

38 (A) Value of imported raw material spare parts and components calculated on CIF basis by the Corporation.

Current Year - Nil Previous Year - Nil

(B) The details of imported / indigenous raw material, spare parts and components consumed are as under:-

Current Year:	Raw Material		Spare & Stores parts	
	Imported	Indigenous	Imported	In digenous
Total Consumption	Nil	12,66,129	Nil	23,332
Percentage	Nil	100%	Nil	100%
Previous Year:				
Total Consumption	Nil	13,71,309	Nil	Nil
Percentage	Nil	100%	Nil	Nil

(C) Earning in foreign currency on sale of goods:
Current Year : 22.79 Lakh Previous Year: 44.46 Lakh

(D) Expenditure in foreign currency:
Current Year : NIL Previous Year: 1.29 lakh (TA Exp)

39. Previous year figures have been regrouped, reclassified wherever necessary

Signed Schedule A to O

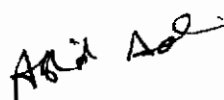

Seema Shrivastava
 FINANCIAL ADVISOR


Ravi Agrawal
 SECRETARY


Sreya Guha
 MANAGING DIRECTOR


Usha Sharma
 DIRECTOR

In terms of our report of even date
 For Pramod & Associates
 Chartered Accountants



Abhishek Dalmia
 Partner




Place: Jaipur
 Dated: 13 SEP 2008

RAJASTHAN SMALL INDUSTRIES CORPORATION LTD
(A Government of Rajasthan Concern)
Jaipur

Annexure "A"

Details of Expenditure charged to grant-in-aid

Particular	Figures as at 31st March 2008 {Rs}	Figures as at 31st March 2007 {Rs}
Organizing EXHIBITION EXPENSES (IITF 2007)	6,000,000	6,000,000
Organizing Handicrafts Exhibition	1,700,000	1,228,137
State Award of artisans (Dist and State level craft award)	552,937	104,837
Handicraft promotion Advertising and Publicity Material (Literature & post card)	1,303,069	1,000,000
Design Development (Grant in Aid from Rajasthan Govt.)	1,650,151	-
Design Development (Grant in Aid from DC HC)	1,311,577	-
Development of Languish Craft	533,771	-
	13,051,505	8,332,974


Seema Shrivastava
Financial Advisor

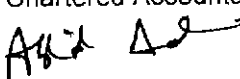

Ravi Agrawal
Secretary

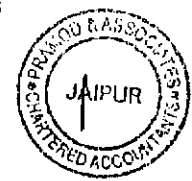

Sreya Guha
Managing Director


Usha Sharma
Director

Place: Jaipur
Date: 3 SEP 2008

In Terms of our Report of Even Date
For Pramod & Associates
Chartered Accountants


Abhishek Dalmia
Partner



**THE RAJASTHAN SMALL INDUSTRIES CORPORATION LTD.
(A GOVERNMENT OF RAJASTHAN CONCERN)
JAIPUR**

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS 1118 State Code 17
Registration details no.
Balance Sheet
Dated 31.03.2008

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)
Public Issue NIL Rights Issue NIL
Bonus Issue NIL Private Placement NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	1,49,360	Total Assets	1,49,360
Sources of Funds		Reserves and Surplus	68,842
Paid up capital	54,640	Unsecured Loans	25,878
		Secured Loan	
Secured Loans	-		
Application of Funds		Investments	181
Net Fixed Assets	2,23,967	Misc. Expenditure	-
Net Current Assets	(74,788)		
Accumulated Losses	NIL		

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover/Income	21,85,041	Total Expenditure	21,90,165
Profit before tax (Loss)	(4,585)	Profit after Tax (Loss)	(5,125)
Earning per share in Rs.	(9.38)		

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICE OF COMPANY (As per monetary terms)

SUPPLY OF ITEM	CODE NO.
i. Raw Material and Marketing assistance to SSI Units	N.A.
ii. Development of handicrafts	N.A.
iii. Export Infrastructure Service	N.A.

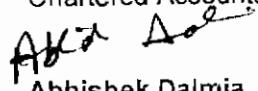

SEEMA SHRIVASTAVA
FINANCIAL ADVISOR



RAVI AGRAWAL
SECRETARY


SREYA GUHA
MANAGING DIRECTOR


USHA SHARMA
DIRECTOR

Place: Jaipur
Date: 3.9.2008

For Pramod & Associates
Chartered Accountants

Abhishek Dalmia
Partner

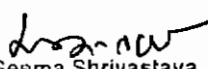



RAJASTHAN SMALL INDUSTRIES CORPORATION LTD
(A Government of Rajasthan Concern)
Jaipur

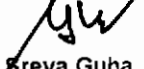
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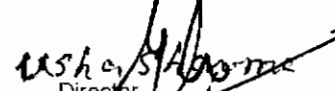
Consolidated Cash Flow Statement for the year ended Year 2007-08

Particulars	Figures as at 31st March 2008 (Rs.)	Figures as at 31st March 2007 (Rs.)
A. Cash Flow from Operating Activities		
Net Loss after tax and Extra Ordinary Items	(5,124,622)	(8,453,072)
Adjustment for :		
Depreciation	8,345,305	3,425,498
Loss on Sale of Fixed Assets/ Assets W/o	254,768	161
Profit on Sale of Fixed Assets	-	-
Interest Received	(3,163,384)	(9,637,775)
Dividend Received	(9,000)	(9,000)
Provision for diminution in value of investments/ Doubt ful Debts	2,227,137	499,000
Interest Paid	2,318,623	1,994,632
Ex Liability Written Back	(4,066,523)	-
Misc Exp W/o (VRS Expenditure)	3,748,067	7,484,889
Exp pertaining to prv year (Dep overcharge in previous year)	138,425	94,891
Income pertaining to prv year	-	(1,177,710)
Provision for FBT and Bonus	505,315	-
Sundry Debtor W/b	108,254	-
	10,406,987	-
Operating profit before working capital changes	5,282,365	(5,778,486)
Adjustment for working capital:		
Increase /Decrease in inventory	(24,713,494)	(38,498,780)
Increase/Decrease in Sunday Debtors	6,358,896	1,270,647
Increase/Decrease in Loans & Advance	(38,976,668)	(51,384,908)
Increase/Decrease in other current assets	(3,524,879)	9,039,000
Increase/Decrease in current liabilities	36,816,044	124,792,831
	(24,040,101)	45,218,790
VRS Benefits excluding leave encashment	(18,757,736)	39,440,304
Net Cash flow from operating Activities		
B. Cash flow from investing activities		
Interest Received	3,163,384	9,637,775
Dividend Received	9,000	9,000
Purchase of Fixed Assets	(7,647,598)	(63,346,749)
Sale of Fixed Assets	557,000	2,100
Receipt of Investment	-	-
Net Cash Flow from investing activities	(3,918,214)	(53,697,874)
C. Cash Flow from Financing Activities		
Interest Paid	(2,318,623)	(1,994,632)
Long term loan taken	7,500,000	578,616
Repayment of long term loan taken	(1,400,000)	(1,400,000)
	3,781,377	(2,816,016)
Financing Activities		
Net Increase in cash & Cash Equivalent	(18,894,573)	(17,073,586)
Opening balance of cash & Cash Equivalent	87,254,478	104,328,064
Closing balance of cash and Cash Equivalent	68,359,905	87,254,478


 Seema Shrivastava
 Financial Advisor


 Ravi Agrawal
 Secretary

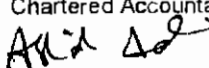

 Bireya Guha
 Managing Director

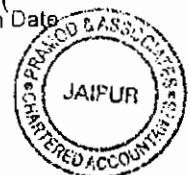

 Usha Dalmia
 Director

Place: Jaipur
Date:

3 SEP 2008

In Terms of our Report of Even Date
For Pramod & Associates
Chartered Accountants


 Abhishek Dalmia
 Partner



Pramod & Associates

Chartered Accountants

AUDITORS REPORT

To,
The Members,
The Rajasthan Small Industries Corporation Limited
Jaipur

We have audited the attached Balance Sheet of M/s Rajasthan Small Industries Corporation Limited. as at 31st March, 2008 and also the annexed Profit & Loss A/c and the Cash Flow Statement of the Company for the year ending 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. **Our comments on the said financial statements are given in Annexure A to this report.**

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

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 B , a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the **Annexure A & B** 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 accounts as required by the law have been kept by the company so far as appears from our examination of those books
- (c) The balance sheet and profit & loss account dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion, the balance sheet and profit & loss account dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act 1956, **except**



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S.N.		Particulars
1	A.S. – 01	Disclosure of Accounting Policy
2	A.S. – 15	Retirement Benefits
3	A.S. – 28	Impairment of Assets
4	A.S. – 29	Provisions, Contingent Liabilities and Contingent Assets

- (e) This being a Government Company is exempt from the applicability of the provisions of section 274(1)(g) of the Companies Act 1956 vide General Circular No. 8/2002 dated 22.03.2002 issued by the Department of Company Affairs.
- (f) **We further report that without considering observation mentioned in Para II of Annexure A of this report, the effect of which could not be ascertained on financial statements. Had the observations made by us in Part I of Annexure A of this report been considered. position would be as under:-**

Rs. In Lacs

Particulars	Amount as per Financial Statements	Amount after Considering our Audit Report
Reserve & Surplus	688.42	(15.76)
Total Current Liabilities	4188.81	4848.21
Total Current Assets, Loans & Advances	3440.93	3396.15
Loss for the year after adjustment of prior-period items and prov. written back	51.25	706.89

(g) In our opinion and to the best of our information and according to the explanations given to us the said accounts read together notes on accounts & accounting policies and **subject to our comments given in para (f) above and Annexure A & Annexure B to this report** give the information required by the companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (i) In so far as it relates to the Balance Sheet of the State of Affairs of the Company as at 31st March 2008
- (ii) In so far as it relates to the Profit and Loss Account of the loss of the Company for the year ended on that date.
- (iii) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

For Pramod & Associates
Chartered Accountants

Abhishek Dalmia

(Abhishek Dalmia)
Partner.

M.No. 403936



Place : Jaipur.

Date : September 3rd September, 2008

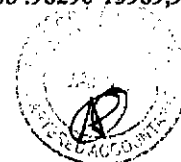
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ANNEXURE 'A' TO THE AUDIT REPORT ON THE ACCOUNTS OF THE RAJASTHAN SMALL INDUSTRIES CORPORATION LTD. FOR THE YEAR ENDED 31ST MARCH 2008.

1. Observations the effect of which on Profit & Loss Account and Balance Sheet is ascertainable

1. Refer Accounting Policy No. 4(i) regarding Retirement Benefits and Note No 11. In this regard it has been observed that as per renewal quotation for scheme of LIC, Balance present value of liability for Gratuity for Past Service (to be funded) is Rs. 534.02 lacs against which the value of fund of the corporation is Rs. 190.09 lacs, In spite of availability of report from LIC, Corporation has not made provision of Rs. 343.93 lacs. leading to violation of fundamental accounting assumption of "Accrual", the same has resulted in violation of AS 1 Disclosure of Accounting Policies.
The same is also not in accordance with AS-15: Accounting for Retirement Benefits. The same has resulted in understatement of loss of the corporation by Rs. 343.93 lacs and understatement of current Liabilities by similar amount.
2. Refer Note No. 2 regarding claims of M/s Ganesh Container Movers Syndicate (Erstwhile H & T contractor of the corporation) of Rs. 522.82 lacs. In this regard we have observed that as per books of the corporation there is a Net debit balance of Rs. 44.78 lacs (after adjustment of security deposit of Rs. 11 lacs) as on 31.03.2008 against which the corporation is not holding any Tangible realizable security and the recovery of the same is doubtful in view of ongoing arbitration. Hence in our opinion the corporation should make a provision for bad and doubtful debts of Rs. 44.78 lacs. Non-provision of the same has resulted in understatement of current year losses by Rs. 44.78 lacs and overstatement of Current Assets by similar amount.
The same is also not in accordance with A.S 29: Provisions, Contingent Liabilities and Contingent Assets.
3. Refer Note no. 22 regarding charging of expenses to the extent of Rs. 60.00 lacs of IITF-2007 to the grant received from the state government and crediting license fees of counters and shops at IITF 2007 to the P & L account of the corporation. in our opinion only the net expenditure amounting to Rs. 56.60 lacs should be debited to the grant of IITF-2007 i.e total expenses less revenue generated from the license fees and misc income. The same has resulted in understatement of loss



Pramod & Associates

Chartered Accountants

of the corporation by Rs. 3.40 lacs and understatement of current liabilities by similar amount.

- 4. The amount of Rs. 48.54,000/- received on account of raw material assistance scheme from State Government and appearing under the head Reserve and Surplus – Revolving fund was to be returned to the Government after expiry of five years of the scheme from the financial year 1991-92. Accordingly this amount became refundable in the year 1996-97, however, the company is still showing this amount under the head Reserve and Surplus instead of Liabilities resulting into understatement of Liabilities and overstatement of Reserves & Surplus to this extent. Further concerned file of Revolving Fund is not available with the corporation and hence we are unable to verify whether any interest is payable on such delay or not.

- 5. Refer Note No. 18 regarding overdue amount of Rs. 319.13 lacs payable to M/S RSMM Ltd & erstwhile M/S RSMDC Ltd (Now merged with M/S RSMM Ltd) and deduction of Rs. 2.18 lacs on account of IFC and administrative charges. The corporation has not provided interest amounting to Rs. 263.53 lacs upto 31.3.2008. The same has resulted in understatement of current liabilities by Rs. 263.53 Lacs and understatement of loss by similar amount. The same is also not in accordance with A.S 29

II Observations the effect of which could not be ascertained on Profit & Loss Account and Balance Sheet.

- 1. Refer Note No 8 of contingent liabilities regarding liability of Service Tax on commission on consignment Sale of Handicrafts items, in this regards it has been observed that the corporation has not made any provision for payment of Service Tax on commission on Consignment Sale of handicrafts item, in the absence of full information we are unable to quantify the effect of the same on P & L account of the corporation.

- 2. Internal control system & Internal Audit System continues to be extremely poor and there is a continuing failure on the part of RSIC management to correct the deficiencies in the Internal Control System & Internal Audit System, During the



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year under review no unit has been subjected to Internal Audit. The impact of such deficiency on the Financial Statement cannot be ascertained and quantified.

- 3. Refer note no 1 M/s. Sadhu Ram Patel & Sons (erstwhile H & T Contractor of the Corporation) has lodged claims against the Corporation and The corporation had lodged counter claims against Sadhu Ram Patel & Sons. The matter was refer to sole arbitrator and sole arbitrator had passed his awards against the Corporation for Rs. 206.17 lacs and interest payable @ 12% against the award of arbitrator, the matter was referred in DJ court and the DJ court confirmed the award while giving a relief of interest, reducing it from 12% to 6% which totals to Rs. 302.08 (including interest of Rs. 95.91) appeal against the DJ court order is pending in the Hon'ble High Court of Rajasthan. Matter is sub judice and we are unable to express any opinion of its impact on the financial statements of the Corporation.
- 4. Refer Note No. 2 regarding claims of M/s Ganesh Container Movers Syndicate (Erstwhile H & T contractor of the corporation) of Rs. 522.82 lacs, the claim involves a number of disputes with the company. The corporation has not provided any liability against the same and the matter is under consideration of sole arbitrator. In view of this we are unable to express any opinion regarding its impact on the financial statements of the company.
- 5. Deductions from H&T contractor are subject to confirmation, therefore, any disagreement or dispute in this regard is not known and , therefore, its impact on financial statement cannot be ascertained.
- 6. Refer note No 4 - No details / confirmations are available in respect of a liability amounting to Rs. 5.52 lacs created on account of rent payable of Rajasthali Showroom situated at Cannought Place, Delhi. This amount is being credited @ Rs. 60,000/- p.a. on yearly basis since 1975-76.

Further PWD had demanded Rs. 72.60 lacs as rent @ 7,20,000/- p.a. for the period 1993 to January 2003 in respect of Bikaner House, Delhi the corporation has not accepted this demand on the plea that no office of the corporation is situated at Bikaner House, Delhi and has treated Rs. 86.63 lacs (Including rent for 2003-04, 2004-05, 2005-06 and 2006-07 amounting to Rs 30.00 lacs.) as



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Chartered Accountants

contingent liability. In view of this, we are unable to express our opinion in respect of actual liability for rent.

- 7. Refer Note No. 9 regarding confirmation and reconciliation of the Balance of Sundry Creditors , Outstanding Liabilities , Sundry Debtors , , loans and advances and others, and not reconciliation of debtors ledger of RM with main ledger whose final confirmation/ reconciliation may affect our disclosure.

- 8. Refer Note No. 10 regarding non-reconciliation of Advance Income Tax & Income Tax Deducted at Source of Rs.62.22 lacs (Debit) classified under Current Assets and Provision for Income Tax of Rs. 40.01 lacs (Credit) classified under Current Liabilities. In the absence of complete details and reconciliation we cannot comment on the same and its effect on financial statement is unascertainable

- 9. Refer Note No. 12 regarding advance of Rs. 3.20 lacs to M/S CMC Limited for software development and other work, as per representation of M/S CMC Limited they have already completed the work in Feb 2002 and M/s CMC Ltd is demanding the payment of full contract amount, however the RSIC has disputed the same. In view of this we are unable to express any opinion regarding its financial impact against the Company.

- 10. Refer Note No. 14 regarding non – settlement of account of M/S RSRDCC ltd, M/S RSRDCC ltd has done several construction works for the corporation several years ago, however the corporation has failed to properly reconcile the account and even the liabilities accepted by the RSIC have not been properly accounted for. In the absence of final reconciliation and complete details we cannot verify the same and therefore its impact on financial statements is unascertainable.

- 11. Refer Note No. 16 regarding Non – availability of information regarding Rs. 3,99,854/- lying in old interest payable account under the head of "Unsecured Loans", in the absence of details we cannot verify the same and therefore its impact on financial statements is unascertainable.



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12. Refer Note No. 30 regarding deduction of Rs. 3,25,851/- by SAIL out of SSI rebate for the quarter ended June 2000, the corporation has taken up the issue with SAIL for its recovery the matter is under dispute, hence we are unable to comment on recoverability of the same and its effect on financial statements is unascertainable.
13. Refer accounting policy number 4 (ii) regarding accounting for leave encashment benefits on cash basis, the same is against fundamental accounting assumption for Retirement Benefits" In the absence of actuarial valuation report we cannot quantify the amount of liability in this regards.
14. Unutilized Grant- in Aid lying with the Company amounting to Rs. 82,65,707/- to be returned as per the terms and condition, has not yet been returned.
15. Refer Note No. 15 regarding writing off Rs. 37,48,067/- being 1/5th of VRS Expenditure In this regard it has been observed that as per the opinion issued by the Expert Advisory committee of the Institute of Chartered Accountants of India, the same should be amortized over its pay back period however the management has not calculated the pay back period of such expenditure As such we are unable to comment on that and its effect on financial statements is unascertainable
16. The corporation has not made any provision against LBT demand of Rs. 50.74 lacs pertaining to Rajasthan Pavilion, Delhi , LBT demand of Rs. 93.32 lacs pertaining to Rajasthali, Jaipur LBT demand of Rs. 1.76 lacs pertaining to ICD- Bhiwara and House Tax demand of Rs. 4.00 lacs pertaining to Udyog Bhawan, Jaipur. These demands have not been accepted by the corporation and it has represented the concerned department for waiver of the same. However in the absence of confirmation from concerned department for waiver of liability we cannot comment on the same. Further it has been observed that complete information regarding LBT/House Tax demand is not available with the corporation hence we cannot comment on the corporations liability in this regard.
17. As per A.S 28: Impairment of Assets " An enterprise should assess at each balance sheet date whether there is any



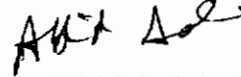
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indication that an asset may be impaired. If any physical verification report of Fixed Assets, few items have been marked as "Damaged" however no impairment loss has been provided on such assets hence the company has violated the provision of A.S 28.

18. Audit committee constituted as per section 292 A of the Companies Act 1956 has met only one during the year under review and has not reviewed the half yearly financial statements which is contravention of Section 292 A (6) of the Companies Act 1956.

For Pramod & Associates
Chartered Accountants



(Abhishek Dalmia)
Partner.



Place : Jaipur.

Date : September 3rd 2008

Pramod & Associates

Chartered Accountants

Re: M/s The Rajasthan Small Industries Corporation Limited

Annexure Referred to in our report of even date,

- (i) (a) The company has not maintained complete records in respect of fixed assets so far as all units are concerned though in some units records are maintained but these records are improper and incomplete as the value in such records are not reconciled with the books of accounts.
- (b) All the assets have been physically verified by the management during the year but have not been duly reconciled with the fixed assets records to properly ascertain the discrepancies.
- (c) During the year, the company has not disposed off any substantial / major part of the fixed assets.
- (ii) (a) The management has conducted physical verification in respect of Finished goods, stores and spares parts and raw material only at the close of the year, no such verification has been undertaken in respect of materials in transit and with others, in our opinion the frequency of physical verification needs to be increased.
- (b) In our opinion and according to the information and explanation given to us the procedure of physical verification of inventory followed by the management needs augmentation
- (c) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts except non-adjustment of Rs. 2.30 lacs pertaining to shortages detected during the year 1972-73 to 1998-99, Further no confirmation is available for goods lying with others of Rs. 0.31 lacs and goods in transit of Rs. 0.21 lacs from many years. Looking to age factor the realisability of goods in transit is doubtful for which no provision has been made in accounts.
- (iii) (a) According to the Information & Explanation given to us, the company has not granted or taken any loan to / from the parties listed in the register maintained under Section 301 of the Companies Act, 1956 .
- (b) Since the company has not taken or granted any loan to / from the parties listed in the register maintained under Section 301 of the Companies Act 1956 hence Clause (iii) - (b),(c),(d),(e),(f) & (g) of the order is not applicable to the corporation.
- (iv) In our opinion and according to the information and explanations given to us, the corporation does not have adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and with



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regard to the sale of goods and services and there is a continuing failure to correct major weaknesses in Internal Controls,

- (v) (a) According to the information and explanation given to us, we are of the opinion that the company has not entered into any transaction that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanation given to us, we are of the opinion that the company has not entered into any transaction that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 , hence question of reasonability of prices does not arises.
- (vi) The company has not accepted any deposits from the public within the meaning of Section 58A & 58AA or any other relevant provisions of the Companies Act 1956.
- (vii) In our opinion, the company's internal audit system is grossly deficient looking to the size and nature of its business. According to information and explanation given to us no internal audit has been done during the year under review
- (viii) According to the information & explanation given to us the Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 in respect of the products manufactured by the company.
- (ix) (a) To the best of our knowledge and information obtained and verifications made, we report that the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it . Further according to the information & explanation given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March 2008 for a period of more than six months from the date they become payable except :
 1. Service Tax on commission on consignment Sale of Handicrafts items- Amount unascertainable
 2. Old Provident fund amounting to Rs.48,646/- for which no information is available.
 3. Old Sales Tax amounting to Rs.51,841/- & CST of Rs. 2531/- for which no information is available.
 4. The company is not regular in payment of LBT demand, House Tax, as per the corporation following undisputed amount is payable as on 31.3.2008 (Including interest and penalty as per demand)



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Name of Statue	Nature of dues	Amount	Period to which the amount relates
LBT	A) Rajasthan pavilion Pragati Maidam New Delhi	50.74	April-96 to March-04
	B) Rajathali Jaipur & ICD Bilwara	95.08	April-2000 to Mar-03
Lease rent (including int.)	ICD Bhiwadi	142.91	April 2000 to Mar-08
House Tax	RSIC, HO, Jaipur	4.00	April-74 to March-03
		292.73	

Further it has been observed that complete information regarding LBT/House Tax demand is not available with the corporation hence we cannot comment on the same.

5. Income Tax accounts of the corporation are under reconciliation and exact information about the demands raised by the Income Tax department for various years and its reconciliation with books of the corporation is not available with the corporation hence we are unable to comment on the same.

- (b) According to the information and explanation given to us, there are no pending statutory dues regarding Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess which are not deposited on account of any dispute, except in respect of sales tax dues the corporation has not deposited following disputed amounts :-

Name of dues	Amount (in Rs)	Period to which the amt. related	Form where dispute is pending
RST	3,83,351	1998-99	Dy. Com. (Appeals) II, Commercial Taxex, Jaipur
RST	5,62,846	1998-99	-do-
CST	36,87,038	1998-99	-do-
CST	17,52,112	1998-99	-do-
CST	23,45,167	2004-05	-do-

Income Tax accounts of the corporation are under reconciliation and exact information about the demands raised by the Income Tax department for various years and its adjustment in books of accounts of the corporation is not available with the corporation hence we are unable to comment on the same.

- (x) The company does not have accumulated losses exceeding 50 % of its net worth as at the end of the financial year however the company has incurred Cash losses during the current and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders however the corporation has defaulted in repayment



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of Rs. 26,66,333/- received from State Government which was due for repayment in July 2002 and Rs. 1,33,33,000/- received from State Renewal fund which was due for payment Rs. 66,66,500/- in March-2007 and Rs.66,66,500/- in March 2008

- (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. Hence, the question of maintenance of records or reporting on deficiencies does not arises.
- (xiii) 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's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, during the year under audit , the company did not engage in dealing or trading in shares, securities, debentures . Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanation given to us ,the company has not given any guarantee for loan taken by others from bank or financial institution.
- (xvi) According to the information & explanation given to us, during the year under review the company has not availed any Term Loan from any Bank or Financial Institute.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arises.
- (xix) According to the information and explanations given to us, the company has not issued any debentures.
- (xx) According to the information and explanation given to us the company has not raised any money from Public Issue during the year hence the question of disclosure and verification of end use of such money does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Pramod & Associates
Chartered Accountants

Abhishek Dalmia

(Abhishek Dalmia)
Partner

M.No. 403936



Place : Jaipur.

Date : September 3rd 2008

Addendum to the Directors Explanatory note on the Auditor's Report to the Share Holders

(a) (b) (c) (d) (e) (g) Needs no Comments (f) as explained in the addendum to Annexure 'A'

Annexure 'A' to the Audit Report on the accounts of The Rajasthan Small Industries Corporation Ltd. for the year ended 31st March 2008.

- I. 1. Note have given in Schedule "E" (C) (11)
- 2. Note have given in Schedule "E" (C) (2)
- 3. Note have given in schedule "E" (C) (22)
- 4. Noted
- 5. Note have given in schedule "E" (C) (18)

- II. 1. Noted
- 2. Note
- 3. Note have given in schedule "E" (C) (1)
- 4. Note have given in schedule "E" (C) (2)
- 5. Noted
- 6. Note have given in schedule "E" (C) (4)
- 7. Note have given in schedule "E" (C) (9)
- 8. Note have given in Schedule "E" (C) (10)
- 9. Note have given in Schedule "E" (C) (12)
- 10. Note have given in Schedule "E" (C) (14)
- 11. Note have given in Schedule "E" (C) (16)
- 12. Noted have given in Schedule "E" (C) (28)
- 13. Noted
- 14. Noted
- 15. Note have given in Schedule "E" (C) (15)
- 16. Noted
- 17. Noted
- 18. Noted

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Annexure I to the Auditor Report

- I. Needs no Comments
- II. After considering the negligence and responsibility the amount has been shown as recoverable from the employees/ Officers and accordingly the recovery is being made. Investigation of pending cases shall be finalized soon.
- III. Needs no Comments
- IV. Needs no Comments
- V. Needs no Comments
- VI. Action will be taken
- VII. Needs no comments
- VIII. Appeals have been filed before appellant authority against demand raised by department.
- IX. Needs no Comments
- X. Needs no Comments
- XI. Needs no Comments
- XII. Needs no Comments
- XIII. Needs no Comments
- XIV. Needs no Comments
- XV. Needs no Comments
- XVI. Needs no Comments
- XVII. Needs no Comments
- XVIII. Needs no Comments
- XIX. Needs no Comments
- XX. Needs no Comments
- XXI. Needs no Comments


SREYA GUHA
Managing Director


USHA SHRAMA
Director