowed by the Government;
- | Pledge of 51% equity shares of the Company.

4.2 Terms of Repayment of Loan:

- a) Outstanding amount of Rs.762.50 Crores as rupee term loan is repayable in 50 Structured Installments commencing from 30 September 2014 till 24 November 2026
- b) Outstanding amount of Rs. 361.63 Crores of subordinated debt is repayable after repayment of rupee term loan .

**NOTE: 5
OTHER LONG TERM LIABILITIES**

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|-------------------------------|--------------------------|--------------------------|
| | In crore | In crore |
| Others : | | |
| Interest on Subordinated Debt | 96.21 | - |
| | <u>96.21</u> | <u>-</u> |

**NOTE: 6
SHORT TERM BORROWINGS**

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|----------------------|--------------------------|--------------------------|
| | In crore | In crore |
| Secured Loans | | |
| Rupee Term Loans: | | |
| From Banks | - | 650.00 |
| | <u>-</u> | <u>650.00</u> |

**NOTE: 7
TRADE PAYABLES**

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|----------------|--------------------------|--------------------------|
| | In crore | In crore |
| Trade Payables | 11.32 | 6.29 |
| | <u>11.32</u> | <u>6.29</u> |

- 1) There are no amounts due to Micro, Small and Medium Enterprises suppliers on account of principal and/or interest on suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006 .
- 2) All balances are confirmed by the respective parties.



NOTE: 8
OTHER CURRENT LIABILITIES

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|------------------------------------|----------------------------------|----------------------------------|
| | In crore | In crore |
| Payables - Projects | 6.75 | 3.72 |
| Other payables: | | |
| Statutory Dues payable | 11.58 | 0.87 |
| Lignite Extraction charges payable | 19.05 | - |
| Mine closure Charges payable | 4.71 | - |
| Others payable | 0.96 | - |
| | <u>43.05</u> | <u>4.59</u> |

1) All vendor balances, other than Statutory dues are confirmed by the respective parties.

NOTE: 9
SHORT TERM PROVISIONS

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|----------------------------------|----------------------------------|
| | In crore | In crore |
| Provison for Tax (Net of advance tax and TDS (Previous year Rs. 0.05 crore) | 0.47 | 0.43 |
| Others provisions | 1.54 | - |
| | <u>2.01</u> | <u>0.43</u> |

Note : 10
FIXED ASSETS
(In crore)

| Particulars | Gross Block | | | | Depreciation / Amortisation | | | | Net Block | |
|---|-----------------------------------|-----------|-------------------------|------------------------------------|-----------------------------------|--------------|-------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 1 st April, 2011 | Additions | Deductions/ Adjustments | As at 31 st March, 2012 | Upto 31 st March, 2011 | For the year | Deductions/ Adjustments | As at 31 st March, 2012 | As at 31 st March, 2012 | As at 31 st March, 2011 |
| (A) Tangibles | | | | | | | | | | |
| Building | - | 0.15 | - | 0.15 | - | 0.00 | - | 0.00 | 0.15 | - |
| Plant & Equipment | - | 5.27 | - | 5.27 | - | 0.22 | - | 0.22 | 5.05 | - |
| Office Equipment | - | 0.07 | - | 0.07 | - | 0.00 | - | 0.00 | 0.07 | - |
| Furniture & Fixtures | - | 0.02 | - | 0.02 | - | 0.00 | - | 0.00 | 0.02 | - |
| Vehicles | - | - | - | - | - | - | - | - | - | - |
| TOTAL | - | 5.51 | - | 5.51 | - | 0.22 | - | 0.22 | 5.29 | - |
| (B) Intangibles | | | | | | | | | | |
| Surface Rights on Kapurdi Land Rights under the Implementation and JV Agreement | - | 365.86 | - | 365.86 | - | 8.18 | - | 8.18 | 357.68 | - |
| | | 3.40 | - | 3.40 | | 0.08 | - | 0.08 | 3.32 | |
| TOTAL | - | 369.26 | - | 369.26 | - | 8.26 | - | 8.26 | 361.00 | - |
| TOTAL (A+B) | - | 374.77 | - | 374.77 | - | 8.48 | - | 8.48 | 366.29 | - |
| Previous Year | - | - | - | - | - | - | - | - | - | - |

1. Surface rights on Kapurdi Land includes Borrowing costs of Rs. 74.81 cores (Previous year Rs. Nil) capitalised during the year (refer note 24(h))



NOTE: 10 contd....

CAPITAL WORK IN PROGRESS

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | 31st March,2012 | 31st March,2011 |
| | In crore | In crore |
| CAPITAL WORK IN PROGRESS | | |
| Rights under the Implementation and Joint Venture Agreement | 10.20 | 10.20 |
| Plant and Machinery and Civil Works | 5.91 | 5.59 |
| | 16.11 | 15.79 |
| Less : Amount Transferred to Fixed Assets | 8.92 | - |
| Total A | 7.19 | 15.79 |
| PRE-OPERATIVE EXPENDITURE DURING CONSTRUCTION PERIOD & TRIAL RUN | | |
| Opening Balance | 58.00 | 45.03 |
| Manpower Cost | 2.09 | 0.10 |
| Mining Lease Expenses | 0.01 | 0.02 |
| Land Development Expenses | 0.31 | 0.22 |
| Mining Plan Expenses | 0.02 | 0.02 |
| NH Diversion Expenses | 0.50 | 0.05 |
| Trenching Cost | - | 0.19 |
| LAO Expenses | 0.10 | 0.15 |
| Consulting Engineering | - | 0.45 |
| Electricity Connection Charges | - | 0.17 |
| Geo Technical Investigation | - | 0.06 |
| Water Pipelines expenses | - | 3.85 |
| Legal and Professional Charges | 0.39 | 1.46 |
| Advertisement Expenses | 0.00 | 0.21 |
| Travelling Expenses | - | 0.53 |
| General Expenses | 0.01 | 0.16 |
| Office Rent | 0.02 | 0.22 |
| Labour Charges | 0.16 | 0.27 |
| Finance Charges | 6.62 | 0.94 |
| Income Tax Expenses | - | 0.54 |
| Interest During Construction Period | 169.13 | 4.99 |
| | 237.36 | 59.63 |
| Less: Interest Income earned (including interest of 2009-10 Rs 0.48 crores) (TDS: Rs.1.29 crore (Previous Year :Rs.0.02 crore)) | 13.41 | 1.63 |
| Less: Amount Transferred to Balance Sheet | 96.68 | - |
| Less: Amount Transferred to Profit & Loss Account | 2.43 | - |
| Total B | 124.84 | 58.00 |
| Total A+B | 132.03 | 73.79 |

Interest during Construction includes Rs.73.84 crores and Finance Charges includes Rs. 0.97 crores pertaining to Kapurdi Mining Land.

**NOTE: 11
NON CURRENT INVESTMENTS**

| Particulars | As at 31st March,2012 In crore | As at 31st March,2011 In crore |
|---|--------------------------------------|--------------------------------------|
| Government and trust securities 6-Year National Savings Certificate Rs.20,000 (Previous Year Rs.20,000) (Pledged with Commercial Tax Department) | 0.00 | 0.00 |
| | <u>0.00</u> | <u>0.00</u> |

**NOTE: 12
LONG TERM LOANS AND ADVANCES**

| Particulars | As at 31st March,2012 In crore | As at 31st March,2011 In crore |
|--|--------------------------------------|--------------------------------------|
| Unsecured, considered good Capital Advances | 712.67 | 736.52 |
| Deposits with Government/Semi Government authorities ₹20,000 (Previous year ₹ 10,000) (Pledged with DMGR) | 0.00 | 0.00 |
| | <u>712.67</u> | <u>736.52</u> |

**NOTE: 13
OTHER NON CURRENT ASSETS**

| Particulars | As at 31st March,2012 In crore | As at 31st March,2011 In crore |
|--|--------------------------------------|--------------------------------------|
| Others : Interest accrued on NSC - ₹ 2,357 (Previous Year ₹ 675) | 0.00 | 0.00 |
| | <u>0.00</u> | <u>0.00</u> |

**NOTE: 14
INVENTORIES**

| Particulars | As at 31st March,2012 In crore | As at 31st March,2011 In crore |
|----------------|--------------------------------------|--------------------------------------|
| Finished Goods | 25.54 | - |
| | <u>25.54</u> | <u>-</u> |



**NOTE: 15
TRADE RECEIVABLES**

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| | In crore | In crore |
| Unsecured, considered good | - | - |
| Outstanding for a period not exceeding six months from the due date | 37.34 | - |
| | <u>37.34</u> | <u>-</u> |

1) All vendor balances are confirmed by the respective parties.

**NOTE: 16
CASH AND BANK BALANCES**

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---------------------------------|--------------------------|--------------------------|
| | In crore | In crore |
| Cash and Cash Equivalent | | |
| On Current accounts | 0.41 | 2.46 |
| Bank Deposit | 5.55 | 175.00 |
| | <u>5.96</u> | <u>177.46</u> |

**NOTE: 17
SHORT TERM LOANS AND ADVANCES**

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|-----------------------------------|--------------------------|--------------------------|
| | In crore | In crore |
| Unsecured, considered good | | |
| Sundry Deposits | 0.53 | 0.17 |
| VAT - Input Credit Receivable | - | 0.74 |
| Other Advances | 0.28 | 1.53 |
| | <u>0.81</u> | <u>2.44</u> |

**NOTE: 18
OTHER CURRENT ASSETS**

| Particulars | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| | In crore | In crore |
| Prepaid Expenses - Rs. 33,613 (Previous Year -Nil) | 0.00 | - |
| Interest Accrued on Advances (TDS Rs.1.21 crore; Previous Year Rs.0.02 Crore) | 12.92 | 1.62 |
| Insurance Claim Receivable | 0.35 | - |
| | <u>13.27</u> | <u>1.62</u> |

**NOTE: 19
REVENUE FROM OPERATIONS**

| Particulars | For the year ended 31st March,2012 | For the year ended 31st March,2011 |
|------------------------------------|---------------------------------------|---------------------------------------|
| | In crore | In crore |
| Sale of Lignite | 201.32 | - |
| Less: Excise Duty | 9.16 | - |
| | <u>192.16</u> | |
| Less : Other Levies | | |
| i) Royalty | 10.79 | - |
| ii) Clean Energy Cess | 8.35 | - |
| iii) VAT | 9.59 | - |
| Revenue from Operation (Net Sales) | <u>163.43</u> | <u>-</u> |

**NOTE: 20
OTHER INCOME**

| Particulars | For the year ended 31st March,2012 | For the year ended 31st March,2011 |
|--|---------------------------------------|---------------------------------------|
| | In crore | In crore |
| Interest income | | |
| Fixed Deposits (TDS Rs.32,274/-Previous Year Rs.Nil/-) | 0.03 | 0.00 |
| | <u>0.03</u> | <u>0.00</u> |



**NOTE: 21
COST OF LIGNITE MINING**

| Particulars | For the year ended 31st March,2012 | For the year ended 31st March,2011 |
|------------------------------|---------------------------------------|---------------------------------------|
| | In crore | In crore |
| Lignite Extraction Cost | 136.74 | - |
| Mine Closure Charges | 4.71 | - |
| Excise duty on Closing Stock | 3.40 | - |
| Royalty on Closing Stock | 1.93 | - |
| | <u>146.78</u> | <u>-</u> |

**NOTE: 22
FINANCE COSTS**

| Particulars | For the year ended 31st March,2012 | For the year ended 31st March,2011 |
|--|---------------------------------------|---------------------------------------|
| | In crore | In crore |
| Interest expenses | | |
| Subordinated Loan from RWPL | 4.04 | - |
| Interest on Loan from Bank | 13.36 | - |
| Interest other | 0.06 | - |
| Finance Charges (Previous year Rs.1,431/-) | 0.97 | 0.00 |
| | <u>18.43</u> | <u>0.00</u> |

**NOTE: 23
OTHER EXPENSES**

| Particulars | For the year ended 31st March,2012 | For the year ended 31st March,2011 |
|---|---------------------------------------|---------------------------------------|
| | In crore | In crore |
| Manpower cost | 0.36 | - |
| Rates and taxes (Previous Year Rs.12,055/-) | 11.28 | 0.00 |
| Insurance | 0.03 | - |
| Advertising Expenses | 0.02 | 0.07 |
| Sampling Expenses | 0.32 | - |
| Legal and professional charges | 2.63 | 0.15 |
| Audit Fees | 0.01 | 0.01 |
| Travelling and Conveyance | 0.09 | - |
| General expenses | 1.03 | 0.12 |
| | <u>15.77</u> | <u>0.35</u> |

NOTE : 24

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012:

(a) The accounts of the company for the year 2011-12 were originally adopted by the Board of Directors on 8th September, 2012. However the CAG auditors have made various observations. Subsequently, details were obtained on the observations and after detailed examination and analysis of the same, it was deemed expedient to revise the

accounts for the year ended on 31st march 2012 to give effects of the major observations of CAG auditors. Due to revision of the accounts, following changes have been made in the Balance Sheet and Profit & Loss account of the original accounts of the company:

(Amt In ₹)

| Particulars | Note No. | Figures as per original account | Figures as per recast account | Increase (+)/ Decrease (-) |
|-------------------------------------|----------|---------------------------------|-------------------------------|-------------------------------|
| Balance Sheet | | | | |
| Reserve & Surplus | 3 | -14.59 | -1.09 | -13.50 |
| Trade Payables | 7 | -29.69 | 11.32 | -18.37 |
| Other Current liabilities | 8 | 45.50 | 43.05 | -2.45 |
| Short term provision | 9 | 1.48 | 2.01 | -0.53 |
| Capital Work- in progress | 10 | 131.73 | 132.03 | 0.30 |
| Deferred tax assets | | 0.33 | 1.72 | 1.39 |
| Inventories | 14 | 27.99 | 25.54 | -2.45 |
| Short term loan & advance- | 17 | 7.32 | 0.81 | -6.51 |
| Other current assets | 18 | 12.79 | 13.27 | 0.48 |
| Profit & Loss accounts | | | | |
| Cost of Lignite Mining | | 163.17 | 146.78 | -16.39 |
| Increase/ (Decrease) in Inventories | 21 | -27.99 | -25.54 | 2.45 |
| Finance Costs | 22 | 18.37 | 18.43 | 0.06 |
| Tax expense | | -0.24 | 0.14 | 0.38 |

In addition accounting policies (Note No.1 (a) (iii), 1(b) (ii), 1 (d) and notes (24 (h), (l), (m) & (n) to accounts have been modified and note no. 24 (i) has been added.



Barmer Lignite Mining Company Limited

- (b) The company commenced commercial operations of Kapurdi Lignite Mines on October 10, 2011 besides commencement of lignite supplies to Raj West Power Limited.
- (c) The Company has recognized Sales on the basis of Adhoc Interim Transfer Price Order for supply of lignite dated September 30, 2011 for Unit-1 and Unit-2 of RWPL and for Unit-3 and Unit-4 vide order dated October 21, 2011 of Rajasthan Electricity Regulatory Commission (RERC). The same is subject to adjustment as per final transfer price to be determined by RERC. Consequent to any such adjustment, the Company will have to revise Lignite extraction charges payable to Mine Developer cum Operator (MDO).
- (d) **Contingent Liabilities and Commitments:**
Estimated amount of Contracts remaining to be executed on capital Account and not provided for (net of advances) Rs. 90.11 Crore (Previous Year Rs. 241.01 Crore).
- (e) A demand for Rs. 2.11 crore was raised by Sub-registrar Barmer towards Land Tax for the year 2011-12 and the same has been provided in the books during the year. As per the directives of honorable High Court, Jodhpur an amount equivalent to 30% ie. Rs. 0.63 crore has been deposited and an appeal has been filed with the honorable High Court, Jodhpur.
- (f) As per Ministry of Environment and Forests (MOEF) clearance, the Company needs to expend at least Rs. 2.00 crore per annum towards CSR activities. Accordingly the Company has provided proportionate amount in its books for its Kapurdi Mining block from the date of Commencement of Commercial operations.
- (g) An amount of Rs. 4.71 crore has been provided in the books towards Mine closure obligation for the current year and the same will be deposited in an Escrow account with the Coal Controller. This is in line with the guidelines for Mine Closure Plan issued by the Ministry of Coal, Government of India. The said funds to be deposited in the Escrow account shall be available for utilization starting five years before the scheduled closure of Mining Operations. The Coal Controller may permit withdrawals (four years before mine closure date) from the Escrow account proportionate to the quantum of work carried out, as reimbursement. The withdrawn amount each year shall not exceed 20% of the total amount deposited in the Escrow account.
- (h) The company has paid a sum of Rs. 977.51 Crore upto 31st March, 2012 (upto previous Year Rs. 736.51 Crore) to Rajasthan State Mines & Minerals Limited (RSMML) towards the compensation for land acquisition of 17,323.05 bighas of Kapurdi Mining Block and 22347.85 bighas of Jailpa Mining Land which in turn has been paid as land compensation to the land owners. Presently, the mutation process of Kapurdi Lignite Mining Block has been completed and land has been transferred in the name of RSMML. RSMML has intimated that the transfer of land to the Company, pursuant to an opinion obtained by the Company from Advocate General on the transfer of land in accordance with the Implementation Agreement and Joint Venture Agreement, has been rejected by Government of Rajasthan. Accordingly, the cost paid towards the acquisition of Kapurdi land to RSMML is reflected as Surface Rights for Kapurdi Land and documentation for which is under process.
- (i) The company had received NOC for 2,172.03 bighas of government land from District Collector (Barmer) vide letter dated 12.01.2010 to be used by company for lignite mining in Kapurdi. Subsequently, District Collector (Barmer) has raised a claim by issuing a letter dated 31.07.2012, seeking for payment of Rs 32.58 Crores towards government land against transfer of title on the government land admeasuring 2,172.03 bighas. The Company has not accepted the offer/claim, and is in the process approaching appropriate government authorities against the claim raised.
- (j) During the year the company has recognised Rs. 2.21 crore (Previous year Rs 0.12 crore) being the amount payable to RSMML towards the proportionate amount of Salary and wages of RSMML employees and office expenses for the period from FY 2006-07 to FY 2001-12. The above charge relates to the time

spent by RSMML employees on the Company's project and the same has been charged to Capital Work in progress (CWIP)

- (k) The Company has an outstanding subordinated debt of Rs. 361.63. crore (Previous Year 311.10 crore) as on 31st March, 2012 availed @ 10% interest rate from RWPL to fund its project related requirements. The company was not providing for interest on the aforementioned debt but was showing it as a contingent liability upto the previous year, as the same was not forming part of the original project costs approved by lenders. The revised project cost appraised by SBI Capital Market Limited based on which financial closure for the project was achieved, considers the interest on sub-ordinate debt as part of Project cost.

Considering the above, the Company has recognized interest on subordinated debt for the period from 27th February, 2007 to 31st March, 2012, aggregating to Rs. 96.41 crore (Previous year Nil) during the current year.

- (l) The Government of Rajasthan vide its order dated 30th March, 2011 had stated that any interest gained by RSMML on the amount deposited with it by the Company towards land compensation to be paid for Jalipa and Kapurdi Mining Block (as a result of delayed payment) will be refunded to the Company. Accordingly, the company has accounted for interest income of Rs. 12.61 crore (Including Rs. 0.48 crore pertain to FY 2009-10) (Previous year Rs. 1.49 crore) on the basis of the bank statement/ledger balance outstanding in the books of RSMML.

(m) Deferred tax asset consists of timing differences on account of:

| Particulars | As at | As at |
|----------------------------------|------------------|------------------|
| | 31st March, 2012 | 31st March, 2011 |
| | In crore | In crore |
| Preliminary Expenses written Off | 0.17 | 0.21 |
| Carry Forward losses | - | 0.06 |
| Unabsorbed depreciation | (1.07) | - |
| Disallowances u/s. 43B | 6.19 | - |
| Deferred Tax Asset/ (Liability) | <u>1.72</u> | <u>0.09</u> |

(n) Earnings Per Share (Basic & Diluted):

| Particulars | For the year ended | As at |
|---|--------------------|------------------|
| | 31st March, 2012 | 31st March, 2011 |
| | In crore | In crore |
| Net Profit/(Loss) as attributable to equity shareholders (A) (Rs. In crore) | (0.60) | (0.26) |
| Weighted Average Number of equity shares outstanding during the period (Face value – Rs. 10 per share (B) | 2,00,00,000 | 2,00,00,000 |
| Earnings per share (Basic and Diluted) (A/B) | <u>(0.30)</u> | <u>(0.13)</u> |



Barmer Lignite Mining Company Limited

- (o) Based on the information available with the company regarding the status of the suppliers as defined under the Micro, small and Medium Enterprises Development Act, 2006, there are no amount due to Micro, Small and Medium Enterprises suppliers on account of principal and/or interest as at the close of the year.

| Sr.No. | Particulars | Current | Previous |
|--------|---|---------|----------|
| | | Year | year |
| 1. | Principal amount due and remaining unpaid | - | - |
| 2. | Interest due on (1) above and the unpaid interest | - | - |
| 3. | Interest Paid on all delayed payments under the MSMED Act. | - | - |
| 4. | Payment made beyond for the period of delay other then 3 above | - | - |
| 5. | Interest accrued and remaining unpaid | - | - |
| 6. | Interest accrued and remaining unpaid | - | - |
| 7. | Amount of further interest remaining due and Payable in succeeding year | - | - |

(p) Remuneration to Auditors (excluding service tax):

(Rs. in Crore)

| | As at 31st March,2012 | As at 31st March,2011 |
|--|--------------------------|--------------------------|
| Audit Fees | 0.01 | 0.01 |
| Tax Audit fees* (Rs. 30,000/-) | 0.00* | - |
| For other services Rs. 45,820/- (Previous Year Rs. 6180/-) | 0.00 | 0.00 |

*Rs. 20000/- for F.Y. 2011-12 and Rs. 10000/- for F.Y. 2010-11

- (q) In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The Provision for all known liabilities is adequate and not in excess of what is required.
- (r) There are no reportable segments as per Accounting Standard 17 prescribed by the Companies (Accounting Standards) Rules, 2006.
- (s) Related Party Disclosure as per Accounting Standard 18:
- (I) List of Related Parties:
Companies with Significant influence:
- Raj West power Limited (RWPL)
 - JSW Energy Limited (JSWEL)

(II) Related Party Transactions:

(Rs. in Crore)

| Nature of Transaction | Current Year | As at 31st March,2011 |
|---|--------------|-----------------------|
| Transactions with RWPL | | |
| Subordinated loan (Unsecured Loan) | 50.53 | 9.45 |
| Interest on Subordinated Loan | 96.41 | - |
| Salary to deputed staff | 0.09 | - |
| Reimbursement of expenses related to land acquisition | 0.71 | 3.52 |
| Transactions with JSWEL | | |
| Manpower Cost | 0.08 | 0.10 |

Closing balance of related parties:

(Rs. in Crore)

| Name of the Related Party | As at 31st March,2012 | As at 31st March,2011 |
|-------------------------------|-----------------------|-----------------------|
| Raj West power Limited (RWPL) | | |
| -Subordinated Debt | 361.63 | 311.10 |
| -Others | 100.53 | 3.52 |
| JSW Energy Limited (JSWEL) | - | 0.10 |

Notes:

- a) Related Party relationships have been identified by the management and relied upon by the auditor.
- b) No disclosure is required in the financial statements of state controlled enterprises as regards related party relationship with other state controlled enterprises and transactions with such enterprises. Accordingly transaction with RSMML has not be reported.

(I) Key Mangerial personel

Mr. Sanjay Sagar – Managing Director (up to 18.07.2012)

Mr. Pramod Menon – Managing Director (from 19.07.2012)

There is no remuneration paid to key managerial person.

- (t) Previous year's figures have been regrouped/ rearranged wherever necessary to conform to current year's classification.

 As per our attached report of even date
For Chatter & Chatter
 Chartered Accountants

For and on behalf of the Board of Director
Rakesh Chatter
 Partner
 Membership No. 073831

Pramod Menon
 Managing Director

Sunil Arora
 Chairman

 Place: Jaipur
 Date : 13.12.2012

Nitesh Gangwal
 Company Secretary



Barmer Lignite Mining Company Limited

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BARMER LIGNITE MINING COMPANY LIMITED, JAIPUR FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Barmer Lignite Mining Company Limited, Jaipur for the year ended 31 March 2012 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 Accountant of India. This is stated to have been done by them vide their Audit Report dated 13 December 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Barmer Lignite Mining Company Limited, Jaipur for the year ended 31 March 2012. 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. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No. 24 (a) of the Notes forming part of Accounts. **I have no further comments to offer upon or supplement to the statutory Auditors Report, under Section 619(4) of the Companies Act, 1956 except that the observations regarding interest on subordinate loan and equity investment by Rajasthan state Mines and Minerals Limited, as Pointed out in supplementary audit (Memo no. 3 and 6), have been deferred in view of the fact that the matter stands referred to Government of Rajasthan/Advocate General by the Company.**

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

R Chouhan
Principal Accountant General
(Eco. & Rev Sector Audit)
Rajasthan, Jaipur

Place: Jaipur
Date : 20.02.2013



Barmer Lignite Mining Company Limited

