



ANNUAL REPORT 2020-21

KMS Medisurgi Limited



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs. Rekha Devang Kanakia	Chairman and Managing Director (Designation changed w.e.f 19.07.2021)
Mr. Gaurang Prataprai Kanakia	Chairman and Managing Director (Resigned w.e.f 19.07.2021)
Mr. Rohan Devang Kanakia	Non-Executive Non- Independent Director (Appointed w.e.f 29.06.2021)
Mr. Siddharth Gaurang Kanakia	Executive Non -Independent Director (Appointed w.e.f.02.05.2018)
Mr. Hardik Rajnikant Bhatt	Independent Director (Appointed w.e.f 14.07.2016)
Mr. Kamlesh Rajani Chunilal	Independent Director (Appointed w.e.f 11.08.2016)
Mr. Pratik Pravin Tarpara	Independent Director (appointed w.e.f. 12.02.2020)

KEY MANAGERIAL PERSONNEL

Mr. Anand Prataprai Kanakia	Chief Financial Officer (Appointed w.e.f 09.07.2016)
Ms. Mariam Bahnan	Company Secretary and Compliance Officer (Appointed w.e.f 03.03.2021)
Ms. Pallavi Lakdawala	Company Secretary and Compliance Officer (Resigned w.e.f 17.09.2020)

SECURITIES LISTED ON

BSE Limited (SME Platform)

CORPORATE IDENTITY NUMBER

L65990MH1983PLC030215

STATUTORY AUDITORS

Kalpesh Jain & Associates

42 First Floor, Singh Ind. Estate No. 3, Nr. Big Cinema Moviestar, Ram Mandir Road, Off. S.V. Road, Goregaon (W), Mumbai-400104

REGISTERED OFFICE

297/301, Ground Floor, May Building, Princess Street, Marine Lines (East), Mumbai 400 002.
Contact No.: 022-66107722
Email ID: info@kmsgroup.in
Website: www.kmsgroup.in

REGISTRAR & SHARES TRANSFER AGENT

Kfin Technologies Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad, Karnataka 500032
Contact No.: +91 40 67161524
Email ID: einward.ris@kfintech.com
Website: www.kfintech.com

SENIOR MANAGEMENT

Ms. Monali Gaurang Kanakia
Senior Associate

INTERNAL AUDITOR

Mayur Mahesh Shah & Co.
Chartered Accountants



**LETTER FROM
MANAGING DIRECTOR**

Dear Shareholders,

I am pleased to present to you the Annual Report for FY 2020-21 of your Company. Through host of strategic initiatives like enhancement of operational efficiency and optimization of raw material consumption, addition of new customers, investments in R&D initiatives, automation of processes, energy efficiency led to improved performance of the company for the year under review.

We were marginally impacted by the lockdown enforced due to COVID-19 pandemic and part of operations were shut down in the beginning Part of the Financial Year which impacted us immensely.

The Company has taken adequate steps for safe guarding its employees while ensuring continuity in operations going forward. Complete social distancing norms are being followed at all plants and offices of the company. We will continue to leverage our strength of adaptability and agility. The company very briefly developed new products which helped it to maintain reasonable sales during this period.

I would like to share with you the brief data related to the turnover and profitability during the year under review. Your Company has achieved total revenue of Rs 7,60,62,174 as against the revenue of Rs 10,34,09,010 in the previous financial year, which has registered a fall from last financial year to current financial year.

However, your company continues to prove its mantle in being the largest manufacturer of Surgical Tapes in India.

COVID-19 pandemic has opened newer opportunities for your company in terms of new product ideas. Your company plans to work closely with the academia and institutions to develop cost effective high quality medical devices. New opportunities are continuously being ideated and explored. Technological advancement and expertise coupled with government support has proved to be advantageous for the sector in last few years. Governments new schemes will encourage manufacturing in India and will help us reduce the import dependency.

Given your companies inherent strengths and its financial stability, I am confident that it will emerge stronger from this unprecedented global crisis.

The Company has supported few NGOs, fed poor people, donated medical supplies and COVID prevention related products to the healthcare fraternity.



I am pleased to report that your company has taken rapid strides in its sustainability journey. Over the last few years your company has worked in the areas of water consumption reduction, effluent reduction, energy consumption reduction. The company will continue to invest in newer initiatives to reduce its carbon footprint.

We are constantly finding ways to understand and respond to the gradually evolving dynamics of the new normal. Though there could be difficulties, your Company will overcome the downtrends by maintaining deep relationships with customers, suppliers and other stakeholders. As we look to the year ahead, I have confidence that KMS Medisurgi Limited will continue to be admired as a reliable and trusted Company for supply of Medical and Surgical Devices.

The members of the Board continue to be a great source of encouragement and support to the Company's management team. I thank them for their involvement, support and guidance.

I also take this opportunity to express my gratitude to all of you, our esteemed and valued shareholders, for your continued support and confidence you have reposed in the Company.

On behalf of the Board, I would also like to thank all our stakeholders, partners, customers, bankers and employees for their continued support in building KMS Medisurgi Limited as a reputed Organization.

Rekha Devang Kanakia
Managing Director



COVID-19 IMPACT:

COVID-19 pandemic has greatly increased the spotlight on the medical industry. There has been a positive impact of the COVID-19 pandemic on your company. R&D Team worked round the clock to develop new products in a short period which allowed company to be at the forefront of the crisis. Our Products have found great acceptance in the market.

The Company's operations were impacted for initial months during the lockdown period. As transportation networks came to a complete halt, we were not able to ship products to customers. Since then the operations has stabilized. Our company has successfully adapted with the pandemic era.

We are maintaining all social distancing norms at our various manufacturing plants and work places to ensure safety and well-being of our employees.

Your Company was able to quickly turn to digital technology and analytics which guided us to prepare for new ways of empowering the team and serving our customers. New internal training programs were conducted to upskill our workforce with clinical and product knowledge.

This situation also gave us an opportunity to engage digitally with the healthcare community by means of webinars. These virtual programs enabled us to build online learning events aimed at imparting knowledge and skills to different set of healthcare professionals.

The novel coronavirus outbreak had managed to teach us the importance of local manufacturing, local market, and local supply chain. The government's new mantras ""Vocal for Local" and "Atma-nirbharBharat" are opening new opportunities in the Indian Medical Devices Sector.

Business Outlook

A transforming medical technology landscape, improving healthcare delivery and financing mechanisms, and changing patient profile are driving growth in the medical device industry. It has seen tremendous growth over the last decade and the current development trends indicate even greater potential in the coming years. Some of the growth drivers include:

- Increased Public Spending in Healthcare
- Economic growth leading to higher disposable incomes
- Increased Penetration of Health Insurance
- Increased Private Investment in Healthcare
- Public Private Partnership (PPP) route to Innovation
- Emergence of new models of healthcare delivery



Your Company continues to focus on Manufacturing of Surgical Tapes, and doing developments on the same.

The Company plant in Palghar (Mumbai, Maharashtra), is operating at full capacity. Your Company is also investing more in Clinical activities and Product Trainings to further enhance its footprint in domestic as well as export markets. Also new initiatives are been taken to increase the KMS MEDISURGI brand visibility.

Acknowledgement

I would like to thank all our valued stakeholders, including our customers, vendors, lenders and shareholders for continuing your support and upholding confidence and trust in us.

I wish safety of all our stakeholders, please maintain social distancing norms.

Sincerely
Management.



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of KMS MEDISURGI LIMITED will be held on Thursday, 30th September 2021 at 4.00 p.m. through Zoom video conferencing (“VC”) / Other Audio Visual Mechanism (“OAVM”) to transact the following:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement as at March 31, 2021 and Profit & Loss Account of the Company for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare a final dividend of ₹ 0.05 (0.5%) per equity share for the year ended March 31, 2021.
3. To appoint a Director in place of Mr Siddharth Gaurang Kanakia (DIN: 07595098) who retires by rotation and is eligible for reappointment.

SPECIAL BUSINESS:

4. Appointment of Mrs Rekha Devang Kanakia (DIN:00346198) as the Managing Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 and all other applicable provisions of the Companies Act, 2013 (“the Act”) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities including the Central Government in granting such approvals, permissions and sanctions, consent of the shareholders of the Company be and is hereby accorded to appoint Mrs Rekha Devang Kanakia (DIN:00346198) as the Managing Director (MD) of the Company for a period of five years with effect from July 19, 2021 to July 18, 2026 (both days inclusive), on terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to the “Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and /or remuneration as it may deem fit and as may be acceptable to Mr. Gaurang Prataprai Kanakia subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactments thereof;

RESOLVED FURTHER THAT notwithstanding anything herein, where in any financial year during the tenure of the MD, the Company has no profits or its profits are inadequate, the Company may subject



to receipt of the requisite approvals including approval of Central Government, if any, pay to the MD the above remuneration as the minimum remuneration by way of salary, perquisites, performance pay, other allowances and benefits as specified in the explanatory statement annexed to the Notice convening this Meeting and that the perquisites pertaining to contribution to provident fund, superannuation fund or annuity fund, gratuity and leave encashment shall not be included in the computation of the ceiling on remuneration specified in Section II and Section III of part II of Schedule V of the Companies Act, 2013;

RESOLVED FURTHER THAT the Office of Managing Director shall not be liable to retire by rotation pursuant to Section 152(6) of Companies Act, 2013 and Rules made there- under and any subsequent amendment(s) and/or modification(s) in the Act, Rules and/or applicable laws in this regard and Article 141 of the Articles of Association of the Company;

RESOLVED FURTHER THAT Mrs Rekha Devang Kanakia, MD of the Company be and is hereby authorized, empowered and vested with the substantial powers of the Management of the Company for carrying out the affairs and activities of the Company subject to the superintendence, control and direction of the Board of Directors of the Company;

RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorized 'Committee' thereof) be and is hereby authorized to enter into an Agreement (including any revision and conditions of aforesaid re-appointment and/or agreement, if required) on behalf of the Company with Mrs Rekha Devang Kanakia, in terms of the aforesaid draft agreement;

RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorized 'Committee' thereof) be and is hereby authorized to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution."

5 .Re-appointment of Mr. Hardik Rajnikant Bhatt (DIN: 07566870) as an Independent Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Hardik Rajnikant Bhatt (DIN: 07566870) who holds office of Independent Director up to 13th July 2021, and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has



received a notice in writing under Section 160(1) of the Act from a Member, signifying his intention to propose Mr. Hardik Bhatt candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 14th July 2021 upto 13th July 2026.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

6.Re-appointment of Mr. Kamlesh Chunilal Rajani (DIN: 07588417) as an Independent Director.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Kamlesh Chunilal Rajani (DIN: 07588417) who holds office of Independent Director up to 10th August 2021, and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member, signifying his intention to propose Mr. Kamlesh Rajani candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 11th August 2021 up to Kamlesh Rajani 10th August 2026.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

7. Appointment of Mr. Rohan Devang Kanakia (DIN: 09220915) as an Additional Director.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:- “RESOLVED THAT Mr Rohan Devang Kanakia (DIN: 09220915) who was appointed as an Additional Director of the Company w.e.f. 29th June 2021 by the Board of Directors and who holds office up to the date of this Annual General Meeting in terms of Section 161 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Article 122 of the Article of Association, and pursuant to the