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Seventh Annual Report *2001-2002*

POLY MEDICURE LIMITED



BOARD OF DIRECTORS

R. M. Bhandari
Chairman

Himanshu Baid
Managing Director

Rishi Baid
Executive Director

B.B. Huria
Nominee Director

Dr. S. R. Mohonot
J. K. Baid
Y. S. Choudhary
Directors

P.C. Surana
B. R. Mehta
Directors

AUDITORS

Chaturvedi & Co.
Chartered Accountants, New Delhi

BANKERS

The Bank of Rajasthan Ltd.
Neelam Bata Road, Faridabad

State Bank of India
SIB (Commercial) Branch
Neelam Bata Road, Faridabad

SENIOR EXECUTIVES

V. K. Khera
Arun Mehta

G. R. Bajaj
J. K. Oswal

COMPANY SECRETARY

Gurdeep S. Bakshi

PHYSICAL & ELECTRONIC SEGMENT MAS SERVICES PVT. LTD.

AB-4, Safdarjung Enclave, New Delhi - 110 029

REGISTERED OFFICE

First Floor, 12, Sant Nagar, East of Kailash, New Delhi - 110 065

WORKS

Unit I - Plot No. 105, Sector 59, HSIDC Ind. Area, Ballabhgarh, Faridabad, Haryana
Unit II - Plot No. 113, Sector 59, HUDA Ind. Area, Ballabhgarh, Faridabad, Haryana



NOTICE

Notice is hereby given that the **7TH ANNUAL GENERAL MEETING** of the members of Poly Medicure Limited will be held on Friday, the 20th day of September at 11.00 A.M. at Govt. Servants Co - Operative House Building Society Ltd., Kalyan Kendra, 9, Paschimi Marg, Vasant Vihar, New Delhi to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the **Balance Sheet** of the Company as at 31.03.2002, Profit and Loss Account and Cash Flow Statement for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri R.M. Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Y.S. Choudhary, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rishi Baid, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorise the Board of Directors of the company to fix their remuneration. M/s. Chaturvedi & Co., Chartered Accountants, the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS :

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future and the whole of the undertaking of the company in certain events to or in favour of

- (a) Industrial Development Bank of India (IDBI)
- (b) The State Bank of India (SBI)



(Hereinafter collectively referred to as "the lenders") by depositing with one of lenders acting for itself and as agent of the other lenders, all documents of title, evidences, deeds and writings (hereinafter called "the said title deeds") in order to create a security on the Company's immovable properties together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth (hereinafter referred to as "the said immovable properties") to secure the due repayment, discharge and redemption by the Company to

- (A) On first charge basis to IDBI of its
 - i. Rupee Term Loan of Rs. 210 lacs, Rs. 180 lacs and Rs. 325 lacs.
 - ii. Foreign Currency Loan of US\$ 602219 equivalent to about Rs. 190 lacs.
- (B) On second charge basis to SBI of its
 - i. Working capital facilities of Rs. 565 lacs.

Together with interest, additional interest, further interest, liquidated damages, compound interest, costs, charges, expenses and other monies and/or payable under their respective Loan Agreements/ Letters of Sanction, Memorandum of Terms and Conditions, amended from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI and/or SBI, documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

- 7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the Shareholders in the Sixth Annual General Meeting held on 27th September, 2001, and subject to Sections 198, 309, 310, 311 & other applicable provisions of the Companies Act, 1956, Shri Himanshu Baid, Managing Director, be paid a commission of 2% (two percent) of the net profits of the Company in addition to the salary and perquisites already sanctioned with effect from 01.04.2001 till the remainder of his term".

- 8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the Shareholders in the Sixth Annual General Meeting held on 27th September, 2001 and subject to Sections 198, 309, 310, 311 & other applicable provisions of the Companies Act, 1956, Shri Rishi Baid, Executive Director, be paid a commission of 2% (two percent) of the net profits of the Company in addition to the salary and perquisites already sanctioned with effect from 01.04.2001 till the remainder of his term".

- 9. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

RESOLUTION

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, Shri Rishi Baid, be and is hereby re-appointed as the Executive Director of the Company for a period of 3 years with effect from 1st August, 2002 to 31st July, 2005 on the following terms and conditions (including remuneration): -

1. **Salary:** Rs.70, 000-7,000-84,000.

2. **Perquisites:**

PART A

- I Housing
 - A - Company's leased furnished accommodation.
 - B - In case no accommodation is provided by the Company, Executive Director shall be entitled to house rent allowance @ 60% of Salary.
- II Expenditure incurred on gas, electricity, water and furnishing.
- III Medical reimbursement : For self and family subject to a maximum of one month salary per year or three month's salary over a period of three years.
- IV Leave Travel Concession : Leave travel allowance/ expenses reimbursement for self and family (for inland / foreign travel) , once in a year.
- V Club Fees : Fees of clubs subject to a maximum of two clubs. This will not include life membership fees.

PART B

- I 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.
- II Gratuity not exceeding one half month's salary for each completed year of service, subject to the maximum of 15 month's salary.
- III Encashment of leaves at the end of the tenure.

PART C

Provision of car with driver and telephone at residence. The perquisite value of the above, If any, will be valued as per the Income Tax Act, 1961.

OTHER TERMS

- I The Executive Director is entitled to reimbursement of all actual expenses including on entertainment and traveling incurred in the course of the Company's business.
- II The Executive Director, subject to the applicable provisions of the Companies Act, 1956 is also eligible for housing loan or other facilities as applicable in accordance with the Rules of the Company.
- III The Executive Director is also entitled to the benefits under all the schemes, Privileges and amenities as are granted to the Senior Executives of the Company in Accordance with the Company's practice, rules and regulations in force from time to time.
- IV No sitting fees to be paid for attending Meetings of the Board of Directors or any of its committees.

3 COMMISSION

Such remuneration by way of commission, in addition to salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Section 198 and 309 of the Companies Act, 1956. The exact amount payable will be decided by the Board of Directors based on certain performance criteria and will be payable only after the Annual Accounts of the Company have been approved by the Board of Directors and adopted by the shareholders.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in any financial year of the Company during the tenure of Shri Rishi Baid, as Executive Director, he shall be paid salary and perquisites/ benefits mentioned above as the minimum remuneration".

By order of the Board

Place: New Delhi
Date: 27th July, 2002

Gurdeep S. Bakshi
Company Secretary



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

Item 6:

The Company is availing Rupee Term Loans and Foreign Currencies Loans from Industrial Development Bank of India for which the Company has created a security on the immovable properties of the Company by way of first charge to secure the outstanding loans and other money owing to IDBI. The Company is also availing of working capital loans from Bank of Rajasthan Limited, which are secured among others, by a second charge on the immovable properties of the Company created by deposit of title deeds of the Companies properties with IDBI.

The Company has now made arrangements with State Bank of India (SBI) for grant of working capital facilities who desire that apart from first charge on current assets of the Company, their loans should be secured by creation of second charge on the immovable properties of the Company. When the Company avails of working capital facilities from SBI, the loans of Bank of Rajasthan Limited will be paid back, and charges created in their favour would stand satisfied.

In order to create a mortgage on the immovable properties of the Company, it is essential that the approval of the Shareholders in terms of Section 293(1)(a) be obtained, hence the resolution is placed in the notice for the approval of the Shareholders.

Memorandum of Interest: None of the Directors of the Company is interested in the Resolution.

Item 7 & 8:

The Board of Directors in its meeting held on 18th June, 2002, approved the payment of commission @ 2% on the net profits of the Company to Shri Himanshu Baid, Managing Director and Shri Rishi Baid, Executive Director. While approving the payment of commission, the Board took note of the fact that the Company had done exceedingly well despite difficult circumstances prevailing in the international market and the Company achieved the results due to the untiring efforts of the Managing Director and Executive Director. The remuneration paid to the Managing Director and the Executive Director inclusive of Commission is well within the statutory limit of 5% of the net profits of the Company. The Shareholders are requested to approve the resolutions at items 7 & 8.

Memorandum of Interest: Shri Himanshu Baid, Shri Rishi Baid and Shri J. K. Baid are deemed to be interested in the resolutions.

Item 9:

Shri Rishi Baid was appointed as Executive Director for a period of five years with effect from 1st August, 1997. His present term therefore, expires on 31st July, 2002. The Board of Directors in their meeting held on 27th July, 2002, have approved the re-appointment of Shri Rishi Baid on the terms and



conditions as contained in the resolution at item 9 of the Notice.

Shri Rishi Baid is B.S.M.E. and M.S.M.E.(Mechanical) from West Virginia University, U.S.A. He has also one year experience in Miles Pharma Inc. USA. During his B.S.M.E. he specialized in data acquisition, microprocessor control and thermodynamic principles.

Memorandum of Interest: Shri Himanshu Baid, Shri Rishi Baid and Shri J.K. Baid are deemed to be interested in the resolutions.

By order of the Board

Place: New Delhi
Date: 27th July,2002

Gurdeep S. Bakshi
Company Secretary

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books will remain closed from Saturday, 14th day of September, 2002 to Wednesday, 18th day of September, 2002 (both days inclusive) for the purpose of Annual General Meeting.
3. The members are requested to bring their copy of the Annual Report and produce the enclosed Attendance Slip duly signed in accordance with specimen signatures with the Company for admission to the Meeting Hall.
4. It will be appreciated if the queries, if any, on accounts and operations of the Company are sent to the Company ten days in advance of the meeting.
5. Members are requested to notify immediately any change in their addresses, Quoting their folio numbers to the Company.
6. Explanatory Statement for special business contained in the notice is annexed herewith.

By order of the Board

Place: New Delhi
Date: 27th July,2002

Gurdeep S. Bakshi
Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventh Annual Report of the Company together with the audited accounts and cashflow statement for the year ended on the 31st day of March 2002.

FINANCIAL RESULTS

Particulars	Amount (Rs. In Lacs)	
	F.Y. 2001-02	F. Y. 2000-01
Sales & Other Income	3068.26	1783.58
Total Expenditure	2425.50	1374.70
Operating Profit	642.76	408.88
Interest & Finance Charges	120.90	103.85
Depreciation and other non cash items	155.45	116.72
Profit before tax	366.41	188.31
Provision for current tax	19.00	11.73
Provision for deferred tax	62.81	-
Profit after tax	284.60	176.58

OPERATIONS

During the year under review, your Company has registered a turnover of Rs. 30.49 crores as against Rs.17.78 crores for that of previous year. Operating Profit for the year was Rs. 6.43 crores as against Rs. 4.09 crores achieved during the previous year. Profit after Tax was Rs. 2.85 crores as against Rs.1.77 crores for that of previous year. This was, after providing for additional liability for tax by way of deferred tax amounting to Rs.62.81 lacs.

You will be happy to know that the above financial results were secured by achievement of better production. In the case of I.V. Cannula, the company has almost utilized its full capacity during the year under review.

IMPLEMENTATION OF EXPANSION PROJECT

You will recall as reported last year, that the Company had undertaken an expansion project. The Directors are glad to report that the project has been commissioned and its full benefits will be available during the current financial year. The Company is in the process of implementing its further expansion plans.

DIVIDEND

In view of the fact that expansion is necessary and also is on the way, so it will be necessary to conserve the resources and so your Directors have decided to plough back the profits of the company



and have thought it prudent not to declare any dividend for the year under report.

FUTURE OUTLOOK

The year 2002-03 is likely to see the benefits of stabilization in the production capacity installed in the previous year. In spite of tough competition both in domestic and international market, the Company is hopeful to achieve higher turnover generating increased surplus. Going by the progress made by the Company and reinforced by expansion, the Company hopes to perform better.

CORPORATE GOVERNANCE

While the Company is required to implement the provisions of Corporate Governance as contained in clause 49 of the listing agreement by 31.03.2003, the Company has already initiated the necessary actions on the implementation of various aspects of corporate governance.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state:

- (i) that in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments 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 that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

SHARE CAPITAL

During the year, there was no change in the issued share capital of the Company but the Company has received a sum of Rs. 11,26,500 as Allotment money and a sum of Rs. 77,35,200 is outstanding as calls in arrears on the date of the Balance Sheet. No amount is due from the Directors and Promoters on account of Allotment Money.

LISTING OF SHARES

Equity Shares of the Company are listed with the following Stock Exchanges:

- The Bombay Stock Exchange, Mumbai.
- The Delhi Stock Exchange Association Ltd., Delhi.