

# **INVICTA MEDITEK LIMITED**

**2008-2009**

**17<sup>TH</sup> ANNUAL REPORT**

## Board of Directors

Mr. M.R. Sathish Kumar  
 \* Mr. V.K.Murugesan \*  
 Mr. Abhilash J Mayur  
 Mr. Harikumar J Menon

Managing Director  
 Director - Executive  
 Independent Director  
 Independent Director

\* Resigned w.e.f. 31.07.2009

### Registered Office

290. SIDCO Industrial Estate,  
 Ambattur, Chennai 600098

### Company Law Consultant

Balu Sridhar  
 M/s. Balu Sridhar & Co.,  
 Company Secretaries in Whole Time Practice  
 No.2, Raja Annamalai Road  
 Purasawalkam, Chennai 600 084.

## Bankers

ABN AMRO Bank – N V  
 No.9, Haddows Road,  
 Chennai 600 006.

THE FEDERAL BANK LIMITED  
 Rajaram Mehta Nagar Branch  
 25.Nelson Manickam Road,  
 Rajaram Mehta Nagar  
 Chennai 600 029.

State Bank of India  
 5 A. Sidco Industrial Estate  
 Ambattur, Chennai 600 098.

### Auditors

M/s. P.B Vijayraghavan & Co.  
 Chartered Accountants,  
 No.14, Cathedral Garden Road  
 Nungambakkam, Chennai 600 034.

### Registrar & Share Transfer Agents

M/s. Cameo Corporate Services Ltd.  
 No.2 Subramaniam Bldg, Club House Rd,  
 Chennai 600 002

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## INVICTA MEDITEK LIMITED

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### 1. NOTICE

Notice is hereby given that the **17th ANNUAL GENERAL MEETING** of the shareholders of **M/S INVICTA MEDITEK LIMITED** will be held at **AIEMA TECHNOLOGY CENTER, I-Cross Road, Ambattur Industrial Estate, Ambattur, Chennai 600058**, on **Saturday, the 19th day of September 2009** at **10.00 A.M** to transact the following business.

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet of the Company as on 31st March 2009 and the Profit and Loss Account of the Company for the year ended that date together with the Directors' Report and Auditors' reports thereon.
2. To appoint a director in place of Mr. HariKumar J Menon, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Abhilash J Mayur, who retires by rotation and being eligible offers himself for reappointment
4. To appoint Statutory Auditors and fix their remuneration M/s. P.B. Vijayaraghavan & Co., Chartered Accountants, Chennai, the retiring statutory auditors of the Company who are eligible for reappointment.

California  
Date: 31.07.2009

On behalf of the Board Place:  
For **INVICTA MEDITEK LIMITED**  
sd/-  
MANAGING DIRECTOR.

#### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and proxy need not be a member.
2. The proxies should be lodged with the company not later than 48 hours before the time fixed for the commencement of the meeting
3. Members are requested to notify change of address, if any, to the company.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 15th September, 2009 to 19th September, 2009 (Both days inclusive).
5. Members desiring to have any clarification on account are requested to write to the company at an early date so as to enable to keep the Company keep the information ready.
6. Members/ Proxies should bring the attendance slip duly filled in for attending the meeting.
7. Members are requested to inform the Company their Income Tax Permanent Number (PAN) / General Index Register Number (GIR), if any allotted to them by the Income Tax Department and the particulars of their Bank Account, in case the same have not been sent earlier.
8. Members are hereby informed that the Company has its own-in-house registry and handles share transfers, transmission etc. and therefore the shareholders are requested to send their share certificates for transfer to the Registered Office of the Company.

## INVICTA MEDITEK LIMITED

9. Members holding shares in physical form and desirous in making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the company the prescribed Form 2B, which is attached for this purpose.

### INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF PROPOSED RE-APPOINTMENT OF DIRECTORS.

Mr. Harikumar J Menon, aged 43 years is presently occupying the position of the Directorship of the Company and also holds membership of the committees of the Directors of the Company. The particulars in respect of Mr. Harikumar J Menon, Directorship and Committee Membership in other Companies are as follows: -

Directorship in other Companies
NIL

Committee Membership in other Companies
NIL

Mr. Abhilash J Mayur, aged 41 years is presently occupying the position of the Directorship of the Company and also holds membership of the committees of the Directors of the Company. The particulars in respect of Mr. Abhilash J Mayur, Directorship and Committee Membership in other Companies are as follows:

Directorship in other Companies
NIL

Committee Membership in other Companies
NIL

# INVICTA MEDITEK LIMITED

## DIRECTOR'S REPORT

### DIRECTORS REPORT TO THE MEMBERS

Dear Shareholders,

Your Directors have pleasure in submitting the 17th Annual Report along with audited balance sheet & Profit and Loss account for the year ended on 31st March 2009.

### 1. FINANCIAL RESULTS:

The operation and working results are as detailed hereunder;

Particulars	Amount a on 31.03.2009 (in Rs. Lakhs)	Amount a on 31.03.2008 (in Rs. Lakhs)
Income From Operation	134.28	60.38
Operating profit/loss before Interest, Depreciation & Amortization (EBIDTA)	(120.33)	(152.17)
Less: Interest	12.18	0.50
Less: Depreciation & Amortization	11.88	9.65
Net Profit before tax	(144.57)	(162.32)
Less: Provision for Current Tax	Nil	Nil
Less: Provision for Deferred Tax	Nil	Nil
Less: Provision for FBT (Current Years)	1.58	(1.18)
Add: Excess Provision made for FBT in earlier Years	Nil	Nil
Net Profit after tax	(146.15)	(163.50)
Less: Balance Brought forward from previous year	(678.62)	(518.02)
Prior Year adjustments	Nil	Nil
Available for appropriation	(824.59)	(681.52)
Balance carried to B/S	(824.59)	(681.52)

### FUTURE PROSPECTS

The business of the joint implants was improving steadily. However, the sustaining of the business required infusion of capital to get the business to the break even point and become profitable. With the global credit crunch and the global financial crisis it became extremely difficult to sustain operations.

As per the approval granted by you through postal ballot process on 20.03.2009 for the sale / transfer of the land situated at 290, SIDCO Industrial Estate, Ambattur, Chennai 600098 and subsequently for to sell / transfer and / or otherwise dispose off the whole or substantially the whole of the Undertaking of the Company through postal ballot process on 29.06.2009. The Board of directors disposed off the whole of the undertaking to M/s. TTK Healthcare Limited for an amount of Rs. 3.90 Crores.

With the settlement of the immediate liabilities completed, we are now looking at prospects where

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we can revive the Company with a new business plan. A Couple of proposals have been evaluated. We anticipate to complete the evaluation process and take a decision in the interest of the Shareholders.

### 2. FIXED DEPOSITS:

Your company has neither invited nor accepted deposits from public, during the year under review.

### 3. DIVIDEND

In view of the losses incurred by the company, no dividend is recommended for the year under review.

### 4. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, particulars regarding foreign exchange earnings and expenditure appear and with regard conservation of energy or technology absorption are enclosed herewith

### 5. INTERNAL CONTROLS AND THEIR ADEQUACY:

IMEL has made strides in improving the internal controls over the past year. We have streamlined our finance systems and are current in all our transactions. We have established a financial planning calendar that drives the periodic budgeting process. The variance analysis is done quarterly to understand the factors that drove the variance. Quarterly audit is done to ensure compliance with the GAAP rules. In addition, the company has put internal controls in the areas of payroll, purchases, capital assets and cash/bank.

In the area of operations, WIP and Stock reports have been established to keep track of inventory and also improve the yield. Over the past year, the company has obtained the CE certification. A full-fledged quality department has been put in place that has improved our manufacturing flow so that there is lot identification and improved inspection to reduce quality issues.

The internal control systems are commensurate to the size of the operation of the Company. Whenever it is required, the systems and procedures are upgraded to suit the challenging business needs.

### 6. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your directors state;

a. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

b. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 loss of the company for that period;

c. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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d. that the directors had prepared the annual accounts on a going concern basis

### 7. STATEMENT PURSUANT TO LISTING AGREEMENT

The company's securities are listed with Mumbai Stock Exchange and it has paid the respective annual listing fees up-to-date and there is no arrear.

Update on issue of shares.

(A) The amount has been utilized for the operational expenses of the company which is in line with the terms of the issue.

(B) As a part of the increasing the capital funding, the company had issued 25,00,000 warrants on a preferential basis. The company collected a 10% of the amount as an initial paid up capital and has a timeline of 18 months to collect the balance of the funds. The Company has allotted 5,89,919 Equity shares on 19.12.2008. The Company has also allotted 5,39,333 to Mr. Abhilash J Mayur on 11.02.2009 on receipt of balance money from warrant holder. The Company has forfeited the warrants issued to Mr. T Ratna Kumar in view of non receipt of balance money from him.

We have not completed the listing process in connection with the above allotments due to financial crunch. The Company will take steps to complete the listing process once the funds are available.

(C) The company has not issued shares under Employees Stock Option Scheme.

### 8. CODE OF CORPORATE GOVERNANCE

A detailed report on Corporate Governance as updated with the particulars of this financial year, as per the directions from SEBI is annexed to this report together with Report of the Auditors on the Compliance with the said Code and a report of Management discussion and analysis is also annexed separately.

### 9. DIRECTORATE

In compliance with the provisions of the Companies Act, 1956 in accordance with the Company's Articles of Association, Mr. Hari Menon and Mr. Abhilash J Mayur, retire at this Annual General Meeting and being eligible offer themselves for reelection.

### 10. AUDITORS

M/s. P. B. VIJAYRAGHAVAN & Co., Chartered Accountants, Chennai, have expressed willingness to continue in office, if appointed. They have furnished to the Company a certificate of their eligibility for appointment as auditors, pursuant to section 224 (1B) of the Companies Act, 1956. The Board of Directors recommend to the Members to appoint them as auditors for the current year and fix their remuneration.

### 11. AUDITORS REPORT

With regard to the remarks made by the Statutory Auditors of the Company in their report the Directors would like to reply as under:

(i) With respect to remarks made by the Auditors in point No.3 of their report.

We wish to clarify that, the Company is looking at prospects where in can be revived with a new business plan in a short span of time.

(ii) With respect to remarks made by the Auditors in point No. (viii).



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We wish to clarify that, we are in the process of computing the next round of royalty payments and under advice, the cess associated with this will be paid by the end of October 31, 2009. business plan in a short span of time.

### 12. DEPOSITORY SYSTEM:

Company's shares are under compulsory demat mode and members are requested to dematerialize their shares for operational convenience.

### 13. PROCEEDS OF PREFERENTIAL ALLOTMENT OF SHARES:

The proceeds of the amount received from preferential allotment of shares were used for the purpose for which it has been raised.

### 14. MANAGEMENT DISCUSSION & ANALYSIS:

#### a. Industry structure & Development:

The industry is in the development phase and the regulatory compliances are in the process of being made effective. However, the financial turbulence did slow the sales down marginally and this did affect the adoption of our products. Combines with this and the lack of working capital, it was not possible to sustain operations and weather the financial crunch.

#### b. Opportunities & Threats:

The company had rolled out the BP Knee at a high cost of development. There were delays in the rollout and hence there was a drain in cash to sustain operations. The planned revenue generation was not met and as stated earlier, the lack of working capital led to the failure of the business.

#### c. Segment-wise analysis:

Your Company is dealing in only one segment i.e., manufacturing joint implants.

#### d. Outlook:

With the settlement of the immediate liabilities completed, we are now looking at prospects where we can revive the Company with a new business plan. A Couple of proposals have been evaluated. We anticipate to complete the evaluation process and take a decision in the interest of the Shareholders.

#### e. Risks and concerns:

The non availability of significant capital may not allow us to take on a business plan. The alternative is for a company to take over our firm and then consolidate the business plan. All viable opportunities are being explored keeping the interests of the shareholders in mind.

#### f. Internal control systems and their adequacy:

Your Company has in place, adequate internal control systems and procedures commensurate with the size and nature of our business. The system is designed to adequately ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets. These procedures are designed to ensure that:

\* An effective and adequate internal control environment is maintained across the Company.

\* All assets and resources are acquired economically, used efficiently and are adequately protected.

## INVICTA MEDITEK LIMITED

\*Significant financial, managerial and operating information is accurate, reliable and is provided timely, and

\* All internal policies and statutory guidelines are complied with.

### g. Discussion on financial performance with respect to operational performance :

Your business did grow revenue year - year. However, there were significant spending that was required to be able to launch the product and also to produce the necessary inventory. The company had established all the operational processes and procedures. The expected ramp of revenue did not materialize and hence there was a huge shortage in working capital that was needed to sustain the business. Due to the credit crunch across the financial institutions, your company was not able to raise any sort of loans and hence we had to resort to selling the assets and the business to settle the immediate liabilities which had become due.

### h. Material developments in human resources/industrial relations front, including number of people employed :

Your company had established the required workforce to be able to carry out the needs of the supply. However, with the lack of working capital we had to resort to shutting down operations by the middle of the fourth quarter.

## 15. PARTICULARS OF EMPLOYEES

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company during the year. During the year no employee is in receipt of remuneration in excess of limits prescribed under 217(2A) of the Companies Act, 1956.

## 16. ACKNOWLEDGMENT

Your Directors place on record their appreciation of the dedicated service of the employees, investors, and suppliers, customers of the Company at all level for the growth of the Company.

Place: California.  
Date: 31.07.2009

On behalf of the Board  
For INVICTA MEDITEK LIMITED

-sd-  
(M.R. SATHISH KUMAR)  
MANAGING DIRECTOR

-sd-  
(ABHILASH MAYUR)  
DIRECTOR