



**ADVIK LABORATORIES LIMITED**  
**THIRTEENTH**  
**ANNUAL REPORT**  
**2006 - 2007**

*(Health is our prime objective)*

## Annual Report 2006-2007



<b>Board of Directors</b>	Mr. Ashwani Talwar	-Chairman
	Mr. V.K.Jain	-Managing Director
	Mr. Sanjay Jain	-Director
	Mr. A.P.Jain	-Director
	Mr.F.M.Banthiya	-Director
<b>Company Secretary</b>	Mr. Ajay Singh	
<b>Auditors</b>	Vijay K. Bansal & Co. Chartered Accountants 205, Laxman Palace, 19, Veer Sawarkar Block Shakarpur, Delhi-110092.	
<b>Bankers</b>	Indian Overseas Bank HDFC Bank Punjab National Bank	
<b>Corporate Office</b>	106, 107 & 203, Allied House, 1, L.S.C Complex Opp. Pushpa Bhawan, Madangir New Delhi-110 062(INDIA) Tel No.: 91-11-41649171/73/74 FAX : 91-11-41649171/41649174 E-Mail: mail@advikindia.com Website: www.advikindia.com	
<b>Registered Office &amp; Works</b>	138, Roz-Ka-Meo, Industrial Area, Sohna, Distt. -Mewat (Haryana) INDIA Tel. No.: 0124-2013160	
<b>Share Transfer Agent</b>	Beetal Financial & Computer Services (P) Ltd. Beetal House, 3rd 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	



### NOTICE

Notice is hereby given that the **Thirteenth Annual General Meeting** of the Members of **ADVIK LABORATORIES LIMITED** will be held on Saturday, 29th September 2007 at 11 A.M at its Registered Office at 138, Roz- Ka - Meo, Industrial Area Sohna, Distt. Mewat-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 2007, 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 Shri Sanjay Jain, 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 & Co., 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."

By order of the Board  
For ADVIK LABORATORIES LTD.

Sd/-

Ajay Singh  
Company Secretary

Place: Sohna, Mewat  
Date : 03.09.2007

#### 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.
2. The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the time of the meeting.
3. 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.
4. The Register of Members of the Company and Share Transfer Books shall remain closed from 27th September to 29th September, 2007 (both days inclusive)

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5. 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.
6. Members holding shares in the same names under different folios are requested to apply for consolidation of such folios and send relevant share certificates.
7. 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.

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## DIRECTORS REPORT

To

The Members of Advik Laboratories Limited,

Your Directors have great pleasure in presenting the 13th Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March 2007, and Auditors report thereon.

### 1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2006-07	2005 - 06
Gross Sales	952.19	317.09
Other Income	34.13	8.82
Gross profit/ (Loss) before interest & dep.	63.88	(39.73)
Interest	12.58	2.33
Depreciation	37.70	37.53
Net profit/ (Loss) for the year	13.60	(79.59)

### 2. BUSINESS PERFORMANCE

During the year under review your company has performed well as compared to the last year. The Company has earned a net profit of Rs. 13.60 lacs as compared to the loss of Rs. 79.59 lacs in previous financial year. And as compared to last year the sales and profitability of the company has risen. The company dealt in both line of products generic as well as ethical products. During the financial year 2006-07 the company bagged several contracts of supply of various medicines from various Govts. Institutions like APHMHIDC, TNMSC, NRHM, Kerala Govt. & West Bengal Govt. Quality of the Company is acceptable in all the Govt. institutions & further company is expecting bigger orders in the near future as we are participating in all the major tenders as per capacity of tablets, capsules & dry syrups available with us, since we are GMP approved Co. with Revised schedule M.

### 3. FUTURE OUTLOOK

With the rapid pace of the growth of the Indian economy @ around 9 % per annum, it is estimated that the pharmaceutical industry will also grow in conformity. Accordingly by concentrating on both lines of products, ethical and generic line, your company hopes to build up a substantial amount of market shares in days to come. Since Ethical(branded) market is going very very slow & once it gets established the profit margins of the company will definitely shoot-up. Further Company has planned to put oral liquid section shortly for which firm order has already been placed & advance amount has already given. This will further boost sales of the Company to four folds as liquid has good market in the country. Your company also hopes to expand its export market base in Middle East, African and Latin American Countries.



#### 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. Sanjay Jain is the Director liable to retire by rotation and being eligible offers himself for reappointment.

Mr. Sanjay Jain is aged around 44 Years and is a Science graduate. Mr. Sanjay Jain is on Board of the Company since March 2003 and he is a Non Executive Independent Director. He is the Chairman of the Shareholder's Grievance & Transfer Committee. He is the member of the Audit Committee of your company as well as member of the Remuneration Committee. 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. Keeping in mind the rich experience and qualification of Mr. Sanjay Jain, your Board of Directors recommends him for re-appointment.

None other than Mr. Sanjay Jain is interested in this resolution.

#### 6. **AUDIT COMMITTEE**

The company has an audit committee which comprises three non executive independent directors. Mr. F.M. Banthiya is the Chairman of the Audit Committee whereas Mr. A.P. Jain and Mr. Sanjay Jain are the members of the audit committee. The Committee works as per the requirement of Section 292 A of the Companies Act, 1956 and the Clause-49 of the Listing Agreement on Corporate Governance. The Audit committee meets at periodic intervals to transact the business as per the terms of reference made to it in the light of requirements of Section 292 A of the Companies Act, 1956 and the clause-49 of the Listing Agreement on Corporate Governance.

#### 7. **AUDITORS**

M/s Vijay K Bansal & Co. 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. The company has received a certificate from the retiring auditors to the effect that the appointment, if made, will be in accordance with the limit as specified in Section 224 (1B) of the Companies Act, 1956.

#### 8. **AUDITORS 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.

#### 9. **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 2007 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 2007 on a 'going concern basis'.



## 10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing agreement is annexed hereto, forming integral part of this report.

## 11. SAFETY & ENVIORNMENT

The company continued to maintain a good safety record except one incident which has been reported as below. The plants of the company are environment friendly and maintain all safety measures.

Due to reasons unknown a fire broke out in the godown of the factory located at 138, Roz-ka -Meo Industrial Area Sohna, Distt-Mewat (Haryana) in the morning of March 17th 2007. There was loss of various records of the company and other materials but there was no stoppage of operations of the company. The company accordingly informed the stock exchanges. Since the company has adequate insurance cover on its assest hence it filed a claim with the insurance companies to recover the loss caused due to fire. No casualty took place on account of this fire.

## 12. 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.

## 13. REPORT ON CORPORATE GOVERNANCE

Pursuant to clause -49 of the Listing Agreement with the stock Exchanges , a report on Corporate Governance along with Auditor's Certificate on its compliance report is annexed hereto (Annexure-B) forming integral part of this report.

## 14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

In terms of requirement of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the required information relating to, conservation of energy, technology absorptions and foreign exchange earnings and outgo are Annexed hereto as Annexure-A.

## 15. LISTING

The shares of your company continued to be listed at Bombay Stock exchange limited and Ahemdabad Stock Exchange Limited. Listing fee has already been paid for the financial year 2007-08. Further annual custodial fee has also been paid to CDSL whereas to NSDL one time upfront payment was made in financial year 2005-06 itself.



**Annual Report 2006-2007****16. INDUSTRIAL RELATIONS**

The industrial relations in the company remained cordial and peaceful, during the year under review.

**17. ACKNOWLEDGEMENTS**

The Board of Directors expresses its deep appreciation to all section of its employees in the company for their outstanding contribution to the growth of business during the year. The Board of Directors thanks officials of Central & State Government Authorities, Financial Institutions, Bankers, Suppliers & Customers for their continued support.

On behalf of the Board  
For ADVIL LABORATORIES LTD.

Place: Sohna, Mewat  
Date: 3rd September 2007

Sd/-	Sd/-
V.K.Jain	A. P. Jain
(Managing Director)	(Director)

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

**To the members of Advil Laboratories Ltd.**

We have examined the compliance of the conditions of Corporate Governance by Advil Laboratories Ltd. for the year ended 31st March, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of the opinion on the financial statement of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2007 no investor grievances are pending against the company as per the records maintained by the Registrar & Share Transfer Agent and the company and presented to the shareholders Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability to company nor the efficiency or the effectiveness with which management has conducted the affairs of the company.

For Vijay K. Bansal & Company  
Chartered Accountants

Place: Sohna, Mewat  
Date : 3rd September 2007

Sd/-  
Vijay Bansal  
Partner  
Membership No.: 88744



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### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Industry Structure, Developments, Opportunities & Threats

The Global pharmaceutical market continues to expand its size year on year on the back of increased expenditure on health management in expanding economies. The changing demographics and epidemiological trends with ever increasing demand for lifestyle products supported the current growth in the global pharmaceuticals market. The Global pharmaceuticals market registered a growth of 6.5% in 2006, down slightly from 2005 and passed another threshold to reach US\$ 608 Billion (Source IMS MIDAS). As per the industry estimates, the global pharmaceuticals market is forecast to grow to US\$ 842 billion in 2010, an equivalent CAGR of 6.9% over the next five years.

The Indian Pharmaceuticals industry has been a success story providing employment for millions and ensuring that essential drugs are available at affordable prices to the vast population of this country. It is in the front rank of India's science based industries with wide ranging capabilities in the complex field of drug development, manufacture & technology. The industry ranks very high in the third world in terms of technology, quality and range of medicines. From simple head-ache remedy to sophisticated antibiotics, complex Cardiac and Diabetic compounds, almost every type of medicine is now made indigenously. The Indian Pharmaceuticals sector has come a long way, being almost non-existing during 1970, to a prominent provider of health care products, meeting almost 95% of country's pharmaceutical needs. The domestic pharmaceutical output has increased at a compound growth rate (CAGR) of 13.7% per annum.

Year 2006-07 witnessed an impressive growth of 14% with the value of the domestic formulations market touching Rs. 279 billion. The volume growth of existing products and new introductions were the major growth drivers, while prices led growth was not very significant.

WHO guidelines are getting more & stricter & to keep the same alive for the next two years lot of funds are required. Otherwise WHO certification which our Co. is having presently can be challenged & major amendments in HVAC systems are required, since these guidelines are revised recently for which Co. has received letter from CDSCO. The WHO certification is compulsory for exporting medicines to most of countries in Middle East, Asia, Africa etc.

Since Pharma manufacturing is an expensive business, so funds requirement is a big constraint with the company. Present bank funds are insufficient to cope-up the international & institutional business. Company is planning to arrange further funds by giving collateral security. This will help faster growth & hence profitability in the near future.

#### Segment wise or product wise performance

As per the requirements of AS-17, the segment reporting is not applicable to the company, as there are no other segments in the company.

#### Outlook

With the rapid growth in the economy your company hopes to do well in times to come. The management is trying its level best to create an equal market for ethical products as well as for generic. Further the company is also trying to tap the overseas market with a view to export its products & Company is focusing on international business & registration process is going on. Company hopes to get good international business in the near future. Third party business in the export is also being welcome.

#### Risks & Concerns

The company has safeguarded all its asset against proper insurance. The company reviews the various risks from time to time and ensures proper remedies to mitigate those risks. However in other risks the continuous rise in the cost of raw material, rise in the diesel prices and more and more costs involved with the retention of skilled manpower is notable. Further the creation of more and more tax free zones in various states has increased our risk as due to approximately nil tax incidences in tax free zones, the cost of the medicines are low. Though it is good for common man but a matter of concern to units like us in Haryana. As we end up paying taxes on our medicines produced on MRP basis. The poor infrastructure of the industrial area at our manufacturing site is another matter of concern.

#### Internal Control System & Adequacy

A proper and adequate internal control system is in place in the company to ensure that all assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorised, recorded and reported correctly. Your Management continuously reviews the internal control system and procedures to ensure orderly and efficient conduct of business. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

#### Human Resources and Industrial relation

Human resources are the back bone of the any industry. The company employs and retains the best brains at all levels. Throughout the year the company imparts the necessary training to its employees at various levels to enhance their skills and knowledge.

The industrial relation has been cordial throughout the year.



## ANNEXURE "A" TO THE DIRECTOR'S REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the company (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors 's report for the year ended 31st March 2007.

## A) CONSERVATION OF ENERGY

	Year Ended 31.03.2007	Year Ended 31.03.2006
I) Power and Fuel Consumption		
1.) Electricity		
a) Purchased Unit (kwh)	227586	110691
Total amount	964133	482979
Rate/ Unit (Rs/Kwh)	4.24	4.36
b) Own generation		
i) Through Diesel Generator		
Unit (Kwh)	131268	57687
Unit per litre of Diesel oil (Kwh)	3.33	4.02
Cost/Unit (Rs/ Kwh)	9.69	7.59
ii) Through Steam Turbine	—	—
Generator Unit (Lakh kwh)	—	—
Unit per tonne of fuel (kwh)	—	—
Cost/unit (Rs/kwh)	—	—
2.) Coal	—	—
3.) Furnace Oil	—	—
4.) Others/internal generation	—	—

## II) Consumption per unit of production:

Product	Formulation	
Electricity (kWh)	.001	.001
Furnace oil (ltr)	nil	nil
Fuel (t)	—	—

## B) TECHNOLOGY ABSORPTION

I) Research & Development (R & D)	nil
II) Technology absorption, adoption & Innovation	nil

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year 2006-07	Previous Year 2005-06
Foreign Exchange Earned (Rs)	Nil	Nil
Foreign Exchange used (Rs)	51000	46000