



**ADVIK LABORATORIES LIMITED**

***NINETEENTH  
ANNUAL REPORT  
2012-13***

**(HEALTH IS OUR PRIME MOTTO)**

<b>Board of Directors</b>	Mr. V.K.Jain Mr. Peeyush Kumar Aggarwal Mr. Sachin Garg Mr. Kamal Kishore Sharma Mr. F. M. Banthiya Mr. A.P.Jain	-Managing Director -Director -Director -Director -Director -Director
<b>Company Secretary</b>	Ms. Anjali Kalra	
<b>Auditors</b>	VBR & Associates Chartered Accountants 205, Laxman Palace, 19, Veer Sawarkar Block Shakarpur, Delhi-110092.	
<b>Bankers</b>	Indian Overseas Bank HDFC Bank Punjab National Bank State Bank of India	
<b>Corporate Office</b>	807, Arunachal Building, 19 Barakhamba Road, Connaught Place New Delhi-110 001(INDIA) Tel No.: 91-11-43571040-45 FAX : 91-11-42424884 E-Mail: <a href="mailto:mail@advikindia.com">mail@advikindia.com</a> Website: <a href="http://www.advikindia.com">www.advikindia.com</a>	
<b>Registered Office &amp; Plant</b>	138, Roz-Ka-Meo, Industrial Area, Sohna, Distt. -Mewat (Haryana) INDIA Tel. No.: 0124-2362471,2014471	
<b>Share Transfer Agent</b>	Beetal Financial & 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: <a href="mailto:beetalrta@gmail.com">beetalrta@gmail.com</a>	

## **NOTICE**

Notice is hereby given that the 19<sup>th</sup> (Nineteenth) Annual General Meeting of the Members of **ADVIK LABORATORIES LIMITED** will be held on Friday, 27<sup>th</sup> September 2013 at 10.00 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 31<sup>st</sup> March 2013, 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 following resolution as an 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 RMA & Associates, Chartered Accountants, New Delhi, be and is hereby appointed as Statutory 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. Appointment of Mr. Peeyush Kumar Aggarwal as Director of the Company**

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

“**RESOLVED THAT** Mr. Peeyush Kumar Aggarwal who was appointed by the Board of Directors as an Additional Director of the Company with effect from **July 31, 2013** and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

#### **5. Appointment of Mr. Sachin Garg as Director of the Company**

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

**“RESOLVED THAT** Mr. Sachin Garg who was appointed by the Board of Directors as an Additional Director of the Company with effect from **July 31, 2013** and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

#### **6. Appointment of Mr. Kamal Kishore Sharma as Director of the Company**

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

**“RESOLVED THAT** Mr. Kamal Kishore Sharma who was appointed by the Board of Directors as an Additional Director of the Company with effect from **August 12, 2013** and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

#### **7. Increase in Authorised Share Capital of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the Resolution for Increase in Authorized Share Capital as an Ordinary Resolution:

**“RESOLVED THAT** in accordance with the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof, for the time being in force, the present Authorized Share Capital of the Company be and is hereby increased from Rs. 12,00,00,000/- (Rupees Twelve Crores) divided into 1,20,00,000 (One Crores and Twenty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 20,00,00,000/- (Rupees Twenty Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten) each by creation of 80,00,000 (Eighty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each.”

**RESOLVED FURTHER THAT** pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing clause V of the Memorandum of Association of the Company as to share capital be and is hereby substituted as follows:

**“V. The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided in to 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each.”**

## 8. Preferential Allotment of Equity Shares

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution for the Preferential Allotment of Equity Shares and Warrants as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 (“the Act”), if any (including any statutory modification(s) or re-enactment thereof, for the time being in force), the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (“SEBI (ICDR) Regulations, 2009”), as in force and subject to other applicable rules, regulations and guidelines of Securities and Exchange Board of India (SEBI) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into between the Company and the Stock Exchanges, where the shares of the Company are listed and subject to requisite approvals, consents, permissions and/or sanctions, if any, of SEBI, the Stock Exchanges and other appropriate authorities, including Reserve Bank of India, as may be required and subject to such conditions as may be prescribed by any of them while granting any such approvals, consents, permissions, and/or sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee of Directors which the Board may have constituted or hereafter constitute, to exercise one or more of its power including the powers conferred on the Board by this resolution), the Board be and is hereby authorized to create, offer, issue and allot 56,75,350 (Fifty Six Lakhs Seventy Five Thousand Three Hundred and Fifty Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 40,82,650 (Forty Lakhs Eighty Two Thousand Six Hundred and Fifty Only) Warrants, to be convertible at the option of Warrant holders in one or more tranches, within 18 months from the date of allotment into equivalent number of fully paid up Equity Share of the Company of face value of Rs.10/- each for cash at an exercise price of Rs. 10/- (Rupees Ten only) each or such other price as may be determined in accordance with the provisions of SEBI (ICDR) Regulations, 2009, on Preferential basis to the persons belonging to the Promoters and Non-Promoter Category as under:

Promoters/Non-Promoters Group	No. of Equity Shares	No. of Warrants
Promoters Group	22,57,650	22,42,350
Non-Promoters Group	34,17,700	18,40,300

**RESOLVED FURTHER THAT** aforesaid issue of Equity Shares and Warrants shall be subject to the following terms and conditions:

**A.** The proposed allottee(s) of Warrants shall, on the date of allotment of Warrants, pay an amount equivalent to at least 25% of the exercise price determined in terms of the SEBI (ICDR) Regulations, 2009. The balance 75% of the exercise price shall be payable on or before the conversion of said Warrants into Equity Shares, within a maximum permissible period of 18 months from the allotment thereof.

**B.** The proposed allottees of Equity Shares shall be required to bring in 100% of the consideration on the shares to be allotted to them, on or before the date of allotment thereof.

**C.** The proposed allottee(s) of Warrants will be entitled to apply for and obtain allotment of one equity share of face value of Rs. 10/- each of the Company against each Warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment thereof, in one or more tranches.

**D.** Equity Shares and Warrants and/or the Equity Shares to be allotted upon conversion of these Warrants shall be kept under lock in for such periods as may be prescribed by the SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009.

**E.** Equity Shares and Warrants so allotted under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in as provided under SEBI (ICDR) Regulations except to the extent and in the manner permitted there under.

**RESOLVED FURTHER THAT** the Relevant Date, as per the SEBI (ICDR) Regulations, 2009, as amended up to date, for the determination of issue price of the Equity Shares and Warrants is August 28, 2013 i.e. 30 days prior to the date of Annual General Meeting on September 27, 2013.

**RESOLVED FURTHER THAT** the equity shares proposed to be so allotted shall rank pari passu in all respects including as to dividend, with the existing fully paid up equity shares of the Company, subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient to the issue or allotment of aforesaid Equity Shares and Warrants and listing of the Equity Shares with the stock exchange(s) and to resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said Equity Shares and Warrants, the utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors, any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution.”

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

**Place: New Delhi  
Dated: 19th August, 2013**

**V.K. Jain  
Managing Director**

**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 25<sup>th</sup> September 2013 to 27<sup>th</sup> September, 2013 (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 21<sup>st</sup> April 2011 and 18/2011 dated. 29<sup>th</sup> 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](mailto:investors@advikindia.com) and [beetelrta@gmail.com](mailto:beetelrta@gmail.com).

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****Item No. 4 to 5:**

The Board of Directors at its meeting held on July 31, 2013 had appointed Mr. Peeyush Kumar Aggarwal and Mr. Sachin Garg respectively as Additional Directors of the Company. As per provisions of Section 260 of the Companies Act, 1956, these Additional Directors hold office only upto the conclusion of this Annual General Meeting and are eligible for appointment as Directors. The Company has received a notice under Section 257 of the Companies Act, 1956, in respect of the aforesaid candidates, proposing their appointment as Directors of the Company.

Mr. Peeyush Kumar Aggarwal is a Fellow Member of the Institute of Chartered Accountants of India with his professional career spanning over 26 years and with over 15 years experience as a practicing CA covering the key areas of Corporate Laws, Finance & Taxation, Project Management, Imports & Exports, IT Consultancy, etc.

A first generation Entrepreneur having a clear business vision and practicing a hands-off approach, he has mastered the art of Mergers & Acquisitions. His business interests today are in the areas of Information Technology, Finance, Legal, Strategic Planning, Project Planning & execution, Import & Export, Share Registry, Stock Broking, Construction & Hospitality.

He is a very enthusiastic entrepreneur with diverse business interests. Mr. Peeyush Kumar Aggarwal is the Founder and Chairman of Omkam Group. Before starting the Group, he practiced as a Chartered Accountant for about 15 years. He is an emerging Venture Capitalist who has helped several young entrepreneurs in establishing and growing their dream businesses

Mr. Sachin Garg, aged 33 years, is a fellow Member of the Institute of Chartered Accountants of India. He has rich experience of more than 5 years. He has significant expertise in Corporate Laws, Audit, Finance & Taxation, Capital Markets, Project Management etc. He has always demonstrated a certain dynamism and foresight seen in the most pragmatic of professional.

Keeping in view the experience and expertise of these persons, the Board considers it desirable that the Company should continue to avail the services of Mr. Peeyush Kumar Aggarwal and Mr. Sachin Garg and accordingly recommends the Resolutions at Item Nos. 4 to 5 for approval by the Members.

None of the Directors, except Mr. Peeyush Kumar Aggarwal and Mr. Sachin Garg are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment.



**Item No. 6:**

The Board of Directors at its meeting held on August 12, 2013 had appointed Mr. Kamal Kishore Sharma as Additional Director of the Company. As per provisions of Section 260 of the Companies Act, 1956, the Additional Director holds office only upto the conclusion of this Annual General Meeting and is eligible for appointment as Director. The Company has received a notice under Section 257 of the Companies Act, 1956, in respect of the aforesaid candidates, proposing their appointment as Director of the Company.

Mr. Kamal Kishore Sharma, aged 49 years, is a Graduate (B.Com) from Delhi University. He has a rich experience of more than 20 years. He is having expertise in the field of Management Accounting and Core Corporate Financing etc. He is also having well versified knowledge in the field of Capital Market. He contributes best of his capabilities towards the financial growth of the organisation.

Keeping in view the experience and expertise of Mr. Kamal Kishore Sharma, the Board considers it desirable that the Company should continue to avail the services of Mr. Kamal Kishore Sharma and accordingly recommends the Resolution at Item No. 6 for approval by the Members.

None of the Directors, except Mr. Kamal Kishore Sharma is concerned or interested in the Resolution of the accompanying Notice relating to his own appointment.

**Item No. 7:**

The present Authorized Capital of the company is Rs.12,00,00,000/- (Rupees Twelve Crores) divided into 1,20,00,000 (One Crores and Twenty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each. It is proposed to increase the Authorised Share capital to Rs. 20,00,00,000/- (Rupees Twenty Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten) each by creation of additional 80,00,000 (Eighty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each by Amending Clause V of the Memorandum of Association.

The increase in Authorised Share Capital will enable the Company to issue and allot Equity Shares per se and upon conversion of Warrants to be issued in terms of the recommendations of the Board placed at Item No. 8 before this meeting.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution, except to the extent of their shareholding.

The Board of Directors recommends the resolution for the approval of the shareholders.

**Item No. 8:**

With a view to augment funds to meet additional working capital requirements of the growing business, the Board of Directors, has been considering and discussing the proposal of making preferential allotment of securities to the Promoters/ Non Promoter Category. In its Meeting held on 19th August, 2013, it approved the decision to make preferential allotment of

Equity Shares and Warrants to the Promoter and Non-Promoter category, to the extent of 56,75,350 (Fifty Six Lakhs Seventy Five Thousand Three Hundred and Fifty Only) Equity Shares of face value of Rs. 10/- each and 40,82,650 (Forty Lakhs Eighty Two Thousand Six Hundred and Fifty Only) Warrants convertible into equivalent number of Equity Shares of face value of Rs. 10/- each at an issue price of Rs.10/- (Rupees Ten Only) or such other price as may be determined in accordance with the provisions Chapter VII of the SEBI (ICDR) Regulations, 2009 and any amendments thereto.

Pursuant to provisions of Section 81 (1A) of Companies Act, 1956, any preferential allotment of securities, is needed to be approved by the shareholders by way of Special Resolution. Further, in terms of Regulation 73 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the following disclosures are needed to be made in the Explanatory Statement to the Notice of General Meeting:

**A. Objects of the issue:**

The Company is enjoying status in pharmaceuticals industry at various fronts such as high product quality, a growing range of products, state of the art manufacturing process, competitive pricing and customer service. In addition, the Company exports its wide range of drugs to a number of countries worldwide.

Seeing the prospects of its burgeoning business and to meet the working capital requirements, the Company has proposed preferential issue of Equity Shares and Warrants to Promoter and Non-Promoter Group. Thus, the object of the proposed preferential issue is to meet the additional working capital requirements of the growing business.

**B. Intention of promoters/directors/ key management persons to subscribe to the offer:**

The proposed allottees, Mr. Peeyush Kumar Aggarwal and M/s Omkam Pharmaceuticals Pvt. Ltd., belonging to the Promoter Group, have shown their interest to subscribe to the Equity Shares and Warrants at an issue price of Rs. 10/- (Rupees Ten Only) per share/warrant or such other price as may be determined in compliance with the provisions of the SEBI (ICDR) Regulations, 2009 and any amendments thereto.

**C. Relevant Date and Issue price:**

The Relevant Date for the purpose of determining the pricing of shares arising out of Warrants in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009 is August 28, 2013 (i.e. 30 days prior to the date of Annual General meeting).

The Equity Shares and Warrants will be allotted in accordance with the price determined in terms of Regulation 76 of the SEBI (ICDR) Regulations, 2009.

The issue/exercise price of the proposed Equity Shares and Warrants will be Rs. 10/- each or such other higher price as may be determined by the Board in compliance with the provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009.

**D. The Company hereby undertakes that:**

- a) It would re-compute the price of the Securities specified above in terms of the provisions of the SEBI (ICDR) Regulations, 2009 if it is required to do so.
- b) If the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI (ICDR) Regulations, 2009, the above specified securities shall continue to be locked in till the time such amount is paid by allottees.

**E. Shareholding Pattern of the Company before and after the issue:**

The shareholding pattern of the Company before and after the issue of Equity Shares and Warrants to Promoters and Non-Promoters is as under:

Category of shareholder	Pre-issue shareholding		Proposed Allotment of Equity Shares	Proposed Allotment of Warrants	Post issue Shareholding (After conversion of Convertible Warrants)#	
	No of Shares held	% of shares			No of Shares held	% of shares
<b>(A) Shareholding of Promoter &amp; Promoter Group</b>						
<b>(1) Indian</b>						
(a) Individuals /HUF	2100	0.02	-	-	2100	0.01
(b) Central Govt. /State Govt.	-	-	-	-	-	-
(c) Bodies Corporate	2484587	26.56	1457650	1121175	5063412	26.49
(d) Director(s) of Promoter Companies	36284	0.39	800000	1121175	1,957,459	10.24
<b>Sub Total (A)(1)</b>	<b>2522971</b>	<b>26.97</b>	<b>2257650</b>	<b>2242350</b>	<b>7022971</b>	<b>36.75</b>
<b>(2) Foreign</b>						
(a) Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-
(b) Bodies Corporate	-	-	-	-	-	-
(c) Institutions	-	-	-	-	-	-
<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Total shareholding of Promoter &amp; Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>2522971</b>	<b>26.97</b>	<b>2257650</b>	<b>2242350</b>	<b>7022971</b>	<b>36.75</b>
	<b>(B) Non Promoters' Shareholding</b>					
1. Institutional Investors	-	-	-	-	-	-
2. Non-Institutions:						
(a) Bodies Corporate	535863	5.73	3417700	1840300	5793863	30.32
(b) (i) Individual holding nominal share capital up to Rs. 1Lacs	3673421	39.27	-	-	3673421	19.22
(ii) Individual holding nominal share capital in excess of Rs 1 Lacs	2387035	25.52	-	-	2387035	12.49
(c) Any Other –	<b>234110</b>	<b>2.50</b>	-	-	<b>234110</b>	<b>1.22</b>
(i) Non Resident Indians	20273	0.22	-	-	20273	0.11
(ii) Hindu Undivided Families	213637	2.28	-	-	213637	1.12
(iii) Clearing Members	200	0.00	-	-	200	0.00
(iv) Trusts	-	-	-	-	-	-
<b>Total Public Shareholding (B)</b>	<b>6830429</b>	<b>73.03</b>	<b>3417700</b>	<b>1840300</b>	<b>12088429</b>	<b>63.25</b>
<b>TOTAL (A+B)</b>	<b>9353400</b>	<b>100</b>	<b>5675350</b>	<b>4082650</b>	<b>19111400</b>	<b>100.00</b>

**# Note: Post Shareholding pattern has been prepared on the assumption that the Warrants shall be convertible into equivalent number of equity shares, in one or more tranches. This may, however, vary depending upon any other corporate action in between.**

**F. Proposed time within which the allotment shall be completed**

In terms of Regulation 74(1) of the ICDR Regulations, preferential allotment pursuant to the special resolution will be completed within a period of fifteen days from the date of passing of such resolution.

Provided that where the allotment is pending on account of pendency of any application for approval or permission by any Regulatory Authority, if applicable, the allotment would be completed within 15 days from the date of such approval.

**G. The identity of the proposed allottees and the percentage of the preferential issue that may be held by them**

S. No	Name of the Proposed Allottees	Category	Pre-Issue Shareholding <sup>#</sup>		Proposed Allotment		Post Issue shareholding <sup>##</sup>	
			No. of shares	%	No. of Equity Shares	No. of warrants	No. of shares	%
1.	Mr. Peeyush K. Aggarwal	Promoter	35,984	0.38	8,00,000	11,21,175	1,957,159	10.24
2.	Omkam Pharmaceuticals Pvt. Ltd.	Promoter	24,84,587	26.56	14,57,650	11,21,175	5,063,412	26.49
3.	Dhiru Builders & Promoters Pvt. Ltd.	Non-Promoter	-	-	17,08,850	9,20,150	26,29,000	13.76
4.	Patliputra International Ltd.	Non-Promoter	-	-	17,08,850	9,20,150	26,29,000	13.76

**Note:**

***#The entire pre-preferential holding shall be kept under lock-in in compliance with the provisions of SEBI (ICDR) Regulations, 2009.***

***## Post Shareholding pattern has been prepared on the assumption that the Warrants shall be convertible into equivalent number of equity shares, in one or more tranches. This may, however, vary depending upon any other corporate action in between.***

**H. Consequential Changes in the Voting Rights**

Voting rights will change in tandem with the shareholding pattern, however, there shall not be any change in the management control of the Company.

**I. Auditor's Certificate :**

A Certificate from M/s. VBR & Associates, Chartered Accountants, certifying that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2009 will be available for inspection in the Annual General Meeting and shall also be available for inspection at the registered office of the company prior to the date of Annual General Meeting.

**J. Lock-in**

- (a) Equity Shares and Warrants being allotted to promoter(s) shall be locked in for a period of 3 years from the date of their respective allotment or as may be required under SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 and the equity shares allotted pursuant to the conversion of these Warrants will be put under fresh lock in for a period of 3 years respectively from the date of conversion or as may be required under SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 except to the extent and in the manner permitted there under.
- (b) Equity Shares and Warrants being allotted to non-promoter(s) shall be locked in for a period of 1 year from the date of their respective allotment or as may be required under SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 and the equity shares allotted pursuant to the conversion of these Warrants will be put under fresh lock in for a period of 1 year respectively from the date of conversion or as may be required under SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 except to the extent and in the manner permitted there under.

**K. Change in Management/ Control:**

The issue of the Equity shares and Warrants and their conversion into equivalent number of equity shares will not result in any change in the management or control of the Company.

In terms of provisions of the Companies Act, 1956, approval of the members is sought under Section 81(1A) of the Companies Act, 1956, for the offer, issue and allotment of the said securities, as detailed in the resolutions. The Board may be authorized to issue the Equity shares, in accordance with the terms of offer, as detailed in the resolution and to take necessary actions without any limitation for implementation of the resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution, except to the extent of their shareholding.

The Board of Directors recommends the resolution for the approval of the shareholders.

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

**Place: New Delhi  
Dated: 19th August, 2013**

**V.K. Jain  
Managing Director**

**DIRECTOR'S REPORT**

To

The Members of Advik Laboratories Limited,

Your Directors have great pleasure in presenting the **19<sup>th</sup> Annual Report** of the Company along with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2013, and Auditors Report thereon.

1. **FINANCIAL RESULTS**

	(Rs. in Lacs)	
	2012-13	2011-12
Gross Sales	3385.76	1986.41
Other Income	27.02	18.13
Gross profit/ (Loss) before interest & dep.	288.71	145.73
Interest	129.31	91.08
Depreciation	57.67	53.42
Net profit/ (Loss) for the year	101.73	1.23

2. **YEAR UNDER REVIEW**

During the year, turnover of the company has increased more than 64% as compared to previous year. We have achieved a record turnover Rs 32.03 Crore which includes export turnover of around 5.00 crores to African & Russian countries & with this step ahead company has successfully entered in both the valuable markets in terms of Pharmaceutical products. Due to high praise received from our foreign clients for the quality of our products, the company has received the export orders of around 10.00 crores in the month of Sept. 2013 from our overseas buyers & we expect to get 20-25 crores orders from these countries in the financial year 2013-14.

Beside this company is making endeavor to establish their products in the European and North American markets also. Further, company was planning to enter in the ethical division during the year 2013-14, but due to Govt. of India policy of fixing the prices of around more than 268 formulations & turning the same from Branded to Generic names, company is now diversifying towards exports more instead of domestic market.

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**

There is no change in Board of Director of the Company during the year under review.

After the year under review, your Board had appointed Mr. Varun Aggarwal, Mr. Atul Aggarwal, Mr. Rakesh Kumar Gupta, Mr. Peeyush Kumar Aggarwal, Mr. Sachin Garg and Mr. Kamal Kishore Sharma as Additional Directors of the Company with effect from May 18, 2013, June 26, 2013, July 31, 2013 and August 12, 2013 respectively.

Mr. Varun Aggarwal and Mr. Atul Aggarwal promoter directors & Mr. Rakesh Kumar Gupta, Independent Director of the Company has resigned from the Board with effect from August 07, 2013.

Mr. Peeyush Kumar Aggarwal, Mr. Sachin Garg and Mr. Kamal Kishore Sharma vacate their office at the ensuing Annual General Meeting and all of the abovementioned Directors have filed their requisite consent to act as a Director of the Company. Notice has been received from a Member of the Company under Section 257 of the Companies Act, 1956 for the appointment of Mr. Peeyush Kumar Aggarwal, Mr. Sachin Garg and Mr. Kamal Kishore Sharma as Directors of the Company.

Appropriate resolution seeking your approval to the appointment of Mr. Peeyush Kumar Aggarwal, Mr. Sachin Garg and Mr. Kamal Kishore Sharma as Director of the Company is appearing in the Notice convening the Annual General Meeting of the Company.

Mr. A. P. Jain, Director, retires by rotation at the ensuing Annual General Meeting of your Company and being eligible, has offered himself for re-appointment. Your Board has recommended his re-appointment.

**6. AUDITORS**

M/s VBR & Associates, New Delhi, Chartered Accountants, the existing Auditors of the Company have expressed their inability to continue as the statutory auditors of the Company due to some unavoidable reasons. Hence, the Board of Directors has proposed to appoint M/s. RMA & Associates, Chartered Accountants, as the Statutory Auditors of the company for the financial year 2013-14 to fill the vacancy that has arisen due to the resignation of the erstwhile Statutory Auditors of the company to hold the office till the conclusion of the next AGM.

The Board has obtained the certificate from M/s RMA & Associates, Chartered Accountants, that their appointment, if made, will be within the limits specified under Section 224(1B) of the Companies Act, 1956 & they are 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 2013-14.

**6. AUDIT COMMITTEE**

During the year under review the Audit Committee of the company was comprised of three Non Executive Directors namely Mr. F. M. Banthiya, Mr. Kishan Kumar & Mr. A. P. Jain. Mr. F. M. Banthiya, a 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. 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 financial year 2012-13.

**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 31<sup>st</sup> March, 2013, 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 31<sup>st</sup> March, 2013 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 31<sup>st</sup> March, 2013 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 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 requirements 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 the Financial Year 2013-14 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 relations in the company were 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 M/s 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 to M/s Omkam Pharmaceuticals Private Limited.

Pursuant to the above SPA, the Acquirer has made an Open Offer to the shareholders of the Company. The aforesaid Open Offer process has now been completed and the shares owned by the erstwhile 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. have been transferred to M/s Omkam Pharmaceuticals Private Limited alongwith the complete control pursuant to the aforesaid Share Purchase Agreement. Hence, at present M/s Omkam Pharmaceuticals Private Limited is the sole promoter of the Company.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: New Delhi  
Date: 19th August, 2013**

**( V.K.Jain)  
Managing Director**

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

The Indian pharmaceutical industry currently tops the chart amongst India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. A highly organized sector, the Indian pharmaceutical industry is estimated to be worth \$4.5 billion, growing at about 8 to 9 percent annually. It ranks very high amongst all the third world countries, in terms of technology, quality and the vast range of medicines that are manufactured. It ranges from simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made in the Indian pharmaceutical industry.

The Indian pharmaceutical sector is highly fragmented with more than 20,000 registered units. It has expanded drastically in last two decades. The Pharmaceutical and Chemical Industry in India is an extremely fragmented market with severe price competition and Government price control. The pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectibles. There are approximately 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India.

Indian pharmaceutical industry is expected to grow at 19% in 2013. India is now among the top five pharmaceutical emerging markets. Due to increasing sales of generic medicines, continued growth in chronic therapies and a greater penetration in rural markets, the domestic pharmaceutical market is expected to register a strong double-digit growth of 13-14 percent in 2013.

It is estimated in McKinsey Report that Generics will continue to dominate the market while patent protected products are likely to constitute 10 percent of the pie till 2015.

Global demand for generic drugs from Indian companies is booming as developed nations battle rising healthcare costs. As a result, generics companies are increasingly focusing on expanding presence in relatively under-penetrated markets (i.e. France, Spain & Italy), branded generic markets of East Europe and niche areas like complex generics, OTCs etc.

India is now among the top five pharmaceutical emerging markets globally and is a front runner in a wide range of specialties involving complex drugs' manufacture, development, and technology. The Indian pharmaceutical industry is a highly knowledge based industry which is growing steadily and plays a major role in the Indian economy. As a highly organised sector, the number of pharmaceutical companies are increasing their operations in India. The industry is expected to touch US\$ 35.9 billion by 2016.

The domestic pharma market has reported total sales of Rs 6,370 crore (US\$ 1.03 billion) in the month of May 2013, registering a growth of 6.8 per cent, as per IMS Health. The major factors responsible are increasing sales of generic medicines, continued growth in chronic therapies and a greater penetration in rural markets.

The cumulative drugs and pharmaceuticals sector has attracted foreign direct investments (FDI) worth US\$ 11,304.91 million during April 2000 to March 2013, according to the latest data published by Department of Industrial Policy and Promotion (DIPP).

## Growth

The Indian pharmaceutical industry would continue to experience strong growth as structural growth drivers continue to remain impervious. The industry is expected to revert a growth of 10-12 percent in 2013-14, according to a study by ICRA. It is also expected that in-organic investments will gain momentum in the medium-term as companies plan to create stronger presence in emerging markets and build expertise in select therapy areas.

## Exports

Pharmaceutical exports from the country during 2012-13 stood at US\$14.6 billion, up from US\$13.2 billion the previous year, as per P V Appaji, Director General, Pharmexcil.

The Ministry of Commerce has targeted Indian pharma sector exports at US\$ 25 billion by 2016. The Government has also planned a 'Pharma India' brand promotion action plan spanning over a three-year period to give an impetus to generic exports.

In order to boost the export capability, Export-Import Bank of India (EXIM Bank), has decided to expand the scope of its finance to pharmaceutical companies for extended repayment periods. Eligible export oriented companies can avail finance from EXIM Bank for a maximum repayment period of 10 years with a moratorium of up to 36 months.

Of the export markets, Indian pharma will focus on the US market which presents significant opportunities for the next two years for generics, due to patent cliffs and recent changes in healthcare policies," said the India Ratings report on outlook for Indian pharmaceuticals for 2013.

## SWOT Analysis of Pharmaceutical Industry

The SWOT analysis of the industry reveals the position of the Indian pharma industry in respect to its internal and external environment.

### Strengths:

1. 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 a very low contribution in the Indian markets.
2. Indian manufacturers are one of the lowest cost producers of drugs in the world. With a scalable labor force, Indian manufactures 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%.
3. Indian pharmaceutical industry posses excellent chemistry and process reengineering skills. This adds to the competitive advantage of the Indian companies. The strength in chemistry skill help Indian companies to develop processes, which are cost effective.
4. Low cost of innovation, manufacturing and operations.
5. Low cost of skilled manpower and proven track record in design of high technology manufacturing devices.

**Weakness:**

1. The Indian pharma companies are marred by the price regulation. Over a period of time, this regulation has reduced the pricing ability of companies. The NPPA (National Pharma Pricing Authority), 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.
2. Indian pharma sector has been marred by lack of product patent, which prevents global pharma companies to introduce new drugs in the country and discourages innovation and drug discovery. But this has provided an upper hand to the Indian pharma companies.
3. Indian 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 in to perspective, India accounts for almost 16% of the world population while the total size of industry is just 1% of the global pharma industry.
4. Due to very low barriers to entry, Indian pharma industry is highly fragmented with about 300 large manufacturing units and about 18,000 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.

**Opportunities:**

1. 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.
2. 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.
3. 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.
4. Being the lowest cost producer combined with FDA approved plants, Indian companies can become a global outsourcing hub for pharmaceutical products.

**Threats:**

1. 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.
2. Threats from other low cost countries like China and Israel exists. However, on the quality front, India is better placed as compared to China. So, differentiation in the contract manufacturing side may wane.
3. Entry of foreign players (well equipped technology-based products) into the Indian market.
4. There is no doubt that the regulatory environment for approving pharmaceutical manufacturing processes and products are getting substantially tougher. Moreover, regulators around the globe are collaborating more closely than before so that a product rejected in one region is more likely to be banned in others. While this is a positive development per se, it does create greater uncertainties in key geographies.

**Outlook**

Overall growth outlook for the Indian drugs and pharmaceutical industry appears positive. Pharma manufacturers are likely to benefit from rise in demand for generic products. Some of the factors that would drive growth in the domestic pharma industry are: 1) low cost operations 2) research-based processes 3) improvements in API and 4) availability of skilled manpower.

The domestic formulations and bulk drugs markets are currently facing price pressure as benefits of cheaper drugs have been shifted to end-users and trade channels. Hence, consolidation, partnership and alliances are expected to gather momentum in the near future. Off patenting of branded drugs would increase demand for generic drugs. This provides immense opportunities to the Indian pharmaceutical companies especially given their prior experience in generic drug development. Some other factors such as high penetration in the global markets and increase of share in Abbreviated New Drug Application (ANDA) filings are likely to power growth of the formulations market. Major growth drivers for the Indian bulk drug industry include rise in demand for contract manufacturing, increase of share in Drug Master Files (DMF) filings and process innovation.

Furthermore, initiatives of the Government will act as a backbone for growth. Some such initiatives include:

- 1) Allowing 100% FDI under the automatic route in drugs and pharmaceuticals including those involving use of recombinant technology,
- 2) Increasing weighted tax deduction on expenditure in in-house R&D activities to 200% in the Budget 2010 and
- 3) Setting up a US\$ 639.56 mn venture capital fund to support drug discovery and strengthen pharmaceutical infrastructure.

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 with patented drugs may increase. The company will definitely unleash the potential in market and for overall value creation.



**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.

**Internal Control System & Other Adequacy**

The company has adequate internal control systems commensurate with the nature of its business and size of its operations and the company has developed processes to safeguard its assets and all the transactions are recorded and reported as per the generally accepted or prescribed norms. The internal control systems are well documented and rigidly implemented. There are clearly defined systems and authority and responsibilities in place which ensure accuracy and reliability of all financial and other data for effective and efficient management. The systems and processes are reviewed periodically and upgraded by the management.

**Human Resources**

Your Company's industrial relations continued to be harmonious during the year under review. Your Company is striving hard to retain the skilled manpower since the turnover has increased manifold in the industry. At Advik, 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.

**Cautionary Statement**

Statements in this Management Discussions and Analysis 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 economic conditions in the government regulations, tax laws, other statutes and other incidental factors.

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

**Place: New Delhi  
Date: 19th August, 2013**

**( V.K.Jain)  
Managing Director**

**ANNEXURE "A" TO THE DIRECTOR'S REPORT**

Information under Section 217(1)(e) of the Companies Act, 1956 read with the company (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2013.

**A) CONSERVATION OF ENERGY**

	Year Ended 31.03.2013	Year Ended 31.03.2012
<b>I) Power and Fuel Consumption</b>		
1.) Electricity		
a) Purchased Unit (kwh)	<b>149062</b>	106020
Total amount	<b>1079054</b>	635742
Rate/ Unit (Rs/Kwh)	<b>7.24</b>	6.00
b) Own generation		
i) Through Diesel Generator		
Unit (Kwh)	<b>15750</b>	15750
Unit per litre of Diesel oil (Kwh)	<b>4.37</b>	5.00
Cost/Unit (Rs/ Kwh)	<b>10.09</b>	7.93
ii) Through Steam Turbine	----	----
Generator Unit (Lakh kwh)	----	----
Unit per tonne of fuel (kwh)	----	----
Cost/unit (Rs/kwh)	----	----
2.) Coal	----	----
3.) Furnace Oil	----	----
4.) Others/internal generation	----	----

**B) TECHNOLOGY ABSORPTION**

I) Research & Development (R & D)	NIL	NIL
II) Technology absorption, adoption & Innovation	NIL	NIL

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

		Current Year 2012-13	Previous Year 2011-12
Foreign Exchange Earned	(Rs in lacs)	<b>442.17</b>	NIL
Foreign Exchange used	(Rs in lacs)	<b>15.25</b>	3.36

**ANNEXURE “B” TO THE DIRECTOR REPORT****CORPORATE GOVERNANCE AT ADVIK LABORATORIES LIMITED**

Corporate Governance is the system by which an organization is directed & controlled ethically within the process and procedures established by law. Corporate Governance structure specifies the relationship, distribution of rights & responsibilities among different participants in the organization, such as the Board, Managers, Shareholders & Stakeholders & spell out the rules and procedures for making decisions on corporate affairs. It also provides the structure through which the Company objectives, the means of attaining these objectives & monitoring performance are set to be managed and controlled. The essence of Corporate Governance revolves around four basic inter related segments. Integrity & fairness, Transparency & Disclosure, and Accountability & Responsibility. It is about commitment to values and ethical business conduct, voluntary practices and companies with laws & regulations leading to effective control and management of the organization in achieving the objectives. In accordance with Clause 49 of the listing agreement with the stock exchange(s) on Corporate Governance, report on the practices & compliances by the company is given below:

**1. BOARD OF DIRECTORS**

As on 31.03.2013 there were 4 Directors on the Board. Out of these one is Executive Director whereas 3 are Non-Executive Independent Directors. The Non-Executive Independent Directors constituted more than two third of the total strength of the Board of Directors. Three of the total four Directors were Independent Non-Executive Directors, which duly complied with requirement of the Clause-49 of the Listing Agreement i.e Corporate Governance code. Further the independent directors do not have any material pecuniary relationship or transactions with the company, its promoters, its Directors and its senior management, which may affect their independence. All the non executive independent directors have understanding of business/profession /finance.

Directors bring o the Board the wide range of expertise and skills. The Board is primarily responsible to protect and enhance the shareholders value. The Board reviews the corporate performance periodically and it safeguards the interest of the shareholders.

The information on the Composition of Board of Directors, category of directors, their attendance at the Board meetings and at the last AGM held during the year financial year 2012-13 is given below:

<b>Name</b>	<b>Designation Status</b>	<b>No. of meetings attended</b>	<b>Attendance at last AGM</b>	<b>No. of shares held</b>
Mr. V. K. Jain	Managing Director Executive Director	7	Yes	1055894
Mr. F. M Banthiya	Non- Executive Independent Director	2	Yes	Nil
Mr. Kishan Kumar	Non- Executive Independent Director	7	Yes	Nil
Mr A.P. Jain	Non- Executive Independent Director	7	Yes	Nil

There were total 7(seven) Board Meetings held during the financial year 2012-13 on the following dates:

S. No.	DATE OF BOARD MEETINGS
1.	14.05.12
2.	20.06.12
3.	14.08.12
4.	03.09.12
5.	29.10.12
6.	07.12.12
7.	14.02.13

### **Code of Conduct:**

The Board of Directors of the Company has laid down a code of conduct for all the members and senior management personnel of the company who have affirmed their compliance therewith. The same has been uploaded on the website [www.advikindia.com](http://www.advikindia.com)

### **Board Meeting & Procedures**

The Company holds at least four Board meeting in a year, one in each quarter to review the financial results and other items or the agenda and the gap between two Board meetings does not exceed four calendar months. Apart from the four scheduled Board meeting, additional Board meetings are also convened to address the specific needs of the Company. In case of the business exigencies or urgency of matters, resolutions are also passed through circulations.

### **Brief profile of the Director liable to retire by rotation**

Mr. A.P. Jain is the Director liable to retire by rotation. He is around 75 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. Mr. A.P. Jain is Non Executive Independent Director and designated as the Member of Audit Committee & Remuneration Committee. He is also 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.

### **Holding and Subsidiary Company**

The company doesn't have any holding or subsidiary company.

## **2. AUDIT COMMITTEE**

The Audit Committee of the Board of Directors comprises of Mr. F. M. Banthiya, Mr. A.P.Jain and Mr. Kishan Kumar (All non-executive Independent directors). Mr. F. M. Banthiya being an independent director is the Chairman of the committee & he has rich experience in the field of finance & accounts. The other members of the audit committee are competent to read, understand and analyze the Profit & Loss account, Balance Sheet, Cash Flow statement.

During the financial year 2012-13 five Audit Committee meetings were held and the details of attendance by the members of the Audit committee are as under:-

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings</b>
Mr. F. M Banthiya	Chairman	1
Mr. Kishan Kumar	Member	5
Mr. A. P. Jain	Member	5

The Company Secretary acts as the secretary of the audit committee.

The terms of reference of the Audit Committee include the matters specified under clause-49 of the Listing Agreement entered into with the stock exchanges as well as those provided in Section 292A of the Companies Act, 1956 and inter-alia includes the following:-

1. Detailed overview of the company's financial reporting process and the disclosures of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and fixation of the audit fees.
3. Approval of the payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management the annual financial statements before submission to the Board, for approval, with particular reference to :
  - a) Matters required to be included in The Director's Responsibility Statement to be included in the Board's report in terms of Clause 2AA of Section 217 of the Companies Act., 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments arising out of audit findings.
  - e) Compliance with listing agreement and legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualification in draft Audit report.
5. Reviewing with the management the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, if any, and shareholders (in case of non-payment of declared dividends) and creditors.

11. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as the post audit discussion to ascertain any area of concern.
12. To review the functioning of the whistle blower mechanism, in case the same is existing in the organization.
13. To review the following mandatory requirements:-
  - I. Management Discussion and analysis of financial condition and results of operations.
  - II. Statement of significant related party transactions submitted by the management.
  - III. Management letters/ letters of internal control weaknesses issued by the statutory auditors.
  - IV. Internal audit reports relating to internal control weaknesses, and
  - V. The appointment and removal of internal auditor of the company shall be subject to the review by the audit committee.
14. Carrying out any other function as is mentioned in the terms of reference of Audit Committee as amended from time to time by the Listing agreement and Companies Act, 1956.

### 3. REMUNERATION COMMITTEE

The remuneration committee of the Board of Directors comprises Mr. F. M. Banthiya as Chairman, Mr. Kishan Kumar as Member. Mr. A.P.Jain, Member. Chairman of the Committee is Non-executive independent Director.

Further Non – Executive Directors are not paid any remuneration.

Sitting fees per meeting paid to two Non-executive Directors for attending the meeting of the Board of Directors of the company, as per the approval of the Remuneration committee, is within the maximum limits prescribed under the Companies Act, 1956.

Details of remuneration by way of salary and perquisites paid to Managing Director of the Company for the year 01.04.2012 to 31.03.2013 are as follows:

Particulars	Total Amount (Rs.)
Salary	600000
Perquisites	144158
Total	744158

Salary includes Basic Salary, House Rent Allowance and other allowances.

### 4. SHARE TRANSFER CUM SHAREHOLDERS' GRIEVANCE COMMITTEE

**Composition:**

Mr. A.P.Jain - Chairman  
 Mr. F.M.Banthiya - Member  
 Mr. V.K. Jain - Member

The meeting of the Shareholder's Grievance & Transfer Committee takes place at periodic intervals to look into the matter of investors' grievances and transfer lodged during the period. Every grievance of the shareholder is paid a due heed and its proper redressal on time is ensured.

The Company confirms that there are no share transfers pending for more than 30 days from the date of lodgments.

Further there were no investor complaints pending on 31<sup>st</sup> March 2013.

## 5. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held on Registered Office of the Company. Date, time and attendance of directors at AGM during the last three financial years are as follows.

Year	Date of AGM	Time of AGM	Venue	Attendance of Directors
2009-2010	30.09.2010	11.00 A.M.	Registered Office: 138,Roz-Ka-Meo, Industrial Area, Sohna, Distt: Gurgaon-122103	V.K.Jain F.M.Banthyia Kishan Kumar
2010-2011	29.10.2011	11.00 A.M.	Registered Office: 138,Roz-Ka-Meo, Industrial Area, Sohna, Distt: Gurgaon-122103	V.K.Jain F.M.Banthyia Kishan Kumar
2011-2012	29.09.2012	11.00 A.M.	Registered Office: 138,Roz-Ka-Meo, Industrial Area, Sohna, Distt: Gurgaon-122103	V.K.Jain F.M.Banthyia Kishan Kumar

During the year under review, no Special Resolution was passed at any general meeting of the Shareholders and no consent of the members was sought through Postal Ballot.

## 6. DISCLOSURES

### Related Party Transaction

The summary of the materially significant related party transaction are provided in the Notes to the Accounts forming part of this Annual Report. However, none of the related party transactions have potential conflict with the interest of the company at large, and all the transactions were entered into on arms-length basis.

Your company has a Related Party Transaction with ADVIK FINANCE & PROPERTIES (P) LTD., in which your Managing Director, Mr. V.K.Jain and his son Mr. Vivek Jain are Directors.

Suitable disclosure as required by Accounting Standard (AS-18) on Related Party Transactions has been made in the Annual Report.

## **7. MANAGEMENT DISCUSSIONS AND ANALYSIS FORMS PART OF THE ANNUAL REPORT.**

### **8. RISK MANAGEMENT**

The company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

### **9. MEANS OF COMMUNICATION**

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end:-

- a) Quarterly/Half Yearly/Annual Results: The Quarterly, Half Yearly and Annual Results of the Company are sending to the Stock Exchange immediately after they are approved by the Board.
- b) Publication of Quarterly/Half Yearly/Annual Results: The Quarterly, Half Yearly and Annual Results of the Company are published in the prescribed proforma within 48 hours of the conclusion of the Board in which they are considered, at least in one nationwide English newspaper and in one vernacular newspaper.

The unaudited quarterly results for the quarters ended 30.06.2012, 30.09.2012, 31.12.2012 & audited results for the quarter and year ended 31.03.2013 were published in Financial Express & Hari Boomi.

### **Auditor's Certificate**

Auditor's Report certifying that the condition of Corporate Governance as stipulated in Clause-49 of the Listing Agreement with the Stock Exchanges is annexed to the report.

The Certificate from the Statutory Auditor's would be sent to the Stock Exchanges along with the Annual Report of the company.

## **10. GENERAL SHAREHOLDER INFORMATION**

### **Date, Time and Venue of the Nineteenth Annual General Meeting:**

Friday, 27<sup>th</sup> September 2013 at 10.00 A.M at Registered Office of the company at 138, Roz Ka Meo Industrial Area, Sohna – 122103 Mewat (Haryana).

**Book Closure Date:** 25<sup>th</sup> September 2013 to 27<sup>th</sup> September 2013 (Both Days Inclusive)

**Listing on Stock Exchange** : Bombay Stock Exchange & Ahmedabad Stock Exchange



**ISIN No allotted to Equity Shares** : INE537C01019

**Stock Code** : Bombay Stock Exchange -531686  
:Ahmedabad Stock Exchange-01636/ADVIK LABO (ASE)

**Market Price data** :Monthly high & low quotations at BSE during each Month between April 01, 2012 to March 31, 2013 are given in the table below:

Month	High Price	Low Price	No. of Shares
April 2012	4.36	2.98	50626
May 2012	3.69	2.70	74747
June 2012	5.14	2.61	304619
July 2012	8.66	4.25	823890
August 2012	8.68	5.20	282351
September 2012	6.33	5.15	80574
October 2012	5.94	4.96	109638
November 2012	5.73	4.90	60812
December 2012	7.84	5.15	254322
January 2013	8.15	5.62	137389
February 2013	6.93	4.71	37335
March 2013	5.46	3.51	69024

**Share Transfer Agent** Beetal Financial & 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: beetalrta@gmail.com

**Compliance Officer Name** : Mr. V.K.Jain, Managing Director

**E-mail id for Investors** : [investors@advikindia.com](mailto:investors@advikindia.com), [mail@advikindia.com](mailto:mail@advikindia.com)

**Share Transfer System:**

The Company has appointed M/s Beetal Financial & Computers Services (P) Limited as Shares Transfer Agents for both physical and Demat form of shares. Requisite and Regular meetings of the Share Transfer cum Shareholders' Grievance Committee is held to approve the transfers/ transmission etc. and to look into shareholder's grievances, if there is any. All

the complete transfer documents, which are received till three days prior to the date of the meeting, are normally considered for approval in the meeting. As the shares of the Company are in compulsory demat mode, after approval an option letter is sent to the transferee giving him/ her option to receive either in the physical mode or in the demat mode, and as per the mode opted by the transferee the shares are transferred.

### **Shareholding Pattern as on 31<sup>st</sup> March 2013**

Category of Shareholder	No. of Share-holders	% of Share-holders	No. of Share held	% of share holding
<b><u>Shareholding of Promoter &amp; Promoter Group</u></b>				
Indian	11	0.20	2484837	26.57
Foreign	N.A.	N.A.	N.A.	N.A.
Total	11	0.20	2484837	26.57
<b><u>Public Shareholding</u></b>				
Institutions	N.A.	N.A.	N.A.	N.A.
<b><u>Non Institutions</u></b>				
- Bodies Corporate	124	2.31	541241	5.79
- Individuals	5058	94.26	6086960	65.08
<b>- Others</b>				
- NRI	22	0.41	21013	0.22
- Clearing Member	2	0.04	5300	0.06
- HUF	149	2.78	214049	2.28
<b>Total</b>	<b>5355</b>	<b>99.80</b>	<b>6868563</b>	<b>73.43</b>
<b>GRAND TOTAL</b>	<b>5366</b>	<b>100</b>	<b>9353400</b>	<b>100</b>

### **Distribution Schedule as on 31<sup>st</sup> March 2013**

Holding of Nominal value of Rs.	No. of Shareholders	% to total	No. of Shares	Amount in Rs.	% to total
Up to 5000	3578	66.68	903676	9036760	9.6615
5001 to 10000	938	17.48	853773	8537730	9.1279
10001 to 20000	412	7.68	686804	6868040	7.3428
20001 to 30000	149	2.78	393709	3937090	4.2093
30001 to 40000	60	1.12	221043	2210430	2.3632
40001 to 50000	74	1.38	355542	3555420	3.8012
50001 to 100000	80	1.49	603304	6033040	6.4501
100001 & above	75	1.40	5335549	53355490	57.0440
<b>TOTAL</b>	<b>5366</b>	<b>100.00</b>	<b>9353400</b>	<b>93534000</b>	<b>100.00</b>

**Dematerialization of Shares:**

As on 31<sup>st</sup> March 2013 the breakup of the equity capital in Physical and demat form is as follows.

	No. of Shares	Percentage
NSDL -	7517467	80.37
CDSL -	1825453	19.51
Physical -	10480	0.12

Further those members of the Company are requested whose shares are still in the physical mode to get their shares dematerialized at the earliest.

**Registered Office & Plant Location**

138, Roz ka Meo, Industrial Area, Sohna, Distt Mewat, Haryana -122 103, Ph. Nos.:0124-2362471, 0124-2014471

**Address of Communication**

Address: 807, Arunachal Building, 19, Barakhamba Road, New Delhi 110062.  
Telephone: 011 – 43571040-45, Fax : 011-42424884 email : [investor@advikindia.com](mailto:investor@advikindia.com)

**SEBI Complaints Redress System (SCORES):**

Your Company is registered with Securities & Exchange Board of India's (SEBI's) recently launched SEBI Complaints Redress System (SCORES), wherein investor complaints are processed in a centralized web based complaint redress system. Here, all the activities starting from lodging of a complaint till its disposal by SEBI would be carried online in an automated environment and the status of every complaint can be viewed online at any time. It would obviate the need for physical movement of complaints and the possibility of loss, damage or misdirection of the complaints would be avoided.

**Compliance of Corporate Governance Code under Clause-49 of Listing Agreement**

As required by Clause-49 of the listing Agreement, certificate of Practicing Chartered accountant regarding compliance with the provisions of Corporate Governance forms part of the Director's Report.

**DECLARATIONS UNDER CLAUSE-49 I (D) (II) BY THE MANAGING DIRECTOR OF AFFIRMATION BY THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF COMPLIANCE WITH THE CODE OF CONDUCT**

To the Shareholders,

To the best of my knowledge and belief and information available with me, I hereby declare that all Board Members and Senior Management Personnel of M/s Advik Laboratories Limited have complied with Code of conduct during the financial year 2012-13 (as applicable on them).

Place: New Delhi  
Date : 19th August, 2013

(V.K.Jain)  
Managing 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 31<sup>st</sup> March, 2013 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, 2013 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: New Delhi  
Date: 19th August, 2013

(Vijay Bansal)  
Partner  
Membership No.: 88744

**MANAGING DIRECTORS'S CERTIFICATE**

I, V.K.Jain, Managing Director of Advik Laboratories Limited to the best of my knowledge and belief do certify that :

1. I have reviewed the balance sheet and profit and loss account and all schedules and notes to accounts as well as the cash flow statements and Directors report for the Financial Year 2012-13.
2. Based on my knowledge and information, these statements do not contain any untrue statements of a material fact or omit to state a material fact or contain statements that might be misleading.
3. Based on our knowledge and information, the financial statements and other information included in this report present in all material respects, a true and fair view of the company's affairs and are in compliance with the existing accounting standards and /or applicable laws and regulations.
4. To the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or volatile of the company's code of conduct.
5. I am responsible for establishing and maintaining internal controls for financial reporting for the company and we have:
  - a. Designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial statements in accordance with generally accepted accounting principles.
  - b. Evaluated the effectiveness of the company's internal control systems pertaining to financial reporting and
  - c. Disclosed in this report any change in the company's internal control over financial reporting that has materially affected the company's internal control over financial reporting.
6. I have disclosed to the company 's auditors and the Audit committee of the company's Board of Directors ;

Deficiencies in the design or operation on internal control and steps taken/proposed to be taken to rectify the deficiencies, if any.

Significant changes in the controls over financial reporting, if any, during the period covered by this report.

Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements and

Instances of significant fraud of which I am aware, if any, that involves management or other employees who have a significant role in the company's internal controls system over financial reporting.

**Place: New Delhi**  
**Date: 19th August, 2013**

**(V.K.Jain)**  
**Managing Director**

**NON MANDATORY REQUIRMENTS UNDER CLAUSE -49 OF THE LSITING AGREEMENT**

The company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges. Further, compliance of non-mandatory requirements of the said clauses is provided below:

**I. Non –Executive Chairman’s office:**

The Company has not appointed any non executive chairman.

**II. Remuneration Committee**

The company has constituted the remuneration committee to approve the payment of remuneration to the executive directors. Non executive directors are not entitled to any remuneration except sitting fees.

**III. Shareholder’s rights**

The quarterly financial results of the company are published in English language newspaper having nationwide circulation and also in regional language newspaper of the registered office of the company. Annual Reports containing the detailed Balance Sheet and Profit and Loss A/c is also sent to individual shareholders of the company.

**IV. Audit Qualifications**

The company always strives to present an unqualified Financial Statement. There is no audit qualification by the Auditors for financial year 2012-13.

**V. Training of the Board members**

The board of directors of the company is continuously briefed with the developments and performance of the company so as to enable them to monitor the same at regular intervals. Reports on risk assessment and minimization process and new initiatives proposed by the company are also presented to them for suggestions and up gradation.

**VI. Whistle Blower policy**

The company intends to promote a policy for employees to have and open access to the respective Functional heads, Managing Director so as to ensure ethical and fair conduct of the business of the company.

**For and behalf of the Board of Directors**

**Place: New Delhi**  
**Dated: 19th August, 2013**

**(V. K. Jain)**  
**Managing Director**

**AUDITOR'S REPORT**

To the members of **Advik Laboratories Limited**

**Report on the financial statements**

We have audited the accompanying financial statements of Advik Laboratories Limited (the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013 the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

The Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accounts of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March 2013:
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report ) Order 2003 (the Order) issued by the Central Government of India in terms of sub –section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion , proper books of account as required by law have been kept by the Company so far as appears from our examinations of those books;
  - (c) The Balance Sheet, the Statement of profit and loss and the Cash flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion , the Balance Sheet , the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub- section (3c) of section 211 of the Act; as referred in Emphasis of Matter paragraph above, the company has exercised the option available as per the Court Order which overrides the relevant provisions of the Accounting Standard 5 (AS 5) and
  - (e) On the basis of written representations received from the directors of the Company as at 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub –section (1) of section 274 of the Act.

**For VBR & ASSOCIATES  
Firm Regn. No. 013174N  
Chartered Accountants**

**Place: New Delhi  
Dated: 30<sup>th</sup> May, 2013**

**(VIJAY BANSAL)  
Partner  
M. No. 88744**



**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 3 of the Auditor's Report of even date to the members of Advik Laboratories Limited on the financial statements for the year ended March 31, 2012)

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management in a phased periodic manner, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanations given to us, there was no substantial disposal of fixed assets during the year.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) On the basis of our examination of the records of inventory, we are of the opinion that the company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3.(a) The company has not granted any loans, secured or unsecured to companies firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clause (iiib), (iiic) and (iiid) of paragraph 4 of the order are not applicable.
  - (b) The company has taken interest free unsecured loans from two companies and one other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year under audit was Rs.445.00 lacs and the yearend balance was Rs.445.00 lacs.
  - (c) In our terms and conditions on which these unsecured loans are taken are not, prima facie, prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of Inventory and fixed assets and for the sale of goods . During the course of our audit, no major weakness has been noticed in the internal control systems in respect of these areas.
5. In respect of the contract or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanation given to us:

- a) The particulars of contracts or arrangements referred to in Section 301 that need to be entered in the register maintained under the said section have been so entered.
- b) Where each of such transaction is in excess of Rs. 5.00 lacs in respect of any party and having regard to our comments in paragraph (iv) above, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA or any other relevant provisions of the of the Companies Act, 1956 and rules made there under.
7. The company has an internal audit system, the scope and coverage of which, in our opinion, requires to be enlarged to commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the company pursuant to rule made by Central Government under section 209(1)(d) of the Companies Act, 1956 for maintenance of Cost records and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. However, we have not carried out any detailed examination of such accounts and records.
9. (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, Service tax custom duty, excise duty, cess and other statutory dues applicable to it, except slight delay in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, Sales tax, wealth tax, Service tax, customs duty and excise duty were outstanding, as at March 31, 2013 for a period of more than six months from the date they became payable.
- (c) According to the records of the company, there are no dues of sales tax, Income Tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses in the financial year and in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank or financial institution and it has not issued any debentures & other securities.
12. According to information and explanations given to us and based on the records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
15. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion, on the basis of information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets except core (permanent) working capital.
18. Based on our examination of records and the information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. During the period covered by our audit report, the company has not issued any debentures. The question of creation of any security does not arise.
20. The company has not raised any money by way of public issues during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For VBR & ASSOCIATES  
Firm Regn. No. 013174N  
Chartered Accountants**

**Place : New Delhi  
Dated :30<sup>th</sup> May, 2013**

**(VIJAY BANSAL)  
Partner  
M. No. 88744**

**Balance Sheet as at March 31, 2013**

<b><u>EQUITY AND LIABILITIES</u></b>	<b>NOTE NO.</b>	<b>As at 31.03.13 (Rs.)</b>	<b>As at 31.03.12 (Rs.)</b>
<b><u>Share Holders Funds</u></b>			
Share Capital A/c	2	93,534,000	93,534,000
Reserve and Surplus	3	18,848,562	13,849,931
		<b>112,382,562</b>	<b>107,383,931</b>
<b><u>Non- current liabilities</u></b>			
Long-term borrowings	4	84,854,810	69,216,093
Long-term Provisions	5	1,091,665	928,335
Deferred Tax Liability		9,109,083	5,873,096
		<b>95,055,558</b>	<b>76,017,524</b>
<b><u>Current Liabilities</u></b>			
Short Term Borrowings	6	40,549,787	40,479,380
Trade Payables		28,188,849	2,832,696
Other Current Liabilities	7	14,250,374	9,085,389
Short Term Provisions		1,938,485	23,417
		<b>84,927,495</b>	<b>52,420,882</b>
		<b>292,365,615</b>	<b>235,822,337</b>
<b><u>ASSETS</u></b>			
<b><u>Non Current Assets</u></b>			
Tangible Assets	8	94,663,783	97,391,551
Non Current Investments	9	9,230,000	9,230,000
<b><u>Current Assets</u></b>			
Inventories	10	94,435,529	75,344,188
Trade Receivables	11	60,706,920	28,947,618
Cash & Cash Equivalents	12	1,069,827	1,002,360
Short Term Loans & Advances	13	32,042,753	23,854,139
Other Current Assets	14	216,803	52,481
		<b>188,471,832</b>	<b>129,200,786</b>
		<b>292,365,615</b>	<b>235,822,337</b>

Accompanying notes forming part of the financial statements 1 to 36

As per our report attached for VBR & Associates  
Firm Regn. No. : 013174N

For and on behalf of the Board of Directors

(Vijay Bansal)  
Partner

(V.K.Jain)  
Managing Director

(A.P.Jain)  
Director

(Anjali Kalra)  
Company Secretary

Place : New Delhi  
Date : 30th May, 2013

**Profit and Loss Account for the year ended March 31, 2013**

<b>PARTICULARS</b>	<b>NOTE NO.</b>	<b>As at 31.03.13 (Rs.)</b>	<b>As at 31.03.12 (Rs.)</b>
<b>INCOME</b>			
Revenue from operations	15	338,575,809	198,641,478
Other Income		2,702,458	1,813,156
<b>Total</b>		<b>341,278,267</b>	<b>200,454,634</b>
<b>EXPENSES</b>			
Cost of Material Consumed	16	308,661,235	189,385,938
Change in Inventories of Finished Goods & Work in Progress	17	(10,670,836)	(12,361,266)
Employees Benefit	18	4,702,765	3,782,055
Finance Charges	19	12,931,345	9,108,103
Depreciation & Amortizations	8	5,767,389	5,342,053
Other Expenses	20	9,713,266	5,074,860
<b>Total</b>		<b>331,105,164</b>	<b>200,331,743</b>
<b>Profit Before Exceptional &amp; Extraordinary Items &amp; Tax</b>		<b>10,173,103</b>	122,891
Exceptional Items		-	-
<b>Profit Before Extraordinary Items &amp; Tax</b>		<b>10,173,103</b>	122,891
Extraordinary Items		-	-
<b>Profit Before Tax</b>		<b>10,173,103</b>	122,891
<b>Tax Expense:</b>			
a) Provision for Income Tax(MAT)		1,938,485	23,417
b) Deferred Tax Liabilities/(Assets)		3,235,987	72,004
c) Tax Paid for prior years			
<b>Net Profit after Tax transferred to Balance Sheet</b>		<b>4,998,631</b>	27,470
Earning per equity shares in Rs.			
Basic & Diluted in Rs.		0.534	0.003

**Accompanying notes forming part of the financial statements** 1 to 36

As per our report attached  
for VBR & Associates  
Firm Regn. No. : 013174N

For and on behalf of the Board of Directors

(Vijay Bansal)  
Partner

(V.K.Jain)  
Managing Director

(A.P.Jain)  
Director

(Anjali Kalra)  
Company Secretary

Place : New Delhi  
Date : 30th May, 2013

**Cash Flow Statement for the year ended March 31, 2013**

Particulars	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
<b>A. Cash Flow from operating activities</b>		
Net profit before tax and extraordinary items	10,173,103	122,891
Add: Adjustment for Depreciation	5,767,389	5,342,054
Provision for Gratuity	135,354	61,824
Provision for Leave Encashment	27,976	30,022
Interest & Other Costs	12,931,345	9,108,103
Interest Received	(94,640)	(11,429)
	<u>28,940,527</u>	<u>14,653,465</u>
Operating profit before working capital changes		
Adjustment for		
Trade & other payable	30,521,138	(37,754,860)
Trade & other Receivables	(40,112,238)	22,431,579
Inventories	(19,091,341)	(15,398,148)
Direct Tax Debited	(23,417)	
<b>Net Cash from operating activities</b>	<u>234,669</u>	<u>(16,067,964)</u>
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed Assets	(3,039,621)	(4,597,422)
Purchase of Investment	-	647,256
Interest Received	94,640	11,429
<b>Net cash outflow from investing activities</b>	<u>(2,944,981)</u>	<u>(3,938,737)</u>
<b>C. Cash Flow from financing activities</b>		
Proceeds from issue of share capital	-	-
Proceeds from Share Forfeiture	-	-
Proceeds from short term borrowings	15,709,124	27,101,376
Proceeds from long term borrowings	-	-
Interest Paid	(12,931,345)	(9,108,103)
<b>Net cash used in financial Activities</b>	<u>2,777,779</u>	<u>17,993,273</u>
<b>Net Increase in cash (A+B+C)</b>	<b>67,467</b>	<b>(2,013,428)</b>
<b>Cash &amp; Cash Equivalents (Opening balance)</b>	<b>1,002,360</b>	<b>3,015,788</b>
<b>Cash &amp; Cash Equivalents (Closing balance)</b>	<b>1,069,827</b>	<b>1,002,360</b>

## Notes:

- Comparative figures have been regrouped wherever necessary.
- The cash flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard-3 on cash flow Statement notified by the Companies( Accounting Standards) Rules, 2006.
- These earmarked account balances with banks can be utilised only for the specific identified purposes

As per our report attached  
for VBR & Associates  
Firm Regn. No. : 013174N

For and on behalf of Board of Directors

(Vijay Bansal)  
Partner

(V.K.Jain)  
Managing Director

(A.P.Jain)  
Director

(Anjali Kalra)  
Company Secretary

Place : New Delhi  
Date : 30th May, 2013

**NOTE NO. 1****SIGNIFICANT ACCOUNTNG POLICIES****a) Basis of Preparation of Financial Statements**

The Financial statements of the company have been prepared to comply with all material aspects of the applicable Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provision of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention and on the basis of going concern basis. The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

**b) Uses of Estimates**

The presentation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

**c) Fixed Assets & Depreciation****1. Fixed Assets**

- i. Fixes Assts are stated at cost of acquisition less accumulated depreciation. Cost includes all expenses, borrowing cost and other incidental expenses incurred up to the date of installation/put to use.
- ii) Cenvat Credit/Value Added tax availed on purchase of fixed assets are reduced from the cost of respective assets.

## 2. Depreciation

Depreciation is provided on straight line method at the rates specified in schedule XIV of the Companies Act, 1956 on pro rata basis. The policy of company is to provide depreciation on the Building, Plant & Machinery and Other Fixed Assets from the date of commercial production/put to use.

### d) Impairment of Assets

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statements of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is increase/reverses where there has been change in the estimate o recoverable value. The recoverable value is the higher of the assets net selling prices and value in use.

### e) Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalized as part of the cost of the assets, upto the date the assets is put to use. Other costs are charged to the statement of profit and loss account in the year in which they are incurred.

### f) Inventories

Inventories are valued at lower of cost or net realizable value (Cost is determined on weighted average basis). The Cost of work-in-progress and finished goods comprises of raw materials, direct labour, other direct costs and related production overheads & Excise duty as applicable. Net realizable value is the estimate of the selling price in the ordinary course of business as applicable.

### g) Employee Retirement Benefits

1. Defined contribution plan : Company's contribution paid/payable during the year to provident fund, ESIC and labour welfare fund are charged to statement of profit and loss account.
2. Defined benefit plan : Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligations is measured at the present value of estimated future cash flow using a discounted rate that is determined by the reference



to market yields at the balance sheet date on government bonds where the currency and terms of government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

#### **h) Foreign Currency Transactions**

1. Transactions in foreign currency are recorded at the exchange rate prevailing as on date of transaction.
2. Foreign currency assets/liabilities as on the balance sheet date are translated at the exchange rate prevailing on the date of balance sheet.

#### **l) Taxes on Income**

Tax expenses comprised of current tax, deferred tax charge or credit. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. The deferred tax charged or credit is recognized using prevailing enacted or substantively annexed tax rate where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty or realization such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period. MAT Credit Entitlement is shown under the current Assets in the Balance Sheet. The same will be charged to profit & loss account in coming years as per provisions of Section 115JB of Income Tax Act, 1961.

#### **j) Investments**

Investments: Long term investments are stated at cost. Provision for diminution in value is made only if, in the opinion of management such a decline is other than temporary.

#### **k) Revenue Recognition**

Sales are recognized when goods are supplied and are recorded net of returns, sales tax & excise duty. Expenses are accounted for on accrual basis.

#### **l) Provisions & Contingencies**

A provision is recognized when the company has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefit will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate of the expenditure required to settle the obligation at the balance sheet date.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**m) Earning per share**

In accordance with the Accounting Standard-20(AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India, earning per share is computed by dividing the profit after tax with the weighted average number of shares outstanding at the year end.

**n) Other Accounting policies**

Accounting Policies not specifically referred to are in accordance with generally accepted accounting principles.

Notes forming part of the Accounts	As at 31.03.13 (Rs.)	As at 31.03.12 (Rs.)
<b>NOTE NO. 2</b>		
<b>SHARE CAPITAL</b>		
A) <u>AUTHORISED</u>		
1,20,00,000 Equity Shares of Rs. 10/- each	<u>120,000,000</u>	<u>120,000,000</u>
(Previous year 1,20,00,000 Equity Shares of Rs. 10/- each)	<u>120,000,000</u>	<u>120,000,000</u>
B) <u>ISSUED, SUBSCRIBED AND PAID UP</u>		
93,53,400 Equity Shares of Rs. 10/- each	<u>93,534,000</u>	<u>93,534,000</u>
(Previous year 93,53,400 Equity Shares of Rs. 10/- each)	<u>93,534,000</u>	<u>93,534,000</u>

There is no change in the shares outstanding at the beginning and at the end of the year. The number of shares held by each shareholder holding more than 5% shares are given below:

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of shares	%	No. of shares	%
VIRENDER KUMAR JAIN	1,055,894	11.29%	1,055,894	11.29%
ADVIK FINANCE & PROPERTIES PVT. LTD	845,747	9.04%	845,747	9.04%
SANGEETHA S	480,400	5.14%	456,190	4.88%
SATHYA S	480,380	5.14%	453,490	4.85%

A. The company has only one class of shares having a par value of Rs10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholder's in the ensuing General Meeting.

B. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company in proportion to their number of equity shares after distribution of all preferential amounts.

NOTE NO. 3	As at 31.03.13 (Rs.)	As at 31.03.12 (Rs.)
<b>RESERVES AND SURPLUS</b>		
Profit & Loss Account (As per last Balance Sheet)	<u>13,849,931</u>	<u>13,822,461</u>
Add: Profit during the year	<u>4,998,631</u>	<u>27,470</u>
Total Reserve & Surplus carried forwarded to Balance Sheet	<u>18,848,562</u>	<u>13,849,931</u>

Notes forming part of the Accounts	As at 31.03.13 (Rs.)		As at 31.03.12 (Rs.)	
	Non-Current	Current	Non-Current	Current
<b>NOTE NO. 4</b>				
<b><u>Long-term borrowings</u></b>				
<b>SECURED LOANS</b>				
<b>Term Loan</b>	<b>39,745,531</b>	<b>9,804,000</b>	49,266,531	4,902,000
Indian Overseas Bank (secured by first charge on Building, Plant & Machinery) Current maturities of Long Term Debts are classified under other current liabilities.				
<b>Vehicle Financed Loan</b>	<b>609,279</b>	<b>304,563</b>	-	-
(secured by hypothecation charges on vehicle financed by HDFC Bank)				
<b>UNSECURED LOANS</b>				
- Intercompany Loans	-	-	5,708,226	-
- from Director, Friends & Relatives	<b>44,500,000</b>	-	14,151,016	-
- Others	-	-	90,320	-
	<b>84,854,810</b>	<b>10,108,563</b>	69,216,093	4,902,000

- (a) Term loan from Indian Overseas Bank of Rs. 1,11,25,098/- which carries interest base rate+3.75% and is repayable in 60 installments of Rs. 2,06,000/- from October, 2012. The loan is secured by all immovable & movable fixed assets of the company.
- (b) Term loan from Indian Overseas Bank of Rs. 2,28,39,433/- which carries interest base rate+3.75% and is repayable in 84 installments of Rs. 3,28,000/- from October, 2012. The loan is secured by all immovable & movable fixed assets of the company.
- (c) Term loan includes Working Capital Term Loan of Rs. 1,55,85,000/- from Indian Overseas Bank which carries interest base rate + 3.75% and is repayable in 60 monthly installments of Rs. 2,83,000/- from October, 2012. The loan is secured by 1<sup>st</sup> charge on the current and fixed assets of the company.
- (d) Vehicle Finance loan carries interest @ 10% p.a. and repayable in 36 equal monthly installments. The loan is secured by hypothecation of vehicle.
- (e) Unsecured loan from directors, friends & relatives are due for repayment in the year 2013-14.

Notes forming part of the Accounts	As at 31.03.13 (Rs.)	As at 31.03.12 (Rs.)
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**NOTE NO. 5****Long Term Provisions****Provision for Employee Benefits**

- Gratuity	731,827	596,473
- Leave Encashment	359,838	331,862

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**1,091,665**


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**928,335**
**NOTE NO. 6****Short Term Borrowings****SECURED LOANS****Working Capital Loan****40,549,787**

40,479,380

Indian Overseas Bank

(Secured by first charge on stocks of  
Finished Goods, Raw Materials. W.I.P

&amp; Sundry Debtors

---

**40,549,787**


---

40,479,380

Working capital loan availed from Indian overseas bank are secured by hypothecation of inventories and book debts ( present & future) also first charge by way of mortgage on all immovable properties and by way of hypothecation on all the fixed assets of the company both present & future and guaranteed by director/promoter. The said facility is repayable on demand.

**NOTE NO. 7****Other Current Liabilities**

Current Maturities of long term debt	10,108,563	4,902,000
Interest accrued and due on borrowings	591,050	670,280
Accrued Salaries & benefits	525,678	501,925
Advance received from Customers	1,855,000	1,855,000
Direct Taxes	51,558	51,886
Indirect Taxes	16,818	3,425
Others	1,101,707	1,100,873
	<hr/> <b>14,250,374</b>	<hr/> <b>9,085,389</b>

**NOTE NO. 08****FIXED ASSETS (TANGIBLE ASSETS)**

(Amount in Rupees)

Description	Gross Block			Depreciation				Net Block		
	As at 01.04.12	Additions during the year	Adjustments during the year	As at 31-Mar-13	Upto 31-Mar-12	During the Year	Sales/ Adjustments	As at 31-Mar-13	As at 31-Mar-13	As at 31-Mar-12
Land	4,840,000	-	-	4,840,000	-	-	-	-	4,840,000	4,840,000
Building Plant & Machinery	50,430,770	-	-	50,430,770	16,942,102	1,684,388	-	18,626,490	31,804,280	33,488,668
Furniture & Fixture	95,487,238	1,816,335	-	97,303,573	36,526,979	4,017,480	-	40,544,459	56,759,114	58,960,259
Computer & Printer	221,684	-	-	221,684	170,935	14,033	-	184,968	36,716	50,749
Vehicle	71,841	13,366	-	85,207	19,966	12,124	-	32,090	53,117	51,875
	-	1,209,920	-	1,209,920	-	39,364	-	39,364	1,170,556	-
This Year	151,051,533	3,039,621	-	154,091,154	53,659,982	5,767,389	-	59,427,371	94,663,783	97,391,551
Previous year	146,460,206	4,597,422	-	151,057,628	48,324,024	5,342,053	-	53,666,077	97,397,551	98,136,182

Notes forming part of Accounts	As at 31.03.13(Rs.)	As at 31.03.12(Rs.)
<b>NOTE NO. 9</b>		
<b>Non Current Investments</b>		
<b>Shares of Un-quoted Companies:</b>		
25000 equity shares of A.G.Fats Ltd. of Rs. 100/- per share	2,500,000	2,500,000
50000 equity shares of Braham Hosiery P Ltd. of Rs. 10/- per share	500,000	500,000
85000 equity Shares of R.N.Knitfab (P) Ltd. of Rs. 10/- per share	850,000	850,000
538000 equity Shares of India Securities Ltd. of Rs. 10/- per share	5,380,000	5,380,000
<b>NOTE NO. 10</b>	<b>9,230,000</b>	<b>9,230,000</b>
<b>INVENTORIES</b>		
(As valued and certified by the Management at lower of cost or net realisable value)		
Raw Materials & Packing Materials	36,090,289	27,669,784
Finished Goods	49,405,100	39,324,284
Work in Process	8,940,140	8,350,120
<b>NOTE NO. 11</b>	<b>94,435,529</b>	<b>75,344,188</b>
<b>Trade Receivables</b>		
(Unsecured and considered Good)		
Exceeding Six months	16,778,944	11,677,997
Less than Six months	43,927,976	17,269,621
	<b>60,706,920</b>	<b>28,947,618</b>
<b>NOTE NO. 12</b>		
<b>Cash &amp; Cash Equivalentents</b>		
Cash in hand	424,200	768,892
Balance with scheduled Banks		
- in Current Accounts	480,627	18,468
- Margin Money with IOB	165,000	215,000
<b>NOTE NO. 13</b>	<b>1,069,827</b>	<b>1,002,360</b>
<b>Short Term Loans &amp; Advances</b>		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	27,539,865	22,455,410
Excise Duty Deposit A/c	3,823,262	1,067,956
Tax Deducted at Source	421,347	72,494
Security Deposit	258,279	258,279
	<b>32,042,753</b>	<b>23,854,139</b>

Notes forming part of the Accounts	As at 31.03.13 (Rs.)	As at 31.03.12 (Rs.)
<b>NOTE NO. 14</b>		
<b>Other Current Assets</b>		
Service Tax Receivable A/c	136,796	19,372
Prepaid Expenses	80,007	21,634
Interest Accrued But not due	-	11,475
	<b>216,803</b>	<b>52,481</b>
<b>NOTE NO. 15</b>		
<b>Revenue from operations</b>		
Gross Sales	320,262,775	195,271,092
Less : Excise Duty	697,081	182,159
Other Operating Revenue	19,010,115	3,552,545
Net Sales	<b>338,575,809</b>	<b>198,641,478</b>
<b>NOTE NO. 16</b>		
<b>Cost of Material Consumed</b>		
<b>Raw &amp; Packing Materials inventory at the beginning of the year</b>	27,669,784	24,632,902
Purchases during the year	317,081,740	192,422,820
Inventory at the end of the year	(36,090,289)	(27,669,784)
<b>T O T A L</b>	<b>308,661,235</b>	<b>189,385,938</b>
<b>NOTE NO. 17</b>		
<b>Change in Inventories of Finished Goods &amp; WIP</b>		
Change in Work in Progress	(590,020)	(184,250)
Charges in Stock of Finished Goods	(10,080,816)	(12,177,016)
<b>T O T A L</b>	<b>(10,670,836)</b>	<b>(12,361,266)</b>
<b>NOTE NO. 18</b>		
<b>Employees Benefit</b>		
Salary & Wages	3,236,195	2,589,754
Other allowance & benefits to employees	1,027,643	956,984
Employer contribution to PF & ESI	119,883	103,340
Staff welfare	169,124	106,757
Medical expenses	149,920	25,220
	<b>4,702,765</b>	<b>3,782,055</b>



Schedule forming part of the Accounts	As at 31.03.13 (Rs.)	As at 31.03.12 (Rs.)
<b>NOTE NO. 19</b>		
<b>FINANCE CHARGES</b>		
Interest on Working Capital Loan	5,264,349	5,939,777
Interest on Term Loans	7,626,448	3,105,744
Interest on Finance of Vehicle	16,277	-
Others	24,271	62,582
	<b>12,931,345</b>	<b>9,108,103</b>
<b>NOTE NO. 20</b>		
<b>Other Expenses</b>		
Consumables	145,136	68,427
Power & Fuel	1,508,711	766,504
Repair & maintenance to building	427,758	177,640
Repair & maintenance to Plant & Machinerics	283,274	113,229
Testing Charges	247,933	121,740
Bank Charges	1,099,514	267,634
Printing & Stationery	62,562	57,808
Vehicle expenses	327,871	267,765
Conveyance expenses	44,639	9,103
Telephone expenses	166,225	151,075
General repair & maintenance	292,091	187,748
Postage & telegram	31,628	7,672
Director Travelling expenses	1,823,624	451,900
Legal & Professional expenses	607,068	204,799
Audit fee	70,000	70,000
Rates & Taxes & other fee's	278,964	250,837
Insurance	272,009	168,376
Travelling expenses	1,020	1,350
Miscellaneous expenses	57,524	29,517
AGM exps.	562	1,720
Diwali Expenses	221,936	237,206
Books, Newspapers & Periodicals	5,148	3,540
Water & Electricity	181,632	111,126
Security Service	397,027	344,182
Advertisement	73,965	412,620
Business Promotion Expenses	269,535	263,214
Packing & Forwarding Expenses	429,713	190,713
Selling & Distribution expenses	300,123	56,284
Commission	86,074	81,131
	<b>9,713,266</b>	<b>5,074,860</b>

**NOTE NO. 21 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:**

	As on 31 <sup>st</sup> March, 2013 (Rs.)	As on 31 <sup>st</sup> March, 2012 (Rs.)
Performance Guarantees given by company bankers on behalf of company	4,34,000	13,99,100

**NOTE NO. 22 DETAIL OF AMOUNT PAID TO AUDITOR'S**

Particulars	As on 31 <sup>st</sup> March, 2013 (Rs.)	As on 31 <sup>st</sup> March, 2012 (Rs.)
Audit Fee	50,000	50,000
Taxation matters	20,000	20,000

**NOTE NO. 23** Employee Benefits: The Disclosure required as per the revised AS-15

Brief description of the Plans: The Company has various schemes for long term benefits such as Provident Fund, Gratuity, and Leave Encashment. The Company's defined contribution plans are Provident Funds, Employee's State Insurance Fund & Employee's Pension Scheme (under the provision of Provident Funds & Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions. The Company's defined benefit plans include Gratuity & Leave Encashment Plan. In accordance with the applicable Indian Laws, the company provides for gratuity for all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on respective employee's last drawn salary & for the years of employment with the Company. The amounts charge to Profit & Loss Account based on Gratuity Plan as required under Accounting Standard ("AS") 15 (Revised) are as under:-

Particulars	Gratuity A/c (Rs. In lacs)	Leave Encashment A/c
Obligation as on 31.03.2013	1.35	0.28

**NOTE NO. 24** The disclosure as per Accounting Standard (AS-17) "Segment Reporting" Issued by the Institute of Chartered Accountants of India:**(a) Business Segment:**

The Company is engaged primarily in pharmaceuticals business and there are no separate reportable segments as per AS-17.

## (b) Geographical Segment:

Particulars	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
Sales revenue(net)		
In India	273,459,798	195,088,933
Outside India	46,105,896	
	319,565,694	195,088,933

25. Rs. 1,65,000/- shown is Margin Money A/c with Bank is relates to the issuance of bank guarantee's to Govt. Departments.
26. Company has not received intimation from supplier regarding the status under Micro, Small & Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amount unpaid as at the year end together with the interest paid/payable as required under the Act have not been given.
27. On June 20, 2012 M/s Omkam pharmaceuticals Pvt Ltd has entered into a Share Purchase Agreement (SPA) with the erstwhile promoters of Advik Laboratories Limited for acquisition of 24,84,837 Equity Shares of face value of Rs. 10/- each representing 26.57% of the paid up equity share capital of the Target Company alongwith complete control and management of the Target Company. The Open Offer in respect of the same was completed in October, 2012 & the entire shareholding of erstwhile promoters i.e. 2484837 equity shares of Rs. 10/- each constituting 26.57%, except 2400 equity shares has been transferred to M/s Omkam Pharmaceuticals P Ltd. in the month of April, 2013 & M/s Omkam Pharmaceuticals Pvt. Ltd. has taken over the control of management by virtue of the aforesaid Share Purchase Agreement.

## 28. Related Party Disclosures

- (i) Information relating to Related Party Transactions as per "Accounting Standard 18" notified by the Companies (Accounting Standards) Rules, 2006

Name of Related Party	Relationship
Mr. V.K.Jain, Director	Key Management Personnel
Advik Finance & Properties Pvt. Ltd.	Common Director

- (ii) Detail of transactions between company and Related Parties and the status of Outstanding balances at the year end:-

d) Summary of Transactions	2012-13	2011-12
Remuneration paid to V.K.Jain	744158	625220
Interest Free loan from Advik Finance & Properties Pvt. Ltd.	(5112)	5708226

29. In the opinion of the Board, the Current Assets, Loan & Advances shown in the Balance Sheet have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

30. **INVESTMENTS**

Company has sent legal notice to the various companies in which company has invested, as neither they are sending duplicate shares nor are replying the letters of the company, as company has misplaced/lost the share certificates during the shifting of records. As such these shares certificates are not physically held by the company as on 31<sup>st</sup> March, 2013.

31. (a) The Company has not provided quantitative information under Clause 2(5) in view of the exemption granted by Central Government vide their notification no. 301 dated 08.02.2011.

- (b) Expenditure in Foreign Currency (amount in Rs. lac)

	<b>As at 31.03.13</b>	As at 31.03.12
- On account of Travel	15.25	3.36

- (c) Earning in Foreign Currency (amount in Rs. lac)

- FOB value of Goods	442.17	Nil
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32. **DEFERRED TAX LIABILITY**

	<b>As at 31.03.13</b>	As at 31.03.12
The Breakup of deferred tax (liabilities)/assets as at March 31,2013 is as under:		
Deferred Tax Liabilities		
- Timing Difference on account of Depreciation	(1,14,23,723)	(1,07,80,822)
Deferred Tax Assets		
- Timing Difference on account of carry forward	23,14,640	49,07,726
Losses & other allowances		
Deferred Liabilities (net)	<u>(91,09,263)</u>	<u>(58,73,096)</u>

33. The Company has made some trading activities from its Delhi office which includes in the Sales amount.

34. Earning per share as computed with the Accounting Standard – 20

	As at 31.03.2013	As at 31.03.12
Weighted average number of shares outstanding during the year	93,53,400	93,53,400
Face Value per share	10	10
Net Profit after tax	49,98,631	27470
Basic & diluted earnings per share	0.535	.003

35. The balances of unsecured loans, loans & advances and sundry creditors are subject to the confirmation and consequential reconciliation/adjustments arising there from, if any. The management, however, does not except any material variation.
36. Previous year figures have been regrouped, rearranged wherever necessary to correspond with the current year's classification/disclosure.

**As per our report attached  
for VBR & Associates  
Firm Regn. No. : 013174N**

**For and on behalf of Board of Directors**

**(Vijay Bansal)  
Partner**

**(V.K.Jain)  
Managing Director**

**(A.P.Jain)  
Director**

**(Anjali Kalra)  
Company Secretary**

**Place : New Delhi  
Date : 30th May, 2013**



**ADVIK LABORATORIES LIMITED**

Registered office: 138,Roz-K-Meo,Industrial Area ,Sohna ,Distt Mewat  
Haryana-122 103

**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting venue)

DP Id\*:-  
Client Id\*:-

Regd.Folio No.-----  
No. of Shares held-----

Name & Address of the Shareholder(s)-----  
-----

Name of the Proxy-----

I/We hereby record my/our presence at the 19<sup>th</sup> Annual General Meeting of the company to be held on Friday, 27<sup>th</sup> September 2013, at 10:00 A.M. at the registered office of the company.

\_\_\_\_\_  
Signature of Member/Proxy



**FORM OF PROXY**

DP Id\*:-

Client id\*:-

Regd.Folio No.-----

No. of Shares held-----

I/We -----R/o-----  
----- being a Member/Members of the Advik Laboratories Ltd. hereby appoint Mr./Ms.-----of ----- or failing him/her Mr./Ms.----- of----- as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday, 27<sup>th</sup> September 2013 at 10:00 A.M at Registered Office of the Company.

Signed this..... day of ..... 2013

Signature of Member .....

Signature of Proxy.....

Affix revenue Stamp of Re.1
--------------------------------------

\* Applicable to investors holding shares in electronic form. (Please sign across the stamp)

Note: Proxy Form must reach to the Company's Registered office not less than 48 hours before the Meeting. The proxy need not be a member of the Company.

**Notes:**

1. For the convenience of members, persons other than members/proxies will not be admitted.
2. Please bring your copy of Annual report at the Meeting.