POLYMED
Medical Devices

POLY MEDICURE LIMITED

ANNUAL REPORT 2011 - 12

innovation

safety

quality

we Care as we Cure™...

Board of Directors

Devendra Raj Mehta
Chairman

Dr. Sohan Raj Mohnot
Independent Director

Jugal Kishore Baid
Director

Yeshwant Singh Choudhary
Independent Director

Prakash Chand Surana
Independent Director

Dr. Shailendra Raj Mehta
Additional Director (w.e.f. 28th may 2012)

Himanshu Baid
Managing Director

Rishi Baid
Executive Director

Company Secretary
Sonia Singh

Key Executives
Vishal Baid,
President (Corporate Business)

Deepak Gupta
Sr. VP (OPEX, HR & Admin)

V.K. Khera,
V P (Operations)

J.K. Oswal,
V P (Finance)

Hemant Bhalla,
A V P (Sales & Marketing)

H. V. Suresh,
Sr. G M (R & D)

Auditors
M/s Doogar & Associates
New Delhi

Bankers
State Bank of India
Citibank N.A.

Registrar & Share Transfer Agents
MAS Services Limited,
T-34, 2nd Floor,
Okhla Industrial Area, Phase-II,
New Delhi-110020

Registered Office
First Floor, 12, Sant Nagar, East of Kailash,New Delhi – 110065
Ph. 91-11-26481889, 26481893, 26481899
Fax : 91-11-26481894, 26481839
E-mail : investorcare@polymedicure.com
Website :www.polymedicure.com

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LETTER TO THE SHAREHOLDERS

Dear Valued Shareholders,

It gives me immense pleasure to share with you another year of impressive performance by the Company.

Buffeted by global slowdown, India's growth estimates have moderated, but the long term perspective is still reassuring because our economy's fundamentals remain strong. The demand for medical devices is expected to remain buoyant on account of factors like, increasing life expectancy, spread of health consciousness, medical insurance and growing health care initiatives by the Government.

Your Company's total income increased from ₹ 170.06 crore to ₹ 209.54 crore during the year, registering a healthy growth of 23.21%. Likewise, EBIDTA expanded to ₹ 45.77 crore as against ₹ 36.66 crore during the year, which translates into an increase of 24.85%. The improvement in operational profitability has been possible mainly due to adoption of various waste control and cost cutting measures and contribution from expansion and diversification projects undertaken in earlier years.

In the year under review, the Company has further strengthened its competitive capabilities to deliver more consistent growth. The fundamentals of the Company are robust and remain the source of confidence for future.

The aspirations of our management team and dedicated employees remain high and we will continue to formulate policies and to translate those aspirations into realities, notwithstanding many challenges posed by the current global economic environment.

I would like to appreciate the efforts of all the employees of the organization for taking the company to greater heights once again. This achievement would not have been possible without their whole hearted and unstinting efforts.

I would also like to take this opportunity to thank all my colleagues on the board and all stakeholders like, share holders, banks, members of our supply chain and business partners for continued commitment and support. I gratefully acknowledge the confidence and faith reposed by the Shareholders in the Board and the Management Team has been inspiring the Company to take on more challenges.

Devendra Raj Mehta
Chairman

New Delhi
Date: 31st July, 2012

NOTICE

Notice is hereby given that the **17th ANNUAL GENERAL MEETING** of the members of "**Poly Medicure Limited**" will be held on Friday, the 28th September, 2012 at 10:00 a.m at NCUI Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi- 110016, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012, the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended on 31st March, 2012.
3. To appoint a Director in place of Dr. Sohan Raj Mohnot, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Prakash Chand Surana, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s Doogar & Associates, Chartered Accountants (Regn No. 000561N) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

6. **Appointment of Dr. Shailendra Raj Mehta as a Director of the Company.**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

RESOLVED THAT Dr. Shailendra Raj Mehta who was appointed as an additional Director of the Company by the Board of Directors under Article 78 of the Article of Association of the Company with effect from Monday, the 28th May, 2012 and who holds office under the said Article and pursuant to Section 260 of the Companies Act, 1956 ("the Act") upto the date of this Annual General Meeting, and who is eligible for re-appointment under the relevant provisions of the Companies Act, 1956 ("the Act"), and in respect of whom the Company has received a Notice in writing from a member signifying his intention to propose him as a candidate for the office of the director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

Place: New Delhi **By order of the Board of Directors**
Date: 31st July, 2012 For **Poly Medicure Limited**

Registered Office:
First Floor, 12
Sant Nagar, East of Kailash
New Delhi – 110065

Sonia Singh
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members/Proxies should produce the enclosed attendance slip duly filed in and signed in accordance with the specimen signature registered with the Company for attending the meeting and also bring their copy of the Annual Report.
3. Corporate Members intending to send their authorized representatives, are requested to send duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting so as to reach the Company on or before Friday, 28th September, 2012.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 17th September, 2012 to Friday, the 28th September, 2012 (both days inclusive).
5. The Register of Directors shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.

6. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the Registered Office of the Company.

7. An Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956, relating to the Special Business to be transacted at the ensuing Annual General Meeting is annexed hereto.

8. Dividend on Equity Shares as recommended by the Board, if approved, at the ensuing Annual General Meeting will be paid to those Members whose names appear on the Company's Register of Members as on Monday, 17th September, 2012. The dividend in respect of Shares held in electronic form, will be paid to the beneficial owner of Shares whose name appear in the list furnished by the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

10. The Company is concerned about the environment and utilization of natural resources in a sustained way. The Ministry of Corporate Affairs (M.C.A.) vide its Circular Nos. 17/ 2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively have clarified that a Company would be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956, if documents like Notices, Annual Reports etc. are sent in electronic mode to its members.

11. Recognizing the spirit of the circular issued by the MCA, the Company is sending documents like Notices convening the General Meetings, Financial Statements, Directors' Report, Auditors' Report for the year ended on 31st March, 2012 to the E-mail address provided by the members with the Depositories. However, in case a Member wishes to receive a physical copy of the said documents, he/she is requested to send an e-mail to investorcare@polymedicure.com quoting his DP ID & Client ID or the Folio No. as the case may be.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Markets. Members holding shares in electronic form are, therefore requested to submit PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Transfer Agents viz. M/s Mas Services Limited.

13. It will be appreciated if the queries, if any, regarding accounts and operations of the Company may be sent ten days before the date of the Meeting.

14. Members holding shares in physical form are requested to notify changes in their particulars, quoting their folio numbers to the Registrar and Transfer Agent of the Company i.e. MAS Services Limited, having office at T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 and those who hold shares in demat form, to their Depository Participant (DP) with whom de-mat accounts are opened.

15. Since the Company's shares are in the compulsory demat trading mode, to ensure better services and elimination of risk of holding Shares in physical form, we request to the shareholders holding shares in physical form to dematerialize their shares at the earliest.

16. In terms of Section 205C of the Companies Act, 1956, the Central Government has established "Investor Education and Protection Fund"(IEPF) and any amount of dividend remaining unclaimed/ unpaid for a period of seven years from the date it becomes due for the payment shall be transferred to this fund. Once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof. Members wishing to claim dividend, which remain unclaimed, are requested to correspond with the Company Secretary at its Registered Office at First Floor, 12, Sant Nagar, East of Kailash, New Delhi - 110065.

17. The Securities Exchange Board of India (SEBI) has made it mandatory for all Companies to use the bank account details furnished by the Depository

for crediting dividend. The Company has made arrangement for crediting the dividend through National Electronics Clearing Services (NECS)/ Electronic Clearing Services (ECS) to Investors where NECS/ECS facility is available. Members holding Shares in Electronic Form, are requested therefore, to give details regarding bank accounts in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form and desirous of availing the NECS/ECS Facility, are requested to update their bank details and send it to the Company's Registrar and Share Transfer Agents viz. Mas Services Limited directly.

18. The brief profile of the Directors proposed to be re-appointed / appointed, is given in the Section on Corporate Governance forming part of this Annual Report.

Place: New Delhi **By order of the Board of Directors**
Date: 31st July, 2012 For **Poly Medicure Limited**

Registered Office: **Sonia Singh**
First Floor, 12 **Company Secretary**
Sant Nagar, East of Kailash
New Delhi – 110065

Annexure to the Notice:

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956.

Item No. 6:-. The Board of Directors ("The Board"), at its meeting held on Monday, 28th May, 2012, appointed Dr. Shailendra Raj Mehta as an additional Director of the Company with immediate effect, pursuant to section 260 of the Companies Act, 1956 read with Article 78 of the Article of Association of the Company.

In terms of the provision of Section 260 of the Companies Act, 1956, Dr. Shailendra Raj Mehta will hold office up to the date of ensuing Annual General Meeting. The Company has received Notice in writing from a member along with deposit of ₹ 500 for proposing the candidature of Dr. Shailendra Raj Mehta for the office of the Director of the Company under the provisions of Section 257 of the Companies Act.

Dr. Shailendra Raj Mehta is qualified to be appointed as a Director in terms of section 274(1)(g) of the Companies Act, 1956. The Companies has received the requisite form DD A from Dr. Shailendra Raj Mehta, in terms of the Companies (Disqualification of Directors under section 274(1)(g) of Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

Dr. Shailendra Raj Mehta is Visiting Professor of Business Policy at the Indian Institute of Management, Ahmedabad and Academic Director of Duke Corporate Education, Duke University in the US. He has strong research interests in the areas of Technology Strategy, Entrepreneurship and Simulation. His research on Simulation has resulted in the creation of Hi-tech Company and a US patent. He has taught/ consulted with Senior Leaders worldwide of IBM, Microsoft, Infosys, State Bank of India and others.

He obtained his BA and MA degrees from Delhi University, M. Phil from Balliol College Oxford and Ph.D. in Economics from Harvard.

Keeping in the view, the valuable experience and background of Dr. Shailendra Raj Mehta, the Board considers it desirable for the Company that he continues as a director of the Company.

No director, except Dr. Shailendra Raj Mehta, is interested or concerned in the Resolution.

New Delhi **By order of the Board of Directors**
31st July, 2012 For **Poly Medicure Limited**

Registered Office: **Sonia Singh**
First Floor, 12 **Company Secretary**
Sant Nagar, East of Kailash
New Delhi – 110065

Details of Directors Seeking Appointments/Re-appointments at the Annual General Meeting of the Company

Particulars	**Dr. Sohan Raj Mohnot**	**Sh. Prakash Chand Surana**	**Dr. Shailendra Raj Mehta**
Date of Birth	15/03/1929	09/02/1947	09/07/1959
Date of Appointment	22/09/1997	22/09/1997	28/05/2012
Qualifications	Ph. D., C.M.C., F.I.M.C.I., F.I.S.T.D.	Chartered Accountant	B.A. M.A. From Delhi University, M. Phill from Balliol College Oxfords, Ph.D. in Economics from Harvard.
Expertise in Specific Area	Economic and Management Consultancy.	Taxation and Corporate Laws	Strong Research in Simulation, Technology Strategy and Entrepreneurship Professor of Economics
Directorship held in other Public and Private Companies (Excluding Foreign Companies and Section 25 companies)	• Industrial Techno-Economic Services Private Limited. • Software Di-Oxide Private Ltd. • Allied Electronic and Magnetics Limited. • QAI (India) Limited. • Universal Cylinders Limited. • International Print-O-Pac Limited.	• Mehak Enterprises Private Ltd. • K S Infoways Pvt. Ltd. • S and A Finman Ltd. • Modern IT Solutions Pvt. Ltd. • Techno Media Solutions Pvt. Ltd.	• JMC Projects (India) Limited
Membership/Chairmanship of Committee of other Public Companies (includes only Audit Committee and Shareholders/Investor Grievances Committee)	• International Print-O-Pac Limited.	NIL	NIL
Number of Shares held in the Company	12,000 (Equity Shares)	4,000 (Equity Shares)	NIL

DIRECTORS' REPORT

Your Directors take a pleasure in presenting their Seventeenth Annual Report on the business and operations of your Company along with the audited statements of accounts and financial performance for the year ended on 31st March, 2012. You will be pleased to know that your Company continues to maintain steady growth in its operating and financial performance during the Financial Year 2011-12.

Financial Performance

(₹ in Lacs)

Parameters	F.Y. 2011-12	F.Y. 2010-11
Revenue from Operations (Net)	20,891.86	16,966.75
Add: Other Income	61.95	39.31
Total Revenue	20,953.81	17,006.06
Profit before Interest, Tax, Depreciation and Amortisation (EBITDA)	4,577.28	3,666.20
Depreciation & Amortisation Expenses.	995.52	858.79
Finance Cost	693.36	414.53
Profit Before Tax	2,888.40	2,392.88
Tax Expense	962.44	223.86
Profit for the Year	1,925.96	2,169.02
Total amount available for appropriation	4,197.33	3,653.51
Proposed Dividend	330.38	330.38
Dividend Tax	53.60	54.87
Amount transferred to General Reserve	1,000.00	1,000.00
Surplus carried to Balance Sheet	2,813.36	2,271.37
Earning Per Share (EPS in ₹)	17.49	19.70

During the year under report, total income increased to ₹ 20,953.81 lacs from ₹17,006.06 lacs in the previous year, registering a growth of 23.21%. EBIDTA amounted to ₹ 4,577.28 lacs as against ₹ 3,666.20 lacs in the preceding year which translates into an expansion of 24.85%. Profit Before Tax (PBT) stood at ₹2,888.40 lacs up by 20.71% from ₹ 2,392.88 lacs in the previous year. However, the profit after tax declined to ₹ 1,925.96 lacs from ₹ 2,169.02 lacs due to higher tax outgo which was due to non availability of tax relief u/s 10B of Income Tax Act 1961.

In the financial year 2010-11, the Company enjoyed favourable tax regime under Section 10B of the Income Tax Act, 1961, the said deduction was available only upto the financial year 2010-11 (assessment year 2011-12), which affects the net profitability of the Company for the year under review.

Despite the higher tax outgo, the Company's results are very reassuring.

Fortunately, the global downturn has not affected the progress of the Company. This manifests the inherent strength, resilience and sustainability for the Company's business.

Expansion Programme

In view of the growing demand for the Company's products, the Company is in the process of expanding its installed capacity by approx. 20% in the current financial year, at a capital cost of ₹ 4,200 lacs. A sum of ₹ 2,500 lacs is proposed to be raised by way of debt and the balance will be met from internal accruals.

Development of New Products

The Company is following suitable programmes for Research & Development and has dedicated technical staff and facilities for the development of new products, improvement of existing ones, improved manufacturing practices and for this purpose, the Company has spent a sum of ₹ 287.38 lacs in the year under review.

As results of the management strategies, expansion programme, cost cutting and enhanced efficiencies, your Company hopes to achieve reasonably sustained performance and profitability.

Subsidiaries/Joint Ventures

Briefly, the subsidiary companies performed as follows:

Poly Medicure (Laiyang) Co. Ltd, China - The Company achieved a turnover of ₹ 812.07 lacs as on 31st March, 2012 against ₹ 328.38 lacs in the previous year ended on 31st March, 2011.

US Safety Syringes Co., LLC, USA – The Company is not carrying on any business activities at present.

The Company has one Joint Venture in Egypt, viz.,

Ultra for Medical Products, Egypt - The Joint Venture is performing well and has achieved sales of ₹2,834.36 lacs during the year 2011 against ₹ 2,579.46 lacs in the previous year ended on 31st December 2010.

Dividend

Keeping in view the financial performance of the Company, yours Directors are pleased to recommend a dividend @ ₹ 3.00 per equity share of ₹ 10/- each for the financial year 2011-12. The dividend, if approved at the ensuing Annual General Meeting, will be paid to those Shareholders whose names appear on the Register of Members of the Company as on the date of book closure, i.e., from Monday, 17th September, 2012 to Friday, 28th September, 2012 (inclusive of both days). In respect of shares held in demat form, it will be paid to the Members whose names are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on the date of book closure. This would involve an outflow of ₹ 330.38 lacs towards dividend and ₹ 53.60 lacs towards dividend distribution tax, resulting in a total outflow of ₹ 383.98 lacs.

Transfer of Unpaid/ Unclaimed Dividend Amounts to Investor Education and Protection Fund.

During the Year under review, the Company has transferred ₹ 41,725.50, lying in the unpaid/unclaimed dividend account, to the Investor Education and Protection fund (IEPF) in compliance with Section 205 C of the Companies Act, 1956, read with Investor Education & Protection Fund (Awareness and Protection of Investors) Rules, 2001. The said amount represents the dividend for the year 2003-04 which remained unclaimed by the shareholders of the Company for a period exceeding 7 years from its due date of payment.

Transfer to Reserves

The Board of Directors has proposed to transfer ₹1,000.00 lacs to General Reserves out of the amount available for appropriations and balance of ₹ 925.96 lacs is being carried to the Balance Sheet.

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies is attached.

The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated 8th February 2011, has provided an exemption to companies from complying with Section 212(8), provided such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2011-12 does not contain the Financial Statements of the subsidiary companies. The audited annual accounts and related information of subsidiary companies will be made available on request to the shareholders. These documents will also be available for inspection during the business hours at the Registered Office.

Fixed Deposits

Your Company has not accepted any Fixed Deposit within the meaning of Section 58A of the Companies Act, 1956.

Quality

The Company continues its journey of delivering value to its customers. The Company adopted several external benchmarks and certifications. Your Company is certified under various standards to meet the clients' demands & enhanced value delivery. The Company has been accredited with the International Quality Certifications i.e. ISO successfully implemented a well documented QMS (Quality Management System) which has been accredited by SGS Systems and Services Certifications, United Kingdom with ISO 9001:2008, ISO-13485:2003 and CE mark from DNV, Norway thus making the entire product range compliant with International Quality Standards.

Credit Rating

Your directors are pleased to inform you that, the well known rating agency, CRISIL Limited, has reaffirmed as A/Stable rating for fund based facility and A1 for non fund based facility respectively for the Company.

Awards & Recognition(s)

In view of standards of excellence achieved and assiduously pursued by the Company, the awards and recognitions in various fields have been conferred upon the Company. The Shareholders will be happy to know that the Company has received Outstanding Exports award in recognition of commendable contribution to Pharmaceuticals Exports from India for the year 2010-11 by Pharmaceuticals Export Promotion Council.

Listing of Shares at National Stock Exchange of India Limited (NSE).

During the year under review, your Company has received listing approval from the National Stock Exchange of India Limited (NSE) vide letter dated 07th December, 2011. The Shares of the Company are regularly traded at National Stock Exchange of India Limited (NSE).