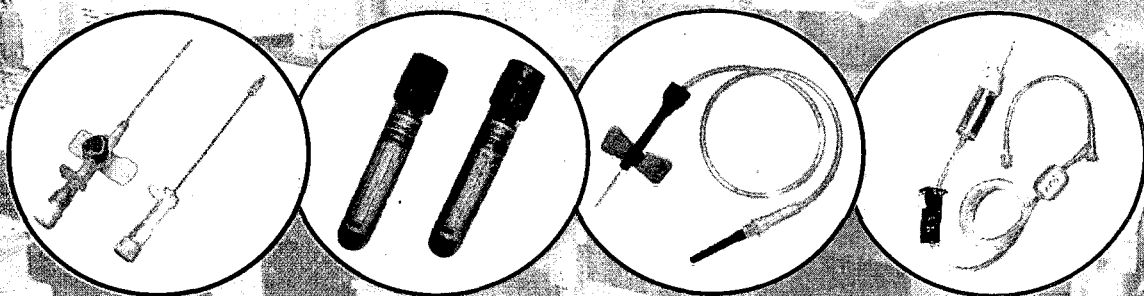


POLYMED

Medical Devices



innovation

safety

quality

CERTIFIED TRUE COPY

For Poly Medicure Ltd.

POLY MEDICURE LIMITED

ANNUAL REPORT 2008-09

Brahm Prakash
Company Secretary

POLY MEDICURE LIMITED



Board of Directors

D. R. Mehta
Chairman

Dr. S. R. Mohnot
Director

J. K. Baid
Director

Y. S. Choudhary
Director

P. C. Surana
Director

Himanshu Baid
Managing Director

Rishi Baid
Executive Director

Company Secretary

Brahm Prakash

Senior Executives

V.K. Khera, Associate Vice President (Works)

G.R. Bajaj, Associate Vice President (Marketing)

J.K. Oswal, Associate Vice President (Finance)

P.P. Matta, Sr. General Manager (Production)

Auditors

Chaturvedi & Co.
Chartered Accountants

Bankers

State Bank of India

Board Committees

Audit Committee

Dr. S. R. Mohnot, Chairman
Y. S. Choudhary, Member
P. C. Surana, Member

Investors' Grievance Committee

Dr. S. R. Mohnot, Chairman
P. C. Surana, Member
Himanshu Baid, Member

Remuneration Committee

D. R. Mehta, Chairman
Dr. S. R. Mohnot, Member
Y. S. Choudhary, Member
P. C. Surana, Member

Executive Committee

D. R. Mehta, Chairman
Dr. S. R. Mohnot, Member
P. C. Surana, Member
Himanshu Baid, Member
Rishi Baid, Member

CERTIFIED TRUE COPY

For Poly Medicure Ltd.

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Brahm Prakash
Company Secretary

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

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POLY MEDICURE LIMITED**POLYMED**
Medical Devices**LETTER TO THE SHAREHOLDERS**

Dear Shareholders,

The year 2008-09 witnessed American financial crisis, huge volatility in oil prices and economic slowdown. The collapse of some of biggest financial institutions and its effect on the American and European economies have pushed the world's leading economies into recessionary mode. These global developments impacted the Indian economy after showing robust growth and buoyancy for more than five years.

Expectedly, these developments worldwide adversely affected the export sectors of emerging countries including India. It is in this background that you should view the performance of your Company.

Despite the unfavorable developments, you will be happy to know that your Company continued to demonstrate the strength of its business model with a strong annual performance for the financial year 2008-09. Polymed has always endeavored to think ahead of the present and prepare for the future. Polymed has been able to meet the challenges because of continuous support of all its stakeholders. Your Company was, thus, able to achieve a fairly favorable performance. I am happy to say that your Company witnessed a sustained growth in turnover and making notable strides in its expansion and backward integration programmes which have given your Company enhanced capacities and a better future outlook. Your Company has not only added further capacities but has also achieved higher utilization of its existing capacities.

I must felicitate you that, your Company has crossed the milestone of Rs. 100 crore turnover by recording a

net sales of Rs. 112.22 crore during the year under review as against Rs. 88.38 crore which represents a healthy growth of 27% over the previous year. The net profit registered is Rs. 5.92 crore during the year under review which is less than the one achieved in the preceding year, it is due to external factor of foreign currency volatility.

Further, Poly Medica (Laiyang) Co. Ltd.(China), a 100% subsidiary of your company has started commercial operations in the current year and is expected to achieve a turnover of Rs.3 crore. The Company's subsidiary in USA is expected to start activity in the current year.

A good part of the turnover growth has been driven by the successful introduction of a host of new products and variants which ensured that the Company enhanced its leadership position in our key product categories.

The healthcare sector has been growing around 15% annually and it is imperative that we take cognizance of the changing dynamics of the market and appropriately build these into our plans in order to address the challenges while taking advantage of the emerging opportunities. Intense and deepening competition is an established phenomenon. But I wish to assure you that your Company is fully geared to tackle the situation and continue to grow, both in volume and value terms.

The quality, drive and expertise of our employees are second to none. With their dedication and your encouragement and support, we are confident that Polymed will continue to cross many more milestones in its journey towards its goals and mission. We immensely value the faith you have reposed in us and look forward to your continued association and support.

D. R. Mehta
Chairman

New Delhi
31st July, 2009

POLY MEDICURE LIMITED**NOTICE**

Notice is hereby given that the 14th Annual General Meeting (AGM) of the Members of the Company will be held on Wednesday, the 2nd September, 2009 at 10:00 A.M 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, 2009, and the Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2009.
3. To appoint a Director in place of Dr. S.R. Mohnot who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.C. Surana 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.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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 COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books will remain close from 25th August, 2009 to 2nd September, 2009 (both days inclusive).
3. The dividend on Equity Shares, if declared, at the Annual General Meeting will be paid on or after 11th September, 2009.
4. The dividend on Equity Shares as recommended by the Board, if approved, at the Annual General Meeting will be paid to those Members whose names appear in the Register of Members as on 2nd September, 2009. 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 Depository Limited and Central Depository Services (India) Limited for this purpose.

5. The members are requested to bring their copy of the Annual Report.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 and those who hold shares in D-mat form to their Depository Participant (DP) with whom de-mat account is opened.
11. 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.
12. 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.
13. The brief profile of the Directors proposed to be re-appointed is given in the section on corporate governance.

New Delhi
31st July, 2009

By order of the Board
For Poly Medicure Limited

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

Brahm Prakash
Company Secretary

POLY MEDICURE LIMITED**DIRECTORS' REPORT**

To the Members,

The Directors have pleasure in submitting their 14th Annual Report on the business and operations of the Company along with Audited Statements of Accounts of the Company for the year ended 31st March, 2009.

Financial Highlights

The standalone financial results of the Company for the financial year ended 31st March 2009 were as follows:

(Rs. in Lac)

Particulars	F.Y. 2008-09	F.Y. 2007-08
Net Sales	11,222.35	8,838.17
Add: Other Income	62.01	607.40
Total Revenue	11,284.36	9,445.57
Profit before Interest, Depreciation and Taxes	1,787.54	1,765.04
Profit before Tax	664.43	832.27
Profit after Tax	592.55	791.53
Profit brought forward from the previous year	532.14	401.66
Profit available for appropriation	1,124.69	1,193.19
Appropriations:		
-Transferred to General Reserve	300.00	500.00
-Proposed Dividend and Dividend Distribution Tax	161.05	161.05
Surplus carried to Balance Sheet	663.64	532.14

Gross Revenue for the year ended 31st March, 2009 amounted to Rs. 11,222.35 lac as against Rs. 8,838.17 lac achieved during the previous year, registering a growth of 27%. Profit before Interest, tax and depreciation was Rs. 1,787.54 lac against Rs. 1,765.04 lac and net profit was at Rs. 592.55 lac compared with Rs. 791.53 lac in the year before, registering a decline of 25%. The slide in profit is on account of loss due to foreign exchange rate fluctuations beyond the control of the Company.

The performance of the Company considered against the background of prevailing domestic and international constraints is considered satisfactory. The Directors will like to draw your attention to the global economic

meltdown which was triggered by the financial crisis in United States of America. It has affected the Indian exports very substantially.

Dividend

Your Directors take pleasure in recommending dividend @ Rs. 2.50 per equity share of Rs. 10 each for the financial year 2008-09. Total outgo on account of dividend and dividend distribution tax will be Rs. 161.05 lac.

Reserves

From the amount available for appropriations, Rs. 300.00 lac has been transferred to the General Reserves and balance of Rs. 663.14 lac has been carried to Balance Sheet.

Expansion Programme

The company is in the process of expanding its installed capacity by 20% in the current financial year to meet the increased demand in financial years 2009-10 and 2010-11.

Haridwar Plant has also made satisfactory progress during the year despite initial teething problems.

Development of New Products

Your Company has launched various new products and created two new divisions, namely, Critical Care and Diagnostic Division. Moreover, your Company is continuously endeavouring to launch new products like blood collection tubes, Insulin syringes, blood collection needles etc. in the market. The new products developed by the Company have unique features.

Subsidiaries

As a part of its strategy to become a significant global player, the company has acquired/floated subsidiaries in USA and China.

US Safety Syringes Co., LLC, USA

In the year 2007-08, the Company acquired US Safety Syringes Co., LLC. to firmly establish its foothold in USA. The Company has invested a sum of Rs. 103.33 lac in this subsidiary. The subsidiary will start trading activities of medical disposables after getting US FDA approvals.

Poly Medicure (Laiyang) Co. Ltd, China

In the preceding year, the Company has floated a wholly owned subsidiary in China by the name of Poly Medicure

POLY MEDICURE LIMITED

(Laiyang) Co. Ltd, China for the manufacture of medical devices. This entity has commenced commercial production in the current year and is expected to achieve a turnover of approximately Rs.300 lac during the year.

In this regard, the Company has complied with Accounting Standard 21 as prescribed by the Institute of Chartered Accountant of India and disclosure requirements contained in section 212 of the Companies Act, 1956. The consolidated financial statements duly audited by the statutory auditors alongwith directors report for the year ended 31st March, 2009 forms part of the annual report.

Statement showing the interest of the Company in subsidiary companies as required under the provisions of Section 212(3) of the Companies Act, 1956, is attached.

Ultra for Medical Products, Egypt

Your Company has joint venture in Egypt, namely, Ultra for Medical Products. The Company is performing well and recorded net sales equivalent of Rs. 2,514 lac during the year ended 31st March, 2009. You will be happy to know that it achieved net profit of Rs 115 lac.

Auditors Report

The observations of the Auditors have been explained in the Notes to Accounts and do not require any further clarification.

Finance Raising Mechanism

During the year under review, the Company has raised a fresh Term Loan of Rs. 750 lac. To finance capex and operating expenditure, the Company is also planning to raise further loan of Rs.1,200 lac, out of which Rs. 800 lac has already been sanctioned by State Bank of India and for balance of Rs. 400 lac, application has been made to State bank of India.

Warrants

Out of 425,000 Warrants issued to the promoters on preferential basis, the validity of 318,750 warrants expired on 16th September, 2008. Accordingly 10% Application Money amounting to Rs.33.79 lac received on these warrants was forfeited.

Public Deposits

The Company has not accepted any deposits during the year under review, with in the meaning of section 58A of the Companies Act, 1956 and rules made there under.

Future Outlook:

As indicated, your Company performed well in the financial year 2008-09 despite slowing down of growth in major economies of world. The management feels confident that overall production and sales in the financial year 2009-10 would be far better than in the previous year. But you will no doubt appreciate that performance of the Company is closely linked to the competition, exchange rate fluctuations and overall global economic development.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) appropriate accounting policies have been selected and applied them consistently and have 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 2009 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken 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 annual accounts of the Company have been prepared on a "going concern basis".

Detail of Directors seeking re-appointment

The Board consists of executive and non- executive directors including independent directors who have extensive and varied experience in different disciplines of corporate functioning. Dr. S.R. Mohnot & Sh. P.C. Surana, Non Executive Independent Directors are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

POLY MEDICURE LIMITED**POLYMED**
Medical Devices

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

Industrial Relations

The Company continues to have cordial relations with its employees and the Board records its appreciation of the commitment and support of employees at all levels.

Corporate Governance

Your Company is committed to good corporate governance practices and has been following the guidelines as prescribed by the SEBI and Stock Exchanges from time to time. A separate report on Corporate Governance along with Statutory Auditors Certificate regarding the compliance of conditions of corporate governance as stipulated in Clause 49 of the listing agreement of stock exchange, forms part of the Annual Report.

All Board members and senior management personnel have confirmed compliance with the code of conduct for the year 2008-09. A declaration to this effect signed by the CEO of the Company is contained in this Annual Report.

Further, CEO and CFO have certified to the Board with regard to the financial statements and other matters as specified in Clause 49 of the listing agreement and the said certificate is contained in this report

Management Discussion and Analysis

Management Discussion and Analysis Report as required by Clause 49 of the Listing Agreement with Stock Exchange is given in “**Annexure-I**” forming part of Directors' Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,

1988 are given in the “**Annexure-II**” forming part of this Report.

Particulars of Employees

Particulars of employees, as required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report in the “**Annexure III**”.

Acknowledgement

The Board of Directors commend the continued commitment and dedication of employees at all levels and express their gratitude to the Company's shareholders, stakeholders customers, vendors, bankers, regulatory & government authorities for overwhelming co-operation and assistance and look forward to their continued support.

For and on behalf of the Board

D.R. Mehta
Chairman

Himanshu Baid
Managing Director

New Delhi
31st July, 2009

POLY MEDICURE LIMITED**POLYMED**
Medical Devices**ANNEXURE - I****MANAGEMENT DISCUSSION & ANALYSIS****Industry Structure and Developments**

As you all know there is an unprecedented global crisis and collapse of several financial institutions, banks and companies has caused a global chain effect that has shaken governments, investors and common public alike. India has been also impacted by this crisis and certain industries have seen declining sales, credit tightness from banks, job losses, negative inflation etc.

This recent phenomenon, notwithstanding, the Indian economy is continuing its steady growth and this is also reflected in the Indian healthcare industry. Healthcare sector in India is growing around 15% annually. The Government is also putting more focus on this sector and in coming years we will continue to see this healthy growth in healthcare sector.

In the recent annual budget 2009-10, the Government of India has increased allocation under National Rural Health Mission (NRHM) by Rs.2,057 crore to Rs. 12,070 crore. Also, the Government has increased allocation under Rashtriya Swasthya Bima Yojana (RSBY) 40% over previous allocation.

The Indian healthcare sector has emerged as one of the largest sectors in India. An estimate suggests that by 2012, healthcare spending could contribute to 8% of GDP and will generate large scale employment. As per Technopark Advisors in their report – "Indian Healthcare Trends 2008", healthcare sector, which is a US\$ 35 billion industry in India, is expected to reach over US\$ 75 billion by 2012 and US\$ 150 billion by 2017.

The Medical Device Industry in India is estimated currently at about US\$ 2.17 billion and according to Industry experts, it is expected to reach a level of around US\$ 4.97 billion by 2012.

As per Industry estimates, the urban consuming class which is more health conscious, is expected to grow from 78 million in 2001 to 200 million by 2010, which in turn will fuel the growth in consumption of Medical Devices.

In last few years, the Company has strengthened its R&D division to develop and file patents for new products. This has helped the Company to launch its products in developed markets of Europe. The Company, through its subsidiary, has received US FDA approvals which will help the Company to launch some of its products in USA market

Opportunities

Today, India is the world's second largest populated country. With a rapidly growing economy and increasing urbanization, the prevalence of a number of chronic diseases such as cardiovascular, diabetes, arthritis and cancer has increased in India.

India has some 40 million diabetes patients and they are estimated to increase to 90 million by 2020. Currently, 35 million people are expected to be affected with cardiovascular diseases and this number is expected to grow to 70 million by the year 2020.

As per study, conducted by Exim Bank on Healthcare & Medical Tourism, approx. US\$ 600 million revenue was generated from over 5 lakh healthcare travellers to India 2006. The Medical Tourism Industry in India is witnessing growth of over 20% annually. The study revealed that the promotion of Medical Tourism would have direct positive impact on our Medical Device Industry.

As per report of E&Y, the number of hospital beds in India, from the current level of about a million will increase to 2 million in next 5 years, which in turn will fuel the growth of medical devices.

The Union Health Ministry has mooted a proposal to set up a series of 'Medical Parks' all over the country to enable domestic health industry to manufacture health equipment at large scale. The Medical Healthcare Industry in India is growing with public-private partnership. Healthcare and other allied sectors are in priority list of Government as well as several important private players.

Threats

Healthcare sector is subject to stringent rules and regulations framed by the Government and thus, require specific approvals before the commercial launch.

POLY MEDICURE LIMITED

The worldwide competition may also affect the domestic and export sales of the company. Besides, the economic downturn across the world, depressed market sentiments may also affect the performance of the Company.

Company's Segment-wise Performance

The company operates in only one segment i.e. "Medical Devices". The Company caters the domestic as well as exports markets.

Outlook

This has been dealt with in the Director's Report.

Risks and Concerns

In 2008-09, US dollar strengthened by approx. 14% vis-a-vis Indian rupee. Due to high volatility in the global currency markets, the risk on foreign receivables has also increased. Besides, the crude oil prices, changed in import duty structure, political situation in India and in other countries, may also affect the Company's business.

Internal Control System and their Adequacy

POLYMED has a comprehensive system of internal controls commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuing compliance of corporate policies.

The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations. The Audit Committee reviews regularly the audit reports submitted by the Internal Auditors. The Company duly considers and takes appropriate action on recommendations made by the Statutory Auditors, the Internal Auditors and Audit Committee of the Board of Directors.

Financial Performance Vis-à-vis Operational Performance

This has been dealt with in the Directors Report.

Material Developments in human resources/ Industrial relation front including number of people employed

People always have been and shall continue to be central to Polymed's growth story. Always at the forefront in terms of employee engagement and HR initiatives, the company is continually investing in the development of its human resources through a series of employee-friendly measures aimed at talent acquisition, development, motivation and retention.

For this purpose, the Company held various employees training programmes during the year, in order to boost employee morale, skill, efficiency and including inter-personal behaviour and to inculcate a feeling of team work and create a mechanism to recognise individual and team contribution to the organisation.

The total number of employees of the Company as on 31st March, 2009 was 886.

Cautionary Statement

The management of Polymed has prepared and is responsible for the financial statements that appear in this report. These financial statements are in conformity with the accounting principles professionally accepted in India. The statements in the management discussion & analysis are based on its current assessment, expectations and projections about future events. Such statements involve known and unknown factors that may cause actual to differ. These factors include, but are not limited to, changes in local and global economic conditions, the unknown or unanticipated results of the Company's strategies and operations, the market's acceptance of and demand for its products, growth and expansion, technological change and exposures to market risks. These expectations and projections are obviously only estimates and could be different from actual results in the future.