

34th
Annual Report
2012-13



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RAJASTHAN DRUGS & PHARMACEUTICALS LIMITED
(A Govt. of India Enterprise)

Vision

To achieve excellence in the field of manufacturing and marketing of Quality drugs & Health care Products at affordable prices for all.

Mission

- To improve in house facilities to manufacture essential medicines (Generic and Branded medicines) for supply to Government organizations as well as for Open Market, at reasonable prices.*
- To continuously improve the Quality of Products and Services to enhance Customer satisfaction.*
- To develop highly motivated multi skilled Human Resources to increase Productivity.*
- To meet emergency need of the country for supply of Medicines during Natural Calamities like Epidemics, Earthquakes, Floods and in Disaster Management.*



RAJASTHAN DRUGS AND PHARMACEUTICALS LTD.

34th ANNUAL REPORT

2012-2013

RAJASTHAN DRUGS AND PHARMACEUTICALS LTD.
(A Govt. of India Enterprise)
JAIPUR



RAJASTHAN DRUGS AND PHARMACEUTICALS LTD.



RDPL

RAJASTHAN DRUGS AND PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS
(AS ON 21ST AUGUST 2013)

CHAIRMAN

SHRI DEEPAK UPRETI, IAS

Principal Secretary-Medical & Health, Govt. of Rajasthan

DIRECTORS

SHRI ARUN KUMAR PANDA, IAS

Jt. Secretary (Regulation) to Govt. of India, Ministry of Health & Family Welfare

Dr. SAMIT SHARMA, IAS

Managing Director, Rajasthan Medical Services Corporation Limited

SHRI PRADEEP YADAV, IAS

Jt. Secretary to Govt. of India, Ministry of Chemicals & Fertilizers, Deptt. of Pharmaceuticals

MS. MONIKA VERMA,

Director, Ministry of Chemicals & Fertilizers, Deptt. of Pharmaceuticals

SMT. APARNA SAHAY

Financial Advisor, RIICO Limited

Dr. A.K. GUPTA

Chief General Manager (Finance), RIICO Limited

Dr. B.R. MEENA

Director, Medical & Health Services, Govt. of Rajasthan

SHRI M.K. NAGENDRA

Managing Director

AUDITORS

M/s. J.K. SINGHAL & CO.

Chartered Accountants, Jaipur

BANKERS

BANK OF BARODA

MANAGER (FINANCE)

SHRI NAVNEET KUMAR MATHUR

REGISTERED OFFICE

ROAD NO. 12, V.K.I. AREA, JAIPUR - 302 013 (RAJASTHAN)



RAJASTHAN DRUGS AND PHARMACEUTICALS LTD.

NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Members of Rajasthan Drugs and Pharmaceuticals Ltd. will be held on Thursday, the 26th September, 2013 at 3:00 P.M. at the Registered Office of the Company at Road No.12, V.K.I. Area, Jaipur to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet and Profit and Loss Account for the year ended 31st March, 2013, along with Directors' Report, (along with Report on Corporate Governance and Secretarial Compliance Report), Auditors' Report and the comments of the Comptroller and Auditor General of India.
2. To consider and pass, with or without modification, if any, the following resolution as Ordinary Resolution:
"RESOLVED that the remuneration payable to Statutory Auditors M/s J.K. Singhal & Co., Chartered Accountants, Jaipur for the year 2012-13, be and is hereby fixed at Rs. 62,000/- plus service tax pursuant to provisions of Sec.224(8)(aa) of Companies Act, 1956."

By order of the Board of Directors

(Sd/-)

(N.K. Mathur)
Manager (Finance)

Registered Office:

Road No. 12, V.K.I. Area,
Jaipur 302013

Dated : 21st August, 2013

- Notes :**
1. An explanatory statement pursuant to Sec. 173 (2) of the Companies Act, 1956 is enclosed.
 2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxy should be deposited at the Registered Office not less than 48 hours before the time of the meeting.



RAJASTHAN DRUGS AND PHARMACEUTICALS LTD.

EXPLANATORY STATEMENT PURSUANT TO SEC. 173 (2) OF THE COMPANIES ACT, 1956

Item No. 2:

As per provisions of Sec. 619 of the Companies Act, 1956, the Statutory Auditors of a Govt. Company shall be appointed by the Comptroller and Auditor General of India. Further, as per provisions of Sec. 224 (8)(aa) of the Act the remuneration of an Auditor appointed under Sec. 619 by the Comptroller and Auditor General of India, shall be fixed by the company in General Meeting or in such manner as the company may determine in General Meeting.

M/s J.K. Singhal & Co., Chartered Accountants, Jaipur have been appointed statutory auditors of the company for the year 2012-13. As per provision of Sec. 224 (8)(aa) of the Act, their remuneration is to be fixed by the Company in General Meeting. For the year 2011-12, remuneration of auditors was Rs. 56,000/- plus Service Tax. In view of the increased turnover, production and operational activities of company during the year 2012-13, the Board has recommended the increased remuneration of Rs. 62,000/- plus service tax payable to auditors as contained in the resolution. The same is for consideration and approval by the members of the Company.

None of the Directors is in any manner interested in the said resolution.

By order of the Board of Directors

(Sd/-)

(N.K. Mathur)
Manager (Finance)

Regd. Office:

Road No. 12, V.K.I. Area,
Jaipur 302013
Dated : 21st August, 2013



RAJASTHAN DRUGS AND PHARMACEUTICALS LIMITED

CHAIRMAN'S SPEECH

Ladies and Gentlemen,

On behalf of the Board of Directors of Rajasthan Drugs and Pharmaceuticals Ltd. (RDPL) and on my own behalf, I am pleased to welcome you on the occasion of the 34th annual general meeting of the company.

I am pleased to be associated as chairman, Board of Directors of RDPL, having a consistent record of reasonable excellence in all-round performance, growth and profitability over the last five years. I take this opportunity to share my views on the economic scenario and present the performance highlights of the company.

ECONOMIC SCENARIO

The global economy is still reeling under the effect of recession with marked slowdown in the industrial activity. The Indian economy has not been spared either by the cascading effect of global turmoil with GDP growth slipping to sub six levels in the financial year 2012-13, after a run a good growth in the last few years. The long term fundamentals like rising incomes, increasing consumption base, favourable statistics and huge infrastructural growth coupled with Indian economy pattern of consumption nature continue to be broadly in tact and expected to be sustained over a long period. The growth is primarily driven by domestic investment. Based on Strong fundamentals and the mitigative measures taken by the Government of India, we expect Indian economy to sustain reasonably good growth rate over the long term period, except some volatility in the short term.

PERFORMANCE HIGHLIGHTS

The company continued to register a good growth. The aggregate turnover touched the figure of Rs. 85.67 crore during the year ended 31st March, 2013 as against that of Rs. 82.72 crore in previous year. This achievement made is despite the non-receipt of bulk orders from Ministry of Health and Family Welfare as received in earlier year, as also non-renewal of Preferential Purchase Policy (PPP) of Govt. of India. Further, it achieved own-production of Rs. 65.59 crore during the year ended 31st March, 2013, as against that of Rs. 61.21 crore in previous year and production under loan licence arrangement of Rs. 17.65 crore during the year under review as against that of Rs. 16.55 crore in previous year. It earned a profit (after tax) of Rs. 79.87 lac during the year under review as against that of Rs. 144.77 lac during previous year. The reason behind reduced profit is contributed to the fact of rising overall operational costs, whereas the administered selling prices of products under PPP of Govt. of India remained same from August 2006 onwards till now, which is outside the control of the management.

I am glad to report that company continued to meet its commitments with regard to supply of medicines in the larger public interest and also keeping in view the prudent ethical business practices. Despite the abnormally higher input costs and such adverse circumstances it fulfilled the commitment towards society and the Government. It is noteworthy to mention that Rajasthan Medical Supplies Corporation Ltd. (instead of Govt. of Rajasthan) has been preferring to procure medicines (not available with approved suppliers) from the company irrespective of a policy in this regard as such.

EXPANSION, MODERNISATION AND WHO-GMP COMPLIANCE

The up-gradation plan under Phase-I is nearing completion and Phase-II programme already undertaken is expected to be completed by March, 2014. Out of aggregate grant-in-aid of Rs. 13.01 crore to be provided by the administrative Ministry for the project investment, company has already received first release of Rs. 4.55 crore for capital



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expense towards up-gradation/implementation of facilities for WHO-cGMP compliance as Plan Outlay under implementation.

CORPORATE GOVERNANCE

Although your company is an unlisted company, it has been complying with the requirements of Corporate Governance as stipulated in the Guidelines notified by the Department of Public Enterprises (DPE), Govt. of India (except induction of Independent Directors) in this regard. Rajasthan Drugs and Pharmaceuticals Ltd. is managing the business in an ethical and responsible manner for sustainable value creation of all stakeholders within the prevalent regulatory framework. The company believes in adopting the best practices being followed in the area of corporate governance in India. The company is also in the process of appointing Independent Directors so that Audit Committee and other Committees can be constituted as early as possible as per Guidelines of the DPE.

CORPORATE SOCIAL RESPONSIBILITY

Your company has been discharging its corporate social responsibility. During the year under review, company contributed Rs. 4.00 lac to SOS children's Village of India, Jaipur for the economic up-liftment of children of the area. It has more diversified plan for the current year. The company has constituted a Directors' Committee to finalize the CSR policy.

LOOKING AHEAD

Once the up-gradation and modernization of project is completed and the company becomes WHO-GMP compliant, your company will be able to participate in World Bank and such other externally aided projects and could explore the export market. The Company is also exploring other verticals in the private segment and is expected to make a sizeable progress and deliver hopefully sustainable growth in the years to come.

ACKNOWLEDGEMENTS

I also take this opportunity to express my sincere gratitude for the support and guidance received by your company from Ministry of Chemicals & Fertilizer, Department of Pharmaceuticals, Ministry of Finance, Planning Commission, Govt. of India, Govt. of Rajasthan and RIICO Ltd. I am also thankful to Bank of Baroda, CAG of India, Statutory Auditors, Customers/Procurement authorities, suppliers and other business associates for all their support and guidance extended in ensuring smooth and successful operations of the company.

I also express my thanks and appreciation to my esteemed colleagues on the Board and to all employees of RDPL for their commitment to their work. I convey my sincere thanks to all stakeholders for their support and cooperation and I am confident your company will continue to deliver its responsibilities and enhance value to its stakeholders.

With best wishes,

(Sd/-)
(Deepak Upreti, IAS)
Chairman

Jaipur

Dated : 26th Sept., 2013



DIRECTORS' REPORT

To
The Shareholders
Rajasthan Drugs and Pharmaceuticals Limited,
Jaipur.

Gentlemen,

The Directors of your company have great pleasure in presenting to you their **34th Annual Report** for the financial year 2012-13 on the working and affairs of the company, together with the Audited Accounts, Report of the Auditors thereon and the comments of the Comptroller and Auditor General of India.

Your Directors are delighted to inform you that the year under review has been eventful as well as challenging. The aggregate turnover of the company touched the figure of Rs. 8567.27 lacs this year in comparison to the previous year's turnover of Rs.8271.89lacs, with a marginal increase in the turnover of the company despite non-receipt of bulk orders from Ministry of Health and Family Welfare as in the yester years and non-renewal of Preferential Purchase Policy of Department of Pharmaceuticals, Govt. of India till date. Further, your company also managed to earn a modest Profit after Tax (PAT) during the year, which came to Rs. 79.87 lacs as against Rs.144.77 lacs achieved in the previous year.

The profitability of the Company has reduced during the year under review since overall Operational Costs have gone up considerably, whereas the administered selling prices of products under Preferential Purchase Policy (PPP) of Govt. of India remained same from August, 2006 till the date of expiry in August, 2011 and even subsequently since the Government Institutions have continued to purchase at the same rates even to this day, wherever the Rate Contracts are in force with PPP Administered Prices adopted as the Benchmark price..

However the Company continued to meet its commitments with supply of medicines in the larger Public interest and also keeping in view the prudent ethical business practices. Despite abnormally higher input costs and such adverse circumstances it could fulfill its commitment towards society and the Government.

Further, there is a perceptible change in the policy of the Govt. of Rajasthan, which has been one of the major and important consumers of the products of the company. The Govt. of Rajasthan has done away with the purchase preference system which was available to the company and instead set up Rajasthan Medical Supplies Corporation Limited (RMSCL), a Govt. of Rajasthan Enterprise, which will be nodal agency to buy the medicines from the open market without any kind of preference to the company. This change in policy by Govt. of Rajasthan proved a severe set back to the company for its ongoing business. However, the company made requests to the Govt. for restoration of the Preferential Purchase Policy in favour of RDPL which is yet under the consideration of the Govt. of Rajasthan. Meanwhile, RMSCL has been procuring from the Company certain medicines which are not supplied/not available with the approved suppliers, as an Interim arrangement.

PRODUCTION:

During the year under review, the company achieved Own Production (Value of Production) of Rs. 6559.28 lacs as compared to that of Rs. 6121.15 lacs in the previous year, thus registering a growth of 7%. The production under Loan Licence (Purchase value) increased from Rs.1654.75 lacs in previous year to Rs. 1764.63 lacs during the year

