

Poly Medicure Limited

Annual Report 2012-13



innovation

safety

quality

Corporate Information**Board of Directors****Chairman**

Sh. Devendra Raj Mehta

Non Executive Directors, Independent Directors

Dr. Sohan Raj Mohnot

Sh. Prakash Chand Surana

Dr. Shailendra Raj Mehta

Sh. Yeshwant Singh Choudhary

Non Executive Director

Sh. Jugal Kishore Baid

Managing Director

Sh. Himanshu Baid

Executive Director

Sh. Rishi Baid

Company Secretary

Ms. Sonia Singh

Key Executives

Sh. Vishal Baid, President (Sales & Marketing)

Sh. V.K. Khera, Sr. V P (Operations)

Sh. J.K. Oswal, V P (Finance)

Sh. Hemant Bhalla, A V P (Sales & Marketing)

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
Tel:+ 91(011)-26387281/82

Registered Office

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

Contact Information

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LETTER TO THE SHAREHOLDERS



“The Global Economic scenario in Financial Year 2012-13 continued to be fraught with challenges. Major economies have witnessed slower growth. As the year progressed, Business environment remained difficult and operating in such a testing environment proved challenging.”

Dear Shareholders,

The Healthcare Market has been growing steadily in India. 'India's growing population along with low penetration of Healthcare Facilities, increased incidence of Non Communicable Diseases (NCD's), greater affordability, expanding insurance coverage and supportive government schemes are the key drivers of Health Care Industry.

At Poly Medicare, We will continue to focus on strengthening our core competencies by laying emphasis on technological up-gradation, advancement in Innovation and people's empowerment. Our aim is to acquire technical competence, understanding the evolving needs of customers and timely delivery the best quality products.

Your Company has made considerable progress in the execution of its strategy this year, and achieved best in class performance in terms of Production growth and resources utilization.

ROBUST FINANCIAL PERFORMANCE

Your Company's net turnover for the Financial Year 2012-13 was ₹ 252.61 Cr., growth of 20% over the previous year, I am also happy to report that your company continues to improve its profitability and posted a net profit of ₹ 24.03 Cr. registering a growth of 24% over the previous year. The earning per share of the Company increased to ₹ 21.82 in FY 2012-13 from ₹ 17.49 in FY 2011-12.

This performance is the result of hard work and commitment of our employees' across the organization and on behalf of the Board, I would like to congratulate, them for their excellent performance.

STRATEGIC GROWTH INITIATIVES

Our Strategy of continuously moving up the value chain with wider geographic reach and ongoing investments in R&D have yielded Excellent Results in FY 2012-13, The Company showed remarkable growth in the business of Medical Devices and thus, decided to establish a new manufacturing Unit at Jaipur (Rajasthan) in Mahindra SEZ, which is expected to start commercial operations in last quarter of the current Financial Year.

BONUS AND DIVIDEND

The Company announced Bonus Shares in the ratio of 1:1 in the Board Meeting of the Company held on 13th May, 2013 and the same was approved in the Extra Ordinary General Meeting of the Company on 29th June, 2013. The Company has also proposed to pay dividend ₹ 2/-per share on post Bonus Issued Share Capital.

FUTURE OUTLOOK

We believe that our Company continues to be on a strong growth trajectory thereby ensuring high value creation to all the stakeholders. Our business is expected to be in continuous growth momentum. We remain committed to strengthen our product Portfolio through higher investments in R&D and innovation. However, we will continue to exercise cost discipline at various operational level to sustain current margins.

I believe, we have a opportunity to shape the future by investing ahead of the curve in building the right skills. Your Company is ready to anticipate and leverage the next big opportunity by identifying the trends that impact the business and Society and shape them.

I thank you for the faith that you reposed on your Company and also thank every stakeholder viz. Shareholders, employees, Bankers and customers/partners for being a part of this growth and value creation.

I look forward to your continued support as your Company embarks on the next phase of its Growth Journey.

Devendra Raj Mehta
Chairman

New Delhi
Date: 31st July, 2013

NOTICE

Notice is hereby given that the 18th Annual General Meeting (AGM) of the members of “Poly Medicure Limited” will be held on Friday, the 27th September, 2013 at 10:00 a.m at Bipin Chandra Pal Memorial Auditorium, A-81, Chittranjan Park, New Delhi- 110019, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013 and the Statement of Profit & 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 31st March, 2013.
3. To appoint a Director in place of Shri Jugal Kishore Baid who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Yeshwant Singh Choudhary, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s Doogar & Associates, Chartered Accountants (Firm Reg. No. 000561N) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

Item No. 6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

“**RESOLVED THAT** in supplement to the resolution passed in the Annual General Meeting held on 08th September, 2011 and in pursuance to the provisions of Section 81(1A) and all other applicable provisions if any, of the Companies Act, 1956, (“the Act”), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the ESOP Guidelines”) [including any statutory modification(s) or re-enactment of the Act or the ESOP guidelines for the time being in force], the Listing Agreement entered into Stock Exchanges where

the Securities of the Company are listed or other relevant authority, and subject to such approval(s), permission(s), sanction(s) and approvals consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board”), which term shall be deemed to include any committee including ESOP Compensation Committee of the Board constituted in terms of ESOP Scheme, 2011, to alter and amend the ESOP Scheme 2011 and to offer, issue and allot in one or more tranches under the said amended ESOP Scheme 2011 at any time to or to the benefit of the employee(s) who have been granted ESOPs under ESOP Scheme 2011, an additional 16,730 options in addition to options already granted to the employees under ESOP Scheme, 2011.

RESOLVED FURTHER that the other terms and conditions of the resolution passed by the Shareholders in the Annual General Meeting held on 08th September, 2011 shall remain unchanged.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the Board be and is hereby authorized to do all such act(s), deed(s), matter(s) and things as may be necessary or expedient and to settle any question or difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the members of the Company in this regard.”

Place: New Delhi
Date: 31st July, 2013

**By order of the Board of directors
For Poly Medicure Limited**

Regd. Office: First Floor,
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 PROXY 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 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 ensuing Annual General Meeting so as to reach the Company on or before Friday, 27th September, 2013.

4. Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books will remain closed from Monday, 23rd September, 2013 to 27th September, 2013 (both days inclusive).

5. 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.

6. The 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 27th September, 2013. 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).

7. 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.

8. 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 member.

Accordingly, the said documents of the Company for the Financial Year ended 31st March, 2013 will be sent in electronic mode to those members who have registered their e-mail address with their DP and made available to the Company by the Depositories. However, in case a Member wishes to receive a physical copy of the said document, 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.

9. 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.

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

11. 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.

12. Since the Company's shares are in the compulsory demat trading, 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.

13. 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 should 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 at its Registered Office at First Floor, 12, Sant Nagar, East of Kailash, New Delhi -110065.

14. 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 are holding Shares in Electronic Form, are requested to therefore, 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 request to update their bank detail and send it to the Company's Registrar and Share Transfer Agents viz. Mas Services Limited directly.

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

Annexure to the Notice:-

Item No. 6: The Company has always believed in rewarding its employees for their continuous hard work, dedication and support, which has led the Company on a growth path. The Board of Directors of the company has decided to grant additional options to the employee(s), to whom options had already been granted under ESOP Scheme, 2011 in order to motivate the employees.

(A) Total Number of Options to be granted.

- (a) Total number of additional Options to be granted in addition to the options already granted under this Scheme shall not exceed 0.5% of the total paid up Share capital.
- (b) One additional Option to be granted, entitles the holder of the Options to apply for one Equity Share credited as fully paid up of the Company.

(B) Period of Vesting and/or maximum period of vesting:

The vesting period for conversion of such options are as follows:-

On completion of 12 months from the date of grant of an additional options: 100% vest.

(C) Exercise Price or Pricing Formula

The Exercise Price for the purpose of the grant of an option will be decided by the ESOP Compensation Committee provided that the Exercise Price per option shall not be less than the par value of Equity Shares of the Company and shall not be more than the price prescribed under Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000,

The other salient features of ESOP Scheme 2011, as disclosed in explanatory statement with resolution passed in Annual General Meeting held in 2011, will remain unchanged.

Place: New Delhi

Date: 31st July, 2013

**By order of the Board of directors
For Poly Medicure Limited**

Regd. Office: First Floor,
Sant Nagar, East of Kailash,
New Delhi-110065.

Sonia Singh
Company Secretary

DIRECTORS' REPORT

Your Directors take a pleasure in presenting their Eighteenth 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, 2013. You will be pleased to know that your Company continues to maintain steady growth in its operating and financial performance during the Financial Year 2012-13.

Financial Performance

(₹ in Lacs)

Parameters	F.Y. 2012-13	F.Y. 2011-12
Revenue from Operations (Net)	25,223.79	20,891.86
Add: Other Income	36.76	61.95
Total Revenue	25,260.55	20,953.81
Profit before Interest, Tax, Depreciation and Amortisation (EBITDA)	5,152.02	4,577.28
Depreciation & Amortisation Expenses.	1,182.06	995.52
Finance Cost	589.78	693.36
Profit Before Tax	3,380.18	2,888.40
Tax Expense	977.26	962.44
Profit for the Year	2,402.92	1,925.96
Total amount available for appropriation	5,216.27	4,197.33
Proposed Dividend	440.50	330.38
Dividend Tax	74.86	53.60
Amount transferred to General Reserve	1,000.00	1,000.00
Surplus carried to Balance Sheet	3,700.91	2,813.35

During the year under report, total income increased to ₹ 25,260.55 lacs from ₹ 20,953.81 lacs in the previous year, registering a growth of 20.55%. EBITDA amounted to ₹ 5,152.02 lacs as against ₹ 4577.28 lacs in the preceding year which translates into a expansion of 12.56%. Profit Before Tax (PBT) stood at ₹ 3,380.18 lacs up by 17.03% from ₹ 2,888.40 lacs in the previous year.

Setting up another Manufacturing Plant at Jaipur

In view of the growing demand for the Company's products, the Company has taken necessary action for implementation of the new project at Jaipur (Rajasthan). The total cost of this project is ₹ 38 cr approx., which is proposed to be funded by Term Loan of ₹ 21 cr. and balance of ₹ 17 cr. through Internal accruals.

Development of New Products

The Company is paying attention to Research & Development and has dedicated technical staff and facilities for the development of new products, improvement of existing ones, improved manufacturing practices and for all these purpose the Company has spent a sum of ₹ 450.03 lacs in the year under review.

Subsidiaries/Joint Ventures/Associates

Briefly, the subsidiary companies performed as follows:

- **Poly Medicure (Laiyang) Co. Ltd, China** - The Company achieved a turnover of ₹ 751.84 lacs as on 31st March, 2013 against ₹ 812.07 Lacs in the previous year ended on 31st March, 2012.
- **US Safety Syringes Co., LLC, USA** – The Company has not done any business activities during the year under review.

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 ₹ 3440.92 lacs ended on 31st December 2012 against ₹ 2,834.36 lacs in the previous year.

Dividend

In keeping with the Company's tradition of rewarding the Shareholder's, yours directors' were pleased to recommend a dividend @ ₹ 2.00 per Equity Share of face value of ₹ 10/- each consisted of expanded capital in view of the Bonus Issue. The dividend, if approved at the ensuing Annual General Meeting, it will be paid to those Shareholders whose names appear on the Register of Members of the Company and in respect of shares held in demat form and Physical Form and it will be paid to the those 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, i.e., from Monday, 23rd September, 2013 to Friday, 27th September, 2013 (inclusive of both days). The dividend would involve an outflow of ₹ 440.50 lacs towards dividend and ₹ 74.86 lacs towards dividend distribution tax, resulting in a total outflow of ₹ 515.36 lacs.

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

During the Year under review, the Company has transferred ₹ 76,964, lying in the unpaid/unclaimed dividend account, to the Investor Education and Protection fund (IEPF) in compliance with Section 205C 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 2004-05 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 ₹ 3,700.91 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 2012-13 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 of the Shareholders. These documents will also be available for inspection during the business hours at our Registered Office.

Fixed Deposits

Your Company has not accepted any Fixed Deposit within the meaning of Section 58A of the Companies Act, 1956, as such, no amount of Principal or interest was outstanding as on the date of Balance Sheet.

Quality

The Company continues its journey of delivering value to its customers. The Company adopted several external benchmarks & certifications. Poly Medicure 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 certifications respectively for the Company.

Foreign Currency Fluctuations

As a major portion of Company's revenue is in Foreign Currency and major portion of expenditure in Indian Currency, the Company is exposed to Foreign Currency Fluctuation Risk.

The Company has a review and control mechanisms to mitigate the risk which is reviewed periodically. Foreign currency exposures are managed through Foreign Risk Management and Hedging policy. The policy is reviewed periodically to ensure that the risk from fluctuating currency exchange is appropriately managed.

Cost Auditor

Pursuant to the Circular issued by the Ministry of Corporate Affairs Circular, vide F. No. 52/26/cab-2010 dated 06th November, 2012, your Company is required to conduct Cost Audit for the Financial Year 2013-14. Accordingly, Cost Auditors have been appointed to carry out the Cost Audit of the Company for the Financial Year 2013-14.

Auditors and Auditors' Report

M/s Doogar & Associates, Chartered Accountants, (Reg. No.000561N) Statutory Auditors of the Company hold office upto the conclusion of ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made by the Company for the year 2013-14 will be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

Notes on accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Secretarial Audit Report

As measure of good Corporate Governance practice, the Board of Directors of the Company appointed Shri B.K. Sethi, Practicing Company Secretary, to conduct Secretarial Audit of records and documents of the Company.

The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreement with Stock Exchange(s), Securities Contracts (Regulation) Act, 1956 and all the regulations and guidelines of SEBI as applicable to the Company.

Employee Stock Options Scheme

The Company in its employee compensation committee dated 31st July, 2013, amended the Employee stock option scheme, to further grant 16,730 Options to the existing Optionee of the Company.