

AUDITOR'S REPORT

AUDITOR'S REPORT TO THE MEMBERS OF INVICTA MEDITEK LIMITED

1. We have audited the attached Balance Sheet of **INVICTA MEDITEK LIMITED** as at **31ST March 2010** and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. **Attention is invited to the following:**

We draw attention to Note no. B. 2 of Schedule – 14 in the financial statements. Pursuant to the sale agreement, all the assets were transferred to TTK Healthcare Ltd.

4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, the company has kept proper books of accounts as required by law, so far as appears from our examination of those books.
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and Profit & Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 to the extent applicable.
 - (e) On the basis of written representations received from the Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) The company has not levied or collected any cess for the purpose of rehabilitation or revival or protection of assets of the sick industrial companies on its annual turnover and has not paid to the credit of the central government the said levy as required u/s 441A of the companies Act as the same has not been notified by the central government.

(g) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with notes thereon and attached thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of balance sheet, of the state of affairs of the company as at 31st March 2010;
- ii) In the case of the Profit & Loss Account, of the *LOSS* for the year ended on that date;
- iii) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

**For P.B. VIJAYARAGHAVAN & CO.,
CHARTERED ACCOUNTANTS
Firm Reg. No. 004127S**

**Date: -
Place: - Chennai**

**P.B.SRINIVASAN
PARTNER
Membership No. 203774**

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S
REPORT ON THE ACCOUNTS OF INVICTA MEDI TEK LIMITED FOR THE
YEAR ENDING 31st March 2010**

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4-A) of the Companies Act, 1956, we report that:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per the information and explanation given to us, all the fixed assets have been physically verified by the management during the year at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature of the assets. No material discrepancies were noticed on such verification.
- (c) The company has sold all the fixed assets during the year covered by our report. These factors raise substantial doubt about the company's ability to continue as a going concern in the foreseeable future.
- (ii) (a) The Inventories of the Company have been physically verified by the management during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventories are reasonable and adequate in relation to size of the company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. There are no material discrepancies noticed on physical verification.

- (iii) The Company has not taken interest free loan from the parties covered in the register maintained under Section 301 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods. During the course of audit, no major weakness has been noticed in the internal control.
- (v) (a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, if any, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules there under are not applicable to the Company.
- (vii) The Central Government has not prescribed maintenance of Cost records under Section 209 (1) (d) of the Companies Act, 1956..
- (viii) According to the information and explanations given to us, the company was regular in depositing dues in respect of Employees Provident Fund, Employees State Insurance Fund, Income Tax (except Tax Deducted at Source amounting to Rs.98,575), Wealth Tax, Investor Education and Protection Fund, Value Added Tax, Customs Duty with the appropriate authority during the year.

- (ix) The Company has accumulated losses more than 50% of its net worth and has incurred cash losses during the year and the preceding year.
- (x) According to the records produced, the Company has not defaulted in repayments of its dues to any financial institutions, banks during the year.
- (xi) In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other security.
- (xii) The Provision of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies is not applicable to the Company.
- (xiii) The company is not a dealer in shares, securities, debentures and other investments.
- (xiv) As per the information and explanation given to us by the management, the company has not given any guarantee for loans taken by others from banks or Financial Institutions.
- (xv) On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by the Company were applied for the purposes for which the loans were obtained.
- (xvi) On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investments or vice versa during the year.
- (xvii) The company has not made any preferential allotment of shares to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year.

(xviii) No debentures have been issued during the year.

(xix) The Company has not raised money by way of public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.

(xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For P.B. VIJAYARAGHAVAN & CO.,
CHARTERED ACCOUNTANTS**

Firm Reg. No. 004721S

Date: -

Place: - Chennai

P.B. SRINIVASAN

PARTNER

Membership No. 203774

BALANCE SHEET AS ON 31-03-2010			
PARTICULARS	SCH.	3/31/2010	3/31/2009
SOURCE OF FUNDS			
Share Holders Funds			
Share Capital	1	72090410	72090410
Reserves & Surplus	2	20337511	20337511
Loan Funds			
Secured Loan	3	0	9044222
Unsecured Loan	4	6638512	13732312
Total		99066433	115204454
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		-	25462592
Less: Depreciation		-	6156351
Less: Impairment Loss on Assets		-	3225520
Add: Appreciated value on land & building & Tech. knowhow		-	14819279
Net Block		-	31000000
Investments			
Cost or Market Value Whichever is lower		-	-
Current Assets Loans & Advances			
Inventory	5	-	8948871
Sundry Debtors	6	8654932	2958268
Cash & Bank	7	3765080	580224
Loans & Advances	8	4478880	2774723
		14796552	15242886
Less: Current Liabilities & Provisions	9	2288988	13497925
Net Current Assets		12507566	1744961
Profit & Loss Account Balance		8658886	82459493
Total		99066433	115204454

Notes on Accounts & Significant Accounting Policies
 As per our report of even date
 For P.B.V. Jayaraghavan & Co.,
 Chartered Accountants

14

For Invicta Meditek Limited

M.R. Sathish Kumar

M.R. Sathish Kumar
 MANAGING DIRECTOR

Abhishek J. Mayur

Abhishek J. Mayur
 DIRECTOR

P.B. Srinivasan
 Partner
 Memb No. 203774
 Firm regn No. 0047215

Place: Chennai
 Date:

INVICTA MEDITEK LIMITED

(Formerly Innovation Medi Equip Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010			
PARTICULARS	SCH	31.03.2010	31.03.2009
INCOME			
EXPORT SALES		981780	3163061
DOMESTIC SALES LESS RETURNS		9902065	10056226
OTHER INCOME		2035293	209239
ASSET APPRECIATION		-	14919277
INCREASE/(DECREASE) IN STOCK		(8948671)	(3997821)
		3970468	24349983
EXPENDITURE			
PURCHASES LESS RETURNS		213708	5738533
CONSUMABLES		119236	768461
LABOUR CHARGES		333260	2147361
ADMINISTRATIVE AND OTHER EXPENSES	10	7046554	11307102
ESTABLISHMENT EXPENSES	11	357083	7777312
DEPRECIATION			1187664
PROVISION FOR IRRECOVERABLE DEPOSITS			
PRIOR PERIOD (INCOME)/LOSS			6636324
DEFERRED REVENUE EXP WRITTEN OFF			
PROVISIONS FOR SLOW/NON-MOVING STOCKS			3225519
IMPAIRMENT LOSS ON ASSETS			
		8069841	38788276
LOSS BEFORE TAX		(4099373)	(14438294)
LESS: PROVISION FOR FBT		0	(158500)
BALANCE BROUGHT FORWARD		(82459493)	(67862899)
BALANCE CARRIED FORWARD		(86558866)	(82459493)

As per our report of even date
 For P.B.Vijayaraghavan & Co.,
 Chartered Accountants

P.R.Srinivasan
 Partner
 Memb No.203774
 Firm regn No.0047215

For Invicta Meditek Limited

M.R.Sathish Kumar Abhilash J Mayur
 MANAGING DIRECTOR DIRECTOR



INVICTA MEDITEK LIMITED INVICTA MEDITEK LIMITED

Schedules attached to and forming part of the Balance Sheet

PARTICULARS	31.03.2010	31.03.2009
1.Share Capital		
Authorised Capital 12000000 Equity Shares of Rs.10/- each	250000000	250000000
Issued ,Subscribed & Paid Up		
Equity shares of Rs.10/- each 7209041 shares of each Rs.10/-	72090410	72090410
2.Reserves & Surplus		
General Reserve	5292306	5292306
Share Premium Account	15045205	15045205
	20337511	20337511
3. Secured Loans		
Bank OD	0	9044222
	0	9044222
4. Unsecured Loans		
From Directors	901905	3222705
Preferential Allotment Received (Share warrants)	5281355	5281355
From Others	455252	5228252
	6638512	13732312
5. INVENTORIES		
Raw Materials	-	1245618
Semi Finished Goods	-	3319544
Finished Goods	-	4383509
Slow / Non-Moving Stocks	-	0
	-	8948671
6.Sundry Debtors		

Page 1

INVICTA MEDITEK LIMITED

(Formerly Innovation Medi Equip Limited)

No. 290, SIDCO Industrial Estate, Ambattur, Chennai - 600 098. India Ph : 91-44-2625 7414 Fax : 91-44-2625 8764
E-mail : care@imel.in Web : http://www.imel.in

Debts outstanding for more than 6 months		-
Other Debts	6554932	3336959
Less: Provision for Bad debts		377690
	6554932	2959268
7. Cash & Bank Balances		
Cash on hand	7335	8306
Foreign Currency	-	0
Bank Balance - with Scheduled Banks	3757725	551918
Fixed Deposit		0
	3765060	560224
8. LOANS AND ADVANCES		
(Unsecured considered good)		
Term deposit-Sales-tax	2500	2500
Advance to Director	1868845	0
Deposit With Custom Authorities	300000	300000
Deposit- EMD	170104	170104
Salary Advance	0	34756
Deposit-others	99450	-
Prepaid Expenses	-	-
Advance for expenses	0	-
Fish & Richordson	0	-
DOT NORSKE VERITES AS	-	55000
Office Advances	28862	78862
Other Advances	1955657	1935231
VAT Paid	-	0
Deposit - Reliance Communications	-	3000
Electricity Deposit - TNEB	-	96450
Prepaid Insurance charges	0	47678
TDS Receipt	51142	51142
	4476560	2774723

MSK

Abhishek J. Jha

9. Current Liabilities & Provisions		
A.Current Liabilities		
Sundry Creditors:		
Total Outstanding Dues of SSI's	-	-
Total Outstanding Dues of Creditors Other than SSI's	496637	10155629
Others		
CST 4% Payable	0	23293
CST 2% Payable	0	6000
CST 10% Payable	0	0
ST Surcharge 5% Payable	0	0
Resale Tax	0	0
VAT Payable	0	0
Expenses Payable	0	
Salaries & Wages payable	0	763083
TDS on Salary	0	
TDS on others	88617	7793
TDS - Commission on Sales	7185	
Provisions:		
Provision for FBT	0	140262
Provision others	1639929	2345247
Excess Receipt on Preference Allotment	56618	56618
	2288986	13497925

M. S. Kumar

A. Anilash J. Nayyar

10. ADMINISTRATIVE AND OTHER EXPENSES INVICTA MEDITEK LIMITED	31.03.2010	31.03.2009 (In Rupees.)
Admn. & Factory Maintenance	4,330	194478
Rent, Rates & Taxes	458959	225000
Electricity Charges	28460	475945
Communication Exp	669076	595999
Printing & Stationery	28191	179946
Professional & Consultancy Charges	1248630	953599
Repair & Maintenance	344454	358775
Vehicle Maintenance	2060	85854
AGM expenses	57878	2488
Audit Fees	27575	56180
Taxation and other matters	11236	22472
Fees & Subscription	6810	50747
Books & Periodicals	25609	5583
Foreign Exchange Fluctuation	1607	109721
Freight Charges Paid	58025	260723
Insurance Premium	108789	98515
Advertisement Expenses	32320	63082
Business Promotion Expenses	192610	170836
Commission on Sales	64828	127232
Security Charges	26472	80795
Testing & Design Charges	7961	221155
Travel & Conveyance	1241573	1864294
Bank Charges	6168	367536
Interest paid (Bank TL & OD)	579985	1218376
Listing Fees & Registrar Charges	11030	11084
Miscellaneous Expenses	271305	691224
Food & Beverages	180892	284527
Custodian Charges	13236	8990
Provision for bad & doubtful debts		98801
Legal Expenses		643865
Stall Cost	0	690450
Royalty		466965
Import Duty	1232348	36271
CE Certification Expense	67416	-
Property Tax & Sidco Maint.	0	29820
Deferred revenue exps. written off		518487
Demat charges	33090	28440
Discount	6846	8846
	7,049,769	11307102

11. ESTABLISHMENT EXPENSES		
Salaries & Wages	0	6,432,096
Contribution to Provident fund		405,060
Staff Welfare & others	6676	41,704
Bonus		97,733
Gratuity		37,636
Leave Encashment		-
Salary Settlement	350407	763,083
	357083	7,777,312

M. K. S.

Abhishek J. Jha

INVICTA MEDITEK LIMITED

(Formerly Innovation Medi Equip Limited)

No. 290, SIDCO Industrial Estate, Ambattur, Chennai - 600 098. India Ph : 91-44-2625 7414 Fax : 91-44-2625 8764

E-mail : care@imel.in Web : http://www.imel.in



INVICTA MEDITEK LIMITED
NO.290, SIDCO Industrial Estate
Ambattur, Chennai - 600 098.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

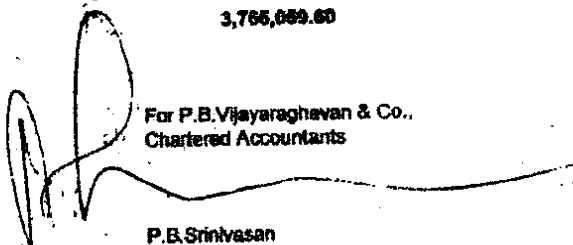
Particulars	31st March 2010	31st March 2009
Cash Flow from Operating Activities		
Net Profit Before Tax	(4,099,373.26)	1,187,664.00
Adjustment for Depreciation	-	-
Assets Written Off	-	3,225,519.00
Impairment Loss on Fixed Assets	-	(14,919,279.00)
Asset Appreciation	-	96,344.00
Loss/Profit on sale of Assets	-	2,710,838.00
Deferred Tax Assets Written Off	-	-
Provision for Slow / Non Moving Stocks	-	-
Working Capital Changes		
Inventory	8,948,671.00	3,935,899.00
Sundry Debtors	(3,595,064.06)	(1,427,482.00)
Loans & Advances	(1,701,836.88)	1,529,130.00
Current Liabilities	(11,208,939.30)	2,524,989.00
	(7,557,769.26)	(1,136,557.00)
Net Cash Flow from Operations (A)	(11,657,142.52)	(15,733,351.00)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	31,000,000.00	(9,420,055.00)
Sale of Fixed Assets	-	155,000.00
Net Cash Flow from Investing Activities (B)	31,000,000.00	(9,265,055.00)
Cash Flow from Financing Activities		
Increase in Share Capital	-	10,143,310.00
Increase in Share Premium	-	5,846,260.00
Increase in Loan Funds	(16,138,021.88)	2,583,252.00
Net Cash Flow from Financing Activities (C)	(16,138,021.88)	18,372,822.00
Net Increase in Cash & Cash Equivalents (A + B + C)	3,204,836.60	(6,625,584.00)
Add Cash and Cash Equivalents in the Beginning of the Period	580,224.00	7,185,808.00
Cash and Cash Equivalents at the end of the Period	3,765,669.60	580,224.00

For Invicta Meditek Ltd


Managing Director


Director

For P.B.Vijayaraghavan & Co.,
Chartered Accountants


P.B.Srinivasan
Partner
M.No.203774

Place :
Date :

INVICTA MEDITEK LIMITED

(Formerly Innovation Medi Equip Limited)

No. 290, SIDCO Industrial Estate, Ambattur, Chennai - 600 098. India Ph : 91-44-2625 7414 Fax : 91-44-2625 8764
E-mail : care@imel.in Web : http://www.imel.in

Notes on Accounts and Significant Accounting Policies

A. Significant Accounting Policies:

1. Basis of preparation:

The financial statements have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

Since the business and assets of the company were sold subsequent to the Balance Sheet date, the company ceases to be a Going Concern. Therefore in the financial statements, assets and liabilities are adjusted to its realizable value. The company is following accrual basis of accounting

2. Revenue Recognition:

Sales are recognized when the property in the goods passes to the buyer.

3. Fixed Assets:

Fixed Assets have been stated at cost less accumulated depreciation less impairment loss. Cost comprises of purchase price and any cost attributable to bring the assets in to its working condition or its intended use.

4. Depreciation:

Depreciation is provided on Straight Line Basis and at the rates specified in Schedule XIV of the Companies Act, 1956.

Assets purchased during the year are depreciated on pro-rata basis for the number of days the assets are put to use during the year.

5. Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the rate prevailing on the date of the transaction. Monetary items are reinstated at the rates prevailing in the Balance Sheet date. Exchange gain or losses arising from such transactions are recognized in accordance with the AS 11 prescribed by the ICAI.

6. Inventories:

Inventories are valued at net realizable value based on the binding sale agreement.

7. Employees Benefits:

The company has registered itself with Provident Fund Authorities and accordingly contributions are charged of to revenue.

B. Notes on Accounts:

1. Discontinued Operation

The operations of the company were discontinued since 24.02.2009.

2. Sale/ Transfer of assets

Pursuant to the sale agreement with the TTK Healthcare Ltd., all the assets were transferred.