



**ADVIK LABORATORIES LIMITED**

**FOURTEENTH  
ANNUAL REPORT  
2007-2008**

***(HEALTH IS OUR PRIME OBJECTIVE)***

**ADVIK LABORATORIES LIMITED****Board of Directors**

Mr. Ashwani Talwar

-Chairman

Mr. V.K. Jain

-Managing Director

Mr. F. M. Bānhiya

-Director

Mr. Aditya Jain

-Director

**Company Secretary**

Ms. Divya Aggarwal

**Auditors**

VBR &amp; 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](mailto:mail@advikindia.com)Website: [www.advikindia.com](http://www.advikindia.com)**Registered Office & Works**

138, Roz-Ka-Meo, Industrial Area,

Sohna, Distt. -Mewat (Haryana)

INDIA

Tel. No.: 0124-2013160

**Share Transfer Agent**

Beetal Financial &amp; Computer Services (P) Ltd.

Beetal House, 3<sup>rd</sup> 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](mailto:beetal@rediffmail.com)

**Annual Report 2007-2008****NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of **ADVIK LABORATORIES LIMITED** will be held on Monday, 29<sup>th</sup> September 2008 at 11.30 A.M at 138, Roz-Ka-Meo Industrial Area, Sohna, Distt.- Gurgaon-122 103 (Haryana) INDIA to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2008 and 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 Ashwani Talwar, who retires by rotation and being eligible, offers himself for reappointment.
3. To consider, and if thought fit, to pass, with or without modification(s), if any, 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. Aditya 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 30<sup>th</sup> January, 2008, be and is hereby appointed as Director of the Company."

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

Place: Sohna, Mewat  
Dated: 04.09.2008

Sd/-  
Divya Aggarwal  
Company Secretary

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## NOTES :-

1. A MEMBER WHO IS 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, in order to be effective, should be duly stamped, completed and signed must be deposited with the Company at its Registered Office not less than 48 hours before the time fixed for holding 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 place.
4. The Register of Members of the Company and Share Transfer Books shall remain closed from 27<sup>th</sup> September to 29<sup>th</sup> September, 2008 (both days inclusive)
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, if any.
7. The Shares of the Company are under Compulsory Demat form hence all members are requested to avail the benefits of demat form of their holdings as per his/her choice.

**Item No. 5**

Mr. Aditya 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 30<sup>th</sup> January, 2008. The company has received a notice from Mr. Aditya Jain under Section 257 of the Companies Act, 1956 who has signified his intention to offer his candidature for the directorship of the company with a cash of Rs. 500/-. Mr. Aditya Jain 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 Board of Directors hereby recommend his appointment as Director of the company for your approval at the ensuing Annual General Meeting of the Company.

None of the Director of your Company is interested in the proposed resolution, except to the extent of his share holdings in the Company.

By Order of the Board of Directors

Place: Sohna, Mewat  
Dated: 04.09.2008

Sd/-  
Divya Aggarwal  
Company Secretary



## DIRECTOR'S REPORT

To

The Members,  
M/s. Advik Laboratories Limited,

Your Directors have great pleasure in presenting the 14<sup>th</sup> Annual Report of the Company along with the Audited Annual Accounts for the year ended on 31<sup>st</sup> March 2008 and Auditors' report thereon.

### 1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	<u>2007-08</u>	<u>2006-07</u>
Gross Sales	1053.37	952.19
Other Income	12.29	34.13
Gross profit/ (Loss) before interest & dep.	23.17	63.88
Interest	21.33	12.58
Depreciation	34.89	37.70
Net profit/ (Loss) for the year	(33.05)	13.60

### 2. REVIEW OF OPERATIONS

The sales of the company has gone up by 10% as compared to previous year, but despite the increase in the sales, the profitability has not gone up due to increase in price of raw materials and its shortage in the market. The main reason of negative performance is the interest cost due to delay in the payment from various Government Institutions since our major customers are Governments bodies where the margin of profitability is low.

Further due to new guidelines of WHO-GMP norms, company is not having WHO certification so far. The process of renewal is still pending, since the compliance of current guidelines requires good amount of funds for modernization of its plant as per standards of WHO-GMP level. These initiatives will enhance the overseas exports and will help in increasing the profitability of the company in the coming years.

### 3. FUTURE OUTLOOK

Your Company has been receiving regular queries from overseas buyers and being encouraged to get its products registered in the international markets like Vietnam, Myanmar etc. This will only be possible and beneficial once we get the COPP (certificate of pharmaceutical products) for export & it is directly linked with WHO-GMP Certification. Since the margin of profitability is quite high in exports, WHO-GMP is must for the survival of the company. Your company is taking necessary steps to move further in this direction and very much optimistic to succeed. Not only this, your Company is also planning to develop some new products in the Antibiotics as well as general range in the branded marketing & also planning to increase the area of marketing.

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**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. Aditya Jain who was appointed as Additional Director of the company on 30<sup>th</sup> January, 2008 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 Director of the company.
- b.) Mr. Ashwani Talwar is Director who is liable to retire by rotation and being eligible offers himself for reappointment. Mr. Ashwani Talwar is aged around 60 years and having very rich experience in field of finance and marketing. Mr. Ashwani Talwar is Non Executive Independent Director since 12.12.2005 and designated as the Chairman of Board. He is the member of the Audit Committee, Share Transfer Committee as well as member of the Remuneration Committee of your company.

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

None other than Mr. Ashwani Talwar is interested in this resolution.

- c.) During the period, Mr. A. P. Jain and Mr. Sanjay Jain have resigned from the Directorship of the Company with effect from 30.01.2008. 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. Bantliya being an Independent Director is the Chairman of the Committee and Mr. Aditya Jain and Mr. Ashwani Talwar are the members of the Audit committee. The Committee works as per the requirement of Section 292A 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 292A 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 whose name was later on changed to M/s VBR & Associates New Delhi are the Auditors of the Company and they retire at the conclusion of 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. Therefore, your Board of Directors hereby recommends their re-appointment as Auditors of the Company



## 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 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 confirms having: -

1. Followed the applicable accounting standards with proper explanation relating to material departures in the preparations of the Annual Accounts.
2. 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 2007- 08 and of the profit or loss of your company for that period.
3. Taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. Prepared the accounts for the financial year ended 31<sup>st</sup> March 2008 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 mentioned in the Corporate Governance which is enclosed herewith and forming integral part of this report.

## 11. SAFETY & ENVIORNMENT

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. 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 and forming integral part of this report.



**14. REPORT ON CORPORATE GOVERNANCE**

Pursuant to Clause-49 of the Listing Agreement with the stock Exchanges, a report on Corporate Governance along with Auditors' Certificate on its compliance report is annexed hereto and forming integral part of this report.

**15. LISTING**

The Shares of your company continued to be listed at Bombay Stock Exchange and Ahmedabad Stock Exchange. Listing fee 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 executives, officers and staff, resulting in the successful performance of the Company during the year.

For ADVIK LABORATORIES LTD.

Place: Sohna, Mewat

Dated: 04.09.2008

Sd/-

V.K. Jain

(Managing Director)





## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and Developments

According to IMS 2008, global pharmaceutical sales are expected to grow at 5-6% in 2008 as compared with 6-7% in 2007. The growth is a result of declining costs of drug treatment in major therapeutic areas and increased uncertainty over safety, pricing and market access. Also expected is a shift in growth from the top seven markets to emerging markets, namely China, Brazil, Mexico, South Korea, India, Turkey & Russia, which are anticipated to experience higher growth to reach a combined market of 85-90 billion in 2008 by 2011. These markets are expected to contribute to 25% of the world market compared to 8% in 2007.

### Opportunities & Threats/Risks & Concerns

The recent growth in the generics markets have been largely fuelled by the patent expiration of several blockbusters. In 2008 alone, according to IMS, drugs with brand sales of \$12 billion will be going off patent. The migration into product patent based regime is likely to transform industry fortunes in the long term. The new patents products regime will bring with it new innovated 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. 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 2005-2009 offers a big opportunity for the Indian Companies to capture the markets. 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. Being the lowest cost producer combined with FDA approved plants, Indian companies can become a global outsourcing hub for Pharmaceutical products.

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 and Israel exist. However, on the quality front, India Pharma market is one of the least penetrated in the world. However, growth has been slow to come by. As a result, Indian majors are relying on exports for growth. To put things into right perspective, India accounts for almost 16% of the world population while the total size of industry is just 1% of the global pharma industry.

Due to very low barriers to entry, Indian pharma industry is highly fragmented with about 300 large manufacturing units and about 18000 small units spread across the country. This makes Indian pharma market increasingly competitive. The industry witnesses price competition, which reduces the growth of the industry in value term. To put things in right perspective, in the year 2003, the industry actually grew by 10.4% but due to price competition, the growth in value terms was 8.2% (price actually declined by 2.2%).

Indian manufacturers are one of the lowest cost producers of drugs in the world. With scalable labor force, Indian manufacturers can produce drugs at 40% to 50% of the cost to the rest of the world. In some cases, this cost is as low as 90%.

### 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.

**Annual Report 2007-2008****Outlook**

With the rapid growth in the economy, your company hopes to do well in times to come & after getting the WHO-GMP certification, company will tie-up with some overseas buyers for the export of its products in their country. 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 & Adequacy**

The company has adequate internal control system commensurate with the size of the Company and the nature of its business. These internal controls are continuously reviewed for effectiveness and are augmented by written policies and guidelines. The internal controls of the company are designed to internal controls of the company are designed to provide reasonable assurance regarding the achievement of the following objectives:-

1. Effectiveness & Efficiency of operations;
2. Adequacy of safeguard of assets &
3. Reliability of financial controls.

The integrity and reliability of the internal control are achieved through clear policies & procedures.

**Human Resources and Industrial Relations**

Engaging the best minds in the business, nurturing them with care in a professional environment and bringing out the best in them in our continuous endeavor. At Advia, we believe in offering, learning and development opportunities to allow people to realize their full potential, and we have created various processes that encourage employees in this direction.

During the year under review, the Industrial relations were smooth and cordial.

**Cautionary Statement**

Statements in this "Management Discussions & Analysis" describing the Company' objectives, estimates, expectations or projections may be forward looking statements within the meaning of applicable laws & regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include: Government regulations; patent laws; tax regime; development within India & countries in which the company business and other allied factors.