

# **INNOVATION MEDI EQUIP LIMITED**

**2004 - 2005**

**13<sup>th</sup> Annual Report**

BOARD OF DIRECTORS	
C.K. KOTHARI	Managing Director
HITESH C KOTHARI	Director
HASHMUKH M THAKKAR	Director
MAHENDRA D GANATRA	Director

**REGISTERED OFFICE**

No.290, SIDCO Industrial Estate,  
Ambattur,  
Chennai - 600 098.

**BANKERS**

ABN AMRO BANK  
UNION BANK OF INDIA  
INDIAN OVERSEAS BANK  
HDFC BANK

**AUDITORS**

VENKATESH & CO.,  
CHARTERED ACCOUNTANTS,  
CHENNAI.

**REGISTRAR & SHARE TRANSFER AGENTS**

CAMEO CORPORATE SERVICES LIMITED,  
No.1, "Subramaniam Building" Club House Road,  
Chennai - 600 002.

**INNOVATION MEDI EQUIP LIMITED****NOTICE**

**Notice** is hereby given that the 13<sup>th</sup> Annual General Meeting of the Members of Innovation Medi equip Limited will be held on Friday, the 30<sup>th</sup> of September, 2005 at 4.00 P.M at AIEMA Technology Centre, Industrial Estate, Chennai – 600 058.

To transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2005 and the Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon
2. To appoint a Director in place of Mr Mahendra D Ganatra, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.

**SPECIAL BUSINESS:**

3. To consider and if thought fit, to pass with or without modifications as an ORDINARY RESOLUTION the following:  
"RESOLVED to appoint Mr A.Mubarak Ali, as Director of the company, liable to retire by rotation."
4. To consider and if thought fit, to pass with or without modifications as an ORDINARY RESOLUTION the following:  
"RESOLVED to appoint Mrs Anarkali Begum, as Director of the company, liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modifications as an ORDINARY RESOLUTION the following:  
"RESOLVED to appoint Mr Sathish Kumar, as Director of the company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modifications as an ORDINARY RESOLUTION the following:  
"RESOLVED to appoint Mr Abhilash Mayur, as Director of the company, liable to retire by rotation."

**SPECIAL BUSINESS:**

7. To consider and if thought fit, to pass with or without modifications as an ORDINARY RESOLUTION the following:  
"Resolved that pursuant to the provisions of Section 269 of the companies Act 1956 and other applicable Provisions , if any, of the said Act read with Schedule XIII of the said Act , the Company hereby approves the appointment of Mr. Sathish Kumar as the Managing director of the Company with effect from October 1, 2005 on the minimum remuneration as prescribed by the COMPANIES ACT 1956, which may be reviewed by the Board of directors of the company time to time

**INNOVATION MEDI EQUIP LIMITED****SPECIAL BUSINESS:**

8. To consider and if thought fit, to pass with or without modifications as an ORDINARY RESOLUTION the following:

"RESOLVED that in compliance with the provisions of section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business), the Financial Institutions and the Corporate Entities shall not exceed in the aggregate at any one time Rs.50,00,00,000/- (Rupees Fifty crores) irrespective of the fact that such aggregate amount of borrowing outstanding at one time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

**SPECIAL BUSINESS:**

9. To consider and, if thought fit, to pass with or without modification the following resolutions as Ordinary Resolution:

"RESOLVED that in compliance with the provisions of section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors for mortgaging in favour of the Company's Bankers (hereinafter referred to as "the Bank"), The Financial Institutions, Corporate Entities, all the immovable properties of the company including its leasehold properties both present and all other fixed assets both present and future of the company as and by way of first charge by deposit of title deeds relating to the company's immovable properties to secure the repayment of term loan, the cash credit and other financial facilities to be extended by "the Bank", The Financial Institutions and the Corporate Entities up to a maximum limit of Rs.50,00,00,000/- (Rupees Fifty Crores) together with interest, cost, charges, expenses and other moneys payable by the company to "the Bank" in relation thereto.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do and execute all such acts, deeds, matters and things as may be necessary to implement the aforesaid resolution."

**SPECIAL BUSINESS:**

10. To consider and if thought fit, to pass with or without modifications as an SPECIAL RESOLUTION the following:

M/s Venkatesh & Co, the Retiring Statutory Auditors of the Company have expressed their inability to offer themselves for reappointment. In that place M/s.P B Srinivasan and Co., Chartered Accountant, Chennai, who have given their consent to act as Statutory Auditors of the Company be appointed as Statutory Auditors.

" RESOLVED THAT M/s P B Srinivasan and Co Chartered Accountants be and are here by appointed as statutory Auditors of the Company for holding office from the conclusion of this meeting until the conclusion of next Annual General Meeting."

**INNOVATION MEDI EQUIP LIMITED****SPECIAL BUSINESS:**

11. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary resolution:

"RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner and to insert a new article 154 immediately after 153.

**Provision for Employees' Stock Option:****Article 154:**

Subject to the provisions of section 81(1A) and other applicable provisions, if any, of the Act and subject to the Articles of Association, the Board may, from time to time, create, offer and issue to or for the benefit of the company's employees including the executive chairman, the managing director and the whole time directors, such number of equity shares of the company of the face value of Rs.10/- each not exceeding in number at any time in the aggregate not exceeding Rs.7/- Crores after expansion, for subscription on such terms and conditions, as may be determined by the Board, prior to the issue and offer, in consultation, with the authorities concerned, and in accordance with such guidelines or other provisions of law, as may be prevalent at that time, but ranking pari passu with the existing equity shares of the company:

1. The issue price of such shares shall be determined by the Board in accordance with the laws prevalent at the time of the issue.
2. In the alternative to equity shares, mentioned hereinabove, the Board may also issue bonds, equity warrants or other securities convertible or non-convertible into equity shares, as may be permitted in law, from time to time

All such issues as above are to be made in pursuance of Employees' Stock Option Scheme (ESOP) to be drawn up and approved by the Board.

**Special Business:**

12. To consider and if thought fit, to pass with or without modifications as an SPECIAL RESOLUTION the following:

"RESOLVED that pursuant and subject to s 81 and other applicable provisions, if any, of the Companies Act 1956, the relevant Articles of the Articles of Association of the company and the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 ('the Guidelines') (including any statutory modification(s) or re-enactment of the Act or the guidelines, for the time being in force) and subject to Such other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications, as may be prescribed or imposed while granting such approvals permissions and sanctions which may be agreed to by the Board of Directors of the company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee including Employee Stock Option Plan Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the company be and is hereby accorded to the Board to create, offer, issue and allot at any time, to or for the benefit of such person(s) who are in permanent employment of the company, including directors of the company, whether whole/time or otherwise, under a scheme titled 'Employee Stock Option Plan'(hereinafter

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referred to as the 'ESOP' or 'Scheme' or 'Plan') such number of equity shares and/or equity linked instruments(including options),equity shares issued through Global Depository Receipts('GDRs') and/ or any other instruments or securities (hereinafter collectively referred to as 'Securities') of the company which could give rise to the issue of equity shares not exceeding five per cent of the issued equity share capital of the company on 31 March 2005, at such price, in one or more branches and on such terms and conditions, as may be fixed or determined by the Board in accordance with the guidelines or other provisions of the law or guidelines issued by the relevant authority or as may be prevailing at that time.

RESOLVED FURTHER that the said securities may be allotted directly to such employees/directors, or in accordance with a scheme framed in that behalf through a trust which may be set up by the Board of Directors, in any permissible manner, and that the scheme may also envisage for providing any financial assistance to the trust, to enable the employee/trust to acquire, purchase or subscribe to the securities of the company.

RESOLVED FURTHER that the new equity shares to be issued and allotted by the company in the manner aforesaid shall rank pari passu in all respects with the then existing equity shares of the company except that they shall be entitled to dividend on pro rata basis from the date of allotment till the end of the relevant financial year in which the new equity shares are allotted.

RESOLVED FURTHER that for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the Board be and is hereby authorized on behalf of the company, to evolve, decide upon and bring into effect, the scheme, and make any modifications, changes, variations, alterations or revisions in the said Scheme from time-to-time, or to suspend, withdraw or revive the scheme from time-to-time, as may be specified by any statutory authority and to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem fit or necessary or desirable for such purpose and with power on behalf of the company, to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the company.

BY ORDER OF THE BOARD  
For **INNOVATION MEDI EQUIP LIMITED**

**DIRECTOR**

**Place : Chennai**  
**Date : 30.06.2005**

**Notes**

1. **A member entitle to attend and vote is entitled to appoint a Proxy to attend and vote at the meeting Instead of himself and the proxy need not be a member of the Company.**
2. The Proxy form must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. The relevant Explanatory Statement under Section 173 (2) of the Companies Act, 1956 setting out the material facts in respect of the business under item 4 is annexed hereto.

**Explanatory Statement as required by Section 173 (2) of the Companies Act 1956.****Item Nos:3**

Mr.A Mubarak Ali, was appointed as Additional directors of the Company on 1.07.2005. He vacates his office in the ensuing Annual General Meeting. He is eligible for re-appointment. This resolution is proposed by one Member and has deposited Rs.500/- with the Company.

Hence the resolutions.

Mr.Mubarak Ali is interested in the said resolution.

**Item No:4**

Mrs.Anarkali Begum, was appointed as Additional directors of the Company on 1.07.2005.. She vacates her office in the ensuing Annual General Meeting. She is eligible for re-appointment. This resolution is proposed by one Member and has deposited Rs.500/- with the Company.

Hence the resolutions.

Mrs.Anarkali Begum is interested in the said resolution.

**Item No:5**

Mr.Sathish Kumar, was appointed as Additional directors of the Company on 1.07.2005. He vacates his office in the ensuing Annual General Meeting. He is eligible for re-appointment. This resolution is proposed by one Member and has deposited Rs.500/- with the Company.

Hence the resolutions.

Mr.Satish Kumar is interested in the said resolution.

**For Item No : 6**

Mr.Abhilash Mayur, who has given his consent to act as director of the company, who is having vast knowledge for improving new product marketing and development of the business. This resolution is proposed by one Member and has deposited Rs.500/- with the Company.

Hence this resolution.

No other director except Mr.Abhilash Mayur is interested in this resolution.

**For Item No:7**

Mr. Sathish Kumar was appointed as Managing director of the Company by the Board of directors of the company in accordance with Section 198, 269, 309 and 310, Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 or any other amendment or modifications thereof. The terms and conditions of his appointment are set out in the annexure. The Board of Directors consider his experience to contribute significantly to the growth of the Company and therefore recommend this resolution for your approval

No other director other than Mr. Sathish Kumar is interested in this Business.

**For Item No:8 & 9**

To meet out the capital expenditure of the company's expansion programs of the company, the company propose to approach the company's bankers, the Financial Institutions and the Corporate Entities for financial assistance not exceeding Rs.50,00,00,000/- (Rupees Fifty crores) against security of creation of first charge by way of registered mortgage on the company's entire fixed assets either present or future that may be acquired either out of loan amount from the company's bankers, Financial Institutions and the Corporate Entities and secured by an equitable mortgage of all the immovable properties of the company including its leasehold properties both present and future by way of first charge in favour of the company's bankers, Financial Institutions and the Corporate Entities. Your directors consider that the creation of equitable mortgage on the fixed assets of the company which form the undertakings of the company



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attracts the provisions of section 293(1)(a) of the Companies Act, 1956, where the Board is restricted to sell, lease otherwise dispose of the whole or substantially the whole of the undertaking of the company without according the consent of the members of the company in a General Meeting. 'Sell, lease or otherwise dispose of' in effect covers all modes of disposal of property such as creation of equitable mortgage in favour of "the Bankers", Financial Institutions and the Corporate Entities. The proposal contained in the above Ordinary Resolution is placed before you for your acceptance in the interest of the company.

**None of the Directors are directly or indirectly interested in the aforesaid proposal**

**Item No:10**

The present Statutory Auditors of the Company M/s.Venkatesh & Co, Chartered Accountant, Chennai has expressed their inability to continue as Statutory Auditors of the Company. In that Place P B Srinivasan and Co Chartered Accountants, Chennai, who have given their consent to act as Statutory Auditors of the Company be appointed as Statutory Auditors of the Company. Members approval is required for their approval.

None of the Directors are interested.

**For Item No: 11& 12**

The company has drawn a corporate plan, which has chalked out the strategy of the company up to the year 2010 for achieving faster growth in all core areas of its business. The company heavily draws on the dedicated and committed contribution of its sincere team of employees, in pursuing growth with excellence in performance.

To motivate the employees, and to enable them to participate in the long term growth and financial success of the company, with the common objective of maximizing the shareholder value, it is proposed to introduce an Employee Stock Option Plan(ESOP). The ESOP would not only enable the company to attract and motivate employees by rewarding performance, but also retain the best talents and also enable the employees to develop a sense of ownership in the company by aligning their interest with that of the company and its shareholders.

Recognizing the need to reward the employees through stock options, the Securities and Exchange Board of India (SEBI) has introduced the SEBI (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines 1999. With greater clarity with regard to taxation of stock options and comprehensive guidelines in place, it is proposed to introduce the following stock option scheme for the benefit of the permanent employees and directors of the Company.

For giving effect to this, the Articles of Association to be altered and hence the resolution.

None of the Directors are interested.

BY ORDER OF THE BOARD  
For **INNOVATION MEDI EQUIP LIMITED**

DIRECTOR

Place : Chennai  
Date : 30.06.2005



## **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Thirteenth Annual Report of the Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2005 and the Auditor's Report thereon.

### **FINANCIAL RESULTS AT A GLANCE**

Details	Financial Year 2004 - 05	Financial year 2003 - 04
Sales and other Income	28.93	43.34
Profit/(Loss) before interest and depreciation	(113.32)	4.92
Interest	Nil	Nil
Depreciation	4.87	6.02
Profit/( Loss) before tax	(118.19)	(1.10)
Provision for taxation / Deferred Tax	Nil	1.04
Profit / ( Loss) After Tax	(118.19)	(0.06)
Profit / ( Loss) Brought forward from previous year	(252.24)	(252.18)
Balance Carried to Balance Sheet	(370.43)	(252.24)

### **BUSINESS OUTLOOK**

Your Company has seen declining revenue due to intense competition in the field of orthopedic implants. With a view to improve business and get the company back on the track the senior management has focused on the following key strategic initiatives :

- a) Driving Growth through well thought out initiatives, the Company has launched several new innovative products.
- b) Funding Growth is critical to the Company's ongoing success. By steadily improving productivity and cutting costs, the Company has reinvested in further growth to generate a good return. Becoming the Best place to work is fundamental to our philosophy. Our Company's people are trained, developed and motivated every day. Creating this positive motivation enables Venture people to perform at their best

A series of steps has been taken towards these strategic initiatives during the year. The management of your Company is committed to pursue these strategic initiatives to drive and fund growth and to make Innovation Medi Equip Limited, the best place to work so as to generate a good return for shareholders today and beyond. All these initiatives resulted in growing market share and market leadership in both International and Domestic Markets. Further increased focus on the International Market as well as the Domestic market are part of the core strategies of the Company. The market strategy of the Company revolves around leveraging Innovation Medi Equip Limited's global presence and its product range.

### **Operations**

During the year the Your Company has done a turnover of Rs 28.93 Lakhs . Your Company has been able maintain its margins on international revenue Efforts are on way to get the ISO Certificate for the Business. Total Quality Commitment is our goal. The quality of products of your company, has been maintained at high standards keeping in view the global market requirements and the present competition prevailing in the industry. Wastages have been brought to the minimum through increased quality awareness. All the resources of the Company are being put to optimum use. A Research and Development organization has been established to improve the quality of existing products and also to launch new products to expand the product portfolio.

The Company proposes to increase its production and productivity further by devising strategies and setting up standards of production and maintenance of quality standards.

### **DIRECTORS**

Mr. Mahendra D Ganatra, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.

Mr.A Mubarak Ali, Director of the Company who vacates his office is eligible for re-appointment..

Mrs. Anarkali Begum, Director of the Company who vacates her office is eligible for re-appointment.

Mr.Sathish Kumar, Director of the Company, who vacates his office is eligible for re-appointment.

Mr.Abhilash Mayur, who has given his consent and a proposal for his appointment has been received from a member of the company who has deposited Rs.500/- with the company along with his proposal is eligible for appointment.

### **AUDITORS**

M/s. Venkatesh & Co., Statutory Auditors of the Company retire at the ensuing Annual general Meeting and have expressed their inability to continue as Statutory Auditors of the company.

Your Directors wish to propose M/s P B Srinivasan & Co for the appointment of Statutory auditors of the Company .

### **STATUTORY STATEMENTS**

As per the requirements of Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the annexure to this report.

**Information as per Sec 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report.**

None of the employees are in receipt of remuneration exceeding the limits set out under 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**None of the directors are disqualified under section 274 (1) (g) of The Companies Act, 1956.**

**The Directors' Responsibility Statement as required under Section 217(2AA) of The Companies' Act, 1956:**

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 with respect to director's responsibility statement, it is hereby confirmed:

- i) that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2005, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors has selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review;