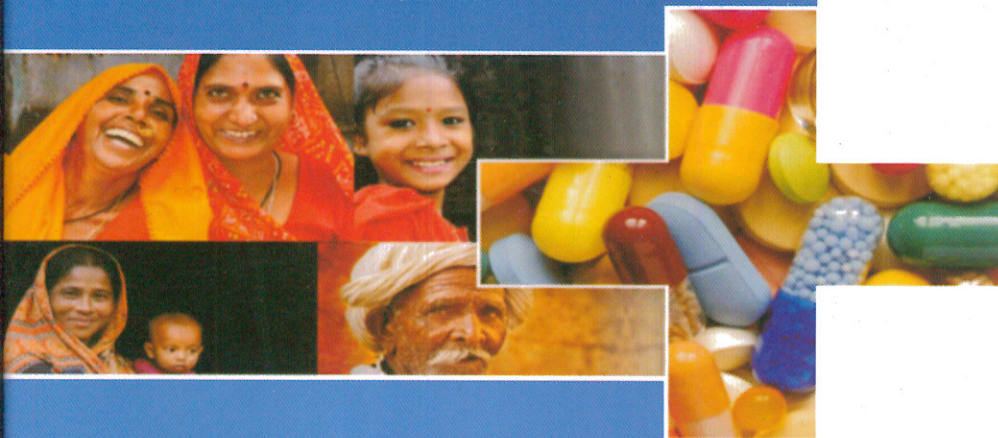




1st Annual Report 2011-2012



RAJASTHAN MEDICAL SERVICES CORPORATION LTD.

(A Government of Rajasthan Undertaking)

Creating history in the service of mankind

Gandhi Block, Swasthya Bhawan, Tilak Marg, C-Scheme, Jaipur



District Drug Warehouse



Storage of Drugs



Storage of Drugs



A Drug Distribution Centre



A Drug Distribution Centre



A Drug Distribution Centre

ABOUT MUKHYAMANTRI NISHULK DAVA YOJNA

- Mukhyamantri Nishulk Dava Yojna" was launched on 2nd October. 2011. The scheme aims to benefit all the patients coming to government hospitals.
- This ambitious scheme for healthcare sector of the state provide essential medicines free of cost. The entire population of the state i.e 7 crore people can avail benefit under this scheme. The objective of the scheme is that no human being is deprived of essential medicines.
- Under this scheme, all outdoor and indoor patients visiting medical college attached hospitals, district hospitals, SDH, satellite hospitals, community health centers, primary health centers and sub centers, will be provided commonly used essential medicines. Currently 400 medicines, surgicals & sutures are provided, it will soon be increased to 600 medicines, surgicals & sutures.
- Rajasthan Medical Services Corporation has been constituted as a central procurement agency for purchase, supply, storage and issue of medicines, surgicals & sutures for the departments of Medical health & family welfare and Medical Education. RMSC is supplying medicines etc. to all the government health institutions through District Drug Warehouses (DDWs) established in all 33 districts of the State.
- The scheme is being implemented through 28 Medical college attached hospitals, 52 DH/SDH/Satellite Hospitals, 376 CHCs, 1554 PHCs, 11487 Sub-centres & 125 other Medical Institutes i.e in total 13622 outlets.
- Distribution of drugs to patients is ensured through approximately 15000 free Drug Distribution Centres (DDCs) established across all healthcare institutions of the state.
- Quality of drugs being supplied is ensured by testing of drugs at empanelled drug testing laboratories.
- **Medicine availability at healthcare institutions**
Medical College & attached Hospitals: 400- 450, District Hospital: 350-400
CHCs: 150-250, PHC/Dispensary:100-150, Sub-centre: 20-30
- Under the scheme medicines for the treatment of critical and severe diseases are also available like 21 drugs for Cancer, 35 drugs for heart diseases, 13 drugs for Diabetes & 12 drugs for Asthma.



- Costly medicines are also being made available under the aegis of the scheme. At present 45 drugs & 14 Surgical & Suture items are costing more than ₹ 500.
- Number of beneficiaries since the launching of the Scheme are approximately 3.75 crore patients.
- Since the launch of the scheme more than two lac patients are benefitted every day.

IMPACT

- After implementation of scheme, number of outdoor and indoor patients have increased significantly at government hospitals.
- Due to implementation of this scheme several youth have got employment. About 1345 Pharmacists have been recruited permanently under this Scheme.
- After implementation of the Scheme there is a substantial increase in number of girl child (upto age of 6 years) coming for treatment to Government Hospitals. This will help improve gender ratio by aiding "Save the girl child" programme.
- There is huge amount of reduction in out of pocket expenditure in the treatment of common man because now they are getting costly medicines free of cost.



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BOARD OF DIRECTORS

Chairman	:	Shri B.N. Sharma, IAS Principal Secretary, Medical Health and Family Welfare Department
Managing Director	:	Dr. Samit Sharma, IAS Managing Director, RMSCL
Directors	1.	Shri Ashok Shekhar, IAS Principal Secretary, Ayurveda Department
	2.	Shri Vinod Pandya, IAS Special Secretary, Finance (Expenditure) Department
	3.	Smt. Gayatri Rathore, IAS Mission Director, NRHM
	4.	Shri Kan Singh Rahore Director, IEC
	5.	Dr. B.R. Meena Director, Public Health
	6.	Dr. P. K. Sarada Director, RCH
	7.	Shri Hanuman Prasad Financial Advisor, NRHM
	8.	Shri C. M. Agarwal Financial Advisor, Directorate of Medical and Health Services
	9.	Dr. O. P. Gupta Director, Public Health
	10.	Shri D.K. Shringi Drug Controller, Rajasthan
	11.	Dr. M.P. Budhanian Director, RCH
	12.	Dr. M. L. Jain Director, Public Health
Executive Director	:	Shri Brijesh Kishore Sharma Executive Director (Finance), RMSCL
Company Secretary	:	-
Statutory Auditor	:	Anil Nagouri & Associates Chartered Accountants
Registered Office	:	Gandhi Block, Swasthaya Bhawan, Tilak Marg, C-Scheme, Jaipur-302005
Phone No	:	0141-2228066
Fax No	:	0141-2228065
e-mail	:	rmsc@nic.in



**Rajasthan Medical Services Corporation Ltd.**

Gandhi Block, Swasthya Bhawan, Jaipur

Cont. : 0141-2228060-61 • Fax No. : 0141-2228065 • E-mail : rmsc@nic.in

NOTICE

NOTICE is hereby given that first Annual General Meeting of the Company will be held on Friday the 02nd November, 2012 at 4.00 PM at its Registered Office at Ghandhi Block, Swasthya Bhawan, Tilak Marg, C-Scheme, Jaipur (Rajasthan) to transact the following business :-

Ordinary Business

1. To receive, consider and adopt the Balance sheet as at 31st March, 2012 and Profit & Loss Account for the period from 04.05.2011 to 31.03.2012, together with Directors Report, Auditors Report and the Comments of the CAG of India.
2. To consider and pass with & without modification if any, the following resolution as ordinary resolution:-
"RESOLVED THAT the remuneration of Statutory Auditors M/s Anil Nagori & Associates, Chartered Accountants, Jaipur for the period ended 31st March, 2012 be and is hereby fixed at R 90,000/- plus service tax as applicable, pursuant to provision of section 224(8) (aa) of Companies Act. 1956"

By Order of the Board

(Dr. Samit Sharma, IAS)
Managing Director

Dated : 19.10.2012

Registered Office

Gandhi Block, Swasthya Bhawan,
Tilak Marg, C- Scheme,
Jaipur (Raj.)**Notes :**

1. An Explanatory statement pursuant to provision of section 173(2) of Companies Act., 1956 in respect of item 2, is annexed here to.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the company. The Proxy should be lodged with the company at its Registered office not less than 48 hours before the commencement of the meeting.
3. As the audited annual accounts for the period ended 31st March, 2012 are not yet ready, the 1st AGM is proposed to be adjourned.





Rajasthan Medical Services Corporation Ltd.

Gandhi Block, Swasthaya Bhawan, Jaipur

Phone No: 0141-2228060-61 • Fax No: 0141-2228065 • E-mail : rmsc@nic.in

NOTICE

NOTICE is hereby given that (Adjourned) first Annual General Meeting of the Company will be held on Wednesday the 30th January, 2013 at 4.00 PM at its Registered Office at Gandhi Block, Swasthaya Bhawan, Tilak Marg, C-Scheme, Jaipur (Rajasthan) to transact the following business :-

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and Profit & Loss Account for the period from 04.05.2011 to 31.03.2013, together with Director Report, Auditors Report and the Comments of the CAG of India.
2. To consider and pass with & without modification if any the following resolution as ordinary resolution:-
"RESOLVED THAT the remuneration of Statutory Auditors M/s Anil Nagori & Associates, Chartered Accountants, Jaipur for the period ended 31st March, 2012 be and is hereby fixed at ₹ 90,000/- plus service tax as applicable, pursuant to provision of section 224(8) (aa) of Companies Act. 1956"

By Order of the Board

(Dr. Samit Sharma, IAS)
Managing Director

Dated : 21.12.2012
Registered Office
Gandhi Block, Swasthaya Bhawan
Tilak Marg, C-Scheme
Jaipur (Raj.)

Notes:

1. An Explanatory statement pursuant to provision of section 173(a) of Companies Act., 1956 in respect of item 2, is annexed here to.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need to be a member of the company. The proxy should be lodged with the company at its Registered Office not less than 48 hours before the commencement of the meeting.



**Rajasthan Medical Services Corporation Ltd.**

Gandhi Block, Swasthya Bhawan, Jaipur

Phone No: 0141-2228060-61 • Fax No: 0141-2228065 • E-mail : rmsc@nic.in

Explanatory Statement Pursuant to Section 173(2) of Companies Act, 1956**Item No. 2**

Pursuant to provision of section 619 of Companies Act, 1956 M/s Anil Nagori & Associates, Chartered Accountants, Jaipur were appointed by the CAG of India as Statutory Auditor of the company for the period ended 31st March, 2012. The remuneration of Auditor is approved by the members in General Meeting under provision of section 224 (8) (aa) of Companies Act, 1956

The Board of Directors have recommended for payment of ₹ 90,000/- plus service tax as applicable as remuneration to Auditor for the aforesaid period in consultation with the Auditor. The members may consider to pass the Resolution at Item No. 2.

None of the Directors is interested in the said Resolution.

By Order of the Board

**(Dr. Samit Sharma)
Managing Director**

Dated : 21.12.2012
Registered Office
Gandhi Block, Swasthya Bhawan
Tilak Marg, C-Scheme
Jaipur (Raj.)





Rajasthan Medical Services Corporation

Gandhi Block, Swasthaya Bhawan, Tilak Marg, C-Scheme, Jaipur
Phone No : 0141-2228062 • Fax No: 0141-2228065 • E_mail : edf-rj-rmsc@nic.in

Directors Report

Dear Shareholders,

The Board of Directors have great pleasure in presenting the 1st Annual Report on the working of the company and Audited Balance Sheet as on 31st March, 2012 and the Profit and Loss Account for the period 4th May, 2011 to 31st March, 2012 together with Reports of Auditors.

Rajasthan Medical Services Corporation Limited (RMSCL) has been constituted by the Government of Rajasthan vide order No. F.20(3)MH/2/2011 Dated 31.03.2011 of Rajasthan Medical Health and Family Welfare Department in order to procure and store quality Generic Drugs, Surgical, Sutures and equipments etc and distributing these to Government Hospitals and attached Hospitals to Medical Colleges in Rajasthan for onward free distribution to patients, besides, the laid down objectives are as follows :

- ★ Procurement through e-tendering.
- ★ Developing Model Drug warehouses for storing drugs.
- ★ Using information & technology for efficient inventory management.
- ★ Ensuring transparency at all levels.

1. Operations :

1.1 Procurement Policy : The vision is to procure qualitative Generic Drugs in competitive and transparent manner.

- ★ Prospective suppliers are pre-qualified through open and transparent tendering system, selected manufacturers are monitored through a process, which considers product quality, service reliability, delivery time and financial viability.
- ★ RMSCL procures drugs from reliable, licensed manufacturers that comply with GMP and have good records of performance, to ensure that medicines procured meet the required standards of quality. RMSCL follows two bid systems in which technical and financial bids are received in separate covers.
- ★ The technical responsiveness of every bidder is adjudged based on various eligibility criteria such as GMP Certificate, Market Standing Certificate, Turn Over, Non Conviction Certificate etc.

During the year corporation engaged only in procurement of Drugs/Surgical/ Sutures, and Corporation procured as many as 400 Drugs/Surgical/ Sutures etc for onward supply to public health



institutions viz Medical Colleges attached Hospitals, District Hospitals, Sub-Divisional Hospitals, Satellite Hospitals, CHCs and PHCs etc for further distribution free of cost to all patients visiting public health institutions of the State.

- Purchase orders (PO) based on demand are issued centrally from Jaipur to get supply at District Drug Warehouses (DDWs) located in every district of the State.

1.2 Supply of Medicine : After award of rate contract, agreement is executed with successful bidder for a period of one year for supply of the drugs.

- ★ The onus is on the manufacturer to meet all legal requirements when medicines are supplied.
- ★ Manufacturer should ensure that agreement is entered into for purposes of the supply of medicines in the name of the legal entity (company, corporation, partnership or sole proprietor), which is appropriately authorized to purchase such medicine.
- ★ The contract also specifies penalties for default.
- ★ Supplied medicines are accepted if medicines are found with the appropriate documentation including :
 - i. A certificate of analysis issued by the manufacturer (batch certificate)
 - ii. Detailed product specification including quality standards (IB, BP, USP), labeling, nomenclature, and packaging.
 - iii. For imported medicines, a test report of manufacturer or the one issued by the drug regulatory authorities.

1.3 Q.C. Policy : This vision and mission is to ensure best quality standards

- ★ The supplied drugs are accepted only, if Drugs/Surgical/Sutures are accompanied by the manufactures OK test report, i.e. certificate of analysis. Samples are drawn randomly from all batches, drugs supplied to the warehouse are kept in quarantine area, and until the quality, testing by RMSCL is completed.
- ★ The details like manufactures name, batch No. etc are concealed and secret coding of sample is done, samples are sent to different empanelled laboratories for analysis. Testing is done as per Pharmacopoeia specifications.
- ★ The drugs are issued to public health institutions only when it passes all the specified quality tests. The rejected drugs are returned to the manufacturer if it fails even minutely in the quality tests.

1.4 Drug Distribution/Issue Policy :

Each public Health institution viz, Medical Colleges attached Hospitals, District Hospitals (DHs),



SDHs, SHs, CHCs and PHCs directly interface with DDW to get Drugs issued using web based application on the e-Aushadhi software subject to indent submitted and budget allocation as per the patient load and bed strength of respective public health institutions.

2. Financial Management

- ★ A sound and prudent financial management is a major strength of the Corporation. The main activities especially the receiving and issue of Drugs/Surgical/Sutures are done online.
- ★ The manufacturers have been provided online access to view their stock position along-with their due payment position, any time/anywhere, heralding an era of real transparency in functioning of the Corporation.
- ★ Corporation follows centralized disbursement system where all due payment of employees/manufacture are processed/released centrally to respective employees/suppliers using Core Banking Solution (CBS) and other electronic means viz RTGS/NEFT of funds transfer.
- ★ During the year, Corporation started releasing suppliers payment and other payments fully through RTGS (Real Time Gross Settlement)/NEFT dispensing with issuing of physical cheques to respective supplier.

3. Storage :

The corporation has got scientifically designed & constructed District Drug warehouses (DDWs) in every District of Rajasthan at 33 Locations/Districts for speedy movement of Drugs/Surgical/Sutures to public health institutions During the year corporation sought a Loan of ₹ 5.00 Cr for procuring Walk-in-Coolers to preserve & store the drugs under most appropriate conditions.

The Corporation remains constantly in touch with all its stakeholders and is ever ready to fine-tune its policies for improving its response and operations.

4. On line Transaction

The Corporation has been carrying out its activities through online web based e-Aushadhi software, which enables maintenance of total transparency in operations. Manufactures and Public Health Institutions have been given online access to the Corporation's software in order to access all relevant information viz receipt of Drugs etc at DDW, issued to public Health Institutions, stock position of various Drugs etc.

5. Infrastructure/Computerization

In addition to basic facilities like furniture, telephone etc, all the DDWs have been well equipped with computer, Internet connectivity for running online software, Online UPS and Generator sets for meeting power crisis.



6. Future Outlook

The first year of operations proved to be significant, as the Corporation successfully lived up to the confidence reposed by the Government & General Public. Corporation implemented Government mandate earnestly and tirelessly. Your Directors are confident that the Corporation would play a meaningful role in further reforms in the Medical and Health Sector.

7. Financial Performance :

The Corporation during the year purchased Drugs/Surgical/Sutures of value 1,77,68,15,759 for onward distribution to public health institutions of the state. Out of this value, Drugs/Surgical/Sutures worth ₹ 1,02,61,21,583 issued to the public Health institutions of the State.

Upon issuing of Drugs/Surgical/Sutures Corporation has earned a surcharge @ 5% of ₹ 4,97,74,814 and other income viz. Liquidated damages, penalties, interest etc of ₹ 7,79,33,820. Thus, during the year, the total income of the Corporation was ₹ 12,77,08,634.

8. Dividend :

No dividend has been paid during the year being the first year of its operations.

9. Material Changes and commitments from the date of Balance Sheet till today-

There are no material changes and commitments from the date of Balance Sheet till the date of signing of Directors Report.

10. Directors Responsibility Statement :

- 10.1. That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 10.2. That the directors had selected such accounting Policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period.
- 10.3. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provision of the Act for safe guarding the assets of the company and for preventing and detecting frauds and other irregularities.
- 10.4. That the director had prepared the annual accounts on a going concern basis.

11. Capital Structure

The RMSCL has been incorporated under the Companies Act, 1956 on 04th May, 2011 with Authorized Capital of ₹ 5.00 Cr. The Government of Rajasthan owns the 100% equity of the RMSCL. As per Clause XII of Cabinet Memo, RMSCL is required to be incorporated with Authorized Capital of ₹ 10.00 Cr. In which State Govt. will contribute ₹ 5.00 Cr. as capital and remaining ₹ 5.00 Cr. shall be



contributed by NRHM. However, the NRHM has transferred the funds of ₹ 5.00 Cr to RMSCL as Corpus Fund and not as a part of equity capital as communicated on 19th December, 2012.

12. Current Outlook:

The performance of your Corporation during the current year justifies an optimistic outlook. We are confident that we can look forward to maintain the growth and improve the profitability of the Corporation in the current year and succeeding years.

13. Energy Technology-Absorption& foreign exchange earning & out go :

Provision of section 217(1) of the Act having been exempted in respect of Government Company, such particulars are not required to be furnished

14. Disclosure Under Section 217(2A) of the Companies Act, 1956

As per provisions of Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, it is stated that since no employee has drawn remuneration more than the prescribed limit during the year under review, hence requisite particulars may be treated as nil.

15. Personnel & Industrial Relations :

Happy and cordial relations continued throughout the year between the management and the employees of the Corporation.

16. Board Meetings :

During the year under review, the Corporation has been benefited by the valuable guidance of the Board of Directors, which has resulted in achieving the notable results.

Board of Directors :

The following Directors were appointed by the Government of Rajasthan on the Board of Directors of this Corporation during the year under review: Sh. B.N. Sharma IAS, Sh. Mukesh Sharma IAS, Sh. Ashok Shekhar IAS, Sh. Vinod Pandya IAS, Smt. Gayatri Rathore IAS, Dr. Samit Sharma IAS, Sh. Kan Singh Rahore, Dr. B.R. Meena, Dr. P.K. Sarada, Sh. C.M. Agrawal, Sh. Hanuman Prasad and Sh. D.K. Shringi. 3 of Directors Namely Dr. O.P. Gupta, Dr. M.P. Budhanian and Dr. M.L. Jain, ceased to be Directors during the period under review. Being the relevant provision of the Act not applicable to the company, directors are not liable to retire by way of rotation.

We place on the record our deep appreciation of the valuable advice and guidance the Corporation received from the members of the Board, during the year as Directors on the Board of the Corporation.

17. Auditors :

M/S Anil Nagori & Associates, Chartered Accountants, Jaipur is appointed Statutory Auditor by the C&AG of India for Statutory Audit of corporation for the year 2011-12. Management replies to the observations made by auditors in their report are given At Annexure -1 hereto.



**18. Acknowledgment :**

Your Directors express their sincere appreciation of the loyal and commendable services rendered by the officers and staff of the Corporation in achieving notable results during the year under review and confident that officers and staff will continue to strive hard to improve the performance of the Corporation in the years to come. The Board of Directors also take this opportunity to record their deep sense of gratitude to the Central Government/State Government/ Company Bankers/other autonomous bodies/suppliers for their cooperation and valuable assistance given to the Corporation during the year under review.

For & behalf of the Board

Place : Jaipur

Dated : 21.12.2012

(Kan Singh Rathore)
Director, IEC

(Dr. Samit Sharma, IAS)
Managing Director





Compliance Certificate

We have conducted the audit of accounts of **Rajasthan Medical Services Corporation Limited** for the year ended 2011-12 in accordance with the directions/sub-directions issued by the C & AG of India under section 619(3)(a) of the Companies Act, 1956 and certify that we have complied with all the direction/sub-directions issued to us.

For Anil Nagori & Associates
Chartered Accountants
FRN : 004678C

(Anil Nagori)
Partner

Membership No. 073546

Place : Jaipur
Dated: 04.01.2013





AUDITOR'S REPORT

TO THE MEMBERS OF RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED

We have audited the attached Balance Sheet of **RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED, JAIPUR** as at 31.03.2012 and also the Statement of Profit & Loss for the period 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.

We conducted our audit in accordance with 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs, in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the annexure referred to above, we report that:-

1. The consequential impact of the following on the accounts is unascertainable :
 - a. Cost of inventory is ascertained using the batch wise method of cost formula instead of FIFO or weighted average method which is not in accordance with the requirements of Para 16 of AS - 2.
 - b. The income from Liquidated Damages (LD) is subject to effect of rescheduling of ordered quantity and exact supply period.
 - c. It has been observed that observations and qualifications given in the reports of the internal auditors relating to purchase, issue and stock have not been fully attended and complied with.
2. The Corporation has not introduced the Information System Audit to ascertain that data generated through this software are reliable. Accordingly, the final accounts are subject to any observation/qualification given by system auditor in future.





3. Corporation is having 33 DDWs for which Division-wise internal auditors have been appointed. Since the Corporation has given the assignment to the internal auditors to submit report of each DDW on monthly basis, hence we have not visited the DDWs being centralized accounting of all the DDWs and relied upon the reports given by internal auditors.
4. Corporation has not obtained any insurance policy to safeguard against any loss of stocks held with DDWs and Head office.
5. We also draw attention to :
 - a. Note No. 22 (F) regarding confirmation of Trade Payables.
Corporation has not obtained any confirmation from the suppliers. Accordingly impact thereof on the financial position could not be ascertained.
 - b. Note No. 22 (I) regarding compliance to MSMED Act, 2006.
The Corporation has not obtained the required information from the suppliers. Accordingly impact thereof on the financial position could not be ascertained.
 - c. Note No. 22 (N) regarding the Interest expenses.
Interest of Rs. 7,26,008/- payable to State Government on loan received to acquire capital assets for storage of drugs at DDW Level is charged to profit and loss account being asset not acquired till the end of financial year 2011-12.

SUBJECT TO THE FOREGOING, WE REPORT THAT :

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:
- ii. In our opinion, proper books of accounts as required by law have been kept by Company, so far as appears from our examination of those books.
- iii. The Balance Sheet and the Statement of Profit & Loss dealt with by this report are in agreement with the books of accounts.
- iv. In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 except otherwise stated.
- v. As per notification No. GSR. 829 (E) dated 21st October, 2003 issued by Ministry of Finance





(Department of Company Affairs, the provisions of clause (g) of sub section (1) of section 274 of the Companies Act, 1956 are not applicable to the company.

- vi. In our opinion and to the best of our information and according to the explanations given to us, said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31.03.2012 and
- (b) In the case of the Statement of Profit & Loss, of the **PROFIT** for the year ended on that date.

For **ANIL NAGORI & ASSOCIATES**

Chartered Accountants

FRN: 004678C

(ANIL NAGORI)

Partner

Membership No. : 073545

Place : JAIPUR

Dated : 21.12.2012



**RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED, JAIPUR****COMPANIES (AUDITOR'S REPORT) ORDER, 2003**

(Annexed to and forming part of our Report of even date)

1. (a) Corporation has maintained proper records to show full particulars including quantitative details and situation of its Fixed Assets as explained to us by the management.
- (b) All the assets have been physically verified by the management at the end of the year, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
2. (a) The inventory has been physically verified at the end of the financial year by respective District Drug Warehouse (DDW). Excess stock (net) of Rs. 8,71,083/- was found which is credited to Statement of Profit and Loss under Other Income by way of "Stock Appreciation Income". In our opinion, the physical verification is conducted at reasonable interval having regard to the date commencement of the activity.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining records of inventory through web based software application named "e-Aushadhi". Being first year of the Corporation and new web based software has been developed, certain discrepancies were noticed with regard to the procedure followed for entering challan / indent received on procurement and issue of Drugs, Surgical, Sutures and equipments at District Drug Warehouse (DDWs) level which have caused variation as mentioned in 2(a) above. In our opinion, the system of maintaining records of inventory needs to be strengthened having regard to nature and volume of the business.
3. (a) The Company has not granted interest free loan to parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company had taken loan during the year from the firms or parties listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 5.00 Crore. In our opinion, the rate of interest and other terms and conditions on which loan has been taken are not, prima facie, prejudicial in the interest of the Company. The company has not granted any loans to companies, firms or other parties listed in register maintained under section 301 of the Companies Act, 1956.



4. In our opinion and according to the information and explanations given to us, internal control system with regard to purchase of material, fixed assets and with regard to the issue of drugs is inadequate and needs to be strengthened. During the course of our audit, in few cases it has been observed that Delivery dates, Batch No. of drugs, Drugs name with Drug codes, Invoice/Challan No. as mentioned in primary documents are not in conformity with the data generated with web based software. We have also observed that rescheduling of Drug quantity and period also not promptly updated in the software "e-Aushadhi".
5.
 - (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act 1956, have been so entered .
 - (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5.00 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the provisions of section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. Corporation is not required to maintain the cost records under section 209 (1) (d) of the Companies Act, 1956 having regards to the nature of its business.
9.
 - (a) Undisputed statutory dues including Investor Education & Protection Fund, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities wherever applicable.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty and Excise Duty were in arrears as at the end of the financial year for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty and excise duty, which have not been deposited on account of any disputes.
10. The Company is not having any accumulated loss as on date.





11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.
12. According to the information and explanations given to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures & other securities.
13. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loan taken by others from banks or financial institutions.
14. As per information and explanation given to us, company has taken term loan amounting to Rs. 5.00 Crore from the Government of Rajasthan for development of equipment for storage and preservation of drugs at District Drug Warehouses is yet to be utilized.
15. According to the information and explanations 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.
16. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **ANIL NAGORI & ASSOCIATES**

Chartered Accountants

FRN : 004678C

(ANIL NAGORI)

Partner

Membership No. : 073545

Place : JAIPUR

Dated : 21.12.2012





Management's reply to observation made by Auditors on the Accounts for the period ended 31st March, 2012.

Sr.No.	Observation made by Auditors	Management Reply
1	The consequential impact of the following on the accounts is unascertainable :	
a	Cost of inventory is ascertained using the batch wise method of cost formula instead of FIFO or weighted average method which is not in accordance with the requirements of Para 16 of AS - 2.	In general as far as possible the drugs/surgical/sutures have been issued following FIFO. However, because of manual maintenance of records initially; it was difficult to follow the FIFO and weighted average principle in-strict-sense. Now it is followed as per AS-16.
b	The income from Liquidated Damages (LD) is subject to effect of rescheduling of ordered quantity and exact supply period.	The cases of rescheduling of ordered quantity and exact supply period shall be decided and effect there of shall be considered in the F.Y. - 2012-13, if any. However, it may be a continuing feature.
c	It has been observed that observations and qualifications given in the reports of the internal auditors relating to purchase, issue and stock have not been fully attended and complied with.	Monthly audit reports are submitted by the internal auditors and compliances for most of the observations were made by concerned DDWs. Some unattended observations are being sorted out as per records.
2	The Corporation has not introduced the Information System Audit to ascertain that data generated through this software are reliable. Accordingly, the final accounts are subject to any observation/qualification given by system auditor in future.	System Audit of E-Aushdhi software as suggested shall be got done by outside agency.
3	Corporation is having 33 DDWs for which Division-wise internal auditors have been appointed. Since the Corporation has given the assignment to the internal auditors to submit report of each DDW on monthly basis, hence we have not visited the DDWs being centralized accounting of all the DDWs and	No Comment.





Sr.No.	Observation made by Auditors	Management Reply
	relied upon the reports given by internal auditors.	
4	Corporation has not obtained any insurance policy to safeguard against any loss of stocks held with DDWs and Head office.	No loss of stock by way theft/fire etc. occurred, so far. Matter is under examination to obtain insurance policy. We also draw attention to :
5	We also draw attention to :	
a	Note No. 22 (F) regarding confirmation of Trade Payables. Corporation has not obtained any confirmation from the suppliers. Accordingly impact thereof on the financial position could not be ascertained.	(i) Login ID/Password provided to each supplier for viewing. (ii) Balances are subject to confirmation/verification
b	Note No. 22 (I) regarding compliance to MSMED Act, 2006. The Corporation has not obtained the required information from the suppliers. Accordingly impact thereof on the financial position could not be ascertained.	Letters have been issued to all suppliers. However, till date no supplier has ever raised/claimed any dues under the said act.
c	Note No. 22 (N) regarding the Interest expenses. Interest of Rs. 7,26,008/- payable to state government on loan received to acquire capital assets for storage of drugs at DDW Level is charged to profit and loss account being asset not acquired till the end of financial year 2011-12.	It is on account of some delay in procurement of Assets caused owing to procedure involved.





Sr.No.	Observation made by Auditors (Annexure to Audit Report)	Management Reply
1	The company is maintaining records of inventory through web based software application named "e-Aushadhi". Being first year of the Corporation and new web based software has been developed , certain discrepancies were noticed with regard to the procedure followed for entering challan / indent received on procurement and issue of Drugs, Surgical, Sutures and equipments at District Drug Warehouse (DDWs) level which have caused variation as mentioned in 2(a) above. In our opinion, the system of maintaining records of inventory needs to be strengthened having regard to nature and volume of the business.	As suggested, system is being strengthened
2	In our opinion and according to the information and explanations given to us, internal control system with regard to purchase of material, fixed assets and with regard to the issue of drugs is inadequate and needs to be strengthened. During the course of our audit, in few cases it has been observed that Delivery dates, Batch No. of drugs, Drugs name with Drug codes, Invoice/ Challan No. as mentioned in primary documents are not in conformity with the data generated with web based software. We have also observed that rescheduling of Drug quantity and period also not promptly updated in the software "e-Aushadhi".	As suggested, system is being strengthened





RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED
SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR
Balance Sheet as at 31 March, 2012

Particulars		Note No.	As at 31st March, 2012
			(₹)
A	EQUITY AND LIABILITIES		
1	Shareholders' Funds		
	(a) Share Capital	2	5,00,00,000
	(b) Reserves And Surplus	3	8,59,66,340
	(c) Money Received Against Share Warrants		-
			13,59,66,340
2	Share Application Money Pending Allotment		-
3	Non-Current Liabilities		
	(a) Long-Term Borrowings	4	5,00,00,000
	(b) Deferred Tax Liabilities (Net)	21	86,937
	(c) Other Long-Term Liabilities	5	75,20,560
	(d) Long-Term Provisions		-
4	Current Liabilities		
	(a) Short-Term Borrowings		5,76,07,497
	(b) Trade Payables	6	-
	(c) Other Current Liabilities	7	53,34,64,870
	(d) Short-Term Provisions	8	13,92,29,556
	(e) Deferred Government Grants	9	1,71,86,810
			76,22,74,456
			1,45,21,55,692
	TOTAL		1,64,57,29,529
B	ASSETS		
1	Non-Current Assets		
	(a) Fixed Assets		
	(i) Tangible Assets	10.A	97,36,254
	(ii) Intangible Assets	10.B	38,730
	(iii) Capital Work-in-Progress	11	53,78,008
	(iv) Intangible Assets Under Development		-
	(b) Non-Current Investments		1,51,52,992
	(c) Deferred Tax Assets (Net)		-
	(d) Long-Term Loans And Advances		-
	(e) Other Non-Current Assets		-
2	Current Assets		
	(a) Current Investments		1,51,52,992
	(b) Inventories	12	79,87,78,757
	(c) Trade Receivables		-
	(d) Cash And Cash Equivalents	13	75,11,95,827
	(e) Short-Term Loans And Advances	14	7,95,60,588
	(f) Other Current Assets	15	10,41,365
			1,63,05,76,537
	TOTAL		1,64,57,29,529
Significant Accounting Policies and Notes to Accounts		1 to 22	

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

(ANIL NAGORI)
 Partner

(Brijesh Kishore Sharma)
 Executive Director (Finance)

For and on behalf of Board of Directors

(Kan Singh Rathore)
 Director

(Dr. Samit Sharma, IAS)
 Managing Director

Place : JAIPUR
 Dated : 21.12.2012





RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED
SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR
Statement of Profit and Loss for the year ended 31 March, 2012

Particulars		Note No.	For the year ended 31st March, 2012 (₹)
A CONTINUING OPERATIONS			
1	Revenue From Operations (Gross) Less: Excise Duty Revenue From Operations (Net)	16	4,97,74,814 - 4,97,74,814
2	Other Income	17	7,79,33,820
3	Total Revenue (1+2)		12,77,08,634
4	Expenses		
	(a) Cost Of Materials Consumed		-
	(b) Purchases Of Stock-in-Trade		-
	(c) Changes in inventories		-
	(d) Employee Benefits Expense	18	1,71,19,200
	(e) Finance Costs	19	7,26,028
	(f) Depreciation And Amortisation Expense	10	98,690
	(g) Other Expenses	20	5,65,24,630
	Total Expenses		7,44,68,548
5	Profit / (Loss) Before Exceptional And Extraordinary Items And Tax (3 - 4)		5,32,40,086
6	Exceptional Items		-
7	Profit / (Loss) Before Extraordinary Items And Tax (5 ± 6)		5,32,40,086
8	Extraordinary Items		-
9	Profit / (Loss) Before Tax (7 ± 8)		5,32,40,086
10	Tax Expense:		
	(a) Current Tax Expense For Current Year		1,71,86,810
	(b) (Less): MAT Credit		-
	(c) Current Tax Expense Relating To Prior Years		-
	(d) Net Current Tax Expense		1,71,86,810
	(e) Deferred Tax		86,937
		21	1,72,73,747
11	Profit / (Loss) From Continuing Operations (9 ± 10)		3,59,66,339
12	DISCONTINUING OPERATIONS		
13	Profit / (Loss) For The Year (11 ± 12)		3,59,66,339
14	Earnings Per Share (of 100/- each):		
	(a) Basic		154.64
	(b) Diluted		154.64
Significant Accounting Policies and Notes to Accounts		1 to 22	

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

(ANIL NAGORI)
 Partner

(Brijesh Kishore Sharma)
 Executive Director (Finance)

For and on behalf of Board of Directors

(Kan Singh Rathore)
 Director

(Dr. Samit Sharma, IAS)
 Managing Director

Place : JAIPUR
 Date : 21.12.2012



RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED
SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR

Note 1 : SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING :

The financial statements of the Corporation have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

The financial statements have been prepared on accrual basis under the historical cost convention except in case of expenses incurred at DDWs which is accounted for on the basis of their claims.

B. USE OF ESTIMATES :

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumption to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialized.

C. FIXED ASSETS AND DEPRECIATION :

- i. Fixed assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses.
- ii. Cost of acquisition comprise all cost incurred to bring the assets to their location and working condition up to the date the assets are put to use. Cost of construction are composed of those costs that relate directly to specific assets and those are attributable to the construction activity in general and can be allocate to specific assets up to the date the assets are put to use.
- iii. Being first year of the Corporation, carrying values of assets are not reviewed for impairment in accordance with Accounting Standard 28 "Impairment of Assets".
- iv. Building of RMSCL has been constructed by NRHM. The said building has been allotted to RMSCL vide Office Order No. F(10)IPHS/civil/2011-12/3070 dated 30.5.2011. Accordingly it has been recorded at a nominal value of ₹ 1 in accordance with Para- 7.1 of AS-12. Assets Transferred from other departments of Medical Health and Family Welfare Department at District Drug Warehouse (DDWs) have not been accounted for in the books of accounts being



insignificant value involved in such transfers. However, same have been entered in fixed assets register under "other assets"

- v. Depreciation has been provided, pro-rata for the period of use, on the written down value method as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

D. BORROWING COST :

Borrowing cost related to a qualifying asset is worked out on the basis of actual utilization of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalized with the cost of qualifying asset. Other borrowing costs incurred during the period are charged to statement of profit and loss.

E. INVESTMENTS :

- i. Investments are classified as current and long term in accordance with Accounting Standard 13 "Accounting for investments".
- ii. Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the profit and loss account.
- iii. Long term investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.

F. INVENTORIES :

Inventories of drugs/surgical/sutures are valued at lower of the actual cost and net realizable value in accordance with Para 5 of AS-2. Cost in general is ascertained using the batch wise method of cost formula instead of FIFO or weighted average method.

G. REVENUE RECOGNITION :

- i. Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- ii. As per Government of Rajasthan Notification and Order No. 49/2011 Dated 04.04.2011, RMSCL is entitled to get 5% surcharge on cost of drugs/ surgical/sutures distributed/supplied to Government Hospitals including Primary Health Centers (PHCs) & Community Health Centers (CHCs) through District Drug Warehouse (DDWs). Income of surcharge is accounted for on accrual basis. Bill wise and DDW wise details of drugs/surgical/sutures distributed are maintained in the e-Aushadhi software and consolidated entry of issues is passed in the books of accounts on monthly basis.





- iii. Interest income and liquidity damages are accounted on accrual basis, However, penalties are accounted on actual basis.

H. EMPLOYEE BENEFITS :

- i. Employee benefits such as salaries, allowances, non-monetary benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the profit and loss account in the period in which the service is rendered.
- ii. All the employees of RMSCL are on deputation from the Government of Rajasthan. The Corporation has paid salaries and allowances to the employees in accordance with the provisions prescribed by the Government of Rajasthan

I. TAXATION :

- i. Income taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income". Taxes comprise both current and deferred tax.
- ii. Current tax is measured at the amount expected to be paid/recovered from the revenue authorities, using the applicable tax rates and tax laws. Minimum Alternate Tax (MAT) credit entitlement available under the provisions of Section 115 JAA of the Income Tax Act, 1961 is recognized to the extent that the credit will be available for discharge of future normal tax liability.
- iii. The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or a deferred tax liability. They are measured using the substantively enacted tax rates and tax laws.
- iv. RMSCL has been exempted from payment of tax payable under the RVAT Act, if any, on the sale or purchase of medicines and medical equipments within the state vide notification No. 54 dated 30.09.2011. The corporation has also been exempted from payment of tax payable under Rajasthan Tax on Entry of Goods into Local Areas, 1999 on the medicines and medical equipments brought into local areas vide notification no. 55 dated 30.09.2011.

J. TREATMENT OF PRE-INCORPORATION EXPENDITURE :

Pre Incorporation expenditure is expended in the year in which incurred, however only 1/5th of the amount shall be allowed for tax purposes as per section 35 AD of the Income Tax Act, 1961. The balance shall be considered for calculating Deferred Tax as per AS 22.



**K. SOFTWARE EXPENDITURE :**

Software system and development expenses and user's license fees are expended in the year in which it is incurred.

L. ACCOUNTING FOR GOVERNMENT GRANTS :

RMSCL has received grant from Government of Rajasthan for procurement and disbursement of medicines. Amount of Government grant utilized during the year has been shown in the statement of profit and loss and the balance of unutilized grant has been separately disclosed in the Balance Sheet. Amount of government grant utilized shall be cost of medicines distributed during the year plus 5% surcharge.

M. EARNING PER SHARE :

The Corporation reports basic and diluted earnings per share (EPS) in accordance with the Accounting Standard 20 "Earnings per share". Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

N. CONTINGENT LIABILITIES :

Contingent liabilities as defined in Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it is probable that an outflow of future economic benefits will be required to settle the obligation.





RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED

SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR

Notes forming part of the financial statements for the year ended 31st March, 2012

Note 2: SHARE CAPITAL

Particulars	As at 31st March, 2012	
	Number of shares	Amount (₹)
(A) Authorised : Equity shares of ₹100 each with voting rights	5,00,000	5,00,00,000
(B) Issued : Equity shares of ₹100 each with voting rights	5,00,000	5,00,00,000
(C) Subscribed and fully paid up : Equity shares of ₹100 each with voting rights	5,00,000	5,00,00,000
Total	5,00,000	5,00,00,000

Note 2.1 Reconciliation of number of shares

Particulars	Number of shares
Opening number of Shares	-
Add: Shares issued during the year	5,00,000
Closing number of shares	5,00,000

Note 2.2: Shares held by each shareholder holding more than 5 percent of number of shares

Name of Shareholder	As at 31st March, 2012	
	No. of shares held	% of Holding
H.E. GOVERNOR OF RAJASTHAN	5,00,000	100.00
Total (₹)	5,00,000	100.00

Note 3: RESERVES AND SURPLUS

Particulars	As at 31st March, 2012 (₹)
(A) Capital Reserve	
Opening Balance	-
Add: Additions during the year (Refer Note 22.A.2 & 1.C.iv)	5,00,00,001
Less: Utilised / transferred during the year	-
Closing Balance	5,00,00,001
(B) Profit & Loss Account	
Opening Balance	-
Add: Profit for the year	3,59,66,339
Closing Balance	3,59,66,339
Total (₹)	8,59,66,340



RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED

SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR

Notes forming part of the financial statements for the year ended 31st March, 2012

Note 4 : LONG TERM BORROWINGS

Particulars	As at 31st March, 2012
	(₹)
(A) Term Loans	
From Government Of Rajasthan	
A.1 Secured	-
A.2 Unsecured	5,00,00,000
(Loan is repayable in 10 equal installments starting from 31-Mar-2014 bearing a interest rate of 10% p.a..)	
Total (₹)	5,00,00,000

Note 5: OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2012
	(₹)
(A) Interest Accrued on Loan	7,26,028
(B) Security Deposit	67,94,532
Total (₹)	75,20,560

Note 6: TRADE PAYABLES

Particulars	As at 31st March, 2012
	(₹)
(A) Creditors For Supply Of Medicines	53,34,64,870
Total (₹)	53,34,64,870





RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED

SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR

Notes forming part of the financial statements for the year ended 31st March, 2012

Note 7 : OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2012
	(₹)
(A) Statutory Dues	
A.1 GPF	65,700
A.2 RPMF	6,770
A.3 State Insurance	34,433
A.4 VAT-TDS	6,76,816
A.5 TDS Payable	12,45,137
A.6 Patrakar Kalyan Kosh	503
	20,29,359
(B) Payable For Purchase Of Fixed Assets	13,55,532
(C) Contractually Reimbursable Expenses	2,86,87,189
(D) Security Deposits	1,26,87,452
(E) Earnest Money	4,82,30,600
(F) Funds Received From Others	4,62,35,279
(G) Other Outstanding Deductions	4,145
Total (₹)	13,92,29,556

Note 8: SHORT TERM PROVISIONS

Particulars	As at 31st March, 2012
	(₹)
(A) Provision For Income Tax	1,71,86,810
Total (₹)	1,71,86,810

Note 9: DEFERRED GOVERNMENT GRANTS

Particulars	As at 31st March, 2012
	(₹)
(A) Grant For Medicines	
Opening Balance	-
Add: Grant Recieved During The Year	1,89,99,98,000
Less: Grant Utilized During The Year	1,16,37,36,340
Closing Balance	73,62,61,660
(B) Grant For Running Of DDC	
Opening Balance	-
Add: Grant Recieved During The Year	4,90,00,000
Less: Grant Utilized During The Year	2,29,87,204
Closing Balance	2,60,12,796
Total (₹)	76,22,74,456



RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED
SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR

Notes forming part of the financial statements for the year ended 31st March, 2012

Note 10.A TANGIBLE ASSETS

S.No	10.A Tangible Assets	Gross Block (₹)			Depreciation And Amortisation (₹)			Net Block (₹)
		Balance as at 4th May, 2011	Additions	Disposals	Balance as on 31st March, 2012	Depreciation charged upto 31st March, 2012	Depreciation charged during the year	Balance as at 31st March, 2012
1	Furniture & Fixture	-	32,60,312	-	32,60,312	-	7,011	32,53,301
2	Air Conditioner	-	14,46,203	-	14,46,203	-	550	14,45,653
3	Building	-	1	-	1	-	-	1
4	Computer and Printers	-	6,04,408	-	6,04,408	-	70,023	5,34,385
5	D G Set	-	8,43,297	-	8,43,297	-	320	8,42,977
6	Electric Substation	-	16,69,742	-	16,69,742	-	635	16,69,107
7	EPABX Work	-	2,70,369	-	2,70,369	-	103	2,70,266
8	Fax Machine	-	10,500	-	10,500	-	1,002	9,498
9	LAN System	-	9,10,770	-	9,10,770	-	346	9,10,424
10	Mobile Phone	-	5,450	-	5,450	-	259	5,191
11	Photo Copier	-	3,10,573	-	3,10,573	-	12,770	2,97,803
12	Printer and Scanner	-	2,09,700	-	2,09,700	-	1,689	2,08,011
13	Refrigerator	-	22,150	-	22,150	-	1,507	20,643
14	UPS	-	1,58,550	-	1,58,550	-	663	1,57,887
15	Water Cooler	-	86,792	-	86,792	-	33	86,759
16	Water Purifier	-	24,359	-	24,359	-	9	24,350
	Total (₹)	-	98,33,174	-	98,33,174	-	96,920	97,36,254

Note 10.B INTANGIBLE ASSETS

S.No	10.B Intangible Assets	Gross Block (₹)			Depreciation And Amortisation (₹)			Net Block (₹)
		Balance as at 4th May, 2011	Additions	Disposals	Balance as on 31st March, 2012	Depreciation charged upto 31st March, 2012	Depreciation charged during the year	Balance as at 31st March, 2012
1	Tally	-	40,500	-	40,500	-	1,770	38,730
	Total (₹)	-	40,500	-	40,500	-	1,770	38,730



RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED
SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR

Notes forming part of the financial statements for the year ended 31st March, 2012

Note 11: CAPITAL WORK-IN-PROGRESS

Particulars	As at 31st March, 2012
	(₹)
(A) Advance for Construction of Building	53,78,008
Total (₹)	53,78,008

Note 12: INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 31st March, 2012
	(₹)
(A) Stock at DDW	79,61,56,703
(B) Stock at Head Office	17,78,271
(C) Stock in Transit	8,43,783
Total (₹)	79,87,78,757

Note 13: CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2012
	(₹)
(A) Cash on Hand	
A.1 Cash in hand	500
A.2 Imprest Cash	4,12,182
(B) Balances with Banks	
B.1 PNB	5,02,71,331
B.2 SBBJ	7,09,66,254
(C) Balance in PD Account	49,89,98,000
(D) Fixed Deposit (Including Accrued Interest)	13,05,47,560
Total (₹)	75,11,95,827

Note 14: SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012
	(₹)
(A) IEC Advance	19,45,459
(B) Local Purchase Advance	5,71,35,333
(C) Running Of DDC Advance	2,04,62,796
(D) Advance to Employees	17,000
Total (₹)	7,95,60,588

Note 15 OTHER CURRENT ASSETS

Particulars	As at 31st March, 2012
	(₹)
(A) TDS Recieveable	10,41,365
Total (₹)	10,41,365





RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED

SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR

Notes forming part of the financial statements for the year ended 31st March, 2012

Note 16: REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March, 2012
	(₹)
(A) Surcharge @ 5% on Dispatch of Medicines (Net Dispatch Of Goods 99,54,96,274)	4,97,74,814
Total (₹)	4,97,74,814

Note 17: OTHER INCOME

Particulars	For the year ended 31st March, 2012
	(₹)
(A) Interest On Auto Sweep And Fixed Deposit	1,03,96,229
(B) Income From Tender Fees	10,29,700
(C) Income Under RTI Act 2005	814
(D) EMD Forfeiture	11,00,000
(E) Liquidated Damages	6,35,34,454
(F) Penalty	10,01,540
(G) Stock Appreciation Income	8,71,083
Total (₹)	7,79,33,820

Note 18: EMPLOYEE BENEFIT EXPENSE

Particulars	For the year ended 31st March, 2012
	(₹)
(A) Salaries and Wages	1,58,64,945
(B) Pension Contributions	12,44,028
(C) Medical Expenses	10,227
Total (₹)	1,71,19,200

Note 19: FINANCE COSTS

Particulars	For the year ended 31st March, 2012
	(₹)
(A) Interest Expense on Loan	7,26,028
Total (₹)	7,26,028





RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED

SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR

Notes forming part of the financial statements for the year ended 31st March, 2012

Note 20: OTHER EXPENSES

Particulars	For the year ended 31 March, 2012
	(₹)
(A) Advertisement Expenses	97,95,422
(B) Legal And Professional Charges	11,22,339
(C) Office Expenses	5,24,345
(D) Telephone And Internet Expenses	7,53,197
(E) Breakage & Spoilage	2,14,327
(F) Computer Operator Charges	16,03,444
(G) Data Entry Charges	4,10,211
(H) Hiring Of Vechile	22,92,387
(I) Hosting Of Bandwidth Charges	4,96,350
(J) Miscellaneous Expenses	4,16,252
(K) Packers Service Charges	11,42,616
(L) Postage & Courier Charges	3,01,962
(M) Preliminary Expenses	6,07,000
(N) Printing And Stationery	6,05,644
(O) Repair And Maintainence	28,325
(P) Security Services	1,14,895
(Q) Supply Of OPD Slips	3,41,86,199
(R) Testing Charges (Net)	8,17,508
(S) Training And Workshop Expenses	2,97,117
(T) Travelling Expenses	1,64,494
(U) Vechile Running And Maintainence	39,257
(V) Electricity Expenses	4,13,882
(W) Entertainment & Hospitality Expenses	1,77,002
(X) Bank Charges	455
Total (₹)	5,65,24,630

Note 21: DEFERRED TAX LIABILITY

Particulars	As at 31 March, 2012
	(₹)
Deferred tax (liability) / asset	
<u>Items constituting deferred tax liability</u>	
On difference between book balance and tax balance of fixed assets	7,53,552
Items constituting deferred tax liability	7,53,552
<u>Items constituting deferred tax assets</u>	
Defferment as per Section 35D of IT Act 1961	4,85,600
Items constituting deferred tax assets	4,85,600
Net difference eligible for Deffered Tax Liability	2,67,952
Net deferred tax liability	86,937



**RAJASTHAN MEDICAL SERVICES CORPORATION LIMITED**

SWASTHYA BHAWAN, TILAK MARG, C-SCHEME, JAIPUR

Note 22 : NOTES TO ACCOUNTS**A. GENERAL (NATURE OF OPERATION) :**

1. Rajasthan Medical Services Corporation Limited (RMSCL) has been constituted by the Government of Rajasthan vide order No. F.20(3)MH/2/ 2011 Dated 31.03.2011 of Rajasthan Medical Health and Family Welfare Department in order to procure and store quality Generic Drugs, surgical, sutures and equipments etc and to distribute the same to Government Hospitals and attached hospitals to Medical Colleges in Rajasthan for onward free distribution to patients.
2. The RMSCL has been incorporated under the Companies Act, 1956 on 04th May, 2011 with Authorized Capital of ₹ 5.00 Crore. The 100% equity of the RMSCL is owned by the Government of Rajasthan. As per Clause XII of Cabinet Memo, RMSCL is required to be incorporated by Authorized Capital of ₹ 10.00 Crore in which State Govt. will contribute ₹ 5.00 Crore as capital and remaining ₹ 5.00 Crore shall be contributed by NRHM. However the NRHM has transferred the fund of ₹ 5.00 Crore to RMSCL as Corpus Fund and not as a part of equity capital as communicated on 19th December, 2012. RMSCL proposed to intimate NRHM to reconsider its decision and confirm that their contribution is an equity contribution.
3. Purchase orders (PO) are issued centrally from Jaipur to get supply at District Drug Warehouses (DDWs) located in every district of the State. Drugs are issued to health institutes viz. District Hospital/SDH/SH/CHC/PHC etc as per the indent submitted and availability of drugs for onward free distribution to patients pursuant to Government scheme. The excess supply, if any received have also been accounted for. All these receipts and issues are chronologically maintained through web based software application named "E-Aushadhi" software.
4. Each medical institute viz. Medical College attached Hospitals, District Hospitals (DHs), CHCs, PHCs directly interface with DDW to get drugs/surgical/sutures and their accounts opened with DDW as per budget allocation to serve patients.
5. Being the first year of its operation, transactions/records were initially maintained manually and later on these transactions have been entered in E-Aushadhi software gradually, thereby improving the system of inventory management.



B. INCOME RECOGNITION :**1. Surcharge :**

As per Government of Rajasthan Notification and Cabinet order 49/2011 dated 04.04.2011 RMSCL is entitled to 5% surcharge on cost of drugs/surgical/suture distributed/supplied free of cost to government hospitals including Primary Health Centers (PHCs) & Community Health Centers (CHCs). Income of surcharge is accounted for on accrual basis. Bill wise and Health Centre wise details of drugs/surgical/suture distributed are maintained in the e-Aushadhi software and consolidated entry of dispatch on monthly basis is passed in the books of accounts. Surcharge is recovered on cost of medicine by using batch wise method of cost formula.

The Corporation has issued goods to third party such as private hospitals and supply on behalf of Director RCH and charged 5% surcharge on such supply uniformly.

Corporation has allotted funds to District Chief Medical and Health Officer (CMHO), PMOs and attached hospitals to the Medical Colleges for local requirement of drugs. Purchases and Supplies from such funds have not been reflected in Financial Statement and utilization of such funds has been debited to grant as per Utilization Certificate (UC) received from CMHOs, PMOs etc.

2. Liquidated Damages :

It is accounted for on accrual basis, however the income from Liquidated Damages (LD) is subject to effect of rescheduling of ordered quantity and exact supply period involved. The Income of LD has been accounted through data generated by e -Aushadhi Software on the basis of original Purchase Order issued to suppliers.

C. EXCESS SUPPLY :

Excess supply (**the drugs received in excess of purchase orders**) worth ₹ 2,67,60,073/- has been considered in stock in view of the fact that the above quantities had been dispatched for free distribution. Purchases pertaining to excess supply have been shown separately by way of note here-in-after.

D. NOT OF STANDARD QUALITY (NOSQ) DRUGS :

- (i) Each batch supplied by manufacturer is kept in quarantine area at DDW till the batch is tested by



the empanelled labs and declared of standard quality. If the batch is found to be Not of Standard Quality (NOSQ), the whole of NOSQ drugs supplied stands rejected and placed in prohibited area which is eventually to be recalled by the supplier.

- (ii) Drugs/surgical/suture worth of ₹ 1,16,23,340/- declared NOSQ during the period under review. The value has been debited to respective supplier by crediting purchase account and hence not treated in the valuation of stock. Purchases pertaining to NOSQ drugs have been shown separately by way of note hereinafter.

E. INVENTORIES :

1. Inventory details are maintained in e-Aushadhi software. Purchase & Dispatch entries are made through passing consolidated entry on monthly basis based upon reports of e-Aushadhi Software. Cost is in general ascertained using the batch wise method of cost formula instead of FIFO or weighted average method. . Effect of such discrepancies is not ascertainable.
2. There is difference of ₹ 8,71,083/- in the inventory as per books of accounts and physical verification as on 31.03.2012 which has been credited to Statement of Profit and Loss under Other Income by way of "Stock Appreciation Income". The difference arises due to following reasons :-
 - (i) As the DDWs earlier working under the control of Medical Health and Family Welfare Department transferred to RMSCL, hence Drugs/surgical/sutures received by these DDWs from Medical Health and Family Welfare Department, Government of Rajasthan, Government of India under various special programs and from other agencies were mixed up with drugs received from suppliers of RMSCL. The value of such drugs have been shown zero in the ledgers maintained through e - Aushadhi software, however in few cases possibilities of value of medicines received prior to the transfer to RMSCL has been considered while taking physical stock as on 31.03.2012.
 - (ii) Initially the manual records were maintained by the staff who were not on the roll of the RMSCL and were not fully conversant with the system of maintaining stock register while later on these records entered in software, possibility of variation can't be denied.





- (iii) Some receipted challans are not entered/wrongly entered in e - Aushadhi software which has created variation to some extent.
3. Inter Depot transfer of drugs of ₹ 8,43,783/- has been considered stock-in-transit which is subject to verification/confirmation by respective DDW.
- F. The balances outstanding as on 31 March 2012 in respect of Trade Payables, wherever not confirmed by them, in so far they have not been subsequently recovered or adjusted are subject to confirmation or reconciliation.
- G. Estimated amount of contracts remaining to be executed on capital expenditure is ₹ 53,78,008/- and has not been provided for in the absence of utilization certificate. Similarly, loan received from Govt. of Rajasthan amounting to ₹ 5.00 Crore for purchase and development of equipments for storage and preservation of medicines at DDW level is yet to be utilized.
- H. In the opinion of the Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- I. **Micro, Small And Medium Enterprises Development Act, 2006 :**
- The Corporation has not received the requisite information from the suppliers regarding their status under the Act. Hence disclosures relating to amount unpaid as at the year end together with interest paid /payable as required under the said Act have not been made.

J. DISCLOSURES AS REQUIRED BY AS - 12 "ACCOUNTING OF GOVERNMENT GRANTS: EXTENT OF GRANT RECOGNISED

Particulars	Grant for Medicines(₹)	Grant for running of DDC(₹)
Opening balance of Grant	Nil	Nil
Amount of Grant Received	1,89,99,98,000	4,90,00,000
Amount of Grant Utilised	1,16,37,36,340	2,29,87,204
Closing balance of Grant	73,62,61,660	2,60,12,796





**K. DISCLOSURES AS REQUIRED BY AS - 18 "RELATED PARTY DISCLOSURES":
REMUNERATION TO MANAGING DIRECTOR**

Particulars	Amount as on 31.03.2012 (₹)
Salary	2,30,039
Mobile & residence phone reimbursement	17,487
Total	2,47,526

L. PAYMENT TO AUDITORS :

31.03.2012 (₹)

Statutory Auditors: Audit Fees	90,000/-
Service Tax	11,124/-

M. AS - 15 "EMPLOYEES BENEFIT" :

Staff of RMSCL is on deputation basis hence no provision has been made towards retirement benefits payable to staff as per State Govt. Service Rules. However, Pension contribution is remitted to director pension.

N. BORROWING COST :

Interest payable to state government on loan received to acquire capital assets for storage of medicine at DDW Level is charged to profit and loss account being asset not acquired till end of financial year 2011-12.

O. Compliance of Accounting Standard - 22 "Accounting for Taxes on Income" with regard to calculation of provision for current tax liability is subject to Tax Audit Report.

P. In the opinion of the Management, Service Tax is not payable for activities pursued.

Q. Assets transferred from other departments of Medical and Health have not been accounted for





in the books of accounts other than Building which has been accounted at ? 1 in books of accounts. However same have been entered in the fixed assets register at zero value.

- R.** Being the first year of Corporation, the previous year's figures have not been given.
- S.** Figures have been rounded off to the nearest of rupee.
- T.** Information regarding purchases, issues, and stock are as under :

PARTICULARS			AMOUNT (₹)
A. Purchases			
Drugs/Medicines received from Suppliers	1,77,68,15,759		
Excess Supply	2,67,60,072		
Stock Appreciation	8,71,083	1,80,44,46,914	
Less:			
NOSQ Drugs	1,16,23,340		
Purchase Returns	11,70,598	1,27,93,938	1,79,16,52,976
B. Cost of Drugs/Medicines Distributed			
Distributed by DDW	1,02,61,21,583		
Dispatch to Third Party	13,08,682	1,02,74,30,265	
Less:			
Sales Return		3,19,33,992	99,54,96,273
C. Closing Stock (A-B)			79,61,56,703





सत्यमेव जयते

संख्या / No. GSSA-II/55/AA/RMSCL/2012-13/181

भारतीय लेखा तथा लेखापरीक्षा विभागकार्यालय प्रधान महालेखाकार (सामान्य एवं सामाजिक क्षेत्र लेखापरीक्षा) राजस्थान,
जनपथ, जयपुर- 302005**INDIAN AUDIT AND ACCOUNTS DEPARTMENT**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (GENERAL AND SOCIAL SECTOR AUDIT) RAJASTHAN,
Janpath, Jaipur-302005

प्रबन्ध निदेशक,
राजस्थान मेडिकल सर्विसेज कॉर्पोरेशन लिमिटेड,
गाँधी ब्लॉक, स्वास्थ्य भवन, तिलक मार्ग,
सी-स्कीम, जयपुर

विषय:- राजस्थान मेडिकल सर्विसेज कॉर्पोरेशन लिमिटेड, जयपुर के 31 मार्च, 2012 को
समाप्त वर्ष के लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणी।

महोदय,

मुझे कम्पनी अधिनियम की धारा 619 (5) के अन्तर्गत कम्पनी की वार्षिक साधारण सभा में
प्रस्तुत करने हेतु 31 मार्च, 2012 को समाप्त वर्ष के लिए राजस्थान मेडिकल सर्विसेज कॉर्पोरेशन
लिमिटेड, जयपुर के लेखाओं पर कम्पनी अधिनियम की धारा 619 (4) के अधीन लेखापरीक्षा प्रमाण पत्र
जारी करने तथा निम्नलिखित कमियों को आवश्यक सुधारात्मक कार्यवाही करने हेतु आपके ध्यान में लाये
जाने का निर्देश हुआ है:-

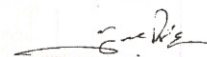
- (i) Non-appointment of whole time company secretary as required under Section 383A of the Companies Act, 1956.
- (ii) Non-Constitution of Audit Committee as required under Section 292A of the Companies Act, 1956.

उपरोक्त कमियों को दूर न किए जाने पर आगामी लेखापरीक्षा के दौरान टिप्पणी की जाएगी।

उपरोक्त अवधि के वार्षिक लेखे एवं लेखापरीक्षकों की रिपोर्ट की सात प्रतियाँ जैसी कि
साधारण सभा में रखी जावें तथा स्वीकृत की जावें, कृपया इस कार्यालय को शीघ्र भिजवाने का श्रम
करें।

संलग्न: उपरोक्तानुसार

भवदीय


वरिष्ठ महालेखाकार
(जी.एस.एस.ए.- I)

टेलेक्स : 2285

फैक्स : 0141-2385181

टेलीफोन : 2385430, 2385230, 2385131, 2385232

तार : लेखापरीक्षा

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Telephone : 2385430, 2385230, 2385131, 2385232

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Comments of the comptroller and auditor general of india under section 619 (4) of the companies Act, 1956 on the accounts of Rajasthan Medical Services Corporation Ltd, Jaipur for the year ended 31 March, 2012.

The preparation of financial statements of Rajasthan Medical Services Corporation Limited, Jaipur for the year ended 31 March, 2012 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 21 December, 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Rajasthan Medical Services Corporation Limited, Jaipur for the year ended 31 March, 2012. This Supplementary audit has been carried out independently without access to the working papers of the statutory Auditors and is selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

**A. Comments on Auditors Report
Auditor Report**

A reference is invited to the Para No. 9 (a) of the Companies Auditors Report (CARO 2003) wherein it is stated that undisputed statutory dues including Income Tax dues have generally been regularly deposited with the appropriate authorities wherever applicable. This note is deficient that the Company has filled Income tax liabilities on 31.12.2012 and paid interest amount of ` 0.26 crore on account of delayed filing of Income Tax return.

B. General

The Company did not comply with the provision of Section 166 (i) of the Companies Act, 1956 to hold its first Annual General Meeting within eighteen months from the date of its incorporation.

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

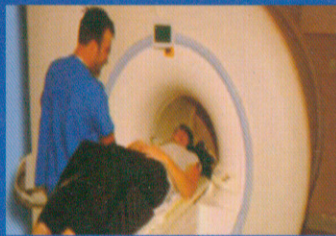
Place:- Jaipur
Date:- 26-02-2013


(Sunil Bahri)
Principal Accountant General
(Gen. & Social Sector Audit)
Rajasthan, Jaipur



Quality Control Lab

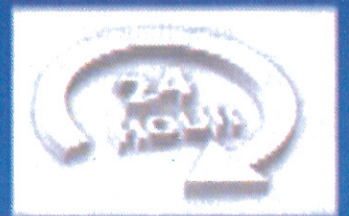




EPM CELL



॥ सर्वे सन्तु निरामयाः॥



COMPLAINT CELL



PROCUREMENT CELL



FINANCE CELL



IT CELL



SUPPLY CELL



QUALITY CONTROL CELL



LOGISTIC CELL



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डाक पता
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गौंधी ब्लॉक,
स्वास्थ्य भवन,
तिलक मार्ग,
सी-स्कीम,
जयपुर