



ADVIK LABORATORIES LIMITED
ELEVENTH
ANNUAL REPORT
2004 - 2005

(Health is our prime objective)

Board of Directors	Mr. V.K.Jain	-Managing Director
	Mr. Sanjay Jain	-Director
	Mr. A.P.Jain	-Director
	Mr.F.M.Banthiya	-Director
Company Secretary	Mr. Dhananjay Shukla	
Auditors	Vijay K. Bansal & Co.	
	Chartered Accountants	
	205,Laxman Palace,	
	19,Veer Sawarkar Block Shakarpur, Delhi-110092.	
Bankers	HDFC Bank	
	Punjab National Bank	
	State Bank of India	
Corporate Office	106, 107 &203,Allied House, 1,L.S.C Complex	
	Opp. Pushpa Bhawan, Madangir	
	New Delhi-110 062(INDIA)	
	Tel No.: 91-11-51649171/73/74	
	FAX : 91-11-51649171/51649295	
	E.Mail : mail@advikindia.com	
Registered Office & Works	Website: www.advikindia.com	
	138,Roz-Ka-Meo Industrial Area,	
	Sohna, Distt. -Gurgaon (Haryana)	
	INDIA	
Share Transfer Agent	Tel. No.: 0124-2362471/2262295	
	Beetal Financial & Computer Services (P) Ltd.	
	Beetal House, 3 rd Floor, 99, Madangir	
	Behind Local Shopping Centre,	
	Near Dada Harsukhdas Mandir	
	New Delhi-110 062.	
	Tel: 91-11-29961281/82	
	Fax: 91-11-29961284	
	E-mail: beetal@rediffmail.com	

Annual Report 2004-2005**NOTICE**

Notice is hereby given that the **Eleventh Annual General Meeting** of the Members of **ADVIK LABORATORIES LIMITED** will be held on Thursday 29th September 2005 at 11 A.M at its Registered Office at 138, Roz- Ka - Meoindustrial Area Sohna, Distt. Gurgaon -122 103 (Haryana) INDIA to transact the following business (es):

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2005, the Profit & Loss account for the period ended on the date, Reports of Auditors and the Board of Directors thereon.
2. To appoint a Director in place of Sh. F.M.Banthiya, who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of section 224(1) and other applicable provisions, if any, of the Companies Act, 1956, M/s Vijay K Bansal & Company, Chartered Accountants, be and is hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors and/or any committee thereof."

SPECIAL BUSINESS

4. To consider & pass the following resolution ,if thought fit, as Special Resolution with or without modification for getting shares of the company de-listed from the Madras Stock Exchange and Ahmedabad Stock Exchange

"RESOLVED THAT pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guideline 2003 ('Delisting guidelines') and provisions of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force, Securities Contracts (Regulation) Act, 1956, and the Rules framed there under, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to further such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as 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 thereof), consent of the Company be and is hereby accorded to the Board to seek voluntary delisting of the Equity Shares of the Company from all or any of Stock Exchanges at Madras & Ahmedabad and to do all acts, deeds and things in connection therewith and incidental thereto provided, however, the Company's Equity Shares shall continue to be listed on the Stock Exchange, Mumbai."



5. To revise the terms and conditions of the appointment of Sh. V.K Jain, Managing Director of the company.

"RESOLVED THAT as approved by the Remuneration committee and by the Board of Directors in its meeting held on 2nd September 2005 and pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and any other approvals as may be necessary, the consent of the company be and hereby accorded to revision of remuneration of Shri V.K.Jain, the Managing Director of the Company (the details of terms and conditions of revision is contained in the explanatory statement) ,for the remaining period of 3 years w.e.f 2nd September 2005 up to 1st September 2008 with liberty to the Board of Directors to alter and vary the terms and conditions of said remuneration as may be agreed to between the Board of Directors and Shri V.K.Jain and subject to such approval as may be required.

"FURTHER RESOLVED THAT Mr. Dhananjay Shukla, Company Secretary and Mr. Manoj Bhatia, Accounts Manager, be and are hereby jointly and severally authorized to take the steps as may be necessary to give effect to the above resolution and comply with relevant provisions.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the time of the meeting.
2. All documents referred to in the notice are open for inspection at the Registered Office of the Company between 11.00 a. m to 1.00 p.m. on any 10 (Ten) Working days prior to the date of the meeting and also at the meeting.
3. The Register of Members of the Company and Share Transfer Books shall remain closed from 26th September to 29th September, 2005 (both days inclusive)
4. The members are requested to: -
 - i) Notify change in their address, if any.
 - ii) Send their queries, if any, at least 7 days in advance of the meeting so that the information can be made available at the meeting.
 - iii) Members/proxies should bring the attendance slip duly filled in for attending the meeting.
 - iv) Bring their copy of Annual Report while coming to attend the meeting.
5. Members holding shares in the same names under different folios are requested to apply for consolidation of such folios and send relevant share certificates.
6. Since the Shares of the Company are under Compulsory Demat form and hence those members are requested whose shares are under physical form to demat their shares.



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT U/S 173(2)

ITEM NO. 4: -

Presently, the Equity Shares of the Company are listed on Mumbai Stock Exchange (BSE), Madras Stock Exchange (MSE) and Ahmedabad Stock Exchange (ASE).

Trading in the Equity Shares of the Company on the Stock Exchanges at Madras & Ahmedabad is negligible and disproportionate to the listing fees paid by the company to the said Stock Exchanges. Further owing to expansion of BSE and their extensive networking and extension of terminal to other cities where investor have access to on-line dealing in the Company's Equity Shares on such terminals across the country, hence the volume and number of transaction is negligible on Madras Stock Exchange and Ahmedabad Stock Exchange.

The company has been spending considerable amount of money on listing fees, facsimile communication, etc with the said Stock Exchanges (MSE & ASE) and no particular benefit is available to the shareholders of the company by continuing the listing of the Equity Shares on the said Stock Exchanges (MSE & ASE)

Due to availability of trading facilities on the connectivity of BSE in almost all the cities across the country, the proposed delisting of Equity Shares on specified Stock Exchanges will not be prejudicial to or affect the interest of the investors.

Further the company has no intention to give an exit option to the shareholders of the Tamilnadu & Pondicherry and Gujarat region in particular and all the shareholders in general. The Equity shares of the company will continue to be listed on Stock Exchange, Mumbai.

The resolution is accordingly recommended for approval of the Shareholders by means of a Special Resolution.

None of the directors are concerned or interested in this resolution.

ITEM NO.5: -

Mr. V.K.Jain, the Managing Director of company is the promoter Director. He is having a very rich experience of more than 30 years in the pharmaceuticals industry. He is a B.Sc (Hons) and aged around 57 years. Mr. V.K.Jain had been conferred a Udyog Patra award for his outstanding contribution to the pharma industry by then Commerce Minister to Govt. of India, Mr. Ram Krishna Hegde in 1999.

He has been drawing a salary of Rs. 10000 per month apart from other benefits since his first appointment as M.D.

Keeping in mind his outstanding contribution to the growth of the organization the Board of Directors of your Company recommend this resolution as special resolution for your approval to enhance the salary of Mr. V.K.Jain from Rs. 10000/- month to Rs. 30000/- month as basic salary with a annual increment of maximum 20% (subject to the approval of Remuneration Committee and Board) and perquisites from Rs. 120000/-

Annual Report 2004-2005

annually to Rs. 360000/- which has been reviewed and recommended by the Remuneration Committee, in its meeting held on 2nd September, 2005. The proposed revision of remuneration is according to Schedule-XIII of the Companies Act, 1956 and other applicable provisions.

The terms of such remuneration are detailed below. A certified true copy of the Board resolution containing the terms and conditions of revision of remuneration shall be laid on the table and shall also be available for inspection at the Registered office of the Company between 11 A.M to 1 P.M on any working day prior to Annual General Meeting.

Remuneration of Mr. V. K. Jain

- a) Salary: Rs.30000/-per month with annual increment that Board may decide, but not exceeding 20%.
- b) Perquisite: These shall be restricted to an amount, which will be equal to the annual salary or Rs. 360000/- whichever is less. Perquisites are classified into three categories as A, B & C as follows.

Category "A"**1. Housing**

- a) Expenditure by the company on hiring furnished accommodation for Mr. V.K.Jain will be subject to a ceiling of 60% of the salary over and above 10% payable by the Company.
- b) In case the company provides no accommodation to Mr. V.K.Jain, he shall be entitled to House Rent Allowance subject to ceiling laid down above.
- c) In case accommodation is owned by the company, 10% of the salary of Mr. V.K.Jain shall be deducted by the company.

The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall however be subject to a ceiling of 10% of the salary.

2.MEDICAL REIMBURSEMENT

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

3.LEAVE TRAVEL CONCESSION

Leave travel concession for self and family once in a year will be provided in accordance with the rules of the company.

4.CLUB FEE

Fee of clubs subject to a maximum two clubs. This will not include admission of life membership fees.

5.PERSONAL ACCIDENT INSURANCE

Personal accident insurance of an amount, the annual premium of which shall not exceed Rs. 25000.00

Explanation:

For the purpose of PART "A" "family" means the spouse, dependent children and dependent parents of Mr. V. K. Jain.

Category "B"

- a) Contribution to provident fund and superannuation fund or Annuity fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income tax Act 1961.
- b) Gratuity not exceeding half a month's salary, for each computed year of service.
- c) Earned leave pay as per the rules of the company but not exceeding one-month leave for every twelve months of service. Encashment of earned leave at the end of the tenure shall not be included in the computation of the ceiling on perquisites.

Category "C"

Provision of car for use of Company's Business and telephone at residence alongwith mobile will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the company to Mr. V.K.Jain.

Minimum Remuneration

In case of loss or inadequacy of profits in any financial year of the company, the salary and perquisite payable to Mr. V.K.Jain as aforesaid shall be treated as minimum remuneration within the meaning of section 198 of the Companies Act read with Schedule XIII.

Note :

None of the Directors except Mr. V.K.Jain, is interested in the resolution. This may be treated as an abstract of the revision of terms and conditions of appointment of Shri V.K.Jain in terms of section 302 of the companies Act 1956.

The Board of Directors recommends the resolution for the approval of shareholders.

By Order of the Board of Directors
FOR ADVIL LABORATORIES LIMITED

Sd/-

(Dhananjay Shukla)

Company Secretary

Place: New Delhi

Date: 2nd September, 2005

Annual Report 2004-2005**DIRECTORS REPORT**

To

The Members of Advik Laboratories Limited,

Your Directors have great pleasure in presenting the 11th **Annual Report** of the Company along with the Audited Statement of Accounts for the year ended 31st March 2005, and Auditors report thereon.

1. FINANCIAL RESULTS

(Rs. in Lacs)

	2004-05	2003-04
Sales		
- Local	632.02	2010.86
Other Income	12.84	19.34
Gross Profit / (Loss) before interest & dep.	37.30	63.69
Interest	-	27.73
Depreciation	34.84	34.26
Net profit / (Loss) for the year	2.46	1.70

2. BUSINESS PERFORMANCE

During this financial year the manufacturing facility of the company was in renovation from April to August with a view to comply the new Schedule -M of the WHO-GMP guidelines, resulting in the Nil sales in first quarter. Afterwards the company once again started production from September 2004. But on account of mostly dealing in generic line of business it took time to get orders and in processing of the same. Eventually in November 2004 the Board of your company decided to go mostly with the ethical range of products, and for that a new marketing set up was proposed to be launched. Accordingly a new Marketing set up was launched in March 2005 and necessary approvals were taken for the new range of products like MAJISPA, ROBIAL, CHEWFE-C, STIBOMIN, WIBATOL, WIBATOL-O, TWOSUM, ARFAGEL. However the turnover decreased substantially but the profitability of the company increased as compared to the last year. During the year the company finally settled the debt with Haryana financial corporation and State Bank of India for which a provision had been made in the last year Balance Sheet. Now your company is a zero debt company.

During the year the company heavily relied on domestic sales and there was no export at all. But the company has learnt from its experience that the profit margin in the domestic market is significantly low as compared to the export sales. Hence your company is once again in the process of negotiation with various overseas bodies to solicit business.

3. FUTURE OUTLOOK

By having started the dealing in ethical range of products mostly, your company hopes to build up a substantial amount of market shares in days to come. On the sidelines your company is also trying to export a substantial chunk of products to the countries like African and Latin American countries, where the cost of production is very high, and they heavily rely on importing medicines from countries like India.



The UKMCA certification which is now known as MHRA certification is still in the pipeline of the Company as it could not be obtained during the year due to paucity of funds, as it required an expenditure between 8 to 10 crores. This could be possible only by arranging loans from Banks or Financial Institutions.

On marketing front there has been some change in the Company's policy, your Board of Directors have decided to put concentration equally on the domestic segment as well as on overseas market and capitalize from the experience that it earned during the financial year 2003 – 2004.

4. FIXED DEPOSIT

The company has not accepted any fixed Deposits within the meaning of Section 58 A of the Companies Act, 1956 and the rules made there under.

5. DIRECTORS

Mr. F.M.Banthiya is the Director liable to retire by rotation and being eligible offers himself for reappointment.

Mr. Banthiya is aged around 70 years and is a graduate. He has retired as G.M of UCO Bank and he is having a rich experience of more than 20 years in Finance & Accounts. Mr. Banthiya is the Chairman of the Audit Committee & member of the remuneration committee & shareholder grievance & transfer committee of your company respectively. He is a director liable to retire by rotation. Being eligible he offers himself for re-appointment in terms of section 256 of the Companies Act 1956. Having regard to his rich experience and qualification of Mr. F.M.Banthiya, your Board of Directors recommend him for re-appointment.

None other than Mr. F.M.Banthiya is interested in this resolution.

6. AUDITORS

Mr. Vijay K. Bansal Chartered Accountants, New Delhi are the Auditors of the Company and they retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

7. AUDITOR'S REPORT

The notes on the accounts referred to in the Auditors Report are self - explanatory and therefore no comments are called for on the observation made in that behalf in the Auditors Report.

Annual Report 2004-2005**8. DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby confirms: -

1. That in preparation of the accounts for the financial year ended 31st March 2005 the applicable accounting Standards have been followed along with proper explanation relating to material departures.
2. That the Directors have selected and applied such accounting Policy consistently and made judgments and estimates that were reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company as at the end of financial year and of the profit or loss for that period.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the accounts for the financial year ended 31st March 2005 on a 'going concern basis'.

9. SAFETY & ENVIORNMENT

The company continued to maintain a good safety record. The plants of the company are environment friendly and maintain all safety measures.

10. PARTICULARS OF EMPLOYEES

In terms of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, there is no employee in the Company whose particulars are required to be given.

11. REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure – B and forms part of the report.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The Company lays focus on conservation of energy with studies, discussions and analysis, which are under taken regularly for further improvements.