



# KMS MEDISURGI LIMITED

CIN U51397MH1999PLC119118

Plot No-297/301 May Building, Gr. Floor Marine lines (EAST), Princess Street, Mumbai City  
MH 400002 IN Ph-022-66107700/22,022-67498822, Facsimile: +91-22-22061111,

Website: -[www.kmsgroup.in](http://www.kmsgroup.in), E-mail Id:- [info@kmsgroup.in](mailto:info@kmsgroup.in)

---

October 09, 2017

To,  
General Manager,  
Dept. of Corporate Services  
BSE Ltd.  
P.J. Towers, Dalal Street Fort,  
Mumbai - 400001.

Ref. KMS Medisurgi Limited (Scrip Code- 540468)

Subject: Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015- Approved and adopted Annual Report for the year ended 31<sup>st</sup> March, 2017 at 19<sup>th</sup> Annual General Meeting.

Dear Sir,

Pursuant to Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015- we are submitting herewith Annual Report for the year ended 31<sup>st</sup> March, 2017 and the same has also been uploaded on Company's Website.

Kindly find the same in order.

Thanking You,  
Yours faithfully

FOR, KMS MEDISURGI LIMITED  
FOR KMS MEDISURGI LIMITED

COMPANY SECRETARY

KIRTY AGARWAL  
COMPANY SECRETARY



**KMS MEDISURGI LIMITED**

**ANNUAL REPORT**

**2016-2017**

## TABLE OF CONTENTS

PARTICULARS	PAGE NO.
<b>Corporate Information</b>	3
<b>Letter to Shareholders</b>	4
<b>Notice of Annual General Meeting</b>	6
<b>Board of Director's Report</b>	10
<b>Annexures to the Board of Director's Report:</b>	
Annexure A : Related Party Transaction (Form AOC - 2)	18
Annexure B : Extract of Annual Return (Form MGT - 9)	20
Annexure C : Secretarial Audit Report	31
Annexure D: Appointment and Remuneration of Managerial Personnel	36
Annexure E: <b>MANAGEMENT DISCUSSION AND ANALYSIS REPORT</b>	
<b>CEO/CFO certification</b>	38
<b>Financials:</b>	
Independent Auditor Report	39
Annexures to the Independent Auditor Report	42
Balance sheet as at 31 <sup>st</sup> March, 2017	46
Profit & loss account for year ended at 31 <sup>st</sup> March, 2017	47
Cash Flow Statement for year ended at 31 <sup>st</sup> March, 2017	48
Notes forming part of Financial Statement	50
<b>Proxy Form</b>	60
<b>Attendance Slip</b>	62

## CORPORATE INFORMATION

### Board of Directors and Key Managerial Personnel:

Gaurang Prataprai Kanakia (DIN: 00346180)	Chairman and Managing Director
Rekha Devang Kanakia (DIN: 00346198)	Woman Non-Executive Director
Niraj Kumud Shah (DIN: 02202596)	Non-Executive Non Independent Director
Hardik Rajnikant Bhatt (DIN: 07566870)	Independent Director
Kamlesh Chunilal Rajani (DIN: 07588417)	Independent Director
Anand Prataprai Kanakia	Chief Financial Officer
Kirty Agarwal	Company Secretary and Compliance Officer

### Committees:

<b>1. Audit Committee:</b>		
	Hardik Rajnikant Bhatt (DIN: 07566870)	Chairman
	Kamlesh Chunilal Rajani (DIN: 07588417)	Member
	Niraj Kumud Shah (DIN: 02202596)	Member
<b>2. Nomination &amp; Remuneration Committee</b>		
	Kamlesh Chunilal Rajani (DIN: 07588417)	Chairman
	Rekha Devang Kanakia (DIN: 00346198)	Member
	Hardik Rajnikant Bhatt (DIN: 07566870)	Member
<b>3. Stakeholders and Grievance Committee</b>		
	Kamlesh Chunilal Rajani (DIN: 07588417)	Chairman
	Hardik Rajnikant Bhatt (DIN: 07566870)	Member
	Gaurang Prataprai Kanakia (DIN: 00346180)	Member

## OTHER INFORMATION

### Registered Office/Corporate Office

297/301, May Building, Ground Floor,  
Princess Street, Marine Lines East  
Mumbai-400002, Maharashtra, India.  
Tel No.: +91-22-66107700/22,022-67498822,  
Web: [www.kmsgroup.in](http://www.kmsgroup.in)  
Mail id: [kms.medisurgi@gmail.com](mailto:kms.medisurgi@gmail.com)  
[info@kmsgroup.in](mailto:info@kmsgroup.in)

### Banker:

Union Bank of India, Mumbai  
Saraswat Co-operative Bank, Mumbai

### Listing:

BSE Limited-SME Platform  
PJ Towers, Dalal Street, Mumbai- 400001  
w.e.f. , 24th April , 2017

### Statutory Auditors:

M/s. Mayur Mahesh Shah & Co.  
Chartered Accountants,  
2/8 Round Building,  
Picket Road, Kalbadevi Road,  
Mumbai-400002, Maharashtra  
Tel No.:+91-22-65720545  
Email id: [shahmm01@gmail.com](mailto:shahmm01@gmail.com)  
Contact Person: CA Mayur Mahesh Shah

### Registrar & Transfer Agent:

Karvy Computershare Pvt. Ltd.  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli,  
Financial District Nanakramguda,  
Hyderabad, Telangana - 50003  
Tel No.: +91 - 040 - 67162222  
Fax No.: +91 - 040 - 23431551  
[www.karvycomputershare.com](http://www.karvycomputershare.com)

### Contact Details for Investors:

297/301, May Building, Ground Floor,  
Princess Street, Marine Lines East  
Mumbai-400002  
Maharashtra, India.  
Tel No.: +91-22-66107700/22  
Web: [www.kmsgroup.co.in](http://www.kmsgroup.co.in)  
Tel No.: +91 -22-65605550  
Mail id: [kmsboffice@gmail.com](mailto:kmsboffice@gmail.com)  
[cskirtykms@gmail.com](mailto:cskirtykms@gmail.com)

## LETTER TO SHAREHOLDERS

**Dear Shareholders,**

I Gaurang Prataprai Kanakia (Managing Director), heartily welcome you all, having joined **KMS MEDISURGI LIMITED** family with your participation in our maiden public offer. It is my desire and wish that this association of ours, will strengthen our hands in to reach glorious heights.

We are fortunate and humbled by the response received for the Initial Public Offering (IPO) of the shares of KMS Medisurgi Limited, which was listed in the financial year 2017-18 on 24<sup>th</sup> April, 2017 on BSE SME Platform.

The support given to the IPO was very heart warming and I would like to thank all our investors for showing confidence and trust in management capabilities of KMS MEDISURGI LIMITED.



# KMS MEDISURGI LIMITED

CIN U51397MH1999PLC119118

Regd Office :Plot No-297/301 May Building, Gr. Floor Marine lines (EAST), Princess Street, Mumbai City MH 400002 IN Ph-022-66107700/22,022-67498822, Facsimile: +91-22-22061111,

Website: -www.kmsgroup.in, E-mail Id:- info@kmsgroup.in

## NOTICE

### 19<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that 19<sup>th</sup> Annual General Meeting of the members of the company will be held on Saturday, 30<sup>th</sup> September, 2017 at 11:30 a.m. at 297/301, May Building, Ground Floor, Princess Street, Marine Lines East Mumbai-400002 to transact the following business :-

#### **ORDINARY BUSINESS**

1. To consider and adopt the Financial Statement as at 31<sup>st</sup> March, 2017, together with the directors' report and auditor's report thereon.
2. To declare a dividend for Financial year ended March 31, 2017.
3. To appoint Mrs. Rekha Devang Kanakia (DIN: 00346198), who retires by rotation and being eligible offers himself for re-appointment.

#### 4. Appointment of Statutory Auditor:

To appoint auditors of the company and to fix their remuneration, and if thought fit, to pass, with or without modifications the following resolution as a Ordinary Resolution

**"RESOLVED THAT**, pursuant to Section 139, 142 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit Committee of the Board, M/s Kalpesh Jain & Associates, Chartered Accountants, having registration No. 132603W allotted by The Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors M/s Mahesh Shah & Co , Chartered Accountants, having registration No. 117604W allotted by ICAI, who shall hold office from the conclusion of this 19th Annual General Meeting for term of consecutive five years till conclusion of the 24th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company."

Date: 5<sup>th</sup> September, 2017

Place: Mumbai

For, KMS Medisurgi Limited

Sd/-

**Gaurang Prataprai Kanakia**  
Managing Director  
(DIN: 00346180)

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**

Proxy form, in order to be effective, must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.

2. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No.2 of the notice, forms integral part of the notice.
3. The register of members and transfer books of the company shall remain closed from Saturday, 23<sup>rd</sup> September, 2017 to Saturday, 30<sup>th</sup> September, 2017 (both days inclusive) for 19<sup>th</sup> Annual General Meeting and for determining the names of members eligible for dividend on Equity Shares, if declared at a meeting.
4. The notice of 19<sup>th</sup> Annual General Meeting of the Company and Annual Report 2016-17 is available on the Company's website at **[www.kmsgroup.in](http://www.kmsgroup.in)**
5. Members/Proxy holders are requested to bring their copy of Annual Report and Attendance slip sent herewith, duly filled-in for attending the Annual General Meeting.
6. Members who wish to obtain information of the Company may send their queries at least 10 days before the Annual General Meeting to the Company Secretary at the Corporate Office of the Company.
7. The Shareholders are requested to notify changes of their address immediately to the Registrars & Transfer Agent **Karvy Computershare Pvt. Ltd.** The Company or its registrar will not act on any request received directly from the shareholder holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant by the Shareholders.
8. Non Resident Indian Members are requested to inform Registrar and Transfer Agent, immediately of:
  - i. Change in their residential status on return to India for permanent settlement.
  - ii. Particulars of their Bank Account maintained in India with complete name, branch, account, type, account number and address of the bank with pin code number, if not furnished earlier.

9. Members are requested to intimate their Email IDs for correspondence and quicker response to their queries.
10. Electronic copy of the Annual Report is being sent to the members whose email IDs are registered with the Company/ Depository Participant. For members who have not registered their email addresses, physical copies of the Annual Report 2016-17 is being sent in the permitted mode. Members who have not registered their email addresses, so far, are requested to register their email addresses in respect of electronic holdings with the Depository Participants.
11. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
12. In compliance with Section 108 of the companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and regulation 44 of the Listing Regulation, the company is not providing e-voting facility as SME listed company is not required to provide e-voting facility.

**ANNEXURE TO THE NOTICE**

Details of the Directors seeking appointment/re-appointment at the forth coming Annual General Meeting:

Annexure of Item No: 02

<b>Name of Director</b>	Rekha Devang Kanakia
<b>DIN</b>	00346198
<b>Date of Birth</b>	25/05/1972
<b>Date of first Appointment</b>	17/03/2016
<b>Qualification</b>	B.com Graduate
<b>Expertise in specific functional areas and experience</b>	Mrs. Rekha Devang Kanakia is the non executive director of the company. She is a commerce graduate and have more than 4 years of experience in the field of accounts and finance.
<b>Directorship held in other Companies</b>	Nil
<b>Committee positions held in other Companies</b>	Nil
<b>No. of Equity Shares held in the Company as on 31.03.2017</b>	4,42,000 Equity Shares

Date: 5<sup>th</sup> September, 2017

Place: Mumbai

**For, KMS Medisurgi Limited**

Sd/-  
**Gaurang Prataprai Kanakia**

**Managing Director**

**(DIN: 00346180)**

## BOARD OF DIRECTOR'S REPORT

**To,  
The Members,  
KMS MEDISURGI LIMITED**

Your Directors have pleasure in presenting their 19<sup>th</sup> Annual Report on the business and operation of the company and the accounts for the financial year Ended 31st March, 2017.

### **1. FINANCIAL RESULTS**

The working results of the company for the year ended are as follows:

Sr. No.	Particulars	31.03.2017	31.03.2016
		(Rs.)	(Rs.)
1.	Revenue from operations	79,006,413	84,144,976
2.	Other Income	1,724,716	641,626
3.	<b>Total Revenue</b>	<b>80,731,129</b>	<b>84,786,602</b>
4.	<b>Less: Expenses</b>	<b>77,175,844</b>	<b>81,844,834</b>
5.	Profit before Tax	3,555,285	2,941,768
6.	Provision for Tax	1,412,000	1,300,000
7.	Income Tax	0	0
8.	Prior Years Tax Adjustments	-	273,647
9.	<b>Profit after Tax</b>	<b>2,143,285</b>	<b>1,368,121</b>

### **2. FINANCIAL HIGHLIGHTS**

The Net Income of your Company for the current year was decreased to Rs. 80,731,129/- as against Rs. 84,786,602/- of the previous year. Accordingly, the Company's Net Profit After Tax has been increased to Rs. 21,43,285/- for the current year as against the Net Profit After Tax of Rs. 13,68,121/- of the previous year.

Initial Public Offer of 2,70,00,000 (Rupees Two Crore Seventy Lacs only) divided into 9,00,000 Equity shares of Rs 30 each (including premium of Rs 20 per share)

### **3. CAPITAL STRUCTURE**

The Authorised Share Capital of the Company is Rs 3, 50,00,000./- (Rupees Three Crore Fifty Lakhs) divided into 35,00,000 (Thirty Five Lakhs ) Equity shares of Rs 10/-

During the Financial year, the paid up share capital of the Company is increased from Rs. 1, 20,00,000/- (Rupees One Crore & Twenty Lakhs ) divided into 12,00,000 (Twelve Lakhs ) equity shares of Rs. 10 each to Rs 2, 40,00,000 (Rupees Two Crore Forty Lakhs) divided into 24,00,000 (Twenty Four Lakhs) equity shares of Rs 10 each. The same increase was due to bonus issue.

### **4. DIVIDEND**

Your Directors has recommend a Dividend of 0.5% i.e. Re. 0.05 Per Equity Share of face value of Re. 10/- each fully paid up aggregating to Rs. 1,65,000/- for the year ended 31<sup>st</sup> March 2017.

## **5. DEPOSIT**

During the year under review your company has not accepted any deposits from the public and therefore no information is required to be furnished in respect of outstanding deposits.

## **6. CHANGES IN NATURE OF BUSINESS**

There is no significant change made in the nature of the company during the financial year.

## **7. NAME OF THE COMPANIES, WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

At the end of the financial year under review none of the Company have become or ceased to be subsidiaries, joint ventures or associate companies.

## **8. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

The Company has established a well-defined process of risk management, wherein the identification, analysis and assessment of the various risks, measuring of the probable impact of such risks, formulation of risk mitigation strategy and implementation of the same takes place in a structured manner. Though the various risks associated with the business cannot be eliminated completely, all efforts are made to minimize the impact of such risks on the operations of the Company. The Company on various activities also puts necessary internal control systems in place across the board to ensure that business operations are directed towards attaining the stated organizational objectives with optimum utilization of the resources.

## **9. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

Particulars of contract or arrangements with related parties is annexed herewith in Form AOC 2 as "Annexure - A"

## **10. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS**

There are no significant and material orders passed by the Regulators/Courts, which would impact the going concern status of the Company and its future operations.

## **11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The company has not given any loans or guarantees or investments covered under the provisions of section 186 of the Companies Act, 2013 during the Financial Year 2016-17.

## **12. TRANSFER TO RESERVES**

The Company has transferred current year's profit of Rs. 21,43,285 to the Reserve & Surplus and the same is in compliance with the applicable provisions prescribed under the Companies Act, 2013.

## **13. DIRECTORS**

### **Retire by Rotation-Rekha Devang Kanakia**

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mrs Rekha Devang Kanakia , Director (DIN: 00346198) of the company is liable to retire by rotation in the Nineteenth coming Annual General Meeting and being eligible, he offer himself for re-appointment.

#### 14. KEY MANAGERIAL PERSONNEL:-

Pursuant to the Section 2(51) and provisions of Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Key Managerial Personnel (KMP) of the Company as on 31st March, 2017 are as follows:

- Mr. Gaurang Prataprai Kanakia (DIN: 0346180) has been re-designated as Managing Director of the Company in Board Meeting held on 11<sup>th</sup> August 2016 w.e.f. 11<sup>th</sup> August 2016
- Mr. Anand Prataprai Kanakia has been appointed as Chief Financial Officer (CFO) of the Company in Board Meeting held on 9<sup>th</sup> July , 2016 w.e.f. 19<sup>th</sup> July , 2016.
- Mrs. Jyoti Padia has been appointed as a Company Secretary & Compliance Officer of the Company in Board Meeting held on 16<sup>th</sup> August, 2016 w.e.f. 16<sup>th</sup> August, 2016.

However, Mrs jyoti Padia had resigned from the post of Company Secretary of the Company w.e.f. 15<sup>th</sup> September 2016 and Mrs. Kirty Agarwal has been appointed as Company Secretary in Board Meeting held on 16<sup>th</sup> September 2016 w.e.f. 16<sup>th</sup> September 2016.

#### 15. BOARD EVALUATION

In compliance with the provisions of the Companies Act, 2013 and other provisions, if any, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Nomination & Remuneration Committee and Shareholder's Grievance Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

#### 16. MEETING OF BOARD OF DIRECTORS

##### A) Number of Board Meetings in the year

During the year 18 meetings of the Board of Director's were held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Sr. No.	Date on which board Meetings were held
1.	04.04.2016
2.	12.05.2016
3.	09.07.2016
4.	14.07.2016
5.	20.07.2016
6.	11.08.2016
7.	16.08.2016
8.	26.08.2016
9.	01.09.2016
10.	03.09.2016
11.	16.09.2016
12.	29.09.2016

Sr. No.	Date on which board Meetings were held
13.	14.12.2016
14.	02.02.2017
15.	08.03.2017
16.	22.03.2017
17.	24.03.2017
18.	31.03.2017

**B) Attendance of Directors at Board meetings held in the previous year are as follows:**

Sr. No.	Name of Director	Category of Director	No. of Board Meetings attended	Attendance at the last AGM	No. of Committee Membership in which he/she is a Chair Person
1	Gaurang Prataprai Kanakia (DIN: 00346180)	Chairman and Managing Director	18	Yes	Member in one Committee
2	Rekha Devang Kanakia (DIN: 00346198)	Woman Non-Executive Director	18	Yes	Member in one Committee
3	Niraj Kumud Shah (DIN: 02202596)	Non-Executive Non Independent Director	15	Yes	Member in one Committee
4	Hardik Rajnikant Bhatt (DIN: 07566870)	Independent Director	14	Yes	Chairman in One Committee & Member in two Committee
5	Kamlesh Chunilal Rajani (DIN: 07588417)	Independent Director	12	Yes	Chairman in Two Committee & Member in One Committee

**17. MEETING OF MEMBERS:**

During the year under review, 18th Annual General Meeting of the Company was held on 30<sup>th</sup> September, 2016 and 3 (Three) Extra-Ordinary General Meeting was held on 22<sup>nd</sup> June 2016 , 12<sup>th</sup> July 2016 and 8<sup>th</sup> September 2016 .

**18. COMMITTEES**

There are three Committees constituted as per Companies Act, 2013. They are:

- A. Audit Committee
- B. Nomination & Remuneration Committee
- C. Shareholders & Investor's Grievance Committee

**Committees:**

### A. Audit Committee

During the year, Two (2) Audit Committee meetings were held, on the following dates 20/12/2016 & 31/03/2017.

Sr. No.	Name	Designation	Position in committee	No. of Meetings Attended
1	Hardik Rajnikant Bhatt (DIN: 07566870)	Independent Director	Chairman	2
2	Kamlesh Chunilal Rajani (DIN: 07588417)	Independent Director	Member	2
3	Niraj Kumud Shah (DIN: 02202596)	Non Independent Non Executive Director	Member	2

### B. Nomination and Remuneration Committee

During the year One (1) Nomination & Remuneration Committee meetings were held on 31/03/2017

Sr. No.	Name	Designation	Position in committee	No. of Meetings Attended
1	Kamlesh Chunilal Rajani (DIN: 07588417)	Independent Director	Chairman	1
2	Rekha Devang Kanakia (DIN: 00346198)	Non-Executive Non Independent Director	Member	1
3	Hardik Rajnikant Bhatt (DIN: 07566870)	Independent Director	Member	1

### C. Stakeholder's Relationship Committee

During the year One (1) Stakeholder's Relationship Committee meetings were held on 31/03/2017

Sr. No.	Name	Designation	Position in committee	No. of Meetings Attended
1	Kamlesh Chunilal Rajani (DIN: 07588417)	Independent Director	Chairman	1
2	Hardik Rajnikant Bhatt (DIN: 07566870)	Independent Director	Member	1
3	Gaurang Prataprai Kanakia (DIN: 00346180)	Independent Director	Member	1

### D. Independent Director Meeting:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Independent Directors of the company met one time during the year on 31<sup>st</sup> March 2017, as per Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **19. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the ends of the financial year of the Company to which the financial statements relate and the date of the report.

#### **20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

As the Company is not covered in the list of industries required to furnish information in Form "A" relating to Conservation of Energy, the same is not given. Even though its operations are not energy-intensive, significant measures are taken to reduce energy consumption by using energy-efficient equipment. The Company regularly reviews power consumption and thereby achieves cost savings.

#### **21. EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **"Annexure - B"**.

#### **22. DIRECTORS' RESPONSIBILITY STATEMENT**

- (i) To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statements in terms of the Section 134(3) (c) of the Companies Act, 2013.
- (ii) That in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (iii) That such accounting policies, as mentioned in the Financial Statements as 'Significant Accounting Policies' have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
- (iv) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (v) That the annual financial statements have been prepared on a going concern basis;
- (vi) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (vii) Those proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## **23. AUDITORS**

### **(I) Statutory Auditors**

M/s Mayur Mahesh Shah & Co, Chartered Accountants, Auditors of the company tenure is coming to an end from the conclusion of the ensuing Annual General Meeting. M/s Mayur Mahesh Shah & Co, Chartered Accountants has completed the prescribed term under Companies Act 2013.

Accordingly Company has proposed the appointment of M/s Kalpesh Jain & Associates, Chartered Accountants, having registration No. 132603W, being eligible, offer themselves for appointment in ensuing Annual General Meeting of the Company. The Company has received a consent letter containing the declaration from them that if their appointment be made, that would be within the limit and they are qualified as per Section 141 of the Companies Act, 2013. The Board of Directors recommends their name for approval by the members of the company for appointment as Statutory Auditor of the company to hold office from the conclusion of ensuing Annual General Meeting (AGM) till the conclusion of sixth following AGM for a period of five financial years commencing from 2017-18 to 2021-22 subject to the ratification of the appointment by members at every AGM and to fix their remuneration.

The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

### **(II) Secretarial Auditors**

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, M/s Mayank Arora & Co., Practicing Company Secretary, have been appointed as a Secretarial Auditors of the Company. The Secretarial Audit report of the Secretarial Auditor is enclosed as "**Annexure-C** to this Report".

The Secretarial Audit report does not contain any qualification, auditors observation in this report is self explanatory and management is in the process of complying the same.

## **24. DISCLOSURE OF EMPLOYEES REMUNERATION**

The provisions of Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 requiring particulars of the employees in receipt of remuneration in excess of Rs.60 Lacs per year to be disclosed in the Report of Board of Directors are not applicable to the Company as none of the employees was in receipt of remuneration in excess of Rs.60 Lacs during the financial year 2016-17.

Appointment & Remuneration of Managerial Personnel is annexed herewith as "**Annexure-D**"

## **25. POLICY**

### **• VIGIL MECHANISM (WHISTLE BLOWER POLICY):-**

The Company has adopted Vigil Mechanism/Whistle Blower Policy in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It aims to provide an avenue for employees through this policy to raise their concerns on any violation of legal or regulatory requirements, suspicious fraud, misfeasance, misrepresentation of any financial statements and reports. The Vigil Mechanism/Whistle Blower Policy is being made available on the Company's website [www.kmsgroup.in](http://www.kmsgroup.in).

### **• REMUNERATION POLICY:-**

Pursuant to provision of Section 178(3) of the Companies Act, 2013, The Board has framed a Policy for selection, appointment and remuneration of Directors and Key Managerial Personnel including criteria for determining qualifications, positive attributes and independence of Directors. More details have been disclosed in the Corporate Governance

Report. The Remuneration Policy has been uploaded on the Company's website www.kmsgroup.in.

## 26. CORPORATE GOVERNANCE

Company is listed on BSE-SME. Hence, Corporate Governance Report is not applicable to the company for financial year 2016-17

## 27. CORPORATE SOCIAL RESPONSIBILITY (CSR):-

The Provision of the CSR expenditure and Composition of Committee as provided in the section 135 of the Companies Act 2013, is not applicable to company

## 28. LISTING OF SHARES:-

The Company issued a Prospectus dated **30<sup>th</sup> March 2017** and the basis of allotment was finalized in consultation with the BSE Limited on 20<sup>th</sup> April 2017. The Company allotted fully paid up 9, 00,000 Equity Shares of Rs. 10/- each at a price of Rs. 30 /- per Share (including Premium of Rs.20/- per Share). The Equity Shares of the Company were listed and admitted to dealings on the SME Platform of BSE Limited with effect from 24th April, 2017. Further, The Annual listing Fee for the year 2017-18 has been paid.

## 29. GOODS & SERVICE TAX REGISTRATION:-

Goods & Service Tax ("GST"), which is a comprehensive indirect tax reform is introduced in India w.e.f. 1st July, 2017 and was applicable throughout India which replaced multiple cascading taxes levied by the Central and State Governments. Hence, your Company has also got registered under the same for trading of Surgical and Disposable items. GST registration number of the Company and primary address are as under:

LOCATION OF PRIMARY PLACE OF BUSINESS	GSTIN ALLOTTED
Mumbai	27AAACK9269Q1ZM

## 30. SEXUAL HARASSMENT

There was no case filled during the year, under the sexual harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013. Further Company ensures that there is a healthy and safe atmosphere for every women employee at the workplace and made the necessary policies for safe and secure environment for women employee.

## 31. ACKNOWLEDGEMENT

The Board wishes to place on record their sincere appreciation and acknowledge with gratitude the effort put in and co-operation extended by bankers, shareholders, employees at all levels and all other associated persons, bodies or agencies for their continued support.

5<sup>th</sup> September, 2017

**For, KMS Medisurgi Limited**

Mumbai

Sd/-

Sd/-

**Gaurang Prataprai Kanakia**  
**Managing Director**  
**(DIN: 00346180)**

**Rekha Devang Kanakia**  
**Director**  
**(DIN: 0034698)**

**ANNEXURE TO DIRECTOR'S REPORT:**

**ANNEXURE A**

**FORM AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

1	Name(s) of the related party and nature of relationship	Nil
2	Nature of contracts/arrangements/transactions	Nil
3	Nature of contracts/arrangements/transactions	Nil
4	Salient terms of the contracts or arrangements or transactions including the value, if any-	Nil
5	Justification for entering into such contracts or arrangements or transactions	Nil
6	Date(s) of approval by the Board	Nil
7	Amount paid as advances, if any	Nil
9	Date on which the special resolution was passed in general meeting as required under first Proviso to section 188	Nil

2. Details of material contracts or arrangement or transactions at arm's length basis:

During the year, the following transaction took place:

SL NO	Name (s) of the related party & nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
a)	Dermacare Surgicals Pvt. Ltd.	Purchase of Goods and Materials	1 year	47,06,771	09/07/2016	NA
b)	Dermacare Surgicals Pvt. Ltd.	Sale of Goods and Materials	1 year	8,34,582	09/07/2016	NA
c)	KMS Manufacturing	Purchase of Goods and Materials	1 year	74,13,168	09/07/2016	NA
e)	Gaurang Kanakia Manoj Shah Rajni Shah Niraj Shah	Salaries	1 year	0 54,833 48,000 1,50,000	09/07/2016	NA

f)	KMS Manufacturing	Sales of Goods and Materials	1 year	3,00,05,584	09/07/2016	NA
g)	KMS Manufacturing	Job work	1 year	2,04,19,237	09/07/2016	NA
h)	KMS TOURS & TRAVELS	Car Leasing Income	1 Year	4,50,000	09/07/2016	NA

(g). Date on which the special resolution was passed in general meeting (if any): - NA

5<sup>th</sup> September, 2017

**For, KMS Medisurgi Limited**

Mumbai

Sd/-  
**Gaurang Prataprai Kanakia**  
**Managing Director**  
**(DIN: 00346180)**

Sd/-  
**Rekha Devang Kanakia**  
**Director**  
**(DIN: 00346198)**

## **ANNEXURE B**

### **FORM MGT- 9 EXTRACT OF ANNUAL RETURN**

As on the financial year ended 31.03.2017 [Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### **I. REGISTRATION AND OTHER DETAILS:**

<b>i.</b>	<b>CIN</b>	U51397MH1999PLC119118
<b>ii.</b>	<b>Registration Date</b>	25/03/1999
<b>iii.</b>	<b>Name of the Company</b>	KMS MEDISURGI LIMITED
<b>iv.</b>	<b>Category/Sub-Category of the Company</b>	Company Limited by Shares / Indian Non-Government Company
<b>v.</b>	<b>Address of the Registered office and contact details</b>	297/301 May Building, Gr. Floor Marine lines(East) Princess Street Mumbai - 400002
<b>vi.</b>	<b>Whether listed company</b>	YES (Listed on 24 <sup>th</sup> April 2017)
<b>vii.</b>	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Karvy Computer Share Pvt. Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad-500032 Tel No.: + 91-40 -67162222 Contact Person: Mr. M Murali Krishna Website: www.Karisma.karvy.com

#### **II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service*	% to total turnover of the company
1	Manufacture of medical impregnated wadding, gauze, bandages, dressings, surgical gut string etc	21006	100%

\* As per National Industrial Classification 2008 - Ministry of Statistics and Programme Implementation

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
1.	NA	NA	NA	NA	NA

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
1) Indian									
<b>A. Promoter 1.Indian</b>									
<b>a) Individual/ HUF</b>	-	3,32,790	3,32,790	27.73%	6,65,580	-	6,65,580	27.73%	-
<b>b) Central Govt</b>	-	-	-	-	-	-	-	-	-
<b>c) State Govt(s)</b>	-	-	-	-	-	-	-	-	-
<b>d) Bodies Corp</b>	-	3,17,000	3,17,000	26.42%	6,34,000	-	6,34,000	26.42%	-
<b>e) Banks / FI</b>	-	-	-	-	-	-	-	-	-
<b>f) Any Other</b>	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1):-</b>	-	<b>6,49,790</b>	<b>6,49,790</b>	<b>54.15%</b>	-	-	<b>1299580</b>	<b>54.15%</b>	-
2) Foreign									
<b>g) NRIs- Individuals</b>	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of promoter</b> (A) =(A)(1)+(A)(2)	-	<b>6,49,790</b>	<b>6,49,790</b>	<b>54.15%</b>	-	-	<b>1299580</b>	<b>54.15%</b>	-
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
(i) Indian (ii) Overseas									
<b>b) Individuals</b>									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	210	210	0.02%	420	-	420	0.02%	-
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakhs	-	5,50,000	5,50,000	45.83%	11,00,000	-	11,00,00	45.83%	-
<b>c) Others(Specify)</b>									
<b>Sub-total(B)(2)</b>	-	<b>5,50,210</b>	<b>5,50,210</b>	<b>45.85%</b>	<b>1,100,410</b>	-	<b>1,100,410</b>	<b>45.85%</b>	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	<b>5,50,210</b>	<b>5,50,210</b>	<b>45.85%</b>	<b>1,100,410</b>	-	<b>1,100,410</b>	<b>45.85%</b>	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>12,00,000</b>	<b>12,00,000</b>	<b>100%</b>	<b>24,00,000</b>		<b>24,00,000</b>	<b>100%</b>	-

## ii. Shareholding of Promoters and Promoters group

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
<b>A. Individuals</b>								
1.	Gaurang Prataprai Kanakia	1,64,090	13.67%	-	3,28,180	13.67		
2.	Anand Prataprai Kanakia	1,68,700	14.06%	-	3,37,400	14.06		
<b>B Body Corporate</b>								
1	Moni Diamonds Ltd.	3,17,000	26.42%		6,34,000	26.42		

## iii. Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Gaurang Prataprai Kanakia</b>				
	At the beginning of the year	1,64,090	13.67%	1,64,090	13.67%
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	The Company has issued Bonus share in the ratio of 1:1 on 20 <sup>th</sup> July 2017			
	At the End of the year	328180	13.67%	328180	13.67%
2.	<b>Anand Prataprai Kanakia</b>				
	At the beginning of the year	1,68,700	14.06%	1,68,700	14.06%
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	The Company has issued Bonus share in the ratio of 1:1 on 20 <sup>th</sup> July 2017			
	At the End of the year	337400	14.06%	337400	14.06%

3.	<b>Moni Diamonds Ltd.</b>				
	At the beginning of the year	3,17,000	26.42%	3,17,000	26.42%
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	The Company has issued Bonus share in the ratio of 1:1 on 20 <sup>th</sup> July 2017			
	At the End of the year	634000	26.42%	634000	26.42%

**iv. Shareholding of Top Ten Shareholders:  
(other than Directors, Promoters, and Holders of ADRs and GDRs)**

Sr. No.	For Each of Top 10 Shareholders	Shareholding as on 01.04.2016		Cumulative Shareholding as on 31.03.2017	
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
<b>1</b>	<b>Sushila Prataprai Kanakia</b>				
	At the beginning of the year	2,20,000	18.33%	2,20,000	18.33%
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	The Company has issued Bonus share in the ratio of 1:1 on 20 <sup>th</sup> July 2017			
	At the End of the year ( or on the date of separation, if separated during the year)	44,00,00	18.33%	44,00,00	18.33%
<b>2.</b>	<b>Amrita Gaurang Kanakia</b>				
	At the beginning of the year	84000	7%	84000	7%
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	The Company has issued Bonus share in the ratio of 1:1 on 20 <sup>th</sup> July 2017			
	At the End of the year ( or on the date of separation, if separated during the year)	168000	7%	168000	<b>7%</b>
<b>3.</b>	<b>Siddharth Gaurang Kanakia</b>				
	At the beginning of the year	25,000	2.08%	25,000	2.08%

Sr. No.	For Each of Top 10 Shareholders	Shareholding as on 01.04.2016		Cumulative Shareholding as on 31.03.2017	
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	The Company has issued Bonus share in the ratio of 1:1 on 20 <sup>th</sup> July 2017			
	At the End of the year ( or on the date of separation, if separated during the year)	50,000	2.08%	50,000	2.08%
<b>4.</b>	<b>Monali Gaurang Kanakia</b>				
	At the beginning of the year	<b>105</b>	<b>0.0088%</b>	<b>105</b>	<b>0.0088%</b>
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	The Company has issued Bonus share in the ratio of 1:1 on 20 <sup>th</sup> July 2017			
	At the End of the year ( or on the date of separation, if separated during the year)	210	0.0088%	210	0.0088%
<b>5</b>	<b>Kaushali Gaurang Kanakia</b>				
	At the beginning of the year	105	0.0088%	105	<b>0.0088%</b>
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	The Company has issued Bonus share in the ratio of 1:1 on 20 <sup>th</sup> July 2017			
	At the End of the year ( or on the date of separation, if separated during the year)	<b>210</b>	<b>0.0088%</b>	<b>210</b>	<b>0.0088%</b>

v. **Shareholding of Directors and Key Managerial Personnel:**

Sr. No. and Name of Shareholder	Particulars	Date	Reason	Shareholding		Cumulative Holding during the year	
				No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1. Gaurang Prataprai Kanakia	Opening	01.04.2016	---	1,64,090	--	1,64,090	---
	Changes During the year	20.07.2016	Bonus	1,64,090	---	3,28,180	13.67
2. Anand Prataprai Kanakia	Opening	01.04.2016	---	1,68,700	--	1,68,700	---
	Changes During the year	20.07.2016	Bonus	1,68,700	---	3,37,400	14.05
3. Rekha Devang Kanakia	Opening	01.04.2016	---	2,21,000	--	2,21,000	---
	Changes During the year	20.07.2016	Bonus	2,21,000	---	4,42,000	18.42

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	14,804,943	64,84,709	--	21,289,652
ii) Interest due but not paid				
iii) Interest accrued but not				
<b>Total (i+ii+iii)</b>	<b>14,804,943</b>	<b>6,484,709</b>	<b>--</b>	<b>21,289,652</b>
Change in Indebtedness during the financial year				
- Addition	43,77,966	15,73,645		
- Reduction	-	--	--	--
<b>Net Change</b>	<b>43,77,966</b>	<b>1,57,645</b>	<b>-</b>	<b>-</b>

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year		-	-	-
i) Principal Amount		-	-	-
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due		-	-	-
<b>Total (i+ii+iii)</b>	<b>19,182,909</b>	<b>80,58,354</b>	-	<b>27,241,263</b>

## **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Gaurang Prataprai Kanakia	Rekha Devang Kanakia	Niraj Kumud Shah	
1.	Gross salary  (a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b)Value of perquisites u/s 17(2)Income-tax Act, 1961  (c)Profits in lieu of salary under section 17(3)Income-tax Act, 1961	-	-	1,50,000	1,50,000
2.	Stock Option	-	-		-
3.	Sweat Equity	-	-		-
4.	Commission - as % of profit - others, specify...	- -	- -		- -

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
5.	Others, please specify	-	-		-
6.	Total(A)	-	-	1,50,000	1,50,000
	Ceiling as per the Act		Within Limits		

**B. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Kirty Agarwal	CFO Anand Prataprai Kanakia	Total
1.	Gross salary (a)Salary as per provisions contained in section17(1)of the Income-tax Act, 1961  (b)Value of perquisites u/s 17(2)Income-tax Act, 1961  (c)Profits in lieu of salary under section17 (3)Income-tax Act, 1961	2,45,000 *	<b><u>NIL</u></b>	2,45,000
2.	Stock Option	-		
3.	Sweat Equity	-		
4.	Commission - as% of profit -others, specify...	-		
5.	Others, please specify	-		
6.	Total	2,45,000	<b><u>NIL</u></b>	2,45,000

\*Company Secretary was appointed on 16th September 2016

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
<b>Penalty</b>	NIL				
<b>Punishment</b>					
<b>Compounding</b>					
B. Directors					
<b>Penalty</b>	NIL				
<b>Punishment</b>					
<b>Compounding</b>					
B. Other Officers In Default					
<b>Penalty</b>	NIL				
<b>Punishment</b>					
<b>Compounding</b>					

5<sup>th</sup> September, 2017

Mumbai

**For, KMS Medisurgi Limited**

Sd/-  
**Gaurang Prataprai Kanakia**  
**Managing Director**  
**(DIN: 00346180)**

Sd/-  
**Rekha Devang Kanakia**  
**Director**  
**(DIN: 00346198)**

## ANNEXURE C

### Secretarial Audit Report

#### FORM NO. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

#### FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

To,  
**The Members,**  
**KMS MEDISURGI LIMITED**  
297/301 May Building, Gr. Floor  
Marine lines(East) Princess Street,  
Mumbai – 400 002

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by **M/s. KMS MEDISURGI LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

**i. Management ' Responsibility for Secretarial Compliances**

The Company's Management is responsible for preparation and maintenance of Secretarial Records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

**ii. Auditor's Responsibility**

My responsibility is to express an opinion on the Secretarial records, standards and procedures followed by the Company with respect to Secretarial Compliances.

I believe that audit evidence and information obtained from the Company's Management is adequate and appropriate for me to provide a basis for my opinion.

Based on my verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended 31<sup>st</sup> March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. KMS MEDISURGI LIMITED** ("the Company") for the financial year ended on 31<sup>st</sup> March, 2017, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii)The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii)The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv)Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (not applicable to the Company during the Audit Period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;(not applicable to the Company during the Audit period);
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 2009, and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October 2014(not applicable to the Company during the Audit period);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(not applicable to the Company during the Audit period);
- f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 and
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit period);
- h. The Securities and Exchange Board of India (Buy back of securities) Regulations, 1998(not applicable to the Company during the Audit period), and;

(vi) Other Laws specifically applicable to the Company as per the representations made by the Company are listed in **Annexure I** and forms an integral part of this report.

In case of Direct and Indirect Tax Laws like Income Tax Act, Service Tax Act, Excise & Custom Acts I have relied on the Reports given by the Statutory Auditors of the Company.

I have also examined compliance with the applicable clause of the following:

- a. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- b. The SME Listing agreement and SEBI (LODR) Regulations, 2015 entered in to by the Company with BSE Limited. (The Company got listed on BSE on 24<sup>th</sup> April, 2017. Hence, the Compliance of LODR is not applicable for the period under review.)

**During the financial year under review, the Company has complied with the provisions of the Companies Act, 2013, Companies Act, 1956, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:**

- *As per various provisions of the Companies Act, 2013 and Listing Agreement, the Company is required to post various information, policies on the website of the Company. However, the Company has not posted all information, policies on the website of the Company.*

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, there were following specific events/actions having a major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:-

- The Company was converted from Private Limited Company to Public Limited and had received approval from Registrar of Companies, Mumbai on 15<sup>th</sup> June, 2016.
- The Company has issued and allotted 12,00,000 equity shares of the face value of 10.00 each to the existing Shareholders as Bonus Shares in the proportion of 1 new Equity Shares against each 1 Equity Share held by the existing Shareholders on 20<sup>th</sup> July, 2016. Further, the Company has given Public Issue of 9,00,000 equity shares of KMS MEDISURGI LIMITED at a price of Rs. 30 per share (the "issue price") and allotted the shares on 20<sup>th</sup> April, 2017. The shares of the Company were listed on SME Platform of BSE Limited on 24<sup>th</sup> April, 2017.

This report is to be read with my letter of even date which is annexed as **Annexure II** and form an integral part of this report.

**Date:** 05-09-2017

**Place:** Mumbai

**For Mayank Arora & Co.**

Sd/-  
**Mayank Arora**  
**Proprietor**  
**C.P. No. 13609**

**Other Laws applicable to the Company**

**(A) Commercial Laws**

- (i) Indian Contract Act
- (ii) Negotiable Instruments Act

**(B) Immovable and Intellectual Property Laws**

- (i) Bombay/Indian Stamp Act
- (ii) Trademark Law
- (iii) Rent Act

**(C) Labour Laws**

- (i) The Payment of Bonus Act
- (ii) The Payment of Gratuity Act
- (iii) Minimum Wages Act
- (iv) Workmen's Compensation Act
- (v) Employee Pension Scheme
- (vi) Factories Act
- (vii) The Maternity Benefit Act
- (viii) Prevention of Sexual Harassment at workplace Act
- (ix) Equal Remuneration Act
- (x) Child labour (Prohibition & regulation) Act

**(E) Others**

- a) Shops & Establishments Act
- b) Air Pollution Act, Water Pollution Act, Environment Protection Act etc

**Date:** 05-09-2017

**Place:** Mumbai

**For Mayank Arora & Co.**

Sd/-

**Mayank Arora**  
**Proprietor**  
**C.P. No. 13609**

To,  
**The Members,**  
**KMS MEDISURGI LIMITED**  
297/301 May Building, Gr. Floor  
Marine lines(East) Princess Street,  
Mumbai – 400 002

My report of even date is to read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on the test basis.

6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

7. I have reported, in my audit report, only those non-compliance, especially in respect of filing of applicable forms/documents, which, in my opinion, are material and having major bearing on financials of the Company.

**Date:** 05-09-2017

**For Mayank Arora & Co.**

**Place:** Mumbai

Sd/-  
**Mayank Arora**  
**Proprietor**  
**C.P. No. 13609**

## ANNEXURE D

### PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- (i) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details as prescribed is as given below:

Name	Ratio
Gaurang Prataprai Kanakia (DIN: 00346180)	-
Rekha Devang Kanakia (DIN: 00346198)	-
Niraj Kumud Shah (DIN: 02202596)	83.38
Hardik Rajnikant Bhatt (DIN: 07566870)	-
Kamlesh Chunilal Rajani (DIN: 07588417)	-

For this purpose, sitting fees paid to the directors has not been considered as remuneration.

- (ii) The percentage decrease in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary if any, in the financial year:

Name	Designation	%Decrease
Anand Prataprai Kanakia	CFO	-
Kirty Agarwal	Company Secretary	-

- (iii) The percentage increase in the median remuneration of employees in the financial year:  
-56.66%

- (iv) The number of permanent employees in the Company as on 31<sup>st</sup> March, 2017: 18

- (v) The explanation on the relationship between average increase in remuneration and Company performance: Company's PAT has grown from Rs. 16,41,768 to Rs. 2,14,3285 showing increase of 30.55% against which the average decrease in remuneration is 11.49%.

- (vi) Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company:

% Decrease (avg.) in remuneration of KMP	Company performance
29.55%	Company's PAT increased by 30.55%

- (vii) Variations in the market capitalization of the Company, price earnings ratio as at the

closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.

<b>Closing of Financial Year</b>	<b>Issued Capital (Shares)</b>	<b>Closing Market Price per share</b>	<b>EPS</b>	<b>PE Ratio</b>	<b>Market Capitalization (Rs. Lacs)</b>
31.03.2016	12,00,000	N.A.	1.14	N.A.	N.A.
31.03.2017	24,00,000	N.A.	0.89	NA	NA

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration :The average percentage increase already made in the salary of the employees other than managerial personnel in the last financial year i.e. 2016-17 is 9.75% whereas Remuneration of key managerial personnel is decreased by 29.55%.

(ix) Comparison of the each remuneration of the KMP against the performance of the Company:

<b>Name</b>	<b>Remuneration of KMP (Rs. Lacs)</b>	<b>Performance of the Company - PAT as on 31st March, 2017 (Rs. Lacs)</b>
Kirty Agarwal, Company Secretary	2.62	21.43

(x) The key parameters for any variable component of remuneration availed by the directors: Not Applicable

(xi) There is no variable component in the remuneration of the Key Managerial Personnel.

Not Applicable

(xii) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: 100%

5<sup>th</sup> September, 2017

**For, KMS Medisurgi Limited**

**Place:** Mumbai

Sd/-

**Gaurang Prataprai Kanakia**  
**Managing Director**  
**(DIN: 00346180)**

## CEO/CFO CERTIFICATION

**To,  
The Board of Directors  
KMS MEDISURGI Limited**

I, Anand Prataprai Kanakia, the Chief Financial Officer (CFO) of the Company do here by certify to the Board that:

1. We have reviewed financial statements and the cash flow statement for the year ending 31st March, 2017 and that to the best of their knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material factor 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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud 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;

Mumbai, 5<sup>th</sup> September, 2017

For, **KMS MEDISURGI LIMITED**

Sd/-

Anand Prataprai Kanakia  
**Chief Financial Officer**

## INDEPENDENT AUDITOR 'S REPORT

**To the Members of  
KMS MEDISURGI LIMITED**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of KMS Medisurgi Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the

financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profits and its cash flows for the year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by the Companies (Auditor's Report) Order, 2017 issued by the Central Government of India in terms of Section (11) of section 143 of the Act (hereinafter referred to as the "Order") and on basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A a statement on the matters specified in the paragraph 3 and 4 of the Order to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under;

- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act; and
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we refer to our separate Report in Annexure B and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2017 to 30 December, 2017 and these are in accordance with the books of accounts maintained by the company - Refer Note No. 29 to the financial statements.

**For Mayur Mahesh Shah & Co**  
**Chartered Accountants**  
**Firm Registration No.: 117604W**

Sd/-

**(Mayur Shah)**  
**Proprietor**  
**Membership No. : 103146**

**Place : Mumbai**

**Date : 5<sup>th</sup> September 2017**

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT.

Annexure A to the Independent Auditors; Report of even date to the members of the Company on the Financial Statements for the year ended 31st March, 2017

On the basis of sample checks and according to the information and explanations given to us during the course of the audit, we report that;

- i a The company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- i b The company has regular programmed of physical verification of its fixed assets by which all fixed assets are physically verified, periodically by the management. In our opinion, periodicity of physical verification is reasonable having regard to the size of the company and the nature of its business. According to the information and explanation given to us, no material discrepancies were noticed on such verification
- i c According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company
- ii. The inventory has been verified during the year by the management. The discrepancies noted on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintain under section 189 of the Companies Act, 2013. Accordingly, provisions of sub-clause iii (a), (b) and (c) are not applicable.
- iv In our opinion, and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act 2013 in respect of grant of loans , making investments and providing guarantees and securities, as applicable.
- v The Company has not accepted any deposits from public within the meaning of Section 73, to 76 of the Act and rules framed there under to the extent notified
- vi The provisions of clause 4 (vi) of the Companies (Auditors Report) Order 2015 are not applicable to the Company.
- vii a The Company is generally regular in depositing the undisputed statutory dues including Provident Fund, , Employee's State Insurance, Income tax, Sales-tax, Service Tax, duty of Custom, duty of Excise, value added tax , Cess and any other statutory dues to appropriate authorities.
- vii b According to the information and explanations given to us, there were no dues in respect of income tax or sales tax or duty of custom or duty of excise or value added tax which have not been deposited on account of any dispute

- viii According to information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to the financial institution or banks or government as at Balance Sheet date.
- ix The Company has not raised any money by way of initial public offer, further public offer (including debt instruments). The company has not taken any term loans.
- x According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.
- xi The Company has not paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Act.
- xii In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly paragraph 3 (xii) of the Order is not applicable.
- xiii According to the information and explanation given to us, all the transactions with related parties are in compliance with the provisions of Section 177 and 188 of the Act, where applicable. The details of related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3 (xv) of the Order are not applicable to the Company.
- xvi The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3 (xvi) of the Order are not applicable to the Company.

**FOR MAYUR MAHESH SHAH & CO**  
**Chartered Accountants**  
**Firms Registration No : 117604W**

**Sd/-**  
**(Mayur Shah)**  
**Proprietor**  
**Membership No : 103146**

**Place : Mumbai**  
**Date : 5<sup>th</sup> September 2017**

## **Annexure B to the Independent Auditors' Report**

Annexure B to the Independent Auditors; Report of even date to the members of the Company on the Standalone Financial Statements for the year ended 31st March, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of KMS MEDISURGI PRIVATE LIMITED. ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by The Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a 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. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR MAYUR MAHESH SHAH & CO**  
**Chartered Accountants**  
**Firms Registration No : 117604W**

Sd/-

**(Mayur Shah)**  
**Proprietor**  
**Membership No : 103146**

**Place : Mumbai :**  
**Date : 5<sup>th</sup> September 2017**

**KMS MEDISURGI LTD**

**BALANCE SHEET AS AT 31st MARCH 2017**

	Notes	Mar-17	Mar-17	Mar-16
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS FUNDS :</b>				
Share Capital	2	24,000,000		12,000,000
Reserves & Surplus	3	<u>11,237,264</u>		<u>21,292,569</u>
			35,237,264	<u>33,292,569</u>
<b>NON CURRENT LIABILITIES</b>				
Long Term Borrowings	4		8,058,354	6,484,709
<b>CURRENT LIABILITIES</b>				
1) Short Term Borrowings	5	19,182,909		14,804,943
2) Trade Payables	6	22,447,384		23,824,905
3) Other Current Liabilities	7	688,669		997,949
4) Short Term Provisions	8	<u>457,848</u>		<u>1,133,287</u>
			42,776,810	<u>40,761,084</u>
			<u>86,072,428</u>	<u>80,538,362</u>
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
<u>Fixed Assets</u>				
Tangible Assets	9		26,853,160	19,812,883
Non Current Investments	10		16,012	16,012
Long Term Loans & Advances	11		-	-
<b>CURRENT ASSETS</b>				
1) Inventories	12	970,666		2,988,178
2) Trade Receivables	13	40,151,625		37,634,309
3) Cash & Cash Equivalents	14	14,385,659		12,820,690
4) Short Term Loans & Advances	15	3,695,306		7,266,290
5) Other Current Assets	16	<u>-</u>		<u>-</u>
			59,203,256	<u>60,709,467</u>
			<u>86,072,428</u>	<u>80,538,362</u>

Notes forming part of Financial Statements **1 -38**

The accompanying notes are integral part of financial statements.

As per our Report of even dated

**For Mayur Mahesh Shah & Co**  
Firm Registration No : 117604W  
Chartered Accountant

Sd/-  
Gaurang Prataprai Kanakia  
Managing Director  
(DIN: 00346180)

**Mayur Shah**  
Proprietor  
Membership No : 103146

Sd/-  
Rekha Devang Kanakia  
Director  
(DIN: 00346198)

For and on Behalf of Board of Directors

Sd/-  
Anand Prataprai Kanakia  
CFO  
PAN: AGQPK7415F

Sd/-  
Kirty Agarwal  
CS  
M.no. 46560

Mumbai, 5th September 2017

Mumbai, 5th September 2017

**KMS MEDISURGI LTD**

**Statement of Profit and Loss for the year ended 31st March 2017**

	Notes	Mar-17	Mar-16
<b>CONTINUING OPERATIONS</b>			
<b>INCOME :</b>			
Revenue from Operation	17	79,006,413	84,144,976
Other Income	18	1,724,716	641,626
Total Revenue		<u>80,731,129</u>	<u>84,786,602</u>
<b>EXPENSES :</b>			
Cost of Material Consumed	19	39,498,881	39,374,180
Purchase Of Stock In Trade	20	17,956,060	14,567,211
Change in Inventories of Stock in Trade	21	1,041,539	7,655,455
Employee Benefit Expenses	22	4,408,940	5,369,154
Finance Cost	23	2,663,585	2,438,140
Other Expenses	24	6,706,204	9,028,788
Depreciation & amortisation expenses	9	4,900,635	3,411,906
		<u>77,175,844</u>	<u>81,844,834</u>
Profit before Extraordinary Exp.		3,555,285	2,941,768
Extraordinary Expenses		-	-
Profit before Tax		<u>3,555,285</u>	<u>2,941,768</u>
Provision for Tax		1,412,000	1,300,000
		<u>2,143,285</u>	<u>1,641,768</u>
Less: Prior years tax adjustments		-	273,647
Profit for the year		<u>2,143,285</u>	<u>1,368,121</u>
Basic and diluted earning per share (in `)		0.89	1.14
Significant Accounting Policies	2		
Other Notes	25 to 38		

**The accompanying notes are integral part of financial statements.**

As per our Report of even dated  
**For Mayur Mahesh Shah & Co**  
 Firm Registration No : 117604W  
 Chartered Accountant

Sd/-  
 Gaurang Prataprai Kanakia  
 Managing Director  
 (DIN: 00346180)

Sd/-  
 Anand Prataprai Kanakia  
 CFO  
 PAN: AGQPK7415F

**Mayur Shah**  
 Proprietor  
 Membership No : 103146

Sd/-  
 Rekha Devang Kanakia  
 Director  
 (DIN: 00346198)

Sd/-  
 Kirty Agarwal  
 CS  
 M.no. 46560

Mumbai, 5th September 2017

Mumbai, 5th September 2017

**KMS MEDISURGI PRIVATE LTD**  
**Cash Flow Statement for the year ended 31st March 2017**

	2016-17	2015-16
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax and Exceptional Items</b>	3,555,285	2,941,768
<b>Adjustments for :</b>		
Depreciation	4,900,635	3,411,906
Interest paid	2,203,762	1,985,814
Interest received	(963,491)	(398,776)
(Profit) / Loss on sales of Investment	-	-
(Profit) / Loss on sales of fixed assets (net)	-	-
Dividend received	-	4,998,944
<b>Operating Profit before Working Capital Changes</b>	<b>6,140,906</b>	<b>-</b>
<b>Adjustments for :</b>		
Increase / (Decrease) in Trade payables	(1,377,521)	(7,541,673)
Increase / (Decrease) in Other Current Liabilities	(309,280)	270,566
Increase / (Decrease) in Short Term Provisions	(675,439)	1,103,198
(Increase) / Decrease in Inventories	2,017,512	7,067,059
(Increase) / Decrease in Other Current Assets	-	-
(Increase) / Decrease in Short Term Loans & Advances	3,277,330	(3,961,181)
(Increase) / Decrease in Trade & Other receivables	(2,517,316)	(6,446,983)
<b>Cash Generated from Operations</b>	<b>10,111,477</b>	<b>(1,568,302)</b>
Direct taxes paid	(1,118,346)	(877,456)
<b>Net Cash from Operating Activities</b>	<b>[A] 8,993,131</b>	<b>(2,445,758)</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Assets	(11,940,912)	(700,300)
Sales of Assets	-	-
Sales / (Purchases) of Investments	-	-
Interest received	963,491	398,776
Dividend received	-	-
<b>Net Cash from Investing Activities</b>	<b>[B] (10,977,421)</b>	<b>(301,524)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	4,377,966	6,932,760
Repayment of borrowings	1,573,645	(14,167,768)
Increase in Share Capital	12,000,000	7,000,000
Increase in Share Premium	2,000,000	14,000,000
Interest Expenses	(2,203,762)	(1,985,814)
Dividend On Equity Shares	(165,000)	(360,000)
Dividend Distribution Tax	(33,590)	(73,287)
<b>Net Cash Flow from Financial Activities</b>	<b>[C] 17,549,259</b>	<b>11,345,891</b>
<b>Net Cash increase/(Decrease) in cash and Cash equivalents</b>	<b>(A+B+C) 15,564,969</b>	<b>8,598,609</b>
<b>Cash and Cash Equivalents (Opening) :</b>		
Cash on Hand	12,296	5,344
Balance with Banks	12,808,394	4,216,737
<b>Cash and Cash Equivalents (Closing) :</b>		
Cash on Hand	75,821	12,296
Balance with Banks	14,309,838	12,808,394

Notes : (1,564,969)

1 The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 (AS3) 'Cash Flow Statement' issued by the Institute of Chartered Accountant of India.

2 Previous year's figures have been regrouped or rearranged wherever necessary.

As per our Report of even dated  
**For Mayur Mahesh Shah & Co**  
Firm Registration No : 117604W  
Chartered Accountant

**Mayur Shah**  
Proprietor  
Membership No : 103146

Mumbai, 5th September 2017

For and on Behalf of Board of Directors

Sd/-  
Gaurang Prataprai Kanakia  
Managing Director  
(DIN: 00346180)

Sd/-  
Rekha Devang Kanakia  
Director  
(DIN: 00346198)

Sd/-  
Anand Prataprai Kanakia  
CFO  
PAN: AGQPK7415F

Sd/-  
Kirty Agarwal  
CS  
M.no. 46560

Mumbai, 5th September 2017

**KMS MEDISURGI LTD**  
**Notes to Financial Statements for the Year ended 31st March 2017**

	<b>Mar-17</b>	<b>Mar-16</b>
<b>2 SHARE CAPITAL</b>		
<b>2.1 Authorised :</b>		
35,00,000 Equity Shares of Rs. 10/- each	35,000,000	35,000,000
<b>2.2 Issued , Subscribed, &amp; Fully Paid Up :</b>		
24,00,000 (Previous Year 12,00,000) Equity Shares of Rs. 10/- each	24,000,000	12,000,000
	24,000,000	12,000,000
<b>2.3 Reconciliation of Shares outstanding at the beginning and end of the year:</b>		

Particulars	As at 31st March 2017		As at 31 March 2016	
	Number	`	Number	`
Equity Shares at the beginning of the year	1,200,000	12,000,000	500,000	5,000,000
Add : Issued during the year	-	-	700,000	7,000,000
Add : Bonus Shares Issued during the year	1,200,000	12,000,000	-	-
Equity Shares at the end of the year	2,400,000	24,000,000	1,200,000	12,000,000

The Company has one class of equity shares having par value of 10 each. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

**2.4 Details of shareholders holding more than 5% of shares as at**

Name of the Shareholder	As at 31st March 2017		As at 31 March 2016	
	No of Shares held	Shares Held %	No of Shares held	Shares Held %
Moni Diamonds Ltd	634,000	26.42%	317,000	26.42%
Gaurang Kanakia	328,180	13.67%	164,090	13.67%
Anand Kanakia	337,400	14.06%	168,700	14.06%
Rekha Kanakia	442,000	18.42%	221,000	18.42%
Sushila Kanakia	440,000	18.33%	220,000	18.33%
Amrita Kanakia	168,000	7.00%	84,000	7.00%

**3 RESERVES AND SURPLUS**

**Securities Premium Account**

Opening Balance	14,000,000	-	
Additions during the year	-	14,000,000	
Less : Amount Utilised for bonus shares	12,000,000	-	
		2,000,000	14,000,000

**Statement of Profit & Loss**

Opening Balance	7,292,569	6,357,735	
Add: Profit/(Loss) for the year	2,143,285	1,368,121	
	9,435,854	7,725,856	
Less :			
Dividend distributed to equity shareholders	165,000	360,000	
Tax on Dividend	33,590	73,287	
		9,237,264	7,292,569
		11,237,264	21,292,569

**4 LONG TERM BORROWING**

**SECURED LOANS**

Other Loans			
	-	-	
Total (A)	-	-	

<b>UNSECURED LOANS</b>			
	From Shareholders	7,835,354	6,261,709
	From Others	223,000	223,000
	Total (B)	8,058,354	6,484,709
Total (A) + (B)		8,058,354	6,484,709
 <b>5 SHORT TERM BORROWING</b>			
<b>SECURED LOANS</b>			
	Working Capital Loan from Banks	19,182,909	14,804,943
		19,182,909	14,804,943
5.1	Loans repayable on demand viz Cash Credit facilities are Secured by Inventories & Book Debts, Fixed Deposits and other current assets of the Company.		
 <b>6 TRADE PAYABLES</b>			
	Other Trade Payables	22,447,384	23,824,905
		22,447,384	23,824,905
6.1	In the absence of any intimation from vendors regarding the status of their registration under the "Micro, small and Medium Enterprises Development Act, 2006", the Company is unable to comply with the disclosures required to be made under the said Act.		
6.2	Balance of Sundry Creditors are subject to confirmations. Adjustments, if any, will be made on receipts of the confirmations.		
 <b>7 OTHER CURRENT LIABILITIES</b>			
	Other Payables	688,669	997,949
		688,669	997,949
 <b>8 SHORT TERM PROVISIONS</b>			
	Provision for Gratuity Contribution	259,258	700,000
	Provision for proposed equity dividend	165,000	360,000
	Provision for tax on proposed dividend	33,590	73,287
		457,848	1,133,287
 <b>10 NON CURRENT INVESTMENTS</b>			
	Trade - Unquoted National Saving Certificates (Deposited with Govt Authorities)	16,012	16,012
 <b>11 LONG TERM LOANS &amp; ADVANCES</b>			
	Advance towards Factory Premises	-	-
		-	-
 <b>12 INVENTORIES</b>			
	Stock in Trade At cost or net realisable value whichever is lower (As per Inventories certified by the Directors)	970,666	2,988,178

<b>13 TRADE RECEIVABLES</b>		
(Unsecured, Considered Good)		
Due for more than six months from the due date of payment	1,083,044	1,680,955
Other trade receivables	39,068,581	35,953,354
	<u>40,151,625</u>	<u>37,634,309</u>
13.1 Balance of Sundry Debtors are subject to confirmations. Adjustments, if any, will be made on receipts of the confirmations.		
13.2 Sundry Debtors includes Rs.NIL (Previous year Rs. 13,49,971/-) due from the customers for which no provision is considered necessary as the Company is of the view that the same are recoverable.		
<b>14 CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	75,821	12,296
Balance with Scheduled Banks in:		
Current Accounts	1,495,028	8,214,679
Deposit Accounts (Pledged with banks)	12,113,221	3,919,126
Margin Money Accounts	701,589	674,589
	<u>14,385,659</u>	<u>12,820,690</u>
<b>15 SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Other Short Term Advances	2,841,579	6,202,219
Advance payment of taxes (net)	(54,514)	239,140
Security & Other Deposits	908,241	824,931
	<u>3,695,306</u>	<u>7,266,290</u>
15.1 Balance of Loans & Advances are subject to confirmations. Adjustments, if any, will be made on receipts of the confirmations.		
<b>16 OTHER CURRENT ASSETS</b>		
Prepaid Expenses	-	-
	<u>-</u>	<u>-</u>
<b>17 REVENUE FROM OPERATIONS</b>		
Sale of Products		
Traded Goods	22,281,614	32,981,347
Raw Material	35,705,133	28,190,258
Income from Job work contract	21,019,666	22,973,371
	<u>79,006,413</u>	<u>84,144,976</u>
<b>18 OTHER INCOME</b>		
Interest	963,491	398,776
Others	311,225	242,850
Car Hire Charges	450,000	-
	<u>1,724,716</u>	<u>641,626</u>

19 **COST OF MATERIAL CONSUMED**

Opening Stock	1,946,639	1,358,243
Add : Purchases	38,522,908	39,962,576
	<u>40,469,547</u>	<u>41,320,819</u>
Less: Closing Stock	970,666	1,946,639
	<u>39,498,881</u>	<u>39,374,180</u>

20 **PURCHASE OF STOCK IN TRADE**

Purchase of Traded Goods	17,956,060	14,567,211
	<u>17,956,060</u>	<u>14,567,211</u>

21 **CHANGE IN INVENTORIES OF STOCK IN TRADE**

Opening Stock	1,041,539	8,696,994
Closing Stock	-	1,041,539
(Increase)/Decrease	<u>1,041,539</u>	<u>7,655,455</u>

22 **EMPLOYEE BENEFIT EXPENSES**

Salaries, Allowances & Bonus	3,922,663	4,427,251
Contribution to Gratuity Fund	259,258	700,000
Staff Welfare Expenses	227,019	241,903
	<u>4,408,940</u>	<u>5,369,154</u>

23 **FINANCE COST**

Interest On Bank Borrowings	2,203,762	1,985,814
Bank Charges	459,823	452,326
	<u>2,663,585</u>	<u>2,438,140</u>

24 **OTHER EXPENSES**

Delivery ,Handling & Transportation Charges	420,795	926,923
Job work Charges	1,257,184	1,076,139
Printing & Stationery.	78,300	170,773
Legal & Professional Charges.	717,443	79,806
Postage & Telephones.	162,396	358,765
Electricity Charges	1,162,600	948,947
Insurance Charges	86,839	108,216
Commission Paid	438,746	1,137,010
Business Promotion Expenses	-	115,368
Audit Fees	25,000	75,000
Travelling and Conveyance	636,189	581,431
Tender, Registration & Licencse Fees	33,605	18,345
Miscellaneous expenses	1,687,107	1,404,989
Sundry Balance written off	-	1,727,418
Net Loss on Foreign Currecny transaction and translations	-	299,658
	<u>6,706,204</u>	<u>9,028,788</u>

25 In the opinion of the Board, adequate provision has been made for all known liabilities and the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

**26 DEFERRED TAX**

The Company has on prudence not recognised Deferred Tax Assets of Rs. 5,89,081/- (Previous year Rs. 4,35,336/- mainly representing difference between tax and written down value of fixed assets, due to uncertainty of future profits in terms of Accounting Standards 22 (AS-22) for taxes on Income issued by The Institute of Chartered Accountant of India.

	31st March 2017	31st March 2016
The break-up of deferred tax assets / liability		
A Deferred Tax Assets		
Difference between tax and Book written down value	1,906,411	1,408,855
	<u>1,906,411</u>	<u>1,408,855</u>
B Deferred Tax Liability		
Deferred Revenue Expenses	-	-
	<u>-</u>	<u>-</u>
C Net Deferred Tax Assets	1,906,411	1,408,855
D Deferred Tax Assets / (Liability)	589,081	435,336

**27 EARNINGS PER SHARE :**

Particulars	31st March 2017	31st March 2016
Net Profit / (Loss) as per Profit and Loss Account (A) Rs.	2,143,285	1,368,121
Weighted average number of shares outstanding during the period (B) Nos	2,400,000	1,200,000
Basic & Diluted Earnings per share of Rs.10 each (A/B)	0.89	1.14

**28 RELATED PARTY DISCLOSURES****A Relationships****i) Key Management Personnel & Relatives**

Gaurang Kanakia - Director

Manoj Shah - Director

Rekha Kanakia - Director

Kunal Shah - Relative of the director

Rajni Shah - Relative of the director

Anand Kanakia-Relative of the director

Ashish Shah - Relative of the director

Niraj Shah - Relative of the director

Amrita Kanakia - Relative of the director

KMS Manufacturing- Proprietary

firm of a director

KMS Tours &amp; Travel-Proprietary

firm of a director

**ii) Enterprise having a Common Management Personnel**

Dermacare Surgical Pvt Ltd

Related Party Relationship is as identified by the Company and relied on by the Auditors

B Details of Transaction with Related Parties

Nature of Transactions		For the year Ended 31st	
		March 2017	March 2016
<b>Transactions with A(i)</b>			
i)	Expenditure		
	Purchase of Goods and Materials	7,413,168	10,408,294
	Salaries	252,883	745,415
ii)	Income		
	Sales of Goods and Materials	30,005,584	28,190,258
	Jobwork Charges Received	20,419,237	22,770,871
	Car Hire Charges	450,000	-
iii)	Outstanding Balances		
	Unsecured Loan	8,058,354	6,484,709
	Sundry Debtors	30,809,888	32,620,294
<b>Transactions with A(ii)</b>			
i)	Purchase of Goods and Materials	4,706,771	4,493,841
ii)	Sale of Goods and Materials	834,582	2,196,444
iii)	Outstanding Balances		
	Sundry Debtors	503,611	(811,163)

29 **SALES**

Particulars	31st March 2017	31st March 2016
Surgical Products (a)	22,281,614	32,981,347

Notes :

(a) Surgical Products includes Surgipore Tapes, Absorbable Gelatin Surgical Sponge, Microporous Surgical Foam Tape, Fleece Fabric, Transparent Tape, Dressing Silicon Gel Sheet etc

30 **RAW MATERIALS CONSUMED**

Particulars	31st March 2017	31st March 2016
Non woven Fabric & Others	39,498,881	39,374,180

31 **VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED**

	%	31st March 2017	%	31st March 2016
Imported	73%	28,892,200	73%	28,779,791
Indigenous	27%	10,606,681	27%	10,594,389
	100%	39,498,881	100%	39,374,180

32 **PURCHASES**

Particulars	31st March 2017	31st March 2016
Surgical Products (a)	17,956,060	14,567,211

Notes :

(a) Surgical Products includes Surgipore Tapes, Absorbable Gelatin Surgical Sponge, Microporous Surgical Foam Tape, Fleece Fabric, Transparent Tape, Dressing Silicon Gel Sheet etc

33 **CLOSING FINISHED GOODS STOCK**

Particulars	31st March 2017	31st March 2016
Surgical Products (a)	-	1,041,539

Notes :

(a) Surgical Products includes Surgipore Tapes, Absorbable Gelatin Surgical Sponge, Microporous Surgical Foam Tape, Fleece Fabric, Transparent Tape, Dressing Silicon Gel Sheet etc

34 **VALUE OF IMPORTS ON CIF BASIS**

Particulars	31st March 2017	31st March 2016
Raw Material	28,892,200	28,779,791
Spares parts and Components	-	-
Capital Goods	-	-
	28,892,200	28,779,791

35 EARNINGS IN FOREIGN CURRENCY : Rs. NIL (Previous Year : Rs. NIL)

36 EXPENDITURE IN FOREIGN CURRENCY : Rs. NIL (Previous Year : Rs. NIL)

37 Previous Years figures have been re-grouped/re-stated wherever necessary to conform to current year's classification

**The accompanying notes are integral part of financial statements.**

As per report of even date attached

**For Mayur Mahesh Shah & Co**

Firm Registration No : 117604W

Chartered Accountant

**Mayur Shah**

Proprietor

Membership No : 103146

Mumbai, 5th September 2017

For and on Behalf of Board of Directors

Sd/-

Gaurang Prataprai Kanakia

Managing Director

(DIN: 00346180)

Sd/-

Rekha Devang Kanakia

Director

(DIN: 00346198)

Sd/-

Anand Prataprai Kanakia

CFO

PAN: AGQPK7415F

Sd/-

Kirty Agarwal

CS

M.no. 46560

Mumbai, 5th September 2017

**KMS MEDISURGI PVT LTD**

**NOTE 9 : FIXED ASSETS**

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 1.4.2016	ADDITIONS	DEDUC- TIONS	AS AT 30.03.2017	UP TO 1.4.2016	DEDUC- TION	FOR THE YEAR	TOTAL	AS AT 30.03.2017	AS AT 31.3.2016
Factory Building	13,979,980	-	-	13,979,980	3,600,814	-	983,753	4,584,567	9,395,413	10,379,166
Plant and Machinery	15,603,732	8,711,198	-	24,314,930	7,155,404	-	2,848,538	10,003,942	14,310,988	8,448,328
Vehicles	3,313,542	3,072,000	-	6,385,542	2,457,610	-	982,567	3,440,177	2,945,365	855,932
Computers	163,200	-	-	163,200	158,190	-	-	158,190	5,010	5,010
Furniture and Fixtures	314,654	-	-	314,654	271,386	-	12,405	283,791	30,863	43,268
Office Equipment	347,443	157,714	-	505,157	291,208	-	66,879	358,087	147,070	56,235
Electrical Fittings	47,999	-	-	47,999	23,055	-	6,493	29,548	18,451	24,944
TOTAL Rs.	33,770,550	11,940,912	-	45,711,462	13,957,667	-	4,900,635	18,858,302	26,853,160	19,812,883
PREVIOUS YEAR Rs.	33,070,250	700,300	-	33,770,550	10,545,761	-	3,411,906	13,957,667	19,812,883	

## KMS MEDISURGI PVT LTD

### Notes to Financial Statements for the Year ended 31st March, 2017

#### 1 SIGNIFICANT ACCOUNTING POLICIES :

- 1.1 **Basis of preparation and presentation of financial statements :** The Financial Statements of the company has been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under historical cost convention.
- 1.2 **Use of Estimates :** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates
- 1.3 **Inventories :** Inventories consist of Raw Materials and Packing Materials, Work –In-Process, Finished goods and Stores. Inventories are valued at lower of cost and net realizable value. The cost is determined on First In First Out basis. The cost of work in process and finished goods includes material and packing cost, proportion of labour and manufacturing overheads.
- 1.4 **Cash Flow Statement :** Cash Flow Statement has been prepared by adopting the Indirect Method as prescribed under para 18 of Accounting Standard-3 (AS-3) on "Cash Flow Statement".
- 1.5 **Fixed Assets :** Fixed Assets are stated at Cost less accumulated depreciation and impairment provisions. The cost comprises purchase price (Net of Cenvat/Vat Credit wherever applicable) and any attributable cost of bringing the asset to its working conditions for its intended use , inclusive of financing cost till commercial production.
- 1.6 **Depreciation :** Depreciation on Fixed Assets is provided over the useful life of the assets as specified in Part C of Schedule II to the Companies Act, 2013. In case of fixed assets which are added/disposed off during the year depreciation is provided on pro-rata basis with reference to the month of addition/deletion.
- 1.7 **Impairment of Assets :** The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances
- 1.8 **Investments :** Long term investments are carried at cost less provision, if any for other than temporary diminution in the value of such investments. Current investments are stated at lower of cost and fair value.
- 1.9 **Revenue Recognition :** Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue is reliably measured

Revenue from Sale of Goods is recognized when significant risks and rewards of ownership of the goods are transferred to the customer and recorded net of returns, sales tax and other levies

- 1.10 **Transaction in Foreign Currency :** Foreign exchange transactions are accounted at the exchange rate

prevailing at the date of the transaction. Gains and Losses resulting from settlement of such transaction and from the transaction of monetary assets and liabilities denominated in foreign currency are recognized in the statement of Profit and Loss.

1.11 **Provision for Taxation** : The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company. Deferred Tax Assets and Liabilities are recognised on Future Tax consequences attributable to the timing differences that result between the profits offered for Income Tax and Profit as per Financial Statement. Deferred Tax assets and Liabilities are measured as per the tax rates/laws that have been enacted by the balance sheet date.

1.12 **Employees Benefits : Defined Benefit Plan**

i) Annual Contribution towards Gratuity Liability is funded with Life Insurance Corporation of India in accordance with the gratuity scheme and is absorbed in the accounts. The Company does not retain any obligation to pay further amount if insurer does not pay all future employee benefits so the plan is not treated as defined benefit plan.

i) No provision is made for encashment of unavailed leave payable on retirement of employees.

Mumbai, 5th September 2017

Mumbai, 5th September 2017



**KMS MEDISURGI LIMITED**  
**CIN U51397MH1999PLC119118**

Regd Office :Plot No-297/301 May Building, Gr. Floor Marine lines (EAST), Princess Street,  
Mumbai City MH 400002 IN Ph-022-66107700/22,022-67498822, Facsimile: +91-22-  
22061111,Website: -www.kmsgroup.in, E-mail Id:- [info@kmsgroup.in](mailto:info@kmsgroup.in)

**19<sup>th</sup> Annual General Meeting**

**Proxy Form**

(Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies  
(Management and Administration) Rules, 2014-Form No. MGT-11)

Name of the Member(s)-
Registered Address-
E-mail ID -
Folio No/Client ID-
DP ID-

I/We, being the member(s) holding \_\_\_\_\_ shares of the above  
named Company. Hereby appoint

Name:	E-mail Id:
Address:	
Signature:	

Or failing him/her

Name:	E-mail Id:
Address:	
Signature:	

Or failing him/her

Name:	E-mail Id:
Address:	
Signature:	

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th  
Annual General Meeting of the company, to be held on the Saturday, 30<sup>th</sup> September, 2017 at  
11:30 am at **297/301 May Building, Gr. Floor Marine lines (EAST), Princess Street, Mumbai  
City MH 400002** and at any adjournment thereof in respect of such resolutions as are  
indicated below:

Sr. No.	Resolution	Vote	
		For	Against
1.	Adoption of Balance sheet as at 31 <sup>st</sup> March, 2017 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon (Ordinary Resolution)		
2.	Declaration of Dividend for the year ended 31 <sup>st</sup> March 2017		
3.	Appointment of Rekha Devang Kanakia as a Director liable to retire by rotation. (Ordinary Resolution)		
4.	Appointment of Statutory Auditors		

Signed this \_\_\_day of \_\_\_2016

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Signature of Proxy holder(s)

<b>Affix revenue Stamp of not less than Rs. 1</b>
---

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A proxy need not be a member of the Company.
3. For, the resolutions statement setting out material facts concerning items of special business, please refer the Notice Convening 19th Annual General Meeting.



**KMS MEDISURGI LIMITED**

**CIN U51397MH1999PLC119118**

Regd Office :Plot No-297/301 May Building, Gr. Floor Marine lines (EAST), Princess Street, Mumbai City MH 400002 IN Ph-022-66107700/22,022-67498822, Facsimile: +91-22-22061111, Website: -www.kmsgroup.in, E-mail Id:- info@kmsgroup.in

**19<sup>th</sup> Annual General Meeting**

**ATTENDANCE SLIP**

**(To be presented at the entrance)**

**19th Annual General Meeting on Saturday, 30<sup>th</sup> September, 2017**

At 11:30 am at the **297/301 May Building, Gr. Floor Marine lines (EAST), Princess Street, Mumbai City MH 400002**

Folio No. \_\_\_\_\_ DP ID: \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the Member: \_\_\_\_\_ Signature: \_\_\_\_\_

Name of the Proxy holder: \_\_\_\_\_ Signature: \_\_\_\_\_

I/We hereby record my/our presence at the **19<sup>th</sup> Annual General Meeting** of the Company being held on Saturday , 30<sup>th</sup> September, 2017 at 11:30 297/301 May Building, Gr. Floor Marine lines (EAST), Princess Street, Mumbai City MH 400002

**Note: Members are requested to bring their copies of Annual Report to the Meeting.**



# KMS MEDISURGI LIMITED

CIN U51397MH1999PLC119118

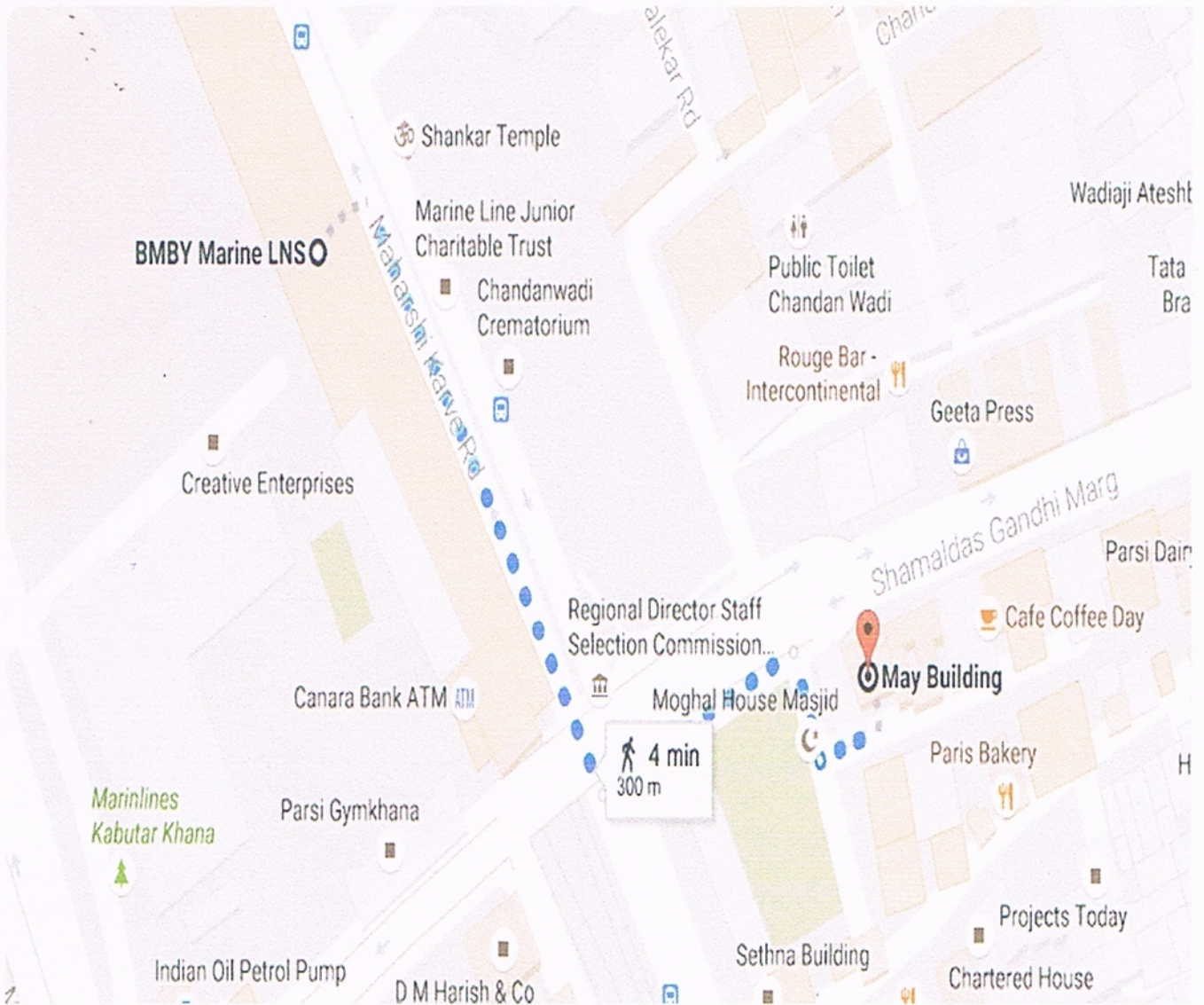
Plot No-297/301 May Building, Gr. Floor Marine lines (EAST), Princess Street, Mumbai City

MH 400002 IN Ph-022-66107700/22,022-67498822, Facsimile: +91-22-22061111,

Website: -[www.kmsgroup.in](http://www.kmsgroup.in), E-mail Id:- [info@kmsgroup.in](mailto:info@kmsgroup.in)

## Route Map for AGM venue

297/301, May Building, Ground Floor, Princess Street, Marine Lines East Mumbai-400002



KMS MEDISURGI LIMITED

DIRECTOR