



ADVIK LABORATORIES LIMITED

**SEVENTEENTH
ANNUAL REPORT
2010-2011**

(Committed to Health Care)

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

Company Secretary Ms. Sonali Maheshwari

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 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

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, 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 17th (Seventeenth) Annual General Meeting of the Members of **ADVIK LABORATORIES LIMITED** will be held on Saturday, 29th October 2011 at 11.00 A.M at its Registered Office at 138, Roz- Ka - Meo, Industrial Area Sohna, Dist. 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 2011, 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 A.P.Jain 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.”

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

**Place: Sohna, Mewat
Dated: 04.10.2011**

**Sd/-
Sonali Maheshwari
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 27th October 2011 to 29th October, 2011 (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.
- viii. The Ministry of Corporate affairs , Government of India, has taken a “ Green Initiative” by allowing paperless compliances by companies and has issued a circular No. 17/2011 dated 21st April 2011 and 18/2011 dated. 29th April 2011 stating that service of documents by a company can be made to its shareholders through electronic mode. This “Green Initiative” of the Government is commendable and will go a long way in protecting environment on sustainable basis. Your company accordingly supports this initiative of Government and already sent a communication to the members to register at their email ID with the RTA. For achieving this objective of green initiative, members are requested to register their email ID with the company/RTA on email ID investors@advikindia.com and beetelrta@gmail.com.

DIRECTOR'S REPORT

To

The Members of Advik Laboratories Limited,

Your Directors have great pleasure in presenting the **17th Annual Report** of the Company along with the Audited Statement of Accounts for the year ended 31st March 2011, and Auditors report thereon.

1. FINANCIAL RESULTS

| | (Rs. in Lacs) | |
|---|----------------------|----------------|
| | 2010-11 | 2009-10 |
| Gross Sales | 2210.15 | 1879.14 |
| Other Income | 62.97 | 81.31 |
| Gross profit/ (Loss) before interest & dep. | 66.56 | 86.93 |
| Interest | 75.63 | 31.54 |
| Depreciation | 51.54 | 40.25 |
| Net profit/ (Loss) for the year | (60.61) | 15.14 |

2. EXTENSION FOR HOLDING ANNUAL GENERAL MEETING OF THE COMPANY

On the application of the company the Hon'ble Registrar of companies , NCT of Delhi and Haryana has granted an extension of 1 (One) month vide its letter dated 12.09.2011 for Holding Annual General meeting of the company beyond the period as envisaged under section 166/210 of the Companies Act,1956.

3. REVIEW OF OPERATIONS

During the year under review, although the turnover of the company has gone up by 18% as compared to the previous year, but due to higher cost of Raw Materials, labours & other inputs company has incurred a cash loss of around 9.00 lacs. As communicated through last Annual report, the company was under modernization work for WHO-GMP certification. The modernization work got completed during the year, but we got WHO-GMP certification only for Non Beta-Lactum sections that also in the month of Dec., 2010, and hence we could not make any exports during the year. Most of sales has come from Institutional Supplies & also we bought finished goods from outside & sold in local market, where the margin of profit is very low. Further also, due to higher rate of interest on term loan & cash credit the company has incurred this loss.

4. FUTURE OUTLOOK

The company was able to get renewal of its WHO-GMP certification of non beta lactum section in the month of December 2010, hence we could not make any export due to reason that we had yet to register our products & company in overseas market first, after that only we would be able to export the medicines. Accordingly, we have registered our company in Sri Lanka successfully & we are in the process of registering our products by the end of November 2011 hopefully & after that we can proceed for export to Sri Lankan market as well as Govt. of Sri Lanka supplies through SPC & RES tenders of the Govt. of Sri Lanka in the bigger way. Also company is planning to register itself in Vietnam &

Cambodian markets as our Sri Lankan Distributor/agent have the good knowledge of both the countries having their branches & contacts. Company is also negotiating with some Russian buyers.

5. 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.

6. DIRECTORS

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 35 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.

7. AUDIT COMMITTEE

During the year under review the Audit Committee of the company comprised three Non Executive Directors namely Mr. F. M. Banthiya, Kishan Kumar & A.P.Jain. Mr. F.M.Banthiya, Non Executive Independent Director is the Chairman 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.

8. 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.

9. 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 2010-11.

10. 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, 2011, 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, 2011 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, 2011 on a '*going concern basis*'.

11. 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.

12. SAFETY & ENVIRONMENT

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

13. 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.

14. 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.

15. 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.

16. 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 2010-11. Further Annual custodial fee has also been paid to CDSL.

17. INDUSTRIAL RELATIONS

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

18. 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: 04.10.2011**

**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, 2011 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, 2011 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**

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

**Place: New Delhi
Date: 04.10.2011**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Indian Economy & Pharmaceutical Industry**

The fundamentals of the Indian economy continued to remain strong during FY 10-11. The GDP is estimated to have grown by 8.6% in 2010-11 as compared to 8% in 2009-10 which is remarkable considering the muted growth globally. This growth has been witnessed across all the major sub-sectors in the industry & services. Despite the sluggish growth in the global markets, the employment opportunities continued to show an upward trend in India. India is one of the fastest growing pharmaceutical markets in the world and its market size has nearly doubled since 2005. The Indian pharmaceutical market is expected to continue growing in double digits and establish its presence amongst the world's top ten markets. The domestic pharmaceuticals market grew by 15% in 2010-11 and reached a size of over Rs. 48000 crores. This was led by rising income levels, an increasing awareness about healthcare and higher government spending on healthcare. The pharmaceutical industry in India is extremely fragmented market with severe price competition & government price control. The pharma industry in India meets around 70% of the country's demand for bulk drugs, drug intermediaries, pharma formulations, tablets, capsules, orals & injectibles. There are approximately 250 large units which form the core of the pharma industry in India.

Opportunities and Threats

As per new guidelines of WHO your company has started construction of another separate block in factory building for exclusive production of beta lactum drugs because the production of Beta lactum & Non beta lactum have been separated under the new guidelines. Many small players may not go for this separate block because of the finance involved and your company sees a big opportunity in getting the contract work in this plant for export. The competition is acute, input and establishment cost is becoming high day by day and the company is under pressure as far as the profitability is concerned. Because the company requires continuous capital expenditure to meet the ever expanding increase volume to sustain in the market.

Segment wise or product wise performance

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

Outlook

After getting the WHO-GMP certification of both the sections i.e. Beta Lactum & Non Beta-lactum, company will tie-up with some overseas buyers for the export of its products in their country. For the exporting of his products, company has Registered his profile in Sri Lanka, where the pharma market is very potential. Further company will expand the area of his branded market, where the margin of profit is high. At the same time also pushing ahead its generic products through various Govt. Institutions.

Internal Control System & Other Adequacy

The Company has initiated adequate internal control procedure commensurate with the nature of its business and size of its operations. An Audit committee consisting of three independent non-executive directors is in place; Management continuously reviews the internal control system which covers all the key areas of operations. All significant audit observations and follow up actions thereon are reported to the audit committee. The audit committee met four times during the financial year under review.