

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

Your Company's management believes that it has been objective & prudent in making estimates and judgements relating to the financial statements & believes that these financial statements are a fair representation of your Company's operations and profits for the year. To survive and thrive, in a sector in constant transition, suture makers need to transform themselves. Analysts are of the view that "globalization" is no longer a matter of choice and suture businesses' long-term success depends on it. The businesses that ride the next wave of growth will be those that understand the trends and refine their strategies, business models and portfolios according to a truly Indian mindset.

### Overview

The Company registered sales of Rs.5274.51 lakhs in the financial year ended March 31, 2018 and net profit after tax of Rs.154.21 Lakhs. The technical functioning of the manufacturing facility as indicated by the above-mentioned results, the capacity utilisation's was quite satisfactory and production levels has selectively improved as required.

### Quality

Your Company has been consistently meeting the Quality Objectives of ISO 9001: 2015 & ISO 13485: 2016 Certification.

### Economic Environment

Analysts expect the Financial Year 2018, Gross Domestic Product (GDP) growth to improve mainly on the back of a recovery in the industrial sector. The GDP growth forecast for Financial Year 2018 is however lower.

### Research and Development

The Company has achieved the following through Research and Development:

- Development of new value-added products.
- Process improvements resulting in better yields and further improvement in Quality of Products.

### Energy Conservation

Regular studies are carried out to ascertain the quantitative energy consumption patterns, variances are analysed and corrective actions taken. The Company is continuously working towards further improvements in energy consumption levels.

### Health, Safety and Environment

During the period under review, medical check-up of all regular employees has been carried out. All requirements pertaining to pollution control, environmental protection and safety have been complied with. Employees have been trained to observe the guidelines relating to safety, health and environment.

### Company's Philosophy on Code of Governance

Philosophy of your Company on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations. Your Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

### Opportunities and Threats

The surgical industry depends largely on new surgical applications and surgeries. In the last few years, the increase in the allocation of funds for such purposes has been on the increase and as such the opportunity of growth in surgical items is unlimited. However, there exists untapped potential in the nursing home sector. The Company has arrangement / understanding with various distribution markets and sell various items which are required in the nursing home market.

Annual Report 2017 - 2018

**Product Performance**

The overall growth of business in the country has not been upto the desired levels because of restricted funding. However, in view of unrestricted imports, competition, sales and profitability of the Company has been affected.

**Outlook**

During the current financial year there has been a slight improvement in the market conditions resulting in an increase in despatches and satisfactory sales price realisations. It is expected that this trend will continue. Further, slow growth rate of the Indian economy has been projected and the Company expects its growth to be slow.

**Risks and Concerns**

Your Company has from its inception been conscious and has regularly evaluated the risks and threats that control it and converted these threats into opportunities to its best advantage. The management believes that your Company's business is subject to a number of risks. Many of the components of the regulatory regime are established or articulated by the relevant regulatory authorities, including Food and Drug Administration. The Risk Management in your Company has been functioning effectively and has been contributing to the mitigation of the risks that would have otherwise impacted our Company.

**Adequacy of Internal Controls**

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

**Material Development in Human Resources & Industrial Relation**

Significant efforts have also been made to further strengthen the Company's Performance by the Management. The employee strength of the Company as on March 31, 2018 was 259. The Management strives to maintain a climate of openness, fairness, equality and respect for individuals leading to industrial harmony, mutual trust and teamwork. Industrial relations at the plant of the Company remained cordial during the year 2017 ~ 2018 under review.

**Cautionary Note**

The Statements made in this report are forward-looking and are made on the basis of certain assumptions and expectations of future events. The Company cannot guarantee that these forward-looking statements will be realized, though they are set out based on anticipated results and management plans. The Company's actual results, performance or achievements are subject to risk, uncertainties and even inaccurate assumptions, which could thus differ materially from those projected in any such forward looking statements. The Board of Directors of the Company assumes no responsibility in respect of the forward-looking statements mentioned herein, which may differ in future on account of subsequent developments, events or otherwise and the Company is under no obligation to publicly update any forward-looking statements on the basis of subsequent developments, information, future events or otherwise.