

Chapter V: Financial Performance of State Public Sector Undertakings

5.1 Introduction

This Chapter presents the summary of financial performance of Government Companies and Statutory Corporations of Government of Rajasthan as revealed from their accounts/information furnished by them and results of oversight role of the Comptroller & Auditor General of India (CAG). It highlights some of significant comments issued as a result of supplementary audit of the accounts of the State Public Sector Undertakings (PSUs) conducted by the CAG and the impact of comments issued by the CAG on the financial statements received during the current year in respect of the Statutory Corporations.

State Public Sector Undertakings (PSUs) are established by Governments to carry out activities of commercial nature for the development of the State as well as to cater to the welfare of its people.

5.2 Definition of Government companies

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by 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 of a Government Company.

The Statutory Corporations are established by State Government and governed by their respective legislations.

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 to in this Report as Government Controlled Other Companies.

In this Report, PSUs encompass Government Companies, Government Controlled Other Companies and Statutory Corporations of Government of Rajasthan (GoR).

5.3 Mandate

Audit of Government Companies is conducted by the CAG under the provisions of Section 143 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 thereunder. Under the provisions of Sections 139 (5) and (7) the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Government Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the Statutory Auditors under Section 143 of the Companies Act, 2013.

1. Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs (04.09.2014).

The statutes governing Statutory Corporations also require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

5.4 Number of PSUs and status of Financial Statements

At the beginning of the year 2022-23, there were 49 PSUs under the purview of CAG for audit. Further, during the year two Government Companies i.e. Kota Bus Services Limited (KBSL) and Eastern Rajasthan Canal Project Corporation Limited (ERCPCL)² have come under the purview of CAG for audit. As a result, the number of PSUs under the purview of CAG whose accounts of 2022-23 were to be audited stood at 51, including 43 Government Companies (including 3 inactive companies), three Statutory Corporations³ and five Government Controlled Other Companies⁴ as shown in Table 5.1 below and detail is listed in *Appendix 5.1*.

Table 5.1 Details of types of PSUs

Particulars	Government Companies	Statutory Corporations	Total	Government Controlled Other Companies	Grand Total
Active	40	3	43	5	48
Inactive	3	-	3	0	3
Total	43	3	46	5	51

Out of three inactive PSUs two⁵ are non-functional and one⁶ is under liquidation.

The financial performance of the 47 PSUs (first financial statements of four PSUs have not received), based on the latest finalised financial statements received till 30 September 2023 is shown in *Appendix 5.2*. More than 50 per cent (21 PSUs) of the PSUs have not finalised their Financial Statements for year ending 2022-23. During the period 1 October 2022 to 30 September 2023, eleven PSUs have submitted Financial Statements of 2021-22 and seven have submitted only upto 2020-21 as shown in Table 5.2

Table 5.2: Coverage and nature of PSUs

S. No.	Nature of PSUs	Total Number	Number of PSUs of which accounts received during the reporting period ⁷				Number of PSUs of which accounts are in arrear (total accounts in arrear) as on 30 September 2023
			Accounts for 2022-23	Accounts for 2021-22	Accounts upto 2020-21	Total	
1.	Government Companies	40	20	10	6	36	20(38)
2.	Inactive Government Companies	3	-	2	-	2	3 (10)
3.	Total (1+2)	43	20	12	6	38	23(48)

2. KBSL and ERCPCL were incorporated in April 2015 and August 2022 respectively.

3. Rajasthan State Road Transport Corporation (RSRTC), Rajasthan State Warehousing Corporation (RSWC) and Rajasthan Financial Corporation (RFC).

4. Ajmer Smart City Limited (ASCL), Jaipur Smart City Limited (JSCL), Kota Smart City Limited (KSCL), Udaipur Smart City Limited (USCL) and Kota Bus Service Limited (KBSL).

5. Rajasthan Jal Vikas Nigam Limited (RJVN) and Rajasthan Civil Aviation Corporation Limited (RCACL)

6. Rajasthan State Agro Industries Corporation Limited (RSAICL)

7. From October 2022 to September 2023.

S. No.	Nature of PSUs	Total Number	Number of PSUs of which accounts received during the reporting period ⁷				Number of PSUs of which accounts are in arrear (total accounts in arrear) as on 30 September 2023
			Accounts for 2022-23	Accounts for 2021-22	Accounts upto 2020-21	Total	
4.	Statutory Corporations	3	1	-	-	1	2 (3)
5.	Total (3+4)	46	21	12	6	39	25(51)
6.	Government Controlled Other Companies	5	-	1	1	2	5 (11)
7.	Grand Total (5+6)	51	21	13	7	41	30(62)

Source: Information compiled on the basis of accounts received upto 30 September 2023.

The detailed analysis in this regard is given in paragraph 5.14.2.2 ahead.

5.5 PSUs and Contribution to the GSDP of the State

The ratio of turnover of the State PSUs to the Gross State Domestic Product (GSDP) shows the contribution of PSUs to the economy of the State.

On the basis of nature of activities undertaken, Government Companies and Statutory Corporations have been categorized into eight sectors. Sector wise share of turnover of these PSUs in GSDP of Rajasthan during three years period ended 31 March 2023 are given in Table 5.3:

Table 5.3. Details of turnover of PSUs vis-à-vis GSDP of Rajasthan

(₹ in crore)

S.No.	Sector	2020-21 (no. of companies)	Percentage of Turnover to GSDP	2021-22 (no. of companies)	Percentage of Turnover to GSDP	2022-23 (no. of companies)	Percentage of Turnover to GSDP
1.	Energy and Power	72,166.24 (15)	7.08	72,034.51 (16)	5.91	83,896.01 (16)	5.93
2.	Industries and Commerce	3,078.43 (6)	0.30	3,684.01 (6)	0.30	3,881.48 (7)	0.27
3.	Finance ⁸	6,978.59 (3)	0.68	9,926.19 (3)	0.81	10,723.95 (4)	0.76
4.	Agriculture, Food and Allied Industries	963.18 (4)	0.09	850.97 (4)	0.07	859.33 (4)	0.06
5.	Culture and Tourism	62.80 (2)	0.01	56.02 (2)	0.00	62.12 (2)	0.00
6.	Transport	1,688.95 (2)	0.17	364.88 (2)	0.03	865.48 (2)	0.06
7.	Urban Development	73.54 (2)	0.01	62.25 (2)	0.01	129.89 (2)	0.01
8.	Others	1,974.71 (7)	0.19	1,976.81 (7)	0.16	3051.37 (9)	0.22
9.	Government Controlled other Company	- (4)		- (4)		- (5)	
	Total Turnover	86,986.44		88,955.64		1,03,469.63	
	GSDP of Rajasthan	10,19,442		12,18,193		14,13,620	
	Percentage of turnover to GSDP of Rajasthan		8.53		7.30		7.32

Source: GSDP figures are as per Central Statistical Office (CSO), Ministry of Statistics & Programme Implementation, GoI and Information compiled on the basis of latest finalised accounts upto 30 September 2023.

The contribution of PSUs to GSDP of Rajasthan declined from 8.53 *per cent* in 2020-21 to 7.32 *per cent* in 2022-23, though the turnover of these PSUs increased by 18.95 *per cent* during 2022-23 compared to turnover in 2020-21. During the last

8. Including RSBCL and RSGSM which pertain to Excise/Liquor

three years the Compound Annual Growth Rate (CAGR) of GSDP was 12.28 *per cent*, while the CAGR of turnover of the PSUs was 7.71 *per cent*.

The PSUs in Power Sector have contributed maximum turnover constituting 81.08 *per cent* followed by Finance Sector contributing 10.36 *per cent* of the total turnover of PSUs during 2022-23. The turnover of the three Government Controlled Other Companies was nil during 2022-23.

5.5.1 Summary of financial performance of PSUs

Summary of financial performance of PSUs is given in Table 5.4 (*Details vide Appendix 5.2*)

Table 5.4: Summary of financial performance of PSUs covered in this Report

(₹ in crore)		
Particulars	No. of PSUs	Amount
Government Companies and Statutory Corporations		
Number of State PSUs	44	—
Paid up capital	44	54,613.45
Long term loans	22	1,20,433.07
Net profit	26	1,247.10
Net loss	15	18,813.80
Zero profit/loss	3	—
Shareholder Fund/Net Worth	44	(-) 63,239.53
Government Controlled Other Companies		
Number of State PSUs	3	--
Paid up capital	3	600.00
Long term loans	-	--
Net profit	1	1.05
Net loss	2	0.11
Zero profit/loss	-	--
Shareholder Fund/Net Worth	3	610.52

Source: Information compiled on the basis of latest finalised financial statements upto 30 September 2023.

5.6 Investment in PSUs and budgetary Support

5.6.1 Equity Holding and Loans in active PSUs

The Sector wise investment of State Government in Government Companies and Statutory Corporations as on 31 March 2023 is given in Table 5.5.

Table 5.5: Sector wise investment of State Government in Government Companies and Statutory Corporations

(₹ in crore)								
Nature of Sector	Investment							
	Total Equity	GoR Equity	Total Long Term Loans	GoR Loans	Total sector wise investment	Total sector wise investment of GoR	Sector wise percentage of Total Investment of GoR	Sector wise percentage of Total Investment of GoR
1	2	3	4	5	6=2+4	7=3+5	8=7/6*100	9
Energy and Power	50,138.18	49,570.75	1,19,209.07	4,339.60	1,69,347.25	53,910.35	31.83	88.90
Industry and Commerce	531.48	468.18	1,551.32	6.92	2,082.80	475.53	22.83	0.78
Finance	627.39	627.34	500.00	0.00	1,127.39	627.34	55.65	1.03

Nature of Sector	Investment							
	Total Equity	GoR Equity	Total Long Term Loans	GoR Loans	Total sector wise investment	Total sector wise investment of GoR	Sector wise percentage of Total Investment of GoR	Sector wise percentage of Total Investment of GoR
Agriculture Food & Allied Industries	71.46	66.27	378.59	378.59	450.05	444.86	98.85	0.73
Culture & Tourism	30.61	30.61	197.67	57.57	228.28	88.18	38.63	0.15
Transport	2,054.69	2,027.86	689.20	0.00	2,743.89	2,027.86	73.90	3.34
Urban Development	2,460.05	1,983.77	1,955.84	769.01	4,415.89	2,752.78	62.34	4.54
Others	317.37	317.37	3,186.62	0.50	3,503.99	317.87	9.07	0.52
Total	56,231.23	55,092.15	1,27,668.31	5,552.19	1,83,899.54	60,644.77	32.98	100.00

Source: Information received from PSUs

As on 31 March 2023, State Government's total investment of ₹ 60,644.77 crore in Government Companies and Statutory Corporations comprised of equity capital ₹ 55,092.15 crore (90.84 *per cent*) and long-term loans of ₹ 5,552.19 crore (9.16 *per cent*). The thrust of State Government's investment was mainly in Power Sector PSUs which constituted 89.16 *per cent* of Equity and 93.37 *per cent* of Loans as on 31 March 2023.

Details of significant equity holding (holding of more than ₹ 10,000 crore) of the State Government as at the end of March 2023 in the paid-up capital of the State PSUs is given in Table 5.6.

Table 5.6: Significant holding of the State Government

S. No.	Name of the State PSU	Name of the Department	(₹ in crore)
			Amount
1	Jaipur Vidyut Vitaran Nigam Limited	Energy & Power	12,036.35
2	Ajmer Vidyut Vitaran Nigam Limited	Energy & Power	11,000.13
3	Jodhpur Vidyut Vitaran Nigam Limited	Energy & Power	10,992.72
4	Rajasthan Rajya Vidyut Utpadan Nigam Limited	Energy & Power	10,631.74
	Total		44,660.94

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023.

It was observed that out of the total equity investment in Government Companies and Statutory Corporations, a significant amount ₹ 44,660.94 crore (79.42 *per cent*) was in the above four PSUs. During 2022-23, the State Government invested ₹ 557.55 crore in these PSUs despite being in loss continuously.

5.6.2 Budgetary support to PSUs

State Government provides financial support to the State PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans converted to equity, interest written-off during the years and outstanding guarantees of the Government Companies and Statutory Corporations for the last three years ending March 2023 are given in the Table 5.7.

Table 5.7: Statement showing details regarding budgetary support to Government Companies and Statutory Corporations

(₹ in crore)

S. No	Particulars	2020-21		2021-22		2022-23	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
Power Sector PSUs							
(i)	Equity Capital	4	403.49	5	609.50	5	661.72
(ii)	Loans given	1	2.00	0	0	0	0.00
(iii)	Grants/Subsidy provided	5	14,365.40	4	22,991.68	4	25,630.91
(iv)	Total outgo (i+ii+iii)		14,770.89		23,601.18		26,292.63
(v)	Loan repayment written off	0	0	0	0	0	0.00
(vi)	Loans converted into equity	0	0	3	472.50	0	0.00
(vii)	Guarantees issued	5	15,521.00	5	21,671.47	4	30,333.84
(viii)	Guarantees commitment	5	70,075.63	5	79,681.03	5	84,524.57
Other than Power Sector PSUs							
(i)	Equity Capital Outgo	0	0.00	2	288.37	6	1,163.64
(ii)	Loans given	0	0.00	1	34.37	1	140.00
(iii)	Grants / Subsidy provided	6	1,084.16	9	1,013.39	12	1,126.95
(iv)	Total outgo (i+ii+iii)		1,084.16		1,336.13		2430.59
(v)	Loan repayment written off	0	0	0	0	0	0.00
(vi)	Loans converted into equity	0	0	4	961.83	0	0.00
(vii)	Guarantees issued	1	200.00	4	2,026.00	2	412.00
(viii)	Guarantees commitment	4	5,260.36	5	6,280.42	4	4,448.19

Source: Compiled as per information received from PSUs.

In addition to providing budgetary support, the State Government helps the PSUs in raising loans from the banks and Public Financial Institutions by giving guarantee for repayment of principal and interest. As can be seen from the above table, the budgetary support by State Government to Power Sector PSUs towards equity loans and grants/subsidy ranged between ₹ 14,770.89 crore to ₹ 26,292.63 crore during last three years. The outstanding guarantee commitments given for Power Sector PSUs increased from ₹ 70,075.63 crore in 2020-21 to ₹ 84,524.57 crore in 2022-23. The budgetary support to Non-Power Sector PSUs towards equity loans and grants/subsidy ranged between ₹ 1,013.39 crore to ₹ 1,126.95 crore during last three years. The outstanding guarantee commitments given for Non-Power Sector PSUs decreased from ₹ 5,260.36 crore in 2020-21 to ₹ 4,448.19 crore in 2022-23.

5.7 Restructuring, Disinvestment and Privatisation of PSUs

During the year 2022-23, there was neither disinvestment of any State PSU nor was any PSU privatized.

5.8 Analysis of outstanding loans given to SPSUs

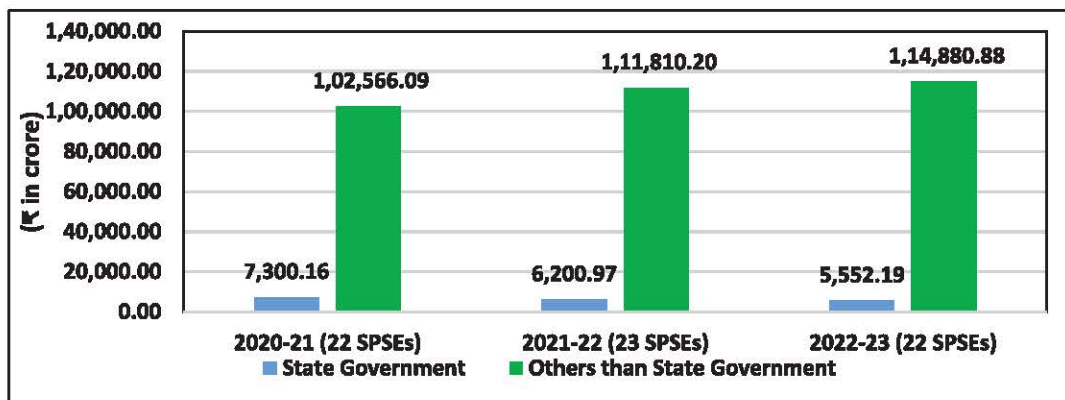
5.8.1 Long-term loans outstanding as on 31 March 2023

As on 31 March 2023, the total long-term loans outstanding in 22 out of 47 PSUs from all sources was ₹ 1,20,433.07 crore, an increase of ₹ 2,421.90 crore from previous year 2021-22 (₹ 1,18,011.17 crore).

Out of the total outstanding long term loans as on 31 March 2023, 83.89 per cent loans pertained to four Power Sector PSUs viz. Jaipur Vidyut Vitran Nigam Limited (₹ 24,657.22 crore), Ajmer Vidyut Vitran Nigam Limited (₹ 19,131.65 crore),

Jodhpur Vidyut Vitran Nigam Limited (₹ 23,999.21 crore), Rajasthan Rajya Vidyut Utpadan Nigam Limited (₹ 33,240.88 crore). Year-wise details of outstanding long-term loans of PSUs is depicted in **Chart 5.1**.

Chart 5.1. Outstanding Long term loans of State PSUs as on 31 March 2023



Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023 and information received from PSUs.

The number of PSUs having long term loans has decreased from 23 in 2021-22 to 22 in 2022-23.

5.8.2 Adequacy of assets to meet loan liabilities

Ratio of total assets to total long term loans 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 loan. The coverage of long-term loans by value of total assets in 22 PSUs which had outstanding long term loans as on 31 March 2023 is given in **Table 5.8**.

Table 5.8: Coverage of long-term loans with total assets as on 31 March 2023

Nature of State PSU	Positive Coverage				Negative Coverage			
	No. of PSUs	Long term loans	Assets	Percent- age of assets to loans	No. of PSUs	Long term loans	Assets	Percent- age of assets to loans
		(₹ in crore)				(₹ in crore)		
Government Companies	18	1,18,567.22	1,72,378.01	145.38	1	46.61	4.75	10.19
Statutory Corporations	3	1,819.24	15,317.03	841.95	—	--	--	--
Total	21	1,20,386.46	1,87,695.04	987.33	1	46.61	4.75	10.19

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023.

Out of 22 PSUs, in respect of one PSU viz., Rajasthan State Agro Industries Corporation Limited the value of total assets was less than the loans outstanding and the company is under liquidation.

5.9 Returns from PSUs

As per latest finalised accounts of 43 Government Companies and 3 Statutory Corporations, 26 PSUs earned profit, 15 PSUs reported losses, 3 PSUs had neither profit nor loss and Financial Statements of two PSUs were not received during the year 2022-23. Further, out of five Government Controlled Other Companies, one

PSU earned profit, two PSUs incurred losses and Financial Statements of two PSUs were not received during the year 2022-23.

5.9.1 Profit earned by PSUs

The overall profit of these 27 PSUs was ₹ 1,248.15 crore. The sector wise list of PSUs which earned profit during the year 2020-21 to 2022-23 is given in Table 5.9.

Table 5.9: Details of Sector wise profit making PSUs during 2020-21 to 2022-23
(₹ in crore)

Year	Sectors	No. of profit making PSUs	Net profit after tax	Accumulated losses(-) /surplus	Net Worth
2020-21	Energy and Power	6	325.94	-29069.16	-13330.63
	Industry and Commerce	4	670.4	4689.88	5004.58
	Finance	3	90.14	349.44	621.83
	Agriculture Food & allied Industries	3	95.51	514.72	580.16
	Culture & Tourism	0	0	0	0
	Transport	1	0.04	-6.31	-1.82
	Urban Development	1	3.55	25.37	74.04
	Others	7	46.94	300.78	418.1
	Government Controlled Other Companies	1	0.05	4.45	204.45
	Total	26	1232.37	-23190.8	-6429.29
2021-22	Energy and Power	6	1053.02	-56272.5	-33420.6
	Industry and Commerce	5	765.48	5214.81	5690.24
	Finance	3	85.45	434.01	716.4
	Agriculture Food & allied Industries	3	32.9	577.69	643.13
	Culture & Tourism	1	10.09	-141.72	-119.77
	Transport	1	0.04	-6.27	-1.78
	Urban Development	1	0.06	25.43	74.1
	Others	7	37.2	330.46	447.78
	Government Controlled Other Companies	1	0.05	4.45	204.45
	Total	28	1984.29	-49833.7	-25766.10
2022-23	Energy and Power	5	90.40	-1,135.46	3,921.48
	Industry and Commerce	6	821.14	5,987.06	6,472.49
	Finance	3	59.93	462.35	1,084.74
	Agriculture Food & allied Industries	3	40.44	594.76	660.21
	Culture & Tourism	0	0	0	0
	Transport	1	0.03	-6.24	-1.75
	Urban Development	2	144.42	-323.07	2,136.99
	Others	6	90.74	419.06	535.11
	Government Controlled Other Companies	1	1.05	2.34	202.34
	Total	27	1,248.15	6,000.80	15011.61

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023.

The list of PSUs which earned profit of more than ₹ 100 crore during the year 2022-23 is given in Table 5.10.

Table 5.10: List of top profit-making PSUs during 2022-23
(₹ in crore)

S. No.	Name of the State PSUs	Net Profit
1.	Rajasthan State Industrial Development and Investment Corporation Limited (RIICO)	752.06
2.	Jaipur Metro Rail Corporation Limited	143.30
Total		895.36

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023.

It may be seen that only 2 PSUs contributed 71.73 *per cent* of the total profit earned by 27 PSUs during 2022-23. Out of these, RIICO could register profits because of its monopolistic advantage in the market. RIICO is the main agency in the State which has right to develop and allot land for industrial/institutional purposes on cost plus overhead charges. Besides, JMRCL earned significant revenue from exceptional item i.e. sale of Land.

Table 5.11: Sector wise Profitability

(₹ in crore)

Sectors	No. of profit making PSUs	Profit earned	Percentage of sector's profit to total profit of State PSUs
Energy and Power	5	90.40	7.24
Industry and Commerce	6	821.14	65.79
Finance	3	59.93	4.80
Agriculture Food & allied Industries	3	40.44	3.24
Culture & Tourism	0	0	0.00
Transport	1	0.03	0.00
Urban Development	2	144.42	11.57
Others	6	90.74	7.27
Government Controlled Other Companies	1	1.05	0.08
Total	27	1,248.15	100

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023

5.10 PSUs incurring Losses

5.10.1 Losses incurred

17 PSUs, including 14 Government Companies, one Statutory Corporation and two Government Controlled Other Companies intimated losses as per latest finalised account which increased from ₹ 4,124.45 crore in 2021-22 to ₹ 18,813.91 crore in 2022-23. Details are given in Table 5.12.

Table 5.12: PSUs that incurred losses

(₹ in crore)

Year	Sectors	No. of lost making PSUs	Net loss after tax	Accumulated losses (-) /surplus	Net Worth
2020-21	Energy and Power	6	-3759.92	-68290.75	-35,444.59
	Industry and Commerce	2	-0.76	-165.33	41.46
	Finance	0	0	0	0
	Agriculture Food & allied Industries	1	-1.46	-54.83	-48.82
	Culture & Tourism	2	-6.86	-160.52	-136.41
	Transport	1	-217.06	-5186.8	-4547.84
	Urban Development	1	-60.17	-388.36	1305.68
	Others	0	0	0	0
	Government Controlled other Companies	1	-0.02	-0.12	199.88
	Total	14	-4,046.25	-74,246.71	-38,630.64
	Energy and Power	7	-3995.33	-44596.60	-17992.64
	Industry and Commerce	1	-0.99	-51.52	-5.46
	Finance	0	0	0	0
	Agriculture Food & allied Industries	1	-1.46	-54.83	-48.82

Year	Sectors	No. of lost making PSUs	Net loss after tax	Accumulated losses (-) /surplus	Net Worth
2021-22	Culture & Tourism	1	-0.1	-8.71	-6.55
	Transport	1	-43.24	-5230.04	-4591.08
	Urban Development	1	-83.25	-486.64	1471.36
	Others	0	0	0	0
	Government Controlled other Companies	2	-0.08	8.03	408.03
	Total	14	-4,124.45	-50,420.31	-20,765.16
2022-23	Energy and Power	8	-18,758.58	-1,18,341.64	-73,321.40
	Industry and Commerce	1	-2.71	-54.23	-8.17
	Finance	1	-0.05	-0.05	4.95
	Agriculture Food & allied Industries	1	-1.46	-54.83	-48.82
	Culture & Tourism	2	-10.00	-160.43	-136.33
	Transport	1	-40.96	-5,227.77	-4,588.81
	Urban Development	0	0	0	0
	Others	1	-0.04	-1.47	-0.20
	Government Controlled other Companies	2	-0.11	8.18	408.18
	Total	17	-18,813.91	-1,23,832.24	-77,690.60

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023.

PSUs which incurred losses above ₹ 100 crore during the year 2022-23 are given below in Table 5.13.

Table 5.13: State PSUs that incurred losses of more than ₹ 100 crore

(₹ in crore)			
S.No.	Name of the State PSU	Net losses	Percentage of losses to total losses of PSUs
1.	Ajmer Vidyut Vitran Nigam Limited	2,336.55	12.42
2.	Jaipur Vidyut Vitran Nigam Limited	3,698.56	19.66
3.	Jodhpur Vidyut Vitran Nigam Limited	5,866.02	31.18
4.	Rajasthan Rajya Vidyut Utpadan Nigam Limited	6,277.59	33.37
5.	Giral Lignite Power Limited	377.42	2.01
	Total	18,756.14	99.69

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023.

It may be seen that these five PSUs contributed 99.69 *per cent* of the total losses incurred by 14 Government Companies, one Statutory Corporation and 2 Government controlled other Companies during 2022-23.

During the year, the State Government invested paid-up capital of ₹ 1,059.55 crore in five of the 17 loss making PSUs.

5.10.2 Erosion of Net worth of PSUs

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

As on 31 March 2023, 24 PSUs had accumulated losses of ₹ 1,25,779.46 crore, 22 PSUs had surplus of ₹ 7,947.90 crore and one PSU had neither accumulated losses nor surplus, as per their latest accounts. Further financial statements of four PSUs

have not been received. Due to the overall accumulated losses of ₹ 1,17,831.56 crore, the overall net worth was negative which stood at ₹ (-) 62,629.01 crore against the total paid up capital of ₹ 55,213.45 crore.

Out of 24 PSUs which had accumulated losses, the net worth of 19 PSUs had been completely eroded. The total net worth of these 19 PSUs was negative at ₹ 78,131.27 crore against the paid-up capital of ₹ 45,759.15 crore as on 31 March 2023. Age-wise analysis of the negative net worth of these 19 PSUs is given below.

Table 5.14: Age-wise analysis of 19 PSUs whose net worth has been completely eroded

(₹ in crore)			
S. No.	Negative net worth since	No. of PSUs	Net worth
1.	1-5 year	5 ⁹	(-) 3,435.69
2.	More than 5 years	14	(-)74,695.58
Total		19	(-) 78,131.27

The maximum erosion of net worth was noticed in three State DISCOMs, where negative net worth of Jodhpur Vidyut Vitaran Nigam Limited (JdVVNL) was ₹ 27,835.24 crore, Jaipur Vidyut Vitaran Nigam Limited (JVVNL) was ₹ 20,759.11 crore and in Ajmer Vidyut Vitaran Nigam Limited (AVVNL) was ₹ 19,033.64 crore at the end of March 2023.

Of these 19 PSUs with negative net worth, three¹⁰ PSUs had earned profit of ₹ 7.58 crore. Details of PSUs having negative net worth as on 31 March 2023 are given in **Appendix 5.3**. State Equity of ₹ 45,358.99 crore has been completely eroded in these 19 PSUs.

Out of 19 PSUs whose net worth was eroded, net worth of one PSUs Rajasthan Rajya Vidyut Utpadan Nigam Limited has been eroded for the first time during 2022-23, three PSUs are inactive¹¹ and six PSUs are subsidiary of Power Sector PSUs. In the remaining 9 PSUs¹², net worth is continuously eroded as depicted in **Table 5.15**.

Table 5.15: Details of PSUs having continuous erosion in net worth

S. No.	Type and name of PSUs	Period of latest finalized accounts	Negative net worth (as per latest finalised statements) (₹ in crore)	Negative Net worth	Age analysis of Negative net worth (in years)	Income/ Revenue as per latest finalised Statements (₹ in crore)	Expenditure as per latest finalised Statement (₹ in crore)
1	Jodhpur Vidyut Vitaran Nigam Limited	2022-23	-27,835.24	Since 2011-12 ⁹	12	21,256.03	24,468.17
2	Jaipur Vidyut Vitaran Nigam Limited	2022-23	-20,759.11	Since 2012-13 ⁹	11	24,736.73	27,025.05
3	Ajmer Vidyut Vitaran Nigam Limited	2022-23	-19,033.64	Since 2012-13 ⁹	11	19,914.84	21,615.93
4	Rajasthan State Road Transport Corporation	2020-21	-4,588.81	Prior to 2010-11	More than 11	1,469.39	1,589.55

9. Rajasthan Rajya Vidyut Utpadan Nigam Limited, Rajasthan State Handloom Development Corporation Limited, Sangod Transmission Services Limited, Chhabra Power Limited and Dholpur Gas Power Limited

10. RSLDC, RSIC and RCACL

11. Rajasthan State Agro Industries Corporation Limited, Rajasthan Jal Vikas limited, Rajasthan Civil Aviation Corporation Limited

12. The PSUs are operational either with the Grant/Subsidy of Government/Conversion of loan into equity and lower generation of income from the regular business of PSUs.

S. No.	Type and name of PSUs	Period of latest finalized accounts	Negative net worth (as per latest finalised statements) (₹ in crore)	Negative Net worth	Age analysis of Negative net worth (in years)	Income/ Revenue as per latest finalised Statements (₹ in crore)	Expenditure as per latest finalised Statement (₹ in crore)
5	Rajasthan Tourism Development Corporation Limited Jaipur	2018-19	-128.74	Since 2010-11	9	70.97	79.12
6	Rajasthan Skill and Livelihoods Development Corporation	2021-22	-13.00	Since 2012-13	10	40.53	38.25
7	Rajasthan Small Industries Corporation Limited	2021-22	-12.77	Since 2009-10	13	60.43	55.13
8	Rajasthan State Hotels Corporation Limited	2016-17	-7.59	Prior to 2010-11	More than 7	4.93	5.94
9	Rajasthan State Handloom Development Corporation Limited	2020-21	-8.17	Since 2016-17	5	7.82	8.52
	Total		-72,387.07			67,561.67	74,885.66

Source: As per finalised FSs received up to 30 September 2023 and previous Reports.

& : Before this year, the accounts of these PSUs were prepared on no profit no loss basis.

5.11 Net Profit/loss Ratio

The overall sector-wise Net Profit/Loss of 47 PSUs out of 51 PSUs (financial statement of 4 PSUs have not received) is depicted in Table 5.16 below:

Table 5.16: Sector wise Net Profit/Loss Ratio

Sector	Net Profit/Loss of the sector	Turnover	Net Profit/loss Ratio (in Per cent)
Energy and Power	-18,668.18	83,896.01	-22.25
Industry and Commerce	818.43	3,881.48	21.09
Finance	59.88	10,723.95	0.56
Agriculture Food & allied Industries	38.98	859.33	4.54
Culture & Tourism	-10.00	62.12	-16.10
Transport	-40.93	865.48	-4.73
Urban Development	144.42	129.89	111.19
Others	90.70	3,051.37	2.97
Government Controlled Other Companies	0.94	0.00	

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023

5.11.1 Dividend pay-out by PSUs

Dividend Payment Ratio denotes the percentage of net income of a company that is distributed to its shareholders in the form of dividends. State Government is major stakeholder of the State PSUs.

The State Government had formulated (September 2004) a dividend policy under which all profit-making State PSUs 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.

During 2022-23, the State Government holds equity in 35 PSUs only. Dividend Payout Ratio of PSUs for the period 2020-21 to 2022-23 is shown in Table 5.17.

Table 5.17: Dividend Payout of PSUs during 2020-21 to 2022-23

(₹ in crore)

Year	PSUs with State Government equity		PSUs which earned profit during the year		PSUs which paid dividend during the year		Dividend Payout Ratio (%)
	Number of PSUs	Amount of Equity	Number of PSUs	Amount of equity	Number of PSUs	Dividend paid by PSUs	
1	2	3	4	5	6	7	8=7/5*100
2020-21	32	50,934.59	21	16,038.85	7 ¹³	66.08	0.41
2021-22	32	52,378.89	23	23,652.47	7 ¹⁴	63.72	0.27
2022-23	35	55,092.15	21	8,069.39	6 ¹⁵	24.94	0.31

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023.

During the period 2020-21 to 2022-23, the number of PSUs which earned profits ranged between 21 and 23 whereas six PSUs declared/paid dividend to the State Government during all three years. The Dividend Payout Ratio during 2020-21 to 2022-23 ranged between 0.27 *per cent* and 0.41 *per cent*.

Table 5.18: Dividend Payout of active PSUs during 2022-23

(₹ in crore)

Year	PSUs having GoR Equity Holding, which earned profit during the year and have no accumulated losses		Total Equity (excluding pending allotment)	GoR Equity	Total Dividend payable	Amount paid to GoR	Dividend payable Ratio (%)
	No of PSUs	Amount of profit earned					
2022-23	17	1,018.04	1,600.20	1,276.24	42.99	24.94	58.00

Out of 17 PSUs only 6 PSUs paid/declared dividend during 2022-23, the details of which is given in Table 5.19 below:

Table 5.19: Details of dividend paid/declared

(₹ in crore)

S. No	Type and name of PSUs	Total paid-up Capital	State Government Equity	Net Profit	Lower of 20 percent of Net profit or 10 percent of paid up share capital	Dividend paid or declared to GoR
1	Rajasthan Renewable Energy Corporation Limited	12.94	12.94	26.83	1.29	1.29
2	Rajasthan Industrial Development & Investment Corporation Limited	210.19	210.18	752.06	21.02	21.02
3	Rajasthan State Mines & Minerals Limited	77.55	77.54	24.09	4.82	0
4	Rajasthan Financial Corporation	160.73	128.31	24.86	4.97	0
5	Rajasthan State Power Finance and Financial Services Corporation Limited	440.00	440.00	1.07	0.21	0
6	Rajasthan State Beverages Corporation Limited	2.00	2.00	31.38	0.20	0.20
7	Rajasthan State Ganganagar Sugar Mills Limited	180.39	180.34	27.48	5.50	0
8	Rajasthan State Seeds Corporation Limited	7.59	6.33	17.79	0.76	0.76
9	Rajasthan State Food & Civil Supplies Corporation Limited	50.00	50.00	3.51	0.70	0
10	Rajasthan State Warehousing Corporation Limited	7.85	3.93	19.14	0.79	1.57
11	Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Limited	324.96	48.67	1.12	0.22	0
12	Rajasthan Police Infrastructure Development Corporation Limited	1.00	1.00	2.28	0.10	0.10
13	Rajasthan State Road Development and Construction Corporation Limited	100.00	100.00	4.32	0.86	0
14	Raj COMP Info Services Limited	5.00	5.00	28.08	0.50	0
15	Rajasthan Ex-Servicemen Corporation Limited	5.00	5.00	8.49	0.50	0
16	Rajasthan Medical Services Corporation Limited	5.00	5.00	45.29	0.50	0

13. RSMM, RSWC, RSSCL, RIICO, RSBCL, RRECL and RPIDCL.

14. RSMM, RSWC, RSSCL, RIICO, RSBCL, RRECL and RPIDCL.

15. RRECL, RSSCL, RSWCL, RSBCL, RIICO and RPIDCL.

S. No	Type and name of PSU's	Total paid-up Capital	State Government Equity	Net Profit	Lower of 20 percent of Net profit or 10 percent of paid up share capital	Dividend paid or declared to GoR
17	Rajasthan Industries Corridors Development Corporation Limited	10.00	0.00	0.25	0.05	0
	Total	1600.20	1276.24	1018.04	42.99	24.94

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023 and information furnished by PSUs.

As can be seen from the table above, 11 PSUs have not paid/declared the dividend due to GoR as per its guidelines.

5.12 Debt Servicing

5.12.1 Interest coverage

Interest coverage ratio (ICR) denotes the ability of a company to pay interest on its outstanding long term/short term debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. An ICR below one indicates that the company was not generating sufficient revenues to meet its interest expenses. The details of positive and negative interest coverage ratio of PSUs, which had finance cost during the period from 2020-21 to 2022-23 are given in Table 5.20.

Table 5.20: Interest Coverage Ratio

Year	Interest (₹ in crore)	EBIT (₹ in crore)	No. of State PSUs having liability of loan and interest	No. of State PSUs having ICR ≥ 1	No. of State PSUs having ICR < 1
2020-21	15,199.60	12,716.54	29	17	12 ¹⁶
2021-22	16,311.36	14,392.26	30	19	11 ¹⁷
2022-23	14,892.24	-2,366.24	32	19	13 ¹⁸

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023.

Sector wise interest Coverage Ratio for the year 2022-23 is given below in Table 5.21.

Table 5.21: Sector wise interest Coverage Ratio for the year 2022-23

Sector	Interest (₹ in crore)	EBIT (₹ in crore)	No. of State PSUs with outstanding loans and interest	Number of SPSUs having Interest Coverage Ratio	
				ICR ≥ 1	ICR < 1
Energy and Power	14,255.61	-4,427.20	11	3	8
Industry and Commerce	206.48	1324.73	6	5	1
Finance	52.27	101.78	2	2	0
Agriculture Food & allied Industries	18.51	69.21	4	3	1
Culture & Tourism	0.81	-9.18	2	0	2
Transport	87.69	46.73	1	0	1
Urban Development	33.47	176.77	1	1	0
Others	237.40	350.92	5	5	0
	14,892.24	-2,366.24	32	19	13

16. RSHDCL, JMRC, JVVNL, RRVUNL, JdVVNL, Barmer TPCL, Banswara TPCL, GLPL, RSHCL, RTDCL, RSRTC, RSAICL.

17. RSHDCL, JMRC, RRVUNL, RVPNL, JdVVNL, Barmer TPCL, Banswara TPCL, GLPL, RSHCL, RSRTC, RSAICL.

18. RSHDCL, AVVNL, JVVNL, RRVUNL, JdVVNL, Banswara TPCL, GLPL, RSHCL, RSRTC, RTDC, STSL, RSAICL, BTPCL.

As of 31 March 2023, there were 13 PSUs with ICR less than one. This involves RSHDCL, AVVNL, JVVNL, RRVUNL, JdVVNL, Banswara TPCL, BTPCL, GLPL, RSHCL, RSRTC, RTDCL, STSL and RSAICL.

5.13 Financial Performance of PSUs

5.13.1 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures company's long-term profitability and the efficiency with which total capital is employed by a company. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed¹⁹.

The consolidated ROCE of PSUs during the period from 2020-21 to 2022-23 is given in Table 5.22 (Details in *Appendix 5.4*).

Table 5.22: Return on Capital Employed

(₹ in crore)				
Year	Sector	EBIT (₹ in crore)	Capital employed (₹ in crore)	ROCE (in percentage)
2020-21	Energy and Power	11162.77	52433.56	21.29
	Industry and Commerce	1144.62	6804.22	16.82
	Finance	135.03	622.14	21.70
	Agriculture Food & allied Industries	142.85	875.32	16.32
	Culture & Tourism	-6.78	-121.41	5.58
	Transport	-72.71	-3093.04	2.35
	Urban Development	-15.89	3471.88	-0.46
	Others	327.16	3159.32	10.36
	Government Controlled Other Companies	0.54	621.21	0.09
	Total	12,817.59	64,773.20	19.79
2021-22	Energy and Power	12,764.39	57,898.59	22.05
	Industry and Commerce	1,221.70	7,181.67	17.01
	Finance	132.28	1256.56	10.53
	Agriculture Food & allied Industries	60.36	970.99	6.22
	Culture & Tourism	10.48	-99.32	-10.55
	Transport	45.01	-3,119.98	-1.44
	Urban Development	-39.57	3684.89	-1.07
	Others	314.67	3184.04	9.88
	Government Controlled Other Companies	0.47	621.13	0.08
	Total	14,509.79	71,578.57	20.27
2022-23	Energy and Power	-4,390.66	42,427.57	-10.35
	Industry and Commerce	1,325.05	7,923.82	16.72
	Finance	146.74	1,839.85	7.98
	Agriculture Food & allied Industries	69.22	988.06	7.01
	Culture & Tourism	-9.18	-125.13	7.34
	Transport	46.76	-3,117.68	-1.50

19. Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure

Year	Sector	EBIT (₹ in crore)	Capital employed (₹ in crore)	ROCE (in percentage)
	Urban Development	178.81	3713.82	4.81
	Others	354.15	3543.23	10.00
	Government Controlled Other Companies	0.24	610.52	0.04
	Total	-2,279.11	57,193.54	-3.98

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023.

ROCE of the PSUs decreased from about 20.27 *per cent* in the year 2021-22 to (-) 3.98 *per cent* during 2022-23. The decline was primarily due to reduced EBIT in proportionate to the Capital Employed and increase in accumulated losses. Further, in case of three²⁰ other Government controlled companies, the EBIT for the year 2022-23 was ₹ 0.24 crore whereas the Capital Employed in these PSUs was ₹ 610.52 crore. Hence, ROCE worked out to 0.04 *per cent* during 2022-23.

5.13.2 Return on Equity of PSUs

Return on Equity (RoE) is a measure of financial performance to assess how effectively the management is using company'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 company if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a Company 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 Company's shareholders if all assets were sold and all debts repaid. A positive shareholders' fund reveals that the company has enough assets to cover its liabilities while negative shareholders fund means that liabilities exceed its assets.

ROE has been computed in respect of 35 PSUs where State Government has direct equity investment. The details of Shareholders' fund and ROE relating to these PSUs during the period from 2020-21 to 2022-23 are given in Table 5.23 (details vide Appendix 5.5).

Table 5.23: Return on Equity

Year	Sector	Number of PSUs for which ROE calculated	Net Income for the year (₹ in crore)	Shareholders' Fund (₹ in crore)	ROE (%)
2020-21	Energy and Power	7	-3,122.32	-47,745.53	-
	Industry and Commerce	5	667.62	5,024.36	13.29
	Finance	3	90.14	621.83	14.50
	Agriculture Food & allied Industries	4	94.05	531.34	17.70
	Culture & Tourism	2	-6.86	-136.41	-
	Transport	2	-217.02	-4,549.66	-
	Urban Development	2	-56.62	1,379.72	-4.10
	Others	7	46.74	418.10	11.18
	Total	32	-2,504.27	-44,456.25	-

20. JSCL, KSCL & USCL

Year	Sector	Number of PSUs for which ROE calculated	Net Income for the year (₹ in crore)	Shareholders' Fund (₹ in crore)	ROE (%)
2021-22	Energy and Power	7	-2,626.25	-49,755.59	-
	Industry and Commerce	5	749.88	5,609.15	13.37
	Finance	3	85.45	756.40	11.30
	Agriculture Food & allied Industries	4	31.44	594.31	5.29
	Culture & Tourism	2	9.99	-126.32	-7.91
	Transport	2	-43.2	-4,592.86	-
	Urban Development	2	-83.19	1,545.46	-5.38
	Others	7	37.20	447.78	8.31
	Total	32	-1,838.68	-45,521.67	-
2022-23	Energy and Power	7	-18,317.73	-67,378.05	-
	Industry and Commerce	5	803.57	6,378.44	12.60
	Finance	4	59.88	1,089.69	5.50
	Agriculture Food & allied Industries	4	38.98	611.39	6.38
	Culture & Tourism	2	-10.00	-136.33	-
	Transport	2	-40.93	-4,590.56	-
	Urban Development	2	144.42	2,136.99	6.76
	Others	9	90.70	534.91	16.96
	Total	35	-17,231.10	-61,353.52	-

Source: Information compiled on the basis of latest finalised accounts upto 30 September 2023.

As can be seen from the above table, the Net Income of these PSUs decreased significantly from ₹ (-) 1,838.68 crore in 2021-22 to ₹ (-) 17,231.10 crore in 2022-23 mainly due to increase in losses in power sector PSUs. Further, during 2020-21, 2021-22 and 2022-23, the Net Income as well as the Shareholders' fund were negative.

5.13.3 Rate of Real Return on Investment

Rate of Real Return on Investment (RORR) measures the profitability and efficiency with which equity and similar non-interest-bearing capitals have been employed, after adjusting them for their time value, and assumes significance when compared with the conventional Rate of Return (ROR), which is calculated by dividing the PAT by the sum of all such investments counted on historical cost basis.

The State Government infused fund in 35 Government Companies in the form of Equity and Interest Free Loans. In view of the significant investment by the Government, Rate of Real Return on such investment is essential. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the Rate of Real Return on the Investment since such calculations ignore the present value of money. Present Value (PV) of the investment has been computed to assess the Rate of Real Return on the PV of Investments in the PSUs as compared to historical value of investments. Equity and Interest Free loans infused by State Government was taken as per information received from PSUs. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March, the past investments/ year-wise funds infused in the PSUs have been compounded at the year-wise average rate of interest on

government borrowings which is considered as the minimum cost of funds for the concerned year.

As of 31 March 2023, State Government investment in PSUs consisted of ₹ 53,694.29 crore²¹ as Equity and ₹ 1,982.91 crore as Interest Free Loans (IFL), after adjusting the loans converted during the year. Thus, considering the equity and net interest free loans infused in these 35 PSUs, the State Government investment on historical cost at the end of 2022-23 stood at ₹ 55,677.20 crore, as given in *Appendix 5.6*.

The PV of the investment in PSUs was computed on the basis of following assumptions:

- For the purpose of calculation of RORR, the information furnished by the PSUs in respect of Equity/Loans/loans converted, as on 31 March 2023 has been considered.
- The equity infused minus disinvestment have been reckoned as investment for calculating the RORR.
- The funds made available in the form of interest-free loans after adjusting the loans converted into equity, have been reckoned as investment.
- The average rate of interest on Government borrowings for the concerned financial year was adopted as compounded rate for arriving at present value since they represent the cost incurred towards investment of funds for the year and therefore considered as the minimum expected RORR.

**Table 5.24: Year wise details of investment by the State Government
and RORR from 2018-19 to 2022-23**

(₹ in crore)

Financial Year	PV of the total investment at the beginning of the year	Investment during the year by GoR	Total Investment	Average Rate of Investment (per cent)	PV of the Total Investment at the end of the year	Minimum expected return	Total earnings/ losses for the year	Rate of Real RoI Considering PV of the investment (per cent)
(A)	(B)	(C)	(D)=(B+C)	(E)	(F)=(D)+((D x E)/100)	(G)	(H)	(I)=Hx100/F
2018-19	74,548.38	4,078.50	78,626.88	7.30	84,366.64	5,739.76	2,893.35	3.43
2019-20	84,366.64	2,251.00	86,617.64	7.10	92,767.49	6,149.85	3,550.08	3.83
2020-21	92,767.49	465.05	93,232.54	6.60	99,385.89	6,153.35	-2,504.27	-2.52
2021-22	99,385.89	1,208.89	1,00,594.78	6.44	1,07,073.08	6,478.30	-1,838.68	-1.72
2022-23	1,07,073.08	2,663.60	1,09,736.68	6.32	1,16,672.04	6,935.36	-17,231.10	-14.77

Source: Total investment as per information received from PSUs.

Note: * Actual Equity at present value at the beginning of the year.

RORR ranged between (-) 14.77 per cent and 3.83 per cent during last five years, and decreased from (-) 1.72 per cent in 2021-22 to (-) 14.77 per cent in 2022-23. The year wise details of the investment and present value of such investment infused by the State Government for the period 2000-2001 to 2022-23 is depicted in *Appendix 5.6*. Rate of Return on State Government Investment (Historical cost viz-a-viz present value) is depicted in **Table 5.25**.

21. Total investment of State Government as on 31 March 2023 (₹ 55,092.15 crore) - Initial accumulated losses of five Power Sector PSUs (₹ 1,397.86 crore).

Table 5.25: 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 (%)
2021-22	-1,838.68	53,013.60	-3.47	1,07,073.08	-1.72
2022-23	-17,231.10	55,677.20	-30.95	1,16,672.04	-14.77

Source: Total investment as per information received from PSUs.

5.14 Audit of State Public Sector Undertakings

5.14.1 Appointment of statutory auditors of State PSUs by CAG

CAG appoints the statutory auditors of a Government Company as per Section 139 (5)/(7) of the Companies Act, 2013 (Act), which stipulates that the statutory auditors, in case of a Government Company, are to be appointed by the CAG within a period of 180 days from the commencement of the financial year and 60 days from the registration in case of first auditor. The CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report submitted to the State Legislature.

5.14.2 Submission of Financial Statements of PSUs

5.14.2.1 Need for timely submission

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). As soon as may be after such preparation, the Annual Report must be laid before the Legislative Assembly, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. 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.

Section 96 of the Companies 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. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. Consequently, the Financial Statements need to be prepared and placed in the AGM by 30 September of the following year.

Section 129 (7) of the Companies 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.

5.14.2.2 Timeliness in preparation of accounts by PSUs

Out of these 51 PSUs under the Audit purview of CAG in the state, three are inactive which are either under revival or defunct²². Out of these PSUs (including three Statutory Corporations), a total of 21 State Government Companies (including one Statutory Corporation) submitted their accounts for 2022-23 for audit by CAG on or before 30 September 2023. Annual Accounts of the remaining 30 PSUs including two Statutory Corporations were in arrears for various reasons. Further, the accounts of two PSUs entrusted for audit during 2022-23 had not been received. However, 19 State PSUs including one Statutory Corporations had submitted 20 annual accounts for the previous years by 30 September 2023. Details of arrears in submission of accounts as on 30 September 2023 are given in Table 5.26.

Table 5.26: Details of finalization of accounts by PSUs

Particulars		PSUs under Audit Jurisdiction of C&AG		
		Government Companies	Government Controlled Other Companies	Total
Total number of PSUs as on 31 March 2023		46	5	51
Active PSUs from which FSs for the year 2022-23 were received		21	0	21
Inactive PSUs from which FSs for the year 2022-23 were received		-	-	-
PSUs from which FSs for 2022-23 were not due and have no arrears		-	-	-
PSUs with arrears of Financial Statements		25	5	30
No. of FS in arrears		51	11	62
Break-up of Arrears	PSUs under Liquidation	8	-	8
	Inactive PSUs not under Liquidation	2	-	2
	Others (active PSUs with FS due)	41	11	52
Age-wise analysis of arrears of 'Others' category	One year (2022-23)	14	1	15
	Two years (2021-22 and 2022-23)	8	6	14
	Three years and More	19	4	23

Source: Information compiled by office of PAG (Audit-I), Rajasthan.

The list of the State PSUs and status of accounts in arrears is provided in **Appendix 5.1**. Audit of three Statutory Corporations viz., Rajasthan State Road Transport Corporation, Rajasthan State Warehousing Corporation and Rajasthan State Financial Corporation is conducted by the CAG as per provisions of relevant Acts. Of these three Statutory Corporations, CAG is the sole auditor for Rajasthan State Road Transport Corporation.

Among the three Statutory Corporations, one Statutory Corporation viz. Rajasthan Financial Corporation submitted Annual Accounts for the financial year 2022-23. Therefore, the Annual Accounts of two Statutory Corporation viz. Rajasthan State Road Transport Corporation for the year 2021-22 and 2022-23 and Rajasthan State

22. Two PSUs i.e. RJVNL and RCACL are not functioning while one PSUs RSAICL is under liquidation.

Warehousing Corporation for the year 2022-23 were in arrears as on 30 September 2023.

5.14.3 CAGs oversight- Audit of annual accounts and supplementary audit

5.14.3.1 Financial reporting framework

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, as recommended by the Institute of Chartered Accountants of India, after consultation with and after examination of the recommendations made by the National Financial Reporting Authority. 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.

5.14.3.2 Audit of accounts of Government Companies by Statutory Auditors

The Statutory Auditors appointed by the CAG under Section 139 of the Companies 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 the audit of public sector undertakings with the overall objective that the Statutory Auditors discharge the functions assigned to them properly and effectively. This function 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.

5.14.3.3 Supplementary audit of Financial Statements of Government Companies

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 under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on an 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, reported under Section

143 (6) of the Companies Act, 2013 are to be placed before the AGM of respective PSU.

5.15 Results of CAGs oversight role

5.15.1 Audit of Financial Statements of Government Companies under Section 143 of the Companies Act, 2013

As on 30 September 2023, 21 PSUs had submitted their Financial Statements for the year 2022-23. Further, during the period 01 October 2022 to 30 September 2023, 19 PSUs submitted 20 Financial Statements/account for previous years spanning from 2016-17 to 2021-22. Out of these 41 financial statements received, Audit Certificates were issued for the 15 accounts, Nil comments certificates were issued for 16 accounts, Non-Review Certificate were issued for four accounts, and the audit of the remaining six accounts was still in progress.

5.15.2 Amendment of Financial Statements

As a result of supplementary audit conduct by CAG of India of the financial statements received till 30 September 2023, no PSUs have amended its Financial Statements.

5.15.3 Revision of Auditors Report

As a result of supplementary audit conducted by CAG of India of the financial statements received till 30 September 2023, no Statutory Auditor of any PSU revised their report before laying of the Financial Statements of these companies in their AGM.

5.15.4 Management Letter

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 PSUs were reported as comments by the CAG under Section 143 (6) 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 'Management Letters' for taking corrective action. The deficiencies are generally related to (a) Non provisioning for various liabilities (b) adjustments arising out of audit and (c) Inadequate disclosure or non-disclosure of certain information on which management of the concerned PSU gave assurances that corrective action would be taken in the subsequent year.

During the year, 23 'Management Letters' were issued to 23 PSUs. Details are given in *Appendix 5.7*.

5.16 Conclusion

As on 31 March 2023, there were 51 PSUs including 43 Government Companies (3 out of which are inactive companies), three Statutory Corporations and five Government Controlled Other Companies.

During 2022-23, Government Companies and Statutory Corporations registered an annual turnover of ₹ 1,03,469.63 crore, which was equal to 7.32 *per cent* of the GSDP of Rajasthan. The investment of the State Government in equity and long-term loans in these PSUs was ₹ 60,644.77 crore against total investment of ₹ 1,83,899.54 crore at the end of 31 March 2023. The outstanding long terms loans of these PSUs as on 31 March 2023 increased to ₹ 1,20,433.07 crore from ₹ 1,18,011.17 crore during the previous year (2021-22).

Out of 47 PSUs, 27 PSUs earned profits (₹ 1,248.15 crore), while 17 PSUs incurred losses (₹18,813.91 crore) and three PSUs had reported neither profit nor loss. As on 31 March 2023, 24 PSUs had accumulated losses of ₹ 1,25,779.46 crore. However, Out of five Government controlled other Companies, one company made profit of ₹ 1.05 crore and two companies made losses of 0.11 crore and account of remaining two companies have not been received.

Sixty two accounts of 30 PSUs including two Statutory Corporation were in arrears.

5.17 Recommendations

- Government of Rajasthan may review the functioning of all loss-making PSUs including PSUs whose net worth has been completely eroded and take necessary steps to improve their financial performance.
- Government may issue necessary instructions to Administrative Departments to set targets for individual PSUs to furnish the accounts in time and to strictly monitor the clearance of arrears in finalization of accounts.
- Government may review the inactive Government Companies and take appropriate decision regarding their revival/winding up.

JAIPUR,
The 25 June 2024



(K. SUBRAMANIAM)
Principal Accountant General (Audit-I)
Rajasthan

Countersigned



NEW DELHI,
The 27 June 2024

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India