



ADVIA LABORATORIES LIMITED

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FIFTEENTH
ANNUAL REPORT
2008-2009

(HEALTH IS OUR PRIME MOTTO)

Board of Directors	Mr. V.K.Jain Mr. F. M. Banthiya Mr. Sushil Kr.Singh Mr. Kishan Kumar	-Managing Director -Director -Director -Director
Company Secretary	Ms. Kanupriya Tulsyan	
Auditors	VBR & Associates Chartered Accountants 205, Laxman Palace, 19, Veer Sawarkar Block Shakarpur, Delhi-110092.	
Bankers	Indian Overseas Bank HDFC Bank Punjab National Bank State Bank of India	
Corporate Office	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 E-Mail: mail@advikindia.com Website: www.advikindia.com	
Registered Office & Works	138, Roz-Ka-Meo, Industrial Area, Sohna, Distt. -Mewat (Haryana) INDIA Tel. No.: 0124-2362471	
Share Transfer Agent	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	

NOTICE

Notice is hereby given that the 15th (Fifteenth) Annual General Meeting of the Members of **ADVIK LABORATORIES LIMITED** will be held on Wednesday, 30th September 2009 at 11.00 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:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2009, the Profit & Loss account for the period ended on that date, Auditors Report and Directors Report thereon.
2. To appoint a Director in place of Shri F.M.Banthiya, who retires by rotation and being eligible, offer himself for reappointment.
3. To consider and thought fit, to pass, with or without modification(s) the followings resolution as 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 whose name was later on changed to M/s VBR & Associates, 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 and if thought fit, to pass with or without modification(s), if any, the following resolution as **Ordinary Resolution**:

“RESOLVED THAT Mr. Sushil Kr. Singh who was appointed as Additional director of the company pursuant to provisions of Section 260 of the Companies Act, 1956 at its Board Meeting held on 30.01.2009 be and is hereby appointed as Director of the Company.”

5. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as **Ordinary Resolution**:

“RESOLVED THAT Mr. Kishan Kumar who was appointed as Additional director of the company pursuant to provisions of Section 260 of the Companies Act, 1956 at its Board Meeting held on 30.01.2009 be and is hereby appointed as Director of the Company.”

6. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as **Ordinary Resolution**

“ RESOLVED THAT as approved by the Remuneration committee and by the Board of Directors in its meeting held on 29th October, 2008 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 & rules & regulations made thereunder (any statutory modification or re-enactment thereof for the time being in force), and any other approvals as may be necessary, the consent of the company be and is hereby accorded to the appointment & revision of remuneration of Shri V.K.Jain, the Managing Director of the Company for a period of 5 years w.e.f 01st November, 2008 up to 31st October, 2013 on the term & conditions as given below:-

Remuneration of Mr. V. K. Jain

1. Salary: Rs. 50,000/- per month with annual increment that the Board may decide, but not exceeding 20%.
Further, his salary in any case shall not exceed Rs. 1,50,000/- per month inclusive of all Remuneration and Perks.

2. Perquisites: These shall be restricted to an amount equal to the annual Salary or Rs 6,00,000/- whichever is less, perquisite are classified into three categories "A", "B" and "C" as Follows:

Category "A"

- Housing: 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.
- In case no accommodation is provided by the Company to Mr. V. K. Jain, he shall be entitled to House Rent Allowance subject to the ceiling laid down in (1) above.
- In case accommodation is owned by the Company, 10% of the Salary of Mr. V. K. Jain shall be deducted by Company.
- Gas, Electricity, Water & Furnishings: The expenditure incurred by the Company on gas, electricity, water, and furnishings shall be valued as per Income Tax Act, 1962.
- Medical Reimbursement: Reimbursement of actual expenses incurred by Mr. V. K. Jain and his family subject to ceiling of One Months salary in a year or Three months Salary over a period of Three years.
- Leave Travel Concession: Leave Travel Concession incurred for self and family once in a year in accordance with rules of the Company.
- Club Fees: Fees of clubs subject to a maximum of two Clubs. No admission or life membership fee shall be paid.
- Personal Accident Insurance: Personal Accident Insurance, the premium whereof shall not exceed Rs. 10,000/- per annum.

Category "B"

- Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on the perquisites to the extent all these, either singly or put together, are not taxable under the Income Tax Act.
- Gratuity payable shall not exceed half a month salary for each completed year of services.
- Earned Leave: Earned Leave pay as per the rules of the Company.

Category "C"

- Car & Telephone : Provision of car for use on Company's business and Telephone, Telefax, Internet and other communication facilities at residence will not be considered as perquisites. Personal long distance telephone calls and use of car for private purpose shall be billed by the Company to Mr. V.K. Jain.
3. For the purpose of perquisites stated herein above, " Family" means spouse, dependent children and parents of Mr. V. K. Jain
4. Mr. V. K. Jain shall be entitled to reimbursement of all actual expenses or charges including travel entertainment or other out-of-pocket expenses incurred by him for and on behalf of the Company, in furtherance of its business and objects.
5. In the event of loss or inadequacy of profits in any year during the tenure of his office, Mr. V. K. Jain shall be entitled to the above remuneration by way of salary, perquisites & benefits as minimum remuneration."

RESOLVED FURTHER THAT in the events of any statutory amendment(s) modification(s) in Schedule XIII, the consent of the company be & is hereby accorded to vary the term & conditions of aforesaid appointment and/or remuneration including salary perquisites, allowances, benefits and amenities etc. , within such prescribed limit and term & conditions of aforesaid appointment be suitably amended to give effect to such amendment modification(s) in Schedule XIII or in terms & conditions of appointment or in remuneration .

FURTHER RESOLVED THAT the consent of the company be and is hereby accorded that 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.

**By order of the Board of Directors
For Advik Laboratories Limited**

Sd/-

Place: Sohna, Mewat
Dated: 03.09.2009

Kanupriya Tulsyan
Company Secretary

NOTES:-

- i. 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.
- ii. The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the time of the meeting.
- iii. 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.
- iv. The Register of Members of the Company and Share Transfer Books shall remain closed from 28th September to 30th September, 2009 (both days inclusive)
- v. 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.
- vi. Members holding shares in the same names under different folios are requested to apply for consolidation of such folios and send relevant share certificates.
- vii. 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.

Item No. 4

Mr. Sushil Kumar Singh was appointed as Additional director of the company pursuant to provisions of Section 260 of the Companies Act, 1956 at its Board Meeting held on 30.01.09. The company has received a notice from Mr. Sushil Kumar Singh under Section 257 of the Companies Act, 1956 who has signified his intention to offer his candidature for the directorship of the company. Mr. Sushil Kumar Singh is a Qualified Professional having lot of experience in this field. His continuation as the Board Member in the company would be worthful for the organization and would be in the interest of the company.

Pursuant to the Provisions of the Section 257 of the Companies Act, 1956, his appointment requires the approval of Members of the Company. Hence the same appointment is presented for your approval.

None of the directors of your Company are interested in the proposed resolution, except to the extent of their share holdings in the Company.

Item No. 5

Mr. Kishan Kumar was appointed as Additional director of the company pursuant to provisions of Section 260 of the Companies Act, 1956 at its Board Meeting held on 30.01.09. The company has received a notice from Mr. Kishan Kumar under Section 257 of the Companies Act, 1956 who has signified his intention to offer his candidature for the directorship of the company. Mr. Kishan Kumar is a Qualified Professional having lot of experience in this field. His continuation as the Board Member in the company would be worthful for the organization and would be in the interest of the company.

Pursuant to the Provisions of the Section 257 of the Companies Act, 1956, his appointment requires the approval of Members of the Company. Hence the same appointment is presented for your approval.

None of the directors of your Company are interested in the proposed resolution, except to the extent of their share holdings in the Company.

Item no. 6

Mr. V.K.Jain, the Managing Director of company is the promoter Director. He is having a very rich experience of more than 35 years in the pharmaceuticals industry. He is a B.Sc (Hons) and aged around 60 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.

Keeping in mind his outstanding contribution to the growth of the organization the Board of Directors of your Company reappointed him as Managing Director with effect from 01st November, 2008 to 31st October, 2013 for a period of 5 years & also revised his salary from Rs. 30000/-month to 50000/-month apart from the perquisites which would be restricted to Rs. 600000/- per annum as approved by the Remuneration Committee of the company. Your Board of Directors recommend this resolution for your kind approval. The proposed reappointment & revision of remuneration is in accordance with Schedule-XIII of the Companies Act, 1956 and other applicable provisions

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.

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.

**By order of the Board of Directors
For ADVIK LABORATORIES LTD.**

Sd/-

Kanupriya Tulsyan
Company Secretary

PLACE: Sohna, Mewat
DATED: 03.09.2009

DIRECTORS REPORT

To

The Members of Advik Laboratories Limited,

Your Directors have great pleasure in presenting the **15th Annual Report** of the Company along with the Audited Statement of Accounts for the year ended 31st March 2009, and Auditors report thereon.

1. FINANCIAL RESULTS

	(Rs. in Lacs)	
	<u>2008-09</u>	<u>2007-08</u>
Gross Sales	1200.01	1053.37
Other Income	3.52	12.29
Gross profit/ (Loss) before interest & dep.	48.07	23.17
Interest	31.12	21.33
Depreciation	35.80	34.89
Net profit/ (Loss) for the year	(18.85)	(33.05)

2. REVIEW OF OPERATIONS

During the year under review the sales of your company has gone up by 14% but the profitability has not gone up. For most of the times, during the year under review the manufacturing facilities of the company was not operational due to on going work of modernization in the plant to meet the requirement of WHO-GMP which is mandatory with the reason that new guidelines for WHO-GMP certification has come into force, hence to obtain WHO-GMP Certification, we have to adhere all the norms of latest guidelines in force. This requirement & improvement in pharmaceuticals is needed with the view to export our products to the overseas buyers. Due to stringent norms of WHO-GMP compatibility, more & more companies are entering into the domestic tender business of pharmaceuticals, where only GMP is required. This is affecting more & more competition in the Govt. business. Hence, our company is putting all its eyes to tap the overseas market & trying to get some foreign pharma companies on the international level, who may manufacture medicine from our company in the coming days on job work/export basis. This will give us better yield of profitability as compared to previous supplies to the various Govt. Institutions, which is giving us marginal margins & more expenses.

3. FUTURE OUTLOOK

Company's representing to various countries for the Registration of its products in the overseas. Company is planning to file around 20 products for registration to the Republic of Botswana from where we are expecting good profitable business both domestically as well as CMS(Central Medical Store supplies), of that country. In this respect a survey has already been made with the Ministry of health of Botswana & the Drug Regulatory Unit (DRU), where the samples have already been submitted. Our next eye is on Vietnam, where the Indian medicines are being exported to the tune of around 500 million dollars, we are just waiting for WHO-GMP approval & its renewal. This may give a fourfold profit to the company & we shall be able come out from the losses to the profitability in the near future.

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

- a.) During the period, Mr. Sushil Kumar Singh who was appointed as Additional Director of the company on 30.01.09 and who shall hold office upto the date of ensuing Annual General Meeting of the Company. He has offered his candidature to be appointed as Director of the Company. Therefore, Board of Directors recommends his appointment as Director of the company.
- b.) During the period, Mr. Kishan Kumar who was appointed as Additional Director of the company on 30.01.09 and who shall hold office upto the date of ensuing Annual General Meeting of the Company. He has offered his candidature to be appointed as Director of the Company. Therefore, Board of Directors recommends his appointment as Director of the company.
- c) Mr. F.M.Banthiya is the Director liable to retire by rotation and being eligible offers himself for reappointment.

Mr. F.M.Banthiya is aged around 74 years and having very rich experience in this field. Mr. F.M.Banthiya is Non Executive Independent Director and designated as the Chairman of Audit Committee & Remuneration Committee. He is the member of the Share Transfer Committee as well as member of the Shareholder Grievance Committee of your company.

Being eligible he offers himself for re-appointment in terms of section 256 of the Companies Act 1956. Keeping in mind his rich experience and qualification, your Board of Directors recommends him for re-appointment.

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

- c.) During the period, Mr. Ashwani Talwar and Mr. Aditya Jain have resigned from the directorship of the Company with effect from 30.01.09 respectively. The Board places on record their sincere contribution towards the growth of the Company.

6. AUDIT COMMITTEE

The company has an audit committee comprises of three Non-Executive directors which are Mr. F. M. Banthiya being an Independent Director is the Chairman of the Committee and Mr. Sushil Kumar Singh and Mr. Kishan Kumar 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 VBR & Associates New Delhi Chartered Accountants 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. BOARD'S COMMENT ON AUDITOR'S REPORT

The company always strives to present an unqualified Financial Statement. However there is an Audit qualification by Auditors in the Auditor's Report as to financial statements of the company for the year 2008-09 as to non compliance of AS-15. The Board has taken note of the same and it will ensure that

adequate remedial measures are taken and will further ensure the proper compliance of AS-15 in future.

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 confirms having: -

- I. Followed the applicable accounting standards with proper explanation relating to material departures in the preparations of the Annual Accounts.
- II. 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 2008-09 and of the profit or loss of your company for that period.
- III. 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; and
- IV. Prepared the accounts for the financial year ended 31st March 2009 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 are annexed hereto, forming integral part of this report.

11. SAFETY & ENVIRONMENT

The company is taking each and every step to maintain good safety measures and arranged for all the equipments and conditions, which are inevitable to keep the environment suited to the health of the employees of our Company. The company has adequate insurance cover on its assets to recover the loss caused due to any unfortunate happening.

12. PARTICULARS OF EMPLOYEES

In terms of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, None of the employee is receiving remuneration above the limit therefore no particulars is 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 lay 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 Ahmedabad Stock Exchange Limited. Listing fee of BSE has already been paid for the financial year 2008-09. Further Annual custodial fee has also been paid to CDSL.

16. INDUSTRIAL RELATIONS

The industrial relations in the company remained cordial and peaceful. Your Company is fully co-operating with other Companies and in turn getting their cooperation.

17. ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

**On behalf of the Board of Directors
For ADVIK LABORATORIES LTD.**

Place: Sohna, Mewat
Date: 03.09.2009

Sd/-
V.K.Jain
Managing Director

Sd/-
Kishan Kumar
Director

