



**Report of the
Comptroller and Auditor General of India**

on

**State Public Sector Enterprises
for the year ended 31 March 2020**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

GOVERNMENT OF RAJASTHAN
Report No. 4 of the year 2021
General Purpose Financial Reports

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Preface

This Report deals with the results of audit of Government Companies and Statutory Corporations for the year ending 31 March 2020 and has been prepared for submission to the Government of Rajasthan under Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time.

2. The accounts of Government Companies are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 139 and 143 of the Companies Act, 2013. According to Section 2 (45) of the Act 2013, a Government Company means any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government Company. Besides, any other company¹ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred as Government controlled other Companies. The Statutory Auditors (Chartered Accountants) appointed by the CAG certify the accounts of such companies which are subject to supplementary audit by the CAG. The CAG gives his comments on or supplements the report of the Statutory Auditors. The Companies Act, 2013 empowers the CAG to issue directions to the Statutory Auditors on the manner in which the Company's accounts shall be audited. The audit arrangements of Statutory Corporations are prescribed under the respective acts through which the corporations are established.

3. This report deals with performance of 45 State Public Sector Enterprises (SPSEs) consisting of 38 Government Companies, four Government controlled Other Companies and three Statutory Corporations in the State of Rajasthan the audit of which has been entrusted to the Comptroller and Auditor General of India.

4. The CAG is the sole auditor in respect of one Corporation, namely Rajasthan State Road Transport Corporation. The CAG has the right to conduct a supplementary audit in respect of Rajasthan State Warehousing Corporation and Rajasthan Financial Corporation after Chartered Accountants appointed under the statutes have conducted their audit.

5. The accounts of the State Public Sector Enterprises (SPSEs) reviewed in this Report cover the accounts for the years 2019-20 (to the extent received). In respect of SPSEs where any particular year's accounts were not received

1 Ministry of Corporate Affairs- Companies (Removal of Difficulties) Seventh Order 2014 dated 4 September 2014

before 31 December 2020, the figures from the accounts last audited have been adopted.

6. All references to 'Government Companies/Corporations or SPSEs' in this Report may be construed to refer to 'State Government Companies/Corporations'.

Executive Summary

Executive Summary

Financial performance of State Public Sector Enterprises

As on 31 March 2020, there were 45 State Public Sector Enterprises (SPSEs) in the State of Rajasthan, including 38 Government Companies, four Government Controlled other Companies and three Statutory Corporations, under the audit jurisdiction of the CAG. This Report deals with all 45 SPSEs.

Investment in SPSEs

During FY 2019-20, the total investment (₹ 157588.59 crore) in 41 SPSEs was slightly reduced due to conversion of loan amounting to ₹ 14721.97 crore under Ujwal DISCOM Assurance Yojana into equity and subsidy. Major part of the total investment pertained to the Power Sector SPSEs, as 92.22 per cent of the total investment (₹ 145323.58 crore) as on 31 March 2020 was infused in the Power Sector SPSEs.

During FY 2019-20, Equity investment in the 41 SPSEs registered a net increase of ₹ 2095.54 crore. The State Government infused entire equity in the Power Sector SPSEs through issue of shares (₹ 1190.04 crore) and conversion of loan into equity (₹ 905.50 crore).

Till 31 March 2020, the total capital investment in four Government Controlled other Companies was ₹ 600.01 crore which was invested equally by the State Government and by the Municipal Corporations controlled by it.

(Para 1.6, 1.7 and 1.16)

Return on investment

Out of 41 SPSEs, 25 SPSEs earned profit of ₹ 3843.10 crore in 2019-20, of which, 85.92 per cent pertains to Power Sector on account of subsidy received under UDAY.

(Para 1.21)

Out of 41 SPSEs, 13 SPSEs incurred loss of ₹ 489.54 crore during the year 2019-20.

(Para 1.24)

Erosion of Net Worth

The capital investment and accumulated losses of the 41 SPSEs as per their latest finalised accounts were ₹ 51383.84 crore and ₹ 94469.51 crore respectively resulting in negative net worth of ₹ 43148.15 crore after deducting deferred revenue expenditure of ₹ 62.48 crore. Net worth of 15 SPSEs had eroded fully as the capital investment and accumulated losses of these SPSEs were ₹ 33384.14 crore and ₹ 93721.74 crore respectively.

(Para 1.25)

Rate of Return on State Government Investment

The Present Value (PV) of State Government investment was computed in 32 SPSEs i.e. wherein the State Government infused funds in the form of equity, loans and grants/ subsidies, to assess the Rate of Real Return on Government investment (RORR) as compare to historical cost of Government Investment (ROR). The PV of State Government investment without considering subsidy and with subsidy received under UDAY was worked out to ₹ 92767.49 crore and ₹ 148093.09 crore respectively whereas the RORR was worked out to 3.83 *per cent* and 2.40 *per cent* respectively.

(Para 1.28)

Oversight Role of CAG

Out of 42 SPSEs (excluding three Statutory Corporations) under jurisdiction of the CAG, financial statements of 30 SPSEs including three Government controlled other Companies were received on or before 31 December 2020. Financial Statements of 12 SPSEs including one Government controlled other Company were in arrear due to different reasons.

(Para 2.4)

Out of 30 SPSEs from which the Financial Statements were received in time, supplementary audit was undertaken in 21 SPSEs. Besides, financial statements of two Statutory Corporations were also received and supplementary audit of the same were also undertaken.

(Para 2.9)

As a result of supplementary audit, one Government Company (Rajasthan Urban Drinking Water Sewerage and Infrastructure Limited) amended its financial statement for the year 2016-17 before laying the same in the Annual General Meeting.

(Para 2.10)

Irregularities and deficiencies in the financial reports or in the reporting process observed during supplementary audit which were not material, were communicated to the Management of 26 SPSEs through 'Management Letter' for taking corrective action.

(Para 2.14)

Corporate Governance

The review of Corporate Governance covers all the Government Companies under administrative control of various Ministries except Rajasthan State Agro Industries Corporation Limited which is under liquidation. Provisions of the Companies Act, 2013 regarding Corporate Governance, though mandatory,

were not being complied with by some of the SPSEs. During the year the following significant departures from the prescribed guidelines were noticed:

Representation of Independent Directors in four SPSEs was less than the required numbers whereas 17 SPSEs did not have Independent Directors on their Board.

(Para 3.5)

Two SPSEs did not have woman director throughout FY 2019-20.

(Para 3.6)

100 *per cent* presence of Independent Directors was only in 57 *per cent* of the Board Meetings. Further, the Independent Directors of two SPSEs did not give importance to the role assigned to them on behalf of the stakeholders by not attending the Board meetings.

(Para 3.9-A)

Independent Directors of seven SPSEs did not attend the general meeting. Further, presence of Independent Directors in other Board Committee meeting *i.e.* Corporate Social Responsibility committee and Audit Committee was also insufficient.

(Para 3.9-B & C)

Independent Directors of 13 SPSEs did not conduct separate meetings during 2019-20.

(Para 3.10)

16 SPSEs failed to conduct four BoD meetings whereas four SPSEs held only one BoD meeting during FY 2019-20. Further in 15 SPSEs, the intervening period of two consecutive BoD meetings ranged between 123 days and 385 days as against the prescribed time limit of 120/180 days.

(Para 3.12)

One SPSE namely Kota Smart City Limited did not constitute Audit Committee. Further, representation of Independent Directors in Audit Committees of 21 SPSEs was insufficient as they were not in majority.

(Para 3.13 & 3.14)

There was no whistle blower mechanism in four SPSEs.

(Para 3.19)

Corporate Social Responsibility

As per provision contained in section 135 (1) of the Companies Act 2013, 20 SPSEs were required to constitute CSR Committee in the year 2019-20. Of these 20 SPSEs, 16 SPSEs have been selected for detailed scrutiny.

No Independent Director was appointed by 13 SPSEs.

(Para 4.8)

One SPSE *i.e.* Rajasthan State Gas Limited did not frame its CSR Policy. Further, formulated CSR policy of Rajasthan State Road Development and Construction Corporation Limited and Rajasthan Rajya Vidyut Utpadan Nigam Limited had not included monitoring framework and provision relating to treatment of surplus from CSR activities respectively.

(Para 4.9)

Seven SPSEs could not get their annual CSR plan and budget approved by the Board through CSR Committee.

(Para 4.10)

There were instances of under allocation (RMSCL and RISL) and excess allocation (RSGL) of funds.

Only four SPSEs had fully utilised the CSR funds whereas three SPSEs partially utilised the amount. Further, seven SPSEs did not spend any amount of CSR fund.

(Para 4.11)

Three SPSEs partially incurred expenditure on CSR activities from the carried forward unspent CSR amount of previous year. Further, five SPSEs failed to make any expenditure out of the carried forward amount.

(Para 4.12)

Three SPSEs (RSGL, RIICO and RISL) made treatment of unspent amount in contravention to the Guidance Note on Accounting for CSR.

(Para 4.13)

During 2019-20, total spending on CSR activities by the nine SPSEs was ₹ 1346.88 lakh. RRVPNL was top spender followed by RRVUNL, RSMML and RSGSML.

(Para 4.15)

RSGSML had transferred a sum of ₹ 93.93 lakh and ₹ 96.80 lakh to the Rajasthan Chief Minister's Relief Fund on account of CSR in the FY 2018-19 and FY 2019-20 respectively which was not eligible for CSR activities under Schedule VII of the Act and the clarification provided vide General Circular dated 10 April 2020.

(Para 4.22)

Under CSR expenditure focus was on healthcare followed by education.

(Para 4.24)

Compliance of RTPP Act, 2012 and RTPP Rules, 2013

GoR has notified Rajasthan Transparency in Public Procurement Act 2012 (Act) and Rajasthan Transparency in Public Procurement Rules, 2013 (Rules) in April 2012 and January 2013 respectively. After enactment/notifying of the Act 2012 and Rules 2013, the public procurement by all SPSEs is governed by the provisions of the said Act and Rules. The compliance of provisions of RTPP Act and RTPP Rules was examined in 37 SPSEs and significant issues/cases of non-adherence of provision noticed during the year were as under:

Out of 37 SPSEs, 28 SPSEs, wherein various standing committees were constituted, failed to comply with the rule proviso in totality. Further, in eight SPSEs (where standing committees were constituted), senior most accounts officer or official was not nominated as member of the committee. Besides, one SPSE (RSWC) failed to nominate the senior most accounts officer or official as a committee member.

(Para 5.7)

Procurement Management Information System (PMIS) was not developed by all the 37 SPSEs. In absence of which, all 37 SPSEs were not in the position to track performance of various parameters including performance of contracts, delays *etc.*

(Para 5.8)

Out of 37 SPSEs, the concerned administrative department of only one SPSE (RRVPL) specified the equivalent authority competent to take decision on the bid.

(Para 5.10)

Chapter-I
Financial Performance of
State Public Sector Enterprises

Chapter-I

Financial Performance of State Public Sector Enterprises

Introduction

1.1 This Report presents the financial performance of State Government Public Sector Enterprises (SPSEs) of the Government of Rajasthan for the year 2019-20. The term SPSEs encompasses the Government Companies (including Government Controlled other Companies) set up under the Companies Act, 2013 and the Statutory Corporations set up under the statutes enacted by Parliament/State Legislature.

Government Company

• A company in which not less than 51 per cent of paid-up share capital is held by Central Government, or by one or more State Government(s), or partly by Central Government and partly by one or more State Government(s), and includes a company which is subsidiary of a Government company. {As defined under Section 2(45) of the Companies Act, 2013}

Government Controlled other Company

• Any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments. {As defined under the Companies (Removal of Difficulties) Seventh Order, 2014 notified (4 September 2014) by the Ministry of Corporate Affairs, Government of India}

Statutory Corporation

• A Corporation set up under a statute enacted by Parliament/State Legislature.

The financial performance of SPSEs depicted in the Report has been taken from their financial statements as well as the information received from the SPSEs. Impact of revision of accounts as well as significant comments¹ issued as a result of sole audit/supplementary audit conducted by the Comptroller and Auditor General of India (CAG) on the financial statements of the SPSEs for the year 2019-20 (or of earlier years which were finalised during the current year) have also been covered in this Report.

The Report also gives an overall picture of the status of the compliance with provisions of the Companies Act, 2013 on Corporate Governance and Corporate Social Responsibility as well as adherence to the provisions of the Rajasthan Transparency in Public Procurement Act 2012 and the rules framed thereunder.

Mandate

1.2 Audit of Government Companies and Government Controlled other Companies is conducted by the CAG under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made there under. Under the Companies Act, 2013, the CAG appoints the Chartered

1 Based on the certificates finalized/issued from 1 October 2019 to 31 December 2020.

Accountants as Statutory Auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition, the CAG has the right to conduct a supplementary audit.

The statutes governing Statutory Corporations require the CAG to conduct audit of their accounts either as a sole auditor or to conduct supplementary audit after the audit is conducted by the Chartered Accountants appointed under the statutes.

Role of Government and Legislature

1.3 The State Government exercises control over the affairs of the SPSEs through its administrative departments. The Chief Executive and Directors to the Board of these SPSEs are appointed by the State Government.

The State Legislature also monitors the accounting and utilization of Government investment in the SPSEs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of Government Companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the State Legislature under Section 394 of the Companies Act, 2013 or as stipulated in the respective Acts. The Audit Reports of the CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Nature of SPSEs covered in the Report

1.4 Out of 43 SPSEs (40 Government Companies and three Statutory Corporations) which existed at the beginning of the year 2019-20, two Government Companies² got liquidated during the year and went out from the purview of CAG, whereas four Government Controlled other Companies³ came under the purview of the CAG for audit. Resultantly, the number of SPSEs under the purview of CAG for audit increased to 45 SPSEs, including 38 Government Companies, three Statutory Corporations⁴ and four Government Controlled other Companies as on 31 March 2020 as listed in **Annexure-1.3**. Further, figures for the year 2017-18 and 2018-19 do not include figures of two companies wound up during the year 2019-20. None of the companies were listed on the stock exchange. Further, the Government Companies included three⁵ inactive companies which ceased their operations for last three to 20 years. The investment and liquidation status of these inactive companies is discussed in **Paragraph 1.20**.

On the basis of nature of activities undertaken, these 41 SPSEs (excluding four Government Controlled other Companies) have been categorised into eight sectors. The turnover (₹ 82793.75 crore) of these 41 SPSEs for 2019-20 was 8.11 *per cent* of the Gross State Domestic Product (GSDP) of Rajasthan (₹ 1020989 crore) for the year. Sector wise turnover vis-à-vis share of turnover

-
- 2 Keshoraipatan Gas Thermal Power Company Limited and Rajasthan Rajya Vidut Vitran Vitta Nigam Limited.
 - 3 Jaipur Smart City Limited, (JSCL) Udaipur Smart City Limited (USCL), Kota Smart City Limited (KSCL) and Ajmer Smart City Limited (ASCL)
 - 4 Rajasthan State Road Transport Corporation (RSRTC), Rajasthan State Warehousing Corporation (RSWC) and Rajasthan Financial Corporation (RFC).
 - 5 Rajasthan State Agro Industries Corporation Limited (RSAICL), Rajasthan Civil Aviation Corporation Limited (RCACL) and Rajasthan Jal Vikas Nigam Limited (RJVNL).

of these SPSEs in GSDP of Rajasthan is detailed in **Table 1.1:**

Table 1.1: Sector wise turnover vis-à-vis share of turnover of SPSEs in GSDP of Rajasthan during 2019-20

Sl. No.	Name of the Sector	Number of SPSEs	Turnover for the year (₹ in crore)	Share of turnover in GSDP
1.	Energy and Power	15	66491.97	6.51
2	Industries and Commerce	6	3146.36	0.31
3	Finance	3	8228.34	0.81
4	Agriculture, Food and Allied Industries	4	923.97	0.09
5	Culture and Tourism	2	62.80	0.01
6	Transport	2	1724.74	0.17
7	Urban Development	2	16.90	0.00
8	Others	7	2198.67	0.21
	Total	41	82793.75	8.11

Source: Information compiled on the latest financial statements of SPSEs.

The turnover of the four Government Controlled other Companies was nil during 2019-20.

Audit of financial statements of SPSEs

1.5 The CAG, as per his mandate, conducts supplementary audit of the annual accounts of all the 42 Companies (*i.e.* 38 Government Companies and four Government Controlled other Companies). In case of the three Statutory Corporations, the CAG is sole auditor for Rajasthan State Road Transport Corporation (RSRTC) whereas in respect of Rajasthan State Warehousing Corporation (RSWC) and Rajasthan Financial Corporation (RFC), the audit is conducted by the Chartered Accountants appointed under the respective statutes and thereafter, supplementary audit is conducted by the CAG.

The financial performance of these 45 SPSEs, based on the latest finalized financial statements of the SPSEs received till 31 December 2020⁶, is covered in this Report. The nature of SPSEs and the status of financial statements are indicated in **Table 1.2:**

Table 1.2: Nature of SPSEs covered in the Report

Nature of SPSEs	Total Number	Number of SPSEs of which accounts received during the reporting period ⁷				Number of SPSEs of which accounts are in arrear (total accounts in arrear) as on 31 December 2020
		Accounts for 2019-20	Accounts for 2018-19	Accounts upto 2017-18	Total	
Government Companies	38	27	12	1	40	11 (24)
Statutory Corporations	3	2	1	-	3	1(1)
Total	41	29	13	1	43	12 (25)
Government Controlled other Companies	4	3	-	-	3	1 (1)
Total SPSEs	45	32	13	1	46	13 (26)

Source: Information compiled on the basis of accounts received upto 31 December 2020.

The company wise pendency of the accounts is depicted in **Annexure-1.1.**

6 Extended due date for submission of annual accounts for 2019-20.

7 From October 2019 to December 2020.

Summary of financial performance of SPSEs covered in this Report (Government Companies and Statutory Corporations)	
Total number of SPSEs	41
SPSEs covered	41
Paid up capital (41 SPSEs)	₹ 51383.84 crore
Long term Loans (41 SPSEs)	₹ 106204.75 crore
Net profit (25 SPSEs)	₹ 3843.10 crore
Net loss (13 SPSEs)	₹ 489.54 crore
Zero Profit/Loss (3 SPSEs) ⁸	
Dividend declared/paid (5 SPSEs)	₹ 43.75 crore
Total Assets (41 SPSEs)	₹ 202115.12 crore
Net worth (41 SPSEs)	(-)₹ 43148.15 crore
Government Controlled other Companies	
Total number of SPSEs	4
SPSEs covered	4
Paid up capital	₹ 600.01 crore
Long term Loans	Nil
Net profit (One SPSE)	₹ 0.05 crore
Net loss (One SPSE)	₹ 0.02 crore
Zero Profit/Loss (2 SPSEs) ⁹	
Dividend declared/paid	-
Total Assets (4 SPSEs)	₹ 1363.27 crore
Net worth (4 SPSEs)	₹ 621.21 crore

Investment in SPSEs

Stake in Government Companies and Statutory Corporations

1.6 The amount of investment in equity and loans in 41 Government Companies and Statutory Corporations for the three years' period ended 31 March 2020 is given in **Table 1.3**:

Table 1.3 Equity investment and loans in SPSEs

(₹ in crore)

Sources of investment	As on 31 March 2018			As on 31 March 2019 ¹⁰			As on 31 March 2020		
	Equity	Long Term Loans	Total	Equity	Long Term Loans	Total	Equity	Long Term Loans	Total
State Government	44613.26	35092.44	79705.70	48435.56	20499.93	68935.49	50531.10	7618.37	58149.47
SPSEs	513.13	0.43	513.56	513.13	0.43	513.56	513.13	13.43	526.56
Central Government	31.02	0.00	31.02	31.02	0	31.02	31.02	0.00	31.02
Others	308.59	79652.73	79961.32	308.59	91292.43	91601.45	308.59	98572.95	98881.54
Total	45466.00	114745.60	160211.60	49288.30	111792.79	161081.52	51383.84	106204.75	157588.59
Share of State Government in Total Investment (in %)	98.12	30.58	49.75	98.27	18.34	42.80	98.34	7.17	36.90

Source: Compiled based on information received from SPSEs.

8 Chhabra Power Limited, Dholpur Gas Power Limited and Rajasthan Urja Vikas Nigam Limited.

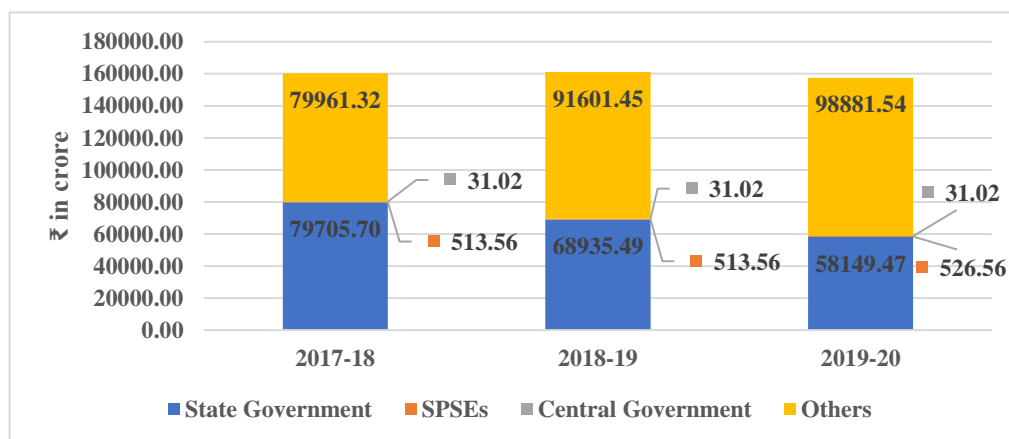
9 ASCL and KSCL.

10 Figures for the year 2017-18 and 2018-19 do not consist of figures of two companies wound up during the year 2019-20.

The total investment in these SPSEs slightly decreased during the year 2019-20 compared to previous years. This was due to conversion of loan amounting to ₹ 14721.97 crore under Ujwal DISCOM Assurance Yojana (UDAY) into equity (₹ 905.50 crore) and subsidy (₹ 13816.47 crore). Major part of the Equity invested in these SPSEs was infused by the State Government.

Year wise break-up of sources of total investment in these SPSEs at the end of the periods from 2017-18 to 2019-20 is depicted in **Chart 1.1**.

Chart 1.1: Sources of total investment in SPSEs during 2017-18 to 2019-20



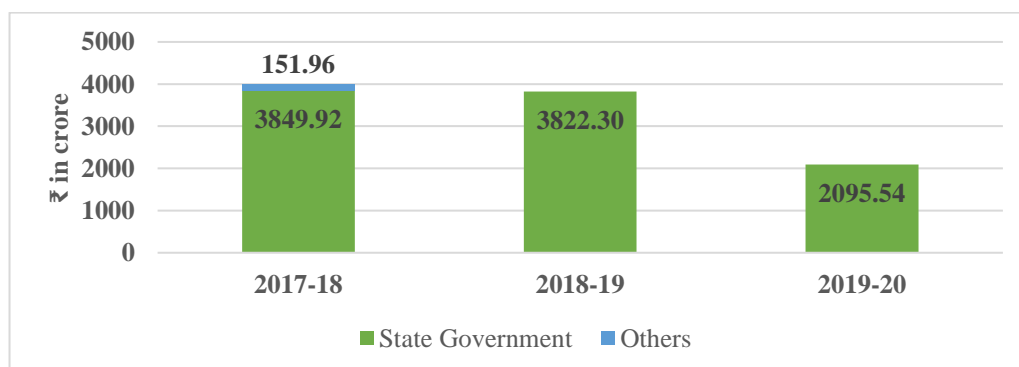
Source: Compiled based on information received from SPSEs.

Major part of the total investment pertained to the Power Sector SPSEs, as 92.22 per cent (₹ 145323.58 crore) of the total investment as on 31 March 2020 was infused in the Power Sector SPSEs.

Investment in Equity

1.7 During 2019-20, Equity investment in the 41 Government Companies and Corporations registered a net increase of ₹ 2095.54 crore. The equity was infused by the State Government through issue of shares (₹ 1190.04 crore) and conversion of loan into equity (₹ 905.50 crore). Equity invested by the State Government and others, in these 41 SPSEs during the last three years ended 31 March 2020 is depicted in **Chart 1.2**.

Chart 1.2: Equity in 41 SPSEs



Source: Compiled based on information received from SPSEs.

During the year 2019-20, the Equity was infused entirely in the Power Sector SPSEs.

The Equity infused in five Power Sector SPSEs during 2019-20 is depicted in **Table 1.4**:

Table 1.4: Equity investment during the year 2019-20

Name of the SPSE	Amount (₹ in crore)
Jaipur Vidyut Vitran Nigam Limited	549.04
Jodhpur Vidyut Vitran Nigam Limited	533.43
Ajmer Vidyut Vitran Nigam Limited	447.54
Rajasthan Rajya Vidyut Utpadan Nigam Limited	350.00
Rajasthan Rajya Vidyut Prasaran Nigam Limited	215.53
Total	2095.54

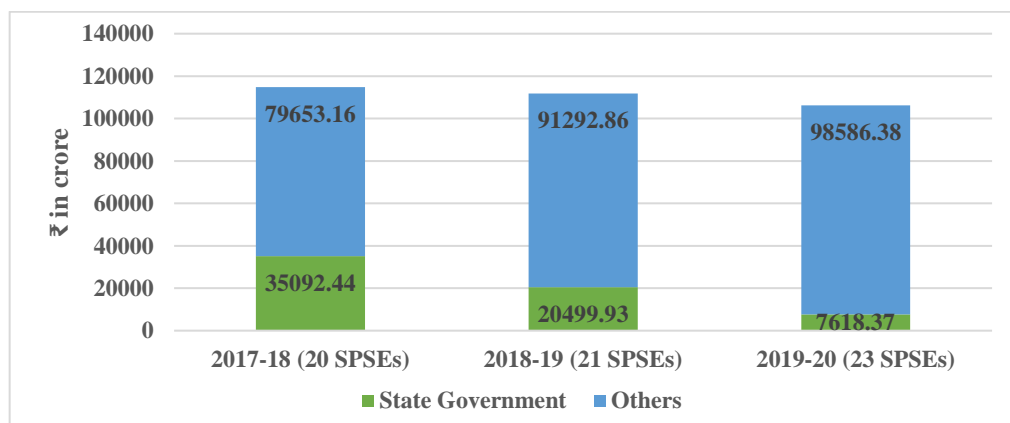
Source: Compiled based on information received from SPSEs.

Loans given to Government Companies and Corporation

1.8 The total long term loans outstanding in SPSEs (except Government Controlled other Companies) from all sources as on 31 March 2020 was ₹ 106204.75 crore. During 2019-20, the long term loans of SPSEs registered decrease of ₹ 5588.04 crore. Out of the total loans of SPSEs as on 31 March 2020, loans from State Government was ₹ 7618.37 crore (7.17 per cent).

Year wise details of long term loans outstanding in SPSEs is depicted in **Chart 1.3**.

Chart 1.3: Long term loans outstanding in SPSEs



Source: Compiled based on information received from SPSEs.

It could be seen that balance of outstanding long term loans extended by the State Government reduced significantly whereas balance of outstanding long term loans from others increased.

Analysis of Loans

1.9 SPSEs which had loan liability during 2017-18 to 2019-20 were analysed to assess their ability to service the debt owed to the Government, Banks and other Financial Institutions (FIs). This is assessed through the interest coverage ratio and ratio of total assets to long term debts of the SPSEs based on their latest finalized accounts. Further, age wise analysis of interest outstanding on State Government loans has also been assessed.

Interest Coverage Ratio

1.10 Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest

on debt. An interest coverage ratio below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio of 28 SPSEs which had outstanding loans (long term as well as short term loans) during the period from 2017-18 to 2019-20 are given in **Table 1.5**.

Table 1.5: Interest Coverage Ratio

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of SPSEs having liability of loans from Government and Banks and other financial institutions ¹¹	Number of SPSEs having interest coverage ratio more than 1	Number of SPSEs having interest coverage ratio less than 1
2017-18	16209.42	17308.24	28	21	7 ¹²
2018-19	13287.91	16021.81	28	18	10 ¹³
2019-20	14534.03	18191.58	28	18	10 ¹⁴

Source: Compiled on the basis of latest finalized accounts of SPSEs.

It was observed that the number of SPSEs with interest coverage ratio of more than one decreased from 21 in 2017-18 to 18 in 2019-20.

Servicing of interest charges and repayment of principal

1.11 Out of 28 SPSEs which had liability of loans during 2019-20, four SPSEs defaulted in servicing their debts (Principal/interest charges) interest charges during 2019-20 as given in **Table 1.6**:

Table 1.6: SPSEs which defaulted in servicing of interest charges and repayment of principal

Sl. No	Name of the SPSE	Source of loan	Amount of default (₹ in crore)
1.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	Banks/FIs	546.91
2.	Giral Lignite Power Limited	Bank/FIs	69.00
3.	Rajasthan Small Industries Corporation Limited	GoR	0.75
4.	Jaipur Metro Rail Corporation Limited	GoR	137.06

Source: Compiled based on Statutory Auditor Report.

Age wise analysis of Interest outstanding on State Government Loans

1.12 As on 31 March 2020, interest amounting to ₹ 138.27 crore was outstanding against three SPSEs on the long term loans provided by the State Government. The age wise analysis of interest outstanding on State Government Loans is depicted in **Table 1.7**.

-
- 11 SPSEs which had finance cost (pertained to short term loans as well as long term loans) in the latest finalised financial statements.
- 12 Barmer TPCL, GLPL, JMRCL, RSHCL, RTDCL, RSRTC and RSACIL.
- 13 GLPL, Barmer TPCL, RRVNPL, RSICL, JMRCL, RSHCL, RTDCL, BLMCL, RSRTC and RSACIL.
- 14 GLPL, Barmer TPCL, Banswara TPCL, RSHDCL, JMRCL, RSHCL, RTDCL, RFC, RSRTC and RSACIL.

Table 1.7: Interest outstanding on State Government Loans

(₹ in crore)

S. No	Name of the SPSE	Outstanding interest on State Government Loans	Interest outstanding for less than 1 year	Interest outstanding for 1 year to 3 years	Interest outstanding for more than 3 years
1	Jaipur Metro Rail Corporation Limited	137.06	26.60	53.19	57.27
2	Rajasthan State Hotels Corporation Limited	0.71	0.04	0.11	0.56
3	Rajasthan State Ganganagar Sugar Mills Limited	0.50	0.00	0.00	0.50
	Total	138.27	26.64	53.30	58.33

Source: Information provided by the SPSEs.

Adequacy of assets to meet loan liabilities

1.13 Ratio of long-term debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its long-term loans/debts. Out of 28 SPSEs which had liability of loans, 20 SPSEs had outstanding long term loans. Coverage of long term loans by value of total assets in these 20 SPSEs is given in **Table 1.8**.

Table 1.8: Coverage of long-term loans with total assets

(₹ in crore)

Type of SPSE	Positive Coverage				Negative Coverage			
	Number of SPSEs	Long Term Loans	Total Assets	Percentage of Assets to Loans	Number of SPSEs	Long Term Loans	Total Assets	Percentage of Assets to Loans
Government Companies	16	102997.29	174562.88	169.48	1	46.61	4.75	10.19
Statutory Corporations	3	1946.13	15176.71	779.84	-	-	-	-

Source: Compiled on the basis of latest finalized accounts of SPSEs.

Out of the 20 SPSEs in respect of only one SPSE (RSAICL) which was an inactive SPSE, the value of total assets was lower than the loans outstanding.

Other Budgetary Support

1.14 Apart from investing equity and providing long term loans, the State Government also provides financial support to the SPSEs in form of grant and subsidy through the annual budgets. The State Government also provides guarantee under Rajasthan State Grant of Guarantees Regulations (RSGGR) 1970 to SPSEs seeking financial assistance from Banks and financial institutions. The Government decided (February 2011) to charge guarantee commission at the rate of one per cent per annum in case of loan availed by SPSEs from banks/financial institutions without any exception under the provisions of the RSGGR 1970. The summarised details of the budgetary outgo towards grant and subsidy and the guarantees extended by the State Government in respect of the SPSEs for the last three years ended 31 March 2020 are as given in **Table 1.9**:

Table 1.9: Details of budgetary support to SPSEs*(₹ in crore)*

Particulars	2017-18		2018-19		2019-20	
	Number of SPSEs	Amount	Number of SPSEs	Amount	Number of SPSEs	Amount
Grant and subsidy	12	24396.31	11	22012.86	12	23923.10
Guarantees issued	6	15332.55	4	21671.76	7	13298.44
Guarantee Commitment at the end of the year	8	56482.00	8	60926.16	10	69536.24

Source: Compiled based on information received from SPSEs.

The grant and subsidy received during 2017-18 to 2019-20 mainly included the subsidy received by the State DISCOMs under UDAY¹⁵. Further, there was significant increase in outstanding guarantee commitments at the end of the year in 2019-20 as compared to previous years. During 2019-20, guarantee commission of ₹ 568.90 crore was paid by the nine SPSEs against the due amount of ₹ 619.87 crore.

The guarantee commitment of the State Government towards SPSEs at the end of 2019-20 was significant as it worked out to 46.30 per cent of the total revenue receipt of the State Government (₹ 140113.81 crore)¹⁶ during 2019-20.

Budgetary support to SPSEs having accounts in arrears

1.15 The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSEs within the stipulated period. The concerned Departments were informed quarterly regarding arrear in accounts.

Out of 13 SPSEs accounts of which had not been finalized by 31 December 2020 as prescribed under the Companies Act 2013/RSRTC Rules 1964, the GoR provided ₹ 324.93 crore (Loan: ₹ 11.70 crore, Subsidy: ₹ 313.23 crore) to five SPSEs during the period for which accounts of these SPSEs were in arrears. SPSE wise details of investment made by the State Government during the period for which accounts were in arrears, are shown in **Annexure-1.1**. In the absence of finalization of accounts and their subsequent audit in 13 SPSEs, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. The GoR investment in these SPSEs, therefore, remained outside the oversight of the State Legislature.

Investment in Government Controlled other Companies

1.16 There were four Government Controlled other Companies in the State as on 31 March 2020. The total equity investment in these four companies till 31 March 2020 was ₹ 600.01 crore which was invested equally by the State Government and by the Municipal Corporations controlled by it. In these four Companies, there was no equity investment during 2019-20. Further, none of these Government Controlled other Companies had liability of long term loans as on 31 March 2020.

15 Ujwal DISCOM Assurance Yojana.

16 As per Annual Budget of GoR for 2021-22

Reconciliation with Finance Accounts of Government of Rajasthan

1.17 The figures in respect of equity, loans and guarantees outstanding as per records of the SPSEs should agree with the figures appearing in the Finance Accounts of the Government of Rajasthan. In case the figures do not agree, the concerned SPSE and the Finance Department should carry out reconciliation of the differences.

Audit noticed that as on 31 March 2020, difference in figures of Equity, Loans and Guarantee outstanding showed in the Finance Accounts and records of SPSEs occurred in respect of 17 of the 45 SPSEs as depicted in **Annexure-1.2**. Summarised position of such differences as on 31 March 2020 is stated in **Table 1.10**:

Table 1.10: Equity, loans, guarantees outstanding as per Finance Accounts of Government of Rajasthan vis-à-vis records of the SPSEs

(₹ in crore)

Outstanding in respect of	Amount as per records of the SPSEs	Amount as per Finance Accounts
Equity	48852.08	48883.71
Loans	6299.60	6427.28
Guarantees	69436.25	69433.00

Source: Compiled based on information received from PSUs and Finance Accounts.

Disinvestment, restructuring and privatisation of SPSEs

1.18 During the year 2019-20, no disinvestment, restructuring or privatisation was done by the State Government.

Winding up of inactive SPSEs

1.19 The three inactive Government Companies, which ceased their operations for last three to 20 years, had a total investment of ₹ 28.04 crore¹⁷ towards capital (₹ 11.77 crore) and long term loans (₹ 16.27 crore) as on 31 March 2020. One of these three inactive companies (RSAICL)¹⁸ is under process of liquidation as Government Liquidator has been appointed. The other two companies are inactive from last three to nine years. The Government may take urgent appropriate decision regarding these companies.

Return on investment in SPSEs

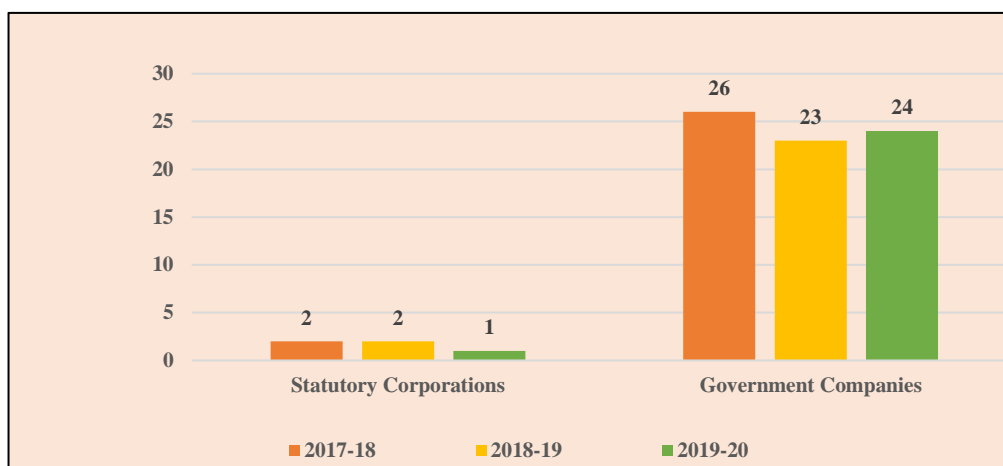
1.20 The financial position and working results of SPSEs as per their latest finalized accounts as of 31 December 2020 are detailed in **Annexure-1.3**.

Profit earned by SPSEs

1.21 Out of 41 SPSEs, 25 SPSEs earned profit in 2018-19 as well as in 2019-20. The profit earned by the profit making SPSEs increased to ₹ 3843.10 crore in 2019-20 from ₹ 3284.75 crore in 2018-19. However, 85.92 per cent of the profit in 2019-20 pertained to the Power Sector. This was due to release of ₹ 13816.47 crore as subsidy to DISCOMs under UDAY. Number of SPSEs that earned profit during 2017-18 to 2019-20 is depicted in **Chart 1.4**.

17 RSAICL (₹ 22.28 crore), RACL (₹ 4.49 crore) and RJVNL (₹ 1.27 crore).

18 Rajasthan State Agro Industries Corporation Limited.

Chart 1.4: Number of profit earning SPSEs

Source: As per latest finalized accounts of SPSEs.

The name of the SPSEs which earned profit above ₹ 100 crore during the year 2019-20 is given below in **Table 1.11**.

Table 1.11: SPSEs which earned profit of ₹ 100 crore or more in 2019-20

Sl. No	Name of the SPSE	Profit earned (₹ in crore)
1	Jaipur Vidyut Vitran Nigam Limited	2188.15
2	Ajmer Vidyut Vitran Nigam Limited	788.06
3	Rajasthan State Mines and Minerals Limited	149.34
4	Rajasthan Rajya Vidyut Prasaran Nigam Limited	148.85
5	Rajasthan Rajya Vidyut Utpadan Nigam Limited	143.80

Source: As per latest finalized accounts of SPSEs.

An analysis of top three profit making SPSEs disclosed that the top two SPSEs earned profit due to the subsidy received from the State Government under UDAY. Further, the third SPSE (RSMML) earned significant revenue from sale of rock phosphate, the mineral for which the Company has a near monopoly in the country and it contributes 98 per cent of the country's total production. The share of profit from Rock Phosphate mining was 44 per cent of the total profit for the year.

Out of four Government Controlled other Companies, only one company (JSCL) earned nominal profit of ₹ 0.05 crore during 2019-20.

Dividend Payout in SPSEs

1.22 The State Government had formulated (September 2004) a dividend policy under which all profit making SPSEs are required to pay a minimum return of 10 per cent on the paid-up share capital or 20 per cent of the profit after tax, whichever is lower.

Out of 45 SPSEs, none of the four Government Controlled other Companies declared/paid dividend to State Government during 2019-20.

In case of remaining 41 SPSEs (Government Companies and Statutory Corporations), the State Government had infused equity in 32 SPSEs only. Dividend Payout relating to the 32 SPSEs where equity was infused by the State Government for the period 2017-18 to 2019-20 is shown in **Table 1.12**.

Table 1.12: Dividend Payout of SPSEs during 2017-18 to 2019-20

(₹ in crore)

Year	Total SPSEs where equity infused by the State Government		SPSEs which earned profit during the year		SPSEs which declared/paid dividend during the year		Dividend Payout Ratio (%)
	Number of SPSEs	Equity infused	Number of SPSEs	Amount of equity infused	Number of SPSEs	Dividend declared/paid by PSUs	
1	2	3	4	5	6	7	8=7/5*100
2017-18	32	44613.26	25	41028.11	6 ¹⁹	60.54	0.1476
2018-19	32	48435.56	23	41800.32	7 ²⁰	66.11	0.1582
2019-20	32	50531.10	23	48777.36	5 ²¹	43.75	0.0897

Source: Compiled on the basis of latest finalized accounts of SPSEs.

During the period 2017-18 to 2019-20, the number of SPSEs which earned profits ranged between 23 and 25 SPSEs whereas the number of SPSEs which declared/paid dividend to the State Government ranged between five and seven SPSEs only. The Dividend Payout Ratio during 2017-18 to 2019-20 ranged between 0.09 per cent and 0.16 per cent only.

Of these five SPSEs which declared/paid dividend during 2019-20, two²² SPSEs declared dividend higher than the prescribed limit while three²³ SPSEs declared dividend as per the dividend policy.

Return on Equity

1.23 Return on Equity (ROE) is a measure of financial performance to assess how effectively management is using PSE's assets to create profits and is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any PSE if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a PSE is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a PSE's stakeholders if all assets were sold and all debts were paid. A positive shareholders' fund reveals that the PSE has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets.

Return on Equity has been computed in respect of the 32 SPSEs where funds had been infused by the State Government. The details of Shareholders' fund and ROE relating to these SPSEs during the period from 2017-18 to 2019-20 are given in **Table 1.13**.

19 RSMM, RSWC, RSBCL, RIICO, RSSCL and RRECL.

20 RSMM, RIICO, RSWC, RSBCL, RSSCL, RSRDCCL and RRECL.

21 RSMM, RSWC, RSBCL, RSSCL and RSPHCL.

22 RSMM and RSWC.

23 RSSCL, RSBCL and RSPHCL.

Table 1.13: Return on Equity relating to SPSEs where funds were infused by the State Government

Year	No. of SPSEs for which ROE calculated	Net Income for the year ²⁴ (₹ in crore)	Shareholders' Fund (₹ in crore)	ROE (%)
2017-18	32	2057.58	-54182.75	-
2018-19	32	2893.35	-47734.69	-
2019-20	32	3550.08	-42199.81	-

Source: Compiled on the basis of latest finalized accounts of SPSEs.

As can be seen from the above table, during the last three years' period ended March 2020, the Net Income was positive, however, Shareholders' fund was negative during all the three years. Since, the Shareholders' fund for all the years was negative, ROE in respect of these SPSEs could not be worked out. However, negative shareholders' fund indicates that the liabilities of these SPSEs have exceeded the assets.

Sector wise ROE of the SPSEs during 2019-20 is given in **Table 1.14:**

Table 1.14: Sector wise ROE of the SPSEs during 2019-20

<i>(in per cent)</i>				
S. No.	Name of the Sector	2017-18	2018-19	2019-20
1	Industries and Commerce	7.02	8.20	5.09
2	Finance	7.43	7.68	13.44
3	Agriculture, Food and Allied Industries	2.74	21.36	17.32
4	Others	14.56	17.57	16.18

Source: Compiled on the basis of latest finalized accounts of SPSEs.

Further, ROE of three sectors²⁵ could not be worked out as entire capital of these sectors had been eroded due to accumulated losses and these sectors had negative net worth during the period. ROE of Urban Development sector was negative during 2017-18 to 2019-20 as the sector incurred losses during all the three financial years.

Besides, out of four Government Controlled other Companies, only one company (JSCL) earned profit during 2019-20. The profit earned (₹ 0.05 crore) by the Company during 2019-20 was negligible as compared to the shareholders' fund (₹ 204.45 crore) hence, the ROE was also very negligible.

SPSEs incurring losses

1.24 Out of 41 SPSEs (Government Companies and Statutory Corporations), there were 13 SPSEs that incurred losses during the year 2019-20. The losses incurred by these SPSEs decreased from ₹ 747.61 crore during 2018-19 to ₹ 489.54 crore in 2019-20 as given in **Table 1.15.**

Table 1.15: SPSEs that incurred losses during 2019-20

<i>(₹ in crore)</i>					
Financial year	Total SPSEs	Number of SPSEs which incurred loss during the year	Net loss for the year	Accumulated loss of the loss making SPSEs	Net Worth of the loss making SPSEs
2017-18	43	11	1523.38	6003.63	-3139.94
2018-19	43	13	747.61	7974.40	-704.78

24 Figures are as per the latest finalized accounts of the respective years.

25 Energy and Power Sector, Culture and Tourism Sector and Transport Sector.

2019-20	41	13	489.54	7229.06	-4283.19
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Source: Compiled on the basis of latest finalized accounts of SPSEs.

The name of the SPSEs which incurred losses above ₹ 50 crore during the year 2019-20 is given below in **Table 1.16**.

Table 1.16: SPSEs that incurred losses of ₹ 50 crore or more in 2019-20

(₹ in crore)		
S. No	Name of the SPSE	Loss incurred
1.	Giral Lignite Power Limited	278.05
2.	Rajasthan State Road Transport Corporation	153.76

In case of four Government Controlled other Companies, one company (USCL) incurred loss of ₹ 0.02 crore during 2019-20.

Erosion of Net Worth

1.25 Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. It is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure.

The capital investment, accumulated profit/loss and net worth of the 41 SPSEs as per their latest finalised accounts is given in **Table 1.17**.

Table 1.17: Net worth of 41 SPSEs during 2017-18 to 2019-20

(₹ in crore)				
Year	Paid up Capital at end of the year	Accumulated Profit (+)/ Loss (-) at end of the year	Deferred revenue Expenditure	Net Worth
2017-18	45409.39	(-)100039.70	4.18	(-)54634.50
2018-19	49288.17	(-)97771.82	3.00	(-)48486.70
2019-20	51383.84	(-)94469.51	62.48	(-)43148.15

Analysis of investment and accumulated losses for the year 2019-20 disclosed that net worth was eroded fully in 15 of these 41 SPSEs as the capital investment and accumulated losses of these SPSEs were ₹ 33384.14 crore and ₹ 93721.74 crore respectively. Of these 15 SPSEs, the maximum Net worth erosion was in respect of five SPSEs as depicted in **Table 1.18**:

Table 1.18: Five SPSEs with maximum Net worth erosion as on 31 March 2020

Name of the SPSE	Eroded Net worth (₹ in crore)
Power Sector SPSEs	
Jodhpur Vidyut Vitran Nigam Limited	(-)19276.92
Ajmer Vidyut Vitran Nigam Limited	(-)17764.92
Jaipur Vidyut Vitran Nigam Limited	(-)17568.95
Giral Lignite Power Limited	(-)1172.77
Other than Power Sector SPSEs	
Rajasthan State Road Transport Corporation	(-)4330.79

Of these 15 SPSEs where net worth had been fully eroded, five²⁶ SPSEs earned profit ₹ 2988.55 crore during the year 2019-20 although there were substantial accumulated losses.

Operating efficiency of SPSEs

Return on Capital Employed

1.26 Return on Capital Employed (ROCE) is a ratio that measures a PSE's profitability and the efficiency with which its capital is employed.

ROCE is calculated by dividing a PSE's earnings before interest and taxes (EBIT) by the capital employed²⁷. The details of ROCE of all the 41 SPSEs during the period from 2017-18 to 2019-20 are given in **Table 1.19**:

Table 1.19: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (%)
2017-18	17355.68	60380.28	28.74
2018-19	16085.07	61905.70	25.98
2019-20	18276.19	61841.88	29.55

Source: Compiled on the basis of latest finalized accounts of SPSEs.

The ROCE of the SPSEs ranged between 25.98 per cent and 29.55 per cent during the period 2017-18 to 2019-20. The ROCE during 2017-18 to 2019-20 was high as the interest component in the EBIT was significant and the Capital Employed had been reduced considerably due to significant accumulated losses.

Out of 41 SPSEs, 23 SPSEs had accumulated losses worth ₹ 99720.45 crore of which ₹ 93964.36 crore and ₹ 5297.94 crore pertained to six²⁸ Power Sector SPSEs and two²⁹ Other than Power Sector SPSEs respectively.

Sector wise ROCE of the 41 SPSEs during 2019-20 is given in **Table 1.20**:

Table 1.20: Sector wise ROCE of the 41 SPSEs during 2019-20

S. No.	Name of the Sector	<i>(in per cent)</i>		
		2017-18	2018-19	2019-20
1	Energy and Power	36.14	28.86	32.87
2	Industries and Commerce	8.05	9.10	11.57
3	Finance	17.87	18.20	21.00
4	Agriculture, Food & Allied Industries	9.95	16.69	17.01
5	Others	12.26	11.06	12.51

The ROCE of Energy and Power Sector was high during 2017-18 to 2019-20 as EBIT of the sector increased significantly due to receipt of UDAY subsidy during the period. Further, ROCE of two sectors³⁰ could not be worked out due to negative capital employed whereas ROCE of one sector³¹ was negative during 2017-18 to 2019-20 as it incurred losses during all the three financial years.

Further, in case of four Government Controlled other Companies, the EBIT for the year 2019-20 was ₹ 0.54 crore whereas the Capital Employed in these SPSEs was ₹ 621.21 crore. Hence, the ROCE worked out to 0.09 per cent during 2019-20.

27 Capital employed = Paid up share capital + free reserves and surplus + long term loans - accumulated losses - deferred revenue expenditure. Figures are as per the latest period for which accounts of the SPSEs are finalised.

28 JVVNL, AVVNL, JdVVNL, RVPNL, RVUNL and GLPL.

29 RSRTC and JMRCL.

30 Culture and Tourism Sector and Transport Sector.

31 Urban Development Sector.

Return on Government Investment

1.27 The SPSEs are expected to yield reasonable return on investment made by Government in the enterprises. Return on investment measures the Earnings (profit or loss) made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed as a percentage of Earnings to total investment.

In view of the significant investment by the Government in the SPSEs, return on such investment is essential from the perspective of the State Government. Therefore, the return on Government investment has been worked out on historical cost as well as present value of the State Government investment as detailed under:

A. Rate of Return on the basis of historical cost of Government Investment (ROR)

ROR has been calculated on the investment made by the State Government in the SPSEs in the form of equity and loans. Only interest free loans are considered as investment since the government does not receive any interest on such loans. These are therefore in the nature of equity investment by government except that the loans are liable to be repaid. Further, the funds made available in the form of the grant and subsidy for operational and administrative expenditure have not been reckoned as investment as the bifurcation of grant and subsidy provided for operational and administrative expenditure and for other purpose was not available.

The subsidy given to the three State DISCOMs under UDAY during 2016-17 to 2019-20 has been considered as investment since the subsidy was given by the State Government to take over debts of the DISCOMs from banks and financial institutions. Return on investment has therefore been calculated after considering subsidy under UDAY as investment and without considering such subsidy as investment.

B. Rate of Real Return on Government Investment (RORR)

Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. To assess the RORR on the present value of investments of the State Government in the SPSEs as compared to historical value of such investments, the Present Value (PV) of the Government investments has been computed. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2020, the past investments/year-wise funds infused by the State Government in the SPSEs have been compounded. The compounding has been done at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds to the Government for the concerned year. Therefore, PV of the State Government investment was computed where funds have been infused by the State Government since inception of these SPSEs till 31 March 2020.

Rate of Return on State Government Investment

1.28 The amount of investment in the 41 SPSEs (Government Companies and Corporations) as of 31 March 2020 was ₹ 157588.59 crore consisting of

₹ 51383.84 crore as equity and ₹ 106204.75 crore as long term loans. The State Government infused funds in 32 of these 41 SPSEs in the form of equity, loans and grant and subsidy. In these 32 SPSEs, State Government investment as of 31 March 2020 was ₹ 56751.61 crore consisting of ₹ 49133.24 crore³² as equity and ₹ 7618.37 crore as long term loans. The State Government did not infuse any direct funds in the other nine SPSEs.

The year-wise details of the investment vis-à-vis present value of such investment infused by the State Government for the period 2000-01 to 2019-20 is depicted in **Annexure-1.4**. It could be seen from the annexure that during 2000-01 to 2019-20, total earnings for the year remained below the minimum expected return to recover cost of funds infused by the State Government in these SPSEs.

The total earnings (net of profits and losses) of these 32 SPSEs for the year increased from ₹ 2057.58 crore in 2017-18 to ₹ 3550.08 crore in 2019-20. The State Government investment, consisting of equity and interest free loans, in the 32 SPSEs at its historical cost increased from ₹ 45010.16 crore in 2017-18 to ₹ 51339.66 crore in 2019-20. On considering the subsidy received under UDAY as investment, the State Government investment of ₹ 66010.16 crore in 2017-18 (*i.e.* including subsidy of ₹ 21000 crore received under UDAY till 2017-18) increased to ₹ 98156.13 crore in 2019-20 (*i.e.* including subsidy of ₹ 12000 crore and ₹ 13816.47 crore received under UDAY in 2018-19 and 2019-20 respectively).

The ROR and RORR in respect of the SPSEs where funds have been infused by the State Government, for the three year' period from 2017-18 to 2019-20 are given in **Table 1.21**.

Table 1.21: Rate of Return on State Government Investment

(₹ in crore)

Financial year	Total Earnings/ Loss (-)	Investment by the State Government at historical cost of investment at the end of the year	ROR (%)	Investment by the State Government at present value of investment at end of the year	RORR (%)
Without UDAY					
2017-18	2057.58	45010.16	4.57	74548.38	2.76
2018-19	2893.35	49088.66	5.89	84366.64	3.43
2019-20	3550.08	51339.66	6.91	92767.49	3.83
With UDAY					
2017-18	2057.58	66010.16	3.12	97815.31	2.10
2018-19	2893.35	82088.66	3.52	122208.06	2.37
2019-20	3550.08	98156.13	3.62	148093.09	2.40

The RORR (3.83 per cent) was less than the ROR (6.91 per cent) as indicated by the comparison of returns during 2019-20. However, on consideration of subsidy given under UDAY also as investment, the ROR for the year 2019-20 get reduced from 6.91 per cent (without considering UDAY) to 3.62 per cent (after considering UDAY) whereas the RORR for the same period get reduced from 3.83 per cent (without considering UDAY) to 2.40 per cent (after considering UDAY).

32 Total investment of State Government (₹ 50531.10 crore) - Initial accumulated losses of five Power Sector SPSEs (₹ 1397.86 crore).

Sector wise Rate of Return on State Government investment in 32 SPSEs during 2019-20 is given in **Table 1.22**:

Table 1.22: Sector wise Rate of Return on State Government Investment
(₹ in crore)

S. No.	Name of the Sectors	Total Earnings/ Loss (-)	Investment by the State Government at historical cost of investment at the end of the year	ROR (%)	Investment by the State Government at present value of investment at the end of the year	RORR (%)
1	Energy and Power (without UDAY)	3302.07	46498.18	7.10	79161.36	4.17
	Energy and Power (with UDAY)	3302.07	93314.65	3.54	134486.96	2.46
2	Industries and Commerce	213.35	475.35	44.88	4580.76	4.66
3	Finance	77.08	272.34	28.30	511.43	15.07
4	Agriculture, Food and Allied Industries	90.21	66.27	136.12	347.99	25.92
5	Culture and Tourism	-6.86	68.61	-10.00	333.30	-2.06
6	Transport	-153.82	1275.02	-12.06	3281.84	-4.69
7	Urban Development	-39.16	2559.07	-1.53	4228.88	-0.93
8	Others	67.21	124.82	53.85	321.93	20.88

Chapter-II
Oversight role of CAG

Chapter-II

Oversight role of CAG

Appointment of Statutory Auditors

2.1 Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013 (Act 2013). Section 139 (5) of the Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year. Section 139 (7) of the Act 2013 provides that in case of a Government Company or Government Controlled Other Company, the first auditor is to be appointed by the CAG within sixty days from the date of registration of the company and in case CAG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor.

Statutory auditors of Companies for the year 2019-20 were appointed during August 2019

The statutory auditors of all the SPSEs for the year 2019-20 were appointed by the CAG during August 2019 except the companies which came under the ambit of CAG for the first time in 2019-20.

Statutory Audit

2.2 The financial statements of the Government Companies (as defined in Section 2 (45) of the Act 2013) are audited by Statutory Auditors, who are appointed by the CAG as per the provisions of Section 139 (5) or (7) of the Act 2013. The Statutory Auditors submit a copy of the Audit Report to the CAG including, among other things, financial statements of the Company under Section 143 (5) of the Act 2013. These financial statements are also subject to supplementary audit by the CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act 2013.

Audit of Statutory Corporations is governed by their respective legislations. Out of three Statutory Corporations, the CAG is sole auditor for Rajasthan State Road Transport Corporation. In respect of Rajasthan State Warehousing Corporation and Rajasthan Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the CAG.

Further, as per sub-Section 7 of Section 143 of the Act 2013, CAG may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by Central Government and partly by one or more State Governments, is subject to audit by the CAG.

Submission of accounts by SPSEs

Need for timely submission of Annual Report

2.3 According to Section 394 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). Further such report shall be laid before the State Legislature together with a copy of the Audit Report as soon as possible after such preparation and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating statutory corporations. This mechanism provides the necessary legislative control over the utilization of public funds invested in the companies from the Consolidated Fund of the State.

Timeliness in preparation of accounts by SPSEs

2.4 Section 96 of the Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. The section further provides that in case of the first annual general meeting, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case, within a period of six months, from the date of closing of the financial year. Accordingly, the Companies were required to hold AGM up to 30 September 2020 for the financial year 2019-20.

The Ministry of Corporate Affairs issued order dated 08 September 2020 to extend the time for holding of AGM for the financial year ended 2019-20 by three months from the due date. This has consequently resulted into extension in finalization of financial statements from 30 September 2020 to 31 December 2020.

Further, Section 129 of the Act 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. Section 129 (7) of the Act 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Despite above, annual accounts of various SPSEs were pending as on 31 December 2020, as detailed in the following paragraph.

As of 31 March 2020, there were 38 Government Companies and four Government Controlled Other Companies under the purview of CAG's audit. Of these, accounts for the year 2019-20 were due from all the Government Companies as well as Government Controlled Other Companies.

A total of 27 Government Companies and three Government Controlled Other Companies submitted their accounts for audit by CAG on or before 31 December 2020. Accounts of 11 Government Companies and one Government Controlled Other Companies were in arrears for various reasons.

Out of total 42 Companies, accounts of 12 companies were in arrears.

Table 2.1 Status of arrear in accounts

Particulars	Government Companies/Government Controlled Other Companies		
	Government Companies	Government Controlled Other Companies	Total
Total number of Companies under the purview of CAG's audit as on 31 March 2020	38	4	42
Number of companies which presented the accounts for CAG's audit by 31 December 2020	27	3	30
Number of accounts in arrears	11	1	12
Extent of arrear	Up to 5 years	One year	
Break-up of Arrears	(i) Under Liquidation	1	-
	(ii) Defunct	1	-
	(iii) First Accounts not submitted	-	1
	(iv) Others	9	-

Placement of Separate Audit Reports of Statutory Corporations

2.5 Separate Audit Reports (SARs) are audit reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the State Legislature as per the provisions of the respective Acts. Out of three Statutory Corporations, two Corporations had forwarded their accounts of 2019-20 by 31 December 2020.

Status of annual accounts of Statutory Corporations and placement of their SARs in the State Legislature as on 31 December 2020 is detailed in **Table 2.2**.

Table 2.2: Status of placement of SAR of the Statutory Corporations

Name of the Corporation	Year of Accounts	Month/Year of placement of SAR
Rajasthan Financial Corporation	2018-19	November 2019
	2019-20	Yet to be placed
Rajasthan State Warehousing Corporation	2018-19	November 2019
	2019-20	SAR to be finalised
Rajasthan State Road Transport Corporation	2017-18	February 2020
	2018-19	February 2020
	2019-20	Annual accounts not received till December 2020.

Source: Compiled based on information available on the website of Rajasthan Legislative Assembly.

CAG's oversight- Audit of accounts and supplementary audit

Financial reporting framework

2.6 The Companies are required to prepare the financial statements in the

format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The Listed Companies and the Companies having net worth of more than ₹ 250 crore are required to comply with the Indian Accounting Standards (Ind AS). Further parent, subsidiary, associate and joint venture of aforesaid companies are also required to comply with Ind AS. The Companies not covered by the above shall continue to apply Accounting Standards (AS). Out of the 42 Government Companies and Government Controlled other Companies, 14 entities follow the Ind AS while the remaining prepare their accounts as per AS.

The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

Audit of accounts of Government Companies by Statutory Auditors

2.7 The statutory auditors appointed by the CAG under Section 139 of the Act 2013, conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings. This role is discharged by exercising the power:

- to issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013 and
- to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

The Statutory Auditors reported that 13 companies as detailed in **Annexure-2.1** did not comply with mandatory Accounting Standards/Ind AS.

Supplementary Audit of accounts of Government Companies

2.8 The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

Result of CAG's oversight role

2.9 During the period under review (October 2019 to December 2020), the status of the financial statements received, reviewed and comments issued is given in the **Table 2.3**

Table 2.3: Status of Financial Statements of SPSEs

Particulars of Financial Statement	Financial Year 2019-20			Previous Years		
	Govt. company	Statutory corporation	Total	Govt. company	Statutory corporation	Total
Received	30	2	32	13	1	14
Not Reviewed	9	-	9	2	-	2
Reviewed	21	2	23	11	1	12
Audit in progress*	7	1	8	1	-	1
Nil comment issued	10	-	10	6	-	6
Comments issued	4	1	5	4	1	5

*As on 31 December 2020

Further, comments on the financial statements of four SPSEs (Government Companies), out of seven SPSEs, audit of those were under progress as on 30 September 2019, were also issued between October 2019 and February 2020. Thus, comments of the CAG on financial statements of 14 SPSEs (**Annexure-2.2**) were issued during the period under review.

Amendment of financial statements/Revision in Auditor's Report

2.10 As a result of supplementary audit of the financial statements conducted by the CAG during the audit period, one Government Company (Rajasthan Urban Drinking Water Sewerage and Infrastructure Limited) amended its financial statement for the year 2016-17 before laying the same in the Annual General Meeting. Accordingly, the Statutory Auditor of the Company revised its Auditor's Report.

Significant comments of the CAG issued as supplement to the Statutory Auditors' reports

2.11 Subsequent to the audit of the financial statements by the Statutory Auditors, the CAG conducted supplementary audit of the financial statements of the SPSEs received during the reporting period (October 2019 to December 2020). The comments issued are detailed below:

Comment on Profitability

Sl. No.	Name of Company	Comment
1.	Rajasthan Rajya Vidyut Prasaran Nigam Limited (2019-20)	Non-accountal of O & M charges for maintenance of bays, recoverable from Power Grid Corporation of India Limited (₹ 4.44 crore) and NRSSXXXVI Transmission Limited (₹ 0.16 crore) resulted in understatement of Revenue from operations as well as Current Assets by ₹ 4.60 crore.
		Excess booking of transmission tariff in respect of transmission lines resulted in overstatement of Revenue from operations as well as Current Assets by ₹ 5.94 crore.
		Non-charging of depreciation on 400 KV DC Bhilwara-Ajmer Line for the period 26.01.18 to 31.03.20 resulted in understatement of Depreciation and Amortization Expenses and overstatement of Property, Plant and Equipment by ₹ 1.83 core.
		Non-adjustment of premium receivable from Adani Transmission (Rajasthan) Limited against unitary charges resulted in overstatement of Administrative and Other Expenses and understatement of Current Assets by ₹ 3.73 crore.
2.	Jaipur Vidyut Vitran Nigam Limited (2019-20)	Tangible Assets do not include operationally accepted and already handed over IT equipment of ₹ 21.76 crore. This resulted in overstatement of Capital Work in Progress by ₹ 18.17 crore, overstatement of Long Terms Loans & Advances by ₹ 3.59 crore, understatement of Tangible Assets under Property, Plant & Equipment by ₹ 21.76 crore. This also resulted in understatement of Depreciation and overstatement of Profit by ₹ 2.43 crore.
		Sale of Power does not include ₹ 41.42 crore being amount recoverable from the Distribution Franchisees (DFs) on account of difference of amount in various ABR components. This has resulted in understatement of Current Assets and Profit for the year by ₹ 41.42 crore.
3.	Rajasthan State Power Finance and Financial Services Corporation	Employees' benefit Expenses is understated by ₹ 0.95 lakh due to non-inclusion of pension contribution pertaining to the year 2019-20. This also resulted in understatement of other Current Liabilities by ₹ 0.95 lakh.

	Limited (2019-20)	
4.	Rajasthan Financial Corporation (2019-20)	Other Liabilities & Provisions is understated by ₹ 4.04 crore due to non-provision of dividend payable to Small Industries Development Bank of India on account of minimum guaranteed dividend for the period from 1997-98 to 1999-2000 as per State Financial Corporations Act 1951. Consequently, Loss for the year has been understated by ₹ 4.04 crore.
5.	Rajasthan Rajya Vidyut Utpadan Nigam Limited (2018-19)	<p>Revenue from Operations is understated by ₹ 20.70 crore due to excess allocation and adjustment in Capital Work in Progress of late payment surcharge on infirm power in respect of Unit 5 and Unit 6 of the Supercritical Thermal Power Plant, Chhabra. This has resulted in understatement of Capital Work in Progress and profit by ₹ 20.70 crore.</p> <p>Generation and Other Direct Expenses is understated by ₹ 5.64 crore due to non-provision of liability towards track access charges payable to M/s Sarguja Rail Corridor Private Limited for shortfall of coal in the off-take quantity. This has resulted in understatement of Trade Payables and overstatement of profit by ₹ 5.64 crore.</p> <p>After 12 years from the date of commercial operation (31 March 2017), the Company charged depreciation of ₹ 28.18 crore for the period 2017-19 on remaining depreciable value of Property, Plant and Equipment of Kota Thermal Power Station, stage IV as per straight line method instead of spreading it over the balance useful life (13 years) of the assets as provided in Clause 22(4) of RERC (Terms and Conditions for Determination of Tariff) Regulation 2014. This has resulted in overstatement of Depreciation and Amortization Expenses by ₹ 14.09 crore (depreciation for the year 2018-19) and Other Equity by ₹ 14.09 crore (depreciation for the year 2017-18). Consequently, Property, Plant & Equipment and Profit has been understated by ₹ 28.18 crore and ₹ 14.09 crore respectively.</p> <p>Non-provision of liability towards short paid guarantee commission (₹ 15.67 crore) to the State Government for the year 2018-19 and penal interest (₹ 0.84 crore) thereon resulted in understatement of Finance Costs and Other Current Liabilities by ₹ 16.51 crore.</p>

6.	Rajasthan Rajya Vidyut Prasaran Nigam Limited (2018-19)	<p>Accountal of State Load Dispatch Center charges twice resulted in overstatement of Revenue from Operations and Trade Receivables by ₹ 9.86 crore. Consequently, Loss for the year is understated to that extent.</p> <p>Other Income as well as Trade Receivable is overstated by ₹ 45.16 lakh due to inclusion of interest earned on Fixed Deposit (FDs) of undistributed Deviation Settlement Mechanism (DSM) charges payable to DISCOMs. Consequently, Loss for the year is understated to that extent.</p> <p>Non-provision of liability (unitary charges ₹ 4.83 crore payable to Adani Transmission (Rajasthan) Limited and KEC Bikaner Sikar Transmission Private Limited as well as court cases fee ₹ 16.28 lakh) for the month of March 2019 resulted in understatement of Administrative and Other Expenses as well as Current Liabilities by ₹ 4.99 crore. Consequently, Loss for the year is understated to that extent.</p>
7.	Rajasthan State Seeds Corporation Limited (2018-19)	Employee Benefit Expenses credited by ₹ 1.55 crore being the excess provisions made for Group Leave Encashment Scheme during previous years due to error/omission. This error should have been rectified by crediting the Prior Period Income in accordance with AS 5. This has resulted in understatement of Employee Benefit Expenses and overstatement of Profit/Earning before Exceptional & Extraordinary Items by ₹ 1.55 crore.
8.	RajComp Info Services Limited (2018-19)	Depreciation and Amortization Expenses includes an amount of ₹ 5.60 crore of depreciation on 'Intangible Assets' (software) for the period 2015-16 to 2018-19 @ 25 per cent per year (considering useful life is 4 years). Since the software installed on 20.11.2015, hence, ₹ 1.40 crore was to be charged as depreciation for current year, ₹ 3.38 crore as 'Prior Period Expenditure and remaining amount ₹ 0.82 crore was to be shown as 'Non-Current Assets'. Incorrect accounting resulted in overstatement of current year 'Expenditure' by ₹ 4.20 crore and understatement of 'Prior period Expenses' as well as 'Non-Current Assets' by ₹ 3.38 crore and ₹ 0.82 crore respectively. The profit for the year has also been understated by ₹ 0.82 crore.

		<p>Incorrect accountal of payment made to 'Trade Payables' on account of 'E-bazar seller' under 'Expenditure head' instead of adjusting the 'Current Liabilities', Other Expenses and Current Liabilities are overstated by ₹ 2.58 crore. Consequently, profit for the year was understated to that extent.</p> <p>Non-provision of contribution in State Renewable Fund for the period 2016-17 to 2018-19 resulted in understatement of Other Expenses as well as Current Liabilities by ₹ 0.30 crore.</p>
9	Rajasthan Medical Services Corporation Limited (2018-19)	Not providing liability of ₹ 0.59 crore on account of repair and maintenance of biomedical equipment resulted in understatement of Current Liabilities and overstatement of profit to that extent.
10	Rajasthan Tourism Development Corporation Limited (2016-17)	<p>Not providing liability of ₹ 43.67 lakh on account of interest and penalty for default in remittance of Employee Provident Fund Contribution resulted in understatement of Other Expenses and Loss to that extent.</p> <p>Not providing liability towards Urban Development Tax resulted in understatement of Current Liabilities as well as Loss by ₹ 45.83 lakh.</p>

Comments on Financial Position

Sl. No.	Name of Company	Comment
1.	Rajasthan Rajya Vidyut Prasaran Nigam Limited (2018-19)	<p>Other Financial Liabilities is understated by ₹ 5.45 crore due to not providing liability towards stamp duty on instrument of loan agreements executed with NABARD and HUDCO. Consequently, loss for the year is understated to that extent.</p> <p>Other Financial Liabilities as well as Capital Work in Progress is understated by ₹ 3.78 crore due to non-provision of liability towards various capital works executed during 2018-19.</p>
2.	Rajasthan State Seeds Corporation Limited (2018-19)	Income and Expenses pertaining to Last Year amounting to ₹ 38.48 lakh and ₹ 6.69 lakh respectively have directly been adjusted from Reserve and Surplus instead of routing through Statement of Profit and Loss in contravention of AS 5.

3.	RajComp Info Services Limited (2018-19)	<p>The Company paid (August 2018) the cost of ₹ 5.60 crore of the software and booked it in 'Intangible Assets' in the current year accounts. However, the Company did not revert the liability already created & expenditure booked in the previous years (₹ 2.80 crore in 2016-17 and ₹ 1.30 crore in 2017-18). This has resulted in overstatement of 'Current Liability' and understatement of 'Prior Period Income' by ₹ 4.10 crore.</p> <p>Other current Assets includes a sum of ₹ 0.51 crore on account of Tax Deducted at Source (TDS), for which detail was not available with the company and this amount was lying pending since long. Despite given assurance in previous two years, no provision has been made in the current year account. This has resulted in overstatement of 'Current Assets' and understatement of 'Expenses' by ₹ 0.51 crore.</p>
4.	Rajasthan Tourism Development Corporation Limited (2016-17)	Other Current liability is understated by ₹ 71.30 lakh due to non-accountal of amount received from various departments in respect of deduction from salary of employees sent on reverse deputation. Consequently, the Current Assets were understated to that extent.
5.	Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Limited (2016-17)	Capital Work In Progress does not includes work in progress of ₹ 171.49 crore of Urban Infrastructure Development Scheme for Small and Medium Town (UIDSSMT). This has resulted in understatement of CWIP as well as Non-Current liabilities (other long term liabilities) by ₹ 171.49 crore.

Comments on Disclosure/ General

Sl. No.	Name of Company	Comments
1.	Rajasthan Financial Corporation (2019-20)	Pursuant to the interim orders of the Court to apportion the amount received on account of realization of sale of land and building of the Unit ¹ the Corporation set aside ₹ 7.39 crore (₹ 3.84 crore principal amount plus ₹ 3.55 crore interest) payable to Industrial Investment Bank of India (IIBI) in FDR. However, the Corporation has not given suitable disclosure of the interest liability of ₹ 3.55 crore payable to IIBI and interest accrued on FDR in the Notes to accounts.

1 M/s Faridabad Chemicals Limited

2.	Rajasthan Rajya Vidyut Utpadan Nigam Limited (2018-19)	Other Non-Current Assets includes advance of ₹ 24.85 crore given to the suppliers/contractors for capital goods in respect of Suratgarh Thermal Power Station which is pending for adjustment since unbundling of the Rajasthan State Electricity Board (RSEB). However, the Company did not have any relevant records. In absence of which, the veracity of advance of ₹ 24.85 crore reflected in the books of accounts could not be vouchsafed.
3.	Rajasthan State Seeds Corporation Limited (2018-19)	<p>Stock Registers of the Company did not depict the production/procurement as well as the sale of seeds separately which involve subsidy under different schemes. Due to this lapse, the accuracy of subsidy utilized/ claimed could not be ascertained by audit.</p> <p>Pursuant to the directions of the Government of Rajasthan and to share the operating expenditure in proportion of 60:40 with Rajasthan State Agriculture Marketing Board (RSAMB), the Company operated (15 May 2018 to 30 June 2018) 'Beej Rath' and adjusted ₹ 1.51 crore <i>i.e.</i> the share of RSAMB from the amount payable to it. However, the fact that RSAMB did not approve this adjustment, has not been disclosed by way of a note.</p>
4.	Rajasthan Medical Services Corporations Limited (2018-19)	<p>The Company had not disclosed:</p> <ul style="list-style-type: none"> (i) Invoices amounting to ₹ 3.42 crore for repair and maintenance of biomedical equipment. (ii) Contingent Liability towards payment of medicines of ₹ 1.50 crore and interest thereon amounting to ₹ 0.77 crore. (iii) Pendency of adjustment to the advance given to Chief Controller of Accounts, Department of Commerce in notes to accounts. (iv) Review petition filed by the liquidator before the Hon'ble High Court, Jaipur Bench against the judgement/ award of High Court under Contingent Liability.
5.	Rajasthan State Food & Civil Supplies Corporation Limited (2016-17)	The figures of subsidy receivables from Government of India (GoI) & GoR under various schemes for purchase of sugar shown under Sales and subsidy head were not reported in accordance with the report submitted by the Firm (M/s S.A. Agarwal & Associates, Chartered Accountants) hired for reconciliation of sugar subsidy and hence need reconciliation.

		<p>Despite being commented in the accounts of previous years 2013-14 and 2014-15, the Company has not disclosed that out of ₹ 94.34 lakh, being irregularly/unauthorized withdrawn by Rajas Sang KVSS, Baran from the treasury, ₹ 72.43 lakh have been deposited in the Company's account which is refundable to the Government funds.</p>
		<p>Note No. 1.29 of the Notes to Accounts is incomplete to the extent that claim of ₹ 2.99 crore made by RSWC for reserved Godowns has not been disclosed.</p>
		<p>The Company reserved Godowns of Central Warehouse Corporation (CWC) for procurement of wheat under DCP Scheme. However, claim of ₹ 36.30 lakh made by CWC for reserved Godowns has neither been accounted for nor disclosed in the Notes to Accounts.</p>
6.	Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Limited (2016-17)	<p>The Company has not disclosed the fact that an amount of ₹ 29.03 crore is recoverable from contractors on account of terminated civil works.</p>
		<p>The fact that Annual Financial Statements for the year 2016-17 have been revised based on the audit observations of CAG during supplementary audit, has not been disclosed under notes to Accounts</p>

Comments on Auditor's Report

S1. No.	Name of Company	Comments
1.	Jaipur Vidyut Vitran Nigam Limited (2019-20)	<p>The Statutory Auditor's in its report qualified on accounting of treatment given by the Company regarding Tariff Subsidy Receivable from GoR as follows:</p> <p>“GoR has only admitted ₹ 1426.63 crore claim amount of ₹ 3999.33 crore, balance of ₹ 2572.70 crore should be accounted for in Statement of Profit & Loss, but the Company has not made treatment for the same till date. Consequently, Current Year Profit, Prior Period Income and Other Non Current Assets are overstated by ₹ 2572.70 crore. In absence of details of year wise rejection of subsidy claim of the Company by GoR, we are unable to give impact of the same on the current year's profit and prior period income of the company separately”.</p> <p>(i) The part of the qualification as regard to inability to give impact of the same on the Current year's</p>

		<p>Profit and Prior Period Income in absence of year wise rejection of the subsidy claim is not correct because as per Accounting Standard-5 ‘prior period items’ refers only to income or expenses which arise in the current period as a result of errors or omissions in the preparation of the Financial Statements of one or more prior periods. This does not include other adjustments necessitated by circumstances, which though related to prior periods, are determined in the current period. In this case GOR has rejected the subsidy claim in the current period as such this is not a prior period item. Thus, the qualification would have impact on the Current year’s Profit only.</p> <p>(ii) Further after giving the impact of the comment mentioned at ‘(i)’ above, the profit for the year of ₹ 2188.15 crore of the Company would turn in loss of ₹ 384.55 crore. As such, the opinion given by the Statutory Auditors that the accounts give a ‘true and fair’ view is not in order.</p>
2.	Jodhpur Vidyut Vitran Nigam Limited (2019-20)	<p>The Statutory Auditor qualified that company has shown as receivables from GoR of ₹ 6942.94 crore against various Tariff subsidies till 2019-20. GoR has vide its letter dated 21.08.2020 approved the Tariff Subsidy claim of ₹ 1983.56 crores only. Company has booked this subsidy amount as revenue in financial statement of current financial year and in previous financial years as well. Accordingly, company has overstated the current year’s profit and prior period income by ₹ 4959.38 crore and overstated the subsidies/Grants receivables by ₹ 4959.38 crore. In the absence of details of year-wise rejection of subsidy claim of the company by the GOR, we are unable to give impact of the same on the current year’s profit and prior period income of the company. Company is persuading the matter with GOR.”</p> <p>(i) The part of the qualification as regard to inability to give impact of the same on the current year’s Profit and Prior Period Income in the absence of year wise rejection of the subsidy claim is not correct because as per Accounting Standard-5 ‘prior period items’ refers only to income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. This does not include other adjustments necessitated by circumstances, which though related to prior periods, are determined in the</p>

		<p>current period. In this case GOR has rejected the subsidy claim in the current period as such this is not a prior period item. Thus, the qualification would have impact on the current year's Profit only.</p> <p>(ii) Further, after giving the impact of the comment mentioned at 'A(i)' above, the profit for the year of ₹ 9.85 crore of the Company would turn in loss of ₹ 4949.53 crore. As such, the opinion given by the Statutory Auditors that the accounts give a 'true and fair' view is not in order.</p>
3.	Rajasthan State Power Finance and Financial Services Corporation Limited (2019-20)	The qualification given by the Statutory Auditor under 'Emphasis of matter' as regards to not providing liability of State Renewal Fund (₹ 54 lakh) as commented during Supplementary Audit conducted by the CAG for the financial year 2018-19 and its corresponding impact on current year's account <i>i.e.</i> understatement of current liability and overstatement of profit by ₹ 54 lakh was deficient because as against the demand/ liability of ₹ 60 lakh, Statutory Auditor has only disclosed ₹ 54 lakh as liability. Further, while giving impact of this, it has not been stated by the Statutory Auditor that had the provision for ₹ 60 lakh made, the profit before tax of ₹ 23.51 lakh would have turned in loss of ₹ 36.49 lakh.
4.	Rajasthan Financial Corporation (2019-20)	Statutory Auditors in their report have not expressed an opinion as regard to true and correct/ fair view of the state of affairs of the Financial Corporation as required under section 37(3) of State Financial Corporation Act, 1951. Thus, the Auditor's Report is deficient to that extent.
5.	Rajasthan State Seeds Corporation Limited (2018-19)	<p>The Statutory Auditor did not comment properly on the directions issued (June 2019) under section 143(5) of the Companies Act, 2013 as regards to adequate disclosure of each subsidy/grant.</p> <p>Further, the Statutory Auditors reported that the sale of seeds as grain by the Company was on the basis of certification of State Testing Laboratories and with declaration from the buyer that it is not for human consumption. This statement is incorrect as the Company auctioned 80,932 quintals. seeds as grain during March 2018 to September 2018 without certification of the State Testing Laboratories.</p>
6.	Rajasthan State Food & Civil Supplies Corporation	The Auditor's statements in Independent Auditor's Report as regards to (i) excess credit of Subsidy Income, (ii) treatment of liquidated damages recovered by the company, (iii) 'fraud' reported to claim of subsidy in excess of purchase cost of sugar and Non ISS Grade of

	Limited (2016-17)	<p>Sugar, (iv) quarterly claims furnished on false data of distribution (v) excess account of subsidy in the Books as compared to actual claims and (vi) not providing liability of expenses claimed by Rajasthan State Warehousing Corporation were found incorrect/deficient.</p> <p>Further, the Statutory Auditor also not disclosed that by giving impact of its qualifications, the Profit before tax would have resulted in loss of ₹ 14.49 crore as against profit of ₹ 6.57 crore (profit before tax) shown in the Statement of Profit and Loss.</p>
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Statutory corporations where CAG is the sole auditor

2.12 The significant comments issued by the CAG on the accounts of Statutory Corporation where CAG is the sole auditor is detailed below:

Rajasthan State Road Transport Corporation

The Corporation has accounted revenue from E-ticketing through Online Reservation Software (ORS) ₹ 38.35 crore against the revenue of ₹ 38.65 crore depicted on the BOOT portal of Corporation under the head Payment Gateway Database Administrator (PGDBA). This has resulted in understatement of passenger earning and overstatement of net loss by ₹ 0.30 crore. Consequently, debtors have been understated by ₹ 0.30 crore.

Non-compliance with provisions of Accounting Standards/IND AS

2.13 In exercise of the powers conferred by Section 469 of the Act, 2013, read with Section 129 (1), Section 132 and Section 133 of the said Act, the Central Government prescribed Accounting Standards. Besides these, the Central Government notified 42 Indian Accounting Standards (Ind AS) through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Three Ind AS namely Ind AS 11, 17 & 18 have been withdrawn after the notification of Ind AS 115 & 116.

During the course of supplementary audit carried out between October 2019 and December 2020, the CAG observed that the following companies had also not complied with the Accounting Standards/Ind AS which were not reported by their statutory auditors:

AS/ Ind AS	Name of AS/Ind AS	Name of the Company	Deviation
AS 5	Net profit or Loss for the period, prior period items and changes in accounting policies	Rajasthan State Seeds Corporation Limited (2018-19)	Rectification of error made in the previous years should have been rectified by adjusting the prior period item, however adjustment was made in the current year expenses.
		Rajasthan State	Income and expenses related

		Seeds Corporation Limited (2018-19)	to previous years have been adjusted directly through Reserve and Surplus instead of through prior period items under Profit and Loss Statement.
		Jaipur Vidyut Vitran Nigam Limited (2019-20)	The Statutory auditor pointed out that the rejection of the subsidy claims should be classified in current year as well as prior period income. However, the same is incorrect as the rejection of the subsidy is not an error or omission to be adjusted through prior period items.
		Jodhpur Vidyut Vitran Nigam Limited (2019-20)	
AS 12	Accounting for Government Grants	Rajasthan State Seeds Corporation Limited (2018-19)	Grants related to revenue should be shown separately in Profit and Loss Statement, however it was added in revenue from operation.

Management Letters

2.14 One of the objectives of financial audit is to establish communication on audit matters arising from the audit of financial statements between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the financial statements of SPSEs were reported as comments by the CAG under Section 143 (5) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, were also communicated to the management through a 'Management Letter' for taking corrective action. These deficiencies generally related to application and interpretation of accounting policies and practices, adjustments arising out of audit that could have a significant effect on the financial statements and inadequate or non-disclosure of certain information on which management of the concerned SPSEs gave assurances that corrective action would be taken in the subsequent year.

During the period under review, CAG issued 26 'Management Letters' to SPSEs as shown in **Annexure-2.3**. The broad nature of irregularities highlighted in these Management Letters were as under:

- Non-reconciliation of old balances;
- Misclassifications of assets, liabilities, income and expenditures *etc.*;
- Inadequate/non-disclosures in 'Notes to Accounts';
- Non-reporting on CAG's directions; and
- Non-maintenance of proper books of accounts.

Chapter-III
Corporate Governance

Chapter-III

Corporate Governance

Introduction

3.1 Corporate Governance focusses on building the confidence of its various stakeholders including customers, suppliers, employees, shareholders, bankers and society at large. A company is directed and controlled with the system of rules, practices and process of the Corporate Governance. Further, Corporate Governance framework of any SPSEs depends upon the four pillars namely Transparency, Full disclosures, Independent monitoring and Fairness to all. Adherence to the Corporate Governance brings accountability, transparency in business and enhance confidence of the stakeholders.

Provisions contained in the Companies Act, 2013

3.2 The Companies Act, 2013 (Act) was enacted on 29 August 2013 replacing the Companies Act, 1956. In addition, the Ministry of Corporate Affairs has also notified (31 March 2014) Companies Rules 2014 on Management and Administration, Appointment and Qualification of Directors, Meetings of Board and its powers and Accounts. The Companies Act, 2013 together with the Companies Rules provide a robust framework for corporate governance. The requirement inter alia provides for:

Qualifications for Independent Directors along with the duties and guidelines for professional conduct {Section 149(6) read with rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014}.

Mandatory appointment of one woman director on the board of prescribed companies {Section 149(1)}.

Mandatory establishment of certain committees like Audit Committee {Section 177(1)}, Nomination and Remuneration Committee {Section 178(1)}, and Stakeholders Relationship Committee {Section 178(5)}.

Holding of a minimum of four meetings of Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board {Section 173(1)}.

SEBI/BPE guidelines on Corporate Governance

3.3 Since none of the State Public Sector Enterprises (SPSEs) is listed in the stock exchange, SEBI guidelines on Corporate Governance is not applicable on SPSEs. Further, the Bureau of Public Enterprises (BPE), Government of Rajasthan (GoR) has also not issued any guideline on corporate governance.

Review of compliance of the Corporate Governance provisions

3.4 As on 31 March 2020, there were 42 State Government Companies (hereinafter referred as SPSEs) including four Government Controlled Companies under the audit jurisdiction of the CAG of India. In the context of the policy of the government to grant more autonomy to the Government Companies, Corporate Governance has assumed importance.

For the purpose of the review, an assessment framework was prepared based on the provisions contained in the Act, 2013 on corporate governance. The provisions during the year 2019-20 were reflected in the assessment framework. The review covers all the Government Companies under administrative control of various Ministries except Rajasthan State Agro Industries Corporation Limited which is under liquidation.

Composition of Board of Directors

Independent Directors

3.5 The presence of independent representatives on the Board, capable of taking an independent view on the decisions of the management is widely considered as a means of protecting the interests of shareholders and other stakeholders.

Section 149 (4) of the Act, 2013 provides that every listed public company shall have at least one-third of the total number of directors as independent directors. Further, as per Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, (i) Public Companies having paid up share capital of ten crore rupees or more; or (ii) turnover of one hundred crore rupees or more; or (iii) have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees shall have at least two directors as independent directors.

Further, a company covered under this rule is also required to constitute audit committee. Such Audit Committee shall consist of a minimum of three directors, with independent directors forming a majority as per section of 177(2) of the Act, 2013.

Rule further provides that where a company ceases to fulfil any of three conditions for three consecutive years, it shall not be required to comply with these provisions until such time as it meets any of such conditions.

Further sub Rule (2) of Rule 4, an unlisted public company *i.e.* a joint venture or a wholly owned subsidiary or a dormant company is not required to appoint an independent director.

Audit noticed that out of 42 SPSEs, 26 SPSEs, as shown in **Annexure-3.1**, were required to appoint Independent Directors (IDs) as per the provisions of the Act, 2013 and Rule 4 mentioned above during FY 2019-20. Based on the review of composition of the Board of Directors (BoD) a summarized status of appointment of independent directors in these SPSEs is given in **Table 3.1**:

Table 3.1 Status of appointment of Independent Director (ID)

Particulars	As on 31 March 2019	As on 31 March 2020
No. of SPSEs required to appoint IDs	26	26
No. of SPSEs having required number of IDs	12	5
No. of SPSEs not having required number of IDs	1	4
Number of SPSEs not having any ID	13	17

Source: Compiled on the basis of information provided by SPSEs

It could be seen from the table above that nine¹ SPSEs, which had required number of IDs as on March 2019, did not appoint new IDs after expiry of the tenure of previous IDs. Besides, there was sharp increase in the number of SPSEs which either did not have the required number of IDs or 'Nil' IDs as on March 2020 as compared to March 2019.

Audit also observed that

- Two SPSEs *i.e.* Udaipur Smart City Limited (USCL) and Rajasthan State Seeds Corporation Limited (RSSCL) having five members in their audit committees as on 31 March 2019 and 31 March 2020, did not have required number of independent directors as there was only one independent director in USCL whereas RSSCL did not have any independent director as on March 2019 and March 2020.
- Though Rajasthan Small Industries Corporation Limited (RSICL) did not meet any condition of the Rule 4 during 2018-19 but considering the turnover of ₹ 136.06 crore during 2017-18 the provision of appointment of independent directors was applicable during 2018-19 itself. Despite this, RSICL did not appoint independent director even in 2019-20.
- Barmer Lignite Mining Company Limited, a joint venture, though not required to have independent director, had three independent directors as on 31 March 2019 whose tenure had expired on 29 March 2020.

Thus, the SPSEs did not ensure compliance of the provision of the Act, 2013 as well as Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Woman Director in the Board

3.6 Section 149 (2) of the Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 provides for appointment of at least one women director in - (i) every listed company; (ii) every other public company having - (a) paid-up share capital of one hundred crore rupees or more; or (b) turnover of three hundred crore rupees or more. Further, any intermittent vacancy of a woman director shall be filled-up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later.

Audit observed that 19 SPSEs, as shown in **Annexure-3.1**, were required to appoint woman director during 2019-20. Of these 19 SPSEs, 13 SPSEs had at

1 As mentioned at Sl. No. 1 to 7, 22 and 23 of Annexure-3.1.

least one woman director throughout FY 2019-20 as given in **Table 3.2:**

Table 3.2: Name of SPSEs having at least one-woman director during FY 2019-20

Sl. No.	Name of SPSE
1.	Ajmer Vidyut Vitran Nigam Limited
2.	Jaipur Vidyut Vitran Nigam Limited
3.	Jodhpur Vidyut Vitran Nigam Limited
4.	Rajasthan Rajya Vidyut Utpadan Nigam Limited
5.	Giral Lignite Power Limited
6.	Rajasthan State Industrial Development and Investment Corporation Limited
7.	Rajasthan State Road Development & Construction Corporation Limited
8.	Rajasthan State Food & Civil Supplies Corporation Limited
9.	Rajasthan State Beverage Corporation Limited
10.	Rajasthan State Ganganagar Sugar Mills Limited
11.	Jaipur Metro Rail Corporation Limited
12.	Kota Smart City Limited
13.	Udaipur Smart City Limited

Source: Compiled based on the information provided by SPSEs

Audit noticed that two² SPSEs did not have woman director throughout FY 2019-20. Further, three³ SPSEs ensured compliance of provision of Rule 3 by filling up the vacancy of woman director within the prescribed time period. Audit observed that one SPSEs *i.e.* Jaipur Smart City Limited, filled up the vacancy of woman director after a delay of seven months.

Appointment and Functioning of Independent Director

Issuance of formal letter of appointment and approval at General Meeting

3.7 As per schedule IV of the CA 2013, appointment of independent director shall be approved at the meeting of shareholders (General Meeting). Further, the appointment of Independent Directors shall be formalised through a letter of appointment which shall set out the terms and conditions of appointment. Further, the terms and conditions of appointment of independent directors are also required to be posted on Company's website.

Audit, however, observed that two SPSEs (Rajasthan State Beverage Corporation Limited and Rajasthan State Ganganagar Sugar Mills Limited) appointed (February 2020) Independent Directors, however, both the SPSEs did not obtain approval of appointment in the General Meeting. Further, formal letters containing terms and conditions of appointment issued to the appointed Independent Directors were not found on record. Besides in case of two SPSEs⁴, wherein Independent Directors were appointed during FY 2019-20, the letter of appointment issued by RUDWS&ICL did not contain the tenure of appointment and the list of actions that a director should not do while functioning in the company whereas RSMML did not include any terms and conditions in the appointment letter issued by it as required in Schedule IV of the Act, 2013.

2 Rajasthan State Gas Limited and Rajasthan Medical Services Corporation Limited

3 Barmer Lignite Mining Company Limited, Rajasthan Rajya Vidyut Prasaran Nigam Limited and Rajasthan State Mines and Minerals Limited (RSMML).

4 Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited (RUDWS&ICL) and RSMML

Training of Independent Directors

3.8 As per Schedule IV (Para III (1)- Duties of Independent Directors) of the Companies Act, Independent Directors shall undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company. Audit, however, observed that none of the SPSEs imparted such training for the Independent Directors who were on the Board during FY 2019-20.

Attending meeting of the Board, Board Committees and General meetings of the Company

3.9 Schedule IV (III) (3) of the Act, 2013 provides that Independent Directors should strive to attend all the meetings of Board of Directors and Board Committees of which he/she was a member.

A. Board meetings: - Status of attendance of the independent directors who were on the Board at the time of the meeting are given in **Table 3.3**.

Table 3.3 Presence of Independent Directors in meetings of the Board

Sl. No.	Name of the SPSE	No. of Board meeting	No. of meetings with 100% presence of ID
1.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	8	7
2.	Ajmer Vidyut Vitran Nigam Limited	6	2
3.	Rajasthan Renewable Energy Corporation Limited	3	2
4.	Jodhpur Vidyut Vitran Nigam Limited	5	2
5.	Jaipur Vidyut Vitran Nigam Limited	6	4
6.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	4	4
7.	Rajasthan Urja Vikas Nigam Limited	8	7
8.	Rajasthan State Mines & Minerals Limited	2	1
9.	RajComp Info Services Limited	4	0
10.	Jaipur Metro Rail Corporation Limited	5	1
11.	Jaipur Smart City Limited	2	0
12.	Udaipur Smart City Limited	3	2
13.	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited	1	1
14.	Barmer Lignite Mining Company Limited	3	1

Source: Compiled based of the information provided by SPSEs

It could be seen from the table above that 100 *per cent* presence of Independent Directors was only in 57 *per cent* of the Board Meetings. Further, the Independent Directors appointed in the board of Jaipur Metro Rail Corporation Limited and RajComp Info Services Limited did not give importance to the role assigned to them on behalf of the stakeholders by not attending the board meetings.

B. Meeting of Board Committees

Corporate Social Responsibility (CSR) Committee- Audit also reviewed the presence of the Independent Directors in the Companies where meetings of the constituted CSR Committees were held during 2019-20 and the independent directors were on board at the time of meeting. The attendance of Independent Directors in CSR Committee Meetings is given in **Table 3.4**.

Table 3.4 Attendance of ID in CSR Committee Meetings

S. No.	Name of the SPSE	Date of meeting	No. of ID in board	No. of ID attended
1.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	28.08.2019	2	2
		11.11.2019	2	2
2.	Ajmer Vidyut Vitran Nigam Limited	08.11.2019	2	1
3.	Jodhpur Vidyut Vitran Nigam Limited	08.11.2019	2	1
4.	Jaipur Vidyut Vitran Nigam Limited	31.10.2019	2	2
5.	Rajasthan State Mines & Minerals Limited	09.01.2020	2	1

Source: Compiled based of the information provided by SPSEs

It could be seen that one Independent Director of three SPSEs (Sl. No. 2, 3 and 5) remained absent in CSR Committee meetings.

Audit Committee- The status of presence of the Independent Directors on board during Audit Committee meetings held in FY 2019-20 is given in **Table 3.5.**

Table 3.5 Attendance of ID in Audit Committee Meetings

Sl. No.	Name of the SPSE	Date of meeting	No. of ID in board	No. of ID attended
1.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	13.05.2019	2	2
		26.07.2019	2	1
		28.08.2019	2	2
		27.09.2019	2	2
		11.11.2019	2	2
		05.03.2020	1	1
2.	Ajmer Vidyut Vitran Nigam Limited	30.07.2019	2	2
		13.08.2019	2	1
		19.09.2019	2	1
3.	Rajasthan Renewable Energy Corporation Limited	03.06.2019	2	2
		26.08.2019	2	2
		20.09.2019	2	1
4.	Jodhpur Vidyut Vitran Nigam Limited	30.07.2019	2	2
		19.09.2019	2	1
5.	Jaipur Vidyut Vitran Nigam Limited	30.07.2019	2	2
		16.09.2019	2	2
6.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	13.05.2019	2	2
		26.07.2019	2	2
		12.09.2019	2	2
7.	Rajasthan Urja Vikas Nigam Limited	11.07.2019	2	1
		28.08.2019	2	2
		08.11.2019	1	1
8	Rajasthan State Mines & Minerals Limited	09.12.2019	2	2
9	RajComp Info Services Limited	24.10.2019	2	1
10	Jaipur Metro Rail Corporation Limited	13.09.2019	2	1
11	Jaipur Smart City Limited	27.08.2019	2	0
12	Udaipur Smart City Limited	30.07.2019	1	1
13	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited.	19.02.2020	2	2
14	Barmer Lignite Mining Company Limited	19.11.2019	3	3

Source: Compiled based of the information provided by SPSEs

C. General Meetings

Schedule IV (III) (5) of the Act, 2013 states that Independent Directors shall strive to attend all the General Meetings of the Company. Audit noticed that Independent Directors in 13 SPSEs were on board at the time of Annual General Meeting (AGM) during FY 2019-20. The details of the Annual General Meeting (AGM) held in 2019-20, number of independent directors on board of SPSE and number of independent directors that attended the meeting are given in **Table 3.6**.

Table 3.6 Attendance of ID in Annual General Meetings

Sl. No.	Name of the SPSE	Date of AGM	No. of ID on board	No. of ID attended the meeting
1.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	10.12.2019	1	0
2.	Ajmer Vidyut Vitran Nigam Limited	26.09.2019	2	0
3.	Rajasthan Renewable Energy Corporation Limited.	30.09.2019	2	2
4.	Jodhpur Vidyut Vitran Nigam Limited	26.09.2019	2	0
5.	Jaipur Vidyut Vitran Nigam Limited	23.09.2019	2	0
6.	Rajasthan Urja Vikas Nigam Limited	27.09.2019	2	2
7.	Rajasthan State Mines & Minerals Limited	28.01.2020	2	1
8.	RajComp Info Services Limited	20.01.2020	2	0
9.	Jaipur Metro Rail Corporation Limited	28.11.2019	2	1
10.	Jaipur Smart City Limited	31.10.2019	1	0
11.	Udaipur Smart City Limited	31.12.2020	1	0
12.	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited	17.03.2020	2	2
13.	Barmer Lignite Mining Company Limited	16.12.2019	3	1

Source: Compiled based of the information provided by SPSEs

It could be seen from the table above that none of the independent directors on board of seven SPSEs (Sl. No. 1, 2, 4, 5, 8, 10 and 11) attended the AGM whereas participation of independent directors of three SPSEs (Sl. No. 7, 9 and 13) was less and all the independent directors on board of only three SPSEs (Sl. No. 3, 6 and 12) had attended the AGM held in FY 2019-20.

Separate meeting of Independent Director

3.10 As per Schedule IV (VII) (1) of the Act, 2013, the independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management. Further, all the independent directors of the company shall strive to be present at such meeting to review the performance of non-independent directors and the Board as a whole. The performance of the Chairperson of the company would also be reviewed taking into account the views of executive directors and non-executive directors.

Ministry of Corporate Affairs directed (24 March 2020) that if the IDs of a company have not been able to hold such a meeting, the same shall not be viewed as a violation for the financial year 2019-20. The IDs, however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.

Audit noticed that out of the 16 SPSEs wherein Independent Directors were on board during 2019-20, Independent Directors of only three⁵ SPSEs conducted a separate meeting on 5 March 2020, 11 March 2020 and 6 December 2019 respectively whereas Independent Directors of remaining 13 SPSEs did not conduct separate meetings during 2019-20.

Audit observed that in absence of separate meetings, the very purpose of appointing the Independent Directors on the board of 13 SPSEs *i.e.* to review the performance of non-independent directors, chairperson and the Board as a whole was defeated. Further, assessment of the quality, quantity and timeliness of flow of information between the company management and the Board, necessary for the Board to effectively and reasonably perform their duties, could also not be done as required in Schedule IV (VII) (3) (c).

Besides, a review of the minutes of the meetings of the Independent Directors in three SPSEs disclosed that though the Independent Directors of these SPSEs assessed the quality, quantity and timeliness of flow of information between the management and the Board but they did not review the performance of non-independent directors, chairperson and Board as a whole.

Filling-up the posts of Key Managerial Personnel

3.11 Section 203(1) of the Act, 2013 provides that every company belonging to such class or classes of companies, as may be prescribed, shall have whole time Key Managerial Personnel (KMP) viz; (i) Managing Director, or Chief Executive Officer (CEO) or Manager and in their absence, a Whole-Time Director; (ii) Company Secretary; and (iii) Chief Financial Officer (CFO). Further, Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 provides that every listed company and every other public company having a paid-up share capital of rupees ten crore or more shall have whole-time key managerial personnel. Section 203(4) of the Act, 2013 further provided that if the office of any whole-time key managerial personnel is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within a period of six months from the date of such vacancy.

Audit noticed that the paid-up capital of 24 SPSEs, as given in **Annexure-3.1**, was ₹ 10 crore or more in FY 2019-20. Hence, these companies were required to appoint whole time KMPs. Of these 24 SPSEs, whole time KMPs were found appointed in 20 SPSEs except four SPSEs as shown in the **Table 3.7**.

Table 3.7: Status of appointment of KMPs

Sl. No.	Name of SPSE	Status of KMP
1	Rajasthan State Road Development Corporation & Construction Limited	Full time Company Secretary (CS) was not appointed in 2019-20
2	Rajasthan Tourism Development Corporation Limited	
3	Rajasthan State Handloom Development Corporation Limited	
4	Rajasthan State Petroleum Corporation Limited	CFO & CS are to be appointed.

Source: Compiled based of the information provided by SPSEs

5 Rajasthan Rajya Vidyut Prasaran Nigam Limited, Rajasthan Urja Vikas Nigam Limited and Jaipur Metro Rail Corporation Limited.

Further review of records related to filling up of KMPs vacancies disclosed that the KMP's vacancies arose during 2019-20 were filled up within a period of six months from the date of such vacancy.

Meeting of the Board of Directors

3.12 As per section 173 (1) of the Act, 2013, every company shall hold the first meeting of the Board of Directors (BoD) within thirty days of the date of its incorporation and thereafter hold minimum four meetings of BoD every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

Ministry of Corporate Affairs provided (24 March 2020) an extension of 60 days in holding the meetings of BoD within the intervals provided in the section 173 till next two quarters i.e. till September 2020 as a one-time measure.

The details of number of BoD meetings conducted by each SPSE during 2019-20 are given in **Annexure-3.1**. It could be seen that out of 41 SPSEs, 16⁶ SPSEs failed to conduct four BoD meetings during FY 2019-20 whereas Four⁷ SPSEs held only one BoD meeting during FY 2019-20. Further, SPSEs wherein the intervening period of two BoD meetings was found more than the prescribed time limit of 120/180 days are given in **Table 3.8**.

Table 3.8: Delay in holding of two consecutive BoD Meetings

Sl. No.	Name of SPSE	Date of meeting	Date of next meeting	Intervening period (in days)
1	Rajasthan State Handloom Development Corporation Limited	31.10.2019	13.10.2020	348
2	Barmer Lignite Mining Company Limited	25.06.2019	06.11.2019	134
3	Rajasthan State Petroleum Corporation Limited	09.12.2019	08.06.2020	182
4	Rajasthan Rajya Vidyut Utpadan Nigam Limited	09.12.2019	10.06.2020	183
5	Rajasthan State Mines & Minerals Limited	05.04.2019	10.12.2019	249
		10.12.2019	16.10.2020	311
6	Jaipur Smart City Limited	29.08.2019	22.01.2020	146
		22.01.2020	10.09.2020	232
7	Ajmer Smart City Limited	11.11.2019	16.03.2020	127
8	Kota Smart City Limited	14.08.2019	02.09.2020	385
9	Udaipur Smart City Limited	21.07.2019	21.11.2019	123
		31.12.2019	29.09.2020	272
10	Rajasthan Civil Aviation Corporation Limited	31.10.2019	05.08.2020	279
11	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited	17.08.2019	29.01.2020	165
		29.01.2020	29.07.2020	182
12	Rajasthan Police Housing and Construction Corporation	19.12.2019	29.07.2020	222

6 Sl. No. 10, 12, 13, 14, 17, 18, 23, 24, 25, 27, 31, 35, 36, 39, 40 & 41.

7 Sl. No. 10, 24, 31 & 39.

	Limited			
13	Rajasthan State Hotels Corporation Limited	27.05.2019	30.09.2019	125
14	Rajasthan State Power Finance and Financial Services Corporation Limited	30.07.2019	13.12.2019	136
15	Rajasthan State Ganganagar Sugar Mills Limited	13.06.2019	14.10.2019	123

Source: Compiled based of the information provided by SPSEs

Further, Section 173(3) of the Act, 2013 provides that a meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means. A review of the date of the notices and the meetings disclosed that the following 10 SPSEs conducted BoD meetings without serving seven days' notice.

Table 3.9 Detail of Board Meeting called with shorter notice

Sl. No.	Name of the SPSE	Date of Notice	Board Meeting Date
1	Giral Lignite Power Limited	19.12.2019	23.12.2019
2	Dholpur Gas Power Limited	19.12.2019	23.12.2019
3	Chhabra Power Limited	19.12.2019	23.12.2019
4	Rajasthan State Industrial and Investment Corporation Limited	13.03.2020	18.03.2020
5	Ajmer Smart City Limited	11.03.2020	16.03.2020
6	Kota Smart City Limited	09.08.2019	14.08.2019
7	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited	27.01.2020	28.01.2020
8	Rajasthan State Hotels Corporation Limited	27.09.2019	30.09.2019
9	Rajasthan State Beverage Corporation Limited	10.12.2019	13.12.2019
10	Rajasthan State Ganganagar Sugar Mills Limited	12.12.2019	16.12.2019

Source: Compiled based of the information provided by SPSEs

Audit Committee and Other Committees of the Board

Constitution and Composition of Audit Committee

3.13 As per Section 177 (1) of the Act, 2013 and Rule 6 of the Companies (Meetings of Board and its powers) Rules, 2014, the BoD of every listed public company and all public companies with a paid up capital of ₹ 10 crore or more; or having turnover of ₹ 100 crore or more; or having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding ₹ 50 crore or more, except Joint Venture Companies and wholly owned subsidiary companies shall constitute an Audit Committee.

Audit noticed that out of total 41 SPSEs, 26 SPSEs, as given in **Annexure-3.1**, having Independent Directors in their board were required to constitute Audit Committee. Audit observed that all SPSEs, except Kota Smart City Limited, have constituted Audit Committee as on 31 March 2020. Further, Rajasthan Ex-Servicemen Corporation Limited constituted (19 August 2019) the audit

committee with delay as the same was required to be constituted in the first quarter of 2018-19 considering its turnover of FY 2017-18.

Composition of the Audit Committee

3.14 Section of 177(2) of the Act, 2013 provides that the Audit Committee shall consist of a minimum of three directors, with independent directors forming a majority. Further, the majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand the financial statement.

One SPSE *i.e.* Rajasthan Tourism Development Corporation Limited did not provide the information of composition of the audit committee. Out of remaining 24 SPSEs, wherein Audit Committee was constituted, all SPSEs except one SPSE *i.e.* Rajasthan State Industrial Development and Investment Corporation Limited, fulfilled the criteria of having at least three members in their Audit Committee during FY 2019-20. Further, the majority of Independent Directors was found in three⁸ SPSEs only whereas in remaining 21 SPSEs, the Independent Directors were not found in majority.

Terms of reference for Audit Committee

3.15 Section 177(4) of the Act, 2013 provides that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board.

Audit noticed that 24 SPSEs (excluding RTDCL) which have constituted Audit Committee, the terms of reference (ToR) of only 13 SPSEs, as shown in **Table 3.10**, was found approved by their respective Board.

Table 3.10: SPSEs where ToR of Audit Committee approved

Sl. No.	Name of SPSE
1.	Ajmer Vidyut Vitran Nigam Limited
2.	Jodhpur Vidyut Vitran Nigam Limited
3.	Jaipur Metro Rail Corporation Limited
4.	Jaipur Vidyut Vitran Nigam Limited
5.	Rajasthan State Industrial Development and Investment Corporation Limited
6.	Rajasthan Medical Services Corporation Limited
7.	Rajasthan Rajya Vidyut Utpadan Nigam Limited
8.	Rajasthan Small Industries Corporation Limited
9.	Rajasthan State Power Finance & Financial Services Corporation Limited
10.	Rajasthan State Seeds Corporation Limited
11.	Rajasthan Urja Vikas Nigam Limited
12.	RajComp Info Services Limited
13.	Rajasthan Renewable Energy Corporation Limited

Source: Compiled on the basis of information provided by SPSE

A review of ToR disclosed that all these SPSEs (except SPSEs at Sl. No. 1, 8 and 10) included all points as specified in Section 177(4). Ajmer Vidyut Vitran Nigam Limited did not include 'review and monitor the auditor's independence, performance and effectiveness of audit process and approval of transactions with related parties' in ToR. Further, ToR of Audit Committee approved by the

⁸ Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited, RajComp Info Services Limited and Rajasthan State Mines & Minerals Limited

board of Rajasthan Small Industries Corporation Limited and Rajasthan State Seeds Corporation Limited did not include ‘auditor's independence & performance’.

SPSEs wherein ToR of Audit Committee was not approved by their respective boards are given in **Table 3.11**.

Table 3.11: SPSEs where ToR of Audit Committee not approved

Sl. No.	Name of SPSE
1.	Rajasthan Rajya Vidyut Prasaran Nigam Limited
2.	Rajasthan State Beverage Corporation Limited
3.	Rajasthan State Ganganagar Sugar Mills Limited
4.	Rajasthan State Handloom Development Corporation Limited
5.	Rajasthan State Food and Civil Supplies Corporation Limited
6.	Rajasthan Ex-Servicemen Corporation Limited
7.	Rajasthan State Mines & Minerals Limited
8.	Rajasthan State Road Development Corporation & Construction Limited
9.	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited
10.	Jaipur Smart City Limited
11.	Udaipur Smart City Limited

Source: Compiled on the basis of information provided by SPSE

Review of functioning of Audit Committee-

3.16 The terms of reference under Section 177(4) of the Act, 2013 *inter alia* includes (i) review and monitor the auditor’s independence and performance and effectiveness of audit process; (ii) examination of the financial statement and the auditors’ report thereon; (iii) evaluation of internal financial controls and risk management systems. Further, Section of 177(5) of the Act, 2013 provides that the Audit Committee may call for the comments of the auditors about internal control systems, scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

The details of Audit Committee meetings held by SPSEs are given in **Annexure-3.1**. One SPSE *i.e.* Rajasthan State Handloom Development Corporation Limited did not hold any Audit Committee meeting in FY 2019-20 whereas Rajasthan Tourism Development Corporation Limited did not provide the details of the Audit Committee meetings held by it. To assess whether the constituted Audit Committees acted in accordance with the approved ToR, an analysis of minutes of the meetings of the Audit Committees held during 2019-20 was done. Audit analysis disclosed that the Audit Committees of only four⁹ SPSEs evaluated the internal controls mechanism existing in the SPSE whereas Audit Committees of none of the SPSEs reviewed and monitored the auditor’s independence and performance. Further, the financial statements and auditor’s report of Rajasthan State Handloom Development Corporation Limited for the

9 Rajasthan Renewable Energy Corporation Limited, Jaipur Metro Rail Corporation Limited, Jaipur Smart City Limited, Rajasthan State Power Finance and Financial Services Corporation Limited

year ended 31 March 2019 was not examined by its Audit Committee as no meeting was held during FY 2019-20.

Nomination and Remuneration Committee

3.17 As per Section 178(1) of the Act, 2013 and Rule 6 of the Companies (Meetings of Board and its powers) Rules, 2014, the BoD of every listed public company and all public companies with a paid up capital of ₹ 10 crore or more; or having turnover of ₹ 100 crore or more; or having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding ₹ 50 crore or more, shall constitute a Nomination and Remuneration Committee (NRC).

Audit noticed that 26 SPSEs, as shown in **Annexure-3.1**, were required to constitute the NRC. However, the following eight SPSEs did not constitute the NRC as on 31 March 2020:

Table 3.12: SPSEs which did not constitute NRC

Sl. No.	Name of the SPSE
1.	Rajasthan State Handloom Development Corporation Limited
2.	Rajasthan Tourism Development Corporation Limited
3.	Rajasthan Small Industries Corporation Limited
4.	Rajasthan State Mines & Minerals Limited
5.	RajComp Info Services Limited
6.	Kota Smart City Limited
7.	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited
8.	Rajasthan State Ganganagar Sugar Mills Limited (RSGSML)

Source: Compiled on the basis of information provided by SPSE

RSGSML stated that Executive committee having four members (one executive & three non-executive) is working as NRC, however no disclosure in this regard was made in Annual Report and no documents were provided in support of this fact.

The Act, 2013 further provides that the NRC should consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The chairperson of the Company (whether executive or non-executive) may be appointed as a member of the NRC but shall not chair such Committee.

An analysis of the NRC constituted in 18 SPSEs disclosed that the composition of the NRC (except RRECL) was not as per the provisions of the Act, 2013 as summarized in the **Table 3.13**.

Table 3.13 Composition of NRC in SPSEs as on 31 March 2020

Sl. No.	Name of the SPSE	Composition and remarks
1.	Jodhpur Vidyut Vitran Nigam Limited	Three non-executive members but no Independent Director
2.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	Two non-executive members and one Independent Director. Independent Director did not have majority.
3.	Ajmer Vidyut Vitran Nigam Limited	Two Directors excluding Chairman DISCOMs. No Independent Director.

4.	Rajasthan State Industrial Development and Investment Corporation Limited	One non-executive member only.
5.	Rajasthan State Road Development and Construction Corporation Limited	Two non-executive members and one executive member. No Independent Director.
6.	Jaipur Metro Rail Corporation Limited	Three non-executive members. No Independent Director.
7.	Udaipur Smart City Limited	Three executive and one Independent Director, instead of prescribed number of non-executive members. Independent Director did not have majority.
8.	Rajasthan Medical Services Corporation Limited	Three non-executive members. No Independent Director.
9.	Rajasthan State Beverage Corporation Limited	Two executive director and one non-executive director instead of prescribed number of non-executive members. Independent Director did not have majority.
10.	Rajasthan State Power Finance & Financial Services Corporation Limited	Three non-executive members. No Independent Director.
11.	Rajasthan Ex-Servicemen Corporation Limited	Four non-executive members. No Independent Director.
12.	Rajasthan State Seeds Corporation Limited	Two non-executive director and one executive director instead of prescribed number of non-executive members. No Independent Director.
13.	Rajasthan State Food & Civil Supplies Corporation Limited	Three non-executive members and one executive member instead of prescribed number of non-executive members. No Independent Director.
14.	Jaipur Smart City Limited	Three non-executive members. No Independent Director.
15.	Rajasthan Urja Vikas Nigam Limited	Two non-executive and one Independent Director. Independent Director did not have majority.
16.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	Only one non-executive director. No Independent Director.
17.	Jaipur Vidyut Vitran Nigam Limited	Only one member (Chairman). No Independent Director.
18.	Rajasthan Renewable Energy Corporation Limited	Three non-executive members including two Independent Director.

Source: Compiled on the basis of information provided by SPSE

Audit observed that the SPSEs did not comply with the provisions of the Act while constituting the NRC during FY 2019-20.

Stakeholders Relationship Committee

3.18 Section 178 (5) of the Act, 2013 provides that the Board of Directors of a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee (SRC)

consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board. Further, Section 178(6) of the Act, 2013 provides that the SRC shall consider and resolve the grievances of security holders of the company.

Audit observed that only one SPSE *i.e.* Rajasthan State Seeds Corporation Limited, having 4330 members, constituted (September 2015) the SRC, however, no meeting of SRC was held in 2019-20 as no grievance was received during the period.

Whistle Blower Mechanism (WBM)

3.19 Section 177(9) of the Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its power) rules provides that every listed company; the Companies which accept deposits from the public; the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees shall establish a Vigil Mechanism for their directors and employees to report genuine concerns and grievances.

Audit noticed that 12¹⁰ SPSEs, which have borrowed ₹ 50 crore or more, were required to establish Whistle Blower Mechanism (WBM) during FY 2019-20. The WBM established in eight¹¹ SPSEs was overseen by their Audit Committees. However, four SPSEs, as given in the **Table 3.14**, did not have whistle blower mechanism.

Table 3.14: Implementation of Whistle Blower Mechanism

Sl. No.	Name of SPSE
1.	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited
2.	Rajasthan State Seeds Corporation Limited
3.	Giral Lignite Power Limited
4.	Kota Smart City Limited

Source: Compiled on the basis of information provided by SPSE

Audit also observed that no whistle was blown in any SPSE during FY 2019-20 which indicates that adequate publicity of the WBM established in SPSEs was not made.

Internal Audit Framework

Role of Internal audit

3.20 The Institute of Internal Auditors (IIA) defines Internal Auditing as: “An independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. The internal audit activity helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” Accordingly, the role of internal audit is to provide independent assurance that an organisation’s risk management, governance and internal control processes are operating effectively.

10 As mentioned at Sl. No. 1 to 5, 14 to 17, 22, 24, 37 and 40 of Annexure 3.1

11 As mentioned at Sl. No. 1 to 5, 16, 22 and 40 of Annexure 3.1

The framework governing internal audits issued by ICAI defines internal audit as an independent assurance on the effectiveness of internal controls and risk management processes to enhance governance and achieve organisational objectives.

Legal Framework

3.21 The section 138(1) of the Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, provides that (a) every listed company; (b) every unlisted public company having paid up share capital of fifty crore rupees or more; or turnover of two hundred crore rupees or more during the preceding financial year; or outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more; or outstanding deposits of twenty-five crore rupees or more at any point of time during the preceding financial year shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company.

Audit noticed that 25 SPSEs, as given in **Annexure-3.2**, were required to appoint internal auditor. Of these 25 SPSEs, two¹² SPSEs did not appoint internal auditor for FY 2019-20. Further, internal audit of Rajasthan State Food and Civil Supplies Corporation Limited for FY 2019-20 could not be conducted due to non-availability of accounts whereas Rajasthan State Handloom Development Corporation Limited has not provided the details of appointment of internal auditor. In remaining 21 SPSEs, wherein Internal Auditors were appointed, internal audit in 14 SPSEs and seven SPSEs was conducted by the Chartered Accountant firms and other internal auditors respectively. The internal audit conducted by other than Chartered Accountant firms is given in **Table 3.15**.

Table 3.15: SPSEs wherein internal audit conducted by other Internal Auditors

S. No.	Name of the SPSE	Internal auditor
1.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	Out of 58 units, expenditure audit of 17 units was conducted by the Company's employees.
2.	Ajmer Vidyut Vitran Nigam Limited	Through IA wing and CA Firms
3.	Giral Lignite Power Limited	Internal Audit Party of other Power Plant
4.	Jodhpur Vidyut Vitran Nigam Limited	Through IA wing and CA Firms
5.	Jaipur Vidyut Vitran Nigam Limited	SPSE's employees under CAO (Internal Audit)
6.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	Internal Audit Wing of the SPSE
7.	Jaipur Smart City Limited	Institute of Public Auditors of India

Source: Compiled on the basis of information provided by SPSE

Frequency and Reporting of Internal Audit

3.22 Section 138 (2) of the Act, 2013 provides that the Central Government may, by rules, prescribe the manner and the intervals in which the internal audit

12 Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited and Kota Smart City Limited

shall be conducted and reported to the Board.

Audit, however, noticed that the rules have not been prescribed so far (March 2020) and hence the internal audit in SPSEs was conducted on quarterly, half-yearly and annual basis. Further, only seven SPSEs reported the internal audit findings to the Board whereas remaining SPSEs reported the internal audit reports up to Audit Committee, Director Finance *etc.* as given in **Annexure-3.2**.

Other issues

Irregular contribution to the Chief Minister's Relief Fund (CMRF)

3.23 As per Section 181 of the Companies Act 2013, the Board of Directors of the company may contribute to *bona-fide* charitable and other funds, provided that prior permission of the company in general meeting is required for such contribution in case the aggregate contribution, in any financial year, exceed five *per cent* of its average net profits for the three immediately preceding financial years.

Audit noticed that two companies contributed significant funds to the CMRF during 2018-19 and 2019-20 as detailed below:

(` in crore)

Particulars	RSGSML		RSBCL	
	2018-19	2019-20	2018-19	2019-20
Company's average net profit for the three immediately preceding financial years	51.20	55.88	23.69	29.75
Amount for which BoD was competent to contribute in the CMRF <i>i.e.</i> 5% of average net profit	2.56	2.79	1.18	1.49
Amount contributed to CMRF during the year	30.00	35.00	30.00	35.00

Audit observed that the Board of Directors of both the SPSEs approved the contributions to the CMRF and accordingly, the contributions were deposited in the CMRF without obtaining prior permission in the General Meetings of the companies. Thus, the contributions made by both the companies to CMRF were irregular.

Management of both the SPSEs replied that the decisions of BoDs for contributing funds in CMRF were got ratified in the General Meetings of the companies.

The fact remains that prior permission to contribute funds in the CMRF in excess of the eligible amount was not obtained in the General Meetings which was in violation of the provisions of the Companies Act 2013.

Conclusion

Out of 26 SPSEs, wherein Independent Directors were to be appointed, 17 SPSEs did not appoint Independent Directors whereas in four SPSEs, required number of Independent Directors were not appointed. Further, two SPSEs did not have Woman Director throughout FY 2019-20. Two SPSEs appointed

Independent Directors without obtaining approval in general meeting and appointment letters were not issued by both the SPSEs. Tenure, list of actions and terms and conditions were not incorporated by two SPSEs. None of the SPSEs imparted training for Independent directors. Independent directors either had not attended the Board Meetings or had not attended some board committee meetings in 14 SPSEs and Independent directors of seven SPSEs did not attend general meetings. Separate meeting of Independent Director was not conducted in 13 SPSEs. Four SPSEs did not have whole time Key Managerial Personnel. There was significant delay ranging between 123 days and 348 days in two consecutive meetings of the Board in 16 SPSEs. Audit Committee did not consist of two-third independent directors in 21 SPSE and it did not evaluate internal financial control and risk management system in 20 SPSEs. Moreover, the performance of statutory auditors and internal auditor were not evaluated in any SPSEs. Nomination and Remuneration Committee was not constituted in eight SPSEs; whereas in 17 SPSEs composition of NRC was not as per provision of the Act. No whistle blower mechanism existed in five SPSEs. And also, two SPSEs did not appoint Internal Auditors.

Recommendation

Government of Rajasthan may impress upon the respective Administrative Departments to ensure compliance with guidelines so as to achieve the objectives of corporate governance by SPSEs.

Chapter-IV
Corporate Social Responsibility

Chapter-IV

Corporate Social Responsibility

Introduction

4.1 Corporate Social responsibility (CSR) is continuing commitment by businesses to integrate social and environmental concerns in their business operations. Changes in the global environment increasingly challenge business around the world to look beyond financial performance, and to integrate social and environmental concerns into their strategic management. The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources *etc.* from the society. By performing the task of CSR activities, the companies are giving something back to the society.



Prior to Companies Act 2013, CSR in India has traditionally been a philanthropic activity. And in keeping with the Indian tradition, it was believed that every company has a moral responsibility to play an active role in discharging the social obligations, subject to the financial health of the company. CSR was influenced by family values, traditions, culture and religion.

India is the first country in the world to make CSR mandatory, with the coming into force of section 135 and schedule VII of the Companies Act, 2013 in April 2014. The Companies Act, 2013 and the Companies CSR Rules 2014 mandate and regulate the social spending by the Companies.

Legal Framework:

4.2 Section 135 of the Companies Act, 2013 (Act), deals with the subject of Corporate Social Responsibility and lays down the qualifying criteria based on net worth, turnover and net profit during the immediate preceding financial year for companies which are required to undertake CSR activities

and inter alia specifies the broad modalities of selection, implementation and monitoring of the CSR activities by the Board of Directors of the Company. The activities which may be included by the companies in their CSR policies are listed in Schedule VII of the Act. The provisions of Section 135 of the Act and Schedule VII of the Act are applicable to all Companies including Government Companies.

Section 135 of the Act provides that

Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director

Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its CSR Committee two or more directors.

The composition of the CSR Committee shall be disclosed in the Board's report.

The CSR Committee shall (a) formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the company (b) recommend the amount of expenditure to be incurred on the activities and (c) monitor the CSR Policy of the company from time to time.

The Board of the company shall (a) after taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, and (b) ensure that the activities as are included in CSR Policy are undertaken by the company.

The Board of the company shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its CSR Policy provided that:

The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.

If the company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount.

The Act makes it mandatory for the qualified companies to spend, annually at least two per cent of average net profit (calculated as per section 198 of the Act) of three immediate preceding financial years towards CSR activities. Accordingly, for the year 2019-20, the profit for the year 2016-17 to 2018-19 was to be considered. The compliance of the provisions of CSR under the Act i.e. constitution of CSR Committee, formulation of CSR Policy and spending of prescribed amount on CSR activities came into force from April, 2014. The Ministry of Corporate Affairs (GoI) notified the CSR Rules, 2014 which further provides for the monitoring, execution and reporting of CSR activities. These rules also came into force from April, 2014.

Audit Objective

4.3 Audit objective of compliance audit of CSR activities of the SPSEs was to ascertain whether the provisions of the Act and Companies (Corporate Social Responsibility Policy) Rules 2014 were complied with. In order to assess the efforts of the SPSEs, Audit looked into the following issues:

- Whether the provisions relating to constitution of the CSR Committee, formulation and compliance of policy, have been complied with;
- Whether the provisions relating to prescribed amount to be spent on CSR specified activities have been complied with;
- Whether the provisions relating to implementation of activities/projects under CSR have been complied with; and
- Whether the provisions relating to reporting and disclosure have been complied with.

Audit Scope and Coverage

4.4 Out of total 42 SPSEs in the State, 20 SPSEs, as detailed in the **Annexure-4.1**, were required to constitute CSR Committee as per section 135 (1) in the year 2019-20. Of these 20 SPSEs, 14 SPSEs, having allocable profits in FY 2019-20 based on average net profit as per section 198 in the three preceding financial years, have been selected for detailed scrutiny. Remaining six¹ SPSEs had no allocable profits during FY 2019-20. Besides, two of these six SPSEs *i.e.* one² SPSE having carried forward amount of previous years and one³ SPSE which incurred expenditure on CSR during the year were also reviewed.

Audit Criteria

4.5 Audit analysis was carried out against following criteria:

- Provisions contained in Section 135 and Schedule VII of the Act and as amended upto March 2019; and
- Provisions of Companies (Corporate Social Responsibility Policy) Rules, 2014.

Audit Findings

4.6 Audit findings on extent of compliance with the provisions of the Act with regard to constitution of CSR Committee, formulation and compliance of policy, planning & execution of CSR activities and monitoring & reporting thereof by the SPSEs are given in the following paragraphs.

1 Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited, Jodhpur Vidyut Vitran Nigam Limited, Rajasthan Rajya Vidyut Utpadan Nigam Limited, Rajasthan Rajya Vidyut Prasaran Nigam Limited and Jaipur Metro Rail Corporation Limited.

2 Rajasthan Rajya Vidyut Prasaran Nigam Limited.

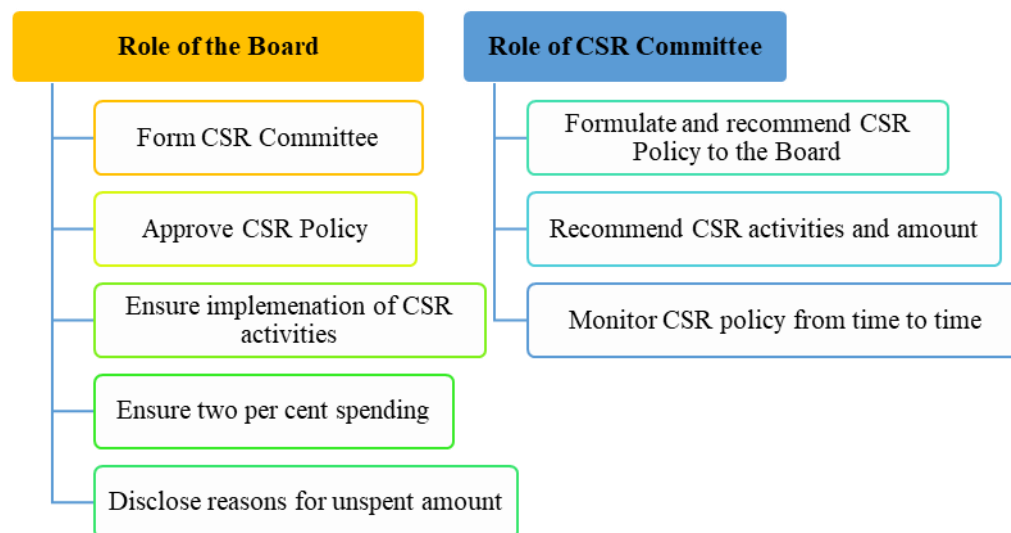
3 Rajasthan Rajya Vidyut Utpadan Nigam Limited.

Planning

Constitution of CSR Committee

4.7 As per the section 135 (1) of the Companies Act, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director, provided⁴ that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have two or more directors in its CSR Committee.

During FY 2019-20, all 20 SPSEs, required to constitute CSR Committee, have constituted CSR Committee on the dates mentioned in the **Annexure-4.1**. Further, all these 20 SPSEs except two SPSEs *i.e.* RRVUNL and JVVNL, have minimum of 2 or 3 Directors, as the case may be, in their CSR Committee. Role of the Board and CSR Committee as per section 135 (1) and (3) of the Act is depicted in the chart given below:



Independent Directors in Committee

4.8 As per section 135 of the Act, the CSR Committee shall have at least one independent director if the SPSE is required to appoint independent director as per Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

All 20 SPSEs, except three⁵ SPSEs being wholly owned subsidiary companies/ Joint venture Companies, were required to have an Independent Director in their CSR committee. Audit, however, noticed that out of total 17 SPSEs, only four SPSEs had complied with this provision as on 31 March 2020. The status of appointment of independent director in the CSR Committee as on 31 March 2020 has been given in **Annexure-4.1**.

⁴ Proviso inserted vide Companies Amendment Act 2017 effective from 19.09.2018.

⁵ Rajasthan State Solarpark Development Company Limited, Rajasthan State Gas Limited and Barmer Lignite Mining Company Limited.

Framing of CSR Policy

4.9 As per the section 135 (3) (a) of the Act, the CSR Committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company. Further, Rule 6 of the CSR Rules, 2014 provides that the CSR Policy of the company shall, inter-alia, include (a) a list of CSR projects or programs which a company plans to undertake falling within the purview of the Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same; and (b) monitoring process of such projects or programs. The rule further provides that the CSR Policy of the company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

Audit noticed that out of 20 SPSEs, only one SPSE *i.e.* Rajasthan State Gas Limited could not frame CSR Policy as on 31 March 2020 as the provisions of the section 135 (1) became applicable for the first time in 2019-20. Remaining 19 SPSEs which have formulated CSR policy included all the required areas in their CSR policy except Rajasthan State Road Development Corporation Limited which had not included monitoring framework while Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL) did not include the provision relating to treatment of surplus from CSR activities.

Annual CSR Plan and Budget

4.10 Role of the CSR Committee is to recommend to the Board the CSR activities and the amount to be spent in the financial year; the Board has to ensure implementation of the CSR activities. This entails planning and approval of CSR activity and budget. As a best practice, the proposed CSR projects and the budget for the ensuing FY should be presented to the Board for approval through CSR committee latest by 31 March every year so that there is no rush to exhaust the funds in the last quarter. Besides, it will also ensure full utilisation of the funds in the financial year.

Audit observed that seven⁶ SPSEs could not get their annual CSR plan and budget approved by the Board through CSR Committee. However, individual project proposals of two SPSEs⁷ were *ex-post facto* approved by their Board. The status of the approval of the annual CSR plan as well as budget in respect of the remaining nine companies is detailed in **Table 4.1**.

Table 4.1 Status of approval of annual CSR Plan and Budget

Sl. No.	Name of the SPSE	CSR Committee's approval	Board's approval
1.	Rajasthan Renewable Energy Corporation Limited	Not approved	11.05.2020
2.	Rajasthan Solarpark Development Company Limited	13.03.2020.	11.05.2020
3.	Rajasthan Medical Services Corporation Limited	30.08.2019	09.10.2019
4.	Rajasthan State Power Finance and Financial Services Corporation Limited	30.01.2020	30.01.2020
5.	Rajasthan State Ganganagar Sugar Mills Limited	22.01.2020	26.05.2020

6 RRVUNL, RSBCL, RSGL, RISL, RF&CSCL, RRVPNL and RSMML.

7 RRVPNL and RSMML.

6.	Rajasthan State Industrial Development and Investment Corporation Limited	06.12.2019	18.03.2020
7.	Rajasthan State Road Development and Construction Corporation Limited	22.09.2020	24.09.2020
8.	Barmer Lignite Mining Company Limited	Not approved	24.03.2020
9.	Rajasthan State Seeds Corporation Limited	19.03.2020	12.05.2020

Source: Compiled on the basis of information provided by the SPSEs.

It could be seen that the CSR Committee of two SPSEs (Sl. No. 1 and 8) did not approve the annual plan/budget for the year 2019-20, however the same was approved by the Board.

Audit observed that the Board of five SPSEs (Sl. No. 1, 2, 5, 7 and 9) approved the annual plan/budget for the year 2019-20 in the year 2020-21 whereas the annual plan/budget of two SPSEs (Sl. No.4 and 8) was approved by their Board in fourth quarter of the year 2019-20.

Thus, the SPSEs were not prompt in getting approval of the annual plan/budget of CSR activities.

Financial Component

Allocation and utilisation of Funds

4.11 As per section 135 (5) of the Act, the Board of every company shall ensure that the company spends at least two *per cent* of its average net profits (as per section 198 of the Act) made during the three immediately preceding financial years in every financial year.

Accordingly, two *per cent* of the average net profit calculated as per section 198 of the Act for 14 SPSEs was ₹ 1181.64 lakh. However, the SPSEs allocated ₹ 1158.84 lakh as detailed in **Table 4.2**.

Table 4.2: Allocation vis-à-vis utilization of funds for current year

Sl. No.	Name of SPSE	Eligible amount (2% of average net profit)	Amount allocated	Amount Spent	Amount unspent
(Amount: ₹ in lakh)					
1.	Rajasthan Renewable Energy Corporation Limited	44.51	44.51	44.51	0.00
2.	Rajasthan Solarpark Development Company Limited	25.54	25.54	25.54	0.00
3.	Rajasthan State Beverage Corporation Limited	59.84	59.84	0.00	59.84
4.	Rajasthan Medical Services Corporation Limited	37.12	14.55	17.63	19.49
5.	Rajasthan State Power Finance & Financial Services Corporation Limited	13.16	13.16	0.00	13.16
6.	Rajasthan State Ganganagar Sugar Mills Limited	107.20	107.20	107.20	0.00
7.	Rajasthan State Industrial	323.85	323.85	55.50	268.35

	Development and Investment Corporation Limited				
8.	Rajasthan State Road Development & Construction Corporation Limited	51.00	51.00	0.00	51.00
9.	Rajasthan State Mines & Minerals Limited	390.88	390.88	193.26	197.62
10.	Barmer Lignite Mining Company Limited	54.35	54.35	54.35	0.00
11.	Rajasthan State Gas Limited	1.17	12.92	0.00	1.17
12.	Rajasthan State Seeds Corporation Limited	24.13	24.13	0.00	24.13
13.	Rajasthan Food & Civil Supplies Corporation Limited	16.62	16.62	0.00	16.62
14.	RajComp Info Services Limited	32.27	20.29	0.00	32.27
	Total	1181.64	1158.84	497.99	683.65

Source: Compiled on the basis of information provided by the SPSEs.

An analysis of the net profits of the SPSEs for the previous three years, amount allocable and actually allocated disclosed that two SPSEs (Sl. No. 4 and 14) allocated short amount worth ₹ 34.55 lakh whereas one SPSE (Sl. No. 11) allocated excess amount of ₹ 11.75 lakh as it did not consider losses of the preceding years (2016-17 and 2017-18).

Audit observed that as against the prescribed two *per cent* amount of ₹ 1181.64 lakh, the amount spent was ₹ 497.99 lakh whereas ₹ 683.65 lakh remained unspent for the year. It was further observed that only four SPSEs (Sl. No. 1, 2, 6 and 10) had fully utilised the CSR funds in FY 2019-20 whereas three SPSEs (Sl. No. 4, 7 and 9) partially utilised the amount. Further, remaining seven SPSEs did not spend any amount of CSR fund. Besides, RRVUNL did not have allocable profit during the year due to accumulated losses, however it spent ₹ 247.54 lakh on CSR activities during the year.

Utilisation of unspent amount

4.12 As per Ministry of Corporate Affairs clarifications (12 January 2016), the Board is free to decide whether any unspent amount from the minimum CSR fund is to be carried forward to the next year. Audit noticed that the SPSEs did not take specific decision to carry forward or not to carry forward the unspent amount of the previous years.

Table 4.3: SPSEs with unspent CSR amount

Sl. No.	Name of SPSE	Carry forward from 2018-19	Spent in 2019-20 ⁸	Unspent amount
		(Amount: ₹ in lakh)		
1.	Rajasthan Renewable Energy Corporation Limited	48.04	47.49	0.55
2.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	734.05	536.64	197.41
3.	Rajasthan Solarpark Development Company Limited	18.08	17.22	0.86
4.	Rajasthan Medical Services Corporation Limited	26.11	0.00	26.11

8 The amount which has been spent over and above of the 2 per cent amount for the current year has been considered spent against the carry forward amount.

5.	Rajasthan State Power Finance & Financial Services Corporation Limited	35.48	0.00	35.48
6.	Rajasthan State Mines & Minerals Limited	1716.26	0.00	1716.26
7.	Rajasthan State Seeds Corporation Limited	34.66	0.00	34.66
8.	RajComp Info Services Limited	119.23	0.00	119.23
	Total	2731.91	601.35	2130.56

Source: Compiled on the basis of information provided by the SPSEs.

Eight SPSEs had carried forward the unspent amount of ₹ 2731.91 lakh from the previous year (2018-19) out of which an amount of ₹ 601.35 lakh only was spent by three SPSEs in FY 2019-20, leaving a balance of ₹ 2130.56 lakh as unspent. Five SPSEs failed to make any expenditure out of the carried forward amount.

Apart from eight SPSEs mentioned in the table above, one SPSE namely RIICO had unspent amount of ₹ 753.93 lakh carried forward from 2018-19. The CSR Committee of RIICO decided (13 August 2019) that the prescribed expenditure for the year 2019-20 would include the carried forward amount. Later on, the Board of the Directors amended (22 November 2019) the CSR policy which provided that the unspent/unutilized CSR allocation of a particular year will be carried forward to the following year and will be utilized as per the provisions of the Companies Act/Rules. Audit, however, observed that the CSR Committee of RIICO, while approving the budget for 2019-20, considered (6 December 2019) only two per cent amount of the preceding three years *i.e.* ₹ 323.85 lakh without clearly pointing out whether the unspent amount has been carried forward or not which was also noted by the Board of Directors in its meeting held on 18 March 2020. Further, RIICO spent only ₹ 55.50 lakh during FY 2019-20.

Accounting of unspent amount

4.13 As per the Guidance Note on Accounting for CSR issued by ICAI, the unspent amount is to be disclosed in the Board's Report and no provision is to be made in the accounts for unspent amount. However, if a Company has already undertaken CSR activity for which a contractual liability has incurred then a provision for the amount to the extent to which CSR activity was completed during the year, needs to be recognised in the books.

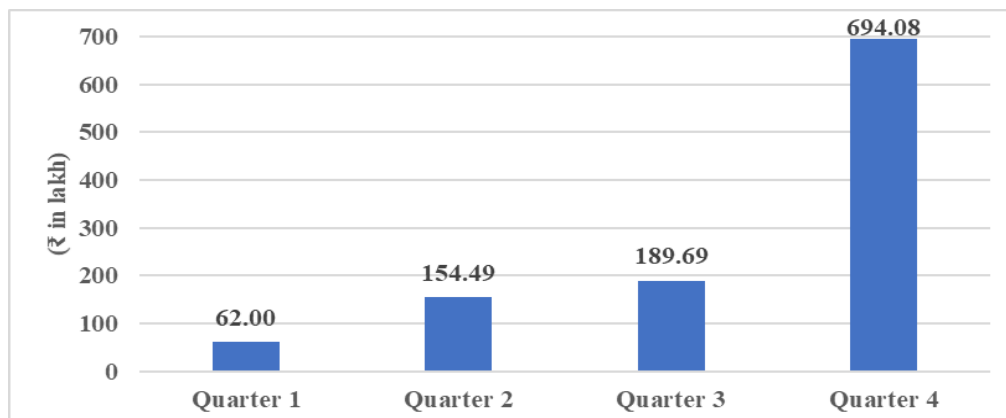
Audit observed that RSGL has made a provision for the unspent amount to the extent of ₹ 35.00 lakh (prescribed amount ₹ 12.91 lakh). RIICO made a provision of ₹ 272.00 lakh on the basis of the commitment made though no contractual liability was incurred as on 31 March 2020. RISL has created reserves for CSR amounting to ₹ 140.52 lakh including transfer of ₹ 20.29 lakh for the year 2019-20. Earlier the Company was making provision for CSR liability from the FY 2014-15 to 2018-19 which was also transferred to reserves. Such accounting treatment of unspent amount contravened the Guidance Note on Accounting for CSR.

Quarter-wise spend

4.14 Nine SPSEs incurred expenditure on CSR activities during 2019-20. Of which, the detail of quarter-wise bifurcation of expenditure was not provided by RRVUNL whereas RMSCL had provided the partial detail of

expenditure incurred by it. The quarter wise details of expenditure incurred by the remaining SPSEs are given in **Chart 4.1**.

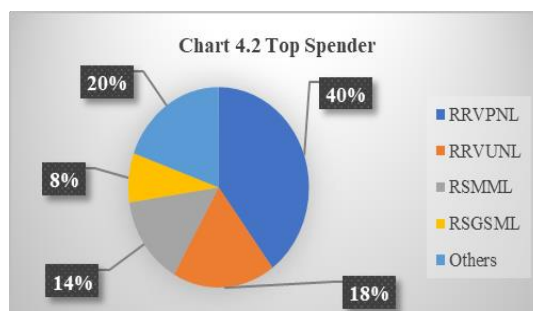
Chart 4.1: Quarter-wise Expenditure



It could be seen that there was rush in spending the CSR fund in the last quarter. Two SPSEs *i.e.* RRECL and RSDCL incurred expenditure in the last quarter only whereas RRVPNL incurred huge expenditure (₹ 476.64 lakh) in the last quarter. Further, only two SPSEs *i.e.* RSMML and BLMCL incurred expenditure in all four quarters.

Top spenders

4.15 The total spend on CSR activities by the nine SPSEs was ₹ 1346.88 lakh. The chart shows that RRVPNL was top spender followed by RRVUNL, RSMML and RSGSML. All these four SPSEs spent more than ₹ one crore during 2019-20.



Range of CSR spend

4.16 An analysis of the amount spent by 16 SPSEs during 2019-20 disclosed that four SPSEs spent more than ₹ one crore, five SPSEs spent upto ₹ one crore on CSR activities whereas seven SPSEs did not spend any amount on CSR activities as given in **Table 4.4**.

Table 4.4: Range of the CSR amount spent by the Companies

Particulars	Range of the amount spent		
	Amount spent more than ₹ one crore	Amount spent up to ₹ one crore	No amount spent
Nos. of SPSEs	4	5	7
Name of the SPSEs	1. RRVUNL 2. RRVPNL 3. RSGSML 4. RSMML	1. RRECL 2. RSDCL 3. RMSCL 4. RIICO 5. BLMCL	1. RSBCL 2. RSPF&FSCL 3. RSRDCL 4. RSGL 5. RSF&CSCL 6. RSSCL 7. RISL

Sector -wise CSR Expenditure

4.17 Sector wise analysis of expenditure on CSR related activities of 16 SPSEs for the year 2019-20 is given in **Table 4.5:**

Table 4.5: Sector-wise Expenditure on CSR during 2019-20

Name of the Sector	No. of SPSEs	No. of SPSEs which spent on CSR	Amount spent (₹ in lakh)
Energy and Power	5	4	918.94
Industry and Commerce	3	3	303.11
Agriculture Food and allied Industries	2	-	0.00
Finance	3	1	107.20
Health and Welfare	1	1	17.63
Public Works	1	-	0.00
IT & Communication	1	-	0.00
Total	16	9	1346.88

Source: Compiled on the basis of information provided by the SPSEs.

It could be seen that three sectors consisting of four SPSEs failed make any expenditure on CSR activities in spite of having allocable profits during 2019-20. Similarly, one SPSE under Energy and Power and two SPSEs under Finance Sector failed to make any expenditure.

SPSEs with negative net profit

4.18 Out of 20 SPSEs, the average net profit of four SPSEs viz; Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited, Jodhpur Vidyut Vitran Nigam Limited and Jaipur Metro Rail Corporation Limited was negative and hence these SPSEs did not carry out any CSR activities.

Administrative Overhead

4.19 As per CSR Rule 7(1), the board shall ensure that the administrative overheads shall not exceed five *per cent* of total CSR expenditure of the company for the financial year. Further, SPSEs may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five *per cent* of total CSR expenditure of the company in one financial year. Audit noticed that none of the SPSE had built CSR capacity of their own personnel or implementing agencies and hence, no expenditure was incurred on administrative overheads.

Surplus from CSR Projects

4.20 As per CSR Rule 7(2), any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or such surplus amount shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

All the SPSEs except RRVUNL have specified that any surplus from the CSR projects would not be part of the profit of the Company in their CSR Policy.

Audit noticed that no project undertaken by the SPSEs had fetched surplus during 2019-20.

Project Implementation

Selection of CSR projects and activities

4.21 Conduct of Base line survey and assessment: Out of 20 SPSEs which were under the ambit of CSR, nine SPSEs have spent on CSR during 2019-20. However, none of the SPSE had undertaken baseline survey and need assessment studies for identifying the CSR project/activity during the year 2019-20.

4.22 Expenditure as per Schedule VII & CSR Rules- Section 135 (3) (a) of the Act provides that the CSR policy shall indicate the activities to be undertaken by the Company in areas or subject specified in the Schedule VII. The expenditure on six activities amounting to ₹ 250.80 lakh was not in accordance with the Schedule VII of the Act as well as CSR Rules as detailed below:

- i. Audit noticed that RSGSML framed (June 2015) its CSR policy wherein contribution to Rajasthan Chief Minister's Relief Fund (CMRF) was included under CSR activities. Accordingly, it transferred a sum of ₹ 93.93 lakh and ₹ 96.80 lakh to the CMRF on account of CSR in the FY 2018-19 and FY 2019-20 respectively. Audit observed that the contribution to CMRF was not eligible for CSR activities under Schedule VII of the Act. Hence, the policy provision for contributing funds to CMRF as well as the contribution made to CMRF was in contravention to the provisions of the Act.

RSGSML stated (April 2021) that the contribution was made in CMRF in compliance with circular (June 2014) of MCA wherein it was clarified that the entries in the Schedule VII must be interpreted liberally so as to capture the essence of the subject enumerated in the said schedule.

The reply is not acceptable as the said circular although clarified to interpret the entries in the Schedule VII liberally but neither the Schedule VII nor the said circular allow to make contribution in the CMRF. Hence, contribution in the CMRF was not eligible for CSR activities under Schedule VII of the Companies Act, 2013. This was further clarified by the Ministry of Corporate Affairs' General Circular No. 15/2020 dated 10 April 2020 which states that Chief Minister's Relief fund is not included in Schedule VII of the Companies Act, 2013 and therefore, any contribution to such funds shall not qualify as admissible CSR expenditure.

- ii. Audit also observed that the following SPSEs had also spent on activities which were not covered in schedule VII of the Act:

Name of SPSE	Activity	Amount spent (₹ in lakh)
RRVUNL	Road works, infrastructure development works, agriculture connections	42.00
RRVUNL	CC Road footpath with interlocking of tiles	75.00
RSMML	Repair work in Government buildings, police line etc.	20.00

RSMML	Procurement of electronic items for Anveshan Bhawan	10.00
RIICO	Construction at Police Station	7.00

Manner of implementation of CSR activities

4.23 Rule 4 of Companies (CSR) Rules, 2014 exclusively deals with the manner in which the CSR activity is to be undertaken under section 135(1). The Board may decide to undertake its CSR activities as approved by CSR Committee through a registered trust/society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise.

Direct/in house: Total eight projects were implemented by SPSEs directly/in house. Further, no SPSE has established its own foundation for carrying out CSR activities.

External agencies: 34 projects were executed through Government/ external agencies, NGOs, Society *etc.*

Focus area

4.24 Schedule VII of the Act provides 12 major activities/areas in which the expenditure on CSR can be carried out. The expenditure incurred by the SPSEs on various CSR activities/areas, excluding the expenditure which was not in accordance with Schedule VII, is given in **Table 4.6**.

Table No. 4.6: Focus areas for CSR activities

Area	No. of projects/Activity	Amount spent (₹ in lakh)
Healthcare	16	772.18
Education	12	152.93
Environment	5	54.97
Heritage	1	5.00

It could be seen that the maximum expenditure was made on healthcare activities while the education sector received the second preference.

Local areas

4.25 Section 135 (5) of the Act provides that the company shall give preference to the local area and areas around it where it operates for spending the amount earmarked for CSR activities. Audit noticed that all the nine SPSEs, which spent on CSR during 2019-20, have defined the local area in their CSR policy. Most of these SPSEs have defined the local area as the area in which the Company operates or local populace. RRVUNL has specifically specified the development of local community surrounding its power station. Audit noticed that the expenditure incurred by all the Companies during 2019-20 is covered in local area as defined in their policy.

Funding of the Schemes/projects introduced by GoI/GoR

4.26 Government of India (GOI) as well as Government of Rajasthan (GoR) introduced various schemes and projects for the benefit of society. SPSEs were free to decide on funding of such schemes/projects under CSR subject to fulfilling the conditions of Schedule VII of the Act. *i.e.* the same should be under the twelve broad categories mentioned therein *viz.* health, education,

employment, skill development, environment, women empowerment, socio equality, protection of national heritage, measure for armed forces, rural development, slum area development and disaster management. Audit noticed that no SPSEs has funded the schemes/projects introduced by GoI/GoR.

Monitoring framework

4.27 As per Rule 5(2) of CSR Rules, 2014 the CSR Committee shall institute a transparent monitoring mechanism for implementation of CSR projects/ programs/activities undertaken by the company. Audit noticed that all the 19 SPSEs, which have framed CSR policy, have defined monitoring mechanism in their CSR Policy except RSRDCCL. Audit, however, observed that SPSEs did not evolve a mechanism to conduct regular meetings of the CSR Committee at specified intervals. Further, seven SPSEs did not hold any meeting of the CSR Committee during FY 2019-20 whereas only one meeting was conducted by 11 SPSEs during the period. RRVPNL and RIICO conducted two and three meetings respectively during FY 2019-20.

Reporting and Disclosure

4.28 As per Section 135 (2) and (4) read with section 134 (3)(o) of the Act, a Company is required to include an annual report on CSR in their Board Report and place it on the official website. The companies have to disclose the following in the prescribed format:

1. Disclose contents of CSR policy, web link of CSR policy, average net profit, composition of CSR Committee, administrative overheads, prescribed amount, unspent amount, reasons for unspent amount.
2. Include a responsibility statement signed by the CSR Committee that the implementation and monitoring of CSR Policy was in compliance with the CSR objective and Policy of the Company.

Rule 8 of CSR Rules 2014 provides that the Board's Report of a company covered under these rules shall include an annual report on CSR containing particulars specified in Annexure. Further, Rule 9 provides that the Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any, as per the particulars specified in the Annexure.

The review of the annual reports for the year 2018-19 showed following shortcomings;

- Brief of the CSR policy was not disclosed by AVVNL and JdVVNL.
- RSBCL, JMRCL and RSSCL did not disclose average net profits for last three years, Web-link of CSR Policy/Projects, reasons for unspent amounts *etc.*
- Composition of CSR Committee and opening unspent amount was not disclosed by RSMML.
- A separate report on CSR was not given by RSSCL.

- Responsibility statement was either not included or not signed by RSSCL, RFCSCL, RSMML, RRVUNL, AVVNL, JVVNL, JdVVNL, RSBCL and JMRCL.
- RSDCL, RSBCL, RSSCL and RFCSCL did not upload the report on their website.

Conclusion

All 20 SPSEs, required to constitute CSR Committee, have constituted CSR Committee. Out of total 17 SPSEs (except three SPSEs being wholly owned subsidiary/JV companies), only four SPSEs had complied with the provision of having at least one independent director in the CSR Committee.

CSR policies framed by Rajasthan State Road Development and Construction Corporation Limited and Rajasthan Rajya Vidyut Utpadan Nigam Limited had certain shortcomings as they did not include monitoring framework and provision relating to treatment of surplus from CSR activities respectively. Further, seven SPSEs could not get their annual CSR plan and budget approved by the Board through CSR Committee. There were instances of short/excess allocation of funds for CSR activities. Only four SPSEs had fully utilised the CSR funds in FY 2019-20 whereas three SPSEs partially utilised the amount and seven SPSEs did not spend any amount of CSR fund.

SPSEs were not able to utilize the carried forward unspent amount of the previous years. There was rush in spending the CSR fund in the last quarter. Besides, one SPSE *i.e.* RSGSML has made expenditure in violation of activities given in Schedule VII of the Companies Act 2013 as the SPSE has transferred the amount in Rajasthan Chief Minister's Relief Fund. Moreover, SPSEs did not evolve a mechanism to conduct regular meetings of the CSR Committee.

Recommendations

SPSEs may

- **Take steps to appoint Independent Directors;**
- **Strengthen the system of getting approval of annual plan and budget;**
- **Focus on spending the allocated funds on eligible activities in timely manner; and**
- **Strengthen the monitoring mechanism.**

Chapter-V
Compliance of
Rajasthan Transparency in Public Procurement
(RTPP) Act, 2012 and RTPP Rules, 2013

Chapter V

Compliance of Rajasthan Transparency in Public Procurement (RTPP) Act, 2012 and RTPP Rules, 2013

Introduction

5.1 Public Procurement is a key function of the Government. An effective, efficient and honest procurement process is crucial to ensure that scarce public funds are well spent and that important public projects are carried out timely. Keeping in view the importance of public procurement process and to regulate public procurement with the objectives of ensuring transparency, fair and equitable treatment of bidders, promoting competition, enhancing efficiency and economy and safeguarding integrity in the procurement process and for matters connected therewith or incidental thereto Government of Rajasthan (GoR) introduced a bill entitled 'The Rajasthan Transparency in Public Procurement Bill, 2012 (Act)' in Rajasthan Legislative Assembly. The Legislative Assembly has enacted the Act on 26 April, 2012. Later, GoR has also notified Rajasthan Transparency in Public Procurement Rules, 2013 (Rules).

Hitherto, the public procurement of goods, works and services in the Government Departments was being governed by the provisions of General Financial and Accounts Rules (GF&AR), Public Works Financial and Accounts Rules (PWF&AR), Treasury Rules, *etc.* The State Public Sector Enterprises (SPSEs) also framed their own purchase manuals. Now, after enactment/notifications of the Act 2012 and Rules 2013, the public procurement by all SPSEs is governed by the provisions of the said Act and Rules.

Salient features of the Act

5.2 The Act contains five chapters *viz;* Preliminary, Procurement, Appeal, Offences & Penalties and Miscellaneous and its provisions in 59 Sections. The key features of the Act are:

Transparency standards	<p>Section 10 binds all the procuring entities to keeping and retaining documentary record of all its procurement proceedings and communications for a reasonable period subject to the provisions of the Right to Information Act, 2005 so as to enable audit or other such reviews.</p> <p>Section 11 spells out code of integrity for procuring entity and bidders. Clause III of this Act prohibits the procuring entities from any collusion, bid rigging or anti-competitive behaviour to impair the transparency of the procurement process.</p> <p>Section 17 makes provision for setting up and maintaining a State Public Procurement Portal (SPPP) accessible to the public for posting matters relating to Public Procurement and providing information related to all the processes of procurement in all the procuring entities.</p> <p>Section 28 prescribes various methods of procurement for a procuring entity and Section 28 (2) authorises State Government to declare, by notification adoption of electronic procurement as compulsory for different stages and types of procurement.</p>
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<p>Quality of contract management</p>	<p>Section 55 (2) (xxvi) is related to the power of State Government to make rules regarding bid securities, performance securities, inspection of works, goods and services, modification and withdrawal of bids and contract management.</p> <p>Rule 9 of RTPP Rules, 2013 provides that every procuring entity should collate a Management Information System (MIS) in a query based format to track all the procurement processes regularly, which should allow for meaningful analysis of the ability of the procurement framework to deliver the desired outcomes.</p> <p>Rule 10 of RTPP Rules, 2013 provides that each procuring entity should maintain a procurement register and ensure its safe custody.</p>
<p>Registration of vendors</p>	<p>Section 19 provides for registration of bidders for the subject matter of procurement or a class of procurement, which might be commonly required across procuring entities or repeatedly required by a procuring entity.</p> <p>The list has to be uploaded on the website of the procuring entity as well as on the State Public Procurement Portal.</p>
<p>Designing of the Bid document and Bid validity period</p>	<p>Bid document has obligations related to value of procurement, description of the subject matter of procurement, criteria of evaluations, preferred methods of procurement, pre-qualification, qualifications, eligibility of bidders, timeframe, bid validity period and a clear cut mention of criteria about all the requisite steps and stages of the bidding process like opening, evaluations and acceptance or rejection of bids.</p>
<p>Grievance redressal mechanism</p>	<p>Section 38 Subject to section 40 provides that if any bidder or prospective bidder is aggrieved that any decision, action or omission of the procuring entity is in contravention to the provisions of the Act, he might file an appeal to the officer of the procuring entity.</p> <p>Section 40 No appeal shall lie in matters related to (i) determination of need of procurement; (ii) provisions limiting participation of bidders in the bid process; (iii) the decision of whether or not to enter into negotiations; (iv) cancellation of a procurement process; and (v) applicability of the provisions of confidentiality under section 49.</p>
<p>Performance of the Nodal Department for Public Procurement</p>	<p>Section 50 provides for establishment of a State Procurement Facilitation Cell (SPFC) to discharge the functions of maintaining and updating the SPPP set up under section 17, arranging for training and certification specified in terms of section 48 and recommending the State Government for taking effective measures for implementation of the provisions of this Act. The SPFC will have the power to require a procuring entity or any other person by notice in writing to furnish such information as might be necessary for performing its functions, under this Act.</p>

Audit objectives

5.3 The objectives of the Audit were to assess whether:

- highest standards of transparency, accountability and probity in the public procurement process were followed; and

- compliance with provisions of RTPP Act and RTPP Rules was done effectively in procurement process.

Audit Scope and Coverage

5.4 Out of total 45 State Public Sector Enterprises (SPSEs) including three Statutory Corporations, as detailed in **Annexure-5.1**, the general compliance with provisions of the RTPP Act 2012 and RTPP Rules was examined in 37 SPSEs excluding eight SPSEs (five SPSEs of Power and Energy Sector wherein no procurement was made during 2019-20, one SPSE under liquidation and two defunct SPSEs). Further, compliance with specific rules relating to Determination of Need, Various methods of procurement viz; Limited Bidding, Single Source Procurement, Request for Quotation, Spot Purchase, procurement without quotations, Timely decision on acceptance or rejection of bids, Pre-bid clarifications and Right to vary quantity was examined in detail. During FY 2019-20, 2214 tenders valuing ₹ 10269.06 crore (as detailed in **Annexure-5.1**) were invited by 37 SPSEs. Besides, adherence to the provisions of the Act/Rules has been examined invariably during compliance audit of SPSEs and issues/cases of non-adherence have also been reported to the management through Inspection Reports.

Audit Criteria

- 5.5** The analysis was carried out against the following criteria:
- Rajasthan Transparency Public Procurement Act, 2012; and
 - Rajasthan Transparency in Public Procurement Rules, 2013.

Audit Findings

5.6 As per the scope and coverage, the audit findings have been covered in two parts viz; non-compliance with general provisions by SPSEs and non-compliance with specific rules as detailed below:

Compliance of General Provisions

Constitution of Procurement Committees

5.7 Rule 3(1) of RTPP Rules 2013 provides that every procuring entity shall constitute one or more committees for preparation of bidding documents, opening of bids, evaluation of bids, monitoring of contract, spot purchase, negotiation and any other purpose relating to procurement, as may be decided by the procuring entity. Further Rule 3(2) provides that each committee shall consist of three or more members including senior most accounts officer or official of the procuring entity, and if required, a technical official may be nominated by the procuring entity.

The compliance with the rule was required to be done by all 37 SPSEs. Audit, however, noticed that out of 37 SPSEs, 28¹ SPSEs constituted one or more

1 Sl. No. 1, 5, 6, 7, 8, 9, 10, 11, 21, 22, 23, 24, 25, 26, 27, 29, 30, 31, 33, 34, 35, 36, 37, 39, 40, 41, 42 and 43 of Annexure-5.1.

Standing Committees and nine² SPSEs constituted the procurement committees as per their requirement on case to case basis, as detailed in **Annexure 5.1**. Further 28 SPSEs, wherein various standing committees were constituted, failed to comply with the rule proviso in totality as Monitoring Committee, Spot Purchase Committee and Competitive Negotiation Committee in three SPSEs (RRVNL, RIICO, RSF&CSCL), Monitoring Committee and Spot Purchase Committee in 13 SPSEs (JVNL, AVNL, RSICL, JSCL, ASCL, KSCL, USCL, RUDWS&ICL, RSHCL, RMSCL, RESCL, RSRDCCL and RPHCCL), Monitoring Committee in three SPSEs (RFC, RSSCL and RSRTC) and Spot Purchase Committee in two SPSEs (JdVNL and RISL) were not constituted.

Besides, compliance with Rule 3(2) was also found lacking in eight SPSEs (where standing committees were constituted), because senior most accounts officer or official was not nominated as member of the committee as given in **Table 5.1**.

Table 5.1: Status of appointment of Senior Most Accounts Officer in Committees

Sl. No.	Name of SPSEs	Nos. of committees constituted	Nos. of committees in which senior most accounts officer was not nominated	No. of committees in which senior most accounts officer was not nominated
1	RUVNL	1	-	1
2	RFC	6	4	2
3	RSF&CSCL	3	1	2
4	RSPF&FSCL	1	-	1
5	RSRTC	8	2	6
6	RTDCL	3	1	2
7	RSRDCCL	1	-	1
8	RS&LDCL	3	2	1

Further, out of nine SPSEs which had constituted the committees on case to case basis, one SPSE (RSWC) failed to nominate the senior most accounts officer or official as a committee member.

Procurement Management Information System and tracking

5.8 Rule 9 of RTPP Rules provides that every procuring entity shall develop and maintain a Procurement Management Information System (PMIS) for tracking the procurement process, which shall include the collection of information and sending it to the respective Administrative Department for collation. The Administrative Department shall further send the aggregated Procurement Management Information to the State Procurement Facilitation Cell. Further, PMIS shall be developed

Pursuant to the provisions of Section 17 of the Act 2012, GoR has set up State Public Procurement Portal. Bids/tenders containing monetary value greater than or equal to ₹ 1 lakh can be invited through SPPP while the bids/ tenders in case of works valuing greater than or equal to ₹ 5 lakh and in case of goods & services valuing greater than or equal to ₹ 10 lakh can be invited through e-procurement.

2 Sl. No. 2, 3, 12, 13, 14, 20, 28, 32 and 38 of Annexure-5.1.

in a query-based format to allow for in-depth analysis and ease of use, providing real time information about the status of the bid at any point of time. This shall be integrated with the State Public Procurement Portal (SPPP) in order to further track performance on various parameters, including performance of contracts, delays and penalties imposed.

Audit noticed that PMIS was not developed by all the 37 SPSEs. Further analysis disclosed that one SPSE (RSGL) did not use SPPP for inviting 51 bids/tenders having money value of ₹ 40.86 crore and uploaded the tenders on its website only whereas three SPSEs (RSDCL, RSHDCL, BLMCL) uploaded their tender both on SPSE website and on SPPP. Rest of the 33 SPSEs uploaded their tenders on State Portal. Audit observed that in absence of PMIS, all 37 SPSEs were not in the position to track performance of various parameters including performance of contracts, delays *etc.*

Procurement Register

5.9 Rule 10 of RTPP Rules provides that each procuring entity shall maintain a procurement register and ensure the safe custody of procurement register. SPSE wise detail of maintaining the procurement register is given in **Annexure-5.1**.

Audit noticed that the procurement register was maintained manually and in soft copy by 17 SPSEs and eight SPSEs respectively. All these SPSEs, except one SPSE (RMSCL), were also updating the register regularly. Audit observed that 12 SPSEs did not comply with the proviso as procurement register was not maintained either manually or in soft copy.

Decision on acceptance or rejection of bids

5.10 Note 2 under Rule 40(2) specifies that if the procuring entity is other than the departments of the State Government or its attached or subordinate offices, the concerned administrative department shall specify the equivalent authority competent to take decision on the bid.

Audit noticed that out of 37 SPSEs, in case of only one SPSE (RRVPL), the concerned administrative department viz; Energy Department specified (12 December 2019) the equivalent authority competent to take decision on the bid. Other administrative departments, however, did not issue such order and hence in remaining 36 SPSEs equivalent competent authority to take decision on the bid was not specified.

Compliance of specific provision/rules

Determination of need

5.11 Section 5 of RTPP Act, 2012 stipulates that the procuring entity shall first determine the need for the subject matter of procurement and shall take into account the estimated cost of the procurement and also decide the scope or quantity, method, need for pre-qualification, limitation and any other matters relating to procurement with justifications. Further, Rule 6 of RTPP rules 2013 provides that the procuring entity shall first determine the need and maintain documents relating to determination and assessment of need.

Audit noticed that the Procurement Planning & Management Committee (PP&M Committee) of Jaipur Vidyut Vitran Nigam Limited (Company)

assessed the annual requirement of centrally procured items before commencement of every financial year and the same is approved by the Corporate Level Purchase Committee (CLPC) of the Company. Accordingly, the Material Management wing of the Company commences the procurement process of these centrally purchased items.

Audit observed that the Company failed to assess the requirement of centrally purchased items rationally as eight tenders³ invited during 2019-20 for procurement of various items were subsequently either dropped or deferred as ample stock of material was available in the stores of the Company. Thus, the Company did not comply with the provisions of the Act/Rule.

In reply, the Company stated (March 2021) that it takes all possible measures to achieve the targets and to avoid such a situation when requirement of particular item is affected, however, sometimes situation is beyond its control. It, however, assured to take more corrective measures in future.

Methods of Procurement

5.12 Subject to the provisions of the RTPP Act, these rules, any additional conditions notified under section 37 and guidelines issued under the Act, a procuring entity may procure a subject matter of procurement by any of the methods specified or notified under sub-section (1) of section 28 e.g. material can be procured through open competitive bidding, limited bidding, two stage bidding, single source procurement, electronic reverse auction, RFQ, spot purchase, competitive negotiations, rate contract *etc.*

Audit, however, noticed that Rajasthan State Gas Limited (a Joint Venture of GAIL Gas Limited and Rajasthan State Petroleum Corporation Limited) did not adopt any of the aforesaid methods of procurement. Instead, the Company procured various items (5 Stationary/Mobile Cascades along with spares; 10 CNG Car Dispensers at Twin Arm and 3 Electric Motor driven CNG Booster Compressors of 400 SCMH capacity) from the Contractors/Suppliers to whom the orders were placed by GAIL Gas Limited on the repeat order basis. Thus, the Company did not adhere to the provisions of RTPP Act.

Direct procurement from notified agencies

5.13 Rule 32 provides that a procuring entity may procure subject matter of procurement from the category of bidders, without inviting bids, as notified by the State Government, from time to time.

Audit noticed that Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL) invited (September 2018) tenders for implementation of ERP system. The tender was dropped on the plea that supply of hardware was not included in tender document. The tender was again invited in July 2019 wherein only one bidder submitted its bid and hence the same was scrapped. The tender was invited for the third time in 2019-20 and the work order was placed (February 2020) on lowest bidder but the same was withdrawn (June 2020) by Whole Time Directors as the requisite prior approval of the Project e-Governance Mission Team Committee was not obtained.

3 TN-4720, TN-2544, TN-2525, TN-2526, TN-4747, TN-4714, TN-2513 and TN-2518

Audit noticed that for procurement of Goods and Services related to IT and e-Governance projects, Government of Rajasthan had notified (September 2013) Department of Information Technology and Communication/RajComp Info Services Limited as notified agencies and hence the order could be placed on these agencies without inviting bids. However, the Company did not give cognizance to the provision of RTPP Rule and invited tenders time and again on which no decision was taken till date.

Inviting Tender

5.14 Section 27(3) of the Act stipulates that as soon as the procuring entity, with the approval of the competent authority, decides to accept a bid, it shall communicate that fact to all participating bidders and also publish the decision on the SPPP. Further Rule 71 of RTPP Rules, 2013 also stipulates that the information of award of contract shall be communicated to all participating bidders and published on the SPPP in accordance with provisions of sub-section (3) of section 27.

Audit noticed that Jaipur Vidyut Vitran Nigam Limited did not comply with the aforesaid provision as the information of award of contract was not available on SPPP portal/e-procurement portal.

Decision on acceptance or rejection of bids

5.15 Rule 40 (2) of RTPP Rules, 2013 stipulates that a decision on acceptance or rejection of bids invited in a procurement process must be taken by the competent sanctioning authority within the period of maximum 70 days which was further amended (6 August 2018) as 50 days (even if the period of validity may be more) from the date of opening of technical bids where two envelope system is followed and otherwise from the date of opening of financial bids. If the decision is not taken within the given time period by the concerned sanctioning authority, reasons shall be specifically recorded by the competent sanctioning authority.

Audit noticed the following instances of violation of aforesaid rule:

(i) In test check of 16 cases of RajCOMP Info Services Limited, Audit noticed that the bids were finalized with delay without recorded justification and hence the work orders were issued with delay ranged between 6 and 109 days.

(ii) A test check of 40 cases of procurement in the office of the Chief Engineer (Contract), Rajasthan Rajya Vidyut Prasaran Nigam Limited disclosed that in four cases, the technical bids were opened before 6 August 2018 and in remaining 36 cases after 6 August 2018. However, the same were not finalized within the stipulated time and hence there was significant delay ranging between 12 and 203 days in issuance of the work orders for which no justification was found on records.

(iii) Ajmer Vidyut Vitran Nigam Limited (Company) invited (August 2019) tender (TN- 1358) for procurement of Single-Phase Static Energy meters with meter box. Audit noticed that the technical bid and financial bid was opened on 28 November 2019 and 14 February 2020 respectively. The tender was finalised and the purchase orders were issued on 27 March 2020 in favour of four firms for supply of 4 lakh meters. Audit observed that the Company took abnormal

time of eight months in finalization of tender process and thus violated the RTPP Rules as no recorded justification for the delay was found.

Evaluation of financial bids & acceptance of successful bid and award of contract

5.16 Rule 65 (i) of the RTPP Rules 2013 stipulates that the procuring entity shall ensure that the offer recommended for sanction is justifiable looking to the prevailing market rates of the goods, works or service required to be procured. Further, Rule 70 (3) also stipulates that before award of the contract, the procuring entity shall ensure that the price of successful bid is reasonable and consistent with the required quality.

Jaipur Vidyut Vitran Nigam Limited (Company) invited (December 2018) tenders for procurement of 50000 and 150000 Three Phase Static Energy Meters of rating 10-60 Ampere (Class 1.0 Accuracy) having DLMS Protocol with Optical & Additional RS232 Port, backlit LCD display with Meter Box and without meter box under TN 2501 & 2502 respectively. After techno-commercial evaluation, the price bids of 5 bidders (TN-2501) and 6 bidders (TN-2502) were opened on 25 September 2019 and 26 July 2019 respectively wherein the Supplier (L₁) offered the unit F.O.R. destination firm price of ₹ 1584.00 against both the TNs. Audit noticed that the Corporate Level Purchase Committee (CLPC) in two separate meetings held on 27 August 2019 and 16 October 2019 decided to give counter offers of ₹ 1575 (TN-2502) and ₹ 1565 (TN-2501) to L₁ Firm, which were accepted by it and other responsive bidders (agreed to supply at L₁ rates). However, nothing was mentioned on record as regard to how the Company assessed the reasonability of rates. Audit further noticed that orders for supply of Three Phase Static Energy Meters of similar technical specifications were placed (September 2018) in favour of the Supplier and another Supplier against previous TN-2420 & TN-2421 respectively with Meter Box and without Meter Box at all adjusted unit F.O.R. destination firm price of ₹ 1500.00 and ₹ 1450.00 respectively. Audit observed that in previous tenders (TN- 2420 and TN-2421), the difference between the prices of energy meters with meter box and without meter box was ₹ 50 whereas in current tender, the price of energy meter without meter box was higher by ₹ 10 as compared to price of energy meter with meter box. The Company needed to assess the reasonability of rates as envisaged in RTPP Rules.

Interference with procurement process

5.17 Section 42 (2) of the Act stipulates that a bidder who (a) withdraws from the procurement process after opening of financial bids, (b) withdraws from the procurement process after being declared the successful bidder; (c) fails to enter into procurement contract after being declared the successful bidder; (d) fails to provide performance security or any other document or security required in terms of the bidding documents after being declared the successful bidder, without valid grounds, shall in addition to the recourse available in the bidding documents or the contract, be punished with fine which may extend to fifty lakh rupees or ten *per cent* of the assessed value of procurement, whichever is less.

Audit noticed the following instances of violation of said rule:



Case Study: Rajasthan Renewable Energy Corporation Limited

In the above case, two bidders refused to accept Letter of Award (LoA) issued by RRECL in respect of Design, Supply, Installation, Testing, Commissioning and Maintenance for 5 Years of grid connected Solar Photovoltaic (SPV) Power plants under “Rooftop Solar Power Generation Scheme”. Audit observed that RRECL did not initiate any action against both these bidders as prescribed in RTPP Act though they refused to execute the work and did not execute contract agreement within time limit prescribed in tender document.

In reply, RRECL stated (July 2021) that EMD of both the bidders was forfeited. The reply is not acceptable as RRECL did not take action as per Section 42 (2) of the RTPP Act 2012.

Case Study: Rajasthan State Road Transport Corporation

The Corporation placed Purchase Order (September 2019) valuing ₹ 21.31 lakh on a Jaipur based firm for supply of sheets of computer paper 60 GSM white (Blank) and sheets of carbon paper. Audit noticed that the Firm denied to supply the ordered material after placement of the purchase order. Hence, the Corporation was required to levy penalty equal to ten per cent of the value of the purchase order as per the provision. Audit, however, observed that the Corporation could not ensure compliance of the provision as it forfeited the EMD only and failed to recover penalty from the Firm as per laid down provision.

Performance Security

5.18 Sub Rule (1) of Rule 75 stipulates that Performance security shall be solicited from all successful bidders. Further sub rule (2) envisages that the amount of performance security shall be five *per cent*, or as may be specified in the bidding documents, of the amount of supply order in case of procurement of goods and services and ten *per cent* of the amount of work order in case of procurement of works.

Audit, however, noticed that Barmer Lignite Mining Company Limited (Company) awarded (November 2018) a work order to the Contractor for setting up of “6.0 MTPA Lignite Handling System from Jalipa Mines to Raj West Power Plant” on EPC basis to size and transport lignite mined from Jalipa

Lignite Mines at the total contract price of ₹ 104.03 crore including GST of ₹ 15.87 crore. Audit further noticed that the Contractor furnished performance security of ₹ 8.82 crore (10 *per cent* of base price *i.e.* ₹ 88.16 crore) in the form of bank guarantee on 28 November 2018. Audit observed that the performance security furnished by the Contractor was inadequate because as per Rule, the bank guarantee of ₹ 10.40 crore (10 *per cent* of the work order value) was required to be furnished, however, the Company accepted the bank guarantee of a lesser amount. Thus, the Company failed to ensure the compliance of the rule.

Right to vary quantity

5.19 Clause 73(3) of Rajasthan Transparency in Public Procurement (RTPP) Rules 2013 amended in February 2018 stipulated that orders for extra items may be placed by the procuring entity in accordance with the Schedule of Powers as prescribed by the Finance Department, up to five *per cent* of the value of the original contract, if allowed in the bidding documents. The fair market value of such extra items payable by the procuring entity to the contractor shall be determined by the procuring entity in accordance with guidelines prescribed by the administrative department concerned. The limits of orders for additional quantities shall be 50 *per cent* of the original contract. It was further provided that in exceptional circumstances and without changing the scope of work envisaged under the contract, a procuring entity may procure additional quantities beyond 50 *per cent* of the quantity of the individual items as provided in the original work order with prior approval and revised technical, financial and administrative sanctions from the competent authorities. The following instances of violation of said rule was noticed during audit.

Audit noticed that GoR decided (26 April 2018) to establish and commission Command and Control Centres in all districts of the State. Accordingly, RajCOMP Info Services Limited (RISL) placed (21 July 2018) work order for establishing such centres at 12 District Headquarters of Rajasthan at a total cost of ₹ 11.75 crore with scheduled completion period of 120 days *i.e.* up to 20 December 2018. The Procurement Committee-III of RISL accorded (22 January 2019) its approval for time extension up to 28 February 2019 and also for procurement of additional quantities.

Audit noticed that RISL issued (February 2019) order for procurement of 26 items out of which 11 items were procured in excess of the originally ordered quantity which ranged between 55.17 *per cent* and 238.71 *per cent* against the permissible limit of 50 *per cent* prescribed in Rules. Audit observed that RISL not only procured these 11 items in excess of the permissible limit but also did not obtain revised technical, financial and administrative sanction from the competent authority. Further, RISL failed to assess the fair market value of these items as required in accordance with guidelines prescribed by the concerned administrative department.

Conclusion

The audit findings disclosed non-compliance with general provision of RTPP Act and RTPP Rules. Detailed scrutiny of specific rules and provisions of the Act disclosed shortcomings as regards non-compliance of Act and Rules by SPSEs.

Recommendations


SPSEs should streamline the process of assessment of requirement of material to ensure that procurement is done as per field requirements. SPSEs should finalise the tenders within the prescribed time frame. SPSEs should also ensure adherence to provisions of RTPP Act and Rules.

JAIPUR
The 23rd September, 2021


(ATOORVA SINHA)
Accountant General
(Audit-II), Rajasthan

Countersigned

NEW DELHI
The 27th September, 2021


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Annexures

Annexure-1.1
(Referred to in Paragraphs 1.5 and 1.15 at Page No. 3 and 9)

Statement showing position of State Government investment in SPSEs accounts of which are in arrears during the period of arrears

(₹ in crore)

Sl. No.	Name of SPSE	Period upto which accounts finalized	Period for which accounts are in arrears	Paid up capital	Investment made by State Government during the period for which accounts are in arrears		
					Loans	Subsidy	Total
A	Government Companies						
1	Rajasthan State Handloom Development Corporation Limited	2018-19	2019-20	46.06	0.00	0.40	0.40
2	Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Limited	2016-17	2017-18, 2018-19, 2019-20	48.67	0.00	0.00	0.00
3	Rajasthan State Food & Civil Supplies Corporation Limited	2016-17	2017-18, 2018-19, 2019-20	50.00	0.00	0.00	0.00
4	Rajasthan State Industrial Development and Investment Corporation Limited	2018-19	2019-20	210.19	0.00	1.00	1.00
5	Rajasthan State Mines and Minerals Limited	2018-19	2019-20	77.55	0.00	0.00	0.00
6	Rajasthan State Hotels Corporation Limited	2015-16	2016-17, 2017-18, 2018-19, 2019-20	2.16	0.00	0.00	0.00
7	Rajasthan Tourism Development Corporation Limited	2016-17	2017-18, 2018-19, 2019-20	21.95	11.50	0.00	11.50
8	Barmer Lignite Mining Company Limited	2018-19	2019-20	20.00	0.00	0.00	0.00
9	Rajasthan State Petroleum Corporation Limited	2018-19	2019-20	67.08	0.00	0.00	0.00
10	Rajasthan Civil Aviation Corporation Limited	2018-19	2019-20	4.49	0.00	0.00	0.00
11	Rajasthan State Agro Industries Corporation Limited (Inactive Government Company)	2014-15	2015-16, 2016-17, 2017-18, 2018-19, 2019-20	6.01	0.20	0.00	0.20
	Total A			554.16	11.70	1.40	13.10
B	Statutory Corporation						
12	Rajasthan State Road Transport Corporation	2018-19	2019-20	638.96	0.00	311.83	311.83
	Total B			638.96	0.00	311.83	311.83
C	Government Controlled Other Companies						
13	Ajmer Smart City Limited	2018-19	2019-20	0.01	0.00	0.00	0.00
	Total C			0.01	0.00	0.00	0.00
	Grand Total (A+B+C)			1193.13	11.70	313.23	324.93

Source: Compiled on the basis of information received from SPSEs.

Annexure – 1.2
(Referred to in Paragraph 1.17 at Page No. 10)

Statement showing difference between Finance Accounts of Government of Rajasthan and records of the SPSEs in respect of balances of Equity, Loans and Guarantee as on 31 March 2020

(₹ in crore)

Sl. No.	Name of SPSE	As per records of the SPSE			As per Finance Accounts of Government of Rajasthan		
		Paid-up Capital	Loans outstanding	Guarantee Committed	Paid-up Capital	Loans outstanding	Guarantee Committed
1	2	3	4	5	6	7	8
1	Rajasthan State Seeds Corporation Limited	6.33	0.00	0.00	6.33	0.64	0.00
2	Rajasthan State Industrial Development and Investment Corporation Limited	210.19	5.37	0.00	193.69	5.37	0.00
3	Rajasthan State Road Development and Construction Corporation Limited	100.00	0.00	3085.63	100.00	53.48	3085.63
4	Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Limited	48.67	278.11	1572.00	33.51	0.00	1468.75
5	Rajasthan State Ganganagar Sugar Mills Limited	180.34	0.31	0.00	180.84	0.11	0.00
6	Rajasthan State Mines and Minerals Limited	77.54	0.00	0.00	77.56	0.00	0.00
7	Rajasthan Tourism Development Corporation Limited	21.95	34.50	0.00	21.94	34.50	0.00
8	Rajasthan Financial Corporation	128.31	1.03	300.00	128.31	1.26	400.00
9	Rajasthan State Road Transport Corporation	612.13	658.40	675.00	612.13	673.27	675.00
10	Rajasthan State Agro Industries Corp. Limited	6.01	16.27	0.00	4.13	17.51	0.00
11	Ajmer Smart City Limited	0.01	0.00	0.00	64.80	0.00	0.00
12	Kota Smart City Limited	100.00	0.00	0.00	65.40	0.00	0.00
13	Ajmer Vidyut Vitran Nigam Limited	10465.57	1323.14	11409.91	10465.57	1264.21	11409.91
14	Jaipur Vidyut Vitran Nigam Limited	11332.51	1596.92	12238.26	11332.51	1615.76	12238.26
15	Jodhpur Vidyut Vitran Nigam Limited	10488.00	1155.02	12296.40	10488.00	1244.08	12296.40
16	Rajasthan Rajya Vidyut Prasaran Nigam Limited	4656.57	1092.46	6278.75	4691.04	1378.99	6278.75
17	Rajasthan Rajya Vidyut Utpadan Nigam Limited	10417.95	138.07	21580.30	10417.95	138.10	21580.30
	Total	48852.08	6299.60	69436.25	48883.71	6427.28	69433.00

Annexure – 1.3
(Referred to in Paragraph 1.20 at Page No. 10)

Summarised financial position and working results of SPSEs as per latest finalized accounts as of 31 December 2020

(₹ in crore)

Sl. No.	Sector, Type and Name of SPSE	Period of latest finalized accounts	Year in which the accounts were finalised	Net profit/ Loss (-) before Interest & Tax	Net Profit/ Loss (-)	Turnover	Paid-up capital	Capital Employed	Net Worth ¹	Accumulated Profit/ Loss (-)
1	2	3	4	5	6	7	8	9	10	11
A.	Energy and Power Sector									
	Government Companies									
1.	Ajmer Vidyut Vitran Nigam Limited	2019-20	2020-21	3157.51	788.06	13763.74	10465.57	-3973.60	-17764.92	-28230.49
2.	Jaipur Vidyut Vitran Nigam Limited	2019-20	2020-21	5222.57	2188.15	18335.72	11332.51	-1760.89	-17568.95	-28872.34
3.	Jodhpur Vidyut Vitran Nigam Limited	2019-20	2020-21	3053.11	9.85	14614.85	10488.00	-4252.99	-19276.92	-29764.92
4.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	2019-20	2020-21	4259.84	143.80	16400.61	10417.95	46941.06	6062.68	-4321.91
5.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	2019-20	2020-21	1260.41	148.85	3167.13	4656.57	14998.67	3424.69	-1231.88
6.	Rajasthan Urja Vikas Nigam Limited	2019-20	2020-21	0.00	0.00	19.41	50.00	50.00	50.00	0.00
7.	Rajasthan Renewable Energy Corporation Limited	2019-20	2020-21	31.02	23.36	110.07	12.94	208.54	208.54	195.60
8.	Chhabra Power Limited (Subsidiary of Sl. No. 4)	2019-20	2020-21	0.00	0.00	0.00	0.05	0.01	0.01	-0.04
9.	Dholpur Gas Power Limited (Subsidiary of Sl. No. 4)	2019-20	2020-21	0.00	0.00	0.00	0.05	0.00	0.00	-0.05
10.	Giral Lignite Power Limited (Subsidiary of Sl. No. 4)	2019-20	2020-21	-95.40	-278.05	0.00	370.05	-989.91	-1172.77	-1542.82
11.	Banswara Thermal Power Company Limited (Subsidiary of Sl. No. 5)	2019-20	2020-21	-0.07	-0.30	0.00	0.05	-9.87	-9.87	-9.92
12.	Barmer Thermal Power Company Limited (Subsidiary of Sl. No. 5)	2019-20	2020-21	-0.02	-1.81	0.00	0.05	-18.86	-18.86	-18.91
13.	Rajasthan Solarpark Development Company Limited (Subsidiary of Sl. No. 7)	2019-20	2020-21	0.51	-0.53	18.69	0.05	29.69	29.69	29.64
14.	Rajasthan State Petroleum Corporation Limited (Subsidiary of Sl. No. 17)	2018-19	2019-20	0.01	0.01	0.00	67.08	65.47	65.47	-1.61
15.	Rajasthan State Gas Limited (Subsidiary of Sl. No. 14)	2019-20	2020-21	15.65	12.63	61.75	130.00	138.33	138.33	8.33
	Total A			16905.14	3034.02	66491.97	47990.92	51425.65	-45832.88	-93761.32
B.	Industries and Commerce Sector									
	Government Companies									
16.	Rajasthan State Industrial Development and Investment Corporation Limited	2018-19	2019-20	134.01	70.51	651.35	210.19	1905.12	1905.12	1694.93
17.	Rajasthan State Mines and Minerals Limited	2018-19	2019-20	222.47	149.34	1088.75	77.55	2260.31	2260.31	2182.76
18.	Rajasthan Small Industries Corporation Limited	2019-20	2020-21	0.70	0.36	20.51	6.96	-10.18	-18.16	-25.12
19.	Rajasthan State Handloom Development Corporation Limited	2018-19	2020-21	-0.63	-0.64	17.56	46.06	-0.95	-4.47	-50.53

1 Net worth is the sum total of the 'Paid-up Capital' and 'Free Reserves and Surplus' minus 'Accumulated Losses' and 'Deferred Revenue Expenditure (DRE)'. To arrive at the Net Worth figures of Rajasthan Rajya Vidyut Utpadan Nigam limited and Jaipur Vidyut Vitran Nigam limited, DRE of ₹ 33.36 crore and ₹ 29.12 crore respectively, were deducted.

Sl. No.	Sector, Type and Name of SPSE	Period of latest finalized accounts	Year in which the accounts were finalised	Net profit/ Loss (-) before Interest & Tax	Net Profit/ Loss (-)	Turnover	Paid-up capital	Capital Employed	Net Worth ¹	Accumulated Profit/ Loss (-)
1	2	3	4	5	6	7	8	9	10	11
20.	Barmer Lignite Mining Company Limited (Subsidiary Joint Company of Sl. No. 17)	2018-19	2019-20	323.54	71.53	1284.24	20.00	1644.36	19.66	-0.34
	Statutory Corporations									
21.	Rajasthan Financial Corporation	2019-20	2020-21	31.10	-6.22	83.95	160.73	347.07	46.04	-114.69
	Total B			711.19	284.88	3146.36	521.49	6145.73	4208.50	3687.01
C.	Finance Sector									
	Government Companies									
22.	Rajasthan State Power Finance and Financial Services Corporation Limited	2019-20	2020-21	0.24	0.17	2.91	90.00	106.91	106.91	16.91
23.	Rajasthan State Beverages Corporation Limited	2019-20	2020-21	32.91	19.80	6811.09	2.00	74.48	74.48	72.48
24.	Rajasthan State Ganganagar Sugar Mills Limited	2019-20	2020-21	87.35	57.11	1414.34	180.39	392.32	392.01	211.62
	Total C			120.50	77.08	8228.34	272.39	573.71	573.40	301.01
D.	Agriculture, Food and Allied Industries Sector									
	Government Companies									
25.	Rajasthan State Seeds Corporation Limited	2019-20	2020-21	17.23	6.41	227.71	7.59	137.92	137.92	130.33
26.	Rajasthan State Food & Civil Supplies Corporation Limited	2016-17	2019-20	6.87	3.51	475.17	50.00	86.73	86.73	36.73
	Inactive Government Companies									
27.	Rajasthan State Agro Industries Corporation Limited	2014-15	2017-18	-0.14	-1.46	0.00	6.01	-2.21	-48.82	-54.83
	Statutory Corporations									
28.	Rajasthan State Warehousing Corporation	2019-20	2020-21	121.49	81.75	221.09	7.85	632.71	345.12	337.27
	Total D			145.45	90.21	923.97	71.45	855.15	520.95	449.50
E.	Culture and Tourism Sector									
	Government Companies									
29.	Rajasthan State Hotels Corporation Limited	2015-16	2019-20	-0.06	-0.10	1.69	2.16	-2.55	-6.55	-8.71
30.	Rajasthan Tourism Development Corporation Limited	2016-17	2020-21	-6.72	-6.76	61.11	21.95	-118.86	-129.86	-151.81
	Total E			-6.78	-6.86	62.80	24.11	-121.41	-136.41	-160.52
F.	Transport Sector									
	Inactive Government Companies									
31.	Rajasthan Civil Aviation Corporation Limited	2018-19	2020-21	-0.05	-0.06	0.00	4.49	-1.86	-1.86	-6.35
	Statutory Corporations									
32.	Rajasthan State Road Transport Corporation	2018-19	2020-21	0.92	-153.76	1724.74	638.96	-2973.28	-4330.79	-4969.75
	Total F			0.87	-153.82	1724.74	643.45	-2975.14	-4332.65	-4976.1
G.	Urban Development Sector									
	Government Companies									
33.	Jaipur Metro Rail Corporation Limited	2019-20	2020-21	-13.89	-39.65	11.57	1694.04	2023.62	1365.85	-328.19

Sl. No.	Sector, Type and Name of SPSE	Period of latest finalized accounts	Year in which the accounts were finalised	Net profit/ Loss (-) before Interest & Tax	Net Profit/ Loss (-)	Turnover	Paid-up capital	Capital Employed	Net Worth ¹	Accumulated Profit/ Loss (-)
1	2	3	4	5	6	7	8	9	10	11
34.	Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Limited	2016-17	2019-20	0.73	0.49	5.33	48.67	613.34	69.74	21.07
	Total G			-13.16	-39.16	16.90	1742.71	2636.96	1435.59	-307.12
H.	Other Sectors									
	Government Companies									
35.	Rajasthan Police Housing and Construction Corporation Limited	2019-20	2020-21	2.39	1.52	4.60	1.00	4.70	4.70	3.70
36.	Rajasthan State Road Development and Construction Corporation Limited	2019-20	2020-21	335.89	15.96	981.96	100.00	3117.59	242.98	142.98
37.	Raj COMP Info Services Limited	2019-20	2020-21	40.20	26.24	165.82	5.00	95.95	95.95	90.95
38.	Rajasthan Ex-Servicemen Corporation Limited	2019-20	2020-21	5.46	5.45	141.01	5.00	25.16	25.16	20.16
39.	Rajasthan Medical Services Corporation Limited	2019-20	2020-21	27.11	16.11	840.28	5.00	71.75	60.48	55.48
40.	Rajasthan Skill and Livelihoods Development Corporation	2019-20	2020-21	2.13	2.13	65.00	0.05	-13.00	-13.00	-13.05
	Inactive Government Companies									
41.	Rajasthan Jal Vikas Nigam Limited	2019-20	2020-21	-0.20	-0.20	0.00	1.27	-0.92	-0.92	-2.19
	Total H			412.98	67.21	2198.67	117.32	3301.23	415.35	298.03
	Grand Total (35 Government Companies)			18123.07	3433.51	80763.97	50564.53	63840.37	-39156.92	-89658.97
	Grand Total (3 Inactive Government Companies)			-0.39	-1.72	0.00	11.77	-4.99	-51.60	-63.37
	Grand Total (3 Statutory Corporations)			153.51	-78.23	2029.78	807.54	-1993.50	-3939.63	-4747.17
	Grand Total (A to H) (41 SPSEs)			18276.19	3353.56	82793.75	51383.84	61841.88	-43148.15	-94469.51
	Government Controlled other Companies									
42.	Ajmer Smart City Limited	2019-20 ²	-	0.00	0.00	0.00	0.01	8.65	8.65	8.64
43.	Jaipur Smart City Limited	2019-20	2020-21	0.54	0.05	0.00	200.00	204.45	204.45	4.45
44.	Kota Smart City Limited	2019-20	2020-21	0.00	0.00	0.00	200.00	208.23	208.23	8.23
45.	Udaipur Smart City Limited	2019-20	2020-21	0.00	-0.02	0.00	200.00	199.88	199.88	-0.12
	Total (4 Government Controlled other Companies)			0.54	0.03	0.00	600.01	621.21	621.21	21.20
	Grand Total (45 SPSEs)			18276.73	3353.59	82793.75	51983.85	62463.09	-42526.94	-94448.31

2 Figures of financial position and working results of Ajmer Smart City Limited are based on the information provided by the Company as it was covered in this Report for the first time and its accounts for 2019-20 were not finalized till 31.12.2020.

**Annexure-1.4
(Referred to in Paragraph 1.28 at Page No. 16)**

Statement showing year-wise details of the investment vis-à-vis present value of the investment infused by the State Government for the period 2000-01 to 2019-20

Assumptions for computing present value of the State Government investment											
<ul style="list-style-type: none"> Interest free loans have been considered as investment infusion by the State Government as none of the interest free loans have been repaid by the power sector undertaking. Further, in those cases where interest free loans given to the power sector undertaking were converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year. The average rate of interest on government borrowings for the concerned financial year³ was adopted as compounded rate for arriving at PV since they represent the cost incurred by the government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the government. 											

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Interest free loans given by the state government during the year	Interest free loans converted during the year ⁴	Subsidy given under UDAY	Total investment during the year	Average rate of interest on government borrowings (in %)	Total investment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year ⁵
i	ii	iii	iv	v	vi	vii =iii+iv+vi-v	viii	ix =ii+vii	$x=\frac{\{ix*(1+viii)\}}{100}$	xi= $\frac{\{ix*viii\}}{100}$	xii
Investment by State Government (without considering UDAY as investment)											
Upto 1999-00	-	412.44	36.80	-	-	449.24	10.40	1164.89	1286.04	-	-
2000-01	1286.04	383.14	-0.49	0.00	-	382.65	10.50	1668.69	1843.90	175.21	-57.52
2001-02	1843.90	363.20	-3.34	0.00	-	359.86	10.50	2203.76	2435.16	231.40	-45.32

3 The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Rajasthan) for the concerned year wherein the average rate for interest paid=Interest Payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/ 2]*100.

4 Interest free loans of ₹ 1070 crore received between 2004-05 and 2009-10 converted into equity in 2011-12, ₹ 995 crore received in 2011-12 converted into equity in 2015-16 and ₹ 1000 crore received in 2012-13 was adjusted against dues of GoR during 2014-15 (₹ 729.40 crore) and 2015-16 (₹ 270.60 crore).

5 Total Earning for the year depicts total of net earnings (profit/loss) for the concerned year relating to the 32 SPSEs where funds were infused by State Government. However, two companies (RVUNL and RVPNL) and three State DISCOMs (JVVNL, AVVNL and JdVVNL) prepared their annual accounts on 'No Profit No Loss' basis and showed the difference of income and expenditure as 'Subvention receivable from the State Government against revenue gap' till they commenced preparation of their annual accounts on commercial accounting principles by depicting profit/ loss for the year from 2008-09 onwards and from 2010-11 onwards respectively. Hence, the profits/losses of these five companies have been considered from the year in which these companies commenced preparation of annual accounts on commercial accounting principles.

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Interest free loans given by the state government during the year	Interest free loans converted during the year ⁴	Subsidy given under UDAY	Total investment during the year	Average rate of interest on government borrowings (in %)	Total investment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year ⁵
i	ii	iii	iv	v	vi	vii =iii+iv+vi-v	viii	ix =ii+vii	$x=\frac{\{ix*(1+viii)\}}{100}$	$xi=\frac{\{ix*viii/100\}}$	xii
2002-03	2435.16	344.48	-3.52	0.00	-	340.96	10.00	2776.12	3053.73	277.61	-17.91
2003-04	3053.73	417.22	-0.84	0.00	-	416.38	9.60	3470.11	3803.25	333.14	12.23
2004-05	3803.25	379.46	187.94	0.00	-	567.40	9.10	4370.65	4768.38	397.73	146.53
2005-06	4768.38	645.49	144.49	0.00	-	789.98	8.20	5558.36	6014.14	455.78	214.11
2006-07	6014.14	695.30	149.61	0.00	-	844.91	8.30	6859.05	7428.35	569.30	267.36
2007-08	7428.35	1070.50	149.15	0.00	-	1219.65	8.00	8648.00	9339.84	691.84	379.45
2008-09	9339.84	1339.87	249.31	0.00	-	1589.18	7.70	10929.02	11770.56	841.54	-1043.55
2009-10	11770.56	1299.56	169.28	0.00	-	1468.84	7.70	13239.40	14258.84	1019.44	-676.99
2010-11	14258.84	1744.24	-0.31	0.00	-	1743.93	7.70	16002.77	17234.98	1232.21	-21058.37
2011-12	17234.98	2891.34	989.21	1070.00	-	2810.55	7.70	20045.53	21589.03	1543.50	-19168.65
2012-13	21589.03	4661.61	1102.98	0.00	-	5764.59	7.40	27353.62	29377.78	2024.16	-11773.13
2013-14	29377.78	4722.17	132.30	0.00	-	4854.47	7.30	34232.25	36731.21	2498.96	-15413.39
2014-15	36731.21	4371.78	1443.63	729.40	-	5086.01	7.50	41817.22	44953.51	3136.29	-14866.61
2015-16	44953.51	9492.69	497.20	1265.60	-	8724.29	6.70	53677.80	57274.22	3596.42	-12222.56
2016-17	57274.22	4130.49	-811.32	0.00	-	3319.17	7.60	60593.39	65198.49	4605.10	-1395.49
2017-18	65198.49	3850.42	427.68	0.00	-	4278.10	7.30	69476.59	74548.38	5071.79	2057.58
2018-19	74548.38	3822.35	256.15	0.00	-	4078.50	7.30	78626.88	84366.64	5739.76	2893.35
2019-20	84366.64	2095.49	155.51	0.00	-	2251.00	7.10	86617.64	92767.49	6149.85	3550.08
Total		49133.24	5271.42	3065.00	-						

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Interest free loans given by the state government during the year	Interest free loans converted during the year ⁴	Subsidy given under UDAY	Total investment during the year	Average rate of interest on government borrowings (in %)	Total investment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year ⁵
i	ii	iii	iv	v	vi	vii =iii+iv+vi-v	viii	ix =ii+vii	$x=\{ix*(1+viii)/100\}$	$xi=\{ix*viii/100\}$	xii
Investment by State Government (Considering UDAY as investment) (2016-20)											
2016-17	57274.22	4130.49	-811.32	0.00	9000.00	12319.17	7.60	69593.39	74882.49	5289.10	-1395.49
2017-18	74882.49	3850.42	427.68	0.00	12000.00	16278.10	7.30	91160.59	97815.31	6654.72	2057.58
2018-19	97815.31	3822.35	256.15	0.00	12000.00	16078.50	7.30	113893.81	122208.06	8314.25	2893.35
2019-20	122208.06	2095.49	155.51	0.00	13816.47	16067.47	7.10	138275.53	148093.09	9817.56	3550.08
Total		49133.24	5271.42	3065.00	46816.47						

Annexure 2.1
(Referred to in Paragraph 2.7 at Page No. 22)

Statement showing name of SPSEs wherein the Statutory Auditors reported non-compliance of AS/Ind AS

Sl. No.	Name of SPSE	Year of financial statements	AS/Ind AS
1.	Rajaasthan Rajya Vidyut Utpadan Nigam Limited	2019-20	Ind AS 12
2.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	2019-20	Ind AS 16, 19,28,37, 110
3.	Giral Lignite Power Limited	2019-20	Ind AS 36
4.	Banswara Thermal Power Company Limited	2019-20	Ind AS 109
5.	Ajmer Vidyut Vitran Nigam Limited	2019-20	AS 10, 12, 16, 22, 28, 29
6.	Jaipur Vidyut Vitran Nigam Limited	2019-20	AS10,12,16,28,29
7.	Jodhpur Vidyut Vitran Nigam Limited	2019-20	AS 10,12,16,28,29
8.	Rajasthan Small Industries Corporation Limited	2019-20	AS 28
9.	Rajasthan Financial Corporation	2019-20	AS 9
10.	Rajasthan State Road Development and Construction Corporation Limited	2019-20	AS 26,29
11.	Rajasthan State Ganganagar Sugar Mills Limited	2019-20	AS 2, 36, 37
12.	Rajasthan Medical Services Corporation Limited	2019-20	AS 12, 15, 28
13.	Rajasthan Tourism Development Corporation Limited	2016-17	AS 15, 18

Annexure 2.2
(Referred to in Paragraph 2.9 at Page No. 23)

Statement showing name of SPSEs wherein comments of the CAG on financial statements were issued during the reporting period

Sl. No.	Name of SPSE	Financial Statement Year
1.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	2019-20
2.	Jaipur Vidyut Vitran Nigam Limited	2019-20
3.	Jodhpur Vidyut Vitran Nigam Limited	2019-20
4.	Rajasthan State Power Finance and Financial Services Corporation Limited	2019-20
5.	Rajasthan Financial Corporation	2019-20
6.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	2018-19
7.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	2018-19
8.	RajComp Info Services Limited	2018-19
9.	Rajasthan State Seeds Corporation Limited	2018-19
10.	Rajasthan Medical Services Corporation Limited	2018-19
11.	Rajasthan State Road Transport Corporation	2018-19
12.	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited	2016-17
13.	Rajasthan State Food and Civil Supplies Corporation Limited	2016-17
14.	Rajasthan Tourism Development Corporation Limited	2016-17

Annexure 2.3
(Referred to in Paragraph 2.14 at Page No. 34)

Statement showing name of SPSEs to which Management Letters were issued

S1. No.	Name of SPSEs	Year of financial statement
1	Giral Lignite Power Limited	2019-20
2	Dholpur Gas Power Limited	2019-20
3	Chhabra Power Limited	2019-20
4	Rajasthan Solarpark Development Company Limited	2019-20
5	Barmer Thermal Power Company Limited	2019-20
6	Banswara Thermal Power Company Limited	2019-20
7	Rajasthan Urja Vikas Nigam Limited	2019-20
8	Rajasthan Police Housing and Construction Corporation Limited	2019-20
9	Rajasthan State Ganganagar Sugar Mills Limited	2019-20
10	Rajasthan Ex-Servicemen Corporation Limited	2019-20
11	Rajasthan State Road Development and Construction Corporation Limited	2019-20
12	Jaipur Metro Rail Corporation Limited	2019-20
13	Rajasthan Skill and Livelihood Development Corporation	2019-20
14	Rajasthan State Power Finance & Financial Services Limited	2019-20
15	Rajasthan Rajya Vidyut Prasaran Nigam Limited	2018-19
16	Rajasthan Civil Aviation Corporation Limited	2018-19
17	Rajasthan State Mines & Minerals Limited	2018-19
18	Rajasthan State Seeds Corporation Limited	2018-19
19	Rajasthan Jal Vikas Nigam Limited	2018-19
20	Rajasthan State Ganganagar Sugar Mills Limited	2018-19
21	Rajasthan Police Housing and Construction Corporation Limited	2018-19
22	Rajasthan Medical Services Corporation Limited	2018-19
23	Jaipur Metro Rail Corporation Limited	2018-19
24	Rajasthan Tourism Development Corporation Limited	2016-17
25	Rajasthan State Food and Civil Supplies Corporation Limited	2016-17
26	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited	2016-17

Annexure 3.1

(Referred to in Paragraph 3.5, 3.6, 3.11, 3.12, 3.13, 3.16 and 3.17 at Page No. 36, 37, 42, 43, 44, 46 and 47)

Statement showing requirement of Independent/Woman Director/Audit Committee/NRC/KMP and board meeting/audit committee meeting conducted by SPSEs

Sl. No.	Name of SPSEs	Requirement of		Nos. of Independent Directors as on		Requirement of			No. of Board Meetings	No. of Audit Committee Meetings
		Independent Director	Woman Director	31.3.2019	31.3.2020	Audit Committee	NRC	KMP		
1	Ajmer Vidyut Vitran Nigam Limited	Yes	Yes	2	Nil	Yes	Yes	Yes	8	3
2	Jaipur Vidyut Vitran Nigam Limited	Yes	Yes	2	Nil	Yes	Yes	Yes	10	3
3	Jodhpur Vidyut Vitran Nigam Limited	Yes	Yes	2	Nil	Yes	Yes	Yes	7	2
4	Rajasthan Rajya Vidyut Prasaran Nigam Limited	Yes	Yes	2	1	Yes	Yes	Yes	8	6
5	Rajasthan Rajya Vidyut Utpadan Nigam Limited	Yes	Yes	2	Nil	Yes	Yes	Yes	6	3
6	Rajasthan Renewable Energy Corporation Limited	Yes	No	2	Nil	Yes	Yes	Yes	4	4
7	Rajasthan Urja Vikas Nigam Limited	Yes	No	2	1	Yes	Yes	Yes	8	3
8	Rajasthan State Industrial Development and Investment Corporation Limited	Yes	Yes	Nil	Nil	Yes	Yes	Yes	4	1
9	Rajasthan Small Industries Corporation Limited	Yes	No	Nil	Nil	Yes	Yes	No	4	1
10	Rajasthan State Handloom Development Corporation Limited	Yes	No	Nil	Nil	Yes	Yes	Yes	1	0
11	Rajasthan State Beverage Corporation Limited	Yes	Yes	Nil	2	Yes	Yes	No	4	NA
12	Rajasthan State Ganganagar Sugar Mills Limited	Yes	Yes	Nil	2	Yes	Yes	Yes	3	NA

Sl. No.	Name of SPSEs	Requirement of		Nos. of Independent Directors as on		Requirement of			No. of Board Meetings	No. of Audit Committee Meetings
		Independent Director	Woman Director	31.3.2019	31.3.2020	Audit Committee	NRC	KMP		
13	Rajasthan State Power Finance and Financial Services Corporation Limited	Yes	No	Nil	Nil	Yes	Yes	Yes	3	1
14	Rajasthan State Food and Civil Supplies Corporation Limited	Yes	Yes	Nil	Nil	Yes	Yes	Yes	3	2
15	Rajasthan State Seeds Corporation Limited	Yes	No	Nil	Nil	Yes	Yes	No	4	2
16	Rajasthan State Road Development & Construction Corporation Limited	Yes	Yes	Nil	Nil	Yes	Yes	Yes	4	1
17	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited	Yes	No	2	2	Yes	Yes	Yes	2	2
18	Rajasthan State Mines & Minerals Limited	Yes	Yes	2	2	Yes	Yes	Yes	2	1
19	Rajasthan Tourism Development Corporation Limited	Yes	No	Nil	Nil	Yes	Yes	Yes	4	Details not provided
20	RajComp Info Services Limited	Yes	No	2	2	Yes	Yes	No	4	1
21	Rajasthan Medical Services Corporation Limited	Yes	Yes	Nil	Nil	Yes	Yes	No	4	1
22	Jaipur Metro Rail Corporation Limited	Yes	Yes	2	1	Yes	Yes	Yes	5	1
23	Jaipur Smart City Limited	Yes	Yes	2	Nil	Yes	Yes	Yes	3	1
24	Kota Smart City Limited	Yes	Yes	Nil	Nil	Yes	Yes	Yes	1	AC is not constituted
25	Udaipur Smart City Limited	Yes	Yes	1	1	Yes	Yes	Yes	3	1
26	Rajasthan Ex-Servicemen Corporation Limited	Yes	No	Nil	Nil	Yes	Yes	No	4	2

Sl. No.	Name of SPSEs	Requirement of		Nos. of Independent Directors as on		Requirement of			No. of Board Meetings	No. of Audit Committee Meetings
		Independent Director	Woman Director	31.3.2019	31.3.2020	Audit Committee	NRC	KMP		
27	Rajasthan Police Housing and Construction Corporation Limited	No	No	NA	NA	No	No	No	3	NA
28	Rajasthan State Hotels Corporation Limited	No	No	NA	NA	No	No	No	4	NA
29	Rajasthan Skill and Livelihoods Development Corporation ⁶	No	No	NA	NA	No	No	No	3	NA
30	Rajasthan Jal Vikas Nigam Limited	No	No	NA	NA	No	No	No	4	NA
31	Rajasthan Civil Aviation Corporation Limited	No	No	NA	NA	No	No	No	1	NA
32	Ajmer Smart City Limited	No	No	NA	NA	No	No	NA	4	NA
33	Banswara Thermal Power Company Limited	No	No	NA	NA	No	No	No	4	NA
34	Barmer Thermal Power Company Limited	No	No	NA	NA	No	No	No	4	NA
35	Chhabra Power Limited	No	No	NA	NA	No	No	No	3	NA
36	Dholpur Gas Power Limited	No	No	NA	NA	No	No	No	3	NA
37	Giral Lignite Power Limited	No	Yes	NA	NA	No	No	Yes	4	NA
38	Rajasthan Solarpark Development Company Limited	No	No	NA	NA	No	No	No	4	NA
39	Rajasthan State Petroleum Corporation Limited	No	No	NA	NA	No	No	Yes	1	NA
40	Barmer Lignite Mining Company Limited	No	Yes	NA	NA	No	No	Yes	3	NA
41	Rajasthan State Gas Limited	No	Yes	NA	NA	No	No	Yes	3	NA

6 Company incorporated under Section 25 of the Companies Act 1956 (Section 8 of the Companies Act 2013).

Annexure 3.2
(Referred to in Paragraph 3.21 and 3.22 at Page No. 50)

Internal Audit Framework

Sl. No.	Name of the SPSE	Frequency of Internal Audit	Internal Audit observations Reported to
1.	Ajmer Vidyut Vitran Nigam Limited	Annual	Board of Directors
2.	Jaipur Vidyut Vitran Nigam Limited	Half Yearly & Annually	Board of Directors
3.	Jodhpur Vidyut Vitran Nigam Limited	Half Yearly	Board of Directors and Audit Committee
4.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	Expenditure Audit on yearly basis & Revenue audit on half yearly basis.	Director (Finance) on quarterly basis & Board on Half Yearly basis.
5.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	Yearly	Chief Accounts Officer (IA)
6.	Rajasthan Urja Vikas Nigam Limited	Quarterly	Board of Directors
7.	Rajasthan State Industrial Development and Investment Corporation Limited	Half Yearly basis	Financial Advisor
8.	Rajasthan State Handloom Development Corporation Limited	Details not provided	
9.	Rajasthan State Beverage Corporation Limited	Quarterly	General Manager (Finance & Accounts)
10.	Rajasthan State Ganganagar Sugar Mills Limited	Quarterly	Financial Advisor
11.	Rajasthan State Power Finance and Financial Services Corporation Limited	Annual	Managing Director
12.	Rajasthan State Food and Civil Supplies Corporation Limited	Quarterly basis	IA for 2019-20 was not conducted
13.	Rajasthan State Seeds Corporation Limited	Half Yearly basis	Board through Audit Committee
14.	Rajasthan State Road Development and Construction Corporation Limited	Half Yearly basis	Audit Committee
15.	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited	Internal auditor for 2019-20 was not appointed.	
16.	Rajasthan State Mines & Minerals Limited	Yearly	Audit Committee

Sl. No.	Name of the SPSE	Frequency of Internal Audit	Internal Audit observations Reported to
17.	Rajasthan Medical Services Corporation Limited	Monthly	Executive Director (Fin)
18.	Jaipur Metro Rail Corporation Limited	Quarterly	Director (Finance)
19.	Jaipur Smart City Limited	Annual	Chief Executive Officer
20.	Kota Smart City Limited	Internal auditor for 2019-20 was not appointed.	
21.	Udaipur Smart City Limited	Quarterly	Chief Financial Officer
22.	Giral Lignite Power Limited	Annual	Chief Engineer
23.	Barmer Lignite Mining Company Limited	Quarterly	Board of Directors
24.	Rajasthan State Gas Limited	Yearly	Managing Director
25.	Rajasthan State Petroleum Corporation Limited	Yearly	Financial Advisor

Annexure 4.1
(Referred to in Paragraph 4.4, 4.7 and 4.8 at Page No. 55 and 56)

Statement showing SPSEs required to constitute CSR Committee and amount spent on CSR activities

Sl. No.	SPSEs required to constitute CSR Committee	Date of constitution of CSR Committee	Independent Director in CSR Committee	No. of CSR Committee meetings	Opening balance carried forward	Two per cent amount for the year	Amount spent during FY	Closing balance carried forward
					(Amount: Rs. in lakh)			
1.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	13.11.2017	Not appointed	Nil	0	0	247.54	0
2.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	16.03.2015	Yes	2	734.05	0	536.64	197.41
3.	Ajmer Vidyut Vitran Nigam Limited	16.09.2014	Not appointed	1	0	0	0	0
4.	Jaipur Vidyut Vitran Nigam Limited	26.06.2014	Not appointed	1	0	0	0	0
5.	Jodhpur Vidyut Vitran Nigam Limited	30.07.2014	Not appointed	1	0	0	0	0
6.	Rajasthan Renewable Energy Corporation Limited	02.07.2014	Not appointed	1	48.04	44.51	92.00	0.55
7.	Rajasthan Solarpark Development Company Limited	15.09.2017	Not required	1	18.08	25.54	42.76	0.86
8.	Rajasthan State Power Finance & Financial Services Corporation Limited	31.03.2017	Not appointed	1	35.48	13.16	0	48.64
9.	Rajasthan State Ganganagar Sugar Mills Limited	26.06.2015	Not appointed	1	0	107.2	107.20	0.00
10.	Rajasthan State Beverage Corporation Limited	01.04.2015	Not appointed	Nil		59.84	0	59.84
11.	Rajasthan State Industrial Development & Investment Corporation Limited	12.03.2014	Not appointed	3	0	323.85	55.5	268.35
12.	Rajasthan State Road Development & Construction Corporation Limited	13.11.2014	Not appointed	1	0	51	0	51.00
13.	Jaipur Metro Rail Corporation Limited	26.08.2015	Yes	Nil	0	0	0	0.00
14.	Rajasthan Medical Services Corporation Limited	25.01.2017	Not appointed	1	26.11	37.12	17.63	45.60
15.	Rajasthan State Food & Civil Supplies Corporation Limited	29.09.2014	Not appointed	Nil	0	16.62	0	16.62
16.	Rajasthan State Seeds Corporation Limited	30.06.2014	Not appointed	1	34.66	24.13	0	58.79
17.	Rajasthan State Mines & Minerals Limited	12.12.2014	Yes	1	1716.26	390.88	193.26	1913.88
18.	Barmer Lignite Mining Company Limited	16.07.2014	Not required	Nil	0	54.35	54.35	0.00
19.	Rajasthan State Gas Limited	23.12.2019	Not required	Nil	0.00	1.17	0.00	1.17
20.	RajComp Info Services Limited	03.07.2015	Yes	Nil	119.23	32.27	0	151.50
					2731.91	1181.64	1346.88	2814.21

Annexure 5.1

(Referred to in Paragraph 5.4 and 5.9 at Page No. 69 and 71)

Statement showing general compliance of RTPP Act/Rules and number of tenders invited vis-à-vis value of procurement by SPSEs during 2019-20

Sl. No.	Sector/Name of State Public Sector Enterprises (SPSEs)	Procurement Register Maintained Manual/soft copy or not maintained	SPSE constituted standing committee/Case to case basis committee	No. of Tender invited (fig. in No.)	Value of Procurement (₹ in crore)
1.	Rajasthan State Food and Civil Supplies Corporation Limited	Not maintained	Standing committee	9	0.59
2.	Rajasthan State Seeds Corporation Limited	Manual	Case to case basis	10	22.08
3.	Rajasthan State Warehousing Corporation	Not maintained	Case to case basis	27	520.41
4.	Rajasthan State Agro Industries Corporation Limited	No procurement activity- under liquidation			
5.	Rajasthan Skill and Livelihood Development Corporation	Not maintained	Standing committee	14	0.34
6.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	Manual	Standing committee	1236	353.59
7.	Rajasthan Rajya Vidyut Prasaran Nigam Limited	Manual	Standing committee	6	3.36
8.	Ajmer Vidyut Vitran Nigam Limited	Manual	Standing committee	74	673.35
9.	Jodhpur Vidyut Vitran Nigam Limited	Manual	Standing committee	59	607.10
10.	Jaipur Vidyut Vitran Nigam Limited	Manual	Standing committee	113	1829.96
11.	Rajasthan Urja Vikas Nigam Limited	Not maintained	Standing committee	11	0.73
12.	Rajasthan Renewable Energy Corporation Limited	Not maintained	Case to case basis	24	458.44
13.	Rajasthan Solarpark Development Company Limited	Soft copy	Case to case basis	3	196.11
14.	Giral Lignite Power Limited	Manual	Case to case basis	11	1.30
15.	Dholpur Gas Power Limited	-	No procurement	-	-

Sl. No.	Sector/Name of State Public Sector Enterprises (SPSEs)	Procurement Register Maintained Manual/soft copy or not maintained	SPSE constituted standing committee/Case to case basis committee	No. of Tender invited (fig. in No.)	Value of Procurement (₹ in crore)
16.	Chhabra Power Limited	-	No procurement	-	-
17.	Barmer Thermal Power Company Limited	-	No procurement	-	-
18.	Banswara Thermal Power Company Limited	-	No procurement	-	-
19.	Rajasthan State Petroleum Corporation Limited	Not maintained	No procurement	-	-
20.	Rajasthan State Gas Limited	Soft copy	Case to case basis	51	40.86
21.	Rajasthan State Power Finance and Financial Services Corporation Limited	Not maintained	Standing committee	8	0.04
22.	Rajasthan State Beverage Corporation Limited	Not maintained	Standing committee	99	26.17
23.	Rajasthan State Ganganagar Sugar Mills Limited	Soft copy	Standing committee	64	1285.99
24.	Rajasthan Police Housing and Construction Corporation Limited	Manual	Standing committee	20	21.38
25.	RajComp Info Services Limited	Soft copy	Standing committee	26	76.78
26.	Rajasthan State Industrial Development and Investment Corporation Limited	Not maintained	Standing committee	-	-
27.	Rajasthan Small Industries Corporation Limited	Not maintained	Standing committee	20	47.88
28.	Rajasthan State Handloom Development Corporation Limited	Manual	Case to case basis	-	-
29.	Rajasthan Financial Corporation	Manual	Standing committee	9	0.08
30.	Rajasthan Medical Service Corporation Limited	Manual	Standing committee	21	2130.23
31.	Rajasthan Ex-Servicemen Corporation Limited	Manual	Standing committee	9	0.29
32.	Rajasthan State Mines & Minerals Limited	Manual	Case to case basis	34	19.00
33.	Barmer Lignite Mining Company Limited	Soft copy	Standing	9	0.36

Sl. No.	Sector/Name of State Public Sector Enterprises (SPSEs)	Procurement Register Maintained Manual/soft copy or not maintained	SPSE constituted standing committee/Case to case basis committee	No. of Tender invited (fig. in No.)	Value of Procurement (₹ in crore)
			committee		
34.	Rajasthan State Road Development & Construction Corporation Limited	Not maintained	Standing committee	4	53.73
35.	Rajasthan State Road Transport Corporation	Soft copy	Standing committee	92	885.84
36.	Rajasthan Tourism Development Corporation Limited	No information provided	Standing committee	3	3.83
37.	Rajasthan State Hotels Corporation Limited	Not maintained	Standing committee	1	0.35
38.	Jaipur Metro Rail Corporation Limited	Manual	Case to case basis	30	14.44
39.	Jaipur Smart City Limited	Soft copy	Standing committee	33	176.35
40.	Ajmer Smart City Limited	Manual	Standing committee	25	310.19
41.	Kota Smart City Limited	Soft copy	Standing committee	16	442.90
42.	Udaipur Smart City Limited	Manual	Standing committee	36	64.53
43.	Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited	Manual	Standing committee	7	0.48
44.	Rajasthan Civil Aviation Corporation Limited	No procurement activity- Defunct company			
45.	Rajasthan Jal Vikas Nigam Limited	No procurement activity- Defunct company			
	Total			2214	10269.06

Glossary of abbreviations	
ASCL	Ajmer Smart City Limited
AVVNL	Ajmer Vidyut Vitran Nigam Limited
Banswara TPCL	Banswara Thermal Power Company Limited
Barmer TPCL	Barmer Thermal Power Company Limited
BLMCL	Barmer Lignite Mining Company Limited
CPL	Chhabra Power Limited
DGPL	Dholpur Gas Power Limited
GLPL	Giral Lignite Power Limited
JdVVNL	Jodhpur Vidyut Vitran Nigam Limited
JMRCL	Jaipur Metro Rail Corporation Limited
JSCL	Jaipur Smart City Limited
JVVNL	Jaipur Vidyut Vitran Nigam Limited
KSCL	Kota Smart City Limited
RCACL	Rajasthan Civil Aviation Corporation Limited
RESCL	Rajasthan Ex-Servicemen Corporation Limited
RFC	Rajasthan Financial Corporation
RIICO	Rajasthan State Industrial Development and Investment Corporation Limited
RISL	Raj COMP Info Services Limited
RJVNL	Rajasthan Jal Vikas Nigam Limited
RMSCL	Rajasthan Medical Services Corporation Limited
RPHCCL	Rajasthan Police Housing and Construction Corporation Limited
RRECL	Rajasthan Renewable Energy Corporation Limited
RRVNL	Rajasthan Rajya Vidyut Prasaran Nigam Limited
RRVUNL	Rajasthan Rajya Vidyut Utpadan Nigam Limited
RSAICL	Rajasthan State Agro Industries Corporation Limited
RSBCL	Rajasthan State Beverages Corporation Limited
RSDCL	Rajasthan Solarpark Development Company Limited
RSF&CSCL	Rajasthan State Food & Civil Supplies Corporation Limited
RSGL	Rajasthan State Gas Limited
RSGSML	Rajasthan State Ganganagar Sugar Mills Limited
RSHCL	Rajasthan State Hotels Corporation Limited
RSHDCL	Rajasthan State Handloom Development Corporation Limited
RSICL	Rajasthan Small Industries Corporation Limited
RSLDC	Rajasthan Skill and Livelihoods Development Corporation
RSMML	Rajasthan State Mines and Minerals Limited
RSPCL	Rajasthan State Petroleum Corporation Limited
RSPF&FSCL	Rajasthan State Power Finance and Financial Services Corporation Limited
RSRDCL	Rajasthan State Road Development and Construction Corporation Limited
RSRTC	Rajasthan State Road Transport Corporation
RSSCL	Rajasthan State Seeds Corporation Limited
RSWC	Rajasthan State Warehousing Corporation
RTDCL	Rajasthan Tourism Development Corporation Limited
RUDWS&ICL	Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Limited
RUVNL	Rajasthan Urja Vikas Nigam Limited
USCL	Udaipur Smart City Limited



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