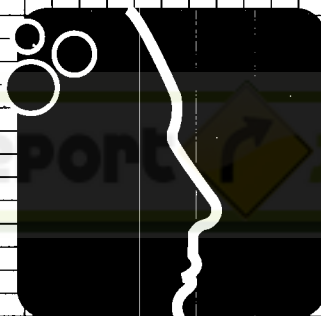
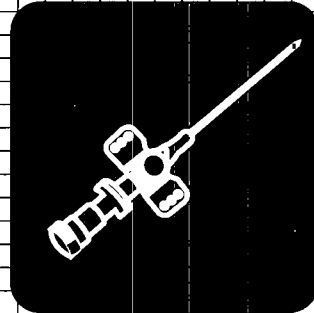


POLYMED

Medical Devices

Pr 432



Future to healthcare

POLY MEDICURE LIMITED

13th ANNUAL REPORT 2007-08

POLY MEDICURE LIMITED



Board of Directors

D. R. Mehta, Chairman
Dr. S. R. Mohnot
J. K. Baid
Y. S. Choudhary
P. C. Surana
Himanshu Baid, Managing Director
Rishi Baid, Executive Director



Shri D. R. Mehta, Chairman

Padma Bhusan awardee for the year 2008
in recognition of his contribution and deep
commitment to social work

Company Secretary

Vivek Kumar

Senior Executives

V. K. Khera, Associate Vice President (Works)
G.R. Bajaj, Associate Vice President (Marketing)
J. K. Oswal, Sr. General Manager (Finance)
P. P. Mata, Sr. General Manager (Production)

Auditors

Chaturvedi & Co.

Bankers

State Bank of India

Registered Office

First Floor, 12, Sant Nagar,
East of Kailash,
New Delhi – 110 065
Ph.: +91-11-26481889, 26481893, 26481899
Fax: +91-11-26481894, 26481839
E-mail: investorcare@polymedicure.com
Web Site: <http://www.polymedicure.com>

Contents

Letter to Shareholders	1
Notice of AGM	2
Director's Report	6
Report on Corporate Governance	14
Auditor's Report	21
Balance Sheet & Profit & Loss Account	24
Auditor's Report on Consolidated Financial Statements	42
Consolidated Balance Sheet & Profit & Loss Account	43
Auditor's Report on Financial Statements of Subsidiary	59
Balance Sheet & Profit & Loss Account of Subsidiary	59
Nomination Form	62
Attendance Slip and Proxy Form	64

POLY MEDICURE LIMITED



LETTER TO SHAREHOLDERS



Dear Shareholders,

You will be happy to know that your company has completed another eventful year marching ahead. In the context of emerging economic worldwide concerns the country has been passing through an anxious phase. In this scenario, the company had a mixed fiscal year 2007-08. On one front we witnessed a constrained growth in turnover in rupee terms and on the other we made good strides in our expansion and backward integration programmes which have given us enhanced capacities and a better future outlook.

Operational progress

The appreciation in Indian rupee during the year adversely impacted our export realizations. However, we maintained our margins despite challenging currency environment. This reflects the strength of our business model. The economic uncertainties and business risks may constrain for some time but our long term growth opportunities and potentials are promising.

The year witnessed commissioning of the Haridwar Plant and the formation of the first subsidiary, US Safety Syringes Co., LLC., in the USA. The China project, a proposed 100% subsidiary of your company, has also entered into production phase. The Company's Joint-Venture in Egypt, Ultra For Medical Products Company (UltraMed), an Egyptian joint stock company, showed a 38% growth in its net profits. You will be happy to know that UltraMed has issued bonus shares in the ratio 7:10.

This has been possible because of continuous support extended to us by all the stakeholders of the company. We at POLYMED work as a family under the name "Polymedians". The Company has already established its market in around 50 countries and has succeeded in developing a portfolio of more than 45 healthcare products.

Quality Policy

The Company is positioning itself as a first line solution provider of world class quality and latest products with innovative designs. The Company has set for itself the goal of establishing itself as a role model of professional, ethical and strategic management. It is the company's objective to present a compelling range of products to the market, expanding value delivered by Polymed branded products, expand "quality" sales across the globe, upgrade operating practices and minimize delivered product costs. The Company has embarked on a strategic customer value proposition to attain leadership in product/service deliveries, customer relationship and brand image.

Driven By a Dream

We are driven by our motto "we care as we cure" and our target is to secure affordable and quality healthcare for all.

We are confident that POLYMED'S competent and committed human resources, strong management team, and its shared vision and drive, will continue to create value for all the stakeholders. We assure all stakeholders continued growth and prosperity from their association with Poly Medicure Limited.

D. R. Mehta
Chairman

Himanshu Baid
Managing Director

New Delhi
29 July, 2008

POLY MEDICURE LIMITED**NOTICE**

Notice is hereby given that the Thirteenth Annual General Meeting (AGM) of the Members of POLY MEDICURE LIMITED will be held on Tuesday, the 2nd day of September, 2008 at 10.00 AM at Government Servants Co-operative House Building Society Ltd., Kalyan Kendra, 9, Paschimi Marg, Vasant Vihar, New Delhi – 110 057 to transact the following businesses :

Ordinary Businesses :-

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2008 and the Profit and Loss Account & Cash Flow Statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2008.
3. To appoint a Director in place of Shri J. K. Baid, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri D. R. Mehta, 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 until the conclusion of the next Annual General Meeting, and to fix their remuneration and to pass the following resolution thereof :
 "RESOLVED THAT M/s. Chaturvedi & Company, Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors."

Special Businesses :-

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

"RESOLVED THAT the in accordance with the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 (the Act) and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approval if necessary, the company does hereby

approve of the reappointment of Shri Himanshu Baid as Managing Director for a further period of 5 years with effect from 01st August 2008 to 31st July 2013 and the payment of the remuneration and perquisites to him on the following terms & conditions –

I. Remuneration**a) Salary**

The basic salary shall be in the pay scale of
Rs.2,50,000 – 10,000 – 2,90,000.

a) Commission

Payment of commission of a sum not exceeding 2% of net profit of the Company calculated in the manner specified in Section 198 of the Companies Act, 1956.

b) Perquisites**i) Housing**

- 1) Rent-free furnished accommodation or house rent allowance at the rate of 60% of the Basic salary.
- 2) Expenses pertaining to electricity will be borne/ reimbursed by the Company.

ii) Medical Expenses

Reimbursement of actual medical expenses subject to maximum of two months basic salary per year incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family.

iii) Leave/Holiday Travel Expenses

Reimbursement of Leave/Holiday Travel expenses (like fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that total reimbursement shall not exceed one month's basic salary per annum.

iv) Club Fees

Reimbursement of membership fee for maximum of two clubs in India including admission fee.

v) Personal Accident Insurance

Personal Accident Insurance Policy of such amount, the premium of which shall not exceed Rs.20,000/- per annum.

vi) Contribution to Provident Fund

Company's contribution to Provident Funds per Rules of the Company.

vii) Gratuity

As per Rules of the Company.

viii) Leave

Leave with full pay or encashment thereof, as per the Rules of the Company.

POLY MEDICURE LIMITED**ix) Other Perquisites**

Subject to overall ceiling on remuneration mentioned herein below, Shri Himanshu Baid may be given other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide.

x) Conveyance facilities

Company shall provide suitable conveyance facilities to Shri Himanshu Baid.

xi) Communication facilities

Company shall provide telephone, telefax and other communication facilities at the residence of Shri Himanshu Baid, bills of which shall be paid by the Company.

Explanation:

The perquisites shall be evaluated as per Income-tax Rules wherever applicable and in the absence of any such rule, perquisites shall be evaluated on actual cost basis.

II. Overall Remuneration

The aggregate of salary, commission and perquisites in any Financial Year shall not exceed the limits prescribed from time to time under Section 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

III. Minimum Remuneration

In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of Shri Himanshu Baid, he shall be paid above-mentioned salary, perquisites and other allowances, which shall not exceed the limits prescribed under Section II of the Part II of Schedule XIII to the Companies Act, 1956.

Other terms and conditions of his appointment are as follows:

- 1) Shri Himanshu Baid shall not be paid any sitting fees for attending the Meetings of the Board of Directors or Committees thereof.
- 2) Apart from the remuneration mentioned above, Shri Himanshu Baid shall be entitled to reimbursement of entertainment expenses and all other expenses incurred in connection with the business of the Company.

- 3) The appointment is subject to termination by either party by giving six months notice or salary in lieu thereof."

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

"RESOLVED THAT the in accordance with the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 (the act) and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approval if necessary the company does hereby approve of the reappointment of Shri Rishi Baid as Executive Director for a further period of 3 years with effect from 01st August 2008 to 31st July 2011 and the payment of the remuneration and perquisites to him on the following terms & conditions –

I Remuneration**a) Salary**

The basic salary shall be in the pay scale of Rs.2,40,000 – 10,000 – 2,80,000.

b) Commission

Payment of commission of a sum not exceeding 2% of net profit of the Company calculated in the manner specified in Section 198 of the Companies Act, 1956.

c) Perquisites**i) Housing**

- 1) Rent free furnished accommodation or house rent allowance at the rate of 60% of the salary.
- 2) Expenses pertaining to electricity will be borne/ reimbursed by the Company.

ii) Medical Expenses

Reimbursement of actual medical expenses subject to maximum of two months basic salary per year incurred in India and/or abroad, including hospitalisation, nursing home and surgical charges for himself and family.

iii) Leave/Holiday Travel Expenses

Reimbursement of Leave/Holiday Travel expenses (like fare, lodging, boarding conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that total reimbursement

POLY MEDICURE LIMITED

- shall not exceed one month's basic salary per annum.
- iv) Club Fees
Reimbursement of membership fee for maximum of two clubs in India including admission fee.
 - v) Personal Accident Insurance
Personal Accident Insurance Policy of such amount, the premium of which shall not exceed Rs.20,000/- per annum.
 - vi) Contribution to Provident Fund
Company's contribution to Provident Fund, as per Rules of the Company.
 - vii) Gratuity - As per Rules of the Company.
 - viii) Leave
Leave with full pay or encashment thereof, as per the Rules of the Company.
 - ix) Other Perquisites
Subject to overall ceiling on remuneration mentioned herein below, Shri Rishi Baid may be given other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide.
 - x) Conveyance facilities
Company shall provide suitable conveyance facilities to Shri Rishi Baid.
 - xi) Communication facilities
Company shall provide telephone, telefax and other communication facilities at the residence of Shri Rishi Baid.

Explanation:

The perquisites shall be evaluated as per Income-tax Rules wherever applicable and in the absence of any such rule, perquisites shall be evaluated on actual cost basis.

II. Overall Remuneration

The aggregate of salary, commission and perquisites in any Financial Year shall not exceed the limits prescribed from time to time under Section 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

III. Minimum Remuneration

In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of Shri Rishi Baid, he shall be paid above-mentioned salary, perquisites and other allowances, which shall not exceed the limits prescribed under Section II of the Part II of Schedule XIII to the Companies Act, 1956.

Other terms and conditions of his appointment are as follows:

- 1) Shri Rishi Baid shall not be paid any sitting fees for attending the Meetings of the Board of Directors or Committees thereof.
- 2) Apart from the remuneration mentioned above, Shri

Rishi Baid shall be entitled to reimbursement of entertainment expenses and all other expenses incurred in connection with the business of the Company.

- 3) The appointment is subject to termination by either party by giving six months notice or salary in lieu thereof."

Regd. Office
First Floor, 12,
Sant Nagar
East of Kailash,
New Delhi - 110065
29th July, 2008

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


Vivek Kumar
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 LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business (if any) to be transacted at the Meeting is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from the 26th August, 2008 to the 2nd September, 2008 (both days inclusive).
4. The dividend on Equity Shares, if declared, at the Annual General Meeting will be paid on or after 11th September, 2008.
5. The dividend on Equity Shares as recommended by the Board, if approved, at the Annual General Meeting will be paid to those Members whose name appear in the Register of Members as on 25th August, 2008. In respect of Shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by National Securities Depositories Limited and Central Depositories Services (India) Limited for this purpose.
6. The members are requested to bring their copy of the Annual Report.
7. Members/ Proxies should produce the enclosed Attendance Slip duly filled in and signed in accordance with specimen signature registered with the Company for attending the Meeting.
8. Members who hold Shares in physical form are requested to write their Folio Number and those who hold Shares in dematerialized form are requested to write their client ID and DP ID numbers in the attendance slip.
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. All documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 2.00 p.m. upto the date of the Annual General Meeting.

POLY MEDICURE LIMITED

11. 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.
12. Members holding Shares in physical form are requested to notify change in their particulars, quoting their folio numbers to the Registrar and Transfer Agent of the Company i.e. MAS Services Limited, AB - 4, Safdarjung Enclave, New Delhi- 110 029 and those who hold shares in D-mat form to their Depository Participant (DP) with whom de-mat account is opened.
13. Since the Company's Shares are in Compulsory demat trading, to ensure better services and elimination of risk of holding Shares in physical form, we request Shareholders holding Shares in physical form to dematerialise their Shares at the earliest.
14. 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.
15. The Members may avail nomination facility. A nomination form is enclosed at the end of the Annual Report.
16. At the ensuing Annual General Meeting, Shri J. K. Baid, Director and Shri D. R. Mehta, Chairman of the Company retire by rotation, and being eligible, offer themselves for re-appointment. In terms of Clause 49 of the Listing Agreement, the information or details relating to these Directors are furnished in the statement on Corporate Governance, which is published in this Annual Report.

Regd. Office
First Floor, 12,
Sant Nagar
East of Kailash,
New Delhi - 110065
29th July, 2008

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

**Vivek Kumar
Company Secretary**

Annexure to notice :

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is as under:

Item No. 6

Shri Himanshu Baid was reappointed as Managing

Director for a Period of 3 years with effect from 1st August 2005. His present term expires on 31st July 2008. Since the incorporation of the Company Shri Himanshu Baid is at the helm of the Management and administration of the Company under the overall supervision, control and direction of the Board of Directors. Under his stewardship the Company has made phenomenal progress.

Subject to the approval of the members and such other sanctions and approvals as may be necessary, the board of directors have proposed the reappointment of Shri Himanshu Baid as Managing Director for a further period of 5 years commencing from 01st August 2008 to 31st July 2013 as per the terms & conditions set out in the resolution no. 6 of the Notice. The terms of his reappointment and remuneration as set out in the resolution may be deemed to be a part of this explanatory statement.

Shri Himanshu Baid himself and Shri J. K. Baid and Shri Rishi Baid, being relatives, are interested in this resolution.

Your directors commend the resolution set out at Item No. 6 of the Notice for your approval.

Item No. 7

Shri Rishi Baid was reappointed as Executive Director for a Period of 3 years with effect from 1st August 2005. His present term expires on 31st July 2008. Shri Rishi Baid has been a director of the Company since incorporation. Apart from being involved generally in corporate strategy, long term business plans and other incidental activities of the Company, Shri Rishi Baid is the overall incharge of the production facilities of the Company.

Subject to the approval of the members and such other sanctions and approvals as may be necessary, the board of directors have proposed the reappointment of Shri Rishi Baid as Executive Director for a further period of 5 years commencing from 01st August 2008 to 31st July 2013 as per the terms & conditions set out in the resolution no. 7 of the Notice. The terms of his reappointment and remuneration as set out in the resolution may be deemed to be a part of this explanatory statement.

Shri Rishi Baid himself and Shri J. K. Baid and Shri Himanshu Baid, being relatives, are interested in this resolution.

Your directors commend the resolution set out at Item No. 7 of the Notice for your approval.

POLY MEDICURE LIMITED**DIRECTOR'S REPORT**

To the members,

Your Directors are pleased to present the 13th Annual Report along with Audited Accounts for the Financial Year ended March 31st, 2008.

Financial Highlights:

The standalone financial results of the Company for the financial year ended 31st March 2008 are as follows:

(Rs. in Lac)

Particulars	F.Yr. 2007-08	F.Yr. 2006-07
Net Sales	8838.17	8489.69
Add: Other Income	607.40	28.33
Total Revenue	9445.57	8518.02
Profit before Interest, Depreciation and Taxes	1771.04	1650.73
Profit before Tax	832.26	1030.12
Profit after Tax	791.52	827.06
Profit brought forward from the pervious year	401.67	232.54
Profit available for appropriation	1193.19	1059.06
Appropriations:		
-Transfer to General Reserve	500.00	500.00
-Proposed Dividend and Dividend Distribution Tax	161.05	157.94
Surplus carried to the Balance Sheet	532.14	401.66

Operations:

During the year under review, the total revenue of your Company has reached a level of Rs. 94.45 Crores as compared to Rs. 85.18 Crores in the previous financial year, an increase of 10.89%. The increase in the topline has not been as encouraging as we planned for which is due to the appreciation in the value of Indian rupee against the US dollar leading to reduced sales realisation despite appreciable growth in volume. The rupee appreciation assumes greater relevance since 77% of the sales are export sales which has affected the growth in profit of your company. The Profit before Interest, Depreciation and Taxes is Rs. 17.71 crore as against Rs. 16.51 crore in the previous year.

Expansion Programme:

You will be happy to know that the expansion programmes of your Company are moving ahead with multidimensional approach covering factors like backward and forward integration of manufacturing facilities, organic expansion of production capacity, and the diversification of the product portfolio. This year saw another achievement in the commissioning of our Plant in Haridwar (Uttarakhand).

Subsidiaries and JV

The year under review has witnessed formation of the first subsidiary of your Company with effect from 04th June 2007 viz. US Safety Syringes Co., LLC. The Company based in USA has 2 FDA approvals and 8 patents in Safety Medical Devices which will give the company increased access to US markets.

Your Company's project of setting up manufacturing facility in Laiyang, in Shandong province of China, with an planned investment of US\$ 1.1 million has entered into the production phase commencing commercial production in July 2008. The said project is proposed to become a 100% subsidiary of your company.

Company's Joint-Venture in Egypt recognised as Ultra For Medical Products Company (Ultra Med), an Egyptian Joint Stock Company, is doing well and is in operation from about 4 years. For the year ended 31st December, 2007, UltraMed has achieved a Net Profit of 2.28 million Egyptian Pounds, a 38% growth as compared to previous year profits of 1.65 million Egyptian Pounds. Ultra Med has also issued a bonus to your Company in the ratio 7:10. The Company's holding in the JV now stands at 19550 shares.

Finance Raising Mechanism:

Your Company is one of the fast growing Companies in its segment amongst other companies of its size. We have already established our presence in India, Egypt, China and USA. We are determined to enter other international markets with new products having unique features. The company is moving with a ready road map for its future expansion. For all these past and future continuous initiatives of expansion, product diversification and better global presence, company certainly need more capital resources. We are exploiting both debt and equity options for the purpose. In addition to the debt funding, your Company has issued 4,25,000 convertible warrants to the Promoters of the Company on preferential basis in March, 2007 in accordance with Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and as per shareholder's special resolution approving the same passed on 5th September, 2006.

POLY MEDICURE LIMITED

In the Year 2007-08 the promoters have exercised the conversion option on 1,06,250 convertible warrants issued to them on preferential basis and have subscribed for Equity Shares of the the Company of face value of Rs. 10/- each at the price of Rs.106/- per share. Therefore the paid up capital of the Company as on 31st March, 2008 stands increased to Rs. 5,50,62,500/-

Further, the promoters have the option to covert the remaining 3,18,750 convertible warrants issued on preferential basis by 16th September, 2008.

Public Deposits:

The Company has not accepted any deposit in the year under review.

Enterprises Resource Planning (ERP):

Enterprises Resource Planning is the mechanism for optimum utilisation of available resources, real time reporting, better internal control and decision making. Considering the Company's future prospects, global dimension and operations, it was strongly felt to electronically integrate all the plants and departments of the Company in order to have better control over the available resources of the Company. Our ERP is in advanced stage of implementation and as a result the information flow has become smooth and management is now better equipped for decision making.

Future Outlook:

The expansion and backward integration plans undertaken by the Company during the year under review are obviously expected to yield positive results in the financial year 2008-09. With the increased production capacity, increase in domestic sales and export orders, the future outlook looks positive leading to expanded top line. The profitability however, will have to reckon with several factors such as exchange rate fluctuations, prices of crude oil which is directly responsible to prices of plastic raw materials, overall global economic developments within and outside the country, besides intensifying competition in both domestic & export markets.

Dividend:

Maintaining the trend of dividend distribution, your Directors are pleased to recommend a dividend of 25%

(Rs.2.50 per Equity Share of Rs.10/- each) for the Financial Year ended 31st March, 2008 which, if approved at the forthcoming Annual General Meeting, will be paid to all those Equity Shareholders whose name appear on the Register of Members as on 2nd September, 2008 and to those whose name as beneficial owners are furnished by National Securities Depository Services Limited and Central Depository Services (India) Limited as at the closing hours of 25th August, 2008.

Directors' Responsibility Statement:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2008 and of the Profit of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts of the Company on a "going concern basis".

Directors:

Shri J. K. Baid, Non Executive Director and Shri D. R. Mehta, Chairman and Non-Executive Independent Director are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Brief resume of the above mentioned Directors are given in the Corporate Governance Report.

Auditors' Report:

The observations of the auditors are self-explanatory and therefore do not call for any further comments.