



## KMS MEDISURGI LIMITED

(CIN- U51397MH1999PLC119118)

Our Company was originally incorporated as “KMS Medisurgi Private Limited” in Mumbai, Maharashtra under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated 25<sup>th</sup> March, 1999 bearing Registration Number 119118 issued by the Registrar of Companies, Mumbai, Maharashtra. Our Company was converted in to a Public Limited Company and consequently the name was changed to “KMS Medisurgi Limited” vide fresh Certificate of Incorporation dated 15<sup>th</sup> June, 2016 issued by the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number of our Company is U51397MH1999PLC119118. For further details of incorporation, change of name and registered office of our Company, please refer to chapter titled “General Information” and “Our History and Corporate Structure” beginning on page 38 and 109 respectively of this Draft Prospectus.

**Registered Office:** 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002, Maharashtra, India  
**Tel:** +91-22-66107700/66107722; **Fax:** +91-22-22061111

**Email:** [kms.medisurgi@gmail.com](mailto:kms.medisurgi@gmail.com); **Website:** [www.kmsgroup.in](http://www.kmsgroup.in)  
**Company Secretary & Compliance Officer:** Ms. Kirty Agarwal

**PROMOTERS OF OUR COMPANY:** M/S. MONI DIAMONDS LIMITED, MR. GAURANG PRATAPRAI KANAKIA & MR. ANAND PRATAPRAI KANAKIA

### THE ISSUE

**PUBLIC ISSUE OF 9,00,000 EQUITY SHARES OF RS. 10 EACH (“EQUITY SHARES”) OF KMS MEDISURGI LIMITED (“KMS” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. 30 PER SHARE (THE “ISSUE PRICE”), AGGREGATING TO RS. 270.00 LACS (“THE ISSUE”), OF WHICH, 52,000 EQUITY SHARES OF RS. 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 8,48,000 EQUITY SHARES OF RS. 10 EACH IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 27.27% AND 25.70%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH AND THE ISSUE PRICE OF RS. 30/- I.E. 3.00 (THREE) TIMES OF THE FACE VALUE OF THE EQUITY SHARES.**

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Issue only through an Application Supported by Blocked Amount (“ASBA”) process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks (“SCSBs”) for the same. For details in this regard, specific attention is invited to the chapter titled “Issue Procedure” beginning on page 194 of this Draft Prospectus. A copy will be delivered for registration to the Registrar of companies as required under Section 26 of the Companies Act, 2013.

All potential investors may participate in the Issue through an Application Supported by Blocked Amount (“ASBA”) process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks (“SCSBs”) for the same. For details in this regard, specific attention is invited to the chapter titled “Issue Procedure” beginning on page 194 of this Draft Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay. Qualified Institutional Buyers and Non-Institutional Investors shall compulsorily participate in the Issue through ASBA process. A Copy will be delivered for registration to the Registrar as required under Section 26 of the Companies Act, 2013.

**THE ISSUE IS BEING MADE IN ACCORDANCE WITH CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.** For further details please refer to Section titled “Issue structure ” beginning on Page 191 of this Draft Prospectus.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of our Company, there has been no formal market for our Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 and the issue price of Rs. 30 per Equity Share i.e. 3.00 (Three) times of the face value. The issue price (as determined by our Company in consultation with the Lead Manager and as stated in the chapter titled on “Basis for Issue Price” beginning on page 78 of this Draft Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the equity shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of the investors is invited to the section titled “Risk Factors” beginning on page 13 of this Draft Prospectus.

### ISSUER’S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The Equity Shares of our Company offered through this Draft Prospectus are proposed to be listed on the SME Platform of BSE Limited (“BSE SME”). In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain an in-principal listing approval for the shares being offered in this issue. However, our Company has received an approval letter dated [●] from BSE for using its name in this offer document for listing of our shares on the SME Platform of BSE. For the purpose of this Issue, SME Platform of the BSE shall be the designated Stock Exchange.

### LEAD MANAGER TO THE ISSUE



**Navigant**

**NAVIGANT CORPORATE ADVISORS LIMITED**  
423, A Wing, Bonanza, Sahar Plaza Complex,  
J B Nagar, Andheri Kurta Road, Andheri East,  
Mumbai-400 059  
**Tel No.** +91-22-6560 5550  
**Email Id:** [navigant@navigantcorp.com](mailto:navigant@navigantcorp.com)  
**Investor Grievance Email:** [info@navigantcorp.com](mailto:info@navigantcorp.com)  
**Website:** [www.navigantcorp.com](http://www.navigantcorp.com)  
**SEBI Registration Number:** INM000012243  
**Contact Person:** Ms. Khushbu Gupta

### REGISTRAR TO THE ISSUE



**KARVY COMPUTERSHARE PRIVATE LIMITED**  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad 500 032  
**Tel :** +91 40 6716 2222  
**Fax :** + 91 40 2343 1551  
**Website:** [www.karisma.karvy.com](http://www.karisma.karvy.com)  
**Email:** [kmsmedisurgi.ipo@karvy.com](mailto:kmsmedisurgi.ipo@karvy.com)  
**Contact Person :** Mr. M Murali Krishna  
**SEBI Registration :** INR000000221

### ISSUE PROGRAMME

ISSUE OPENS ON: [●]

ISSUE CLOSES ON: [●]

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**SECTION I: GENERAL**

**DEFINITIONS AND ABBREVIATIONS**

In this Draft Prospectus, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

**DEFINITIONS:**

TERMS	DESCRIPTION
"Our Company", "the Company", "KMS", "KML" "we", "us" or "the Issuer"	KMS Medisurgi Limited, a Public Limited Company incorporated under the Companies Act, 1956
"you", "your" or "yours"	Prospective investors in this Issue

**CONVENTIONAL/GENERAL TERMS:**

TERMS	DESCRIPTION
AOA/Articles/ Articles of Association	Articles of Association of KMS Medisurgi Limited
Banker to the Issue	[•]
Board of Directors / Board/Director(s)	The Board of Directors of KMS Medisurgi Limited
BSE	BSE Limited
BSE-SME	The SME platform of BSE Limited for listing of Equity Shares offered under Chapter X-B of the SEBI (ICDR) Regulations
Companies Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 and / or Provisions of the Companies Act, 1956
Depositories Act	The Depositories Act, 1996 as amended from time to time
CIN	Corporate Identification Number
DIN	Directors Identification Number
Depositories	NSDL and CDSL
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended from time to time.
Director(s)	Director(s) of KMS Medisurgi Limited, unless otherwise specified
Equity Shares / Shares	Equity Shares of our Company of face value of Rs. 10.00 each unless otherwise specified in the context thereof
EPS	Earnings Per Share
GIR Number	General Index Registry Number
Gol/ Government	Government of India
Statutory Auditor / Auditor	M/s Mayur Mahesh Shah & Co., Chartered Accountants, the Statutory Auditors of our Company.
Promoters	Promoters of The Company Being M/s. Moni Diamonds Limited, Mr. Gaurang Prataprai Kanakia & Mr. Anand Prataprai Kanakia
Promoter Group Companies /Group Companies / Group Enterprises	Unless the context otherwise specifies, refers to those entities mentioned in the section titled "Our Promoter Group / Group Companies / Entities" on page 129 of this Draft Prospectus.
Peer Review Auditors	M/s. Ramanand & Associates, Chartered Accountants, Peer Review Auditors of our Company.
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offerings



## KMS Medisurgi Limited

TERMS	DESCRIPTION
Key Managerial Personnel / Key Managerial Employees	The officers vested with executive powers and the officers at the level immediately below the Board of Directors as described in the section titled “Our Management” on page 113 of this Draft Prospectus.
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of KMS Medisurgi Limited
Non Resident	A person resident outside India, as defined under FEMA
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations
NSE	National Stock Exchange Of India Limited (NSE)
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. <b>OCBs are not allowed to invest in this Issue.</b>
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Registered office of our Company	297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002, Maharashtra, India
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME Platform of BSE/Stock Exchange	The SME platform of BSE Limited for listing of Equity Shares offered under Chapter X-B of the SEBI (ICDR) Regulations
SWOT	Analysis of strengths, weaknesses, opportunities and threats
RoC	Registrar of Companies, Mumbai, Maharashtra

### ISSUE RELATED TERMS:

TERMS	DESCRIPTION
Allot/ Allotment/ Allotted	Unless the context otherwise requires, issue / allotment of Equity Shares pursuant to the Issue to successful Applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges.
Allottee	An applicant to whom the Equity Shares are being / have been issued /allotted.
Applicant	Any prospective investor (including an ASBA Applicant) who makes an application pursuant to the terms of the Prospectus and the Application Form.
Application Amount	The number of Equity Shares applied for and as indicated in the Application Form multiplied by the price per Equity Share payable by the Applicants on submission of the Application Form.
Application Form / ASBA Application	The form in terms of which the Applicant shall make an application to subscribe to the Equity Shares of our Company.
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by all Applicants to make application authorizing a SCSB to block the application amount in the ASBA Account maintained with such SCSB.
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which will be blocked by such



## KMS Medisurgi Limited

TERMS	DESCRIPTION
	SCSB to the extent of the Application Amount of the ASBA Applicant.
Bankers to the Company	Such banks which are disclosed as bankers to our Company in the chapter titled “ <b>General Information</b> ” on page 38 of this Draft Prospectus
Basis of Allotment	The basis on which the Equity Shares will be allotted as described in the section titled “ <b>Issue Procedure - Basis of Allotment</b> ” beginning on page 205 of this Draft Prospectus.
Broker Centres	Broker Centres notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of the BSE
BSE	BSE Limited.
Business Day	Monday to Friday (except public holidays)
CAN or Confirmation of Allocation Note	Confirmation of Allocation Note The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account.
Company Secretary and Compliance Officer	The Company Secretary & Compliance Officer of our Company being Ms. Kirty Agarwal
Controlling Branches of SCSBs	Such branches of the SCSBs which co-ordinate Applications under this Issue made by the Applicants with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996.
Depository Participant/DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Application Form from the ASBA Applicant and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Designated Date	The date on which funds are transferred from the ASBA Accounts to the Public Issue Account in terms of the Draft Prospectus.
Draft Prospectus	This Draft Prospectus dated 29 <sup>th</sup> September, 2016 issued in accordance with Section 26 & 32 of the Companies Act, 2013.
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Prospectus constitutes an invitation to subscribe for the Equity Shares on the basis of the terms thereof.
Banker to Issue Agreement	Agreement entered into on [●] amongst our Company, Lead Manager, the Registrar, the Banker to the Issue for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof.
Bankers to the Issue	The bank(s), which are clearing members and are registered with SEBI as Banker (s) to the Issue at which the Public Issue Account for the Issue will be opened, in this case being [●]
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First/Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants can submit their Applications.



**KMS Medisurgi Limited**

<b>TERMS</b>	<b>DESCRIPTION</b>
Issue Price	The price at which Equity Shares will be issued and allotted by our Company being Rs. 30/- per Equity Share
Issue Proceeds	Proceeds to be raised by our Company through this Issue, for further details please refer chapter title "Objects of the Issue" page no. 71 of this Draft Prospectus
Issue/Offer	Public Issue of 9,00,000 Equity Shares of face value Rs. 10 each of KMS Medisurgi Limited for cash at a price of Rs. 30 per Equity Share (the "Issue Price") aggregating up to Rs. 270.00 Lacs.
LM / Lead Manager	The Lead Manager for the Issue being Navigant Corporate Advisors Limited.
Market Maker	Market Maker appointed by our Company from time to time, in this case being Naysaa Securities Limited who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time.
Market Making Agreement	The Market Making Agreement dated 19 <sup>th</sup> September, 2016 between our Company and Market Maker.
Market Maker Reservation Portion	The reserved portion of 52,000 Equity Shares of Rs. 10 each at an Issue Price of Rs. 30 each to be subscribed by Market Maker.
MOU/ Issue Agreement	The Memorandum of Understanding dated 19 <sup>th</sup> September, 2016 between our Company and Lead Manager
Mutual Fund(s)	Mutual fund(s) registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 8,48,000 Equity Shares of face value Rs. 10 each of KMS Medisurgi Limited for cash at a price of Rs. 30 per Equity Share (the "Issue Price") aggregating up to Rs. 254.40 Lacs.
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or RIBs and who have applied for Equity Shares for an amount of more than Rs. 2,00,000 (but not including NRIs other than Eligible NRIs).
Other Investors	Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Overseas Corporate Body / OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Issue.
Prospectus	The Prospectus, to be filed with the ROC in accordance with the provisions of Section 26 & 32 of the Companies Act, 2013.
Public Issue Account	The Bank Account opened with the Banker(s) to this Issue to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date.
Qualified Institutional Buyers or QIBs	A Mutual Fund, Venture Capital Fund and Foreign Venture Capital investor registered with the Board, a foreign institutional investor and sub-account (other than a subaccount which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in Section 2(72) of the Companies Act, 2013; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of Rs. 25.00 Crore; a pension fund with minimum corpus of Rs. 25.00 Crore rupees; National Investment Fund





**KMS Medisurgi Limited**

TERMS	DESCRIPTION
	set up by resolution No. F. No. 2/3/2005 - DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Registered Broker	Individuals or companies registered with SEBI as "Trading Members" (except Syndicate/Sub-Syndicate Members) who hold valid membership of either BSE or NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on <a href="http://www.bseindia.com/members/MembershipDirectory.aspx">http://www.bseindia.com/members/MembershipDirectory.aspx</a> & <a href="http://www.nseindia.com/membership/dynaContent/find_a_broker.htm">http://www.nseindia.com/membership/dynaContent/find_a_broker.htm</a>
Regulations	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended
Registrar/ Registrar to this Issue/RTI	Registrar to the Issue being Karvy Computershare Private Limited.
Reserved Category / Categories	Categories of persons eligible for making application under reservation portion.
Reservation Portion	The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors/RIs	Individual Bidders (including HUFs in the name of Karta and Eligible NRIs) who have applied for an amount less than or equal to Rs. 2,00,000 in this Issue.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our Company and the Stock Exchange in relation to listing of Equity Shares on such Stock Exchange.
Self-Certified Syndicate Bank or SCSB	A Bank which is registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA including blocking of bank account, a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
SME Exchange	SME Platform of the BSE Limited i.e. BSE-SME
Stock Exchange	BSE Limited (BSE Platform)
Underwriters	The Lead Manager and the Market Maker who have underwritten this Issue pursuant to the provisions of the SEBI (ICDR) Regulations and the SEBI (Underwriters) Regulations, 1993, as amended from time to time.
Underwriting Agreement	The Agreement dated 19 <sup>th</sup> September, 2016 entered into amongst the Underwriters and our Company.
Working Days	Working days shall be all trading days of stock exchanges excluding Sundays and bank holidays

**COMPANY/INDUSTRY RELATED TERMS/TECHNICAL TERMS:**

TERMS	DESCRIPTION
GMP	Good Manufacturing Practices
WHO	World Health Organisation
HMSA	Hospital and Medical Services Agreement
WHO	World Health Organisation
FDA	Food & Drug Administration
MHRA	Medicines and Health products Regulatory Agency
R&D	Research & Development



**ABBREVIATIONS:**

ABBREVIATION	FULL FORM
ACS	Associate Company Secretary
A/C	Account
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
A.Y.	Assessment Year
AOA	Articles of Association
ASBA	Application Supported by Blocked Amount
B.Com	Bachelor of Commerce
BG/LC	Bank Guarantee / Letter of Credit
BIFR	Board for Industrial and Financial Reconstruction
B.Sc.	Bachelor of Science
B. Tech.	Bachelor of Technology
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CB	Controlling Branch
CC	Cash Credit
CENVAT	Central Value Added Tax
C. A.	Chartered Accountant
CIN	Corporate Identification Number
CST	Central Sales Tax
CAIIB	Certified Associate of the Indian Institute of Bankers
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
C.S.	Company Secretary
DGFT	Directorate General of Foreign Trade
DIN	Director Identification Number
DIPP	Department of Industrial Policy & Promotion
DP	Depository Participant
DP ID	Depository Participant's Identification Number
DNB	Diplomat of National Board
ECS	Electronic Clearing System
EBIDTA	Earnings before Interest, Depreciation, Tax and Amortisation
EGM / EOGM	Extra Ordinary General Meeting of the shareholders
EPFA	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per Equity Share
ESOP	Employee Stock Option Plan
ESIC	Employee's State Insurance Corporation
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued there under.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time
FPIs	"Foreign Portfolio Investor" means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities And Exchange Board Of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act, 1992
FIs	Financial Institutions.





**KMS Medisurgi Limited**

<b>ABBREVIATION</b>	<b>FULL FORM</b>
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FY / Fiscal	The period of twelve (12) months ended on March 31 of that particular year
FV	Face Value
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gol/ Government	Government of India
HUF	Hindu Undivided Family
HNI	High Net Worth Individual
i.e.	That is
IFRS	International Financial Reporting Standards
IRDA	Insurance Regulatory and Development Authority
Indian GAAP	Generally Accepted Accounting Principles in India
I. T. Act	The Income Tax Act, 1961, as amended.
IT Authorities	Income Tax Authorities
I. T. Rules	The Income Tax Rules, 1962, as amended, except as stated otherwise
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
IPO	Initial Public Offer
KMP	Key Managerial Personnel
LM	Lead Manager
MICR	Magnetic Ink Character Recognition
Mn	Million
MNC	Multi National Company
MOA	Memorandum of Association
MOF	Ministry of Finance, Government of India
MoU	Memorandum of Understanding
MBA	Master's in Business Administration
N.A.	Not Applicable
NAV	Net Asset Value
No.	Number
NR	Non Resident
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NRE Account	Non-Resident (External) Account
NRO Account	Non-Resident (Ordinary) Account
NI Act	Negotiable Instruments Act, 1881
OCB	Overseas Corporate Bodies
p.a	Per annum
PAC	Persons Acting in Concert
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
Pvt	Private
P/E Ratio	Price/Earnings Ratio
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India



**KMS Medisurgi Limited**

<b>ABBREVIATION</b>	<b>FULL FORM</b>
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC/Registrar of Companies	The Registrar of Companies, Mumbai, Maharashtra
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement Indian Rupees, the official currency of the Republic of India
SARFAESI	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts Regulations Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI (Venture Capital) Regulations	Regulations Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time
Sec.	Section
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME	Small And Medium Enterprises
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
TIN	Taxpayers Identification Number
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US\$/ \$	United States Dollar, the official currency of the Unites States of America
VAT	Value added tax
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India
w.e.f	With effect from
YoY	Year on Year



## **KMS Medisurgi Limited**

### **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

#### **Certain Conventions**

All references in this Draft Prospectus to "India" are to the Republic of India. All references in this Draft Prospectus to the "U.S.", "USA" or "United States" are to the United States of America.

In this this Draft Prospectus, the terms "we", "us", "our", "the Company", "KMS "our Company", "KMS Medisurgi Limited", "KML" or "KMS Medisurgi", unless the context otherwise indicates or implies, refers to KMS Medisurgi Limited. In this Draft Prospectus, unless the context otherwise requires and the word "Lac / Lakh" means "one hundred thousand", the word "million (mn)" means "Ten Lac / Lakh", the word "Crore" means "ten million" and the word "billion (bn)" means "one hundred crore". In this Draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

#### **FINANCIAL DATA**

Unless stated otherwise, the financial data in this Draft Prospectus is derived from our financial statements prepared and restated for the financial year ended 2012, 2013, 2014, 2015 and 2016 in accordance with Indian GAAP, Accounting Standards, the Companies Act, as stated in the reports of our Peer Auditors and SEBI (ICDR) Regulations, 2009 included under Section titled "Financial Information of our Company" beginning on page 138 of this Draft Prospectus. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. All decimals have been rounded off to two decimal points. Our Company has no subsidiaries. Accordingly, financial information relating to us is presented on a Standalone basis. Our fiscal year commences on April 1 of every year and ends on March 31<sup>st</sup> of every next year.

There are significant differences between Indian GAAP, US GAAP and IFRS. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian Accounting Practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

#### **CURRENCY OF FINANCIAL PRESENTATION AND EXCHANGE RATES**

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "\$", "US\$", "USD", "U.S.\$" or "U.S. Dollar(s)" are to United States Dollars, if any, the official currency of the United States of America. This Draft Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars and other currency amounts). These have been presented solely to comply with the requirements of the SEBI Regulations. These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar or other amounts could have been, or could be, converted into Indian Rupees, at any particular rate, or at all.

In this Draft Prospectus, throughout all figures have been expressed in Lacs, except as otherwise stated. The word "Lacs", "Lac", "Lakhs" or "Lakh" means "One Hundred Thousand".

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated based on our restated financial statement prepared in accordance with Indian GAAP.



***KMS Medisurgi Limited***

## **INDUSTRY & MARKET DATA**

Unless stated otherwise, industry and market data and forecast used throughout this Draft Prospectus was obtained from internal Company reports, data, websites, Industry publications report as well as Government Publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe industry and market data used in this Draft Prospectus is reliable, it has not been independently verified by us or the LM or any of their affiliates or advisors. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.



## **FORWARD LOOKING STATEMENTS**

Our Company has included statements in this Draft Prospectus, that contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "project", "shall", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will continue", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements". However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Company objectives, plans or goals, expected financial condition and results of operations, business plans and prospects are also forward-looking statements.

These forward-looking statements include statements as to business strategy, revenue and profitability, planned projects and other matters discussed in this Draft Prospectus regarding matters that are not historical fact. These forward-looking statements contained in this Draft Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Further the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the surgical disposables industry in India and overseas in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and overseas which have an impact on our business activities or investments, the monetary and fiscal policies of India and other jurisdictions in which we operate, inflation, deflation, unanticipated volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Other important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

1. General economic and business conditions in India and in the markets in which we operate and in the local, regional and national economies;
2. Changes in laws and regulations relating to the Sectors in which we operate;
3. Realization of Contingent Liabilities;
4. Occurrence of Environmental Problems & Uninsured Losses;
5. Increased competition in industries / sector in which we operate;
6. Factors affecting the industry in which we operate;
7. Our ability to meet our capital expenditure requirements
8. Our ability to successfully implement our growth strategy and expansion plans and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
9. Fluctuations in operating costs;
10. Our ability to attract and retain qualified personnel;
11. Our failure to keep pace with rapid changes in technology;
12. Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices.
13. Occurrence of natural disasters or calamities affecting the areas in which we have operations;
14. Any adverse outcome in the legal proceedings in which we/our group companies are involved;
15. Other factors beyond our control;
16. Our ability to manage risks that arise from these factors;
17. Changes in Government policies and Regulatory actions that apply to or affect our business;
18. Conflicts of interest with affiliated companies, the promoter group and other related parties; and
19. The performance of the financial markets in India and globally.



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For further discussion of factors that could cause our actual results to differ, see the Section titled "Risk Factors ", "Our Business" & "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 13, 93 & 154 respectively of this Draft Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Neither our Company, our Directors, our Officers, Lead Manager and Underwriter nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange for the Equity Shares allotted pursuant to this Issue.





## SECTION II

### RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. In making an investment decision prospective investors must rely on their own examination of our Company and the terms of this offer including the merits and risks involved.

Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business.

If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. To obtain a complete understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 93, “Industry Overview” beginning on page 83 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 154 respectively, of this Draft Prospectus as well as other financial information contained herein.

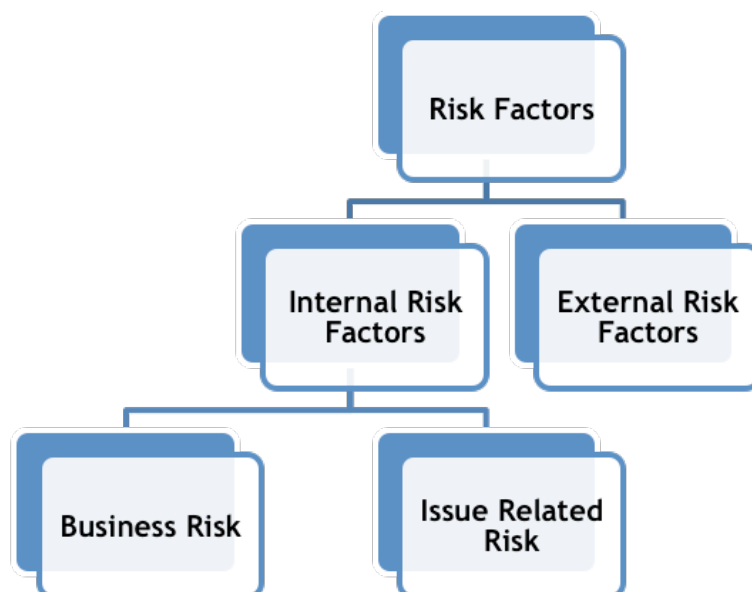
The following factors have been considered for determining the materiality of Risk Factors:

- Some events may not be material individually but may be found material collectively;
- Some events may have material impact qualitatively instead of quantitatively;
- Some events may not be material at present but may have material impact in future.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of the Company used in this section is derived from our financial statements under Indian GAAP, as restated in this Draft Prospectus. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein.

For capitalized terms used but not defined in this chapter, refer to the chapter titled “Definitions and Abbreviations” beginning on page 1 of this Draft Prospectus. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

The risk factors are classified as under for the sake of better clarity and increased understanding:



**INTERNAL RISK FACTORS:**

**A: Business Risk / Company Specific Risk**

1. There are outstanding litigations against our Company and Promoter Group concerns, which if determined adversely, could affect our business and financial operations:

Summary of litigations are given below:

Sr. No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (Rs. in Lacs)
<b>LITIGATIONS BY AND AGAINST OUR COMPANY</b>			
<b>Indirect Tax Proceedings involving our Company</b>			
1.	Cases pending at Customs, Excise & Service Tax Appellate Tribunal (CESTAT - Mumbai)	2	146.67

\*For details of the above litigation, please refer to the section titled "Outstanding Litigation" appearing on page 166 of this Draft Prospectus.

2. We are dependent on our management team for success whose loss could seriously impair the ability to continue to manage and expand business efficiently.

Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of the Promoters and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Further, the loss of any of the senior management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to implement new projects and expand our business.



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### 3. The Registered Office of our Company is not owned by us.

We operate from our registered office situated at 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002, Maharashtra, India. The registered office of our Company belongs to our Promoter i.e. Mr. Gaurang Kanakia and we have taken the same on rent from him. Any discontinuance of such arrangement will lead us to locate any other premises. Our inability to identify the new premises may adversely affect the operations, finances and profitability of our Company.

### 4. Our Promoter have interest in us other than reimbursement of expenses incurred or normal remuneration or benefits and may create potential conflict of interest.

Our Promoter i.e. Gaurang Kanakia are interested in the Company to the extent of lease rentals receivable from our Company other than the extent of its shareholding in the Company. For further details please refer to section titled Related Party Transactions on page 136 of this Draft Prospectus.

### 5. We have substantial indebtedness and will continue to have debt service obligations following the Issue. The total amounts outstanding and payable by our Company as principal and interest were Rs. 212.90 Lacs as on 31<sup>st</sup> March, 2016.

The total amounts outstanding and payable by us as principal and interest on account of the loan arrangements with banks, financial institutions, promoters and other body corporate as on 31<sup>st</sup> March, 2016 are Rs. 212.90 Lacs. For further information on the financing and loan agreements along with the total amounts outstanding and the details of the repayment schedule, see Annexure 9 & 10 of section titled “Financial Information of Our Company” on page 150 of this Draft Prospectus.

### 6. Our lenders have charge over our movable properties in respect of finance availed by us.

We have secured our lenders by creating charge over our properties. In the event we default in repayment of the loans availed by us and any interest thereof, our properties may be forfeited by lenders. For further information on the financing and loan agreements along with the total amounts outstanding; please refer to Annexure 10 of section titled “Financial Information of our Company” on page 150 of this Draft Prospectus.

### 7. We have reported negative cash flows.

The detailed break up of cash flows is summarized in below mentioned table and our Company has reported negative cash flow in certain financial years and which could affect our business and growth:

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Net Cash Flow from Operating Activities	(15.94)	134.72	1.72	5.87	(11.39)
Net Cash Flow from Investing Activities	(7.01)	5.22	(181.98)	(86.52)	(36.10)
Net Cash Flow from Financing Activities	108.94	(141.13)	186.51	73.88	57.29
Net Increase / (Decrease) in Cash & Cash Equivalents	<b>85.99</b>	<b>(1.19)</b>	<b>6.25</b>	<b>(6.77)</b>	<b>9.80</b>

### 8. Our indebtedness and the conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.

We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings. Some of these agreements contain restrictive covenants, including, but not limited to,



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requirements that we obtain written consent from lenders prior to issuing new shares, incurring further debt, creating further encumbrances on our assets, effecting any scheme of amalgamation or restructuring, undertaking guarantee obligations, declaring dividends, undertaking new projects or making investments. There can be no assurance that we will be able to comply with these covenants or that we will be able to obtain the consents necessary to take the actions we believe are required to operate and grow our business. Certain of our loans may be called at any time by our lenders pursuant to terms of the relevant agreements. An event of default under any of these loan arrangements, if not cured or waived, could have a material adverse effect on us.

**9. Our Promoter Group entity is engaged into the business which is similar to our Company's proposed expansion plan and this could lead to a potential conflict of interest.**

Our Promoter Group Company, M/s. Dermacare Surgicals Private Limited, is engaged in similar activity set out as main objects in the MOA of our Company and our proposed expansion plan. There could exist conflict of interests arising out of common pursuits between our Promoter Group Entity and our Company in future.

**10. Our business has experienced growth in the past, which we may not be able to sustain in the future.**

The total turnover of our Company has sustained the growth since FY 2011-12. Our Company has reported total turnover of Rs. 356.05 Lacs in fiscal 2012, which has grown to Rs. 841.45 Lacs in fiscal 2016. We may not be able to sustain our growth or maintain a similar rate of growth in the future due to non-availability of professionals with necessary skill sets, decline in the demand for our products due to increased competition, and lack of management resources or due to a general slowdown in the economy. Failure to sustain our growth may have a material adverse effect on our financial condition and results of operations.

**11. If we are unable to successfully manage the introduction of new products, our business, operating cash flows and financial condition will be adversely affected.**

As we introduce new or enhanced products we face risks including among other things, disruption in customers ordering patterns, excessive or insufficient levels of existing product inventories, difficulties in ramping-up our manufacturing arrangements, revenue deterioration in our existing product lines, insufficient supplies of new products to meet customers demand, possible product and technology defects and a potentially different sales and support environment. The development and commercialization process is both time consuming and capital intensive. We may focus our resources on technologies that do not become widely accepted or are not commercially viable.

Further, any leak of information about new products or features or technologies prior to their launch may reduce the effectiveness of our product launches, reducing sales volumes of current products due to anticipated future products, making it more difficult to compete, shortening the exclusivity of our product innovation and/or increasing market expectations for the results of our new products before we have had an opportunity to demonstrate the market viability of such products. Our failure to manage the introduction of newer products will adversely affect our business, operating cash flows and financial condition.

**12. The Objects of the Issue for which funds are being raised, are based on our management estimates and the same have not been appraised by any bank or financial institution or any independent agency. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the chapter titles "Objects of the Issue".**

The fund requirement and deployment, as mentioned in the "Objects of the Issue" on page 71 of this Draft Prospectus is based on the estimates of our management and has not been appraised by any bank or financial institution or any other independent agency. These fund requirements are based on our



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current business plan. We cannot assure that the current business plan will be implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements. The deployment of the funds as stated under chapter “Objects of the Issue” is at the discretion of our Board of Directors and is not subject to monitoring by any external independent agency. Further, we cannot assure that the actual costs or schedule of implementation as stated under chapter “Objects of the Issue” will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

- 13. We have not identified any alternate source of financing the ‘Objects of the Issue’. If we fail to mobilize resources as per our plans, our growth plans may be affected.**

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Issue or any shortfall in the Issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled “Objects of the Issue” on page no. 71 of this Draft Prospectus.

- 14. There is no monitoring agency appointed by our Company and the deployment of funds are at the discretion of our Management and our Board of Directors, though it shall be monitored by the Audit Committee.**

As per SEBI (ICDR) Regulations, 2009 appointment of monitoring agency is required only for Issue size above Rs. 50,000 Lacs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the BSE and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

- 15. Our business is dependent on a continuing relationship with our clients/customers.**

We are engaged into manufacturing of surgical tapes and other surgical equipment in India. Our business is therefore significantly dependent on developing and maintaining relationships with various customers. Our business will be adversely affected if we are unable to develop and maintain relationships with our clients/customers. The loss of clients/customers may have a material adverse effect on our operations.

- 16. Our business is dependent on our manufacturing facility. The loss of or shutdown of operations of our manufacturing facility may have a material adverse effect on our business, financial condition and results of operations.**

Our manufacturing facility is subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our plant for maintenance. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.



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- 17. The success of our manufacturing process is dependent on the timely supply of quality raw materials to our plant, which are subject to various uncertainties and risks. We are dependent on third party suppliers and transport agencies, and our raw material prices are subject to fluctuations.**

We are dependent on third-party vendors for supply of raw materials in the manufacturing process of our products. We do not have long-term contracts with any of our third party vendors for supply of raw materials. We are significantly dependent on the timely and adequate availability of raw materials. Any adverse factors including natural disasters, changes in legislation or any other force majeure events may adversely impact availability of raw materials which may adversely affect our ability to meet client commitments and consequently our sales and profitability.

We endeavor to have contractual protection against price fluctuations in raw materials from the quoted price vis-à-vis the price when the actual order is placed, we cannot assure that the contractual protection would be adequate to mitigate of impact of fluctuations in the intermittent period between the submission of bid/quotation and the date of actual order. It is also critical for us that our suppliers adhere to the quality standards and product specifications that have been furnished to them by us, and failure by them to adhere to the same would adversely affect the quality and/or timely delivery of our products. In the event we become subject to product liability or performance guarantees caused by defective raw materials obtained from an outside supplier, it may adversely affect our reputation as a supplier, financial condition and results of operations.

- 18. Rise in Input Costs may affect our profitability.**

The input costs of the products of the Company may increase due to various reasons. In case the Company is not able to pass on such increase to the consumers because of competition or otherwise, it may affect the profitability of the Company.

- 19. Our manufacturing activities are dependent upon availability of skilled and unskilled labour.**

We do not have any permanent arrangement of labour and recruitments are made as per requirements except for those who are on permanent pay rolls of our Company. Our manufacturing activities are dependent on availability of skilled and unskilled labour. Non-availability of labour at any time or any disputes with them may affect our production schedule and timely delivery of our products to customers which may adversely affect our business and result of operations.

- 20. Our customer contracts/arrangements can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.**

Most of our customer arrangements/contracts with private parties can be terminated with or without cause, usually at short notice and without termination related penalties. Additionally, most of our agreements with customers are without any commitment to future work. Our business is dependent on the decisions and actions of our customers, and there are number of factors relating to our customers that are outside our control and which might result in the termination of a project or the loss of a customer. Any of these factors could adversely affect our revenues and profitability.

- 21. We have high working capital requirements. If we experience insufficient cash flows to meet required payments on our working capital requirements, there may be an adverse effect on our results of operations**

Our business requires a substantial amount of working capital. In many cases, working capital is required to finance the purchase of materials and execution of work on projects before payment is received from clients. Our working capital requirements may increase if, in certain contracts, payment terms do not provide for advance payments to us or if payment schedules are less favorable to us. We may need to borrow additional funds in the future to fulfill our working capital needs. Continued increases in working





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capital requirements may have an adverse effect on our financial condition and results of operations.

**22. In the 12 months prior to the date of filing the Draft Prospectus, the Company had issued Equity Shares at a price, which may be lower than the Issue Price.**

In the 12 months prior to the date of filing of the Draft Prospectus, the Company had allotted 12,00,000 Equity Shares as bonus shares to its existing shareholders. For more details on the issuance of Bonus shares, please see "Capital Structure" on page 46 of this Draft Prospectus.

**23. Accidents in the our factory / manufacturing facility may lead to public liability consequences. Further, our revenue could be diminished if we are associated with negative publicity**

Occurrence of accidents at our factory / manufacturing facility may expose our Company to pay compensation and penalty to our workmen and third parties for any losses or damage to human life/health or the environment. Further, our revenue could be diminished if we are associated with negative publicity.

**24. Upon completion of the Issue, our Promoters / Promoter Group may continue to retain significant control over us, which will allow them to influence the outcome of matters submitted to the shareholders for approval.**

After completion of the Issue, our Promoters and Promoter Group will collectively own 72.73% of the Equity Shares. As a result, our Promoters together with the members of the Promoter Group will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

In addition, our Promoters will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

**25. Rise in Input Costs may affect our profitability.**

The input costs of the products of the Company may increase due to various reasons. In case the Company is not able to pass on such increase to the consumers because of competition or otherwise, it may affect the profitability of the Company.

**26. Our Insurance coverage may not adequately protect us against certain operating risks and this may have a material adverse impact on our business.**

We have maintained insurance coverage of our assets and accident policies as specified in section titled Insurance Policies on page 101 of the Draft Prospectus. We believe that the insurance coverage maintained, would reasonably cover all normal risks associated with the operation of our business, however, there can be no assurance that any claim under the insurance policies maintained by us will be met fully, in part or on time. In the event we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

**27. Our Company has entered into certain related party transactions.**

Our Company has entered into certain transactions with related parties, including our Promoters and Promoter Group. While we believe that such transactions are carried on arms length basis, however any



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transactions with our related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. For more details, please refer to chapter titled “Related Party Transactions” on page 136 of the Prospectus

### **B: Risk related to this Issue and our Equity Shares**

- 28. Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditure and other factors.**

Our Company is dividend-paying company in the past years. For further details please refer to chapter titled “Dividend Policy” on page 137 of the Prospectus. However, the amount of our future dividend payments, if any, will depend upon our future earnings, financial conditions, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all.

- 29. Any future issue of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.**

Any future equity issues by us, including in a primary offering, may lead to the dilution of investors' shareholdings in us. Any future equity issuances by us or sales of its Equity Shares by the Promoter may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

- 30. There is no guarantee that the Equity Shares offered pursuant to this Issue will be listed on the BSE SME in a timely manner.**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain any in-principle approval for listing of shares issued. We have only applied to BSE-SME to use its name as the Stock Exchange in this offer document for listing our shares on the BSE-SME. In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a delay in listing the Equity Shares on the BSE-SME. Any delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

- 31. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.**

Following the listing, we will be subject to a daily “circuit breaker” imposed by BSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity.

### **EXTERNAL RISK FACTORS**

- 32. Natural calamities and force majeure events may have an adverse impact on our business.**

Natural disasters may cause significant interruption to our operations, and damage to the environment that could have a material adverse impact on us. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of deficient or abnormal rainfall and



## **KMS Medisurgi Limited**

other natural calamities could have an adverse impact on the Indian economy, which could adversely affect our business and results of operations.

- 33. We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards (“IFRS”). Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.**

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for convergence with IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 (the “IFRS Convergence Note”). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined. Our financial condition, results of operations, cash flows or changes in shareholders’ equity may appear materially different under IFRS than under Indian GAAP or our adoption of converged Indian Accounting Standards may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding (restated) period in the comparative Fiscal/period.

- 34. Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.**

Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Elimination or substantial change of policies or the introduction of policies that negatively affect the Company’s business could cause its results of operations to suffer. Any significant change in India’s economic policies could disrupt business and economic conditions in India generally and the Company’s business in particular.

- 35. Financial instability in Indian financial markets could adversely affect our company’s results of operations and financial condition.**

In this globalized world, the Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, say in the United States of America, Europe, China or other emerging economies, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors’ reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company’s business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

- 36. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.**

Under the foreign exchange regulations currently in force in India, transfers of shares between nonresidents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required.



## **KMS Medisurgi Limited**

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

**37. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.**

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

**38. Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.**

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the Mumbai terrorist attacks and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

**39. Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.**

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Imposition of any other taxes by the Central and the State Governments may adversely affect our results of operations.

**40. Any downgrading of India's sovereign rating by an independent agency may harm our ability to raise financing.**

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

**41. Natural calamities could have a negative impact on the Indian economy and cause Our Company's business to suffer.**

India has experienced natural calamities such as earthquakes, tsunami, and floods in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operation as well as the price of the Equity Shares.



***KMS Medisurgi Limited***

**42. You may be subject to Indian taxes arising out of capital gains on sale of Equity Shares.**

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months is not subject to capital gains tax in India if securities transaction tax (“STT”) is paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax. Any change in tax provisions may significantly impact your return on investments.



**PROMINENT NOTES:**

1) **SIZE OF THE ISSUE:**

Public Issue of 9,00,000 Equity Shares of Rs. 10/- each (the “Equity Shares”) for cash at a price of Rs. 30/- per Equity Share aggregating to Rs. 270.00 Lacs (“the Issue”) by KMS Medisurgi Limited (“KMS” or the “Company”, or the “Issuer”). Out of the Issue, 52,000 Equity Shares of Rs. 10 each at a price of Rs. 30/- each per Equity Share aggregating to Rs. 15.60 Lacs, which will be reserved for subscription by Market Makers to the issue (the “market maker reservation portion”) and Net Issue to the Public of 8,48,000 Equity Shares of Rs. 10 each at a price of Rs. 30/- each per Equity Share aggregating to Rs. 254.40 Lacs (hereinafter referred to as the “Net Issue”). The Issue and the Net Issue will constitute 27.27% and 25.70%, respectively, of the post issue paid up Equity Share capital of the Company.

2) The average cost of acquisition of Equity Shares by the Promoters:

Name of the Promoters	No. of Shares held	Average cost of Acquisition (in Rs.)
M/s. Moni Diamonds Limited	634000	7.11
Mr. Gaurang Prataprai Kanakia	328180	7.19
Mr. Anand Prataprai Kanakia	337400	14.35

*\*The average cost of acquisition of our Equity Shares by our Promoters has been calculated by taking into account the amount paid by them to acquire, by way of fresh issuance or transfer, the Equity Shares, including the issue of bonus shares to them. The average cost of acquisition of our Equity Shares by our Promoters has been reduced due to the issuance of bonus shares to them, if any. For more information, please refer to the section titled “Capital Structure” on page 46.*

- 3) Our Net worth as on 31<sup>st</sup> March, 2016 is Rs. 332.92 Lacs as per Restated Financial Statements.
- 4) The Book - Value per share as on 31<sup>st</sup> March, 2016 is Rs. 27.74 as per Restated Financial Statements.
- 5) The name of Our Company was changed to "KMS Medisurgi Limited" and a fresh Certificate of Incorporation dated 15<sup>th</sup> June, 2016 issued by the Registrar of Companies, Mumbai, Maharashtra.
- 6) Investors may please note that in the event of over subscription, allotment shall be made on proportionate basis in consultation with the BSE, the Designated Stock Exchange. For more information, please refer to “Basis of Allotment” on page 205 of the Draft Prospectus. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
- 7) Investors are advised to refer to the paragraph on “Basis for Issue Price” on page 78 of this Draft Prospectus before making an investment in this Issue.
- 8) No part of the Net Proceeds of Issue will be paid by the Company to the Promoters, members of the Promoter Group, Directors or key management personnel of the Company.
- 9) Investors may contact the Lead Manager or the Compliance Officer for any complaint/clarifications/information pertaining to the Issue. For contact details of the Lead Manager and the Compliance Officer, refer the front cover page.
- 10) Other than as stated in the section titled “Capital Structure” beginning on page 46 of this Draft Prospectus, our Company has not issued any Equity Shares for consideration other than cash.





**KMS Medisurgi Limited**

- 11) Except as mentioned in the sections titled “*Capital Structure*” beginning on page 46 of this Draft Prospectus, we have not issued any Equity Shares in the last twelve months.
- 12) Except as disclosed in the sections titled “*Our Promoters*” or “*Our Management*” beginning on pages 124 and 113 respectively of this Draft Prospectus, none of our Promoters, our Directors and our Key Managerial Employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.
- 13) Any clarification or information relating to the Issue shall be made available by the LM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the LM for any complaints pertaining to the Issue. Investors are free to contact the LM for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- 14) For transactions in Equity Shares of our Company by the Promoter Group and Directors of our Company in the last six (6) months, please refer to paragraph under the section titled “*Capital Structure*” on page 46 of this Draft Prospectus.
- 15) There are no contingent liabilities as on 31<sup>st</sup> March, 2016.
- 16) For details of any hypothecation, mortgage or other encumbrances on the movable and immovable properties of our Company please refer to the section titled “*Financial Information*” on page 138 of this Draft Prospectus.
- 17) Except as disclosed in the section titled “*Our Promoter Group / Group Companies / Entities*” on page 129, none of our Group Companies have business interest in our Company.
- 18) For interest of Promoters/Directors, please refer to the section titled “*Our Promoters*” beginning on page 124 of this Draft Prospectus.
- 19) The details of transactions with the Group Companies/ Group Enterprises and other related party transactions are disclosed as Annexure 18 of restated financial statement under the section titled “*Financial Information*” on page 152 of the Draft Prospectus.

**SECTION III: INTRODUCTION**

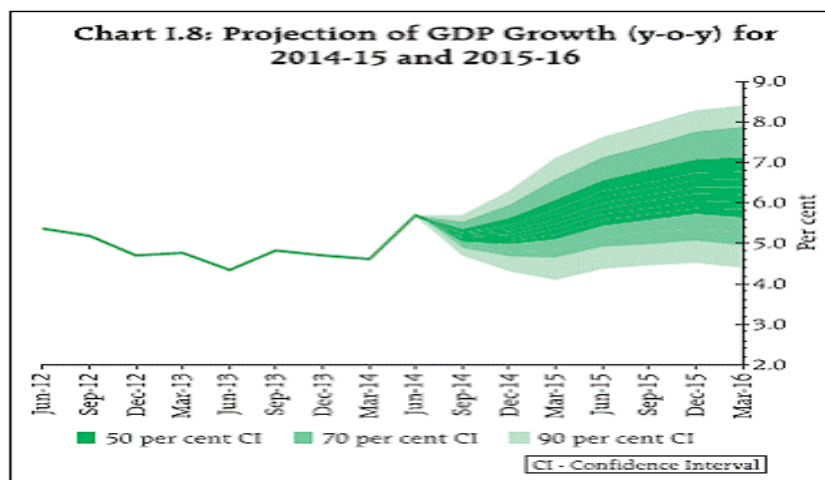
**SUMMARY**

*This is only the summary and does not contain all information that you shall consider before investing in Equity Shares. You should read the entire Draft Prospectus, including the information on “Risk Factors” and related notes on page 13 of this Draft Prospectus before deciding to invest in Equity Shares.*

**INDUSTRY OVERVIEW**

**Overview of the Indian Economy**

The Indian economy is ranked fourth in the world, on purchasing power parity basis, after United States, China and Japan (Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>). For the fiscal year 2015, the forecast for real GDP growth rate in India is estimated to achieve a marginally higher rate of 7.5% than last year (7.3%). by the National Council of Applied Economic Research (“NCAER”) in their ‘Quarterly Review of the Economy’ on September 30, 2014. (Source: NCAER’s Quarterly Review of the Indian Economy, Quarter 1, 2015-16).



Growth in the Indian economy had been shifting down from 9.6 per cent in Q4 of 2010-11. It troughed around 4.4 per cent for three quarters from Q3 of 2012-13 to Q1 of 2013-14. Since then there are signs of growth bottoming out with marginal improvement recorded during Q2 and Q3 of 2013-14 to 4.8 and 4.7 per cent respectively. However, this improvement has been feeble and clear signs of recovery are yet to emerge, even as the economy seems to be gearing for a modest recovery during 2014-15.

**The Indian Pharmaceutical Industry**

**Introduction**

The Indian pharmaceuticals market is the third largest in terms of volume and thirteen largest in terms of value. Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80 per cent of the market. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Currently, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level.

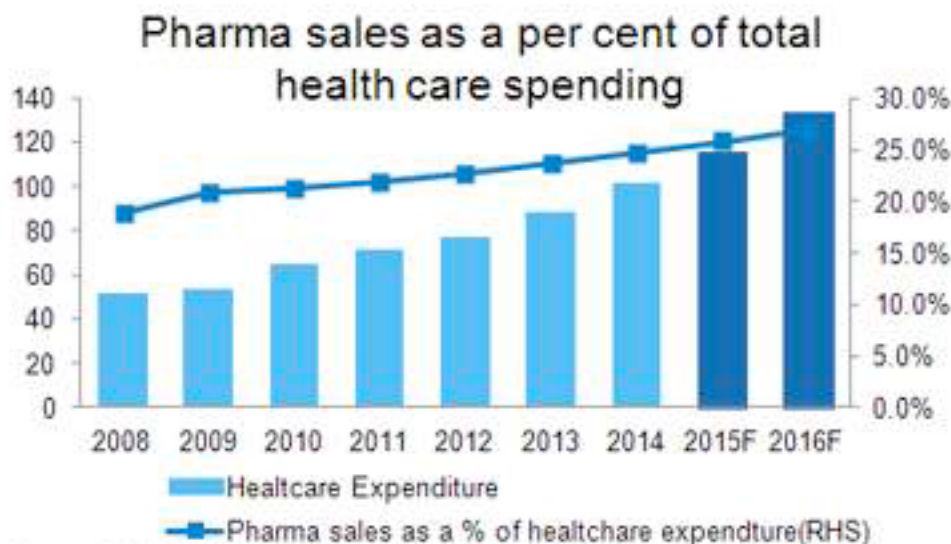
**Current Scenario**

The Indian pharmaceutical industry is estimated to grow at 15.92 per cent compound annual growth rate (CAGR) over the next five years. Presently, the market size of the pharmaceutical industry in India stands at US\$ 20 billion. As on March 2014, Indian pharmaceutical manufacturing facilities registered with the US Food and Drug Administration (FDA) stood at 523, highest for any country outside the US.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio industry and bioinformatics is expected grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at Rs 12,600 crore (US\$ 1.90 billion).

**Steep growth expected in Pharmaceutical Expenditure**

- Over 2012- 20, total healthcare spending is expected to rise at a CAGR of 20 per cent to US\$ 280 billion from US\$ 65 billion
- Industry revenues are expected to expand at a CAGR of 12.1 per cent during 2012-20 and reach US\$ 45 billion
- Pharmaceutical sales, as a percentage of total healthcare spending, are expected to increase to 27 per cent by 2016 from 18.9 per cent in 2014;



Source: Deloitte, BMI, PWC, TechSci Research  
 Notes: F - Forecast, CAGR - Compound Annual Growth Rate

**Investments in the sector**

The Union Cabinet has given its nod for the amendment of the existing FDI policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative foreign direct investment (FDI) inflows worth US\$ 13.34 billion between April 2000 and June 2015, according to data released by the Department of Industrial Policy and Promotion (DIPP)

Some of the major investments in the Indian pharmaceutical sector are as follows:



## **KMS Medisurgi Limited**

- Stelis Biopharma announced the breakthrough construction of its customised, multi-product, biopharmaceutical manufacturing facility at Bio-Xcell Biotechnology Park in Nusajaya, Johor, Malaysia's park and ecosystem for industrial and healthcare biotechnology at a total project investment amount of US\$ 60 million.
- Strides Arcolab entered into a licensing agreement with US-based Gilead Sciences Inc to manufacture and distribute the latter's cost-efficient Tenofovir Alafenamide (TAF) product to treat HIV patients in developing countries. The licence to manufacture Gilead's low-cost drug extends to 112 countries.
- Founder and Executive Chairman, Apollo Hospitals, Mr. Prathap C Reddy informed that the Apollo Hospitals Enterprise (AHEL) aims to add another 2,000 beds over the next two financial years, at a cost of around Rs 1,500 crore (US\$ 226.26 million).
- CDC, the UK's development finance institution, invested US\$ 48 million in Narayana Hrudayalaya hospitals, a multi-specialty healthcare provider, with an aim to expand affordable treatment in eastern, central and western India.
- Cadila Healthcare Ltd announced the launch of a biosimilar for Adalimumab - for rheumatoid arthritis and other auto immune disorders. The drug will be marketed under the brand name Exemptia at one fifth of the price for the branded version-Humira. Cadila's biosimilar is the first in class and an exact replica of the original in terms of safety, purity and potency of the product, claims the company.
- Torrent Pharmaceuticals entered into an exclusive licensing agreement with Reliance Life Sciences for marketing three biosimilars in India – Rituximab, Adalimumab and Cetuximab.
- Piramal Enterprises Ltd acquired US-based Coldstream Laboratories for US\$ 30.6 million in an all cash transaction.
- Indian Immunologicals Ltd plans to set up a new vaccine manufacturing facility in Pondicherry with an investment of Rs 300 crore (US\$ 45.25 million).
- SRF Ltd has acquired Global DuPont Dymel, the pharmaceutical propellant business of DuPont, for US\$ 20 million.
- Marksans Pharmaceuticals acquired US-based Time-Cap Laboratories, a manufacturer and marketer of solid dose generic pharmaceuticals, including private label over-the-counter medications, generic prescription drugs and nutritional supplements.
- Intas Pharmaceuticals is the first global company to launch a biosimilar version of Lucentis, the world's largest selling drug for treatment of degenerative eye condition called Razumab.

### **Government Initiatives**

The Addendum 2015 of the Indian Pharmacopoeia (IP) 2014, published by the Indian Pharmacopoeia Commission (IPC) on behalf of the Ministry of Health & Family Welfare, is expected to play a significant role in enhancing the quality of medicines that would in turn promote public health and accelerate the growth and development of pharmaceutical sector.

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.

Further, the government introduced mechanisms such as the Drug Price Control Order and the National



## **KMS Medisurgi Limited**

Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- Indian and global companies have expressed 175 investment intentions worth Rs 1,000 crore (US\$ 150.84 million) in the pharmaceutical sector of Gujarat. The memorandums of understanding (MoUs) would be signed during the Vibrant Gujarat Summit.
- Telangana has proposed to set up India's largest integrated pharmaceutical city spread over 11,000 acres near Hyderabad, complete with effluent treatment plants and a township for employees, in a bid to attract investment of Rs 30,000 crore (US\$ 4.52 billion) in phases. Hyderabad, which is known as the bulk drug capital of India, accounts for nearly a fifth of India's exports of drugs, which stood at Rs 95,000 crore (US\$ 14.3 billion) in 2014-15.
- The government has planned to set up Rs 500 crore (US\$ 75.4 million) venture capital fund to boost domestic pharmaceutical industry and to provide cheaper loans to entities looking to establish or upgrade manufacturing facilities.
- At the launch of Cluster Development Programme of pharmaceutical sector, minister of Fertilizer and Chemicals, announced that six pharmaceutical parks will be approved and established this year which will have sufficient infrastructure and facilities for testing and treatment of drugs and also for imparting training to industry professionals.

### **THE MEDICAL DEVICES AND EQUIPMENT INDUSTRY**

The Medical Devices and Equipment industry, valued at US\$ 2.5 billion contributes only 6% of India's US\$ 40 billion healthcare sector. Moreover, it is growing at a faster annual rate of 15% than 10-12% growth seen in the Healthcare sector in its entirety. A rise in the number of hospitals and the increased requirement for healthcare facilities creates a need for sophisticated devices and equipment, which can provide accurate treatment to individuals. The Medical Electronics segment of this industry incorporates control, conversion, sensing, processing, storage, display, and transfer of information on anatomy and physiology by making use of the Electronics and Communication Technologies. The Medical Equipment industry is quite wide with > 14,000 different products types, as per the Global Medical Device Nomenclature (GMDN). The products range from wound closure pads to stents and IVD machines of medical devices. Further, it can be reasonably said that Medical Electronics is an area, where Electronics and Information Communication Technology play a decisive role.

In the past, the sector has significantly brought down the incidence of disease among patients, families, and society as well as improved the country's health system, significantly. However, in India the penetration of medical devices is low and inadequate due to the barriers that prevent their usage.

#### **Promotion of the Sector by the Government**

The government is expected to develop a regulatory structure leading to quality products being developed by manufacturers. However, the current regulatory structure lacks active participation from the government but with the increase in competition in the sector, this is just a matter of time. The last few years have seen an increase in domestic manufacturing of medical equipment. With impetus from Government of India schemes, India is beginning to look forward to being recognized as a manufacturing destination for sophisticated medical technology.

#### **The Private and Foreign Investments**

International companies in this field are also using India as a manufacturing base by either setting up facilities of their own or by acquiring domestic manufacturers. Some examples include 3 M's manufacturing plant in Pune,



## **KMS Medisurgi Limited**

Becton Dickinson's manufacturing facility in Haryana, Hollister's setting up manufacturing facility in India and Philips Medical Systems' acquisition of Medtronic's and Alpha X-Ray Technologies. Medical Technology Parks have been proposed by the Government of India in addition to the existing parks to encourage domestic manufacturing of medical equipment.

### **Role Played by Major Competitors in the Medical Technology Sector**

Medical Technology companies are undertaking a lot of innovations out of India, both, for the domestic as well as the overseas markets. Transasia Biomedicals has developed in-vitro *diagnostic equipment through its R&D base in Mumbai. The Sushrut Adler Group has developed an external fixator for the Indian market. Johnson and Johnson has developed a knee implant suitable for the Indian market as well as a reusable stapler for use in surgeries at price points, which are amenable to the Indian market. Roche Diagnostics has developed a screening device for cardio-vascular diseases, which is suitable for use in rural settings. GE Healthcare has developed a low cost ECG machine and a low cost Ultrasound machine for the Indian market. Philips Healthcare is using its recent acquisitions in India to develop and launch a low cost path Lab for the Indian market.*

### **Drivers for Growth of Medical Technology Sector in India**

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

### **Key Challenges Faced by the Sector**

- Low Penetration
- Accessibility
- Affordability
- Awareness
- Nascent Regulatory Environment
- Low Indigenous Manufacturing
- No Distinct Status of the Industry
- Need for Quality Benchmark at par with the Global Standards
- Complex Rules and Guidelines
- High Capital requirement

### **Recommendations for Government to Improve Sector**

- Move toward adoption of the Global Harmonization Task Force's (GHTF) definition and rules-based classification of medical devices.
- Work towards making legislative amendments to enable comprehensive Medical Device Regulations.
- Urgent Necessity for resource, funds allocation for training and skill up gradation.
- Evolve medical technology clusters with common facilities for development, calibration, testing, quality control, waste management etc. hence, creating an ecosystem for the benefit of SME's focusing on medical technology.
- Increase public spending in healthcare from 1% of GDP to 3% of GDP to radically alter the provision of healthcare services.
- Encourage greater collaboration between medical centers and technology universities.
- Increase the quality and enhance consistency of training received by medical and paramedical staff thereby providing creative resources for leading medical innovation efforts.





## **KMS Medisurgi Limited**

- Include medical technology education within the medical curriculum with assistance from agencies like NIPER.
- Increase the training for regulatory staff especially at the State Level to ensure consistent interpretation of regulatory approval processes for which partnership with Industry associations maybe considered as a practice instead of sporadic efforts.
- Usher further reform in the insurance sector to stimulate health insurance thereby providing the financial incentives for medical technology innovation.
- Set up a venture investment fund to address the lack of early stage venture capital

Source: IBEF, Consolidated FDI Policy, Department of Industrial Policy & Promotion (DIPP), Press Information Bureau (PIB), Media Reports, Pharmaceuticals Export Promotion Council, TechSci Research

### **BUSINESS OVERVIEW**

Our Company was incorporated at Mumbai as "KMS Medisurgi Private Limited" on 25<sup>th</sup> March, 1999. We have been converted in to a Public Limited Company and consequently name was changed to "KMS Medisurgi Limited" on 15<sup>th</sup> June, 2016. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 109 of this Prospectus.

We manufacture & undertake job work of coating of various substrates like non woven fabrics, PU films, cotton fabrics, and taffeta silk fabrics with adhesive.

We are engaged into the business of ethical marketing and distribution of Surgical Disposable, Haemostat, Medical Devices, Urology Equipments, Surgery Equipments, Orthopedic/Physiotherapy equipments, Blood Banking Equipments and other such Surgical Equipments in India.

We have been established in 1999 as surgical equipment company and since then we have been successfully launching new concepts through which have helped the Indian Healthcare industry. We bridge the gap between the world technological advancements and Indian Healthcare industry. We are government approved suppliers throughout India.

Our Mission is "To become a leading Medical Device Company specializing in the supply of value-added products contributing to public healthcare and focusing on leading surgical products with a technological edge, at competitive rates".

Our target is "To serve our customers at our very best, constantly improve and upgrade the quality of our production and organizational skills and to develop novel products."

The Quality of our products has always been our priority, thanks to our highly qualified and dedicated staff, we have maintained those standards and we will strive towards excellence in future.

We are Government approved supplier. We are representing the World Leaders in Surgical Disposables, Medical & Surgical Equipments for India as their Exclusive Distributors.

We also undertake job work of coating of various substrates like non woven fabrics, PU films, cotton fabrics, and taffeta silk fabrics with adhesive.

### **Our Operations and Products**

We have been established in 1999 as surgical equipment company and since then we have been successfully launching new concepts through which have helped the Indian Healthcare industry. We bridge the gap between the world technological advancements and Indian Healthcare industry. We are government approved suppliers throughout India.



## **KMS Medisurgi Limited**

We are engaged into the business of ethical marketing and distribution of Surgical Disposable, Haemostat, Medical Devices, Urology Equipments, Surgery Equipments, Orthopedic/Physiotherapy equipments, Blood Banking Equipments and other such Surgical Equipments in India.

We are Government approved supplier. We are representing the World Leaders in Surgical Disposables, Medical & Surgical Equipments for India as their Exclusive Distributors.

We also undertake job work of coating of various substrates like non woven fabrics, PU films, cotton fabrics, and taffeta silk fabrics with adhesive.

We offer a gamut of products, which includes as below:

- Absorbable Gelatin Surgical Sponge
- Surgipore Tape
- Surgipore Tape (Silk)
- Cushions for ESWL-VI Shock Wave Hand
- Dressing Post-Op Medicated
- Dressing Silicon Gel
- Microporus Surgical Foam Tape
- Fleece Fabric
- Double Side Adhesive Tape

We are constantly striving to expand our line of products and we are always on the lookout for complementary products that will add to our solution bouquet. We would seek product lines, which have better scope for value addition and therefore offer us higher than average margins.

### **Our growth strategy:**

Our strategy is to build upon our competitive strengths and business opportunities to become one of the vital surgical equipment Company. We intend to achieve this by implementing the following strategies:

#### **To reap the benefit by enhancing manufacturing capacities**

We are focused on establishing and increasing our manufacturing facilities, as this will allow us to exercise control over manufacturing costs and the quality of the finished products. We believe that an increase in manufacturing capacity will help us reap the benefits of economies of scale. Higher volumes would enable us to also make competitive raw material purchases and this would eventually lead to an improvement in the price competitiveness of our products.

#### **Constant Technology Up gradation**

Our Company has focused on constant up gradation of its machineries and equipments used in our business from various parts of the world keeping in mind its usage in the Indian conditions.

#### **Continue to develop client relationships**

We plan to grow our business primarily by growing the number of client relationships, as we believe that increased client relationships will add stability to our business. We seek to build on existing relationships and also focus on bringing into our portfolio more clients. Our Company believes that business is a by-product of relationship. Our Company believes that a long-term client relationship with large clients reap fruitful returns. Long-term relations are built on trust and continuous meeting with the requirements of the customers.



### **Pursue strategic acquisitions**

In order to expand, we seek to identify acquisition targets and/or joint venture partners whose resources, capabilities, technologies and strategies are complementary to and are enabling us to establish our presence in new geographical locations.

### ***Penetration in to global markets***

We are looking forward to enter into global markets and we plan to target countries where we can leverage our track record and experience in India to compete effectively and expand our revenue base.

### ***Strengthening our brand***

We intend to invest in developing and enhancing recognition of our brand – KMS, through brand building efforts, communication and promotional initiatives such as exhibitions fairs, electronic media, organizing events, participation in industry events, public relations and investor relations efforts. This will help us to maintain and improve our global and local reach. We believe that our branding exercise will enhance the recall value and trust in the minds of our customers and will help in increasing demand for our products.

### **SWOT:**

#### **Strengths**

- Cordial relations with Customers
- In depth knowledge of Industry - Commercial & Technical
- Established manufacturing facility
- Infrastructural support
- Low overhead cost
- Sizeable market share
- Experienced management team

#### **Weaknesses**

- Dependent upon growth in Healthcare and surgical industry
- Insufficient international market reach
- Surge in finance needs to cope up with the increased demand

#### **Opportunities**

- Shift towards organized healthcare will boost demand in future
- Government's drive to upgrade healthcare facilities

#### **Threats**

- Industry is prone to changes in government policies, any material changes in the duty or international raw material prices may adversely impact our financials.
- There are no entry barriers in our industry, which puts us to the threat of competition from new entrants.



**KMS Medisurgi Limited**

**SUMMARY OF FINANCIAL DATA**

**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Equity &amp; Liabilities</b>					
<b>Shareholders' Funds</b>					
Share Capital	120.00	50.00	50.00	50.00	50.00
Reserve & Surplus	212.92	63.58	60.71	58.03	54.00
<b>Total (A)</b>	<b>332.92</b>	<b>113.58</b>	<b>110.71</b>	<b>108.03</b>	<b>104.00</b>
<b>Non Current Liabilities</b>					
Share Application Money	-	-	-	-	-
Long Term Borrowings	64.85	206.52	212.96	221.49	172.02
Deferred Tax Liabilities (Net)	-	-	-	-	-
Other Long Term Liabilities	-	-	-	-	-
<b>Total (B)</b>	<b>64.85</b>	<b>206.52</b>	<b>212.96</b>	<b>221.49</b>	<b>172.02</b>
<b>Current Liabilities</b>					
Short Term Borrowings	148.05	78.72	185.80	20.47	12.17
Trade Payables	238.25	313.67	183.50	98.75	55.62
Other Current Liabilities	9.98	7.27	8.17	10.86	18.82
Short Term Provisions	11.33	0.30	-	1.16	-
<b>Total (C)</b>	<b>407.61</b>	<b>399.96</b>	<b>377.47</b>	<b>131.24</b>	<b>86.61</b>
<b>Total (D=A+B+C)</b>	<b>805.38</b>	<b>720.06</b>	<b>701.14</b>	<b>460.76</b>	<b>362.64</b>
<b>Assets</b>					
<b>Fixed Assets:</b>					
Tangible Assets	198.13	225.24	271.50	128.13	55.03
Intangible Assets	-	-	-	-	-
Long Term Loans & Advances	-	-	-	52.54	78.54
Non Current Investments	0.16	0.16	0.16	0.16	0.16
Other Non Current Assets	-	-	-	-	-
<b>Total (E)</b>	<b>198.29</b>	<b>225.40</b>	<b>271.66</b>	<b>180.83</b>	<b>133.73</b>
<b>Current Assets</b>					
Current Investments	-	-	-	-	-
Inventories	29.88	100.55	38.95	11.85	11.25
Trade Receivables	376.34	311.88	298.90	208.65	96.58
Cash & Bank Balances	128.21	42.22	43.40	37.14	43.91
Short Term Loans & Advances	72.66	40.01	47.69	22.28	75.96
Other Current Assets	-	-	0.54	-	1.21
<b>Total (F)</b>	<b>607.09</b>	<b>494.66</b>	<b>429.48</b>	<b>279.93</b>	<b>228.91</b>
<b>Total (G=E+F)</b>	<b>805.38</b>	<b>720.06</b>	<b>701.14</b>	<b>460.76</b>	<b>362.64</b>



**KMS Medisurgi Limited**

**STATEMENT OF PROFIT AND LOSS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Income</b>					
Revenue from Operations	841.45	889.44	761.86	615.40	356.05
Other Income	6.42	3.99	4.96	7.30	3.02
<b>Total</b>	<b>847.87</b>	<b>893.43</b>	<b>766.82</b>	<b>622.70</b>	<b>359.07</b>
<b>Expenditure</b>					
Cost of Materials Consumed	393.74	356.67	211.76	29.35	74.62
Purchase of Stock in trade	145.67	435.46	418.32	438.81	154.02
Change in inventories of Stock in trade	76.55	(55.36)	(19.76)	(0.60)	1.78
Employees Costs	53.69	39.10	40.38	41.42	31.05
Administrative, Selling and Other Expenses	90.29	41.59	49.87	83.19	58.70
<b>Total</b>	<b>759.94</b>	<b>817.46</b>	<b>700.57</b>	<b>592.17</b>	<b>320.17</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>87.93</b>	<b>75.97</b>	<b>66.25</b>	<b>30.53</b>	<b>38.90</b>
Depreciation & Amortization	34.12	41.04	38.61	13.42	9.57
<b>Profit before Interest &amp; Tax</b>	<b>53.81</b>	<b>34.93</b>	<b>27.64</b>	<b>17.11</b>	<b>29.33</b>
Interest & Finance Charges	24.38	27.31	22.83	8.71	12.80
Exceptional Items	-	-	-	-	-
<b>Net Profit before Tax</b>	<b>29.43</b>	<b>7.62</b>	<b>4.81</b>	<b>8.40</b>	<b>16.53</b>
<b>Less: Provision for Taxes:</b>					
Current Tax	13.00	4.46	1.27	3.21	6.28
Prior period tax adjustments	2.74	-	0.86	-	-
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>13.69</b>	<b>3.16</b>	<b>2.68</b>	<b>5.19</b>	<b>10.25</b>
Extra Ordinary Items	-	-	-	-	-
<b>Net Profit</b>	<b>13.69</b>	<b>3.16</b>	<b>2.68</b>	<b>5.19</b>	<b>10.25</b>



**KMS Medisurgi Limited**

**STATEMENT OF CASH FLOW, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net profit after taxes	13.69	3.16	2.68	5.19	10.25
Adjustment for:					
Add: Depreciation & Amortization	34.12	41.04	38.61	13.42	9.57
Add: Interest & Finance Charges	24.38	27.31	22.83	8.71	12.80
Operating Profit before Working capital changes	<b>72.19</b>	<b>71.51</b>	<b>64.12</b>	<b>27.32</b>	<b>32.62</b>
<b>Adjustments for:</b>					
Decrease (Increase) in Inventories	70.67	(61.60)	(27.10)	(0.60)	46.13
Decrease (Increase) in Trade & Other Receivables	(64.46)	(12.98)	(90.25)	(112.07)	(0.64)
Decrease (Increase) in Short Term Loans & Advances	(32.65)	7.68	(25.41)	53.68	(59.65)
Decrease (Increase) in Other Current Assets	-	0.54	(0.54)	1.21	(0.47)
Increase (Decrease) in Trade Payables	(75.42)	130.17	84.75	43.13	(18.36)
Increase (Decrease) in Other Current Liabilities	2.71	(0.90)	(2.69)	(7.96)	(11.02)
Increase (Decrease) in Short Term Provisions	11.03	0.30	(1.16)	1.16	-
<b>Net Changes in Working Capital</b>	<b>(88.12)</b>	<b>63.21</b>	<b>(62.40)</b>	<b>(21.45)</b>	<b>(44.01)</b>
Cash Generated from Operations	(15.93)	134.72	1.72	5.87	(11.39)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(15.94)</b>	<b>134.72</b>	<b>1.72</b>	<b>5.87</b>	<b>(11.39)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Sale / (Purchase) of Fixed Assets	(7.01)	5.22	(181.98)	(86.52)	(36.10)
Decrease (Increase) in Investments	-	-	-	-	-
Decrease (Increase) in Other Non Current Assets	-	-	-	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(7.01)</b>	<b>5.22</b>	<b>(181.98)</b>	<b>(86.52)</b>	<b>(36.10)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Issue of share capital and Proceeds / (Refund) from Share Application Money	210.00	-	-	-	-
Interest & Finance Charges	(24.38)	(27.31)	(22.83)	(8.71)	(12.80)
Increase / (Repayment) of Long Term Borrowings	(141.67)	(6.44)	(8.53)	49.47	82.32
Increase / (Repayment) of Short Term Borrowings	69.33	(107.08)	165.33	8.30	(12.23)
Decrease (Increase) in Long Term Loans & Advances	-	-	52.54	26.00	-
Dividends Paid (Including taxes thereon)	(4.34)	(0.30)	-	(1.18)	-
<b>Net Cash Flow from Financing Activities (C)</b>	<b>108.94</b>	<b>(141.13)</b>	<b>186.51</b>	<b>73.88</b>	<b>57.29</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>85.99</b>	<b>(1.19)</b>	<b>6.25</b>	<b>(6.77)</b>	<b>9.80</b>
Cash and cash equivalents at the beginning of the year / Period	42.22	43.40	37.14	43.91	34.11
Cash and cash equivalents at the end of the year/ Period	128.21	42.22	43.40	37.14	43.91



**ISSUE DETAILS IN BRIEF**

**PRESENT ISSUE IN TERMS OF THE PROSPECTUS**

<b>Equity Shares Offered:</b> Fresh Issue of Equity Shares by our Company	Issue of 9,00,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share aggregating Rs. 270.00 Lacs.
<b>Of Which:</b>	
<b>Issue Reserved for the Market Makers</b>	52,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share aggregating Rs. 15.60 Lacs.
<b>Net Issue to the Public*</b>	8,48,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share aggregating Rs. 254.40 Lacs.
<b>Equity Shares outstanding prior to the Issue</b>	24,00,000 Equity Shares of face value of Rs. 10 each
<b>Equity Shares outstanding after the Issue</b>	33,00,000 Equity Shares of face value of Rs. 10 each
<b>Objects of the Issue</b>	Please refer section titled “ <i>Objects of the Issue</i> ” on page 71 of this Draft Prospectus.

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to “*Issue Structure*” on page 191 of this Draft Prospectus.

The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on 1<sup>st</sup> September, 2016 and by the shareholders of our Company vide a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the EGM held on 8<sup>th</sup> September, 2016.

\*As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price issue the allocation is the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to:
  - i. Individual applicants other than retail individual investors; and
  - i. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.





**KMS Medisurgi Limited**

## **GENERAL INFORMATION**

### **KMS MEDISURGI LIMITED**

Our Company was originally incorporated as “KMS Medisurgi Private Limited” in Mumbai, Maharashtra under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated 25<sup>th</sup> March, 1999 bearing Registration Number: 119118 issued by the Registrar of Companies, Mumbai, Maharashtra. Our Company was converted in to a Public Limited Company and consequently the name was changed to “KMS Medisurgi Limited” vide fresh Certificate of Incorporation dated 15<sup>th</sup> June, 2016 issued by the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number of our Company is U51397MH1999PLC119118.

#### **REGISTERED OFFICE:**

297/301 May Building, Ground Floor,  
Marine Lines (East), Princess Street,  
Mumbai - 400 002

Tel: + 91-22-66107700/66107722

Fax: + 91-22-22061111

Email: kms.medisurgi@gmail.com

Website: www.kmsgroup.in

**COMPANY REGISTRATION NUMBER:** 119118

**CORPORATE IDENTIFICATION NUMBER:** U51397MH1999PLC119118

#### **REGISTRAR OF COMPANIES:**

**Registrar of Companies, Mumbai, Maharashtra**

100, Everest, Marine Drive,  
Mumbai - 400 002

Tel: +91-22-2284 6955, 2281 2627, 2281 2645

Fax: +91-22-22811977

Email: roc.mumbai@mca.gov.in

Website: www.mca.gov.in

#### **DESIGNATED STOCK EXCHANGE:**

##### **SME PLATFORM OF BSE**

P.J. Towers, Dalal Street,  
Mumbai, Maharashtra, 400 001

For details in relation to the changes to the name of our Company, please refer to the section titled “Our History and Corporate Structure” beginning on page 109 of this Draft Prospectus.



## KMS Medisurgi Limited

### BOARD OF DIRECTORS:

Our Board of Directors comprise of the following members:

NAME	DESIGNATION	DIN	ADDRESS
Mr. Gaurang Prataprai Kanakia	Managing Director	00346180	Prabhuta, 4 <sup>th</sup> Floor, 21, N. S. Patkar Marg, Hughes Road, Next To Blue Cross Hospital, Mumbai - 400 007
Ms. Rekha Devang Kanakia	Non Executive Non Independent Director	00346198	Prabhuta, 4 <sup>th</sup> Floor, 21, N. S. Patkar Marg, Mumbai - 400 007
Mr. Niraj Kumud Shah	Non Executive Non Independent Director	02202596	D/401/402, Devendra Apts, Rokadia Lane, Borivali (W) Mumbai - 400 092
Mr. Kamlesh Chunilal Rajani	Independent Director	07588417	Room No. 03, Lohana Mahajan Wadi, Kila Road Zendabazar, Near Kabuter Khanna, Vasai West, Umele, Bassein Ro, Thane - 401 202
Mr. Hardik Rajnikant Bhatt	Independent Director	07566870	A-606, New Sheetal Shopping Centre, B.P Road, Near Gurukrupa Hospital, Kharigaon, Bhayander, Thane - 401 105

For further details of Directors of our Company, please refer to section titled "Our Management" on page 113 of this Draft Prospectus.

### COMPANY SECRETARY & COMPLIANCE OFFICER:

**Ms. Kirty Agarwal**

297/301 May Building, Ground Floor,  
Marine Lines (East), Princess Street,  
Mumbai - 400 002

Tel: + 91-22-66107700/66107722

Fax: + 91-22-22061111

Email: kms.medisurgi@gmail.com

Website: www.kmsgroup.in

**Note:** Investors may contact our Company Secretary and Compliance Officer and / or the Registrar to the Issue and/ or the Lead Manager, in case of any pre-issue or post-issue related problems, such as non - receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refund etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs to whom the Application was submitted (at ASBA Locations), giving full details such as name, address of applicant, number, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of relevant SCSBs to whom the Application was submitted (at ASBA Location) where the ASBA Application Form was submitted by the ASBA Applicants.



**KMS Medisurgi Limited**

**CHIEF FINANCIAL OFFICER:**

**Mr. Anand Prataprai Kanakia**  
297/301 May Building, Ground Floor,  
Marine Lines (East), Princess Street,  
Mumbai - 400 002  
Tel: + 91-22-66107700/66107722  
Fax: + 91-22-22061111  
Email: kms.medisurgi@gmail.com  
Website: www.kmsgroup.in

**STATUTORY AUDITORS:**

**M/S. MAYUR MAHESH SHAH & CO.,**  
Chartered Accountants  
2/8 Round Building,  
Picket Road, Kalbadevi Road  
Mumbai - 400 002  
Tel: +91-22-22081363  
E-mail: shahmm01@gmail.com  
Membership No. 103146  
Firm Registration No.-117604W  
Contact Person: Mr. Mayur M. Shah

**PEER REVIEW AUDITORS:**

**M/S. RAMANAND & ASSOCIATES,**  
Chartered Accountants  
6/C, Ostwal Park, Building No. 4 CHSL,  
Near Jesal Park, Jain Temple,  
Bhayander (East), Thane - 401105  
Tel : +91-22-2817 1199  
Telefax: +91-22-2817 1199  
E-mail: rg@ramanandassociates.com  
Firm Registration No.-117776W  
Contact Person: Mr. Ramanand Gupta

**LEAD MANAGER:**

**NAVIGANT CORPORATE ADVISORS LIMITED**  
423, A Wing, Bonanza,  
Sahar Plaza Complex,  
J B Nagar, Andheri Kurla Road,  
Andheri East,  
Mumbai-400 059  
Tel No. +91-22-6560 5550  
Email Id- [navigant@navigantcorp.com](mailto:navigant@navigantcorp.com)  
Investor Grievance Email: [info@navigantcorp.com](mailto:info@navigantcorp.com)  
Website: [www.navigantcorp.com](http://www.navigantcorp.com)  
SEBI Registration Number: INM000012243  
Contact Person: Ms. Khushbu Gupta



**KMS Medisurgi Limited**

**LEGAL ADVISORS TO THE ISSUE:**

**H.R. SHETTY & CO.,**  
Advocates, Solicitors & Notaries  
Advocate High Court  
Room No. 1 Second Floor, Doctor House,  
124, Bazargate Street,  
Fort, Mumbai - 400 001  
Tel : +91-2269 5065/2262 1623  
Email Id: hrshettyadvocate@gmail.com

**REGISTRAR TO THE ISSUE:**

**KARVY COMPUTERSHARE PRIVATE LIMITED**

Karvy Selenium Tower B,  
Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad 500 032  
Tel : +91 40 6716 2222  
Fax : + 91 40 2343 1551  
Website: [www.karisma.karvy.com](http://www.karisma.karvy.com)  
E-mail: [kmsmedisurgi.ipo@karvy.com](mailto:kmsmedisurgi.ipo@karvy.com)  
Contact Person : Mr. M Murali Krishna  
SEBI Registration : INR000000221

**BANKER TO THE ISSUE:**

[●]

**SELF CERTIFIED SYNDICATE BANKS:**

The list of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount ("ASBA") Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Application Form, please refer to the above-mentioned SEBI link.

**CREDIT RATING:**

As the Issue is of Equity shares, credit rating is not required.

**DEBENTURE TRUSTEES:**

As this issue is not a debenture issue, the appointment of debenture trustees is not required.

**IPO GRADING:**

Since the Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading agency.



**BROKERS TO THE ISSUE:**

All members of the recognized stock exchanges would be eligible to act as Brokers to the Issue.

**APPRAISAL AND MONITORING AGENCY:**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 50,000 Lacs. Since the Issue size is only of Rs. 270.00 Lacs, our Company has not appointed any monitoring agency for this Issue. However, as per Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to be entered into with BSE upon listing of the Equity Shares and the Corporate Governance requirements, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

**DETAILS OF THE APPRAISING AUTHORITY;**

The objects of the Issue and deployment of funds are not appraised by any independent agency/ bank/ financial institution.

**INTER-SE ALLOCATION OF RESPONSIBILITIES;**

Since Navigant Corporate Advisors Limited is the sole Lead Manager to this Issue, a statement of inter se allocation responsibilities among Lead Manager's is not required.

**EXPERT OPINION:**

Except the report of the Statutory Auditor of our Company on the financial statements and statement of tax benefits included in this Draft Prospectus, our Company has not obtained any other expert opinion.

**UNDERWRITING AGREEMENT:**

**Underwriting**

The Company and the Lead Manager to the Issue hereby confirm that the Issue is 100% Underwritten. The Issue is 100% underwritten by the Lead Manager- Navigant Corporate Advisors Limited in the capacity of Underwriter to the issue.

Pursuant to the terms of the Underwriting Agreements dated 19<sup>th</sup> September, 2016 entered into by us with Underwriter-Navigant Corporate Advisors Limited, the obligations of the Underwriters are subject to certain conditions specified therein. In the opinion of our Board of Directors the resources of the above mentioned Underwriters are sufficient to enable them to discharge their underwriting obligation in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers.

Name and Address of the Underwriter	Number of Equity Shares Underwritten	Amount Underwritten (Rupees In Lacs)	% of Total Issue Size Underwritten
<b>NAVIGANT CORPORATE ADVISORS LIMITED</b> 423, A Wing, Bonanza, Sahar Plaza Complex, J B Nagar, Andheri Kurla Road, Andheri East, Mumbai-400 059 Tel No. +91-22-6560 5550	9,00,000	270.00	100.00



### KMS Medisurgi Limited

Name and Address of the Underwriter	Number of Equity Shares Underwritten	Amount Underwritten (Rupees In Lacs)	% of Total Issue Size Underwritten
Email Id- <a href="mailto:navigant@navigantcorp.com">navigant@navigantcorp.com</a> Investor Grievance Email: <a href="mailto:info@navigantcorp.com">info@navigantcorp.com</a> Website: <a href="http://www.navigantcorp.com">www.navigantcorp.com</a> SEBI Registration Number: INM000012243 Contact Person: Ms. Khushbu Gupta			
<b>TOTAL</b>	<b>9,00,000</b>	<b>270.00</b>	<b>100.00</b>

#### DETAILS OF THE MARKET MAKING ARRANGEMENT FOR THIS ISSUE:

Our Company has entered into an agreement dated 19<sup>th</sup> September, 2016 with the Lead Manager and Market Maker to fulfill the obligations of Market Making.

<b>Name</b>	<b>NAYSAA SECURITIES LIMITED</b>
<b>Correspondence Address:</b>	102/104, Shivam Chambers, S.V. Road, Goregaon (W), Mumbai - 400062
<b>Tel No.:</b>	+91-22-26760404 / +91-22-26760202
<b>Fax No.:</b>	+91-22-2677 1819
<b>Email:</b>	<a href="mailto:naysaa@naysaasecurities.com">naysaa@naysaasecurities.com</a>
<b>Website:</b>	<a href="http://www.naysaasecurities.com">www.naysaasecurities.com</a>
<b>Contact Person:</b>	Mr. Vikram Lodha
<b>SEBI Registration No.:</b>	INB011412534
<b>BSE Clearing No.</b>	6309

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the BSE, and SEBI regarding this matter from time to time.

Following is a summary of the key details pertaining to the Market Making arrangement:

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be Rs. 1,00,000. However, the investors with holdings of value less than Rs. 1,00,000 shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
4. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
5. The shares of the company will be traded in continuous trading session from the time and day the company gets listed on SME Platform of BSE and market maker will remain present as per the guidelines mentioned under BSE and SEBI circulars.



6. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market - for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
7. The Market Maker(s) shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further our Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on working days.

8. **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
9. **Price Band and Spreads:** The price band shall be 20 % or as intimated by BSE -SME from time to time and the following spread will be applicable on the BSE SME Exchange/ Platform.

Sr. No.	Market Price Slab (in Rs.)	Proposed spread (in % to sale price)
1	Up to 50	9
2	50 to 75	8
3	75 to 100	6
4	Above 100	5

10. **Punitive Action in case of default by Market Makers:** BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

11. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market makers during market making process has been made applicable, based on the issue size and as follows:





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<b>Issue Size</b>	<b>Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size)</b>	<b>Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size)</b>
Up to Rs. 20 Crore	25%	24%
Rs. 20 to Rs. 50 Crore	20%	19%
Rs. 50 to Rs. 80 Crore	15%	14%
Above Rs. 80 Crore	12%	11%

12. All the above mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.

**CAPITAL STRUCTURE**

The Share Capital of the Company as at the date of this Draft Prospectus, before and after the Issue, is set forth below.

(Rs. in Lacs, except share data)

Sr. No	Particulars	Aggregate value at face value	Aggregate value at Issue Price
<b>A.</b>	<b>Authorized Share Capital</b>		
	35,00,000 Equity Shares of face value of Rs.10 each	350.00	-
<b>B.</b>	<b>Issued, Subscribed and Paid-up Equity Share Capital before the Issue</b>		
	24,00,000 Equity Shares of face value of Rs. 10 each	240.00	-
<b>C.</b>	<b>Present Issue in terms of the Draft Prospectus</b>		
	Issue of 9,00,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share.	90.00	270.00
	<b>Which comprises</b>		
	<b>Reserved for Market Maker</b> 52,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share.	5.20	15.60
	<b>Net Issue to the Public</b> 8,48,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share.	84.80	254.40
	<b>Of which</b>		
	4,24,000 Equity Shares of Rs.10 each at a price of Rs.30 per Equity Share will be available for allocation for Investors of up to Rs. 2.00 Lacs	42.40	127.20
	4,24,000 Equity Shares of Rs.10 each at a price of Rs.30 per Equity Share will be available for allocation for Investors of above Rs. 2.00 Lacs	42.40	127.20
<b>D.</b>	<b>Equity capital after the Issue</b>		
	33,00,000 Equity Shares of Rs. 10 each	330.00	-
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Issue	-	-
	After the Issue	-	-

*\*This Issue has been authorized by the Board of Directors pursuant to a board resolution dated 1<sup>st</sup> September, 2016 and by the shareholders of our Company pursuant to a special resolution dated 8<sup>th</sup> September, 2016 passed at the EGM of shareholders under section 62 (1)(c) of the Companies Act, 2013.*

*Our Company has no outstanding convertible instruments as on the date of this Draft Prospectus.*

**Classes of Shares**

*The Company has only one class of share capital i.e. Equity Shares Rs.10 each only.*



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### CHANGES IN THE AUTHORIZED SHARE CAPITAL OF OUR COMPANY:

Sr. No.	Particulars of Change		Date of Shareholders' Meeting	Meeting AGM/EGM
	From	To		
1	-	10,000 Equity Shares of Rs. 10 each	-	Incorporation
2	10,000 Equity Shares of Rs. 10 each	5,00,000 Equity Shares of Rs. 10 each	2 <sup>nd</sup> December, 2002	EGM
3	5,00,000 Equity Shares of Rs. 10 each	35,00,000 Equity Shares of Rs. 10 each	22 <sup>nd</sup> March, 2016	EGM

### NOTES FORMING PART OF CAPITAL STRUCTURE

#### 1. Equity Share Capital history of our Company

Date of/ issue allotment of Shares	No. of Equity Shares Issued	Face value (Rs)	Issue price (Rs.)	Nature of Consideration	Nature of allotment (Bonus, swap etc.)	Cumulative no. of Equity Shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
Incorporation	200	10	10	Cash	Subscription to MOA (A)	200	2000	NIL
24/12/2002	4,998,00	10	10	Cash	Further Allotment (B)	5,00,000	50,00,000	NIL
29/03/2016	2,11,200	10	30	Cash	Further Allotment (C)	7,11,200	71,12,000	42,24,000
30/03/2016	1,84,000	10	30	Cash	Further Allotment (D)	8,95,200	89,52,000	79,04,000
31/03/2016	2,71,100	10	30	Cash	Further Allotment (E)	11,66,300	1,16,63,000	1,33,26,000
31/03/2016	33,700	10	30	Conversion of loan	Further Allotment (F)	12,00,000	1,20,00,000	1,40,00,000
20/07/2016	12,00,000	10	NA	Bonus Issue	Bonus Issue (G) (1:1)	24,00,000	2,40,00,000	20,00,000

(A) Initial Subscribers to Memorandum of Association subscribed 200 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Mr. Gaurang Prataprai Kanakia	100
2	Mr. Anand Prataprai Kanakia	100
	<b>Total</b>	<b>200</b>

(B) Further Allotment of 4,99,800 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	M/s. Moni Diamonds Limited	2,50,000
2	Mr. Gaurang Prataprai Kanakia	9900
3	Mr. Anand Prataprai Kanakia	10800
4	Mr. Prataprai Vrajlal Kanakia	5000
5	Mr. Manoj Manubhai Shah	38,500
6	Ms. Kumud Manubhai Shah	1,18,100
7	Mr. Rajni Manubhai Shah	21,500



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Sr. No.	Name of Allottees	No. of Shares Allotted
8	Ms. Shobna Rajni Shah	22,500
9	Ms. Unnati Kumud Shah	23,500
	<b>Total</b>	<b>4,99,800</b>

(C) Further Allotment of 2,11,200 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Mr. Gaurang Prataprai Kanakia	36,000
2	Mrs. Rekha Devang Kanakia	81,000
3	Mrs. Amrita Gaurang Kanakia	46,000
4	Mr. Siddharth Gaurang Kanakia	25,000
5	Mrs. Sushila Prataprai Kanakia	23,000
6	Ms. Kaushali Gaurang Kanakia	100
7	Ms. Monali Gaurang Kanakia	100
	<b>Total</b>	<b>2,11,200</b>

(D) Further Allotment of 1,84,000 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Mrs. Sushila Prataprai Kanakia	1,32,000
2	Mrs. Amrita Gaurang Kanakia	38,000
3	Mrs. Rekha Devang Kanakia	14,000
	<b>Total</b>	<b>1,84,000</b>

(E) Further Allotment of 2,71,100 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	M/s. Moni Diamonds Limited	67,000
2	Mr. Anand Prataprai Kanakia	1,24,100
3	Mrs. Rekha Devang Kanakia	80,000
	<b>Total</b>	<b>2,71,100</b>

(F) Further Allotment of 33,700 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Mr. Anand Prataprai Kanakia	33,700
	<b>Total</b>	<b>33,700</b>

(G) Bonus Issue of 12,00,000 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	M/s. Moni Diamonds Limited	3,17,000
2	Mr. Gaurang Prataprai Kanakia	1,64,090
3	Mr. Anand Prataprai Kanakia	1,68,700
4	Mrs. Rekha Devang Kanakia	2,21,000
5	Mrs. Sushila Prataprai Kanakia	2,20,000
6	Mrs. Amrita Gaurang Kanakia	84,000
7	Mr. Siddharth Gaurang Kanakia	25,000
8	Ms. Kaushali Gaurang Kanakia	105
9	Ms. Monali Gaurang Kanakia	105
	<b>Total</b>	<b>12,00,000</b>



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2. We have not issued any Equity Shares for consideration other than cash except as below:

Date of Allotment	Number of Equity Shares	Name of the Allottees	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	Issue Price (in Rs.)
31/03/2016	33,700	Mr. Anand Prataprai Kanakia	Promoter	Conversion of Unsecured Loan	10	10
20/07/2016	12,00,000	Mr. Gaurang Prataprai Kanakia, Mr. Anand Prataprai Kanakia, M/s. Moni Diamonds Limited, Ms. Kaushali Gaurang Kanakia, Ms. Monali Gaurang Kanakia, Mr. Siddharth Gaurang Kanakia, Mrs. Amrita Gaurang Kanakia, Mrs. Rekha Devang Kanakia, Mrs. Sushila Prataprai Kanakia	Promoter and Promoter Group	Bonus Issue (1:1)	10	Nil

3. We have not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under Sections 391- 394 of the Companies Act, 1956 or Sections 230- 233 of the Companies Act, 2013.

4. Details of Allotment made in the last two years preceding the date of Draft Prospectus:

Date of Allotment	Number of Equity Shares	Name of the Allottees	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	Issue Price (in Rs.)
29/03/2016	211200	Mr. Gaurang Prataprai Kanakia (36000) Mrs. Amrita Gaurang Kanakia (46000) Ms. Kaushali Gaurang Kanakia (100) Ms. Monali Gaurang Kanakia (100) Mrs. Rekha Devang Kanakia (81000) Mrs. Sushila Prataprai Kanakia (23000) Mr. Siddharth Gaurang Kanakia (25000)	Promoter	Allotment to infuse funds in to the Company	10	30
30/03/2016	184000	Mrs. Amrita Gaurang Kanakia (38000) Mrs. Rekha Devang Kanakia(14000) Mrs. Sushila Prataprai Kanakia (132000)	Promoter	Allotment to infuse funds in to the Company	10	30
31/03/2016	271100	M/s. Moni Diamonds Limited	Promoter	Allotment to infuse	10	30



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Date of Allotment	Number of Equity Shares	Name of the Allottees	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	Issue Price (in Rs.)
		(67000) Mr. Anand Prataprai Kanakia (124100) Mrs. Rekha Devang Kanakia (80000)		funds in to the Company		
31/03/2016	33700	Mr. Anand Prataprai Kanakia	Promoter	Conversion of Unsecured Loan	10	30
20/07/2016	1200000	Mr. Gaurang Prataprai Kanakia (164090) Mr. Anand Prataprai Kanakia (168700) M/s. Moni Diamonds Limited (317000) Ms. Kaushali Gaurang Kanakia (105) Ms. Monali Gaurang Kanakia (105) Mr. Siddharth Gaurang Kanakia (25000) Mrs. Amrita Gaurang Kanakia (84000) Mrs. Rekha Devang Kanakia (221000) Mrs. Sushila Prataprai Kanakia (220000)	Promoter	Bonus Issue (1:1)	10	NA

5. We have not issued any shares at price below issue price within last one year from the date of this Draft Prospectus except the bonus issue in the ratio of 1:1 on 20<sup>th</sup> July, 2016

6. Shareholding of our Promoters:

Set forth below is the details of the build-up of shareholding of our Promoters:

1. M/S. MONI DIAMONDS LIMITED									
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/Transfer price (Rs.)	Nature of Transactions	Source of Fund	Pledge	Pre-issue shareholding %	Post-issue shareholding %
24/12/2002	Cash	2,50,000	10	10	Allotment	Own Funds	NO		
31/03/2016	Cash	67,000	10	30	Allotment	Own Funds	NO		
20/07/2016	Bonus Issue	3,17,000	10	Nil	Allotment	Own Funds	NO		
<b>Total</b>		<b>6,34,000</b>						<b>26.42</b>	<b>19.21</b>



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2. MR. GAURANG PRATAPRAI KANAKIA									
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/Transfer price (Rs.)	Nature of Transactions	Source of Fund	Pledge	Pre-issue shareholding %	Post-issue shareholding %
Incorporation	Cash	100	10	10	Subscriber to MOA	Own Funds	NO		
24/12/2002	Cash	9,900	10	10	Allotment	Own Funds	NO		
20/02/2016	Cash	1,18,090	10	10	Transfer	Own Funds	NO		
29/03/2016	Cash	36,000	10	30	Allotment	Own Funds	NO		
20/07/2016	Bonus Issue	1,64,090	10	Nil	Allotment	Own Funds	NO		
<b>Total</b>		<b>3,28,180</b>						<b>13.67</b>	<b>9.94</b>

3. MR. ANAND PRATAPRAI KANAKIA									
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/Transfer price (Rs.)	Nature of Transactions	Source of Fund	Pledge	Pre-issue shareholding %	Post-issue shareholding %
Incorporation	Cash	100	10	10	Subscriber to MOA	Own Funds	NO		
24/12/2002	Cash	10,800	10	10	Allotment	Own Funds	NO		
31/03/2016	Cash	1,24,100	10	30	Allotment	Own Funds	NO		
31/03/2016	Conversion of loan	33,700	10	30	Allotment	Own Funds	NO		
20/07/2016	Bonus Issue	1,68,700	10	Nil	Allotment	Own Funds	NO		
<b>Total</b>		<b>3,37,400</b>						<b>14.06</b>	<b>10.22</b>

**Details of Promoters' contribution locked in for three years:**

Pursuant to Regulation 32 and 36 of SEBI (ICDR) Regulations aggregate of 20% of the post-Issue capital held by our Promoters shall be considered as promoters' contribution ("Promoters Contribution") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

Our Promoters have granted consent to include such number of Equity Shares held by them as may constitute 20% of the post-Issue Equity Share capital of our Company as Promoters Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution from the date of filing of this Draft Prospectus until the commencement of the lock-in period specified above.





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Name of Promoter	No. of shares locked in	Date of Allotment/ Acquisition/Transfer	Issue Price / Purchase Price /Transfer Price(Rs. per share)	% of Pre-Issue Paid up Equity capital	% of Post Issue Paid up Equity capital
M/s. Moni Diamonds Limited	250000	24/12/2002	10		
	67000	31/03/2016	30		
	317000	20/07/2016	N.A.		
Mr. Gaurang Prataprai Kanakia	100	25/03/1999	10		
	9900	24/12/2002	10		
	26000	20/02/2016	10		
<b>TOTAL</b>	<b>6,70,000</b>			<b>29.07</b>	<b>20.58</b>

We further confirm that the minimum Promoter Contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' Contribution are not subject to any pledge.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum Promoters' Contribution subject to lock-in.
- Equity shares issued to our Promoters on conversion of partnership firms into limited companies.

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up Equity Share Capital from the date of allotment in the proposed public Issue. Promoters' Contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

The minimum Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI (ICDR) Regulations, 2009. The Promoters' Contribution constituting 20% of the post-Issue capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Issue.

All Equity Shares, which are to be locked-in, are eligible for computation of Promoters' Contribution, in accordance with the SEBI (ICDR) Regulations, 2009. Accordingly we confirm that the Equity Shares proposed to be included as part of the Promoters' Contribution:



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- a) have not been subject to pledge or any other form of encumbrance; or
- b) have not been acquired, during preceding three years, for consideration other than cash and revaluation of assets or capitalization of intangible assets is not involved in such transaction;
- c) is not resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the Issuer or from bonus issue against Equity Shares which are ineligible for minimum Promoters' Contribution;
- d) have not been acquired by the Promoters during the period of one year immediately preceding the date of filing of this Draft Prospectus at a price lower than the Issue Price.

### **Other requirements in respect of lock-in:**

- In terms of Regulation 39 of the SEBI ICDR Regulations, the locked in Equity Shares held by the Promoters, as specified above, can be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution provided that the pledge of Equity Shares is one of the terms of the sanction of the loan. Provided that securities locked in as minimum promoter contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or institution, for the purpose of financing one or more of the objects of the Issue.
- In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 36 or 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.
- Further in terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Issuer subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.

### **7. Details of share capital locked in for one year:**

In addition to 20% of the post-Issue shareholding of our Company held by the Promoters (locked in for three years as specified above), in accordance with regulation 36 of SEBI (ICDR) Regulations, 2009, the entire pre-Issue share capital of our Company (including the Equity Shares held by our Promoters) shall be locked in for a period of one year from the date of Allotment in this Issue.

The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of Allotment, in accordance with regulation 37 of SEBI (ICDR) Regulations, 2009, in the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.



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**8. Shareholding Pattern of our Company:**

The following tables present the shareholding pattern of Our Company:

**Table I - Summary of Shareholding Pattern**

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities* (IX)			No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class X	Class Y								
(A)	Promoter and Promoter Group	9	24,00,000	-	-	24,00,000	100	-	-	-	-	100	-	-	-	-	-
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C-)	Non Promoter Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities* (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights	Total as a % of (A+B+C)				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
								Class X	Class Y	Total								
(C-1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C-2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>9</b>	<b>24,00,000</b>	-	-	<b>24,00,000</b>	<b>100</b>	-	-	-	-	-	<b>100</b>	-	-	-	-	-



Table II - Statement showing Shareholding Pattern of the Promoter and Promoter Group

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
		(Not to be Disclosed)							Class X	Class Y	Total							
(1)	Indian																	
(a)	Individual / Hindu Undivided Family																	
	M/s. Moni Diamonds Limited		1	6,34,000	-	-	6,34,000	26.42	-	-	-	-	-	26.42	-	-	-	-
	Mrs. Rekha Devang Kanakia		1	4,42,000	-	-	4,42,000	18.42	-	-	-	-	-	18.42	-	-	-	-
	Mrs. Sushila Prataprai Kanakia		1	4,40,000	-	-	4,40,000	18.33	-	-	-	-	-	18.33	-	-	-	-
	Mr. Anand Prataprai Kanakia		1	3,37,400	-	-	3,37,400	14.06	-	-	-	-	-	14.06	-	-	-	-
	Mr. Gaurang Prataprai Kanakia		1	3,28,180	-	-	3,28,180	13.67	-	-	-	-	-	13.67	-	-	-	-



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
	Mrs. Amrita Gaurang Kanakia		1	1,68,000	-	-	1,68,000	7.00	-	-	-	-	-	7.00	-	-	-	-	-
	Mr. Siddharth Gaurang Kanakia		1	50,000	-	-	50,000	2.08	-	-	-	-	-	2.08	-	-	-	-	-
	Ms. Kaushali Gaurang Kanakia		1	210	-	-	210	0.01	-	-	-	-	-	0.01	-	-	-	-	-
	Ms. Monali Gaurang Kanakia		1	210	-	-	210	0.01	-	-	-	-	-	0.01	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Corporate)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-





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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
	<b>Sub Total (A-1)</b>		<b>9</b>	<b>24,00,000</b>	-	-	<b>24,00,000</b>	<b>100</b>	-	-	-	-	-	<b>100</b>	-	-	-	-	-
(2)	<b>Foreign</b>																		
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A-2)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		<b>9</b>	<b>24,00,000</b>	-	-	<b>24,00,000</b>	<b>100</b>	-	-	-	-	-	<b>100</b>	-	-	-	-	-



Table III - Statement showing Shareholding Pattern of the Public shareholder

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
(1)	<b>Institutions</b>																		
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3)	<b>Non-institutions</b>																		
(a)	i. Individual shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
	holding nominal share capital up to Rs. 2 lacs.																		
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lacs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
(e)	Any Other (Corporates):	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(3)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Table IV - Statement showing Shareholding Pattern of the Non Promoter- Non Public shareholder

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
(1)	Custodian/DR Holder																		
(a)	Name of DR Holder (if available)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub total (C)(1)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Employee Benefit Trust (under SEBI (Share based Employee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
	Benefit) Regulations, 2014)																		
	<b>Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-





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9. The average cost of acquisition of or subscription to Equity Shares by our Promoters is set forth in the table below:

Name of the Promoters	No. of Shares held	Average cost of Acquisition (in Rs.)
M/s. Moni Diamonds Limited	634000	7.11
Mr. Gaurang Prataprai Kanakia	328180	7.19
Mr. Anand Prataprai Kanakia	337400	14.35

10. None of our Directors or Key Managerial Personnel hold Equity Shares in our Company, other than as follows:

Name of the Shareholders	No. of Equity Shares	Pre-Issue percentage Shareholding
Mr. Gaurang Prataprai Kanakia	328180	13.67%
Mr. Anand Prataprai Kanakia	337400	14.06%
Mrs. Rekha Devang Kanakia	442000	18.42%

**11. Equity Shares held by top ten shareholders**

(a) Our top ten shareholders and the number of Equity Shares held by them as on date of this Draft Prospectus are as under:

Sr. No.	Name of the Shareholders	No. of Shares	% age of Pre-Issue Capital
1	M/s. Moni Diamonds Limited	634000	26.42
2	Mrs. Rekha Devang Kanakia	442000	18.42
3	Mrs. Sushila Prataprai Kanakia	440000	18.33
4	Mr. Anand Prataprai Kanakia	337400	14.06
5	Mr. Gaurang Prataprai Kanakia	328180	13.67
6	Mrs. Amrita Gaurang Kanakia	168000	7.00
7	Mr. Siddharth Gaurang Kanakia	50000	2.08
8	Ms. Kaushali Gaurang Kanakia	210	0.01
9	Ms. Monali Gaurang Kanakia	210	0.01

(b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to the date of the Draft Prospectus are as under:

Sr. No.	Name of the Shareholders	No. of Shares	% age of Pre-Issue Capital
1	M/s. Moni Diamonds Limited	634000	26.42
2	Mrs. Rekha Devang Kanakia	442000	18.42
3	Mrs. Sushila Prataprai Kanakia	440000	18.33
4	Mr. Anand Prataprai Kanakia	337400	14.06
5	Mr. Gaurang Prataprai Kanakia	328180	13.67
6	Mrs. Amrita Gaurang Kanakia	168000	7.00
7	Mr. Siddharth Gaurang Kanakia	50000	2.08



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Sr. No.	Name of the Shareholders	No. of Shares	% age of Pre-Issue Capital
8	Ms. Kaushali Gaurang Kanakia	210	0.01
9	Ms. Monali Gaurang Kanakia	210	0.01

(c) Our top ten shareholders and the number of Equity Shares held by them two years prior to date of the Draft Prospectus are as under:

Sr. No.	Name of the Shareholders	No. of Shares	% age of Pre-Issue Capital
1	M/s. Moni Diamonds Limited	250000	10.42
2	Mr. Gaurang Prataprai Kanakia	10000	0.42
3	Mr. Anand Prataprai Kanakia	10900	0.45
4	Mrs. Sushila Prataprai Kanakia	5000	0.21
5	Mr. Niraj Kumud Shah	118100	4.92
6	Mr. Manoj Manubhai Shah	38500	1.60
7	Ms. Unnati Kumud Shah	23500	0.98
8	Ms. Shobna Rajni Shah	22500	0.94
9	Mr. Rajni Manubhai Shah	21500	0.90

12. There is no "Buyback", "Standby", or similar arrangement for the purchase of Equity Shares by our Company/Promoters/Directors/Lead Manager for purchase of Equity Shares offered through the Draft Prospectus.

13. There have been no purchase or sell of Equity Shares by the Promoters, Promoter Group and the Directors during a period of six months preceding the date on which the Draft Prospectus is filed with BSE excepts as detailed below:

Date of Transfer	Nature of Transactions	No. of Equity Shares	Face value per Share (Rs.)	Transfer price (Rs.)
17.02.2016	Transfer by Mr. Rajnikant Manubhai Shah to Mrs. Sushila Prataprai Kanakia	21500	10	10
20.02.2016	Transfer by Mr. Niraj Kumud Shah to Mr. Gaurang Prataprai Kanakia	118090	10	10
20.02.2016	Transfer by Mr. Niraj Kumud Shah to Ms. Monali Gaurang Kanakia	5	10	10
20.02.2016	Transfer by Mr. Niraj Kumud Shah to Ms. Kaushali Gaurang Kanakia	5	10	10
20.02.2016	Transfer by Mr. Manoj Manubhai Shah to Mrs. Sushila Prataprai Kanakia	38500	10	10
20.02.2016	Transfer by Ms. Shobna Rajnikant Shah to Mrs. Rekha Devang Kanakia	22500	10	10
20.02.2016	Transfer by Ms. Unnati Kumud Shah to Mrs. Rekha Devang Kanakia	23500	10	10



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14. Our Company has not raised any bridge loans against the Draft proceeds of this Issue.
15. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in paragraph on "Basis of Allotment" on page 205 of this Draft Prospectus.
16. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment lot.  
  
Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased to ensure that 20% of the post issue paid-up capital is locked-in.
17. As on date of filing of this Draft Prospectus, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.
18. On the date of filing the Draft Prospectus, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
19. Our Company has not issued any Equity Shares out of revaluation reserves and not issued any bonus shares out of capitalization of revaluation reserves.
20. Lead Manager to the Issue viz. Navigant Corporate Advisors Limited does not hold any Equity Shares of our Company.
21. Our Company has not revalued its assets since incorporation.
22. Our Company has not made any public issue since incorporation.
23. There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law, our Company shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.
24. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Prospectus until the Equity Shares to be issued pursuant to the Issue have been listed.
25. Except as disclosed in the Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.
26. At any given point of time, there shall be only one denomination for a class of Equity Shares of our Company.
27. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.



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28. An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
29. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.
30. Our Company has 9 (Nine) members as on the date of filing of this Draft Prospectus.



**OBJECTS OF THE ISSUE**

Our Company proposes to utilize the funds which are being raised towards funding the following objects and achieve the benefits of listing on the BSE-SME.

The objects of the Issue are as stated below:

1. To part-finance incremental working capital requirements
2. To meet the expenses of the Issue

Our Company believes that listing will enhance our Company’s corporate image, brand name and create a public market for its Equity Shares in India. The main objects clause of our Memorandum enables our Company to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum.

Our funding requirements are dependent on a number of factors, which may not be in the control of our management, changes in our financial condition and current commercial conditions. Such factors may entail rescheduling and / or revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure.

**ISSUE PROCEEDS:**

Particulars	Amount
Gross Proceeds of the Issue	270.00
Less: Issue Expenses	35.00
<b>Net Proceeds of the Issue</b>	<b>235.00</b>

**SCHEDULE OF IMPLEMENTATION AND USE OF ISSUE PROCEEDS:**

We intend to utilize the proceeds of the Issue, in the manner set forth below: -

(Rs. In Lacs)

No.	Particulars	Amount
I	To part-finance incremental working capital requirements	235.00
II	Issue Expenses	35.00
	<b>TOTAL</b>	<b>270.00</b>

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set out below. As on the date of this Draft Prospectus, our Company has not deployed any funds towards the Objects of the Issue.

Sr. No.	Particulars	Total Estimated Cost	Amount Deployed as on 31 <sup>st</sup> August, 2016	Balance Amount Estimated to be deployed in Fiscal 2017
1	To part-finance incremental working capital requirements	235.00	-	235.00
	<b>TOTAL</b>	<b>235.00</b>	<b>-</b>	<b>235.00</b>



## **KMS Medisurgi Limited**

We propose to meet the entire requirement of funds for the Objects from the Net Proceeds of the Issue. Accordingly, Regulation 4(2) (g) and Paragraph 2(VII) (C) (1) of Part A of Schedule VIII of the SEBI ICDR Regulations (which require firm arrangements of finance to be made through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Fresh Issue or through existing identifiable internal accruals) has been complied with.

In the event of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals and any additional equity and/or debt arrangements. In the event that the actual utilization towards any of the Objects of the Fresh Issue is lower than the proposed deployment, such balance will be used for future growth opportunities including funding existing objects, if required, and general corporate purposes. In the event that the estimated utilization out of the Net Proceeds in a fiscal year is not completely met, such amounts shall be utilized in the next fiscal. Moreover, our fund requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions and have not been appraised by any bank or financial institution or other independent agency. We may be required to revise our estimated expenditure, fund allocation and deployment schedule, owing to factors such as general or local economic and business conditions, escalation in costs, increased competition, changes in design or configuration of the project, changes in regulations or delays in obtaining regulatory approvals, other preoperative expenses and other external factors, which may not be within the control of our management. For associated risks see “Risk Factors” on page 13.

In the event of a shortfall in raising the requisite capital from the proceeds of the Issue, towards meeting the Objects of the Issue, the extent of the shortfall will be met by internal accruals and/or from fresh debt.

Any amount, deployed by our Company out of internal accruals towards the aforementioned objects till the date of receipt of Issue Proceeds shall be recouped by our Company from the Issue Proceeds of the Issue. In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

### **DETAILS OF THE OBJECTS**

#### **I. TO PART-FINANCE INCREMENTAL WORKING CAPITAL REQUIREMENTS:**

We are presently engaged into the business of ethical marketing and distribution of Surgical Disposable, Haemostat, Medical Devices, Urology Equipments, Surgery Equipments, Orthopedic/Physiotherapy equipments, Blood Banking Equipments, Biotechnology, Research, Oncology, Radiology, Diagnostics, ICU & rehabilitation, Cardiology, Critical Care, Laboratory & Scientific Equipments and Surgical Equipment’s in India.

Going forward, we plan to increase our product portfolio and also plans to penetrate in new geographical markets. Therefore, our anticipated growth would push up the increase in sales and thereby need of additional working capital on account of providing credit period sought by our clients. We would also intend to keep shorter credit period from our creditors in order to avail cash discounts and increase our bargaining power and this will ultimately result in to surge in our bottom-line.

In the usual course of our business we have availed working capital limits from Union Bank of India. As on date of 31<sup>st</sup> March, 2016, our Company’s working capital facility consisted of outstanding cash credit of Rs. 148.05 Lacs.

The working capital requirement of the company as per the latest audited annual financial statements i.e. 31<sup>st</sup> March, 2016 is Rs. 345.42 Lacs. The working capital of Fiscal 2017 has been assessed at Rs. 585.00 Lacs. The funding pattern of the requirement for the working capital is as below:



## KMS Medisurgi Limited

- (A) Cash Credit Facility: We have a cash credit facility sanctioned by Union Bank of India. We estimate that entire Rs. 260.00 Lacs, out of which Rs. 150.00 Lacs will be utilized to meet the working capital requirement for fiscal 2017.
- (B) Issue Proceeds: We intend to utilize Rs. 168.00 Lacs towards the total working capital requirements for Fiscal 2017.
- (C) Internal Accruals: We intend to utilize Rs. 519.25 Lacs towards the total working capital requirements for Fiscal 2017, which is already in system.

We have estimated the working capital requirement, which is as under:

(Rs. In Lacs)

Particulars	Basis (Months)	Amount (Fiscal 2017) Estimated
Inventories	1.00	80.00
Trade Receivables	5.00	625.00
Cash & Bank Balance		100.00
Other Assets, Advances Etc.		60.00
<b>Total (A)</b>		<b>865.00</b>
<b>Less:</b>		
Creditors	3.00	240.00
Expenses & Other Liabilities		40.00
<b>Total (B)</b>		<b>280.00</b>
<b>Net Working Capital (A-B)</b>		<b>585.00</b>

The funding pattern of the working capital is tabled as below:

(Rs. In Lacs)

Particulars	Fiscal 2016	Fiscal 2017
<b>Total Working Capital</b>	<b>345.42</b>	<b>585.00</b>
<b>Funding Pattern :</b>		
Proceeds from the public Issue	N.A.	235.00
Cash Credit Facility from Union Bank of India	148.05	150.00
Internal Accruals already in system	197.37	200.00

### Justification of Holding Level

- Inventories:

The level of inventories holding for the 31<sup>st</sup> March, 2016 was at 0.66 months while we have estimated the same as 1.00 Month for Fiscal 2017.

- Trade Receivables:

The level of receivables as at 31<sup>st</sup> March, 2016 was 5.37 months. The receivables levels for fiscal 2017 are estimated at 5.00 months.



## KMS Medisurgi Limited

- Creditors:

Actual level of creditors as at 31<sup>st</sup> March, 2016 was at 5.30 months. As against the same, creditor levels for fiscal 2017 are estimated at 3.00 months. The Company has estimated to avail shorter credit period from its creditors to avail cash discounts and increase its margin level.

### II. ISSUE RELATED EXPENSES:

The total expenses of the Offer are estimated to be approximately Rs. 35.00 Lacs. The expenses of this Issue include, among others, listing fees, underwriting and management fees, printing and distribution expenses, advertisement expenses and legal fees, if applicable. The estimated Issue expenses are as follows:

(Rs. In Lacs)

Particulars	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
Issue management fees, Underwriting Fees selling commissions, brokerages,	15.00	42.86	5.56
Market Making Fees for three years	7.50	21.43	2.78
Payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	5.00	14.29	1.85
Printing & Stationery, Distribution, Postage, etc.	2.00	5.71	0.74
Advertisement & Marketing Expenses	2.00	5.71	0.74
Regulatory & other expenses	2.00	5.71	0.74
Miscellaneous Expenses	1.50	4.29	0.56
<b>Total</b>	<b>32.00</b>	<b>100.00</b>	<b>12.96</b>

### Details of funds already deployed till date and sources of funds deployed

The funds deployed up to 31<sup>st</sup> August, 2016 pursuant to the object of this Issue as certified by the Auditors of our Company, viz. M/s. Mayur Mahesh Shah & Co. Chartered Accountants pursuant to their certificate dated 12<sup>th</sup> September, 2016 is given below:

(Rs. in Lacs)

Deployment of Funds	Amount
Issue Related Expenses	2.29
<b>Total</b>	<b>2.29</b>

(Rs. in Lacs)

Sources of Funds	Amount
Internal Accruals	2.29
Bank Finance	-
<b>Total</b>	<b>2.29</b>

### BRIDGE FINANCING FACILITIES

We have currently not raised any bridge loans against the Proceeds of the Issue. However, depending on our requirement, we might consider raising bridge financing facilities, pending receipt of the Proceeds of the Issue.

### APPRAISAL

None of the Objects have been appraised by any bank or financial institution or any other independent third party organization. The funding requirements of our Company and the deployment of the proceeds of the Issue





## **KMS Medisurgi Limited**

are currently based on management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

### **SHORTFALL OF FUNDS**

In case of any shortfall in the proceeds to meet the objects mentioned above, our management may explore a range of options, including utilizing internal accruals or seeking debt or additional equity. In case of surplus funds either due to lower utilization than what is stated above or surplus Net Proceeds after meeting all the above mentioned objects, such surplus shall be utilised towards general corporate purposes. Alternatively, if surplus funds are unavailable or in the event of cost overruns, we expect that a shortfall will be met by way of such means available to our Company including internal accruals and/or appropriate debt or equity arrangements.

### **INTERIM USE OF FUNDS**

Our management will have flexibility in interim deployment of the Net Proceeds. Pending utilization for the purposes described above, we undertake to temporarily deposit the funds from the Net Proceeds only in the scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, for the necessary duration. Such deposits will be approved by our management from time to time. Pending utilization of the Net Proceeds, our Company shall not use the funds for any investment in any equity or equity linked securities.

### **VARIATION IN OBJECTS**

In accordance with Section 27 of the Companies Act 2013, our Company shall not vary the Objects of the Fresh Issue unless our Company is authorized to do so by way of a special resolution of its shareholders. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the Companies Act 2013, our Promoters or controlling shareholders will be required to provide an exit opportunity to any shareholders who do not agree to such proposal to vary the Objects of the Fresh Issue at the fair market value of the Equity Shares as on the date of the resolution of our Board recommending such variation in the terms of the contracts or the objects referred to in the Prospectus, in accordance with such terms and conditions as may be specified on this behalf by the SEBI or otherwise under applicable law.

### **CONFIRMATION REGARDING PURCHASE OF SECOND-HAND EQUIPMENT AND MACHINERY**

No second-hand equipment and machinery is proposed to be purchased by our Company from the Net Proceeds.

### **MONITORING OF UTILIZATION OF FUNDS**

Proposed size of the issue is Rs. 270.00 Lacs i.e. less than Rs. 50,000.00 Lacs. Therefore, in terms of Regulation 16(1) of the SEBI (ICDR) Regulations, appointment of a monitoring agency for the purposes of this Issue is not mandatory and hence no Monitoring Agency is being appointed for this Issue.

Our Board and the management will monitor the utilization of the Net Proceeds through its audit committee. Our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The Statutory Auditors of our Company will certify the statement.



***KMS Medisurgi Limited***

**OTHER CONFIRMATIONS:**

No part of the Net Proceeds will be paid by the Company to the Promoters, members of the Promoter Group, Directors or key management personnel of the Company.



**BASIC TERMS OF THE ISSUE**

The Equity Shares, now being issued, are subject to the terms and conditions of this Draft Prospectus, Application form, Confirmation of Allocation Note (CAN), the Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, 2009, the Depositories Act, Stock Exchanges, RBI, ROC and/or other authorities as in force on the date of the Issue and to the extent applicable. In addition, the Equity Shares shall also be subject to such other conditions as may be incorporated in the Share Certificates, as per the SEBI (ICDR) Regulations, 2009 notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

This Issue has been authorized by the Board of Directors pursuant to a board resolution dated 1<sup>st</sup> September, 2016 and by the shareholders of our Company pursuant to a special resolution dated 8<sup>th</sup> September, 2016 passed at the EGM of shareholders under section 62 (1)(c) of the Companies Act, 2013.

Face Value	Each Equity Share shall have the face value of Rs.10/- each.
Issue Price	Each Equity Share is being issued at a price of Rs. 30/- each and is at par of the Face Value.
Market and Trading Lot	The Market lot and Trading lot for the Equity Share is 4,000 (Four Thousand) and the multiple of 4,000 subject to a minimum allotment of 4,000 Equity Shares to the successful applicants.
Terms of Payment	100% of the Issue price of Rs. 30/- shall be payable on Application. For more details please refer to Issue Procedure on page 194 of this Draft Prospectus.
Ranking of the Equity Shares	The Equity Shares shall be subject to the Memorandum and Articles of Association of our Company and shall rank pari passu in all respects including dividends with the existing Equity Shares of our Company.

**MINIMUM SUBSCRIPTION**

This Issue is not restricted to any minimum subscription level.

This Issue is 100% underwritten. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 40 of the Companies Act, 2013.



## **BASIS FOR ISSUE PRICE**

The Issue Price of Rs. 30 per Equity Share has been determined by our Company, in consultation with the Lead Manager on the basis of the following qualitative and quantitative factors. The face value of the Equity Share is Rs. 10 and Issue Price is Rs. 30 per Equity Share and is 3.00 (three) times of the face value.

### **QUALITATIVE FACTORS**

Some of the qualitative factors, which form the basis for computing the Issue Price, are:

#### ***Established operations and proven track record***

We have established operations and in the past we have been successfully served varied range of clientele.

#### ***Strong and stable management team with proven ability***

We have experienced management team with established processes. We believe that our management team has a long-term vision and has proven its ability to achieve long-term growth of the Company. Our Promoters have sufficient experience in surgical equipment sector. We believe that the strength of our management team and their understanding of the surgical equipment sector will enable us to continue to take advantage of current and future market opportunities.

#### ***Established Manufacturing facility***

Our existing manufacturing facility is located at Palghar, Thane, on the outskirts of Mumbai. Our manufacturing facilities are spread over 4,000 Square feet's. We have a State-of-Art machines and equipments.

#### ***Cordial relations with our customers and Suppliers***

Our record has helped us to build strong relationships over a number of years with our customers as well as with our Suppliers, which allows us to repetitive order with our customers as well as efficient and timely execution of projects.

#### ***Quality Standards***

We follow utmost quality standards for our areas of operation.

#### ***Growth driven***

Our Company has witnessed substantial growth since incorporation. Turnover of our Company have increased from Rs. 356.05 Lacs in the fiscal 2011-12 to Rs. 841.45 Lacs in the fiscal 2015-16. Our Net Worth stands at Rs. 332.92 Lacs as on 31<sup>st</sup> March, 2016. Our profits have grown from Rs. 10.25 Lacs in fiscal 2012 to Rs. 13.68 Lacs for the fiscal 2016.

#### ***Location advantage of the Unit***

The manufacturing unit is located at Village-Shirgaon, Taluka-Palghar, Thane and it has the location advantage of ease in access as its situated near to Mumbai. It results into the advantage of ease in transport to any corner of India at an effective cost. This provides us with efficient logistics thereby reducing our transportation and raw material cost in comparison to competitors.

### **QUANTITATIVE FACTORS**

The information presented below relating to the Company is based on the restated financial statements of the



## KMS Medisurgi Limited

Company for Financial Year 2013-14, 2014-15 and 2015-16 prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

### 1. Basic Earning Per Equity Share (EPS) (on Face value of Rs. 10 per share) as per Accounting Standard 20

Year	Earnings per Share (Rs.)	Weight
FY 2013-14	0.54	1
FY 2014-15	0.63	2
FY 2015-16	2.72	3
<b>Weighted Average</b>	<b>1.66</b>	

- EPS Calculations have been done in accordance with Accounting Standard 20-“Earning per Share” issued by the Institute of Chartered Accountants of India.
- Basic earnings per share are calculated by dividing the net profit after tax by the weighted average number of Equity Shares outstanding during the period. Weighted Average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
- For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

### 2. Price / Earnings Ratio (P/E) in relation to the Issue Price Rs. 30.00

- a) Based on fiscal year as on 31<sup>st</sup> March, 2016; at EPS of Rs. 2.72 as per Restated Financial Statements, the P/E ratio is 11.03.
- b) Based on weighted average EPS of Rs. 1.66 as per Restated Financial Statements, the P/E ratio is 18.07.
- c) Industry PE: Not Applicable

*\*We believe none of the listed companies in India are focused exclusively on the segment in which we operate..*

### 3. Return on Net Worth (RoNW)

Year	RoNW (%)	Weight
FY 2013-14	2.42	1
FY 2014-15	2.78	2
FY 2015-16	4.11	3
<b>Weighted Average</b>	<b>3.39</b>	

*Note: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year / period.*

4. Minimum return on post Issue Net Worth to maintain the Pre-issue EPS for the year ended 31<sup>st</sup> March, 2016 is 14.89%.



**5. Net Asset Value per Equity Share (NAV)**

Sr. No.	Particulars	(Rs.)
a)	As on 31 <sup>st</sup> March, 2016	27.74
b)	After Issue	18.27
c)	Issue Price	30.00

*Note: Net Asset Value per Equity Share has been calculated as net worth divided by number of equity shares at the end of the year / period.*

**6. Peer Group Comparison of Accounting Ratios**

We are presently engaged into the business of ethical marketing and distribution of Surgical Disposable, Haemostat, Medical Devices, Urology Equipments, Surgery Equipments, Blood Banking Equipments, and other such Surgical Equipment's in India. We believe none of the listed companies in India are focused exclusively on the segment in which we operate and nor are of comparable size.

7. The face value of our shares is Rs.10/- per share and the Issue Price is of Rs. 30 per share that is 3.00 times of the face value.
8. The Company in consultation with the Lead Manager believes that the Issue Price of Rs. 30.00 per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the risk factors and financials of the company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment proposition.



**KMS Medisurgi Limited**

## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors,  
KMS Medisurgi Limited  
297/301 May Building, Ground Floor,  
Marine Lines (East), Princess Street,  
Mumbai - 400 002

**Sub: Statement of Possible Special Tax Benefits Available to the Company and its shareholders prepared in accordance with the requirements under Schedule VIII-Clause (VII) (L) of the SEBI (ICDR) Regulations, 2009, as amended (the "Regulations")**

We hereby report that the enclosed annexure prepared by KMS Medisurgi Limited, states the possible special tax benefits available to KMS Medisurgi Limited ("the Company") and the shareholders of the Company under the Income Tax Act, 1961 ("Act"), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfil. The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and shareholders do not cover any general tax benefits available to the Company. Further, the preparation of enclosed statement and the contents stated therein is the responsibility of the Company's management. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares ("the Offer") by the Company.

We do not express any opinion or provide any assurance as to whether:

- i. Company or its shareholders will continue to obtain these benefits in future; or
- ii. The conditions prescribed for availing the benefits has been/ would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein. This report including enclosed annexure are intended solely for your information and for the inclusion in the Draft Prospectus/ Prospectus or any other offer related material in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For M/s. Mayur Mahesh Shah & Co.**

**Chartered Accountants**

Firm Registration No. - 117604W

Sd/-

**Mayur M Shah**

**Membership No. - 103146**

Place: Mumbai

Date: 12.09.2016



**ANNEXURE TO THE STATEMENT OF TAX BENEFITS:**

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the Income Tax Act 1961 presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

**YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.**

**A.SPECIAL TAX BENEFITS TO THE COMPANY**

The Company is not entitled to any special tax benefits under the Act

**B.SPECIAL TAX BENEFITS TO THE SHAREHOLDER**

The Shareholders of the Company are not entitled to any special tax benefits under the Act

**Note:**

1.All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.

2.The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement



**SECTION IV**

**ABOUT OUR COMPANY**

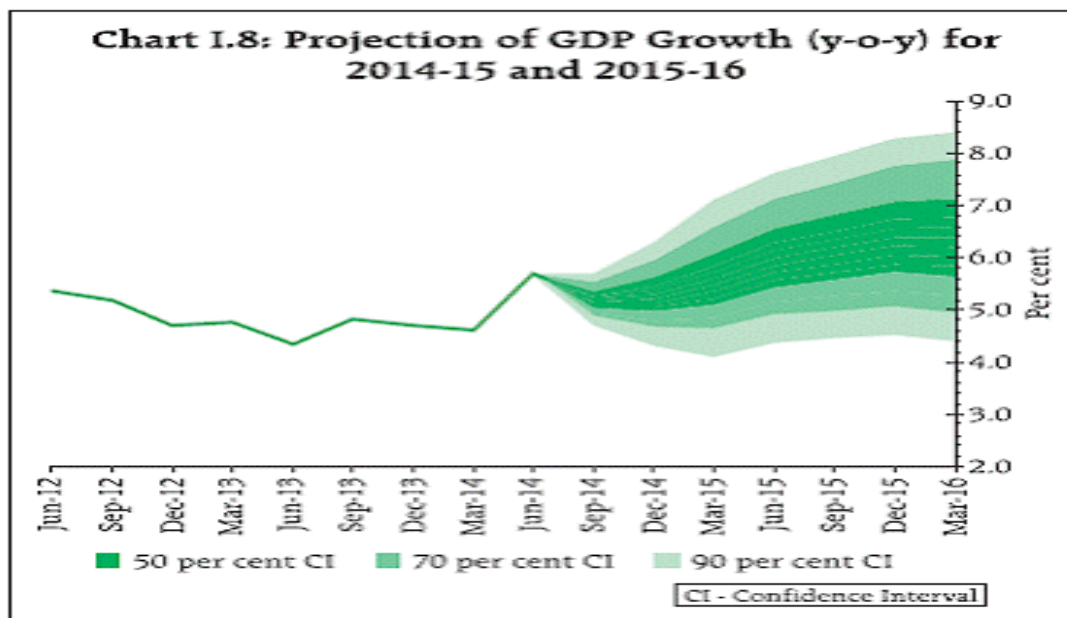
**INDUSTRY OVERVIEW**

*(The information in this chapter has been extracted from publicly available documents prepared by various sources etc. This data has not been prepared or independently verified by us or the Lead Manager or any of their or our respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “Risk Factors” on page 13 of this Draft Prospectus. Accordingly, investment decisions should not be based on such information)*

**INDUSTRY OVERVIEW**

**Overview of the Indian Economy**

The Indian economy is ranked fourth in the world, on purchasing power parity basis, after United States, China and Japan (Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>). For the fiscal year 2015, the forecast for real GDP growth rate in India is estimated to achieve a marginally higher rate of 7.5% than last year (7.3%). by the National Council of Applied Economic Research (“NCAER”) in their ‘Quarterly Review of the Economy’ on September 30, 2014. (Source: NCAER’s Quarterly Review of the Indian Economy, Quarter 1, 2015-16).



Growth in the Indian economy had been shifting down from 9.6 per cent in Q4 of 2010-11. It troughed around 4.4 per cent for three quarters from Q3 of 2012-13 to Q1 of 2013-14. Since then there are signs of growth bottoming out with marginal improvement recorded during Q2 and Q3 of 2013-14 to 4.8 and 4.7 per cent respectively. However, this improvement has been feeble and clear signs of recovery are yet to emerge, even as the economy seems to be gearing for a modest recovery during 2014-15.



## **The Indian Pharmaceutical Industry**

### **Introduction**

The Indian pharmaceuticals market is the third largest in terms of volume and thirteen largest in terms of value. Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80 per cent of the market. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Currently, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level.

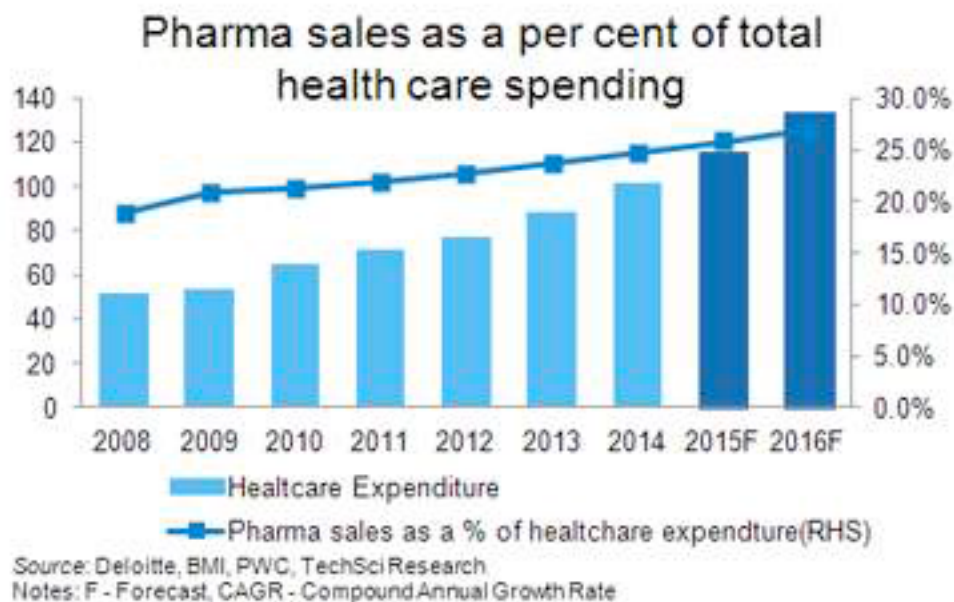
### **Current Scenario**

The Indian pharmaceutical industry is estimated to grow at 15.92 per cent compound annual growth rate (CAGR) over the next five years. Presently, the market size of the pharmaceutical industry in India stands at US\$ 20 billion. As on March 2014, Indian pharmaceutical manufacturing facilities registered with the US Food and Drug Administration (FDA) stood at 523, highest for any country outside the US.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio industry and bioinformatics is expected to grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at Rs 12,600 crore (US\$ 1.90 billion).

### **Steep growth expected in Pharmaceutical Expenditure**

- Over 2012- 20, total healthcare spending is expected to rise at a CAGR of 20 per cent to US\$ 280 billion from US\$ 65 billion
- Industry revenues are expected to expand at a CAGR of 12.1 per cent during 2012-20 and reach US\$ 45 billion
- Pharmaceutical sales, as a percentage of total healthcare spending, are expected to increase to 27 per cent by 2016 from 18.9 per cent in 2014;



### Advantage India

#### Cost efficiency

- Low cost of production and R&D boosts efficiency of Indian pharma companies
- India's cost of production is approximately 60 per cent lower than that of the US and almost half of that of Europe
- Due to lower cost of treatment, India is emerging as a leading destination for medical tourism

#### Economic drivers

- Economic prosperity to improve drug affordability
- Increasing penetration of health insurance
- With increasing penetration of chemists, especially in rural India, OTC drugs will be readily available

#### Policy support

- Government unveiled "PharmaVision 2020" aimed at making India a global leader in end-to end drug manufacturer
- Reduced approval time for new facilities to boost investments
- In this sector, 100 percent FDI is allowed under automatic route

#### Diversified portfolio

- Accounts for over 10 percent of the global pharmaceutical production
- Over 60,000 generic brands across therapeutic categories. Manufactures more than 500 different APIs
- 49 percent of all drug master filings from India is registered in the USA

#### Growth of Exports

- Indian pharma companies are capitalising on export opportunities in regulated and semi-regulated markets
- The Ministry of Commerce targets to export USD25 billion worth of pharmaceuticals in 2016. Indian drugs are exported to more than 200 countries in the world, with the US as the key market

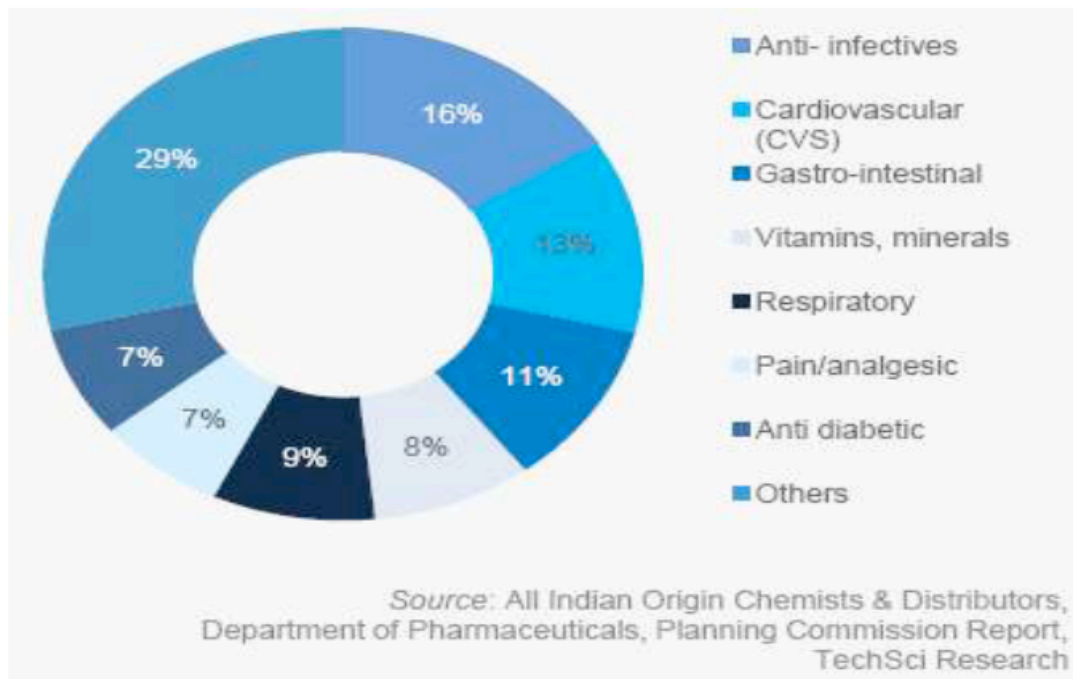
- India is the world's largest provider of generic medicines; the country's generic drugs account for 20 percent of global generic drug exports (in terms of volumes)
- In terms of value, exports of pharmaceutical products increase data CAGR of 26.1 percent to USD10.1billion during FY 06- 13
- The Americas accounted for around 34 percent of Indian pharma exports in FY13, followed by Europe (26percent) and Asia (20percent)
- Exports to Africa increase data CAGR of 21percent from FY09 to FY13,contributed mainly by export of anti-malarial and anti-retroviral drugs
- During the same period, imports of pharmaceutical products rose at a CAGR of 25.4 percent to USD 1.8 billion



*\*From April, 2013 to December, 2013*

#### Indian Pharmaceutical segments by value

- Anti infective drugs command the largest share (16 percent) in the Indian pharma market
- The cardiovascular segment represents 13 percent of the market share; its contribution is likely to rise due to the growing number of cardiac cases in India
- Gastro- intestinal contributes around 11percent of the total value of pharma industry in India. With increasing number of research in gastroenterology, segment is going to grow at significant pace in coming years
- Top five segments contribute nearly 57 percent to the total drugs consumption



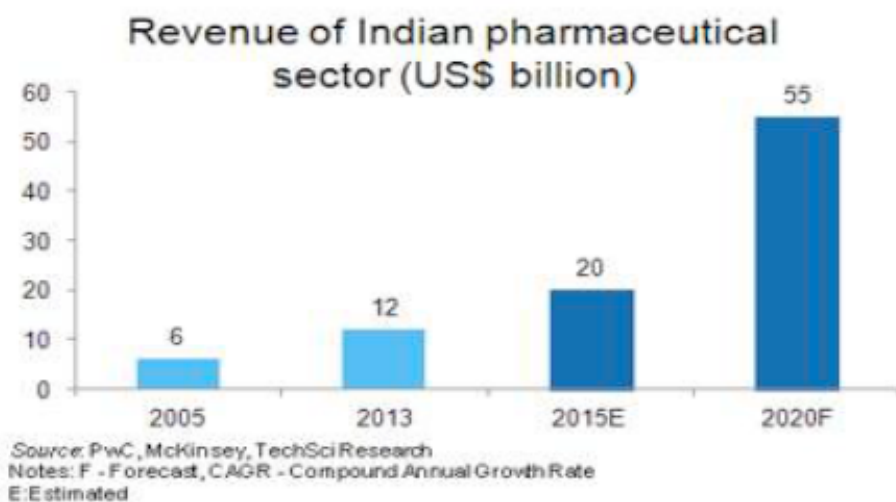
**Revenue Trends in Indian Pharma Sector**

The Indian Pharmaceuticals market increased at a CAGR of 12.79% in 2015 from USD 6 billion in 2005, and is expected to expand at a CAGR of 15.92% to USD 55 billion by 2020

By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size

By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size India's cost of production is significantly lower than that of the US and almost half of that of Europe. It gives competitive edge to India over others.

Increase in the size of middle class households couples with the improvement in medical infrastructure and increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector



**Investments in the sector**

The Union Cabinet has given its nod for the amendment of the existing FDI policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative foreign direct investment (FDI) inflows worth US\$



## **KMS Medisurgi Limited**

13.34 billion between April 2000 and June 2015, according to data released by the Department of Industrial Policy and Promotion (DIPP)

Some of the major investments in the Indian pharmaceutical sector are as follows:

- Stelis Biopharma announced the breakthrough construction of its customised, multi-product, biopharmaceutical manufacturing facility at Bio-Xcell Biotechnology Park in Nusajaya, Johor, Malaysia's park and ecosystem for industrial and healthcare biotechnology at a total project investment amount of US\$ 60 million.
- Strides Arcolab entered into a licensing agreement with US-based Gilead Sciences Inc to manufacture and distribute the latter's cost-efficient Tenofovir Alafenamide (TAF) product to treat HIV patients in developing countries. The licence to manufacture Gilead's low-cost drug extends to 112 countries.
- Founder and Executive Chairman, Apollo Hospitals, Mr Prathap C Reddy informed that the Apollo Hospitals Enterprise (AHEL) aims to add another 2,000 beds over the next two financial years, at a cost of around Rs 1,500 crore (US\$ 226.26 million).
- CDC, the UK's development finance institution, invested US\$ 48 million in Narayana Hrudayalaya hospitals, a multi-specialty healthcare provider, with an aim to expand affordable treatment in eastern, central and western India.
- Cadila Healthcare Ltd announced the launch of a biosimilar for Adalimumab - for rheumatoid arthritis and other auto immune disorders. The drug will be marketed under the brand name Exemptia at one fifth of the price for the branded version-Humira. Cadila's biosimilar is the first in class and an exact replica of the original in terms of safety, purity and potency of the product, claims the company.
- Torrent Pharmaceuticals entered into an exclusive licensing agreement with Reliance Life Sciences for marketing three biosimilars in India – Rituximab, Adalimumab and Cetuximab.
- Piramal Enterprises Ltd acquired US-based Coldstream Laboratories for US\$ 30.6 million in an all cash transaction.
- Indian Immunologicals Ltd plans to set up a new vaccine manufacturing facility in Pondicherry with an investment of Rs 300 crore (US\$ 45.25 million).
- SRF Ltd has acquired Global DuPont Dymel, the pharmaceutical propellant business of DuPont, for US\$ 20 million.
- Marksans Pharmaceuticals acquired US-based Time-Cap Laboratories, a manufacturer and marketer of solid dose generic pharmaceuticals, including private label over-the-counter medications, generic prescription drugs and nutritional supplements.
- Intas Pharmaceuticals is the first global company to launch a biosimilar version of Lucentis, the world's largest selling drug for treatment of degenerative eye condition called Razumab.

### **Government Initiatives**

The Addendum 2015 of the Indian Pharmacopoeia (IP) 2014, published by the Indian Pharmacopoeia Commission (IPC) on behalf of the Ministry of Health & Family Welfare, is expected to play a significant role in enhancing the quality of medicines that would in turn promote public health and accelerate the growth and development of pharmaceutical sector.



## **KMS Medisurgi Limited**

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.

Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- Indian and global companies have expressed 175 investment intentions worth Rs 1,000 crore (US\$ 150.84 million) in the pharmaceutical sector of Gujarat. The memorandums of understanding (MoUs) would be signed during the Vibrant Gujarat Summit.
- Telangana has proposed to set up India's largest integrated pharmaceutical city spread over 11,000 acres near Hyderabad, complete with effluent treatment plants and a township for employees, in a bid to attract investment of Rs 30,000 crore (US\$ 4.52 billion) in phases. Hyderabad, which is known as the bulk drug capital of India, accounts for nearly a fifth of India's exports of drugs, which stood at Rs 95,000 crore (US\$ 14.3 billion) in 2014-15.
- The government has planned to set up Rs 500 crore (US\$ 75.4 million) venture capital fund to boost domestic pharmaceutical industry and to provide cheaper loans to entities looking to establish or upgrade manufacturing facilities.
- At the launch of Cluster Development Programme of pharmaceutical sector, minister of Fertilizer and Chemicals, announced that six pharmaceutical parks will be approved and established this year which will have sufficient infrastructure and facilities for testing and treatment of drugs and also for imparting training to industry professionals.

### **Future Growth**

The Indian pharmaceutical market size is expected to grow to US\$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanization, and raising healthcare insurance among others.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti diabetes, anti-depressants and anti-cancers that are on the rise.

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

### **THE MEDICAL DEVICES AND EQUIPMENT INDUSTRY**

The Medical Devices and Equipment industry, valued at US\$ 2.5 billion contributes only 6% of India's US\$ 40 billion healthcare sector. Moreover, it is growing at a faster annual rate of 15% than 10-12% growth seen in the Healthcare sector in its entirety. A rise in the number of hospitals and the increased requirement for healthcare facilities creates a need for sophisticated devices and equipment, which can provide accurate treatment to individuals. The Medical Electronics segment of this industry incorporates control, conversion, sensing, processing, storage, display, and transfer of information on anatomy and physiology by making use of the Electronics and Communication Technologies. The Medical Equipment industry is quite wide with > 14,000 different products types, as per the Global Medical Device Nomenclature (GMDN). The products range from





## **KMS Medisurgi Limited**

wound closure pads to stents and IVD machines of medical devices. Further, it can be reasonably said that Medical Electronics is an area, where Electronics and Information Communication Technology play a decisive role.

Moreover, significant efforts have been made in the medical technology ecosystem to stimulate innovation in this space so that the opportunities provided in the Indian market can be capitalized by the companies working in this domain and the Indian consumer of healthcare services stands to benefit.

In the past, the sector has significantly brought down the incidence of disease among patients, families, society as well as improved the country's health system, significantly. However, in India the penetration of medical devices is low and inadequate due to the barriers that prevent their usage.

### **Promotion of the Sector by the Government**

The government is expected to develop a regulatory structure leading to quality products being developed by manufacturers. However, the current regulatory structure lacks active participation from the government but with the increase in competition in the sector, this is just a matter of time. The last few years have seen an increase in domestic manufacturing of medical equipment. With impetus from Government of India schemes, India is beginning to look forward to being recognized as a manufacturing destination for sophisticated medical technology.

### **The Private and Foreign Investments**

International companies in this field are also using India as a manufacturing base by either setting up facilities of their own or by acquiring domestic manufacturers. Some examples include 3 M's manufacturing plant in Pune, Becton Dickinson's manufacturing facility in Haryana, Hollister's setting up manufacturing facility in India and Philips Medical Systems' acquisition of Medtronic and Alpha X-Ray Technologies. Medical Technology Parks have been proposed by the Government of India in addition to the existing parks to encourage domestic manufacturing of medical equipment.

FDI inflow will spur R&D and manufacturing innovations, in turn increasing the efficiency and effectiveness of medical electronic products. Advancement of medical electronic product quality and associated successful diagnostic rates are expected to create a spurt in adoption.

### **Role Played by Major Competitors in the Medical Technology Sector**

Medical Technology companies are undertaking a lot of innovations out of India, both, for the domestic as well as the overseas markets. Transasia Biomedicals has developed in-vitro *diagnostic equipment through its R&D base in Mumbai. The Sushrut Adler Group has developed an external fixator for the Indian market. Johnson and Johnson has developed a knee implant suitable for the Indian market as well as a reusable stapler for use in surgeries at price points, which are amenable to the Indian market. Roche Diagnostics has developed a screening device for cardio-vascular diseases, which is suitable for use in rural settings. GE Healthcare has developed a low cost ECG machine and a low cost Ultrasound machine for the Indian market. Philips Healthcare is using its recent acquisitions in India to develop and launch a low cost path Lab for the Indian market.*

### **Drivers for Growth of Medical Technology Sector in India**

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

### **Key Challenges Faced by the Sector**

- Low Penetration
- Accessibility
- Affordability
- Awareness
- Nascent Regulatory Environment
- Low Indigenous Manufacturing
- No Distinct Status of the Industry
- Need for Quality Benchmark at par with the Global Standards
- Complex Rules and Guidelines
- High Capital requirement

### **Recommendations for Government to Improve Sector**

- Move toward adoption of the Global Harmonization Task Force's (GHTF) definition and rules-based classification of medical devices.
- Work towards making legislative amendments to enable comprehensive Medical Device Regulations.
- Urgent Necessity for resource, funds allocation for training and skill up gradation.
- Evolve medical technology clusters with common facilities for development, calibration, testing, quality control, waste management etc. hence, creating an ecosystem for the benefit of SME's focusing on medical technology.
- Increase public spending in healthcare from 1% of GDP to 3% of GDP to radically alter the provision of healthcare services.
- Encourage greater collaboration between medical centers and technology universities.
- Increase the quality and enhance consistency of training received by medical and paramedical staff thereby providing creative resources for leading medical innovation efforts.
- Include medical technology education within the medical curriculum with assistance from agencies like NIPER.
- Increase the training for regulatory staff especially at the State Level to ensure consistent interpretation of regulatory approval processes for which partnership with Industry associations maybe considered as a practice instead of sporadic efforts.
- Usher further reform in the insurance sector to stimulate health insurance thereby providing the financial incentives for medical technology innovation.
- Set up a venture investment fund to address the lack of early stage venture capital

Source: IBEF, Consolidated FDI Policy, Department of Industrial Policy & Promotion (DIPP), Press Information Bureau (PIB), Media Reports, Pharmaceuticals Export Promotion Council, TechSci Research



## OUR BUSINESS

*In this section, unless the context otherwise requires, a reference to "we", "us" and "our" refers to KMS Medisurgi Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our restated financial information. This section should be read together with "Risk Factors" on page 13 and "Industry Overview" on page 83.*

### **Overview**

#### **BUSINESS OVERVIEW**

Our Company was incorporated at Mumbai as "KMS Medisurgi Private Limited" on 25<sup>th</sup> March, 1999. We have been converted in to a Public Limited Company and consequently name was changed to "KMS Medisurgi Limited" on 15<sup>th</sup> June, 2016. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 109 of this Prospectus.

We manufacture & undertake job work of coating of various substrates like non woven fabrics, PU films, cotton fabrics, and taffeta silk fabrics with adhesive.

We are engaged into the business of ethical marketing and distribution of Surgical Disposable, Haemostat, Medical Devices, Urology Equipments, Surgery Equipments, Orthopedic/Physiotherapy equipments, Blood Banking Equipments and other such Surgical Equipments in India.

We have been established in 1999 as surgical equipment company and since then we have been successfully launching new concepts through which have helped the Indian Healthcare industry. We bridge the gap between the world technological advancements and Indian Healthcare industry. We are government approved suppliers throughout India.

Our Mission is "To become a leading Medical Device Company specializing in the supply of value-added products contributing to public healthcare and focusing on leading surgical products with a technological edge, at competitive rates".

Our target is "To serve our customers at our very best, constantly improve and upgrade the quality of our production and organizational skills and to develop novel products."

To facilitate growth, our company has a well-established distribution and export system throughout the world.

The Quality of our products has always been our priority, thanks to our highly qualified and dedicated staff, we have maintained those standards and we will strive towards excellence in future.

We are Government approved supplier. We are representing the World Leaders in Surgical Disposables, Medical & Surgical Equipments for India as their Exclusive Distributors.

We also undertake job work of coating of various substrates like non woven fabrics, PU films, cotton fabrics, taffeta silk fabrics with adhesive.

#### **Our Operations and Products**

We have been established in 1999 as surgical equipment company and since then we have been successfully launching new concepts through which have helped the Indian Healthcare industry. We bridge the gap between the world technological advancements and Indian Healthcare industry. We are government approved suppliers throughout India.



## **KMS Medisurgi Limited**

We are engaged into the business of ethical marketing and distribution of Surgical Disposable, Haemostat, Medical Devices, Urology Equipments, Surgery Equipments, Orthopedic/Physiotherapy equipments, Blood Banking Equipments, Biotechnology, Research, Oncology, Radiology, Diagnostics, ICU & rehabilitation, Cardiology, Critical Care, Laboratory & Scientific Equipments and Surgical Equipment's in India.

Our company has a G.M.P Drug manufacturing license, ISO 9001:2000 and ISO 13485&CE Certificate.

We are Government approved supplier. We are representing the World Leaders in Surgical Disposables, Medical & Surgical Equipments for India as their Exclusive Distributors.

We also undertake job work of coating of various substrates like non woven fabrics, PU films, cotton fabrics, taffeta silk fabrics with adhesive.

We offer a gamut of products, which includes as below:

- Absorbable Gelatin Surgical Sponge
- Surgipore Tape
- Surgipore Tape (Silk)
- Cushions for ESWL-VI Shock Wave Hand
- Dressing Post-Op Medicated
- Dressing Silicon Gel
- Microporus Surgical Foam Tape
- Fleece Fabric
- Double Side Adhesive tapes

We are constantly striving to expand our line of products and we are always on the lookout for complementary products that will add to our solution bouquet. We would seek product lines which have better scope for value addition and therefore offer us higher than average margins.

### **Our Strength:**

We derive our strengths from following factors:

#### ***Established operations and proven track record***

We have established operations and in the past we have been successfully served varied range of clientele.

#### ***Strong and stable management team with proven ability***

We have experienced management team with established processes. We believe that our management team has a long-term vision and has proven its ability to achieve long-term growth of the Company. Our Promoters have sufficient experience in surgical equipment sector. We believe that the strength of our management team and their understanding of the surgical equipment sector will enable us to continue to take advantage of current and future market opportunities.

#### **Established Manufacturing facility**

Our existing manufacturing facility is located at Palghar, Thane, on the outskirts of Mumbai. Our manufacturing facilities are spread over 4,000 Square feet's. We have a State-of-Art machines and equipments.



***Cordial relations with our customers and Suppliers***

Our record has helped us to build strong relationships over a number of years with our customers as well as with our Suppliers, which allows us to repetitive order with our customers as well as efficient and timely execution of projects.

***Quality Standards***

We follow utmost quality standards for our areas of operation.

***Growth driven***

Our Company has witnessed substantial growth since incorporation. Turnover of our Company have increased from Rs. 356.05 Lacs in the fiscal 2011-12 to Rs. 841.45 Lacs in the fiscal 2015-16. Our Net Worth stands at Rs. 332.92 Lacs as on 31<sup>st</sup> March, 2016. Our profits have grown from Rs. 10.25 Lacs in fiscal 2012 to Rs. 13.68 Lacs for the fiscal 2016.

**Location advantage of the Unit**

The manufacturing unit is located at Village-Shirgaon, Taluka-Palghar, Thane and it has the location advantage of ease in access as its situated near to Mumbai. It results into the advantage of ease in transport to any corner of India at an effective cost. This provides us with efficient logistics thereby reducing our transportation and raw material cost in comparison to competitors.

**OUR MANUFACTURING UNIT**

Our manufacturing unit is located at Village-Shirgaon, Taluka-Palghar, Thane.

Stated below are the brief details of some of the major equipments utilized at our manufacturing unit.

Sr.No.	Machines & Testing Equipments
1	Bicom Optima 25
2	Fully Automatic Thermic Fluid Heater
3	Machine Cutting
4	Perforation Machine
5	Coating Machine
6	Slitting Machine
7	Roto Gravure Multi Colour Printing Machine
8	Rewinding Doctoring with Motor Machine
9	Micro Slitter Machine
10	Cutting Machine
11	Shrink Rapping Machine
12	Lifting Stacker Machine
13	Chiller / Cooling Tower with water pump machine
14	Hydraulic Stacker Machine
15	Air Shafts Machine
16	Weighing Scales
17	Generators
18	Multi Purpose Coating Machine



Sr.No.	Machines & Testing Equipments
19	Hydraulic Hand Stacker Machine
20	MS Roller
21	Rewinder Machine
22	Electric Fitting
23	M S Roller
24	Diesel Generating Machine
25	Slitting Rewinding Machine
26	Air Compressor (ELGI)
27	Chiller (Air Cooled)
28	Servo Controlled Voltage Stabilizer
29	Complete Medical Tape Hot Melt Coating Plant

**OUR BUSINESS PROCESS CAN BE SUMMARIZED AS UNDER:-**

Our Production team accumulates and handover all manufacturing documents like bill of materials, parts list, drawings, procedures, test procedures, test formats, trouble shooting details, etc. to the concern persons, for manufacture as per the documents and specifications. Following are the stages in the manufacturing process:

**Material and Tools Sourcing:** We source the material and tools required.

**Production:** The production is being carried out as per manufacturing document.

**Inspection & Testing:** All units are subjected to inspection. Each and Every unit is tested thoroughly as per given specifications, test procedures and test formats.

**Our growth strategy:**

Our strategy is to build upon our competitive strengths and business opportunities to become one of the vital surgical equipment Company. We intend to achieve this by implementing the following strategies:

**To reap the benefit by enhancing manufacturing capacities**

We are focused on establishing and increasing our manufacturing facilities, as this will allow us to exercise control over manufacturing costs and the quality of the finished products. We believe that an increase in manufacturing capacity will help us reap the benefits of economies of scale. Higher volumes would enable us to also make competitive raw material purchases and this would eventually lead to an improvement in the price competitiveness of our products.

**Constant Technology Up gradation**

Our Company has focused on constant up gradation of its machineries and equipments used in our business from various parts of the world keeping in mind its usage in the Indian conditions.

**Continue to develop client relationships**

We plan to grow our business primarily by growing the number of client relationships, as we believe that increased client relationships will add stability to our business. We seek to build on existing relationships and also focus on bringing into our portfolio more clients. Our Company believes that business is a by-product of relationship. Our Company believes that a long-term client relationship with large clients reap fruitful returns. Long-term relations are built on trust and continuous meeting with the requirements of the customers.



### **Pursue strategic acquisitions**

In order to expand, we seek to identify acquisition targets and/or joint venture partners whose resources, capabilities, technologies and strategies are complementary to and are enabling us to establish our presence in new geographical locations.

### ***Penetration in to global markets***

We are looking forward to enter into global markets and we plan to target countries where we can leverage our track record and experience in India to compete effectively and expand our revenue base.

### ***Strengthening our brand***

We intend to invest in developing and enhancing recognition of our brand – KMS, through brand building efforts, communication and promotional initiatives such as exhibitions fairs, electronic media, organizing events, participation in industry events, public relations and investor relations efforts. This will help us to maintain and improve our global and local reach. We believe that our branding exercise will enhance the recall value and trust in the minds of our customers and will help in increasing demand for our products.

### **COLLABORATIONS**

The Company has so far not entered into any technical or financial collaboration agreement.

### **RAW MATERIAL & OTHER UTILITIES**

#### **Suppliers**

The major suppliers include Sheng Hung Industrial, Chan Sieh Enterprise, Nation Horizon Limited, NW Overseas, Aura Adhesive Tapes amongst others.

#### **Utilities**

Our manufacturing unit for manufacturing of is located Palghar near Mumbai, a well developed industrial belt for industry where the utilities like power and manpower are easily available.

#### **Power**

Power is sourced from Maharashtra State Electricity Distribution Co. Ltd.

#### **Water**

The manufacturing process does not have major water requirements.

#### **Manpower**

The details of manpower employed as on 31<sup>st</sup> March, 2016 are as under:

<b>Sr. No.</b>	<b>Category</b>	<b>No. of employees</b>
1.	Managing Director	1
2.	Company Secretary	1
3.	Chief Financial Officer	1
4.	Manager	1
5.	Main Operators	1



**KMS Medisurgi Limited**

Sr. No.	Category	No. of employees
6.	Machine Operators	4
7.	Assistant Operators	2
8.	Sales Executive	1
9.	Accounts & Finance	3
10.	Office Assistants	2
	<b>TOTAL</b>	<b>17</b>

### **MAJOR CUSTOMERS**

Our customer base ranges from hospitals, healthcare providers, surgical equipment trader/ distributors, government / semi government healthcare agencies.

### **COMPETITION**

We face significant competition from domestic and international players. In addition, we compete against a number of multi-national manufacturers and marketers, some of which are larger and have substantially greater resources than us. We also face competition internationally from surgical tapes and other equipments imported from overseas markets. However, we have been able to leverage economies of scale to gain an advantage.

We believe that we compete favorably with our principal competitors in each of these areas. We also believe that our offering of full value chain solutions provides us with a competitive advantage that enables us to compete on more than price alone.

### **Marketing Arrangement**

To handle our product sales, we have a dedicated team of sales representatives. Our marketing and branding team responsible for marketing activities, with the aim of developing and enhancing our brands and increasing our sales.

Some of our marketing activities envisaged as below:

*Public relations* - Our Company focuses on opportunities to raise our brand awareness through non-paid publicity activities such as articles, features and reviews.

*Advertising* - Our Company plans to appoint suitable external agency for print as well as electronic media based on a marketing plan for each of our products.

### **QUALITY**

We are wholly committed to build and sustain itself as an organization where quality shall be the hallmark of every aspect. The department of our quality checks consists of competent team who are engaged in the inspection process right from procurement of raw materials to final delivery of products. Our maximum attention is paid to upgrade our skills, quality system and manufacturing facility to achieve consistent product quality and customer satisfaction.

### **Quality Policy**

We have a qualified team which is dedicated towards quality. With the help of a systematic process orientation and unwavering and unflinching focus and commitment enables us to turn out products with a guarantee of absolute quality. We are dedicated towards total customer satisfaction, timely delivery and optimum cost for manufacture. We are committed to achieve this goal through training of employees, continual improvement of





processes & Quality Management Systems.

**Our quality assurance program involves the following:**

- Implement quality management systems
- Process capability study
- Process inspection in all stages
- Solving customer complaints
- Corrective and preventive actions

### **QUALITY CONTROL**

#### **Quality Standards**

Our very presence in the industry since years has helped us to develop on technical front. We with our own manufacturing plant are one of the established manufacturers in India In the manufacture of our products we follow the major quality standards.

#### **Enhance product quality**

A good quality product is the foundation for a good brand. As mentioned above, we have the ISO certification. We believe that consistency of quality products can only be achieved by process orientation. We capitalize on our experienced management team and our dedicated workforce. Our focus on quality will help us in retaining our customers and adding new ones.

### **EXPORT POSSIBILITY AND OBLIGATION**

Our Company doesn't have any export obligation. The Company's drive is to expand its business to overseas market by exporting its products.

### **SWOT**

#### **Strengths**

- Cordial relations with Customers
- In depth knowledge of Industry - Commercial & Technical
- Established manufacturing facility
- Infrastructural support
- Low overhead cost
- Sizeable market share
- Experienced management team

#### **Weaknesses**

- Dependent upon growth in Healthcare and surgical industry
- Insufficient international market reach
- Surge in finance needs to cope up with the increased demand

#### **Opportunities**

- Shift towards organized healthcare will boost demand in future
- Government's drive to upgrade healthcare facilities



**Threats**

- Industry is prone to changes in government policies, any material changes in the duty or international raw material prices may adversely impact our financials.
- There are no entry barriers in our industry which puts us to the threat of competition from new entrants.

**INTELLECTUAL PROPERTY**

We own the following Trademarks registered under the below mentioned class issued by Registrar of Trademarks, Mumbai:

Sr. No	Particulars of Trademark	Class No.	Registration No.	Registration Date
1.	Corporate Logo “KMS”	5	1844346	26 <sup>th</sup> February, 2011

**OUR PROPERTIES**

Our Registered Office and manufacturing facility is located at 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai-400 002, Maharashtra, India. The details of Property occupied, leased or owned by the Company are as under:

Sr. No.	Location	Title (Leased /Owned)	Area	Utility	Date of Agreement / Acquisition	Agreement Valid till
1.	297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai-400 002, Maharashtra, India	Leased	---	Registered Office	01.04.2016	31.03.2017
2.	Factor shed bearing Grampanchayat Property No. 1192 admeasuring 4171 Sq. Feet at Village-Shirgaon, Taluka-Palghar, Thane, Maharashtra	Owned	387.63 Sq. Mtrs.	Manufacturing Facility	27.02.2013	----

***Note 1: Interest in Property by our Promoters and Promoter Group***

Our registered office situated at 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai-400 002, Maharashtra, India is on lease for twelve (12) months starting from 01/04/2016. Prior to this we were empowered to use it through rent free letter dated 25<sup>th</sup> March,1999. The office is taken on lease from Gaurang Kanakia, one of our promoter and accordingly Gaurang Kanakia P. is deemed to be interested to the extent of lease rent received by it from our Company.

***Note 2: Purchase of Property***

We have not entered into any agreement to buy/sell any property with the promoters or director or a proposed



**KMS Medisurgi Limited**

director who had any interest direct or indirect during the preceding two years.

**INSURANCE POLICIES**

We have taken insurance policies insuring major risks relating to its stocks, building, plant & machinery, accessories at its manufacturing facilities & at their commercial premises. However the insurance policies may not provide adequate coverage in certain circumstances and are subject to deductibles, exclusions and limit on coverage.

We have taken insurance policies covering the following:

Insured	KMS Medisurgi Limited
Policy type	Standard Fire and Special Perils Policy
Property insured	Manufacturing Facility at Palghar.
Coverage	Standard Fire and Special Perils, Earthquake (fire and shock) & damage.
Policy no.	121300/11/2016/790
Agency	Oriental Insurance Company Limited
Sum insured	STFI Cover Rs. 1,60,00,000; Fire Basic Cover Rs. 1,60,00,000; Earth Quake Cover Rs. 1,60,00,000
Total premium (Rs.)	43,052/-
From	19/01/2016
Valid up to	18/01/2017

## KEY INDUSTRY REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

### INDUSTRY RELATED LAWS:

#### **THE DRUGS AND COSMETICS ACT, 1940 (“DCA”)**

The DCA regulates the import, manufacture, distribution and sale of drugs and cosmetics in India as well as aspects relating to labeling, packing and testing. The DCA also provides the procedure for testing and licensing of new drugs. The DCA also prohibits the import of certain categories of drugs and cosmetics. It further mandates that every person holding a license must keep and maintain such records, registers and other documents as may be prescribed which may be subject to inspection by the relevant authorities. Under the DCA, the Government may, by notification in the official gazette, regulate or prohibit the manufacture, sale or distribution of a drug, if it is satisfied that in the public interest, it is necessary or expedient to do so or that the use of such drug is likely to involve any risk to human beings or animals or that it does not have the therapeutic value claimed or purported to be claimed for it or contains ingredients and in such quantity for which there is no therapeutic justification. Penalties in terms of fine and imprisonment are prescribed under the DCA for contravention of its provisions.

#### **THE DRUGS AND COSMETICS RULES, 1945**

The Drugs and Cosmetics Rules, 1945 (the “DCA Rules”) have been enacted to give effect to the provisions of the DCA Act to regulate the, manufacture, distribution and sale of drugs and cosmetics in India. The DCA Rules prescribe the procedure for submission of report to the Central Drugs Laboratory, of samples of drugs for analysis or test, the forms of Central Drugs Laboratory’s reports thereon and the fees payable in respect of such reports. The DCA Rules also prescribe the drugs or classes of drugs or cosmetics or classes of cosmetics for the import of which a licence is required, and prescribe the form and conditions of such licence. Further, the DCA Rules provide for the cancellation or suspension of such licence in any case where any provisions or rule applicable to the import of drugs and cosmetic is contravened or any of the conditions subject to which the licence is issued is not complied with. The DCA Rules further prescribe the manner of labeling and packaging of drugs.

#### **THE DRUGS (CONTROL) ACT, 1950 (“DC ACT”)**

The DC Act was enacted to provide for the control of sale, supply and distribution of drugs. The DC Act empowers the Central Government to inter alia declare any drug to be a drug to which this act shall apply and to fix maximum prices and maximum quantities thereof, which may be held or sold, by a dealer or producer. The DC Act also provides for penalties arising due to contraventions of any of the provisions of this Act or of any direction made under authority conferred by this Act, which shall be punishable with imprisonment for a term which may extend to three years, or with fine, or with both.

#### **NATIONAL PHARMACEUTICAL PRICING POLICY 2012**

In December 2012, the Government issued the National Pharmaceutical Pricing Policy, 2012 (“NPPP 2012”) has replaced the Drug Policy of 1994. The objective of the NPPP 2012 is to put in place a regulatory framework for pricing of drugs so as to ensure availability of essential medicines at reasonable prices while providing sufficient



## **KMS Medisurgi Limited**

opportunity for innovation and competition to support the growth of industry. The regulation of prices of drugs under the NPPP 2012 is on the basis of regulating the prices of formulations and is different from the earlier principle of regulating the prices of specified bulk drugs and their formulations under the Drug Policy 1994. The National Pharmaceuticals Pricing Authority (“NPPA”) will be the implementation authority for the NPPP 2012. The NPPP 2012 provides for certain principles for drug price control and determination, which, *inter-alia*, include the following:

- a) Price regulation is on the basis of ‘essentiality’ of the drug as laid down in the National List of Essential Medicines - 2011 (“NLEM 2011”), declared by the Ministry of Health and Family Welfare, in public interest;
- b) Price regulation is applied only to formulations;
- c) The Span of Price Control is as per the dosages and strengths as listed in NLEM 2011;
- d) The methodology of fixing a ceiling price of essential medicines, is done by adopting the simple average price of all the brands having market share (on the basis of moving annual turnover) more than and equal to one percent of the total market turnover of that medicine.
- e) The formulations are to be priced only by fixing a ceiling price. Manufacturers would be free to fix any price for their products equal to or below the ceiling price. The ceiling price would be fixed on the dosage basis, such as per tablet, capsule, standard injection volume, as listed in NLEM 2011;
- f) The ceiling price will be fixed on the basis of readily monitorable market based data which would be available with IMS Health (IMS). Since the IMS data gives price figures for stockist level prices, in order to arrive at ceiling price (being the maximum retail price), the price derived from IMS data would be further increased by 16% as margin to the retailer so as to arrive at a reasonable ceiling price chargeable from the consumers. For drugs not in the IMS data, NPPA would collect data by commissioning the same.
- g) The prices of such essential medicines will be allowed an annual increase as per the ‘Wholesale Price Index’ as notified by the Department of Industrial Policy & Promotion;
- h) The prices of non-essential drugs are to be monitored by the Government on a regular basis and where the price of such drugs increases at a rate of above 10% per annum, the Government is empowered to have the price of these drugs reduced below the limit, for the next 12 months; and
- i) The ceiling prices determined for drugs under the NPPP 2012 are also applicable to imported drugs.

The NPPP 2012 further, in order to promote innovation and R&D, provides for certain exemptions, to which price control does not apply, such as:

- a) A product or process patented under the Indian Patent Act, 1970, if developed through indigenous R&D, is eligible for exemption from price control for a period of five years from the date of commencement of its commercial production; and
- b) A formulation involving a new delivery system developed through indigenous R&D is also eligible for exemption from price control for a period of 5 (five) years from the date of its market approval in India. The certification of innovation and R&D may be provided by the office of DCGL.

### **THE ESSENTIAL COMMODITIES ACT, 1955 (“ECA”)**

The ECA provides for the control of the production, supply and distribution of, and trade and commerce in certain commodities. The ECA gives powers to the Government amongst others, to control production, supply and distribution of essential commodities for maintaining or increasing supplies and for securing their equitable distribution and availability at fair prices. Using the powers under it, various ministries/departments of the Government have issued control orders for regulating production, distribution, quality aspects, movement and prices pertaining to the commodities which are essential and administered by them. The State Governments



## **KMS Medisurgi Limited**

have issued various control orders to regulate various aspects of trading in essential commodities such as food grains, edible oils, pulses kerosene, sugar and drugs. The Collector of the District or the concerned authority has the power to confiscate the commodity if it contravenes the order.

### **THE DRUGS (PRICES CONTROL) ORDER, 2013 (“DPCO, 2013”)**

In May 2013, the Central Government in exercise of its powers under the Essential Commodities Act, 1955 issued the Drugs Prices (Control) Order, 2013 which will replace the Drugs Prices (Control) Order, 1995. The NPPA will be the implementation authority for the new Drug Prices (Control) Order, 2013. The DPCO is passed under section 3 of the ECA and is to be read with the DCA. The DPCO, inter alia, provides the list of price controlled drugs, procedures for fixing the prices of drugs, method of implementation of prices fixed by Government and penalties for contravention of provisions and formulations which fall within the purview of the legislation. The DPCO provides for the formulae for calculation of ceiling prices and retail prices of drug formulation and there are penal provisions for violation of any rules and regulations under the ECA. As per section 7 of the ECA, the penalty for contravention of the DPCO is minimum imprisonment of 3 (three) months, which may extend to seven years and the violator is also liable to pay a fine. The DPCO provides that the Government may, in extraordinary circumstances, if it considers necessary to do so in the light of public interest, fix the ceiling price or retail price of any drug for such period as it may consider fit, and where the ceiling price or retail price is already fixed and notified, it may allow an increase or decrease in the ceiling price or the retail price as the case may be, irrespective of the annual wholesale price index for that year. Under the provisions of the DPCO, every manufacturer of a schedule formulation intended for sale shall display in indelible print mark, on the label of container of the formulation and the minimum pack thereof offered for retail sale, the maximum retail price of that formulation based on the ceiling price notified in the Official Gazette or ordered by the Government in this behalf with the words "Maximum Retail Price" preceding it and the words 'inclusive of all taxes' succeeding it. The provisions of this order do not apply to a manufacturer producing a new drug patented under the Indian Patent Act, 1970 (product patent) and not produced elsewhere, if developed through indigenous Research and Development, for a period of five years from the date of commencement of its commercial production in the country or a manufacturer producing a new drug in the country by a new process developed through indigenous Research and Development and patented under the Indian Patent Act, 1970 for a period of five years from the date of the commencement of its commercial production in the country or a manufacturer producing a new drug involving a new delivery system developed through indigenous Research and Development for a period of five years from the date of its market approval in India.

### **REGULATIONS GOVERNING THE MANUFACTURING SECTOR**

The primary central legislation governing the manufacturing sector is the Factories Act, 1948. In addition, compliance of various labour related legislations, including the Payment of Wages Act, 1956, The Minimum Wages Act, 1948, Employees' Compensation Act, 1923, Industrial Disputes Act, 1948, Payment of Gratuity Act, 1972, Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Payment of Bonus Act, 1965.

### **LAWS REGULATING LABOUR AND EMPLOYMENT:**

#### ***Payment of Bonus Act, 1965***

Pursuant to the Payment of Bonus Act, 1965, as amended (the “Bonus Act”), an employee in a factory or in any establishment where twenty or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus.

Contravention of the provisions of the Bonus Act by a company is punishable by imprisonment for up to six months or a fine of up to Rs.1,000 or both, against persons in charge of, and responsible to the company for, the conduct of the business of the company at the time of contravention.



### ***The Employees State Insurance Act, 1948***

The Employees State Insurance Act, 1948 (the “ESI Act”), provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

### ***The Employees Provident Fund and Miscellaneous Provisions Act, 1952***

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the “EPF Act”), provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

### ***Payment of Gratuity Act, 1972***

Under the Payment of Gratuity Act, 1972, as amended (the “Gratuity Act”), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent on an employee having completed five years of continuous service. An employee in a factory is said to be in ‘continuous service’ for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning.

### ***The Factories Act, 1948***

The Factories Act, 1948 (“Factories Act”) seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. The term ‘factory’, as defined under the Factories Act, means any premises which employs or has employed on any day in the previous 12 (twelve) months, 10 (ten) or more workers and in which any manufacturing process is carried on with the aid of power, or any premises wherein 20 (twenty) or more workmen are employed at any day during the preceding 12 (twelve) months and in which any manufacturing process is carried on without the aid of power. An occupier of a factory under the Factories Act, means the person who has ultimate control over the affairs of the factory. The occupier or manager of the factory is required to obtain a registration for the factory. The Factories Act also requires *inter alia* the maintenance of various registers dealing with safety, labour standards, holidays and extent of child labour including their conditions. Further, notice of accident or dangerous occurrence in the factory is to be provided to the inspector by the manager of the factory.

### ***Maharashtra Factories Rules, 1963***

The Maharashtra Factories Rules, 1962 (**the Rules**) seeks to regulate labour employed in factories in the state of Maharashtra and makes provisions for the Inspection of staff, safety, health and welfare of the workers. Under the Rules, the occupier or manager of every factory is required to obtain previous permission for the construction or extension of a factory from the Chief Inspector of Factories. The occupier or manager is required to obtain certificate of stability and registration and notice of occupation for the factory. The Rules also requires *inter alia* the maintenance of various registers dealing with health, holidays and extent of child labour, white washing, humidity, workers attending machinery. Further, notice of accident or dangerous occurrence in the factory is to be provided to the inspector by the manager of the factory.





### **Contract Labour (Regulation and Abolition) Act, 1970**

Contract Labour (Regulation and Abolition) Act, 1970 (“CLRA”) is an act to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 (twenty) or more workmen are employed or were employed on any day of the preceding 12 (twelve) months as contract labour. It also applies to every contractor who employs or who employed on any day of the preceding 12 (twelve) months, 20 (twenty) or more workmen provided that the appropriate Government may after giving not less than 2 (two) months’ notice, by notification in the Official Gazette, apply the provisions of the CLRA to any establishment or contractor. Further, it contains provisions regarding Central and State Advisory Board under the CLRA, registration of establishments, and prohibition of employment of contract labour in any process, operation or other work in any establishment by the notification from the State Board, licensing of contractors and welfare and health of the contract labour. Contract Labour (Regulation and Abolition) Central Rules, 1971 are formulated to carry out the purpose of the CLRA.

### **Maharashtra Contract Labour (Regulation and Abolition) Central Rules, 1971**

Maharashtra Contract Labour (Regulation and Abolition) Rules, 1971 requires the contractor to establish canteens, rest rooms, drinking water, washing facilities, first aid facilities, and other facilities. Where the employment of any worker is terminated by or on behalf of the contractor, the wages earned by the worker shall be paid before the expiry of the second working day from the day on which his employment is terminated. Every employer shall maintain register of contractors and register of persons employed. The contractor is also required to issue an employment card to the employee and issue service certificate to the employee when he is terminated by the contractor for whatsoever reasons.

### **INTELLECTUAL PROPERTY LEGISLATIONS:**

#### **Intellectual Property:**

The Trademarks Act, 1999, The Patents Act 1970 and the Copyright Act, 1957 *inter alia* govern the law in relation to intellectual property, including patents, copyrights, trademarks, service marks, brand names, trade names and research works.

### **TAX RELATED LEGISLATIONS:**

#### ***Income-tax Act, 1961***

The Income-tax Act, 1961 (“IT Act”) is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. Every Company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its returns by 30th September of each assessment year.

#### **Value Added Tax (“VAT”)**

The levy of Sales Tax within the state is governed by the Value Added Tax Act and Rules 2008 (“the VAT Act”) of the respective states. The VAT Act has addressed the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.





### **Central Sales Tax Act, 1956**

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (Monthly/ Quarterly/ Annually) as required by the State sale Tax laws of the assessee authority together with treasury challan or bank receipt in token of the payment of taxes due.

### **Central Excise Act, 1944**

Excise duty is levied on production of goods but the liability of excise duty arises only on removal of goods from the place of storage, i.e., factory or warehouse. Unless specifically exempted, excise duty is levied even if the duty was paid on the raw material used in production.

### **Customs Regulations**

All imports into India are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification.

### **GENERAL:**

#### ***The Indian Contract Act, 1872***

The Indian Contract Act codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract.

#### ***Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which Our Company has an established place of business/ office (“Shops Act”)***

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

#### **The Companies Act, 2013**

The Act deals with laws relating to companies and certain other associations. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection

### **LAWS REGULATING TRANSFER OF PROPERTY:**

#### **Transfer of Property Act, 1882**

The Transfer of Property Act, 1882 (the “TP Act”) establishes the general principles relating to transfer of property in India. It forms a basis for identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. The TP Act also provides for the rights and liabilities of the vendor and purchaser in a transaction of sale of land.



### **Registration Act, 1908**

The Registration Act, 1908 (the “**Registration Act**”) has been enacted with the objective of providing public notice of the execution of documents affecting, *inter alia*, the transfer of interest in immovable property. The purpose of the Registration Act is the conservation of evidence, assurances, title and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, 110 in any immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or as collateral), unless it has been registered. Evidence of registration is normally available through an inspection of the relevant land records, which usually contains details of the registered property. Further, registration of a document does not guarantee title of land.

### **The Indian Stamp Act, 1899**

Under the Indian Stamp Act, 1899 (the “**Stamp Act**”) stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable rates for stamp duty on instruments chargeable with duty vary from state to state. Instruments chargeable to duty under the Stamp Act, which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein and it also provides for impounding of instruments that are not sufficiently stamped or not stamped at all.

### **FOREIGN OWNERSHIP LEGISLATIONS:**

#### **Investment by Foreign Institutional Investors**

Foreign Institutional Investors including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, foreign central banks, asset management companies, investment managers or advisors, nominee companies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

#### **Ownership restrictions of FIIs**

Under the portfolio investment scheme, the total holding of all FIIs together with their sub-accounts in an Indian company is subject to a cap of 24% of the paid-up capital of a company, which may be increased up to the percentage of sectoral cap on FDI in respect of the said company pursuant to a resolution of the board of directors of the company and the approval of the shareholders of the company by a special resolution in a general meeting. The total holding by each FII, or in case an FII is investing on behalf of its sub-account, each sub-account, should not exceed 10% of the total paid-up capital of a company.



**KMS Medisurgi Limited**

## OUR HISTORY AND CORPORATE STRUCTURE

### HISTORY & BACKGROUND

Our Company was originally incorporated as “KMS Medisurgi Private Limited” in Mumbai, Maharashtra under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated 25<sup>th</sup> March, 1999 bearing Registration Number 119118 issued by the Registrar of Companies, Mumbai, Maharashtra. Our Company was converted in to a Public Limited Company and consequently the name was changed to “KMS Medisurgi Limited” vide fresh Certificate of Incorporation dated 15<sup>th</sup> June, 2016 issued by the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number of our Company is U51397MH1999PLC119118.

We are engaged into the business of ethical marketing and distribution of Surgical Disposable, Haemostat, Medical Devices, Urology Equipments, Surgery Equipments, Orthopedic/Physiotherapy equipments, Blood Banking Equipments, Biotechnology, Research, Oncology, Radiology, Diagnostics, ICU & rehabilitation, Cardiology, Critical Care, Laboratory & Scientific Equipments and Surgical Equipment’s in India.

We have been established in 1999 as surgical equipment company and since then we have been successfully launching new concepts through which have helped the Indian Healthcare industry. We bridge the gap between the world technological advancements and Indian Healthcare industry. We are government approved suppliers throughout India.

### Our Operations and Products

We have been established in 1999 as surgical equipment company and since then we have been successfully launching new concepts through which have helped the Indian Healthcare industry. We bridge the gap between the world technological advancements and Indian Healthcare industry. We are government approved suppliers throughout India.

We manufacture & undertake job work of coating of various substrates like non woven fabrics, PU films, cotton fabrics, and taffeta silk fabrics with adhesive.

We are engaged into the business of ethical marketing and distribution of Surgical Disposable, Haemostat, Medical Devices, Urology Equipments, Surgery Equipments, Orthopedic/Physiotherapy equipments, Blood Banking Equipments and other such Surgical Equipments in India.

We have been established in 1999 as surgical equipment company and since then we have been successfully launching new concepts through which have helped the Indian Healthcare industry. We bridge the gap between the world technological advancements and Indian Healthcare industry. We are government approved suppliers throughout India.

We are Government approved supplier. We are representing the World Leaders in Surgical Disposables, Medical & Surgical Equipments for India as their Exclusive Distributors.

We also undertake job work of coating of various substrates like non woven fabrics, PU films, cotton fabrics, taffeta silk fabrics with adhesive.

We offer a gamut of products, which includes as below:

- Absorbable Gelatin Surgical Sponge
- Surgipore Tape
- Surgipore Tape (Silk)
- Cushions for ESWL-VI Shock Wave Hand
- Dressing Post-Op Medicated



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- Dressing Silicon Gel
- Microporus Surgical Foam Tape
- Fleece Fabric
- Double Side Adhesive tapes

### CHANGES IN REGISTERED OFFICE

The Registered Office of the Company was initially situated at 44 Mangaldas Road, Bulakhidas Mansion, Ground Floor, Mumbai - 400 002. Pursuant to a Board resolution dated 12<sup>th</sup> May, 2016 the Registered Office was shifted to 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002, which is the current Registered Office of the Company.

### MAIN OBJECTS OF OUR COMPANY

The object clauses of the Memorandum of Association of our Company enable us to undertake the activities for which the funds are being raised in the present Issue. Furthermore, the activities of our Company, which we have been carrying out until now, are in accordance with the objects of the Memorandum. The objects for which our Company is established are:

- To carry on in India or abroad the business of Manufacturing, importing, exporting, trading and in all types of Surgical, Scientific, Pharmaceuticals, adhesive tapes, medical & Surgical disposable products like Surgical tape, adhesive tapes, Wound care dressings, first aid kits, disposable syringes with needles, disposable hypodermic needles, infusion sets, blood transfusion sets, blood donor sets, scalp vein sets, foley balloon catheter, I V cannula, spinal needles, crewcut biopsy needles, sutures, epidural cannula, oxygenator, calorimeter, spectrophotometer, cardiovascular stents, guidewire, introducer kit, surgical drapes, implants and such other surgical, scientific and medical & Surgical disposable products.

### CHANGES IN THE MEMORANDUM OF ASSOCIATION

The following changes have been made in the Memorandum of Association of our Company since inception:

DATE	AMENDMENT
2 <sup>nd</sup> December, 2002	Increase in Authorized Share Capital of the Company from Rs. 1.00 Lacs divided into 10000 Equity Shares of Re. 10/- each to Rs. 50.00 Lacs divided into 5,00,000 Equity Shares of Rs. 10/- each.
22 <sup>nd</sup> March, 2016	Increase in Authorized Share Capital of the Company from Rs. 50.00 Lacs divided into 5,00,000 Equity Shares of Rs. 10/- each to Rs. 3.50 Crores divided into 35,00,000 Equity shares of Rs. 10/- each.
15 <sup>th</sup> June, 2016	Conversion of Company from Private Limited to Public Limited Company and subsequent change of name of Company from “KMS Medisurgi Private Limited” to “KMS Medisurgi Limited”
22 <sup>nd</sup> June, 2016	Alteration of Main Object Clause, amendment of Clause III(B), Liability Clause & deletion of Other Object Clause of the Memorandum of Association.

### MAJOR EVENTS AND MILESTONES

YEAR	PARTICULARS
March, 1999	Incorporation of the Company in the name and style of “KMS Medisurgi Private Limited”
June, 2016	The Company was converted in to a Public Limited Company and consequently the name was changed to “KMS Medisurgi Limited”



#### **CAPITAL RAISING (DEBT / EQUITY)**

For details of the equity capital raising of our Company, please refer to the chapter titled "Capital Structure" on page 46 of this Draft Prospectus.

We have not done any debt issuances since incorporation till date.

#### **HOLDING COMPANY OF OUR COMPANY**

Our Company has no holding Company as on this date of filing of this Draft Prospectus.

#### **SUBSIDIARY COMPANY OF OUR COMPANY**

There is no Subsidiary of our Company as on this date of filing of this Draft Prospectus.

#### **REVALUATION OF ASSETS**

Our Company has not revalued its assets since its incorporation.

#### **CHANGES IN THE ACTIVITIES OF OUR COMPANY HAVING A MATERIAL EFFECT**

Since incorporation, there has been no change in the activities being carried out by our Company which may have a material effect on the profits / loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

#### **DETAILS OF OUR PAST PERFORMANCE**

Our Company was incorporated in March, 1999. For details in relation to our financial performance since inception, including details of non-recurring items of income, refer to section titled "Financial Information" beginning on page 138 of this Draft Prospectus.

#### **INJUNCTIONS OR RESTRAINING ORDERS:**

Our Company is not operating under any injunction or restraining order.

#### **MERGERS AND ACQUISITIONS IN THE HISTORY OF OUR COMPANY**

There has been no merger or acquisition of businesses or undertakings in the history of our Company.

#### **STRIKES AND LOCKOUTS:**

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lock-outs. As on the date of the Draft Prospectus, our employees are not unionized.

#### **TIME AND COST OVERRUNS IN SETTING UP PROJECTS:**

As on the date of the Draft Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

#### **SHAREHOLDERS AGREEMENTS**

Our Company has not entered into any shareholders agreement as on date of filing of the Draft Prospectus.



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#### **OTHER AGREEMENTS**

Our Company has not entered into any specific or special agreements except that have been entered into in ordinary course of business as on the date of filing of the Draft Prospectus.

#### **COLLABORATION**

Our Company has not entered into any collaboration with any third party as per regulation (VIII) B (1) (c) of part A Schedule VIII of SEBI (ICDR) Regulations, 2009.

#### **STRATEGIC PARTNER**

Our Company does not have any strategic partner as on the date of filing of the Draft Prospectus.

#### **FINANCIAL PARTNER**

Our Company does not have any financial partner as on the date of filing of the Draft Prospectus.

#### **DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS OR BANKS**

There have been no defaults or rescheduling of borrowings with financial institutions or banks as on the date of this Draft Prospectus.

#### **NUMBER OF SHAREHOLDERS**

Our Company has 9 (Nine) shareholders on date of the Draft Prospectus.



**OUR MANAGEMENT**

**BOARD OF DIRECTORS**

Under our Articles of Association, our Company is required to have not less than three (3) Directors and not more than fifteen (15) Directors. Our Company currently has five (5) Directors on Board. The following table sets forth current details regarding our Board of Directors:

<b>Name, Father's name, Address, Occupation, Nationality, tenure &amp; DIN</b>	<b>Age</b>	<b>Status of Directorship in our Company</b>	<b>Other Directorships</b>
<b>1. Mr. Gaurang Prataprai Kanakia</b> S/o Mr. Prataprai Vrajlal Kanakia Prabhuta, 4 <sup>th</sup> Floor, 21, N. S. Patkar Marg, Hughes Road, Next To Blue Cross Hospital, Mumbai - 400 007 <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Tenure:</b> Three years w.e.f. 11 <sup>th</sup> August, 2016 <b>DIN:</b> 00346180	58 Years	Managing Director	1. Dermacare Surgicals Private Limited 2. Moni Diamonds Limited 3. KMS Comtrade Private Limited 4. IGE Trading Private Limited
<b>2. Mrs. Rekha Devang Kanakia</b> W/o Mr. Devang Prataprai Kanakia Prabhuta, 4 <sup>th</sup> Floor, 21, N.S. Patkar Marg, Mumbai - 400 007 <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Tenure:</b> Retire by Rotation <b>DIN:</b> 00346198	45 Years	Non Executive Non Independent Director	1. IGE Trading Private Limited
<b>3. Mr. Niraj Kumud Shah</b> S/o Mr. Kumud Manubhai Shah D/401/402, Devendra Apts, Rokadia Lane, Borivali (W) Mumbai - 400 092 <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Tenure:</b> Retire by Rotation <b>DIN:</b> 02202596	28 Years	Non Executive Non Independent Director	1. Kan Equipment Private Limited 2. Motive Broking & Advisory Private Limited
<b>4. Mr. Kamlesh Chunilal Rajani</b> S/o Mr. Chunilal Ranchoddas Rajani Room No. 03, Lohana Mahajan Wadi, Kila Road Zendabazar, Near Kabuter Khanna, Vasai West, Umele, Bassein Ro, Thane - 401 202 <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Tenure:</b> Till ensuing AGM <b>DIN:</b> 07588417	46 Years	Independent Director	NIL
<b>5. Mr. Hardik Rajnikant Bhatt</b> S/o Mr. Rajnikant Bhatt A-606, New Sheetal Shopping Centre, B.P Road, Near Gurukrupa Hospital, kharigaon, Thane, Bhayande, Mumbai - 401 105 <b>Occupation:</b> Business <b>Nationality:</b> Indian	31 Years	Independent Director	NIL



## KMS Medisurgi Limited

Name, Father's name, Address, Occupation, Nationality, tenure & DIN	Age	Status of Directorship in our Company	Other Directorships
Tenure: Till ensuing AGM DIN: 07566870			

### Note:

As on the date of the Draft Prospectus:

1. None of the above mentioned Directors are on the RBI List of willful defaulters as on date.
2. Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) for more than 3 months during the five years prior to the date of filing the Prospectus or (b) delisted from the stock exchanges.
3. None of the Promoters, Persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

### DETAILS OF DIRECTORS

**Mr. Gaurang Prataprai Kanakia**, aged 58 years, is a Managing Director of our Company. He is Higher Secondary passed by qualification. He has more than 10 years experience in finance domain and production of medical & surgical disposable items. He is responsible for overall planning & management of our Company. He takes care of day-to-day business of our Company. He predominantly responsible for implementation decisions within the organizations including scheduling of tasks and ensuring quality of deliveries. He is on Board of Company since incorporation.

**Mrs. Rekha Devang Kanakia**, aged 45 years, is a Non Executive Director of our Company. She is Commerce graduate. She has more than 4 years of experience in the field of Administration. She is on Board of Company since March, 2016.

**Mr. Niraj Kumud Shah**, aged 28 Years, is a Non Executive Director of our Company. He is Commerce graduate and has 5 years of experience in the field of accounts and Finance. He is on Board of Company since July, 2016.

**Mr. Kamlesh Chunilal Rajani**, aged 46 years, is an Independent Director of our Company. He is Higher Secondary passed by qualification. He has 5 years of experience in administration and marketing operations of the industry. As an Independent Director of our Company with corporate acumen & experience, he brings value addition to our Company. He is on Board of Company since August, 2016.

**Mr. Hardik Rajnikant Bhatt**, aged 31 years, is an Independent Director of our Company. He is Higher Secondary passed by qualification. He has 8 years of experience in the securities and capital market. As an Independent Director of our Company with corporate acumen & experience, he brings value addition to our Company. He is on Board of Company since July, 2016.

### CONFIRMATIONS

None of the Directors is or was a Director of any listed company during the last five years preceding the date of filing of the Draft Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their Directorship in any such company.





## KMS Medisurgi Limited

None of the Directors is or was a director of any listed company, which has been or was delisted from any recognized stock exchange in India during the term of their Directorship in such company.

### NATURE OF FAMILY RELATIONSHIP AMONG DIRECTORS

Mr. Gaurang Prataprai Kanakia and Mrs. Rekha Devang Kanakia are related to each other i.e. Mrs. Rekha Devang Kanakia is wife of Mr. Devang Prataprai Kanakia and Mr. Devang Prataprai Kanakia is brother of Mr. Gaurang Prataprai Kanakia.

### BORROWING POWERS OF THE DIRECTORS

Pursuant to a special resolution passed at the Extra-Ordinary General Meeting of our Company held on 8<sup>th</sup> September, 2016 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 180(1)(c) of the Companies Act, 2013 for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rs. 50 Crores.

### TERMS OF APPOINTMENT AND COMPENSATION OF OUR DIRECTORS

<b>Name</b>	Mr. Gaurang Prataprai Kanakia
<b>Designation</b>	Managing Director
<b>Period</b>	Appointed for Three years with effect from 11 <sup>th</sup> August, 2016
<b>Date of Appointment</b>	Board Meeting dated 11 <sup>th</sup> August, 2016
<b>Remuneration</b>	<b>a) Remuneration</b> Basic Salary - the Nomination and Remuneration Committee may decide as from time to time. <b>b) Perquisites</b> <ul style="list-style-type: none"><li>Subject to any statutory ceiling/s, the appointee may be given any other allowances, perquisites, benefits and facilities as the Remuneration Committee / Board of Directors from time to time may decide.</li></ul> <b>c) Minimum Remuneration</b> In the event of loss or in adequacy of profits in any financial year during the tenure of the appointment. Appointee shall subject to the approval of the Central Government, if required, be paid remuneration by way of salaries and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in section IV of the Schedule V to the Companies Act, 2013, from time to time.
<b>Remuneration paid in FY 31<sup>st</sup> March, 2016</b>	NIL

There is no definitive and /or service agreement that has been entered into between our Company and the directors in relation to their appointment.

### NON - EXECUTIVE DIRECTORS

Currently, non-executive Directors are not being paid sitting fees.



**CORPORATE GOVERNANCE**

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including the Listing Agreement to be executed with the Stock Exchange and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We being proposing to list of BSE-SME platform are exempted to follow corporate governance norms of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015. However we have a Board constituted in compliance with the Companies Act, 2013 and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

Currently our Board has Five (5) Directors. We have One (1) Managing Director, Two (2) Non Executive Non Independent Director and Two (2) Independent Directors. The Chairman of the Board is Mr. Gaurang Prataprai Kanakia being Managing Director. The constitution of our Board is in compliance with the Companies Act, 2013.

**The following committees have been formed in compliance with the corporate governance norms:**

- A) Audit Committee
- B) Stakeholders Relationship Committee
- C) Nomination and Remuneration Committee

**AUDIT COMMITTEE**

Our Company has constituted an audit committee ("**Audit Committee**"), as per the provisions of Section 177 of the Companies Act, 2013 vide resolution passed in the meeting of the Board of Directors held on 19<sup>th</sup> September, 2016.

The terms of reference of Audit Committee complies with the requirements of the Companies Act, 2013. The committee presently comprises following three (3) directors. Mr. Hardik Rajnikant Bhatt is the Chairman of the Audit Committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Hardik Rajnikant Bhatt	Chairman	Independent Director
2.	Mr. Kamlesh Chunilal Rajani	Member	Independent Director
3.	Mr. Niraj Kumud Shah	Member	Non Executive Non Independent Director

The Company Secretary of our Company shall act as the Secretary to the Audit Committee.

**Role of Audit Committee**

The terms of reference of the Audit Committee are given below:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the company’s financial reporting process and the disclosure of its financial



## **KMS Medisurgi Limited**

- information to ensure that the financial statement is correct, sufficient and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
  7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
  8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
    - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section (3) of section 134 of the Companies Act, 2013.
    - b. Changes, if any, in accounting policies and practices and reasons for the same
    - c. Major accounting entries involving estimates based on the exercise of judgment by management
    - d. Significant adjustments made in the financial statements arising out of audit findings
    - e. Compliance with listing and other legal requirements relating to financial statements
    - f. Disclosure of any related party transactions
    - g. Qualifications in the draft audit report.
  9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  12. Review and monitor the auditor's independence and performance, and effectiveness of audit process
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  14. Discussion with internal auditors any significant findings and follow up there on.
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  18. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  21. Mandatorily reviews the following information:
    - a. Management discussion and analysis of financial condition and results of operations;
    - b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - d. Internal audit reports relating to internal control weaknesses; and
    - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
  22. Review the Financial Statements of its subsidiary company, if any.
  23. Review the composition of the Board of Directors of its Subsidiary Company, if any.



## KMS Medisurgi Limited

24. Review the Vigil mechanism (whistle blowing) policy.
25. Examination of the financial statement and the auditors' report thereon;
26. Approval or any subsequent modification of transactions of the company with related parties;
27. Scrutiny of inter-corporate loans and investments;
28. Valuation of undertakings or assets of the company, wherever it is necessary;
29. Evaluation of internal financial controls and risk management systems;
30. Monitoring the end use of funds raised through public offers and related matters.
31. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc.) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Our Company has constituted a Stakeholders' Relationship Committee ("**Stakeholders' Relationship committee**") in terms of Section 178 (5) of Companies Act, 2013 to redress the complaints of the shareholders. The Stakeholders' Relationship Committee / Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 19<sup>th</sup> September, 2016. The committee currently comprises of three (3) Directors Mr. Kamlesh Chunilal Rajani is the Chairman of the Stakeholders' Relationship Committee / Investors Grievance committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Kamlesh Chunilal Rajani	Chairman	Independent Director
2.	Mr. Hardik Rajnikant Bhatt	Member	Independent Director
3.	Mr. Gaurang Prataprai Kanakia	Member	Managing Director

The Company Secretary of our Company shall act as the Secretary to the Stakeholders' Relationship Committee.

### Role of Stakeholders' Relationship Committee

The Stakeholder Relationship Committee / Investors Grievance Committee of our Board look into:

- Redressal of shareholders'/investors' complaints viz. non-receipt of annual report, dividend payments etc.;
- Reviewing on a periodic basis the Approval of transfer or transmission of shares, debentures or any other securities made by the Registrar and Share Transfer Agent;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, dematerializations;
- Non-receipt of declared dividends, balance sheets of the Company; and
- Any other power specially assigned by the Board of Directors of the Company;

### NOMINATION AND REMUNERATION COMMITTEE

Our Company has constituted a Nomination and Remuneration Committee ("**Nomination and Remuneration Committee**") in terms of section 178 (3) of Companies Act, 2013. The Nomination and Remuneration Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 19<sup>th</sup> September, 2016. The Committee currently comprises of three (3) Directors. Mrs. Rekha Devang Kanakia is the Chairperson of the Nomination and Remuneration Committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mrs. Rekha Devang Kanakia	Member	Non Executive Non Independent Director



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Sr. No.	Name of the Director	Status	Nature of Directorship
2.	Mr. Kamlesh Chunilal Rajani	Chairman	Independent Director
3.	Mr. Hardik Rajnikant Bhatt	Member	Independent Director

The Company Secretary of our Company shall act as the Secretary to the Nomination and Remuneration Committee.

The terms of reference of the Nomination and Remuneration Committee are as follows:

- The remuneration committee recommends to the board the compensation terms of the executive directors.
- The committee to carry out evolution of every director's performance and recommend to the board his/her appointment and removal based on the performance.
- The committee to identify persons who may be appointed in senior management in accordance with the criteria laid down.
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of the Company and the shareholders.

### ***Policy on Disclosures and Internal Procedure for Prevention of Insider Trading***

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 after listing of our Company's shares on the Stock Exchange. Our Company Secretary and Compliance Officer, Ms. Kirty Agarwal is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

### **SHAREHOLDING DETAILS OF THE DIRECTORS IN OUR COMPANY**

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. The following table details the shareholding of our Directors as on the date of this Draft Prospectus.

Name	No. of Equity Shares	Pre-Issue percentage Shareholding
Mr. Gaurang Prataprai Kanakia	328180	13.67%
Mrs. Rekha Devang Kanakia	442000	18.42%

### **INTEREST OF DIRECTORS**

All the Directors of our Company may be deemed to be interested to the extent of sitting fees and/or other remuneration if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses if any payable to them under the Articles of Association. All the Directors may also be deemed to be interested in the Equity Shares of our Company, if any, held by them, their relatives or by the companies or firms or trusts in which they are interested as directors / members / partners or



## **KMS Medisurgi Limited**

that may be subscribed for and allotted to them, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any other company in which they have direct /indirect interest or any partnership firm in which they are partners.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.

### **PROPERTY INTEREST**

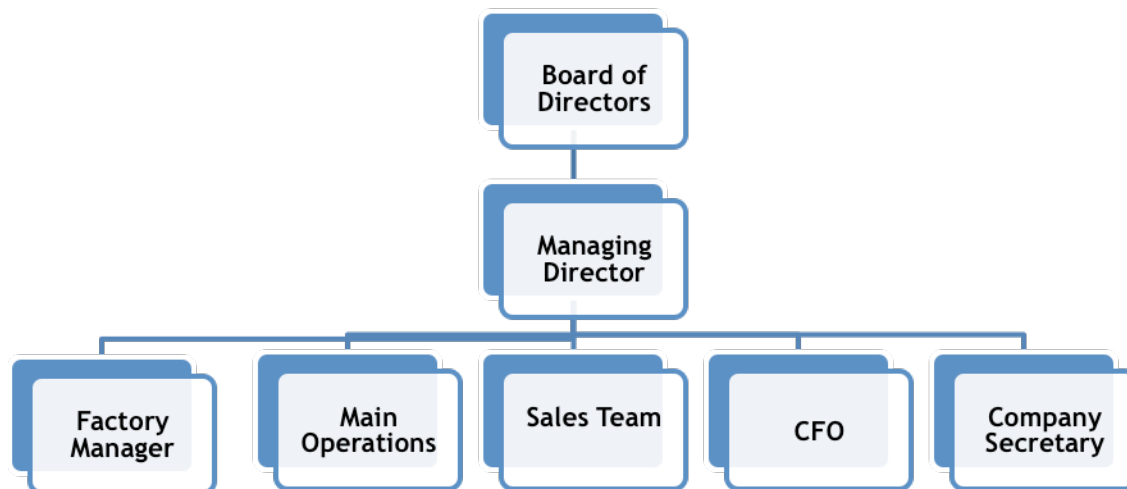
Except as disclosed in the section titled “Our Business” on page 93, our Promoters do not have any interest in any property acquired by or proposed to be acquired by our Company since incorporation.

### **CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE (3) YEARS**

The changes in the Directors during last three (3) years are as follows:

<b>Name</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason</b>
Mr. Manoj Manubhai Shah		09/07/2016	Resignation as Director
Ms. Rekha Devang Kanakia	17/03/2016	-	Appointment as Additional Director
Mr. Niraj Kumud Shah	09/07/2016	-	Appointment as Additional Director
Mr. Vimal Kumar Ummedmal Prajapati	14/07/2016	-	Appointment as Additional Director
Mr. Vimal Kumar Ummedmal Prajapati	-	11/08/2016	Resignation as Additional Director
Mr. Hardik Rajnikant Bhatt	14/07/2016	-	Appointment as Additional Director
Mr. Kamlesh Chunilal Rajani	11/08/2016	-	Appointment as Additional Director
Mr. Gaurang Prataprai Kanakia	11/08/2016	-	Appointment as Managing Director

**ORGANIZATION STRUCTURE**



**KEY MANAGERIAL PERSONNEL**

Our Company is managed by its Board of Directors, assisted by qualified professionals, in the respective field of finance/ capital market and corporate laws.

The following key personnel assist the management of our Company:

Name	Date of Joining	Designation	Functional Responsibilities	Qualification
Mr. Gaurang Prataprai Kanakia	25 <sup>th</sup> March, 1999	Managing Director	Overall Business Activities	HSC
Mr. Anand Prataprai Kanakia	9 <sup>th</sup> July, 2016	Chief Financial Officer	All accounts and back office related work, payment and receipts, dealing with banks.	CA, LLB



## KMS Medisurgi Limited

Name	Date of Joining	Designation	Functional Responsibilities	Qualification
Ms. Kirty Agarwal	16 <sup>th</sup> September, 2016	Company Secretary & Compliance Officer	Drafting of agreements, drafting of resolutions, preparation of minutes & compliance of the provisions of the Companies Act, 2013.	ACS

### FAMILY RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL

As on date, Mr. Gaurang Prataprai Kanakia is elder brother of Mr. Anand Prataprai Kanakia.

### ALL OF KEY MANAGERIAL PERSONNEL ARE PERMANENT EMPLOYEE OF OUR COMPANY

### SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

The following table details the shareholding of our key managerial personnel as on the date of this Draft Prospectus.

Name	No. of Equity Shares	Pre-Issue percentage Shareholding
Mr. Gaurang Prataprai Kanakia	328180	13.67%
Mr. Anand Prataprai Kanakia	337400	14.06%

### BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

There is no profit sharing plan for the Key Managerial Personnel. Our Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

### LOANS TO KEY MANAGERIAL PERSONNEL

There are no loans outstanding against Key Managerial Personnel as on 31<sup>st</sup> March, 2016.

### CHANGES IN KEY MANAGERIAL PERSONNEL OF OUR COMPANY DURING THE LAST THREE (3) YEARS

There are no changes in the Key Managerial Personnel of the Company during the last three (3) years except as stated below:-

Name	Date of Appointment	Date of Cessation	Reason
Mr. Gaurang Prataprai Kanakia	11/08/2016	-	Appointment as Managing Director
Mr. Anand Prataprai Kanakia	09/07/2016	-	Appointment as CFO





**KMS Medisurgi Limited**

Name	Date of Appointment	Date of Cessation	Reason
Ms. Kirty Agarwal	16/09/2016	-	Appointment as Company Secretary and compliance officer

#### **EMPLOYEES STOCK OPTION SCHEME**

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of this Draft Prospectus.


#### **PAYMENT OR BENEFIT TO OUR OFFICERS**

Except for the payment of normal remuneration for the services rendered in their capacity as employees of our Company, no other amount or benefit has been paid or given within the two (2) preceding years or intended to be paid or given to any of them.

**OUR PROMOTERS**

DETAILS OF OUR PROMOTERS ARE AS UNDER


**INDIVIDUAL PROMOTERS:**
**MR. GAURANG PRATAPRAI KANAKIA**

	<p>Mr. Gaurang Prataprai Kanakia, aged 58 years, is Promoter &amp; Managing Director of our Company. He is Higher Secondary passed by qualification. He has more than 10 years experience in finance domain and production of medical &amp; surgical disposable items. He is responsible for overall planning &amp; management of our Company. He takes care of day-to-day business of our Company. He predominantly responsible of for implementation decisions within the organizations including scheduling of tasks and ensuring quality of deliveries.</p>
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**Identification**

<b>Age</b>	58 Years
<b>Address</b>	Prabhuta, 4 <sup>th</sup> Floor, 21, N. S. Patkar Marg, Hughes Road, Next To Blue Cross Hospital, Mumbai - 400 007
<b>Occupation</b>	Business
<b>Permanent Account Number</b>	AAGPK3123L
<b>Passport No.</b>	Z2925287
<b>Voter ID</b>	N.A.
<b>Driving License</b>	N.A.
<b>Bank Account Details</b>	Account No- 5528115006
<b>Other Ventures:</b>	<p><b>Private Limited Entities:</b></p> <ul style="list-style-type: none"> <li>• Dermacare Surgicals Private Limited</li> <li>• KMS Comtrade Private Limited</li> <li>• IGE Trading Private Limited</li> </ul> <p><b>Public Limited Entities:</b></p> <ul style="list-style-type: none"> <li>• Moni Diamonds Limited</li> </ul>

**MR. ANAND PRATAPRAI KANAKIA**

	<p><b>Mr. Anand Prataprai Kanakia</b>, aged 42 years, is Promoter and Chief Financial Officer of our Company. He is Chartered Accountant &amp; LLB by qualification. He has more than 15 years experience in finance domain and production of medical &amp; surgical disposable items. He is responsible for Accounting, Finance controls and management of cash flows our Company.</p>
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**Identification**

<b>Age</b>	42 Years
<b>Address</b>	Prabhuta, 4 <sup>th</sup> Floor, 21, N. S. Patkar Marg, Hughes Road, Next To Blue Cross Hospital, Mumbai - 400 007
<b>Occupation</b>	Business
<b>Permanent Account Number</b>	AGQPK7415F
<b>Passport No.</b>	G5838279
<b>Voter ID</b>	N.A.
<b>Driving License</b>	1437
<b>Bank Account Details</b>	Account No- 5528013009
<b>Other Ventures:</b>	<p><b>Private Limited Entities:</b></p> <ul style="list-style-type: none"> <li>• KMS Stock Broking Company Private Limited</li> <li>• KMS Comtrade Private Limited</li> <li>• IGE Trading Private Limited</li> </ul> <p><b>Public Limited Entities:</b></p> <ul style="list-style-type: none"> <li>• Moni Diamonds Limited</li> </ul>

**CORPORATE PROMOTER:**
**M/S. MONI DIAMONDS LIMITED**

M/s Moni Diamonds Limited was incorporated on 5<sup>th</sup> December, 1990 as a Public Limited Company under the Companies Act, 1956 and presently registered with the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number is U36912MH1990PLC059304. The Registered Office of Moni Diamonds Limited is situated at 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002.

M/s. Moni Diamonds Limited holds 6,34,000 Equity Shares of our Company, which constitutes 26.42% of pre Issue paid up Capital.

**Identification**

<b>Name</b>	<b>Moni Diamonds Limited</b>
<b>Permanent Account Number</b>	AABCM0221D
<b>Bank Account Details</b>	0844733003



## KMS Medisurgi Limited

The Main Objects of Moni Diamonds Limited are as follows:

- To commerce, establish, set up, carry on, the business of buying, selling, importing, exporting, indenting, refining, assorting, cleaning, Polishing, Preparing, Cleaving, Sawing, Chiselling, Clifting, Trading and dealing in cut and/or uncut, rough, coarse and/or polished gems, diamonds including industrial diamonds precious and semi-precious stones, pearls whether real or cultured, rubies, corals, all kinds of precious and semi-precious metals including gold silver platinum and also jewellery of all kinds including of metal and/or studded with diamonds and pearls and/or precious and semi - precious stones.

Board of Directors of Moni Diamonds Limited as on the date of this Draft Prospectus is as follows:

1. Mr. Gaurang Prataprai Kanakia
2. Mr. Anand Prataprai Kanakia
3. Mrs. Amrita Gaurang Kanakia

Shareholding Pattern:

As on date of filing, the Shareholding Pattern of Moni Diamonds Limited as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	% of Paid up Capital
1	Mrs. Amrita Gaurang Kanakia	12500	25.00 %
2	Mr. Gaurang Prataprai Kanakia	12500	25.00 %
3	Mrs. Sushila Prataprai Kanakia	12400	24.80 %
4	Mr. Anand Prataprai Kanakia	12400	24.80 %
5	Mr. Siddharth Gaurang Kanakia	100	0.20 %
6	Ms. Monali Gaurang Kanakia	50	0.10 %
7	Ms. Kaushali Gaurang Kanakia	50	0.10 %
	<b>Total</b>	<b>50000</b>	<b>100.00 %</b>

Audited Financial Statement of Moni Diamonds Limited:

(Rs. In Lacs)

Particulars	FY-2014-15	FY-2013-14	FY-2012-13
Equity Share Capital	5.00	5.00	5.00
Reserves & Surplus	31.70	31.83	31.37
Net Worth	36.70	36.83	36.37
Profit / (Loss)	(0.12)	0.46	0.04
Earnings Per Share (in Rs.)	(0.26)	0.92	0.08
Face Value per Share (in Rs.)	10.00	10.00	10.00

The Equity Shares of Moni Diamonds Limited are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI. Moni Diamonds Limited is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further Moni Diamonds Limited is not under winding up, neither does it have a negative Net Worth. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Moni Diamonds Limited

### OTHER UNDERTAKINGS AND CONFIRMATIONS

None of our Promoters or Promoter Group or Group Companies / entities or person in control of our Company,



## **KMS Medisurgi Limited**

the natural persons in control of our corporate Promoter has been (i) prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad. None of our Promoters, person in control of our Company, persons in control of our Corporate Promoter are or have ever been a promoter, director or person in control of any other company which is debarred from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

Further, neither our Promoters, the relatives of our individual Promoters (as defined under the Companies Act) nor our Group Companies have been declared as a willful defaulter by the RBI or any other government authority and there are no violations of securities laws committed by them in the past and no proceedings for violation of securities laws are pending against them.

### **COMMON PURSUITS OF OUR PROMOTER**

Our Promoter does not have any common pursuits and are not engaged in the business similar to those carried out by our Company. However our Promoter have promoted our Promoter Group / Group Companies which are engaged in similar line of business that of our Company. Dermacare Surgicals Private Limited is engaged in the similar line of business that of our Company.

### **INTEREST OF THE PROMOTERS**

#### **Interest in the promotion of our Company**

Our Promoters may be deemed to be interested in the promotion of the Issuer to the extent of the Equity Shares held by themselves as well as their relative and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares. Further, our Promoters may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to companies and firms in which either of them are interested as a director, member or partner. In addition, our Promoters, being Directors may be deemed to be interested to the extent of fees, if any, payable for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses, if any, payable under our Articles of Association and to the extent of remuneration, if any, paid for services rendered as an officer or employee of our Company as stated in section titled “*Our Management*” on page 113 of this Draft Prospectus.

#### **Interest in the property of our Company**

Our promoters do not have any other interest in any property acquired by our Company in a period of two years before filing of this Draft Prospectus or proposed to be acquired by us till the date of filing the Draft Prospectus with RoC.

#### **Interest as Member of our Company**

As on the date of this Draft Prospectus, our Promoters and Promoter Group collectively hold 24,00,000 Equity Shares of our Company and is therefore interested to the extent of their shareholding and the dividend declared, if any, by our Company. Except to the extent of shareholding of the Promoter in our Company and benefits as provided in the section titled ‘*Terms of appointment and compensation of our Directors*’ on page 115 of this Draft Prospectus, our Promoters does not hold any other interest in our Company.

Also see “*Our Management-Interest of Directors*” on Page 119 of this Draft Prospectus.



**KMS Medisurgi Limited**

#### **PAYMENT AMOUNTS OR BENEFIT TO OUR PROMOTERS DURING THE LAST TWO YEARS**

No payment has been made or benefit given to our Promoters in the two years preceding the date of this Draft Prospectus except as mentioned / referred to in this chapter and in the section titled 'Our Management', 'Financial Information' and 'Capital Structure' on page nos. 113, 138 and 46 respectively of this Draft Prospectus. Further as on the date of the Draft Prospectus, there is no bonus or profit sharing plan for our Promoters.

#### **CONFIRMATIONS**

For details on litigations and disputes pending against the Promoter and defaults made by them, please refer to the section titled "*Outstanding Litigation and Material Developments*" on page 166 of this Draft Prospectus. Our Promoters have not been declared a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past or are pending against them.

#### **OTHER VENTURES OF OUR PROMOTERS**

Save and except as disclosed in the section titled "Our Promoters" and "Our Promoter Group and Group Companies / Entities" beginning on page 129 of this Draft Prospectus, there are no ventures promoted by our Promoters in which they have any business interests / other interests.

#### **RELATED PARTY TRANSACTIONS**

Except as disclosed in the section titled "*Related Party Transactions*" beginning on page 136 of this Draft Prospectus, our Company has not entered into any related party transactions with our Promoters.



**OUR PROMOTER GROUP / GROUP COMPANIES / ENTITIES**

**PROMOTER GROUP INDIVIDUALS**

The following natural persons (being the immediate relative of our Promoters) form part of our Promoters Group:

**Relatives of Promoters:**

Relationship	Mr. Gaurang Prataprai Kanakia	Mr. Anand Prataprai Kanakia
Spouse	Mrs. Amrita Gaurang Kanakia	Mrs. Sejal Anand Kanakia
Father	Late Mr. Prataprai Kanakia	Late Mr. Prataprai Kanakia
Mother	Mrs. Sushila Prataprai Kanakia	Mrs. Sushila Prataprai Kanakia
Brother	Mr. Devang Prataprai Kanakia Mr. Anand Prataprai Kanakia	Mr. Gaurang Prataprai Kanakia Mr. Devang Prataprai Kanakia
Sister	Mrs. Falguni Kanakia	Mrs. Falguni Goradia
Son	Mr. Siddharth Gaurang Kanakia	Mr. Aayush Anand Kanakia
Daughter	Ms. Monali Gaurang Kanakia Ms. Kaushali Gaurang Kanakia	Ms. Maahika Anand Kanakia
Spouse' Father	Late Mr. Jeevanchand Jhaveri	-
Spouse' Mother	Late Mr. Pratibha Jhaveri	-
Spouse' Brother	Mr. Ketan Jhaveri & Mr. Mehul Jhaveri	Mr. Chetan Sheth
Spouse' Sister	--	Ms. Virangi Sheth

**PROMOTER GROUP COMPANIES AND ENTITIES**

As specified in clause 2 (zb) of the SEBI Regulation, the companies, HUFs and partnership firms that form part of our Promoter Group are as follows:

Nature of Relationship	Entity
Any Body corporate in which ten percent or more of the equity share capital is held by the promoters or an immediate relative of the promoters or a firm or HUF in which the promoter or any one or more of his immediate relative is a member	Moni Diamonds Limited KMS Comtrade Private Limited KMS Stock Broking Company Private Limited Dermacare Surgicals Private Limited
Any Body Corporate in which a body corporate as provided above holds ten percent or more of the equity share capital	---
Any Subsidiary or Holding Company of our Promoter Company	---
Any body corporate in which a group of individuals or companies or combinations thereof which hold twenty percent. or more of the equity share capital in that body corporate also holds twenty percent. or more of the equity share capital of the issuer.	---
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent of the total	---



## KMS Medisurgi Limited

### Details of Group Companies / Entities :

The details of our Group are provided below:

#### 1. M/S. MONI DIAMONDS LIMITED

M/s Moni Diamonds Limited was incorporated on 5<sup>th</sup> December, 1990 as a Public Limited Company under the Companies Act, 1956 and presently registered with the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number is U36912MH1990PLC059304. The Registered Office of Moni Diamonds Limited is situated at 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002.

#### The Main Objects of Moni Diamonds Limited are as follows:

- To commerce, establish, set up, carry on, the business of buying, selling, importing, exporting, indenting, refining, assorting, cleaning, Polishing, Preparing, Cleaving, Sawing, Chiseling, Clipping, Trading and dealing in cut and/or uncut, rough, coarse and/or polished gems, diamonds including industrial diamonds precious and semi-precious stones, pearls whether real or cultured, rubies, corals, all kinds of precious and semi-precious metals including gold silver platinum and also jewellery of all kinds including of metal and/or studded with diamonds and pearls and/or precious and semi - precious stones.

#### Board of Directors of Moni Diamonds Limited as on the date of this Draft Prospectus is as follows:

1. Mr. Gaurang Prataprai Kanakia
2. Mr. Anand Prataprai Kanakia
3. Mrs. Amrita Gaurang Kanakia

#### Shareholding Pattern:

As on date of filing, the Shareholding Pattern of Moni Diamonds Limited as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	% of Paid up Capital
1	Mrs. Amrita Gaurang Kanakia	12500	25.00 %
2	Mr. Gaurang Prataprai Kanakia	12500	25.00 %
3	Mrs. Sushila Prataprai Kanakia	12400	24.80 %
4	Mr. Anand Prataprai Kanakia	12400	24.80 %
5	Mr. Siddharth Gaurang Kanakia	100	0.20 %
6	Ms. Monali Gaurang Kanakia	50	0.10 %
7	Ms. Kaushali Gaurang Kanakia	50	0.10 %
	<b>Total</b>	<b>50000</b>	<b>100.00 %</b>

#### Audited Financial Statement of Moni Diamonds Limited:

(Rs. In Lacs)

Particulars	FY-2014-15	FY-2013-14	FY-2012-13
Equity Share Capital	5.00	5.00	5.00
Reserves & Surplus	31.70	31.83	31.37
Net Worth	36.70	36.83	36.37
Profit / (Loss)	(0.12)	0.46	0.04
Earnings Per Share (in Rs.)	(0.26)	0.92	0.08
Face Value per Share (in Rs.)	10.00	10.00	10.00





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The Equity Shares of Moni Diamonds Limited are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI. Moni Diamonds Limited is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further Moni Diamonds Limited is not under winding up, neither does it have a negative Net Worth. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Moni Diamonds Limited.

### 2. M/S. KMS COMTRADE PRIVATE LIMITED

M/s KMS Comtrade Private Limited was incorporated on 13<sup>th</sup> September, 2004 as a Private Limited Company under the Companies Act, 1956 and presently registered with the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number is U51100MH2004PTC148568. The Registered Office of KMS Comtrade Private Limited is situated at 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002.

The Main Objects of KMS Comtrade Private Limited are as follows:

- To carry on business as brokers, sub brokers and/or providers of service in agricultural products, metals including precious metals, precious stones, diamonds, petroleum and energy products and all other commodities and commodity securities, in spot markets and in futures and all kinds of derivatives of all the above commodities and commodity securities permitted under the laws of India.
- To carry on the business of trading in agricultural products, metals including precious metals, precious stones, diamonds, petroleum and energy products and all other commodities and commodity securities, in spot markets and in futures and all kinds of derivatives of all the above commodities and commodity securities.

Board of Directors of KMS Comtrade Private Limited as on the date of this Draft Prospectus is as follows:

1. Mr. Gaurang Prataprai Kanakia
2. Mr. Anand Prataprai Kanakia
3. Mrs. Amrita Gaurang Kanakia

Shareholding Pattern:

As on date of filing, the Shareholding Pattern of KMS Comtrade Private Limited as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	% of Paid up Capital
1	Mrs. Sushila Prataprai Kanakia	2,81,666	43.34
2	Mrs. Amrita Gaurang Kanakia	2,16,667	33.33
3	Mr. Gaurang Prataprai Kanakia	1,51,667	23.33
	<b>Total</b>	<b>6,50,000</b>	<b>100.00</b>



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### Audited Financial Statement of KMS Comtrade Private Limited:

(Rs. In Lacs)

Particulars	FY-2014-15	FY-2013-14	FY-2012-13
Equity Share Capital	65.00	65.00	65.00
Reserves & Surplus	(11.58)	(11.22)	(10.81)
Net Worth	53.42	53.78	54.19
Profit / (Loss)	(0.35)	(0.42)	(0.50)
Earnings Per Share (in Rs.)	(0.05)	(0.06)	(0.08)
Face Value per Share (in Rs.)	10.00	10.00	10.00

The Equity Shares of KMS Comtrade Private Limited are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI. KMS Comtrade Private Limited is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further KMS Comtrade Private Limited is not under winding up, neither does it have a negative Net Worth. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against KMS Comtrade Private Limited.

### 3. M/S. KMS STOCK BROKING COMPANY PRIVATE LIMITED

M/s KMS Stockbroking Company Private Limited was incorporated on 10<sup>th</sup> December, 2001 as a Private Limited Company under the Companies Act, 1956 and presently registered with the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number is U67120MH2001PTC134185. The Registered Office of KMS Comtrade Private Limited is situated at 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002.

#### The Main Objects of KMS Stockbroking Company Private Limited are as follows:

So long as the company shall engaged in stock broking as a member of any recognized Stock Exchange in India, it will engage itself in only such business as a member of a recognized Stock Exchange is permitted to engage in under the Securities and Contracts (Regulation) Rules, 1957 and the Rules, Byelaws & regulations of the Stock Exchange, Subject to the foregoing, the objects for which the Company is established are: --

- To do the business of Share Brokers, Stock Brokers, Dealers, Under-writers, Promoters, General Brokers, Sub-brokers, Remissiers for shares, Stocks, Debentures, Debenture Stocks, Bonds, Units, Securities, Debt Market instruments, derivatives, and such other corporate, both public and private, government and semi-government instruments, obligations and securities issued or guaranteed by any government, state, public body or authority municipality, local or otherwise, firms or persons whether in India or elsewhere provided that the company shall not carry on the business of Banking as defined under the Banking Regulation Act, 1949, growth schemes of mutual funds and for that purpose to acquire the membership of any stock exchange whether in India or out of India or to set up BOLT terminals, Internet trading or web trading and to take all necessary steps in connection with the same and to act as depository participants and provide depository services and company to undertake any depository participant activities which related to stock/commodity market securities movement and to carry on currency trading and currency derivatives trading.
- To do the activities of purchase and/ or sale of shares, Stock, Debentures, Bonds, securities or other financial instruments including derivatives.

Board of Directors of KMS Stockbroking Company Private Limited as on the date of this Draft Prospectus is as follows:

1. Mr. Anand Prataprai Kanakia
2. Mrs. Amrita Gaurang Kanakia



## KMS Medisurgi Limited

### Shareholding Pattern:

As on date of filing, the Shareholding Pattern of KMS Stockbroking Company Private Limited as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	% of Paid up Capital
1	Mr. Anand Prataprai Kanakia	22,80,000	76.00
2	Mrs. Amrita Gaurang Kanakia	5,00,000	16.67
3	Mrs. Sushila Prataprai Kanakia	1,30,000	4.33
4	Mrs. Rekha Devang Kanakia	90,000	3.00
	<b>TOTAL</b>	<b>30,00,000</b>	<b>100.00</b>

### Audited Financial Statement of KMS Stockbroking Company Private Limited:

(Rs. In Lacs)

Particulars	FY-2014-15	FY-2013-14	FY-2012-13
Equity Share Capital	300.00	300.00	300.00
Reserves & Surplus	(2.74)	(33.20)	(27.96)
Net Worth	297.26	266.80	272.04
Profit / (Loss)	30.46	(5.24)	(31.56)
Earnings Per Share (in Rs.)	1.01	(0.17)	(1.05)
Face Value per Share (in Rs.)	10.00	10.00	10.00

The Equity Shares of KMS Stockbroking Company Private Limited are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI. KMS Stockbroking Company Private Limited is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further KMS Stockbroking Company Private Limited is not under winding up, neither does it have a negative Net Worth. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against KMS Stockbroking Company Private Limited.

#### 4. M/S. DERMACARE SURGICALS PRIVATE LIMITED

M/s Dermacare Surgicals Private Limited was incorporated on 30<sup>th</sup> June, 2005 as a Private Limited Company under the Companies Act, 1956 and presently registered with the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number is U33110MH2005PTC154374. The Registered Office of KMS Comtrade Private Limited is situated at A-4, Nanddham Industrial Estate, Marol Maroshi Road, Marol, Andheri (East), Mumbai - 400 059.

The Main Objects of Dermacare Surgicals Private Limited are as follows:

- To carry on in India or abroad the business of Manufacturing, importing, exporting, trading and in all types of Surgical, Scientific, Pharmaceuticals, adhesive tapes, medical & Surgical disposable products like Surgical tape, Surgicals dressings, hydrocolloid & hydrogel dressings, Wound care dressings, first aid kits, disposable syringes with needles, disposable hypodermic needles, infusion sets, blood transfusion sets, blood donor sets, scalp vein sets, foley balloon catheter, I V cannula, spinal needles, crewcut biopsy needles, sutures, epidural cannula, oxygenator, calorimeter, spectrophotometer, cardiovascular stents, guidewire, introducer kit, surgical drapes, implants and such other surgical, scientific and medical disposable products.



## KMS Medisurgi Limited

Board of Directors of Dermacare Surgicals Private Limited as on the date of this Draft Prospectus is as follows:

1. Mr. Gaurang Prataprai Kanakia
2. Mr. Paragkumar Navinchandra Shah
3. Mr. Ashish Rajnikant Shah
4. Mr. Suresh Ambalal Shah

### Shareholding Pattern:

As on date of filing, the Shareholding Pattern of Dermacare Surgicals Private Limited as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	% of Paid up Capital
1	Mr. Gaurang Prataprai Kanakia	2,50,000	50.00
2	Mr. Suresh Ambalal Shah	1,25,000	25.00
3	Mr. Parag Navinchandra Shah	1,25,000	25.00
	<b>TOTAL</b>	<b>5,00,000</b>	<b>100.00</b>

### Audited Financial Statement of Dermacare Surgicals Private Limited:

(Rs. In Lacs)

Particulars	FY-2014-15	FY-2013-14	FY-2012-13
Equity Share Capital	50.00	50.00	1.00
Reserves & Surplus	(35.28)	(0.56)	13.46
Net Worth	14.72	49.44	14.46
Profit / (Loss)	(34.72)	(14.01)	4.10
Earnings Per Share (in Rs.)	(6.94)	(2.80)	41.01
Face Value per Share (in Rs.)	10.00	10.00	10.00

The Equity Shares of Dermacare Surgicals Private Limited are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI. Dermacare Surgicals Private Limited is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further Dermacare Surgicals Private Limited is not under winding up, neither does it have a negative Net Worth. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Dermacare Surgicals Private Limited.

### COMMON PURSUITS

Except for, Dermacare Surgicals Private Limited is engaged in the similar line of business that of our Company, none of our Promoter / Group Companies has any common pursuits.

### LITIGATION/ DEFAULTS

For details relating to legal proceedings involving the Promoters and Members of the Promoter Group, see the section titled "Outstanding Litigation and Material Developments" beginning on page 166 of this Draft Prospectus.

### DISASSOCIATION WITH COMPANIES/FIRMS BY THE PROMOTERS OF OUR COMPANY DURING THE PRECEDING THREE (3) YEARS

Our Promoters have not disassociated with any of entity during the preceding three (3) years.



**KMS Medisurgi Limited**

#### **INTEREST OF PROMOTER GROUP COMPANIES**

Our Promoter Group companies are interested parties to the extent of their shareholding in the Company, if any dividend and distributions which may be made by the Company in future and to the extent of the related party transactions disclosed in the section titled “Related Party Transactions” beginning on page 136 of this Draft Prospectus.

#### **RELATED BUSINESS TRANSACTION WITHIN THE GROUP AND SIGNIFICANCE ON FINANCIAL PERFORMANCE**

There are no business transactions between our Company and the Promoter Group Companies except as stated on page 136 under section titled as “Related Party Transactions”.

#### **SALE OR PURCHASE BETWEEN OUR COMPANY AND OUR PROMOTER GROUP COMPANIES**

There are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company.

#### **SICK COMPANIES**

There are no Companies in our group listed above which have been declared as a sick company under the SICA. There are no winding up proceedings against any of Promoter Group Companies. Further, no application has been made by any of them to RoC to strike off their names.

#### **CONFIRMATION**

Our Promoters and persons forming part of Promoter Group have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them. Additionally, none of the Promoters and persons forming part of Promoter Group has been restrained from accessing the capital markets for any reasons by SEBI or any other authorities. None of the Promoter or Group Companies has a negative net worth as of the date of the respective last audited financial statement.



***KMS Medisurgi Limited***

#### **RELATED PARTY TRANSACTIONS**

For details on Related Party Transactions of our Company, please refer to Annexure 18 of restated financial statement under the section titled “*Financial Information*” on page 152 of the Draft Prospectus.



## DIVIDEND POLICY

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

Our Company has paid dividends during the below mentioned years. However, this is not an indication of our dividend policy, if any, in the future.

<b>Financial Year</b>	<b>Dividend Rate (%)</b>
2011-12	-
2012-13	2.00
]2013-14	-
2014-15	0.50
2015-16	3.00

Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.



**KMS Medisurgi Limited**

## SECTION V - FINANCIAL INFORMATION

### Financial Information of Our Company

#### Independent Auditors' Report

To,  
The Board of Directors,  
KMS Medisurgi Limited  
297/301, May Building, Gr. Floor,  
Marine Lines (East), Princess Street,  
Mumbai-400 002

Dear Sirs,

We have examined the Financial Information of KMS Medisurgi Limited (the Company) described below and annexed to this report for the purpose of inclusion in the offer document. The Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, ('the Act'), The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on 26<sup>th</sup> August, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of the engagement agreed upon by us with the Company.

The Financial Information has been approved by its Board of Directors.

Audit for the financial year ended 31<sup>st</sup> March, 2012, 31<sup>st</sup> March, 2013, 31<sup>st</sup> March, 2014, 31<sup>st</sup> March, 2015 and 31<sup>st</sup> March, 2016 was conducted by M/s. Mayur Mahesh Shah & Co., Chartered Accountants and accordingly reliance has been placed on the financial information examined by them for the said years / periods. The financial report included for these years / periods are based solely on the report submitted by them.

In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of KMS Medisurgi Limited, We, M/s. Ramanand & Associates, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

#### **A. Financial Information as per Audited Financial Statements:**

We have examined:

- a. the attached Statement of Assets and Liabilities, as Restated as at year / period ended March 31, 2012, 2013, 2014, 2015 and 2016 (Annexure 1);
- b. the attached Statement of Profits and Losses, as Restated for the year / period ended March 31, 2012, 2013, 2014, 2015 and 2016 (Annexure 2);
- c. the attached Statement of Cash Flows, as Restated for the year / period ended March 31, 2012, 2013, 2014, 2015 and 2016 (Annexure 3);
- d. the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4);





## KMS Medisurgi Limited

(Collectively hereinafter referred as “Restated Financial Statements”)

The Restated Financial Statements have been extracted from audited Financial Statements of the Company for the year / period ended March 31, 2012, 2013, 2014, 2015 and 2016 which have been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:

- Restated Statement of Assets and Liabilities of the Company as at March 31, 2012, 2013, 2014, 2015 and 2016 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Profits and Losses of the Company for the year / period ended March 31, 2012, 2013, 2014, 2015 and 2016 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Cash Flows of the Company for the year / period ended March 31, 2012, 2013, 2014, 2015 and 2016 are as set out in Annexure 3 after making such material adjustments and regroupings;
- Adjustments for any material amounts in the respective financial years / period have been made to which they relate; and
- There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
- Adjustments in Financial Statements has been made in accordance with the correct accounting policies
- There was no change in accounting policies, which needs to be adjusted in the “Restated Financial Statements”.
- There are no revaluation reserves, which need to be disclosed separately in the “Restated Financial Statements”.
- ***There are no audit qualifications in the “Restated Financial Statements” except the fact that Statutory Auditor of the Company has reported non compliance of Accounting Standard-15 issued by the Institute of Chartered Accountants of India.***

### B. Other Financial Information:

We have also examined the following Financial Information relating to the Company, which is based on the Restated Financial Statements and approved by the Board of Directors of the Company and annexed to this report, is proposed to be included in the Offer Document:

1. Statement of Details of Reserves & Surplus as at March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 5** to this report.
2. Statement of Accounting Ratios for the year / period ended on March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 6** to this report.
3. Capitalization Statement as at March 31, 2016 as set out in **Annexure 7** to this report.



**KMS Medisurgi Limited**

4. Statement of Tax Shelters for the year ended on March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 8** to this report.
5. Statement of Details of Long Term Borrowings as at March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 9** to this report.
6. Statement of Details of Short Term Borrowings as at March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 10** to this report.
7. Statement of Details of Current Liabilities & Provisions of the Company for the year/ period ended on March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 11** to this report.
8. Statement of Details of Trade Receivables of the Company for the year / period ended on March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 12** to this report.
9. Statement of Details of Long Term Loans & Advances as at March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 13** to this report.
10. Statement of Details of Short Term Loans & Advances of the Company for the year / period ended on March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 14** to this report.
11. Statement of Details of Other Current Assets of the Company for the year / period ended on March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 15** to this report.
8. Statement of Details of Revenue from Operations of the Company for the year/ period ended on March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 16** to this report.
9. Statement of Details of Other Income of the Company for the year / period ended on March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 17** to this report.
10. Statement of Details of Related Party Transactions of the Company for the year / period ended on March 31, 2012, 2013, 2014, 2015 and 2016 as set out in **Annexure 18** to this report.

In our opinion, the "Restated Financial Statements" and "Other Financial Information" mentioned above contained in Annexure 1 to 18 of this report have been prepared in accordance with Part II of Schedule II to the Act, the SEBI Guidelines and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

This report should not in any way be construed as a reissuance or redating of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For Ramanand & Associates.**  
**Chartered Accountants**  
Firm Registration No.-117776W  
Sd/-  
**Ramanand Gupta**  
**Partner**  
**Membership No. 103975**

Place: Mumbai  
Date: 12<sup>th</sup> September, 2016



**ANNEXURE-01**

**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Equity &amp; Liabilities</b>					
<b>Shareholders' Funds</b>					
Share Capital	120.00	50.00	50.00	50.00	50.00
Reserve & Surplus	212.92	63.58	60.71	58.03	54.00
<b>Total (A)</b>	<b>332.92</b>	<b>113.58</b>	<b>110.71</b>	<b>108.03</b>	<b>104.00</b>
<b>Non Current Liabilities</b>					
Share Application Money	-	-	-	-	-
Long Term Borrowings	64.85	206.52	212.96	221.49	172.02
Deferred Tax Liabilities (Net)	-	-	-	-	-
Other Long Term Liabilities	-	-	-	-	-
<b>Total (B)</b>	<b>64.85</b>	<b>206.52</b>	<b>212.96</b>	<b>221.49</b>	<b>172.02</b>
<b>Current Liabilities</b>					
Short Term Borrowings	148.05	78.72	185.80	20.47	12.17
Trade Payables	238.25	313.67	183.50	98.75	55.62
Other Current Liabilities	9.98	7.27	8.17	10.86	18.82
Short Term Provisions	11.33	0.30	-	1.16	-
<b>Total (C)</b>	<b>407.61</b>	<b>399.96</b>	<b>377.47</b>	<b>131.24</b>	<b>86.61</b>
<b>Total (D=A+B+C)</b>	<b>805.38</b>	<b>720.06</b>	<b>701.14</b>	<b>460.76</b>	<b>362.64</b>
<b>Assets</b>					
<b>Fixed Assets:</b>					
Tangible Assets	198.13	225.24	271.50	128.13	55.03
Intangible Assets	-	-	-	-	-
Long Term Loans & Advances	-	-	-	52.54	78.54
Non Current Investments	0.16	0.16	0.16	0.16	0.16
Other Non Current Assets	-	-	-	-	-
<b>Total (E)</b>	<b>198.29</b>	<b>225.40</b>	<b>271.66</b>	<b>180.83</b>	<b>133.73</b>
<b>Current Assets</b>					
Current Investments	-	-	-	-	-
Inventories	29.88	100.55	38.95	11.85	11.25
Trade Receivables	376.34	311.88	298.90	208.65	96.58
Cash & Bank Balances	128.21	42.22	43.40	37.14	43.91
Short Term Loans & Advances	72.66	40.01	47.69	22.28	75.96
Other Current Assets	-	-	0.54	-	1.21
<b>Total (F)</b>	<b>607.09</b>	<b>494.66</b>	<b>429.48</b>	<b>279.93</b>	<b>228.91</b>
<b>Total (G=E+F)</b>	<b>805.38</b>	<b>720.06</b>	<b>701.14</b>	<b>460.76</b>	<b>362.64</b>



**KMS Medisurgi Limited**

**ANNEXURE-02**

**STATEMENT OF PROFIT AND LOSS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Income</b>					
Revenue from Operations	841.45	889.44	761.86	615.40	356.05
Other Income	6.42	3.99	4.96	7.30	3.02
<b>Total</b>	<b>847.87</b>	<b>893.43</b>	<b>766.82</b>	<b>622.70</b>	<b>359.07</b>
<b>Expenditure</b>					
Cost of Materials Consumed	393.74	356.67	211.76	29.35	74.62
Purchase of Stock in trade	145.67	435.46	418.32	438.81	154.02
Change in inventories of Stock in trade	76.55	(55.36)	(19.76)	(0.60)	1.78
Employees Costs	53.69	39.10	40.38	41.42	31.05
Administrative, Selling and Other Expenses	90.29	41.59	49.87	83.19	58.70
<b>Total</b>	<b>759.94</b>	<b>817.46</b>	<b>700.57</b>	<b>592.17</b>	<b>320.17</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>87.93</b>	<b>75.97</b>	<b>66.25</b>	<b>30.53</b>	<b>38.90</b>
Depreciation & Amortization	34.12	41.04	38.61	13.42	9.57
<b>Profit before Interest &amp; Tax</b>	<b>53.81</b>	<b>34.93</b>	<b>27.64</b>	<b>17.11</b>	<b>29.33</b>
Interest & Finance Charges	24.38	27.31	22.83	8.71	12.80
Exceptional Items	-	-	-	-	-
<b>Net Profit before Tax</b>	<b>29.43</b>	<b>7.62</b>	<b>4.81</b>	<b>8.40</b>	<b>16.53</b>
<b>Less: Provision for Taxes:</b>					
Current Tax	13.00	4.46	1.27	3.21	6.28
Prior period tax adjustments	2.74	-	0.86	-	-
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>13.69</b>	<b>3.16</b>	<b>2.68</b>	<b>5.19</b>	<b>10.25</b>
Extra Ordinary Items	-	-	-	-	-
<b>Net Profit</b>	<b>13.69</b>	<b>3.16</b>	<b>2.68</b>	<b>5.19</b>	<b>10.25</b>



**KMS Medisurgi Limited**

**ANNEXURE-03**

**STATEMENT OF CASH FLOW, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net profit after taxes	13.69	3.16	2.68	5.19	10.25
Adjustment for:					
Add: Depreciation & Amortization	34.12	41.04	38.61	13.42	9.57
Add: Interest & Finance Charges	24.38	27.31	22.83	8.71	12.80
Operating Profit before Working capital changes	<b>72.19</b>	<b>71.51</b>	<b>64.12</b>	<b>27.32</b>	<b>32.62</b>
Adjustments for:					
Decrease (Increase) in Inventories	70.67	(61.60)	(27.10)	(0.60)	46.13
Decrease (Increase) in Trade & Other Receivables	(64.46)	(12.98)	(90.25)	(112.07)	(0.64)
Decrease (Increase) in Short Term Loans & Advances	(32.65)	7.68	(25.41)	53.68	(59.65)
Decrease (Increase) in Other Current Assets	-	0.54	(0.54)	1.21	(0.47)
Increase (Decrease) in Trade Payables	(75.42)	130.17	84.75	43.13	(18.36)
Increase (Decrease) in Other Current Liabilities	2.71	(0.90)	(2.69)	(7.96)	(11.02)
Increase (Decrease) in Short Term Provisions	11.03	0.30	(1.16)	1.16	-
<b>Net Changes in Working Capital</b>	<b>(88.12)</b>	<b>63.21</b>	<b>(62.40)</b>	<b>(21.45)</b>	<b>(44.01)</b>
Cash Generated from Operations	(15.93)	134.72	1.72	5.87	(11.39)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(15.94)</b>	<b>134.72</b>	<b>1.72</b>	<b>5.87</b>	<b>(11.39)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Sale / (Purchase) of Fixed Assets	(7.01)	5.22	(181.98)	(86.52)	(36.10)
Decrease (Increase) in Investments	-	-	-	-	-
Decrease (Increase) in Other Non Current Assets	-	-	-	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(7.01)</b>	<b>5.22</b>	<b>(181.98)</b>	<b>(86.52)</b>	<b>(36.10)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Issue of share capital and Proceeds / (Refund) from Share Application Money	210.00	-	-	-	-
Interest & Finance Charges	(24.38)	(27.31)	(22.83)	(8.71)	(12.80)
Increase / (Repayment) of Long Term Borrowings	(141.67)	(6.44)	(8.53)	49.47	82.32
Increase / (Repayment) of Short Term Borrowings	69.33	(107.08)	165.33	8.30	(12.23)
Decrease (Increase) in Long Term Loans & Advances	-	-	52.54	26.00	-
Dividends Paid (Including taxes thereon)	(4.34)	(0.30)	-	(1.18)	-
<b>Net Cash Flow from Financing Activities (C)</b>	<b>108.94</b>	<b>(141.13)</b>	<b>186.51</b>	<b>73.88</b>	<b>57.29</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>85.99</b>	<b>(1.19)</b>	<b>6.25</b>	<b>(6.77)</b>	<b>9.80</b>
Cash and cash equivalents at the beginning of the year / Period	42.22	43.40	37.14	43.91	34.11
Cash and cash equivalents at the end of the year / Period	128.21	42.22	43.40	37.14	43.91

**Annexure-04****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED FINANCIAL STATEMENT****A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statements**

- a. The Restated Financial Information for the year / period ended March 31, 2012, 2013, 2014, 2015 and 2016 has been extracted by the management of the Company from the audited financial statements of the company for the year / period ended March 31, 2012, 2013, 2014, 2015 and 2016.
- b. The Restated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with paragraph B(1) of Part II of Schedule II of The Companies Act and SEBI Regulations.
- c. The Financial Statements have been prepared under Historical Cost conventions and in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956 & 2013.
- d. The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**2. Use of Estimates**

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

**3. Fixed Assets and Depreciation**

- i. Fixed Assets are shown at historical cost net of recoverable taxes inclusive of incidental expenses less accumulated depreciation.
- ii. Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation.
- ii. Pursuant to commencement of Companies Act, 2013, effective 1<sup>st</sup> April, 2014 the company has reviewed and revised the estimated economic useful lives of its fixed assets generally in accordance with Schedule II of Companies Act, 2013
- iii. Depreciation on fixed assets sold during the year, is provided on pro-rata basis with reference to the date of addition/deletion.

**4. Revenue Recognition**

Revenue is recognized only when it is probable that economic benefits will flow to the company and revenue can be 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.

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

## **5. Investments**

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

## **6. Impairment of Assets**

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered "Impairment Loss". Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

## **7. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

## **8. Taxation**

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", issued by ICAI.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date the company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

## **9. Leases**

### **Finance Lease**

Leases, which effectively transfer to the company all the risks and benefits incidental to ownership of the leased item, are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income life of the assets at the following rates

### **Operating Lease**

Lease where the lesser effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.



## **10. Preliminary Expenses**

Preliminary expenses are amortized as per applicable income tax rules.

## **11. Earnings per Share**

In determining the Earnings Per share, the company considers the net profit after tax includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

## **12. Contingent Liabilities & Provisions**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for:

- a. Possible obligation which will be confirmed only by future events not wholly within the control of the company, or
- b. Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

## **13. Foreign Exchange Transactions**

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the yearend are restated at year-end rates. In case of items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- iii. Non-monetary foreign currency items are carried at cost.
- iv. In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates.
- v. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and loss account except in case of long-term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.





## KMS Medisurgi Limited

### B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS/PERIODS COVERED IN THE RESTATED FINANCIALS.

There is no change in significant accounting policies during the reporting period. Further Accounting Policies has been changed as and when Accounting Standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 were made applicable on the relevant dates.

### C. NOTES ON RESTATED FINANCIAL STATEMENTS

#### NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS

(Rs. in Lacs)

Financial Year ended	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>
	2016	2015	2014	2013	2012
Profit after tax as per Audited Statement of Account(A)	11.57	3.16	2.68	5.19	10.25
Adjustments*					
Profit after tax as per Restated Profit & Loss(A)	11.57	3.16	2.68	5.19	10.25

\*There are no significant items, which needs to be adjusted.

#### (III) OTHER NOTES

##### General

1. Our Company was originally incorporated as “KMS Medisurgi Private Limited” in Mumbai Maharashtra as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated 25<sup>th</sup> March, 1999. Subsequently, the constitution of our Company was changed to a public limited company and name of Our Company was Change to “KMS Medisurgi Limited” and a fresh Certificate of Incorporation dated 7<sup>th</sup> November, 2014 issued by the Registrar of Companies, Mumbai, Maharashtra.

##### 2. Contingent liabilities

There are no contingent liabilities

##### 3. Dues to Micro enterprises and Small enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. The company has disclosed the same.

##### 4. Segment Reporting

The company operates only in one reportable business segment namely pharmaceuticals, adhesive tapes, and medical & surgical disposable products. Hence, there are no reportable segments under Accounting Standard -17. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.

5. In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

##### 6. Earnings per Share

The details of Earnings Per Share as per AS-20 are provided in Annexure 06.

##### 7. Related Party Transactions:

The details of Related Party Transactions as per AS-18 are provided in Annexure 13.



**KMS Medisurgi Limited**

8. The figures in the Restated Financials are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.

**Annexure- 05**

**STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Profit / (Loss) Brought Forward	63.58	60.71	58.03	54.00	43.75
Add: Profit / (Loss) for the Year	13.68	3.16	2.68	5.19	10.25
Less: Utilized for Dividend Distribution	4.33	0.29	-	1.16	-
<b>Profit / (Loss) Carried Forward (A)</b>	<b>72.93</b>	<b>63.58</b>	<b>60.71</b>	<b>58.03</b>	<b>54.00</b>
Securities Premium Brought Forward	-	-	-	-	-
Add: Premium on Shares Issued during the year / period	140.00	-	-	-	-
Less: Premium Utilized for Bonus Issue during the year / period	-	-	-	-	-
<b>Securities Premium Carried Forward (B)</b>	<b>140.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reserves &amp; Surplus (A+B)</b>	<b>212.93</b>	<b>63.58</b>	<b>60.71</b>	<b>58.03</b>	<b>54.00</b>

**Annexure- 06**

**STATEMENT OF ACCOUNTING RATIOS**

(Rs. In Lacs, except per share data)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Net Worth ( A )	332.92	113.58	110.71	108.03	104.00
Net Profit after Tax ( B )	13.68	3.16	2.68	5.19	10.25
No. of Shares outstanding at the end [F.V Rs.10] ( C )	12,00,000	5,00,000	5,00,000	5,00,000	5,00,000
Weighted average number of shares [F.V Rs.10]( D )	5,03,579	5,00,000	5,00,000	5,00,000	5,00,000
Earnings per Share (EPS) (B / D) (Rs.)	2.72	0.63	0.54	1.04	2.05
Return on Net Worth (B / A)	4.11%	2.78%	2.42%	4.80%	9.86%
Net Assets Value per Share (A / C)	27.74	22.72	22.14	21.61	20.80

Definitions of key ratios:

I. **Earnings per share (Rs.):** Net Profit attributable to equity shareholders / weighted average number of equity shares. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. In case of a bonus issue, the bonus shares has been added to corresponding year to the extent of reserves available in the corresponding year / period. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

II. **Return on Net Worth (%):** Net Profit after tax / Net worth as at the end of the year / period

III. **Net Asset Value (Rs.):** Net Worth at the end of the year / Number of equity shares outstanding at the end of the year / period.



**KMS Medisurgi Limited**

IV. Net Profit, as appearing in the Statement of restated profits and losses, and Net Worth as appearing in the restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.

**Annexure -07**

**CAPITALIZATION STATEMENT**

(Rs. In Lacs)

Particulars	Pre-issue as at 31.03.2016	Post Issue *
Borrowing		
Short - Term Debt	148.05	
Long - Term Debt	64.85	
<b>Total Debt</b>	<b>212.90</b>	
Shareholders' Funds		
Share Capital		
- Equity	120.00	
Less: Calls - in - arrears	-	
- Preference	-	
Reserves & Surplus	212.92	
Less: Miscellaneous Expenditure not written off	-	
<b>Total Shareholders Funds</b>	<b>332.92</b>	
Long - Term Debt / Shareholders Fund	0.19	
Short - Term Debt / Shareholders Fund	0.44	

\* The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares.

**Annexure- 08**

**STATEMENT OF TAX SHELTERS**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Profit before tax as per Restated P/L	29.43	7.62	4.81	8.40	16.53
Applicable Corporate Tax Rate	30.90%	30.90%	30.90%	30.90%	30.90%
Tax at Notional Rate	9.09	2.35	1.49	2.60	5.11
<b>Adjustments</b>					
Difference between Tax Depreciation and Book Depreciation	(3.37)	(6.79)	1.03	(1.00)	(0.62)
Exempted Income	-	-	-	-	-
Disallowance	-	(0.05)	(0.30)	-	(4.72)
Other Items	-	-	-	(0.97)	1.59
<b>Net Adjustments</b>	<b>(3.37)</b>	<b>(6.84)</b>	<b>0.73</b>	<b>(1.97)</b>	<b>(3.75)</b>
Tax Saving thereon	(1.04)	(2.11)	0.23	(0.61)	(1.16)
Tax Saving to the the extent of Tax at Notional Rate	(1.04)	(2.11)	0.23	(0.61)	(1.16)
<b>Tax Payable [A]</b>	<b>10.13</b>	<b>4.47</b>	<b>1.26</b>	<b>3.20</b>	<b>6.27</b>



**KMS Medisurgi Limited**

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Tax Payable on items chargeable at special rates [B]	-	-	-	-	-
Total Tax Payable [C=A+B]	10.13	4.47	1.26	3.20	6.27
Tax Rebates [D]	-	-	-	-	-
Tax Payable [E=C-D]	10.13	4.47	1.26	3.20	6.27
Tax Payable u/s 115 JB of Income Tax Act [F]	5.60	1.45	0.92	1.60	3.15
Final Tax Payable (Higher of [E] & [F])	10.13	4.47	1.26	3.20	6.27

Annexure - 09

STATEMENT OF DETAILS OF LONG TERM BORROWINGS

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Secured:-</b>					
Loan from Others	-	2.28	8.72	17.26	17.79
<b>Unsecured:-</b>					
Loan from Shareholders	-	10.65	10.65	10.65	10.65
Loan from Others	64.85*	193.59	193.59	193.58	143.58
<b>Total</b>	<b>64.85</b>	<b>206.52</b>	<b>212.96</b>	<b>221.49</b>	<b>172.02</b>

\* Unsecured, repayable on demand

Annexure - 10

STATEMENT OF DETAILS OF SHORT TERM BORROWINGS

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Secured:-</b>					
Working Capital Loan from Banks	148.05*	78.72	185.80	20.47	12.17
<b>Unsecured:-</b>					
Other Loans	-	-	-	-	-
<b>Total</b>	<b>148.05</b>	<b>78.72</b>	<b>185.80</b>	<b>20.47</b>	<b>12.17</b>

\* Secured by way of hypothecation of Inventories and Book Debts

Annexure - 11

STATEMENT OF DETAILS OF CURRENT LIABILITIES AND PROVISIONS

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Current Liabilities</b>					
<b>Trade Payables and Advances Received</b>					
Due to Micro, Small & Medium Enterprises	-	-	-	-	-
Others	238.25	313.67	183.50	98.75	55.62
<b>Sub Total (A)</b>	<b>238.25</b>	<b>313.67</b>	<b>183.50</b>	<b>98.75</b>	<b>55.62</b>
<b>Other Current Liabilities</b>					
Misc. Current Liabilities	9.53	7.27	8.17	10.86	18.82



**KMS Medisurgi Limited**

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Sub Total (B)</b>	<b>9.53</b>	<b>7.27</b>	<b>8.17</b>	<b>-</b>	<b>18.82</b>
<b>Provisions</b>					
Provision for Gratuity Contribution	9.56	-	-	-	-
Proposed Dividends and taxes thereon	4.33	0.30	-	1.16	-
<b>Sub Total (C)</b>	<b>13.89</b>	<b>0.30</b>	<b>-</b>	<b>1.16</b>	<b>-</b>
<b>Total (A+B+C)</b>	<b>261.67</b>	<b>321.24</b>	<b>191.67</b>	<b>110.77</b>	<b>74.44</b>

**Annexure - 12**

**STATEMENT OF DETAILS OF TRADE RECEIVABLES**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>(A) Unsecured, Considered good outstanding for a period less than six months</b>					
Others	359.53	286.55	266.17	166.90	76.29
Amount due from Promoter/Group Companies and Directors	-	-	-	-	-
<b>(B) Unsecured, Considered good outstanding for a period more than six months</b>					
Others	16.81	25.33	32.73	41.75	20.29
Amount due from Promoter/Group Companies and Directors	-	-	-	-	-
<b>Total</b>	<b>376.34</b>	<b>311.88</b>	<b>298.90</b>	<b>208.65</b>	<b>96.58</b>

**Annexure - 13**

**STATEMENT OF DETAILS OF SHORT TERM LOANS AND ADVANCES**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Advances Recoverable in Cash or in kind or value to be received	62.02	21.64	32.44	12.48	62.06
Advance payment of taxes	2.39	9.35	5.83	3.46	3.55
Security Deposit	8.25	9.02	9.42	6.34	10.35
<b>Total</b>	<b>72.66</b>	<b>40.01</b>	<b>47.69</b>	<b>22.28</b>	<b>75.96</b>

**Annexure - 14**

**STATEMENT OF DETAILS OF LONG TERM LOANS AND ADVANCES**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Advances towards factory premises	-	-	-	52.54	78.54
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52.54</b>	<b>78.54</b>



**Annexure - 15**

**STATEMENT OF DETAILS OF OTHER CURRENT ASSETS**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Prepaid Expenses	-	-	0.54	-	1.21
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.54</b>	<b>-</b>	<b>1.21</b>

**Annexure - 16**

**STATEMENT OF DETAILS OF REVENUE OF OPERATIONS**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Sale of Finished Goods	329.82	409.18	476.96	591.32	283.25
Sale of Raw Materials	281.90	300.46	203.32	24.08	72.80
Job Work / Labour Charges Received	229.73	179.80	81.58	-	-
<b>Total</b>	<b>841.45</b>	<b>889.44</b>	<b>761.86</b>	<b>615.40</b>	<b>356.05</b>

**Annexure - 17**

**STATEMENT OF DETAILS OF OTHER INCOME**

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Interest Income	3.99	3.47	3.63	6.54	2.74
Other Income	2.43	0.14	1.33	0.76	0.01
Job Work / Labour Charges Received	-	-	-	-	-
Profit on sale of fixed assets	-	0.38	-	-	0.25
<b>Total</b>	<b>6.42</b>	<b>3.99</b>	<b>4.96</b>	<b>7.30</b>	<b>3.02</b>

**Annexure-18**

**STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS**

(Rs. In Lacs)

Particulars	Relationship	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>REVENUE ITEMS :</b>						
Purchases	Promoters and Directors	104.08	151.77	137.81	63.96	81.67
Sales	Promoters and Directors	281.90	243.56	157.71	28.63	76.01
Labour Charges Received	Promoters and Directors	227.71	175.50	81.57	-	-
Salaries & Remuneration	Promoters and Directors	8.05	8.60	11.45	26.58	-
Purchases	Enterprises having common management personnel	44.94	28.24	8.45	5.10	21.07
Sales	Enterprises having common management personnel	99.30	-	85.76	-	-



***KMS Medisurgi Limited***

**FINANCIAL INDEBTNESS**

There is no financial Indebtness as on 31<sup>st</sup> March, 2016.



## **KMS Medisurgi Limited**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements for the financial years ended March 2016, 2015, 2014, 2013 and 2012 prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section titled "*Financial Information*" on page 138 of this Draft Prospectus.

Indian GAAP differs in certain material aspects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Prospectus, nor do we provide reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and SEBI ICDR Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "*Risk Factors*" and "*Forward-Looking Statements*" on pages 13 and 11, of this Draft Prospectus beginning respectively.

#### **INDUSTRY OVERVIEW**

##### **THE MEDICAL DEVICES AND EQUIPMENT INDUSTRY**

The Medical Devices and Equipment industry, valued at US\$ 2.5 billion contributes only 6% of India's US\$ 40 billion healthcare sector. Moreover, it is growing at a faster annual rate of 15% than 10-12% growth seen in the Healthcare sector in its entirety. A rise in the number of hospitals and the increased requirement for healthcare facilities creates a need for sophisticated devices and equipment, which can provide accurate treatment to individuals. The Medical Electronics segment of this industry incorporates control, conversion, sensing, processing, storage, display, and transfer of information on anatomy and physiology by making use of the Electronics and Communication Technologies. The Medical Equipment industry is quite wide with > 14,000 different products types, as per the Global Medical Device Nomenclature (GMDN). The products range from wound closure pads to stents and IVD machines of medical devices. Further, it can be reasonably said that Medical Electronics is an area, where Electronics and Information Communication Technology play a decisive role.

Moreover, significant efforts have been made in the medical technology ecosystem to stimulate innovation in this space so that the opportunities provided in the Indian market can be capitalized by the companies working in this domain and the Indian consumer of healthcare services stands to benefit.

In the past, the sector has significantly brought down the incidence of disease among patients, families, society as well as improved the country's health system, significantly. However, in India the penetration of medical devices is low and inadequate due to the barriers that prevent their usage.

#### **BUSINESS OVERVIEW**

Our Company was incorporated at Mumbai as "KMS Medisurgi Private Limited" on 25<sup>th</sup> March, 1999. We have been converted in to a Public Limited Company and consequently name was changed to "KMS Medisurgi Limited" on 15<sup>th</sup> June, 2016. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 109 of this Prospectus.

We manufacture & undertake job work of coating of various substrates like non woven fabrics, PU films, cotton fabrics, and taffeta silk fabrics with adhesive.





## **KMS Medisurgi Limited**

We are engaged into the business of ethical marketing and distribution of Surgical Disposable, Haemostat, Medical Devices, Urology Equipments, Surgery Equipments, Orthopedic/Physiotherapy equipments, Blood Banking Equipments and other such Surgical Equipments in India.

We have been established in 1999 as surgical equipment company and since then we have been successfully launching new concepts through which have helped the Indian Healthcare industry. We bridge the gap between the world technological advancements and Indian Healthcare industry. We are government approved suppliers throughout India.

Our Mission is “To become a leading Medical Device Company specializing in the supply of value-added products contributing to public healthcare and focusing on leading surgical products with a technological edge, at competitive rates”.

Our target is “To serve our customers at our very best, constantly improve and upgrade the quality of our production and organizational skills and to develop novel products.”

To facilitate growth, our company has a well-established distribution and export system throughout the world.

The Quality of our products has always been our priority, thanks to our highly qualified and dedicated staff, we have maintained those standards and we will strive towards excellence in future.

We are Government approved supplier. We are representing the World Leaders in Surgical Disposables, Medical & Surgical Equipments for India as their Exclusive Distributors.

We also undertake job work of coating of various substrates like non woven fabrics, PU films, cotton fabrics, taffeta silk fabrics with adhesive.

### **SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR**

In the opinion of the Board of Directors of our Company, since the date of the last financial statements disclosed in this Draft Prospectus, there have not arisen any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months except as follows:

1. The company has been converted in to a public limited company vide fresh Certificate of Incorporation dated 15<sup>th</sup> June, 2016 issued by the Registrar of Companies, Mumbai, Maharashtra
2. The company has allotted 12,00,000 Equity Shares as bonus issue in ratio of 1:1 to its existing shareholders on 20<sup>th</sup> July, 2016.
3. The shareholders approved and passed a special resolution on 8<sup>th</sup> September, 2016 to authorize the Board of Directors to raise funds by making an initial public offering.
4. The Board of Directors appointed Mr. Anand Prataprai Kanakia as Chief Financial Officer with effect from 9<sup>th</sup> July, 2016.
5. The Board of Directors appointed Mr. Niraj Kumud Shah as Non Executive Non Independent Director with effect from 9<sup>th</sup> July, 2016.
6. The Board of Directors appointed Mr. Hardik Rajnikant Bhatt as Additional Independent Director with effect from 14<sup>th</sup> July, 2016.
7. The Board of Directors appointed Mr. Kamlesh Chunilal Rajani as Additional Independent Director with effect from 11<sup>th</sup> August, 2016.
8. The Board of Directors appointed Ms. Kirty Agarwal as Company Secretary and Compliance Officer of the Company with effect from 16<sup>th</sup> September, 2016.



**FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business is subjected to various risks and uncertainties, including those discussed in the section titled "Risk Factors" beginning on page 13 of this Draft Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Our success depends on the value, perception and marketing of our products;
- General economic and business conditions;
- Company’s inability to successfully implement its growth and expansion plans;
- Increasing competition in the Healthcare and surgical equipment Industry;
- Economic, Income and Demographic condition in India;
- Changes in laws and regulations that apply to Industry in which we operate;
- Any change in the tax laws granting incentives to Industry in which we operate;
- Dependency on Healthcare providers for adaptability of our products;
- Interest Rates

**DISCUSSION ON RESULT OF OPERATION**

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for the financial years ended March 2016, 2015, 2014, 2013 and 2012.

**OVERVIEW OF REVENUE & EXPENDITURE**

**Revenues:**

***Income from operations:***

Our principal component of revenue from operations is from sale of finished as well as sale of raw materials.

***Other Income:***

Our other income mainly includes interest income and labour charges received.

(Rs. In Lacs)

Particulars	2016	2015	2014	2013	2012
<b>Income</b>					
Revenue from Operations	841.45	709.64	680.28	615.40	356.05
<i>As a % of Total Revenue</i>	<i>72.15</i>	<i>79.43</i>	<i>88.71</i>	<i>98.83</i>	<i>99.16</i>
Other Income	236.15	183.79	86.54	7.30	3.02
<i>As a % of Total Revenue</i>	<i>27.85</i>	<i>20.57</i>	<i>11.29</i>	<i>1.17</i>	<i>0.84</i>
<b>Total Revenue</b>	<b>847.87</b>	<b>893.43</b>	<b>766.82</b>	<b>622.70</b>	<b>359.07</b>

**Expenditure:**

Our total expenditure primarily consists of purchases, cost of material consumed, operational and administrative expenses, employee benefit expenses, finance cost, depreciation, administrative and other expenses.



## KMS Medisurgi Limited

### Administrative, Operation and Selling Expenses

Our direct expenditure includes delivery, handling, transportation, labour charges, electricity, travelling, godowns rent, business promotion and other expenses which include the following:

- i. General expenses like filing fees, professional fees, trademark registration expenses, share transfer agent fees, etc.
- ii. Administrative and other expenses such as rent, postage and courier, printing & stationery, telephone expenses, website, etc.

### Employee benefits expense

Our employee benefits expense primarily comprise of salaries, bonus expenses, stipend and temporary salary and staff welfare expenses.

### Depreciation

Depreciation includes depreciation on tangible assets.

### Statement of profits and loss

The following table sets forth, for the fiscal years indicated, certain items derived from our Company's audited restated financial statements, in each case stated in absolute terms and as a percentage of total sales and/or total revenue:

(Rs. In Lacs)

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<b>Income:-</b>					
Operational Revenue	841.45	889.44	761.86	615.40	356.05
<i>As a % of Total Revenue</i>	99.24	99.55	99.35	98.83	99.16
Other Income	6.42	3.99	4.96	7.30	3.02
<i>As a % of Total Revenue</i>	0.76	0.45	0.65	1.17	0.84
<b>Total Revenue (A)</b>	<b>847.87</b>	<b>893.43</b>	<b>766.82</b>	<b>622.70</b>	<b>359.07</b>
<b>Growth %</b>	<b>(5.10)</b>	<b>16.51</b>	<b>23.14</b>	<b>73.42</b>	<b>-</b>
<b>Expenditure:-</b>					
Cost of Material Consumed	393.74	356.67	211.76	29.35	74.62
<i>As a % of Total Revenue</i>	46.44	39.92	27.62	4.71	20.78
Purchases of Stock in Trade	145.67	435.46	418.32	438.81	154.02
<i>As a % of Total Revenue</i>	17.18	48.74	54.55	70.47	42.89
Decrease/ (Increase) in inventories of Stock-in-Trade	76.55	(55.36)	(19.76)	(0.60)	1.78
Employees Expenses	53.69	39.10	40.38	41.42	31.05
<i>As a % of Total Revenue</i>	6.33	4.38	5.27	6.65	8.65
Administrative & Other Expenses	90.29	41.59	49.87	83.19	58.70
<i>As a % of Total Revenue</i>	10.65	4.66	6.50	13.36	16.35
Finance Cost	24.38	27.31	22.83	8.71	12.80
<i>As a % of Total Revenue</i>	2.88	3.06	2.98	1.40	3.56
Depreciation and Amortization Expense	34.12	41.04	38.61	13.42	9.57
<i>As a % of Total Revenue</i>	4.02	4.59	5.04	2.16	2.67
<b>Total Expenses (B)</b>	<b>818.44</b>	<b>885.81</b>	<b>762.01</b>	<b>614.3</b>	<b>342.54</b>



**KMS Medisurgi Limited**

Particulars	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
<i>As a % of Total Revenue</i>	96.53	99.15	99.37	98.65	95.40
<b>Profit before extraordinary items and tax</b>	<b>29.42</b>	<b>7.62</b>	<b>4.81</b>	<b>8.40</b>	<b>16.53</b>
<i>As a % of Total Revenue</i>	3.42	0.85	0.63	1.35	4.60
Extraordinary Items	-	-	-	-	-
<b>Profit before Tax</b>	<b>29.42</b>	<b>7.62</b>	<b>4.81</b>	<b>8.40</b>	<b>16.53</b>
<i>PBT Margin</i>	3.42	0.85	0.63	1.35	4.60
Tax Expense:					
i. Current Tax	13.00	4.46	1.27	3.21	6.28
ii. Prior period tax adjustments	2.74	-	0.86	-	-
<b>Total Tax Expense</b>	<b>15.74</b>	<b>4.46</b>	<b>2.13</b>	<b>3.21</b>	<b>6.28</b>
Profit for the year/period	<b>13.68</b>	<b>3.16</b>	<b>2.68</b>	<b>5.19</b>	<b>10.25</b>
<i>PAT Margin %</i>	1.61	0.35	0.35	0.83	2.85

**COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2016 WITH FINANCIAL YEAR ENDED MARCH 31, 2015:**

**INCOME**

**Income from Operations**

(Rs. In Lacs)

Particulars	2015-16	2014-15	Variance In %
Revenue from Operations	841.45	889.44	(5.40)

The operating income of the Company for the year ending March 31, 2016 is Rs. 841.45 lacs as compared to Rs. 889.44 lacs for the year ending March 31, 2015, showing a decrease of 5.40%, and such decrease was attributed to fall in volume of our operations.

**Other Income**

Our other income increased by 60.90% from Rs. 3.99 lacs to Rs. 6.42 lacs. This was primarily due to increase in interest income.

**Direct Expenditure**

(Rs. In Lacs)

Particulars	2015-16	2014-15	Variance In %
Cost of Material Consumed	393.74	356.67	10.39
Purchases of Stock in Trade	145.67	435.46	(66.55)
Change in inventories of Stock in trade	76.55	(55.36)	(238.28)
<b>Total</b>	<b>615.96</b>	<b>736.77</b>	<b>(16.40)</b>

Our direct expenditure decreased from Rs. 736.77 lacs in Financial Year 2014-2015 to Rs. 615.96 lacs in Financial Year 2015-2016 showing a decrease of 16.40% over the previous year, due to reduction in our business operations.



## KMS Medisurgi Limited

### Administrative and Employee Costs

(Rs. In Lacs)

Particulars	2015-16	2014-15	Variance In %
Employee Expenses	53.69	39.10	37.31
Administrative & Other Expenses	90.29	41.59	117.10

There is around 37.31% increase in employee benefit expenses from Rs. 39.10 lacs in financial year 2014-15 to Rs. 53.69 lacs in financial year 2015-16 which is due to increase in salaries, wages and bonus, stipend and temporary salary. Our other expenses increased by 117.10% from Rs. 41.59 lacs in financial year 2014-15 to Rs. 90.29 lacs in financial year 2015-16. The increase was due to increase in operating expenses, general expenses and administrative expenses.

### Depreciation & Amortization Expenses

Depreciation & Amortization expenses for the Financial Year 2015-2016 have decreased to Rs. 34.12 Lacs as compared to Rs. 41.04 lacs for the Financial Year 2014-2015.

### Interest & Finance Charges

Interest & Finance Charges for the Financial Year 2015-2016 have decreased to Rs. 24.38 Lacs as compared to Rs. 27.31 lacs for the Financial Year 2014-2015.

### Profit Before Tax

(Rs. In Lacs)

Particulars	2015-16	2014-15	Variance In %
Profit Before Tax	29.42	7.62	286.09

Profit before tax increased by 258.40% from Rs. 7.62 lacs in financial year 2015-16 to Rs. 29.42 lacs in financial year 2014-15.

### Provision for Tax and Net Profit

(Rs. In Lacs)

Particulars	2015-16	2014-15	Variance In %
Taxation Expense	15.74	4.46	252.91
Profit After Tax	13.68	3.16	332.91

Our profit after tax increased by 266.14% from Rs. 3.16 lacs in financial year 2014-15 to Rs. 11.57 lacs in financial year 2015-16. This increase was due to reduction in purchases of stock in trade.

### COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2015 WITH FINANCIAL YEAR ENDED MARCH 31, 2014:

#### INCOME

#### Income from Operations

(Rs. In Lacs)

Particulars	2014-15	2013-14	Variance In %
Revenue from Operations	889.44	761.86	16.75



## KMS Medisurgi Limited

The operating income of the Company for the year ending March 31, 2015 is Rs. 889.44 lacs as compared to Rs. 761.86 lacs for the year ending March 31, 2014, showing an increase of 16.75%, and such increase was attributed to rise in volume of our operations.

### Other Income

Our other income decreased by 19.56% from Rs. 4.96 lacs to Rs. 3.99 lacs. This was primarily due to decrease in interest income.

### Direct Expenditure

(Rs. In Lacs)

Particulars	2014-15	2013-14	Variance In %
Cost of Materials Consumed	356.67	211.76	68.43
Purchase of Stock in trade	435.46	418.32	4.10
Change in inventories of Stock in trade	(55.36)	(19.76)	180.16
<b>Total</b>	<b>736.77</b>	<b>610.32</b>	<b>20.72</b>

Our direct expenditure increased from Rs. 610.32 lacs in Financial Year 2013-2014 to Rs. 736.77 in Financial Year 2014-2015 showing an increase of 20.72% over the previous year, due to increase in our business operations.

### Administrative and Employee Costs

(Rs. In Lacs)

Particulars	2014-15	2013-14	Variance In %
Employee Expenses	39.10	40.38	(3.17)
Administrative & Other Expenses	41.59	49.87	(16.60)

There is around 3.17 % decrease in employee benefit expenses from Rs. 40.38 lacs in financial year 2013-14 to Rs. 39.10 lacs in financial year 2014-15 which is due to decrease in salaries, wages and bonus, stipend and temporary salary. Our other expenses decreased by 16.60% from Rs. 49.87 lacs in financial year 2013-14 to Rs. 41.59 lacs in financial year 2014-15. The decrease was due to decrease in operating expenses, general expenses and administrative expenses.

### Depreciation & Amortization Expenses

Depreciation & Amortization expenses for the Financial Year 2014-2015 have increased to Rs. 41.04 lacs as compared to Rs. 38.61 lacs for the Financial Year 2013-2014.

### Interest & Finance Charges

Interest & Finance Charges for the Financial Year 2014-2015 have increased to Rs. 27.31 Lacs as compared to Rs. 22.83 lacs for the Financial Year 2013-2014.

### Profit Before Tax

(Rs. In Lacs)

Particulars	2014-15	2013-14	Variance In %
Profit Before Tax	7.62	4.81	58.42

Profit before tax increased by 58.42% from Rs. 4.81 lacs in financial year 2013-14 to Rs.7.62 lacs in financial year 2014-15.

**KMS Medisurgi Limited****Provision for Tax and Net Profit****(Rs. In Lacs)**

Particulars	2014-15	2013-14	Variance In %
Taxation Expense	4.46	2.13	109.39
Profit After Tax	3.16	2.68	17.91

Our profit after tax increased by 17.91% from Rs. 2.68 lacs in financial year 2013-14 to Rs. 3.16 lacs in financial year 2014-15. This increase was in line with rise in our operations.

**COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2014 WITH FINANCIAL YEAR ENDED MARCH 31, 2013****INCOME****Income from Operations****(Rs. In Lacs)**

Particulars	2013-14	2012-13	Variance In %
Revenue from Operations	761.86	615.40	23.80

The operating income of the Company for the year ending March 31, 2014 is Rs. 761.86 lacs as compared to Rs. 615.40 lacs for the year ending March 31, 2013, showing an increase of 23.80%, and such increase was attributed to rise in volume of operations.

**Other Income**

Our Other Income for the financial year ended 31<sup>st</sup> March, 2014 was at Rs. 4.96 Lacs as against Rs. 7.30 lacs for the fiscal year 2013.

**Direct Expenditure****(Rs. In Lacs)**

Particulars	2013-14	2012-13	Variance In %
Cost of Materials Consumed	211.76	29.35	621.50
Purchase of Stock in trade	418.32	438.81	(4.67)
Change in inventories of Stock in trade	(19.76)	(0.60)	3,193.33
<b>Total</b>	<b>610.32</b>	<b>467.56</b>	<b>30.53</b>

Our direct expenditure increased from Rs. 467.56 lacs in Financial Year 2012-2013 to Rs. 610.32 lacs in Financial Year 2013-2014 showing an increase of 30.53% over the previous year, due to increase in our business operations.

**Administrative and Employee Costs****(Rs. In Lacs)**

Particulars	2013-14	2012-13	Variance In %
Employee Expenses	40.38	41.42	(2.51)
Administrative & Other Expenses	49.87	83.19	(40.05)

Employee expenses were Rs. 40.38 lacs in financial year 2013-14 as compared to Rs. 41.42 lacs in financial year 2012-13 which is due to decrease in salaries, wages and bonus, stipend and temporary salary.



## KMS Medisurgi Limited

Our other expenses decreased by 40.05 % from Rs. 83.19lacs in financial year 2012-13 to Rs. 49.87 lacs in financial year 2013-14. The decrease was due to decrease in general expenses and administrative expenses.

### Depreciation & Amortization Expenses

Depreciation & Amortization expenses for the Financial Year 2013-2014 have increased to Rs. 38.61 lacs as compared to Rs. 13.42 lacs for the Financial Year 2012-2013.

### Interest & Finance Charges

Interest & Finance Charges for the Financial Year 2013-2014 have increased to Rs. 22.83 Lacs as compared to Rs. 8.71 lacs for the Financial Year 2012-2013.

### Profit Before Tax

(Rs. In Lacs)

Particulars	2013-14	2012-13	Variance In %
Profit Before Tax	4.81	8.40	(42.74)

Profit before tax decreased by 42.74% from Rs. 8.40 lacs in financial year 2012-13 to Rs. 4.81 lacs in financial year 2013-14.

### Provision for Tax and Net Profit

(Rs. In Lacs)

Particulars	2013-14	2012-13	Variance In %
Taxation Expense	2.13	3.21	(33.64)
Profit After Tax	2.68	5.19	(48.36)

Our profit after tax decreased by 48.36% from Rs. 5.19 lacs in financial year 2012-13 to Rs. 2.68 lacs in financial year 2013-14. This decrease was mainly due to rise in depreciation and interest expenses.

## COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2013 WITH FINANCIAL YEAR ENDED MARCH 31, 2012

### INCOME

#### Income from Operations

(Rs. In Lacs)

Particulars	2012-13	2011-12	Variance In %
Revenue from Operations	615.40	356.05	72.84

The operating income of the Company for the year ending March 31, 2013 is Rs. 615.40 lacs as compared to Rs. 356.05 lacs for the year ending March 31, 2012, showing an increase of 72.84%, and such increase was attributed to rise in volume of operations.

#### Other Income

Our Other Income for the financial year ended 31<sup>st</sup> March, 2013 was at Rs. 7.30 Lacs as against Rs. 3.02 lacs for the fiscal year 2012.





## KMS Medisurgi Limited

### Direct Expenditure

(Rs. In Lacs)

Particulars	2012-13	2011-12	Variance In %
Cost of Materials Consumed	29.35	74.62	(60.67)
Purchase of Stock in trade	438.81	154.02	184.90
Change in inventories of Stock in trade	(0.60)	1.78	(133.71)
<b>Total</b>	<b>467.56</b>	<b>230.42</b>	<b>102.92</b>

Our direct expenditure increased from Rs. 230.42 lacs in Financial Year 2011-2012 to Rs. 467.56 lacs in Financial Year 2012-2013 showing an increase of 102.92% over the previous year, due to increase in our business operations.

### Administrative and Employee Costs

(Rs. In Lacs)

Particulars	2012-13	2011-12	Variance In %
Employee Expenses	41.42	31.05	33.40
Administrative & Other Expenses	83.19	58.70	41.72

Employee expenses were Rs. 41.42 lacs in financial year 2012-13 as compared to Rs. 31.05 lacs in financial year 2011-12 which is due to increase in salaries, wages and bonus, stipend and temporary salary.

Our other expenses increased by 41.72% from Rs. 58.70 lacs in financial year 2011-12 to Rs. 83.19 lacs in financial year 2012-13. The increase was due to decrease in general expenses and administrative expenses, which is in line with increase in operations.

### Depreciation & Amortization Expenses

Depreciation & Amortization expenses for the Financial Year 2012-2013 have increased to Rs. 13.42 lacs as compared to Rs. 9.57 lacs for the Financial Year 2011-2012.

### Interest & Finance Charges

Interest & Finance Charges for the Financial Year 2012-2013 have decreased to Rs. 8.71 Lacs as compared to Rs. 12.80 lacs for the Financial Year 2011-2012.

### Profit Before Tax

(Rs. In Lacs)

Particulars	2012-13	2011-12	Variance In %
Profit Before Tax	8.40	16.53	(49.18)

Profit before tax decreased by 49.18% from Rs. 16.53 lacs in financial year 2011-12 to Rs. 8.40 lacs in financial year 2012-13.

### Provision for Tax and Net Profit

(Rs. In Lacs)

Particulars	2012-13	2011-12	Variance In %
Taxation Expense	3.21	6.28	(48.89)
Profit After Tax	5.19	10.25	(49.37)



## **KMS Medisurgi Limited**

Our profit after tax decreased by 49.37% from Rs. 10.25 lacs in financial year 2011-12 to Rs. 5.19 lacs in financial year 2012-13. This decrease was mainly due to rise in depreciation and administrative expenses.

### **OTHER MATTERS**

#### **Unusual or infrequent events or transactions**

There are no transactions or events, which in our best judgment, would be considered unusual or infrequent that have significantly affected operations of the Company.

#### **Significant economic changes that materially affected or are likely to affect income from continuing operations**

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

#### **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Other than as disclosed in the section titled "*Risk Factors*" beginning on page 13 of this Draft Prospectus to our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

#### **Future changes in relationship between costs and revenues in case of events such as future increase in labor or material cost or prices that will cause material change.**

According to our knowledge, there are no future relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues. However, increase in the cost of the products and services in which the Company deals, will affect the profitability of the Company. Further, the Company may not be able to pass on the increase in prices of the products and services to the customers in full and this can be offset through cost reduction.

#### **The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices**

The increase in revenue is by and large linked to increase in volume of all the activities carried out by the Company.

#### **Total turnover of each major industry segment in which the issuer company operates.**

The Company is operating single business segment i.e. pharmaceuticals, adhesive tapes, and medical & surgical disposable products industry. Relevant industry data, as available, has been included in the chapter titled "*Industry Overview*" beginning on page 83 of this Draft Prospectus.

#### **Status of any publicly announced new products/projects or business segments**

Our Company has not announced any new projects or business segments, other than disclosed in the Draft Prospectus.

#### **The extent to which the business is seasonal**

Our Company's business is not seasonal in nature.



***KMS Medisurgi Limited***

**Any significant dependence on a single or few suppliers or customers**

We are not under threat of dependence from any single supplier or customer.

**Competitive Conditions**

We face significant competition from domestic and international players. In addition, we compete against a number of multi-national manufacturers and marketers, some of which are larger and have substantially greater resources than us. We also face competition internationally from surgical tapes and other equipments imported from overseas markets. However, we have been able to leverage economies of scale to gain an advantage.

We believe that we compete favorably with our principal competitors in each of these areas. We also believe that our offering of full value chain solutions provides us with a competitive advantage that enables us to compete on more than price alone.

We have, over a period of time, developed certain competitive strengths which have been discussed in section titled "Our Business" on page 93 of this Draft Prospectus.



**SECTION VI: LEGAL AND OTHER INFORMATION**

**OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

Except as stated in this section there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/regulatory authorities; (iii) indirect and direct tax cases (pending at Tribunal or higher levels); and (iv) other material pending litigations, involving our Company, Directors, Promoters and Group Companies.

Our Board of Directors has determined that any pending litigation where the amounts exceeds Rs. 15 lacs individually apart from litigations mentioned in point X(A)(1)(i) to (iii) of Schedule VIII of SEBI (ICDR) Regulations, 2009, are considered as material pending litigation and accordingly are disclosed in the Offer Document. Further, dues owed by our Company, which exceeds Rs 15 Lacs as at 31<sup>st</sup> March, 2016 have been considered as material dues for the purposes of disclosure in this Draft Prospectus.

**LITIGATION INVOLVING OUR COMPANY**

***Criminal Litigation***

Nil

***Civil Proceedings***

Nil

***Cases relating to Taxation Matters***

1. KMS Medisurgi Limited has filed an appeal bearing appeal no. C/1189/2008 along with stay application no. C/Stay-1809/2008 before CESTAT WZB, Mumbai against order of Customs Commissioner demanding duty of Rs. 5,75,381 and imposed the redemption fine of Rs. 8,00,000 and penalty of Rs. 2,00,000. The stay application came up for hearing before CESTAT WZB, Mumbai on 9<sup>th</sup> February, 2009 and CESTAT WZB, Mumbai has ordered to release the goods on provisional basis on furnishing of bank guarantee for differential duty and a bond covering fine and penalty vide order no. S/38/09/CSTB/C-II/WZB/2009. The case is due for disposal.

2. A show cause notice has been issued by DRI on 31<sup>st</sup> August, 2010 in file no. DRI/AZU/INV-51/KMS/2009/2291 stating that KMS Medisurgi Limited have cleared some goods after claiming exemption notification no. 21/2002 dated 1<sup>st</sup> March, 2002, which does not classify that exemption. After hearing the matter, Commissioner has passed an order dated 30<sup>th</sup> March, 2013 demanded duty of Rs. 59,11,255 with interest and penalty of Rs. 59,11,255 for Mumbai customs import and demanded duty of Rs. 6,84,703 with interest and penalty of Rs. 6,84,703. for Mumbai customs import. We have filed an appeal bearing appeal no. C/87351/13 along with stay application no. C/S/95814/2008 before CESTAT WZB, Mumbai against order of Customs Commissioner. CESTAT WZB, Mumbai has granted stay against demand of duty and penalty during the pendency of appeal. The case is due for disposal.

***Proceedings against Our Company for economic offences***

Nil

***Past Penalties imposed on our Company: Penalties in Last Five Years***

Nil

***Pending Notice against our Company***

Nil



**LITIGATION FILED BY OUR COMPANY**

Nil

*Material Developments since the Last Balance Sheet*

*Outstanding dues to small-scale undertakings*

Nil

*Outstanding Litigation against other companies whose outcome could have an adverse effect on our company*

Nil

*Disciplinary Action taken by SEBI or stock exchanges against Our Company*

Nil

*Defaults including non-payment or statutory dues to banks or financial institutions*

Nil

*Details of any enquiry, inspection or investigation initiated under Companies Act, 2013 or any previous Company Law*

Nil

**LITIGATION INVOLVING DIRECTORS OF OUR COMPANY**

*Outstanding Litigation*

Nil

*Past Penalties imposed on our Directors*

Nil

*Proceedings initiated against our directors for Economic Offences/securities laws/ or any other law*

Nil

Tax proceedings initiated against our Directors

Nil

Directors on list of willful defaulters of RBI

Nil

Litigation by Directors of Our Company

Nil



**LITIGATION INVOLVING PROMOTERS OF OUR COMPANY**

***Outstanding Litigation against our Promoters***

Nil

***Past Penalties imposed on our Promoters***

Nil

***Proceedings initiated against our Promoters for Economic Offences***

Nil

***Tax proceedings initiated against our Promoters***

Nil

***Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Promoter***

Nil

***Litigation /defaults in respect of the companies/Firms/ventures/ with which our promoter was associated in Past***

Nil

***Adverse finding against Promoter for violation of Securities laws or any other laws***

Nil

**LITIGATION FILED BY OUR PROMOTERS**

**Criminal Cases:**

Nil

**Civil & Other Cases:**

Nil

**LITIGATION INVOLVING OUR GROUP COMPANIES / ENTITIES**

***Outstanding Litigation against our group companies / entities***

Nil

***Past Penalties imposed on our group companies / entities***

Nil

***Proceedings initiated against our group companies / entities for Economic Offences***



**KMS Medisurgi Limited**

Nil

*Tax proceedings initiated against our group companies / entities*

Nil

*Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against our group companies / entities*

Nil

*Adverse finding against group companies / entities for violation of Securities laws or any other laws*

Nil

**LITIGATION FILED BY OUR GROUP COMPANIES / ENTITIES**

Nil

**OUTSTANDING DUES TO CREDITORS OF OUR COMPANY**

As on 31<sup>st</sup> March, 2016 the Company does not owe a sum exceeding Rs. 15 Lacs to any undertaking, except as below:-

Name	Amount Due (Rs. In Lacs)
Sheng Hung Industrial	49.79
Chan Sieh Enterprise	36.57
Nation Horizon Ltd	29.85
N W Overseas	21.97

We don't owe any amount to small-scale undertakings.

The details pertaining to net outstanding dues towards our Material Creditors shall be made available under investors' section on the website of our Company. It is clarified that such details available on our website do not form a part of this Draft Prospectus. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.



**GOVERNMENT & OTHER APPROVALS**

We have received all the necessary consents, licenses, permissions and approvals from the government and various government agencies/ private certification bodies for our present businesses and no further approvals are required for carrying on the present businesses except as stated in this Draft Prospectus.

**APPROVALS FOR THE ISSUE**

1. The Board of Directors has, pursuant to resolution passed at its meeting held on 1<sup>st</sup> September, 2016 authorized the Issue.
2. The shareholders of our Company have, pursuant to a resolution passed at Extra Ordinary General Meeting held on 8<sup>th</sup> September, 2016 authorized the Issue.
3. We have received in-principle approvals from BSE-SME for the listing of our Equity Shares pursuant to letters dated [●].

**INCORPORATION DETAILS**

1. Certificate of Incorporation dated 25<sup>th</sup> March, 1999 issued by Registrar of Companies, Mumbai, Maharashtra in the name of KMS Medisurgi Private Limited.
2. Fresh Certificate of Incorporation dated 15<sup>th</sup> June, 2016 issued by Registrar of Companies, Mumbai, Maharashtra in the name of KMS Medisurgi Private Limited.
3. The Corporate Identification Number (CIN) is U51397MH1999PLC119118

**APPROVALS/LICENSES/PERMISSIONS PROCURED TO CONDUCT OUR OPERATION:**

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of Issue
<b>General</b>				
1.	Permanent Account Number	AAACK9269Q	Income Tax Department	N.A.
2.	Tax Deduction Account Number (TAN)	MUMK0822A	Income Tax Department	25 <sup>th</sup> June, 2011
<b>Professional Tax</b>				
3.	Professional Tax Enrolment Certificate (PTEC)	99422585131P	Deputy Professional Tax Commissioner Branch, Mumbai	1 <sup>st</sup> April, 2016
<b>Central Sales Tax</b>				
4.	Certificate of Registration the Central Sales Tax (Registration and Turnover)	27370373728 C	Registration Officer, Sales Tax Department	01 <sup>st</sup> April, 2006
<b>Value Added Tax</b>				
5.	Certificate of Registration under Maharashtra Value Added Tax	27370373728 V	Registration Officer, Sales Tax Department	01 <sup>st</sup> April, 2006





**KMS Medisurgi Limited**

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of Issue
<b>Factory License</b>				
6.	Factory license issued under the Factories Act, 1948	086699	Deputy Director of Industrial Safety and Health, Maharashtra.	2 <sup>nd</sup> May, 2013
<b>Drugs License</b>				
7.	Drugs license issued under the Drugs and Cosmetics Act, 1940 & Rules	MH-MZ1-Z-1/M-2/610	Food & Drugs Administration, Mumbai-Zone 1	01 <sup>st</sup> April, 2016
<b>Other Approvals</b>				
8.	Consent under the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act & Hazardous Wastes (Management & Handling) Rules, 2013	SROT-II/SAT/R/CC/33	Maharashtra Pollution Control Board	10 <sup>th</sup> July, 2014
9.	Shops and Commercial Establishment Registration	760402971	Inspector under the Bombay Shops and Establishment Act, 1948	25 <sup>th</sup> July, 2014
10.	Certificate of Importer-Exporter Code (IEC)	0399015051	Foreign Trade Development Officer, Ministry of Commerce, Government of India	2 <sup>nd</sup> July, 1999
11.	International Securities Identification Number (ISIN)	[•]	CDSL & NSDL	
12.	Trade Mark Registration	1844346 & 1844347	The Registrar of Trade Marks, Mumbai	26 <sup>th</sup> February, 2011



## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **AUTHORITY FOR THE ISSUE**

The Issue has been authorized by a resolution passed by our Board of Directors at its meeting held on 1<sup>st</sup> September, 2016 and by the shareholders of our Company by a special resolution, pursuant to Section 62(1)(c) of the Companies Act, 2013, passed at the Extra-Ordinary General Meeting of our Company held on 8<sup>th</sup> September, 2016 at registered office of the Company.

Our Board has approved this Draft Prospectus at its meeting held on 29<sup>th</sup> September, 2016.

We have received approval from BSE-SME vide letter dated [●] to use the name of BSE in this offer document for listing of our Equity Shares on BSE-SME. BSE is the Designated Stock Exchange.

### **PROHIBITION BY SEBI, RBI OR OTHER GOVERNMENTAL AUTHORITIES**

Our Company, our Promoters, our Directors, our Promoter Group and our Group Entities, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

The companies with which our Promoters, our Directors or persons in control of our Company are/ were associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against any of our Directors or any entity our Directors are associated with as directors.

### **PROHIBITION BY RBI**

Neither our Company, nor our Promoters, or the relatives (as defined under the Companies Act) of our Promoters or Group Entities have been identified as willful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or no proceedings thereof are pending against them.

### **ELIGIBILITY FOR THE ISSUE**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 106(M) (1) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital does not exceed ten crores rupees shall issue its specified securities in accordance with provisions of chapter XB Issue of specified securities by small and medium enterprises] of ICDR regulations. (In this case being the “SME Platform of BSE-SME”). Our Company also complies with the eligibility conditions laid by the BSE-SME for listing of our Equity Shares.

1. In accordance with regulation 106(P) of the SEBI ICDR Regulations, this Issue will be 100% underwritten and that the LM will underwrite at least 15% of the total issue size. For further details pertaining to underwriting please refer to chapter titled “General Information” beginning on page 38 of this Draft Prospectus.
2. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the



## KMS Medisurgi Limited

date our company becomes liable to repay it, than our company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed u/s 40 of the Companies Act, 2013

- In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Draft Prospectus with Stock Exchange and the Registrar of Companies.
- In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the Lead Manager will ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue. For further details of the market making arrangement see chapter titled "General Information" beginning on page 38 of this Draft Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

**BSE ELIGIBILITY NORMS:** ([www. http://www.bsesme.com/aboutpublicissue.aspx](http://www.bsesme.com/aboutpublicissue.aspx))

### 1. Net Tangible assets of at least Rs. 3 crores as per the latest audited financial results

Our Company has Net Tangible Assets of Rs. 397.61 Lacs, which is in excess of Rs. 3 Crores as per the latest audited financial results. Our Net Tangible Assets as on 31<sup>st</sup> March, 2016 are disclosed as under:

Particulars	(Rs. Lacs) 31.03.2016
Fixed Assets- Net Block	198.13
Long Term Loans and Advances	-
<i>Current Assets, Loans and Advances:</i>	
Inventories	29.88
Trade Receivables	376.34
Cash & Bank Balances	128.21
Short Terms Loans & Advances	72.66
Other Current Assets	-
<b>Total Assets (A)</b>	<b>805.22</b>
<i>Less: Current Liabilities &amp; Provisions:</i>	
Short Term Borrowings	148.05
Trade Payables	238.25
Other Current Liabilities	9.98
Short Term Provisions	11.33
<b>Total Current Liabilities &amp; Provisions (B)</b>	<b>407.61</b>
<b>Net Tangible Assets (A-B)</b>	<b>397.61</b>

Net tangible assets are defined as sum of Fixed Assets (including capital work in progress and excluding revaluation reserve), trade investments and current assets (excluding deferred tax assets and intangible assets as defined in AS-26 issued by ICAI) less current liabilities & Provisions.



## KMS Medisurgi Limited

### 2. Net worth (excluding revaluation reserves) of at least Rs. 3 crores as per the latest audited financial results

Our Company satisfies the above criteria. Our Net Worth as per the restated audited financial statements as on 31<sup>st</sup> March, 2016 is as under:

Particulars	(Rs. Lacs)	
	31.03.2016	
Share Capital	120.00	
Add: Reserves & Surplus	212.92	
Less: Preliminary Expenses to the extent written off	-	
<b>Net Worth</b>	<b>332.92</b>	

Net worth includes Equity Share Capital and Reserves, (Net of Miscellaneous Expenditure not written off, if any.)

### 3. Track record of distributable profits in terms of sec. 205 of Companies Act, 1956 / sec. 123 of Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least Rs. 5 Crores.

Our Company has distributable profits in terms of sec. 205 of Companies Act, 1956 / sec. 123 of Companies Act, 2013, as detailed below:

Particulars	(Rs. In Lacs)		
	31.03.16	31.03.15	31.03.14
Net Profit	13.69	3.16	2.68

### 4. Other Requirements

#### i. The post-issue paid up capital of the company shall be at least Rs. 3 crores.

As on the date of Draft Prospectus i.e. 29<sup>th</sup> September, 2016, Our Company has a paid up capital of Rs. 240.00 Lacs and the Post Issue Capital would be Rs. 330.00 Lacs, which is in excess of Rs. 3 crores.

#### ii. The company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.

Our Company is in process of entering into tripartite agreements with CDSL and NSDL along with our Registrar for facilitating trading in dematerialized mode.

#### iii. Companies shall mandatorily have a website

The company has functional website i.e. [www.kmsgroup.in](http://www.kmsgroup.in)

### 5. Certificate from the applicant company / promoting companies stating the following:

#### a. The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).

Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).

#### b. There is no winding up petition against the company that has been accepted by a court.

There is no winding up petition against our Company that has been accepted by a court or liquidator has not been appointed.



**KMS Medisurgi Limited**

*c. There is no change in the promoter/s of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.*

There is no change in the promoter/s of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.

**DISCLAIMER CLAUSE OF SEBI**

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, NAVIGANT CORPORATE ADVISORS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT PROSPECTUS, THE LEAD MANAGER, NAVIGANT CORPORATE ADVISORS LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, NAVIGANT CORPORATE ADVISORS LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 29<sup>TH</sup> SEPTEMBER, 2016, IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992.

“WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, CIVIL LITIGATIONS, DISPUTES WITH COLLABORATORS, CRIMINAL LITIGATIONS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
  - A. THE DRAFT PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - C. THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, COMPANIES ACT, 2013 THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.



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3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION - NOTED FOR COMPLIANCE, SUBJECT TO COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.- NOT APPLICABLE\*\*
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:



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- A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
  14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
  15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
  16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS AS PER FORMAT SPECIFIED BY THE BOARD (SEBI) THROUGH CIRCULAR - DETAILS ARE ENCLOSED IN "ANNEXURE A"
  17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTION HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS."

*\*Section 29 of the Companies Act, 2013 provides inter alia that every company making public offers shall issue securities only in dematerialised form by complying with the provisions of the Depositories Act, 1996 and the regulations made thereunder.*

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING BSE-SME**

- 1) "WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
- 2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
- 3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.
- 4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
- 5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISO TO SUB-REGULATION OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED





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IN THE DRAFT PROSPECTUS.

- 6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION [106P] AND [106V] OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE. - NOTED FOR COMPLIANCE.”
- 7) WE CONFIRM THAT THE ISSUER HAS REDRESSED AT LEAST NINETY FIVE PER CENT OF THE COMPLAINTS RECEIVED FROM THE INVESTORS TILL THE END OF THE QUARTER IMMEDIATELY PRECEDING THE MONTH OF THE FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES. - NOT APPLICABLE

**Note:**

The filing of this Draft Prospectus does not, however, absolve our Company from any liabilities under section 34, section 35, section 36 OR section 38(1) of the Companies Act, 2013 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Lead manager any irregularities or lapses in the Draft Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Draft Prospectus with the Registrar of Companies Mumbai, Maharashtra, in terms of sections 26, 32 and 33 of the Companies Act, 2013.

**DISCLAIMER FROM OUR COMPANY AND THE LEAD MANAGER**

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, [www.kmsgroup.in](http://www.kmsgroup.in) would be doing so at his or her own risk.

**CAUTION**

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU for Issue Management entered into among the Lead Manager and our Company dated 19<sup>th</sup> September, 2016, the Underwriting Agreement 19<sup>th</sup> September, 2016 entered into among the Underwriters and our Company and the Market Making Agreement dated 19<sup>th</sup> September, 2016 entered into among the Lead Manager, Market Maker and our Company.

Our Company and the Lead Manager shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centers, etc.

Investors who apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.





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#### **PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE LEAD MANAGER**

For details regarding the price information and track record of the past issues handled by Navigant Corporate Advisors Capital Limited, please refer to the website of the Lead Manager: [www.navigantcorp.com](http://www.navigantcorp.com) and Annexure A of Draft Prospectus.

#### **DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lacs, pension funds with minimum corpus of Rs. 2,500 Lacs and the National Investment Fund, and permitted non residents including FIIs, Eligible NRIs, QFIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Draft Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been filed with BSE-SME for its observations and BSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

#### **DISCLAIMER CLAUSE OF BSE-SME PLATFORM**

As required, a copy of this Draft Prospectus shall be submitted to BSE-SME. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Prospectus, shall be included in the Prospectus prior to the RoC filing.



## **FILING**

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at Corporate Finance Department, Plot No. C-4A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051. A copy of the Prospectus, along with the documents required to be filed under Section 26 of the Companies Act, 2013 will be delivered to the ROC, Mumbai, Maharashtra.

## **LISTING**

In terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of obtaining in- principle approval from BSE-SME Platform. However application will be made to the BSE-SME Platform for obtaining permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The BSE-SME Platform has given its in-principal approval for using its name in our Draft Prospectus vide its letter dated [●].

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the BSE-SME Platform, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e. from the date of refusal or within 6 working days from the Issue Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the BSE-SME Platform mentioned above are taken within Six Working Days from the Issue Closing Date.

## **CONSENTS**

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary and Compliance Officer, Chief Financial Officer, the Auditors, Peer Review Auditor, Banker to the Company; and (b) Lead manager, Underwriters, Market Makers Registrar to the Issue, Legal Advisor to the Issue, Banker to the Issue to act in their respective capacities have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Section 26 & 32 of Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC. Our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Prospectus and such consent and report is not withdrawn up to the time of delivery of this Draft Prospectus with BSE

## **EXPERT OPINION**

Except as stated below, our Company has not obtained any expert opinions:

1. Report of the Statutory Auditor on Statement of Tax Benefits

## **PUBLIC ISSUE EXPENSES**

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:



## KMS Medisurgi Limited

Particulars	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
Issue management fees, Underwriting Fees selling commissions, brokerages,	15.00	42.86	5.56
Market Making Fees for three years	7.50	21.43	2.78
Payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	5.00	14.29	1.85
Printing & Stationery, Distribution, Postage, etc.	2.00	5.71	0.74
Advertisement & Marketing Expenses	2.00	5.71	0.74
Regulatory & other expenses	2.00	5.71	0.74
Miscellaneous Expenses	1.50	4.29	0.56
<b>Total</b>	<b>32.00</b>	<b>100.00</b>	<b>12.96</b>

### FEES PAYABLE TO LEAD MANAGER TO THE ISSUE

The total fees payable to the Lead Manager will be as per the Engagement Letters from our Company and Lead Manager and Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

### FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable by the Company to the Registrar to the Issue for processing of application, data entry, printing of CAN, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, copy of which is available for inspection at the Registered Office of our Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

### FEES PAYABLE TO OTHERS

The total fees payable to the Legal Advisor, Auditor and Advertiser, etc. will be as per the terms of their respective engagement letters.

### UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue are as set out in the Underwriting Agreement amongst the Company and Underwriters. The underwriting commission shall be paid as set out in the Underwriting Agreement based on the Issue price and the amount underwritten in the manner mentioned on page 42 of this Draft Prospectus.

### CAPITAL ISSUE DURING THE LAST THREE YEARS

KMS Medisurgi Limited and its Group Companies have not made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

### PREVIOUS PUBLIC OR RIGHTS ISSUE

There have been no public or rights issue by our Company during the last five years.



#### **PREVIOUS ISSUES OF EQUITY SHARES OTHERWISE THAN FOR CASH**

Except as stated in the section titled “Capital Structure” on page 46 of this Draft Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

#### **COMMISSION AND BROKERAGE PAID ON PREVIOUS ISSUES OF OUR EQUITY SHARES**

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

#### **PROMISE VIS-À-VIS PERFORMANCE**

Our Company has not made any public or rights issue since its inception.

#### **PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370(1) (B) OF THE COMPANIES ACT, 1956 / SECTION 186 OF THE COMPANIES ACT, 2013 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS**

There are no listed companies under the same management within the meaning of Section 370(1)(b) of the Companies Act, 1956 / Section 186 of the Companies Act, 2013 that made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

#### **OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS**

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of this Draft Prospectus.

#### **STOCK MARKET DATA FOR OUR EQUITY SHARES**

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

#### **INVESTOR GRIEVANCES AND REDRESSAL SYSTEM**

The Company has appointed Karvy Computershare Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue, namely, Karvy Computershare Private Limited, will handle investor’s grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the Registrar to the Issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

<b>Sr. No.</b>	<b>Nature of Complaint</b>	<b>Time Table</b>
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non receipt of share certificate/Demat	Within 7 days of receipt of complaint subject



Sr. No.	Nature of Complaint	Time Table
	Credit	to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Redressal of investors' grievance is given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialization/ rematerialization are handled by professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Ms. Kirty Agarwal as Company Secretary and Compliance Officer and she may be contacted in case of any pre-issue or post-issue problems. She can be contacted at the following address:

Ms. Kirty Agarwal,  
Company Secretary & Compliance Officer;  
297/301 May Building,  
Ground Floor, Marine Lines (East),  
Princess Street,  
Mumbai - 400 002,  
Maharashtra, India  
Tel: +91-22-66107700/66107722  
Fax: +91-22-22061111  
Email: [kms.medisurgi@gmail.com](mailto:kms.medisurgi@gmail.com);  
Website: [www.kmsgroup.in](http://www.kmsgroup.in)

#### **CHANGES IN AUDITORS**

There has been no change in the auditors of our Company for the last three years.

#### **CAPITALIZATION OF RESERVES OR PROFITS DURING LAST FIVE (5) YEARS**

Except as provided in the Chapter titled *Capital Structure* beginning on page 46 of the Draft Prospectus, Our Company has not capitalized its reserves or profits at any time during the last five (5) years.

#### **REVALUATION OF ASSETS DURING THE LAST FIVE (5) YEARS**

Our Company has not revalued its assets during the last five (5) years.

#### **PURCHASE OF PROPERTY**

Other than as disclosed in this Draft Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Prospectus. Except as stated elsewhere in this Draft Prospectus, our Company has not purchased any property in which the Promoters and/or Directors have any direct or indirect interest in any payment made thereunder.



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**SERVICING BEHAVIOR**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.



## SECTION VII

### ISSUE RELATED INFORMATION

#### TERMS OF THE ISSUE

*The Equity Shares being issued and transferred are subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, our Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Draft Prospectus, the Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

*Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 All the investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.*

*Further vide the said circular Registrar to the Issue and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official websites of the concerned stock exchanges for any information on operationalization of this facility of form collection by Registrar to the Issue and DPs as and when the same is made available*

#### **RANKING OF EQUITY SHARES**

The Equity Shares being issued in the Issue shall be subject to the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with Companies Act, 1956 and Companies Act, 2013 and the Articles. For further details, please refer to the section titled "Main Provisions of Articles of Association" beginning on page 236 of this Draft Prospectus.

#### **MODE OF PAYMENT OF DIVIDEND**

The declaration and payment of dividend will be as per the provisions of Companies Act, SEBI Listing Regulations and recommended by the Board of Directors at their discretion and approved by the shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act, SEBI Listing Regulations and our Articles of Association. For further details, please refer to the chapter titled "Dividend Policy" on page 137 of this Draft Prospectus.

#### **FACE VALUE AND ISSUE PRICE**

The Equity Shares having a Face Value of Rs. 10 each are being offered in terms of this Draft Prospectus at the price of Rs. 30 per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled "Basis of Issue Price" on page 78 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.



## **COMPLIANCE WITH SEBI (ICDR) REGULATIONS**

We shall comply with all requirements of SEBI (ICDR) Regulations, all disclosure and accounting norms as specified by SEBI from time to time.

## **RIGHTS OF THE EQUITY SHAREHOLDERS**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 2013 and the Memorandum and Articles of Association of the Company.

*For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of Articles of Association" on page 236 of this Draft Prospectus.*

## **MINIMUM APPLICATION VALUE; MARKET LOT AND TRADING LOT**

In terms of the provision of the Depositories Act, 1996 (22 of 1996) & the regulations made under and Section 29 (1) of the Companies Act, 2013 the Equity Shares of our Company shall be allotted only in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. Hence, the Equity Shares being offered can be applied for in the dematerialized form only.

The trading of the Equity Shares will happen be in dematerialized form and in the minimum contract size of 4,000 Equity Shares and the same may be modified by the BSE-SME from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through the Issue will be done in multiples of 4,000 Equity Shares subject to a minimum allotment of 4,000 Equity Shares to the successful Applicants.

## **MINIMUM NUMBER OF ALLOTTEES**

The minimum number of Allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies blocked by the SCSBs shall be unblocked within 6 working days of closure of issue.

## **JURISDICTION**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, Maharashtra, India.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable





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U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

### **JOINT HOLDERS**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

### **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 72 of the Companies Act, 2013 the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 of the Companies Act, 2013 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

### **MINIMUM SUBSCRIPTION**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the "stated minimum amount" has not be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the offer through the Offer Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and



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severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies blocked by the SCSBs shall be unblocked within 6 working days of closure of issue.

Further, in accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than Rs.1,00,000/- (Rupees One Lac) per application.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

### **MIGRATION TO MAIN BOARD**

Our Company may migrate to the main board of BSE from BSE-SME platform of BSE on a later date subject to the following:

a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than Promoter shareholders against the proposal and for which the Company has obtained in-principal approval from the main board), Company shall have to apply to BSE for listing our shares on its main board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the main board.

OR

b) If the Paid up Capital of the Company is more than 10 crores but below Rs. 25 crores, Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### **MARKET MAKING**

The shares offered through this Issue are proposed to be listed on the BSE-SME Platform, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the BSE-SME for a minimum period of three years from the date of listing of shares offered through this Draft Prospectus. For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker please refer to “*General Information - Details of the Market Making Arrangements for this Issue*” on page 43 of this Draft Prospectus.

### **ARRANGEMENTS FOR DISPOSAL OF ODD LOTS**

The trading of the equity shares will happen in the minimum contract size of 4,000 shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the BSE-SME.



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**AS PER THE EXTANT POLICY OF THE GOVERNMENT OF INDIA, OCBS CANNOT PARTICIPATE IN THIS ISSUE.**

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

### **OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALIZED FORM**

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange. Allottees shall have the option to re materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

### **NEW FINANCIAL INSTRUMENTS**

The Issuer Company is not issuing any new financial instruments through this Issue.

### **APPLICATION BY ELIGIBLE NRIS, FPIS/FIIS REGISTERED WITH SEBI, VCFS REGISTERED WITH SEBI AND QFIS**

It is to be understood that there is no reservation for Eligible NRIs or FPIs/FIIs registered with SEBI or VCFs or QFIs.

Such Eligible NRIs, QFIs, FPIs/FIIs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

### **RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF EQUITY SHARES OR DEBENTURES AND ON THEIR CONSOLIDATION OR SPLITTING**

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in the chapter "Capital Structure" beginning on page 46 of this Draft Prospectus and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled "Main Provisions of the Articles of Association" beginning on page 236 of this Draft Prospectus.

*The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.*

### **WITHDRAWAL OF THE ISSUE**

In accordance with the SEBI ICDR Regulations, our Company, in consultation with Lead Manager, reserves the right not to proceed with this Issue at any time after the Issue Opening Date, but before our Board meeting for Allotment, without assigning reasons thereof. However, if our Company withdraws the Issue after the Issue



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Closing Date, we will give reason thereof within two days by way of a public notice which shall be published in the same newspapers where the pre-Issue advertisements were published.

Further, the Stock Exchange shall be informed promptly in this regard and the Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the Applicants within one Working Day from the date of receipt of such notification. In case our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, Non retail applicants shall not be allowed to withdraw their Application after the Issue Closing Date.



**ISSUE STRUCTURE**

This Issue is being made in terms of Regulation 106(M)(1) of Chapter X-B of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, An issuer whose post-issue face value capital do not exceed ten crores rupees shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE i.e. BSE-SME). For further details regarding the salient features and terms of such an Issue please refer the section titled “*Terms of the Issue*” and “*Issue Procedure*” on page 185 and 194 of this Draft Prospectus.

Following is the Issue structure:

Public Issue of 9,00,000 equity shares of Rs. 10 each (the “Equity Shares”) for cash at a price of Rs. 30 per Equity Share aggregating to Rs. 270.00 Lacs (“the Issue”) by KMS Medisurgi Limited (“KMS” or the “Company” or “KML” or the “Issuer”).

The Issue comprises reservation of 52,000 Equity Shares for subscription by the designated Market Maker (“the Market Maker Reservation Portion”) and Net Issue to Public of 8,48,000 Equity Shares (“the Net Issue”).

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
<b>Number of Equity Shares available for allocation</b>	8,48,000 Equity Shares	52,000 Equity Shares
<b>Percentage of Issue Size available for allocation</b>	94.22% of the Issue size	5.78% of the Issue size
<b>Basis of Allotment</b>	Proportionate subject to minimum allotment of 4,000 Equity Shares and further allotment in multiples of 4,000 Equity Shares each.  For further details please refer to the section titled “ <i>Issue Procedure - Basis of Allotment</i> ” on page 205 of this Draft Prospectus.	Firm Allotment
<b>Mode of Application</b>	All the applicants shall make the application (Online or Physical) through the ASBA Process	Through ASBA Process Only
<b>Minimum Application Size</b>	<b>For QIB and NII:</b> Such number of Equity Shares in multiples of 4,000 Equity Shares such that the Application Value exceeds Rs. 2,00,000/-  <b>For Retail Individuals:</b> 4,000 Equity Shares	52,000 Equity Shares
<b>Maximum Application Size</b>	<b>For QIB and NII:</b> Such number of equity shares in multiples of 4,000 Equity Shares such that the Application Size does not exceed 8,48,000 Shares. <b>For Retail Individuals:</b> 4,000 Equity Shares	52,000 Equity Shares
<b>Mode of Allotment</b>	Compulsorily in Dematerialized mode	Compulsorily in Dematerialized mode



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Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
<b>Trading Lot</b>	4,000 Equity Shares	4,000 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
<b>Terms of Payment</b>	The entire Application Amount will be payable at the time of submission of the Application Form and accordingly ASBA Banks will block the entire Application Amount.	

\*50 % of the shares offered are reserved for applications below Rs. 2 Lacs and the balance for higher amount applications.

**WITHDRAWAL OF THE ISSUE**

In accordance with the SEBI ICDR Regulations, our Company, in consultation with Lead Manager, reserves the right not to proceed with this Issue at any time after the Issue Opening Date, but before our Board meeting for Allotment, without assigning reasons thereof. However, if our Company withdraws the Issue after the Issue Closing Date, we will give reason thereof within two days by way of a public notice which shall be published in the same newspapers where the pre-Issue advertisements were published.

Further, the Stock Exchange shall be informed promptly in this regard and the Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the Applicants within one Working Day from the date of receipt of such notification. In case our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, Non retail applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

**ISSUE PROGRAMME**

<b>ISSUE OPENING DATE</b>	[•]
<b>ISSUE CLOSING DATE</b>	[•]

Applications and any revision to the same (except that on the Issue Closing Date) will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form. On the Issue Closing date application and revision to the same will be accepted between 10.00 a.m and 3.00 p.m. Applications will be accepted during Issue period on Working Days.



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## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (DIPPI), issued Consolidated FDI Policy Circular of 2015 ("FDI Policy 2015"), which with effect from May 12, 2015, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force and effect as on May 11, 2015. However, press note 4 of (2015 Series), dated April 24, 2015, regarding policy on foreign investment in pension sector, will remain effective. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2015 will be valid until the DIPP issues an updated circular. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI. As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("US Securities Act") or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of "US Persons" as defined in Regulation S, except pursuant to exemption from, or in a transaction not subject to the registration requirements of US Securities Laws. Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction, The above information is given for the benefit of the Applicants.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the Application is not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.





## **ISSUE PROCEDURE**

*All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (the "General Information Document") included below under section "Part B-General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI Listing Regulations and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchange and the Lead Manager. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.*

*Please note that the information stated/covered in this section may not be complete and/or accurate and as such would be subject to modification/change. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Our Company and the Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Prospectus and the Prospectus.*

*This section applies to all the Applicants, please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form.*

### **FIXED PRICE ISSUE PROCEDURE**

The Issue is being made under Regulation 106(M)(1) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Application Collecting Intermediaries. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form.

Further the Equity shares on allotment shall be trade only in the dematerialized segment of the Stock Exchange, as mandated by SEBI.

### **APPLICATION FORM**

Pursuant to SEBI Circular dated September 27, 2011 and bearing No. CIR/CFD/DIL/4/2011, the Application Form has been standardized. Also please note that pursuant to SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 investors in public issues can only invest through ASBA Mode.





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The prescribed colours of the Application Form for various investors applying in the Issue are as follows:

Category	Color of Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA)	White
Non-Residents and Eligible NRIs applying on a repatriation basis (ASBA)	Blue

Applicants shall only use the specified Application Form for the purpose of making an application in terms of the Prospectus. The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number.

Applicants are required to submit their applications only through any of the following Application Collecting Intermediaries

- an SCSB, with whom the bank account to be blocked, is maintained
- a syndicate member (or sub-syndicate member) : Not Applicable being Fixed Priced Issue
- a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ("broker")
- a depository participant ("DP") (whose name is mentioned on the website of the stock exchange as eligible for this activity)
- a registrar to an issue and share transfer agent ("RTA") (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange will be done by:

For applications submitted by investors to SCSB:	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs:	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.

Upon completion and submission of the Application Form to Application Collecting intermediaries, the Applicants are deemed to have authorised our Company to make the necessary changes in the Prospectus, without prior or subsequent notice of such changes to the Applicants.



## **AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS**

The Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE i.e. [www.bseindia.com](http://www.bseindia.com)

## **WHO CAN APPLY?**

In addition to the category of Applicants set forth under "-General Information Document for Investing in Public Issues - Category of Investors Eligible to participate in an Issue", the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares.

## **OPTION TO SUBSCRIBE IN THE ISSUE**

- a) As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialized form only.
- b) The equity shares, on allotment, shall be traded on Stock Exchange in demat segment only.
- c) A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

## **PARTICIPATION BY ASSOCIATES / AFFILIATES OF LEAD MANAGER**

The Lead Manager, if any, shall not be allowed to purchase in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Manager, if any, may purchase the Equity Shares in the Issue, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Applicants, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

## **APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRI'S APPLYING ON NON REPATRIATION**

Application must be made only in the names of individuals, limited companies or statutory corporations/institutions and not in the names of minors, foreign nationals, non residents (except for those applying on non repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu undivided families, partnership firms or their nominees. In case of HUFs, application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. Eligible NRIs applying on a non repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as NRO accounts.

## **APPLICATIONS BY ELIGIBLE NRI'S/RFPI'S ON REPATRIATION BASIS**

Application Forms have been made available for eligible NRIs at our Registered Office and at the Corporate Office of the Lead manager. Eligible NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the Forms meant for Resident Indians and should not use the forms meant for the reserved category. Under FEMA, general permission is granted to companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to



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issue securities to NRIs subject to the terms and conditions stipulated therein. Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs on repatriation basis. Allotment of equity shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

**As per the current regulations, the following restrictions are applicable for investments by FPIs:**

1. A foreign portfolio investor shall invest only in the following securities, namely- (a) Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India; (b) Units of schemes floated by domestic mutual funds, whether listed on a recognized stock exchange or not; (c) Units of schemes floated by a collective investment scheme; (d) Derivatives traded on a recognized stock exchange; (e) Treasury bills and dated government securities; (f) Commercial papers issued by an Indian company; (g) Rupee denominated credit enhanced bonds; (h) Security receipts issued by asset reconstruction companies; (i) Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time; (j) Listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where "infrastructure" is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (k) Non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as Infrastructure Finance Companies (IFCs) by the Reserve Bank of India; (l) Rupee denominated bonds or units issued by infrastructure debt funds; (m) Indian depository receipts; and (n) Such other instruments specified by the Board from time to time.
2. Where a foreign institutional investor or a sub account, prior to commencement of these regulations, holds equity shares in a company whose shares are not listed on any recognized stock exchange, and continues to hold such shares after initial public offering and listing thereof, such shares shall be subject to lock-in for the same period, if any, as is applicable to shares held by a foreign direct investor placed in similar position, under the policy of the Government of India relating to foreign direct investment for the time being in force.
3. In respect of investments in the secondary market, the following additional conditions shall apply:
  - a. A foreign portfolio investor shall transact in the securities in India only on the basis of taking and giving delivery of securities purchased or sold;
  - b. Nothing contained in clause (a) shall apply to:
    - (i) Any transactions in derivatives on a recognized stock exchange;
    - (ii) Short selling transactions in accordance with the framework specified by the Board;
    - (iii) Any transaction in securities pursuant to an agreement entered into with the merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (iv) Any other transaction specified by the Board.
  - c. No transaction on the stock exchange shall be carried forward;
  - d. The transaction of business in securities by a foreign portfolio investor shall be only through stock brokers registered by the Board; provided nothing contained in this clause shall apply to:
    - (i) transactions in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;
    - (ii) sale of securities in response to a letter of offer sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (iii) sale of securities in response to an offer made by any promoter or acquirer in accordance with the



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- Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009;
- (iv) Sale of securities, in accordance with the Securities and Exchange Board of India (Buy-back of securities) Regulations, 1998;
  - (v) divestment of securities in response to an offer by Indian Companies in accordance with Operative Guidelines for Disinvestment of Shares by Indian Companies in the overseas market through issue of American Depository Receipts or Global Depository Receipts as notified by the Government of India and directions issued by Reserve Bank of India from time to time;
  - (vi) Any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government;
  - (vii) Any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (viii) Any other transaction specified by the Board.

e. A foreign portfolio investor shall hold, deliver or cause to be delivered securities only in dematerialized form.

Provided that any shares held in non-dematerialized form, before the commencement of these regulations, can be held in non-dematerialized form, if such shares cannot be dematerialized. Unless otherwise approved by the Board, securities shall be registered in the name of the foreign portfolio investor as a beneficial owner for the purposes of the Depositories Act, 1996.

4. The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company.

5. The investment by the foreign portfolio investor shall also be subject to such other conditions and restrictions as may be specified by the Government of India from time to time.

6. In cases where the Government of India enters into agreements or treaties with other sovereign Governments and where such agreements or treaties specifically recognize certain entities to be distinct and separate, the Board may, during the validity of such agreements or treaties, recognize them as such, subject to conditions as may be specified by it.

7. A foreign portfolio investor may lend or borrow securities in accordance with the framework specified by the Board in this regard.

No foreign portfolio investor may issue, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:

a. Such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority;

b. Such offshore derivative instruments are issued after compliance with "know your client" norms. Provided that those unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated shall not issue, subscribe or otherwise deal in offshore derivatives instruments directly or indirectly. Provided further that no Category III foreign portfolio investor shall issue, subscribe to or otherwise deal in offshore derivatives instruments directly or indirectly.

A foreign portfolio investor shall ensure that further issue or transfer of any offshore derivative instruments issued by or on behalf of it is made only to persons who are regulated by an appropriate foreign regulatory authority.

Foreign portfolio investors shall fully disclose to the Board any information concerning the terms of and parties to off-shore derivative instruments such as participatory notes, equity linked notes or any other such



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instruments, by whatever names they are called, entered into by it relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the Board may specify.

Any offshore derivative instruments issued under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 before commencement of SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be deemed to have been issued under the corresponding provisions of SEBI (Foreign Portfolio Investors) Regulations, 2014.

The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below 10% of the total issued capital of the company.

An FII or its subaccount which holds a valid certificate of registration shall, subject to payment of conversion fees, be eligible to continue to buy, sell or otherwise deal in securities till the expiry of its registration as an foreign institutional investor or sub-account, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

A qualified foreign investor may continue to buy, sell or otherwise deal in securities subject to the provisions of the SEBI (Foreign Portfolio Investors) Regulations, 2014, for a period of one year from the date of commencement of the aforesaid regulations, or until it obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

### **APPLICATION BY MUTUAL FUNDS**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid -up share capital carrying voting rights.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

### **APPLICATION BY LIMITED LIABILITY PARTNERSHIPS**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. Limited liability partnerships can participate in the Issue only through the ASBA process.

### **APPLICATIONS BY INSURANCE COMPANIES**

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.



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The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
- (c) The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, *i.e.* 26<sup>th</sup> December, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

### **APPLICATION BY PROVIDENT FUNDS/ PENSION FUNDS**

In case of Applications made by provident funds with minimum corpus of Rs. 25 Crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

The above information is given for the benefit of the Applicants. Our Company and Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that any single application from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus/ Prospectus.

### **APPLICATION UNDER POWER OF ATTORNEY**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FPI's, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 2500 Lacs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lacs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/ or bye laws must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof. With respect to applications by VCFs, FVCIs, and FPIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may belong with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the





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right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by FIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of Rs. 25 crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 crore, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

### **INFORMATION FOR THE APPLICANTS**

1. Our Company and the Lead Managers shall declare the Issue Opening Date and Issue Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one regional newspaper with wide circulation. This advertisement shall be in the prescribed format.
2. Our Company will file the Prospectus with the RoC at least three days before the Issue Opening Date.
3. Any Applicant who would like to obtain the Prospectus and/or the Application Form can obtain the same from our Registered Office.
4. Applicants who are interested in subscribing to the Equity Shares should approach any of the Application Collecting Intermediaries or their authorised agent(s).
5. Applications should be submitted in the prescribed Application Form only. Application Forms submitted to the SCSBs should bear the stamp of the respective intermediary to whom the application form is submitted.. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch. Application Forms submitted by Applicants whose beneficiary account is inactive shall be rejected.
6. the Application Form can be submitted either in physical or electronic mode, to the Application Collecting Intermediaries . Further Application Collecting Intermediary may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.
7. Except for applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended for credit" and no credit of Equity



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Shares pursuant to the Issue will be made into the accounts of such Applicants.

- 8. The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange by the Bankers to the Issue or the SCSBs do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.

**METHOD AND PROCESS OF APPLICATIONS**

- 1. Applicants are required to submit their applications during the Issue Period only through the following Application Collecting intermediary
  - (i) an SCSB, with whom the bank account to be blocked, is maintained
  - (ii) a syndicate member (or sub-syndicate member)
  - (iii) a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) (“broker”)
  - (iv) a depository participant (“DP”) (whose name is mentioned on the website of the stock exchange as eligible for this activity)
  - (v) a registrar to an issue and share transfer agent (“RTA”) (whose name is mentioned on the website of the stock exchange as eligible for this activity)
- 2. The Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding 10 Working Days.
- 3. The Intermediaries shall accept applications from all Applicants and they shall have the right to vet the applications during the Issue Period in accordance with the terms of the Prospectus.
- 4. The Applicant cannot apply on another Application Form after applications on one Application Form have been submitted to Application Collecting intermediaries. Submission of a second Application Form to either the same or to another Application Collecting Intermediary will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue.
- 5. The intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below:

For applications submitted by investors to SCSB:	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs:	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.





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6. Upon receipt of the Application Form directly or through other intermediary, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, and If sufficient funds are not available in the ASBA Account the application will be rejected.
7. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Applicant on request.
8. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Issue Account. In case of withdrawal / failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

### **TERMS OF PAYMENT**

The entire Issue price of Rs. 30/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, The Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicants.

SCSBs will transfer the amount as per the instruction received by the Registrar to the Public Issue Bank Account. The balance amount after transfer to the Public Issue Account shall be unblocked by the SCSBs.

The Applicants should note that the arrangement with Bankers to the Issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, the Bankers to the Issue and the Registrar to the Issue to facilitate collections from the Applicants.

### **PAYMENT MECHANISM FOR APPLICANTS**

The Applicants shall specify the bank account number in the Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the application by the ASBA Applicant, as the case may be. Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all Investors are applying in this Issue shall mandatorily make use of ASBA facility.

### **ELECTRONIC REGISTRATION OF APPLICATIONS**

1. The Application Collecting Intermediary will register the applications using the on-line facilities of the Stock Exchange.



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2. The Application Collecting Intermediary will undertake modification of selected fields in the application details already uploaded before 1.00 p.m of the next Working day from the Issue Closing Date.
3. The Application collecting Inetermediary shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by them, (ii) the applications uploaded by them, (iii) the applications accepted but not uploaded by them or (iv) In case the applications accepted and uploaded by any Application Collecting Intermediary other than SCSBs, the Application form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and Uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be re will be responsible for blocking the necessary amounts in the ASBA Accounts.
4. Neither the Lead Managers nor our Company, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by any Application Collecting Intermediaries, (ii) the applications uploaded by any Application Collecting Intermediaries or (iii) the applications accepted but not uploaded by the Application Collecting Intermediaries.
5. The Stock Exchange will offer an electronic facility for registering applications for the Issue. This facility will be available at the terminals of the Application Collecting Intermediaries and their authorized agents during the Issue Period. The Designated Branches or the Agents of the Application Collecting Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Issue Closing Date, the Application Collecting Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Application Collecting Intermediaries shall enter the following information pertaining to the Applicants into in the on-line system:
  - Name of the Applicant;
  - IPO Name;
  - Application Form number;
  - Investor Category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;
  - Client Identification Number of the demat account of the Applicant;
  - Numbers of Equity Shares Applied for;
  - Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number.
7. In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above mentioned details and mention the bank account number, except the Electronic Application Form number which shall be system generated.
8. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The registration of the Application by the Application Collecting Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
9. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.



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10. In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Draft Prospectus. The Application Collecting Intermediaries shall have no right to reject applications, except on technical grounds.
11. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
12. The Application Collecting Intermediaries will be given time till 1.00 P.M on the next working day after the Issue Closing Date to verify the PAN No, DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
13. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for ASBA applications

### **BASIS OF ALLOTMENT**

Allotment will be made in consultation with BSE-SME (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 4,000 equity shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 4,000 equity shares; and
  - b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 4,000 equity shares, the number in excess of the multiple of 4,000 would be rounded off to the higher multiple of 4,000 if that number is 2,000 or higher. If that number is lower than 2,000, it would be rounded off to the lower multiple of 4,000. All Applicant in such categories would be Allotted Equity Shares arrived at after such rounding off.
5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off



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to the lower nearest multiple of 4,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.

6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:

(a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.

(b) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.

(c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

(d) As per Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 as amended, if the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/- Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

### **SIGNING OF UNDERWRITING AGREEMENT**

Vide an Underwriting agreement dated 19<sup>th</sup> September, 2016 this issue is 100% Underwritten.

### **FILING OF THE PROSPECTUS WITH THE ROC**

The Company will file a copy of the Prospectus with the RoC in terms of Section 26 of the Companies Act, 2013.

### **PRE-ISSUE ADVERTISEMENT**

Subject to Section 30 of the Companies Act, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation.

### **ISSUANCE OF ALLOTMENT ADVICE**

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange.
2. The Lead Managers or the Registrar to the Issue will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Issue.

The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.



## **DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

The Company will issue and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of four (4) working days of the Issue Closing Date.

After the funds are transferred from the ASBA Public Issue Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the Allottees shall be within one working days of the date of Allotment. Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

## **GENERAL INSTRUCTIONS**

### **Do's**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the demographic details are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.
- Ensure that you have funds equal to the Application Amount in your bank account maintained with the SCSB before submitting the Application Form to the respective Designated Branch of the SCSB;
- With respect to ASBA Applications ensure that the Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
- Ensure that you have requested for and receive a acknowledgement;
- All applicants should submit their applications through the ASBA process only.

### **Dont's**

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Banker to of the Issue.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
- Do not fill in the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for



## **KMS Medisurgi Limited**

a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue

- Do not submit Applications on plain paper or incomplete or illegible Application Forms in a colour prescribed for another category of Applicant
- Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended.

### **INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Application Forms should bear the stamp of the Application Collecting Intermediaries. ASBA Application Forms, which do not bear the stamp of the Application Collecting Intermediaries, will be rejected.

SEBI, vide Circular No.CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application forms in public issues using the stock broker ("broker) network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.com). With a view to broadbase the reach of Investors by substantially enhancing the points for submission of applications, SEBI vide Circular No.CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Issue and Share Transfer Agent and Depository Participants registered with SEBI to accept the Application forms in Public Issue with effect from January 01, 2016. The List of RTA and DPs centres for collecting the application shall be disclosed is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.com).

### **APPLICANT'S DEPOSITORY ACCOUNT AND BANK DETAILS**

Please note that, providing bank account details, PAN Nos, Client ID and DP ID in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form as entered into the Stock Exchange online system, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

### **SUBMISSION OF APPLICATION FORM**

All Application Forms duly completed shall be submitted to the Application Collecting Intermediaries. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

### **COMMUNICATIONS**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of



## **KMS Medisurgi Limited**

the Application Collecting Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at BSE-SME where the Equity Shares are proposed to be listed are taken within 6 working days from Issue Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the

Company further undertakes that:

1. Allotment and Listing of Equity Shares shall be made within 6 (Six) days of the Issue Closing Date;
2. The Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

### **IMPERSONATION**

*Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

*“ Any person who—*

- a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

*shall be liable for action under Section 447.”*

### **UNDERTAKINGS BY OUR COMPANY**

The Company undertakes the following:

- 1) That the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 6 (Six) working days of closure of the Issue;





## **KMS Medisurgi Limited**

- 3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Issuer;
- 4) That our Promoter's contribution in full has already been brought in;
- 5) That the letter of allotment/ unblocking of funds to the non resident Indians shall be dispatched within specified time;
- 6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.
- 7) The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

### **UTILIZATION OF ISSUE PROCEEDS**

Our Board certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act, 2013;
- 2) Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company is in the process of signing the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- Agreement dated [•] among NSDL, the Company and the Registrar to the Issue;
- Agreement dated [•] among CDSL, the Company and the Registrar to the Issue;

The Company's shares bear ISIN no [•]





## GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Draft Prospectus/Prospectus before investing in the Issue*

### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken *inter-alia* through Fixed Price Issues. The purpose of the –General Information Document for Investing in Public Issues| is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations, 2009”).

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue; are set out in the Prospectus filed by the Issuer with the Registrar of Companies “ROC”). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the LM(s) to the Issue and on the website of Securities and Exchange Board of India (“SEBI”) at [www.sebi.gov.in](http://www.sebi.gov.in)

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to the section “Glossary and Abbreviations”.

### SECTION 2: BRIEF INTRODUCTION TO IPOs ON SME EXCHANGE

#### 2.1 INITIAL PUBLIC OFFER (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009, if applicable. For details of compliance with the eligibility requirements by the Issuer, Applicants may refer to the Prospectus.

The Issuer may also undertake IPO under of chapter XB of the SEBI (ICDR) Regulations, wherein as per,

- Regulation 106M (1): An issuer whose post-issue face value capital does not exceed ten crore rupees shall issue its specified securities in accordance with provisions of this Chapter.
- Regulation 106M (2): An issuer, whose post issue face value capital, is more than ten crore rupees and upto twenty five crore rupees, may also issue specified securities in accordance with provisions of this Chapter.



## **KMS Medisurgi Limited**

The present Issue being made under Regulation 106M (1) of Chapter XB of SEBI (ICDR) Regulation.

### **2.2 OTHER ELIGIBILITY REQUIREMENTS**

In addition to the eligibility requirements specified in paragraphs 2.1, an Issuer proposing to undertake an IPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013 (the “Companies Act”), The Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M (1) of Chapter XB of SEBI (ICDR) Regulation

(a) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, Issue has to be 100% underwritten and the LM has to underwrite at least 15% of the total issue size.

(b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, total number of proposed allottees in the Issue shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 73 of the Companies Act, 1956.

(c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issued any observations on the Offer Document. The Lead Manager shall submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

(d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the LM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue.

(e) The Net Tangible Assets of the Issuer shall be minimum of Rs. 3 Crores.

(f) The Net worth (excluding revaluation reserves) of the Issuer shall be minimum of Rs. 3 Crores.

(g) The Issuer should have track record of distributable profits in two out of last three preceding financial years..

(h) The Post-issue paid up capital of the Issuer shall be minimum of Rs. 3 Crores but less than Rs. 25 Crores.

(i) The Issuer shall mandatorily facilitate trading in demat securities.

(j) The Issuer should not been referred to Board for Industrial and Financial Reconstruction.

(k) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.

(l) No change in promoters the preceding one year from date of filing application to BSE for listing on SME segment.

(m) The Company should have a website.

Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M) (3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this Issue.



## **KMS Medisurgi Limited**

Thus Company is eligible for the Issue in accordance with regulation 106M (1) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital do not exceeds Rs. 1,000 lacs but do not exceeds Rs. 2500 lacs. Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.

### **2.3 TYPES OF PUBLIC ISSUES - FIXED PRICE ISSUES AND BOOK BUILT ISSUES**

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Issue Opening Date, in case of an IPO and at least one Working Day before the Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### **2.4 ISSUE PERIOD**

The Issue shall be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the Issue Period. Details of Issue Period are also available on the website of Stock Exchange(s).

### **2.5 MIGRATION TO MAIN BOARD**

SME Issuer may migrate to the Main Board of SE from the SME Exchange at a later date subject to the following:

(a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), the Company shall apply to SE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

(b) If the Paid up Capital of the company is more than 10 crores but below Rs. 25 crores, the Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### **2.6 FLOWCHART OF TIMELINES**

A flow chart of process flow in Fixed Price Issues is as follows:



**SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE**

*Each Applicant should check whether it is eligible to apply under applicable law.* Furthermore, certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity



## **KMS Medisurgi Limited**

Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

1. Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
6. Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
7. FPIs other than Category III FDI; VCFs and FVCIs registered with SEBI
8. Limited Liability Partnerships (Lip's) registered in India and authorized to invest in equity shares;
9. State Industrial Development Corporations;
10. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
11. Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
12. Insurance Companies registered with IRDA;
13. Provident Funds and Pension Funds with minimum corpus of Rs. 2,500 Lacs and who are authorized under their constitution to hold and invest in equity shares;
14. Multilateral and Bilateral Development Financial Institutions;
15. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
17. Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws

As per the existing regulations, OCBs cannot participate in this Issue.



**SECTION 4: APPLYING IN THE ISSUE**

**Fixed Price Issue:**

Applicants should only use the specified Application Form either bearing the stamp of Application Collecting Intermediaries as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs, at the registered office of the Issuer and at the corporate office of LM. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus. Applicants should ensure that they apply in the appropriate category.

The prescribed colour of the Application Form for various categories of Applicants is as follows:

Category	Colour of the Application
Resident Indian, Eligible NRIs applying on a non- repatriation basis	White
NRIs, FVCIs, FPIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), on a repatriation basis	Blue

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

**4.1 INSTRUCTIONS FOR FILING THE APPLICATION FORM (FIXED PRICE ISSUE)**

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the Prospectus and the Application Form are liable to be rejected.

Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below.

***The samples of the Application Form for resident Applicants and the Application Form for non-resident Applicants are reproduced below:***







**KMS Medisurgi Limited**

TEAR HERE

<b>COMMON APPLICATION FORM</b>	<b>KMS MEDISURGI LIMITED - INITIAL PUBLIC OFFER - NR</b> <small>Registered Office: 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002, Maharashtra, India          Tel: +91-22-26107700/66107722, Fax: +91-22-22061111 Email: kms.medisurgi@gmail.com; Website: www.kmsgroup.in; CIN: U51387MH1999PLC119118</small>	<b>NON-RESIDENTS AND ELIGIBLE ELIGIBLE NRI'S, FIIS, FVCIS, ETC. APPLYING ON A REPATRIATION BASIS</b>
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To, The Board of Directors <b>KMS MEDISURGI LIMITED</b>	<b>FIXED PRICE SME ISSUE</b> ISIN - [ ]	Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
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<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST APPLICANT</b> Mr. / Ms. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Address <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span> Email <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span> Tel. No. (with STD code) / Mobile <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>	
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	

<b>3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL	<b>6. Investor Status Tick (✓)</b>
For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID	<input type="checkbox"/> Non-Resident Indians (Repatriation basis) - NRI <input type="checkbox"/> Foreign Institutional Investor - FIIL <input type="checkbox"/> Foreign Venture Capital Investor - FVCI <input type="checkbox"/> FIIL Sub Account Corporate / Individual - FIISA <input type="checkbox"/> Others (please specify) - OTH

<b>4. APPLICATION DETAILS</b>	<b>5. CATEGORY</b>		
No. of Equity Shares of ₹ 10/- each applied at the Offer Price i.e. at ₹ 30 per share <sup>1&amp;2</sup> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; border: 1px solid black; height: 40px; vertical-align: middle;">(In figures)</td> <td style="width: 70%; border: 1px solid black; height: 40px; vertical-align: middle;">(In words)</td> </tr> </table>	(In figures)	(In words)	<input type="checkbox"/> Retail Individual Applicant <input type="checkbox"/> Non-Institutional Applicant <input type="checkbox"/> QIB
(In figures)	(In words)		

<sup>1)</sup> Please note that applications must be made in minimum lot size of 4,000 shares and further lot size of 4,000 shares accordingly.  
<sup>2)</sup> Please note that the trading of equity shares will be only in dematerialised mode on the BSE- SME PLATFORM

<b>7. PAYMENT DETAILS</b>	<b>PAYMENT OPTION : FULL PAYMENT</b> <input type="checkbox"/>
Amount Paid (₹ in figures) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> (₹ in words) <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	
ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	
Bank Name & Branch <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'INVESTORS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE / FIRST APPLICANT</b>	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b>	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>
Date: _____, 2015	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer 1) _____ 2) _____ 3) _____	

PLEASE FILL IN BLOCK LETTERS

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<b>KMS MEDISURGI LIMITED</b> <b>INITIAL PUBLIC OFFER - NR</b>	<b>Acknowledgement Slip</b> for Broker/SCSB/ DP/RTA	Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
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DPID / CLID <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	Bank & Branch <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	PAN of Sole / First Applicant <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>
Amount Paid (₹ in figures) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	<b>Stamp &amp; Signature of SCSB Branch</b> <div style="border: 1px solid black; width: 100%; height: 100px;"></div>
Received from Mr./Ms. <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	Telephone / Mobile <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	
Email <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>		

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<b>KMS MEDISURGI LIMITED - INITIAL PUBLIC OFFER - NR</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;">Option 1</td> <td style="width: 10%;">Option 2</td> <td style="width: 10%;">Option 3</td> <td style="width: 50%;"></td> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> <td rowspan="3" style="text-align: center; vertical-align: middle;"> <b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b>  <div style="border: 1px solid black; width: 100%; height: 40px;"></div> </td> </tr> <tr> <td>Fix Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> </table>		Option 1	Option 2	Option 3		No. of Equity Shares				<b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b> <div style="border: 1px solid black; width: 100%; height: 40px;"></div>	Fix Price				Amount Paid (₹)				Name of Sole / First Applicant <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span> <div style="border: 1px solid black; width: 100%; height: 15px;"></div>
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#### **4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST APPLICANT**

Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(a) **Mandatory Fields:** Applicants should note that the name and address fields are compulsory and email and/or telephone number/ mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications (including refund orders and letters notifying the unblocking of the bank accounts of ASBA Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

(b) **Joint Applications:** In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Applicant whose name appears in the Application Form or the Revision Form and all communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(c) **Impersonation:** Attention of the Applicants is specifically drawn to the provisions of sub section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person*

- who makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or*
- makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities;*
- or otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,*

*Shall be liable for action under section 447 of the said Act.”*

(d) **Nomination Facility to Applicant:** Nomination facility is available in accordance with the provisions of Section 109A of the Companies Act. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

#### **4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE /FIRST APPLICANT**

(a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim (“PAN Exempted Applicants”). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. An Application Form without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.



## **KMS Medisurgi Limited**

(c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Applications by Applicants whose demat accounts have been “suspended for credit” are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

### **4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**

(b) Applicants should ensure that the beneficiary account provided in the Application Form is active.

(c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice and for other correspondence(s) related to an Issue.

(d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants’ sole risk.

### **4.1.4 FIELD NUMBER 4: APPLICATION DETAILS**

(a) The Issuer may mention Price in the draft Prospectus. However a prospectus registered with ROC contains one price.

(b) Minimum and Maximum Application Size

#### **i. For Retail Individual Applicants**

The Application must be for a minimum of 4,000 Equity Shares. As the Application Price payable by the Retail Individual Applicants cannot exceed Rs. 2,00,000, they can make Application for only minimum Application size i.e. for 4,000 Equity Shares.

#### **ii. For Other Applicants (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 and in multiples of 4,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application. In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non- Institutional Portion. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Prospectus.



## **KMS Medisurgi Limited**

(c) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Application Collecting Intermediary and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(d) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:

- i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FPI sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.
- ii. For applications from Mutual Funds and FPI sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(e) The following applications may not be treated as multiple Applications:

- i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
- ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Application has been made.
- iii. Applications by Mutual Funds, and sub-accounts of FPIs (or FPIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

### **4.1.5 FIELD NUMBER 5: CATEGORY OF APPLICANTS**

- i. The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Application, allocation and allotment in the Issue are RILs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- ii. An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- iii. The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. For details pertaining to allocation and Issue specific details in relation to allocation, applicant may refer to the Prospectus.

### **4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

(c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.



(d) Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD 7: PAYMENT DETAILS**

(a) Please note that, providing bank account details in the space provided in the Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

##### **4.1.7.1 Payment instructions for Applicants**

(a) Applicants may submit the Application Form in physical mode to the Application Collecting Intermediaries.

(b) Applicants should specify the Bank Account number in the Application Form.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one Bank Account, a maximum of five Application Forms can be submitted.

(f) Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and subsequent transfer of the Application Amount against the Allotted Equity Shares, if any, to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

##### **4.1.8 Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected/ partial/ non-allotment ASBA Applications, if any, along with reasons for



## **KMS Medisurgi Limited**

rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 6 Working Days of the Issue Closing Date.

### **4.1.8.1 Discount (if applicable)**

(a) The Discount is stated in absolute rupee terms.

(b) RILs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

### **4.1.8.2 Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to block funds in their Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of applications by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

### **4.1.9 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Applicant is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the ASBA Applicant., then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the ASBA Applications, signature has to be correctly affixed in the authorization/undertaking box in the Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the application amount mentioned in the Application Form.

(d) Applicants must note that Application Form without signature of Applicant and /or ASBA Account holder is liable to be rejected.

### **4.1.10 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should ensure that they receive the acknowledgment duly signed and stamped by Application Collecting Intermediaries, as applicable, for submission of the Application Form.

(a) All communications in connection with Applications made in the Issue should be addressed as under:

- i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Applicants should contact the Registrar to the Issue.
- ii. In case of ASBA applications submitted to the Designated Branches of the SCSBs, the Applicants should contact the relevant Designated Branch of the SCSB.



iii. Applicant may contact the Company Secretary and Compliance Officer or LM(s) in case of any other complaints in relation to the Issue.

(b) The following details (as applicable) should be quoted while making any queries -

- i. full name of the sole or First Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount blocked on application.
- ii. In case of Non-ASBA applications cheque or draft number and the name of the issuing bank thereof
- iii. In case of ASBA applications, ASBA Account number in which the amount equivalent to the application amount was blocked.

For further details, Applicant may refer to the Prospectus and the Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

(a) During the Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their application amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.

(b) RII may revise their applications till closure of the Issue period or withdraw their applications until finalization of allotment.

(c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.

(d) The Applicant can make this revision any number of times during the Issue Period. However, for any revision(s) in the Application, the Applicants will have to use the services of the SCSB through which such Applicant had placed the original Application.

***A sample Revision form is reproduced below:***







**KMS Medisurgi Limited**

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<b>COMMON REVISION FORM</b>	<b>KMS MEDISURGI LIMITED - INITIAL PUBLIC OFFER - NR</b> <small>Registered Office: 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002, Maharashtra, India          Tel: +91-22-66107700/66107722; Fax: +91-22-22061111 Email: kms.medisurgi@gmail.com; Website: www.kmsgroup.in; CIN: U51397MH1999PLC119118</small>	<b>NON-RESIDENTS AND ELIGIBLE ELIGIBLE NRI'S, FIIs, FVCIS, ETC. APPLYING ON A REPATRIATION BASIS</b>
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To, The Board of Directors <b>KMS MEDISURGI LIMITED</b>	<b>FIXED PRICE SME ISSUE</b> <b>ISIN - [•]</b>	<b>Application Form No.</b> <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
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<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST APPLICANT</b>
		Mr. / Ms. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
		Tel. No. (with STD code) / Mobile <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>	<b>2. PAN OF SOLE / FIRST APPLICANT</b>
		<span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	<b>3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL
		<span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
		For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY APPLICATION  **PHYSICAL**

4. FROM (as per last Application or Revision)																				
Options	No. of Equity Shares applied (Application must be in lot size of 4,000 equity shares)								Price per Equity Share ₹ 30/- (In Figures)											
	(In Figures)								Offer Price				Discount, if any				Net Price			
	7	6	5	4	3	2	1	0	4	3	2	1	4	3	2	1	4	3	2	1
Option 1																				
(OR) Option 2																				
(OR) Option 3																				

5. TO (Revised Application)																				
Options	No. of Equity Shares applied (Application must be in lot size of 4,000 equity shares)								Price per Equity Share ₹ 30/- (In Figures)											
	(In Figures)								Offer Price				Discount, if any				Net Price			
	7	6	5	4	3	2	1	0	4	3	2	1	4	3	2	1	4	3	2	1
Option 1																				
(OR) Option 2																				
(OR) Option 3																				

6. PAYMENT DETAILS															
<b>PAYMENT OPTION : Full Payment</b>															
Amount Paid (₹ in figures) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> (₹ in words) _____															
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I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'INVESTORS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE / FIRST APPLICANT</b>	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b>	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer	
	1) _____	
	2) _____	
	3) _____	
Date: _____, 2016		

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<b>KMS MEDISURGI LIMITED</b> <b>REVISION - NR</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	<b>Application Form No.</b> <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
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Received from Mr./Ms. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	
Telephone / Mobile <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Email <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	

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## **KMS Medisurgi Limited**

*Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:*

### **4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST APPLICANT, PAN OF SOLE/FIRST APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

### **4.2.2 FIELD 4 & 5: APPLICATION REVISION “FROM” AND “TO”**

(a) Apart from mentioning the revised number of shares in the Revision Form, the Applicant must also mention the details of shares applied for given in his or her Application Form or earlier Revision Form.

(b) In case of revision of applications by RIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the application amount should exceed Rs. 2,00,000/- due to revision and the application may be considered, subject to eligibility, for allocation under the Non-Institutional Category

### **4.2.3 FIELD 6: PAYMENT DETAILS**

Applicant may Issue instructions to block the revised amount in the ASBA Account, to Designated Branch through whom such Applicant had placed the original application to enable the relevant SCSB to block the additional application amount, if any.

### **4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

## **4.3 SUBMISSION OF REVISION FORM/ APPLICATION FORM**

**4.3.1 Applicants may submit completed application form / Revision Form in the following manner:-**

<b>Mode of Application</b>	<b>Submission of application Form</b>
All Investors Application	To the Application Collecting Intermediaries

## **SECTION 5: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

### **5.1 APPLICANTS MAY NOTE THAT THERE IS NO BID CUM APPLICATION FORM IN A FIXED PRICE ISSUE**

As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the ROC, the Application so submitted is considered as the application form. Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Application Collecting Intermediaries and apply only through ASBA facility.

ASBA Applicants may submit an Application Form either in physical/electronic form to the Application Collecting Intermediaries authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified



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securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

### **5.2 GROUNDS OF REJECTIONS**

- Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:
- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of 4,000;
- Category not ticked;
- Multiple Applications as defined in the Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or —qualified institutional buyers as defined in Rule 144A under the Securities Act;



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- Applications not duly signed by the sole/ first Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non-Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Issue Closing Date, unless the extended time is permitted by BSE.
- Details of ASBA Account not provided in the Application form

For details of instructions in relation to the Application Form, Applicants may refer to the relevant section the GID.

**APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE APPLICATION COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

### **SECTION 6: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

This being Fixed Price Issue, this section is not applicable for this Issue.

### **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

#### **7.1 BASIS OF ALLOTMENT**

Allotment will be made in consultation with BSE-SME (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 4,000 equity shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 4,000 equity shares; and



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b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.

4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 4,000 equity shares, the number in excess of the multiple of 4,000 would be rounded off to the higher multiple of 4,000 if that number is 2,000 or higher. If that number is lower than 2,000, it would be rounded off to the lower multiple of 4,000. All Applicant in such categories would be Allotted Equity Shares arrived at after such rounding off.

5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 4,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.

6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:

(a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.

(b) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.

(c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

(d) As per Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 as amended, if the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/- Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

### **7.2 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

(a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.



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Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Applicants Depository Account will be completed within 4 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

### **SECTION 8: INTEREST AND REFUNDS**

#### **8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING**

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 6 Working Days of the Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 6 Working Days of the Issue Closing Date.

#### **8.2 GROUNDS FOR REFUND**

##### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised. If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus. If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, and as disclosed in the Prospectus.

##### **8.2.2 MINIMUM SUBSCRIPTION**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the "stated minimum amount" has not be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvment of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 40 of the Companies Act, 2013.

##### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

### 8.3 MODE OF REFUND

Within 6 Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application.

#### 8.3.1 Mode of making refunds for ASBA Applicants

In case of ASBA Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA applications or in the event of withdrawal or failure of the Issue.

### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum /or demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 4 Working days of the Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Applicants
Allottee	An Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Application	An indication to make an offer during the Issue Period by a prospective pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price including all revisions and modifications thereto.
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Collecting Intermediaries	<ul style="list-style-type: none"> <li>(i) an SCSB, with whom the bank account to be blocked, is maintained</li> <li>(ii) a syndicate member (or sub-syndicate member)</li> <li>(iii) a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ("broker")</li> <li>(iv) a depository participant ("DP") (whose name is mentioned on the website of the stock exchange as eligible for this activity)</li> <li>(v) a registrar to an issue and share transfer agent ("RTA") (whose name is mentioned on the website of the stock exchange as eligible for this activity)</li> </ul>
Application Supported by Blocked Amount/(ASBA)/ASBA	An application, whether physical or electronic, used by Applicants to make an application authorising an SCSB to block the Application Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
ASBA Application	An Application made by an ASBA Applicant



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Term	Description
Application Amount	The value indicated in Application Form and payable by the Applicant upon submission of the Application, less discounts (if applicable).
Banker(s) to the Issue/	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Public Issue Account(s) may be opened, and as disclosed in the Prospectus and Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue
Issue Closing Date	The date after which the SCSBs may not accept any Application for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation Applicants may refer to the Prospectus for the Issue Closing Date
Issue Opening Date	The date on which the SCSBs may start accepting application for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Opening Date
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants ( can submit their application inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to the Prospectus for the Issue Period
Lead Manager(s)/Lead Manager/ LM	The Lead Manager to the Issue as disclosed in the Draft Prospectus/ Prospectus and the Application Form of the Issuer.
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Companies Act	The Companies Act, 1956 and The Companies Act, 2013 (to the extant notified)
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Applicants including the Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Application Forms used by the ASBA Applicants applying through the ASBA and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Designated Date	The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Applicants in the Issue
Designated Stock Exchange	The designated stock exchange as disclosed in the Draft Prospectus/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with the Designated stock exchange in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoter and immediate relatives of the





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Term	Description
	promoter. For further details /Applicant may refer to the Prospectus
Equity Shares	Equity shares of the Issuer
FCNR Account	Foreign Currency Non-Resident Account
Applicant	The Applicant whose name appears first in the Application Form or Revision Form
FPI(s)	Foreign Portfolio Investor
Fixed Price Issue/ Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Application Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Application Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less Market Maker Reservation Portion
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FPIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or RIBs and who have applied for Equity Shares for an amount of more than Rs. 2,00,000 (but not including NRIs other than Eligible NRIs)
Non Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the Prospectus and the Application Form
Non Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs registered with SEBI and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEM
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act 1956 read with section 26 of Companies Act 2013, containing the Issue Price, the size of the Issue and certain other information





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<b>Term</b>	<b>Description</b>
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the ASBA Accounts on the Designated Date
QIB Category Qualified Institutional Buyers or QIBs	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Refunds through electronic transfer of funds	Refunds through ASBA
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the Draft Prospectus / Prospectus and Application Form
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RII	Investors who applies or for a value of not more than Rs. 2,00,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies for a value of not more than Rs. 2,00,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Applicant in an issue to modify the quantity of Equity Shares in an Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities an Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
SME IPO	Initial public offering as chapter XB of SEBI (ICDR) Regulation
SME Issuer	The Company making the Issue under chapter XB of SEBI (ICDR) Regulation
Stock Exchanges/SE	The stock exchanges as disclosed in the Draft Prospectus/ Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Specified Locations	Refer to definition of Broker Centers
Underwriters	Lead Manager (s)
Underwriting Agreement	Underwriting Agreement entered between Company and Underwriters
Working Day	Working days shall be all trading days of stock exchanges excluding Sundays and bank holidays



**SECTION VIII**

**MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

2. (1) In these Articles –
- (a) “Act” means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.
  - (b) “Articles” means these articles of association of the Company or as altered from time to time.
  - (c) “Board of Directors” or “Board”, means the collective body of the directors of the Company.
  - (d) “Company” means KMS Medisurgi Limited.
  - (e) “Rules” means the applicable rules for the time being in force as prescribed under relevant sections of the Act.
  - (f) “seal” means the common seal of the Company.
- (2) Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neuter gender.
- (3) Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as Articles to bear the in the Act or the Rules, as the case may be. Same meaning as in the Act

**Share capital and variation of rights**

3. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
4. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.
5. The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:
- (a) Equity share capital:
    - (i) with voting rights; and / or
    - (ii) with differential rights as to dividend, voting or
- otherwise in accordance with the Rules; and



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- (b) Preference share capital
6. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide -
- (a) one certificate for all his shares without payment of any charges; or
- (b) several certificates, each for one or more of his shares, upon payment of such charges as may be fixed by the Board for each certificate after the first.

Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

- (2) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
- (3) A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialised state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.
7. A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialised state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.
8. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board.
9. The provisions of the foregoing Articles relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.
10. (1) The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the Rules.

- (2) The rate or amount of the commission shall not exceed the rate or amount prescribed in the



Rules.

- (3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
11. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.  
(2) To every such separate meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply.
12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
13. Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.
14. (1) The Board or the Company, as the case may be, may, in accordance with the Act and the Rules, issue further shares to -
  - (a) persons who, at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or
  - (b) employees under any scheme of employees' stock option; or
  - (c) any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) above.  
(2) A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules.

Lien

15. (1) The Company shall have a first and paramount lien -
  - (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
  - (b) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company:

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

- (2) The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any



money owing to the Company.

- (3) Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.
16. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien: Provided that no sale shall be made—
  - (a) unless a sum in respect of which the lien exists is presently payable; or
  - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.
17.
  - (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
  - (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
  - (3) The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.
  - (4) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.
18.
  - (1) The proceeds of the sale shall be received by the Company Application of and applied in payment of such part of the amount in proceeds of sale respect of which the lien exists as is presently payable.
  - (2) The residue, if any, shall, subject to a like lien for sums not Payment of presently payable as existed upon the shares before the sale, be residual money paid to the person entitled to the shares at the date of the sale.
19. In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.
20. The provisions of these Articles relating to lien shall mutatis mutandis apply to any other securities including debentures of the Company.

#### Calls on shares

21.
  - (1) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.
  - (2) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.
  - (3) The Board may, from time to time, at its discretion, extend the time fixed for the payment of any



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call in respect of one or more members as the Board may deem appropriate in any circumstances.

- (4) A call may be revoked or postponed at the discretion of the Board.
22. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
23. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
24. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the “due date”), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board.
- (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
25. (1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (2) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
26. The Board -
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.
27. If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.
28. All calls shall be made on a uniform basis on all shares falling under the same class.
- Explanation: Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.
29. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.
30. The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company.

### Transfer of shares

31. (1) The instrument of transfer of any share in the Company shall be duly executed by or on behalf of both the transferor and transferee.



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- (2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
32. The Board may, subject to the right of appeal conferred by the Act decline to register
- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
  - (b) any transfer of shares on which the Company has a lien.
33. In case of shares held in physical form, the Board may decline to recognise any instrument of transfer unless -
- (a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act;
  - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
  - (c) the instrument of transfer is in respect of only one class of shares.
34. On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:
- Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty five days in the aggregate in any year.
35. The provisions of these Articles relating to transfer of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

Transmission of shares

36. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.
- (2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
37. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either -
- (a) to be registered himself as holder of the share; or
  - (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
- (3) The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.
38. (1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.





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- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
  - (3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
39. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:
- Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
40. The provisions of these Articles relating to transmission by operation of law shall mutatis mutandis apply to any other securities including debentures of the Company.
- Forfeiture of shares
41. If a member fails to pay any call, or instalment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.
42. The notice aforesaid shall:
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
43. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
44. Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his shares, nor any indulgence that may be granted by the Company in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such shares as herein provided. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.
45. When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.
46. The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.
47. (1) A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the





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holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit.

- (2) At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- 48.
- (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.
  - (2) All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realisation. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part.
  - (3) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.
- 49.
- (1) A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
  - (2) The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
  - (3) The transferee shall thereupon be registered as the holder of the share; and
  - (4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.
50. Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.
51. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.
52. The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.
53. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
54. The provisions of these Articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company.



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55. Subject to the provisions of the Act, the Company may, by ordinary resolution -
- (a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
  - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares:  
Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;
  - (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
  - (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
56. Where shares are converted into stock:
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:  
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;
  - (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;
  - (c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder"/"member" shall include "stock" and "stock-holder" respectively.
57. The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, -
- (a) its share capital; and/or
  - (b) any capital redemption reserve account; and/or
  - (c) any securities premium account; and/or
  - (d) any other reserve in the nature of share capital.

**Joint Holders**

58. Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles:
- (a) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share.
  - (b) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only



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person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

- (c) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share.
- (d) Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders.
- (e)
  - (i) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint- holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof.
  - (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders.
- (f) The provisions of these Articles relating to joint holders of shares shall mutatis mutandis apply to any other securities including debentures of the Company registered in joint names.

### Capitalisation of profits

- 59. (1) The Company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve –
    - (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
    - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
  - (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) below, either in or towards:
    - (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
    - (B) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
    - (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B).
  - (3) A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
  - (4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
- 60. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall -
    - (a) make all appropriations and applications of the amounts resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities, if any; and



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- (b) generally do all acts and things required to give effect thereto.
- (2) The Board shall have power—
  - (a) to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and
  - (b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on such members.

Buy-back of shares

- 61. Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

General meetings

- 62. All general meetings other than annual general meeting shall be called extraordinary general meeting.
- 63. The Board may, whenever it thinks fit, call an extraordinary general meeting.

Proceedings at general meetings

- 64. (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
  - (2) No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant.
  - (3) The quorum for a general meeting shall be as provided in the Act.
- 65. The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.
- 66. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
- 67. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall, by poll or electronically, choose one of their members to be Chairperson of the meeting.
- 68. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.
- 69. (1) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the



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conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.

- (2) There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting -
    - (a) is, or could reasonably be regarded, as defamatory of any person; or
    - (b) is irrelevant or immaterial to the proceedings; or
    - (c) is detrimental to the interests of the Company.
  - (3) The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause.
  - (4) The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein.
70. (1) The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall:
- (a) be kept at the registered office of the Company; and
  - (b) be open to inspection of any member without charge, during 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays.
- (2) Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (1) above:
- Provided that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.
71. The Board, and also any person(s) authorised by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision.

### Adjournment of meeting

72. (1) The Chairperson may, suo motu, adjourn the meeting from time to time and from place to place.
- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
  - (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
  - (4) Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### Voting rights

73. Subject to any rights or restrictions for the time being attached to any class or classes of shares -
- (a) on a show of hands, every member present in person shall have one vote; and
  - (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
74. (1) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by



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proxy, shall be accepted to the exclusion of the votes of the other joint holders.

- (2) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
75. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.
76. Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Transmission Clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.
77. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
78. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.
79. A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.
80. Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.

### Proxy

81. (1) Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.  
(2) The instrument appointing a proxy and the power-of- attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
82. An instrument appointing a proxy shall be in the form as prescribed in the Rules.
83. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors



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84. Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than 15 (fifteen).
85. (1) The Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation.
- (2) The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company.
86. (1) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (2) The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act by an ordinary resolution passed by the Company in general meeting.
- (3) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
- (b) in connection with the business of the Company.
87. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
88. (1) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.
- (2) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.
89. (1) The Board may appoint an alternate director to act for a director (hereinafter in this Article called “the Original Director”) during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.
- (2) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.
- (3) If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.
90. (1) If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.





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- (2) The director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated.

### Powers of Board

91. The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

### Proceedings of the Board

92.
  - (1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
  - (2) The Chairperson or any one Director with the previous consent of the Chairperson may, or the company secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board.
  - (3) The quorum for a Board meeting shall be as provided in the Act.
  - (4) The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
93.
  - (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
  - (2) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
94. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.
95.
  - (1) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
  - (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
96.
  - (1) The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit.
  - (2) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.





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- (3) The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
97. (1) A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.
- (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
98. (1) A Committee may meet and adjourn as it thinks fit.
- (2) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present.
- (3) In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.
99. All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
100. Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.

Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer

101. (a) Subject to the provisions of the Act,—
- A chief executive officer, manager, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses.
- (b) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

**Registers**

102. The Company shall keep and maintain at its registered office all statutory registers namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules. The registers and copies of annual return shall be open for inspection during 11.00 a.m. to 1.00 p.m. on all working days, other than Saturdays, at the registered office of the Company by the persons entitled thereto on payment, where



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required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules.

103. (a) The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register, if any; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such register.
- (b) The foreign register shall be open for inspection and may be closed, and extracts may be taken therefrom and copies thereof may be required, in the same manner, mutatis mutandis, as is applicable to the register of members.

### The Seal

104. (1) The Board shall provide for the safe custody of the seal.
- (2) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf, and except in the presence of at least one director or the manager, if any, or of the secretary or such other person as the Board may appoint for the purpose; and such director or manager or the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

### Dividends and Reserve

105. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend.
106. Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.
107. (1) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
- (2) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
108. (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.
- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.



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109. (1) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
- (2) The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.
110. (1) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- (3) Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.
111. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
112. No dividend shall bear interest against the Company.
113. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

### Accounts

114. (1) The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the Rules.
- (2) No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by law or authorised by the Board.

### Winding up

115. Subject to the applicable provisions of the Act and the Rules made thereunder -
- (a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.



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- (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity and Insurance

116. (1) Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses.
- (2) Subject as aforesaid, every director, managing director, manager, company secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favor or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.
- (3) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

General Power

117. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.



**SECTION IX: OTHER INFORMATION**

**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of filing of this Draft Prospectus), These contracts, copies of which will be attached to the copy of the Prospectus, to be delivered to the Registrar of Companies, Mumbai, Maharashtra for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company at 297/301 May Building, Ground Floor, Marine Lines (East), Princess Street, Mumbai - 400 002, Maharashtra from 11.00 a.m. to 5.00 p.m. on working days from the date of the Draft Prospectus until the Issue Closing Date.

**MATERIAL CONTRACTS**

- 1) Memorandum of Understanding dated 19<sup>th</sup> September, 2016 between our Company and the Lead Manager to the Issue.
- 2) Memorandum of Understanding dated 26<sup>th</sup> September, 2016 entered into with Karvy Computershare Private Limited to appointing them as the Registrar to the Issue.
- 3) Copy of tripartite agreement dated [●] between NSDL, our Company and Karvy Computershare Private Limited.
- 4) Copy of tripartite agreement dated [●] between CDSL, our Company and Karvy Computershare Private Limited.
- 5) Bankers to the Issue Agreement dated [●] between our Company, Lead Manager, Banker to the Issue and the Registrar to the issue.
- 6) Market Making Agreement dated 19<sup>th</sup> September, 2016 between our Company, Lead Manager and Market Maker.
- 7) Underwriting Agreement dated 19<sup>th</sup> September, 2016 between our Company and Underwriters.

**DOCUMENTS FOR INSPECTION**

- 8) Memorandum and Articles of Association of our Company as amended from time to time.
- 9) Copy of the resolution passed at the meeting of the Board of Directors held on 1<sup>st</sup> September, 2016 approving the issue.
- 10) Copy of the resolution passed by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013 at the Extra Ordinary General Meeting held on 8<sup>th</sup> September, 2016.
- 11) Copy of Board resolution dated 11<sup>th</sup> August, 2016 appointing Mr. Gaurang Prataprai Kanakia as the Managing Director of our Company for a period of Three (3) years w.e.f. 11<sup>th</sup> August, 2016 and approving their remuneration and terms.
- 12) Consents of the Directors, Company Secretary/Compliance Officer, Chief Financial Officer, Statutory Auditors, Peer Review Auditors, Lead Manager to the Issue, Underwriters, Market Makers, Bankers to the Issue, Legal Advisors to the Issue, and Registrars to the Issue, to include their names in the Draft Prospectus to act their respective capacities.
- 13) Copies of Audit Reports and Financial Statements of our Company for preceding five financial years i.e.



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for the financial years viz 2011-12, 2012-13, 2013-2014, 2014-15 and 2015-16.

- 14) Audit report and restated financial information issued by our Peer Review Auditors i.e. M/s. Ramanand & Associates Chartered Accountants, dated 12<sup>th</sup> September, 2016 included in the Draft Prospectus.
- 15) Letter dated 12<sup>th</sup> September, 2016 from the statutory Auditors of our Company, M/s. Mayur Mahesh Shah & Co., Chartered Accountants, detailing the tax benefits.
- 16) Copy of certificate from the statutory Auditors of our Company, M/s. Mayur Mahesh Shah & Co., Chartered Accountants, dated 12<sup>th</sup> September, 2016, regarding the sources and deployment of funds as on 31<sup>st</sup> August, 2016.
- 17) Board Resolution dated 29<sup>th</sup> September, 2016, for approval of Draft Prospectus.
- 18) Due Diligence Certificate dated 29<sup>th</sup> September, 2016 be submitted to SEBI from Lead Manager viz. Navigant Corporate Advisors Limited along with the filing of the Prospectus.
- 19) Copy of approval from BSE vide letter dated [•] to use the name of BSE in this offer document for listing of Equity Shares BSE-SME

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



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## **DECLARATION**

All the relevant provisions of the Companies Act, 1956 / Companies Act, 2013 and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956 / Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations issued, as the case may be. We further certify that all statements in this Draft Prospectus are true and correct.

### **SIGNED BY ALL THE DIRECTORS**

Mr. Gaurang Prataprai Kanakia  
(DIN- 00346180)

Mrs. Rekha Devang Kanakia  
(DIN- 00346198)

Mr. Niraj Kumud Shah  
(DIN- 02202596)

Mr. Kamlesh Chunilal Rajani  
(DIN- 07588417)

Mr. Hardik Rajnikant Bhatt  
(DIN- 07566870)

### **SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER**

Ms. Kirty Agarwal

### **SIGNED BY THE CHIEF FINANCIAL OFFICER**

Mr. Anand Prataprai Kanakia

**Date:** 29.09.2016

**Place:** Mumbai

