



ADVIK LABORATORIES LIMITED

**EIGHTEENTH
ANNUAL REPORT
2011-12**

(Health Is Our Prime Objective)

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
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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	807, Arunachal Building, 19 Barakhamba Road New Delhi-110 001(INDIA) Tel No.: 91-11-43571040-45 FAX : 91-11-42424884 E-Mail: mail@advikindia.com Website: www.advikindia.com
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Registered Office & Plant	138, Roz-Ka-Meo, Industrial Area, Sohna, Distt. -Mewat (Haryana) INDIA Tel. No.: 0124-2362471,2014471
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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: beetalrta@gmail.com
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NOTICE

Notice is hereby given that the 18th (Eighteenth) Annual General Meeting of the Members of **ADVIK LABORATORIES LIMITED** will be held on Saturday, 29th September 2012 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 2012, 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 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**

Sd/-

**Place: Sohna, Mewat
Dated: 03.09.2012**

**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 September 2012 to 29th September, 2012 (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 **18th Annual Report** of the Company along with the Audited Statement of Accounts for the year ended 31st March 2012, and Auditors report thereon.

1. <u>FINANCIAL RESULTS</u>	(Rs. in Lacs)	
	2011-12	2010-11
Gross Sales	1950.89	2210.15
Other Income	53.66	62.97
Gross profit/ (Loss) before interest & dep.	145.73	66.56
Interest	91.08	75.63
Depreciation	53.42	51.54
Net profit/ (Loss) for the year	1.23	(60.61)

2. **YEAR UNDER REVIEW**

During the year, although the turnover of the company is lesser as compared to previous year, but due to control on various overheads & company's cost efficient programme & inspite of higher rate of interest on term loan & cash credit limit, your company has earned cash profit of Rs. 54.65 lacs. Due to our ultra modern infrastructure & WHO-GMP certification, we have made certain head ways in the field of export to Russian & African Countries, the result of which are expected to come in the following years. Your company is now focusing only on Export markets, as the margin in export is substantially higher as compared to domestic market & less competition, being a WHO-GMP Certified Company.

3. **MATERIAL CHANGES**

There are no material changes and commitments, affecting the financial position of the company between the end of financial year of your company and the date of this Report.

4. **PUBLIC DEPOSIT**

Your Company has not accepted any deposits from the public or its employees during the year under review. The details of loan and advances, which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Company, are furnished separately.

5. **DIRECTORS**

Mr. F.M.Banthiya is the Director Liable to retire by rotation and being eligible offers himself for re-appointment.

6. 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.

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.

Cost Audit

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed cost audit of the Company's Pharmaceuticals products. Based on the recommendations of the Audit Committee, and subject to the approval of the Central Government, the Board of Directors has appointed M/s Harendra Singh & Company as Cost Auditors of the Company for the financial year 2011-12 & 2012-13.

The due date of filing & Actual date of filing of Cost Audit Report are as under:-

Due Date of Filing Cost Audit Report in XBRL Mode: 31st December, 2012

Actual Date of Filling Cost Audit Report in XBRL Mode: Final notification of MCA awaited.

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 2011-12.

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, 2012, 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, 2012 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, 2012 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 continued to maintain a good safety record. The manufacturing facility 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 on the Bombay Stock exchange Limited and Ahmedabad Stock Exchange Limited. Both these Stock Exchanges have nationwide terminals and therefore, shareholders/investors are not facing any difficulty in

trading the shares of the Company from any part of the country. The Company has paid annual Listing fee for 2012-13 to the Bombay Stock exchange Limited. 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. **DIVESTING OF THE SHAREHOLDING BY EXISTING PROMOTERS**

On June 20, 2012, the promoters of the Company namely Mr. Varinder Kumar Jain, Mr. J C Ashok, Mr. Ramesh Jain, Mr. Aditya Jain, Ms. Kumud Jain and M/s Advik Finance & Properties Pvt. Ltd. ("**Sellers**") have entered into a Share Purchase Agreement ("**SPA**") with Omkam Pharmaceuticals Private Limited ("**Acquirer**"), a company incorporated under the Companies Act, 1956 and having its registered office at 702, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi- 110001 for the sale of their entire shareholding constituting 24,84,837 (Twenty Four lacs Eighty Four Thousand Eight Hundred Thirty Seven Only) fully paid-up Equity Shares ("**Sale Shares**") of face value of Rs.10 (Rupees Ten) each representing 26.57% of the paid up equity share capital of the Company at a price of Rs. 5/- (Rupees Five Only) per fully paid-up equity shares along with complete change in control.

Pursuant to the above SPA, the Acquirer has made an Open Offer to the shareholders of the Company which is in process with SEBI. On the completion of all offer formalities relating to Open Offer, the sale shares will be transferred in the name of the Acquirer along with complete control.

18. **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to place on record their appreciation towards bankers, clients and all the business associates for their continuous support to the Company and to the shareholders for the confidence reposed in the Company management. The directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

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

**Place: Sohna, Mewat
Date: 03.09.2012**

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

**Sd/-
(A.P.Jain)
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, 2012 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, 2012 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: 03.09.2012**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Indian Economy & Pharmaceutical Industry

Today, the pharma industry is at the forefront amongst all sectors, with wide ranging capabilities in the fields of manufacturing and technology. The Global Pharmaceuticals market expected to grow at rate of 3-5% in 2012 & may touch 920-950 billions USD in 2012. The market is expected to grow at a CAGR of 3-6% over 2011-15, to touch 1.1 Trillion USD, in the year 2015, Lifestyle-management drugs have come to the forefront, consistently recording double-digit growth rates. This, coupled with the increasing population of the higher-income group, opens up a vast potential. However the depressed mould of economy in the country can play a hindrance in the growth of the Pharmaceutical sector. Further, the generic market has expended on the strength of greater no. of drugs going off patent by 2015, increased drug penetration in certain geographical territories and the healthcare cost containment by government and users.

Opportunities and Threats

The opportunities in the pharma sector are huge with growth of population and rising level of income in the country. The industry is poised to grow at considerable pace. The rapid growth in Pharmerging markets primarily on account of increased spending on generic drugs is contributing to increase in share generics drugs in the overall pharmaceuticals growth. \$140 billion drugs going off patent by 2015, offers an excellent opportunity for the growth of generics market. India being one of the main players in the generics market sees a huge potential for itself to contribute its mile go global pharma market.

With more drugs going off patent, the Generics space is becoming more competitive even in the emerging countries as innovator companies have also jumped into the fray. Manufacture of pharmaceuticals is strictly regulated and controlled by authorities across the world. Further the regulators across the world have become stricter, in respect of compliance to requirements and any non-compliance taken very seriously by the regulator. In the Indian Pharmaceuticals market, prices of certain pharmaceuticals products is regulated by the Drug Pricing Policy through the Drug Pricing Control Order, 1995 (DPCO). Further API business is largely export oriented & sharp movement in foreign exchange rates impact the Company's financial results.

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

With all positive mindset the company is poised to grow in times to come. With the growth in population and correction in the economy the demand for generic drugs will patented drugs may increase. The company will definitely unleash the potential in market and for overall value creation.