



RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LIMITED  
Corporate Identity Number (CIN)-U40102RJ2000SGC016484  
(Regd. Office: Vidyut Bhawan, Jan Path, Jyoti Nagar, Jaipur-302005)  
Office of the Chief Controller of Accounts (HQ)  
Phone No:0141 2744623; Fax No:0141-2740759  
Compliance Officer: Mr. A.K.C. Bhandari, Chief Controller of Accounts (HQ)  
Email:bondsrvunl@gmail.com Website:www.rvunl.com

### ADDENDUM TO PRIVATE PLACEMENT OFFER LETTER DATED 1<sup>ST</sup> DECEMBER, 2014

**ISSUE OF STATE GOVERNMENT GUARANTEED, UNSECURED, REDEEMABLE, NON-CONVERTIBLE, TAXABLE BONDS IN THE NATURE OF DEBENTURES OF Rs. 300 CRORES WITH GREEN SHOE OPTION OF Rs. 250 CRORES OF FACE VALUE OF RS. 10 LACS FOR SERIES TRANCHE-I FOR CASH AT PAR.**

This is with reference to "PRIVATE PLACEMENT OFFER LETTER" dated 1<sup>st</sup> December, 2014 regarding issue of State Government Guaranteed, Unsecured, Redeemable, Non-Convertible, Taxable Bonds in the nature of Debentures of Rs. 300 crores with green shoe option of Rs. 250 crores by Rajasthan Rajya Vidyut Utpadan Nigam Limited under Tranche - I. We would like to inform that the deemed date of allotment has been revised as **24<sup>th</sup> December, 2014**, the issue closing date remains unchanged as **22<sup>nd</sup> December, 2014**.

Issue timing shall stand revised as under:-

#### Revised ISSUE TIMINGS \*\*

Issue Opening Date	1st December 2014
Issue Closing Date	22 <sup>nd</sup> December 2014
Pay-in Date	1st December 2014 to 22 <sup>nd</sup> December 2014
Deemed Date of Allotment	24 <sup>th</sup> December 2014

**Due to extension of Issue timings as above, the "Illustration of Bond Cash Flow" mentioned at Page No. 26 of Private Placement Offer Letter dated 1<sup>st</sup> December 2014 stands revised as under:-**

Company	Rajasthan Rajya Vidyut Utpadan Nigam Limited
Face Value (per Bond)	Rs. 10,00,000/-
Issue Date/ Date of Allotment	24 <sup>th</sup> December 2014
Redemption Date	1. 30% at the end of 10th year from deemed date of allotment, i.e., 24 <sup>th</sup> December 2024 2. 30% at the end of 11th year from deemed date of allotment, i.e., 24 <sup>th</sup> December 2025. 3. 40% at the end of 12th year from deemed date of allotment, i.e., 24 <sup>th</sup> December 2026. (the above dates are subject to Business Day Convention)
Coupon Rate	9% Per Annum
Frequency of the Interest payment with specified dates	First Interest on 24 <sup>th</sup> June 2015 and subsequently on 24 <sup>th</sup> December & 24 <sup>th</sup> June every year till maturity (subject to Business Day Convention)
Day Count Convention	Actual/ Actual

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Cash Flows	Date	No. of days in Coupon Period	Amount (in Rupees)
1 <sup>st</sup> Coupon	Wednesday, June 24, 2015	182.00	44,877
2 <sup>nd</sup> Coupon	Thursday, December 24, 2015	183.00	45,123
3 <sup>rd</sup> Coupon	Friday, June 24, 2016	183.00	45,000
4 <sup>th</sup> Coupon	Saturday, December 24, 2016	183.00	45,000
5 <sup>th</sup> Coupon	Saturday, June 24, 2017	182.00	44,877
6 <sup>th</sup> Coupon	Monday, December 25, 2017	184.00	45,370
7 <sup>th</sup> Coupon	Monday, June 25, 2018	182.00	44,877
8 <sup>th</sup> Coupon	Monday, December 24, 2018	182.00	44,877
9 <sup>th</sup> Coupon	Monday, June 24, 2019	182.00	44,877
10 <sup>th</sup> Coupon	Tuesday, December 24, 2019	183.00	45,123
11 <sup>th</sup> Coupon	Wednesday, June 24, 2020	183.00	45,000
12 <sup>th</sup> Coupon	Thursday, December 24, 2020	183.00	45,000
13 <sup>th</sup> Coupon	Thursday, June 24, 2021	182.00	44,877
14 <sup>th</sup> Coupon	Friday, December 24, 2021	183.00	45,123
15 <sup>th</sup> Coupon	Friday, June 24, 2022	182.00	44,877
16 <sup>th</sup> Coupon	Saturday, December 24, 2022	183.00	45,123
17 <sup>th</sup> Coupon	Saturday, June 24, 2023	182.00	44,877
18 <sup>th</sup> Coupon	Monday, December 25, 2023	184.00	45,370
19 <sup>th</sup> Coupon	Monday, June 24, 2024	182.00	44,754
20 <sup>th</sup> Coupon	Tuesday, December 24, 2024	183.00	45,000
<b>Principal</b>	Tuesday, December 24, 2024	0.00	3,00,000
21 <sup>st</sup> Coupon	Tuesday, June 24, 2025	182.00	31,414
22 <sup>nd</sup> Coupon	Wednesday, December 24, 2025	183.00	31,586
<b>Principal</b>	Wednesday, December 24, 2025	0.00	3,00,000
23 <sup>rd</sup> Coupon	Wednesday, June 24, 2026	182.00	17,951
24 <sup>th</sup> Coupon	Thursday, December 24, 2026	183.00	18,049
<b>Principal</b>	Thursday, December 24, 2026	0.00	4,00,000
<b>TOTAL</b>			<b>19,99,001</b>

**Notes:**

\* The Cash Flow displayed above is calculated per bond (face value of Rs. 10,00,000).

\* The Cash Flow is calculated considering years 2016, 2020 and 2024 as Leap years. Hence, number of days taken as 366 days for interest calculations. (Actual/ Actual - as per SEBI Circular no CIR/MD/DF/18/2013 dated 29<sup>th</sup> Oct 2013). Interest payment falling on Sunday is considered at next working day.

\* If the date of payment of interest happens to be holiday, the interest payment will be made on the next working day with interest for the intervening period.

\* In case of Redemption of Bonds if the date happens to be holiday, the payment will be made on the previous working day.

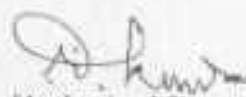


*\* The cash flow has been prepared based on the best available information on holidays and could further undergo change(s) in case of any scheduled and unscheduled holiday(s) and/or changes in money market settlement day conventions by the Reserve bank of India/ SEBI.*

For Rajasthan Rajya Vidyut Utpadan Nigam Limited

Place: Jaipur

Dated: 19<sup>th</sup> December 2014

  
(Authorized Signatory)

Chief Controller of Accounts (HQ.)  
RVUN, Jaipur



**RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LIMITED**  
 Corporate Identity Number (CIN)-U40102RJ2000SGC016484  
 (Regd. Office: Vidyut Bhawan, Jan Path, Jyoti Nagar, Jaipur-302005)  
 Office of the Chief Controller of Accounts (HQ)  
 Phone No:0141 2744623: Fax No:0141-2740759  
 Compliance Officer: Mr. A.K.C. Bhandari, Chief Controller of Accounts (HQ)  
 Email:bondsrvunl@gmail.com Website:www.rvunl.com

## **PRIVATE PLACEMENT OFFER LETTER DATED 1<sup>ST</sup> DECEMBER, 2014**

(This is a Private Placement Offer Letter issued in conformity with Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debenture) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular no. LADNRO/GN/2008/13/127878 dated June 06, 2008, as amended from time to time).

**ISSUE OF STATE GOVERNMENT GUARANTEED, UNSECURED, REDEEMABLE, NON-CONVERTIBLE, TAXABLE BONDS IN THE NATURE OF DEBENTURES OF Rs. 300 CRORES WITH GREEN SHOE OPTION OF Rs. 250 CRORES OF FACE VALUE OF RS. 10 LACS FOR SERIES TRANCHE-I FOR CASH AT PAR.**

<b>TRUSTEE FOR THE BONDHOLDERS</b> <b>M/s All Bank Finance Ltd</b>	<b>REGISTRAR TO THE ISSUE</b> <b>Karvy Computershare Pvt. Limited</b>
Allahabad Bank Building, 2 <sup>nd</sup> Floor, 37, Mumbai Samachar Marg, Fort, Mumbai – 400023 Tele no.: 022-2262 6283 Fax No.: 022-2262 7552 Email: <a href="mailto:info@allbankfinance.com">info@allbankfinance.com</a> Website: <a href="http://www.allbankfinance.com">www.allbankfinance.com</a>	Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad- 500034 Tele No.: +91 40 23312454 Fax No.: +91 40 23311968 Email : <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> Website: <a href="http://www.karvy.com">www.karvy.com</a>

**Listing:** The Bonds are proposed to be listed on Wholesale Debt Market segment of the BSE Ltd. The in-principle approval for listing of the Bonds has been obtained by the Company from BSE Ltd. vide their letter No. DSC/COMP/RK/IP-PPDI/202/14-15 dated 12<sup>th</sup> November 2014.

### **"Arrangers to the issue":**

	<b>AXIS BANK LTD</b>  Statesman House, 13th Floor, 148, Barakhamba Road, New Delhi - 110001 Tel : 011-43682422 Fax : 011-41515449 Email: <a href="mailto:premanshu.sharma@axisbank.com">premanshu.sharma@axisbank.com</a> ;
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## **I. DEFINITIONS/ ABBREVIATIONS**

AY	Assessment Year
Articles/Articles of Association/AoA	Articles of Association of our Company as amended from time to time.
Allotment/Allot	The allotment of the Bonds to the successful Applicants pursuant to this Issue.
Applicant/ Investor	A person who makes an offer to subscribe the Bonds pursuant to the terms of this Private Placement Offer Letter and the Application Form.
Auditing Standards	Standards of auditing or any addendum thereto for companies or class of companies referred to in sub-section (10) of section 143 of the Companies Act, 2013
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for Allotment of Bonds
Arrangers to the Issue	Arrangers to the issue are the entities as listed on covering page
Board/ Board of Directors	Board/ Board of Directors means The Board of Directors of Rajasthan Rajya Vidyut Utpadan Nigam Ltd. or Committee thereof
Bond(s)/ Debenture(s)	Unsecured, Redeemable, Non-Convertible, Taxable Bonds in the nature of Debentures of face value of Rs 10 Lakh each offered through private placement route under the terms of this Private Placement Offer Letter
Bondholder(s)	Any person holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositories or whose name appears in the Register of Bondholders maintained by the Issuer/Registrar
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996)
Book Closure/ Record Date	Record date of interest shall be 15 days prior to each interest payment date and 15 days prior to the date of Maturity. Interest shall be paid to the person whose name appears as sole/first in the Register of Bondholders/Beneficial Owners position of the Depositories on Record Date. In the event of RVUN not receiving any notice of transfer at least 15 days before the respective due date of payment of interest and at least 15 days prior to the maturity date, the transferees for the Bond shall not have any claim against RVUN in respect of interest so paid to the registered Bondholder.
BSE	Bombay Stock Exchange Limited
Brickwork	Brickwork Ratings India Pvt. Ltd
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CAR	Capital Adequacy Ratio
CDSL	Central Depository Services (India) Limited
CMD	Chairman & Managing Director of RVUN
The Companies Act	The Companies Act, 1956, as amended and/or the Companies Act,

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	2013, to the extent notified by the Ministry of Corporate Affairs, Government of India, as applicable.
Debt Securities	Non-Convertible debt securities which create or acknowledge indebtedness and include debenture, bonds and such other securities of the Issuer, whether constituting a charge on the assets of the Issuer or not, but excludes security receipts and securitized debt instruments.
Debenture Trustees	AllBank Finance Limited
Deemed Date of Allotment	The cut-off date on which the Board of Directors or duly constituted committee thereof approves the Allotment of the Bonds or such any date as may be determined by the Board of Directors . All benefits under Bonds including interest on Bonds shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment may occur on the date other than Deemed Date of Allotment.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository participant as defined under Depositories Act, 1996
Designated Stock Exchange	Bombay Stock Exchange Ltd.
DER	Debt Equity Ratio
DF	Director (Finance) of RVUN
Disclosure Document	Disclosure Document dated 1 <sup>st</sup> December 2014 for Private Placement of Listed, Unsecured, Non-Convertible, Redeemable, Taxable Bonds Tranche I, in the nature of Debenture for Rs. 300 crore with Green Shoe option of Rs. 250 crores.
DP	Depository Participant
EPS	Earnings Per Share
FIs	Financial Institutions
FIIs	Foreign Institutional Investor (as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with the SEBI under applicable laws in India
FPI	Foreign Portfolio Investors as defined under SEBI (Foreign Portfolio Investors) Regulations, 2014 registered with SEBI.
Financial Year/ FY	Period of twelve months ending on March 31, of that particular Year
FRP	Financial Re-structuring Plan
GOI	Government of India
GOR	Government of Rajasthan
G-Sec	Government Securities
HUF	Hindu Undivided Family
IAS	Indian Administrative Services
Independent Director	An independent director referred to in sub-section (4) of section 149 of the Companies Act, 2013
“our”/“we”/“us”	Our Company together with its subsidiaries, associates and its joint venture on a consolidated basis. As the context may require.

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Issue/ Offer	Private Placement of Unsecured, Redeemable, Non- Convertible Bonds in the nature of Debentures of 300 Crore with Green Shoe option of Rs. 250 crores
I.T. Act	The Income Tax Act, 1961, as amended from time to time
IT Department/IT Dept.	Income Tax Department
IT	Income Tax
MW	Mega Watt
Key Managerial Personnel	Key managerial personnel, in relation to the Company, shall mean: i. Chairman & Managing Director & Chief Executive Officer or the Manager; ii. Company Secretary; iii. Whole-Time Directors; iv. Chief Financial Officer; and any such other officer as may be prescribed under the Companies Act.
Listing Agreement	Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated November 26, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-1/2010 dated January 07, 2010
Memorandum/ Memorandum of Association	Memorandum of Association of the Company as originally framed or as altered from time to time in pursuance of any previous company law or of the Companies Act, 2013
MF	Mutual Fund
NRIs	Non Resident Indians
NSE	National Stock Exchange of India Ltd.
NSDL	National Securities Depository Ltd.
PAN	Permanent Account Number
Private Placement	Offer of Bonds or invitation to subscribe to the Bonds of the Issuer(other than by way of public offer) through issue of this Private Placement Offer Letter to not more than 200 investors on such conditions including the form and manner of private placement as prescribed under the Companies Act, 2013.
Private Placement Offer Letter	Private Placement Offer Letter dated 1 <sup>st</sup> December, 2014 issued in conformity with Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debenture) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular no. LADNRO/GN/2008/13/127878 dated June 06, 2008, as amended from time to time, for private placement of Unsecured Redeemable Non Convertible Bonds in the nature of Debentures (“Bonds”) of face value of Rs. 10 lacs each for cash at par aggregating Rs. 300 crore with Green Shoe option of Rs. 250 crores to be issued by RVUN.
Registrar to the Issue/ Registrar & Transfer Agent	Karvy Computershare Pvt. Limited
RTGS	Real Time Gross Settlement



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ROC	Registrar of Companies
RVUN/ Issuer/Company	Rajasthan Rajya Vidyut Utpadan Nigam Limited, a company incorporated under Companies Act, 1956 and having its registered office at Vidyut Bhawan, Jan Path, Jyoti Nagar, Jaipur-302005 and bearing CIN U40102RJ2000SGC016484
SEBI	Securities and Exchange Board established under Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LADNRO/GN/2008/13/127878 dated June 06, 2008, as amended from time to time and any other rule, regulation or amendment as may be issued by SEBI from time to time.
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time.
TDS	Tax Deducted at Source

## **II. DISCLAIMERS**

### **A. DISCLAIMER OF THE ISSUER**

This Private Placement Offer Letter is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in conformity with Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 and SEBI Guidelines. This document does not constitute an offer to the public generally to subscription for or otherwise acquire the Bonds to be issued by RVUN. This document is for the exclusive use of the investors to whom it has been specifically addressed and it should not be circulated or distributed to third party(s). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This Bond issue is made strictly on private placement basis. Apart from this Private Placement Offer Letter, no offer document or prospectus has been prepared in connection with the offering of this Issue or in relation to Issuer.

This Private Placement Offer Letter is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the Bonds issued by RVUN. This Private Placement Offer Letter has been prepared to give general information regarding RVUN to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. RVUN believes that the information contained in this Private Placement Offer Letter is true and correct as of the date hereof. RVUN does not undertake to update this Private Placement Offer Letter to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with RVUN. However, RVUN reserves its right for providing the information at its absolute discretion. RVUN accepts no responsibility for statements made in any advertisement or another material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility.

Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscribers to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscribers to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Private Placement Offer Letter should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the Bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

This Private Placement Offer Letter is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The securities mentioned herein are being issued on private placement basis and this offer does not constitute a public offer/ invitation.

The Issuer reserves the right to withdraw the private placement of the Bond issue prior to the issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law. In such an event, the Issuer will refund the application money, if any, along with interest payable on such application money, if any.

**B. DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA**

This Private Placement Offer Letter issue/offer/invitation has not been approved by Securities & Exchange Board of India (SEBI). The Bonds have neither been recommended/approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. It is to be distinctly understood that this Private Placement Offer Letter should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Private Placement Offer Letter. Pursuant to rule 14 (3) of The Companies (Prospectus and Allotment of Securities) Rules, 2014, a copy of this Private Placement Offer Letter shall be filed with the Registrar of Companies along with fee as provided in The Companies (Registration Offices and Fees) Rules, 2014 and with SEBI within a period of thirty days of circulation of this Private Placement Offer Letter. However SEBI reserves the right to take up at any point of time, with RVUN, any irregularities or lapses in this Private Placement Offer Letter.

**C. DISCLAIMER OF THE ARRANGER**

We hereby declare that as arranger we have verified the disclosures made in the offer documents and confirm that the disclosures are true, fair and adequate and ensure that the issuer is in compliance with SEBI (Issue And Listing Of Debt Securities) Regulations, 2008 as well as all transaction specific disclosures required in schedule I of SEBI regulations and Section 42 of the Companies Act, 2013 and Rules made there under, as per the prescribed disclosure norms in this Private Placement Offer Letter. The role of the Arranger to the Issue in the assignment is also confined to marketing and placement of the Bonds on the basis of this Private Placement Offer Letter as prepared by RVUN. The Arranger to the Issue shall use this Private Placement Offer Letter for the purpose of soliciting subscription from qualified institutional investors in the Bonds to be issued by RVUN on private placement basis. It is to be distinctly understood that the aforesaid use of this Private Placement Offer Letter by the Arranger to the Issue do not in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Private Placement Offer Letter as the same has been prepared based on the information given by the issuer; nor do we take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of RVUN. The Arranger to the Issue or any of its directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this Private Placement Offer Letter.

**D. DISCLAIMER OF THE STOCK EXCHANGE**

As required, a copy of this Private Placement Offer Letter has been submitted to BSE for hosting the same on its website. It is to be distinctly understood that such submission of the document with BSE or hosting the same on its website should not in any way be deemed or construed that this Private Placement Offer Letter has been cleared or approved by the Exchange; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor do they warrant that the Issuer's bonds will be listed or continue to be listed on the Exchange; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of RVUN. Every person who desires to apply for or otherwise acquire any bonds of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**E. DISCLAIMER IN RESPECT OF JURISDICTION**

This offer of Bonds is made in India to Companies, Corporate Bodies, Trusts registered under the Indian Trusts Act, 1882, Societies registered under the Societies Registration Act, 1860 or any other applicable laws, provided that such Trust/ Society is authorized under constitution/ rules/ bye-laws to hold bonds in a company, Mutual Funds registered with SEBI, Financial Institutions, Insurance Companies, Commercial Bank including Regional Rural Bank and Co-operative Banks (subject to RBI Permission) as defined under Indian laws). The Disclosure Document does not however constitute an offer to sell or an invitation to subscribe to securities offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Private Placement Offer Letter comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of the courts at Jaipur alone. All information considered adequate and relevant about the Issuer has been made available in this Disclosure Document for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever.

**III. GENERAL INFORMATION**

Our company was established upon unbundling of erstwhile Rajasthan State Electricity Board (RSEB) into separate companies for generation, transmission and distribution functions. The restructuring of RSEB was done with a view to bring about improvement in the efficiency of Power Generation, Transmission and Distribution in the State, to facilitate and attract private investments therein and to create an environment of growth in the Power Sector for the overall benefit of the people of the State.

**Name, address, website and other contact details of the company indicating both registered office and corporate office;**

SR. No	PARTICULARS	:	DETAILS
<b>(i)</b>	<b>REGISTERED OFFICE OF THE ISSUER</b>		
•	Name	:	RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LIMITED
•	Address	:	Vidyut Bhawan, Jan Path, Jyoti Nagar, Jaipur-302005
•	Tele No	:	0141-2740362
•	Fax No	:	0141-2740759
•	Email	:	<a href="mailto:bondsrvunl@gmail.com">bondsrvunl@gmail.com</a>
•	Website	:	<a href="http://www.rvunl.com">www.rvunl.com</a>
•	CIN	:	U40102RJ2000SGC016484

<b>(ii)</b>	<b>CORPORATE OFFICE OF THE ISSUER</b>		
•	Name	:	RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LIMITED
•	Address	:	Vidyut Bhawan, Jan Path, Jyoti Nagar, Jaipur-302005
•	Tele No	:	0141-2744623
•	Fax No	:	0141-2740759
•	Email	:	<a href="mailto:bondsrvunl@gmail.com">bondsrvunl@gmail.com</a>
•	Website	:	<a href="http://www.rvunl.com">www.rvunl.com</a>
•	CIN	:	U40102RJ2000SGC016484

<b>(iii)</b>	<b>COMPLIANCE OFFICER OF THE ISSUER</b>		
•	Name	:	A.K.C. Bhandari, Chief Controller Of Accounts (HQ), RVUN
•	Address	:	Vidyut Bhawan, Jan Path, Jyoti Nagar, Jaipur-302005
•	Tele No	:	0141-2740362

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•	Fax No	:	0141-2740759
•	Email	:	<a href="mailto:bondsrvunl@gmail.com">bondsrvunl@gmail.com</a>
•	Website	:	<a href="http://www.rvunl.com">www.rvunl.com</a>

<b>(iv)</b>	<b>CHIEF FINANCIAL OFFICER OF THE ISSUER</b>		
•	Name	:	None
•	Address	:	
•	Tele No	:	
•	Fax No	:	
•	Email	:	
•	Website	:	

<b>(v)</b>	<b>ARRANGERS TO THE ISSUE</b>		
•	Name	:	Axis Bank Ltd.
•	Address	:	Statesman House 13th Floor, 148 Barakhamba Road, New Delhi-110001
•	Tele No	:	011-43682422
•	Fax No	:	011-41515449
•	Email	:	<a href="mailto:premanshu.sharma@axisbank.com">premanshu.sharma@axisbank.com</a>
•	Website	:	<a href="http://www.axisbank.com">www.axisbank.com</a>

<b>(vi)</b>	<b>TRUSTEES FOR THE BONDHOLDERS</b>		
•	Name	:	M/s All Bank Finance Limited
•	Address	:	Allahabad Bank Building, 2 <sup>nd</sup> Floor, 37, Mumbai Samachar Marg, Fort, Mumbai- 400023
•	Tele No	:	022-2262 6283
•	Fax No	:	022-2262 7552
•	Email	:	<a href="mailto:info@allbankfinance.com">info@allbankfinance.com</a>
•	Website	:	<a href="http://www.allbankfinance.com">www.allbankfinance.com</a>

<b>(vii)</b>	<b>REGISTRAR OF THE ISSUE</b>		
•	Name	:	Karvy Computershare Pvt. Limited
•	Address	:	305, New Delhi House, 27, Barakhamba Road, New Delhi-110001
•	Tele No	:	+91 11 43681700
•	Fax No	:	+91 11 43681710
•	Email	:	<a href="mailto:inward.ris@karvy.com">inward.ris@karvy.com</a>
•	Website	:	<a href="http://www.karvy.com">www.karvy.com</a>

<b>(viii)</b>	<b>CREDIT RATING AGENCIES</b>		
•	Name	:	Brickwork Ratings India Pvt Ltd
•	Address	:	IIIrd Floor, 29/3 & 32/2, Raj Alkaa Park, Bannerghatta Road, Bangalore-560076
•	Tele No	:	+91 80 4040 9940
•	Fax No	:	+91 80 4040 9941
•	Email	:	<a href="mailto:sreeharsha@brickworkratings.com">sreeharsha@brickworkratings.com</a>
•	Website	:	<a href="http://www.BrickworkRatings.com">www.BrickworkRatings.com</a>

**viii. STATUTORY AUDITORS OF THE ISSUER**

S.No.	Name	Address	Auditors of the Company Since*
1.	P.C. Modi & Co. *	R-20, Yudhister Marg, C-Scheme, Jaipur, 302005 Tel: 0141-2222735, 0141-2228503 Fax: 0141-2222697 Email: <a href="mailto:pcmcompany@gmail.com">pcmcompany@gmail.com</a>	FY 2011-12 vide CAG appointment letter dated 19 <sup>th</sup> August 2011

Being a Government Company, the statutory auditors of the Issuer are appointed by the Comptroller and Auditor General of India ("CAG"). The annual accounts of the Issuer are reviewed every year by CAG and a report is published.

\* Same firm was appointed by CAG as Statutory Auditor of the company for the FY 2012-13, 2013-14 and 2014-15.

**IV. BRIEF SUMMARY OF BUSINESS CARRIED ON BY THE COMPANY AND ITS SUBSIDIARIES WITH THE DETAILS OF BRANCHES OR UNITS:****A. OVERVIEW**

The Government of Rajasthan on July 19, 2000 had notified "Rajasthan Power Sector Reforms Transfer Scheme 2000" and unbundled the erstwhile RSEB into 5 successor power utilities, i.e. Generation (1), Transmission (1), and Distribution (3). Rajasthan Rajya Vidyut Utpadan Nigam Limited (RVUN) was assigned to manage the power generation operations of erstwhile RSEB and has also been entrusted with the job of development of new power projects under State sector in the State of Rajasthan along with operation and maintenance of power stations. RVUN is since then playing lead role in giving highest priority to the power generation for manifold and rapid development of the State. The generating stations of RVUN have acquired a distinctive reputation in the country for their efficient and economic power generation. The present installed capacity of RVUN (including its subsidiaries) is 5357.35 MW and its on-going power projects under construction which will add further capacity of 3700 MW in the times to come.

RVUN has been established to carry out the objectives specified in the Memorandum & Articles of association as amended from time to time. The main activities of RVUN are setting up power plants and operation & maintenance thereof for power generation through its coal, gas and lignite based thermal power plants as well as hydel plants.

The total installed capacity of various Thermal & Hydel Power Stations owned and run by our Company presently is 5357.35 MW. A total of 24169.21 Million Units (25326.11 MU in 2012-13) of electricity was generated during the year 2013-14. A total of 21933.32 Million Units (23041.93 MU in 2012-13) were sold to the three Power Distribution Companies of the State viz., Jaipur Vidyut Vitran Nigam Ltd. (Jaipur Discom), Ajmer Vidyut Vitran Nigam Ltd. (Ajmer Discom) and Jodhpur Vidyut Vitran Nigam Ltd. (Jodhpur Discom), as per the Power Purchase Agreement (PPA) with the aforesaid three Discoms, at a pre-determined ratio, after reducing the auxiliary consumption. The aforesaid generation does not include infirm power of new / extension units commissioned during the year under review.

The major Power Stations of RVUN have performed efficiently during the period under review. Kota Super TPS achieved a Plant Load Factor (PLF) of 87.01% (89.66% in 2012-13) while Suratgarh Super TPS achieved a PLF of 71.61% (80.44% in 2012-13) during the year 2013-14. The PLF of Suratgarh Super TPS has been reduced from the previous year due to major breakdown of Unit-2 and subsequent shut down of Unit from August 2013 to February 2014 and load backing down because of low demand of power.

Dholpur Gas TPS achieved a PLF of 33.79%, which is less than the PLF of 2012-13 (40.21%) due to shortage/ less availability of Gas (PMT, RIL & SPOT Gas) and only 44.18% gas was available during 2013-

14 as compared to 2011-12 and load backing down because of low demand of power.

Apart from above mentioned major Power Stations, Chhabra TPS, Giral TPP and Ramgarh TPP achieved PLF of 63.27% (66.76% in 2012-13), 17.27% (21.55% in 2012-13) and 52.92% (51.44% in 2012-13), respectively, during the year.

The availability of coal for thermal power projects in the country is critical as demand is growing rapidly in respect to production of coal. The major requirement of coal is met by coal received from SECL & NCL, the subsidiaries of Coal India Ltd. The coal is being supplied through Fuel Supply Agreements with SECL & NCL for the units commissioned before 31.03.2009, meeting 80% requirement of coal. The Company has also entered into Fuel Supply Agreement (FSA) for supply of coal for Units commissioned after 31.03.2009 i.e. Chhabra Units-1&2, Kota Unit-7, Suratgarh Unit-6 and 65% of coal requirement is being met through this FSA.

To meet the shortfall of indigenous coal and as per directions of Ministry of Power, Govt. of India, as well as State Govt. to optimize the power generation, Company has invited tenders and awarded contracts for purchase of 18.0 lacs MT South African originated imported coal for supply during the years 2013-14 and 2014-15.

The Company is making all out efforts for securing long term coal linkage & allotment of coal blocks for the upcoming Supercritical Thermal Power Projects at Suratgarh (Unit- 7 & 8) and Chhabra (Unit- 5 & 6). Out of total requirement of 13.00 Mtpa, MoC, GoI, had conveyed its approval to use 8.00 Mtpa Coal to be obtained from enhanced mining capacity of Parsa East & Kente Basan coal blocks for these upcoming Supercritical Thermal Power Project. For balance requirement of coal of 5.00 Mtpa for these Projects, Ministry of Coal vide letter dated 05.08.2013 has allocated 'Kente Extension' coal block to RVUN.

Company attaches great importance to discharging its social responsibilities to the community and society, where the Power Projects are being taken up and has been contributing constantly towards the Project affected areas and people by contributing to various development works in the surrounding areas of the new Power Projects at Suratgarh, Chhabra, Jhalawar, Ramgarh in addition to similar activities at the existing Power Stations of Kota, Dholpur, Banswara (Hydel).

Company has also formulated a comprehensive 'Corporate Social Responsibility Policy (CSR)' which provides for the financial contribution to implement CSR activities/ works in its ongoing as well as future Power Projects and Power Stations. State Govt. has approved this policy on 20.05.2011 and constituted 'CSR Implementation Committees' at each Power Station/ Project comprising of Members under the Chairmanship of the concerned District Collector. The CSR Implementation Committee has started functioning for implementation of CSR activities / works, as stated in the Policy.

**Date of incorporation of the company:**

Rajasthan Rajya Vidyut Utpadan Nigam Ltd was incorporated as a Public Limited Company on 19 June, 2000 and subsequently became a State Government company, upon transfer of business pursuant to the Transfer Scheme, 2000 and allotment of entire equity share capital to the State Government and its nominees.

**The business portfolio of the company:**

1. Generation of Electric Power & related activities
2. Captive Mining of Coal

**B. OUR MAIN OBJECTS AS PER MEMORANDUM & ARTICLES OF ASSOCIATION:**

- a) To acquire, establish, construct, take over, erect, lay, operate, run, manage, hire, lease, buy, sell maintain enlarge, alter, renovate, modernize, work and use Electric generating, projects stations, associated lines and all the things connected thereto include power station, civil works, cables, wires, lines, accumulators

plant, motors, meters, apparatus, materials and things connected with the production, generation, use, storage, measurement and other incidental activities connected there with.

- b) To carry on the business of purchasing, importing, exporting, producing, trading, manufacturing or otherwise dealing in electric power and to coordinate, aid and advise on the activities of other companies and concerns including subsidiaries, holding, associates, affiliates engaged in the generation, transmission & distribution of power on all matters concerning the operation and maintenance of electric generating stations, transmission & distribution systems, and in the production, generation, transmission, distribution, use, storage and measurement.
- c) To study, investigate, collect information and data review operations, project reports plan, research, design, prepare feasibility reports, prepare project reports, diagnose operational difficulties and weaknesses, and advise on the remedial measures to improve and modernize existing stations and facilitate and to undertake for and behalf of others the setting up of electric power plants and generally work for the efficient and economic management of electric power and the optimum utilization of the resources available.
- d) To carry on the business of mine owners, mining of coal, lignite, washing of coal, etc. to purchase, take on lease, acquire mines, quarries, tracts and lands in India or elsewhere believed to contain metals, minerals, ores, clays, rare earths, chemical substances, filler materials, deposits, other ingredients which may seem suitable or useful for any of the Company's objects, to acquire any mining rights, powers, privileges and any interest therein, and for these purposes to survey, search, inspect, explore, examine, prospect, work, exercise, develop, process, alter, manipulate, collect, make, improve, reduce, recondition, grind, size, crush, dress, refine, win, carryout and to turn to account the mines, their products, by products, wastage, and to transfer, lease out, sell such projects.
- e) To procure, purchase, take on lease, or otherwise acquire and deal with any mines, mining rights and concessions and prospecting or development rights at any place in the world and to acquire by purchase or otherwise lands containing minerals of all descriptions including coal, natural gas, mineral oil, oil-shales, natural tar, bitumen and asphalt, precious and semi precious gems, building and decorative stones, mineral resins and other rocks and minerals of economic importance in any part of the world any interests therein and to explore, work, exercise, develop and turn to account the same and also to establish washery(s) for washing of coal.

#### C. BUSINESS DETAILS OF SUBSIDIARIES:

1. **Giral Lignite Power Limited (GLPL):-** The company was incorporated on 23<sup>rd</sup> November, 2013 under the Companies Act, 1956. The Board of Directors of RVUN approved to transfer the business of its 1x125 MW Unit-1 (Stage-I) of Giral Lignite Thermal Power Project situated at Giral in District of Barmer, Rajasthan to GLPL. GLPL is engaged in the generation of electricity and selling thereof to the Distribution Companies. Generation of electricity is one and single product.
2. **Dholpur Gas Power Limited:-** The company was incorporated on 22.11.2006 under the Companies Act, 1956, for taking up the ongoing Greenfield power project being setup by RVUN namely Dholpur (Purani Chawni) Gas based Power Project (330 MW).
3. **Chhabra Power Limited:-** The company was incorporated on 22.11.2006 under the Companies Act, 1956, pursuant to a decision taken by the Board of Directors of RVUN, for taking up the ongoing Greenfield power project being setup by RVUN namely Chhabra Coal based Thermal Power Project, stage-I (2x250 MW).
4. **Rajasthan State Coal Mining Company Limited:-** The company was incorporated on 11.05.2012 under the Companies Act, 1956, for taking up the coal mining activities being setup by RVUN namely to meet the requirements of guidelines of GoI for allocation of coal blocks to Government companies or corporation.



However, the purpose of establishing a “State Coal Mining Company” by RVUN was fulfilled by allocation of the ‘Kente Extension Coal Block’ directly to RVUN. Therefore, the Board of Directors in its 231st meeting held on 17.10.2013 decided to submit the matter to the State Government for its consideration and approval for making an application to the Registrar of Companies, Rajasthan, Ministry of Corporate Affairs (GoI) for striking-off the name of Rajasthan State Coal Mining Company Ltd., a wholly owned subsidiary company of RVUN, from the Register of Companies as a “Defunct Company” or “Inactive Company” as per applicable provisions of the Companies Act.

**D. BUSINESS DETAILS OF JOINT VENTURE:-**

- 1. Parsa Kente Collieries Limited (PKCL):-** On 3<sup>rd</sup> August 2007, RVUN had entered into a joint venture agreement with M/s Adani Enterprise Limited (AEL) under which a separate company (PKCL) was formed in which ratio of equity capital of RVUN and AEL was fixed at 26:74 respectively. Accordingly 13,00,000 equity share of PKCL were issued (March,2008) to the company, free of cost, representing 26% voting right in PKCL. Pursuant to the Coal mining & Delivery agreement, PKCL was allowed to undertake prospecting, Exploration and mining of Coal in the Parsa East & Kente basan coal blocks for a period of 30 years from commencement of supply from coal blocks. i.e. w.e.f. 25<sup>th</sup> March, 2013. Over 20 lac MT coal has been already been dispatched to linked power project i.e. Chhabra Unit 3&4 (2X250 MW) and Kalisindh Unit 1&2 (2X600 MW). Hon'ble SC vide its order dated 24.09.2014 cancelled the allocation of the aforesaid coal blocks to RVUN and the said cancellation will take effect from 31.03.2015.
- 2. Rajasthan Collieries Limited:-** On 9<sup>th</sup> December 2011, RVUN had entered into a joint venture agreement with M/s Adani Enterprise Limited (AEL) under which a separate company was formed in which ratio of equity capital of RVUN and AEL was fixed at 26:74 respectively. Ministry of coal, GoI has allocated Kente Extension coal block situated in Chhattisgarh state comprising of 200 Million Tonnes capacity to state govt. company i.e. RVUN for meeting part requirement of its Suratgarh super critical TPP Units 7&8 (2X660 MW) & Chhabra super critical TPP units-5&6 (2X660MW).

**E. DETAIL OF BRANCH/UNIT OFFICES ARE PRESENTLY WORKING:-**

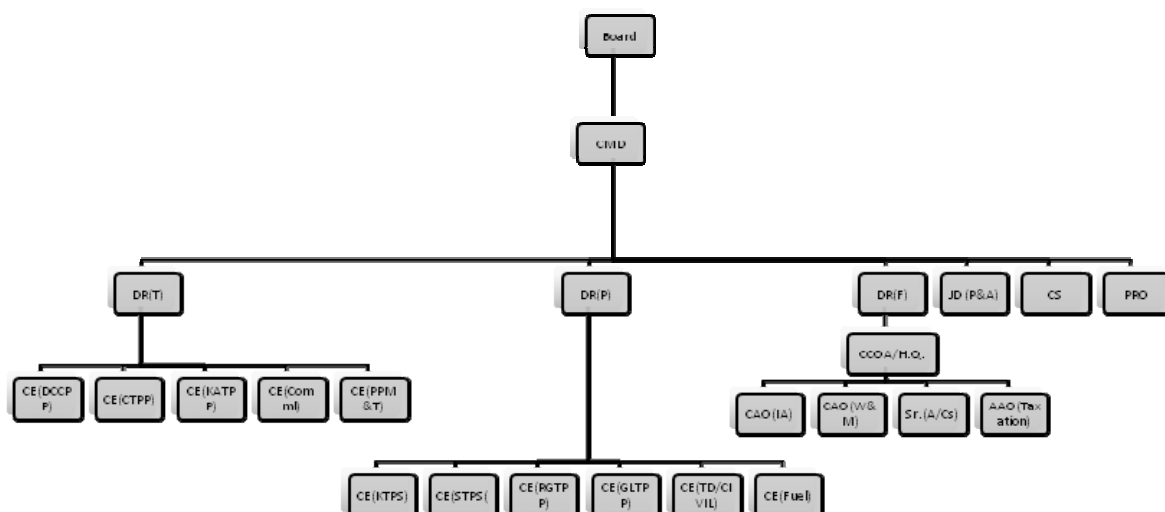
1. Suratgarh Super Thermal Power Station
2. Kota Super Thermal Power Station
3. Chhabra Thermal Power Station
4. Kalisindh Thermal Power Station
5. Dholpur Combined Cycle Power Project
6. Giral Lignite Thermal Power Station
7. Ramgarh Gas Thermal Power Station
8. Hydel Generation at Banswara
9. Hydel Generation, Kota
10. Coal Mining Ambikapur, Chattisgarh
11. Thermal Design, Jaipur
12. Hydel & Gas Projects, Jaipur

**F. PRESENT INSTALLED CAPACITY OF RVUN:**

S. No.	Particulars	Present Installed Capacity (in M.W.)
1.	Kota Super Thermal Power Station	1240
2.	Suratgarh Super Thermal Power Station	1500
3.	Ramgarh Gas Thermal Power Station	273.5
4.	Dholpur Combined Cycle Power Project	330
5.	Giral Lignite Thermal Power Station	250*
6.	Chhabra Thermal Power Station	1000
7.	Kalisindh Thermal Power Station	600
8.	Mahi Hydel Power Station, Banswara	140
9.	Mini Micro Hydel	23.85
	<b>Total</b>	<b>5357.35</b>

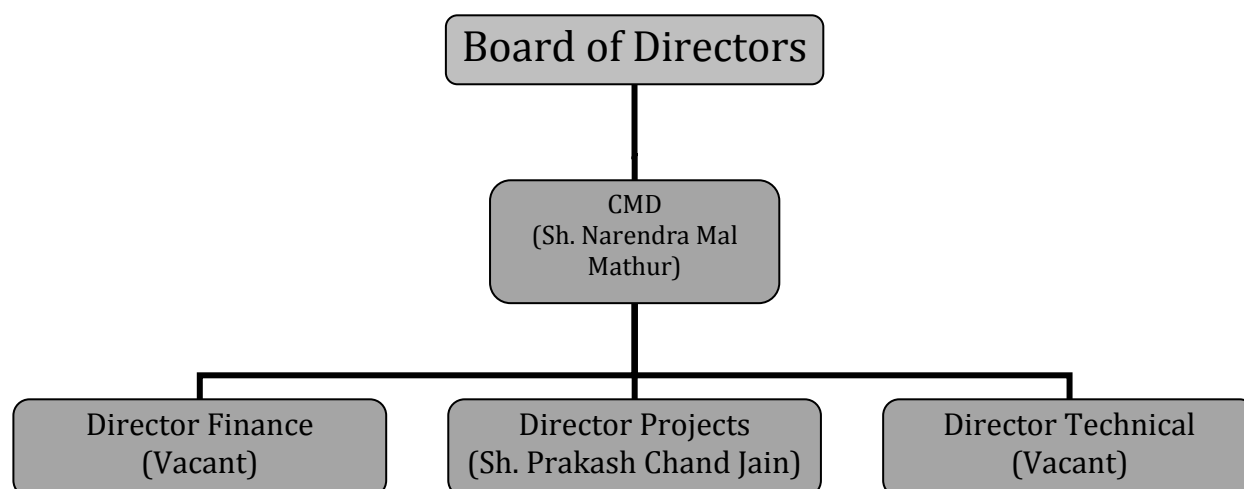
\*125 MW Unit 1 is under operation by GLPL, a wholly owned subsidiary of RVUN.

## V. CORPORATE STRUCTURE



**VI. OUR MANAGEMENT:**

Under our Articles of Association, we are required to have not less than three directors and not more than twelve directors. We currently have six directors out of which two are executive Directors including the Chairman and Managing Director, whole time Director and three Government Nominee Director.

**A. NAMES, ADDRESSES, DIN AND OCCUPATIONS OF THE DIRECTORS;**

S. N O.	Name, Designation, DIN	Age (date of birth)	Address	Directors of the company since	Details/No. of other directors hip
1.	Sh. Narendra Mal Mathur (CMD) DIN - 03033375	10/03/1950	201, Neelkanth Height, Near Ram Mandir, 22 Godwan, Jaipur-302006	31.03.2010 As CMD - 18.06.2014	6
2.	Sh. Sanjay Malhotra IAS (Director) DIN-00992744	14/02/1968	R 1/1, Chambal Residential Colony, Hawa Sadak, Jaipur-302005	29.10.2014	13
3.	Sh. Praveen Gupta IAS, (Director) DIN-03521006	19/03/1969	1/52, Saumya Marg, Gandhi Nagar, Jaipur- 302015	17.12.2013	5
4.	Sh. Prakash Chand Jain (Director Projects) DIN-03545146	06/08/1955	R-2/3, Chambar GSS Colony, Hawa Sarak, Jaipur- 302019	17.05.2011	3
5.	Sh. Arun Kumar Gupta (Director) DIN-06948144	10/09/1957	77/162, Arawali Marg, Mansarovar, Jaipur-302020	01.08.2014	9

**B. DETAILS OF CHANGES IN DIRECTORS IN LAST 3 YEARS:**

(Including the directors ceased to be on the Board during last three years)

Name	DIN	Designation	Date of Appointment	Date of Cessation	Reason
Sh. Narendra Mal Mathur	03033375	Chairman & MD Director ( Tech.)	18.06.2013 31.03.2010	-- 17.06.2013	-- Appointed as CMD
Sh. Alok, IAS	02600247	Director	21.02.2014	29.10.2014	Nomination withdrawn by GOR
Sh. Praveen Gupta IAS	03521006	Director	17.12.2013	--	--
Sh. Ram Gopal Gupta	00173937	Director	04.05.2007 04.01.2014	01.07.2010 19.11.2014	Nomination withdrawn by GOR -----do-----
Sh. Arun Kumar Gupta	06948144	Director	01.08.2014		--
Sh. Prakash Chand Jain	03545146	Director (Project)	17.05.2011	--	--
Sh. Om Prakash Khandelwal	06693572	Director (Technical)	04.09.2013	03.09.2014	Completion of Tenure
Sh. Arun Kumar Joshi	06835204	Director (Finance)	19.02.2014	15.08.2014	Due to Death
Smt. Seema Srivastava	06683122	Director	02.09.2013	01.08.2014	Nomination withdrawn by GOR
Sh. Bhawani Shankar Joshi	06530315	Director (Finance)	28.02.2013	30.11.2013	Superannuation
Sh. Tanmay Kumar, IAS	02574098	Director	13.04.2012	17.12.2013	Nomination withdrawn by GOR
Sh. Kunji Lal Meena, IAS	05220511	Director	01.03.2012	04.01.2014	Nomination withdrawn by GOR
Sh. Abhay Kumar, IAS	02389148	Director	17.10.2011 07.05.2010	13.04.2012 19.09.2011	Nomination withdrawn by GOR
Sh. Govind Sharma, IAS	02592425	Director	19.09.2011	17.10.2011	Nomination withdrawn by GOR
Smt. Shashi Mathur	03498034	Director	15.04.2011	31.07.2013	Nomination withdrawn by GOR
Sh. Sudhansh Pant, IAS	02535624	Director	16.05.2011	01.03.2012	Nomination withdrawn by GOR
Sh. Kuldeep Ranka, IAS	00279526	Director	10.09.2010	16.05.2011	Nomination withdrawn by GOR
Sh. Pradeep Narayan Singhal	03040634	Chairman & MD Director (Projects)	23.04.2011 31.03.2010	22.04.2013 22.04.2011	Completion of Tenure Appointment as CMD
Sh. Shailendra Agarwal, IAS	02790897	Director	05.10.2009	21.02.2014	Nomination withdrawn by GOR
Sh. Naresh Pal Gangwar, IAS	01180608	Director	16.01.2009	10.05.2013	Nomination withdrawn by GOR
Sh. Mukesh Chandra Gaur	02209644	Director (Finance)	24.05.2008	28.02.2013	Nomination withdrawn by GOR
Sh. Sudhir Kumar Calla	02161569	Director & MD	23.04.2008	21.04.2011	Completion of Tenure
Sh. Munna Lal Gupta	01490260	Director	25.04.2007	15.04.2011	Nomination withdrawn by GOR

**C. NAMES, DESIGNATION, ADDRESS AND PHONE NUMBER, EMAIL ID OF THE NODAL/ COMPLIANCE OFFICER OF THE COMPANY, IF ANY, FOR THE PRIVATE PLACEMENT OFFER PROCESS;**

Name	:	A.K.C. Bhandari, Chief Controller Of Accounts (HQ), RVUN
Address	:	Vidyut Bhawan, Jan Path, Jyoti Nagar, Jaipur-302005
Tele No	:	0141-2740362
Fax No	:	0141-2740759
Email	:	<a href="mailto:bondsrvunl@gmail.com">bondsrvunl@gmail.com</a>
Website	:	<a href="http://www.rvunl.com">www.rvunl.com</a>

**VII. MANAGEMENT'S PERCEPTION OF RISK FACTORS:**

The Investor should carefully consider all the information in this Private Placement Offer Letter, including the risks and uncertainties described below before making an investment in the Bonds. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, prospects, results of operations and financial condition. If any of the following or any other risks actually occur, our business prospects, results of operations and financial condition could be adversely affected and the price of, and the value of your investment in the Bonds could decline and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in the risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference, and does not in any manner indicate the importance of one risk factor over the other. In this section, unless the context otherwise requires, a reference to "the Company" and "our Company" is a reference to RVUN and unless the context otherwise requires, a reference to "we", "us" and "our" refers to RVUN and its Subsidiaries, joint ventures and associate companies, as applicable in the relevant financial period, on a consolidated basis. In this Section, all figures are on standalone basis unless otherwise mentioned.

1. Customer (Buyers of Energy)- The entire power generated by RVUN is exclusively sold to 3 State controlled Power Distribution companies of Rajasthan at pre-determined ratio and the financial condition of the said distribution companies has a bearing on the business and operations of RVUN.
2. Variation in operational efficiency, measured by Plant Load Factor (PLF) etc., of various power generation plants of RVUN depending on adequate availability of fuel and the quality thereof, affects the overall performance of the company.
3. Firm availability of Coal/Gas to the newly commenced power plants as well as to the under construction power project may be affected due to recent cancellation of coal block allocation by the Hon'ble Supreme Court and uncertainty in gas prices. In case of RVUN, the said cancellation will be effective from 31<sup>st</sup> March 2015 and it is expected that alternative arrangements of coal supplies will be secured to the linked power projects.
4. Time and cost overruns in execution of ongoing power projects mainly for reasons beyond control of RVUN is a cause of concern which affects the overall profitability of Company.

**VIII. DETAIL OF DEFAULT, IF ANY, INCLUDING THEREIN THE AMOUNT INVOLVED, DURATION OF DEFAULT AND PRESENT STATUS, IN REPAYMENT**

- i. The Issuer has not defaulted on payment of any kind of statutory dues to the Government of India, State Government(s), statutory/ regulatory bodies, authorities, departments etc., since inception.

- ii. The Issuer has not defaulted on any of its payment obligations arising out of any corporate guarantee issued by it to any counterparty including its subsidiaries, joint venture entities, group companies etc in the past.
- iii. Due to extraordinary circumstances prevailing during FY 2012-13 / 2013-14, some delays in payment of Principal and Interest have taken place, details of which are as under:-

**(Rs. In Crore)**

S.N o.	Particulars	Duration of Delay	Amount involved (Principal)	Duration of Delay	Amount involved (Interest)	Whether default is continuing
1	PFC (Term Loan)					
	2012-13	Upto 3 Months	266.83	Upto 3 Months	379.59	No
	2013-14	Upto 3 Months	2.21	Upto 3 Months	7.18	No
2	PFC (Short term Loan)					
	2012-13	Upto 3 Months	174.96	Upto 3 Months	4.86	No
	2013-14	Upto 3 Months	500	Upto 3 Months	13.28	No
3	REC (Short term Loan 2012-13)	NIL	-	Upto 1 Months	3.19	No
4	REC (Term Loan(2012-13)	NIL	-	Upto 1 Months	18.72	No
5	Commercial Banks(2012-13)	1 to 3 Months	221.15	Upto 3 Months	117.12	No

**IX. PARTICULARS OF THE OFFER**

**A. DATE OF PASSING OF BOARD RESOLUTION:**

The present placement of Bonds is being made pursuant to the resolution passed by the Board of Directors of the company at its meeting held on 19<sup>th</sup> May 2014 (Certified copy of resolution attached as Annexure-I).

**B. DATE OF PASSING OF RESOLUTION IN THE GENERAL MEETING, AUTHORIZING THE OFFER OF SECURITIES:**

Special resolution passed by the shareholders of the Company under section 42 of The Companies Act, 2013 and sub-rule 2 of rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, in the extra Ordinary General Meeting held on 25<sup>th</sup> July, 2014 (Certified copy of resolution attached as Annexure-II).

**C. KINDS OF SECURITIES OFFERED (I.E. WHETHER SHARE OR DEBENTURE) AND CLASS OF SECURITY;**

State Government Guaranteed, Unsecured, Redeemable, Non Convertible Taxable Bonds of RS. 10.00 Lacs each at par aggregating to Rs. 300 crores plus Green Shoe option upto the amount of Rs. 250 crores "Series tranche I"

**D. PRICE AT WHICH THE SECURITY IS BEING OFFERED INCLUDING THE PREMIUM, IF ANY, ALONGWITH JUSTIFICATION OF THE PRICE;**

Each Bond has a face value of Rs. 10,00,000/- (Rupees Ten Lacs Only) and is issued at par i.e. for Rs. 10, 00,000/-(Rupees Ten Lacs Only).

**E. AMOUNT WHICH THE COMPANY INTENDS TO RAISE BY WAY OF SECURITIES:**

The company intends to raise Rs. 300 crores plus green shoe option upto the amount of Rs. 250 crores

through issue of Bonds in the nature of Debentures.

**F. PROPOSED TIME SCHEDULE FOR WHICH THE OFFER LETTER IS VALID; FROM 01<sup>st</sup> DAY OF DECEMBER 2014 TO 22<sup>nd</sup> DAY OF DECEMBER 2014**

**G. PURPOSES AND OBJECTS OF THE OFFER**

The funds raised by the Issue shall be utilized towards enhanced project Cost of Units- 1 & 2 of Kalisindh Thermal Power Project (2x600MW), located at Jhalawar (Rajasthan) of RVUN as approved by the Government of Rajasthan. The total enhanced cost of Rs. 1756.51 crores is to be financed through three sources, i.e, Equity from GOR Rs 351,30 crores, Loan from Financial Institutions Rs 405.21 crores (equity and loan already been tied up) and Rs 1000 crores from issue of Bonds in one or more tranches. This offer is the first tranche of Rs.300 crore with green Shoe Option of Rs.250 Crore.

**H. CONTRIBUTION BEING MADE BY THE PROMOTERS OR DIRECTORS EITHER AS PART OF THE OFFER OR SEPARATELY IN FURTHERANCE OF SUCH OBJECTS**

Equity from promoter, i.e, GOR – Rs 351.30 Crore (20%) has been committed. The total enhanced cost of Rs. 1756 crores is to be financed through three sources, i.e, Equity from GOR, Loan from Financial Institutions and issue of Bonds.

**X. TERMS OF RAISING OF BONDS:**

Issuer	Rajasthan Rajya Vidyut Utpadan Nigam Limited
Type of Instrument	State Government Guaranteed, Unsecured, Redeemable, Non Convertible Taxable Bonds in the nature of Debentures.
Nature of Instrument	Unsecured
Seniority	N.A.
Mode of Issue	Private Placement
Eligible Investors	a) Mutual Funds, b) Public Financial Institutions specified in Section 2(72) of the Companies Act 2013; c) Scheduled Commercial Banks; d) State Industrial Development Corporations; e) Insurance Companies registered with the Insurance Regulatory and Development Authority; f) Provident Funds, Pension Funds, Gratuity Funds and Superannuation Funds; g) Insurance funds set up and managed by army, navy or air force of the Union of India. h) Foreign Institutional Investors and sub-accounts, registered/ unregistered with SEBI or Foreign Portfolio Investor; i) Companies and Bodies Corporate authorized to invest in bonds/ debentures; j) Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures; k) Societies and Trusts; l) Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures;
Non- Eligible classes of investors	a) Individuals; b) Hindu Undivided Family (HUF); c) Non-residents Individuals; d) Charitable Institutions Registered under section 8 of the Indian Companies Act; e) Universities incorporated by Central ,State or provincial Act or

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	declared to be a university under section 3 of the University Grants Commission Act, 1956 ( 3 of 1956); f) Partnership firms formed under applicable laws in India in the name of the partners;
Listing ( including name of stock Exchange(s) where it will be listed and timeline for listing)	The Bonds are proposed to be listed on WDM segment of the BSE. The in-principle approvals for listing of the Bonds have been obtained by the Company from BSE vide their letter No. DSC/COMP/RK/IP-PPDI/202/14-15 dated 12 <sup>th</sup> November 2014.
Rating of the Instrument	BWR A+(SO) by Brickworks Rating Pvt. Ltd.
Issue Size	Rs.300 Crores
Green Shoe Option to retain oversubscription (Amount )	Rs.250 Crores
Objects of the Issue	The funds raised by the Issue shall be utilized towards enhanced project Cost of Units- 1 & 2 of Kalisindh Thermal Power Project (2x600MW), located at Jhalawar (Rajasthan) of RVUN as approved by the Government of Rajasthan.
Details of the utilization of the Proceeds	The funds raised by the Issue shall be utilized towards enhanced project Cost of Units- 1 & 2 of Kalisindh Thermal Power Project (2x600MW), located at Jhalawar (Rajasthan) of RVUN as approved by the Government of Rajasthan.
Coupon Rate	9% per annum
Step Up/Step Down Coupon Rate	None
Coupon Payment Frequency	Semi-annually
Coupon payment dates	Half yearly from the deemed date of allotment.
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	None
Day Count Basis	Actual/ Actual
Interest on Application Money	Interest at the applicable coupon rate (subject to deduction of Income Tax under the Provisions of the Income Tax Act 1961, or any Statutory modification or reenactment as applicable) will be paid to all the applicants on the Application Money for the Bonds. Such interest shall be paid from the date of realization of cheque (s)/Demand Draft (s) and in case of RTGS/other means of electronic transfer, interest shall be paid from the date of receipt of funds to one day prior to the Deemed Date of Allotment. Such interest would be paid on all the valid applications including the refunds. Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refund orders. Where an applicant is allotted lesser number of bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money. Such interest shall be paid by the issuer within 15 days from the Deemed Date of Allotment.
Default Interest Rate	In case of default in payment of interest and/or principal redemption on the due dates, additional interest of at least @ 2% p.a. over the coupon rate will be payable for the defaulting period. Also refer “Events of Default” in the Summary Term Sheet of Disclosure Document.
Tenure	12 Years from Deemed Date of Allotment
Redemption Date	1. At par 30% at end of 10th year from deemed date of allotment. 2. At par 30% at end of 11th year from deemed date of allotment. 3. At par 40% at end of 12th year from deemed date of allotment.



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Redemption Amount	At Par (Rs. 10 lakh per Bond)
Redemption Premium /Discount	None
Bond Series	Tranche-I
Security Name	N/A
Issue Price	Rs. 10, 00,000/- (Rupees Ten Lakhs) per Bond.
Face Value	Rs. 10, 00,000/- (Rupees Ten Lakhs) per Bond.
Discount at which security is issued and the effective yield as a result of such discount.	Since there is no discount or premium on either issue price or redemption value of the Bonds, the effective yield for the investors shall be the same as the Coupon Rate on the Bonds at the time of issue.
Put option Date	N/A
Put option Price	N/A
Call Option Date	N/A
Call Option Price	N/A
Put Notification Time	N/A
Call Notification Time	N/A
Minimum Application and in multiples of Debt securities thereafter	Minimum application is of 10 bonds of face value of Rs. 10 lakhs and in multiple of 5 bonds thereafter
Basis of Allotment (if any)	The issuer reserves the right to reject any/all applications fully or partially at its sole discretion, without assigning any reason whatsoever.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT or any other electronic mode offered by the Banks.
Business Day Convention	<p>1. If any interest payment date falls on a day which is not a Business Day ('Business Day' being a day on which Commercial Banks are open for business in the city of Jaipur, Rajasthan), then the payment of interest will be made on the next day i.e. a Business Day with interest for the intervening period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.</p> <p>2. In case if the principal redemption date falls on a day which is not a Business Day ('Business Day' being a day on which Commercial Banks are open for Business in the city of Jaipur, Rajasthan), then the payment due shall be made on previous working day.</p> <p>3. In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.</p>
Record Date	15 days prior to each Coupon Payment Date and Redemption Date
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Security (where applicable)	The Bonds are backed by Unconditional & Irrevocable Guarantee from Government of Rajasthan (GOR) for timely repayment of principal and payment of interest along with Escrow cover, till the principal is redeemed fully from the date of issue of Bonds.
Transaction Documents	The Issuer has executed/shall execute the documents including but not limited to the following in connection with the issue:

	<ol style="list-style-type: none"> <li>1. Letter appointing Trustees to the Bond Holders.</li> <li>2. Bond/Debenture Trusteeship agreement;</li> <li>3. Rating agreement with Brickworks Ratings India Pvt Ltd.;</li> <li>4. Tripartite agreement between the Issuer, Registrar and NSDL/CSDL for issue of Bonds in dematerialized form;</li> <li>5. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar.</li> <li>6. Application made to BSE for seeking their in-principle approval for listing of Bonds.</li> <li>7. Listing Agreement with BSE.</li> <li>8. Letters appointing Arrangers to the Issue.</li> </ol>
Conditions Precedent to Disbursement	<p>The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ol style="list-style-type: none"> <li>1. Rating letter(s) from the aforesaid rating agencies not being more than one month old from the issue opening date;</li> <li>2. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s);</li> <li>3. Application to BSE for seeking its in-principle approval for listing of Bonds.</li> </ol>
Condition Subsequent to Disbursement	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Private Placement Offer Letter:</p> <ol style="list-style-type: none"> <li>1. Ensuring that the payment made for subscription to the Bonds is from the bank account of the person/entity subscribing to the Bonds and keep record of the bank accounts from where payments for subscriptions have been received and in case of subscription to the Bonds to be held by joint holders, monies are paid from the bank account of the person whose name appears first in the Application Form;</li> <li>2. Maintaining a complete record of private placement offers in Form PAS-5 and filing the such record along with Private Placement Offer Letter in Form PAS-4 with the Registrar of Companies, with fee as provided in Companies (Registration Offices and Fees) Rules, 2014 and with Securities and Exchange Board of India, within a period of thirty days of circulation of the Private Placement Offer Letter;</li> <li>3. Filing a return of allotment of Bonds with complete list of all Bondholders in Form PAS-3 under section 42(9) of the Companies Act, 2013, with the Registrar of Companies, within thirty days of the Deemed Date of Allotment along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014;</li> <li>4. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment;</li> <li>5. Making listing application to BSE within 15 days from the Deemed Date of Allotment of Bonds and seeking listing permission within 20 days from the Deemed Date of Allotment of Bonds in pursuance of SEBI Debt Regulations;</li> <li>6. Executing the Bond/Debenture Trust Deed within the</li> </ol>

	<p>time frame prescribed in the relevant regulations/ act/ rules etc and submit with BSE within 5 working days of execution of the same for uploading on its website in pursuance of SEBI Debt Regulations.</p> <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.</p>
Events of Default	If the Issuer commits a default in making payment of any installment of interest or repayment of principal amount of the Bonds on the respective due date(s), the same shall constitute an “Event of Default” by the Issuer.
Remedies	Upon the occurrence of any of the Events of Default, the Trustees shall on instructions from majority Bondholder(s), declare the amounts outstanding to be due and payable forthwith and the security/guarantee created under the security/guarantee documents shall become enforceable, and the Trustees shall have the right to enforce any security created pursuant to the security documents towards repayment of the amounts outstanding and/or exercise such other rights as the Trustees may deem fit under the applicable laws.
Additional Covenants	<p><b>1. <u>Delay in Allotment:</u></b> In case delay in allotment beyond 60 days from the date of receipt of application money for such Bonds, Company shall repay the application money to the subscribers within fifteen days from the date of completion of sixty days and if the Company fails to repay the application money within the aforesaid period, it shall be liable to repay such money with interest at the rate of 12% p.a. from the expiry of the sixtieth day.</p> <p><b>2. <u>Default in payment:</u></b> In case of default in payment of interest and/or principal redemption on the due dates, additional interest of at least @ 2% p.a. over the Coupon Rate will be payable by the Organization for the defaulting period.</p> <p><b>3. <u>Delay in Listing:</u></b> In case of delay in listing of the debt securities beyond 20 days from the Deemed Date of Allotment, the Company will pay penal interest of at least 1% p.a. over the coupon rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of such debt securities to the investor.</p> <p>On the happening of any of the event of default, in addition to the rights specified above, the Bond Holders/Bond Trustees shall have the right as indicated in the SEBI Regulations.</p>
Provisions related to Cross Default Clause	Not Applicable
Role and Responsibilities of Debenture Trustee	The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the Trust Reposed in the Trustees by the Holder(s) of the Bonds and shall further conduct itself and complied with the provisions of all applicable laws provided that, the provisions of Sec. 20 of the Indian Trusts Act, 1882 shall not be applicable to the Trustees. The Trustees

	<p>shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees), Regulations, 1993, the Bond/Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents with due care, diligence and loyalty.</p> <p>The Trustees shall be vested with the requisite powers for protecting the interest of Holder(s) of the Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis. The Issuer shall, till the redemption of Bonds, submit its latest audited/limited review half yearly consolidated (wherever available) and stand alone financial information such as Statement of Profit &amp; Loss, Balance Sheet and Cash Flow Statement and Audited Qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide Circular No. SEBI/IMD/BOND/1/2009/11/05 dt. May 11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the Financial Year submit a copy of the latest Annual Report to the Trustees and the Trustees shall be obliged to share the details so submitted with all Bond Holder(s) within two working days of their specific request.</p>
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of District Courts of Jaipur.
<b>ISSUE TIMINGS **</b>	
Issue Opening Date	1st December 2014
Issue Closing Date	22 <sup>nd</sup> December 2014
Pay-in Date	1st December 2014 to 22 <sup>nd</sup> December 2014
Deemed Date of Allotment	22 <sup>nd</sup> December 2014
Payment Mode	The remittance of application money can be made by cheque/Demand Draft or through Electronic transfer of funds through RTGS mechanism for credit as per details given hereunder:
Collection Banker:	Axis Bank Ltd.
Beneficiary A/c Name	Rajasthan Rajya Vidyut Utpadan Nigam Limited Bond Issue
Beneficiary A/c Number	914020050877447
IFSC Code	UTIB0000031
Bank Branch Name & Address	Tilak Nagar Branch, 403, Lane No 2, Raja Park Jaipur-302004
<p><i>** The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Date is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.</i></p>	

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**Illustration of Bond Cash Flow:**

Company	Rajasthan Rajya Vidyut Utpadan Nigam Limited
Face Value (per Bond)	Rs. 10,00,000/-
Issue Date/ Date of Allotment	22 <sup>nd</sup> December 2014
Redemption Date	1. 30% at the end of 10th year from deemed date of allotment, i.e, 22 <sup>nd</sup> December 2024, however, being Sunday the redemption date would be 21 <sup>st</sup> December 2024. 2. 30% at the end of 11th year from deemed date of allotment, i.e, 22 <sup>nd</sup> December 2025. 3. 40% at the end of 12th year from deemed date of allotment, i.e, 22 <sup>nd</sup> December 2026. (the above dates are subject to Business Day Convention)
Coupon Rate	9% Per Annum
Frequency of the Interest payment with specified dates	First Interest on 22 <sup>nd</sup> June 2015 and subsequently on 22 <sup>nd</sup> December & 22 <sup>nd</sup> June every year till maturity (subject to Business Day Convention)
Day Count Convention	Actual/ Actual

Cash Flows	Date	No. of days in Coupon Period	Amount (in Rupees)
1st Coupon	Monday, June 22, 2015	182	44,877
2nd Coupon	Tuesday, December 22, 2015	183	45,123
3rd Coupon	Wednesday, June 22, 2016	183	45,000
4th Coupon	Thursday, December 22, 2016	183	45,000
5th Coupon	Thursday, June 22, 2017	182	44,877
6th Coupon	Friday, December 22, 2017	183	45,123
7th Coupon	Friday, June 22, 2018	182	44,877
8th Coupon	Saturday, December 22, 2018	183	45,123
9th Coupon	Saturday, June 22, 2019	182	44,877
10th Coupon	Monday, December 23, 2019	184	45,370
11th Coupon	Monday, June 22, 2020	182	44,754
12th Coupon	Tuesday, December 22, 2020	183	45,000
13th Coupon	Tuesday, June 22, 2021	182	44,877
14th Coupon	Wednesday, December 22, 2021	183	45,123
15th Coupon	Wednesday, June 22, 2022	182	44,877
16th Coupon	Thursday, December 22, 2022	183	45,123
17th Coupon	Thursday, June 22, 2023	182	44,877
18th Coupon	Friday, December 22, 2023	183	45,123
19th Coupon	Saturday, June 22, 2024	183	45,000
20th Coupon	Monday, December 23, 2024	184	45,246
Principal	Saturday, December 21, 2024	0	3,00,000
21st Coupon	Monday, June 23, 2025	182	31,414
22nd Coupon	Monday, December 22, 2025	182	31,414
Principal	Monday, December 22, 2025	0	3,00,000
23rd Coupon	Monday, June 22, 2026	182	17,951
24th Coupon	Tuesday, December 22, 2026	183	18,049
Principal	Tuesday, December 22, 2026	0	4,00,000
<b>TOTAL</b>			<b>19,99,074</b>

**Notes:**

\* The Cash Flow displayed above is calculated per bond (face value of Rs. 10,00,000).

\* The Cash Flow is calculated considering years 2016, 2020 and 2024 as Leap years. Hence, number of days taken as 366 days for interest calculations. (Actual/ Actual - as per SEBI Circular no CIR/IMD/DF/18/2013 dated 29<sup>th</sup> Oct 2013). Interest payment falling on Sunday is considered at next working day.

*\* If the date of payment of interest happens to be holiday, the Interest payment will be made on the next working day with Interest for the intervening period.*

*\* In case of Redemption of Bonds if the date happens to be holiday, the payment will be made on the previous working day.*

*\* The cash flow has been prepared based on the best available information on holidays and could further undergo change(s) in case of any scheduled and unscheduled holiday(s) and/or changes in money market settlement day conventions by the Reserve bank of India/ SEBI.*

## **XI. DISCLOSURE WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**

### **A. ANY FINANCIAL OR OTHER MATERIAL INTEREST OF THE DIRECTORS, PROMOTERS OR KEY MANAGERIAL PERSONNEL IN THE OFFER AND THE EFFECT OF SUCH INTEREST IN SO FAR AS IT IS DIFFERENT FROM THE INTERESTS OF OTHER PERSONS:**

The Promoter, Directors or key managerial personnel of the Company do not have any financial or other material interest in the Issue of Bonds and thus there shall be no effect which is different from the interests of other persons.

### **B. INTEREST OF KEY MANAGERIAL PERSONS/PROMOTERS IN THE OFFER:**

The Promoter or the Directors of the Company have not made any contribution and shall not be subscribing to the present Issue of Bonds.

### **C. DETAILS OF ANY LITIGATION OR LEGAL ACTION PENDING OR TAKEN BY ANY MINISTRY OR DEPARTMENT OF THE GOVERNMENT OR A STATUTORY AUTHORITY AGAINST ANY PROMOTER OF THE OFFEREE COMPANY DURING THE LAST THREE YEARS IMMEDIATELY PRECEDING THE YEAR OF THE CIRCULATION OF THE OFFER LETTER AND ANY DIRECTION ISSUED BY SUCH MINISTRY OR DEPARTMENT OR STATUTORY AUTHORITY UPON CONCLUSION OF SUCH LITIGATION OR LEGAL ACTION SHALL BE DISCLOSED.**

RVUN is a wholly owned State Government Company, hence the above information may be treated as Not Applicable.

### **D. ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS/CREDIT QUALITY (E.G. ANY MATERIAL REGULATORY PROCEEDINGS AGAINST THE ISSUER/PROMOTERS, TAX LITIGATION RESULTING IN MATERIAL LIABILITIES, CORPORATE RESTRUCTURING, EVENT ETC) AT THE TIME OF ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR'S DECISION TO INVEST / CONTINUE TO INVEST IN THE DEBT SECURITIES**

i) At KTPS, and DCCPP, a disputed liability of Rs. 31,75,00,000 & Rs. 10,79,611 respectively on account of water cess claimed by Rajasthan State Pollution Control Board for which appeal have been filed with the Chairman RSPCB.

ii) At KTPS and SSTPS Disputed liability on account of interest on delayed payment/Incentives of coal supplies bills and others demanded by SECL amounting to Rs. 34, 67, 75,500 & Rs. 20, 76, 34,884.

iii) The Additional Collector (Stamps) Jaipur, has raised the demand of stamp duty & interest of Rs. 15,80,00,000/- on finalisation of appeal against matter of levy of stamp duty on purchase of plant & machinery & loan documents executed. The company has filed the revised appeal before Chief Controlling Authority (Stamps), Ajmer against the said demand by depositing the 25% amount of demand i.e. Rs. 3,95,00,000/- and same is still pending for decision.

iv) ESI Deptt. has seized an amount of Rs. 1,34,13,071/- from bank account of KSTPS against ESI

contribution of contractor's labour working as on 07.07.2005 along with interest thereon. Amount of Rs. 19,05,681/- has been recovered from concerned contractors by KSTPS in the financial year 2008-09 and for excess deduction by ESI; appeal has been filed in office of Director, ESI, Delhi. The company has also filed an appeal in the Hon'ble High Court, Jaipur against such recoveries. The decision of the appeal is pending. In this regard the aggrieved contractor has also filed appeal before Hon'ble High Court, the decision of which is pending.

v) Railway raised a demand of Rs. 83,15,00,000/- unilaterally without any proper logic/justification on company for disallowances of rebate to pay surcharge for non-maintaining of minimum advance balance by SSTPS with railway.

vi) Liability on account of the matters under litigation has not been provided for, as claims in respect thereof have not been entertained and are being contested. The total amount of liability which can reasonably be ascertained is Rs. 7, 78, 26,821. Other matter mostly pertains to the employees where the amount of probable liability/obligation is not ascertainable.

vii) As per RERC truing up order dated 06.06.2013 for the year 2009-10 an amount of Rs. 206,53,00,000/- is to be return to discoms on account of variable charges and fixed charges amounting to Rs. 146,66,19,131/- and Rs. 59,86,80,869/- respectively. The Company has accounted for Rs. 1,46,66,19,131/- in the Financial Year 2011-12 and not acknowledge the fixed charges as above. However the company has filed appeal against the order only for fixed charges before the Hon'ble APTEL, New Delhi. The matter is pending for decision.

viii) The recent cancellation of coal block allocation by Hon'ble Supreme Court may have an adverse effect in the financial of company.

ix) Board of Directors in 241<sup>st</sup> meeting held on 20<sup>th</sup> October, 2014 decided to transfer Unit-II of Giral Lignite thermal Power Station (GLTPS) to its wholly and subsidiary Giral Lignite Power Limited (GLPL).

**E. REMUNERATION OF DIRECTORS (during the current year and last three financial years);**

**1. The following table sets forth the details of remuneration paid to the Directors during F.Y. 2014-15:**

S. No.	Name of Directors	Salary & Allowances	Contribution to P.F.
1.	Sh. N.M. Mathur, CMD	6,19,338	0
2.	Sh. P.C. Jain, Director (Project)	7,31,326	80,106
3.	Sh. O.P. Khandelwal, Director (Technical)	5,42,440	0
4.	Sh. A.K. JOSHI	5,32,721	0

**2. The following table sets forth the details of remuneration paid to the Directors during F.Y. 2013-14:**

S. No.	Name of Directors	Salary & Allowances	Contribution to P.F.
1.	Sh. N.M. Mathur, CMD	12,62,861	0
2.	Sh. B.S. Joshi, Director (Finance)	6,93,405	39,656
3.	Sh. P.C. Jain, Director (Project)	12,28,205	1,45,028
4.	Sh. O.P. Khandelwal, Director (Technical)	6,02,467	0

**3. The following table sets forth the details of remuneration paid to the Directors during F.Y. 2012-13:**

S. No.	Name of Directors	Salary & Allowances	Contribution to P.F.
1.	Sh. P.N. Singhal, CMD	11,14,212	0
2.	Sh. M.C. Gaur, Director (Finance) (retired as on 28.02.2013)	13,35,814	0
3.	Sh. P.C. Jain, Director (Project)	11,57,689	1,38,280
4.	Sh. N.M. Mathur, Director (Technical)	9,67,910	0
5.	Sh. B.S. Joshi, Director (Finance)	1,21,374	0

**4. The following table sets forth the details of remuneration paid to the Directors during F.Y. 2011-12:**

S. No.	Name of Directors	Salary & Allowances	Contribution to P.F.
1.	Sh. P.N. Singhal, CMD	10,82,744	0
2.	Sh. M.C. Gaur, Director (Finance)	12,31,279	0
3.	Sh. P.C. Jain, Director (Project)	8,68,416	96,922
4.	Sh. N.M. Mathur, Director (Technical)	8,66,539	0

**F. RELATED PARTY TRANSACTIONS ENTERED DURING THE LAST THREE FINANCIAL YEARS IMMEDIATELY PRECEDING THE YEAR OF CIRCULATION OF OFFER LETTER INCLUDING WITH REGARD TO LOANS MADE OR, GUARANTEES GIVEN OR SECURITIES PROVIDED.**

**1. Detail of Transaction with Chhabra Power Ltd:-**

S.No.	Particulars	2013-14	2012-13	2011-12
1.	Amount Payable (other current liabilities)	1,84,987	2,11,713	2,22,713
	<b>Total</b>	<b>1,84,987</b>	<b>2,11,713</b>	<b>2,22,713</b>

**2. Detail of Transaction with Dholpur Power Ltd:-**

S.No.	Particulars	2013-14	2012-13	2011-12
1.	Amount Payable (other current liabilities)	1,81,162	2,09,742	2,22,101
	<b>Total</b>	<b>1,81,162</b>	<b>2,09,742</b>	<b>2,22,101</b>

**3. Detail of Transaction with Giral Lignite Power Ltd:-**

**(Rs. In crores)**

S.No.	Particulars	2013-14	2012-13	2011-12
1.	Amount Receivable (Other Current Assets)	339.10	241.24	158.13
2.	Long Term Loans & Advances	456.25	456.25	456.25
	<b>Total</b>	<b>795.35</b>	<b>697.49</b>	<b>614.38</b>

**G. SUMMARY OF RESERVATIONS OR QUALIFICATIONS OR ADVERSE REMARKS OF AUDITORS IN THE LAST FIVE FINANCIAL YEARS IMMEDIATELY PRECEDING THE YEAR OF CIRCULATION OF OFFER LETTER AND OF THEIR IMPACT ON THE FINANCIAL STATEMENTS AND FINANCIAL POSITION OF THE COMPANY AND THE CORRECTIVE STEPS TAKEN AND PROPOSED TO BE TAKEN BY THE COMPANY FOR EACH OF THE SAID RESERVATIONS OR QUALIFICATIONS OR ADVERSE REMARK:**

Financial Year	Auditor's qualifications, reservations and adverse remarks
2013-14	As per Annexure – VII
2012-13	As per Annexure – VIII
2011-12	As per Annexure – IX
2010-11	As per Annexure – X
2009-10	As per Annexure – XI



- H. DETAILS OF ANY INQUIRY, INSPECTIONS OR INVESTIGATIONS INITIATED OR CONDUCTED UNDER THE COMPANIES ACT OR ANY PREVIOUS COMPANY LAW IN THE LAST THREE YEARS IMMEDIATELY PRECEDING THE YEAR OF CIRCULATION OF OFFER LETTER IN THE CASE OF COMPANY AND ALL OF ITS SUBSIDIARIES. ALSO IF THERE WERE ANY PROSECUTIONS FILED (WHETHER PENDING OR NOT) FINES IMPOSED, COMPOUNDING OF OFFENCES IN THE LAST THREE YEARS IMMEDIATELY PRECEDING THE YEAR OF THE OFFER LETTER AND IF SO, SECTION-WISE DETAILS THEREOF FOR THE COMPANY AND ALL OF ITS SUBSIDIARIES :**

There has been no inquiry, inspection or investigation initiated or conducted against the Company or its subsidiaries under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of Private Placement Offer Letter. Further there was no prosecution filed, fines imposed, compounding of offences against the Company or its subsidiaries in the last three years immediately preceding the year of circulation of Private Placement Offer Letter.

- I. DETAILS OF ACTS OF MATERIAL FRAUDS COMMITTED AGAINST THE COMPANY IN THE LAST THREE YEARS, IF ANY, AND IF SO, THE ACTION TAKEN BY THE COMPANY:**

There has been no act of material fraud committed against the Company in the last three years immediately preceding the year of circulation of Private Placement Offer Letter.

**XII. FINANCIAL POSITION OF THE COMPANY**

- A. THE CAPITAL STRUCTURE OF THE COMPANY IN THE FOLLOWING MANNER IN A TABULAR FORM AS ON 30<sup>TH</sup> SEPTEMBER, 2014-**

<b>(Rs. In crores)</b>	
<b>Particulars</b>	<b>Amount</b>
<b>1. SHARE CAPITAL</b>	
a. Authorised Equity Share Capital	
10,000,000,000 Equity Shares of Rs. 10/- each	10000.00
b. Issued Equity Share Capital	
7288,59,01,00 Equity Shares of Rs. 10/- each	7288.59
c. Subscribed & Paid-up Equity Share Capital	
7288,59,01,00 Equity Shares of Rs. 10/- each	7288.59
<b>2. Securities Premium Account</b>	<b>0.00</b>

- B. CHANGES IN THE CAPITAL STRUCTURE AS ON LAST QUARTER END, FOR LAST FIVE YEARS:**

- a. Detail of change in Authorized Capital of the Company as on September 30, 2014, for the last five years :-**

<b>(Rs. In Crore)</b>			
<b>S.No.</b>	<b>Date of Increase in Authorised Capital</b>	<b>Increased from (Amount in Rs.)</b>	<b>Increased to (Amount in Rs.)</b>
<b>1</b>	27/07/2011	5000	10000

- b. Details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration (including disclosure of the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case):

Date of Allotment	No. Of Equity Share (in crore)	Face Value	Issue Price	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative		
						No of equity shares (in crore)	Equity Share Capital (Rs in crore)	Equity Securit Premium (Rs)
27.12.2000 (First Allotment)	16.20	10	10	Other Than Cash	Equity	16.20	162.00	-
27.03.2002	76.259	10	10	Other Than Cash	Equity	92.46	924.59	-
27.03.2002	30.817	10	10	Cash	Equity	123.28	1232.76	-
19.03.2003	5.483	10	10	Cash	Equity	128.76	1287.59	-
16.03.2004	20.90	10	10	Cash	Equity	149.66	1496.59	-
31.03.2005	27.90	10	10	Cash	Equity	177.56	1775.59	-
23.03.2006	20.00	10	10	Cash	Equity	197.56	1975.59	-
23.11.2006	30.70	10	10	Cash	Equity	228.26	2282.59	-
30.03.2007	17.60	10	10	Cash	Equity	245.86	2458.59	-
31.03.2008	65.80	10	10	Cash	Equity	311.66	3116.59	-
30.03.2009	70.60	10	10	Cash	Equity	382.26	3822.59	-
26.03.2010	65.00	10	10	Cash	Equity	447.26	4472.59	-
30.03.2011	33.60	10	10	Cash	Equity	480.86	4808.59	-
30.03.2012	45.47	10	10	Cash	Equity	526.33	5263.29	-
28.03.2013	54.13	10	10	Cash	Equity	580.46	5804.59	-
26.02.2014	16.10	10	10	Cash	Equity	596.56	5965.59	-
27.03.2014	60.83	10	10	Cash	Equity	657.39	6573.89	-
19.05.2014	13.17	10	10	Cash	Equity	670.56	6705.59	-
30.06.2014	19.43	10	10	Cash	Equity	689.99	6899.89	-
18.09.2014	38.87	10	10	Cash	Equity	728.86	7288.59	-

c. Size of the present offer;

RVUN proposes to raise Rs. 300 crore, with a green-shoe option OF Rs. 250 crore, through issue of Unsecured, Redeemable, Non-Convertible Bonds in the nature of Debentures having face value of Rs.10,00,000 each at par by way of private placement.

**d. Paid up capital:****i) After the offer;**

Since the present offer comprises of issue of non-convertible debt securities, it shall not affect the paid up equity share capital or security premium account of the Company after the offer.

**ii) After conversion of convertible instruments (if applicable):** Not Applicable**C. DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST 1 YEAR**

NIL

**D. DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 YEAR**

Type of Event	Date of Announcement	Date of Completion	Details
None			

**E. DETAILS OF THE SHAREHOLDING OF THE COMPANY AS ON 30<sup>th</sup> SEPTEMBER, 2014:-****a. SHAREHOLDING PATTERN OF THE COMPANY AS ON 30<sup>th</sup> SEPTEMBER, 2014:-**

The table below represents the shareholding pattern of our Company as on September 30, 2014:-

Sr. No.	Category of Shareholder	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares
1.	Governor of Rajasthan through Finance Department, Government of Rajasthan and his/her 7 nominees holding 1 share each	728,85,90,100	-	100%

**b. LIST OF TOP 10 HOLDERS OF EQUITY SHARES OF THE COMPANY AS ON 30<sup>th</sup> SEPTEMBER, 2014:-**

Sr. No.	Category of Shareholder	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares
1.	Governor of Rajasthan through Finance Department, Government of Rajasthan and his/her 7 nominees holding 1 share each	728,85,90,100	-	100%

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**c. DETAILS OF PROMOTERS OF THE COMPANY AS ON 30<sup>th</sup> SEPTEMBER, 2014:-**

S. No.	Name of the Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares Pledged with respect to shares owned
1.	Governor of Rajasthan through Finance Department, Government of Rajasthan	728,85,90,100	NIL	100%	NIL	NIL

**F. A SUMMARY OF THE FINANCIAL POSITION OF THE COMPANY AS IN THE THREE AUDITED BALANCE SHEETS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF OFFER LETTER :**

**FINANCIAL INFORMATION (ON STANDALONE BASIS - Audited)**

**(Rs in Crores)**

Indicators	FY 2013-14	FY 2012-13	FY 2011-12
Net worth	5875.51	5423.47	5062.80
Total Term Debts	16094.85	14187.78	13514.39
Of which – Non Current Maturities of Long Term Borrowings	14277.58	11962.22	11829.83
Short Term Borrowings	500.00	500.00	375.38
Current Maturities of Long Term Borrowings	1317.28	1725.56	1309.17
Net Fixed assets (FA+CWIP)	20349.18	17985.98	16199.00
Non Current Assets	2398.60	1889.28	1585.86
Cash & cash equivalents	114.31	340.96	160.65
Current Investments	0.00	0.00	0.00
Current assets	2498.72	3279.23	3512.03
Current Liabilities	4343.56	4991.70	3902.01
Net sales (revenue from operations)	8401.00	8781.45	8256.72
EBITDA	1014.81	1205.64	1071.59
EBIT	421.51	590.04	494.60
Interest	734.37	775.26	824.86
PAT	(312.86)	(185.21)	(330.26)
Dividend amounts	NIL	NIL	NIL
Current ratio	0.58	0.66	0.90
Interest coverage ratio	1.38	1.56	1.30
Debt/equity ratio	2.74	2.61	2.66
Debt Service Coverage Ratios	0.40	0.40	0.43

**G. Gross Debt: Equity Ratio of the Company:**

Before the issue of debt securities	<b>2.81</b>
After the issue of debt securities	<b>2.86</b>

**H. OTHER FINANCIAL PARAMETERS:**

Particulars	FY 2013-14	FY 2012-13	FY 2011-12
Dividend declared (%age)	NIL	NIL	NIL
Interest Coverage Ratio (times)	1.38	1.56	1.30

## I. STANDALONE STATEMENT OF ASSETS AND LIABILITIES (Audited)

(Rs in Crores)

Particulars	As at 31st March 2014	As at 31st March 2013	As at 31st March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	6573.92	5804.59	5263.28
Reserves & Surplus	(695.06)	(373.87)	(186.62)
<b>Share application money pending allotment</b>	131.67	161.00	66.31
<b>Non-current liabilities</b>			
Long-Term Borrowings	14277.58	11962.22	11829.83
Other Long Term Liabilities	615.19	608.85	422.09
<b>Current liabilities</b>			
Short-Term Borrowings	500.00	500.00	375.39
Trade Payables	381.65	787.46	300.64
Other Current Liabilities	3210.03	3415.44	2824.10
Short-Term Provisions	251.87	288.80	401.88
<b>Total Liabilities</b>	<b>25246.85</b>	<b>23154.49</b>	<b>21296.89</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
- Tangible Assets	9782.17	8210.04	8760.82
- Capital Work-In-Progress	10567.01	9775.94	7438.18
Non-Current Investments	0.20	0.20	0.15
<i>Deferred Tax Assets (Net)</i>			
Long-Term Loans and Advances	2197.37	1668.06	1301.19
Other Non-Current Assets	201.39	221.03	284.52
<b>Current Assets</b>			
Inventories	552.44	867.90	442.34
Trade Receivables	990.56	1555.81	2289.01
Cash and Bank Balances	114.31	340.96	160.65
Short-Term Loans and Advances	324.74	144.33	350.08
Other Current Assets	516.67	370.23	269.97
<b>Total Assets</b>	<b>25246.85</b>	<b>23154.49</b>	<b>21296.89</b>

**J. STANDALONE STATEMENT OF PROFIT AND LOSS (Audited)****(Rs in Crores)**

Particulars	For the year ended 31-Mar-2014	For the year ended 31-Mar-2013	For the year ended 31-Mar-2012
<b>Revenue:</b>			
Revenue From Operations	8401.00	8781.45	8256.72
Other Income	25.01	45.25	74.30
<b>Total Revenue</b>	<b>8426.01</b>	<b>8826.67</b>	<b>8331.02</b>
<b>Expenses:</b>			
Generation & Other Direct Expenses	6907.93	7165.84	6862.19
Repairs & Maintenance	238.51	221.52	172.15
Employee Benefits Expense	189.11	173.76	156.20
Finance Costs	751.57	796.39	845.75
Depreciation and Amortization Expense	593.30	615.60	576.99
Administrative and Other Expenses	56.90	53.66	59.44
<b>Total Expenses</b>	<b>8737.32</b>	<b>9026.77</b>	<b>8672.72</b>
<b>Profit / (Loss) Before Prior Period Items and Tax</b>	<b>(311.31)</b>	<b>(200.10)</b>	<b>(341.70)</b>
Prior Period Income/(Expenses)	(1.55)	14.88	11.44
<b>Profit / (Loss) Before Tax</b>	<b>(312.86)</b>	<b>(185.22)</b>	<b>(330.26)</b>
<b>Tax Expense:</b>			
Current Tax	0.00	0.00	0.00
Income Tax (Earlier year tax)	0.00	0.00	0.00
Deferred Tax	0.00	0.00	0.00
<b>PROFIT / (LOSS) FOR THE YEAR</b>	<b>(312.86)</b>	<b>(185.22)</b>	<b>(330.26)</b>
<b>Earnings Per Equity Share</b>			
Equity Share of Par Value Rs. 10/- Each			
(1) Basic & Diluted			

**K. STANDALONE STATEMENT OF CASH FLOWS (Audited)**

		<b>Inflow(Outflow)</b>		<b>(Rs in crores)</b>
<b>S.NO.</b>	<b>PARTICULARS</b>	<b>F.Y.-2013-14</b>	<b>F.Y.-2012-13</b>	<b>F.Y.-2011-12</b>
	Net Profit before taxation & Extraordinary items	(312.86)	(185.22)	(330.26)
	Adjustment			
1	Add: Depreciation	595.42	637.96	577.59
2	Less:-Rebate received-PFC	(5.75)	(7.51)	(22.13)
3	Add:-Deferred revenue expenditure	4.00	6.67	7.06
4	Add:-Interest including prior period	747.57	789.68	838.69
	<b>Adjusted Profit for the year</b>	<b>1028.39</b>	<b>1241.59</b>	<b>1070.95</b>
<b>(A)</b>	<b>Cash Flow from Operating Activities</b>			
1	Trade Receivables	565.25	733.19	(801.42)
2	Loans and Advances	(180.26)	205.19	(36.45)
3	Inventories, Stores and Spares	315.46	(425.56)	54.96
4	Other Current Assets	-32.13	39.50	(20.78)
5	Current Liabilities and Provision	(202.87)	496.54	(27.66)
6	Misc.exp.to the extent not written off/adjusted	(0.81)	(0.07)	(0.32)
7	Fringe Benefit Tax Receivable	0.00	0.00	0.03
8	Extraordinary Items	0.00	0.00	0.00
	<b>Net Cash Flow from Operating Activities</b>	<b>1493.03</b>	<b>2290.39</b>	<b>239.32</b>
<b>(B)</b>	<b>Cash Flow from Investing Activities</b>			
1	Fixed Assets	(2167.55)	(87.18)	(1458.87)
2	Capital Works In Progress	(1320.32)	(2705.09)	(818.40)
3	Inventories,Stores and Spares	(0.06)	0.46	(14.07)
4	Other Current Assets	(97.85)	(83.11)	(90.62)
5	Current Liabilities and Provision	(97.31)	196.34	(61.93)
6	Investments	0.00	(0.05)	0.00
7	Misc.exp.to the extent not written off/adjusted	0.00	0.23	0.00
	<b>Cash used in Investing Activities</b>	<b>(3683.10)</b>	<b>(2678.41)</b>	<b>(2443.90)</b>
<b>(C)</b>	<b>Cash Flow from Financial Activities</b>			
1	Proceeds from Borrowings	3890.16	2330.97	4519.87
2	Repayment of Borrowings	(1983.09)	(1657.58)	(2090.82)
3	Property Insurance Reserve	0.00	(2.03)	(9.39)
4	Deferred Revenue-on account of Advance Against Depreciation	0.00	0.00	(0.51)
5	Share Capital	740.00	636.00	521.00
6	Rebate received-PFC	5.75	7.51	22.13
7	Interest paid	(681.07)	(746.54)	(766.94)
	<b>Net Cash surplus from Financing Activities</b>	<b>1963.42</b>	<b>568.33</b>	<b>2195.34</b>
<b>(D)</b>	<b>Net increase(Decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>(226.66)</b>	<b>180.31</b>	<b>(9.24)</b>
<b>(E)</b>	<b>Opening Cash &amp; Cash Equivalent</b>	<b>340.96</b>	<b>160.65</b>	<b>169.89</b>
<b>(F)</b>	<b>Closing Cash &amp; Cash Equivalent</b>	<b>114.31</b>	<b>340.96</b>	<b>160.65</b>

**L. ANY CHANGE IN ACCOUNTING POLICIES DURING THE LAST THREE YEARS AND THEIR EFFECT ON THE PROFITS AND THE RESERVES OF THE COMPANY:**

NIL

**XIII. FINANCIAL INDEBTEDNESS OF THE COMPANY (ON STANDALONE BASIS)**

Set forth below is a brief summary of our Company's significant outstanding secured borrowings of 16570.60 crores and unsecured borrowings of 1976.45 (guaranteed by Rajasthan State Government), as on September 30, 2014 together with a brief description of certain significant terms of such financing arrangements:-

**A. Secured term loans from banks and financial institutions availed by our Company**

S. No.	Name of the Lender	Type of Loan/Loan No.	Facility/ Amount Sanctioned (Rs Crores)	Amount outstanding (Rs Crores) as on September 30, 2014	Rate of interest (%)	Repayment Date/Schedule	Security
1.	Power Finance Corporation (Term Loan)	7301013	755.37	320.11	12.25% to 14.00%	Repayable in remaining 20 quarterly installments of Rs.16,00,53,485 upto 15.07.2019.	Default Escrow & Hypothecation of Assets
2.		7301014	1400.00	935.23	13.00%	Repayable in remaining 40 quarterly installments of Rs. 23,38,07,015 upto 15.07.2024.	
3.		7301015	441.00	294.00	12.75%	Repayable in remaining 40 quarterly installments of Rs.7,35,00,000 upto 15.07.2024.	
4.		7301016	600.00	409.99	12.75%	Repayable in remaining 41 quarterly installments of Rs.10,00,00,000 upto 15.10.2024.	
5.		7301017	609.60	405.90	12.75%	Repayable in remaining 39 quarterly installments of Rs.10,40,76,576 upto 15.04.2024.	
6.		7301018	856.00	675.35	13.00%	Repayable in remaining 40 quarterly installments of Rs.16,88,37,962	



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						upto 15.07.2024.	
7.		7301019	6178.40	6178.40	12.75% to 13.00%	Repayable in remaining 60 quarterly installments of Rs.102,97,33,333 upto 15.07.2029	
8.		7301020	1465.14	1465.14	12.50% to 12.75%	Repayable in remaining 60 quarterly installments of Rs.24,41,90,000 upto 15.07.2029	
9.		7301021	333.60	236.11	13.00%	Repayable in remaining 41 quarterly installments of Rs.57,588,315 upto 15.10.2024	
10.		7301022	270.50	228.44	13.00%	Repayable in remaining 40 quarterly installments of Rs.5,71,11,017 upto 15.07.2024	
11.		7301023	733.00	708.39	13.00%	Repayable in remaining 60 quarterly installments of Rs.12,21,66,667 upto 15.04.2029	
12.		7301024	3798.00	1595.33	12.50% to 13.00%	Repayable in 60 quarterly installments of Rs.63,30,00,000 upto 15.04.2030	
13.		7301025	3794.00	994.09	12.50% to 13.00%	Repayable in 60 quarterly installments of Rs.63,23,33,333 upto 15.04.2030	
14.		7301026	533.00	160.22	12.75% to 13.00%	Repayable in 60 quarterly installments of Rs.88,33,333 upto 15.07.2030	
15.		7304005	273.70	84.62	12.25%	Repayable in remaining 60 quarterly installments of Rs.4,56,16,666 upto 15.01.2031	
16.	REC	Term Loan	961.76	721.83	12.00% to 12.50%	Repayable in remaining 53 quarterly	Pari passu charge

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						installments of Rs.13,61,94,356 upto 31.12.2027	on assets & Default escrow (CTPP 3&4)
17.			2532.24	446.40	12.25% to 12.50%	Repayable in remaining 60 quarterly installments of Rs.42,20,40,000 upto 30.09.2032	Pari passu charge on assets (STPS 7&8) & Default escrow
18.			2530.00	438.08	12.25% to 12.50%	Repayable in remaining 60 quarterly installments of Rs.42,16,66,667 upto 30.09.2032	Pari passu charge on assets (CTPP) & Default escrow
19.	LIC Loan	150172121	80.50	5.37	8.50%	Repayable in remaining 1 yearly installments of Rs.5,36,66,667 upto 15.07.2015	Charge on Assets & Escrow A/c
20.		150172131	51.94	6.93	8.50%	Repayable in remaining 2 yearly installments of Rs.3,46,26,667 upto 15.07.2016	
21.		150172141	20.00	4.00	8.50%	Repayable in remaining 3 yearly installments of Rs.13,33,33,300 upto 15.07.2017	
22.		150172151	25.00	6.67	8.50%	Repayable in remaining 4 yearly installments of Rs.1,66,66,000 upto 15.01.2018	
23	SBBJ	Short Term Loan	100.00	100.00	12.50%	Repayable in remaining 1 half yearly installments of Rs.33,34,00,000 and 2 installments of Rs.33,33,00,000	Charge on Current Assets Detail -

						upto 16.04.2017.	Escro w State GOVT - Guara ntee
2 4 .			150.00	150.00	12.50%	Repayable in remaining 3 half yearly installments of Rs.50,00,00,000 upto 14.08.2017	

**Unsecured loans availed by our Company**

**Set forth below is a brief summary of our outstanding unsecured borrowings.**

S.N o.	Name of the Lender	Type of Facility	Facility/ Amount Sanctione d	Amount outstand ing, as on Septemb er 30, 2014	Rate of interest (% p.a.)	Repayment Date/ Schedule
1.	World Bank Loan	Cash Loan	0.29	0.13	12.00% to 13.00%	Repayable in remaining 66 monthly installments of Rs.17,306 and 10 installments of Rs.14,584 upto 15.03.2022
		PPF Advance	1.24	0.45		Repayable in remaining 26 monthly installments of Rs.72,424 , 10 monthly installments of Rs.68,651 , 20 monthly installments of Rs.59,750 , 10 monthly installments of Rs.53,037 ,10 monthly installments of Rs.24,378 upto 15.03.2022
2.	Allahabad Bank	Transitional Loan	160.00	13.26	12.75%	Repayable in remaining 1 quarterly installment of Rs.13,26,00,000 upto 31.12.2014.
3.	Allahabad Bank	Transitional Loan	100.00	49.96	12.00%	Repayable in remaining 5

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						quarterly installments of Rs.8,34,00,000 and 1 quarterly installment of Rs.8,26,00,000 upto 14.02.2016.	
4.	Allahabad Bank	Transitional Loan	175.00	87.46	12.00%	Repayable in remaining 5 quarterly installments of Rs.14,59,00,000 and 1 quarterly installment of Rs.14,51,00,000 upto 29.03.2016.	
5.	Andhra Bank	Transitional Loan	170.00	28.30	12.50%	Repayable in remaining 2 quarterly installments of Rs.14,15,00,000 upto 15.01.2015.	
6.	Indian Bank	Transitional Loan	100.00	66.64	12.00%	Repayable in remaining 7 quarterly installments of Rs.8,34,00,000 and 1 quarterly installment of Rs.8,26,00,000 upto 04.08.2016.	
7.	BOI	Short Term Loan	250.00	250.00	12.20%	Repayable in 2 half yearly installments Rs.83,33,00,000 and 1 half yearly installment of Rs.83,34,00,000 upto 28.03.2017.	
8.	BOI	Short Term Loan	200.00	200.00	12.20%	Repayable in remaining 2 half yearly installments of Rs.66,67,00,000 and 1 half yearly installment of Rs.66,66,00,000 upto 27.09.2016.	
9.	BOI	Short Term Loan	250.00	250.00	12.20%	Repayable in 2 half yearly installments Rs.83,33,00,000 and 1 half yearly installment of Rs.83,34,00,000 upto 28.03.2017.	
10.	HUDCO	Short Term Loan	200.00	110.00	12.50%	Repayable in remaining 11	

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						quarterly installments of Rs.10,00,00,000 upto 31.05.2017	
11.	REC Ltd	Short Term Loan	150.00	50.00	12.75%	Repayable in remaining 1 half Yearly installments of Rs. 50,00,00,000 upto 15.10.2014.	
12.	REC Ltd	Short Term Loan	150.00	16.66	12.50%	Repayable in remaining 1 monthly installments of Rs.16,66,66,667 upto 15.10.2014.	
13.	REC Ltd	Short Term Loan	150.00	150.0	12.50%	Repayable in remaining 18 Monthly installments of Rs.8,33,33,333 upto 30.09.2017.	
14.	PFC (07322058)	Short Term Loan	500.00	254.00	12.50%-12.75%	Repayable in remaining 6 Monthly installments of Rs.86,49,05,046 upto 15.12.2014.	
15.	PFC (07304004)	Term Loan	14.843	1.52	7.75% to 8.50%	Repayable in remaining 4 quarterly installments of Rs.38,01,308 upto 15.07.2015	
16.	NCRPB	Term Loan	160.00	60.00	8% to 9.5%	Repayable in remaining 3 Yearly installments of Rs.20,00,00,000 upto 19.03.2017	
17.	State Govt. Loan	Term Loan	150.00	138.07	13.75%	Terms of repayment of such loan shall be decided by the Govt. of Rajasthan.	
18.	Indian Overseas Bank	Short Term Loan	250.00	250.00	12.40%	Repayable in remaining 1 Half yearly installments of Rs.83,34,00,000 and 2 Half yearly installment of Rs.83,33,00,000 upto 15.07.2017.	

**B. DETAILS OF NON CONVERTIBLE DEBENTURES:**

There were no outstanding Non-Convertible Debentures as on September 30, 2014.

**C. CORPORATE GUARANTEES:**

Our Company has not issued any Corporate Guarantee as on September 30, 2014.

**D. DETAILS OF COMMERCIAL PAPERS:**

Our Company has not issued any Commercial Paper as on September 30, 2014.

**E. DETAILS OF REST OF THE BORROWINGS (IF ANY INCLUDING HYBRID DEBT LIKE FCCB, OPTIONALLY CONVERTIBLE DEBENTURES/ PREFERENCE SHARES) AS ON 30<sup>TH</sup> SEPTEMBER 2014.**

Our Company has no outstanding borrowings in form of hybrid debt as on September 30, 2014.

**F. DETAILS OF ANY OUTSTANDING BORROWINGS TAKEN/ DEBT SECURITIES ISSUED WHERE TAKEN/ ISSUED (i) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (ii) AT A PREMIUM OR DISCOUNT, OR (iii) IN PURSUANCE OF AN OPTION:**

NIL

**G. THE NAMES OF THE DEBENTURE TRUSTEE(S) SHALL BE MENTIONED WITH STATEMENT TO THE EFFECT THAT DEBENTURE TRUSTEE(S) HAS GIVEN HIS CONSENT TO THE ISSUER FOR HIS APPOINTMENT UNDER REGULATION 4 (4) AND IN ALL THE SUBSEQUENT PERIODICAL COMMUNICATIONS SENT TO THE HOLDERS OF DEBT SECURITIES.**

In accordance with the provisions of (i) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, (ii) Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended, (iii) Section 71 (5) of the Companies Act, 2013 and (iv) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Issuer has appointed AllBank Finance Limited, Mumbai to act as Trustees ("Trustees") for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustees are as under:

**Debenture Trustee**

**Name :** M/s All Bank Finance Limited

**Address :** Allahabad Bank Building, 2nd Floor, 37, Mumbai Samachar Marg, Fort, Mumbai – 400023

**Tel No. :** 022-22626283

**Fax No. :** 022-22677552

**Email id :** [info@akkbankfinance.com](mailto:info@akkbankfinance.com)

A copy of letter ABFL/Dt-RRVUN/2014-15/139 conveying their consent to act as Trustee for the current issue of Bonds is enclosed elsewhere in this Disclosure Document.

RVUN hereby undertakes that the rights of the Bondholders will be protected as per the agreement/deed executed/to be executed between RVUN and the Bond Trustee. The Bond Trustee Agreement/Deed shall contain such clauses as may be prescribed under section 71 of the Companies Act, 2013, Companies (Share Capital and Debentures) Rules, 2014 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further the Bond Trustee Agreement/Deed shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Bond Trustee or RVUN in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the SEBI Act; SEBI Debt Regulations and circulars or guidelines issued by SEBI, (iii) indemnifying the Trustees or RVUN for loss or damage caused by their act of negligence or commission or omission.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Bond Trustee or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Bond Trustee may in their absolute discretion deem necessary

or require to be done in the interest of the holder(s) of the Bonds. Any payment made by RVUN to the Bond Trustee on behalf of the Bondholder(s) shall discharge RVUN pro tanto to the Bondholder(s). The Bond Trustee shall protect the interest of the Bondholders in the event of default by RVUN in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of RVUN. No Bondholder shall be entitled to proceed directly against RVUN unless the Bond Trustee, having become so bound to proceed, fail to do so. In the event of RVUN defaulting in payment of interest on Bonds or redemption thereof, any distribution of dividend by RVUN shall require approval of the Bond Trustee.

**H. THE DETAILED RATING RATIONALE (S) ADOPTED (NOT OLDER THAN ONE YEAR ON THE DATE OF OPENING OF THE ISSUE)/ CREDIT RATING LETTER ISSUED (NOT OLDER THAN ONE MONTH ON THE DATE OF OPENING OF THE ISSUE) BY THE RATING AGENCIES SHALL BE DISCLOSED.**

**BWR A+ (SO)** by “Brickwork Ratings Pvt Ltd”.

Other than the credit ratings mentioned hereinabove, Issuer has not sought any other credit rating from any other credit rating agency (ies) for the Bonds offered for subscription under the terms of this Disclosure Document

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

Copies of Rating Letter(s) and Rating rationale(s) are enclosed elsewhere in this Disclosure Document.

**I. IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT, A COPY OF THE SAME SHALL BE DISCLOSED. IN CASE SUCH DOCUMENT DOES NOT CONTAIN DETAILED PAYMENT STRUCTURE (PROCEDURE OF INVOCATION OF GUARANTEE AND RECEIPT OF PAYMENT BY THE INVESTOR ALONG WITH TIMELINES); THE SAME SHALL BE DISCLOSED IN THE OFFER DOCUMENT.**

Copies of Government Guarantee Letter are enclosed elsewhere in this Disclosure Document.

**J. COPY OF CONSENT LETTER FROM THE DEBENTURE TRUSTEE SHALL BE DISCLOSED.**

Copy of letter ABFL/Dt-RVUN/2014-15/139 conveying their consent to act as Trustee for the current issue of Bonds is enclosed elsewhere in this Disclosure Document.

**K. NAMES OF ALL THE RECOGNISED STOCK EXCHANGES WHERE THE DEBT SECURITIES ARE PROPOSED TO BE LISTED CLEARLY INDICATING THE DESIGNATED STOCK EXCHANGE.**

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the Bombay Stock Exchange Limited (“BSE”). The Company shall obtain an in-principle approval from the BSE for listing of said Bonds on its Wholesale Debt Market (WDM) Segment.

In pursuance of SEBI Debt Regulations, the Issuer shall make listing application to BSE within 15 days from the Deemed Date of Allotment of Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).

**XIV. OTHER DETAILS:****A. DRR creation- Relevant regulations and applicability:**

The company shall create a Debenture Redemption Reserve for the purpose of redemption of Debentures or Bonds, as applicable, in accordance with the provisions stated in the Companies Act 2013 read with the Companies (Share Capital and Debentures) Rules, 2014.

**B. Issue/ instrument specific regulations – Relevant Details (Companies Act, RBI guidelines. Etc)**

1. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LADNRO/ GN/2008/13/127878 dated June 06, 2008, as amended from time to time.
2. The Income Tax Act, 1961 & Income Tax Rules, 1962,
3. The Companies Act, 1956 and the Companies Act, 2013 to that extent applicable and notified
4. Indian Trust Act, 1882
5. Companies (Share Capital and Debentures) Rules, 2014.

**C. Application Process****1. How to Apply**

This Disclosure Document is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds issued by the RVUN. The document is for the exclusive use of the investor(s) to whom it is delivered and it should not be circulated or distributed to third parties. The document would be sent specifically addressed to the institution(s) by the Issuer and/ or its Arranger. Only eligible investors as given hereinabove may apply for Bonds by completing the Application Form in the prescribed format in BLOCK LETTERS in English as per the instructions contained therein. Applications should be for a minimum of 10 Bond and in multiples of 5 Bond thereafter. Applications not completed in the said manner are liable to be rejected. Application Form duly completed in all respects must be submitted with any of the designated branches of the bankers to the Issue. The name of the applicant, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants. The applicant or in the case of an application in joint names, each of the applicant should mention his/her Permanent Account Number (PAN) allotted under the Income-tax Act, 1961 or where the same has not been allotted the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A (5A) of the Income Tax Act, 1961. PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the investor should mention his PAN/GIR No, if the investor does not submit Form 15G/15AA/ other evidence as the case may be for non-deduction of tax at source. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention "Applied for" and in case the applicant is not assessed to income tax, the applicant shall mention 'Not Applicable' (stating reasons for non applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected. Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form at the address mentioned therein. All applicants are requested to tick the relevant column "Category of Investor" in the Application Form. Public/ Private/ Religious/ Charitable Trusts and other investors requiring "approved security" status for making investments. Investors are advised to exercise due caution in selecting the appropriate option for which they wish to apply.

Application Form should be fully filled and the amount can be paid through only through RTGS at following banking details given below.



S.No.	Particulars	
1.	Name of Bank	Axis Bank Ltd.
2.	Address of Branch	Tilak Nagar Branch, 403, Lane No 2, Raja Park Jaipur-302004
3.	Beneficiary A/c No.	914020050877447
4.	Beneficiary Name	Rajasthan Rajya Vidyut Utpadan Nigam Limited Bond Issue
5.	MICR Code (required for transfer of fund through ECS/EFT)	302211003
6.	IFSC Code of Bank (required for transfer of fund through RTGS)	UTIB0000031

It is mandatory that the payment made for subscription to the Bonds is from the bank account of the person/ entity subscribing to the Bonds. In case of subscription to the Bonds to be held by joint holders, monies are paid from the bank account of the person whose name appears first in the Application Form.

## 2. Documents to be Provided by Investors

Investors need to submit the certified true copies of the following documents, along-with the Application Form, as applicable:

- Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed;
- Government notification/ Certificate of incorporation (in case of Primary Co-operative Bank and RRBs);
- SEBI Registration Certificate, if applicable;
- Board Resolution authorizing investment along with operating instructions;
- Power of Attorney/ relevant resolution/ authority to make application;
- Form 15AA granting exemption from TDS on interest, if any;
- Form 15G/ 15H for claiming exemption from TDS on interest on application money, if any;
- Order u/s 197 of Income Tax Act, 1961;
- Order u/s 10 of Income Tax Act, 1961;
- Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department;
- Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority.

## E. Procedure for Applying for Demat Facility

1. The applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL/ CDSL prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account number and Depository Participant's ID appearing in the Application Form under the heading 'Details for Issue of Bonds in Electronic/ Dematerialized Form'.)
3. Bonds allotted to an applicant will be credited directly to the applicant's respective Beneficiary Account(s) with the DP.
4. For subscribing the Bonds names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders the names should necessarily be in the same sequence as they appear in the account details in the depository.
5. Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrars to the Issue.
6. If incomplete/incorrect details are given under the heading 'Details for Issue of Bonds in Electronic/ Dematerialized Form' in the application form it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

7. For allotment of Bonds the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the application form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient the Issuer would not be liable for losses, if any.
8. It may be noted that Bonds will be issued in electronic form. The same can be traded only on the Stock Exchanges having electronic connectivity with NSDL/ CDSL. The BSE Ltd, where the Bonds of the RVUN are proposed to be listed has connectivity with NSDL/ CDSL.
9. Payment of interest or repayment of principal would be made to those Bond holders whose names appear on the list of beneficial owners given by the Depositories to the Issuer as on Record Date/ Book Closure Date. In case of those Bond for which the beneficial owner is not identified by the Depository as on the Record Date/ Book Closure Date, the issuer would keep in abeyance the payment of interest or repayment of principal, till such time that the beneficial owner is identified by the Depository and conveyed to the Issuer, whereupon the interest or principal would be paid to the beneficiaries, as identified, within a period of 30 (thirty) days.
10. The Bonds shall be directly credited to the Beneficiary Account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the applicants Depository Account will be provided to the applicant by the Depository Participant of the applicant.

#### **F. WHO CAN APPLY**

The following categories are eligible to apply for this private placement of Bonds:

1. Mutual Funds,
2. Public Financial Institutions as defined in section 4A of the Companies Act, 1956,
3. Scheduled Commercial Banks,
4. Insurance Companies,
5. Foreign Institutional Investors (subject to compliance with the SEBI/ RBI norms),
6. Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds,
7. Co-operative Banks,
8. Regional Rural Banks authorized to invest in bonds/ debentures,
9. Companies and Bodies Corporate authorized to invest in bonds/ debentures,
10. Societies authorized to invest in bonds/ debentures,
11. Trusts authorized to invest in bonds/ debentures,
12. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures.

All investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in the issue of Bonds as per the norms approved by Government of India, Reserve Bank of India or any other statutory body from time to time.

However, out of the aforesaid class of investors eligible to invest, this Disclosure Document is intended solely for the use of the person to whom it has been sent by the Company for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Disclosure Document from the Company).

#### **G. WHO CANNOT APPLY**

1. Resident Individual Investors,
2. Minors without a guardian name,
3. Qualified Foreign Investors,
4. Foreign Nationals,

5. Non-Resident Indians,
6. Persons resident outside India,
7. Venture Capital Funds, Overseas Corporate Bodies,
8. Partnership firms formed under applicable laws in India in the name of the partners,
9. Hindu Undivided Families through Karta, Person ineligible to contract under applicable statutory/regulatory requirements.

## **H. APPLICATION BY VARIOUS APPLICANT CATEGORIES**

### **1. Application under Power of Attorney or by Limited Companies**

In case of applications made under a Power of Attorney or by a Limited Company or a Body Corporate or Registered Society or Mutual Fund, and scientific and/or industrial research organizations or Trusts etc, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the Memorandum and Articles of Association and/or Bye-Laws as the case may be must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the application form, quoting the serial number of the application form and the Bank's branch where the application has been submitted, at the office of the Registrars to the Issue after submission of the application form to the Bankers to the issue or any of the designated branches as mentioned on the reverse of the Application Form, failing which the applications are liable to be rejected. Such authority received by the Registrars to the Issue more than 10 days after closure of the subscription list may not be considered.

### **2. Application under Power of Attorney**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Company or to its Registrars or to such other person(s) at such other address(es) as may be specified by the Company from time to time through a suitable communication.

### **3. Application under Power of Commercial Banks/Mutual Funds**

The Reserve Bank of India vide its Circular DBOD No.DIR: BC.4/13.7.05/94 dated 25th January 1994 to all scheduled commercial banks, has withdrawn the ceiling of 5 % of incremental deposits of the previous year for investments in equity shares and debentures of Public Sector Undertakings. The Reserve Bank of India has vide its Circular No.DP.BD.3221.01.018/98 dated April 29, 1998 clarified that investment in bonds and debentures where payment of interest and principal is guaranteed by the Central/State Government shall carry zero risk weight for the purpose of capital adequacy. The Reserve Bank of India has however, vide Circular No. MPD-BC 181/07.01. 279 /98-99 dated 30.10.1998 introduced a 2.5% risk weight on Central/State Government securities and in securities guaranteed by them by the year ending March 2000. Further, an additional risk weight of 20% is introduced in the Government guaranteed securities of Government undertakings with effect from financial year 2000-01. the application must be accompanied by certified true copies of 1} Certificate of Incorporation, Memorandum & Articles of Association, 2} Power of Attorney 3} Resolution authorizing investment and containing operating instruction 4} SEBI registration certificate where ever applicable 5) Specimen signature of authorized signatories.

### **4. Applications by Companies/ Bodies Corporate/ Financial Institutions/ Statutory Corporations**

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Associations / Constitution / Bye-Law(s) (ii) certified true copy of the resolution authorizing investment and containing operating instructions (iii) specimen signatures of authorized signatories and (iv) relevant certificate(s) in the prescribed form(s) under Income Tax Rules, 1962, if exemption is sought from deduction of tax at source on interest income.

**5. Application by Co-operative Banks**

All cooperative banks including primary urban cooperative banks can invest in these bonds to the extent permissible under applicable Reserve Bank of India notification in force from time to time. The applications must be accompanied by certified true copies of (i) Government Notification/ Certificate of Registration/ Other documents governing constitution (ii) resolution authorizing investment and containing operating instructions (iii) specimen signatures of authorized signatories and (iv) Recognition certificate from Income Tax Department.

**6. Application by Urban Co-Operative Banks**

The RBI vide its notification no. BR.CIR.72/16.20.00/93-94 dated 16th May 1994 has allowed Primary Co-Operative Banks to invest their surplus funds up to 10% in Bonds of public sector undertakings provided inter-alia that a provision exists for such investments in respective State Co-operative Societies Act/ Multi State Co- operative Societies Act and the bank should intimate the Registrar of Co-operative Societies of the State. Further the Reserve Bank of India vide its notification no. BR.12/16.20.00/95-96 dated January 6, 1996 has requested the Registrars of Co-operative Societies of all States to grant general permission to the primary Co- operative banks for such investments, subject to their complying with other conditions and safety measures laid down by the RBI from time to time.

The application must be accompanied by certified true copies of (i) Certificate of Information and Memorandum & Articles of Association (ii) Resolution of the Board of Directors and Identification of those who have authority to operate (iii) Power of Attorney granted to its managers, officers or employee to transact on its behalf (iv) Copy of PAN allotment letter and (v) copy of the Telephone bill.

**7. Application by Regional Rural Bank**

The Reserve Bank of India has permitted, vide its circular no. RPCD.RRB.BC. 882/03.05.34/ 96-97 dated December 13, 1996, the RRBs to invest their non-SLR surplus resources in bonds of public sector undertakings. The RBI has vide circular no. RPCD (H)/04.03.06/98-99 dated November 02, 1998 clarified that single exposure norms would be applicable in respect of investment in debentures and bonds of public sector undertakings.

The application must be accompanied by certified true copies of (i) Government notification/ Certificate of In/Memorandum and Articles of Association/ other documents governing the constitution (ii) resolution authorizing investment and containing operating instructions (iii) specimen signatures of authorized signatories (iv) Form 15H for claiming exemption from deduction of tax at source on income from interest on application money and (v) Form 15AA for claiming exemption from deduction of tax at source on the interest income.

**8. Application by Provident Funds, Superannuation Funds and Gratuity Funds**

As per MINISTRY OF LABOUR AND EMPLOYMENT NOTIFICATION New Delhi, the 21st November, 2013 S.O. 3450(E).— In exercise of the powers conferred by sub-paragraph (1) of paragraph 52 of the Employees' Provident Funds Scheme, 1952 and in supersession of the notification of the Government of India in the Ministry of Labour No. S.O. 2125 dated the 9th July, 2003 the Central Government hereby directs that all incremental accretions belonging to the Fund shall be invested in accordance with the following pattern namely:—

S. No.	Investment Pattern	Percentage amount to be invested
(i)	(a) Government securities I (b) Other securities II, the principal whereof and interest whereon is fully and unconditionally guaranteed by the Central Government or any State Government except those covered under (ii) (a) below. (c) Units of mutual funds set up as dedicated funds for investment in Government	Upto 55%

	securities and regulated by the Securities and Exchange Board of India; Provided that the exposure to a mutual fund shall not be more than 5% of the total portfolio at any point of time.	
<b>(ii)</b>	<p>Debt securities with maturity of not less than three years tenure issued by Bodies Corporate including banks and public financial institutions <b>III</b></p> <p>Provided that at least 75% of the investment in this category is made in instruments having an investment grade rating from at least one credit agency.</p> <p>(b) Term Deposit Receipts of not less than one year duration issued by scheduled commercial banks.</p> <p>Provided that the scheduled commercial banks must meet conditions of ;</p> <p>(i) Continuous profitability for immediately preceding three years ;</p> <p>(ii) Maintaining a minimum Capital to Risk Weighted Assets Ratio of 9%;</p> <p>(iii) Having net non-performing assets of not more than 2% of the net advances;</p> <p>(iv) Having a minimum net worth of not less than Rs. 200 crores.</p> <p>(c) Rupee Bonds having an outstanding maturity of at least 3 years issued by Institutions of the International Bank for Reconstruction and Development, International Finance Corporation and the Asian Development Bank.</p>	<b>Upto 55%</b>

The Government of India has, vide its Gazette notification dated 06.03.2003, in partial modification of notification no. F.11 (3-PD/98) dated March 31, 1999 has permitted Provident, Superannuation Funds, Gratuity Funds & Pension Funds to invest up to 30% of incremental accretions in the bonds/securities of “public sector companies” as defined under Section 2 (36-A) of the Income Tax Act, 1961. RVUN is a “Public Sector Company” within the meaning of the said notification as more than 51% of the paid up share capital is held by Government of Rajasthan. The bond issue has the additional credit enhancement of an unconditional and irrevocable guarantee from the Government of Rajasthan for the repayment of the principal and for the payment of the interest.

As per Notification dated July 9, 2003 issued by Ministry of Labour / Shram Mantralaya, Government of India, in exercise of the powers conferred by Sub-paragraph (1) of Paragraph 52 of the Employees’ Provident Funds Scheme, 1952 and in Supersession of the Notification of the Government of India in the Ministry of Labour No. S.O. 1398 dated the 11th July 1998 the Central Government directed funds to invest incremental accretions in these avenues as under:

- 15%: under category (ii) (b), the Bonds being fully and unconditionally guaranteed by the State Government of Rajasthan for payment of interest and repayment of principal.
- 30%: under category (iii) (a), Bonds of ‘Public Sector Companies’ as defined in Section 2(36-A) of the Income Tax Act, 1961.
- 30%: under category (iv), for investment at the discretion of the Trustees in the above categories

The applications must be accompanied by certified true copies of (i) Trust Deed/Bye Laws/Resolutions, (ii) Resolution authorizing investment and (iii) specimen signatures of the authorized signatories. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit a certificate issued by the Income Tax Officer along with the Application Form. Otherwise Tax Deduction at Source shall be made as per applicable regulations/ laws. For subsequent interest payments, such certificates have to be submitted periodically.

#### **9. Retirement Funds following Ministry of Finance Guidelines:**

As per the latest notification issued by the Ministry of Finance vide its Notification No- 5 (88)/2006-PR. dated 14th August, 2008 thereby effecting partial modification in the Notification No. 5(53)/2002-ECB & PR dated 24th January, 2005, the pattern of investment to be followed by Non-Government Provident Funds, Superannuation Funds and Gratuity Funds shall be as follows, effective from 1st April, 2009:

Upto 55%: in Government Securities the principal whereof and interest whereon is fully and unconditionally guaranteed by the Central Government or any State Government OR

Upto 40%: in Debt securities with maturity of not less than three years tenure issued by Bodies Corporate

including banks and public financial institutions (Public Financial Institutions' as specified under Section 2(72) of the Companies Act, 2013.)

Enclosure required: The application must be accompanied by certified true copies of (i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) Any official valid document to identify the trustees, selectors, beneficiaries and those holding Power of Attorney, founders/managers/ foundation/ association (v) Telephone bill and (iv) PAN (otherwise exemption certificate issued by IT authorities).

#### **10. Application by Mutual Funds**

The application should be accompanied by certified true copies (i) SEBI registration certificate (ii) Resolution authorizing investment and containing operating instruction (iii) Specimen signatures of authorized signatories.

#### **11. Application by Charitable/ Religious Trust**

The payment of interest and principal repayments on the bonds being guaranteed by Government of Rajasthan, these bonds fall within section 20(a) of the Indian Trust Act, 1882 and hence are considered as eligible investment for Trusts which are registered under the said Act. Other trusts, whose trust deeds provide for Investments in the Bonds may also apply to this issue of Bonds, subject to the approval of the Charity Commissioner or other appropriate authority, as the case may be. Investments in these bonds will qualify as eligible investments under section 11(5) of the Income Tax Act, 1961.

#### **12. Application by Insurance Companies**

As per Circular No. 32(1)/INVT/93 dated September 20, 1994 issued by Insurance Division, Department of Economic Affairs, Ministry of Finance, Government of India, insurance Companies are required to invest up to 10% of their net surplus funds in State Government Securities or Government Guaranteed Bonds.

The application must be accompanied by certified true copies of (i) Certificate of Information and Memorandum & Articles of Association (ii) Resolution of the Board of Directors and Identification of those who have authority to operate (iii) Power of Attorney granted to its managers, officers or employee to transact on its behalf (iv) Copy of PAN allotment letter and (v) copy of the Telephone bill.

#### **I. Fictitious Applications**

In terms of the Section 38 of the Companies Act, 2013 any person who – makes, in a fictitious name, an application to a body corporate for acquiring, or subscribing to, the bonds, or otherwise induced a body corporate to allot, or register any transfer of, bonds therein to them, or any other person in a fictitious name, shall be liable for action under section 447.

#### **J. Market Lot**

The market lot will be one Bond ("Market Lot") and in multiple thereof. However, the Bonds of the RVUN would be traded through Stock Exchange Mechanism only if market lot is in dematerialised form.

#### **K. Trading Of Bonds**

The marketable lot for the purpose of trading of Bonds shall be 1 (one) Bond of face value of Rs. 10 Lacs each. Trading of Bonds would be permitted in demat mode only in standard denomination of Rs. 10 Lacs and such trades shall be cleared and settled in recognized stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be reported on a recognized stock exchange having a nationwide trading terminal or such other platform as may be specified by SEBI.

#### **L. Right to Accept or Reject Applications**

RVUN reserves its full unqualified and absolute right to accept or reject any application in part or in full without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant if applicable to be sent. Interest on application money will be paid from the date of realization of funds through RTGS till one day prior to the date of refund. The Application Forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money.

**M. Future Borrowings**

The RVUN shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form and also issue Bonds/ Debentures/ Notes/ other securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure including issue of shares of any class or redemption or reduction of any class of paid up capital on such terms and conditions as the may think appropriate without the consent of or intimation to the Bondholder(s) or the Trustees in this connection.

**N. Bondholder not a Shareholder**

The Bondholders will not be entitled to any of the rights and privileges available to the Shareholders.

**O. Rights of Bondholders**

Other than receipt of interest and payment of principal, the Bondholders will not be entitled to any other rights and privileges.

**P. Right to Re-Purchase and Re-Issue the Bonds**

Subject to relevant provisions of law, RVUN will have the right to re-purchase some or all of its Bonds in the secondary markets from time to time prior to the specified dates of redemption and RVUN may at its discretion, re-issue or cancel the repurchased bonds.

**Q. Succession**

In the event of winding-up of the holder of the Bond(s) the Issuer will recognize the executor or administrator of the concerned Bondholder(s) or the other legal representative as having title to the Bond(s). The RVUN shall not be bound to recognize such executor or administrator or other legal representative as having title to the Bond(s) unless such executor or administrator obtains probate or letter of administration or other legal representation as the case may be from a Court in India having jurisdiction over the matter.

The RVUN may in their absolute discretion where they think fit dispense with production of probate or letter of administration or other legal representation in order to recognize such holder as being entitled to the Bond(s) standing in the name of the concerned Bondholder on production of sufficient documentary proof or indemnity.

**R. Notices**

All notices to the Bondholder(s) required to be given by the RVUN or the Trustees shall be published in one English and one regional language daily newspaper in Mumbai, New Delhi, Chennai and Kolkata and/ or, will be sent by post/ courier to the sole/ first allottee or sole/ first Beneficial Owner of the Bonds, as the case may be from time to time.

All notice(s) to be given by the Bondholder(s) shall be sent by registered post or by hand delivery to the RVUN or to such persons at such address as may be notified by the RVUN from time to time through suitable communication.

**S. Joint-Holders**

Where two or more persons are holders of any Bond(s) they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to other provisions contained in the Articles.

**T. Sharing of Information**

The RVUN may at its option use on its own as well as exchange, share or part with any financial or other information about the Bondholders available with the RVUN with its subsidiaries and affiliates and other Board's, financial institutions, credit bureaus, agencies, statutory bodies as may be required and neither the RVUN or its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

**XV. DECLARATION**

The Company undertakes that this Private Placement Offer Letter contains full disclosures in accordance with Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 and other provisions of the Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular No. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular No. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended.

The Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder. It is to be distinctly understood that compliance with the Companies Act, 2013 and the rules does not imply that payment of interest or repayment of redemption amount, is guaranteed by the Government of India.

The Company undertakes that the monies received under the Issue shall be utilized only for the purposes and 'Objects of the Issue' indicated in the Private Placement Offer letter. The Issuer accepts no responsibility for the statements made otherwise than in the Private Placement Offer Letter or in any other material issued by or at the instance of the Issuer and that any one relying on such information from any other source would be doing so at his own risk.

The undersigned has been authorized by the Board of Directors of the Company at its 236<sup>th</sup> meeting held on 19<sup>th</sup> May 2014 to sign this Private Placement Offer Letter and declare that all the requirements of the Companies Act, 2013, Securities and Exchange Board Of India (Issue And Listing Of Debt Securities), Regulation, 2012 (as amended), rules, regulations, guidelines and circulars issued there under in respect of the subject matter of this form and matters incidental thereto have been complied with.

Whatever is stated in this Private Placement Offer Letter and in the attachments thereto is true correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association of the Company. It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Private Placement Offer Letter.

**For RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LIMITED**



**A.K.C Bhandari**

**Chief Controller of Accounts (HQ)**

**Compliance Office    Chief Controller of Accounts (HQ.)**  
RVUN, Jaipur

*Date: 1<sup>st</sup> day of December 2014*

*Place: Jaipur*

**Attachments:-**

Copy of board resolution (Annexure I)

Copy of shareholders resolution (Annexure II)

Credit Rating (Annexure III)

Consent Letter of Debenture Trustee (Annexure IV)

BSE In-principal approval (Annexure V)

Government Guarantee Order (Annexure VI)

Auditor's qualifications & Replies of Management from FY 2009-10 to 2013-14 (Annexure VII to XI)



**COPY OF BOARD RESOLUTION (ANNEXURE – I)****RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LTD.**

**Extracts from the Minutes of the 236<sup>th</sup> Meeting of the Board of Directors of the Company held on Monday, the 19<sup>th</sup> May, 2014 at 3.30 PM in the Board Room, Vidyut Bhawan, Jyoti Nagar, Jaipur.**

**Item No.23:** To consider raising of funds by way of issue of bonds on private placement basis to the extent of Rs.1,000 crores, in tranches of Rs.250 crores or more, for part funding the enhanced project cost of Units-1&2 of Kalisindh Thermal Power Project.

A proposal to consider raising of funds by way of issue of bonds on private placement basis to the extent of Rs.1,000 crores, in tranches of Rs.250 crores or more, for part funding the enhanced project cost of Units-1&2 of Kalisindh Thermal Power Project, was placed before the Board.

The Board considered the proposal as contained in the detailed agenda note and after deliberations at length, accorded its approval for raising of funds by way of issue of bonds on private placement basis to the extent of Rs.1,000 crores, in tranches of Rs.250 crores or more, with or without Green Shoe Option, for part funding the enhanced project cost of Units-1&2 of Kalisindh Thermal Power Project and also approved the 'criteria for pre qualification and financial bids' for appointment of Arrangers to the issue. The following resolution was passed for the purpose:

**"RESOLVED THAT** the approval of the Board be and is hereby accorded for borrowing of Rs.1000 crores in tranches of Rs.250 crores or more with or without Green Shoe Option, for part funding of Units-1 & 2 of Kalisindh Thermal Power Project (KaTPP) by issue of Bonds on Private Placement basis on the following terms & conditions:

- (i) the issue size of Rs.1000 crores in tranches of Rs.250 crores or more, with or without Green Shoe option, as per the requirement for the financial year 2014-15;
- (ii) the application size shall be one Bond having face value of Rs.10.00 lakhs or in multiples thereof;
- (iii) the tenure of the Bonds shall be of 12 years with put or call option at the end of 10<sup>th</sup>, 11<sup>th</sup> & 12<sup>th</sup> years;
- (iv) the interest on application money shall be paid at coupon rate after deducting income tax at source (if applicable) from the date of realization of the cheque to the date of allotment;
- (v) the Bonds shall be secured by structured payment mechanism backed by Unconditional Irrevocable Guarantee of the State Government;
- (vi) the Bonds to be listed on National Stock Exchange of India Ltd./ Bombay Stock Exchange of India; and
- (vii) the Bonds to be admitted in NSDL and CDSL for dematerialization.



*Ag. COA (MAN)*  
*[Signature]*  
*19/5*

**RESOLVED FURTHER THAT** the approval of the Board be and is hereby accorded for the following:

- (i) to request the State Government to exempt stamp duty on these bonds or charge at concessional rates;
- (ii) to request the General Manager (C&IB), SBBJ, Jaipur, for putting in place necessary banking arrangements (for collection) in respect of the proposed Bond issues;
- (iii) to appoint Credit Rating Agency;
- (iv) to arrange for State Government Guarantee.
- (v) to appoint Arrangers as per the approved 'criteria for pre qualification and financial bids'.
- (vi) to appoint Trustees;
- (vii) to appoint Banker to the issue.
- (viii) to appointment Registrar for electronic connectivity to the issue;
- (ix) to prepare Information Memorandum of the proposed issue as per the applicable regulations of the Securities and Exchange Board of India (SEBI);
- (x) for listing of bonds with the National Stock Exchange of India/Bombay Stock Exchange of India;
- (xi) for Opening up a SEBI Complaints Redress System (SCORES) ID for investor grievance redressal; and
- (xii) to issue an undertaking to the National Stock Exchange of India Ltd. that the proposed Bonds Issue is in conformity with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 & amendments made thereunder and the Companies Act, 2013 and to make any changes/corrections/modifications etc., in the Information Memorandum (IM), as may be required with approval of the Chairman & Managing Director.

**RESOLVED FURTHER THAT** the Chairman & Managing Director, RVUN in consultation with Director (Finance) be and is authorized to make any amendment, if required, in the structure of the Bonds and/or criteria for pre qualification and financial bids of Arrangers and for taking decisions while executing the actions required as above and for allotment of Bonds after mobilization of funds.

**RESOLVED FURTHER THAT** the Chief Controller of Accounts (HQ) be and is hereby authorized to act as Compliance Officer to the issue and to execute all such documents, undertakings in respect of the proposed Bonds issue and to do all such other things incidental or ancillary thereto as may be required to be done from time to time.

**RESOLVED FURTHER THAT** the Common Seal of the Company be affixed as per requirement in the presence of two Directors and Company Secretary of the Company."

**COPY OF SHAREHOLDER'S RESOLUTION (ANNEXURE – II)**

**RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LTD.**

Certified True Copy of the Special Resolution passed in the Extraordinary General Meeting of the Company held on Friday, the 25<sup>th</sup> July, 2014 at 11.00 AM at the Registered Office of the Company at Vidyut Bhawan, Janpath, Jyoti Nagar, Jaipur.

**Special Business**

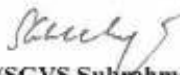
**3. Issue of Bonds upto a maximum limit of Rs.1000 Crores.**

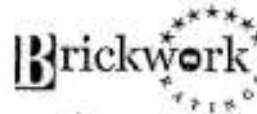
**"RESOLVED THAT** pursuant to the applicable provisions of Part-I (Public Offer) and Part-II (Private Placement) of Chapter-III (Prospectus and Allotment of Securities) of the Companies Act, 2013 and other applicable provisions thereof read with Rules prescribed thereunder alongwith SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as also the relevant clauses of the Memorandum and Articles of Association of the Company and subject to necessary approvals, consent, permission and/or sanction of the Securities and Exchange Board of India (SEBI), Stock Exchanges, Registrar of Companies (ROC) and any other authorities, Financial Institutions or bodies and subject to such conditions, as may be prescribed in any such approval, consent, permission or sanction, approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board") and/ or a Committee thereof to issue Bonds upto a maximum amount of Rs.1,000 Crores for (Rupees One Thousand Crores only) by way of a Public Offer through Prospectus/ Offer Document or on private placement basis, in tranches of Rs. 250 crores or more, with or without Green Shoe Option, as may be deemed appropriate, with a liberty to the Board and/ or a Committee thereof to decide the method, terms and conditions of any such issue and allotment including pricing, number of bonds to be allotted, and all other matters relevant thereto.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid issue of Bonds may have all or any terms or combination of terms including as to conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payments whatsoever, and all such matters as are provided in securities offerings of this nature including terms for issue of such bonds and the Company is also entitled to enter into and execute all such arrangements as the case may be with any lead managers, managers, underwriters, debenture trustees, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offerings of bonds and to remunerate all such agencies including the payment of commissions, brokerage, fees or payment of their remuneration for their services or the like, and also to seek the listing of such Securities on one or more Stock Exchanges.



**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board and/ or a Committee thereof be and is hereby authorised to take all such actions and/or to give such directions and to do all such acts and deeds as may be considered necessary or desirable and to accept any modification(s) in terms of issue of bonds as may be required by any statutory authority or any other authority and to settle any question or difficulty that may arise with regard to the issue of Bonds and to alter, vary, add or delete any of terms/ conditions thereof as it may deem expedient in the best interest of the Company and any decision or action already taken by the Board be and is hereby ratified."

  
(SGVS Subrahmanyam)  
Company Secretary

**CREDIT RATING (ANNEXURE III)**

BWR/BNO/IL/2014-15/0208

CIN: L26109KA2007PTD043900

September 23, 2014

Mr. N M Mathur  
Chairman & Managing director  
Rajasthan Rajya Vidyut Utpadan Nigam Ltd  
Vidyut Bhavan, Jyoti Nagar,  
Jaipur - 302002

Dear Sir,

Sub: Rating of proposed Bond issue of ₹ 1000 crores (Rupees Thousand Crores Only) of Rajasthan Rajya Vidyut Utpadan Nigam Ltd with a tenure of upto 12 years.

Thank you for giving us an opportunity to undertake Rating of proposed Bond issue of ₹ 1000 crores (Rupees Thousand Crores Only) of Rajasthan Rajya Vidyut Utpadan Nigam Ltd.

Based on the information and clarifications provided by the Nigam, as well as information available in public sources, we are pleased to inform you that Rajasthan Rajya Vidyut Utpadan Nigam Ltd.'s said bond issue of ₹ 1000 crores with a tenure of upto 12 years has been assigned BWR A+(SO) Rating [Pronounced BWR A Plus (Structured Obligation)] (Outlook Stable). The proposed Bond issue is guaranteed by the Government of Rajasthan for timely payment of principal and interest due on the aforementioned bond issue.

Instruments with BWR A+ (SO) ratings are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

The Rating is valid for one year from the date of assignment subject to terms and conditions that were agreed in your mandate dated July 15, 2014 and other correspondence, if any and Brickwork Ratings standard disclaimer appended below. Brickwork Ratings would conduct surveillance every year till maturity/redemption of the instrument. Please note that Brickwork Ratings would need to be kept informed of any significant information/development that may affect your Company's financial performance without any delay.

Please let us have your acceptance for the above rating before September 26, 2014. Please note that unless acceptance is conveyed to us by the said date, the rating will not be valid and should not be used for any purpose whatsoever.

Best Regards,

Vipin Sharma

Assistant General Manager - Ratings



**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any duty of verification; however, it does not warrant the provision or completeness of the information checked. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of BWR report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reason.

**Brickwork Ratings India Pvt. Ltd.**

Corporate Office: 5th Floor, Raj Alankar Park, Kirti Nagar, Connaught Place Road, New Delhi - 110 016.  
Phone: 011-2610-0040 • Fax: 011-2610-0041 • 2610-420-2342 • [www.brickworkratings.com](http://www.brickworkratings.com) • [www.brickworkratings.in](http://www.brickworkratings.in)  
Branches: Bangalore • Chennai • Coimbatore • Chandigarh • Delhi • Hyderabad • Jaipur • Kolkata • Mumbai • New Delhi • Pune • Raipur • Secunderabad



### Rating Rationale

Brickwork Ratings assigns "BWR A+ (SO)" for Rajasthan Rajya Vidyut Utpadan Nigam Ltd.'s Govt. guaranteed proposed bond issue of ₹ 1000 Crores (Rupees One thousand crores only)

Bond Issue Rating: BWR A+ (SO)

Outlook : Stable

Brickwork Ratings (BWR) has assigned BWR A+ (SO) [Pronounced BWR A Plus (Structured Obligation)] Rating with 'Stable' outlook for Rajasthan Rajya Vidyut Utpadan Nigam Ltd.'s (RRVUNL) proposed bond issue of ₹ 1000 crores (Rupees One Thousand crores only) with a tenor of up to 12 years. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

The rating has factored, inter alia, the unconditional and irrevocable guarantee of Government of Rajasthan (GoR) for timely payment of principal and interest on the proposed issue, structured payment mechanism for servicing the proposed issue, escrow of receivables, RRVUNL's track record of debt servicing, financial position of RRVUNL and the state's fiscal position with several initiatives undertaken by the State Government to attract investment to the State.

### Structure of proposed Bonds issue

The proposed ₹ 1000 crores bond issue of RRVUNL has tenure of upto 12 years. The proposed ₹ 1000 crores bond issue will be issued in tranches of Rs 250 Crores or more with or without green shoe option. Coupon will be decided at the time of placement of the bonds and payment is semi-annual. The repayment for bonds will be at the end of 10<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> year in 30:30:40 ratio.

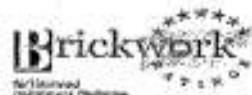
### Background

RRVUNL was established in the year 2000 by Govt. of Rajasthan (GoR) under the provisions of the Rajasthan Power Sector Reforms Act, 1999. RRVUNL is the State Power Generation Utility and has been entrusted with the job of development of power projects under state sector, in the state along with operation & maintenance of state owned power stations. RRVUNL supplies power to state DISCOM's namely; Jaipur Vidyut Vitaran Nigam Limited (JVVNL), Ajmer Vidyut Vitaran Nigam Limited (AVVNL) and Jodhpur Vidyut Vitaran Nigam Limited (JDVVNL). It procures Coal from Rajasthan Mines Corporation and has fuel supply agreements with ONGC, GAIL and Focus Energy for supply of GAS.

Being a Government of Rajasthan undertaking, RRVUNL's Board of Directors is appointed by the GoR and its management has rich industry experience.

[www.brickworkratings.com](http://www.brickworkratings.com)

24 September 2014



### Operational Details

RRVUNL is the State Electricity generation utility. Its revenues are from sale of power to state DISCOM's. The average cost of production is Rs 3.98 per unit. Tariffs for sale of power are determined by Rajasthan Electricity Regulatory Commission (RERC). RRVUNL's current installed capacity is 5107.35 MW, which includes 4340MW installed capacity of coal based thermal power; 600.50MW gas based thermal power and 163.85MW of Hydel power. They have ongoing projects of 3400MW which are scheduled to be completed by 2018. It has also new power projects aggregating to 4950MW in the pipeline which was approved in the XII plan.

### Financial Performance

RRVUNL revenues have marginally decreased to ₹ 8326.59crs in FY14 from ₹ 8751.45 crs in FY13. The company incurred a loss of ₹211.74 crs in FY 14 as compared to a loss of ₹ 185.22 crs in FY13. However, the company's has reported operating income of ₹ 1109.08crs for FY14, when compared to ₹ 1170.21crs in FY13. Total debt increased from ₹ 14187.78 crs in FY13 to ₹ 16094.85 crs in FY2014. Networth has increased from ₹ 4900.90 crs in FY13 to ₹ 5429.46crs in FY14, due to capital infusion by Government of Rajasthan. Gearing levels were high at 2.96 times in FY14.

### Outlook

The performance of RRVUNL and the fiscal position of Rajasthan government will be key rating sensitivity factors. GoR has implemented a restructuring schemes for the state discoms which is expected to result in their financial turnaround by FY17. The success of the restructuring plan and continued support of GoR is crucial for RRVUNL's performance. However, state's rising fiscal deficit and debt burden due to the support it provides by way of subsidies, debt/guarantees to state run entities are a constraint in its rating.

Analysts	Media
analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other publicly sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not warrant the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reason.

BWR/BNG/RL/2014-15/0240  
November 11, 2014



Mr. N M Mathur  
Chairman & Managing Director  
*Rajasthan Rajya Vidyut Utpadan Nigam Limited*  
Vidyut Bhavan, Jyoti Nagar  
Jaipur - 302005

Dear Sir,

**Sub: Validation of Rating – Government guaranteed proposed bond issue of ₹1000 Cr rated by us vide letter no BWR/BNG/RL/2014-15/0208 dated September 23, 2014**

**Ref: Your email dated November 10, 2014**

We advise that the said rating of BWR A+ (SO) [Pronounced as BWR A Plus (Structured Obligation)] assigned for your company's Government guaranteed proposed bond issue of ₹1000 Cr rated by us and advised vide letter no. BWR/BNG/RL/2014-15/0208 dated September 23, 2014 is valid up to September 22, 2015. Instruments with this rating are considered to have **adequate degree of Safety** regarding timely servicing of financial obligations. Such instruments carry **low credit risk**. We note that the company has not raised any amount out of the said rated issue.

Please note that all terms and conditions of our letter BWR/BNG/RL/2014-15/0208 dated September 23, 2014 remains unchanged.

Please note to furnish complete details of borrowings under the above issue, as and when is completed.

Best Regards,

  
Vipula Sharma  
Assistant General Manager - Ratings  
Brickwork Ratings India Pvt Ltd




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#### Brickwork Ratings India Pvt. Ltd.

Corporate Office: 3rd Floor, Raj Alaka Park, Kalena Agrahara, Sonmughtha Road, Bengaluru - 560 076.  
Phone: +91 80 4040 0940 • Fax: +91 80 4040 9942 • 1-888-425-2742 • [www.BrickworkRatings.com](http://www.BrickworkRatings.com) • [www.FinancialLiteracy.in](http://www.FinancialLiteracy.in)  
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**CONSENT LETTER OF DEBENTURE TRUSTEE (ANNEXURE IV)**

<b>ऑलबैंक फाइनेंस लिमिटेड</b>	CIN : U67120WB1951G01020023	<b>AllBank Finance Limited</b>
(उत्पादक वित्त की पूर्ण स्वतंत्र सहायता सेवा)		(A wholly owned subsidiary of Allahabad Bank)
पंजीकृत ऑफिस :		Corporate Office :
इलाहाबाद बैंक भवन, 37, मंगल मंडल मार्ग, फोर्ट, मुंबई - 400 021.		Allahabad Bank Bldg, 37th Floor,
फोन : 022-2262 6282 • टेलिफैक्स : 022-2267 7552		37, Mumbai-Satellite Marg, Fort, Mumbai - 400 021,
SEBI Registered Category - I Merchant Banker RNS 05006608		Tel : 022-2262 6283 • Telefax : 022-2267 7552
Debenture Trusteeship Registration : RND 05000525		AMFI Registered Mutual Fund Distributor ARN : 46758

Ref No: ABFLDI-RRVUNL/2014-15/139

Dated 01<sup>st</sup> October, 2014

The Chief Controller of Accounts (HQ),  
Rajasthan Rajya Vidyut Utpadan Nigam Limited -  
Vidyut Bhawan, Jan Path,  
Jyoti Nagar,  
Jaipur- 302005

Dear Sir,

Sub: Trusteeship of proposed bond issue on private placement of Rs. 1000 crores by Rajasthan Rajya Vidyut Utpadan Nigam Limited during the financial year 2014-2015.

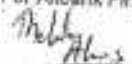
Ref: Your letter no. RVUN/CAO(W&M)/Debenture trustee/D.6651 dated 26.09.2014 and letter no. RVUN/CAO(W&M)/Debenture trustee/D.6781 dated 01.10.2014.

With reference to the captioned subject regarding appointment of Allbank Finance Limited as Trustee for the proposed issue of Debenture (Bonds) to the extent of Rs. 1000 crores in the tranches of Rs. 250 crores or more with or without green shoe option during the financial year 2014-2015 on private placement.

In this regard, we are agreeable to our appointment as Trustee for your proposed Bond issues as above and as per the terms and conditions mentioned in your above referred letter.

Please note that our acceptance is only for private placement & your aforesaid letter does not mention if, please amend accordingly.

Thanking You  
For Allbank Finance Limited

  
Authorized Signatory

Visit us at [www.allbankfinance.com](http://www.allbankfinance.com) email : [info@allbankfinance.com](mailto:info@allbankfinance.com)  
Regd. Office : 14, India Exchange Place, 1st Floor, Kolkata - 700 603. Ph: (033) 2248 7864 / 2248 7896 Fax : 2248 9984  
Branch Office : 17, Parliament Street, 1st Floor, New Delhi - 110 001. Ph: 011-2334 6277 Fax : 011-2336 7770

**BSE IN-PRINCIPLE APPROVAL (ANNEXURE – V)**

BSE Limited Registered Office: Floor 25, P | Towers, DLF Street, Market 400 001 India  
T: +91 22 2372 1234 / 33 F: +91 22 2372 1003 www.bseindia.com

CIN NO:U67120MH2005PLC155188

DCS/COMP/RK/HP-PPDI/202/14-15



November 12, 2014

The Company Secretary  
Rajasthan Rajya Vidyut Utpadan Nigam Limited  
Vidyut Bhawan,  
Jan Path, Jyoti Nagar,  
Jaipur-302005

Dear Sir,

Re: Private Placement of State Government Guaranteed, Unsecured, Rated, Listed, Redeemable, Non Convertible Tradable Bonds of Rs. 10.00 lacs each for cash at par aggregating to Rs. 1000 Crores (Tranche-I of Rs.500 crores plus Green Shoe option upto the amount of Rs. 250 crores).

We acknowledge receipt of your application through online portal on November 12, 2014 seeking in-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing subject to fulfilling the following conditions:

1. Filing of listing application and execution of the debt listing agreement.
2. Payment of fees as may be prescribed from time to time.
3. Compliance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended 2012, and submission of Disclosures and Documents as per Regulations 21, in the format specified in Schedule I of the said Regulations and also Compliance with provisions of Companies Act 2013.
4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.
5. Compliance with change in the guidelines, regulations/directions of the Exchange or any statutory authorities, documentary requirements from time to time.

This In Principle Approval is valid for a period of 1 year from the date of issue of this letter. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/incorrect/misleading/false or for any contravention of Rules, bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter"

Yours faithfully,

*R.H. Khataur*  
Radhika Khataur  
Associate Manager

*Gurjit Jais*  
Gurjit Jais  
Asst. Manager

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**GOVERNMENT GUARANTEE ORDER (ANNEXURE - VI)**GOVERNMENT OF RAJASTHAN  
ENERGY DEPARTMENT

No.F.13(18)Energy/2014

Jaipur, dated: 28.11.2014

**ORDER**

The Governor of Rajasthan is pleased to guarantee the timely repayment of principal and payment of interest of bonds to be issued by Rajasthan Rajya Vidyut Utpadan Nigam Limited (RVUN), a successor company of Rajasthan State Electricity Board, during the financial year 2014-15 for Rs. 1000.00 crores (Rupees One Thousand crores) on the following terms and conditions:-

1. Issue Size	Rs. 1000.00 crore in tranches. The first tranche is of Rs. 300.00 crore with Green Shoe Option of Rs. 250.00 crore.
2. Application Size and Face Value	The minimum application size would be ten bonds (Rs. 1,00,00,000/-) and subsequently in multiple of five bonds (Rs. 50,00,000/-) have face value of Rs. 10.00 lac per bond
3. Interest on application money	The interest on application money would be paid at coupon rate after deducting income tax at source (if applicable) from the date of receipt of money in RVUNL account till one day prior to the date of allotment.
4. Maturity and Redemption period.	The tenure of the bonds would be 12 years. Redemption with in three annual installment starting at the end of 10th year, 11th year and 12th year with ratio of 30:30:40
5. Security	The bonds would be secured by Unconditional Irrevocable Guarantee of the State Government for timely repayment of principal and interest.
6. Listing	The bonds will be listed on National Stock Exchange of India Limited/ Bombay Stock Exchange of India Ltd.
7. Dematerialization	The bond would be admitted on National Securities Depository Limited and Central Depository Services (India) Limited for dematerialization.

This guarantee is un-conditional and irrevocable and will remain in force till all the bonds issued by Rajasthan Rajya Vidyut Utpadan Nigam Limited pursuant to this are redeemed. This issues with the concurrence of Finance (Budget) Department vide ID No.101404236 dated 21.11.2014

By Order of the Governor,

(Sanjay Malhotra)  
Secretary, Energy

Copy forwarded to the following for information and necessary action:-

1. Director (Budget) Finance Department.
2. Chairman & Managing Director, RVUN, Jaipur in reference to his office letter No. 6858 dated 20.10.2014 with the request that 1% government guarantee commission would be chargeable on issue of bonds.
3. Director, Printing & Stationery (along-with soft copy) with the request to please get the order published in the next Rajasthan Extraordinary Gazette.

Secretary, Energy

Enc. V (List of bonds RVUNL)

## ANNEXURE- VII

### MANAGEMENT'S RESPONSE TO THE STATUTORY AUDITOR'S REPORT ON THE ACCOUNTS OF RVUN FOR THE FINANCIAL YEAR 2013-14

#### MAIN REPORT

**Para No. 1& 2: No comments.**

**Para No.3: Basis for Qualified Opinion**

Management does not agree with the auditor's view regarding financial impact as quantified. The detailed response has been given at relevant paras of Annexure-II of the report.

**Para No. 4 Qualified Opinion**

The detailed response has been given for the effects of the matters described in Annexure-II of the report.

**Para No. 5 (1) (a) to (h) Emphasis of Matter**

No comments as these have already been adequately disclosed by relevant notes.

#### LEGAL AND REGULATORY REQUIREMENTS

1& 2- No comments

3. (a) Relevant records in respect of Giral unit 11 have also been provided
- (b) (i) & (ii) Relevant proper records are maintained.
- (c) No comment.
- (d) No comment as these has already been adequately disclosed by relevant notes.
- (e) No comment.

#### ANNEXURE- I OF THE AUDITORS' REPORT

1. (a) Detailed Fixed Asset Registers are available with the company prepared / updated upto 2013-14 for all the power stations. As regards showing the full particulars including quantitative details and situation of fixed assets, most of the assets appearing in the register contain the information as required under the Act. Further, the extent of quantification has not been commented by the statutory auditors. The company has already hired services of M/s Shyam L. Agarwal & Co., to maintain said register. The Fixed Assets Register of STPS Stage-I as prepared by the firm has been compiled with the provisions of the Companies Act as per Auditors opinion. Accordingly remaining projects/units of the company are being prepared FAR as per the formats as accepted by the Auditors.
1. (b) Physical verification report has been made available to the auditors. Steps are being taken to strengthen the system of physical verification of Fixed Assets at unit level. Regarding Non availability of Fixed Assets, the same has already been disclosed at note no.10.1.

1. (c) Factual.

2. (a) Factual.

2. (b) Factual.

2. (c) No comments. Necessary actions are being taken.

3. Factual.

4. Efforts are being made to further strengthen of Internal Audit System with the nature and size of Business and reconciliation of the balances. Presently the Internal Audit wing is being headed by the professionally qualified Chief Accounts Officer. Trade Receivables are reconciled upto 2012-13. Necessary Purchases are made as per provisions of DOP. Necessary provisions have already been made regarding old balances having no proper details. As regard confirmation, the same has already been disclosed at relevant notes.

5 & 6: Factual.

7. The company is not agreed with the observation regarding non existence of adequate internal audit system. The company having proper system of Internal Control due to which no fraud/embezzlement has been occurred/noticed. Efforts are being made to further strengthen of Internal Audit System with the nature and size of the Business. Presently the Internal Audit wing is being headed by the professionally qualified Chief Accounts Officer as per provisions of the companies Act.

8. Provisional cost records for the year 2013-14 have already been prepared at the time of audit. Now final cost records have also been prepared.

9. (a) The old balances are under process of reconciliation and year after year, these are continuously decreasing. Further actions for timely deposition of the statutory dues and liquidating these old balances are being taken up.

9. (b) i & ii: No comments as these have already been disclosed at note no. 31.2 (c), i & viii.

10 to 16 & 18 to 21: No comments.

17. The company has adequate details of loans including utilization also. Generally company has obtained Term loans for construction of projects and Short Term Loans for working capital requirements and utilized for the same.

## **ANNEXURE-II OF THE AUDITORS REPORT**

### **1. DISCLOSURE OF ACCOUNTING POLICIES:**

- 1.1 No comments as these have already been disclosed at 1.11 of Accounting Policies.
- 1.2 The company has proper policy regarding revenue recognition on account of truing-up adjustment also as already been disclosed at S.no. 1.5(c) of the accounting policy.
- 1.3 Same has already been disclosed at note no.9.1

### **2. REVENUE RECOGNITION:**

- 2.1 Company is not agreed with the auditor's view. No adjustment is required without directions of the RERC in this regard and the revenue is being recognized as per Accounting Policy of the company at S. No. 1.5
- 2.2 The units have been directed to comply with the RERC norms for calculating the FPA correctly

### **3. OVERSTATEMENT OF TRADE RECEIVABLES:**

Company is not agreed with the auditor's view. Revenue is recognized on the basis of tariff order issued by the RERC and same is being done as per Accounting Policy of the company at S. No. 1.5.

### **4. EMPLOYEE BENEFITS:**

The position in this regard has already been disclosed vide point no.1.8 of Accounting Policies and Note no.31.2 (d).

### **5. IMPAIRMENT OF ASSETS:**

The company does not agree with the observation issued. The company has made impairment assessment of the assets and necessary certificates to this effect have already been provided to the statutory auditors. In this regard also refer disclosure made at Note no 31.9. As regard GLTPP, company has already awarded order to conduct RLA study of the plant to operate the project on sustainable basis and study work is under process and report has not been issued so far.

## **6. FIXED ASSETS, CAPITAL WORK IN PROGRESS (CWIP) AND DEPRECIATION:**

- 6.1 The company is having the details of capital work in progress as work order wise and scheme wise and transferred to fixed assets accordingly. Some of adjustments have already been made during the year. However, unit officers are being directed to carry out proper accounting adjustments of remaining pending adjustments.
- 6.2 No adjustment is required as staffs posted are worked of another unit in addition to their already allotted work of the particular unit.
- 6.3 The company is having proper Internal Control System due to which no fraud/embezzlement has been occurred/noticed since incorporation of the company.
- 6.4 The necessary adjustments have been made and due to continuous efforts the balances are reducing year after year.
- 6.5 The company has proper details of relevant technical parameters and same are within the limit, hence no recovery has been made in this regard so far.

## **7 ACCOUNTING FOR INVESTMENT**

- 7.1 The Management of the company does not agree with the Auditor's View. The same has been correctly presented under "Loans and Advances "as amount of investment has not classified and shares not issued.
- 7.2 & 7.3 The Management of the company does not agree with the Auditor's View regarding permanent decline in the value of the investment in GLPL. As regard loss of GLPL is mainly due to charging of expenses including IDC and other to the statement of Profit & Loss instead of capitalization of the same on account of prolong of COD. RERC has also allowed some amount against expenditure booked in the Profit & Loss Account. Secondly company intends to ensure regular and effective operation on sustainable basis of the unit after arranging rectification /modification /replacement with the alternate fuel. To implement the same company has issued order to M/s Energo Engineering Project Ltd. to carry the complete technical study (Residual Life Assessment) of the Giral Project. Necessary action shall be taken on the basis of report of technical study (RLA) to operate the project on sustainable basis and also to recover the initial losses through future profit.

## **8 LONG OUTSTANDING / UNRECONCILED BALANCES:**

### **8.1 DEBIT BALANCES:**

- (a) Necessary provisions have already been made at various units regarding un-reconciled long outstanding balances. Continuous efforts are being made to reconcile these balances and carry out necessary adjustments and some of these have already been adjusted.
- (b) The balances in current account with banks and collection accounts are reconciled. As regard status of other balances, necessary disclosures have already been made at note no. 8.3, 17.3 and 31.7.
- (c) Subsidiary records are also maintained to the extent as required. Due to our active efforts the old balances under these heads has continuously been reducing/adjusting year after year on the basis of record maintained. The total negative balances got reduced to `3.69 lacs as against `5.28 lacs last year. Further efforts are under progress.
- (d) Continuous efforts are being made to reconcile the remaining old negative balances.

### **8.2 CREDIT BALANCES:**

- (a) These also include very old balances and continuous efforts are being made to reconcile these balances and carry out necessary adjustment if required and these are in reducing trend.
- (b) The matter of Indo-Nissan is pending for decision in the Hon'ble Court. Any further action regarding adjustment will be taken as per decision of the Hon'ble Court.
- (c) The concerned officers have been directed to reconcile these balances and ensure to carry out necessary adjustment after due verification.
- (d) Due to non finalization of accounts of sister companies, reconciliation for the year 2013-14 is only pending. However, efforts are being made to reconcile the same and carry out necessary accounting adjustment if required.
- (e) Efforts are being made to reconcile the same and these have already been disclosed at note no.17.3.
- (f) Efforts are being made to reconcile the same and these have already been disclosed at note no.8.3.



**9 INVENTORY, STORES AND SPARES:**

- 9.1 Due to active efforts the differences have been reducing year after year. However, concerned unit officers have been directed to get the remaining differences reconciled and carry out necessary adjustment.
- 9.2 The company does not agree with the observation. The matter has already been adequately disclosed at note no. 16.1.
- 9.3 The concerned unit officers are being directed to comply with the observation raised.

**10 GENERAL/OTHER:**

- 10.1 Monthly contributions are made on the basis of payment of salary and wages paid to the employees and these are reconciled every month by the respective unit contributing the same. As per our records no current liability is pending to be provided or contributed to the trust fund. In this regard also refer to the disclosure made at note no. 31.2 (d).
- 10.2 The fact stands disclosed vide note no. 31.8. However efforts are being made to comply with the provisions of the said acts.
- 10.3 The tax at source has been deducted as per the provisions of the Income Tax Act, 1961. Further, the concerned unit officers are being directed to ensure proper compliance of the provisions of the Act.
- 10.4 Regarding pending court cases etc the disclosure made vide note no. 31.2 (c) be referred. Further the amount of contract remaining to be executed on capital account has been arrived based on the total project cost less current booking/expenditure incurred. The calculation has been made for each project separately. Also refer disclosure at note no. 31.1.

## 11 GIRAL:

- 11.1 Giral Lignite Power Limited (GLPL) is a wholly owned subsidiary of RVUN and the allotment of equity shares towards consideration for transfer unit-I of GLTPP was initially to be made after increase in the Authorized Share Capital of GLPL from Rs.1 crore to Rs. 200 crore which got increased in the year 2009-10 but allotment of shares by GLPL was subject to a decision on the "mode of Purchase Consideration" of the total "Net Assets Value". Proposal for discharging the Purchase Consideration is under process. The adequate disclosure has already been made vide note no. 14.2.
- 11.2 The status regarding debt servicing and execution of tripartite agreement, necessary disclosure has already been made vide note no.20.3.
- 11.3 The revenue expenses are initially booked in the Giral unit 1<sup>st</sup> (GLPL) and thereafter shared between the two units on the basis of basic accounting principles.
- 11.4 Unit 2<sup>nd</sup> of Giral (RVUN) has already commenced commercial operation w.e.f 12.03.2011. The Giral unit-I, subsidiary company i.e. GLPL has also commenced commercial operation w.e.f. 18.10.2011. As the entire land was purchased against project provision for Unit-I, on transfer of business of Giral Unit-I into subsidiary company GLPL, the assets appeared in the books of accounts have also been transferred in GLPL. However the title of this land is continued to be in the name of RVUN. It is not possible to segregate land unitwise presently, as there are many services in operation shared by both the units commonly.
- 11.5 The management of the company is not agreed with the views of the auditors regarding charging of Depreciation before COD of the unit. The Fixed Assets have been recognized after declaration of COD of the unit as per Regulatory norms. The COD of the unit-2 of Giral has been declared on 12.03.2011.

*P C Modi & Co.*

Chartered Accountants

☑ "ShreeDham" R-20, Yudhishter Marg  
C-Scheme, Jaipur, Rajasthan - 302001  
☎ +91-141-4018502/4018503/4018504

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
Rajasthan Rajya Vidyut Utpadan Nigam Limited.

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Rajasthan Rajya Vidyut Utpadan Nigam Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance, of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of The Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion for the year ended as on 31<sup>st</sup> March, 2014.

### BASIS FOR QUALIFIED OPINION

We draw attention to Annexure II (which forms an integral part of this report) which gives a statement regarding the comments, qualification and reservations that constituted the basis for modifying our opinion.

- a) We further report that without considering the para as mentioned in report and Annexure II, in which the financial effect could not be ascertained, except para nos/ sub para nos. (9.2 & 11.5) where financial impact has been quantified being considered the impact of our observation are as under:-

(₹ in Lacs)

Head	Before Qualification	Increase / Decrease	After Qualification
Net loss	31,286	7,326	38,612
Fixed Assets	978,216	-7,302	970,914
Inventories	55,244	-24	55,220



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## QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in Annexure II referred in our Basis for Qualified Opinion paragraph, the financial statements give the information required by the Companies Act, in the matter so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Balance Sheet, of the state of affairs of the Company as on 31<sup>st</sup> March, 2014;
- (ii) in the case of Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

## EMPHASIS OF MATTER

t. Your attention is drawn to:

- a) Note 10.3 that the title of land on which road related to STPS is constructed valuing ₹ 74.78 Lacs does not vest with the Company.
- b) Note 10.9 that Company had acquired 557.14 Bigha of land for Dholpur Gas Power Project from "M/s RPG Enterprise" through Govt. of Rajasthan. Out of which, 200.01 Bigha of Land is not yet allotted in favour of RRVUNL as it is appearing as forest land in the revenue records. Also, no title deed is executed in favour of Company.
- c) Note 15.2 that the Company has taken certain assets on lease. Out of these assets, the ownership of leased assets of the following entities have not been transferred in the name of the Company after expiry of lease agreements due to pending litigation in court or in absence of power of attorney. The security deposit equivalent to residual value of the lease assets have already been deposited with lessors except M/s ICICI Ltd. for which payment will be made. The details are as under:



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(₹ in Laes)

S. No.	Name of Lessor	Lease Value	Residual Value
1	M/s ICICI Ltd	8,400.00	84.00
2	M/s Indo Nissan Oxa Chemical Ltd.	623.34	155.83
	Total	9,023.34	239.83

d) Note 21.1 that the Discouns namely JVVNL, JIDVVNL, AVVNL are not admitting the Mvarh charges claimed by RRVUNL in its monthly energy bills. The total of such claim is ₹ 14,621 laes including ₹ 2,664 laes for the year 2013-14. Due to non confirmation, accounting of such claim to the above extent has not been recognized in the books of relevant year of RRVUNL.

e) Note 31.2 (c) (i) that at KTPS and DCCPP, a disputed liability of ₹ 3,175 Laes and ₹ 10.79 Laes respectively on account of water cess claimed by Rajasthan State Pollution Control Board (RSPCB) for which appeal have been filed by Chairman, RSPCB.

Due to pending outcome of litigations, no impact of the said disputed liability has been taken in Financial Statements.

f) Note 31.2 (c) (ii) that at SSTPS disputed liability on account of Incentives of coal supplies bills and others demanded by SECL amounting to ₹ 2,076 laes has not been acknowledged by the Company as debt but shown as Contingent Liability since no claim has been raised by the party. Also, as per contract, mutual consent is necessary for the payment.

Due to non availability of details of mutual corresponding, impact of the same on Financial Statements is not ascertainable, if any.



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g) Note 31.2 (c) (iii) that the Additional Collector (Stamps) Jaipur, has raised the demand of stamp duty & interest of ₹ 1,580 lacs on finalisation of appeal against matter of levy of stamp duty on purchase of plant & machinery and loan documents executed. The Company has filed the revised appeal before Chief Controlling Authority (Stamps), Ajmer against the said demand by depositing the 25% amount of demand i.e. ₹ 395 lacs. Due to pending outcome of litigations, no impact of the said disputed liability has been taken in Financial Statements.

h) Note 31.2 (d) that RERC had allowed the Company to recover the sum of ₹ 4,000 Lacs per year towards shortfall in pension and gratuity from the tariff for a period of 5 years and this amount recovered from the Tariff was to be paid to the PF trust. However, the Company had recovered installments for the year 2010 to 2014 but only ₹ 15,032 Lacs has been remitted to the P.F. trust till 2013-14.



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## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2004 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As the Company is governed by the Electricity Act, 2003, the provisions of the said Act have prevailed wherever the provisions of the Companies Act, 1956 are inconsistent with the said Electricity Act, 2003.
3. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations except Girai Unit as mentioned in Annexure II, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except that the items referred to in paragraph 1.1(h) and paragraph 1.11 of Significant Accounting Policies are accounted for on cash basis instead of accrual basis as required by the Section 209 of the Companies Act, 1956 and except the following:-
    - (i) Subsidiary ledgers /records in respect of various heads of security deposits, earnest money, retention money, staff advances, liabilities for supply of material, trade payables, misc. deposits, advance to suppliers/other parties, advance from parties etc.
    - (ii) Work wise/scheme wise records for capital work in progress.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 except for the possible effects as reported in Annexure II which are summarized hereunder:-





## *P C Modi & Co.*

- AS-1: Disclosure of Accounting Policies.
- AS-6: Depreciation Accounting.
- AS-9: Revenue Recognition.
- AS-10: Accounting for Fixed Assets.
- AS-13: Accounting for Investments
- AS-15: Employee Benefits.
- AS-28: Impairment of Assets.

e) Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 21 October, 2003 issued by the Government of India, provisions of section 274(1)(g) of the Companies Act 1956 regarding disqualification of directors are not applicable to Rajasthan Rajya Vidhyut Utpadan Nigam Limited;

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

*Anirudh Singh*  
Anirudh Singh  
Partner  
M. No. 418686



Place: Jaipur  
Dated: 18-09-2014

# P C Modi & Co.

## ANNEXURE I TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph I under "Report on Other Legal and Regulatory Requirements" in the Independent Auditor's Report of even date on account of Rajasthan Rajya Vidyut Utpadan Nigam Limited for the year ended on 31<sup>st</sup> March, 2014)

- 1)(a) The Company informed that preparation of Fixed Asset Register is under process which contains full particulars including sufficient description of the assets, quantitative details, situation, individual asset wise depreciation and its written down value. In absence of complete records and reconciliation, we are unable to comment on the discrepancies including physical non-existence of assets, their being not in working condition and/or their location.
  - (b) Physical verification report with detailed working papers of Fixed Assets have not been made available to us. Company has not maintained complete records of Fixed Assets. In absence of complete information, we are not in a position to comment on the discrepancies, if any in relation to the physical existence of the assets and its book value. However, Fixed Assets as mentioned in the books of head office amounting to ₹ 6,204 Laes are not physically available (as agreed by the management) with the Company, hence the provision was made in the F.Y. 2008-09 for the same.
  - (c) In our opinion, the Company has not disposed of substantial part of its fixed assets during the year and therefore the going concern status of the Company is not affected.
- 2)(a) In our opinion and as per certificates furnished, the inventories other than item of scrap have been physically verified at reasonable intervals by the management during the year.
  - (b) In our opinion and as per the information and explanations given to us, the procedures of physical verification of stock and spares conducted by the management through an independent chartered accountant firm were reasonable and adequate in relation to the size of the Company and nature of its business.



## PC Modi & Co.

- (c) In our opinion and as per the information and explanations given to us, the Company has maintained proper records of inventory and the discrepancies, if any between physical stock and book records noticed on such physical verification are under reconciliation. At some units value of inventory as per store ledgers does not reconcile with the financial books. (Refer point no. 10.1 of Annexure II of this Report)
- 3) As informed to us, the Company has neither taken nor granted any loans, secured or unsecured from/to Companies, Firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of Paragraph 4(iii) (b), (c), (d) of CARO are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there does not exist proper internal control procedure commensurate with the size of the Company and nature of its business in respect of purchase of Inventory, Fixed Assets and Sale of Energy. No proper records of CWIP have been kept. Further, the Company has no system for timely reconciliation and adjustments of trade receivables, trade payables, security deposits from contractors and suppliers, staff advance, other advances and other liabilities, details of which are not available from long time. The Company has not taken any major corrective actions to overcome these weaknesses in internal controls. Also, during the course of audit, we have observed that the Company does not have proper system of timely adjustment of Stores Requisition Notes and Stores Issue Notes at power plants (Refer point no. 9.1 of Annexure II of this Report).
- 5) There are no contracts and arrangements as referred to in section 301 of the Companies Act, 1956, particulars of which needs to be entered into a register maintained under section 301 of the said Act. Accordingly, Paragraph 4(v) (a) and (b) of CARO are not applicable.
- 6) According to the information and explanation given to us, the Company has not accepted any deposits from the public.
- 7) As explained to us the Company has outsourced some of the areas for internal audit and most of the areas are audited by internal staff. Looking to the discrepancies observed during the course of audit and correction made during the course of audit, we are of the opinion that there are no adequate systems of internal audit commensurate with the size and nature of its business. Internal Audit Reports of financial statements of all the units of the Company were not made available to us for our reference.



## P C Modi & Co.

8) As per information given to us, Cost Records under section 209 (1) (d) of the Companies Act, 1956, for the Financial Year 2013-14 are under the process of preparation but not yet finalized. So, we are unable to examine such records and comment thereon.

9)(a) As per information and explanations given to us, we report that the Company is generally regular in depositing undisputed statutory dues with appropriate authorities, including Provident Fund, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues to the extent applicable to it. However, some delays in depositing the same has been observed. Further, in some cases, debit and credit balances in these accounts pertaining to earlier years are subject to reconciliation. (Refer point no. 8.2 (c) of Annexure II of this Report).

(b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except:

i) Liability of ₹ 3,185.80 Laes on account of water cess charges for which appeal is pending with appropriate authority.

ii) Liability of ₹ 1,028.01 Laes on account of Taxation matters on which appeals are pending at different levels. The details are as under:

₹ in Laes

S. No.	Nature of Taxation	Amount
1.	Sales Tax Matters	4.38
2.	VAT Matters	866.66
3.	Fringe Benefit Tax	156.96

10) In our opinion and according to the information and explanations given to us, the accumulated losses of the Company are less than 50% of its net worth. Also, Company has not incurred cash losses during the year or during the immediately preceding financial year.



## *P C Modi & Co.*

- 11) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution/ bank or debenture holders. However during the year defaults took place, but the same were settled during the year only.
- 12) According to the explanations given to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- 13) In our opinion, the Company is not a chit fund or a Nidhi/ mutual benefit and society. Therefore, the provisions of clause 4 (xiii) of CARO are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15) According to the explanation given to us, we are of the opinion that the Company has not given guarantees for loans taken by others from banks or financial institutions that are prejudicial to the interest of the Company.
- 16) Company is maintaining records for availment and utilization of loans. A perusal of these records reveals that prima-facie loans are utilized for the purpose they have been taken, however, we have not made a detailed examination of such utilizations as direct or proximate linking of sources and utilizations of loans are not available as they are centrally pooled, remains partly unutilized.
- 17) According to the information and explanation given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we cannot form an opinion about utilization of funds raised on short term basis for long term investment have been used or not. We were explained that the funds received are pooled together in only one bank account and then disbursed as per requirements of various projects. Hence, we are unable to comment on proper utilization of the loans and funds availed. Further, utilization details were not properly maintained with the Company through which it could be arrived that whether short term funds have been utilized for long term investments.
- 18) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act.
- 19) According to the information and explanation given to us, during the period covered by our Audit Report, the Company has not issued any debentures.



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- 20) The Company has not raised any money by public issue during the year.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported.

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

*Anirudh Singh*  
Anirudh Singh

Partner

M. No. 418686



Place: Jaipur  
Dated: 18-09-2014

ANNEXURE II TO INDEPENDENT AUDITOR'S REPORT

(Referred to in "Basis for Qualified Opinion paragraph and paragraph 3 under "Report on Other Legal and Regulatory Requirements" in the Independent Auditor's Report of even date on account of Rajasthan Rajya Vidyut Utpadan Nigam Limited for the year ended on 31<sup>st</sup> March, 2014)

1. DISCLOSURE OF ACCOUNTING POLICIES:

1.1 Refer Accounting Policy No. 1.1(b) and 1.11, the Company has not followed the accrual assumption of fundamental accounting in the following cases which are accounted for on cash basis.

- a) Interest income from staff loans.
- b) Interest payable on defaulted installments of sale consideration of fixed assets by lease finance companies.
- c) Generation linked incentives and productivity awards to its employees.
- d) Price variation claims

1.2 Refer Accounting Policy No. 1.5 (c) regarding revenue recognition; the Company is not recording revenue on accrual basis.

1.3 Refer Note 9.1 regarding the Provision for ex-gratia, the Company has created Provision for ex-gratia on ad-hoc basis

Considering the para 1.1 to 1.3 above, we are of the opinion that the Company's policies are not in accordance with Accounting Standard-I – "Disclosure of Accounting Policies" issued by ICAI. In absence of details, we are unable to quantify the effect on Statement of Profit and Loss.

2. REVENUE RECOGNITION:

2.1 On scrutinizing RERC order of the F.Y. 2009-10, it was observed that expense on additional liability for Pension and Gratuity were clearly disallowed.

However as per sales bills of F.Y. 2013-14, the Company has not considered the above disallowance while booking revenue for the F.Y. 2013-14. Also, no provision or adjustments has not been made regarding the above disallowance.



## *P C Modi & Co.*

2.2 The Company, in the calculation of Fuel Price Adjustment (FPA) has charged loss in transit @ 1.5% of Railway Receipt (RR) weight on monthly basis whereas, the RERC allows only 1.1% of RR weight on rack to rack basis. Due to this, the Company has overcharged the amount of Fuel Price Adjustment from Discoms. This has resulted into overstatement of Income and Trade Receivables. However due to non-availability of information, we are unable to quantify the effect of the same.

Considering the para 2.1 to 2.2 above, we are of the opinion that the Company has not recognized the revenue in accordance of Accounting Standard -9, "Revenue Recognition" issued by ICAI.

### 3. OVERSTATEMENT OF TRADE RECEIVABLES.

The Company has recognised revenue in F.Y. 2013-14 also without considering disallowance being made by RERC. Due to this, the Company has unenforceable Trade Receivables in the books. Hence, to that extent of disallowance, Trade Receivables are overstated and there is need of provision in the books for the same.

### 4. EMPLOYEE BENEFITS :

Refer Accounting Policy 1.8 and Note 31.2 (d), accounting of Pension, Gratuity, and Leave Encashment is not in accordance with Accounting Standard -15, "Employee Benefits" issued by ICAI, since no Actuarial Valuation of Gratuity and Pension is made in respect of liability at the year end. Further, Leave Encashment is being accounted for on cash basis.

In the absence of Actuarial Valuation and details, we are unable to comment about the effect on Statement of Profit and Loss regarding shortfall / excess in provision for liabilities of Employee Benefits.

### 5. IMPAIRMENT OF ASSETS :

5.1 The Company has not conducted any assessment in respect of Impairment of Assets and no provision has been made in respect of Impairment Losses as required by Accounting Standard -28 "Impairment of Assets" issued by the ICAI. The Company has also not submitted any report or working in respect of identification of impairment of assets for various units.

5.2 Also, no Impairment Loss for GLTPP have been calculated and booked by the Company even after noticing some of the adverse features and





## PC Modi & Co.

continuous correspondence for the same with the Company during the course of Audit.

Due to non-availability of working, the effect of above non-compliance of Accounting Standards on the Financial Statements is not ascertainable, if any.

### 6. FIXED ASSETS, CAPITAL WORK IN PROGRESS (CWIP) AND DEPRECIATION:

- 6.1 The Company is not having proper work wise/age wise/scheme wise details of Capital Work In Progress and this includes material at site (usable and unusable). It has been observed that some of the adjustments are pending since long time. The impact of the same on the financial statement is not ascertainable.
- 6.2 The Company at various projects incur common expenses like salary and other expenses for whole of the Project. The Company is not in practice of proportionating the same to the unit which is under construction and same is fully charged to Statement of Profit and Loss instead of capitalizing certain portion of it. This results in understatement of Capital Work in Progress and the impact of the same on the Financial Statement is not ascertainable.
- 6.3 Due to lack of proper internal control related to the works in progress and in absence of proper reports of work completion and reconciliation of material issued and consumed, the inherent risk of "Fraud/Misuse" cannot be denied.
- 6.4 The Opening Balance in respect of Advance to Contractors, Advance to Suppliers, Misc. Deposits, Capital Work in Progress and Fixed Assets contains misstatements, because effect of previous years qualifications has not been carried out or the effect thereof is not properly accounted or rectified. Therefore, the effect of the same on Financial Statements is not ascertainable.
- 6.5 No details have been provided by the Company regarding Guaranteed Auxiliary Power Consumption in the case of construction contracts. The Guaranteed Auxiliary Power Consumption clause of contracts states that recovery shall be made at the specified rates from contractors in case auxiliary power consumption for completing works exceeds the limit specified in the contracts. As informed by the management such



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consumption did not exceed the limit specified. In absence of records, the same is not verifiable.

Considering the para 6.1 to 6.4 above, we are not able to comment about correctness of CWIP, Fixed assets and corresponding Depreciation thereon.

### 7. ACCOUNTING OF INVESTMENT

7.1 Giral Lignite Power Limited is a wholly owned Subsidiary of the Company in which the Company has made an investment of ₹ 456.25 crore. Instead of showing the Investment as Non-Current Investment the same is shown under Long Term Loan and Advances. This issue was also raised by C&AG in its Supplementary Audit for F.Y. 2011-12. We concur with the view of C&AG that the same should be recorded under Non-Current Investment in the books of the Company.

7.2 Accounting Standard-13 states the there should be permanent decline in the value of Investment if there is existence of the following reasons:

- a) Carrying Value of asset is more than Realizable Value.
- b) Expected cash flow from the Investment are not achieved.
- c) Negative Net worth of Investee Company

7.3 The Company has not considered diminution in the value of Investment made in Giral Lignite Power Limited, even after existence of some of the indicators for decline as mentioned in point 7.2 above. Apart from the above, the following reasons also add up to the non-compliance of Accounting Standard-13:

- a) Report in a known Public Newspaper (Dainik Bhaskar on 9th Feb, 2014) that the Government is planning to sell the plant or will make a new partner in the project due to the inherent technical defaults in the plant.
- b) No technical study report for the viability of the project is furnished by the Company till date as, it is under progress.
- c) The plant is working at 20-30% PLF since its beginning which shows that the fixed cost of the plant is very high and if the project will be restarted making all the defaults right, huge investments will be required.
- d) Project's viability is at question since; the project is incurring losses from the beginning and Loss of the Investee Company till 31-03-2013 as per audited Financial Statements is ₹296.54 crore.



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Considering para 7.1 and 7.3 the Company has not complied with the provisions of Accounting Standard- 13 "Accounting of Investments". Considering available information and facts, we are of the view that there is permanent decline in the value of Investment but in absence of full particulars, we are unable to quantify the effect of the same on Financial Statement.

### 8. LONG OUTSTANDING/UNRECONCILED BALANCES

#### 8.1 DEBIT BALANCES

- a) The Company is having Long Outstanding Debit Balances of ₹ 206.75 crore, which have not been reconciled since long. Also, many credit balances are still lying in these account heads. In absence of proper explanations and details, we are unable to comment on the same.
- b) Balances and amount due to/from banks in current accounts and collection accounts are subject to reconciliation. Also, Subsidiary Giral Lignite Power Limited and other Companies of Board such as RRVPNL, JVVNL, AVVNL and JDVVNL, balance with staff, Earnest Money Deposits, Security Deposits, Misc Deposits held, Current Liabilities and Provision, Advances to Contractors/Suppliers, etc. including 8.3 and 17.2 in Balance Sheet are subject to confirmation and have not been fully reconciled. The effect of the same on the Financial Statements is not ascertainable.
- c) Subsidiary records are not properly maintained at many units. Further, loans and advances include old unadjusted and un-reconciled balances and confirmation for the same has not been provided. In absence of full details, we are unable to comment on the Financial Impact, if any. Further, following heads in different units are having negative balances



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S.No	Head	Amount (₹)
1	Scooter Advance	129410.00
2	House Building Advance	209960.00
3	Pay Advance	12548.00
4	Travelling Advance	2200.00
5	Departmental Advance	10978.95
6	Misc. Advance- Others	4051.00

- d) Transfer within Circles (TWC) amounting to ₹ 24.70 Laes includes un-reconciled balances at many units. It also includes negative balances of ₹ 0.07 Laes. In absence of details, we are unable to comment on the Financial Impact thereof.

### 8.2 CREDIT BALANCES

- a) The Company is having Long Outstanding Credit Balances of ₹ 276.85 crore, which not reconciled since long. Also, some debit balances are lying in these account heads. In absence of proper explanations and details, we are unable to comment on the same.
- b) The Current Liabilities and Provisions include ₹ 6.23 Laes payable to M/s Indo Nissan on account of lease/rent expenses are lying unpaid/unadjusted. This issue was also raised by C & AG in its Supplementary Andit for the F.Y. 2010-11. We concur with the view of C&AG that the same should be written back in the books of Company. However, the Company has not fully adjusted such liability in F.Y. 2013-14 also.
- c) Company's Liabilities for State Sales Tax, TDS, GPF and PF are subject to reconciliation.



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- d) The Company has not done reconciliation of Inter Company Accounts with other successor entities of erstwhile RSEB for period 2013-14. Financial impact, if any cannot be ascertained and therefore the amount by which assets/liabilities/profit/loss, understated/overstated cannot be quantified.
- e) The balances of net salary payable and unpaid salary in units were not reconciled. Further, staff related liabilities include debit balances at certain units amounting to ₹ .78 Laes. Hence, staff related liabilities were subject to reconciliation / adjustment.

### 9. INVENTORY, STORES AND SPARES.

- 9.1 In some units, values of inventory as per Financial Statements are not reconciliation with the value of inventory as per Stores Ledger. Details are as under:

(₹ In Laes)

Unit	Inventory as per Books (Note 16)	Inventory as per stores Ledger	Difference
KTPS	8164.09	8166.06	-1.97
STPS	3647.61	3949.17	-301.56
RGTP	4149.18	4259.17	-109.99
DCCPP	2902.48	2871.92	30.56

In absence of reconciliation, effect of the above on Profit/Loss/Assets/Liabilities could not be quantified.

- 9.2 At SSTPS, inventory amounting to ₹ 23.56 Laes was lost due to occurrence of theft. Any provision has not been made in the books of account regarding the same. Due to this, inventory is overstated and loss for the year is understated by ₹ 23.56 Laes.



## P C Modi & Co.

- 9.3 The Company is not in practice of making the store accounting at SSTPS, GTPP and RCTP, CTPP on day to day basis.

### 10. GENERAL/OTHER

- 10.1 Pension and Gratuity Liabilities are being funded through Trust on the basis of contribution by the Company. However, no reconciliation/confirmation is provided for verification. In absence of reconciliation, we are not in a position to comment whether Company has paid or provide all its liabilities towards the Trust as per the rules and regulations of the said Trust.
- 10.2 The Company has not identified the Enterprises qualifying under the definition of Medium and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). As a result no disclosure is given, as per requirement of Schedule VI to the Companies Act, 1956 vide Notification No. GSR 719 (E), with regard to amounts unpaid as at the year - end together with the interest paid/payable under the MSMED Act, 2006.
- 10.3 In number of cases, tax at source has not been deducted on provisions made at the year end in respect of payments to contractors, professionals etc as required under the provisions of Income Tax Act, 1961. However, impact of the same is not ascertainable.
- 10.4 Figures of the Contingent Liability as disclosed in respect of pending Court/ Arbitration / Legal / Tax related cases, estimated amount of contract and other commitments have not been properly compiled and ascertained. In the absence of details of each case with present status and individual details of contract remaining to be executed on capital account, we are unable to verify the correctness of said disclosure.

### 11. GIRAL

- 11.1 As per the decision of Directors in Board Meeting, the Company had transferred its Giral - I unit to its wholly owned subsidiary Giral Lignite Power Limited on and with effect from 1<sup>st</sup> January 2009 for a consideration of allotment of equity shares equivalent to the net book value on 31<sup>st</sup> December 2008. However, equity shares are not allotted by GLPL to RRVUNL till date.



- 11.2 The debts of the power plant transferred are being served by the RRVUNL without any agreement with GLPL. The financier of Giral - I mainly PFCL has agreed to transfer the debt in the name of the subsidiary GLPL by executing a triplicate agreement between the three companies, which has not been executed so far. The liabilities of the subsidiary Company (GLPL) are met by RRVUNL since, it is not in a position to meet out its expenses. Due to the above adjustments, deposit and other deductions made related to work done in GLPL are still lying unadjusted in the books of Company.
- 11.3 All expenses are charged by GLPL in its books of account and the same are proportioned in the ratio of 1:1 in the books of Giral Unit II. However, the basis and authenticity of that expenditure was not made available for verification. Hence, we are not in a position to verify the same as GLPL is having separate auditor and the Audited Financial Statements for the year 2013-14 are not produced before us for verification. Therefore, we are not in a position to express our opinion on the expenditure of Giral Unit II of RRVUNL booked in Financial Statements.
- 11.4 As per the terms approved by the Board for transfer of Unit 1 to GLPL, the ownership of land, building and plant was to be transferred to GLPL but, till date the land, building, plant & machinery were not actually transferred to GLPL.
- 11.5 The Company has charged the depreciation on assets from the date of COD of the unit i.e. from 12.03.2011. C& AG, in his supplementary Audit, reported that the above depreciation should be charged from F.Y. 2009-10. We concur the view of C& AG, in the said circumstances, on the principles that depreciation should be charged from the date when the assets are ready for use for commercial production, not from the date when the assets were actually used for the commercial production. Due to this, the Fixed assets are overstated and depreciation is understated by ₹ 7,302 Lacs.



# *P C Modi & Co.*

Considering para 11.1 to 11.5 and in absence of complete details, impact on assets/liabilities/profit and loss cannot be ascertained.

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

*Anirudh Singh*  
Anirudh Singh

Partner

M. No. 418686



Place: Jaipur

Dated: 18-09-2014



## ANNEXURE - VIII

### MANAGEMENT'S RESPONSE TO THE STATUTORY AUDITOR'S REPORT ON THE ACCOUNTS OF RVUN FOR THE FINANCIAL YEAR 2012-13.

#### MAIN REPORT

**Para No. 1 & 2: No comments.**

**Para No.3: Basis for Qualified Opinion.**

Management does not agree with the auditor's view regarding financial impact as quantified. The detailed response has been given at relevant paras of Annexure-II of the report

**Para No. 4 Qualified Opinion**

The detailed response has been given for the effects of the matters described in Annexure-II of the report.

**Para No. 5 (1)(a) to (h) Emphasis of Matter**

No comments as these have already been adequately disclosed by relevant notes

#### LEGAL AND REGULATORY REQUIREMENTS

1 & 2- No comments

3. (a) Relevant records in respect of Giral unit II have also been provided
- (b) (i) & (ii) Relevant proper records are maintained.
- (c) No comment.
- (d) No comment as these has already been adequately disclosed by relevant notes.
- (e) No comment.

#### ANNEXURE-I OF THE AUDITORS' REPORT

1. (a) Detailed Fixed Asset Registers are available with the company prepared / updated upto 2012-13 for all the power stations. As regards showing the full particulars including quantitative details and situation of fixed assets, most of the assets appearing in the register contain the information as required under the Act. Further, the extent of quantification has not been commented by the statutory auditors. The company has already hired services of M/s Shyam L. Agarwal & Co. to maintain said register. The Fixed Assets Register of STPS Stage-I as prepared by the firm has been provided to the auditors as well as Dy.AG Rajasthan as per their satisfaction to comply with the provision of the Act so that same may be replicated for the other units of the company.
- (b) Physical verification report has been made available to the auditors. Steps are being taken to strengthen the system of physical verification of Fixed Assets at unit level. Regarding Non availability of Fixed Assets, the same has already been disclosed at note no.10.1.
- (c) Factual.
2. (a) Factual.
- (b) Factual.
- (c) No comments. Necessary actions are being taken.
3. Factual.
- 4 Efforts are being made to further strengthen of Internal Audit System with the nature and size of Business and reconciliation of the balances. Purchases are made as per provisions of DOP. Necessary provisions have been made regarding old balances having no proper details. As regard confirmation, the same has already been disclosed at relevant notes.
- 5 & 6: Factual.
7. The company is not agreed with the observation regarding non existence of adequate internal audit system.

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The company having proper system of Internal Control due to which no fraud/embezzlement has been occurred/noticed. Efforts are being made to further strengthen of Internal Audit System with the nature and size of the Business.

8. Provisional cost records for the year 2012-13 have already been prepared at the time of audit. Now final cost records have also been prepared.
9. (a) The old balances are under process of reconciliation and year after year, these are continuously decreasing. Further actions for timely deposition of the statutory dues and liquidating these old balances are being taken up.
- (b) i & ii: No comments as these have already been disclosed at note no. 31.2 (c), i & viii.

10 to 16 & 18 to 21: No comments.

17. The company has adequate details of loans including utilization also. Generally company has obtained Term loans for construction of projects and Short Term Loans for working capital requirements and utilized for the same.

#### **ANNEXURE-II OF THE AUDITOR'S REPORT**

##### **1. DISCLOSURE OF ACCOUNTING POLICIES:**

- 1.1 No comments as these have already been disclosed at 1.11 of Accounting Policies.
- 1.2 The company has proper policy regarding revenue recognition on account of truing-up adjustment also as already been disclosed at S.no. 1.5(c) of the accounting policy.
- 1.3 Same has already been disclosed at note no.9.1

##### **2. REVENUE RECOGNITION:**

- 2.1 Company is not agreed with the auditor's view. No adjustment is required without directions of the RERC in this regard and the revenue is being recognized as per Accounting Policy of the company at S. No. 1.5
- 2.2 There is no difference in amount of FPA arrived by both the formulas. However, the units have been directed to comply with the RERC norms for calculating the FPA by new formula.
- 2.3 The units have been directed to comply with the RERC norms for calculating the FPA correctly.
- 2.4 & 2.6 The same has been claimed as per views of RERC in this regard.
- 2.7 The unit has been directed to comply with the RERC norms for calculating the FPA correctly.

##### **3. OVERSTATEMENT OF TRADE RECEIVABLES:**

Company is not agreed with the auditor's view. Revenue is recognized on the basis of tariff order issued by the RERC and same is being done as per Accounting Policy of the company at S. No. 1.5.

##### **4. EMPLOYEE BENEFITS:**

The position in this regard has already been disclosed vide point no.1.8 of Accounting Policies.

##### **5. IMPAIRMENT OF ASSETS:**

The company does not agree with the observation issued. The company has made impairment assessment of the assets and necessary certificates to this effect have already been provided to the statutory auditors. In this regard also refer disclosure made at Note no 31.9

##### **6. FIXED ASSETS, CAPITAL WORK IN PROGRESS (CWIP) AND DEPRECIATION:**

- 6.1 The company is having the details of capital work in progress as work order wise and scheme wise and transferred to fixed assets accordingly. As regard pending adjustments, unit officers are being directed to carry out proper accounting adjustments.
- 6.2 No adjustment is required as staffs posted are worked of another unit in addition to their already allotted work of the particular unit.



- 6.3 The company is having proper Internal Control System due to which no fraud/embezzlement has been occurred/noticed.
- 6.4 The necessary adjustments have been made and due to continuous efforts the balances are reducing year after year.
- 6.5 The company has proper details of relevant technical parameters and same are within the limit, hence no recovery has been made in this regard so far.

#### 7. ACCOUNTING FOR INVESTMENT :

- 7.1 The Management of the company does not agree with the Auditor's View. The same has been correctly presented under "Loans and Advances "as amount of investment has not classified and shares not issued.
- 7.2 & 7.3 The Management of the company does not agree with the Auditor's View regarding permanent decline in the value of the investment in GLPL. As regard loss of GLPL is mainly due to charging of expenses including IDC and other to the statement of Profit & Loss instead of capitalization of the same on account of prolong of COD. RERC has also allowed some amount against expenditure booked in the Profit & Loss Account. Secondly company intends to ensure regular and effective operation on sustainable basis of the unit after arranging rectification /modification /replacement with the alternate fuel. To implement the same company has issued order to M/s Energo Engineering Project Ltd. to carry the complete technical study (Residual Life Assessment) of the Giral Project. Necessary action shall be taken on the basis of report of technical study (RLA) to operate the project on sustainable basis and also to recover the initial losses through future profit.

#### 8 LONG OUTSTANDING / UNRECONCILED BALANCES :

##### 8.1 DEBIT BALANCES:

- (a) Necessary provisions have already been made at various units regarding un-reconciled long outstanding balances. Continuous efforts are being made to reconcile these balances and carry out necessary adjustments.
- (b) The balances in current account with banks and collection accounts are reconciled. As regard status of other balances, necessary disclosures have already been made at note no. 8.3, 17.3 and 31.7.
- (c) Due to our active efforts the old balances under these heads has continuously been reducing/ adjusting year after year on the basis of record maintained. The total negative balances got reduced to Rs. 5.28 lacs as against 8.97 lacs last year. Further efforts are under progress.
- (d) Continuous efforts are being made to reconcile the remaining old negative balances.

##### 8.2 CREDIT BALANCES:

- a. These also include very old balances and continuous efforts are being made to reconcile these balances and carry out necessary adjustment if required.
- b. The matter of Indo-Nissan is pending for decision in the Hon'ble Court. Any further action regarding adjustment will be taken as per decision of the Hon'ble Court.
- c. The concerned officers have been directed to reconcile these balances and ensure to carry out necessary adjustment after due verification.
- d. The matter has already been disclosed at note no. 9.1.
- e. Efforts are being made to reconcile the same and carry out necessary accounting adjustment if required.
- f. Efforts are being made to reconcile the same and these have already been properly disclosed at note no. 17.3.



- g. Efforts are being made to reconcile the same and these have already been disclosed at note no.8.3.

## 9 INVENTORY, STORES AND SPARES:

- 9.1 Due to active efforts the differences have been reducing year after year. However, concerned unit officers have been directed to get the remaining differences reconciled and carry out necessary adjustment.
- 9.2 The company does not agree with the observation. The matter has already been adequately disclosed at note no. 16.1.
- 9.3 The concerned unit officers are being directed to comply with the observation raised.

## 10 GENERAL/OTHER:

- 10.1 The Management of the company does not agree with the Auditor's View. The amount of Retention money is not actually due and it depends upon the performance of the contract.
- 10.2 Monthly contributions are made on the basis of payment of salary and wages paid to the employees and these are reconciled every month by the respective unit contributing the same. As per our records no current liability is pending to be provided or contributed to the trust fund. In this regard also refer to the disclosure made at note no. 31.2 (d).
- 10.3 The fact stands disclosed vide note no. 31.8. However efforts are being made to comply with the provisions of the said acts
- 10.4 The tax at source has been deducted as per the provisions of the Income Tax Act, 1961. Further, the concerned unit officers are being directed to ensure proper compliance of the provisions of the Act.
- 10.5 Regarding pending court cases etc the disclosure made vide note no. 31.2 (c) be referred. Further the amount of contract remaining to be executed on capital account has been arrived based on the total project cost less current booking/expenditure incurred. The calculation has been made for each project separately. Also refer disclosure at note no. 31.1

## 11 GIRAL:

- 11.1 Giral Lignite Power Limited (GLPL) is a wholly owned subsidiary of RVUN and the allotment of equity shares towards consideration for transfer unit-I of GLTPP was initially to be made after increase in the Authorized Share Capital of GLPL from Rs.1 crore to Rs. 200 crore which got increased in the year 2009-10 but allotment of shares by GLPL was subject to a decision on the "mode of Purchase Consideration" of the total "Net Assets Value". Proposal for discharging the Purchase Consideration is under process. The adequate disclosure has already been made vide note no. 14.2.
- 11.2 The status regarding debt servicing and execution of tripartite agreement, necessary disclosure has already been made vide note no.20.3.
- 11.3 Proper books are maintained at the Giral unit 2nd by the company. Only the revenue expenses are initially booked in the Giral unit 1st (GLPL) and thereafter shared between the two units on the basis of basic accounting principles.
- 11.4 Unit 2nd of Giral (RVUN) has already commenced commercial operation w.e.f 12.03.2011. The Giral unit-I (subsidiary company) i.e. GLPL has also commenced commercial operation w.e.f. 18.10.2011. As the entire land was purchased against project provision for Unit-I, on transfer of business of Giral Unit-I into subsidiary company GLPL, the assets appeared in the books of accounts have also been transferred in GLPL. However the title of this land is continued to be in the name of RVUN. It is not possible to segregate land unitwise presently, as there are many services in operation shared by both the units commonly.
- 11.5 The management of the company is not agreed with the views of the auditors regarding charging of Depreciation before COD of the unit. The Fixed Assets have been recognized after declaration of COD of the unit as per Regulatory norms. The COD of the unit-2 of Giral has been declared on 12.03.2011.



**P.C. MODI & Co.**  
Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS

**RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LIMITED**

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Rajasthan Rajya Vidyut Utpadan Nigam Limited** ("the Company"), which comprise the Balance Sheet as at **31<sup>st</sup> March, 2013**, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that, we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### BASIS FOR QUALIFIED OPINION

We draw attention to **Annexure II** (which forms an integral part of this report) which gives a statement regarding the comments, qualification and reservations that constituted the basis for modifying our opinion.



We further report our observations based on the para nos./ sub para nos. [ 8.2(b), 8.2(c), 9.2, 10.1, 11.5] where financial impact has been quantified. This has been done without considering the paras as mentioned in report and Annexure II, in which the financial effect could not be ascertained. The impact of our observation are as under:-

(₹ in Lacs)

Head	Before Qualification	Increase / Decrease	After Qualification
Net loss	18,522	5,396	23,918
Fixed Assets	8,21,004	7,302	8,13,702
Capital work in progress	9,77,594	20	9,77,614
Inventories	86,790	-24	86,766
Other current liabilities	3,41,544	-1,910	3,39,634

#### QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in **Annexure II** referred in our Basis for Qualified Opinion paragraph, the financial statements give the information required by the Companies Act, in the matter so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of Balance Sheet, of the state of affairs of the Company as on 31<sup>st</sup> March, 2013;
- in the case of Statement of Profit and Loss, of the Loss for the year ended on that date; and
- in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

#### EMPHASIS OF MATTER

##### 1. Your attention is drawn to:

- Note 10.3 that the title of land on which road related to STPS is constructed valuing ₹78.04 Lacs does not vest with the Company.
- Note 10.9 that Company had acquired 557.14 Bigha of land for Dholpur Gas Power Project from "M/s RPG Enterprise" through Govt. of Rajasthan. Out of which, 200.01 Bigha of Land is not yet allotted in favour of RRVUNL as it is appearing as forest land in the revenue records. Also, no title deed is executed in favour of Company.
- Note 15.2 that the Company has taken certain assets on lease. Out of these assets, the ownership of leased assets of the following entities have not been transferred in the name of the Company after expiry of lease agreements due to pending litigation in court or in absence of power of attorney. The security deposit equivalent to residual value of the lease assets have already been deposited with lessors except M/s ICICI Ltd. for which payment will be made. The details are as under:

(₹ in lacs)

S.No.	Name of Lessor	Lease Value	Residual Value
1	M/s ICICI Ltd	8,400.00	84.00
2	M/s Indo Nissan Oxo Chemical Ltd.	623.34	155.83
Total		9,023.34	239.83





d) Note 21.1 that the Discoms namely JVVNL, JDVVNL, AVVNL are not admitting the Mvarh charges claimed by RRVUNL in its monthly energy bills. The total of such claim is ₹11.957 lacs including ₹ 2,450 lacs for the year 2012-13. Due to non confirmation, accounting of such claim to the above extent has not been recognized in the books of relevant year of RRVUNL.

e) Note 31.2 (c) (i) that at KTPS and DCCPP, a disputed liability of ₹ 3,098 Lacs and ₹ 10.79 Lacs respectively on account of water cess claimed by Rajasthan State Pollution Control Board (RSPCB) for which appeal has been filed by Chairman, RSPCB.

Due to pending outcome of litigations, no impact of the said disputed liability has been taken in financial statements.

f) Note 31.2 (c) (ii) that at SSTPS disputed liability on account of Incentives of coal supplies bills and others demanded by SECL amounting to ₹ 1,481 lacs has not been acknowledged by the Company as debt but shown as Contingent Liability since no claim has been raised by the party. Also, as per contract, mutual consent is necessary for the payment.

Due to non availability of details of mutual corresponding, impact of the same on financial statements is not ascertainable, if any.

g) Note 31.2 (c) (iii) that the Additional Collector (Stamps) Jaipur, has raised the demand of stamp duty & interest of ₹ 1,580 lacs on finalisation of appeal against matter of levy of stamp duty on purchase of plant & machinery and loan documents executed. The Company has filed the revised appeal before Chief Controlling Authority (Stamps), Ajmer against the said demand by depositing the 25% amount of demand i.e. ₹ 395 lacs.

Due to pending outcome of litigations, no impact of the said disputed liability has been taken in financial statements.

h) Note 31.2 (d) that RERC had allowed the Company to recover the sum of ₹ 4,000 Lacs per year towards shortfall in pension and gratuity from the tariff for a period of 5 years and this amount recovered from the Tariff was to be paid to the PF trust. However, the Company had recovered installments for the year 2010 to 2013 but only ₹ 11321 Lacs has been remitted to the P.F. trust till 2012-13.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2004 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the **Annexure I** a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As the Company is governed by the Electricity Act, 2003, the provisions of the said Act have prevailed wherever the provisions of the Companies Act, 1956 are inconsistent with the said Electricity Act, 2003.
3. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations **except Giral Unit** as mentioned in Annexure II, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books **except that the items referred to in paragraph 1.1(b) and paragraph 1.11 of Significant Accounting Policies are accounted for on cash**



basis instead of accrual basis as required by the Section 209 of the Companies Act, 1956 and except the following:-

- (i) **Subsidiary ledgers /records in respect of various heads of security deposits, earnest money, retention money, staff advances, liabilities for supply of material, trade payables, misc. deposits, advance to suppliers/other parties, advance from parties etc.**
  - (ii) **Work wise/scheme wise records for capital work in progress.**
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 **except for the possible effects as reported in Annexure II which are summarized hereunder:-**
- **AS-1: Disclosure of Accounting Policies.**
  - **AS-6: Depreciation Accounting.**
  - **AS-9: Revenue Recognition.**
  - **AS-10: Accounting for Fixed Assets.**
  - **AS-13: Accounting for Investments.**
  - **AS-15: Employee Benefits.**
  - **AS-28: Impairment of Assets.**
- e) Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 21<sup>st</sup> October, 2003 issued by the Government of India, provisions of section 274(1)(g) of the Companies Act, 1956 regarding disqualification of directors are not applicable to Rajasthan Rajya Vidyut Utpadan Nigam Limited.

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

Place : Jaipur  
Dated : 27-03-2014

(Bharat Sonkhiya)  
Partner  
M No. 403023



**ANNEXURE I TO INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory requirements" in the Independent Auditor's Report of even date on account of Rajasthan Rajya Vidyut Utpadan Nigam Limited for the year ended on 31<sup>st</sup> March, 2013)

- 1) (a) The Company informed that preparation of Fixed Asset Register is under process which contains full particulars including sufficient description of the assets, quantitative details, situation, individual asset wise depreciation and its written down value. In absence of complete records and reconciliation, we are unable to comment on the discrepancies including physical non-existence of assets, their being not in working condition and/or their location.
- (b) Physical verification report with detailed working papers of Fixed Assets have not been made available to us. Company has not maintained complete records of Fixed Assets. In absence of complete information, we are not in a position to comment on the discrepancies, if any in relation to the physical existence of the assets and its book value. However, Fixed Assets as mentioned in the books of head office amounting to ₹ 6,204 Lacs are not physically available (as agreed by the management) with the Company, hence the provision was made in the F.Y. 2008-09 for the same.
- (c) In our opinion, the Company has not disposed of substantial part of its fixed assets during the year and therefore the going concern status of the Company is not affected.
- 2) (a) In our opinion and as per certificates furnished, the inventories other than item of scrap have been physically verified at reasonable intervals by the management during the year.
- (b) In our opinion and as per the information and explanations given to us, the procedures of physical verification of stock and spares conducted by the management through an independent chartered accountant firm were reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and as per the information and explanations given to us, the Company has maintained proper records of inventory and the discrepancies, if any between physical stock and book records noticed on such physical verification are under reconciliation. At some units value of inventory as per store ledgers does not reconcile with the financial books. (Refer point no. 9.1 of Annexure II of this Report)
- 3) As informed to us, the Company has neither taken nor granted any loans, secured or unsecured from/to Companies, Firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of Paragraph 4(iii) (b), (c), (d) of CARO are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there does not exist proper internal control procedure commensurate with the size of the Company and nature of its business in respect of purchase of Inventory, Fixed Assets and Sale of Energy. No proper records of CWIP have been kept. Further, the Company has no system for timely reconciliation and adjustments of trade receivables, trade payables, security deposits from contractors and suppliers, staff advance, other advances and other liabilities, details of which are not available from long time. The Company has not taken any major corrective action to overcome these weaknesses in internal controls. Also, during the course of audit, we have observed that the Company does not have proper system of timely adjustment of Stores Requisition Notes and Stores Issue Notes at power plants (Refer point no. 9.1 of Annexure II of this Report).



- 5) There are no contracts and arrangements as referred to in section 301 of the Companies Act, 1956, particulars of which needs to be entered into a register maintained under section 301 of the said Act. Accordingly, Paragraph 4(v) (a) and (b) of CARO are not applicable.
- 6) According to the information and explanation given to us, the Company has not accepted any deposits from the public.
- 7) **As explained to us the Company has outsourced some of the areas for internal audit and most of the areas are audited by internal staff. Looking to the discrepancies observed during the course of audit and correction made (as mentioned below) during the course of audit, we are of the opinion that there is no adequate system of internal audit commensurate with the size and nature of its business. Internal Audit Reports of Kalisindh, Mangrol, Cash, H&GP Bikaner, H&GP Jaipur were not made available to us for our verification. The details of correction made during the course of statutory audit are as under:-**

(₹ in Lacs)

Particulars	Assets	Liabilities	Expenses	Income
Increase (A)	31,113	25,977	9,771	5,817
Decrease (B)	29,485	20,617	6,017	97
Net Increase/ Decrease (A-B)	1,627	5,360	3,754	21

- 8) As per information given to us, Cost Records under section 209 (1) (d) of the Companies Act, 1956, for the Financial Year 2012-13 are under the process of preparation but not yet finalized. So, we are unable to examine such records and comment thereon.
- 9) (a) As per information and explanations given to us, we report that the Company is generally regular in depositing undisputed statutory dues with appropriate authorities, including Provident Fund, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues to the extent applicable to it. However, some delays in depositing the same has been observed. **Further, in some cases, debit and credit balances in these accounts pertaining to earlier years are being carried over not reconciled/ unadjusted/ unpaid for which no details / reasons have been furnished to us. Hence we are not in a position to comment with regard genuineness of such dues and to express any opinion thereon (Refer point no. 8.2 (e) of Annexure II of this Report).**
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except :
- Liability of ₹ 3108.80 Lacs on account of water cess charges for which appeal is pending with appropriate authority.**
  - Liability of ₹ 1,028.01 Lacs on account of Taxation matters on which appeals are pending at different levels. The details are as under :**

(₹ in Lacs)

S.No.	Nature of Taxation	Amount
1.	Sales Tax Matters	4.38
2.	VAT Matters	866.67
3.	Fringe Benefit Tax	156.96



- 10) In our opinion and according to the information and explanations given to us, the accumulated losses of the Company are less than 50% of its net worth. Also, Company has not incurred cash losses during the year or during the immediately preceding financial year.
- 11) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution/ bank or debenture holders. **However, during the year defaults took place, but the same were settled during the year only.**
- 12) According to the explanations given to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- 13) In our opinion, the Company is not a chit fund or a Nidhi/ mutual benefit and society. Therefore, the provisions of clause 4 (xiii) of CARO are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15) According to the explanation given to us, we are of the opinion that the Company has not given guarantees for loans taken by others from banks or financial institutions that are prejudicial to the interest of the Company.
- 16) Company is maintaining records for availment and utilization of loans. A perusal of these records reveals that prima-facie loans are utilized for the purpose they have been taken for. **However, we have not made a detailed examination of such utilizations as, direct or proximate linking of sources and utilizations of loans are not available since they are centrally pooled and remains partly unutilized.**
- 17) According to the information and explanation given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we cannot form an opinion about utilization of funds raised on short term basis for long term investment have been used or not. We were explained that the funds received are pooled together in only one bank account and then disbursed as per requirements of various projects. **Hence, we are unable to comment on proper utilization of the loans and funds availed. Further, utilization details were not properly maintained with the Company through which it could be arrived that whether short term funds have been utilized for long term investments.**
- 18) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act.
- 19) According to the information and explanation given to us, during the period covered by our Audit Report, the Company has not issued any debentures.
- 20) The Company has not raised any money by public issue during the year.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported.

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

Place : Jaipur  
Dated : 27-03-2014

(Bharat Sonkhiya)  
Partner  
M No. 403023



## ANNEXURE II TO INDEPENDENT AUDITOR'S REPORT

(Referred to in "Basis for Qualified Opinion" paragraph and paragraph 3 under "Report on Other Legal and Regulatory Requirements" in the Independent Auditor's Report of even date on account of Rajasthan Rajya Vidyut Utpadan Nigam Limited for the year ended on 31<sup>st</sup> March, 2013)

### 1. DISCLOSURE OF ACCOUNTING POLICIES:

- 1.1 Refer Accounting Policy No. 1.1(b) and 1.11, the Company has not followed the accrual assumption of fundamental accounting in the following cases which are accounted for on cash basis.
- a) Interest income from staff loans.
  - b) Interest payable on defaulted installments of sale consideration of fixed assets by lease finance companies.
  - c) Generation linked incentives and productivity awards to its employees.
  - d) Price variation claims.
- 1.2 Refer Accounting Policy No. 1.5 (c) regarding revenue recognition, the Company is not recording revenue on accrual basis.
- 1.3 Refer Note 9.1 regarding the Provision for ex-gratia, the Company has created Provision for ex-gratia on ad-hoc basis

Considering the para 1.1 to 1.3 above, we are of the opinion that the Company's policies are not in accordance with Accounting Standard-1 - "Disclosure of Accounting Policies" issued by ICAI. In absence of details, we are unable to quantify the effect on Statement of Profit and Loss.

### 2. REVENUE RECOGNITION:

- 2.1 On scrutinizing RERC order of the FY. 2009-10, it was observed that expense on additional liability for Pension and Gratuity were clearly disallowed.
- However, as per sales bills of FY. 2012-13, the Company has not considered the above disallowance while booking revenue for the FY. 2012-13. Also, no provision or adjustments has not been made regarding the above disallowance.
- 2.2 The Company has calculated FPA as per formula given by RERC for Multi Year Tariff (MYT) 2004-09. The said formula was eliminated by RERC for MYT period 2009-14. No adjustment has been made by the Company regarding the same, if any.
- 2.3 The Company, in the calculation of Fuel Price Adjustment (FPA) has charged loss in transit @ 1.5% of Railway Receipt (RR) weight on monthly basis whereas, the RERC allows only 1.1% of RR weight on rack to rack basis. Due to this, the Company has overcharged the amount of Fuel Price Adjustment from Discoms. This has resulted into overstatement of Income and Trade Receivables. However, due to non-availability of information, we are unable to quantify the effect of the same.
- 2.4 On scrutiny of sales bill for the FY. 2012-13, it was found that the auxiliary consumption considered for the calculation of FPA is erroneous, i.e. auxiliary consumption in the month of June is negative. Therefore, we are of the view that the Company has made incorrect calculation of Ramgarh unit to that extent.



2.5 On scrutinising the True up order for the year 2009-10, it was observed that the RERC has taken a view that the water availability is not under the control of RRVUNL (Mahi Unit). On the basis of above ground the RERC had allowed full fixed charges. It was further explained that the same order pertains to FY. 2009-10 only.

But in the subsequent years i.e. FY 2010-11, 2011-12 and 2012-13 RERC has not considered the above fact in Tariff order regarding allowance of fixed charges.

In 2012-13, on the basis of True up order for the FY. 2009-10 the Company has claimed full fixed charges from Discoms. This has resulted in overstatement of Income and Trade Receivables.

2.6 As per Tariff order for the FY. 2012-13 the Normative Plant Load Factor for KSTPS is 87.22% where as it was 82% for the FY. 2011-12. The Company's Commercial Wing has considered Plant Load Factor (Normative) @ 82% for KSTPS instead of 87.22 % as the base for the calculation of incentive for the FY. 2012-13. This has resulted in overstatement of Income.

2.7 On scrutinizing the FPA of Suratgarh for the FY. 2012-13, it was found that the variable cost (coal cost) in FPA is not in accordance with cost of coal consumed (head 71.110) under generation cost in the books of accounts. The Company has treated full amount of performance incentive as a coal expense in FPA, but this performance incentive (Payable to SECL) is partially contingent in nature on reporting date i.e. 31-03-2013. This has resulted in overstatement of Income.

### **3. OVERSTATEMENT OF TRADE RECEIVABLES:**

The Company has recognised revenue in FY. 2011-12 also, without considering disallowance being made by RERC. Due to this, the Company has unenforceable Trade Receivables in the books. Hence, to that extent of disallowance, Trade Receivables are overstated and there is need of provision in the books for the same.

### **4. EMPLOYEE BENEFITS.:**

Refer Accounting Policy 1.8 and Note 31.2 (d), accounting of Pension, Gratuity, and Leave Encashment is not in accordance with Accounting Standard -15, "Employee Benefits" issued by ICAI, since no Actuarial Valuation of Gratuity and Pension is made in respect of liability at the year end. Further, Leave Encashment is being accounted for on cash basis.

In the absence of Actuarial Valuation and details, we are unable to comment about the effect on Statement of Profit and Loss regarding shortfall / excess in provision for liabilities of Employee Benefits.

### **5. IMPAIRMENT OF ASSETS.:**

5.1 The Company has not conducted any assessment in respect of Impairment of Assets and no provision has been made in respect of Impairment Losses as required by Accounting Standard -28 "Impairment of Assets" issued by the ICAI. The Company has also not submitted any report or working in respect of identification of impairment of assets for various units.

5.2 Also, no Impairment Loss for GLTPP have been calculated and booked by the Company even after noticing some of the adverse features and continuous correspondence for the same with the Company during the course of Audit.

Due to non-availability of working, the effect of above non-compliance of Accounting Standards on the financial statements is not ascertainable, if any.



## 6. FIXED ASSETS, CAPITAL WORK IN PROGRESS (CWIP) AND DEPRECIATION:

- 6.1 The Company is not having the work wise/age wise/scheme wise details of Capital Work In Progress and this includes material at site (usable and unusable). It has been observed that some of the adjustments are pending since long time. The impact of the same on the financial statement is not ascertainable.
- 6.2 The Company at various projects incurs common expenses like salary and other expenses for whole of the Project. The Company is not in practice of apportioning the same to the unit, which is under construction and the same is fully charged to Statement of Profit and Loss instead of capitalizing certain portion of it. This results in understatement of Capital Work in Progress and the impact of the same on the financial statement is not ascertainable.
- 6.3 Due to lack of proper internal control related to the works in progress and in absence of proper reports of work completion and reconciliation of material issued and consumed, the inherent risk of "Fraud/Misuse" cannot be denied.
- 6.4 The Opening Balance in respect of Advance to Contractors, Advance to Suppliers, Misc. Deposits, Capital Work in Progress and Fixed Assets contains misstatements, because effect of previous years qualifications has not been carried out or the effect thereof is not properly accounted or rectified. Therefore, the effect of the same on financial statements is not ascertainable.
- 6.5 No details have been provided by the Company regarding Guaranteed Auxiliary Power Consumption in the case of construction contracts. The Guaranteed Auxiliary Power Consumption clause of contracts states that recovery shall be made at the specified rates from contractors in case auxiliary power consumption for completing works, exceeds the limit specified in the contracts. In absence of records, effects of the same on financial statements are not ascertainable.

Considering the para 6.1 to 6.5 above, we are not able to comment about correctness of CWIP, Fixed assets and corresponding Depreciation thereon

## 7. ACCOUNTING OF INVESTMENT:

- 7.1 Giral Lignite Power Limited is a wholly owned Subsidiary of the Company, in which the Company has made an investment of ₹ 456.25 crore. Instead of showing the Investment as Non-Current Investment the same is shown under Long Term Loan and Advances. This issue was also raised by C&AG in its Supplementary Audit for FY. 2011-12. We concur with the view of C&AG that the same should be recorded under Non-Current Investment in the books of the Company.
- 7.2 Accounting Standard-13 states that there should be permanent decline in the value of Investment if there is existence of the following reasons:
- a) Carrying Value of asset is more than Realizable Value.
  - b) Expected cash flow from the Investment are not achieved.
  - c) Negative Net worth of Investee Company.
- 7.3 The Company has not considered diminution in the value of Investment made in Giral Lignite Power Limited, even after existence of some of the indicators for decline as mentioned in point 7.2 above. Apart from the above, the following reasons also add up to the non-compliance of Accounting Standard-13:





- a) Report in a known Public Newspaper (Dainik Bhaskar on 9th Feb, 2014) that the Government is planning to sell the plant or will make a new partner in the project due to the inherent technical defaults in the plant.
- b) No technical study report for the viability of the project is furnished by the Company till date as, it is under progress.
- c) The plant is working at 20-30% PLF since its beginning which shows that the fixed cost of the plant is very high and if the project will be restarted making all the defaults right, huge investments will be required.
- d) Project's viability is at question since, the project is incurring losses from the beginning and Loss of the Investee Company till 31-03-2011 as per audited financial statements is ₹158.46 crore.

Considering para 7.1 and 7.3 the Company has not complied with the provisions of Accounting Standard-13 "Accounting of Investments". Considering, available information and facts, we are of the view that there is permanent decline in the value of Investment but in absence of full particulars, we are unable to quantify the effect of the same on financial statement.

## 8. LONG OUTSTANDING/UNRECONCILED BALANCES:

### 8.1 DEBIT BALANCES

- a) The Company is having Long Outstanding Debit Balances of ₹ 290.15 crores, which have not been reconciled since long. Also, many credit balances are still lying in these account heads. In absence of proper explanations and details, we are unable to comment on the same.
- b) Balances and amount due to/from banks in current accounts and collection accounts are subject to reconciliation. Also Subsidiary Giral Lignite Power Limited and other Companies of Board such as RRVNPL, JVVNL, AVVNL and JdVVNL, balance with staff, Earnest Money Deposits, Security Deposits, Misc Deposits held, Current Liabilities and Provision, Advances to Contractors/Suppliers, etc. including 8.3 and 17.3 of Balance Sheet are subject to confirmation and have not been fully reconciled. The effect of the same on the financial statements is not ascertainable.
- c) Subsidiary records are not properly maintained at many units. Further, loans and advances include old unadjusted and un-reconciled balances and confirmation for the same has not been provided. In absence of full details, we are unable to comment on the Financial Impact, if any. Further, following heads in different units are having negative balances (net):-

S.No	Head	Amount (₹)
1	Scooter Advance	1,46,118.00
2	House Building Advance	3,27,058.50
3	Food Grain Advance	1,500.00
4	Pay Advance	24,291.00
5	Travelling Advance	13,373.00
6	Departmental Advance	10,978.00
7	Misc. Advance- Others	4,051.00



- d) Transfer within Circles (TWC) amounting to ₹ 26.15 Lacs includes un-reconciled balances at many units. It also includes negative balance of ₹ 0.23 Lacs. In absence of details, we are unable to comment on the Financial Impact thereof.

## 8.2 CREDIT BALANCES

- a) The Company is having Long Outstanding Credit Balances of ₹ 360.25 crore, which are not reconciled since long. Also, some debit balances are lying in these account heads. In absence of proper explanations and details, we are unable to comment on the same.
- b) The Current Liabilities and Provisions include ₹ 6.23 Lacs payable to M/s Indo Nissan on account of lease/rent expenses are lying unpaid/unadjusted. This issue was also raised by C&AG in its Supplementary Audit for the FY. 2010-11. We concur with the view of C&AG that the same should be written back in the books of Company. However, the Company has not fully adjusted such liability in FY.2012-13 also.
- c) Amount of ₹ 1,923.82 Lacs is lying as pending at Suratgarh Const. Unit since long under the head "Liability for Supply Material Capital" for which no party wise details were available with the Company. Due to this, liability for supply material capital and loss for the year are overstated by ₹ 1,923.82 Lacs.
- d) The Company has made Provision for Bonus/Ex-gratia to employees on ad-hoc basis. Employee-wise calculation is not available, hence, we are unable to comment on the correctness of the provision made.
- e) Company's Liabilities for State Sales Tax, TDS, GPF and PF are subject to reconciliation.
- f) The Company has not done reconciliation of Inter Company Accounts with other successor entities of erstwhile RSEB for period 2012-13. Further, reconciliation of account with Jodhpur Vidyut Vitran Nigam Limited was made only up to FY. 2006-07. Financial impact, if any cannot be ascertained and therefore the amount by which assets/liabilities/profit /loss, understated/overstated cannot be quantified.
- g) The balances of net salary payable and unpaid salary in units were not reconciled. Further, staff related liabilities include debit balances at certain units amounting to ₹ 1.86 Lacs. Hence, staff related liabilities were subject to reconciliation / adjustment.

## 9. INVENTORY, STORES AND SPARES:

- 9.1 In some units, values of inventory as per financial statements are not in reconciliation with the value of inventory as per Stores Ledger. Details are as under:

₹ (In Lacs)

Unit	Inventory as per Books (Note 16)	Inventory as per stores Ledger	Difference
KTPS	7,315.81	7,318.27	2.46
STPS	3,175.11	3,476.67	301.56
RGTP	1,643.39	1,767.07	123.68
DCCPP	1,010.04	985.08	24.96





In absence of reconciliation, effect of the above on Profit/Loss/Assets/Liabilities could not be quantified.

9.2 At SSTPS, inventory amounting to ₹ 23.56 Lacs was lost due to occurrence of theft. Any provision has not been made in the books of account regarding the same. Due to this, inventory is overstated and loss for the year is understated by ₹ 23.56 Lacs.

9.3 The Company is not in practice of making the store accounting at SSTPS, GLTPP and RGTP, CTPP on day to day basis.

#### 10. GENERAL/OTHER:

10.1 The Company has not paid Service Tax amounting to ₹ 20.39 lacs on Retention Money to BHEL at the time of release of ETC running bill which was payable as per the terms & conditions of the contract.

No provision for the same has been made. Therefore, there is understatement of liability and CWIP by ₹ 20.39 lacs.

10.2 Pension and Gratuity liabilities are being funded through Trust on the basis of contribution by the Company. However, no reconciliation/confirmation is provided for verification. In absence of reconciliation, we are not in a position to comment whether Company has paid or provided all its liabilities towards the Trust as per the rules and regulations of the said Trust.

10.3 The Company has not identified the Enterprises qualifying under the definition of Medium and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). As a result no disclosure is given, as per requirement of Schedule VI to the Companies Act, 1956 vide Notification No. GSR 719 (E), with regard to amounts unpaid as at the year end together with the interest paid/payable under the MSMED Act, 2006.

10.4 In number of cases, tax at source has not been deducted on provisions made at the year end in respect of payments to contractors, professionals etc. as required under the provisions of Income Tax Act, 1961. However, impact of the same is not ascertainable.

10.5 Figures of the Contingent Liability as disclosed in respect of pending Court/ Arbitration / Legal / Tax related cases, estimated amount of contract and other commitments have not been properly compiled and ascertained. In the absence of details of each case with present status and individual details of contract remaining to be executed on capital account, we are unable to verify the correctness of said disclosure.

#### 11. GIRAL:

11.1 As per the decision of Directors in Board Meeting, the Company had transferred its Giral - I unit to its wholly owned subsidiary Giral Lignite Power Limited on and with effect from 1<sup>st</sup> January, 2009 for a consideration of allotment of equity shares equivalent to the net book value on 31<sup>st</sup> December, 2008. However, equity shares are not allotted by GLPL to RRVUNL till date.

11.2 The debts of the power plant transferred are being served by the RRVUNL without any agreement with GLPL. The financier of Giral - I mainly PFCL has agreed to transfer the debt in the name of the subsidiary GLPL by executing a triplicate agreement between the three companies, which has not been executed so far. The liabilities of the Subsidiary Company (GLPL) are met by RRVUNL since, it is not in a position to meet out its expenses. Due to the above adjustments, deposit and other deductions made related to work done in GLPL are still lying unadjusted in the books of Company.



11.3 The Company has not maintained proper books of account at Giral Unit II. All expenses are charged by GLPL in its books of account and the same are proportioned time to time in the books of Giral Unit II. However, the basis and authenticity of that expenditure was not made available for verification. Hence, we are not in a position to verify the same as GLPL is having separate auditor and the Audited financial statements for the year 2012-13 are not produced before us for verification. Therefore, we are not in a position to express our opinion on the expenditure of Giral Unit II of RRVUNL, booked in financial statements.

11.4 As per the terms approved by the Board for transfer of Unit 1 to GLPL, the ownership of land, building and plant was to be transferred to GLPL but till date the land, building, plant & machinery were not actually transferred to GLPL.

11.5 The Company has charged the depreciation on assets from the date of COD of the unit i.e. from 12.03.2011. C& AG, in his Supplementary Audit, reported that the above depreciation should be charged from F.Y. 2009-10. We concur the view of C& AG, in the said circumstances, on the principles that depreciation should be charged from the date when the assets are ready for use for commercial production, not from the date when the assets were actually used for the commercial production. Due to this, the Fixed Assets are overstated and depreciation is understated by ₹ 7.302 Lacs.

Considering para 11.1 to 11.5 and in absence of complete details, impact on assets/liabilities/profit and loss cannot be ascertained.

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

Place : Jaipur  
Dated : 27-03-2014

(Bharat Sonkhiya)  
Partner  
M No. 403023



**ANNEXURE - IX**

**MANAGEMENT'S RESPONSE TO THE STATUTORY AUDITOR'S  
REPORT ON THE ACCOUNTS OF RVUN FOR  
THE FINANCIAL YEAR 2011-12.**

**MAIN REPORT**

Para No. 1 to 4: No comments.

5. (a) Relevant records in respect of Giral unit II have also been provided.

(b) (i) & (ii) Relevant proper records are maintained. (iii) Refer response at 1 (a) of Annexure-I of the report.

(c) No comment.

(d) No comment as these have already been adequately disclosed by relevant notes.

(e) No comment.

(f) Management does not agree with the auditor's view regarding financial impact as quantified. The detailed response have been given at relevant paras of Annexure-II of the report.

(g) No comments.

**ANNEXURE - I OF THE AUDITORS' REPORT**

1. (a) Detailed Fixed Asset Registers are available with the company prepared / updated upto 2011-12 for all the power stations. As regards showing the full particulars including quantitative details and situation of fixed assets, most of the assets appearing in the register contain the information as required under the Act. Further, the extent of quantification has not been commented by the statutory auditors. The company has already hired services of M/s Shyam L. Agarwal & Co., to maintain said register. The Fixed Assets Register of STPS Stage-I as prepared by the firm has been provided to the auditors as per their satisfaction so that same may be replicated for other units of the company.

(b) Steps are being taken to strengthen the system of physical verification of Fixed Assets at unit level. Regarding non availability of Fixed Assets, the same has already been disclosed at note no 10.1.

(c) Factual.

2. (a) Factual. As regards Giral unit II, Physical Verification Report is not required in absence of inventory.

(b) Factual.

(c) No comments. Necessary actions are being taken.

3. Factual.

4. Efforts are being made to further strengthen of Internal Audit System with the nature and size of Business. Necessary provisions have been made regarding old balances having no proper details. As regard confirmation, the same has already been disclosed at relevant notes.

5 & 6: Factual.

7. The company is not agreed with the observation regarding non existence of adequate internal audit system. The company having proper system of Internal Control due to which no fraud/embezzlement has been occurred noticed. Efforts are being made to further strengthen of Internal Audit System with the nature and size of the Business.

8. Provisional cost records for the year 2011-12 have already been prepared at the time of audit. Now final cost records have also been prepared.

9. (a) The old balances are under process of reconciliation and year after year, these are continuously decreasing.



Further actions for timely deposition of the statutory dues and liquidating these old balances are being taken up.

ix: No comments as these have already been disclosed at note no. 31.2 (c), i & vi.

x to 21: No comments.

The company has adequate details of loans including utilization also. Generally company has obtained Term Loans for construction of projects and Short Term Loans for working capital requirements and utilized for the same.

## **ANNEXURE-II OF THE AUDITOR'S REPORT**

### **DISCLOSURE OF ACCOUNTING POLICIES:**

No comments as these have already been disclosed at 1.11 of Accounting Policies. The company has proper policy regarding revenue recognition on account of trueing up adjustment also.

### **CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:**

Company does not agree with the observation, as these have already been disclosed at 1.5(c) of Accounting Policies.

### **REVENUE RECOGNITION:**

1. Necessary adjustment has already been made as per disclosure made at Note No. 21.1.
2. Company is not agreed with the auditor's view. No adjustment is required without directions of the RERC in this regard and the revenue is being recognized as per Accounting Policy of the company at S. No. 1.5.
3. 3.5. The units have been directed to comply with the RERC norms for calculating the FPA correctly.

### **OVERSTATEMENT OF TRADE RECEIVABLES:**

Company is not agreed with the auditor's view. Revenue is recognized on the basis of tariff order issued by the RERC and same is being done as per Accounting Policy of the company at S. No. 1.5.

### **PRIOR PERIOD ADJUSTMENTS:**

Steps are being taken to strengthen the internal control system more effectively. Concerned units officers are being directed to comply with provisions of the relevant standards.

### **EMPLOYEE BENEFITS:**

The position in this regard has already been disclosed vide point no.1.8 of Accounting Policies.

### **IMPAIRMENT OF ASSETS:**

The company does not agree with the observation issued. The company has made impairment assessment of the assets and necessary certificates to this effect have already been provided to the statutory auditors. In this regard also refer disclosure made at Note no 31.10.

### **FIXED ASSETS, CAPITAL WORK IN PROGRESS (CWIP) AND DEPRECIATION:**

1. Active efforts are being made to trace out the details of completed works and necessary adjustments to be made accordingly in the next year.
2. The company is having the details of capital work in progress as work order wise and scheme wise and transferred to fixed assets accordingly. As regard pending adjustments, unit officers are being directed to carry out proper accounting adjustments.
3. The company is having proper Internal Control System due to which no fraud or embezzlement has been noticed.



8.4 Due to our continuous effort, the old balances have been adjusted and continuously reducing year after year.

8.5 The company has proper details of relevant technical parameters and same are within the limit, hence no recovery has been made in this regard.

#### **9. LONG OUTSTANDING / UNRECONCILED BALANCES:**

##### **I. DEBIT BALANCES:**

9.1 Necessary provisions have been made at various units regarding un-reconciled long outstanding balances. Continuous efforts are being made to reconcile these balances and carry out necessary adjustments.

9.2 The balances in current account with banks and collection accounts are reconciled. As regard status of other balances, necessary disclosures have already been made at note no. 8.3, 17.3 and 31.7.

9.3 Due to our active efforts the old balances under these heads has continuously been reducing/adjusting year after year on the basis of record maintained. The total negative balances got reduced to Rs. 8.97 lacs as against Rs. 18.61 lacs last year. Further efforts are under progress.

9.4 Efforts are being made to reconcile these old remaining balances.

##### **II. CREDIT BALANCES:**

9.5 These represent very old balances and continuous efforts are being made to reconcile these balances and carry out necessary adjustment if required.

9.6 The matter of Rs. 493 lakhs of Indo-Nissan is pending for decision in the Hon'ble Court. Any further action will be taken as per decision of the Hon'ble Court.

9.7 The concerned officers have been directed to reconcile these balances and carry out necessary adjustment after due verification.

9.8 The concerned officers have been directed to reconcile these balances and carry out necessary adjustment after due verification.

9.9 The matter has already been disclosed at note no. 9.1.

9.10 Efforts are being made to reconcile the same and carry out necessary accounting adjustment.

9.11 The matter has already been properly disclosed at note no. 17.3.

9.12 Efforts are being made to reconcile the same and these have already been disclosed at note no.8.3.

#### **10. INVENTORY, STORES AND SPARES:**

10.1 Due to active efforts the differences have been reducing year after year and completely cleared in STPS (Const) unit. However, concerned unit officers have been directed to get the remaining differences reconciled and carry out necessary adjustment.

10.2 No comments.

10.3 The company does not agree with the observation. The matter has already been adequately disclosed at note no. 16.1.

10.4 The concerned unit officers are being directed to comply with the observation raised.

#### **11. INTER UNIT ACCOUNTS:**

Efforts are being made to reconcile the same and carry out necessary adjustment.



## 12. GENERAL/OTHER:

- 12.1 Monthly contributions are made on the basis of payment of salary and wages paid to the employees and these are reconciled every month by the respective unit contributing the same. As per our records no current liability is pending to be provided or contributed to the trust fund. In this regard also refer to the disclosure made at note no. 31.2 (d).
- 12.2 The fact stands disclosed vide note no. 31.8. However efforts are being made to comply with the provisions of the said acts.
- 12.3 The tax at source has been deducted as per the provisions of the Income Tax Act, 1961. Further, the concerned unit officers are being directed to ensure for proper compliance of the provisions of the Act.
- 12.4 State Govt. has exempted to the company for stamp duty vide its notification dt. 20.8.2007. However concerned unit officer are being directed to comply with the provisions of the act wherever is applicable.
- 12.5 Regarding pending court cases etc the disclosure made vide note no. 31.2 (c) be referred. Further the amount of contract remaining to be executed on capital account has been arrived based on the total project cost less current booking/expenditure incurred. The calculation has been made for each project separately. Also refer disclosure at note no. 31.1.

## 13. GIRAL:

- 13.1 Giral Lignite Power Limited (GLPL) is a wholly owned subsidiary of RVUN and the allotment of equity shares towards consideration for transfer unit-I of GLTPP was initially to be made after increase in the Authorized Share Capital of GLPL from Rs.1 crore to Rs. 200 crore which got increased in the year 2009-10 but allotment of shares by GLPL was subject to a decision on the "mode of Purchase Consideration" of the total "Net Assets Value". Proposal for discharging the Purchase Consideration is under process. The adequate disclosure has already been made vide note no. 14.2.
- 13.2 The status regarding debt servicing and execution of tripartite agreement, necessary disclosure has already been made vide note no.20.3.
- 13.3 Separate books are maintained at the Giral unit 2<sup>nd</sup> by the company. Only the revenue expenses are initially booked in the Giral unit 1<sup>st</sup> and thereafter shared between the two units on the basis of basic accounting principles.
- 13.4 The concerned officer has been directed to examine the matter in view of the observation and make the necessary adjustment if required.
- 13.5 Unit 2<sup>nd</sup> of Giral (RVUN) has already commenced commercial operation w.e.f 12.03.2011. The Giral unit-I in to subsidiary company i.e. GLPL has also commenced commercial operation w.e.f. 18.10.2011. As the entire land was purchased against project provision for Unit-I, on transfer of business of Giral Unit-I into subsidiary company GLPL, the assets appeared in the books of accounts have also been transferred in GLPL. However the title of this land is continued to be in the name of RVUN. It is not possible to segregate land unitwise presently, as there are many services in operation shared by both the units commonly.
- 13.6 The classification of Fixed Assets has been made correctly by the said amount which was erroneously made earlier for which proper details are available.
- 13.7 The Fixed Assets have been transferred after verifying the completion of the work by the competent authority for which complete details are available.
- 13.8 Due to non-finalisation of accounts of GLPL, the reconciliation work could not be completed. Efforts are being made to reconcile the same.
- 13.9 The management of the company is not agreed with the views of the auditors regarding charging of Depreciation before COD of the unit. The same has been recognized after declaration of COD of the unit as per Regulatory norms. The Cod of the unit-2 of Giral has been declared on 12.03.2011.



**P.C. MODI & Co.**  
Chartered Accountants

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## **AUDITOR'S REPORT**

**TO**

### **THE MEMBER'S OF RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LIMITED**

We have audited the attached Balance Sheet of **Rajasthan Rajya Vidyut Utpadan Nigam Limited** as at **31<sup>st</sup> March, 2012**, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.
2. As the Company is governed by the Electricity Act, 2003, the provisions of the said Act have prevailed wherever the provisions of the Companies Act, 1956 are inconsistent with the said Electricity Act, 2003.
3. As required by the Companies (Auditor's Report) Order, 2004 (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the **Annexure I**, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

### **EMPHASIS OF MATTER**

#### **4. Your attention is drawn to:**

- a) Note 7.1 that at RGTPS, the Gas Authority of India Ltd. has claimed an amount of ₹ 773.02 Lacs towards Minimum Gas Offtake claim which is disputed and the Company do not admit the claim. However, the Company has provided the liability but the payment will be made only after appropriate decision regarding this matter.
- b) Note 10.3 that the title of land on which road related to STPS is constructed valuing ₹ 81.32 Lacs, does not vest with the Company.
- c) Note 10.9 that Company had acquired 557.14 Bigha of land for Dholpur Gas Power Project from "M/s RPG Enterprise" through Govt. of Rajasthan. Out of which, 200.01 Bigha of Land is not yet allotted in favour of RRVUNL as it is appearing as forest land in the revenue records. Also, no title deed is executed in favour of Company.
- d) Note 15.2 that the Company has taken certain assets on lease. Out of these assets, the ownership of leased assets of the following entities has not been transferred in the name of the Company after expiry of lease agreements due to pending litigation in court or in absence

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of power of attorney. The security deposit equivalent to residual value of the lease assets have already been deposited with lessors except M/s ICICI Ltd. for which payment will be made. The details are as under:

(₹ in Lacs)

S. No.	Name of Lessors	Lease Value	Residual Value
1.	M/s ICICI Ltd	8,400.00	84.00
2.	M/s Indo Nissan OXO Chemical Ltd.	623.34	155.83
3.	M/s SCICI	10,000.00	4,000.00
	Total	19,023.34	4,239.83

- (e) Note 31.2.c.I that at KTPS and DCCPP, a disputed liability of ₹ 2.482 Lacs and ₹ 10.79 Lacs respectively on account of water cess claimed by Rajasthan State Pollution Control Board (RSPCB) for which appeal have been filed to Chairman, RSPCB.

Due to pending outcome of litigations, no impact of the said disputed liability has been taken in financial statements.

- f) Note 31.2.d that RERC had allowed the Company to recover the sum of ₹ 4,000 Lacs per year towards shortfall in pension and gratuity from the tariff for a period of 5 years and this amount recovered from the tariff was to be paid to the PF trust. However, the Company had recovered instalments for the year 2010, 2011 and 2012 in respective years but the same was not remitted to the P.F. trust in respective years.

5. Subject to our observations in the Annexure I (referred to in the paragraph 3 above) and Annexure II (which form integral part of this report) we report that :-

- We have obtained all the information and explanations except Giral Unit as mentioned in Annexure II, which to the best of our knowledge and belief were necessary for the purposes of our Audit.
- In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except that the items referred to in paragraph 1(b) and paragraph 11 of Significant Accounting Policies are accounted for on cash basis instead of accrual basis as required by the Section 209 of the Companies Act, 1956, and except the following:-
  - Subsidiary ledgers /records in respect of various heads of security deposits, earnest money, retention money, staff advances, liabilities for supply of material, trade payables, misc. deposits, advance to suppliers/other parties, advance from parties etc.
  - Work-wise/scheme-wise records for capital work in progress.
  - Fixed Assets Register.
- The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- In our opinion, the Balance Sheet, Statement Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the





Companies Act, 1956 except as reported in Annexure II which are summarized hereunder:-

- AS-1: Disclosure of Accounting Policies.
  - AS-4: Contingencies and Events Occurring after the Balance Sheet Date.
  - AS-5: Net Profit or Loss for the Period, Prior Period items Items and Changes in Accounting Policies.
  - AS-6: Depreciation Accounting.
  - AS-9: Revenue Recognition.
  - AS-10: Accounting for Fixed Assets.
  - AS-15: Employee Benefits.
  - AS-28: Impairment of Assets.
- e) As explained to us, being a Government Company, clause (g) of the sub section (1) of the section 274 of the Companies Act, 1956 is not applicable as per notification no. GSR 829 (E) dated 21/10/2003 of the Department of the Company Affairs.
- f) We further report that without considering the para as mentioned above and para nos. 1-13 of Annexure II, except para nos./sub para nos. 2, 8.1, 9.6, 9.8, 10.3, 13.9 mentioned where financial effect is ascertained, summarized details of impact of qualifications where financial effect is ascertained are as under:-

(₹ in Lacs)

Head	Before Qualification	Impact	After Qualification
Net loss	33,025.77	(39.26)	32,986.51
Trade Receivables	2,28,900.48	4,948	2,33,848.48
Capital work in progress	7,43,817.68	(372.42)	7,43,445.26
Fixed (tangible) assets	8,76,082.06	(6,929.58)	8,69,152.48
Inventories	44,233.58	(23.56)	44,210.02
Other current liabilities	2,82,410.29	(2,416.82)	2,79,993.47

- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes thereon, **subject to our comments in Annexure I and II** which forms an integral part of this report, give the information required by the Companies Act, in the matter so required and give the true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
  - (ii) In the case of Statement of Profit and Loss, Loss for the year ended on that date; and
  - (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

Place : Jaipur  
Dated : 28-11-2013

(Bharat Sonkhiya)  
Partner  
M No. 403023



**ANNEXURE-I**

**ANNEXURE I REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF  
EVEN DATE TO THE MEMBERS OF RAJASTHAN RAJYA VIDYUT  
UTPADAN NIGAM LIMITED, JAIPUR,  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

- 1 (a) The Company has not maintained proper records showing the full particulars including sufficient description of the assets, quantitative details, situation, individual asset wise depreciation and its written down value. In absence of complete records and reconciliation, we are unable to comment on the discrepancies including physical non-existence of assets, their being not in working condition and/or their location.
- (b) Physical verification report with working papers of Fixed Assets has not been made available to us. Company has not maintained complete records of Fixed Assets. In absence of complete information, we are not in a position to comment as regards discrepancies, if any in relation to the physical existence of the assets and its book value. However, Fixed Assets as mentioned in the books of head office amounting to ₹ 6,204.10 Lacs were not physically available (as agreed by the management) with the Company, hence the provision was made in the FY. 2008-09.
- (c) In our opinion, the Company has not disposed of substantial part of its Fixed Assets during the year and therefore the going concern status of the Company is not affected.
- 2 (a) In our opinion and as per certificates furnished, the inventories other than item of scrap have been physically verified at reasonable intervals by the management during the year.  
**However, we cannot comment about the Giral Unit as the physical verification reports were not made available to us.**
- (b) In our opinion and as per the information and explanations given to us, the procedures of physical verification of stock and spares conducted by the management through an independent Chartered Accountant firm were reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and as per the information and explanations given to us, the Company has maintained proper records of inventory and the discrepancies, if any, between physical stock and book records noticed on such physical verification are under reconciliation. At some units, value of inventory as per store ledgers does not reconcile with the financial books. (refer point no. 10 of Annexure II of this report).
- 3) As informed to us, the Company has neither taken nor granted any loans, secured or unsecured from/to Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of Paragraph 4(iii) (b), (c), (d) of CARO are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there does not exist proper internal control procedure commensurate with the size of the Company and nature of its business in respect of Purchase of Inventory, Fixed Assets and Sale of Energy. No proper records of CWIP have been kept. Further, the Company has no system of timely reconciliation and adjustments of trade receivables, trade payables, security deposits from contractors and suppliers, staff advances, other advances and other liabilities, details of which are not available from long time. The Company has not taken any major corrective actions to overcome these weaknesses in internal controls. Also, during the course of audit, we have observed that the Company does not have proper system of timely adjustment of Stores Requisition Notes and Stores Issue Notes at power plants. (refer point 10 of Annexure II of our report).



- 5) There are no contracts and arrangements as referred to in section 301 of the Companies Act, 1956, particulars of which needs to be entered into a register maintained under section 301 of the said Act. Accordingly, Paragraph 4(v) (a) and (b) of CARO are not applicable.
- 6) According to the information and explanation given to us, the Company has not accepted any deposits from the public.
- 7) As explained to us, the Company has outsourced some of the areas for internal audit and most of the areas are audited by internal staff. Looking to the discrepancies observed during the course of audit and correction made (as mentioned below) during the course of audit, we are of the opinion that there are no adequate systems of internal audit commensurate with the size and nature of its business. Internal Audit Reports of financial statements of Kalisindh and Giral were not made available to us for our verification. Also, compliance report of Internal Audit Reports have not been provided by the Company. The details of correction made during the course of Statutory Audit are as under:-

(₹ in Lacs)

Particulars	Assets	Liabilities	Income	Expenses
Increase	1,65,249.53	8,207.26	3,824.65	4,522.99
Decrease	2,49,592.45	3,961.14	91,402.19	3,511.49
Net Increase/ (Decrease)	(84,342.92)	4,246.12	(87,577.54)	1,011.5

- 8) As per information given to us, Cost Records under section 209 (1) (d) of the Companies Act, 1956, for the Financial Year 2011-12 are under the process of preparation but not yet finalized. So, we are unable to examine such records and comment thereon.
- 9) (a) As per information and explanations given to us, we report that the Company is generally regular in depositing undisputed statutory dues with appropriate authorities, including Provident Fund, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues to the extent applicable to it. However, some delays in depositing the same have been observed. Further, in some cases, debit and credit balances in these accounts pertaining to earlier years are being carried over un reconciled/ unadjusted/ unpaid for which no details/ reasons have been furnished to us. Hence, we are not in a position to comment with regard genuineness of such dues and to express any opinion thereon. (Refer para 9.11 of Annexure II of our report).
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except :
- Liability of ₹ 2,492.79 Lacs on account of water cess charges for which appeal is pending with appropriate authority.
  - Liability of ₹ 1,028.00 Lacs on account of taxation matters on which appeals are pending at different levels. The details are as under:

S.No.	Nature of Taxation	₹ in Lacs
1.	Sales Tax Matters	4.38
2.	VAT Matters	866.66
3.	Fringe Benefit Tax	156.96



- 10) In our opinion and according to the information and explanations given to us, the accumulated losses of the Company are less than 50% of its net worth. Also, Company has not incurred cash losses during the year and during the immediately preceding financial year.
- 11) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution/bank or debenture holders.
- 12) According to the explanations given to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit and society. Therefore, the provisions of Paragraph 4 (xiii) of the Companies (Auditors report) Order, 2004 (as amended) are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15) According to the explanation given to us, we are of the opinion that the Company has not given guarantees for loans taken by others from banks or financial institutions that are prejudicial to the interest of the Company.
- 16) Company is maintaining records for availment and utilization of loans. A perusal of these records reveals that prima-facie loans are utilized for the purpose they have been taken, **however, we have not made a detailed examination of such utilizations as direct or proximate linking of sources and utilizations of loans are not available as they are centrally pooled, remains partly unutilized.**
- 17) According to the information and explanation given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we cannot form an opinion about utilization of funds raised, on short term basis, for long term investment have been used or not. We were explained that the funds received are pooled together in only one bank account and then disbursed as per requirements of various projects. **hence, we are unable to comment on the proper utilization of loans and funds availed. Further, utilization details were not properly maintained with the Company through which it could be arrived that whether short term funds have been utilized for long term investments.**
- 18) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) According to the information and explanation given to us, during the period covered by our Audit Report, the Company has not issued any debentures.
- 20) The Company has not raised any money by public issue during the year.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported.

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

Place : Jaipur  
Dated : 28-11-2013

(Bharat Sonkhiya)  
Partner  
M No. 403023

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**ANNEXURE-II**

**ANNEXURE REFERED TO IN PARAGRAPH 4 OF OUR REPORT OF  
EVEN DATE TO THE MEMBERS OF RAJASTHAN RAJYA VIDYUT  
UTPADAN NIGAM LIMITED, JAIPUR,  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012.**

**1. DISCLOSURE OF ACCOUNTING POLICIES:**

Refer Accounting Policy No. 1.1(b) and 1.11, the Company has not followed the accrual assumption of fundamental accounting in the following cases which are accounted for on cash basis:-

- i. Interest income from staff loans.
- ii. Interest payable on defaulted instalments of sale consideration of fixed assets by lease finance companies.
- iii. Generation linked incentives and productivity awards to its employees.
- iv. Price variation claims

In absence of details, we are unable to quantify the effect on Statement of Profit and Loss. Also, accounting policy as referred in para 1.5 (c) regarding revenue recognition, the Company is not recognizing revenue on accrual basis which is not consistent with Accounting Standard-1 - "Disclosure of Accounting Policies" issued by ICAI.

**2. CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:**

2.1 The Company has received an order on 10<sup>th</sup> May, 2012 for recovering a net sum of ₹ 4,948 Lacs from Discoms on account of Truing up order for the FY. 2004-05 to 2008-09.

2.2 As the financial statements are not approved till the date of orders and the orders related to the FY. 2004-05 to 2008-09 are received on 10/05/2012 respectively which are before the approval of financial statements. We are of the view that these orders received against the pending petitions as on 31/03/2012 provide additional information materially affecting the determination of the amount relating to conditions existing at the balance sheet date which is adjusting event as per Accounting Standard-4 and require adjustment in financial statements of FY. 2011-12.

2.3 Hence, there is a need of adjustment to assets and liabilities as on the Balance Sheet date i.e. 31/03/2012 as the truing up petitions for the FY 2004-05 to 2008-09 were pending as on 31/03/2012 which is an event in accordance with Accounting Standard-4 "Contingencies And Events Occurring After The Balance Sheet Date" issued by ICAI.

Due to above, the Income and Trade Receivables of the Company are understated by ₹ 4,948 Lacs.

**3. REVENUE RECOGNITION:**

3.1 During the course of scrutiny of RERC order of the FY. 2009-10, we observed that following expenses are clearly disallowed:

- i. Additional liability for pension and gratuity.
- ii. Non-achievement of PLF in STPS (Unit-6) and RGTP.



- 3.2 However, on scrutiny of the sales bill for FY. 2011-12, we observed that the Company has not taken consideration of the above disallowance while booking revenue for the FY. 2011-12. Any provision or adjustments have not been made by the Company regarding such disallowances for the FY. 2011-12.
- 3.3 The Company has calculated FPA as per formula given by RERC for Multi Year Tariff (MYT) 2004-09. The said formula was eliminated by RERC for MYT period 2009-14. No adjustment has been made by the Company regarding the same, if any.
- 3.4 The Company, in the calculation of Fuel Price Adjustment (FPA) has charged loss in transit @ 1.5% of Railway Receipt (RR) weight on monthly basis whereas the RERC allows only 1.1% of RR weight on rack to rack basis. Due to this, the Company overcharged the amount of Fuel Price Adjustment from Discoms. This has resulted into overstatement of Income and Trade Receivables. However, due to non-availability of information, we are unable to quantify the effect of the same.
- 3.5 The calculation of FPA of Ramgarh Unit seems to be incorrect as the auxiliary consumption considered for calculation of FPA is erroneous, i.e. 1.71% on apparent checking of FPA data. No adjustment has been made by the Company regarding the same.

Considering the para 3.1 to 3.5 above, we are of the opinion that the Company has not recognized the revenue in accordance of Accounting Standard -9, "Revenue Recognition" issued by ICAI.

#### **4. OVERSTATEMENT OF TRADE RECEIVABLES.**

- 4.1 The Company has recognised revenue in FY. 2010-11 without considering disallowance being made by RERC. Due to this, the Company has unenforceable trade receivables in its books. Hence, to that extent of disallowance, Trade Receivables are overstated which need provision in the books in this regards.

#### **5. PRIOR PERIOD ADJUSTEMENTS:**

- 5.1 The Internal Control Systems to verify and identify the prior period adjustments are not in existence in the Company. These are also reported in the financial statements of previous years but no efforts were made by the management of the Company in this regards. During the course of Audit, we have made number of corrections of ₹ 2,725.8 Lacs for booking the expenses/income of earlier years as prior period expenses/income in accordance with Accounting Standard-5, "Net profit or loss for the period, prior period items and changes in accounting policies" issued by ICAI.

#### **6. EMPLOYEE BENEFITS :**

- 6.1 Refer Note 31 2.d, accounting of pension, gratuity, and leave encashment is not in accordance with Accounting Standard -15, "Employee Benefits" issued by ICAI. As such no actuarial valuation of gratuity and pension is made in respect of liability at the year end. Further, leave encashment is being accounted for on cash basis. In the absence of actuarial valuation and details, we are unable to comment about the effect on Statement of Profit and Loss regarding shortfall/excess in provision for liabilities of Employee Benefits.

#### **7. IMPAIRMENT OF ASSETS :**

- 7.1 The Company has not conducted any assessment in respect of Impairment of Assets and no provision has been made in respect of Impairment Losses as required by Accounting Standard -28 "Impairment of Assets" issued by the ICAI. The Company has not submitted any report or working in respect of identification of impairment of assets. Due to non-availability of working, the effect of non-compliance of Accounting Standard on the financial statements is not ascertainable, if any.



## 8. FIXED ASSETS, CAPITAL WORK IN PROGRESS (CWIP) AND DEPRECIATION:

- 8.1 In STPS-MMH units, in earlier years, amount of ₹ 372.42 Lacs has been shown as work in progress. However, the construction works in these units have already been completed long before and assets have been put to use. As the result, the Fixed Assets are understated by ₹ 372.42 Lacs and Capital Work In Progress is overstated by same amount. In absence of full details regarding date of completion of assets/ready for use, we are unable to quantify the amount by which Depreciation is undercharged.
- 8.2 The Company is not having the work wise/age wise/scheme wise details of Capital Work In Progress and this includes material at site (usable and unusable). It has been observed that some of adjustments are pending since a long time. The impact of the same on the financial statement is not ascertainable.
- 8.3 There is no proper internal control related to the works in progress and in absence of proper work completion reports and reconciliation of material issued and consumed the inherent risk of "Fraud/ Misuse" cannot be denied.
- 8.4 Opening balance in respect of advance to contractors, advance to suppliers, misc. deposits, capital work in progress and fixed assets contains misstatements as effect of earlier year qualifications has not been carried out or the effect thereof not properly accounted or rectified. The effect of the same on financial statements is not ascertainable.
- 8.5 No details have been provided by the Company regarding Guaranteed Auxiliary Power Consumption in the case of construction contracts. The Guaranteed Auxiliary Power Consumption clause of contracts states that recovery shall be made at the specified rates from contractors in case auxiliary power consumption for completing works exceeds the limit specified in the contracts. In absence of records, effects on financial statements are not ascertainable.

Considering the para 8.1 to 8.5 above, we are not able to comment about correctness of CWIP, Fixed Assets and corresponding Depreciation thereon.

## 9. LONG OUTSTANDING/UNRECONCILED BALANCES.

### 1. DEBIT BALANCES

- 9.1 The Company is having long outstanding debit balances of ₹ 27,488.75 Lacs. These balances are not reconciled since long. Also, many credit balances are still lying in these account heads. In absence of proper explanations and details, we are unable to comment on the same.
- 9.2 Balances and amount due to/from banks in current accounts and collection accounts are subject to reconciliation. Also, subsidiary mainly Giral Lignite Power Limited and other Companies of Board such as RRVNPL, JVVNL, AVVNL and JVVNL, balance with staff, Earnest Money Deposits, Security Deposits, Misc deposits held, Current Liabilities and Provision, Advances to Contractors/Suppliers, etc. including the Note 8.3 and 17.3 to Balance Sheet are subject to confirmation and have not been fully reconciled, the effect of the same on the financial statements are not ascertainable.
- 9.3 Subsidiary records are not properly maintained at many units. Further, loans and advances include old unadjusted and un-reconciled balances. Further, confirmation for the same has not been provided to us. In absence of full details, we are unable to comment on the financial impact, if any. Further, following heads in different units are having negative balances (net):-





(₹ in Lacs)

S.No.	Head	Amount
a)	Scooter Advance	03.15
b)	House Building Advance	05.44
c)	Food grain Advance	00.02
d)	Pay Advances	00.12
e)	Travelling Advance	00.13
f)	Departmental Advance	00.11

9.4 Transfer within Circles (TWC) amounting to ₹ 27.82 Lacs includes unreconciled balances at many units. It also includes negative balances of ₹ 0.74 Lacs. In absence of details, we are unable to comment on the financial impact thereof.

## II. CREDIT BALANCES

9.5 The Company is having long outstanding credit balances of ₹22,380.58 Lacs. These balances are not reconciled since long. Also, some debit balances are lying in these account heads. In absence of proper explanations and details, we are unable to comment on the same.

9.6 The Current Liabilities and Provisions include ₹ 493 Lacs payable to M/s Indo Nissan and M/s Khandwala Securities on account of lease/rent expenses are lying unpaid/unadjusted since incorporation of Company. This issue was also raised by C&AG in its supplementary audit for the FY. 2010-11. We concur with the view of C&AG that the same should be written back in the books of Company. However, the Company had adjusted such liability amounting to ₹ 300.30 Lacs by adjusting deferred sale consideration (current assets) by ₹ 208.81 Lacs and remaining amount of ₹ 91.48 Lacs through Statement of Profit and Loss. Due to this, Current Liabilities and Net Loss of the Company is overstated by ₹ 493 Lacs.

9.7 Following accounts in various units as detailed below reflects debit balances:

Unit	Account code and name	(₹ in Lacs)
Giral	46.924 TDS of Contractor	1.48
RGTP Ramgarh	46.925 TDS of Others	0.58
Mahi	46.924 TDS of Contractor	0.35

In absence of details/information thereof, we are unable to quantify the financial impact, if any. Also, in absence of details of old balances, we are not able to comment on the correctness of the same.

9.8 Amount of ₹ 1,923.82 Lacs were lying as pending at Suratgarh Const. Unit since long under the head liability for Supply Material Capital for which no party wise details were available with the Company. Due to this, Liability for Supply Material Capital and Net Loss for the year are overstated by ₹ 1,923.82 Lacs

9.9 Provision for Bonus/Ex-gratia to employees was made on ad-hoc basis. Employee-wise calculation is not available, hence, we are unable to comment on correctness of provision made.

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9.10 Liabilities for State Sales Tax, TDS, GPF and PF are subject to reconciliation.

9.11 Reconciliation of Inter Company Accounts with other successor entities of erstwhile RSEB was not done for period 2011-12. Further, reconciliation of account with Jodhpur Vidyut Vitran Nigam Limited was made up to only 2006-07. Financial impact, if any cannot be ascertained and therefore the amount by which Assets/Liabilities/Profit/Loss, understated/overstated cannot be quantified.

9.12 The balances of net salary payable and unpaid salary in units were not reconciled. Further, staff related liabilities include debit balances at certain units amounting to ₹ 4.02 lacs. Hence, staff related liabilities were subject to reconciliation / adjustment.

## 10. INVENTORY, STORES AND SPARES

10.1 In the following units, values of inventory as per financial statements are not reconciled with the value of inventory as per stores ledger. In absence of reconciliation, effect of the above on Profit/Loss/Assets/Liabilities could not be quantified.

(₹ In Lacs)

Name of the unit	Inventory as per books of accounts (Note 16 of the Balance sheet)	Inventory as per stores Ledger	Difference
KTPS, Kota	6,967.28	6,970.56	(-)3.28
STPS (O&M), Suratgarh	3,228.12	3,533.24	(-)305.12
RGTPP, Ramgarh	1,401.30	1,555.95	154.65
DCCPP, Dholpur	951.29	951.80	(-)0.51

10.2 At Giral-II Unit, balancing of Stores Ledger as on 31st March 2012 was not done as no stock was informed to be maintained by Unit-II.

10.3 At SSTPS, stores amounting to ₹ 23.56 Lacs was lost due to occurrence of theft. Any provision has not been made in the books of account regarding the same. Due to this, Inventory is overstated and Net Loss for the year is understated by ₹ 23.56 Lacs.

10.4 It has been observed that store accounting at SSTPS (Suratgarh), Giral-II, CTPP (Chhabra), and RGTP (Ramgarh) are not done on day to day basis.

## 11. INTER UNIT ACCOUNTS

11.1 The amount under this head should be Nil which is incorrectly appearing of ₹ 272.38 lacs. There is no proper internal control system to reconcile these accounts and these have effected true & fair position of number of heads of financial statements.

Proper adjustments of ATD/ATC are not made at regular interval which has ultimately led to non-reconciliation of Inter Unit Accounts.

## 12. GENERAL OTHER

12.1 Pension and Gratuity Liabilities are being funded through Trust on the basis of contribution by the Company. However, no reconciliation/confirmation is provided to us for verification. In absence of reconciliation, we are not in a position to comment whether Company has paid or provide all its liabilities towards the trust as per the rules and regulations of the said trust.



- 12.2 The Company has not identified the Enterprises qualifying under the definition of Medium and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act 2006 (MSMED). As a result no disclosure is given, as per requirement of the Companies Act, 1956 vide Notification No. GSR 719 (E), with regard to amounts unpaid as at the year end together with the interest paid/payable under the MSMED Act, 2006.
- 12.3 In number of cases, tax at source has not been deducted on provisions made at the year end in respect of payments to contractors, professionals etc as required under the provisions of Income Tax Act, 1961. Further, there are various cases and transactions during the year where tax has not been deducted, or deducted at lower rates, which attract liability of tax, interest and penalties under the provisions of Income Tax Act. However, impact of the same could not be taken.
- 12.4 As per section 33 of Rajasthan Stamp Act, 1998 "Any person receiving any money exceeding "five thousand rupees" in amount, or any bill of exchange, cheque or promissory note for an amount exceeding 'five thousand rupees', or receiving in satisfaction or part satisfaction of a debt, any moveable property exceeding 'five thousand rupees' in value, shall, on demand by the person paying or delivering such money, bill, cheque, note or property, give a duly stamped receipt for the same". The Company has not complied with the said provision of that Act. In the absence of specific details, we are unable to ascertain the liability of the Company on account of stamp duty evasion.
- 12.5 Figures of the Contingent Liability as disclosed in respect of pending court/arbitration/legal / tax related cases, estimated amounts of contract remaining to be executed on capital account and other commitments have not been properly compiled and ascertained. In the absence of details of each case with present status and individual detail of contract remaining to be executed on capital account, we are unable to verify the correctness of said disclosure.

### 13. GIRAL

- 13.1 As per the decision of Directors in Board Meeting, the Company had transferred its Giral - 1 unit to its wholly owned subsidiary Giral Lignite Power Limited on and with effect from 1<sup>st</sup> January 2009 for a consideration of allotment of equity shares equivalent to the net book value on 31<sup>st</sup> December 2008. However, equity shares were not allotted by GLPL to RRVUNL till yet.
- 13.2 The debts of the power plant transferred are being served by the RRVUNL without any agreement with GLPL. The financier of Giral - 1 mainly PFCL has agreed to transfer the debt in the name of the subsidiary GLPL, but a tripartite agreement was to be executed among the three companies which has not been executed so far. The liabilities of the Subsidiary Company (GLPL) are met by RRVUNL. The Subsidiary Company was not in a position to meet out its expenses. Due to the above adjustments, deposit and other deductions made which are related to work done related to GLPL are still lying undijsted in the books of Company.
- 13.3 No separate books of account were maintained at Giral Unit 2<sup>nd</sup> by the Company. Expenses were booked on the basis of expenses charged by GLPL in its books of account and at the year end partial expenses were charged in the books of Giral Unit 2<sup>nd</sup>. However, the basis and authenticity of that expenditure were not made available to us for verification. Hence, we were not in a position to verify them as GLPL was having separate auditor and the Statutory Audit for the year 2011-12 had not yet completed. Hence, we are not in a position to express our opinion on the expenditure of Giral Unit 2 of RRVUNL, booked in financial statements.
- 13.4 The main material at Giral Lignite power plant was lignite and limestone. It was informed that FPA for



purchase of lignite and limestone is between RSMML and RRVUNL. The RSMML has raised their invoices to RRVUNL and the RRVUNL has not entered that material in their books of accounts and has allowed giving delivery to GLPL (subsidiary of RRVUNL). Refer Section 4 (1) of RVAT Act 2003 in which it is explicit condition for sale of goods at first point except some exceptions. By virtue of sale, hence, the material is transferred by RRVUNL to GLPL is sale and the tax has not been charged. The RRVUNL has also not accounted for shortage/transit losses and closing stock as RRVUNL has transferred the entire material to GLPL, and, in absence of relevant records, we are unable to quantify the financial impact on financial statements.

- 13.5 As per the terms approved by the Board for transfer of Unit 1 to GLPL the ownership of land, building and plant was to be transferred to GLPL but till date the land building plant machinery were not actually transferred to GLPL.
- 13.6 Fixed Assets amounting to ₹ 7,437.48 Lacs was re-transferred to CWIP during the year. No information/ documents were provided to us to verify the same.
- 13.7 An amount of ₹ 7,569.97 Lacs was transferred to Fixed Assets from CWIP during the year. No certificate of work completion has been provided to us regarding the same. In absence of complete details, impact on depreciation could not be ascertained.
- 13.8 The balances of GLPL and Giral Unit of the Company has not been reconciled upto 31/03/2012. The balances as on 01/04/2011 are as follows:

(₹ In Lacs)

As Per GLPL books (unit 1)	As per GLTPP books (unit 2)	Difference
1,40,041.71 (Payable to GLTPP)	25,608.55 (Receivable from GLPL)	1,14,433.16
84,343.33 (Receivable from GLTPP)	30,747.09 (payable to GLPL)	53,596.24

In absence of required and complete details, impact on Assets/Liabilities/Profit and Loss cannot be ascertained.

- 13.9 The Company has charged the depreciation on assets from the date of COD of the unit i.e. from 12.03.2011. C&AG, in his supplementary audit, reported that the above depreciation should be charged from the FY. 2009-2010. We concur with the views of C&AG, in the said circumstances, on the principles that depreciation should be charged from the date when the assets are ready for use for commercial production, not from the date when the assets was actually used for commercial production. Due to this, the Fixed Assets are overstated and Depreciation is understated by ₹ 7,302.00 Lacs.

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

Place : Jaipur  
Dated : 28<sup>th</sup> Nov., 2013

(Bharat Sonkhiya)  
Partner  
M No. 403023

**ANNEXURE - X****MANAGEMENT'S RESPONSE TO THE STATUTORY AUDITOR'S  
REPORT ON THE ACCOUNTS OF RVUN FOR  
THE FINANCIAL YEAR 2010-11.****MAIN REPORT**

No comments.

**ANNEXURE-I OF THE AUDITOR'S REPORT**

1. (a) Detailed Fixed Asset Registers are available with the company prepared / updated upto 2010-11 for all the power stations. As regards showing the full particulars including quantitative details and situation of fixed assets, most of the assets appearing in the register contain the information as required under the Act. Further, the extent of quantification has not been commented by the statutory auditors. However the company has already hired services of M/s Shyam L. Agarwal & Co., to maintain said register to the satisfaction of the auditors as per law.
- (b) Steps are being taken to strengthen the system of physical verification of Fixed Assets at unit level. Regarding non availability of Fixed Assets, the same has already been disclosed at point no.39 of the "Notes on Accounts".  
Para No. 1 (c), 2 (a), 2 (b), 3, 5, 6, 10 to 16, 18 to 21: No comments.
2. (c) The unit officers are being asked to analyze and reconcile the reasons of discrepancies noticed on physical verification between physical stock and book records and make necessary accounting adjustment after due examination.
4. The unit officers are being asked to ensure timely accounting of SRN & SIN of their respective projects.
7. Internal audit was conducted on some power plants in due course. However, efforts shall be made to further strengthen, the internal audit system regarding timely finalization of internal audit of financial statement.
8. Provisional Cost accounting records for the year 2010-11 were made available to the auditors. Further, final records are now available for inspection.
9. (a)i) The old balances are under process of reconciliation and year after year, they are continuously decreasing. Further actions for timely deposition of the statutory dues and liquidating these old balances are being taken up.  
(a)ii) The amount of ₹ 400 crores is due to the reasons disclosed at point no 22(e) of the "Notes on Accounts," and remaining balance is also as per outstanding provision. However efforts are being taken for payment of liability timely.
- 9 (b) i & ii This has already been disclosed at point no 22(d)(i) & 22(d)(vii) of the "Notes on Accounts" respectively.
17. The company has adequate details of loans including utilization also. Generally company has obtained Term loans for construction of projects and short amounts for working capital requirements but due to delay in commercial operation (i.e. 12-3-2011) of Unit-II of GLTPP (1x125 MW) on account of initial teething problems, the total cost has increased over the approved project cost resulting into utilization of working capital loan for construction of fixed assets. The matter shall be regularized as per final figure of such additional cost after declaration of commercial operation.

**ANNEXURE:II OF THE AUDITOR'S REPORT****(1) VALUATION OF INVENTORIES:**

Deviation in this regard has already been disclosed vide point no 4(a) of the Accounting Policies (Schedule-28).

**(2) CASH FLOW STATEMENT:**

No significant amount is in the inter unit accounts. However, Efforts are being made to comply with the shortcoming observed.

**(3) EMPLOYEE BENEFITS:**

The position in this regard has already been disclosed vide point no. 8 of the Accounting Policies (Schedule-28).

**(4) ACCOUNTING FOR TAXES ON INCOME:**

The position in this regard has already been disclosed vide point no. 15 of the Notes on Accounts (Schedule-29)

**(5) IMPAIRMENT OF ASSETS:**

The Company does not agree with the observation issued. The company has made impairment assessment and certificate to this effect has also been provided to the statutory auditors. In this regard also refer to the disclosure made at point no. 38 in the Notes on Accounts.

**(6) FIXED ASSETS AND DEPRECIATION:**

- a) The company has charged depreciation on fixed assets on straight line method at the rates notified by the Rajasthan Electricity Regulatory Commission, Rajasthan, vide Notification dated 23.01.2009. Regulatory Commission (RERC) has allowed depreciation as per their norms in tariff fixation. The fact is already disclosed in the Point No 2(b) of the Accounting Policies (Schedule-28).
- b) The company is having the details of individual blocks unit-wise and year-wise for all the assets appearing in the books of RVUN as on 19.07.2000 and the same practice has been followed thereafter and accordingly the company has calculated depreciation based on the block value. Thus individual assets wise written down value is not available. Moreover, there is no financial implication of any nature due to the above.
- c) The position regard part-I of the observation has already been disclosed vide point no 39 of the Notes on Accounts (Schedule-29). As regards part-II, the concerned project officer is asked to examine and report the status for further needful.
- d) The matter regarding transfer of 200.01 Bighas land in favour of RVUN is still under progress with respective departments of the State/Central Govt.

**(7) CAPITAL WORK IN PROGRESS:**

- a) Efforts to reconcile the balance are still under progress and necessary accounting adjustment shall be made accordingly after tracing the details thereof in the current year.

**8) CONSTRUCTION STORES AND ADVANCES**

- a) The concerned officers are being directed to get the details reconciled and carryout necessary adjustment.
- b) Efforts are being made for expediting the necessary adjustment/clearance of the old balances.

**9) INVENTORY, STORES AND SPARES**

The concerned unit officers are being directed to get the differences reconciled and carryout the necessary adjustment.

**10) CASH AND BANK BALANCES.**

Current year's transactions are reconciled, except ₹ 18.65 lakh. Further, ₹ 0.11 lac has been adjusted in the negative balance during the current year and efforts are being made to reconcile the remaining old balance by the units.

**11) LOANS AND ADVANCES TO STAFF**

Due to our efforts the old balances under these heads has continuously been reducing year after year. The total negative balance got reduced to ₹ 18.61 lacs as against ₹ 24.40 lacs last year (2009-10). Further efforts are under progress.

**12) ADVANCES FOR O&M SUPPLIES AND WORKS**

These represent very old balances since erstwhile RSEB period, for which complete details are not available. Still efforts are continued for reconciliation and adjustment.

**13) CURRENT LIABILITIES**

- a. These represent very old balances pertaining to erstwhile RSEB period for which complete details have not been made available. Continuous efforts are being made to reconcile these accounts and carry out necessary adjustments, wherever required/located. For specific observation concerned officer of the project has been asked to expedite the reconciliation and adjust the balances.
- b. Concerned unit officers are asked to reconcile/clearance of the said debit balance.
- c. Concerned unit officers are asked to reconcile/carry out necessary adjustment after due examination
- d. This has already been disclosed at point No 11 in the Notes on Accounts (Schedule-29).
- e. Efforts are being made to reconcile these heads and carry out requisite accounting adjustment accordingly.
- f. Efforts shall be made to comply with the observations raised.
- g. Necessary disclosure has been made at point No. 1(b) in the Notes on Accounts (Schedule-29)

**14) STAFF RELATED LIABILITIES**

Due to continued efforts the debit balances have been reduced from ₹ 4.13 lacs to ₹ 4.02 lacs during the year. Further efforts are being continued

**15) INCOME ACCRUED ON LOANS AND ADVANCE**

Efforts shall be made to comply with the observations raised.

**16) GENERAL**

- a) I,II,III,IV : Necessary disclosure has already been made in the Accounting Policies (Schedule-28) and "Notes on Accounts" (Schedule-29).
- b) Monthly contributions are made on the basis of payment of salary and wages paid to the employees and these are reconciled every month by the respective unit contributing the same. As per our records no current liability is pending to be provided or contributed to the trust fund. In this regard also refer to the disclosure made at point no 22(e) of the "Notes on Accounts".
- c) The fact stands disclosed vide point no.1(b) of "Notes on Accounts" (Schedule 29).
- d) The fact stands disclosed vide point no.27 of "Notes on Accounts" (Schedule 29). However efforts are being made to comply with the provisions of the said act.
- e) Regarding pending court cases etc the disclosure made vide point no. 22 (d) of the "Notes on Accounts" be referred. Further the amount of contract remaining to be executed on capital account has been arrived based on the total project cost less current booking/expenditure incurred. The calculation has been made for each project separately.
- f) The concerned unit officers shall be directed to get the same examined and carryout necessary corrections.
- g) Efforts shall be made to take up the suggestions in the current year
- h) The concerned unit officers shall be directed to get the same examined and carryout necessary corrections.
- i) The concerned shall be asked to examine the necessity of continuing the provision in the light of the observation raised.
- j) An amount of ₹ 37.97 Cr. & ₹ 36.51 Cr. have been charged actually through tariff for the year 2009-10 & 2010-11 respectively but not received in cash as considering huge outstanding towards Discoms. However, necessary order has already been passed to remit the said amount.
- k) Tax at source has been deducted as per the provision of Income Tax Act, 1961. Further, the concerned unit officer shall be directed to ensure for compliance of the provision of the act.
- l) Bank balance confirmation are obtained as regard others the facts stands disclosed at point no. 10 of "Notes on Accounts" (Schedule-29)
- m) State Govt. has exempted to the company for stamp duty Vide its notification dt. 20.08.2007. However concerned unit officer shall be directed to comply with the provisions of the act wherever is applicable.
- n) The refund/adjustment of excess amount of equity received were done as per direction of State Govt. before allotment of shares. Hence no resolution was passed in this regard. However concerned officer shall be directed to take necessary action in the future.

**GIRAL**

Giral Lignite Power Limited (GLPL) is a wholly owned subsidiary of RVUN and the allotment of equity shares towards consideration for transfer unit-I of GLTPP was initially to be made after increase in the Authorized Share Capital of GLPL from ₹ 1 crore to ₹ 200 crores which got increased in the year 2009-10 but allotment of shares by GLPL was subject to a decision on the "mode of Purchase Consideration" of the total "Net Assets Value". Proposal for discharging the Purchase Consideration is under process. Further regarding execution of tripartite agreement, the status has already been disclosed vide point no.38 of the "Notes on Accounts". As regards the transfer of the business before commencement of commercial operation, it is stated that the initial decision of the Government was to transfer the business upon commissioning of the unit. Regarding funding of liabilities, adequate disclosure is already made vide point no. 38 of the "Notes on Accounts"

- (i) Separate books are maintained at the Giral unit 2<sup>nd</sup> by the company. Only the revenue expenses are initially booked in the Giral unit 1st and thereafter shared between the two units on the basis of basic accounting principles.
- (ii) The concerned officer is asked to examine the matter in the light of the observation and make the necessary adjustment if required.
- (iii) Unit 2<sup>nd</sup> of Giral has already commenced commercial operation w.e.f 12.03.2011. As the entire land was purchased against project provision for Unit-I, on transfer of business of Giral Unit-I into subsidiary company GLPL, the assets appeared in the books of accounts have also been transferred in GLPL. However the title of this land is continued to be in the name of RVUN. It is not possible to segregate land unitwise presently, as there are many services in operation shared by both the units commonly.
- (iv) The management does not agree with the views of the Auditors regarding transfer of WIP into Fixed Assets during the trial RUN period and charging depreciation thereon. The same shall be recognized after declaration of COD of the Unit. The COD of unit-2 of Giral has been declared on 12.03.2011.



C.R. MEHTA & Co.  
Chartered Accountants

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## AUDITOR'S REPORT

### TO THE MEMBER'S OF RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LIMITED

We have audited the attached Balance Sheet of **Rajasthan Rajya Vidyut Utpadan Nigam Limited** as at **31st March, 2011** and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexure thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

1. We conducted our audit in accordance with accounting standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As the company is governed by the Electricity Act, 2003 the provisions of the said Act have prevailed where ever the provisions of Companies Act, 1956 are inconsistent with the said Electricity Act, 2003.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose the Annexure-I a statement on the matters specified in paragraph 4 & 5 of the said order.
4. **Subject to our observations in the annexure I (referred to in the paragraph 3 above) and annexure-II (which form an integral part of this report) we report that:-**
  - (a) We have obtained all the information & explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books **except that the items referred to in paragraph 1(b) and paragraph 11 of Significant Accounting Policies are accounted for on Cash Basis instead of Accrual basis as required by the Section 209 of the Companies Act, 1956.**
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 **except as reported in annexure II.**
  - (e) As explained to us, being a Government company, clause (g) of the sub section (1) of the section 274 of the Companies Act, 1956 is not applicable as per notification no 829 (IE) dated 21/10/2003 of the Department of the Company Affairs.



- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes thereon, **subject to our comments in annexure I and II which forms an integral part of this report**, give the information required by the Companies Act, 1956, in the manner so required and give the true and fair view in conformity with the accounting principles generally accepted in India.
- i) In the case of the Balance Sheet of the **State of affairs of the Company as at 31st March, 2011, and**
- ii) In the case of the **Profit and Loss Account**, of the **Loss** for the year ended on that date, and
- iii) In the case of the **Cash Flow Statement**, of the Cash Flows for the year ended on that date.

For C.R. MEHTA & Co.  
Chartered Accountants  
FRN 000789C

Place : Jaipur  
Dated : 08-11-2012

(CA PRASHANT KOTHARI)  
Partner  
M No. 400618

## ANNEXURE-I

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR  
AUDIT REPORT OF EVEN DATE TO THE MEMBERS OF  
RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LTD., JAIPUR**

- 1) (a) The company has not maintained proper records showing the full particulars including sufficient description of the assets, quantitative details, situation and depreciation. In absence of complete records and reconciliation, we are unable to comment on the discrepancies including physical non-existence of assets, their being not in working condition and/or their location.
- (b) Physical verification report with working papers of Fixed Assets has not been made available to us. Company has not maintained complete records of fixed assets. In absence of complete information we are not in a position to comment as regards discrepancies, if any in relation to the physical existence of the assets and its book value. **However Fixed Assets as mentioned in the books of head office amounting to ₹ 62.04 crores were not physically available (as agreed by the management) with the company, hence the provision was made in the FY 2008-09.**
- (c) In our opinion, the company has not disposed off substantial part of its fixed assets during the year and therefore the going concern status of the company is not affected.
- 2) (a) In our opinion and as per certificates furnished, the inventories other than item of scrap have been physically verified at reasonable intervals by the management during the year.
- (b) In our opinion and as per the information and explanations given to us, the procedures of physical verification of stock and spares followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and as per information and explanations given to us, the company has maintained proper records of inventory and the discrepancies, if any between physical stock and book records noticed on such physical verification are said to be under reconciliation. At some units value of inventory as per store ledgers does not reconcile with the financial books (Refer point no. 9 of annexure-II of this report).
- 3) As informed to us, the company has neither taken nor granted any loans, secured or unsecured to/from Companies, Firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause 4 (iii) (b), (c), (d) are not applicable to the company.
- 4) In our opinion and according to the information and explanations given to us, and having regard to the explanation that some items purchased are of a special nature and for which suitable alternative source do not exist for obtaining comparable quotation, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchases of inventory. Fixed assets and with regard to the sale of energy. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls except that the company does not have proper system for timely adjustment of Stores Requisition Notes and Stores Issue Notes at power plants. ( Refer point 16 (g) of Annexure-II of our report)
- 5) According to the information and explanations given to us being a Government company contracts entered with another Govt. company is exempt from the provisions of section 297(1) of the Companies Act, 1956 hence sub clause (a) and (b) of clause (V) are not applicable to the company.
- 6) According to the information and explanations given to us, the company has not accepted any deposits from the public.

- 7) As explained to us the company has outsourced some of the areas for internal audit and some of the areas are audited by internal staff. In our opinion the area of the Internal Audit System should be strengthened to make it more effective. At some power plants, internal audit of financial statements was not conducted till the date of visit by us. Further the company has given Internal Audit work to Chartered Accountant firm M/s Shyam L. Agarwal & Co. who had conducted the physical Verification of the stores of Power Plants but has not conducted the audit of Financial Transactions, in absence of audit of Financial Transactions there is no sanctity of the internal audit.
- 8) As per information given to us, Cost records under section 209 (1) (d) of the Companies Act, 1956 for the activities carried out by the company, are prepared up to Financial Year 2009-10. However we have not made a detailed examination of such records. Records for the financial year 2010-11 were provisionally prepared but not finalized hence we are unable to verify.
- 9) (a) i) As per information and explanations given to us, we report that the company is generally regular in depositing undisputed statutory dues with appropriate authorities, including Provident Fund, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues to the extent applicable to it, however some delays in depositing the same has been observed. Further in some cases where debit and credit balances in these accounts pertaining to earlier years are being carried over unreconciled, unadjusted / unpaid for which no details / reasons have been furnished to us and as such we are not in a position to comment with regard genuineness of such dues or otherwise and we are unable to express any opinion thereof.
- ii) Contribution to Superannuation and Gratuity Fund, the company has not remitted ₹ 403.99 crores to the trust as on 31st March, 2011.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute except :

- i. Liability of ₹ 12.03 crore on account of cess charges for which appeal is pending with appropriate authority.
- ii. Liability of ₹ 8.96 crores on account of Taxation matters on which appeals are pending at different levels. The details are as under :

S.No.	Nature of Taxation	Amount in ₹ crores
1	Sales Tax Matters	0.04
2	Entry Tax Matters	0.04
3	VAT Matters	8.88

- 10) In our opinion and according to the information and explanations given to us, the accumulated losses of the company are less than 50% of its net worth. During the year company has not incurred cash losses.
- 11) According to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution/ bank or debenture holders.
- 12) According to the explanations given to us, we are of opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- 13) In our opinion, the company is not a chit fund or a Nidhi/ mutual benefit and society. Therefore, the

provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.

- 14) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- 15) According to the explanation given to us, we are of the opinion that the company has not given guarantees for loans taken by others from banks or financial institutions that are prejudicial to the interest of the company.
- 16) In absence of adequate information and records we cannot comment that term loans are applied for the purpose they have been taken.
- 17) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we cannot form an opinion about utilization of funds raised on short term basis for long term investment or not and whether long term funds have been used to finance short term assets or not. It was explained to us that the funds received are pooled together in only one bank account and then disbursed as per requirements of various projects, hence we are unable to comment on proper utilization of the loans and funds availed. Further no utilization details were properly maintained with the company through which it could be arrived that whether short term funds have been utilized for long term investments or long term funds utilized for short term (working capital) application except Giral II, where working capital loan of ₹ 4.00 crores (approx) have been used for construction of fixed assets.
- 18) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) According to the information and explanation given to us, during the period covered by our audit report, the company has not issued any debentures.
- 20) The company has not raised any money by public issue during the year.
- 21) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported.

For C.R. MEHTA & Co.  
Chartered Accountants  
FRN 000789C

Place : Jaipur  
Dated : 08-11-2012

(CA PRASHANT KOTHARI)  
Partner  
M No. 400618

## ANNEXURE-II

**ANNEXURE REFERED TO IN PARAGRAPH 4 OF OUR REPORT  
OF EVEN DATE TO THE MEMBERS OF  
RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LTD., JAIPUR**

**1. VALUATION OF INVENTORIES :**

Valuation of inventory was not in accordance with Accounting Standard-2 "Valuation of Inventories" was not done at lower of cost and net realizable value. In absence of details we were unable to quantify the effect on profit and loss account.

**2. CASH FLOW STATEMENT :**

In cash flow statement, Inter Unit accounts have not properly been classified in Operating and Investing Activities. Therefore Cash Flow Statement prepared by the company is not in accordance with the Accounting Standard-3 "Cash Flow Statement" issued by the ICAI.

**3. EMPLOYEE BENEFITS :**

Accounting of pension, gratuity and leave encashment is not in accordance with Accounting Standard-15, "Employee Benefits" issued by the ICAI. As such no actuarial valuation is made in respect of liability at the year end for gratuity and pension. Further leave encashment is being accounted for on cash basis. In the absence of actuarial valuation and details we are unable to comment about the effect on Profit/Loss and shortfall/excess in provision.

**4. ACCOUNTING FOR TAXES ON INCOME :**

No provision for deferred tax assets / liability pursuant to the requirement of AS-22 "Accounting for Taxes on Income" issued by the ICAI has been made by the company.

**5. IMPAIRMENT OF ASSETS :**

The company has not conducted any assessment in respect of impairment of assets and no provision has been made in respect of impairment loss as required by Accounting Standard-28, "Impairment of Assets" issued by the ICAI. Also impairment test of the assets of the subsidiary Companies was not carried by the Company. The effect of above non-compliance of Accounting Standards on the Financial Statements is not ascertainable except wherever specified specifically.

**6. FIXED ASSETS AND DEPRECIATION :**

- a) The company has not followed the depreciation rates prescribed in Scheduler XIV of Companies Act, 1956 but has followed the rates notified under Rajasthan Electricity Regulatory Commission (RERC). The impact of such deviations has not been quantified.
- b) The depreciation on assets has been computed on the block value of assets. Individual assets wise written down value are not available with company.
- c) The opening written down value of the assets amounting to ₹ 62.04 crores as appearing as on 1st April, 2008 in the books of head office were informed to be not physically available with the company, hence the same were provided at ₹ 62.04 crores in the books of the company for these unidentified assets in the year 2008-09. Also in the year 2009-10 it was observed that at RGTP Ramgarh, following items

shown under the accounting code 22.201 to 22.602 Capital Material Stores & Spares were physically/ actually not available with the Company:

Account Code	Account Head	Amount in ₹
22.201	Steel	78,73,526.83
22.202	Cement	4,527.41
22.602	Capital Material Stock Cement	55,200.00
	<b>Total</b>	<b>79,33,254.24</b>

In our opinion these items were to be provided in the books of the Company, hence the provisions are understated to that extent & Capital Material Stores are overstated to that extent.

- d) Company had acquired 557.14 Bigha of Land for Dholpur Gas Power Project from "M/s RPG Enterprise" through Govt. of Rajasthan for a consideration of ₹ 151.15 Lacs. Out of which 200.01 Bigha of Land is not yet allotted in favour of RRVUNL as it is appearing as forest Land in the revenue records. Also no title deed is executed in favour of company.

#### 7. CAPITAL WORK IN PROGRESS :

- a) In STPS-MMH units, ₹ 3.72 crores has been shown as work-in progress. However, the construction works in these units have already been completed long before and assets have been put to use. **As a result, the fixed assets are understated by ₹ 3.72 crores and Capital work In Progress is overstated by same amount.** In absence of full details regarding date of completion of assets / ready for use, we are unable to quantify the amount by which depreciation under charged.

#### 8. CONSTRUCTION STORES AND ADVANCES :

- a) Advances to Suppliers at SSTPS unit include credit balance of ₹ 9.33 Lacs. The credit balance should be shown under the head current liabilities instead of showing it under the head Capital Work in Progress. **This has resulted into understatement of current liabilities and Construction store and advances by ₹ 9.33 Lacs.** Further it also includes ₹ 0.51 crores for which company do not have any detail.
- b) Further advances to suppliers and contractors for capital works includes ₹ 53.17 crores as detailed below are lying unadjusted/unreconciled, though the works have already been completed and commissioned:-

(₹ in Crores)

Ramgarh	4.98
Kota	22.06
Suratgarh	24.85
Bikaner	0.09
Mahi	0.92
Mangrol	0.11
H & GP	0.16

This has resulted into overstatement of Construction store and advances and under statement of Fixed Assets by ₹ 53.17 crores. In absence of required details the understatement of depreciation could not be quantified.

## 9. INVENTORY, STORES AND SPARES

In the following units, value of inventory as per financial statements is not reconciled with the value of inventory as per stores ledger. In absence of reconciliation, effect of the above on Profit/Loss/Assets/ liability could not be quantified

(₹ In Lacs)

NAME OF THE UNIT	Inventory as per book of accounts (Schedule 9 of the Balance Sheet)	Inventory as per Stores Ledger	Difference
KSTPS, Kota	6527.27	6530.55	(-) 3.28
STPS (O&M) Suratgarh	3081.08	3386.20	(-) 305.12
STPS (Const.), Suratgarh	265.86	691.41	(-) 425.55
RGTPE, Ramgarh	3414.50	3213.74	200.76
DCCPP, Dholpur	246.44	208.60	37.84

In Bikaner (H&GP) Amount ₹ 110150 is pending since long in financial books for which no details are available on record.

At Giral-II, balancing of Stores Ledger as on 31st March, 2011 was not done as no stock was informed to be maintained by Unit II.

## 10. CASH AND BANK BALANCES

Transfer within Circles- cash (TWC) amounting to ₹ 18.65 lacs includes unreconciled balances at many units. It also includes negative balance of ₹ 0.63 Lacs. In absence of details, we are unable to comment on the financial impact, if any

## 11. LOANS AND ADVANCES TO STAFF

Subsidiary records are not properly maintained at many units. Further loans and advances include old unadjusted and un-reconciled balances. In absence of full details we are unable to comment on the financial impact, if any. Further following heads in different units are having negative balances (net):-

(₹ in lacs)

S.No.	Head	Amount
a)	Scooter Advance	05.66
b)	House Building Advance	12.09
c)	Food Grain Advance	00.02

d)	Pay Advance	00.24
e)	Travelling Advance	00.001
f)	Departmental Advance	00.11
g)	Miscellaneous Advance (Others)	00.04

## 12. ADVANCES FOR O&M SUPPLIES & WORKS

Several accounts under the head "Advance to Suppliers" and "Advance to Contractors (O&M)" are not reconciled. Some of the accounts are being brought forward from the last several years without any adjustment. Further at some units even details are not available. In absence of full details, we are unable to comment on the amount by which assets/liabilities are overstated /understated. We are also unable to comment on the financial impact, if any, due to non-adjustment of these accounts.

## 13. CURRENT LIABILITIES

- a) Several accounts under liabilities for coal suppliers, freight payables, Liabilities for expenses, Sundry Creditors for supplies & works under the head Current Liabilities are un-reconciled. These are continued to be brought forward from last several years without any payments/adjustments. Even at some units, debit balances are appearing in the Creditors / Other Liability accounts. Also at Suratgarh O&M Unit details of following accounts were not available:

(in ₹)

Head	Amount
EMD	23,69,950
Retention Money	1,86,86,157
Security Deposit	4,43,94,964
Other Misc Deposit	7,77,60,364

Old differences of ₹ 1,85,567/- and ₹ 13,35,762 in Gratuity & Pension are not yet reconciled & explained.

- b) Following accounts in various units as detailed below reflects debit balances :

(in ₹)

Unit	Account code and name	Amount
Suratgarh O&M	46.924 TDS of Contractor	1,05,874
Giral	46.924 TDS of Contractor	21,631
RGTP Ramgarh	46.925 TDS of Others	45,388

In absence of details thereof, we are unable to quantify the financial impact, if any

- c) Suratgarh Construction :

₹ 19,23,82,821.95 were lying as pending since long under the head liability for Supply Material capital for which no party wise details was available with the Company. In absence of the details, we are unable



to comment on the financial impact, if any.

- d) Provision for Bonus/ex-Gratia to employees was made on adhoc basis. Employee wise calculation is not available, hence we were unable to comment on correctness of amount.
- e) Liability for State Sales Tax, TDS, CPF and PF are subject to reconciliation and old balances not yet paid are not scrutinized so far.
- f) Accounting heads of Retention money, EMD, Security deposit and Miscellaneous Deposits others were not reconciled for which no clear information was provided to us. Segregation of old balances and current balances were not available with the company.
- g) Various accounts as detailed below representing amounts payable to other successor entities of erstwhile RSEB are not reconciled/confirmed as on 31.03.2011.

( ₹ in lacs )

A/c Code	Name of Account	Amount
46.981	Amount payable to RVPN	2353.04
46.982	Amount payable to JVVN	1652.07
46.983	Amount payable to AVVN	100.06
46.984	Amount payable to Jd.VVN	1413.55

in absence of details thereof, we are unable to quantify the impact, if any

#### 14. STAFF RELATED LIABILITIES

The balances of Net Salary Payable and unpaid salary in units were not reconciled. Further Staff related Liabilities include debit balances at certain units, which amount to ₹ 4.02 lacs. Hence staff related liabilities were subject to reconciliation / adjustment.

#### 15. INCOME ACCRUED ON LOANS AND ADVANCE

A sum of ₹ 409367 is appearing under this head in following units as mentioned below since long for which no details are available.

(in ₹)

Name of Unit	Amount
STPS Construction Surargarh	48,245
Bikaner	86,994
H & GP	1,93,330
TD	80,798

The company has not made any provision to write off these amounts being uncertain to realize. This has resulted into overstatement of Income accrued on loans and advances and

understatement of loss of the company by ₹ 0.04 crore

## 16. GENERAL

- a) Accounting of following items of Income/Expenditure is not on accrual basis as required by the Companies Act, 1956:

I Interest Income from staff loans. (Refer note no.11 (c) of Schedule-28)

II. Interest payable on defaulted installments of sale consideration of fixed assets by lease finance companies. (Refer note no.7 of Schedule-29)

III. Generation linked incentives and productivity awards to its employees. (Refer note no.11 (e) of Schedule-28)

IV. Price variation claims (Refer note no. 1 (b) of Schedule 28)

- b) Pension and Gratuity Liabilities are being funded through Trust on the basis of contribution by the company. However no reconciliation/confirmation is provided to us for verification. In absence of reconciliation, we are not in a position to comment whether Company has paid or provide all its liabilities towards the trust as per the rules and regulations of the said Trust.

- c) Reconciliation of inter company accounts with other successor entities of erstwhile RSEB was not done for period 2010-11. Further reconciliation of account with Jodhpur Vidyut Vitran Nigam Limited was made upto only 2006-07. Financial impact, if any can not be ascertained and therefore the amount by which assets/liabilities/profit/loss, under/over stated can not be quantified.

- d) The company has not identified the Enterprises qualifying under the definition of Medium and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act 2006 (MSMED). As a result no disclosure is given, as per requirement of schedule VI to the Companies Act, 1956 vide Notification No. GSR 719 (E), with regard to amounts unpaid as at the year-end together with the interest paid/payable under the MSMED Act, 2006. Further in previous years also the qualification was made but till date the company has not taken any steps to implement the same.

- e) Figures of the Contingent Liability as disclosed in respect of pending court/ arbitration / legal / tax related cases and estimated amounts of contract remaining to be executed on capital account have not been properly compiled and ascertained. In the absence of details of each case with present status and individual detail of contract remaining to be executed on capital account, we are unable to verify the correctness of said disclosure

- f) Loans and Advances, Debtors, Creditors, Suppliers and Staff balances are shown after netting off credit/debit balances which is not as per the generally accepted accounting practice resulting in understatement of assets / liabilities. Detailed list of such debit balances have not been furnished. Hence we are not in a position to identify their genuineness.

- g) It is observed that store accounting at SSTPS (Suratgarh), Giral-II and CTPP (Chhabra) and RGTP (Ramgarh) are not done on regular basis.

- h) Current Liabilities & Provisions: This includes ₹ 61.03 Lacs pertaining to provision for supply of O&M materials by Hydel & Generation Project of the Company. The figure shown under this head pertains to the erstwhile RSEB i.e. prior to formation of the Company. There is no O&M store or spares maintained in the H&GP wing and since inception of the company, the O&M materials are being procured by the generating stations themselves thus there appears no justification to maintain provision for supply of O&M materials at H&GP wing for indefinite period. Thus this idle provision should have been reversed back which was not done. This matter was pointed by the C&AG Office in the supplementary audit in 2008-09, also but the same was not set right by the Company even in current year hence the provision and loss are overstated by ₹ 61.03 Lacs .

- i) It was observed that the balance amount of ₹ (-)15.24 crore shown as Provision for Unserviceable

Stock/ Stores (Code Head 22.910), was pertained to erstwhile RSEB period against which there was no Inventories/ Stores balance available with the Company on 31.03.2011. As a result, negative inventories of ₹ 15.24 crore appeared under Inventories, Stores and Spares at SSTPS (Construction) Suratgarh, Kota & Ramgarh. The Company was required either to trace out the inventories received on unbundling of RSEB against which the provision was appearing and to adjust the same there against or to disclose this fact in the accounts pending reconciliation of inventories. In case of non-availability of respective inventory/ stores, this provision was required to be written back. Despite lapse of a considerable period, the Company neither traced out the inventory nor disclosed this fact in the accounts or written back the provision amount of ₹ 15.24 crore. **Hence the loss is overstated to that extent & provisions are also overstated to that extent.**

- (j) RERC had allowed the Company to recover the sum of ₹ 40.00 Crores per year towards shortfall in pension & gratuity from the tariff for a period of 5 years & this amount recovered from the Tariff was to be paid to the PF trust. However the Company had recovered an installment for the year 2010 and 2011 in respective years but the same was not remitted to the PF trust.
- (k) In number of cases, tax at source has not been deducted on provisions made at the year end in respect of payments to contractors, professionals etc as required under the provision of Income Tax Act, 1961. Further, there are various cases and transactions during the year where tax has not been deducted, or deducted at lower rates, which attracts liability of tax, interest and penalties under the provisions of that Act, which could not be ascertained.
- (l) The company has not made available to us the confirmations regarding sundry debtors, sundry creditors, loans and advances, advance to suppliers for capital and O&M in spite of repeated requests. As informed there is no practice to obtain balance confirmations.
- (m) That as per section 33 of Rajasthan Stamp Act, 1998 "Any person receiving any money exceeding "five thousand rupees" in amount, or any bill of exchange, cheque or promissory note for an amount exceeding "five thousand rupees" or receiving in satisfaction or part satisfaction of a debt, any movable property exceeding "five thousand rupees" in value, shall, on demand by the person paying or delivering such money, bill, cheque, note or property, give a duly stamped receipt for the same" The company has not complied with the said provision of that Act. In absence of specific details we are unable to ascertain the amount of stamp duty evasion.
- (n) During the year the company has received ₹ 472.50 crores towards share capital through PD A/c. The company has not kept the said amount in separate bank account as required under the Companies Act, 1956 and allotted shares on 30.03.2011 of ₹ 336 crore to the Hon'ble Governor of Rajasthan and refunded back ₹ 136.50 crores to the Government of Rajasthan without passing any resolution for refunding back the share application money. Further, the board resolution passed in the 185th meeting dated 30.03.2011, the equity share of ₹ 336 crores has been issued to the GOR. While passing the resolution for allotment of shares it was nowhere mentioned that those shares will rank pari-passu in all respect with the existing equity shares or not. Hence the company has violated the provisions of Companies Act, 1956.

## GIRAL

The company had transferred its Giral-I unit to its wholly owned subsidiary Giral Lignite Power Limited on and with effect from 1st January, 2009 as per the decision of Board of Directors for a consideration of allotment of equity shares equivalent to the net book value of 31st December, 2008, however no equity shares were allotted by GLPL to RVUN in consideration of transfer of unit. The authorized share capital of the subsidiary company as on 31st March, 2011 was ₹ 200.00 Crores **but the paid up capital was ₹ 5 lacs** only also the debts of the power plant transferred are being served by the RVUN without any agreement with GLPL. The financier of Giral-I mainly PFCL has agreed to transfer the debt in the name of the subsidiary GLPL but a tripartite agreement was to be executed between the three companies which has not been executed so far. The Company had transferred the Giral-I unit before the commencement of commercial operation. The unit was commissioned on 28/02/07 but the unit could not run at its full load. The liabilities of the subsidiary company (GLPL) are met by RVUN. The

subsidiary co was not in a position to meet out its expenses.

- (i) Even though the Giral Unit 1st was transferred to the subsidiary Company M/s. Giral Lignite Power Limited & Giral Unit 2 was under the ownership of RVUN but no separate books of accounts were maintained at Giral Unit 2nd by the Company. Since the staff was common (all staff working at Giral was of RVUN but was on deputation to GLPL) hence expenses were booked by GLPL in its books of account & at year end partial expenses were charged in the books of Giral Unit 2nd. However the basis and authenticity of that expenditure was not made available. Also the expenses were booked in the books of GLPL. hence we were not in a position to verify them as GLPL was having separate auditor and the audit for the year 2009-10 and onwards had not yet commenced. Hence we are not in a position to express our opinion on the expenditure of Giral Unit-2 of RVUN.
- (ii) The main input material at Giral Lignite power plant was lignite and limestone. It was informed that FPA for purchase of lignite and limestone is between RSMML and RVUNL. The RSMML has raised their invoices to RVUNL and the RVUNL has not entered that material in their books of accounts and has allowed giving delivery to GLPL (subsidiary of RVUNL). Refer Section 4(1) of RVAT Act, 2003 in which it is explicit condition for sale of goods at first point except some exceptions. The transactions made are not covered under those exceptions. By virtue of the provisions of RVAT Act, 2003 the transactions come under the definition of sale, hence the material transferred by RVUNL to GLPL is sale and the tax has not been charged. The RVUNL has also not accounted for shortages/transit losses and closing stock as the RVUNL has transferred the entire material to GLPL. and in absence of relevant records we are unable to quantify the financial impact.
- (iii) As per the terms approved by the Board for transfer of Unit-I to GLPL the ownership of land building & plant was to be transferred to GLPL, but till date the land building plant machinery were not actually transferred to GLPL.
- (iv) It was clearly evident from the expenditure incurred & units generated by the Company at GLTPP Unit 2nd that GLTP Unit was operational & put to use during the whole financial year but the Company had not provided depreciation amounting to ₹ 36,55,46,304/- on the fixed assets which had been shown in Capital WIP till the date of COD of Unit 2nd. After the date of COD the amount lying in Capital WIP was transferred to Fixed Assets and depreciation was charged thereon from the date of COD till the Balance sheet date. **Hence the loss is understated and Fixed assets are overstated to the extent of ₹ 36,55,46,304.**

We further report that without considering the above Para's in which the financial effect could not be ascertained, had the observations made by us in above Para's where financial impact has been quantified being considered, the fixed assets would have been ₹ 11268.4 crores (as against the reported figure of ₹ 11248.06 crores), Capital WIP would have been ₹ 6405.21 crores (as against the reported figure of ₹ 6409.72 crores), Construction store and advances would have been ₹ 987.84 crores (as against the reported figure of ₹ 1040.92 crores), income accrued on loans and advances would have been ₹ 0.58 crores (as against the reported figure of ₹ 0.62 crores), Current Liabilities and provisions would have been ₹ 2641.85 crores (as against the reported figure of ₹ 2656.82 crores) and the Balance in profit and loss account of the company would have been ₹ 569.55 crores (as against the reported figure of ₹ 548.91 crores) in the accounts.

For C.R. MEHTA & Co.  
Chartered Accountants  
FRN 000789C

Place : Jaipur  
Dated : 08-11-2012

(CA PRASHANT KOTHARI)  
Partner  
M No. 400618

**ANNEXURE - XI****MANAGEMENT RESPONSE TO THE STATUTORY AUDITORS' REPORT  
ON THE ACCOUNTS OF RVUN FOR THE FINANCIAL YEAR 2009-10.****MAIN REPORT**

No comments.

**ANNEXURE-I OF THE AUDITORS' REPORT**

1. (a) Detailed Fixed Asset Registers are available with the company prepared / updated upto 2009-10 for all the power stations. As regards showing the full particulars including quantitative details and situation of fixed assets, most of the assets appearing in the register contain the information as required under the Act. Further, the extent of quantification has not been commented by the statutory auditors. However an effort shall be made to include the particulars as desired by the auditors by way of hiring services of experts on this subject.
- (b) Steps are being taken to strengthen the system of physical verification of Fixed Assets at unit level. Regarding non availability of Fixed Assets, the same has already been disclosed at point no.41 of the "Notes on Accounts"
- Para No. 1 (c), 2 (a), 2 (b), 3, 5, 6, 10 to 16, 18 to 21: No comments.
2. (c) The unit officers are being asked to analyze and reconcile the reasons of discrepancies between physical stock and book records noticed on physical verification and make necessary accounting adjustment after due examination.
4. The unit officers are being asked to ensure timely accounting of SRN & SIN of their respective projects.
7. Efforts shall be made to further strengthen, the internal audit system.
8. Cost accounting records for the year 2009-10 were under preparation but are now available for inspection.
9. (a)i) The old balances are under process of reconciliation and year after year they are continuously been decreasing. Further action for liquidating these old balances are being taken up through the company's internal auditors in the current financial year.
- (a)ii) The amount of Rs.400 crores is due to the reasons disclosed at point no 24(e) of the Notes on Accounts." The remaining balance of Rs 3.99 crores also includes outstanding provision of March,2010 payable in April,2010. However efforts for liquidating unreconciled liability is being taken during the current financial year.
9. (b) i & ii This has already been disclosed at point no. 24(d)(ii) & 24(d)(vi) of the Notes on Accounts respectively.
17. Due to delay in commercial operation of Unit -II of GLTPP (1x125MW) on account of initial teething problems, the total cost has increased over the approved project cost resulting into utilization of working capital loan for construction of fixed assets. The matter shall be regularized after arriving at the final figure of such additional cost upon declaration of commercial operation.

**ANNEXURE-II OF THE AUDITORS REPORT****(1) VALUATION OF INVENTORIES:**

Deviation in this regard has already been disclosed vide point no 4(a) of the Accounting Policies (Schedule-29).

**(2) CASH FLOW STATEMENT:**

Efforts shall be made to comply with the shortcoming observed.

**(3) EMPLOYEE BENEFITS:**

The position in this regard has already been disclosed vide point no. 8 of the Accounting Policies (Schedule-29).

**(4) ACCOUNTING FOR TAXES ON INCOME:**

The position in this regard has already been disclosed vide point no. 16 of the Notes on Accounts (Schedule-30).

**(5) IMPAIRMENT OF ASSETS:**

The Company does not agree with the observation issued. The company has made impairment assessment and certificate to this effect has also been provided to the statutory auditors. In this regard also refer to the disclosure made at point no. 40 in the Notes on Accounts.

**(6) FIXED ASSETS AND DEPRECIATION:**

- a) The company has charged depreciation on fixed assets on straight line method at the rates notified by the Rajasthan Electricity Regulatory Commission, Rajasthan, vide Notification dated 23.01.2009. Regulatory Commission (RERC) has allowed depreciation as per their norms in tariff fixation. The fact is already disclosed in the Point No 2(b) of the Accounting Policies (Schedule-29).
- b) The company is having the details of individual blocks unit-wise and year-wise for all the assets appearing in the books of RVUN as on 19.07.2000 and the same practice has been followed thereafter and accordingly the company has calculated depreciation based on the block value. Thus individual assets wise written down value is not available. Moreover, there is no financial implication of any nature due to the above.
- c) The position regard part-I of the observation has already been disclosed vide point no 41 of the Notes on Accounts (Schedule-30). As regards part-II, the concerned project officer is asked to examine and report the status for further needful.
- d) The matter regarding transfer of 200.01 Bighas land in favour of RVUN is still under progress with respective departments of the State/Central Govt.

**(7) CAPITAL WORK IN PROGRESS:**

- a) Efforts to reconcile the balance are still under progress and necessary accounting adjustment shall be made accordingly after tracing the details thereof in the current year.

**8) CONSTRUCTION STORES AND ADVANCES**

- a) The concerned officers are being directed to get the details reconciled and carryout necessary adjustment.
- b) Efforts are being made for expediting the necessary adjustment/clearance of the old balances.

**9) INVENTORY, STORES AND SPARES**

The concerned unit officers are being directed to get the differences reconciled and carryout the necessary adjustment

**10) CASH AND BANK BALANCES.**

Current year's transactions are reconciled. Further to mention here that last year the un-reconciled balance was Rs. 17.46 lacs as against this year's amount of Rs. 17.25 lacs. We have adjusted Rs. 0.21 lacs in the accounts after reconciliation and for the remaining old balances, reconciliation is in progress.

**11) LOANS AND ADVANCES TO STAFF**

Due to our efforts the old balances under these heads has continuously been reducing year after year. The total negative balance got reduced to Rs. 24.40 lacs as against Rs. 26.51 lacs last year (2008-09). Further efforts are under progress.

**12) ADVANCES FOR O&M SUPPLIES AND WORKS**

These represent very old balances since erstwhile RSEB period, for which complete details are not available. Still efforts are continued for reconciliation and adjustment.

**13) CURRENT LIABILITIES**

- a. These represent very old balances pertaining to erstwhile RSEB period for which complete details have not been made available. Continuous efforts are being made to reconcile these accounts and carry out necessary adjustments, wherever required/located. For specific observation concerned officer of the project has been asked to expedite the reconciliation and adjust the balances.
- b. This has already been disclosed at point No 12 in the Notes on Accounts (Schedule-30).
- c. Efforts are being made to reconcile these heads and carry out requisite accounting adjustment accordingly.
- d. Efforts shall be made to comply with the observations raised.

**14 STAFF RELATED LIABILITIES**

Due to continued efforts the debit balances have been reduced from Rs.4.24 lacs to Rs. 4.13 lacs (reduced by Rs.0.11 lacs) during the year. Further efforts are being continued.

**15 INCOME ACCRUED ON LOANS AND ADVANCE**

Efforts shall be made to comply with the observations raised.

**16 GENERAL**

- a) I,II,III,IV : Necessary disclosure has already been made in the Accounting Policies (Schedule-29) and "Notes on Accounts"(Schedule-30).
- b) Monthly contributions are made on the basis of payment of salary and wages paid to the employees and these are reconciled every month by the respective unit contributing the same. As per our records no current liability is pending to be provided or contributed to the trust fund. In this regard also refer to the disclosure made at point no.24(e) of the "Notes on Accounts".
- c) The fact stands disclosed vide point no 1(b) of "Notes on Accounts".
- d) The fact stands disclosed vide point no 29 of "Notes on Accounts".
- e) Regarding pending court cases etc the disclosure made vide point no. 24 (d) of the "Notes on Accounts" be referred. Further the amount of contract remaining to be executed on capital account has been arrived based on the total project cost less current booking/expenditure incurred. The calculation has been made for each project separately.
- f) The concerned unit officers shall be directed to get the same examined and carryout necessary corrections.
- g) Efforts shall be made to take up the suggestions in the current year.
- h) The concerned unit officers shall be directed to get the same examined and carryout necessary corrections.
- i) The concerned shall be asked to examine the necessity of continuing the provision in the light of the observation raised.
- j) The concerned officer shall be asked to take necessary action.

**GIRAL**

Giral Lignite Power Limited (GLPL) is a wholly owned subsidiary of RVUN and the allotment of equity shares towards consideration for transfer unit-I of GLTPP was initially to be made after increase in the Authorized Share Capital of GLPL from Rs. 1 crore to Rs. 200 crores which got increased in the year 2009-10 but allotment of shares by GLPL was subject to a decision on the "mode of Purchase Consideration" of the total "Net Assets Value". Proposal for discharging the Purchase Consideration is under process. Further regarding execution of tripartite agreement, the status has already been disclosed vide point no.38 of the "Notes on Accounts". As regards the transfer of the business before commencement of commercial operation, it is stated that the Initial decision of the Government was to transfer the business upon commissioning of the unit. Regarding funding of liabilities, adequate disclosure is already made vide point no. 38 of the "Notes on Accounts"

- (i) Separate books are maintained at the Giral unit 2nd by the company. Only the revenue expenses are initially booked in the Giral unit 1st and thereafter shared between the two units on the basis of basic accounting principles.
- (ii) The concerned officer is asked to examine the matter in the light of the observation and make the necessary correction if required.
- (iii) Unit 2nd of Giral has already commenced commercial operation w.e.l 12.03.2011. As the entire land was purchased against project provision for Unit-I, on transfer of business of Giral Unit-I into subsidiary company GLPL, the assets appeared in the books of accounts have also been transferred in GLPL. However the title of this land is continued to be in the name of RVUN. It is not possible to segregate land unitwise presently, as there are many services in operation shared by both the units commonly.
- (iv) The management does not agree with the views of the Auditors regarding transfer of WIP into Fixed Assets during the trial period and charging depreciation thereon. The same shall be recognized only after declaration of COD of the Unit.



D.P. Khandelwal & Co.  
Chartered Accountants

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Adarsh Nagar, Jaipur-302004  
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## AUDITOR'S REPORT

### TO THE MEMBER'S OF RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LIMITED

We have audited the attached Balance Sheet of **Rajasthan Rajya Vidyut Utpadan Nigam Limited** as at **31st March, 2010** and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexure thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

1. We conducted our audit in accordance with accounting standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As the company is governed by the Electricity Act, 2003 the provisions of the said Act have prevailed where ever the provisions of Companies Act, 1956 are inconsistent with the said Electricity Act, 2003.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose the Annexure I a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Subject to our observations in the annexure I (referred to in the paragraph 3 above) and annexure II we report that:-
  - (a) We have obtained all the information & explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except that the items referred to in paragraph 1(b) and paragraph II of Significant Accounting Policies are accounted for on Cash Basis instead of Accrual basis as required by the Section 209 of the Companies Act, 1956.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 except as reported in annexure II
  - (e) As explained to us, being a Government company, clause (g) of the sub section (1) of the section 274 of the Companies Act, 1956 is not applicable as per notification no 829 (E) dated 21/10/2003 of the Department of the Company Affairs.





(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes thereon, **subject to our comments in annexure I and II which forms an integral part of this report**, give the information required by the Companies Act, 1956, in the manner so required and give the true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet of the **State of affairs of the Company as at 31st March, 2010, and**
- ii) In the case of the **Profit and Loss Account**, of the **Loss** for the year ended on that date, and
- iii) In the case of the **Cash Flow Statement**, of the Cash Flows for the year ended on that date.

For D.P. Khandelwal & Co.  
Chartered Accountants  
FRN000155C

Place : Jaipur  
Dated : 25/05/2011

(Desh Nidhi Gupta F.C.A.)  
Partner  
M No. 078560



## ANNEXURE-I

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR  
AUDIT REPORT OF EVEN DATE TO THE MEMBERS OF  
RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LTD., JAIPUR**

- 1) (a) The company has not maintained proper records showing the full particulars including sufficient description of the assets, quantitative details, situation and depreciation. In absence of complete records and reconciliation, we are unable to comment on the discrepancies including physical non-existence of assets, their being not in working condition and/or their location.
- (b) Physical verification report with working papers of Fixed Assets has not been made available to us. Company has not maintained complete records of fixed assets. In absence of complete information we are not in a position to comment as regards discrepancies, if any in relation to the physical existence of the assets and its book value. **However Fixed Assets as mentioned in the books of head office amounting to Rs. 62.04 crores were not physically available (as agreed by the management) with the company, hence the provision was made in the FY 2008-09.**
- (c) In our opinion, the company has not disposed off substantial part of its fixed assets during the year and therefore the going concern status of the company is not affected.
- 2) (a) In our opinion and as per certificates furnished, the inventories other than item of scrap have been physically verified at reasonable intervals by the management during the year.
- (b) In our opinion and as per the information and explanations given to us, the procedures of physical verification of stock and spares followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and as per information and explanations given to us, the company has maintained proper records of inventory and the discrepancies, if any between physical stock and book records noticed on such physical verification are said to be under reconciliation. At some units value of inventory as per store ledgers does not reconcile with the financial books (Refer point no. 9 of annexure II of this report).
- 3) As informed to us, the company has neither taken nor granted any loans, secured or unsecured to/from Companies, Firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause 4 (iii) (b), (c), (d) are not applicable to the company.
- 4) In our opinion and according to the information and explanations given to us, and having regard to the explanation that some items purchased are of a special nature and for which suitable alternative source do not exist for obtaining comparable quotation, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchases of inventory, Fixed assets and with regard to the sale of energy. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls except that the company does not have proper system for timely adjustment of Stores Requisition Notes and Stores Issue Notes at power plants. ( Refer point 17 (g) of Annexure II of our report)
- 5) According to the information and explanations given to us being a Government company contracts entered with another Govt. company is exempt from the provisions of section 297(1) of the Companies Act, 1956 hence sub clause (a) and (b) of clause (V) are not applicable to the company.
- 6) According to the information and explanations given to us, the company has not accepted any deposits from the public.



- 7) As explained to us the company has out-sourced some of the areas for internal audit and some of the areas are audited by internal staff. In our opinion the area of the Internal Audit System should be strengthened to make it more effective.
- 8) As per information given to us, Cost records under section 209 (1) (d) of the Companies Act, 1956 for the activities carried out by the company, are prepared up to Financial Year 2008-09, However we have not made a detailed examination of such records. Records for the financial year 2009-10 were provisionally prepared but not finalised hence we cannot verify the same.
- 9) (a) i) As per information and explanations given to us, we report that the company is generally regular in depositing undisputed statutory dues with appropriate authorities, including Provident Fund, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues to the extent applicable to it, however some delays in depositing the same has been observed. Further in some cases where debit and credit balances in these accounts pertaining to earlier years are being carried over un-reconciled/ unadjusted / unpaid for which no details / reasons have been furnished to us and as such we are not in a position to comment with regard genuineness of such dues or otherwise and we are unable to express any opinion thereof.
- ii) Contribution to Superannuation and Gratuity Fund, the company has not remitted Rs.403.99 crores to the trust as on 31st March 2010.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute except :
- i. Liability of Rs.12.03 crore on account of cess charges for which appeal is pending with appropriate authority.
- ii. Liability of Rs.11.19 crores on account of Taxation matters on which appeals are pending at different levels.
- 10) In our opinion and according to the information and explanations given to us, the accumulated losses of the company are less than 50% of its net worth. During the year company has not incurred cash losses.
- 11) According to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution/ bank or debenture holders.
- 12) According to the explanations given to us, we are of opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- 13) In our opinion, the company is not a chit fund or a Nidhi/ mutual benefit and society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- 14) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- 15) According to the explanation given to us, we are of the opinion that the company has not given guarantees for loans taken by others from banks or financial institutions that are prejudicial to the interest of the company.
- 16) In absence of adequate information and records we cannot comment that term loans are applied for the purpose they have been taken.



- 17) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment except Girai II, where working Capital loan of Rs.29.00 crores (approx) have been used for construction of Fixed Assets. No long term funds have been used to finance short term assets except permanent working capital.
- 18) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) According to the information and explanation given to us, during the period covered by our audit report, the company has not issued any debentures
- 20) The company has not raised any money by public issue during the year.
- 21) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported.

For D.P. Khandelwal & Co.  
Chartered Accountants  
FRN000155C

Place : Jaipur  
Dated : 25/05/2011

(Desh Nidhi Gupta F.C.A.)  
Partner  
M No. 078560

## ANNEXURE-II

**ANNEXURE REFERRED TO IN PARAGRAPH 4 OF OUR REPORT  
OF EVEN DATE TO THE MEMBERS OF  
RAJASTHAN RAJYA VIDYUT UTPADAN NIGAM LTD., JAIPUR**

**1. VALUATION OF INVENTORIES :**

Valuation of inventory was not in accordance with Accounting Standard-2 "Valuation of Inventories" was not done at lower of cost and net realizable value. In absence of details we were unable to quantify the effect on profit and loss account.

**2. CASH FLOW STATEMENT:**

In cash flow statement, Inter Unit accounts have not properly been classified in Operating and Investing Activities. Therefore Cash Flow Statement prepared by the company is not in accordance with the Accounting Standard-3 "Cash Flow Statement" issued by the ICAI.

**3. EMPLOYEE BENEFITS:**

Accounting of pension, gratuity and leave encashment is not in accordance with Accounting Standard-15, "Employee Benefits" issued by the ICAI. As such no actuarial valuation is made in respect of liability at the year end for gratuity and pension. Further leave encashment is being accounted for on cash basis. In the absence of actuarial valuation and details we are unable to comment about the effect on Profit/Loss and shortfall / excess in provision.

**4. ACCOUNTING FOR TAXES ON INCOME:**

No provision for deferred tax assets / liability pursuant to the requirement of AS-22 "Accounting for Taxes on Income" issued by the ICAI has been made by the company.

**5. IMPAIRMENT OF ASSETS:**

The company has not conducted any assessment in respect of impairment of assets and no provision has been made in respect of impairment loss as required by Accounting Standard-28, "Impairment of Assets" issued by the ICAI. Also impairment test of the assets of the subsidiary Companies was not carried by the Company.

The effect of above non-compliance of Accounting Standards on the Financial Statements is not ascertainable except wherever specified specifically.

**6. FIXED ASSETS AND DEPRICIATION**

- a) The company has not followed the depreciation rates prescribed in Scheduler XIV of Companies Act, 1956 but has followed the rates notified under Rajasthan Electricity Regulatory Commission (RERC). The impact of such deviations has not been quantified.
- b) The depreciation on assets has been computed on the block value of assets. Individual assets wise written down value are not available with company.
- c) The opening written down value of the assets amounting to Rs.62.04 crores as appearing as on 1st April



2008 in the books of head office were informed to be not physically available with the company, Hence the same were provided at Rs.62.04 crores in the books of the company for these unidentified assets in the year 2008-09. Also in the year 2009-10 it was observed that at RGTP Ramgarh, following items shown under the accounting code 22.201 to 22.602 Capital Material Stores & Spares were physically/ actually not available with the Company:

- (A) 22.201 Steel                      Rs. 78,73,526.83
- (b) 22.202 Cement                  Rs.4,527.41
- (c) 22.602 Capital Material stock cement Rs55,200.00

In our opinion these items were to be provided in the books of the Company, hence the provisions are understated to that extent & Capital Material Stores are overstated to that extent.

- d) Company had acquired 557.14 Bigha of Land for Dholpur Gas Power Project from "Ms RDC Enterprise" through Govt. of Rajasthan for a consideration of Rs.151.15 Lacs. Out of which 200.01 Bigha of Land is not yet allotted in favour of RRVUNL as it is appearing as forest Land in the revenue records. Also no title deed is executed in favour of company

#### 7. CAPITAL WORK IN PROGRESS:

- a) In STPS-MMH units, Rs.3.72 crores has been shown as work-in progress. However, the construction works in these units have already been completed long before and assets have been put to use. **As a result, the fixed assets are understated by Rs.3.72 crores and Capital work In Progress is overstated by same amount.** In absence of full details regarding date of completion of assets / ready for use, we are unable to quantify the amount by which depreciation under charged.

#### 8. CONSTRUCTION STORES AND ADVANCES

- a) Advances to Suppliers at SSTPS unit include credit balance of Rs.9.33 Lacs. The credit balance should be shown under the head current liabilities instead of showing it under the head Capital Work in Progress. **This has resulted into understatement of current liabilities and Construction store and advances by Rs.9.33 Lacs.** Further it also includes Rs.0.51 crores for which company does not have any detail.

- b) Further advances to suppliers and contractors for capital works includes Rs.54.19 crores as detailed below are lying unadjusted/unreconciled, though the works have already been completed and commissioned:-

Ramgarh	-	4.98 crores
Kota	-	23.08 crores
Suratgarh	-	24.85 crores
Bikaner	-	0.09 crores
Mahf	-	0.92 crores
Mangrol	-	0.11 crores
H & GP	-	0.16 crores

**This has resulted into overstatement of Construction store and advances and under/over statement of Fixed Assets/ Liabilities by Rs.54.19 crores. In absence of required details the under statement of depreciation could not be quantified.**

## 9. INVENTORY, STORES AND SPARES

In the following units, value of inventory as per financial statements is not reconciled with the value of inventory as per stores ledger. In absence of reconciliation, effect of the above on Profit/Loss/Assets/liability could not be quantified

(Rs. In Lacs)

NAME OF UNIT	Inventory as per account (as per schedule 9 of the Balance Sheet)	Inventory as per Stores Ledger (as given by the management)	Difference
KSTPS, Kota	5019.05	5022.32	-3.27
SSTPS (O&M) Suratgarh	2336.00	2641.09	-305.09
SSTPS (Const), Suratgarh	438.36	863.90	-425.54
RGTPP, Jaisalmer Stores	1658.21	1473.78	184.43
DCCP	209.79	209.85	-0.06

In Bikaner (H&GP) Amount Rs.110150 is pending since long in financial books for which no details are available on record.

At Giral-II, balancing of Stores Ledger as on 31st March 2010 was not done as no stock was informed to be maintained by Unit II.

## 10 CASH AND BANK BALANCES

Transfer within Circles- cash (TWC) amounting to Rs.17.25 lacs includes unreconciled balances at many units. It also includes negative balance of Rs.0.74 Lacs. In absence of details, we are unable to comment on the financial impact, if any.

## 11. LOANS AND ADVANCES TO STAFF

Subsidiary records are not properly maintained at many units. Further loans and advances include old unadjusted and un-reconciled balances. In absence of full details we are unable to comment on the financial impact, if any. Further following heads in different units are having negative balances (net):-

- |                           |               |
|---------------------------|---------------|
| a) Scooter Advance        | Rs.7.96 Lacs  |
| b) House Building Advance | Rs.15.68 Lacs |
| c) Food Grain Advance     | Rs.0.02 Lacs  |
| d) Pay Advance            | Rs.0.24Lacs   |



e) Traveling Advance	Rs.0.31 Lacs
f) Departmental Advance	Rs.0.15 Lacs
g) Miscellaneous Advance- Others	Rs.0.04 Lacs

## 12. ADVANCES FOR O&M SUPPLIES & WORKS

Several accounts under the head "Advance to Suppliers" and "Advance to Contractors (O&M)" are not reconciled. Some of the accounts are being brought forward from the last several years without any adjustment. Further at some units even details are not available. In absence of full details, we are unable to comment on the amount by which assets/liabilities are overstated / understated. We are also unable to comment on the financial impact, if any, due to non-adjustment of these accounts.

## 13. CURRENT LIABILITIES

- a) Several accounts under liabilities for coal suppliers, freight payables, Liabilities for expenses, Sundry Creditors for supplies & works under the head Current Liabilities are un-reconciled. These are continued to be brought forward from last several years without any payments/adjustments. Even at some units, debit balances are appearing in the Creditors / Other Liability accounts.

Also at Suratgarh O&M Unit details of following accounts were not available:

EMD Rs. 23,69,950/-,

Retention Money Rs. 1,86,86,157/-,

Security Deposit Rs. 4,43,94,964/-,

Other Misc Deposit Rs. 7,77,60,364/-,

Old differences of Rs. 185567/- and Rs. 1335762 in Gratuity & Pension are not yet reconciled & explained.

Accounting code 46.924 TDS of contractor reflects a Dr balance Rs. 59,912/- due to old difference of Rs. 2,11,277/- lying since long

Suratgarh Construction:

Rs. 19,23,82,821.95 were lying as pending since long under the head liability for Supply Material capital for which no party wise details was available with the Company.

In absence of the details, we are unable to comment on the financial impact, if any.

- b) Provision for Bonus/ ex- Gratia to employees was made on adhoc basis. Employee wise calculation is not available; hence we were unable to comment on correctness of amount.
- c) Liability for State Sales Tax, TDS, GPF and PF are subject to reconciliation and old balances not yet paid are not scrutinized so far.
- d) Accounting heads of Retention money, EMD, Security deposit and Miscellaneous Deposits others were unreconciled for which no clear information was provided to us. Segregation of old balances and current balances were not available with the company.



**14. STAFF RELATED LIABILITIES**

The balances of Net Salary Payable and unpaid salary in units were not reconciled. Further Staff related Liabilities include debit balances at certain units, which amount to Rs.4.13 lacs. Hence staff related liabilities were subject to reconciliation / adjustment.

**15. INCOME ACCRUED ON LOANS AND ADVANCE**

A sum of Rs. 413367 is appearing under this head in following units as mentioned below since long for which no details are available:

1. STPS Cons Rs.48245
2. Bikaner Rs.86994
3. H & GP Rs.193330
4. TD RS.84798

The company has not made any provision to write off these amounts being uncertain to realize. **This has resulted into overstatement of Income accrued on loans and advances and understatement of loss Of the company by Rs.0.04 crore**

**16. GENERAL**

a) Accounting of following items of Income/ Expenditure is not on accrual basis as required by the Companies Act, 1956:

- I. Interest Income from staff loans. ( Refer note no.11 ( c ) of Schedule-29)
- II. Interest payable on defaulted installments of sale consideration of fixed assets by lease finance companies. (Refer note no.7 of Schedule-30)
- III. Generation linked incentives and productivity awards to its employees. (Refer note no.11 (e) of Schedule-29)
- IV. Price variation claims ( Refer note no 1 ( b) of Schedule 29)

b) Pension and Gratuity Liabilities are being funded through Trust on the basis of contribution by the company. However no reconciliation / confirmation are provided to us for verification. In absence of reconciliation, we are not in a position to comment whether Company has paid or provide all its liabilities towards the trust as per the rules and regulations of the said Trust.

c) Reconciliation of inter company accounts with other successor entities of erstwhile RSEB was done except Jodhpur which was pending on 31.03.10. Financial impact, if any can not be ascertained and therefore the amount by which assets/liabilities/profit /loss, under/over stated can not be quantified.

d) The company has not identified the Enterprises qualifying under the definition of Medium and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act 2006 (MSMED). As a result no disclosure is given, as per requirement of schedule VI to the Companies Act, 1956 vide Notification No. GSR 719 (E), with regard to amounts unpaid as at the year- end together with the interest paid/payable under the MSMED Act.



- e) Figures of the Contingent Liability as disclosed in respect of pending court/ arbitration / legal / tax related cases and estimated amounts of contract remaining to be executed on capital account have not been properly compiled and ascertained. In the absence of details of each case with present status and individual detail of contract remaining to be executed on capital account, we are unable to verify the correctness of said disclosure.
- f) Loans and Advances, Debtors, Creditors, Suppliers and Staff balances are shown after netting off credit/ debit balances which is not as per the generally accepted accounting practice resulting in understatement of assets / liabilities. Detailed list of such debit balances have not been furnished. Hence the Company is not in a position to identify their genuineness.
- g) It is observed that store accounting at SSTPS (Suratgarh), Giral-II and RGTP (Ramgarh) are not done on regular basis. Looking to the size of the Company in our opinion computerization is essential at power plants.
- h) Current Liabilities & Provisions: This includes Rs. 61.03 Lacs pertaining to provision for supply of O&M materials by Hydel & Generation Project of the Company. The figure shown under this head pertains to the erstwhile RSEB i.e. prior to formation of the Company. There is no O&M store or spares maintained in the H&GP wing and since inception of the company, the O&M materials are being procured by the generating stations themselves thus there appears no justification to maintain provision for supply of O&M materials in H&GP wing for indefinite period. Thus this idle provision should have been reversed back which was not done. This matter was pointed by the C&AG Office in the supplementary audit last year also but the same was not set right by the Company in the current year hence the loss is overstated by Rs. 61.03 Lacs.
- i) It was observed that the balance amount of Rs. (-)15.24 crore, shown as Provision for Unserviceable Stock/ Stores (Code Head 22.910), was pertained to erstwhile RSEB period against which there was no Inventories/ Stores balance available with the Company on 31.03.2010. As a result, negative inventories of Rs.15.24 crore appeared under Inventories, Stores and Spares at SSTPS (Construction) Suratgarh, Kota & Ramgarh. The Company was required either to trace out the inventories received on unbundling of RSEB against which the provision was appearing and to adjust the same there against or to disclose this fact in the accounts pending reconciliation of inventories. In case of non-availability of respective inventory/ stores, this provision was required to be written back. Despite lapse of a considerable period, the Company neither traced out the inventory nor disclosed this fact in the accounts or written back the provision amount of Rs. 15.24 crore. Hence the loss is overstated to that extent & provisions are also overstated to that extent.
- j) RERC had allowed the Company to recover the sum of Rs. 40.00 Crores towards shortfall in pension & gratuity from the tariff for a period of 5 years & this amount recovered from the Tariff was to be paid to the PF trust. However the Company had recovered an installment for the year 2010 Rs. 40.00 Crores but the same was not remitted to the PF trust.

#### GIRAL

The company had transferred its Giral- I unit to its wholly owned subsidiary Giral Lignite Power Limited on and with effect from 1st January 2009 as per the decision of Board of Directors for a consideration of allotment of equity shares equivalent to the net book value of 31st December, 2008, however no equity shares were allotted



by GLPL to RVUN in consideration of transfer of unit. The authorized share capital of the subsidiary company as on 31st March 2010 was Rs.200.00 Crores **but the paid up capital was Rs.5 lacs** only also the debts of the power plant transferred are being served by the RVUN without any agreement with GLPL. The financier of Giral-I mainly PFCL has agreed to transfer the debt in the name of the subsidiary GLPL but a tripartite agreement was to be executed between the three companies which has not been executed so far. The Company had transferred the Giral I unit before the commencement of commercial operation. The unit was commissioned on 28/02/07 but the unit could not run at its full load. The liabilities of the subsidiary company (GLPL) are met by RVUN. The subsidiary co was not in a position to meet out its expenses. Further during the course of audit at Giral Barmer it was observed that :

- (i) Even though the Giral Unit 1st was transferred to the subsidiary Company M/s. Giral Lignite Power Limited & Giral Unit 2 was under the ownership of RVUN but no separate books of accounts were maintained at Giral Unit 2nd by the Company. Since the staff was common (all staff working at Giral was of RVUN but was on deputation to GLPL) hence expenses were booked by GLPL in its books of account & at year end partial expenses were charged in the books of Giral Unit 2nd. However the basis and authenticity of that expenditure was not made available. Also the expenses were booked in the books of GLPL hence we were not in a position to verify them as GLPL was having separate auditor and the audit for the year 2009-10 had not yet commenced. Hence we are not in a position to express our opinion on the expenditure of Giral Unit 2 of RVUN.
- (ii) The main input material at Giral Lignite power plant was lignite, however it was informed to us that the sole agreement of purchase of lignite from Rajasthan State Mines & Minerals was with RVUN hence the lignite used by GLPL was a subsequent sale by RVUN after purchasing the same from RSMM. However it was observed that the bills were issued in the name of RVUN Unit 1 by RSMM & it was informed that the purchases of lignite were directly booked in the books of GLPL either sales bill must have been issued to Unit 2 by Unit 1 or vice versa ( if purchases were booked in RVUN) however it was observed that neither sales bill were issued where as it was a case of clear subsequent sale. Also accounting for shortages/ transit loss & closing stock was not done at Unit 2nd GLTP. Also the Company was required to file its VAT return claiming the input Tax credit of the lignite purchased from GLPL.
- (iii) As per the terms approved by the Board for transfer of Unit 1 to GLPL the ownership of land building & plant was to be transferred to GLPL but till date the land building plant machinery were not actually transferred to GLPL.
- (iv) It was clearly evident from the expenditure incurred & units generated by the Company at GLTP Unit 2nd that GLTP Unit was operational & put to use but the Company had not provided any depreciation on the assets amounting to Rs.7,62,04,72,693/- of Unit 2nd the **un provided depreciation comes to Rs.36,50,72,648/- hence the loss of the Company is understated to that extent also these assets amounting to Rs.7,62,04,72,693/- were to be transferred from capital work in progress to fixed assets but the same were not transferred to fixed assets hence fixed assets are understated & capital work in progress are overstated to that extent.**

We further report that without considering observations above, the effect of which could not be ascertained on surplus and on assets and liabilities. Had the observations made by us in this report being considered, the fixed assets would have been Rs.9974.30 crores (as against the reported figure of Rs.9190.86 crores), Capital WIP would have been Rs.4296.13 crores (as against the



reported figure of Rs.5061.89 crores). Construction store and advances would have been Rs.1230.68 crores (as against the reported figure of Rs.1285.57 crores), income Accrued on loans and advances would have been Rs.0.468 crores (as against the reported figure of Rs.0.508 crores). Current Liabilities and provisions would have been Rs.1777.743 crores (as against the reported figure of Rs.1793.50 crores) and the loss of the company would have been Rs.529.20 crores (as against the reported figure of Rs.507.71 crores) in the accounts.

For D.P. Khandelwal & Co.  
Chartered Accountants  
FRN000155C

Place : Jaipur  
Dated : 25/05/2011

(Desh Nidhi Gupta F.C.A.)  
Partner  
M No. 078560