

POLYMED



POLY MEDICURE LIMITED

Fifth Annual Report

1999 - 2000

POLY MEDICURE LIMITED

First Floor, 12, Sant Nagar, East of Kallash, New Delhi-110065

Dear Shareholder,

Re : Dematerialisation of Equity Shares in electronic form

As per SEBI Circular No. SMDRP/POLICY/CIR-23/2000 dtd. 25.05.2000 it is required to get the dematerialisation of shares of your Company before Jan. 29, 2001. Also present long prevalent scrip-based system in the Company has traditionally involved enormous paper work involving share certificates in paper form and transfer deeds and the process beginning from buying shares through the stock exchanges till getting the certificates duly endorsed in the buyer's name is indeed quite complex and time-consuming and it is riddled with the variety of problems like bad deliveries for several reasons. Though your Company is required to go for dematerialisation before Jan. 29, 2001 it has already decided to join the Depository System operated by National Securities Depository Limited (NSDL) and has arranged the necessary connectivity to enable the investors to avail of the Depository facility in respect of the shares of the Company.

As regards the Depository System it envisages elimination of paper work involved in the scrip-basis system and enables share trading and transfer processing electronically, thereby benefiting those shareholders who deal frequently in the shares of the Company. Under this electronic system, a Dematerialisation process is carried out in which the existing physical shareholding of a shareholder is converted into the electronic form.

Thus, if you wish to maintain your shareholding in the electronic form by joining the Depository facility, you will have to open an Account with a Depository Participant (DP), who are agents of NSDL, and lodge your share certificates, through the DP with SRG Infotec Ltd. Devraha House, A-256, Okhla Industrial Area, Phase-I, New Delhi-110020, Share Transfer Agents (STA) of the Company for Dematerialisation. The DP/STA will then ensure that the physical share certificates are cancelled and after verification by the Company, an equivalent number of shares will be credited to your account with DP in electronic form.

Under this system, as and when desired, you are also permitted to reconvert back your electronic shareholding into the physical form of share certificates by a process of Rematerialisation.

A detailed and comprehensive understanding of the implications of the Depository System and the services available with the DP (as per enclosed salient features) would be desirable before you exercise your option to join the Depository System.

It is reiterated that requests for Dematerialisation and Rematerialisation have to be made only to the DPs whom you may also approach for any clarification on operational issues. However, you may also contact the STA, M/s SRG Infotec Ltd., Devraha House, A-256, Okhla Industrial Area, Phase-I, New Delhi-110020 for any assistance or guidance in the matter.

Please let us know if any further information/clarification is required in this regard.

Thanking you and assuring you of our best attention all the times.

Dated : 15.07.2000

Poly Medicure Limited

Gurdeep S. Bakshi
Company Secretary

Encl. : Salient features on Depository System

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CONCEPT

Depository system essentially aims at eliminating the voluminous and cumbersome paper work involved in the scrip-based system and offers scope for "paperless" trading through state-of-art technology.

It enables conversion of physical securities in electronic form through a process of 'dematerialisation' (also known as 'demat') of share certificates and facilitates share transactions and transfers electronically without involving any share certificate or transfer deed.

It thus alleviates the hardships currently faced by the investors and also it offers option for converting the shares from electronic to physical or paper form through a process of 'rematerialisation' (also known as 'remat').

Depository system is, indeed, time-tested and long prevalent in many advanced countries and has been playing a significant role in stock markets around the world.

In India, the first depository has been set up by National Securities Depository Limited (NSDL), which is jointly promoted by IDBI, UTI and National Stock Exchange in accordance with the Rules and Regulations framed by SEBI.

CONSTITUENTS OF DEPOSITORY SYSTEM

- Depository (NSDL)
- Depository Participants (DPs)
- Companies/Registrars
- Investors

ROLE OF NSDL AS A DEPOSITORY

NSDL is an organisation where the securities of an investor are held in electronic form through the medium of DPs. NSDL offers following facilities.

- enables surrender and withdrawal of securities to and from the depository through the process of demat and remat.
- maintains investors' holding in electronic form.
- effects settlement of securities traded in depository mode on the stock exchanges.
- carries out settlement of trades not done on the stock exchanges (off-market trades).

ROLE OF DEPOSITORY PARTICIPANTS

A DP is share holder's representative in the depository system and as per the SEBI Guidelines, Financial Institutions/Banks/Custodians/Stock Brokers etc. can become DPs provided they meet the necessary requirements prescribed by SEBI.

A DP is the first point of contact with the investor and serves as link between the investor and the Company through NSDL in dematerialisation of shares and other electronic transactions.

As per the Scheme of Depository, the Company is not allowed to entertain a demat request from a shareholder directly and he has to necessarily initiate the process through a DP.

DEMATERIALISATION

Demat is a process by which the share certificates are taken back by the Company through his DP, verified and if found in order, demat is confirmed by the Company and then an equivalent number of shares are credited by the DP to shareholder's account as electronic holding. The entire process of dematerialisation has to be completed within a period of 15 days.

REMATERIALISATION

Rematerialisation is a process of converting shareholder's electronic holding back into share certificates in paper form. The process of rematerialisation is also carried out through shareholder's DP and the process has to be completed within a period of 30 days.

FUNCTIONING OF DEPOSITORY SYSTEM

The depository system functions very much like our banking system. The chart below gives an analogy between the banking and depository system :

BANK	NSDL
<ul style="list-style-type: none"> ● Holds funds in accounts ● Transfers funds between accounts ● Transfers without handling money ● Safekeeping of money 	<ul style="list-style-type: none"> ● Holds securities in accounts ● Transfers securities between accounts ● Transfers without handling securities ● Safekeeping of securities

SWITCHING FROM SCRIP-BASED SYSTEM TO DEPOSITORY SYSTEM

The steps given below describes the flow process involved in the depository system.

Step 1

- The shareholder has to approach a DP of his choice and open an account just like we open an account with a bank.
- With the opening of account, a shareholder gets an Identification Number called 'Client ID' which serves as reference point for all his transactions with the DP.
- The shareholder has to fill up a form called Dematerialisation Request Form (DRF) to be provided by the DP and hand over his share certificate (s) duly cancelled by writing "surrendered for dematerialisation" to them for demat. The DP will accept certificate(s) registered only in the name of the share holder.

Step 2

- Upon receipt of DRF along with the original share certificate(s), the DP sends an electronic request to the Company through NSDL for confirmation of demat and simultaneously surrenders his DRF and share certificate(s) accompanied by a standard letter to the Company for demat confirmation.

Step 3

- If the Company is equipped with the requisite hardware/software facility and is linked to NSDL network through a V-Sat connection, shareholder's DP's request for demat can thus electronically received by the Company through NSDL without any delay.

Step 4

- As soon as the Company receives the DRF and shareholder's share certificate(s), necessary verification is done and demat is confirmed to NSDL.

Step 5

- NSDL further confirms the demat to shareholder's DP.

Step 6

- DP credits in shareholder's account with the number of shares so dematerialised and thereafter the shareholder holds the securities in electronic form.
- Shareholder's DP also gives to shareholder a statement of his holdings and updates his account after each transaction just like a bank account.

Electronic Transactions

- Once the shareholder opens an account with a DP, he can buy or sell shares in electronic form without any paperwork and without paying any stamp duty of 0.5% as applicable to scrip-based transaction.
- The DPs charge to the shareholder for the services offered by them, it is advisable for the shareholder to get full details of service charges from the DP with whom he wishes to open an account.
- A shareholder can open his account with any number of DPs of his choice just as opening bank account with several banks.
- A shareholder can trade in depository mode through any broker registered with the National Stock Exchange but he has to provide the details of his account with the DP.

PLEDGE/HYPOTHECATION

A shareholder can pledge/hypothecate his shares held in electronic form by making an application to his DP. Similarly, he can also request for closure of pledge/hypothecation. Full details of the process of pledge/hypothecation may be obtained by the shareholder from his DP.

FREEZING OF YOUR ACCOUNT WITH THE DP

If at any time, as a security measure, a shareholder desires that no transaction should be effected in his account, he may accordingly advise his DP who shall then ensure that his account is totally frozen until further instructions from him.

OPTION OF REMATERIALISATION

A shareholder also has the option of converting his electronic holding into share certificates by requesting his DP for a remat and through a similar process. Then the Company has to issue new certificates to the shareholder for the shares so rematerialised.

CORPORATE BENEFITS

When the Company announced dividend, NSDL will provide the details of all persons having electronic holding of its shares with reference to the record date/book closure and the Company will disburse the dividend to such holders by sending dividend warrants directly to them as per the practice presently followed in scrip-based system. In case of right/bonus issues, the distribution of share entitlements will be done in electronic form by NSDL based on the information provided by the Company. For any discrepancy with regard to corporate benefits, a shareholder can always approach his DP/Company for any assistance or clarification.

NEW PUBLIC ISSUE

It is also possible for the investors to get allotment of shares in a fresh public issue in electronic form. The Application Form itself will have a provision for the investors to indicate the manner in which they would like to get the allotment. For allotment in electronic mode, applicants have to mention their Client ID Number and the name of the DP.

BENEFITS OF THE DEPOSITORY SYSTEM

- As would be evident from the above, electronic transaction of securities eliminates the problems and delays arising out of scrip-based system.
- There is no scope for any risk of loss, theft or fraud with regard to share certificates.
- Bad deliveries are almost eliminated.
- There is no hassle of filling in transfer deeds and lodging/despatching the transfer documents with the Company, thus avoiding a lot of paper work.
- The shareholder no longer has to wait for the shares to be transferred in his name and suffer delays on account of processing time.
- It totally eliminates risk associated with loss/fraudulent interception of share certificates in postal transit.
- When a shareholder buys shares in depository mode, he becomes the owner of those shares in electronic form within a day of the completion of settlement. Similarly, when he sells shares in electronic form, he receives the payment much faster.
- The shareholder saves on stamp duty @ 0.5% of the market value of shares and although he incurs some cost towards DP's service charges, it could still lead to some saving. This, however, needs to be evaluated by the individual investor.
- Investment is highly liquid at all times as there is shorter waiting period.
- The marketable lot for transaction in depository mode has been fixed as one share. Therefore, the problems of odd lots is totally eliminated.
- Once a shareholder opens an account with the DP for any Company shares, he can transact by him for transacting securities of other Companies which are part of the depository system.

It is therefore evident that, depository is a much more safe and user-friendly mode of holding and transacting the securities.

BOARD OF DIRECTORS

R. M. Bhandari
Chairman

Himanshu Baid
Managing Director

Rishi Baid
Executive Director

B. B. Huria
Nominee Director

Dr. S.R. Mohnot
J. K. Baid
Y. S. Chaudhary
Directors

P. C. Surana
B. R. Mehta
Directors

AUDITORS
Chaturvedi & Co.
Chartered Accountants, New Delhi

BANKERS
The Bank of Rajasthan Ltd.
Neelam Bata Chowk, Faridabad

SENIOR EXECUTIVES

V. K. Khera
L. K. Singh
P. K. Rastogi

COMPANY SECRETARY
Gurdeep S. Bakshi

Transfer Agents & Registrars for Shares

PHYSICAL & ELECTRONIC SEGMENT
SRG INFOTECH LIMITED

Devraha House, A-256, Okhla Industrial Area, Phase-I,
New Delhi-110020 Phone : (011) 6812434

Registered Office

First Floor, 12, Sant Nagar, East of Kailash, New Delhi-110065

Works

Plot No. 105, Sector-59, HSIDC Ind. Estate, Ballabhgarh, Faridabad, Haryana

NOTICE

NOTICE is hereby given that the 5th ANNUAL GENERAL MEETING of the members of **Poly Medicure Limited** will be held on Tuesday, the 12th day of September, 2000 at 11.30 A.M. at Govt. Servants Co-operative House Building Society Ltd., Kalyan Kendra, 9, Paschimi Marg, Vasant Vihar, New Delhi-110057 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2000 and the profit & loss account for the year ended on that date together with the reports of Auditor's and Director's thereon.
2. To appoint Director in place of Shri J.K. Baid, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 including Part I and II of the Schedule XIII to the Companies Act, 1956, consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Himanshu Baid as the Managing Director of the company for a period of five years with effect from August 1, 2000 on the terms and conditions including as to remuneration, perquisites, benefits and facilities set out in the draft of the Agreement to be entered into between the Company and Mr. Himanshu Baid, a copy whereof, initialled by the Chairman for the purpose of identification, has been submitted to this meeting, which Agreement is hereby specifically approved.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites payable or to be provided to Mr. Baid including the monetary value thereof as the Board of Directors may consider appropriate or as may be permitted or authorised in accordance with the provisions of the Act for the time being in force, provided, however, that if there are any limits prescribed by the Act in respect of remuneration payable, then the said Schedule XIII to the Act or any amendments thereto or any modification or statutory re-enactment(s) thereof and/or any rules or regulations framed thereunder from time to time and the terms of the aforesaid Agreement between the Company and Mr. Baid shall be suitably modified to give effect to such variation or increase as the case may be."

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in partial modification of the Resolution passed at the Annual General Meeting of the Company held on September 22, 1997 for the appointment of Mr. Rishi Baid as a whole time director of the Company, designated as an Executive Director, and in accordance with the provisions of Section 198, 269, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 including Part I and II of the Schedule XIII to the Companies Act, 1956, Company hereby approves the revised terms of remuneration and perquisites of Mr. Rishi Baid for the remainder of Mr. Rishi Baid's current term of office which expires on 31st July, 2002, as set out in the draft Supplemental Agreement submitted to this meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically approved.

By order of the Board

for Poly Medicure Limited

Place : New Delhi
Date : 15th July, 2000

Gurdeep S Bakshi
Company Secretary



ANNEXURE TO NOTICE**EXPLANATORY STATEMENT***(Pursuant to Section 173 of the Companies Act, 1956)***ITEM NO. 4**

The Board of Directors of the Company re-appointed Mr. Himanshu Baid as the Managing Director of the Company for a period of five years with effect from August 1, 2000 on the terms and conditions including as to remuneration, perquisites, benefits and facilities set out in the draft Agreement submitted to this Meeting.

The Resolution at Item seeks to obtain the Member's approval to the appointment of and payment of remuneration to Mr. Himanshu Baid as set out in the draft of the Agreement between the Company and Mr. Himanshu Baid, a copy of which is available for inspection by the Members at the Registered Office of the Company on any working day of the Company between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

The details of remuneration payable to Mr. Himanshu Baid as set out in the said document is as under :-

REMUNERATION AND PERQUISITES :

During the terms of his office, the Managing Director shall be paid and allowed the following remuneration and perquisites respectively by the company.

A. Salary : Rs. 60,000.00 per month with an annual increment of 10%.

B. Perquisites :

- a)
 1. Contribution to Provident Fund, Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 2. Gratuity not exceeding one half month's salary for each completed year of service, subject to the maximum of 15 month's salary.
 3. Encashment of leave at the end of the tenure.
- b) Besides the above said perquisites, he is entitled for the following perquisites but subject to the overall limit mentioned in SCHEDULE XIII.
 4. Medical benefits for self and family, reimbursement of expenses actually incurred, the total cost of which to the company shall not exceed one month's salary for a period of every year of service or three month's salary over a period of three years.
 5. Leave Travel Concession : for self, wife and dependent children once in a year, to and for any place in India subject to the condition that only actual fares and no hotel expenses etc. will be allowed.

6. Leave with full pay and allowance as per the Rules of the company, but not exceeding one month's leave for every year of service.
7. Furnished residential accommodation : The monetary value of which may be evaluated as per rule (3) (4) of the Income Tax Rules, 1962.
8. Telephone Facility at Residence : The Managing Director shall be provided a Telephone at his residence. Cost of all local calls shall be borne by the company and cost of all long distance calls or STD calls made for personal use will be chargeable from the Managing Director.
9. Fees of Clubs : Subject to maximum of two clubs provided that no life membership or admission fee shall be paid.

The Directors commend the Resolution at Item No. 4 for the approval of the members.

Mr. Himanshu Baid himself and Mr. Rishi Baid and Mr. J.K. Baid (being related to him) may be deemed to be concerned or interested in this Resolution.

ITEM NO. 5

The Board of Directors of the Company revised the remuneration payable to Mr. Rishi Baid, whole time director of the Company designated as an Executive Director on the term and conditions set out in the draft Supplemental Agreement submitted to this Meeting.

The Resolution at Item seeks to obtain the Member's approval to the revised remuneration payable to Mr. Rishi Baid as set out in the draft of the Supplemental Agreement between the Company and Mr. Rishi Baid, a copy of which is available for inspection by the Members at the Registered Office of the Company on any working day of the company between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.

The details of remuneration payable to Mr. Rishi Baid as set out in the said document is as under :-

REMUNERATION AND PERQUISITES :

During the terms of his office, the Executive Director shall be paid and allowed the following remuneration and perquisites respectively by the company.

- A. Salary** : Rs. 50,000.00 per month with an annual increment of 10%.
- B. Perquisites** :
 - a) 1. Contribution to Provident Fund, Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 2. Gratuity not exceeding one half month's salary for each completed year of service, subject to the maximum of 15 month's salary.
 3. Encashment of leave at the end of the tenure.