



ADVİK LABORATORIES LIMITED

SIXTEENTH
ANNUAL REPORT
2009-2010

*(QUALITY IS OUR GREATEST
COMPETENCE)*

Board of Directors	Mr. V.K.Jain	-Managing Director
	Mr. F. M. Banthiya	-Director
	Mr. Sushil Kr.Singh	-Director
	Mr. Kishan Kumar	-Director
	Mr. A.P.Jain	-Director

Company Secretary	Ms. Kanupriya Tulsyan
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Auditors	VBR & Associates Chartered Accountants 205, Laxman Palace, 19, Veer Sawarkar Block Shakarpur, Delhi-110092.
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Bankers	Indian Overseas Bank HDFC Bank Punjab National Bank State Bank of India
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Corporate Office	B-4, Allied House, 1, L.S.C Complex Opp. Pushpa Bhawan, Madangir New Delhi-110 062(INDIA) Tel No.: 91-11-41649171-74 FAX : 91-11-41649173 E-Mail: mail@advikindia.com Website: www.advikindia.com
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Registered Office & Works	138, Roz-Ka-Meo, Industrial Area, Sohna, Distt. -Mewat (Haryana) INDIA Tel. No.: 0124-2362471
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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
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NOTICE

Notice is hereby given that the 16th (Sixteenth) Annual General Meeting of the Members of **ADVIK LABOROTORIES LIMITED** will be held on Thursday, 30th September 2010 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 2010, 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 Kishan Kumar, 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 VBR & Associates, Chartered Accountants, New Delhi , 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. A.P.Jain 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 14.05.2010 be and is hereby appointed as Director of the Company.”

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

**Place: Sohna,Mewat
Dated: 04.09.2010**

**Sd/-
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, 2010 (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.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

Mr. A.P.Jain 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 14.05.10 The company has received a notice from Mr. A.P.Jain under Section 257 of the Companies Act, 1956 who has signified his intention to offer his candidature for the directorship of the company. Mr. A.P.Jain is aged around 74 years and is a Post Graduate in Physics. He has retired as D.G.M. of Oil & Natural Gas Corporation Ltd.(ONGC). He is having a rich experience of more than 34 years in Corporate Matters i.e. Corporate Strategy formulation, financial matters & labour related issues..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.

DIRECTORS REPORT

To

The Members of Advik Laboratories Limited,

Your Directors have great pleasure in presenting the **16th Annual Report** of the Company along with the Audited Statement of Accounts for the year ended 31st March 2010, and Auditors report thereon.

1. <u>FINANCIAL RESULTS</u>	(Rs. in Lacs)	
	2009-10	2008-09
Gross Sales	1879.14	1200.01
Other Income	81.31	3.52
Gross profit/ (Loss) before interest & dep.	86.93	48.07
Interest	31.54	31.12
Depreciation	40.25	35.80
Net profit/ (Loss) for the year	15.14	(18.85)

2. **REVIEW OF OPERATIONS**

During the year under review the turnover of your company has gone up by 57% as compared to previous year, due to that company earned the profit of Rs. 15.14 lacs as compared to the previous year loss of Rs. 18.85 lacs. As earlier said, the manufacturing facility of the company was operating fully due to modernization work for the obtaining of WHO-GMP certification, but as on date we have completed our Ground Floor as per the guidelines of WHO-GMP from where we can manufacture Non Beta-lactum medicines & the modernization work is also going on at the first floor, which is our Beta-Lactum section. After completing both the sections, we would be able to get WHO-GMP certificate, which leads to more turnover through exports from the International market & better profitability in the near future.

3. **FUTURE OUTLOOK**

During the year, your Company has participated to various exhibitions organized in different countries like Vietnam, South Africa etc. & received many export enquires from the overseas buyers, who are very much interested to buy our products, but this will only be possible & beneficial once we get the WHO-GMP certificate, because the profitability is quite high in Export. Company is taking necessary steps to move further in this direction & very much optimistic to succeed, as pharma product of Indian WHO certified manufacturers are accepted worldwide.

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. Mr. Kishan Kumar is the Director liable to retire by rotation and being eligible offers himself for reappointment.

Mr. Kishan Kumar is aged around 35 years and having very rich experience in this field. Mr. Kishan Kumar is Non Executive Independent Director since 29.01.09 and is member of the 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. Kishan Kumar is interested in this resolution.

- b. During the period Mr. A.P.Jain who was appointed as Additional Director of the company on 14.05.10 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 hereby recommends his appointment as Non Executive Independent Director of the Company.
- c. Mr. Sushil Kumar Singh has resigned from the directorship of the Company with effect from 01.04.10. The Board places on record his sincere contribution towards the growth of the Company.

6. AUDIT COMMITTEE

During the year under review the Audit Committee of the company comprised three Non Executive Directors namely Mr. F. M. Banthiya, Sushil Kumar singh & Kishan Kumar. Mr. F.M.Banthiya, Non Executive Independent Director is the Chairman of the Audit Committee. However, pursuant to resignation Mr. Sushil Kumar Singh w.e.f. 01.04.10, the Audit Committee has been re-constituted & Mr. A.P.Jain is the member of the Audit Committee w.e.f. 14.05.10. 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 & that he is not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

8. BOARD'S COMMENT ON AUDITOR'S REPORT

The company always strives to present an unqualified Financial Statement. There is no Audit qualification by Auditors in the Auditor's Report as to financial statements of the company for the year 2009-10.

9. DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

- I. In the preparation of the annual accounts for financial year ended 31st March, 2010, the applicable Accounting Standards have been followed along with proper explanation relating to material departures. .
- II. 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 as at 31st March, 2010 and of the profit of the Company for the year under review.
- III. The Directors had 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. The Directors had prepared the annual accounts for financial year ended 31st March, 2010 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 & ENVIORNMENT

The company continued to maintain a good safety record. The manufacturing facilities of the company is environment friendly & the company maintains all safety majors.

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 2009-10. Further Annual custodial fee has also been paid to CDSL.

16. INDUSTRIAL RELATIONS

During the period under review the industrial relation in the company was peaceful, harmonies & cordial.

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 & Customer for their continues support.

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

**Place: Sohna, Mewat
Date: 04.09.2010**

**Sd/-
(V.K.Jain)
Managing Director**

**Sd/-
(Kishan Kumar)
Director**

Auditor's Certificate on compliance with the condition of corporate governance under clause 49 of the Listing Agreement(s)

To the members of Advik Laboratories Ltd.

We have examined the compliance of the conditions of Corporate Governance by Advik Laboratories Ltd. for the year ended 31st March, 2010 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, 2010 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 VBR & Associates
Firm Regn. No.:013174N
Chartered Accountants**

**Place: Delhi
Date : 04.09.2010**

**Sd/-
(Vijay Bansal)
Partner
Membership No.: 88744**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments

Indian with a population of over a billion is a largely untapped market. In fact the penetration of modern medicine is less than 30% in India. To put things in perspective, per capita expenditure on health care in India is US\$ 93 while the same for countries like Brazil is US\$ 453 & Malaysia US\$ 189. The Growth of middle class in the country has resulted in fast changing lifestyles in urban and to some extent rural centers. This opens a huge market for lifestyle drugs, which has very low contribution in the Indian markets. The Pharmaceuticals Industry in India is one of the largest in the World, it ranks 4th in the world, pertaining of the volume of sales. The estimated worth of the Indian Pharmaceuticals Industry is US\$ 6 billion & the growth rate of the industry is 13% per year. Indian pharmaceuticals industry possesses excellent chemistry and process reengineering skills. This adds to the competitive advantage of the Indian companies. The strength in chemistry skill helps Indian companies to develop processes, which are cost effective.

Opportunities & Threats

The migration into a product patent based regime is likely to transform industry fortunes in the long term. The new patent product regime will bring with it new innovative drugs. This will increase the profitability of MNC pharma companies and will force domestic pharma companies to focus more on R&D. This migration could result in consolidation as well. Very small players may not be able to cope up with the challenging environment and may succumb to giants. Large number of drugs going off-patent in Europe and in the US between 2005 to 2009 offers a big opportunity for the Indian companies to capture this market. Since generic drugs are commodities by nature, Indian producers have the competitive advantage, as they are the lowest cost producers of drugs in the World. Opening up of health insurance sector and the expected growth in per capita income are key growth drivers from a long-term perspective. This leads to the expansion of healthcare industry of which pharma industry is an integral part.

There are certain concerns over the patent regime regarding its current structure. It might be possible that the new government may change certain provisions of the patent act formulated by the preceding government. Threats from other low cost countries like China & Israel exist. However, on the quality front, India is better placed relative to China. So differentiation in the contract manufacturing side may wane. On the other side, Indian companies are marred by the price regulation. Over a period of time, this regulation has reduced the pricing ability of companies. The NPPA, which is the authority to decide the various pricing parameters, sets prices of different drugs, which leads to lower profitability for the companies. The companies, which are lowest cost producers, are at advantage while those who cannot produce have either to stop production or bear losses.

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.