

**innovation**

**safety**

**quality**

## Poly Medicure Limited

Annual Report 2013-14



## Corporate Information

### Board of Directors

#### Chairman

Devendra Raj Mehta

#### Non-Executive Independent Directors

Sohan Raj Mohnot

Prakash Chand Surana

Yeshwant Singh Choudhary

Shailendra Raj Mehta

#### Non-Executive Director

Jugal Kishore Baid

Mukulika Baid (w.e.f. 30<sup>th</sup> July 2014)

#### Managing Director

Himanshu Baid

#### Executive Director

Rishi Baid

### Company Secretary

Sonia Singh

### Key Executives

Vishal Baid, President (Sales & Marketing)

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

Deepak Gupta, Sr. V P (Opex & HR)

J. K. Oswal, V P (F) and CFO

Hemant Bhalla, A V P (Sales & Marketing)

### Bankers

State Bank of India

Citibank N.A.

### Auditors

M/s Doogar & Associates

New Delhi

### Cost Auditors

M/s Jai Prakash & Co.

Faridabad

### Registrar and Transfer Agents

MAS Services Limited,

T-34, 2nd Floor,

Okhla Industrial Area, Phase-II,

New Delhi-110020

Tel:+ 91(011)-26387281/82

Fax No. 011- 26387384

E-mail: [mas\\_serv@yahoo.com](mailto:mas_serv@yahoo.com)

Website: [www.masserve.com](http://www.masserve.com)

### Registered Office

First Floor, 12, Sant Nagar, East of Kailash,

New Delhi – 110065 (India)

Tel:+91 11 26481889,93, 99

Fax: 91 11 26481894

Email: [investorcare@polymedicure.com](mailto:investorcare@polymedicure.com)

Website: [www.polymedicre.com](http://www.polymedicre.com)

CIN: L40300DL1995PLC066923

### Note:

***With effect from 1<sup>st</sup> August 2014, the Registered Office of the Company has been shifted to:***

***232B, 3rd Floor, Okhla Industrial Estate, Phase III***

***New Delhi – 110020 (India)***

***Tel No.: 91 11 - 26321838, 81, 89, 93***

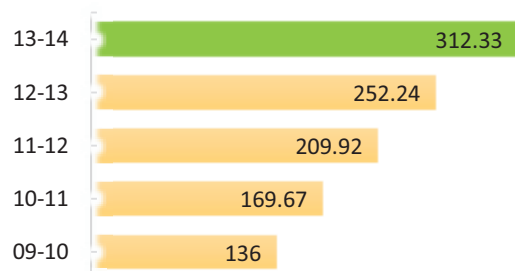
***Fax No.: 9111 – 26321839, 94***

## Inside this Report:

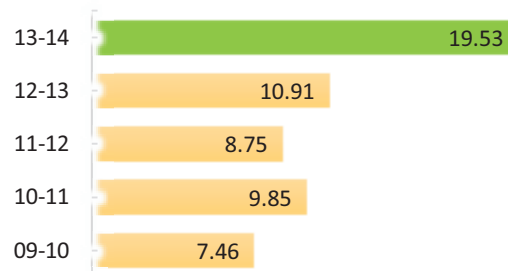
|                             |   |     |
|-----------------------------|---|-----|
| <b>Company Overview</b>     | Key Performance Indicator   | 1   |
|                             | Awards and Recognitions   | 2   |
|                             | Manufacturing Facilities  | 3   |
|                             | Product Range   | 4   |
|                             | Financial Highlights  | 5   |
|                             | Letter to Shareholders  | 6   |
| <b>Statutory Reports</b>    | Notice of Annual General Meeting                                  | 8   |
|                             | Directors' Report   | 18  |
|                             | Management Discussion and Analysis                                | 23  |
|                             | Report on Corporate Governance                                    | 38  |
| <b>Financial Statements</b> | Independent Auditors' Report on Financial Statements              | 52  |
|                             | Balance Sheet   | 55  |
|                             | Statement of Profit and Loss                                      | 56  |
|                             | Cash Flow Statement   | 57  |
|                             | Significant Accounting Policies                                   | 58  |
|                             | Notes on Financial Statements                                     | 62  |
|                             | Independent Auditors' Report on Consolidated Financial Statements | 82  |
|                             | Consolidated Balance Sheet  | 83  |
|                             | Consolidated Statement of Profit and Loss                         | 84  |
|                             | Consolidated Cash Flow Statement                                  | 85  |
|                             | Significant Accounting Policies on Consolidated Accounts          | 86  |
|                             | Notes on Consolidated Accounts Financial Statements               | 90  |
|                             | Statement pursuant to Section 212                                 | 111 |

## Key Performance Indicators:

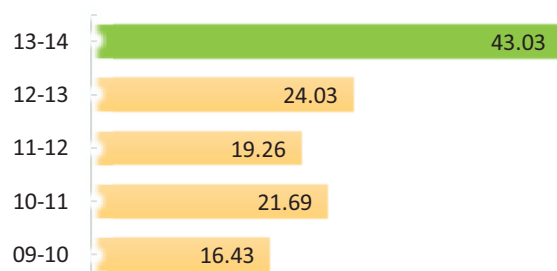
### Revenue (₹ Crore)



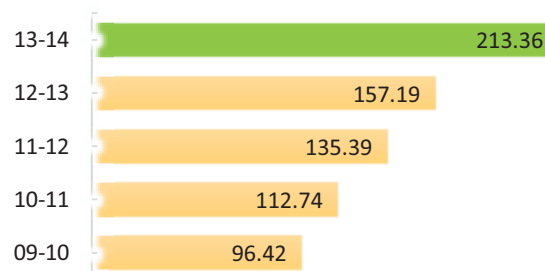
### EPS (₹) Adjusted with bonus



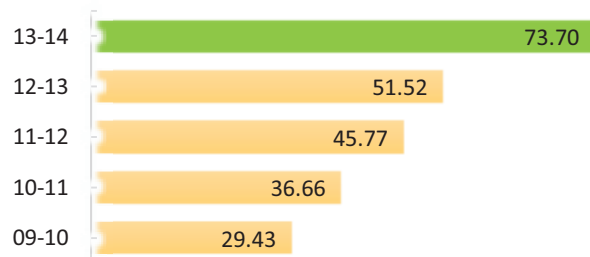
### PAT (₹ Crore)



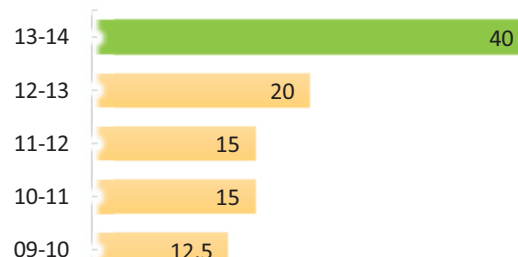
### Gross Fixed Assets (₹ Crore)



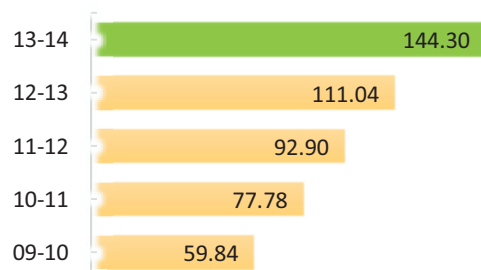
### EBITDA (₹ Crore)



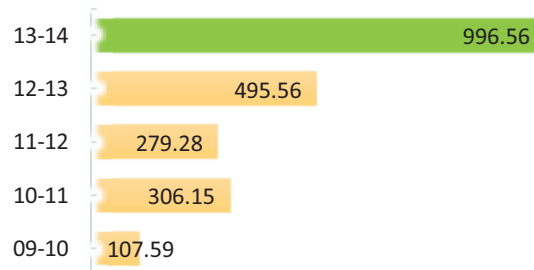
### Dividend (in %), Adjusted with bonus



### Net Worth (₹ Crore)



### Market Capitalisation (₹ Crore)





### Awards and Recognitions



Shri J. K. Baid with other recipients of certificate of appreciation by Akshaya Patra, give by former President of USA, Mr. Bill Clinton



Shri J. K. Baid receiving Most Innovative Business award from Business Rankers



Shri Rishi Baid receiving National Award for Technology Innovation in Downstream Plastic Processing Industry from Shri Ananth Kumar, Hon'ble Minister for Chemicals & Fertilizers



Shri V. K. Khera receiving Export Award in the category of Plastic Medical Disposables items for the highest export sales in FY 2011-12 and 2012-13 from the Plastic Export Promotion Council

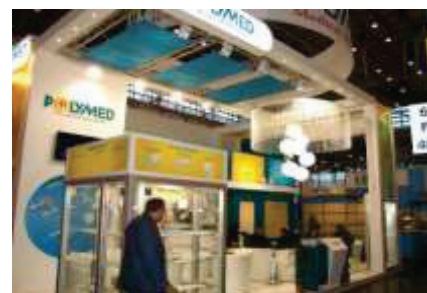
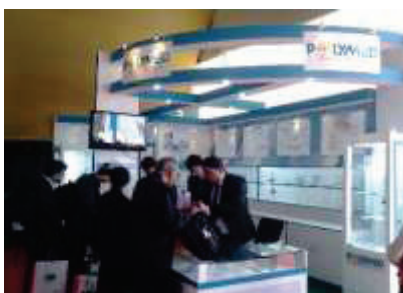


Certificate of Appreciation received from Mr. Bill Clinton, former President of USA, for contribution to Akshaya Patra, NGO



The Company received Certificate of Appreciation for developing the Patents for Medical Devices, for the Year 2012-13 from Pharmaceutical Export Promotion Council of India

### Participation in various exhibitions in India and Abroad



Manufacturing Facilities



Unit I at Faridabad, Haryana



Unit II at Faridabad, Haryana



Unit III at Haridwar, Uttarakhand



Unit IV at SEZ Jaipur, Rajasthan (New Facility)



100% Subsidiary in China

Automatic production Lines



## Product Range:

### Infusion Therapy

Safety I.V. Cannula  
I.V. Cannula  
Quick Flashback I.V. Cannula  
Needle Free Systems  
Three Way Stop Cocks  
I.V. Infusion Sets  
I.V. Flow Regulators  
Extension Lines  
CVP Manometer  
Safety Scalp vein Sets

### Central Venous Access Catheters

Central Venous Catheters (Single / Double / Triple Lumen)

### Anaesthesia

Oxygen Catheters  
Suction Catheters  
Guedel Airways  
Respiratory Exerciser  
Nasal Oxygen Tubes  
Oxygen Masks  
Aerosol Therapy masks  
Fixed Concentration Masks  
Endotracheal Tubes  
Tracheostomy Tubes  
Spinal Needles  
Catheter Mount

### Urology

Urine Collection Bags  
Measured Volume Urine Meter  
Urine Drainage Catheters  
TUR Sets  
Foley Balloon Catheters  
Irrigation Sets

### Gastroenterology

Ryle's Tubes  
Levin's Tubes  
Infant Feeding Tubes  
Mucus Extractors  
Umbilical Catheter  
Feeding Bag

### Blood Management & Blood Collection Systems

Blood Administration Sets  
Blood Bag Systems  
Blood Collection Tubes and Needles  
Safety Blood Collection Sets

### Surgery and Wound Drainage

Redon Drains  
Thoracic Drainage Catheters  
Abdominal Drainage Sets  
Under Water Seal Drainage Systems  
Yankauer Suction Sets

### Dialysis

Fistula Needles  
Safety Fistula Needles  
Blood Lines  
Haemodialysis Catheter  
Peritoneal Dialysis Transfusion Set

### Others

Insulin Syringes  
Umbilical Cord Clamps  
Sputum Collector  
Dry Brush

## Financial Highlights

|  | 2013-14   | 2012-13   | 2011-12   | 2010-11   | (₹ in lacs)<br>2009-10 |
|--|-----------|-----------|-----------|-----------|------------------------|
| Revenue From Operations (Net)  | 31,233.32 | 25,223.79 | 20,891.86 | 16,966.75 | 13,600.46              |
| Total Revenue  | 31,339.52 | 25,260.55 | 20,953.81 | 17,006.06 | 13,653.36              |
| Earnings Before Depreciation, Finance<br>Cost and Tax Expenses (EBDIT) | 7,369.56  | 5,152.02  | 4,577.28  | 3,666.20  | 2,943.19               |
| Depreciation and Amortisation  | 1,351.06  | 1,182.06  | 995.52    | 858.79    | 706.99                 |
| Exceptional Items  | (991.46)  | -         | -         | -         | -                      |
| Profit For the Year  | 4,303.21  | 2,402.92  | 1,925.96  | 2,169.02  | 1,642.94               |
| Equity Dividend %*   | 40%       | 20%       | 15%       | 15%       | 12.5%                  |
| Dividend Payout  | 881.33    | 440.50    | 330.38    | 330.38    | 275.31                 |
| Equity Share Capital   | 2,203.32  | 1,101.25  | 1,101.25  | 1,101.25  | 1,101.25               |
| Reserves and Surplus   | 12,226.21 | 10,002.73 | 8,188.32  | 6,676.50  | 4,882.84               |
| Net Worth  | 14,429.95 | 11,103.98 | 9,289.57  | 7,777.75  | 5,984.09               |
| Gross Fixed Assets   | 21,335.69 | 15,719.38 | 13,539.00 | 11,274.13 | 9,641.81               |
| Net Fixed Assets   | 14,008.95 | 9,715.95  | 8,673.33  | 7,250.83  | 6,225.79               |
| Total Assets   | 28,248.21 | 21,193.00 | 17,976.48 | 15,195.57 | 12,530.22              |
| Market Capitalisation  | 99,656.00 | 49,556.00 | 27,928.00 | 30,615.00 | 10,759.00              |
| Number of Employees  | 1478      | 1329      | 1210      | 1027      | 890                    |

## Key Indicators

|                             | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
|-----------------------------|---------|---------|---------|---------|---------|
| Earnings Per Share - (₹)*   | 19.53   | 10.91   | 8.75    | 9.85    | 7.46    |
| Turnover Per Share - (₹)*   | 141.76  | 114.52  | 94.86   | 77.03   | 61.75   |
| Book Value Per Share - (₹)* | 65.49   | 50.42   | 42.18   | 35.31   | 27.17   |
| Debt : Equity Ratio         | 0.46:1  | 0.44:1  | 0.49:1  | 0.53:1  | 0.55:1  |
| EBDIT/ Net Turnover %       | 23.60%  | 20.43%  | 21.91%  | 21.61%  | 21.64%  |
| Net Profit Margin%          | 13.78%  | 9.53%   | 9.22%   | 12.78%  | 12.08%  |
| RONW%                       | 29.82%  | 21.64%  | 20.73%  | 27.89%  | 27.46%  |
| ROCE%                       | 20.37%  | 15.04%  | 13.87%  | 18.22%  | 17.72%  |

\*Adjusted for issue of Bonus Share in 2013-14 in the ratio of 1:1



## Letter to Shareholders



Dear Shareholders,

**At Poly Medicure, we are driven by our passion and committed to maintain excellence in manufacturing of medical devices. We are constantly engaged in leveraging our strengths to deliver robust performance that builds sustainable value for our esteemed stakeholders.**

The Indian Government has set up an ambitious agenda to achieve Universal Healthcare for all by 2020, but to achieve this all four sectors of Healthcare Industry viz. Pharma Industry, Health Insurance Industry, healthcare Providers and Medical technology Industry have to grow in Tandem. Out of the four Sectors currently, Medical Technology Industry is the smallest but it is the most critical contributor to the improvement of Healthcare in India. This Industry will play a vital role in providing affordable healthcare and innovative low cost delivery model.

Your Company has innovated and brought lower cost versions of many basic devices and has also earned precious foreign exchange for the country. Medical Equipments accounts for 29% of the total cost incurred in setting up a Hospital (250 bedded). The growth of the Hospitals Sector will simultaneously ensure the growth of the Medical Technology Industry.

At Poly Medicure, we are giving more emphasis on Research and Development and Technical Innovations in manufacturing of our products.

### Robust Financial Performance

It gives me great pleasure to share with you the Company's Financial Performance for the Financial Year 2013-14, the Company has achieved net sales of ₹ 312.33 cr. which records a growth of 24% compared to net sales of ₹ 252.24 cr. in previous Financial Year. During the same period, net profit after tax expanded handsomely to ₹ 43.03 cr. from ₹ 24.03 cr. in the previous year.

This was made possible because of the relentless effort and hard work of our employees across the organization and on behalf of the Board I would like to congratulate each one of them for their excellent performance.

### Initiating CSR Activities

Poly Medicure has always believed that business is an active entity of the society and its economy and plays important role in national building. Children are the future of the nation and hence, nothing can parallel their safety, proper nourishment and care in creating a better future and more prosperous tomorrow. With this thought, Poly Medicure has initiated several CSR activities. The Company has also donated a food distribution vehicle to Akshay Patra Foundation (NGO) which will be helpful in providing mid-day food to the thousands of students and motivate them to come to school and study to become better citizens of future.

### Strategic Growth Initiatives

Our strategy continues to evolve as we are doing work hard to improve our customer service(s) and grow business gradually. Some of the strategic initiatives are as follows:

**Commencement of commercial production at Mahindra SEZ Plant, Jaipur:** Our strategy of continuously moving up the value chain with wider geographic reach, your Company has started commercial production at Mahindra SEZ, Jaipur, for the manufacture of Medical Devices and would be able to achieve 50% capacity utilization during the year. This is a new plant which will augment capacity of production and export growth and further improve competitiveness of company's products in the market.

**Introducing of new products:** The Company plans to introduce many new products in the field of Nephrology, Anesthesia and Infusion Therapy to complement its current product range and increase its offering in these categories.

**Focus on Domestic Markets:** Your Company is constantly increasing its market share in domestic business and is investing in new marketing initiatives to expand usage of its products in all key Hospitals in the country.

**Future Outlook**

The prospect of Medical Devices industry looks bright and promising as the Country's Healthcare Sector is growing rapidly and it continues to expand its coverage in Public as well as Private Sectors. There is substantial demand for high quality and Specialty Healthcare services in Tier II and Tier III Cities.

Major focus of your Company, will be on Quality, Consistency and Productivity through investing in process Automation, Customer Service etc. These are few major factors for acceptance of our products in more than 80 countries across the globe. The Company is further allocating additional resources in Research & Development in terms of manpower and funds in order to increase its product range. The additional infrastructure has been created at Haridwar and new plant has been commissioned as SEZ Jaipur to fulfill the growing demand.

Your Company continues to make significant progress in strengthening people, practices and processes to attract and retain the best talent in the Industry. Several measures have been initiated.

I would like to express my gratitude towards the Board of Directors, whose support and guidance have been invaluable on our path of progress. I thank you for the faith and trust you reposed in your company and also thank all our stakeholders for their continued support, commitment and contribution towards company's growth.

New Delhi  
Date: 30<sup>th</sup> July 2014

Devendra Raj Mehta  
Chairman