

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

Key Executives

V.K. Khera, V P (Operations)
J.K. Oswal, A V P (Finance)
P.P. Matta, Sr. G M (Production)
Hemant Bhalla, Sr. G M (Sales & Marketing)

Auditors

M/s Doogar & Associates
New Delhi

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

Registrar & Transfer Agents

MAS Services Limited,
T-34, 2nd Floor, Okhla Industrial Area,
Phase-II, New Delhi-110020

Registered Office

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

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LETTER TO THE SHAREHOLDERS



Dear Fellow Shareholders,

In 2009-10, Poly Medicure Limited delivered yet another significant performance across financial and operating indicators. I am happy to share with you that various initiatives that the company had undertaken in the last couple of years are now coming to fruition. The Company recorded its highest net sales of Rs.136 crore during the period under review. During the same period, net profit after tax expanded handsomely to Rs.16.42 crore from Rs. 5.92 crore in the previous year registering a growth of 177%. Robust business plans and sound management practices that adapted rapidly to the changing environment and the contribution of our employees have collectively resulted in the Company performing well.

The Company continues to show marked improvement on all financial parameters, surpassing the guidance given by the Company both on revenue and profit. Although the global fiscal environment remained challenging, the Company due to its vast global presence in emerging markets, has been able to face up to the economic storm.

We have continuously introduced new products and nourished our existing products with appropriate focus for growth. We have begun exploring alternative ways to create value and to infuse our products and services with better innovative technology. Going forward, we intend to build our portfolio of products in a way that gives customers multiple reasons to continue their engagement with us.

The Coming years will be even more exciting. The Company will be launching a range of new products both in domestic and overseas markets. There will be challenges but the tremendous spirit

that has always been displayed by employees at all levels in the organization. I believe that we will meet those challenges and enable the Company to retain its position as a major healthcare Company activity participating in the country's prosperity and carrying the banner of India to overseas markets with a sense of great pride.

The Company has been putting a special emphasis on R&D and has been granted patents in many countries. The Company, in future will continue to invest in development of new medical devices through continuous innovations.

Risk has become as integral part of the business activities. It becomes our foremost responsibility to manage it effectively and to ensure that our business activities are beneficial to shareholders and other stakeholders. To mitigate it, we shall continue to focus on rigorous investment discipline, operational excellence and pursuing all opportunities to enhance the underlying performance of our business.

I extend my sincere thanks to my colleagues on the board and shareholders for their commitment, enthusiasm and unstinting efforts and look forward to their continued support as committed stakeholders of the Company.

D. R. Mehta
Chairman

New Delhi
31st July,2010

NOTICE

Notice is hereby given that the 15th Annual General Meeting (AGM) of the Shareholders of Poly Medicure Ltd. will be held on Tuesday, the 7th September, 2010 at 10:00 a.m at NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi-110016 to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2010, 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, 2010.
3. To appoint a Director in place of Shri Y.S. Choudhary who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rishi Baid who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Doogar & Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business :

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 pursuant to the provisions of Section 31 of the Companies Act 1956, the Articles of Association of the Company shall be altered as mentioned hereunder:

(I) By inserting Article 13A after Article 13 and before Article 14:**Article 13A:**

- (i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in dematerialized form pursuant to the Depositories Act, 1996.
- (ii) Every person subscribing to securities offered by the Company shall have the option to receive securities certificate or to hold the securities with the depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the Law, in

respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his securities with the depository, the Company shall intimate such depository the details of allotment of securities, and on the receipt of such information, the depository shall enter in its records the name of the allottee as the beneficiary owner of the security.

- (iii) All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in sections 153, 153A, 187B, 187C and 372-A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- (iv) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
(b) Save as otherwise provided in (a) above, the depository shall not be deemed to be the registered owner of the securities and shall not have any voting rights or any other rights in respect of the securities held by it.
(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of depository shall be deemed to be member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- (v) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository or the Company by means of electronic mode or by delivery of floppies or discs.
- (vi) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of depositories.
- (vii) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

- (viii) Notwithstanding anything in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to the securities held with a depository.
- (ix) The register and index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the register and index of members and the securities holders for the purpose of this articles.
- (x) For the purpose of this articles :-

“Beneficial Owner” means a person or persons whose name is recorded as such with a depository:

“SEBI” Means the Securities and Exchange Board of India:

“Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992 and

“Security” means such securities as may be specified by SEBI from time to time

(II) By inserting Article 61A after Article 61 and before Article 62.

Article 61A : The Chairman of the Board shall preside over every General Meeting of the Company.

(III) Existing Article 89 shall be altered by substituting the following Article 89 in place the existing Article 89.

Article 89 : All the Directors, excluding the Managing Director, Whole Time Director and/or Special Director shall retire by rotation. One third of such of the directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one third shall retire from office at each Annual General Meeting. A special director appointed by the Board under Article 79 and 80 and/or Managing Director, and Whole Time Director shall not be liable to retire by rotation subject to Section 256 of the Act. The Director to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves be determined by lot.

Item No. 7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

“RESOLVED THAT in suppression of all the resolutions passed earlier in this behalf and pursuant to provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act 1956 (including any statutory modifications or re-enactments thereof), the consent of the Company be and is hereby accorded to borrow any sum or sums of money from time to time, notwithstanding that the money(s) to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount so borrowed shall not, at any time exceed the limit of Rs. 300 (Rs Three Hundred Crore) or equivalent Foreign Currency.”

Item No. 8. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

“RESOLVED THAT in suppression of all the resolutions passed earlier in this behalf and pursuant to provisions of Section 293(1)(a) and other applicable provisions, if any of the Companies Act 1956 (including any statutory modifications or re-enactments thereof), the consent of the Company be and is hereby accorded to mortgage and/or create charge, in addition to the mortgages/charges already created or to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company in favour of the lender(s) and agent(s) of lender(s) for securing the borrowing of the Company availed/to be availed by way of term loan/other borrowings (in foreign currency and/or Indian currency) subject to the limits approved under section 293(1)(d) of the Companies Act, 1956 Rs. 300 Crore (Rs.Three Hundred Crore) or equivalent foreign currency, together with interest at the respective agreed rates, additional interest compound interest in case of default, accumulated interest, liquidated damages commitment charges, remuneration of the agents, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s) or any other document, entered into/to be entered into between the Company and the lender(s) and agent(s)

in respect of the said loans/other borrowings and continuing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or any committee(s) thereof and the lender(s) and agent(s).”

Item No. 9. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“**RESOLVED THAT** Keyman Insurance Policies bought by the Company on the life of Shri Himanshu Baid, Managing Director and Shri Rishi Baid, Executive Director, valuing Rs. 10,25,382/- (Rs. Ten Lac Twenty Five Thousand Three Hundred Eighty Two) each as on 31st March 2010, be assigned to them in recognition of the good work done by them in improving the shareholders’ value.”

New Delhi **By order of the Board of Directors**
31st July, 2010 **For Poly Medicure Limited**

Registered Office : **Brahm Prakash**
First Floor, 12 **Company Secretary**
Sant Nagar
East of Kailash
New Delhi - 110065

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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956, relating to the special business to be transacted at the Meeting is annexed hereto
3. The Register of Members and Share Transfer Books will remain closed from 26th August, 2010 to 7th September, 2010 (both days inclusive).
4. The dividend on Equity Shares, if declared, at the Annual General Meeting will be paid on or after 16th September, 2010.
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

names appear in the Register of Members as on 7th September, 2010. 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.

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 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. 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 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.
12. 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 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 brief profile of the Directors proposed to be re-appointed is given in the section on corporate governance.

New Delhi By order of the Board of Directors
31st July, 2010 For Poly Medicure Limited

Registered Office : **Brahm Prakash**
 First Floor, 12 **Company Secretary**
 Sant Nagar
 East of Kailash
 New Delhi - 110065

Annexure to Notice :

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

Item No. 6 (I) : The Shares of the Company are tradable at the Stock Exchange in dematerialized form only. The Company has accordingly entered into Agreements with both the Depositories namely National Securities Depository Ltd. and Central Depository Services (India) Ltd. Although, the Company has provided its shareholders the benefit of dematerialization, it is desirable to amend the Articles of Association of the Company to create an enabling provision.

Memorandum of Interest : None of the Directors is interested in the resolution except to the extent of their shareholding in the Company.

Item No. 6(II) : It is a usual practice to authorize the Chairman of the Board of Directors to preside over the General Meetings of the Company. In keeping with practice followed by a number of Companies, it has been decided by the Board, to amend the Articles of Association of the Company to enable the Chairman of the Board to act as Chairman of the General Meetings of the Company.

Memorandum of Interest: None of the Directors is interested in the matter.

Item No. 6 (III) : The existing Article 89 provides that the Managing Director of the Company shall be a Director who shall not be liable to retire by rotation. The Company also has a Wholetime Director whose office is liable to retirement by rotation. The Board

considered the matter and decided that the office of Wholetime Director should also be made such that it is not liable to retirement by rotation. Hence, the existing Article is proposed to be replaced by new Article 89.

Memorandum of Interest: None of the Directors is interested in the matter.

Item No. 7 & 8 : The business of the Company is expanding and it regularly needs capital expenditure for meeting the requirements of scaling up its production facilities and other expenditure. While the Company is utilizing its internal accruals for meeting such expenditure, it is also necessary for the Company to raise debt for the purpose. The shareholders have already authorized the Board of Directors to raise a sum of Rs. 200 (Rs. Two Hundred) Crore for the requirements of the Company. The Board of Directors feel it would be appropriate to raise this figure to Rs. 300 (Rs Three Hundred) Crore.

It is also necessary to create security on the assets of the Company in favour of the lenders to raise funds. The resolutions at item No. 7 and 8 are, therefore, recommended by the Board.

Memorandum of Interest : None of the Directors is interested in these matters.

Item No. 9 : The Company had bought Keyman Insurance policies on the life of Shri Himanshu Baid, Managing Director and Shri Rishi Baid, Executive Director for a sum of Rs. 15,00,000/- (Rs. Fifteen Lac) each. The surrender value of these policies as on 31st March, 2010 was Rs. 10,25,382/- (Rs. Ten Lac Twenty Five Thousand Three Hundred Eighty Two) each. The Board of Directors of the Company at its meeting held on 17th March, 2010 decided that these policies may be assigned to them in recognition of the good work done by them which has resulted in improving the shareholders value.

The matter is placed before the Shareholders for their consideration and approval.

Memorandum of Interest : None of the Directors, except Shri J.K. Baid, Shri Himanshu Baid and Shri Rishi Baid is interested in the matter.

New Delhi By order of the Board of Directors
31st July, 2010 For Poly Medicure Limited

Registered Office : **Brahm Prakash**
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 New Delhi - 110065

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting their 15th Annual Report together with Audited Statements of Accounts of the Company for the year ended 31st March 2010.

Financial Results

The standalone financial results of the Company for the financial year ended 31st March 2010 were as follows:

(Rs. in Lac)

Particulars	FY. 2009-10	FY. 2008-09
Net Sales	13,600.46	11,222.35
Add: Other Income	52.90	64.48
Total Revenue	13,653.36	11,286.83
Profit before Interest, Depreciation and Taxes	2,943.19	1,791.04
Profit before Tax	1823.25	664.43
Profit after Tax	1642.94	592.55
Profit brought forward from the pervious year	663.64	532.14
Profit available for appropriation	2306.58	1,124.69
Appropriations:		
-Transferred to General Reserve	500.00	300.00
-Proposed Dividend and Dividend Distribution Tax	322.10	161.05
Surplus carried to Balance Sheet	1484.48	663.64

The Company recorded net sales of Rs. 13,600.46 lac. against Rs.11,222.35 lac in the previous year, recording a growth of over 21%. Profits after tax for the year were Rs.1,642.94 lac against Rs 592.55 lac for the previous year. This translates into handsome growth of 177%. The boost in profits was on account of economies achieved due to completion of backward integration project lower forex losses and cost cutting measures taken by the Company.

Dividend

Based on the Company's performance, your Directors are pleased to recommend a dividend @

Rs. 2.50 per equity share of Rs. 10 each for the financial year 2009-10, on the expanded capital after 1:1 bonus issue as stated in a later part in this document. The dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members of the Company as on 7th September, 2010. In respect of shares held in demat form, it will be paid to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners. The dividend would involve an outflow of Rs. 275.31 lac towards dividend and Rs.46.79 lac towards dividend distribution tax, resulting in a total outflow of Rs. 322.10 lac.

Reserves

The Board of Directors has transferred Rs.500.00 lac to General Reserves out of the amount available for appropriations and balance of Rs.1484.48 lac is to be carried to Balance Sheet.

Expansion Programme

The company is in the process of expanding its installed capacity by around 20% in the current financial year, to meet the increased demand at a capital cost of Rs.3000 lac. A sum of Rs 1500 lac is proposed to be raised by way of debt and the balance will be met from internal accruals.

Development of New Products

Your Company is continuously endeavouring to launch new products in diagnostic field.

Subsidiaries

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

US Safety Syringes Co., LLC, USA

The Company is yet to start the business activities.

Poly Medicure (Laiyang) Co. Ltd, China

The Company started commercial production during the year and achieved a turnover of Rs. 118.62 lac.

Joint Venture/Associate

The company has one Joint Venture in Egypt.

Ultra for Medical Products, Egypt

The Company is performing well and has achieved sales of Rs. 2,844.87 lac during the year ended 31st December 2009.

Finance Raising Mechanism

The Company is moving ahead for its future expansion and in order to meet the fund requirements, the Company has raised a fresh term loan of Rs. 400 lac during the year .Further, the Company is also planning to raise further loan of Rs. 1500 lac, the proposal for which is pending with State Bank of India.

Credit Rating

The company continues to have the credit rating from CRISIL which has reaffirmed the credit rating as A-/ stable and P2+ for fund based and non-fund based facility respectively.

Share Capital

During the year under review, the following changes were effected in the Share Capital of the Company :

(i) Increase in Authorised Share Capital :

The Authorised Share Capital of the Company was increased from Rs. 9 crore to Rs. 15 crore divided into 1,50,00,000 Equity Shares of Rs. 10/- each w.e.f 16th March 2010.

(ii) Issue of Bonus Shares

The Company had issued Bonus Shares in the ratio of 1(one) Bonus Share for every 1(One) existing Share of Rs. 10 (Ten) each to the existing Shareholder of the Company as on record date i.e. 29th March 2010 and allotted 54,00,000 Bonus Shares on 30th March 2010 as per the approval received from Bombay Stock Exchange (BSE). However, the Company is yet to receive the approval from Bombay Stock Exchange (BSE) for allotment of 1,06,250 Equity Shares. In view of pending approval, 1,06,250 Equity shares have been shown as Shares Pending Allotment and the same will be issued to all eligible shareholders upon the receipt of said approval from Bombay Stock Exchange (BSE).

Fixed Deposits

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of Balance Sheet.

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 along with 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 2010 and of the Profit of the Company for the year ended on that date;
- (iii) Proper and sufficient care has been taken 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".

Auditors and Auditors' Report

M/s Doogar & Associates, Chartered Accountants, 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 2010-11 will be within the limit prescribed under Section 224(1B) 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.

Directors

Sh. Y. S. Choudhary and Sh. Rishi Baid retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Brief resume of the aforesaid Directors are furnished in the Corporate Governance Report.

Employee Relations

Employee relations continued to be cordial throughout the year. Yours Directors wish to place on record their sincere appreciation for the excellent spirit with which entire team of the Company worked at all plants and offices and achieved commendable progress.

Corporate Governance

Your Company is committed to maintain the best standards of good corporate governance practices and adhere to Corporate Governance Requirements set out by SEBI.

The report on Corporate Governance along with a certificate from Sh. B.K. Sethi, Practicing Company Secretary confirming compliance of conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement of stock exchange, is also annexed and forms part of the Annual Report.

Management Discussion and Analysis

The Management Discussion and Analysis Report on the operations of the Company, as required under the Listing Agreement with the Stock Exchange is provided in “Annexure-I” forming part of Directors’ Report.

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

Particulars with respect 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 the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in “Annexure II” and form an integral part of this report.

Particulars of Employees

A statement showing the particulars of employees, pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, is annexed as “Annexure III”.

Acknowledgement

Your Directors wish to place on record their appreciation of the wholehearted support extended by the regulatory and government authorities, Company’s shareholders and other stakeholders customers, vendors, bankers and employees at all levels, which is a source of strength for the Company.

For and on behalf of the Board of Directors

D.R. Mehta
Chairman

Himanshu Baid
Managing Director

New Delhi
31st July, 2010

MANAGEMENT DISCUSSION & ANALYSIS

ANNEXURE - I

Industry Structure and Developments

The public health infrastructure of India has grown since independence, but it is yet to match the basic healthcare facilities in many other countries. While in 1947 the number of hospitals beds was 3.2 per 10,000, the present number of 9 per 10,000 is commendable, but still far behind that of other developing countries. The number of physicians available per ten thousand patient population is only seven in India while the number of professional nurses available for the same population is only 7.85. These numbers are less than ideal and to counter the same. The National Health Policy has identified certain steps to improve the reach of healthcare in all parts of the country especially in the rural areas.

Parallel to the healthcare industry growth, the Indian diagnostics and pathology testing market is set for steady growth. The market is valued at close to INR 6,000 crore in 2008 and is growing at 20 percent per annum.

The market for medical devices is flourishing gradually. Everyday more than 50,000 different kinds of medically advanced instruments are estimated to be used in healthcare facilities and elsewhere all over the world. As per estimates around 75% of the medical devices in developing countries are imported, much of which do not meet the needs of national health care requirements and are not used effectively and efficiently.

In India, disease profile is changing and lifestyles diseases have become more prevalent which has led to increased spending on healthcare delivery. The vast majority of the country suffers from poor standard of healthcare infrastructure which has not kept pace with the growth in economy.

Opportunities

Healthcare industry in India is booming. India produces the largest number of doctors, nurses and technicians in the world. This puts us in an ideal position to be the dominant healthcare providers to the whole world.

On the one hand, the Indian middle class, with its increasing purchasing power, is more willing than before to pay for quality healthcare services, on the other, the supply of healthcare services has grown steadily, as the private sector becomes more involved in owning and running hospitals.

The medical devices market is the direct beneficiary of this boom in healthcare industry. The Indian Companies with their R&D facilities have developed a range of good quality products for the domestic and export market. The healthcare industry in India is reckoned to be the one of the main components of the economy's growth in the years to come.

According to a new report published by RNCOS, titled, "Booming Medical Tourism in India" Released in September, 2009, Medical Tourism in India has emerged as the fastest growing segment of the tourism industry despite the global economic downturn. Medical Tourism offers such patients an option to seek low cost alternatives on an immediate basis in scenic environments. The year 2007 saw over 450000 foreign patients come to India for treatment. Credit Suisse estimated the industry to be growing at 25-30 percent on a year to year basis

Employment opportunities are provided to many people in the healthcare segment or other related sectors catering to the healthcare industry in some way or the other. India has become one of the favourites destinations for health care treatments. Thus it has opened new avenues for professionals and others connected with the industry.

India is fast on its journey to become the next hot spot for healthcare. This is certainly the industry of the future and India has tremendous potential in this field as the progressive nature of the health care sector in India has also added considerably to its GDP.

Company's Segment-wise Performance

The company currently operates in only one segment i.e. "Medical Devices" and two market domains domestic and export.

Risks , Concerns and Threats

Key risk to the Company's business include loss of key personnel, increase in input costs, exchange rate fluctuations and changing import duty structures and political conditions in the country and in the countries to which the Company export its products. Further, manufacturing of medical devices is heavily regulated and controlled by regulatory and government authorities. Failure to comply with such regulations could result in revocation of licences approvals, failure or delay in obtaining approvals for new products, prohibition on the sale and criminal proceedings against non-complying manufactures.

Moreover, emerging markets are becoming more competitive with the entry of new players. The completion factor also affects the domestic and export sales of the Company.

The company constantly works on taking appropriate measures and reviewing them from time to time to de-risk itself from foreign exchange and various other business risks. The Company's current and fixed assets as well as products are adequately insured against various risks. The Company's risk management and control procedures involve prioritization and continuing assessment of these risks and devise appropriate controls, evaluating and reviewing the control mechanism. Through this approach, the Company strives to identify opportunities that enhance organisational values while managing or mitigating risks that can impact its future performance.

Internal Control System and their Adequacy

The Company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and that all transactions are authorised, recorded and reported correctly.

The Internal Control System provides for adherence to approved procedures, policies, guidelines and authorizations. In order to ensure that all checks and balances are in place and all the internal control systems and procedures are in order, regular and exhaustive, periodic internal audit is conducted by qualified Chartered Accountants..

The Internal Auditors independently evaluate adequacy of internal controls. The Internal Audit reports, as submitted by Internal Auditors, are reviewed by the Audit Committee on a quarterly basis. Post audit reviews are also carried out to ensure that audit recommendations have been implemented.

Financial Performance Vis-a-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

The quality of the leadership pipeline makes corporations sustainable and to deliver beyond individual personalities. Human Resources are most valuable assets of the Company. The Company's

Human Resource Policy primarily aims at talent management and leadership development, safety and health of its employees. Excellence in business operations is achieved through a committed, talented and focused work force. The Company provides an environment which encourages initiative, innovative thinking and reward performance. The employees of the Company have played a crucial role in contributing to the growth of the Company.

The Company has constituted various in-house training programmes for employee's skill advancement. Employees are also deputed to various training programmes and seminars for enhancing their competencies.

The total number of employees of the Company as on 31st March, 2010 was 890 as against 886 in the previous year.

Value creation and wealth sharing

Your company enjoys the distinction of having shared wealth with its shareholders by paying dividend continuously every year for the last seven years. This combined with a consistently climbing book value as well as market value for your Company's shares, has led to accretion of shareholders wealth.

The policy of continuously ploughing back the profits of the company in its expansion projects will strengthen shareholder value over the long term.

Outlook for the year 2010-11

The Company is well positioned to enhance shareholders' value despite various challenges.

Keeping in view the increase in production capacity and improvement in capacity utilization, increase in domestic sales and export orders, future prospects of overall performance of your company are encouraging and poised for sustained growth.

Cautionary Statement

Statements in the Managements Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual Results could differ materially from those expressed or implied. Important factors could make a difference to the Company's operations include, among others, economic conditions affecting demand supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

ANNEXURE - II
REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO IN ACCORDANCE WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY:			
a) Energy conservation measures taken	The manufacturing operations of the Company do not consume high energy. Adequate measures have been taken to conserve energy by using efficient equipments. The Company is on the constant look out for efficient energy conservation technologies and introduction thereof.		
b) Additional investment and proposals, if any	The Company proposes to make an additional investment of Rs. 20 lac approx for reduction in energy consumption.		
c) Impact of above measures	Reduction in energy and fuel consumption.		
d) Total energy consumption and energy consumption per unit of production	As per 'Form - A' attached		
B. TECHNOLOGY ABSORPTION:			
a) Efforts made in technology absorption.	As per 'Form - B' attached		
C. FOREIGN EXCHANGE EARNINGS AND OUTGO			
a) Activities relating to exports; Initiatives taken to increase exports; development of new export markets for products and services and export plans	The Company continues to keep its focus on export markets. The Company is regularly participating in all important overseas exhibitions, which are very much helpful in improving the visibility of various products and widening the customers base. Besides, the marketing people do visit overseas customers periodically, to achieve better relations and also to explore new markets.		
b) Total foreign exchange used and earned	2009-10 (Rs. in lac)	2008-09 (Rs. in lac)	
Foreign Exchange Used:	4130.38	2625.21	
Foreign Exchange Earned:	7980.79	7564.84	

FORM A

Form for disclosure of particulars with respect to conservation of energy

		Year ended	Year ended
		31.03.2010	31.03.2009
A.	POWER AND FUEL CONSUMPTION		
	1. Electricity:		
	a) Purchased Unit (Kwh)	5410500	4767254
	Total Amount (Rs. in lac)	256.29	226.50
	Rate/Unit (Rs.)	4.74	4.75
	b) Own Generation:		
	i) Through Diesel Generator		
	Units Generated (Kwh)	2098135	2028546
	Units per liter of Diesel Oil	2.83	3.10
	Cost per unit (Rs.)	11.29	10.50
	ii) Through furnace Oil Generator		
	Units Generated (Kwh)	-	-
	Units per liter of Diesel Oil	-	-
	Cost per unit (Rs.)	-	-
	iii) Through Steam Turbine/Generator (Unit-Kwh)		
	Units Generated (Kwh)	-	-
	Units per liter of Diesel Oil	-	-
	Cost per unit (Rs.)	-	-
	2. Coal (Specify quality and where used):		
	Quantity (Tonnes)	-	-
	Total Cost (Rs.)	-	-
	Average Rate (Rs./Tonne)	-	-
	3. Diesel/Furnace Oil:		
	a) Diesel:		
	Quantity (K. Ltrs)	744.81	661.60
	Total Cost (Rs. in lac)	236.86	215.05
	Average Rate (Rs./K. Ltrs)	31802	32086
	b) Furnace:		
	Quantity (K. Ltrs)	-	-
	Total Cost (Rs.)	-	-
	Average Rate (Rs./K. Ltrs)	-	-
	4. Other internal Generation:		
	Quantity (K. Ltrs)	-	-
	Total Cost (Rs.)	-	-
	Average Rate (Rs./K. Ltrs)	-	-
B.	CONSUMPTION PER UNIT OF PRODUCTION		
	Products- Medical Devices (Nos. in lac)	2346.22	1555.58
	Electricity (Kwh) per Lac Nos.	3200.31	4368.65
	Furnace Oil (Ltrs)	-	-
	Coal	-	-
	Others	-	-

FORM B

Form for disclosure of particulars with respect to absorption

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company	New product development as per customers requirements.	
2. Benefits derived as a result of the above R & D	Import Substitution, New customers. Cost reduction	
3. Future Plan of Action	Product Improvement, Cost Reduction and new product development	
4. Expenditure on R & D	Year ended 31.03.2010 (Rs. in lac)	Year ended 31.03.2009 (Rs. in lac)
(a) Capital	14.06	12.36
(b) Recurring	48.88	41.32
(c) Total	62.94	53.68
(d) Total R & D expenditure as a Percentage of Total Turnover	0.46%	0.48%

Technology Absorption, Adoption and Innovation

1. Efforts, in brief, made towards technology absorption, adoption and innovation	The R & D division of the Company continues to develop products by adopting latest technology to stand at par with the rest of the world.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	The Company has been able to have the benefits like increase in products range , cost reduction and improvement in products quality.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: a) Technology imported b) Year of Import c) Has technology been fully absorbed d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	NA

ANNEXURE III

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

Name	Designation	Qualification	Age (Yrs.)	Gross Remuneration (Rs. in Lac)	Total Experience (years)	Date of Commencement of employment	Last Employment & Designation held
Shri Himanshu Baid	Managing Director	Electronics Engineer	42	86.68	22	20.09.1996	Hanuman Tin Factory Manager
Shri Rishi Baid	Executive Director	BSME, MSME	38	86.49	17	01.08.1997	Miles Pharma Inc. USA Engineer

Notes:

1. Remuneration includes salary, allowances, company's contribution to provident fund, commission, retirement benefits and monetary value of perquisites. Besides, Keyman insurance policy for Managing Director and Executive Director having surrender value of Rs. 10.25 lac each have also been assigned in favour of the respective Directors.
2. The nature of employment in all cases is contractual. The other terms and conditions as per the Company's Rules.
3. Shri Himanshu Baid is related to Shri J.K. Baid, Director and Shri Rishi Baid, Executive Director.
4. Shri Rishi Baid is related to Shri J.K. Baid, Director and Shri Himanshu Baid, Managing Director.

REPORT ON CORPORATE GOVERNANCE**1. Company's philosophy on code of governance**

The Company philosophy on corporate governance envisages the attainment of corporate excellence by providing enhanced shareholders value. The company believes that governance process should ensure economic prosperity and long term value creation for the Company and its shareholders by following principles of transparency, accountability and responsibility, investor protection, compliance with statutory laws and regulations. The Company also upholds the rights of its investors as to other information on the performance of the company.

2. Board of Directors

The Board of Directors of the Company has an optimum combination of executive and non-executive directors. The present strength of the Board is seven directors. The non-executive directors bring independent judgment in the Board's deliberations and decisions. There are two executive and five non-executive directors, of which four including the Chairman, are independent directors. The Board of Directors is headed by Shri Devendra Raj Mehta, non-executive independent Chairman.

Composition of Board of Directors

Composition of Board of Directors of the Company as on 31st March, 2010 is as under:

Shri Devendra Raj Mehta

Shri Mehta, age 73 years, is a Law and Economics Graduate and is a retired I.A.S. Officer. He has held high positions including Chairman of Securities and Exchange Board of India (SEBI), Dy. Governor of Reserve Bank of India (RBI), Director General of Foreign Trade (DGFT) etc. He has vast knowledge and experience in the field of Finance, Corporate Laws, Management, Economics and Capital Markets. He is an alumnus of Alfort Sloan School of Management, M.I.T. Boston (USA) and Royal Institute of Public Administration, London (U.K.).

Dr. Sohan Raj Mohnot

Dr. Sohan Raj Mohnot, age 81 years is Ph.D., C.M.C., F.I.M.C.I., F.I.S.T.D. He is an eminent economist and is an international management consultant. He has more than fifty years experience in the field of Economics and Management Consultancy. He had worked with the United Nations Industrial Development Organization (UNIDO) and United Nations

Development Programme (UNDP) as Industrial Economist and team leader. He is Chairman of Centre for Industrial & Economic Research (CIER) and President Emeritus of Indian Society of Training and Development. He has authored widely acclaimed books on management and economics and chaired international conferences in India and abroad.

Shri Jugal Kishore Baid

Shri J. K. Baid, a non-executive director of the Company, aged 68 years is the promoter & founder of the Company. He is a qualified Mechanical Engineer from BITS, Ranchi and has over 35 years of experience. He has undergone various industrial training programmes with large and medium sector engineering companies. In 1967 he joined Hyderabad Allwyn Metal Works as a production engineer. In 1970, he joined his family business, M/s Jai Industrial Works, presently known as Jai Polypan Pvt. Ltd. In 1988, he pioneered in setting up rotational moulding technology for the first time in Rajasthan to manufacture multilayered and foam-filled water storage containers under the popular brand name of "POLYCON".

Shri Yeshwant Singh Choudhary

Shri Yeswant Singh Choudhary, age 67 years, is an Electronics Engineer from BITS Pilani, He has vast knowledge and experience in the field of Project Management, Marketing and setting up Projects.

Shri Prakash Chand Surana

Shri Prakash Chand Surana, age 63 years, is a Chartered Accountant by profession. He has 40 years experience in the field of taxation and corporate laws.

Shri Himanshu Baid, Managing Director

Shri Himanshu Baid, Managing Director of the Company, age 42 years, is an Electronics Engineer and has experience in respect to manufacturing facility of Philips Communications Industry AG. Nurenberg, Germany. He also worked as Chief Executive (Marketing) of Polycon International Limited and looked after the day to day techno-commercial affairs of that Company. He has been associated with the Company from its incorporation.

Shri Rishi Baid, Executive Director

Shri Rishi Baid, Executive Director of the Company, age 38 years, is B.S.M.E and M.S.M.E. (Mechanical) from West Virginia University, U.S.A. He served Miles Pharma Inc. USA. He has been associated with the Company from its incorporation.

During the financial year ended 31st March 2010, eight Board Meetings were held on 30th May 2009, 31st July 2009, 2nd September 2009, 26th October 2009, 9th December 2009, 23rd January 2010, 9th February 2010 and 17th March 2010. The names, designation & categories of the Directors on the Board, their attendance at respective Board Meetings held during the year and the last Annual General Meeting and total number of shares held by them in the Company are as under:

Sr. No.	Name of Directors	Designation/ Category	No. of Board Meetings Attended	Last AGM Attended (Yes/No)	Share holding as on 31 st March, 2010
1	Shri D.R. Mehta	Chairman Non Executive Independent Director	5	Yes	NIL
2	Dr. S.R. Mohnot	Non-Executive Independent Director	8	Yes	9600
3	Shri J.K. Baid	Non Executive Director	5	Yes	268672
4	Shri Y.S. Choudhary	Non Executive Independent Director	7	Yes	4000
5	Shri P.C. Surana	Non Executive Independent Director	5	Yes	4000
6	Shri Himanshu Baid	Managing Director	8	Yes	994328
7	Shri Rishi Baid	Executive Director	7	Yes	1213256

Number of other Boards or Board Committees in which your directors are members or Chairperson :

Sr. No.	Name of Directors	No. of other directorship held as on 31 st March, 2010	No. of Committees Positions	
			As Chairman	As Member
1	Sh. D.R. Mehta	4	2	--
2	Dr. S.R. Mohnot	9	--	1
3	Sh. J.K. Baid	1	--	--
4	Sh. Y.S. Choudhary	1	--	-
5	Sh. P.C. Surana	5	-	-
6	Sh. Himanshu Baid	5	--	--
7	Sh. Rishi Baid	4	--	--

3. Audit Committee

The Audit Committee reviews the matters falling in its terms of reference and addresses larger issues and examines those facts that could be of vital concern to the Company. The terms of reference of the Audit committee constituted by the Board in terms of Section 292A of the

Companies Act, 1956 and the Corporate Governance Code as prescribed under Clause 49 of the Listing Agreement broadly includes matters pertaining to adequacy of internal control systems, review of financial reporting process, discussion of financial results, interaction with auditors, appointment and remuneration of auditors, adequacy of disclosures and other relevant matters. In particular, these include:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential

issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualification, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition, name of members and Chairperson

The Audit Committee of the Board consists of three non-executive independent directors. The Committee is chaired by Dr. S. R. Mohnot, who is an eminent Economist and international Management

Consultant having experience of over 50 years. His qualifications are Ph.D, C.M.C., F.I.M.C.I. and F.I.S.T.D. He worked with United Nation Industrial Development Organization (UNIDO) as industrial economist and team Leader. The name and profile of other members of the committee are contained in the following table.

During the year under review, four meetings of Audit Committee were held on 30th May 2009, 31st July 2009, 26th October 2009 and 23rd January 2010. The attendance of members therein is as follow:

Name	Profile	No. of Committee Attended out of 4
Dr. S.R.Mohnot	Ph.D., C.M.C., F.I.M.C.I., F.I.S.T.D. with over 50 Years of experience in the field of Economics and Management Consultancy.	4
Shri Y.S. Choudhary	Electronics Engineer from BITS, Pilani with vast experience in Project Management, Marketing and setting up Industrial Projects.	4
Shri P.C.Surana	Chartered Accountant having over 40 Years experience in the field of finance, taxation and corporate laws	2

The Company Secretary is also the Secretary to the Audit Committee.

The Composition of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

4. Remuneration Committee

a. Composition, name of members and Chairperson and terms of reference

The Remuneration Committee of the Board of Directors has been constituted to recommend/ review the remuneration package of the whole time Directors. The Committee comprises of four Independent and Non-Executive Directors namely Shri D.R. Mehta as Chairman, Dr. S. R. Mohnot, Shri Y. S. Choudhary and Shri P. C. Surana as members. The broad terms of reference of the committee are as follows:

- i. Recommend to the Board the remuneration including salary, perquisites and commission to be paid to the company's Managing Director and Whole-time Directors.
- ii. Finalize the perquisites package of the Managing Director and Whole-time Directors with in the overall ceiling fixed by the Board.
- iii. Recommend to the Board, retirement benefits to be paid to the Managing Director and Whole-time Directors under the retirement benefit guidelines adopted by the Board.

No meeting was held during the period under review.

The Company Secretary is also the Secretary to this Committee.

b. Remuneration Policy

(A) Whole time Directors

The Managing Director and Executive Director (the Whole Time Directors) are paid remuneration within the range approved by the Remuneration Committee which is further approved by the Company in General Meeting. The remuneration is decided considering various factors such as qualification, experience, expertise, and capability of the appointee, its contribution to the Company's growth, remuneration prevailing in the industry, financial position of the Company etc.

(B) Non-Executive Directors

The non executive directors are paid remuneration by way of sitting fees for attending each meeting of Board of Directors and Committee Meeting thereof. On 23rd January, 2010, the Board decided to enhance the sitting fees to Rs.15000 (Rs. Fifteen Thousand) only for attending each meeting of Board of Directors and Committee thereof.

Details of the remuneration, fees etc paid to all the Directors for the year ended on 31st March, 2010 are given hereunder:

0(Rs.)

Name of Director	Salary*	Commission	Sitting Fee	Total
Sh. D.R.Mehta	-	-	55,000	55,000
Dr. S.R.Mohnot	-	-	1,47,000	1,47,000
Sh. J.K.Baid	-	-	55,000	55,000
Sh. Y.S.Choudhary	-	-	1,21,000	1,21,000
Sh. P.C.Surana	-	-	81,000	81,000
Sh. Himanshu Baid	56,68,333	30,00,000	-	86,68,333
Sh. Rishi Baid	56,49,963	30,00,000	-	86,49,963

*Remuneration includes salary, allowances, company's contribution to Provident Fund, Commission, Retirement benefits and monetary value of perquisites. Besides, Keyman insurance policy for Managing Director and Executive Director, having surrender value Rs. 10,25,382 (Rs. Ten Lac Twenty Five Thousand Three Hundred Eighty Two) each have also been assigned in favour of the respective Directors.

Information placed before the Board of Directors:

Information as required under Annexure 1A to Clause 49 of the listing agreement is made available to the Board in every meeting.

5. Investors' Grievance Committee

i. Composition, name of members and Chairperson and terms of reference

An Investors' Grievance Committee was set up to specifically to look into the expeditious redressal of Investors' complaints. The Committee consists of two Non-Executive Independent Directors namely Dr. S. R. Mohnot as Chairman and Shri P. C. Surana, and the Managing Director of the Company Shri Himanshu Baid as members. The term of reference of the Committee is to specifically look into the redressal of shareholders' and investors' complaints like, issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends etc.

Shri Brahm Prakash, Company Secretary is also the Compliance officer of the Company for complying with the requirements of Listing Agreement with the Bombay Stock Exchange.

The Company received a complaint during the last quarter of 2009-10, which was resolved immediately and there is no pending complaint at the end of the year.

6- General Body Meeting

General Body Meetings (during the last three years)

Meeting	Date and Time	Venue
12 th AGM	6 th Sep.2007 at 10:00 AM	Government Servants Co-operative House Building Society Ltd., Kalyan Kendra,9, Paschimi Marg, Vasant Vihar, New Delhi – 110 057
13 th AGM	2 nd Sep.2008 at 10:00 AM	Government Servants Co-operative House Building Society Ltd., Kalyan Kendra,9, Paschimi Marg, Vasant Vihar, New Delhi – 110 057
14 th AGM	2 nd Sep.2009 at 10:00 AM	Government Servants Co-operative House Building Society Ltd., Kalyan Kendra,9, Paschimi Marg, Vasant Vihar, New Delhi –110 057

Special Resolutions passed in the last three AGMs

2007-AGM

None

2008-AGM

Re-appointment of Shri Rishi Baid as Executive Director and payment of remuneration to him.

2009-AGM

None

During the year under review, a special resolution for alteration of Articles of Association of the Company was passed through postal ballot process pursuant to section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

Shri B.K. Sethi, Practicing Company Secretary was duly appointed as the scrutinizer for conducting the postal ballot process. Based on the Scrutinizer's report, the result of postal ballot was declared on 16th March, 2010 at the registered office of the Company. The voting pattern was as follow:

Particulars	
No. of Ballots issued by the Company	1472
No. of Ballots Received	123
Total Votes cast	47122790
Votes Cast in favour of the resolution	47120790
Votes cast against the resolution	2000
Votes declared invalid	1000
Result	Resolution Carried

The Company is planning to commence new business, in addition to exiting business, as mentioned under object clause of memorandum of association of the Company. Hence, special resolution for alteration in object clause may be proposed to conducted through postal ballot.

7- Disclosures

- i) The details of related party transaction are given in the notes to accounts. None of the transaction with any of the related parties was in conflict with the interests of the Company.
- ii) The Company had entered into contract under Section 297 of the Companies Act 1956 with M/s Vitromed Healthcare, a partnership firm in which some directors are interested, for making sales to it. Due to heavy export order in the last month of the financial year ended 31st March 2010, prior approval could not be obtained for making sales to the said firm in excess of the approved monetary limit by Rs 87.85 lacs against the sanctioned limit of Rs. 700 lacs, for which necessary application has been filed with Central Government. There is no other non compliance / strictures, penalty imposed on the Company by Stock Exchange (s) or SEBI or any statutory authority on any matters related to capital market during the last three years.

- iii) There were no instances of non compliance on any matter related to the Capital Markets during the last three years. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.
- iv) The Company has fully complied with all the mandatory requirements prescribed under clause 49 of the Listing Agreement with Bombay Stock Exchange (BSE) relating to Corporate Governance and included all suggested item in the Report on Corporate Governance.
- v) As on date of reporting, the company has not adopted any Whistle Blower Policy. However, no personnel has been denied access to the Audit Committee.
- vi) In preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accounts of India (ICAI).
- vii) The Company has, for the year undertaken voluntary secretarial audit and has also obtained certificate from M/s. B.K. Sethi & Co., Practicing Company Secretaries confirming the compliance of all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. Further, the Company has adopted following non-mandatory requirement:

Remuneration Committee of the Board of Directors of the Company has been set up and the particulars of the Committee are given in the Report itself.

8- Means of Communication

The annual report is sent to each shareholder. Quarterly/half yearly/annual financial result are published in English national daily news paper "The Pioneer" and in Hindi regional news paper "Veer Arjun". The results are simultaneously provided to the Bombay Stock Exchange (BSE) for being displayed on their website www.bseindia.com. The financial results are also placed on the website of the Company (www.polymedicure.com.)

No Presentation was made to institutional investors and Analysts during the year under review.

Any information having price sensitive feature is forthwith disseminated to the Bombay Stock Exchange for being displayed on their website www.bseindia.com.

9- General Shareholder information:

Annual General Meeting Day, Date and Time & Venue	Tuesday, the 7 th day of September 2010 at 10:00 a.m at NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi-110016
Financial Year	1 st April 2009 to 31 st March 2010
Date of Book Closure	26 th August, 2010 to 7 th September, 2010 (both days inclusive)
Dividend Payment Date	On or after 16 th September, 2010
Listing of Equity Shares on Stock Exchanges	Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
Stock Code	BSE Scrip Code 531768
Registrar and Transfer Agents	MAS Services Ltd. T-34, IInd Floor, Okhla Industrial Area, Phase II, New Delhi -110020
Dematerialization of shares and liquidity	The shares of the Company are under compulsory DMAT mode. Under the depository system the International Security Identification Number (ISIN) allotted to the Company's share is INE205C01013. As on 31 st March, 2010, 48.57% of the shares are in DMAT form.
Plant Locations	Unit-I, Plot No. 104-105, Sector-59, HSIDC Industrial Area, Ballabgarh (Faridabad) – 121 004 Unit-II, (100% EOU) Plot No.115-116, Sector-59, HSIDC Industrial Area, Ballabgarh (Faridabad) – 121 004 Unit-III , Plot No. 17, Sector 3 IIE, Sidcul, Haridwar (Uttarakhand) – 249 401
Registered Office & Address for correspondence	First Floor, 12, Sant Nagar, East of Kailash, New Delhi - 110 065.

The Company has not issued any GDRs/ADRs during the year under review.

Warrants or any Convertible instruments, conversion date and likely impact on equity

No warrants or any convertible instrument are outstanding.

Physical Share Transfer System

The Registrar and Transfer Agents (the 'RTA'), on receipt of transfer deed with respective share certificates, scrutinizes the same and verify signatures of transferors on the transfer deed with specimen signatures registered with the company. A list of such transfers is prepared and checked thoroughly and a transfer register is prepared. The transfer register is placed before the Share Transfer Committee meeting for approval. Share transfers are registered and share certificates are returned within 30 days from the date of lodgment of the documents are complete in all respects.

Dematerialization of Shares:

The Company has set up requisite facilities for dematerialization of its Equity Shares in accordance with provisions of Depositories Act, 1996 with National Securities Depository Limited and Central Depository Services (India) Limited. The Company has entered into agreements with both the Depositories for the benefit of the Shareholders. The status of Dematerialization of the Company's Shares as on 31st March, 2010 is as under:

Mode	No. of Shares	%age (percentage)
Physical Mode	5609264	51.43
NSDL	5024026	46.07
CDSL	272960	2.50
Total	10906250	100

Market Price Data: Monthly High & Low prices (in Rs.) of the Equity Shares of the Company traded on the Bombay Stock Exchange, Mumbai (BSE) during each month in the last financial year is as follows:

Month	High Price	Low Price
April 2009	85.80	41.00
May 2009	99.50	80.00
June 2009	107.25	83.10
July 2009	105.00	81.75
August 2009	126.85	96.15
September 2009	128.00	113.10
October 2009	125.05	95.00
November 2009	164.00	109.20
December 2009	155.90	121.25
January 2010	227.00	134.80
February 2010	250.00	172.15
March 2010	237.00	90.00

Performance of the company's shares in comparison to BSE Sensex is as under :-



Distribution of shareholding of Poly Medicure Limited as on 31st March, 2010

Nominal value of each share - Rs. 10/-

No of share holders	% to Total	Shareholding of nominal value of Rs	No of shares	Amount (in Rs)	% to Total
1418	73.168	1 to 5000	180356	1803560	1.654
256	13.209	5001 to 10000	217456	2174560	1.994
112	5.779	10001 to 20000	188308	1883080	1.727
32	1.651	20001 to 30000	80492	804920	0.738
32	1.651	30001 to 40000	118676	1186760	1.088
10	0.516	40001 to 50000	45128	451280	0.414
30	1.600	50001 to 100000	228122	2281220	2.092
47	2.425	100001 and above	9847712	98477120	90.294
1937	100	Total	10906250	109062500	100

Statement Showing Shareholding Pattern As on 31st March, 2010								
Category Code (I)	Category of Shareholders (II)	Number of Shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII) IV*100
(A)	Shareholding of Promoter and Promer Group²							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	15	4374676	4276576	40.11	40.11	0	0
(b)	Central Government/State Governemets (s)	0	0	0	0.00	0.00	0	0
(c)	Bodies Corporate	2	811486	802736	7.44	7.44	0	0
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0
(e)	Any Others (Specify)	0	0	0	0.00	0.00	0	0
	Sub Total (A) (1)	17	5186162	5079312	47.55	47.55	0	0
2	Foreign							
(a)	Individuals (Non-Residents Individuals/Foreign Individuals)	2	28400	0	0.26	0.26	0	0
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0
(c)	Institutions	0	0	0	0.00	0.00	0	0
(d)	Any Others (Specify)	0	0	0	0.00	0.00		
	(Sub Total (A) (2))	2	28400	0	0.26	0.26	0	0
	Total Shareholding of Promoter and Promer Group (A)=(A) (1)+(A)(2)	19	5214562	5079312	47.81	47.81	0	0
(B)	Public Shareholding							
2	Institutions							
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00	N.A.	N.A.
(b)	Financial Institutions/Banks	0	0	0	0.00	0.00	N.A.	N.A.
(c)	Central Government/State Governments (s)	0	0	0	0.00	0.00	N.A.	N.A.
(d)	Venture Capital Funds	0	0	0	0.00	0.00	N.A.	N.A.
(e)	Insurance Companies	0	0	0	0.00	0.00	N.A.	N.A.
(f)	Foreign Intitutions Ivestors	0	0	0	0.00	0.00	N.A.	N.A.
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	N.A.	N.A.
(h)	Any Other (Specify)	0	0	0	0.00	0.00	N.A.	N.A.
	(Sub-Total (B) (1))	0	0	0	0.00	0.00	N.A.	N.A.
2	Non-Institutions							
(a)	Bodies Corporate	112	4136852	4130852	37.93	37.93	N.A.	N.A.
(b)	Individuals							
I	Individuals-individual holding nominal share capital up to Rs 1 lakh	1717	890268	736440	8.16	8.16	N.A.	N.A.
II	Individuals-individual holding nominal share capital in excess of Rs 1 lakh	16	534532	526932	4.90	4.90	N.A.	N.A.
(c)	Any other (Non Resident Indian/OCB)	26	59500	45900	0.55	0.55	N.A.	N.A.
(c-i)	Any Other (Clearing Member)	47	70536	70536	0.65	0.65	N.A.	N.A.
	Sub-Total (B) (2)	1918	5691688	5510660	52.19	52.19	N.A.	N.A.
(B)	Total Public Shareholding (B) = (B)(1)+(B)(2)	1918	5691688	5510660	52.19	52.19	0	0
	TOTAL (A)+(B)	1937	10906250	10589972	100.00	100.00	0	0
(C)	Share held by Custodians and against Depository Receipts have been issued	0	0	0	0.00	0.00	N.A.	N.A.
	GRAND TOTAL (A)+(B)+(C)	1937	10906250	10589972		100.00		

Unclaimed/outstanding dividend on equity shares

Investors are requested to claim their preceding year's unclaimed/outstanding dividends from the Company. They may correspond at company's address or send e-mail at investorcare@polymedicure.com for clarifying any doubts. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to Investor Education and Protection Fund as per the requirements of Section 205C of the Companies Act, 1956, and Rules made there under. No claim shall be entertained after unclaimed dividend is transferred to this fund.

Code For Prevention of Insider Trading Practices

In terms of Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, the Company has formulated comprehensive Code of Conduct for prevention of insider trading to preserve the confidentiality and to prevent misuse of the unpublished price sensitive information. Every director, officer and designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the Company and not to misuse his or her position or information regarding the Company to gain personal benefit or to provide benefit to any third party. The Code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares of the Company and the consequences of non-compliance. The Company Secretary has been appointed as Compliance Officer and is responsible for adherence to the Code for Prevention of Insider Trading.

In line with the requirements of Code for prevention of Insider Trading, trading window was closed from time to time, whenever some price sensitive information was submitted to the Board and other Committees of Directors. Notice of closure of trading window was issued to all the designated employees well in advance and proper announcements restraining all the employees not to deal in the shares of the Company when the trading window is closed.

Risk Management

The Company follows well-established risk assessment and minimization procedures which are periodically reviewed by the Board.

CEO / CFO Certification

The CEO and CFO certification on the financial statements for the financial year under review is enclosed at the end of this report.

Subsidiary Companies

The subsidiary companies are unlisted companies and are foreign subsidiaries. These subsidiaries have their own Board of Directors having the rights and obligations to manage such companies in the best interest of the Company. The Company has its representatives on the Board of subsidiary companies and monitors the performance of such companies regularly.

Declaration on Code of Conduct by the CEO:

The Board has laid down a Code of Conduct for all Board members and senior management consisting of members of the Board and heads of all departments.

All the Board members and senior management personnel have affirmed compliance to the Code of Conduct of the Company for the period 1st April, 2009 to 31st March, 2010.

CEO declaration on code of conduct is appended at the end of this report.

New Delhi
31st July, 2010

D.R. Mehta
Chairman

Himanshu Baid
Managing Director

CEO and CFO Certification

We, Himanshu Baid (Managing Director) and J.K. Oswal (Associate Vice President - Finance), responsible for the finance function certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, there are no transactions entered into by the company during the year ended 31st March, 2010 which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, the deficiencies in the design or operation of such internal controls, which we are aware of, and the steps taken or proposed to be taken by us to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that for the year ended on 31st March, 2010
 - (i) there has been no significant changes in internal control over financial reporting during the year;
 - (ii) there has been no significant changes in accounting policies during the year.
 - (iii) there has been no instances of fraud, significant or otherwise, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

New Delhi
14th May, 2010

Himanshu Baid
Managing Director

J.K. Oswal
AVP (Finance)

Declaration by Chief Executive Officer

I hereby confirm and declare that all the Directors of the Company and all Senior Management personnel as defined in the Code of Conduct of the Company have submitted annual declaration confirming their compliance with the same.

Himanshu Baid
Chief Executive Officer.

New Delhi
31st July, 2010

Certificate from Practicing Company Secretaries

To the Members of Poly Medicure Limited

We have examined the compliance of conditions of Corporate Governance by Poly Medicure Limited (the Company), for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange (BSE).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company or the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B.K. Sethi & Co.,

B.K. Sethi
Proprietor
FCS-853/CP-913

31st July, 2010

AUDITORS' REPORT

**TO THE MEMBERS OF
POLY MEDICURE LIMITED**

1. We have audited the attached Balance Sheet of **Poly Medicure Limited**, as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f. Attention is invited to Note No. 14 (ii) of Schedule 22 wherein it is stated that Mark to Market losses of Rs. 1542.85 lacs on derivative transactions have not been accounted for owing to considerable volatility in the relevant foreign exchange rate and Accounting Standard-30: "Financial Instruments, Recognition and Measurement" issued by ICAI not being mandatory till 31st March 2011.
 - g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and read with item 4(f) given here-in-before together with other notes of Schedule 22 give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010,
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Doogar & Associates
Chartered Accountants
(Reg no. 000561N)

Place: New Delhi
Dated: May 17, 2010

M S Agarwal
Partner
Membership No. 86580

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR
REPORT OF EVEN DATE**

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The company has a regular program of physical verification of its fixed assets. A major portion of the fixed assets has been physically verified by the management during the year pursuant to a program for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
- ii. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system in respect of these areas.
- v. a. In our opinion and according to the information and explanations given to us, the contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register required to be maintained under that Section have been so entered.
- b. In our opinion and according to the information and explanations given to us, having regard to the representation made by the management and relied upon by us that certain items of raw materials purchased are of special quality for which suitable alternative sources do not exist for obtaining comparative quotations, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have generally been made at prices which are reasonable with regard to the prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of items manufactured by the Company.

- ix. a. According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty cess and any other statutory dues applicable to it and there are no undisputed amounts payable in respect of these dues which have remained outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
- b. According to the records of the Company, there are no statutory dues related to provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess outstanding which has not been deposited on account of any dispute except as under:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Demand from ESI Deptt.	Applicability of ESI	2.51	27.10.1996 to 29.10.1997	ESI Court, Faridabad

- x. The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not issued any debentures and hence there are no debenture holders in the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. In our opinion, and according to the information and explanations given to us, term loans have been applied for the purposes for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised money by public issue of shares.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Doogar & Associates
Chartered Accountants
(Reg no. 000561N)

Place: New Delhi
Dated: May 17, 2010

M S Agarwal
Partner
Membership No. 86580

POLY MEDICURE LIMITED



**Poly Medicure Limited
Balance Sheet as at March 31, 2010**

<u>SOURCES OF FUNDS</u>	Schedule	As At March 31,2010 Rupees in lacs	As At March 31,2009 Rupees in lacs
Shareholders Funds			
Share Capital	1	1,101.25	550.63
Reserve & Surplus	2	<u>4,882.84</u>	<u>4,088.39</u>
Loan Funds			
Secured Loans	3	3,286.59	3,633.44
Deferred tax Liability		433.35	3,69.25
Total		<u>9,704.03</u>	<u>8,641.70</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	4	9,229.93	8,427.66
Less : Depreciation		<u>3,416.02</u>	<u>2,941.01</u>
Net Block		5,813.91	5,486.65
Capital Work in Progress and advances		<u>411.88</u>	<u>305.00</u>
Investments	5	691.38	581.98
Current Assets, Loans and Advances			
Inventories	6	2,119.92	1,419.36
Sundry Debtors	7	2,231.15	1,791.14
Cash and Bank Balances	8	107.42	74.14
Other Current Assets	9	109.29	113.51
Loans and Advances	10	<u>1,045.27</u>	<u>640.62</u>
		<u>5,613.05</u>	<u>4,038.77</u>
Less : Current Liabilities & Provisions			
Current Liabilities	11	2,390.75	1,509.53
Provisions	12	<u>435.44</u>	<u>266.86</u>
		<u>2,826.19</u>	<u>1,776.39</u>
Net Current Assets		2,786.86	2,262.38
Miscellaneous Expenditure	13	-	5.70
(to the extent not written off or adjusted)			
Total		<u>9,704.03</u>	<u>8,641.70</u>
Significant Accounting Policies	21		
Notes on Accounts	22		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date annexed
For DOOGAR & ASSOCIATES (Reg No.000561N)
Chartered Accountants

For and on behalf of the Board of Directors

M. S. Agarwal
Partner
Membership No. 86580

D.R. Mehta
Chairman
DIN : 01067895

Himanshu Baid
Managing Director
DIN : 00014008

Place : New Delhi
Date : 17.05.2010

J.K. Oswal
AVP (Finance)

Brahm Prakash
Company Secretary

POLY MEDICURE LIMITED

Poly Medicure Limited
Profit and Loss Account for the year ended March 31, 2010

	Schedule		For the Year ended March 31, 2010 Rupees in lacs	For the Year ended March 31, 2009 Rupees in lacs
INCOME				
Gross Sales and Operating Revenues	14	13,766.03		11,383.96
Less : Excise Duty		<u>165.57</u>	13,600.46	<u>161.60</u>
Other Income	15		52.90	64.48
Increase in Stocks	16		<u>40.23</u>	<u>48.91</u>
			<u>13,693.59</u>	<u>11,335.75</u>
EXPENDITURE				
Material & Manufacturing Expenses	17		6,975.96	5,908.46
Employees' remuneration & benefits	18		2,153.38	1,721.98
Administrative & Selling Expenses	19		1,615.36	1,908.57
Interest & Finance Charges	20		412.95	480.21
Depreciation & Amortisation	4		706.99	646.40
Deferred Revenue Expenditure written off	13		<u>5.70</u>	<u>5.70</u>
			<u>11,870.34</u>	<u>10,671.32</u>
Profit before taxation			1,823.25	664.43
Provision for Income Tax				
-Current Tax (Minimum Alternative Tax)		309.86		75.28
-Tax adjustment for earlier years (net)		(15.70)		(22.04)
-Fringe Benefits Tax		0.00		8.00
-Deferred Tax		64.10		85.92
-Minimum Alternative Tax Credit Entitlement		<u>(177.95)</u>	180.31	<u>(75.28)</u>
			<u>1,642.94</u>	<u>592.55</u>
Balance brought forward from last year			663.64	532.14
			<u>2,306.58</u>	<u>1,124.69</u>
Balance available for appropriation				
Transfer to General Reserve			500.00	300.00
Proposed Dividend			275.31	137.66
Tax on Proposed Dividend			46.79	23.39
Balance carried to Balance Sheet			<u>1,484.48</u>	<u>663.64</u>
			<u>2,306.58</u>	<u>1,124.69</u>
Earnings per share (In Rupees) Refer note no. 8				
Basic & Diluted (pre-bonus)			29.84	10.76
Basic & Diluted (post-bonus)			<u>14.92</u>	<u>5.38</u>
Significant Accounting Policies	21			
Notes to Accounts	22			

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date annexed
For DOOGAR & ASSOCIATES (Reg No.000561N)
Chartered Accountants

For and on behalf of the Board of Directors

M. S. Agarwal
Partner
Membership No. 86580

D.R. Mehta
Chairman
DIN : 01067895

Himanshu Baid
Managing Director
DIN : 00014008

Place : New Delhi
Date : 17.05.2010

J.K. Oswal
AVP (Finance)

Brahm Prakash
Company Secretary

POLY MEDICURE LIMITED



Poly Medicure Limited
Cash Flow Statement as at March 31, 2010

	For the year ended March 31,2010 Rupees in lacs	For the year ended March 31,2009 Rupees in lacs
A Cash flow from operating activities		
Profit before Taxation and Extraordinary/Prior Period items	1,823.25	664.43
Adjustments for :		
Depreciation	706.99	646.40
Deferred Revenue Expenditure	5.70	5.70
Loss on Sold/Discarded Fixed Assets	15.41	0.35
Unrealised foreign exchange fluctuations	(13.54)	(9.82)
Foreign currency monetary item translation difference account	24.23	-
Advances and Bad Debts Written Off	13.15	6.81
Provision for Doubtful Debts	14.47	8.92
Interest/finance charges (Net)	412.95	480.21
Interest received	(7.26)	(7.44)
Operating profit before working capital changes	2,995.35	1,795.57
Movements in working Capital		
(Increase)/Decrease in Inventory	(700.57)	(72.81)
(Increase)/Decrease in sundry debtors	(427.72)	(481.14)
(Increase)/Decrease in Loans and Advances	(249.85)	(4.87)
Increase/(Decrease) in current liabilities	839.47	206.68
Increase/(Decrease) in Provisions	7.53	20.29
Cash generated from operations	2,464.21	1,463.71
Taxes (Paid)	(272.49)	(78.88)
Net cash provided by operating activities	2,191.72	1,384.83
B Cash flows from investing activities		
Purchase of Fixed Assets	(1,163.62)	(635.32)
Proceeds of Sale of Fixed Assets	7.09	12.26
Sale/(purchase) of Investments	(109.40)	(139.58)
Interest received	3.38	3.93
Net cash used in investing activities	(1,262.55)	(758.72)
C Cash flows from financing activities		
Proceeds from Long Term Loan	125.13	324.82
Deferred Payment Credit	-	(52.65)
Unsecured Loan	-	(500.00)
Increase/(Decrease) in Cash/Export Credit	(465.12)	218.94
Dividend Paid	(137.13)	(137.09)
Dividend Tax Paid	(23.39)	(23.39)
Vehicle Loans Taken/(Repaid)	17.58	14.80
Interest/finance charges Paid	(412.95)	(467.30)
Net cash (used in) provided by financing activities	(895.88)	(621.88)
Net (decrease)/increase in cash and cash equivalents	33.29	4.22
Cash and cash equivalents at the beginning of the period	74.14	69.91
Cash and cash equivalents at the end of the period	107.42	74.14

- The cash flow statement has been prepared as per the indirect method as set out in the Accounting standard (AS-3) on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India and it complies with the clause 32 of the Listing Agreement.
- Previous year's figures have been regrouped wherever necessary to conform to this year's classification.
- Negative figures have been shown in brackets.

As per our report of even date annexed

For DOOGAR & ASSOCIATES (Reg No.000561N)

Chartered Accountants

M. S. Agarwal
Partner
Membership No. 86580

For and on behalf of the Board of Directors

D.R. Mehta
Chairman
DIN : 01067895

Himanshu Baid
Managing Director
DIN : 00014008

Place : New Delhi
Date : 17.05.2010

J.K. Oswal
AVP (Finance)

Brahm Prakash
Company Secretary

POLY MEDICURE LIMITED



Poly Medicure Limited
Schedules forming part of the Balance Sheet as at March 31,2010

Schedule : I Share Capital	As At March 31,2010 Rupees in lacs	As At March 31,2009 Rupees in lacs
Authorised		
150,00,000(90,00,000) Equity Shares of Rs. 10 each	<u>1,500.00</u>	<u>900.00</u>
Issued, Subscribed and Paid up		
10,906,250 (55,06,250) Equity Share of Rs. 10 each	1,090.63	550.63
Shares Pending Allotment	<u>10.62</u>	<u>-</u>
	<u>1,101.25</u>	<u>550.63</u>
	<u>1,101.25</u>	<u>550.63</u>
<p>Note : (a) Out of above, 5506250 equity share of Rs. 10/- each have been issued as bonus shares by capitalisation of Securities Premium Account of Rs. 102.00 lacs and General Reserves of Rs. 448.625 lacs.</p> <p>(b) Shares pending allotment represents Bonus Shares (106250) of Rs. 10/- each to be allotted, pending approval from Bombay Stock Exchange. (Refer Note No. 3 of Schedule 22)</p>		
Schedule : 2 Reserves & Surplus		
Capital Reserve		
Surplus on re-issue of forfeited shares	13.19	13.19
Application money paid on Preferential Warrants Issued to promoters forfeited	33.79	33.79
Securities Premium Account	102.00	102.00
Less : Utilised for issue of Bonus Shares	<u>102.00</u>	<u>-</u>
General Reserve		
Balance as per last Balance Sheet	3,300.00	3,000.00
Less : Utilised for issued of Bonus Shares	<u>448.62</u>	<u>-</u>
	<u>2,851.38</u>	<u>3,000.00</u>
Amount transferred from Profit & Loss Account	<u>500.00</u>	<u>300.00</u>
Foreign currency monetary item translation difference account	-	(24.23)
Profit & Loss Account		
Balance as per annexed profit & Loss Account	1,484.48	663.64
	<u>4,882.84</u>	<u>4,088.39</u>
Schedule : 3 Secured Loans		
Term Loans from Bank		
Rupee Loan	1,494.06	1,422.62
Add : Interest accrued & due	14.20	14.19
Foreign Currency Loan	<u>801.38</u>	<u>1,218.47</u>
Add : Interest accrued & due	4.40	9.40
Current Account Overdraft	<u>450.00</u>	<u>-</u>
Add : Interest accrued & due	<u>1.33</u>	<u>-</u>
Cash / Export Credit Loan		
From Bank	484.56	949.68
Other Loans		
Vehicle Loans	<u>36.66</u>	<u>19.07</u>
	<u>3,286.59</u>	<u>3,633.44</u>

Notes :

- 1 Term Loans from State Bank of India are secured by way of first charge over entire fixed assets both present & future including equitable mortgage of factory land & buildings and are further secured by way of extension of charge on entire current assets of the company both present & future and are guaranteed by Managing Director & Executive Director of the company.
- 2 Cash/Export credit limits/ current account overdraft from State Bank of India are secured by way of first charge both present & future on the company's entire stock of Raw materials, stores spares, Stock in process, Finished goods etc.lying in factory, godowns, elsewhere and including goods in transit, bookdebts, receivables and are further secured by way of extension of charge on entire fixed assets of the company both present & future and are guaranteed by Managing Director & Executive Director of the company.
- 3 Vehicle Loans are secured by hypothecation/lien of the respective vehicles.
- 4 Term Loans repayable within one year Rs. 870.85 lacs (previous year 858.03 lacs).
- 5 Vehicle Loans repayable within one year Rs. 14.47 lacs (previous year 5.89 lacs).

POLY MEDICURE LIMITED



SCHEDULE : 4 FIXED ASSETS

Particulars	As at March 31 2009	Gross Block Additions	Sales/ adjustments	As at March 31 2010	Up to March 31 2009	For the Year	On Sales/ adjustments	Up to March 31 2010	Amount (Rupees in lacs)	
									As at March 31 2010	As at March 31, 2009
Tangible Assets										
Freehold Land	248.37	-	-	248.37	-	-	-	-	248.37	248.37
Lease hold Land	72.00	-	-	72.00	2.39	0.73	-	3.12	68.88	69.61
Building	1,637.98	-	-	1,637.98	222.41	53.43	-	275.85	1,362.13	1,415.57
Plant & Machinery	6,016.66	927.85	247.67	6,696.84	2,559.49	601.47	228.24	2,932.73	3,764.11	3,457.16
			(See note 3 below)							
Furniture & Fixtures	88.19	11.22	-	99.41	42.91	4.98	-	47.89	51.53	45.29
Office Equipment	151.51	9.14	0.27	160.39	70.91	13.06	0.01	83.96	76.43	80.61
Vehicles	150.25	53.84	6.54	197.55	33.71	14.88	3.73	44.86	152.69	116.54
Intangible Assets										
Software	31.70	15.50	-	47.20	6.14	11.72	-	17.86	29.34	25.56
Patent & Trade Marks	31.00	39.19	-	70.19	3.05	6.72	-	9.76	60.43	27.95
Total	8,427.66	1,056.74	254.48	9,229.93	2,941.01	706.99	231.98	3,416.02	5,813.90	5,486.65
Capital Work in Progress										
Building									34.32	-
(Including capital advances NIL, previous year NIL)										
Plant and Machinery									208.98	164.57
(Including capital advances Rs.73.66 lacs, previous year 115.41 lacs)									168.58	140.43
Patents & Trade Marks									411.88	305.00
Total									6,225.78	5,791.65
Grand Total										
Previous year	7,441.00	1,006.28	19.62	8,427.66	2,301.62	646.40	7.01	2,941.01	5,791.65	5,815.34

Note :

1. Gross block of Vehicles include Rs. 84.20 lacs, (previous year Rs. 41.60 lacs) taken on finance lease.
2. Borrowing cost capitalised during the year under Plant & Machinery Rs. NIL (previous year Rs. 8.26 lacs)
3. Includes Rs. 206.75 lacs representing Plant & Machinery depreciated up to 95% till the beginning of year and discarded/written off.

	As At March 31,2010 Rupees in lacs	As At March 31,2009 Rupees in lacs
Schedule : 5 Investments		
(Trade, Long Term)		
Unquoted fully paid up equity shares of subsidiary companies		
In subsidiary, U.S. Safety Syringes Co. LLC, USA USD 300000 (Previous year USD 300000) Membership Interest	130.33	130.33
In 100% subsidiary, Poly Medicure (Liayang) Co. Ltd. China USD 1100000 (Previous year USD874460) Membership Interest	472.38	362.98
Unquoted fully paid up equity shares of Associate		
19550 (19550) share of 100 L.E. (Egyptian Pound) each in Ultra for Medical Products (U.M.I.C.) S.A.E., Egypt	88.67	88.67
	<u>691.38</u>	<u>581.98</u>
Schedule : 6 Inventories		
(As taken, valued and certified by the Management)		
Raw Materials*	1,445.33	854.14
Packing Materials	161.93	115.33
Stores & Spares	38.88	16.34
Work in Progress	234.13	209.47
Finished Goods	239.65	224.08
	<u>2,119.92</u>	<u>1,419.36</u>
*Includes Goods in Transit Rs. 289.85 lacs, (previous year Rs. 26.71 lacs)		
Schedule : 7 Sundry Debtors		
(Unsecured & Considered goods unless otherwise stated)		
Less than six months (see notes below)		
Considered good	1,959.26	1,675.74
More than six months		
Considered good	271.89	115.40
Considered doubtful	26.45	16.92
	<u>2,257.60</u>	<u>1,808.06</u>
Less : Provision for Bad & doubtful debts	26.45	16.92
	<u>2,231.15</u>	<u>1,791.14</u>
Notes :		
1. Includes due from the firm in which one of the directors and his relative and executive director of the company are partners namely M/s Vitromed Healthcare Rs. 50.79 lacs (previous year Rs. 42.12 lacs) Maximum amount outstanding Rs. 215.71 lacs, (previous year Rs. 107.02 lacs)		
2. Includes due from Associate namely Ultra for Medical Procutcs (UMIC) Rs. 166.84 lacs (previous year Rs. 138.27 lacs) Maximum amount outstanding Rs. 182.77 lacs, (previous year Rs. 138.27 lacs)		
Schedule : 8 Cash and Back Balances		
Cash in Hand	11.32	4.77
Cheques in transit	6.65	0.05
Balance with Scheduled Banks :		
In Current Account	35.60	19.71
[Includes Rs. 6.34 lacs, previous year 5.81 lacs in unclaimed dividend account]		
In Fixed Deposits	53.85	49.61
[Pledged with bank Rs. 45.00 lacs (previous year Rs. 45.00 lacs) as lien against non fund limits]		
	<u>107.42</u>	<u>74.14</u>

	As At March 31,2010 Rupees in lacs	As At March 31,2009 Rupees in lacs
Schedule : 9 Other Current Assets		
Export/Freight Incentives receivable	44.03	55.43
Claims receivable	-	0.50
Interest accrued on Bank deposits	5.66	1.78
Deposits with Government Departments	25.25	20.83
Deposits with Others	34.35	34.97
	<u>109.29</u>	<u>113.51</u>
Schedule : 10 Loans & Advances		
(Unsecured & considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received*		
- Considered good	355.76	203.59
- Considered Doubtful	2.51	-
	<u>358.27</u>	<u>203.59</u>
Less : Provision for doubtful advances	2.51	-
	<u>355.76</u>	203.59
Balance with Excise	333.95	242.27
Prepaid Expenses	25.71	21.19
Advances tax/ Tax deducted at source/MAT Credit entitlement (net of provisions)	329.85	173.57
	<u>1,045.27</u>	<u>640.62</u>
*includes due from subsidiary company US Safety Syringes INC, USA Rs. 0.71 lacs (Previous year Rs 0.81 lacs) Maximum amount outstanding during the year Rs. 0.81 lacs (Previous year Rs. 0.81 lacs)		
Schedule : 11 Current Liabilities		
Sundry Creditors		
-Total outstanding dues to Micro, Small and Medium Enterprises (Refer note 6 of schedule 22)		
-Dues of other creditors		
-Acceptances	497.22	145.26
-Others	1,176.44	928.72
Advances from Customers	300.60	118.65
Security Deposits from Agents	54.15	-
Unpaid dividend	6.34	5.81
Other Liabilities	356.00	311.08
(including due to directors Rs. 49.62 lacs, previous year 2.40 lacs)	<u>2,390.75</u>	<u>1,509.53</u>
Schedule : 12 Provisions		
For wealth Tax	0.84	0.47
For Gratuity	73.57	68.21
For Leave encashment	38.93	37.13
For Proposed dividend	275.31	137.66
For Tax on Proposed Dividend	46.79	23.39
	<u>435.44</u>	<u>266.86</u>
Schedule : 13 Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Deffered Revenue Expenditure	5.70	11.39
Less: Written off during the year	5.70	5.70
	<u>-</u>	<u>5.70</u>

Poly Medicure Limited
Schedules forming part of the Profit and Loss Account for the Year ended March 31,2010

	Year ended March 31,2010 Rupees in lacs	Year ended March 31,2009 Rupees in lacs
Schedule : 14 Gross Sales and Operating Revenues		
Gross Sales		
Sale of Products	13,407.23	11,052.51
Sale of Trading Materials	144.10	199.76
Scrap Sales	<u>112.29</u>	<u>118.43</u>
	13,663.62	11,370.70
Operating Revenues		
Export Incentives	<u>102.41</u>	<u>13.25</u>
	<u>13,766.03</u>	<u>11,383.96</u>
Schedule : 15 Other Income		
Interest received		
On fixed Deposits (Gross, Tax deducted at source Rs. 0.57 lacs, Previous year 0.87 lacs)	5.58	3.51
Other (Gross, Tax deducted at source Rs. NIL)	1.68	3.93
Liabilities no longer required written back (net)	17.49	13.02
Dividend from Associate (Gross, withholding tax Rs. NIL)	13.76	15.10
Commission received on sales/services	-	16.88
Miscellaneous Income	<u>14.39</u>	<u>12.05</u>
	<u>52.90</u>	<u>64.48</u>
Schedule : 16 Increase/(Decrease) in Stocks		
Closing Stocks		
Finished Goods	239.65	224.08
Work in progress	234.13	209.47
	473.78	433.55
Opening Stocks		
Finished Goods	224.08	197.53
Work in progress	209.47	187.11
	433.55	384.64
	<u>40.23</u>	<u>48.91</u>
Schedule : 17 Material & Manufacturing Expenses		
Raw Material Consumed	4,019.86	3,429.67
Packing Material Consumed	807.60	639.85
Purchase of Trading Material	106.56	137.91
Stores, Spares & consumables	191.40	160.79
Power & Fuel	488.13	438.46
Job Work Charges	1,118.53	953.01
Other Manufacturing Expenses	20.89	33.10
Repairs to		
Plant & Machinery	179.50	89.34
Building	18.44	8.28
Others	<u>20.54</u>	<u>14.20</u>
Excise duty on closing stock	4.51	3.84
	<u>6,975.96</u>	<u>5,908.46</u>

	Year ended March 31,2010 Rupees in lacs.	Year ended March 31,2009 Rupees in lacs
Schedule : 18 Employees' Remuneration & Benefits		
Salary, Wages, Allowances and Bonus	1,835.19	1,484.01
Director's Remuneration	173.17	88.70
Contribution to Provident and Other Funds	122.76	122.66
Workmen & Staff Welfare Expenses	9.48	7.51
Gratuity	12.78	19.10
	<u>2,153.38</u>	<u>1,721.98</u>
Schedule : 19 Administrative & Selling Expenses		
Administrative Expenses		
Insurance Charges	21.30	23.83
Rent	9.60	9.13
Rates, Taxes & Fee	34.37	22.18
Provision for doubtful advances	2.51	-
Travelling & Conveyance	144.71	121.42
Legal & Professional Charges	190.18	112.97
Auditors' Remuneration	7.85	8.99
Directors' Sitting Fees	4.59	3.31
Donations	11.64	10.63
Loss on fixed assets sold/discarded (Net off of gain of Rs. 0.04 lacs, Previous year Rs. 0.07 lacs)	15.41	0.35
Bank Charges	64.62	65.68
Loss on Foreign Exchange Fluctuation (Net off of gain of Rs. 728.05 lacs, previous year 373.83 lacs)	385.71	973.82
Telephone & Fax Charges	27.66	25.35
Printing & Stationary	23.94	24.44
Postage & Courier charges	21.19	21.37
Provision for Wealth Tax	0.84	0.47
Other Miscellaneous Expenses	75.23	61.08
	<u>1,041.35</u>	<u>1,485.01</u>
Selling Expenses		
Advertising Expenses	1.89	2.83
Commission on sales	111.08	108.38
Freight & Forwarding (Net of Freight Incentives)	205.18	182.95
Business Promotion	99.94	43.47
Exhibition Expenses	66.32	67.48
Rebate, Discounts & Claims	77.33	3.74
Bad debts written off	0.30	5.79
Provision for Doubtful debts	11.97	8.92
	<u>574.01</u>	<u>423.56</u>
	<u>1,615.36</u>	<u>1,908.57</u>
Schedule : 20 Interest & Finance charges		
Interest on		
-Term Loans	230.54	293.03
-Current account overdraft	13.84	-
-Cash Credit Loans	159.24	181.01
	<u>403.62</u>	<u>474.04</u>
-Others	7.35	5.54
Finance charges	1.98	0.63
	<u>412.95</u>	<u>480.21</u>

SCHEDULE 21:**SIGNIFICANT ACCOUNTING POLICIES****a) BASIS OF ACCOUNTING**

- i) Financial Statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- ii) The Company follows the mercantile system of accounting & recognizes the income & expenditure on accrual basis.

b) FIXED ASSETS

Fixed assets are stated at their cost of acquisition or construction less accumulated depreciation. Cost of acquisition or construction is inclusive of direct cost, incidental expenses and borrowing cost related to such acquisition or construction.

c) INVESTMENTS

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value. Long term investments are valued at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments.

d) DEPRECIATION AND AMORTISATION

Depreciation on fixed assets is provided for on the Straight Line method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956 except on fixed assets with 100% rate of depreciation which are fully depreciated in the year of addition.

Premium on Leasehold land is amortised over the period of lease.

Intangible assets are amortised on straight line basis over their estimated useful life. In respect of Patents & Trademarks, useful life has been estimated by the Management as 10 years unless otherwise stated in the relevant documents and in case of Specialized Software as 3 years. Depreciation Charge/Amortisation on impaired assets is provided by adjusting in the future/remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

e) INVENTORIES

Inventories have been valued at lower of cost or net realisable value. In respect of stores and spares, packing material and raw material, cost has been arrived at on FIFO basis. In case of work in progress and finished goods, cost has been arrived at on standard cost basis. Scrap has been valued at estimated realisable value.

f) REVENUE RECOGNITION

- i) Revenue from sales is recognised on despatch of goods in accordance with the terms of sale.
- ii) Sales and purchases are exclusive of inter-unit transfers.
- iii) Export benefits under the "Duty Entitlement Passbook Scheme" are accounted for on the basis of Bill of Lading.
- iv) Revenue from Services is recognized when the related services are performed.
- v) Interest is recognized using the time proportion method. Dividend income is recognized when the company's right to receive dividend is established.
- vi) Other items of Income are accounted as and when right to receive arise.

g) FOREIGN CURRENCY TRANSACTIONS, FORWARD CONTRACTS AND DERIVATIVES

- i) Transactions denominated in the foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies other than those covered by forward exchange contracts are translated into rupees equivalent at the rate of exchange prevailing on the Balance Sheet date. Exchange differences that arise on settlement of monetary items or on reporting date are recognized as income or expense in the period in which they arise.
- iii) Non-monetary items, which are carried at historical costs denominated in a foreign currency are reported using the exchange rate at the date of the transactions.
- iv) Exchange difference arising on Forward Contracts are recognized in the period in which they arise and the premium paid/received is accounted as expense/income over the period of the contract.

h) RETIREMENT BENEFITS

- i) Retirement benefits in the form of Provident fund is accounted on accrual basis and charged to the Profit & Loss Account.
- ii) Provision for liability towards gratuity and unavailed earned leaves benefits to employees is made on the basis of actuarial valuation.

i) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or construction of the qualifying assets are capitalised as part of the cost of such assets, till the assets are ready for use. All other borrowing costs are charged to revenue in the period in which they are incurred.

j) SEGMENT REPORTING

The business of the company, at present, consists of single product viz. Medical Devices and therefore, there are no reportable Segments as per accounting standard (AS-17) "Segment Reporting".

k) LEASES

- i) Finance leases or similar arrangement, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized and disclosed as leased assets. Finance charges are charged directly against income.
- ii) Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- iii) Assets acquired on leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis

l) EARNINGS PER SHARE (EPS)

The earnings considered in ascertaining the company's EPS comprise the Net Profit or Loss for the period after tax and extra ordinary items. The basic EPS is computed on the basis of weighted average number of equity shares outstanding during the year. The number of shares for computation of diluted EPS comprises of weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

m) TAXES ON INCOME

Tax expense for the year comprises of Current

Tax, and Deferred Tax. Current taxes are measured at the current rate of tax in accordance with provisions of the Income Tax Act, 1961.

Deferred tax Assets and Liabilities are recognized for future tax consequences attributable to the timing differences that result between taxable profit and the profit as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses under tax laws to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Profit & Loss Account in the year of change.

n) IMPAIRMENT OF ASSETS

The carrying values of fixed assets and other assets of a cash generating unit are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, if any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets of the cash generating units are written down to their recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the assets belongs Impairment losses are recognised in the Profit and Loss Account.

o) MISCELLANEOUS EXPENDITURE

Expenditure incurred in obtaining product registration are considered as Deferred Revenue Expenditure to be written off over a period of five years, since the benefits are expected to be received for a period not less than five years.

p) CONTINGENT LIABILITIES

Contingent liabilities are determined on the basis of available information and are disclosed by way of a note to the accounts.

SCHEDULE 22: NOTES TO ACCOUNTS

1. Contingent liabilities not provided for:

Particulars	Year ended	
	March 31, 2010 Rupees in lacs	March 31, 2009 Rupees in lacs
Unexpired letters of credit (Net of margins)	768.99	347.45
Counter Guarantees given to bankers for guarantees issued by them	36.78	166.52
Bills discounted but not matured	929.35	772.61
Demand from Sales Tax disputed (Amount paid Rs. 0.79 lacs, previous year Rs. 0.79 lacs)	0.79	0.79
Custom duty payable against import under Advance Licence Scheme	38.25	422.51
Custom duty payable against import under EPCG Scheme	93.73	46.22
Compensation for enhanced cost of Land contested in Pubjab & Haryana High Court (Amount paid Rs. 2.33 lacs, Previous year Rs. 2.33 lacs)	9.34	9.34
Liabilities against legal suits filed	6.38	6.38
Demand from ESI department disputed by the company	2.51	2.51
Income tax matters contested in appeal (Amount paid Rs. NIL, previous year 3.66 lacs)	7.10*	9.15*

* Appeal decided in favour of the Company by the Tribunal but Revenue has challenged the Appeal Order in the High Court.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.150.91 lacs (Previous year Rs.353.32 lacs). Advances paid there against Rs. 73.66 lacs(Previous year Rs. 115.41 lacs).
3. During the year, the Company had issued Bonus shares in the proportion of 1:1 aggregating to 5506250 equity shares of Rs. 10/-each to the existing shareholders of the company as on the record date i.e. 29.03.2010 and allotted 5400000 equity shares on 30.03.2010 as per approval received from Bombay Stock Exchange. The Company is yet to get approval from Bombay Stock Exchange for allotment of 106250 shares and pending approval, 106250 equity shares of Rs. 10/- each aggregating to Rs. 10.62 lacs have been shown as "Shares Pending Allotment" in Schedule 1.
4. In the opinion of the Board, Current Assets and Loans & Advances have a value on realization in the ordinary course of business atleast equal to the amount at which they are stated and provision for all known liabilities have been made. The company has sent letters for balance confirmation as on the last day of financial year to debtors and creditors but confirmations have been received from few parties only, therefore, the balances of debtors & creditors are subject to confirmation from respective parties.
5. The Company has made investments in 2 subsidiary companies which are of long term in nature. As per the latest audited/unaudited financial statements, these subsidiary companies have reported losses aggregating to Rs. 122.73 lacs. In the opinion of the management, the investments in these subsidiary companies are of strategic in nature and based on the future projections, the past losses of these subsidiary companies would be recouped. Hence, such diminution in value of investment has been considered as of temporary in nature and therefore, no provision of such diminution has been made.
6. The company has not received any intimation from majority of the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, hence disclosure required under Schedule VI vide notification no. GSR 719(E) dated 16.11.2007, relating to amount unpaid as at the year end together with interest paid /payable has not been given.

7. Related party disclosures

Related party disclosure as required by Accounting Standard (AS-18) of The Institute of Chartered Accountants of India

A List of related parties and relationships

a. Subsidiaries and Associate

Subsidiaries

1. US Safety Syringes Co. LLC, USA
2. Poly Medicure (Laiyang) Co. Ltd., China

Associate

Ultra For Medical Products (UMIC), Egypt

b. Key Management Personnel

1. Mr. Himanshu Baid (Managing Director)
2. Mr. Rishi Baid (Executive Director)
3. Mr. J.K.Baid (Director- relative of Managing Director & Executive Director)

- c. Enterprises over which key management personnel and their relatives exercise significant influence
1. Vitromed Healthcare
 2. Jai Polypan Pvt. Ltd.
 3. Stilocraft
 4. Polycure Martech Ltd.

B. Transactions with related parties

Rs. in lacs

Description	Subsidiaries and Associates		Key Management personal		Enterprises controlled by key management personal and their relatives	
	Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
Sales of Goods	507.42	557.31			787.85	257.66
Ultra for Medical Products Egypt	505.86	557.31				
Poly Medicure (Laiyang) Co. Ltd.	1.56					
Vitromed Healthcare					787.85	257.66
Purchases of Goods	2.84				92.91	89.40
Poly Medicure (Laiyang) Co. Ltd.	2.84					
Vitromed Healthcare					92.91	89.40
Purchases of Immovable property					-	37.96
Vitromed Healthcare					-	37.96
Job work					1044.22	884.56
Vitromed Health Care					1044.22	884.56
Rent received					0.24	0.24
Vitromed Healthcare					0.24	0.24
Rent paid					0.96	0.91
Jai Polypan Pvt. Ltd.					0.96	0.91
Freight paid					-	0.94
Vitromed Healthcare					-	0.94
Director's Remuneration			173.17	88.70		
Mr. Himanshu Baid			86.68	43.98		
Mr. Rishi Baid			86.50	44.72		
Sitting fees paid			0.55	0.33		
Mr. J.K Baid			0.55	0.33		
Investments in equity shares	109.42	139.58				
Poly Medicure (Laiyang) Co. Ltd.	109.42	139.58				
Dividend due	13.76	15.10				
Ultra for Medical Devices	13.76	15.10				
Dividend received	15.10	2.56				
Ultra for Medical Devices	15.10	2.56				
Outstanding balances at the year end	0.71					
	0.71					
Advance recoverable		0.81				
US Safety Syringes Inc., USA		0.81				
Debtors	166.84	138.27			50.79	42.12
Ultra for Medical Products	166.84	138.27				
Vitromed Healthcare					50.79	42.12

8. Earnings per Share (EPS) of Rs. 10/- each

	Year Ended March 31, 2010	Year Ended March 31, 2009
Number of shares considered as Basic weighted average shares outstanding during the year	5506250	5506250
Add: Number of Bonus shares issued & allotted	5400000	-
Add: Number of Bonus Shares pending allotment	106250	-
Adjustment in number of shares as at the last day of previous financial year to Pre-Bonus Issue	-	5506250
Number of shares considered for computation of Earning per share	11012500	11012500
Net profit after tax available for equity share holders (Rs. in lacs)	1642.95	592.55
Basic & Diluted Earnings per Share (in rupees)- Pre-bonus	29.84	10.76
Basic & Diluted Earning per share (in rupees) –Post-bonus	14.92	5.38*

* Adjusted for issue of Bonus Shares in FY 2009-10 in the ratio of 1:1

9. In accordance with Accounting Standard 22 “Accounting for taxes on Income” (AS-22), the company has accounted for deferred taxes during the year as under:

Following are the major components of Deferred Tax Liabilities and Deferred Tax Assets:

Component		Deferred Tax Liabilities/ (Assets) as at April 1, 2009	Charge /(Credit) to Profit & Loss Account	Deferred Tax Liabilities/ (Assets) as at March 31, 2010
Deferred Tax Liabilities				
(i)	Difference in depreciation between Accounting books and tax Return	410.54	59.14	469.68
(ii)	Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to profit & loss account	0.27	0	0.27
	Total	410.81	59.14	469.95
Deferred Tax (Assets) :				
(i)	Provision for retirement benefits	(35.80)	8.20	(27.60)
(ii)	Provision for doubtful debts	(5.75)	(3.24)	(8.99)
	Total	(41.56)	4.96	(36.60)
Net Deferred Tax Liability/(Assets)		369.25	64.10	433.35
Previous Year		283.33	85.92	369.25

10. Managerial Remuneration :

- A. Computation of net profit in accordance with Section 349 of the Company’s Act, 1956 for the purpose of managerial remuneration :

	Current year (Rs. In lacs)	Previous year (Rs. In lacs)
Profit before tax as per profit & loss account	1823.26	664.43
Add: Director's remuneration	173.17	88.70
Add: Deferred revenue expenditure written off	5.70	5.70
Add: Provision for doubtful debts & advances	14.47	8.92
Add: Loss on fixed assets sold/discarded	15.41	0.35
Net profit on which commission is payable@ 2% each	2032.02	768.10
Maximum Commission payable	69.52	6.36
Actual Commission paid/payable	60.00	-
Maximum Remuneration including commission paid/payable to Managing Director and Executive Director in terms of Section 198 of the Companies Act,1956	203.20	95.06
Actual Remuneration paid/payable including assigned value of Keyman insurance	193.68	88.70

B. Remuneration paid to Managing Director & Executive Director

Rs. In lacs

	Year ended March 31, 2010			Year ended March 31, 2009
	Managing Director	Excutive Director	Total	Total
Salary & allowances	49.28	47.36	96.64	77.64
Contribution to Provident Fund	3.69	3.55	7.24	6.37
Commission	30.00	30.00	60.00	0
Retirement Benefits	1.50	1.44	2.94	0
Perquisites (valued as per Income tax Rules wherever applicable)	2.21	4.14	6.35	4.69
Director remuneration debited to Profit & Loss account	86.68	86.49	173.17	88.70

Besides above remuneration, Keyman insurance policy for Managing director and Executive director amounting to Rs.10.25 lacs and Rs. 10.25 lacs respectively have been assigned in favour of respective directors. However, the assigned value aggregating to Rs. 20.50 lacs have been considered for the purpose of determining the overall ceiling under Section 198 read with Section 349 of the Companies Act, 1956.

11. The company has got approval from Central Government under Section 297 of the Companies Act for entering in to the contract in which certain directors are interested. The aforesaid approval had specified monetary limits up to which contracts can be entered into. Due to heavy export orders in the last month of the Financial year ended 31st March,2010, sales to one of the firm namely M/s Vitromed Healthcare has exceeded the approved monetary limits by Rs. 87.85 lacs against the sanctioned limits of Rs. 700 lacs, for which necessary application is being filed with the Central Government.

12. Payment to Auditors:

Rs. in lacs

	Year ended March 31, 2010	Year ended March 31, 2009
Audit Fee	4.60	4.60
Tax audit Fee	0.75	0.75
Limited Review of Results	0.75	0.75
In other capacity		
(a) For Taxation matters	0.30	2.15
(b) For Certification work	1.27	0.31
Reimbursement of expenses	0.18	0.43
Total	7.85	8.99

13. Employee Benefit:

As per Accounting Standard(AS-15) "Employee Benefits", the disclosure of employee benefits is as under:
 Rs. in lacs

	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Gratuity (Unfunded)	Leave encashment / Compensated Absences (Unfunded)	Gratuity (Unfunded)	Leave encashment /Compensated Absences (Unfunded)
Obligations at year beginning	68.21	37.13	57.90	27.18
Service Cost - Current	15.39	10.60	14.91	11.09
Interest Cost	5.12	2.79	4.63	2.17
Actuarial (gain) / loss	(7.73)	5.97	(0.44)	9.81
Benefit Paid	(7.42)	(17.55)	(8.79)	(13.12)
Obligations at year end	73.56	38.93	68.20	37.13
Liability recognised in the Balance Sheet	73.57	38.93	68.21	37.13

The principal assumptions used in determining post employment benefit obligations are as below:

	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	2010 (in %)	2010 (in %)	2009 (in %)	2009 (in %)
Discount Rate	7.5	7.5	8	8
Future salary increase	5.0	5.0	5.5	5.5

14. Financial and Derivate Instruments:

- i) Derivative contracts entered into by the company and outstanding as at March 31, 2010 for hedging currency related risk are aggregating to Rs. 11854 lacs (Previous year Rs. 19773 lacs)

- ii) The company intends to adopt Accounting Standard (AS-30): “Financial Instruments, Recognition and Measurement” in due course, as the same is becoming mandatory with effect from 1st April 2011. Till the adoption of AS 30, the Mark to Market losses or gains on unexpired Derivative Contracts entered into to hedge the risk of changes in Foreign Currency Exchange Rate on Future Export Sales against the existing long term contracts, are accounted for on maturity of the contracts so as to safe guard against considerable volatility in foreign exchange rates during the intervening period. The Mark to Market notional losses as on March 31, 2010 are of Rs. 1542.85 lacs (previous year Rs. 4110.47 lacs) and with the considerable volatility in foreign exchange rates, the impact may increase or decrease. The company has been accounting for the losses or gains on maturity of the contracts.
15. The company is primarily engaged in a business of manufacturing and sale of “Medical Devices” and, hence, there is no reportable segments as per Accounting Standard-17.
- 16. a) Finance Leases :**
- (i) Assets acquired on finance lease comprises of vehicles. The leases have a primary period, which are fixed and non-cancelable.
- (ii) The minimum lease rentals as at March 31, 2010 and the present value as at March 31, 2010 of Minimum Lease Payments in respect of assets acquired under finance leases are as follows:

Rs. in lacs.

Particulars	Minimum Lease Payments		Present Value of Minimum Lease Payment	
	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010	As at 31.03.2009
i Payable not later than 1 year	17.29	7.95	14.47	5.89
ii Payable later than 1 year and not later than 5 year	23.86	14.87	22.21	13.19
iii Payable later than 5 year	0	0	0	0
Total (i + ii + iii)	41.15	22.83	36.68	19.08
Less future finance charges	4.47	3.75		
Present Value of Minimum Lease Payments	36.68	19.08		

b) Operating leases

- (i) The Company has taken two office premises under cancellable operating lease. These lease agreements are normally renewed on expiry.
- (ii) Lease rental expenses in respect of operating leases: Rs.6.33 lacs (previous year Rs. 6.07 lacs).
17. Particulars in respect of Loans and advances in the nature of loans as required by the Listing Agreements :
 This requirement is not applicable to the Company as there were no such transactions.

POLY MEDICURE LIMITED



18. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part-II of Schedule VI to the Companies Act, 1956:

A. Particulars of Capacity

Class of Goods	Capacity Licensed	Installed* (On triple shift basis)
Medical Devices & components	10189.80 lacs nos. (10189.80 lacs nos.)	3640 lacs nos. (3640 lacs nos.)

* As certified by the management and relied upon by the Auditors being a technical matter.

B. Particulars in respect of Production, Sales and Stocks of Finished goods:

Class of Goods	Unit	Opening Stock		Production	Sales		Closing Stock	
		Qty.	Value (Rs. in lacs)	Qty.	Qty.	Value (Rs. in lacs)	Qty.	Value (Rs. in lacs)
Medical devices & Components	Nos. In lacs	34.48	224.08	2346.22#	2336.10	13509.64*	44.59	239.65
		(24.52)	(197.53)	(1555.58)#	(1545.63)	(11065.76)*	(34.48)	(224.08)
Scrap	Kgs.	Nil	Nil	542099	542099	112.29	Nil	Nil
		(Nil)	(Nil)	(498070)	(498070)	(118.43)	(Nil)	(Nil)
Total			224.08 (197.53)			13621.93 (11184.19)		239.65 (224.08)

*inclusive of Export Incentives # Excluding components produced for captive use

C. Particulars in respect of Purchases, sales and Stocks of Trading Materials:

Class of Goods	Unit	Opening Stock		Purchases		Sales		Closing Stock	
		Qty.	Rs. in lacs	Qty.	Rs. in lacs	Qty.	Rs. in lacs	Qty.	Rs. in lacs
Medical disposables (Components)	Nos In Lacs	Nil	Nil	14.08	87.07	14.08	110.62	Nil	Nil
		(Nil)	(Nil)	(8.89)	(77.15)	(8.89)	(79.60)	(Nil)	(Nil)
Plastic Granules	Kgs	Nil	Nil	2632	2.22	2632	2.60	Nil	Nil
		(Nil)	(Nil)	(46129)	(22.52)	(46129)	(24.68)	(Nil)	(Nil)
Machinery & Spares	Nos In lacs	Nil	Nil	0.01	14.08	0.01	26.76	Nil	Nil
		(Nil)	(Nil)	(0.01)	(37.87)	(0.01)	(94.41)	(Nil)	(Nil)
Others			Nil		3.19		4.12		Nil
			(Nil)		(0.37)		(1.08)		(Nil)
Total			Nil		106.55		144.10		Nil
			(Nil)		(13.79)		(199.76)		(Nil)

D. Raw Material Consumption:

	Raw Materials Consumed	Unit	Year ended March 31, 2010		Year ended March 31, 2009	
			Qty. in lacs	Value (Rs. in lacs)	Qty. in lacs	Value (Rs. in lacs)
1	Plastic Granules	Kgs	29.74	1652.58	22.23	1379.04
2	Intra Venous Components	Nos	912.64	600.84	1122.05	693.82
3	PVC Rigid Film	Kgs	1.87	171.01	1.67	148.40
4	Others			1595.44		1208.40
	Total			4019.87		3429.66

E. Value of imported & indigenous Raw Materials and Stores & Spares and packing Materials consumed and percentage of each of the total consumption:

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	Value (Rs. in lacs)	%	Value (Rs. in lacs)	%
1 Raw materials				
Imported	2715.48	67.55	2122.78	61.89
Indigenous	1304.38	32.45	1306.89	38.11
Total	4019.86	100.00	3429.67	100.00
2 Stores, Spares & Packing Material				
Imported	146.67	14.68	115.71	14.45
Indigenous	852.33	85.32	684.92	85.55
Total	999.00	100.00	800.64	100.00

F. CIF value of Imports

Rs. in lacs

		Year ended March 31, 2010	Year ended March 31, 2009
I	Raw materials	2870.80	2152.83
II	Stores, Spares & Packing Materials	172.65	105.78
III	Capital Items	715.42	78.00
	Total	3758.87	2336.61

G. Expenditure in Foreign Currency (On Accrual Basis)

Rs. in lacs

		Year ended March 31, 2010	Year ended March 31, 2009
I	Interest	75.11	70.09
II	Traveling Expenses	26.14	24.36
III	Legal & Professional Charges	103.06	48.97
IV	Commission	43.84	60.93
V	Bank Charges	11.25	9.11
VI	Exhibition Expenses	54.37	61.19
VII	Rates Taxes & Fees	2.03	0
VIII	Freight & Forwarding	17.83	13.95
IX	Rebate , discount & claims	37.88	0
	Total	371.51	288.60

H. Earning in Foreign Exchange (on accrual basis):

Rs. in lacs

FOB Value of Exports During the Year	7740.02	7380.23
Others (Freight, Insurance, fees etc. recovered)	227.01	189.29
Dividend due from Subsidiary company	13.76	15.10
Total	7980.79	7584.62

19. Figures of previous year have been regrouped or rearranged wherever found necessary.

20. Schedules 1 to 22 form an integral part of the accounts and have duly been authenticated.

As per our report of even date annexed

For DOOGAR & ASSOCIATES (Reg No.000561N)

Chartered Accountants

M. S. Agarwal
Partner
Membership No. 86580

Place : New Delhi
Date : 17.05.2010

D.R. Mehta
Chairman
DIN : 01067895

J.K. Oswal
AVP (Finance)

For and on behalf of the Board of Directors

Himanshu Baid
Managing Director
DIN : 00014008

Brahm Prakash
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No.

L	7	4	8	9	9	D	L	1	9	9	5	P	L	C	0	6	6	9	2	3
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 State Code

5	5
---	---

 Balance Sheet Date

				3	1	0	3	1	0
				Day	Month			Year	

II. Capital raised during the year (Amount in Rupees Thousand)

Public Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

 Right Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

 Bonus Issue

					5	5	0	6	3
--	--	--	--	--	---	---	---	---	---

 Private Placement

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

III. Position of Mobilisation and Depolyment of Funds (Amount in Rupees Thousands)

Total Liabilities

			1	2	5	3	0	2	2
--	--	--	---	---	---	---	---	---	---

 Total Assets

1	2	5	3	0	2	2
---	---	---	---	---	---	---

Source of Funds

Paid of Capital

				1	1	0	1	2	5
--	--	--	--	---	---	---	---	---	---

 Reserves & Surplus

	4	8	8	2	8	4
--	---	---	---	---	---	---

 Secured Loans

				3	2	8	6	5	9
--	--	--	--	---	---	---	---	---	---

 Unsecured Loans

--	--	--	--	--	--	--	--	--	--

 Deferred Tax liability

					4	3	3	3	5
--	--	--	--	--	---	---	---	---	---

 Share Warrants

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets

				6	2	2	5	7	9
--	--	--	--	---	---	---	---	---	---

 Investments

		6	9	1	3	8
--	--	---	---	---	---	---

 Net Current Assets

				2	7	8	6	8	6
--	--	--	--	---	---	---	---	---	---

 Misc. Expenditure

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

VI. Performance of Company (Amount in Rupees Thousands)

Turnover

			1	3	6	5	3	3	6
--	--	--	---	---	---	---	---	---	---

 Total Expenditure

1	1	8	3	0	1	1
---	---	---	---	---	---	---

 Profit/Loss before Tax

				1	8	2	3	2	5
--	--	--	--	---	---	---	---	---	---

 Profit/Loss after Tax

1	6	4	2	9	4
---	---	---	---	---	---

 Earning per Share (in Rupees)

--	--	--	--	--	--	--	--	--	--	--	--	--

 Dividend rate (%)

					2	5	%
--	--	--	--	--	---	---	---

 Basic/Diluted (Pre-Bonus)

				2	9	.	8	4
--	--	--	--	---	---	---	---	---

 Basic/Diluted (Post-Bonus)

				1	4	.	9	2
--	--	--	--	---	---	---	---	---

Generic Names of three Principal Products of the Company (as per Monetary Terms)

- 1 Item Code No. (ITC CODE)

9	0	1	8	3	9	3	0			
---	---	---	---	---	---	---	---	--	--	--

 Product Description

I	V			C	A	N	N	U	L	A	E
---	---	--	--	---	---	---	---	---	---	---	---
- 2 Item Code No. (ITC CODE)

9	0	1	8	9	0	3	2			
---	---	---	---	---	---	---	---	--	--	--

 Product Description

B	L	O	O	D				B	A	G
---	---	---	---	---	--	--	--	---	---	---
- 3 Item Code No. (ITC CODE)

9	0	1	8	3	9	1	0			
---	---	---	---	---	---	---	---	--	--	--

 Product Description

C	A	T	H	E	T	E	R	S
---	---	---	---	---	---	---	---	---

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors

POLY MEDICURE LIMITED

1. We have audited the attached Consolidated Balance Sheet of **POLY MEDICURE LIMITED** ('the Company') and its Subsidiaries and Associate (collectively referred to as 'the Group') as at March 31, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the Financial Statements of foreign Subsidiaries and Associate whose financial year ends on 31st March, 2010 and 31st December, 2009 respectively and whose financial statements reflect total assets of Rs 3668.10 lacs as at reporting date, total revenue of Rs 2965.64 lacs, group share of loss of Rs. 68.73 lacs and net Cash flow amounting to Rs 45.52 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial

statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) "Consolidated Financial Statements", and Accounting Standard (AS-23) "Accounting for investment in Associates in consolidated financial statements" as notified by Companies (Accounting Standard) Rules 2006.

5. Attention is invited to Note No. 12(ii) of Schedule 22 wherein it is stated that Mark to Market losses of Rs. 1542.85 lacs on derivative transactions have not been accounted for owing to considerable volatility in the relevant foreign exchange rate and Accounting Standard-30: "Financial Instruments, Recognition and Measurement" issued by ICAI not being mandatory till 31st March 2011.
6. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements as explained in paragraph 3 above and on the other financial information of the components and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
 - ii. In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - iii. In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For Doogar & Associates
Chartered Accountants
(Reg no. 000561N)

Place: New Delhi
Dated: May 17, 2010

M S Agarwal
Partner
Membership No. 86580

POLY MEDICURE LIMITED



**Poly Medicure Limited
Consolidated Balance Sheet as at March 31, 2010**

<u>SOURCES OF FUNDS</u>	Schedule	As At March 31,2010 Rupees in lacs	As At March 31,2009 Rupees in lacs
Shareholders Funds			
Share Capital	1	1,101.25	550.63
Reserve & Surplus	2	<u>4,945.69</u>	<u>4,246.57</u>
Loan Funds			
Secured Loans	3	3,286.59	3,633.44
Deferred tax Liability			
		433.35	369.25
Minority Interest			
		<u>16.66</u>	<u>25.28</u>
Total		<u>9,783.54</u>	<u>8,825.17</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	4	9,872.78	8,850.48
Less : Depreciation		<u>3,537.00</u>	<u>2,985.77</u>
Net Block		6,335.78	5,864.70
Capital Work in Progress & Advances		<u>411.88</u>	<u>501.82</u>
Goodwill			
		30.67	30.67
Investments			
	5	188.78	134.19
Current Assets, Loans and Advances			
Inventories	6	2,175.12	1,440.07
Sundry Debtors	7	2,231.15	1,806.09
Cash and Bank Balances	8	111.26	78.63
Other Current Assets	9	109.30	113.51
Loans and Advances	10	<u>1,071.98</u>	<u>676.51</u>
		<u>5,698.81</u>	<u>4,114.81</u>
Less : Current Liabilities & Provisions			
Current Liabilities	11	2,446.94	1,559.86
Provisions	12	<u>435.44</u>	<u>266.86</u>
		<u>2,882.38</u>	<u>1,826.71</u>
Net Current Assets			
		2,816.43	2,288.09
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	13	-	5.70
Total		<u>9,783.54</u>	<u>8,825.17</u>
Significant Accounting Policies	21		
Notes on Accounts	22		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date annexed

For DOOGAR & ASSOCIATES (Reg No. 000561N)

Chartered Accountants

For and on behalf of the Board of Directors

M.S. Agarwal
Partner
Membership No. 86580

D.R. Mehta
Chairman
DIN : 01067895

Himanshu Baid
Managing Director
DIN : 00014008

Place : New Delhi
Date : 17.05.2010

J.K. Oswal
AVP (Finance)

Brahm Prakash
Company Secretary

POLY MEDICURE LIMITED

Medical Devices

**Poly Medicure Limited
Consolidated Profit and Loss Account for the year ended March 31, 2010**

			For the Year ended March 31, 2010 Rupees in lacs	For the Year ended March 31, 2009 Rupees in lacs
INCOME				
Gross Sales and Operating Revenues	14	13,884.65		11,383.96
Less : Excise Duty		165.57	13,719.08	161.60
Other Income	15		52.90	64.48
Increase in Stocks	16		40.23	48.91
			<u>13,812.21</u>	<u>11,335.75</u>
EXPENDITURE				
Material & Manufacturing Expenses	17		7,056.32	5,908.46
Employees' remuneration & benefits	18		2,203.69	1,721.98
Administrative & Selling Expenses	19		1,654.14	1,913.72
Interest & Finance Charges	20		413.30	480.21
Depreciation & Amortisation	4		783.20	671.76
Deferred Revenue Expenditure written off	13		5.70	5.70
			<u>12,116.35</u>	<u>10,701.84</u>
Share of profit from associate			58.63	26.50
Profit before taxation			1,754.48	660.41
Provision for Income Tax				
-Current Tax (Minimum Alternative Tax)		309.86		74.82
-Tax adjustment for earlier year (net)		(15.70)		(22.04)
-Fringe Benefits Tax		-		8.00
-Deferred Tax		64.10		85.92
-Minimum Alternative Tax Credit Entitlement		(177.95)	180.31	(74.82)
Net Profit after tax			1,574.18	588.53
Add : Loss attributable to Minority interest			5.72	7.63
			<u>1,579.90</u>	<u>596.16</u>
Balance brought forward from last year			645.27	510.16
Balance available for appropriation			<u>2,225.17</u>	<u>1,106.32</u>
Transfer to General Reserve			500.00	300.00
Proposed Dividend			275.31	137.66
Tax on Proposed Dividend			46.79	23.39
Balance carried to Balance Sheet			<u>1,403.07</u>	<u>645.27</u>
			<u>2,225.17</u>	<u>1,106.32</u>
Earnings per share (In Rupees) Refer note no. 7				
Basic & Diluted (pre-bonus)			28.70	10.84
Basic & Diluted (post-bonus)			14.35	5.42
Significant Accounting Policies	21			
Notes to Accounts	22			

The Schedules referred to above form an integral part of the Profit & Loss Account**As per our report of even date annexed****For DOOGAR & ASSOCIATES (Reg No.000561N)**

Chartered Accountants

For and on behalf of the Board of DirectorsM. S. Agarwal
Partner
Membership No. 86580D.R. Mehta
Chairman
DIN : 01067895Himanshu Baid
Managing Director
DIN : 00014008Place : New Delhi
Date : 17.05.2010J.K. Oswal
AVP (Finance)Brahm Prakash
Company Secretary

Poly Medicure Limited.
Consolidated Cash Flow Statement as at March 31, 2010

	For the year ended March 31,2010	For the year ended March 31,2009
	Rupees in lacs	Rupees in lacs
A Cash flow from operating activities		
Profit before Taxation and Extraordinary/Prior Period items	1,754.51	660.41
Adjustments for :		
Depreciation	783.20	674.76
Share in income of Associates	(58.63)	(28.50)
Deferred Revenue Expenditure	5.70	5.70
Loss on Sold/Discarded Fixed Assets	15.41	0.35
Unrealised foreign exchange fluctuations	(13.54)	(9.82)
Foreign currency monetary item	24.23	-
Advances and Bad Debts Written Off	13.15	6.81
Provision for Doubtful Debts	14.47	8.92
Interest/finance charges (Net)	413.30	480.21
Interest received	(7.26)	(7.44)
Other adjustment including minority	(6.91)	-
Operating profit before working capital changes	<u>2,937.62</u>	<u>1,793.42</u>
Movements in working Capital		
(Increase)/Decrease in Inventory	(735.05)	(93.52)
(Increase)/Decrease in sundry debtors	(412.77)	(496.09)
(Increase)/Decrease in Loans and Advances	(244.56)	(40.76)
Increase/(Decrease) in current liabilities	845.33	257.00
Increase/(Decrease) in Provisions	7.53	20.29
Cash generated from operations	<u>2,398.10</u>	<u>1,440.33</u>
Taxes (Paid)	(272.49)	(78.88)
Net cash provided by operating activities	<u>2,125.61</u>	<u>1,361.45</u>
B Cash flows from investing activities		
Purchase of Fixed Assets	(1,207.22)	(1,103.41)
Proceeds of Sale of Fixed Assets	7.09	12.26
Sale/(purchase) of Investments	-	352.58
Interest received	3.38	7.44
Net cash used in investing activities	<u>(1,196.74)</u>	<u>(731.14)</u>
C Cash flows from financing activities		
Proceeds from Long Term Loan	125.12	324.82
Deferred Payment Credit	-	(52.65)
Unsecured Loan	-	(500.00)
Increase/(Decrease) in Cash/Export Credit	(465.12)	218.94
Dividend Paid	(137.13)	(137.09)
Dividend Tax Paid	(23.39)	(23.39)
Vehicle Loans Taken/(Repaid)	17.58	14.80
Interest/finance charges Paid	(413.30)	(470.81)
Net cash (used in) provided by financing activities	<u>(896.24)</u>	<u>(625.39)</u>
Net (decrease)/increase in cash and cash equivalents	<u>32.63</u>	<u>4.92</u>
Cash and cash equivalents at the beginning of the period	78.63	73.71
Cash and cash equivalents at the end of the period	<u>111.26</u>	<u>78.63</u>

- The cash flow statement has been prepared as per the indirect method as set out in the Accounting standard (AS-3) on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India and it complies with the clause 32 of the Listing Agreement.
- Previous year's figures have been regrouped wherever necessary to conform to this year's classification.
- Negative figures have been shown in brackets.

As per our report of even date annexed

For DOOGAR & ASSOCIATES (Reg No.000561N)

Chartered Accountants

M. S. Agarwal

Partner

Membership No. 86580

For and on behalf of the Board of Directors

D.R. Mehta
Chairman
DIN : 01067895

Himanshu Baid
Managing Director
DIN : 00014008

Place : New Delhi
Date : 17.05.2010

J.K. Oswal
AVP (Finance)

Brahm Prakash
Company Secretary

POLY MEDICURE LIMITED



Poly Medicure Limited
Consolidated Schedules forming part of the Balance Sheet as at March 31, 2010

	As At		As At	
	March 31,2010		March 31,2009	
	Rupees in lacs		Rupees in lacs	
Schedule : 1 Share Capital				
Authorised				
150,00,000(90,00,000) Equity Shares of Rs.10 each		<u>1,500.00</u>		<u>900.00</u>
Issued, Subscribed and Paid up				
10,906,250 (55,06,250) Equity Shares of Rs.10 each	1,090.63		550.63	
Share Pending Allotment	<u>10.62</u>	<u>1,101.25</u>	<u>-</u>	<u>550.63</u>
		<u>1,101.25</u>		<u>550.63</u>
<p>Note : (a) Out of above, 5506250 Equity Shares of Rs. 10/- each have been Issued as bonus shares by capitalisation of Securities Premium Account of Rs. 102.00 lacs and General Reserves of Rs. 448.63 lacs (b) Shares pending allotment represents Bonus Shares (106250) of Rs. 10/-each to be allotted, pending approval from Bombay Stock Exchange Refer Note No. 3</p>				
Schedule : 2 Reserves & Surplus				
Capital Reserve				
Surplus on re-issue of forfeited shares		13.19		13.19
Application money paid on Preferential Warrants issued to promoters forfeited		33.79		33.79
Securities Premium Account	102.00		102.00	
Less : Utilised for issued of Bonus Shares	<u>102.00</u>		<u>-</u>	102.00
General Reserve				
Balance as per last Balance sheet	3,300		3,000.00	
Less : Utilised for issue of Bonus Shares	<u>448.63</u>		<u>-</u>	
	2,851.37		3,000.00	
Amount transferred from Profit & Loss Account	<u>500.00</u>	3,351.37	<u>300.00</u>	3,300.00
Foreign currency monetary item translation difference account		-		(24.23)
Foreign currency fluctuation reserve		102.78		157.54
Profit & Loss Account				
Balance as per Profit & Loss Account		1,403.08		645.27
Share in reserves in Associates		41.48		19.02
		<u>4,945.69</u>		<u>4,246.57</u>
Schedule : 3 Secured Loans				
Term Loans from Bank				
Rupee Loan	1,494.06		1,422.62	
Add : Interest accrued & due	<u>14.20</u>	1,508.26	<u>14.19</u>	1,436.81
Foreign Currency Loan	801.38		1,218.47	
Add : Interest accrued & due	<u>4.40</u>	805.78	<u>9.40</u>	1,227.87
Current Account Overdraft	450.00		-	
Add : Interest accrued & due	<u>1.33</u>	451.33	<u>-</u>	-
Cash / Export Credit Loan				
From Bank		484.56		949.68
Other loans				
Vehicle Loans		36.66		19.07
		<u>3,286.59</u>		<u>3,633.44</u>

Notes :

- 1 Term Loans from State Bank of India are secured by way of first charge over entire fixed assets both present & future including equitable mortgage of factory land & buildings and are further secured by way of extension of charge on entire current assets of the company both present & future and are guaranteed by Managing Director & Executive Director of the company.
- 2 Cash/Export credit limits from State Bank of India are secured by way of first charge both present & future on the company's entire stock of Raw materials, stores spares, Stock in process, Finished goods etc.lying in factory, godowns, elsewhere and including goods in transit, bookdebts, receivables and are further secured by way of extension of charge on entire fixed assets of the company both present & future and are guaranteed by Managing Director & Executive Director of the company.
- 3 Vehicle Loans are secured by hypothecation/lien of the respective vehicles.
- 4 Term Loans repayable within one year Rs. 870.85 lacs (previous year 858.03 lacs)
- 5 Vehicle Loans repayable within one year Rs. 14.47 lacs (previous year 5.89 lacs)

SCHEDULE : 4		FIXED ASSETS		Amount Rupees in lacs					
Particulars	As at March 31 2009	Gross Block Additions	Sales/ adjustments	As at March 31 2010	Up to March 31 2009	Depreciation/Amortisation For the Year	Up to March 31 2010	Net Block	
								As at March 31 2010	As at March 31,2009
Tangible Assets									
Freehold Land	248.37	-	-	248.37	-	-	-	248.37	248.37
Lease hold Land	72.00	-	-	72.00	2.39	0.73	3.12	68.88	69.61
Building	1,738.22	-	-	1,738.22	222.41	57.48	279.89	1,458.33	1,515.81
Plant & Machinery	6,322.95	971.27	268.04	7,026.17	2,601.26	636.09	3,009.11	4,017.07	3,721.69
			(See note 3 below)						
Furniture & Fixtures	88.82	11.22	-	100.04	43.01	5.08	48.09	51.95	45.81
Office Equipment	167.17	9.32	0.27	176.22	73.80	15.56	89.35	86.86	93.36
Vehicles	150.25	53.84	6.54	197.55	33.71	14.88	44.86	152.69	116.54
Intangible Assets									
Software	31.70	15.50	-	47.20	6.14	11.72	17.86	29.34	25.56
Long Term deferred Expenses	196.82	-	-	196.82	-	34.95	34.95	161.87	196.82
Patent & Trade Marks	31.00	39.19	-	70.19	3.05	6.72	9.76	60.43	27.95
Total	9,047.30	1,100.33	274.85	9,872.78	2,985.77	783.20	3,537.00	6,335.79	6,061.52
Capital Work in Progress									
Building								34.32	-
(Including capital advances NIL, previous year NIL)									
Plant and Machinery									
(Including capital advances Rs. 73.66 lacs, previous year 115.41 lacs)									
Patents & Trade Marks									
Total									
Grand Total									
Previous year	7,557.16	1,312.93	19.62	8,850.48	2,318.02	674.76	2,985.77	6,366.52	6,366.52

Note:

1. Gross block of Vehicles include Rs. 84.20 lacs, (previous year Rs. 41.60 lacs) taken on finance lease.
2. Borrowing cost capitalised during the year under Plant & Machinery Rs. NIL (previous year 825596)
3. Includes Rs. 206.75 lacs representing Plant & Machinery depreciated up to 95% till the beginning of year and discarded/written off.

POLY MEDICURE LIMITED



	As At March 31,2010 Rupees in lacs	As At March 31,2009 Rupees in lacs
Schedule : 5 Investments		
(Trade, Long Term)		
Unquoted fully paid up equity shares of Associate		
<i>19550(19550) shares of 100 L.E.</i>		
<i>(Egyptian Pound) each in Ultra for</i>		
<i>Medical Products (U.M.I.C) S.A.E., Egypt</i>	188.78	134.19
	<u>188.78</u>	<u>134.19</u>
Scheduled : 6 Inventories		
(As taken, valued and certified by the management)		
Raw Materials*	1,460.27	858.67
Packing Materials	163.47	115.48
Stores & Spares	49.84	28.21
Work in Progress	250.18	212.58
Finished Goods	251.36	225.14
	<u>2,175.12</u>	<u>1,440.07</u>
*Includes Goods in Transit Rs. 289.85 lacs, (previous year Rs. 26.71 lacs)		
Schedule : 7 Sundry Debtors		
(Unsecured & considered good unless otherwise stated)		
Less than six months (see notes below)		
Considered good	1,959.26	1,675.74
More than six months		
Considered good	271.89	130.35
Considered doubtful	26.45	16.92
	<u>2,257.60</u>	<u>1,823.01</u>
Less : Provision for Bad & doubtful debts	26.45	16.92
	<u>2,231.15</u>	<u>1,806.09</u>
Notes :		
1. Includes due from the firm in which one of the directors and his relatives and executive directors of the company are partners namely M/s Vitromed Healthcare Rs. 50.79 lacs (previous year Rs 42.12 lacs) Maximum amount outstanding Rs. 215.71 lacs, (previous year Rs. 107.02 lacs)		
2. Includes due from Associate namely Ultra For Medical Products (UMIC) Rs. 166.84 lacs (previous year Rs. 138.27 lacs) Maximum amount outstanding Rs. 182.77 lacs, (previous year Rs. 138.27 lacs)		
Schedule : 8 Cash and Bank Balances		
Cash in Hand	13.21	6.15
Cheques in transit	6.65	0.05
Balance with Scheduled Banks :		
In Current Account	37.55	22.82
[Includes Rs. 6.34 lacs, previous year 5.81 lacs in unclaimed dividend account]		
In Fixed Deposits	53.85	49.61
[Pledged with bank Rs. 45.00 lacs (previous year Rs. 45.00 lacs) as lien against non fund limits]		
	<u>111.26</u>	<u>78.63</u>

	As At March 31,2010 Rupees in lacs	As At March 31,2009 Rupees in lacs
Schedule : 9 Other Current Assets		
Export/Freight Incentives receivable	44.03	55.43
Claims receivable	-	0.50
Interest accrued on Bank Deposits	5.66	1.78
Deposits with Government Departments	25.26	20.83
Deposits with Others	34.35	34.97
	<u>109.30</u>	<u>113.51</u>
Schedule : 10 Loans & Advances (Unsecured & considered good unless otherwise stated) Advances recoverable in cash or in kind or for value to be received*		
-Considered good	376.32	235.18
-Considered Doubtful	2.51	-
	<u>378.83</u>	<u>235.18</u>
Less : Provision for doubtful advances	2.51	-
	<u>376.32</u>	<u>235.18</u>
Balance with Excise	333.95	242.27
Prepaid Expenses	31.87	25.48
Advance tax/ Tax deducted at source/MAT Credit entitlement (net of provisions)	329.84	173.57
	<u>1,071.98</u>	<u>676.51</u>
Schedule : 11 Current Liabilities		
Sundry Creditors		
-Total outstanding dues to Micro, Small and Medium Enterprises (Refer note 5 of schedule 22)	-	-
-Dues of Other creditors		
-Acceptances	497.22	184.23
- Others	1,221.83	928.72
Advances from Customers	300.60	118.65
Security Deposits from Agents	54.15	-
Unpaid dividend	6.34	5.81
Other Liabilities	366.80	322.44
(including due to directors Rs. 49.62 lacs, previous year Rs. 2.40 lacs)	<u>2,446.94</u>	<u>1,559.86</u>
Schedule : 12 Provisions		
For Wealth Tax	0.84	0.47
For Gratuity	73.57	68.21
For Leave encashment	38.93	37.13
For Proposed dividend	275.31	137.66
For Tax on Proposed Dividend	46.79	23.39
	<u>435.44</u>	<u>266.86</u>
Schedule : 13 Miscellaneous Expenditure (To the extent not written off or adjusted)		
Deferred Revenue Expenditure	5.70	11.39
Less: Written off during the year	5.70	5.70
	<u>-</u>	<u>5.70</u>

POLY MEDICURE LIMITED

Medical Devices

Poly Medicure Limited
Schedules forming part of the Profit and Loss Account for the Year ended March 31, 2010

	Year ended March 31,2010 Rupees in lacs	Year ended March 31,2009 Rupees in lacs
Schedule : 14 Sales and operating revenues		
Gross Sales		
Sale of products	13,525.85	11,052.51
Sale of Trading materials	144.10	199.76
Scrap Sales	112.29	118.43
	13,782.24	11,370.70
Operating Revenues		
Export Incentives	102.41	13.25
	13,884.65	11,383.96
Schedule : 15 Other Income		
Interest received		
On Fixed Deposits (Gross Tax deducted at source Rs.0.57 lacs, previous 0.87 lacs)	5.58	3.51
Other (Gross, Tax deducted at souce Rs. NIL)	1.68	3.93
Liabilities no longer required written back (net)	17.49	13.02
Dividend from Associate (Gross, withholding tax Rs. NIL)	13.76	15.10
Commission received on sales/services	-	16.88
Miscellaneous Income	14.38	12.05
	52.90	64.48
Schedule : 16 Increase /(Decrease) in Stocks		
Closing Stocks		
Finished Goods	239.65	224.08
Work in progress	234.13	209.47
	473.78	433.55
Opening Stocks		
Finished Goods	224.08	197.53
Work in progress	209.47	187.11
	433.55	384.64
	40.23	48.91
Schedule : 17 Material & Manufacturing Expenses		
Raw Material Consumed	4,087.51	3,429.67
Packing Material Consumed	807.60	639.85
Purchase of trading Material	103.72	137.91
Stores, Spares & consumables	198.16	160.79
Power & Fuel	496.20	438.46
Job Work Charges	1,118.53	953.01
Other manufacturing Expenses	20.89	33.10
Repairs to		
Plant & Machinery	179.50	89.34
Building	18.44	8.28
Others	21.26	14.20
	219.20	111.82
Excise duty on closing stock	4.51	3.84
	7,056.32	5,908.46

POLY MEDICURE LIMITED



	Year ended March 31,2010 Rupees in lacs	Year ended March 31,2009 Rupees in lacs
Schedule : 18 Employees' Remuneration & Benefits		
Salary, Wages, Allowances and Bonus	1,884.24	1,484.01
Director's Remuneration	173.17	88.70
Contribution to Provident and Other Funds	123.54	122.66
Workmen & Staff Welfare Expenses	9.96	7.51
Gratuity	12.78	19.10
	<u>2,203.69</u>	<u>1,721.98</u>
Schedule : 19 Administrative & Selling Expenses		
Administrative Expenses		
Insurance Charges	21.89	23.83
Rent	32.14	10.65
Rates, Taxes & Fee	34.49	22.98
Provision for doubtful advances	2.51	-
Travelling & Conveyance	150.29	122.48
Legal & Professional Charges	191.89	114.65
Auditors' Remuneration	8.59	8.99
Directors' Sitting Fees	4.59	3.31
Donations	11.64	10.63
Loss on fixed assets sold/discarded (Net off gain of Rs. 0.04 lacs) previous year Rs. 0.07 lacs)	15.41	0.35
Bank Charges	64.68	65.73
Loss on foreign Exchange Fluctuation (Net off gain of Rs. 728.05 lacs, previous year Rs. 373.83 lacs.)	385.71	973.82
Telephone & Fax Charges	29.06	25.35
Software Expenses	2.34	1.23
Printing & Stationary	23.94	24.44
Postage & Courier charges	21.19	21.41
Provision for Wealth Tax	0.84	0.47
Other Miscellaneous Expenses	75.80	59.85
	<u>1,077.00</u>	<u>1,490.16</u>
Selling Expenses		
Advertising Expenses	1.89	2.83
Commission on sales	113.43	108.38
Freight & Forwarding (Net of Freight Incentives)	205.18	182.95
Business Promotion	100.72	43.47
Exhibition Expenses	66.32	67.48
Rebate,Discounts & Claims	77.33	3.74
Bad debts written off	0.30	5.79
Provision for Doubtful Debts	11.97	8.92
	<u>577.14</u>	<u>423.56</u>
	<u>1,654.14</u>	<u>1,913.72</u>
Schedule : 20 Interest & Finance charges		
Interest on		
-Term Loans	244.38	293.03
-Cash Credit Loans	159.24	181.01
	<u>403.62</u>	<u>474.04</u>
-Others	7.35	5.54
Finance charges	2.33	0.63
	<u>413.30</u>	<u>480.21</u>

SCHEDULE 21: SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION

The Financial statements have been prepared to comply in all material respects with the mandatory Accounting with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 under the historical cost convention and on an accrual basis.

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements represent consolidation of accounts of the Company and its subsidiaries and Associates.

The Consolidated Financial statements relate to the Poly Medicure Group. In the preparation of these Consolidated Financial Statements, investments in Subsidiary have been accounted for in accordance with Accounting Standard (AS) 21. The “Consolidated Financial Statements” are prepared on the following basis:

- i) The Financial Statements of the Company and its Subsidiaries are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses in accordance with Accounting Standard (AS-21) The items of income and expenses are consolidated only for the period from which the companies became the company's subsidiary.
- ii) The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions or other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. The Financial Statements of the Foreign Subsidiaries are adjusted for the accounting principles and policies followed by the Company.
- iii) The difference between the costs to the Company of its investment in Subsidiaries over its proportionate share in the equity of the investee company at the time of acquisition of shares in the Subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill is tested for impairment by the management on annual basis.
- iv) Companies considered in the consolidated financial statements are :

Name of the Company	Country of incorporation	Holding as on March 31, 2010	Financial year ends on
Subsidiary			
U.S.Safety Syringes Co., LLC	USA	75%	March 31, 2010
Poly Medicure (Laiyang) Company Limited	China	100%	March 31, 2010
Associates			
Ultra For Medical Products Company (Ultra Med)	Egypt	23%	December 31, 2009

b) FIXED ASSETS

Fixed assets are stated at their cost of acquisition or construction less accumulated depreciation. Cost of acquisition or construction is inclusive of direct cost, incidental expenses and borrowing cost related to such acquisition or construction.

c) INVESTMENTS

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value. Long term investments are valued at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments.

d) DEPRECIATION AND AMORTISATION

Depreciation on fixed assets is provided for on the Straight Line method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956 except on fixed assets with 100% rate of depreciation which are fully depreciated in the year of addition.

Premium on Leasehold land is amortized over the period of lease.

Intangible assets are amortized on straight line basis over their estimated useful life. In respect of Patents & Trademarks, useful life has been estimated by the Management as 10 years unless otherwise stated in the relevant documents and in case of Specialized Software as 3 years. Depreciation Charge/Amortization on impaired assets is provided by adjusting in the future/remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

e) INVENTORIES

Inventories have been valued at lower of cost or net realizable value. In respect of stores and spares, packing material and raw material, cost has been arrived at on FIFO basis. In case of work in progress and finished goods, cost has been arrived at on standard cost basis. Scrap has been valued at estimated realizable value.

f) REVENUE RECOGNITION

- i) Revenue from sales is recognized on dispatch of goods in accordance with the terms of sale.
- ii) Sales and purchases are exclusive of inter-unit transfers.

- iii) Export benefits under the "Duty Entitlement Passbook Scheme" are accounted for on the basis of Bill of Lading.
- iv) Revenue from Services is recognized when the related services are performed.
- v) Interest is recognized using the time proportion method. Dividend income is recognized when the company's right to receive dividend is established.
- vi) Other items of Income are accounted as and when right to receive arise.

g) FOREIGN CURRENCY TRANSACTIONS, FORWARD CONTRACTS AND DERIVATIVES

- i) Transactions denominated in the foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies other than those covered by forward exchange contracts are transferred into rupees equivalent at the rate of exchange prevailing on the Balance Sheet date. Non-monetary items, which are carried at historical costs denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Exchange differences that arise on settlement of monetary items or on reporting date are recognized as income or expense in the period in which they arise.
- iii) In respect of forward exchange contracts, the premium or discount arising at the inception of such a Forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences arising on such contracts are recognized in the statement of Profit & Loss of the reporting period in which the exchange rates change.
- (vi) The company intends to adopt Accounting Standard (AS-30), "Financial Instruments, Recognition and Measurement" in due course, as the same is becoming mandatory with effect from April 1, 2011. Till the adoption of AS-30, Mark to Market losses or gains on un-expired Forward Contracts entered into to hedge the risk of changes in Foreign Currency Exchange Rate on future export sales against the existing long term contracts are accounted for on maturity of the contracts so as to safeguard against considerable volatility in foreign exchange rates during the intervening period.

h) RETIREMENT BENEFITS

- i) Retirement benefits in the form of Provident fund is accounted on accrual basis and charged to the Profit & Loss Account.
- ii) Provision for liability towards gratuity and unavailed earned leaves benefits to employees is made on the basis of actuarial valuation.

i) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or construction of the qualifying assets are capitalised as part of the cost of such assets, till the assets are ready for use. All other borrowing costs are charged to revenue in the period in which they are incurred.

j) SEGMENT REPORTING

Segment Accounting Policies are in line with the Accounting Policies of the Company.

k) LEASES

- i) Finance leases or similar arrangement, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized and disclosed as leased assets. Finance charges are charged directly against income.
- ii) Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- iii) Assets acquired on leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

l) EARNINGS PER SHARE (EPS)

The earnings considered in ascertaining the company's EPS comprise the Net Profit or Loss for the period after tax and extra ordinary items. The basic EPS is computed on the basis of weighted average number of equity shares outstanding during the year. The number of shares for computation of diluted EPS comprises of weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

m) TAXES ON INCOME

Tax expense for the year comprises of Current Tax, Fringe Benefit Tax and Deferred Tax. Current taxes are measured at the current rate of tax in accordance with provisions of the Income Tax Act, 1961.

Deferred tax Assets and Liabilities are recognized for future tax consequences attributable to the timing differences that result between taxable profit and the profit as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses under tax laws to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Profit & Loss Account in the year of change.

n) IMPAIRMENT OF ASSETS

The carrying values of fixed assets and other assets of a cash generating unit are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, if any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets of the cash generating units are written down to their recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the assets belongs Impairment losses are recognised in the Profit and Loss Account.

o) MISCELLANEOUS EXPENDITURE

Expenditure incurred in obtaining product registration are considered as Deferred Revenue Expenditure to be written off over a period of five years, since the benefits are expected to be received for a period not less than five years.

p) CONTINGENT LIABILITIES

Contingent liabilities are determined on the basis of available information and are disclosed by way of a note to the accounts.

SCHEDULE 22: NOTES TO ACCOUNTS**1. Contingent liabilities not provided for:**

Particulars	Year ended	
	March 31, 2010 Rupees in lacs	March 31, 2009 Rupees in lacs
Unexpired letters of credit (Net of margins)	768.99	347.45
Counter Guarantees given to bankers for guarantees issued by them	36.78	166.52
Bills discounted but not matured	929.35	772.61
Demand from Sales tax disputed (Amount paid Rs. 0.79 lacs, previous year Rs. 0.79 lacs)	0.79	0.79
Custom duty payable against import under Advance Licence Scheme	38.25	422.51
Custom duty payable against import under EPCG Scheme	93.73	46.22
Compensation for enhanced cost of Land contested in Punjab & Haryana High Court (Amount paid Rs. 2.33 lacs, Previous year Rs. 2.33 lacs)	9.34	9.34
Liabilities against legal suits filed	6.38	6.38
Demand from ESI department disputed by the company	2.51	2.51
Income tax matters contested in appeal (Amount paid Rs. NIL, previous year Rs. 3.66 lacs)	7.10*	9.15*

* Appeal decided in favour of the Company by the Tribunal but Revenue has challenged the Appeal Order in the High Court.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.150.91 lacs (Previous year Rs.353.32 lacs). Advances paid there against Rs. 73.66 lacs(Previous year Rs. 115.41 lacs).
3. During the year, the Company had issued Bonus shares in the proportion of 1:1 aggregating to 5506250 equity shares of Rs. 10/-each to the existing shareholders of the company as on the record date i.e. 29.03.2010 and allotted 5400000 equity shares on 30.03.2010 as per approval received from Bombay Stock Exchange. The Company is yet to get approval from Bombay Stock Exchange for allotment of 106250 shares and pending approval, 106250 equity shares of Rs. 10/- each aggregating to Rs. 10.62 lacs have been shown as "Shares Pending Allotment" in Schedule 1.
4. In the opinion of the Board, Current Assets, and Loans & Advances have a value on realization in the ordinary course of business atleast equal to the amount at which they are stated and provision for all known liabilities have been made. The company has sent letters for balance confirmation as on the last day of financial year to debtors and creditors but confirmation have been received from few parties only, therefore, the balances of debtors & creditors are subject to confirmation from respective parties.
5. The company has not received any intimation from majority of the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, hence disclosure required under Schedule VI vide notification no. GSR 719(E) dated 16.11.2007, relating to amount unpaid as at the year end together with interest paid /payable has not been given.

6. Related party disclosures

Related party disclosure as required by Accounting Standard (AS)-18 of The Institute of Chartered Accountants of India

A. List of related parties and relationships**a. Associate**

Ultra For Medical Products (UMIC), Egypt

b. Key Management Personnel

1. Mr. Himanshu Baid (Managing Director)
2. Mr. Rishi Baid (Executive Director)
3. Mr. J.K.Baid (Director- relative of Managing Director & Executive Director)

c. Enterprises over which key management personnel and their relatives exercise significant influence

1. Vitromed Healthcare
2. Jai Polypan Pvt. Ltd.
3. Stilocraft
4. Polycure Martech Ltd.

B. Transactions with related parties

Rs. in lacs

Description	Associate		Key Management personal		Enterprises controlled by key management personal and their relatives	
	Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
Sales of Goods	505.86	557.31			787.85	257.66
Ultra for Medical Products Egypt	505.86	557.31				
Vitromed Healthcare					787.85	257.66
Purchases of Goods					92.91	89.40
Vitromed Healthcare					92.91	89.40
Purchases of Immovable property					-	37.96
Vitromed Healthcare					-	37.96
Job work					1044.22	884.56
Vitromed Healthcare					1044.22	884.56
Rent received					0.24	0.24
Vitromed Healthcare					0.24	0.24
Rent paid					0.96	0.91
Jai Polypan Pvt. Ltd.					0.96	0.91
Freight paid					-	0.94
Vitromed Healthcare					-	0.94
Director's Remuneration			173.17	88.70		
Mr. Himanshu Baid			86.68	43.98		
Mr. Rishi Baid			86.49	44.72		
Sitting fees paid			0.55	0.33		
Mr. J.K Baid			0.55	0.33		
Dividend due	13.76	15.10				
Ultra for Medical Devices	13.76	15.10				
Dividend received	15.10	2.56				
Ultra for Medical Devices	15.10	2.56				
Outstanding balances at the year end						
Debtors	166.84	138.27			50.79	42.12
Ultra for Medical Products	166.84	138.27				
Vitromed Healthcare					50.79	42.12

7. Earnings per Share (EPS) of Rs. 10/- each

	Year Ended March 31, 2010	Year Ended March 31, 2009
Number of shares considered as Basic weighted average shares outstanding during the year	5506250	5506250
Add: Number of Bonus shares issued & allotted	5400000	-
Add: Number of Bonus Shares pending allotment	106250	-
Adjustment in number of shares as at the last day of previous financial year to Pre-Bonus Issue	-	5506250
Number of shares considered for computation of Earning per share	11012500	11012500
Net profit after tax available for equity share holders (in Rupees Lacs)	1578.84	596.16
Basic & Diluted Earnings per Share (in rupees)- Pre-Bonus	28.68	10.84
Basic & Diluted Earning per share (in rupees) – Post-Bonus	14.34	5.42*

* Adjusted for issue of Bonus Shares in FY 2009-10 in the ratio of 1:1

8. In accordance with Accounting Standard 22 “Accounting for taxes on Income” (AS-22), the company has accounted for deferred taxes during the year as under:

Following are the major components of Deferred Tax Liabilities and Deferred Tax Assets:

Rs. in lacs

Component		Deferred Tax Liabilities/ (Assets) as at April 1, 2009	Charge /(Credit) to Profit & Loss Account	Deferred Tax Liabilities/ (Assets) as at March 31, 2010
Deferred Tax Liabilities				
(i)	Difference in depreciation between Accounting books and tax Return	410.54	59.14	469.68
(ii)	Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to profit & loss account	0.27	0	0.27
	Total	410.81	59.14	469.95
Deferred Tax (Assets) :				
(i)	Provision for retirement benefits	(35.81)	8.20	(27.60)
(ii)	Provision for doubtful debts	(5.75)	(3.24)	(8.99)
	Total	(41.56)	4.96	(36.59)
Net Deferred Tax Liability/(Assets)		369.25	64.10	433.35
Previous Year		283.33	85.92	369.25

9. The company has got approval from Central Government under Section 297 of the Companies Act for entering in to the contract in which certain directors are interested. The aforesaid approval had specified monetary limits up to which contracts can be entered into. Due to heavy export orders in the last month of the Financial year ended 31st March, 2010, sales to one of the firm namely M/s Vitromed Healthcare has exceeded the approved monetary limits by Rs. 87.85 lacs against the sanctioned limits of Rs. 700 lacs, for which necessary application is being filed with the Central Government.

10. Payment to Auditors :

Rs. In lacs.

	Year ended March 31, 2010	Year ended March 31, 2009
Audit Fee	4.60	4.60
Tax audit Fee	0.75	0.75
Limited Review of Results	0.75	0.75
In other capacity		
(a) For Taxation matters	0.30	2.15
(b) For Certification work	1.27	0.31
Reimbursement of expenses	0.18	0.43
Total	7.85	8.99

11. Employee Benefit:

As per Accounting Standard(AS-15) "Employee Benefits" , the disclosure of employee benefits is as under:

Rs. In lacs.

	For the Year ended March 31, 2010		For the Year ended March 31, 2009	
	Gratuity (Unfunded)	Leave encashment / Compensated Absences (Unfunded)	Gratuity (Unfunded)	Leave encashment /Compensated Absences (Unfunded)
Obligations at year beginning	68.21	37.13	57.90	27.18
Service Cost - Current	15.39	10.60	14.91	11.09
Interest Cost	5.12	2.79	4.63	2.17
Actuarial (gain) / loss	(7.73)	5.97	(0.44)	9.81
Benefit Paid	(7.42)	(17.56)	(8.79)	(13.12)
Obligations at year end	73.57	38.93	68.21	37.13
Liability recognised in the Balance Sheet	73.57	38.93	68.21	37.13

The principal assumptions used in determining post employment benefit obligations are as below :

	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	2010 (in %)	2010 (in %)	2009 (in %)	2009 (in %)
Discount Rate	7.5	7.5	8	8
Future salary increase	5.0	5.0	5.5	5.5

12. Financial and Derivate Instruments:

- i) Derivative contracts entered into by the company and outstanding as at March 31, 2010 for hedging currency related risk are aggregating to Rs. 11854 lacs (Previous year Rs. 19773 lacs)
- ii) The company intends to adopt Accounting Standard (AS-30): “Financial Instruments, Recognition and Measurement” in due course, as the same is becoming mandatory with effect from 1st April 2011. Till the adoption of AS 30, the Mark to Market losses or gains on unexpired Derivative Contracts entered into to hedge the risk of changes in Foreign Currency Exchange Rate on Future Export Sales against the existing long term contracts, are accounted for on maturity of the contracts so as to safe guard against considerable volatility in foreign exchange rates during the intervening period. The Mark to Market notional losses as on March 31, 2010 are of Rs. 1542.85 lacs (previous year Rs.4110.47 lacs) and with the considerable volatility in foreign exchange rates, the impact may increase or decrease .The company has been accounting for the losses or gains on maturity of the contracts.

13. The company is primarily engaged in a business of manufacturing and sale of “Medical Devices” and, hence, there is no reportable segments as per Accounting Standard-17.

14. a) Finance Leases :

- (i) Assets acquired on finance lease comprises of vehicles. The leases have a primary period, which are fixed and non-cancelable.
- (ii) The minimum lease rentals as at March 31, 2010 and the present value as at March 31, 2010 of Minimum Lease Payments in respect of assets acquired under finance leases are as follows:

Rs. in lacs

Particulars	Minimum Lease Payments		Present Value of Minimum Lease Payment	
	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010	As at 31.03.2009
i Payable not later than 1 year	17.29	7.95	14.47	5.89
ii Payable later than 1 year and not later than 5 year	23.86	14.87	22.21	13.19
iii Payable later than 5 year	0	0	0	0
Total (i + ii + iii)	41.15	22.83	36.68	19.07
Less future finance charges	4.47	3.75		
Present Value Of Minimum Lease Payments	36.68	19.07		

b) Operating leases

- (i) The Company has taken two office premises under cancellable operating lease. These lease agreements are normally renewed on expiry.
- (ii) Lease rental expenses in respect of operating leases: Rs.6.33 lacs (previous year Rs. 6.07 lacs)

15. Remuneration paid to Managing Director & Executive Director

Rs. In lacs

	Year ended March 31, 2010			Year ended March 31, 2009
	Managing Director	Executive Director	Total	Total
Salary & allowance	49.28	47.36	96.64	77.64
Contribution to Provident Fund	3.69	3.55	7.24	6.37
Commission	30.00	30.00	60.00	0
Retirement Benefits	1.50	1.44	2.94	0
Perquisites (valued as per Income tax Rules wherever applicable)	2.21	4.14	6.35	4.69
Directors remuneration debited to Profit & Loss account	86.68	86.49	173.17	88.70

16. Figures of previous year have been regrouped or rearranged wherever found necessary.

17. Schedules 1 to 22 form an integral part of the accounts and have duly been authenticated.

As per our report of even date annexed

For DOOGAR & ASSOCIATES (Reg no.000561N)

Chartered Accountants

For and on behalf of the Board of Directors

M.S. Agarwal
 Partner
 Membership No.86580

D.R. Mehta
 Chairman
 DIN : 01067895

Himanshu Baid
 Managing Director
 DIN: 00014008

Place: New Delhi
 Date: 17.05.2010

J.K.Oswal
 AVP(Finance)

Brahm Prakash
 Company Secretary

U.S SAFETY SYRINGES CO., LLC, USA

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the Annual Report for the financial year ended March 31st 2010 :

Operations

During the financial year under review, the Company has not carried out any trading activity. Further, the Company has incurred a total loss USD 50928.

Future Outlook

The Company is expected to start its trading activities in the current financial year which would yield positive results.

Financing

Your company has an initial capital of USD 400,000 which has been contributed in the ratio 3:1 by M/s Poly Medicure Limited (A limited liability company incorporated in India) and Mrs. Dipti Rajani, respectively. The Company as on the date of the Balance Sheet has not borrowed either from Banks, Public or any other sources.

Directors

The Board of the Company consists of two Directors namely Mr. Rishi Baid & Mrs. Dipti Rajani.

Place : Fort Lauderdale, Florida, USA

Date : May 15th, 2010

For & on behalf of the Board of Directors

Dipti Rajani
Director

AVESTA INC.

ACCOUNTANTS & FINANCIAL CONSULTANTS

427 Golden Isles Drive # 15F Hallandale,
Florida 33009
Telephone (954) 494-3535 Fax (954) 905-4315,
E-mail : zminocher@yahoo.com

The Board of Directors
US Safety Syringes Co., LLC

We have reviewed the accompanying Balance Sheet of US Safety Syringes Co., LLC as of March 31, 2010 and the related statement of income, retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express opinion on these financial statements based on our review and a pending audit.

We conducted our review in accordance of what is accepted in the United State of America. Those standards require that we plan and perform the review to obtain reasonable assurance about whether the financial statements are free of material misstatements. This review includes, on a test basis, evidence supporting the amounts and disclosures in the financial statements. This review also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our review provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of US Safety Syringes Co., LLC as of March 31, 2010 and the results of its operation and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United State of America.

Sincerely,

Zersis Minocher
President & CEO

May 15th 2010

U.S. SAFETY SYRINGES CO., LLC

BALANCE SHEET AS ON MARCH 31, 2010

	USD	USD
Current Assets :		
Cash in Hand & Bank	\$0	
Total Current Assets	<u> </u>	\$0
Fixed Assets :		
Equipments & Molds (Note 7)	\$350,050	
Accumulated Depreciation (Note 7)	\$(200,028)	
Total Fixed Assets	<u> </u>	\$150,022
Total Assets		<u>\$150,022</u>
Liabilities and Equity		
Equity		
Capital-Poly Medicare	\$300,000	
Capital-Dipti Rajani	\$100,000	
Retained Earnings	\$(200,625)	
Excess of Income over (Expenses)	<u>\$(50,928)</u>	
Total Equity		\$148,447
Liability		
FDA Registration fee payable - Poly Medicare	\$1,575	
Rent Payable	<u>-</u>	\$1,575
Total Liabilities & Equity		<u>\$150,022</u>

Place : Fort Lauderdale, Florida, USA

For & on behalf of the Board of Directors

Date : May 15th, 2010

Dipti Rajani
Director

INCOME STATEMENT FOR THE PERIOD ENDED MARCH 31, 2010

12 Months ended
March 31, 2010

	USD	
Revenue		
Sales	\$	
Total Revenue	\$	
Expenses		
Franchies Fees	\$800	
Expenses Bank	\$121	
Depreciation	\$50,007	
Excess of (Loss)	<u>\$(50,928)</u>	
Place : Fort Lauderdale, Florida, USA		For & on behalf of the Board of Directors
Date : May 15 th , 2010		Dipti Rajani Director

U.S. SAFETY SYRINGES CO., LLC

STATEMENT OF CASH FLOWS (INDIRECT METHOD) FOR THE YEAR ENDED MARCH 31, 2010

	USD
Cash flows from operating activities :	
Net Income (Loss)	\$(50,928)
Increase in Accumulated Depreciation	\$50,007
Cash at beginning of year April 1, 2009	\$921
Cash and cash equivalents, March 31, 2010	\$0

Place : Fort Lauderdale, Florida, USA

For & on behalf of the Board of Directors

Date : May 15th, 2010

Dipti Rajani
Director

U.S. SAFETY SYRINGES, LLC.
NOTES TO FINANCIAL STATEMENTS**AS OF MARCH, 2010****Note 1 : Organization & Nature of Business :**

U.S. Safety Syringes, Inc. (a Delaware Corporation) has acquired five patents to manufacture various kinds of disposable and non disposable medical devices primarily including syringes. These needles protective disposable devices will be manufactured at their majority note holder's manufacturing facility located at Plot no 115-116, Sector -59, Faridabad, Haryana, India. Injection molds for production have been shipped and are currently in the possession of note holder. POLY MEDICURE LTD. Company may outsource some or all of its production to other manufacturers in India, China or other countries.

Poly Medicure Ltd. (Polymed) is based in New Delhi (India) and a leading manufacturer of IV based infusion therapy devices, central venous access catheters, anesthesia and blood management devices and surgical products under the brand name Polymed. The Company has also applied for several new patents in India and US with U.S. Food and Drug Administration for approvals of safety syringes and safety blood collection holders.

Note 2 : Summary of Significant Accounting Policies :

The Company's financial statements are maintained under the accrual basis of accounting. Under the accrual basis of accounting, the company recognizes revenue realized or realizable and earned. The company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the product has been shipped or the services have been provided to its clients, the sales price is fixed or determinable. and collectability is reasonably assured,

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Note 3 : Cash and Cash Equivalents :

The company considers cash on hand and cash in bank as its cash and cash equivalents. Bank account does not require any compensating balances. The funds are not legally restricted as to its withdrawal or usage of available funds and serve as part of the company's normal operating capital.

Note 4 : Capital Investment - Equity

Investments in Equity as capital contribution is classified as follow :

	Amount (USD)
Capital Poly Medicure	\$300,000
Capital Dipti Rajni	\$100,000

The Company classify investment into one category based upon its intent regarding the holding of such capital investments.

Note 5 : Receivables and Inventory :

As of March 31,2010, company has no receivables and does not currently maintain any inventory of any of its products.

Note 6 : Prepaid Expenses:

There are no prepaid expenses as of March 31, 2010.

Company's Equipment and manufacturing molds are stated at cost while maintenance and repairs are expenses. Company does not consider any part of the inventory as obsolete. All of the assets are in the possession of majority (75%) stockowners viz. Poly Medicure Ltd.

Under US GAPP (generally accepted accounting principles) depreciation of such molds is computed using MACR (modified accelerated recovery system) after providing for salvage value over 7 years. Upon retirement or other disposal of fixed assets. the costs and its related accumulated depreciation is removed from the respective accounts and gains or losses are included in our results of operations.

Equipment & Molds:	\$350,050
Less. Accumulated Depreciation	(\$200,028)
Net Book Value:	\$ 150,022

However, as per India's tax laws, such depreciation is not allowable.

Note 8 : Income Tax Payable:

There is' no long or short term portion of this debt.

Place : Fort Lauderdale, Florida, USA

Date : May 15th, 2010

For & on behalf of the Board of Directors

Dipti Rajani
Director

POLY MEDICURE (LAIYANG) CO. LTD. CHINA

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the Annual Report for the financial year ended March 31st, 2010.

Operations

The Company has started commercial operations and has incurred a total loss RMB 1,586,606.71.

Future Outlook

The management feels that the overall production and sales would grow in the financial year 2010-11 and the Company will be able to achieve break even level in the current financial year.

Financing

During the year under review, the fresh capital of RMB 1540947.28 has been inducted in the Company and thereby, the paid up capital has increased to RMB 7809636.44 as on 31.03.2010. The total capital has been contributed by M/s Poly Medicure Limited, a limited liability Company, incorporated in India. The amount of Capital has been utilized for capital expenditure and working capital requirement. The Company has not borrowed either from Banks or any other sources during the year.

Directors

The Board of the Company consists of three Directors namely Mr. Himanshu Baid, Mr. Rishi Baid and Mr. Xue Wendong.

Place : Laiyang, Qingdao, China

Date : April, 23rd 2010

For & on behalf of the Board of Directors

Xue Wending
Director

AUDITORS' REPORT

TYQLWSZ (2010) NO. 72

To the shareholders of Poly Medicure (LAIYANG) Company Limited,

We have audited the attached financial statements of POLY MEDICURE (LAIYANG) CO., LTD., which comprise the balance sheet as on March 31, 2010, and the income statement, cash flow statement from Apr.01, 2009 to Mar.31, 2010, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Standards and Accounting System for Business Enterprises. This responsibility includes: (a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (b) selecting and applying appropriate accounting policies; and (c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Items with Qualification:

Within the Financial Statements of your company, the Long-term Deferred Expenses, the undistributed profits, the Accumulated Depreciation, and part subjects of Income Statement were not in accordance with the provisions of Enterprise Accounting Principles and Enterprise Accounting System in China.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of POLY MEDICURE (LAIYANG) CO. LTD. as at March 31, 2010, and its financial performance and cash flows from April, 2009 to Mar.31, 2010 in accordance with the Accounting Standards for Business Enterprises.

(If the report in English is out of accord with the report in Chinese, the report in Chinese is correct.)

Beijing TYQ CPAs Yantai Branch Office

Yantai, China

Chinese CPA : Mou Xiu Mei

Chinese CPA : Cao Ming Jie

Apr. 23, 2010

BALANCE SHEET AS ON MARCH 31, 2010

NAME OF ENTERPRISES : POLY MEDICURE (LAIYANG) CO., LTD.

ASSETS	NO.	RMB YUAN	
		AT BEG OF YEAR	AT END OF YEAR
Current Assets			
Cash and cash equivalents		54,199.67	58,314.75
Which : Cash in bank		41,852.55	29,673.41
Cash		12,347.12	28,641.34
Short term investment		0.00	0.00
Notes receivable		0.00	0.00
Dividend receivable		0.00	0.00
Interest receivable		0.00	0.00
Accounts receivable		201,395.00	0.00
Other receivable		56,158.23	69,120.59
Advances to suppliers		380,513.32	243,110.00
Allowance receivable		0.00	0.00
Inventories		279,089.36	837,942.46
Deferred and prepaid expenses		57,886.15	93,527.88
Other current assets		0.00	0.00
Total current assets		1,029,241.73	1,302,015.68
LONG TERM INVESTMENTS			
Long-term shares investments		0.00	0.00
Long-term bonds investments		0.00	0.00
Total long term investments		0.00	0.00
FIXED ASSETS			
Fixed assets-cost		3,305,513.11	3,967,296.14
Less : Accumulated depreciation		40,401.18	326,023.53
Fixed assets-net book value		3,265,111.93	3,641,272.61
Less : Provision for devalued fixed assets		0.00	0.00
Fixed assets-net value		0.00	0.00
Construction materials		0.00	0.00
Construction in process		0.00	0.00
Disposal of fixed assets		0.00	0.00
Total Fixed assets		3,265,111.93	3,641,272.61
INTANGIBLE AND OTHER ASSETS			
Intangible assets		0.00	0.00
Other long-term assets		0.00	0.00
Long-term deferred and prepaid expenses		2,652,557.61	2,122,046.09
Total intangible and other assets		2,652,557.61	2,122,046.09
DEFERRED TAX :			
Deferred tax debit		0.00	0.00
TOTAL ASSETS		6,946,911.27	7,065,334.38

Legal member as of right:

Finance principal:

Director of accountants:

RMB YUAN

LIABILITIES AND OWNERS'S EQUITY	NO.	AT BEG OF YEAR	AT END OF YEAR
CURRENT LIABILITIES			
Short-term loans		0.00	0.00
Notes payable		0.00	0.00
Accounts Payable		525,204.87	689,020.54
Advances from customers		0.00	0.00
Wages payable		64,132.10	106,238.40
Welfare payable		0.00	0.00
Dividends payable		0.00	0.00
Taxes Payable		2,043.14	3,126.71
Other Payment		0.00	0.00
Other payable		86,842.00	43,919.00
Provision for expenses		0.00	0.00
Long term loans within one year		0.00	0.00
Other current liabilities		0.00	0.00
Total current liabilities		678,222.11	842,304.65
LONG TERM LIABILITIES			
Long-term loans		0.00	0.00
Debentures payable		0.00	0.00
Long-term accounts payable		0.00	0.00
Other long-term liabilities		0.00	0.00
Total long-term Liabilities		0.00	0.00
Deferred tax		0.00	0.00
Deferred tax credit		0.00	0.00
Total liabilities		0.00	0.00
OWNER'S EQUITY			
Paid-in-capital		6,268,689.16	7,809,636.44
Capital surplus		0.00	0.00
Reserve fund		0.00	0.00
Undistributed profit		0.00	-1,586,606.71
Total owner's equity		6,268,689.16	6,223,029.73
TOTAL LIABILITIES AND OWNER'S EQUITY		6,946,911.27	7,065,334.38

Legal member as of right:

Finance principal:

Director of accountants:

Place : Laiyang, Qingdao, China
Date : April, 23rd 2010

For & on behalf of the Board of Directors

Xue Wending
Director

INCOME STATEMENT

NAME OF ENTERPRISES : POLY MEDICURE (LAIYANG) CO., LTD.

ITEM	NO.	RMB YUAN	
		FROM APRIL, 2008 TO MARCH, 2009	FROM APRIL, 2009 TO MARCH, 2010
Sales		0.00	1,843,904.72
Include : Exports		0.00	40,969.20
Less : Cost of sales		0.00	2,028,736.04
Less : Sales tax		0.00	0.00
Gross profit		0.00	-184,831.32
Add : Net income from other operations		0.00	0.00
Less : Selling expenses		0.00	35,649.70
Less : General and administrative expenses		0.00	1,359,499.55
Less : Financial expenses		0.00	5,296.35
Operating profit		0.00	-1,585,276.92
Add : Income on investment		0.00	0.00
Add : Non-operating income		0.00	0.00
Less : Non-operating expense		0.00	0.00
Add : Prior year income adjustment		0.00	-1,329.79
Income before tax		0.00	-1,586,606.71
Less : Income tax		0.00	0.00
Net income		0.00	-1,586,606.71

Legal member as of right:

Finance principal:

Director of accountants:

Place : Laiyang, Qingdao, China
Date : April, 23rd 2010

For & on behalf of the Board of Directors

Xue Wending
Director

CASH FLOWS STATEMENT

NAME OF ENTERPRISE: POLY MEDICURE (LAIYANG) CO.,LTD

RMB YUAN

Items	NO.	FROM APRIL, 2008 TO MARCH, 2009	FROM APRIL, 2009 TO MARCH, 2010
1.Cash Flows from Operating Activities			
Cash received from sales of goods or rendering of services	1	0.00	2,253,718.89
Refund of tax and levy	2	0.00	0.00
Other cash received relating to operating activities	3	1,617,437.13	0.00
Sub-total of cash inflows	4	1,617,437.13	2,253,718.89
Cash paid for goods and services	5	47,874.17	1,144,727.81
Cash paid to and on behalf of employees	6	566,804.65	807,721.00
Taxes paid	7	25,268.31	7,561.00
Other cash paid relating to operating activities	8	0.00	1,133,116.52
Sub-total of cash outflows	9	639,947.13	3,093,126.33
Net cash flows from operating activities	10	977,490.00	-839,407.44
2.Cash Flows from Investing Activities			
Cash received from return of investments	11	0.00	0.00
Cash received from distribution or interest of dividends or profits	12	0.00	0.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	13	0.00	0.00
Other cash received relating to investing activities	14	0.00	0.00
Sub-total of cash inflows	15	0.00	0.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	16	3,365,346.43	697,424.76
Cash paid to acquire equity investments	17	0.00	0.00
Other cash paid relating to investing activities	18	0.00	0.00
Sub-total of cash outflows	19	3,365,346.43	697,424.76
Net cash flows from investing activities	20	-3,365,346.43	-697,424.76
3.Cash Flows from Financing Activities			
Proceeds from issuing shares and bonds	21	2,163,802.64	1,540,947.28
Proceeds from borrowings	22	0.00	0.00
Other proceeds relating to financing activities	23	0.00	0.00
Sub-total of cash inflows	24	2,163,802.64	1,540,947.28
Cash repayments of amounts borrowed	25	0.00	0.00
Cash payments for distribution or interest of dividends or profits	26	0.00	0.00
Other cash payments relating to financing activities	27	0.00	0.00
Sub-total of cash outflows	28	0.00	0.00
Net cash flows from financing activities	29	2,163,802.64	1,540,947.28
4.Effect of Foreign Exchange Rate Changes on Cash	30	0.00	0.00
5.Net Increase in Cash and Cash Equivalents	31	-224,053.79	4,115.08

Legal member as of right:

Finance principal:

Director of accountants:

CASH FLOWS STATEMENT

NAME OF ENTERPRISE: POLY MEDICURE (LAIYANG) CO.,LTD

Items	NO.	RMB YUAN	
		FROM APRIL, 2008 TO MARCH, 2009	FROM APRIL, 2009 TO MARCH, 2010
1.Reconciliation of Net Profit to Cash Flows from Operating Activities			
Net profit	32	0.00	-1,586,606.71
Add: Impairment	33	0.00	0.00
Depreciation of fixed assets	34	40,401.18	285,622.35
Amortization of intangible assets	35	0.00	0.00
Amortization of long-term deferred and prepaid expenses	36	0.00	530,511.52
Decrease in deferred and prepaid expenses (or deduct:increase)	37	-57,886.15	0.00
Increase in accrued expenses (or deduct:decrease)	38	0.00	0.00
Losses on disposal of fixed assets,intangible assets and other long-term assets (or deduct : gains)	39	0.00	0.00
Losses on scrapping of fixed assets	40	0.00	0.00
Financial expenses	41	0.00	0.00
Losses arising from investments (or deduct : gains)	42	0.00	0.00
Deferred tax credit (or deduct : debit)	43	0.00	0.00
Decrease in inventories (or deduct : increase)	44	-145,653.76	-558,853.10
Decrease in operating receivables (or deduct : increase)	45	1,524,984.75	325,835.96
Increase in operating payables (or deduct : decrease)	46	-384,356.02	164,082.54
Other	47	0.00	0.00
Net cash flows from operating activities	48	977,490.00	-839,407.44
2.Investing and financing activities that do not involve in cash receipts and payments			
Repayment of debts by the transfer of capital	49	0.00	0.00
Current transferable debentures	50	0.00	0.00
Fixed assets under financing lease	51	0.00	0.00
3.Net Increase in Cash and Cash Equivalents			
Cash at the end of the period	52	54,199.67	58,314.75
Less : cash at beginning of the period	53	278,253.46	54,199.67
Plus : cash equivalents at the end of the period	54	0.00	0.00
Less : cash equivalents at the beginning of the period	55	0.00	0.00
Net increase in cash and cash equivalents	56	-224,053.79	4,115.08

Legal member as of right:

Finance principal:

Director of accountants:

Place : Laiyang, Qingdao, China

For & on behalf of the Board of Directors

Date : April, 23rd 2010
 Xue Wending
 Director

POLY MEDICURE (LAIYANG) CO.,LTD.
ANNOTATIONS TO ACCOUNTING STATEMENTS As of March 31, 2010

General Background

POLY MEDICURE (LAIYANG) CO.,LTD. (the "company") is a foreign capital company contributed and organized by POLY MEDICURE LTD, INDIA. It was established on June 25,2007 and obtained the enterprise legal person business licence with registered No. 370682400002685. The company's legal representative: Himanshu Baid. Registered capital: USD 1,100,000. Address: Area A, Heshan Road, Laiyang Economical Development District, Laiyang, Shandong, China. Business scope: manufacture and process category 3 of injection and puncture instruments and medical polymer materials and products of category 1,category 2 and category 3. All products listed above will be sold directly or indirectly to overseas markets (Operating subject to statutory licence). Expiry date from June 25, 2007 to May 23,2027.

Significant Accounting Policies**1 Accounting System**

The company is following the original Accounting Standards and Accounting System for enterprises and the relevant supplementary provisions.

2 Fiscal Year

The fiscal year of the company is from April 1 of the former year to March 31 of the next year.

3 Reporting Currency

RMB is the booked currency for the company.

4 Accounting Principle and Measure Basis.

The company adopts accruals basis as principle and historical costing as measure basis.

5 Measure Method of Foreign Currency Transaction

Transactions in currencies other than RMB are converted into RMB using the market exchange rate of the first day of the month. At the month end, non-RMB money of foreign currency accounts would be adjusted to reporting currency using the market exchange rate of the last day of the month. The balance between the money after adjusted and the reporting currency money already recorded in foreign currency accounts would be reckoned in current profit, as foreign exchange gain or loss.

6 Establishing Standards of Cash Equivalents.

Cash equivalent refers to the investment of the company with short expiry date (within three months from purchasing date), current frequently, easy to exchange to Cash and the smallest risk on value change.

7 Measure Method of Bad Debts

(1) Allowance Method was adopted to deal with bad debts which are recognized with the following situations: The debtors went bankruptcy and after the legal discharging procedures, the debts still can not be collected back.

The debtors died and have got neither asset for discharging or legal undertakers.

The debts have been overdue for more than three years and the obvious evidences shows that the debts cannot be collected back. Approval could be required in some cases.

(2) Provision for Bad Debts

The company adopts allowance method to calculate the provision for bad debts, namely adopts aging analysis method to calculate the bad debts reserve, use the balance of the accounts receivable at the end of year to multiply relevant proportion. The proportion of bad debts withdrawal is as follows:

Aging	Proportion
Overdue within 1 year	0%
Overdue for 1-2 years	5%
Overdue for 2-3 years	20%
Overdue for more than 3 years	50%

8 Inventories

- (1) Inventories are mainly recorded raw materials, products in process, finished products, low value consumables, packs.
- (2) Inventories adopt perpetual inventory system and are recorded in actual cost. Cost of inventories is determined on a weighted average basis. As for the low value consumables, amortizing in accordance with "5 to 5" method.
- (3) The ending balances of inventory are valued at lower of cost or net realizable value.
- (4) Company computes allowance for market diminution in value of inventory when the following situations happened:
 - A. Market price keeps declining and no hope for gravelled in foreseeable future.
 - B. The cost of product of made from the material is higher than the market price.
 - C. Due to products' replacing and updating, the old material cannot be used to the new products; and the market price of the material is lower than the recorded cost.
 - D. Because the products and services provided by the company are out of date or the demand of market changes as the result of change of customers' taste, the market price declines gradually,
 - E. Other situations show that the depreciation has happened substantially.

9 Fixed Assets and Depreciation Method

- (1) Fixed assets: Fixed assets include house, building, machinery, equipment, tools, and other operational assets with useful life over one year; and non-main equipment or producing price over RMB 2000 and useful life over two years.
- (2) Fixed assets valuation: Fixed assets are recorded at the actual cost.
- (3) The depreciation method: Fixed assets are depreciated with the straight-line method and the estimated residual rate is 10%. Details as followed:

Items	Depreciated Year	Annual Depreciated Rate
House & Building	20	4.5%
Machinery equipment	10	9%
Transport equipment	5	18%
Electronic equipment	5	18%

- (4) The provision for devalued fixed assets: The Fixed Assets review is carried out at the end of the year. If it happens that the realizable value become lower than the recorded cost as a result of decline in market price, technical backwardness, damage of the fixed assets or long time inactiveness, the allowance would be made according to the difference individually; the full allowance for devalue of fixed assets are made under the following situations:
 - A. Fixed assets that had been left unused for a long time and will not be used or transferred in the foreseeable future.
 - B. Fixed assets will not be used because of the progress in technique.
 - C. Fixed assets produce a large amount of rejected products.
 - D. Damaged and thus became useless in value and transferring.
 - E. Other fixed assets that could not bring any economic profit.

10 Engineering

Engineering refers to the project that is under construction, not complete yet and completed but not reach the expected using status. Engineering confirm its cost in accordance with actual expenditure that includes

capitalization interest.

The fixed assets built which has reached the expected usable status but haven't done the final accounts of completed project yet can transfer to fixed assets according to engineering estimated amounts or actual cost and fixed value from the date when it can reach expected usable status, and take out depreciation, reconciliation of assets cost and depreciation taken out after finishing the procedures for final accounts of completed project.

Capitalization interest is reckoned in engineering cost in accordance with the actual space of special loans and the calculation of capitalization interest rate. The engineering transfer to fixed assets according to actual full expenditure when completing and putting into service.

At the end of period, checking the engineering items by items, accrue devaluation provisions for the below engineering devalued.

- A:** Engineering that stop for long term and can not reconstruct within the next 3 years
- B:** The project has been backward whether in performance or in technology and the economic profits it brought with obvious indeterminacy.
- C:** Other situations that show the devaluation of engineering with evidence

11 Income Confirmation Principle

The company has transferred the main risks and rewards of commodity ownership to buyers, the company don't keep the management and control right for the commodity any longer, relevant economic profits can input company and can confirm the income when the relevant income and cost can be measured reliably.

The company commenced its commercial production on 1st April, 2009.

12 Accounting Method of Income Tax

It should adopt taxes payable method as the accounting method.

Tax Items

Main taxes and tax rate suitable for the company as below:

Tax Items	Tax Basis	Rate
V.A.T	Income from Sales	17%
Income Tax	Taxable Income	25%

Contingency Events

No significant contingency events by the end of MAR. 31, 2010

Promise Events

No significant promise events by the end of MAR. 31, 2010

Subsequent Events

No significant subsequent events by the end of the date of Auditors' report.

Place : Laiyang, Qingdao, China
 Date : April, 23rd 2010

For & on behalf of the Board of Directors

Xue Wending
 Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.

1	Name of Subsidiary	US Safety Syringes Co., LLC, USA	Poly Medicure (Laiyang) Co. Ltd. China
2	Financial year of the subsidiary Company ended on	31 st March, 2010	31 st March, 2010
3	Date from which it became Subsidiary	4 th June, 2007	25 th June, 2007
4(a)	Number of Shares held by Poly Medicure Limited (Holding Company) with its nominees in the subsidiary at the end of the financial Year of the subsidiary.	75% Shares Rs. 130.33 lacs	100% Shares Rs. 472.38 lacs
4(b)	Extent of shareholding interest of holding Company at the end of the financial year of the subsidiary	75%	100%
5	The net aggregate amount of the subsidiary's profit/ (losses) so far it concerns the members of the holding Company not dealt with in the holding Company's accounts : (i) For the current financial year (ii) For the previous years	 (Rs. 17.15 lacs) (Rs. 46.52 lacs)	 (Rs. 104.51 lacs) NIL
6	The net aggregate amount of the profit/ losses of the subsidiary which has been dealt with in the accounts of the holding Company : (i) For the current financial year (ii) For the previous years	 NIL NIL	 NIL NIL
7	Material changes between the end of the financial year of the subsidiary and the holding Company.	—	—

For DOOGAR & ASSOCIATES (Reg No.000561N)

Chartered Accountants

M. S. Agarwal
Partner
Membership No. 86580

Place : New Delhi
Date : 17.05.2010

D.R. Mehta
Chairman
DIN : 01067895

J.K. Oswal
AVP (Finance)

For and on behalf of the Board of Directors

Himanshu Baid
Managing Director
DIN : 00014008

Brahm Prakash
Company Secretary

POLY MEDICURE LIMITED

Regd. Off.: First Floor, 12, Sant Nagar, East of Kailash, New Delhi- 110 065

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I/we hereby record my/our presence at the 15th Annual General Meeting of the Company at NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi - 110016 on Tuesday, the 7th September, 2010 at 10.00 a.m.

Full name of the Member (In block letters).....

Full name of the Proxy (In block letters).....

Folio No. DP-ID..... Client-ID.....

No. of Shares held

Signature of Member/Proxy

POLY MEDICURE LIMITED

Regd. Off.: First Floor, 12, Sant Nagar, East of Kailash, New Delhi- 110 065

PROXY

Folio No. DP-ID..... Client-ID..... No. of Shares held

I/We.....

ofbeing a member/
members of **Poly Medicure Limited**, hereby appoint.....of

.....or failing him/her

.....of..... as

my/our proxy to attend and vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held on Tuesday, the 7th September, 2010 at 10:00 a.m. at NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi - 110016 and at any adjournment thereof.

Signed this day of.....2010.

Signature

Affix Fifteen
Paisa
Revenue
Stamp

Note: Proxy in order to be effective must be lodged with the Company at its Registered office not less than 48 hours before the meeting.