



ADVIK LABORATORIES LIMITED

ALL/BSE/ASE/ANNUALREPORT/19-20/526

Dated: September 28, 2019

To,
The Manager (Listing),
Bombay Stock Exchange Limited,
1st Floor, P. J. Towers,
Dalal Street, Mumbai – 400001

Subject: Submission of Annual Report for the Financial Year 18-19

Ref: BSE – Scrip Code – 531686, ASE Scrip Code– 01636 (ADVIK LABO)

Dear Sir,

Please find enclosed herewith the Annual Report for the Financial Year 18-19, duly approved and adopted by the shareholders in the Annual General Meeting held on 25th September, 2019.

Further, as per the requirement of BSE Circular No. LIST/COMP/40/2018-19 dated February 08, 2019 w.r.t. Filing of Annual Report in XBRL Mode, we wish to inform you that the same shall be uploaded at BSE listing portal simultaneously at the time of Annual filing with Registrar of Companies.

We hope that you will find the above in order.

This is for your information and records please.

Thanking You.
Yours Truly,
For Advik Laboratories Limited


Pooja Chuni
Company Secretary



CC:

The Manager (Listing),
Ahmedabad Stock Exchange Limited
1st Floor, Kamdhenu Complex,
Opp. Sahajanand College,
Panjara Pole, Ambawadi,
Ahmedabad – 380015



25TH

ANNUAL REPORT



2018-2019

Expanding the Horizons with Quality

Corporate Information**BOARD OF DIRECTORS**

| | | |
|--|----------------------|------------------|
| Mr. Peeyush Kumar Aggarwal | Director | (DIN : 00090423) |
| Mr. Sachin Garg (Resigned w.e.f. 23-04-2019) | Managing Director | (DIN : 03320351) |
| Mr. Manoj Kumar Jain | Independent Director | (DIN : 01887411) |
| Ms. Madhu Sharma | Independent Director | (DIN : 06947852) |

COMPANY SECRETARY

Ms. Pooja Chuni
Company Secretary

CHIEF FINANCIAL OFFICER

Mr. Manoj Kumar Bhatia
Chief Financial Officer (CFO)

AUDITORS

M/s RMA & Associates, LLP
Chartered Accountants
(Firm Registration No. 000978N/N500062)

BANKERS

Indian Overseas Bank, New Delhi
HDFC Bank, New Delhi

REGISTRAR & SHARE TRANSFER AGENTS

MAS Services Limited
SEBI Registration No. INR000000049
T-34, IInd Floor, Okhla Industrial Area, Phase II,
Delhi - 110020
New Delhi -110 062
Tel: 91-11-26387281
Fax: 91-11-26387384
E-mail: info@masserv.com
Website: www.masserv.com

CORPORATE OFFICE:

703, Arunachal Building, 19
Barakhamba Road, Connaught Place,
New Delhi-110 001(INDIA)
Tel No.: 91-11-43571040-45
FAX : 91-11-42424884
E-Mail: mail@advikindia.com
Website: www.advikindia.com

REGISTERED OFFICE & PLANT:

138, Roz-Ka-Meo, Industrial Area,
Sohna, Distt. -Mewat (Haryana) INDIA
Tel. No.: 0124-2362471,+91-9813179885

CIN: L74899HR1994PLC038300

Notice

Notice is hereby given that the 25th (Twenty Fifth) Annual General Meeting of the Members of **ADVIK LABORATORIES LIMITED** will be held on Wednesday, 25th September, 2019 at 09:30 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 Financial Statements of the company including the Balance Sheet of the Company as at 31st March, 2019 and the Statement of Profit and Loss of the Company for the financial year ended 31st March, 2019 together with the Cash Flow Statement & other Annexure thereof and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Peeyush Kumar Aggarwal (DIN 00090423), who is liable to retire by rotation and being eligible, offers himself for re-appointment pursuant to the provisions of Section 152 of the Companies Act, 2013.

Special Business:**3. Re-appointment of Mr. Manoj Kumar Jain as an Independent Director of the Company**

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), (including any statutory modification(s), amendment(s), clarification(s), re-enactment(s) or substitution(s) thereof for the time being in force) and any other applicable law(s), regulation(s), guideline(s), and pursuant to the recommendations of the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Manoj Kumar Jain (DIN - 01887411), who holds the office of Independent Director of the Company up to the date of this Annual General Meeting (i.e. Twenty Fifth Annual General Meeting) & who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act & Regulation 16(1)(b) of the Listing Regulations be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of Five (5) years i.e. from the date of this Annual General Meeting (i.e. Twenty Fifth Annual General Meeting) up to the date of the Thirtieth (30th) Annual General Meeting of the Company to be held in the financial year 2024.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to the above resolution.”

4. Approval under Section 180(1)(a) of the Companies Act, 2013 for Sale of Manufacturing Unit of the Company

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

“RESOLVED THAT, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and subject to other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force), applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of the Memorandum and Articles of Association of the Company, and other applicable statutory provisions and regulations, if any, as amended from time to time, and subject to the necessary registrations, approvals, consents, permissions and sanctions required, if any, and/or other institutions or bodies, statutory authorities, and such conditions or modifications as may be prescribed by any of them while granting any such approvals, which may be agreed to, in its sole discretion, by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the powers conferred by this resolution), consent of the Members of the Company be and is hereby accorded, including confirmation of actions

taken hitherto to the Board to sell / transfer / dispose off its pharmaceutical Manufacturing Unit situated at 138, Roz-ka-Meo, Industrial Area, Sohna, Dist. Mewat, Haryana 122103 ("Undertaking"), together with all specified tangible and intangible assets, including land, personnel / employees, plant and machinery and other assets in relation to the Undertaking but excluding its brand name, as a going concern / on a slump sale basis on an "as is where is" basis or in any other manner as the Board may deem fit in the interest of the Company, at such consideration as the Board may deem fit and appropriate in the best interests of the company, in one or more tranches and on such terms and conditions and with such modification/s as may be required by any of the concerned Authorities or as the Board of the Company may deem fit and appropriate in the interest of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised and empowered to finalise and execute necessary documents including but not limited to definitive Agreements, deeds of assignment / conveyance and other ancillary documents, with effect from such date and in such manner as is decided by the Board and to do all such other acts, deeds, matters and things as it may deem necessary and/or expedient to give effect to the above Resolution including without limitation, to settle any questions, difficulties or doubts that may arise in regard to sale and transfer of the Undertaking as the Board may in its absolute discretion deem fit."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with power to delegate to any Officers of the Company, with authorities as required, affixing the Common Seal of the Company on agreements/documents, arranging delivery and execution of contracts, deeds, agreements and instruments."

5. Approval for Related Party Transaction

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

"RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 (including any amendment, modification or re-enactment thereof), and subject to such other approvals from such Authorities as may be required in this regard, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to sale, purchase or supply of any goods or materials, selling or otherwise disposing of, or buying, leasing of property of any kind, availing or rendering of any services, appointment of agent for purchase or sale of goods, materials, services or property or otherwise disposing of any goods, materials or property or availing or rendering any services from related parties or appointment of such related party to any office or place of profit in the company or its associate companies, if any or reimbursement of any transaction or any other transaction of whatever nature with related parties:

| Sr. No | Name of the Related Party | Relationship | Maximum Value of Transactions per annum with effect from April 01, 2019 (Rs. in lacs) |
|---------------|----------------------------------|--|--|
| 1 | Mr. Peeyush Kumar Aggarwal | Director & Promoter of the Company | 50.00* |
| 2 | Omkam Global Capital Pvt. Ltd. | Mr. Peeyush Kumar Aggarwal, Director & Promoter of the Company is also a Director & Promoter of Omkam Global Capital Pvt. Ltd. | 500.00* |
| 3 | Omkam Developers Limited | Mr. Peeyush Kumar Aggarwal, Director & Promoter of the Company is also a Director & Promoter of Omkam Developers Limited. | 600.00* |

* Expected maximum annual value of transactions per related party over the year

RESOLVED FURTHER THAT the board of directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effects to this Resolution.”

6. Appointment of Mr. Peeyush Kumar Aggarwal (DIN: 00090423) as the Managing Director of the Company

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

“**RESOLVED THAT** subject to such consents and permissions, as may be necessary, approval of the shareholders of the Company be and is hereby accorded in terms of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Companies Act, 2013, including any statutory modification or re-enactment thereof, Mr. Peeyush Kumar Aggarwal (holding DIN 00090423) be and is hereby appointed as the Managing Director of the Company with effect from 25th September, 2019 on the terms and conditions as set out hereunder:-

Terms & Conditions of Appointment:

a) Tenure:

Upto Five years as may be decided by the Board of Directors. His period of office shall be liable to determination by retire of directors by rotation

b) Remuneration:

At present NIL for his tenure of Five years. However, the Board or any Committee thereof in its absolute discretion may from time to time will review the salary that may be payable to Mr. Peeyush Kumar Aggarwal subject to the provisions of Section 196 and 197 and Schedule V of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder.

c) Functions:

Mr. Peeyush Kumar Aggarwal shall discharge such duties and functions as may be assigned to him by the Board of Directors from time to time.

d) Sitting Fees:

No sitting fees shall be paid to Mr. Peeyush Kumar Aggarwal at present to attend the Board Meetings/Committee Meetings of the Directors.

e) Termination:

The appointment of Mr. Peeyush Kumar Aggarwal as Managing Director may be terminated by either party by giving to the other one month notice in writing.

RESOLVED FURTHER THAT if in future the Company decides to pay remuneration to Mr. Peeyush Kumar Aggarwal, as Managing Director, the Company shall obtain a fresh approval from the shareholders of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or the Company Secretary of the Company, be and are hereby severally authorized to file the necessary forms with the office of the Ministry of Corporate Affairs, Delhi and are further authorized to complete the other necessary formalities as are required to give effect to above resolutions.

7. Appointment of Mr. Ram Niwas Sharma (DIN: 08427985) as the Director of the Company

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

“RESOLVED THAT Mr. Ram Niwas Sharma (DIN: 08427985) who was appointed as an Additional Director of the Company w.e.f. 23/08/2019 in terms of the provisions of Section 161 of the Companies Act, 2013 and the Rules made there under and whose term of office expires at the forthcoming Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.”

**For and on Behalf of the Board of Directors of
Advik Laboratories Ltd.**

**Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423**

**Date: 23rd August, 2019
Place: New Delhi**

Notes:

1. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 (the Act), relating to the Special Business to be transacted at the meeting is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act proxy for any other person or member.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send at the Registered Office of the Company, a duly certified copy of the Board Resolution, authorising their representative to attend and vote on their behalf at this General Meeting.
4. Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to keep the information ready at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 19th September, 2019 to Wednesday, 25th September, 2019 (both days inclusive) for the purpose of the AGM.
6. **Members / Proxies should fill-in the attendance slip for attending the Meeting and bring their attendance slip along with their copy of the Annual Report to the Meeting.**
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
8. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
9. The members are requested to intimate changes, if any, in their registered address to the Registrar & Share Transfer Agents for shares held in physical form & to their respective Depository participants for shares held in electronic form.
10. All documents referred to in the accompanying Notice are opened for inspection at the Registered Office of the Company on all working days, except Sunday between 2 P.M. to 4 P.M. upto the date of the Annual General Meeting.

11. Members are requested :
- i) To quote their folio Nos. in all correspondence.
 - ii) To note that no gifts will be distributed at the meeting.
 - iii) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. **Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.**
13. In terms of Section 72 of the Companies Act, 2013, a Member of the Company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Member(s) desirous of availing this facility may submit nomination in the prescribed Form SH – 13 to the Company/RTA in case shares are held in Physical form, and to their respective depository participant, if held in electronic form.
14. **Members/Promoters holding shares in demat form are requested to submit their Permanent Account Number (PAN), to their respective Depository Participant and those holding shares in physical form are requested to submit their PAN details as well as to get their shares dematerialized to the company on and before 5th December, 2018. Pursuant to SEBI notification number SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018. Please note that as per the aforesaid SEBI's notification, the requests for effecting transfer of securities shall not be processed after 05th December, 2018 unless the securities are held in dematerialised form with a Depository. In view of the above all the shareholders holding shares in physical form are requested to open a de-mat A/c with a Depository participants and get their shares dematerialised. Necessary communication in this regard has already been sent separately to the shareholders by the company.**
15. **Members/Promoters holding shares, of the Company in demat form shall provide the details of their Bank Account and E-mail Id to the RTA i.e. MAS Services Limited having registered office is T-34, IInd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020 and those holding shares in physical form will provide their Bank A/c details and E-mail Id to the Company. Necessary communication in this regard has already been sent separately to the shareholders by the company.**
16. Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the e-voting facility to the members to exercise their right to vote by electronic means. The Company has fixed 18th September, 2019 as a cut – off date to record the entitlement of the shareholders to cast their vote electronically at the 25th Annual General Meeting (AGM) by electronic means under the Companies Act, 2013 and rules thereunder. Consequently, the same cut-off date, i.e., 18th September, 2019 would record entitlement of the shareholders, who do not cast their vote electronically, to cast their vote at the 25th AGM on 25th September, 2019.

The e-voting period will commence at 9.00 A.M. on 21st September, 2019 and will end at 05.00 P.M. on 24th September, 2019. The Company has appointed Mr. Kundan Agrawal (Membership No. FCS- 7631& CP No. 8325), Company Secretary in Practice to act as Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given as Annexure to the Notice.

The Company has engaged the services of **National Securities Depository Limited (NSDL)** as the Authorised Agency to provide remote e-voting facility.

For and on Behalf of the Board of Directors of
Advik Laboratories Ltd.

Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423

Date: 23rd August, 2019
Place: New Delhi

VOTING THROUGH ELECTRONIC MEANS

The procedure and instructions for e-voting as given in the Notice of the 25th Annual General Meeting are reproduced hereunder for easy reference:

- I. **In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):**
 - a. Open e-mail and open PDF file viz. "Advik-remote e-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
 - b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>. Or <https://www.evotingindia.com/>
 - c. Click on Shareholder-Login.
 - d. Put user ID and password as initial password noted in step (i) above. Click Login.
 - e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - g. Select "EVEN" of "Advik Laboratories Limited". The "EVEN" of Advik Laboratories Limited is "111807"
 - h. Now you are ready for remote e-voting as Cast Vote page opens.
 - i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - j. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - k. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to cskundanagrwal@gmail.com with a copy marked to mail@advikindia.com and evoting@nsdl.co.in.

- II. **In case of Members receiving Physical copy of Notice of 25th Annual General Meeting (for members whose e-mail IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)**
 - a. Initial password is provided in the box overleaf.
 - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.

 - A. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
 - B. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - C. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - D. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 18th September, 2019.
 - E. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e., 18th September 2019, may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA, MAS Services Limited. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
 - F. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
 - G. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
 - H. Mr. Kundan Agrawal Practicing Company Secretary (Membership No. FCS -7631 & CP No. 8325), has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
 - I. The e-voting period will commence at 09.00 A.M. on 21st September, 2019 and will end at 05.00 P.M. on 24th September, 2019.

- J. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- K. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than Forty Eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- L. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.advikindia.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE Limited and ASE Limited.
- M. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

**For and on Behalf of the Board of Directors of
Advik Laboratories Ltd.**

**Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423**

**Date 23rd August, 2019
Place: New Delhi**

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 3:

Mr. Manoj Kumar Jain is an Independent Non-Executive Director of the Company. At the Twentieth (20th) Annual General Meeting of the Company held on September 30, 2014, Members of the Company had approved appointment of Mr. Manoj Kumar Jain (DIN - 01887411) as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five (5) consecutive years commencing from the Twentieth Annual General Meeting of the Company.

As per Section 149(10) of the Companies Act, 2013 ('the Act'), an Independent Director is eligible for re-appointment for a second term of up to 5 years upon passing of a Special resolution by the Shareholders of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable that the Company continues to avail services of Mr. Manoj Kumar Jain as an Independent Director.

As the current term of appointment of Mr. Manoj Kumar Jain (DIN - 01887411) is expiring at the ensuing Annual General Meeting of the Company, your Board, based on the performance evaluation and recommendation of the Nomination and Remuneration Committee of the Board and his skills, extensive and enriched experience in diverse areas and suitability to the Company and after reviewing declaration of independence received from Mr. Manoj Kumar Jain, recommends re-appointment of Mr. Manoj Kumar Jain as an Independent Director for a second term of Five (5) years commencing from the date of this Twenty Fifth (25th) Annual General Meeting up to the Thirtieth (30th) Annual General Meeting of the Company. Requisite consent has been received from Mr. Manoj Kumar Jain pursuant to provisions of Section 152 of the Companies Act, 2013.

In the opinion of the Board, Mr. Manoj Kumar Jain, who is proposed to be re-appointed for the second term as an Independent Director of the Company, fulfils the conditions of Independence specified under Section 149(6), Schedule IV of the Companies Act, 2013 and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is Independent of the management.

Brief Profile of Mr. Manoj Kumar Jain (DIN: 01887411)

Mr. Manoj Kumar Jain, (DIN: 01887411) aged about 53 years is a Commerce Graduate and Management consultant by profession and advises on various aspects of management. He has a vast experience of 25 years in the field of General & Financial Management.

Mr. Manoj Kumar Jain holds directorship and membership of the Committees of the Board of Directors of the under stated other companies in India:

1. **North Eastern Carrying Corporation Limited __ Independent Director**

- Audit Committee – Chairman
- Nomination & Remuneration Committee – Chairman
- Stakeholders Relationship Committee – Chairman

2. **MPS Infotecnics Limited __ Independent Director**

- Audit Committee – Member
- Nomination & Remuneration Committee – Member
- Corporate Social Responsibility Committee – Member
- Risk Management Committee – Chairman
- Stakeholders Relationship Committee –Member

Mr. Manoj Kumar Jain, the proposed director, does not hold any equity shares in the Company.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Mr. Manoj Kumar Jain (whose appointment is proposed in the resolution) is in any way concerned or interested, financially or otherwise, in the passing of this resolution.

Your Board recommends the Special resolution as set out in Item No. 3 for your approval.

Item No.4:

The Company has availed financial assistance from Indian Overseas Banks since July 2007 and from time to time the credit facilities were renewed and/or enhanced. The Company for availing the credit facilities from Indian Overseas Bank mortgaged its property being 138, Roz-ka-Meo, Industrial Area, Sohna, Dist. Mewat, Haryana-122103. Apart from mortgaging the said property, the credit facility is also secured by way of corporate guarantee of Omkam Pharmaceuticals Pvt. Ltd, one of the promoters of the Company and personal Guarantee of Mr. Peeyush Kumar Aggarwal, Promoter and Director of the Company.

The company's revenues started to decline from the FY 2015-16, as is evident from the financial statements, because of which the company started facing cash crunch, consequently the company could not service its debts to Indian Overseas Bank and the account turned NPA. The Company could not come out of the financial crunch as the revenues from operations continued to decline year after year.

As the company was unable to service its debts to Indian Overseas Bank, the bank, pursuant to the provisions of Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002, took symbolic possession of the Mortgaged property on 30.11.2016 / 01.12.2016 and thereafter preferred an application u/s. 19 of The Recovery of Debts due to Banks and Financial Institutions Act, 1993 for recovery of 9,85,81,666.72p (Rupees Nine crores, eighty five lacs, eighty one thousand, six hundred sixty six and paise seventy two only) on 07.02.2017 before Debt Recovery Tribunal - II, New Delhi. The case is still pending before the Debt Recovery Tribunal - II, New Delhi. Several initiatives such as launching of new products, substantial improvements in quality and service, cost reduction etc. were taken in the past. However, the performance of the Unit did not improve.

However, in light of the changing economic scenario and due to considerable increase in operational cost, increasing competitive environment not only from the organized sector but also from the unorganized sector, coupled with mounting pressure from the bank in selling the unit, manufacturing facility became uncompetitive.

During the pendency of the recovery suit filed by Indian Overseas Bank, the management of the Company, after several rounds of negotiations, had been able to settle with the bank. Against total outstanding of Rs. 12.50 Cr, the bank has agreed for a one time settlement at Rs. 8.30 Cr. The Company had received a sanction letter from Indian Overseas Bank for One Time Settlement.

Pursuant to One time Settlement with Bank and after considering various options, the Board decided to sell the same in the overall best interest of all the stakeholders. The Board of Directors of the Company, at its meeting held on 23-08-2019 approved to sell / dispose off its pharmaceutical manufacturing Unit situated at 138, Roz-ka-Meo, Industrial Area, Sohna, Dist.: Mewat, Haryana 122103. together with all specified tangible and intangible assets in relation to the Undertaking (excluding its brand name and the specific liabilities), on a slump sale basis as a going concern and on an "as is where is" basis.

The net proceeds from the sale of the Undertaking will be utilized to repay the existing loans and reduce interest burden, and enhancement of working capital of the Company or general business purpose. The sale of the said Undertaking will not have any impact on the Company's trading business which it may start in the near future.

The Board of Directors is of the opinion that the proposed sale of the Fixed Assets of the company is in the overall interest of the Company. The proposed Special Resolution provide adequate flexibility and discretion to the Board to finalize the terms of the sale in consultation with the advisors, experts or other Authorities as may be required.

In terms of Section 180(1)(a) of the Companies Act, 2013, a company cannot sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the company without the consent of the members by way of a special resolution. In view of the provisions contained in Companies Act, 2013 & Listing Regulations, 2015, the Company requires an approval of the Members of the Company through a Special Resolution, to sell / transfer / dispose off its pharmaceutical Manufacturing Unit situated at 138, Roz-ka-Meo, Industrial Area, Sohna, Dist. Mewat, Haryana 122103 ("Undertaking"), together with all specified tangible and intangible assets, including land, personnel / employees, plant and machinery and other assets in relation to the Undertaking but excluding its brand name, as a going concern / on a slump sale basis on an "as is where is" basis or in any other manner as the Board may deem fit in the interest of the Company, in terms of Section 180(1)(a) of the Companies Act, 2013.

In compliance with the applicable provisions of the Companies Act, 2013, the Special Resolution as set out in Item No. 4 of the accompanying Notice is now being placed before the members for their approval. Your Directors recommend the passing of the resolution as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives, in any way, deemed to be concerned or interested, financially or otherwise, in the special resolution as set out in the notice.

The Board recommends the resolution as set out in Item no. 4 of the Notice for approval of the Shareholders.

Item No. 5:

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings with the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, require that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and in case of the Company having a paid up capital of Rs. Ten Crores or more, prior approval of shareholders must be obtained for entering into following Related Party Transactions:

1. Sale, purchase or supply of any goods or materials,
2. Selling or otherwise disposing of, or buying, leasing of property of any kind,
3. Availing or rendering of any services,
4. Appointment of any agent for purchase or sale of goods, materials, services or property or otherwise disposing of any goods, materials or property or availing or rendering any services from related parties,
5. Appointment of such related party to any office or place of profit in the company or its associate companies, if any or reimbursement of any transaction or any other transaction of whatever nature with related parties.

The proviso to Section 188(1) also states that nothing in Section 188(1) will apply to any transaction entered into by the Company in the ordinary course of business and at arm's length basis. Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 has also prescribed seeking of shareholders' approval for material related party transactions.

The Company is inter alia engaged in the business of manufacturing, trading, import and export of pharmaceutical products. For the smooth functioning of the operations of the company, the company, from time to time, needs funds. Further, at times the excess funds are deployed in companies in which the Director(s) of the Company are interested. The deployments of funds in such companies are at an arm's length basis. The Promoter Director of the Company and his associate companies had been infusing and intends to infuse funds and intends to involve in other transactions as are mentioned in Section 188(1) of the Companies Act, 2013 and Rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 that may become material in nature as these transactions are likely to exceed 10% of the net worth of the Company or may exceed the other perimeters/criteria's as are mentioned in applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 and amendments thereto.

All the proposed transactions put up for approval are in the ordinary course of business and at arm's length. Pursuant to the provisions of Section 188(1) of the Companies Act, 2013 and applicable Rules made thereunder and the SEBI (Listing and Disclosure) Regulations, 2015, the following contracts/arrangements/transactions are material in nature and require the approval of the unrelated shareholders of the Company by way of Ordinary resolution:

| Sr. No | Name of the Related Party | Relationship | Maximum Value of Transactions per annum with effect from April 01, 2019 (Rs. in lacs) |
|--------|--------------------------------|--|---|
| 1 | Mr. Peeyush Kumar Aggarwal | Director & Promoter of the Company | 50.00* |
| 2 | Omkam Global Capital Pvt. Ltd. | Mr. Peeyush Kumar Aggarwal, Director & Promoter of the Company is also a Director & Promoter of Omkam Global Capital Pvt. Ltd. | 500.00* |
| 3 | Omkam Developers Limited | Mr. Peeyush Kumar Aggarwal, Director & Promoter of the Company is also a Director & Promoter of Omkam Developers Limited. | 600.00* |

The annual value of the transactions proposed is estimated on the basis of the Company's current transactions and future business projections.

The members are further informed that members of the Company being a related party or having any interest in the resolution as set out in Item No. 5 shall abstain on voting on this resolution whether the entity is a related party to the particular transaction or not.

Except Mr. Peeyush Kumar Aggarwal, Promoter Director of the Company and other related parties to the extent of their shareholding interest in the Company, no other Director or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in passing of this resolution.

The Board recommends the resolution as set out in Item no. 5 of the Notice for approval of the Shareholders.

ITEM NO. 6:

Pursuant to the provisions of Sections 197, 203 read with Section 2(54) of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Companies Act, 2013, including any statutory modification or re-enactment thereof, and pursuant to the recommendations of the Nomination and Remuneration Committee, the Board recommends to appoint Mr. Peeyush Kumar Aggarwal (holding DIN 00090423) as the Managing Director of the Company with effect from 25th September, 2019 on the terms and conditions and remuneration hereinafter indicated. The said appointment is subject to the approval of the Members of the Company in General Meeting.

Brief Profile of Mr. Peeyush Kumar Aggarwal

Mr. Peeyush Aggarwal, aged about 56 years, is a fellow Member of the Institute of Chartered Accountants of India. He has rich experience of over 30 years. 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; Telecom VAS; Digital Cinema ; Retail ; Broking (Shares, Commodities, Insurance) ; Real Estate ; Construction & Hospitality. In addition, he has had an extensive experience in strategic and feasibility consulting, preparing business plans, conducting due diligence, reviews and business valuation. He has had significant expertise in assisting Indian Companies in financial and management audits. He also has rich and vast experience in the field of Corporate Laws, Finance and Taxation, Project Management etc.

The terms of appointment and Remunerations of Mr. Peeyush Kumar Aggarwal as Managing Director of the Company are as under:

Terms & Conditions of Appointment:**a) Tenure:**

Upto Five years as may be decided by the Board of Directors. His period of office shall be liable to determination by retire of directors by rotation

b) Remuneration:

At present NIL for his tenure of Five years. However, the Board or any Committee thereof in its absolute discretion may from time to time will review the salary that may be payable to Mr. Peeyush Kumar Aggarwal subject to the provisions of Section 196 and 197 and Schedule V of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder.

c) Functions:

Mr. Peeyush Kumar Aggarwal shall discharge such duties and functions as may be assigned to him by the Board of Directors from time to time.

d) Sitting Fees:

No sitting fees shall be paid to Mr. Peeyush Kumar Aggarwal at present to attend the Board Meetings/Committee Meetings of the Directors.

e) Termination:

The appointment of Mr. Peeyush Kumar Aggarwal as Managing Director may be terminated by either party by giving to the other one month notice in writing.

If in future the Company decides to pay remuneration to Mr. Peeyush Kumar Aggarwal, as Managing Director, of the Company, a fresh approval from the shareholders of the Company shall be obtained.

Mr. Peeyush Kumar Aggarwal holds 19,57,159 Shares constituting 10.24 % of the Paid up Share Capital of the Company.

Mr. Peeyush Kumar Aggarwal, Director, holds directorship in following companies, including Advik Laboratories Limited.:

| S.No | Name of the Companies | Designation |
|------|--|-------------------|
| 1 | MPS INFOTECNICS LIMITED | Managing Director |
| 2 | INTERWORLD DIGITAL LIMITED | Director |
| 3 | ADVIK LABORATORIES LIMITED | Director |
| 4 | ONUS PLANTATIONS AND AGRO LIMITED | Director |
| 5 | NIRVANA BIOSYS PRIVATE LIMITED | Director |
| 6 | PRASHANT SOFTWARES PRIVATE LIMITED | Director |
| 7 | PURNAGIRI ROPEWAY PROJECT COMPANYPRIVATE LIMITED | Director |
| 8 | MPS EXIM PRIVATE LIMITED | Director |
| 9 | ADVANTA BUILDWELL PRIVATE LIMITED | Director |
| 10 | POWERSOFT SOLUTION PRIVATE LIMITED | Director |
| 11 | MPS FASHIONS PRIVATE LIMITED | Director |
| 12 | WELCOME BUILDERS PRIVATE LIMITED | Director |
| 13 | OMKAM CAPITAL MARKETS PRIVATE LIMITED | Director |
| 14 | OMKAM DEVELOPERS LIMITED | Director |
| 15 | ONTIME CARGO AND COURIERS PRIVATELIMITED | Director |
| 16 | OMKAM COMMODITIES PRIVATE LIMITED | Director |
| 17 | OMKAM SECURITIES PRIVATE LIMITED | Director |
| 18 | OMKAM GLOBAL CAPITAL PRIVATE LIMITED. | Director |
| 19 | BHIKSHU ENTERPRISES PRIVATE LIMITED | Director |

Your directors are of the view that the company would be immensely benefited by the expertise and guidance of Mr. Peeyush Kumar Aggarwal and therefore recommends his appointment as Managing Director of the Company for approval of the members in Item no. 6 of this notice convening Annual General Meeting.

Except Mr. Peeyush Kumar Aggarwal, being an appointee, none of the Directors, Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in the resolution set out in Item no. 6.

The Board of Directors recommends the resolution as set out in Item no. 6 for approval by the members.

ITEM NO. 7:

Mr. Ram Niwas Sharma was appointed as an Additional Director of the Company by the Board of Directors with effect from 23.08.2019 and in terms of relevant provisions of the Companies Act, 2013 and Rules made thereunder, he holds office till the conclusion of this Annual General Meeting.

The Company has received a notice under Section 160 of the Act alongwith deposit of requisite amount proposing his candidature for the office of director liable to retire by rotation.

Mr. Ram Niwas Sharma is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Director.

The Board has recommended the appointment of Mr. Ram Niwas Sharma as a Director of the Company whose term of office is liable to retirement by rotation. In the opinion of the Board, Mr. Ram Niwas Sharma fulfils the conditions

specified in the Act and the Rules framed there under for his appointment as Non-Executive Director of the Company liable to retire by rotation.

In compliance with the provisions of Section 149 of the Act, the appointment of Mr. Ram Niwas Sharma as a Director of the company liable to retire by rotation is now being placed before the members for their approval.

A brief profile of Mr. Ram Niwas Sharma is given below.

Mr. Ram Niwas Sharma, aged 47, has more than two decades of experience in the corporate sector at various levels including stock broking, marketing and general administration. Considering his vast and rich experience, the Board of Directors of the Company has appointed him as a Non-Executive Director of the Company.

At present, Mr. Ram Niwas Sharma is not holding directorship and membership in any committees of any other listed and public limited Companies.

Mr. Ram Niwas Sharma (having DIN: 08427985) does not have any relationship with any of the existing directors and Key Managerial Personnel and he does not hold any shares in the Company.

Mr. Ram Niwas Sharma, Director, holds directorship in following companies, including Advik Laboratories Limited.:

| S.No | Name of the Companies | Designation |
|------|---|---------------------|
| 1. | Advik Laboratories Limited | Additional Director |
| 2. | Neelabh Spinning Mills Private Limited. | Director |
| 3. | Omkam Pharmaceuticals Private Limited | Director |
| 4. | Omkam Retreat Private Limited | Director |
| 5. | Omkam Inns Private Limited | Director |
| 6. | Omkam Resorts Private Limited | Director |
| 7. | Onshore Shipping Limited. | Director |
| 8. | Heritage Corporate Services Limited | Director |
| 9. | Square Yards Estates Private Limited | Director |
| 10. | Radsun Technologies Limited | Director |
| 11. | Omkam Securities Private Limited | Director |
| 12. | Omkam Consultancy Private Limited | Director |

The Board considers that his association would be of immense benefit to the Company. Therefore, it is desirable to avail services of Mr. Ram Niwas Sharma as a Non-Executive Director of the Company.

Except Mr. Ram Niwas Sharma, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out in Item No. 7.

The Board of Directors recommends the resolution as set out in Item no. 7 for approval by the members

**For and on Behalf of the Board of Directors of
Advik Laboratories Ltd.**

Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423

Date: 23rd August, 2019
Place: New Delhi

Director's Report

Dear Members,

Your Directors are delighted to present the 25th Annual Report of your Company together with the Audited Annual Accounts for the financial year ended 31st March, 2019.

1. Financial Results:

The Financial Performance of your Company for the year ended March 31, 2019 is summarized below

(Amount in Lacs)

| Particulars | For the year ended | |
|---|--------------------|------------|
| | 31.03.2019 | 31.03.2018 |
| Revenue from operations | 84.50 | 415.27 |
| Profit/(Loss) before Depreciation & Income Tax | (70.51) | (46.87) |
| Less: Depreciation | 58.79 | 58.82 |
| Profit/(Loss) after depreciation | (129.30) | (105.69) |
| Less: Provision for Income Tax/Deferred Tax | (4.69) | (19.14) |
| Profit/(Loss) After Taxation | (124.60) | (86.55) |
| Other Comprehensive Income | 1.31 | 1.61 |
| Total Comprehensive Income for the period carried over to Reserve & Surplus a/c | (123.29) | (84.94) |

2. Dividend:

In view of losses incurred by the Company, your Directors regret their inability to recommended dividend on equity shares for the year under review.

3. Reserves:

In view of insufficiency of profits, no amount is proposed to be transferred to Reserves for the year under review.

4. Brief description of the Company's working during the year:

Due to absence of orders there were nil production activities in the company plant during the year under review, with the reason company turnover drastically down as compared to last year and suffered loss of Rs. 129.30 Lacs The Board hopes to recover in the next financial year as company is in touch of some prominent customers, who buys the goods on third party manufacturing and job work basis & export on their own. Company is also looking for exploring South African market, where our products are well- established.

5. Change in the nature of business, if any:

During the year, there is no change in the nature of business activity of the company.

6. Material changes and commitments, if any, affecting the financial position of the company which has occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:

During the period between the end of the financial year of the company and the date of the report, there are no material changes and commitments which affect the financial position of the company.

However, after the year under review, your Company has received a One Time Settlement (OTS) Sanction Letter from Indian Overseas Bank (IOB) to settle its outstanding loan of Rs. 12.50 Crores obtained from IOB as per the terms and conditions of the said OTS at Rs. 8.30 Crores. The Board, therefore, in its meeting held on 23rd August, 2019 has decided to sell the pharmaceutical Manufacturing Unit of the Company located at 138, Roz-ka-Meo, Industrial Area, Sohna, Dist. Mewat, Haryana 122103 in order to discharge the obligations of the Company under the said OTS and to clear the outstanding loan of the Company with IOB.

The net proceeds from the sale of the Undertaking will be utilized to repay the existing loans and reduce interest burden, and enhancement of working capital of the Company or general business purpose. The sale of the said Undertaking will not have any impact on the Company’s trading business which it may start in the near future.

Necessary approval of shareholders of the Company for sale of Undertaking of the Company under Section 180(1)(a) of the Companies Act, 2013 has been sought in the enclosed Notice calling the 25th Annual General Meeting forming part of this Annual Report.

7. Details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company’s operations in future:

During the year, there are no significant and material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and company’s operations in future.

8. Details in respect of adequacy of internal financial controls with reference to the Financial Statements:

The Board has adopted policies and procedure for ensuring the orderly and efficient conduct of its business, including adherence to the company’s policies, the safeguarding of its asset, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosure.

9. Details of Subsidiary/Joint Ventures/Associate Companies:

The Company has no Subsidiary. During the year, no company has become or ceased as subsidiary/Joint-venture/Associate of the company.

10. Performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement:

During the year, no consolidated financial statements have been prepared by the company as the Company has no subsidiary company.

11. Public Deposits:

Your Company has not accepted any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014, during the year under review. The details relating to deposits, covered under Chapter V of the Act is as under-

| | | |
|------|--|---|
| a) | accepted during the year | Rs Nil |
| b) | remained unpaid or unclaimed as at the end of the year | Rs Nil |
| c) | whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved | N.A. since the company has not accepted any deposits. |
| i. | at the beginning of the year | Rs Nil |
| ii. | maximum during the year | Rs Nil |
| iii. | at the end of the year | Rs Nil |

12. Auditors:**A. Statutory Auditors:**

M/s. RMA & Associates LLP, Chartered Accountants, New Delhi, the Statutory Auditors of the Company (Registration No. 000978N/500062), had been appointed by the shareholders in the 19TH AGM held on 27.09.2013 from the conclusion of the said AGM till the conclusion of the 20TH AGM as per the provisions of the erstwhile Companies Act, 1956. Thereafter, they were again appointed for four consecutive financial years, i.e. from the conclusion of the 20th AGM till the conclusion of the 24th AGM of the shareholders of the Company as per the provisions of Section 139(1) of the Companies Act, 2013. M/s. RMA & Associates, LLP, Chartered Accountants, New Delhi, the Statutory Auditors of the Company had completed the first term of five years as the Statutory Auditors of the Company.

Further, M/s. RMA & Associates, LLP, Chartered Accountants, New Delhi, were reappointed as the statutory auditors of the Company for a further term of five years to hold office from the conclusion of 24th AGM till the conclusion of the twenty-ninth AGM of the Company to be held in the year 2023.

As per the Companies (Amendment) Act, 2017 and Rules made thereunder, w.e.f. May 07, 2018, the Central Government notified the omission of the requirement related to ratification of appointment of auditors by members at every Annual General Meeting. Accordingly, the resolution for ratification has not been placed before the members.

Statutory Auditors' Report:

The company always strives to present a unqualified Financial Statement. However, there are some observations on Auditor's Report for the F.Y. 2018-19, which are as under:-

Auditor's Observation:-

- a) Due to default in payments of bank loans, the company's accounts have been classified as Non-Performing Assets (NPA) by the bank. Indian Overseas Bank has not charged interest on Cash credit & Term Loan Limits. During the period under review no provision has been made for such interest in the books of account of the company and to that extent bank's loan liability and total loss is understated by Rs. 552.68 lacs plus penal charges that the bank may charge.
- b) Trade Receivables & Trade Payables are subject to confirmation, reconciliation, adjustments & provisions, if any which may arise out of confirmation and reconciliation.
- c) The company had not determined the fair value of Investments in unquoted equity shares of other companies as per IND AS

Report of the Statutory Auditor is annexed with the Annual Report, however, as regards qualifications' made by the Auditors' in their report your directors states as under:-

- a). The Company's accounts had become Non-Performing Assets (NPA) with Indian Overseas Bank and due to this reason, IOB has stopped charging interest from the company on its outstanding debts. Hence, the accounts of the company became NPA. In view of the above, the company has not charged to statement of Profit & Loss account Interest expenses of Rs. 39.99 Lacs and related penal interest & other charges, if any, for the reported period, in respect of delay of repayments of borrowings from the bank. Further liability for interest expenses of Rs.512.69 lacs till 31/12/2018 has not been accounted for. The company has already received the One Time Settlement sanction letter with Indian Overseas Bank to settle its outstanding loan of Rs. 12.50 Crores obtained from IOB as per the terms and conditions of the said OTS at Rs. 8.30 Crores. The Board, therefore, in its meeting held on 23rd August, 2019 has decided to sell the pharmaceutical Manufacturing Unit of the Company located at 138, Roz-ka-Meo, Industrial Area, Sohna, Dist. Mewat, Haryana 122103 in order to discharge the obligations of the Company under the said OTS and to clear the outstanding loan of the Company with IOB. The net proceeds from the sale of the Undertaking will be utilized to repay the existing loans and reduce interest burden, and enhancement of working capital of the Company or general business purpose.
- b). The Company is in the process of obtaining the necessary confirmations from its Sundry Debtors & Sundry Creditors, the Company shall provide the same to the Auditors as soon as it will be received by it.
- c). The company has misplaced/lost the share certificates of the Investment made by it in unquoted equity shares of other companies during the shifting of its records. Hence these share certificates are not physically held by the company. The Company has sent various request letters to the companies in which it has made investments for issue of duplicate share

certificates. However, till date the company has not received any reply from these companies. In order to ensure the compliance of IND AS in true letter and spirits, the company is also trying to ascertain the fair market value of its investments.

B. Secretarial Auditors:

As required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board has appointed M/s. Kundan Agrawal & Associates, Practising Company Secretaries, as Secretarial Auditor of the Company for the FY 2018-19.

Annual Secretarial Compliance Report & Secretarial Audit Report

SEBI Vide its circular bearing no. CIR/CFD/CMD1/27/2019 dated February 8, 2019 mandated that all listed entities in addition to Secretarial Audit, on an annual basis, require a check by the PCS on compliance of all applicable SEBI Regulations and circulars/guidelines issued thereunder.

In compliance with the said circular, M/s. Kundan Agarwal & Associates, Company Secretaries, the secretarial auditors of the Company examined the compliance of all applicable SEBI Regulations and circulars / guidelines and provided their report. The Secretarial Auditors vide their report dated 20th May 2019, have reported that your company has maintained proper records under the provisions of SEBI Regulations and Circulars / Guidelines issued thereunder.

There are no qualifications, reservations, adverse remarks or disclaimers given by the Secretarial Auditor in its Secretarial Audit Report for the Financial Year 2018-19.

The company has also obtained a certificate from M/s Kundan Agrawal & Associates, Practising Company Secretary confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such Statutory Authority

The Annual Secretarial Compliance Report and the Secretarial Audit Report and certificate regarding disqualification of Directors for the F. Y. 2018-19 is provided as **Annexure-1(A), 1(B) & 1(C)** respectively.

C. Internal Auditor:

Pursuant to the provision of the Companies Act, 2013, and Rules framed thereunder, the Board of Directors on the recommendation of the Audit Committee had appointed M/s. Sanghi & Co., Chartered Accountants as the Internal Auditor of the company for the FY 2018-19.

13. Cost Audit

Pursuant to the various circulars issued by the Ministry of Corporate Affairs, the Company is required to maintain cost records for all the products being manufactured by it and get the same audited by a cost auditor. But due to turnover based criteria as prescribed by Central Government, cost audit is not required on our company for the year 2019-20 as per notification no. F.No.1/40/2013-CL-V dated 31.12.2014.

14. Share Capital:

| | | |
|---|--|---|
| A | Issue of equity shares with differential rights: | During the year, company has not issued any equity shares with differential rights. |
| B | Issue of sweat equity shares | During the year, company has not issued any Sweat equity shares. |
| C | Issue of employee stock options | During the year, company has not issued employee stock options. |
| D | Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees | Rs Nil |
| E | Bonus Shares | No bonus shares were issued during the year under review. |

15. Extract of the annual return (MGT-9):

The extract of the annual return in Form No. MGT-9 is annexed herewith (**Annexure-2**).

16. Conservation of energy, technology absorption and foreign exchange earnings and outgo:

The Company lay focus on Conservation of energy with studies, discussions and analysis, which are undertaken regularly for further improvement. In terms of requirement of Section 134 (3) (a) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014 the required information relating to conservation of energy, technology absorptions and foreign exchange earnings and outgo are Annexed hereto as **Annexure-3**.

17. Corporate Social Responsibility (CSR):

In terms of section 135(1) of the Companies Act, 2013, the provisions of Corporate Social Responsibility are not applicable to the Company.

18. Directors and Key Managerial Personnel:

A) Changes in Directors and Key Managerial Personnel

Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013, Mr. Peeyush Kumar Aggarwal (DIN 00090423), Director of the Company, retires by rotation at the forthcoming AGM, and being eligible, offers himself for re-appointment.

Considering the background and experience of Mr. Peeyush Kumar Aggarwal, the Board is of the opinion that his reappointment will immensely benefit your Company. The Board recommends his reappointment.

Brief profile of the Mr. Peeyush Kumar Aggarwal, Director of the Company who is proposed to be re-appointed is mentioned herein below:

Mr. Peeyush Kumar Aggarwal, is a fellow Member of the Institute of Chartered Accountants of India. He has rich experience of over 33 years. 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; Telecom VAS; Digital Cinema ; Retail ; Broking (Shares, Commodities, Insurance) ; Real Estate ; Construction & Hospitality. In addition, he has had an extensive experience in strategic and feasibility consulting, preparing business plans, conducting due diligence, reviews and business valuation. He has had significant expertise in assisting Indian Companies in financial and management audits. He also has rich and vast experience in the field of Corporate Laws, Finance and Taxation, Project Management etc. He is an emerging Venture Capitalist who has helped several young entrepreneurs in establishing and growing their dream businesses.

Details of his Directorship in other public limited companies are as follows:-

| Sl. No. | Directorships in other Public Companies | Committee Membership/Chairmanship | |
|---------|---|---|--|
| 1 | M/s MPS INFOTECNICS LIMITED | Audit Committee Stakeholder's Relationship Committee Risk Management Committee Corporate Social Responsibility Committee | Member Member Member Chairman |
| 2. | M/s INTERWORLD DIGITAL LIMITED | Audit Committee Investigation Committee | Member Chairman |
| 3. | M/s ONUS PLANTATIONS AND AGRO LIMITED | - | - |
| 4. | M/s OMKAM DEVELOPERS LIMITED | - | - |

At present, Mr. Peeyush Kumar Aggarwal is a Non-Executive Promoter Director of the Company and has, therefore, an interest, directly or indirectly, in the capital of the Company to the extent of his shareholding in the Company. Mr. Peeyush Kumar Aggarwal holds 19,57,159 equity shares constituting 10.24% of the paid up capital of the company.

B. Appointment and Cessation:

There is no appointment or cessation of Directors during the year under review. However, Mr. Sachin Garg, Director of the Company resigned w.e.f. 23-04-2019 from the post of Managing Director and Director of the Company after the year under review.

C. Declaration by Independent Directors:

Your Company has received necessary declaration from each Independent Director of the Company under Section 149(6) of the Companies Act, 2013 read with Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that they meet with the criteria of independence as prescribed under the aforesaid Section and Regulation.

D. Formal Annual Evaluation:

In compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and Individual Directors including the Chairman of the Board. Structured questionnaires were used in the overall Board evaluation comprising various aspects of Board function.

The evaluation of Independent Directors was carried out by the entire Board and that of the Chairman and Non – Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

19. Number of meetings of the Board of Directors:

Six meetings of the Board of Directors were held during the year on 30th May, 2018, 13th August, 2018, 01st September, 2018, 14th November, 2018, 13th February, 2019 and 18th March, 2019.

A separate meeting of the Independent Directors was held on 18.03.2019.

20. Committees of the Board:

During the year under, in accordance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has the following Committees:

- * Audit Committee
- * Stakeholders' Relationship Committee
- * Nomination and Remuneration Committee
- * Risk Management Committee

Details of the said Committees alongwith their charters, compositions and meetings held during the year are provided in the Report of Corporate Governance as a part of this Annual Report.

21. Board Evaluation:

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board Evaluation framework. The Companies Act, 2013 provides that a formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and individual directors. Schedule IV of the Companies Act, 2013,

states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India (“SEBI”) under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Structured questionnaires were used in the overall Board evaluation comprising various aspects of Board function.

The performance of the Board was evaluated by the Board on the basis of Performance Evaluation Policy formulated by the Board and after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of committees, effectiveness of Committee meetings, etc. and on such further criteria as is set out in the Performance Evaluation Policy (as per Annexure -4) formulated by the Nomination and Remuneration Committee and approved by the Board to evaluate the performance of the Board and its Committees.

In a separate meeting of Independent Directors held on 18.03.2019, performance of non-Independent Directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

The Board and the Nomination and Remuneration Committee (“NRC”) reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Based on the outcome of performance evaluation for the financial year 2018-19, further measures/actions have been suggested to improve and strengthen the effectiveness of the Board and its Committees.

22. Policy on Directors’ Appointment and Remuneration:

Your Company has a policy to have an appropriate mix of Executive, Non-Executive and Independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2019, the Board consisted of 4 members and out of which 1 (One) is an Executive Director, 2 are Non-Executive Independent Directors including 1 Woman Director and 1 is a Non-Executive, Promoter Director.

The policy of the Company on directors’ appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director, and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013, of the Companies Act, 2013, adopted by the Board, is attached as Annexure – 5 to the Board Report. Further no remuneration, at present, is being paid to any of the Directors of the Company.

23. Risk management policy and Internal Control:

The Company has adopted a Risk Management Policy duly approved by the Board and also has in place a mechanism to identify access, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

24. Whistle Blower Policy and Vigil Mechanism:

Your Company has established a "Whistle Blower Policy" and Vigil Mechanism for directors and employees to report to the appropriate authorities concerns about the unethical behaviour actual or suspected, fraud or violation of the Company's code of conduct policy and provides safeguards against victimization of employees who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the company. The same can be accessed at the website of the Company under the Investment Information head at the link http://www.advikindia.com/reports/policy/whistle_blower.pdf.

25. Particulars of loans, guarantees or investments under Section 186:

Particulars and details of loans given, investments made or guarantees given and securities provided, if any, are given in the Notes to the Financial Statements.

26. Contracts and arrangements with related parties:

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website http://www.advikindia.com/reports/policy/related_party.pdf. Pursuant to Section 134 (3)(h) of the Companies Act, 2013 and Rules made there under, particulars of transactions with related parties as required under section 188(1) of the Companies Act, 2013 are mentioned in the prescribed Form AOC-2 which is annexed herewith as "Annexure-6". The details of the transactions with related parties are provided in Notes to Financial Statements.

27. Corporate Governance:

Your Company has been benchmarking itself with well-established Corporate Governance practices besides strictly complying with the requirements of Regulation 17 to 27 and any other applicable Regulation of the SEBI under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

A separate "Report on Corporate Governance" together with requisite certificate obtained from Statutory Auditors of the Company, confirming compliance with the provisions of Corporate Governance as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Report.

28. Directors' Responsibility Statement:

Pursuant to Section 134(3)(c) read with 134(5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and belief confirm that:

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards had been followed and no material departures have been made from the same;
- (b) the directors have 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 at the end of the financial year i.e. on 31st March, 2019 and of the profit or loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating efficiently; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

29. Particulars of Employees:

There are no employees employed throughout the financial year who were in receipt of remuneration of Rs. 102 Lacs or more or employed for part of the year who were in receipt of remuneration of Rs. 8.50 lacs or more a month under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014.

Disclosure u/s 197(12) and Rule 5(1) of the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed herewith as **Annexure – 7**.

During the year under review, none of the Directors of the Company has received remuneration from the Company.

The Nomination and Remuneration Committee of the Company has affirmed in its meeting held on 18/03/2019 that the remuneration paid to the Senior Management Employee/KMPs is as per the remuneration policy of the Company

30. Internal Auditors & Their Report:

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed M/s Sanghi & Co. as Internal Auditor for the financial year 2018-19.

Internal Financial Control and Their Adequacy

The Board has adopted policies and procedure for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its asset, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosure.

The Company has an adequate internal controls system commensurate with its size and the nature of its business. All the transactions entered into by the Company are duly authorized and recorded correctly. All operating parameters are monitored and controlled. The top management and the Audit Committee of the Board of Directors review the adequacy and effectiveness of internal control systems from time to time

31. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 read with Rules thereunder:

Pursuant to the provisions of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 read with Rules thereunder, the Company has not received any complaint of sexual harassment during the year under review.

32. Reporting of Frauds by Auditors'

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

33. Secretarial Standards

The Company has complied with the provisions of the applicable Secretarial Standards, i.e. SS-1 (Secretarial Standard on Meetings of the Board of Directors) and SS-2 (Secretarial Standard on General Meetings).

34. Human Resources:

Your Company treats its "human resources" as one of its most important assets. We focus on all aspects of the employee lifecycle. This provides holistic experience for the employees as well. During their tenure at the Company, employees are motivated through various skill development programs. We create effective dialogue through our communication channels to ensure effective dialogue through our communication channels to ensure that feedback reach the relevant team, including leadership.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

35. Segment-wise performance:

The Company is into single reportable segment only.

36. Management Discussion and Analysis:

The Management Discussion and Analysis Report on the business of the Company and performance review for the year ended March 31, 2019, as stipulated in Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate report which forms part of the Report.

37. Acknowledgements:

Your Directors are grateful to the Government of India, the Reserve Bank of India, the Securities and Exchange Board of India, the Stock Exchanges and other regulatory authorities for their valuable guidance and support and wish to express their sincere appreciation for their continues co-operation and assistance. We look forward for their continued support in future.

Your directors would like to express their sincere appreciation for the assistance and cooperation received from banks, customers, vendors, Government, members and employees during the year under review.

Finally, the Directors thank you for your continued trust and support.

**For and on Behalf of the Board of Directors of
Advik Laboratories Ltd.**

**Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423**

**Date: 23rd August, 2019
Place: New Delhi**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRY STRUCTURE AND DEVELOPMENT**

India enjoys a key position in the global pharmaceutical industry. The country is the world's largest supplier of generics, accounting for 20% of global exports. It supplies over 50% of global demand for various vaccines and 40% of the demand for generic products in the US. The domestic pharmaceutical market contributes to ~2% of the global industry in value and ~10% in volume terms. The domestic pharmaceutical industry has received foreign direct investment (FDI) worth ~US\$ 16 Billion on a cumulative basis, between April 2000 and June 2018. India's pharmaceutical spending is predicted to grow at 8-11% CAGR in the 2019-23 periods to reach a size of US\$ 28-32 Billion. A part of this growth will depend on the ability of companies to align their product portfolio towards therapies for chronic diseases that are on the rise.

Overview

India is the 3rd largest Pharmaceuticals industry in the world by volume. The Indian Pharmaceutical industry has contributed significantly to global healthcare by ensuring high quality, affordable and accessible medicines around the world. India remains an attractive destination for generic R&D and manufacturing of pharmaceuticals owing to its strong capabilities across the value chain. The Pharmaceutical industry in India stood at US\$ 38.2 bn in the FY 2018-19. The compound annual growth rate (CAGR) of 15.4% between 2014 and 2018 was seen in the sector. India exports to more than 200 countries, with the US as the main destination, and pharmaceutical exports stood at US\$ 13.94 bn in the fiscal year 2019. There are over 10,500 manufacturing units and 3,000 pharma companies in India. Over 60,000 generic brands exist across 60 therapeutic categories. India accounts for 20% of global exports in generics, making it the largest provider of generic medicines globally. Indian vaccines are exported to 150 countries. Driven by the Pharma Vision 2020, the Indian Government has embarked on its journey to becoming a leading country for end-to-end manufacturing and innovation and has sought to incentivise investment into local medicine production to increase self-sufficiency. The Government also aims to augment infrastructure through the 'Make in India' initiative, aims to improve the quality of the workforce and aims to increase funds for innovation. This is all in line with the country's focus to ensure that India is one of the top five pharmaceutical innovation hubs by 2020.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Market Size

The pharmaceutical sector was valued at US\$ 33 billion in 2017. The country's pharmaceutical industry is expected to expand at a CAGR of 22.4 per cent over 2015–20 to reach US\$ 55 billion. India's pharmaceutical exports stood at US\$ 17.27 billion in FY18 and have reached US\$ 19.14 billion in FY19. Pharmaceutical exports include bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and surgicals.

Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US\$ 70-80 billion US generics market.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025.

Investments and Recent Developments

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 15.98 billion between April 2000 and March 2019, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- Between Jul-Sep 2018, Indian pharma sector witnessed 39 PE investment deals worth US\$ 217 million.
- Investment (as % of sales) in research & development by Indian pharma companies* increased from 5.3 per cent in FY12 to 8.5 per cent in FY18.
- In 2017, Indian pharmaceutical sector witnessed 46 merger & acquisition (M&A) deals worth US\$ 1.47 billion
- The exports of Indian pharmaceutical industry to the US will get a boost, as branded drugs worth US\$ 55 billion will become off-patent during 2017-2019.

FACTORS INFLUENCING GROWTH OF THE INDUSTRY

The Indian pharmaceutical industry ranks 14th in the world by value of pharmaceutical products. With a well-established domestic manufacturing base and low-cost skilled manpower, India is emerging as a global hub for pharma products and the industry continues to be on a growth trajectory. Moreover, India is significantly ahead in providing chemistry services such as analogue preparation, analytical chemistry, and structural drug design, thereby offering ample scope in contract research and other emerging segments in the pharmaceutical industry. Some of the major factors that would drive growth in the industry are as follows:

- **Increase in domestic demand:** More than half of India's population does not have access to advanced medical services and depend on traditional medicine practices. However, with increase in awareness levels, rising per capita income, change in lifestyle due to urbanization, and increase in literacy levels, demand for advanced medical treatment is expected to rise. Moreover, growth in the middle-class population would further influence demand for pharmaceutical products.
- **Rise in outsourcing activities:** Increase in the outsourcing business to India would also drive growth of the Indian pharmaceutical industry. Some of the factors that are likely to influence clinical data management and bio-statistics markets in India in the near future include: 1) its cost efficient research vis-à-vis other countries 2) highly-skilled labour base 3) cheaper cost of skilled labour 4) presence in end-to-end solutions across the drug-development spectrum and 5) robust growth in the IT industry.
- **Growth in healthcare financing products:** Development in the Indian financial industry has eased healthcare financing with products such as health insurance policy becoming popular. This has resulted in increase in healthcare spending, which in turn, has benefitted the pharmaceutical industry.

SWOT ANALYSIS OF THE INDUSTRY

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

a) STRENGTHS

In India the cost of manufacturing pharma products are less and effective comparing to other countries. India has a strong manufacturing base. Due to the technology development the high skilled work force is available in India. The marketing and distribution system is also on the higher side in India by communication development. The diverse ecosystem also strengthens the sector.

1. India is regarded as having an edge over China in terms of qualified, English-speaking manpower and fair protection of intellectual property rights supported by well-developed judicial system. (Appendix IV gives more information on IPR status in India).
2. India has skilled scientists/technicians/management personnel at affordable cost leading to low cost of innovation/manufacturing/capex costs/ expenditure to run cGMP compliance facilities and high quality documentation and process understanding.
3. The country has well developed chemistry, R & D and manufacturing infrastructure with proven track record in advanced chemistry capabilities, design of high tech manufacturing facilities and regulatory compliance.
4. The healthy domestic market with rising per capita expenditure is another significant strength enabling achievement of economies of scale. The country also has a strong marketing & distribution network.
5. India is considered a desirable destination for off shoring of data management functions for clinical trials and also due to its rich biodiversity and strength in Chemistry which are essential for drug discovery.
6. The country has significant ability to circumvent API Patents. India has filed a number of non-infringing process patents. The country has a recent success track record in circumventing formulation patents. Proven Legal skills to evaluate IP and commercial strategies are available at least in select top companies.
7. The present domestic regulatory environment though in need of further improvement has been conducive to the growth of an emerging pharmaceutical industry.
8. Higher GDP growth leading to increased disposable income in the hands of general public and their positive attitude towards spending on healthcare.
9. Low-cost, highly skilled set of English speaking labour force and proven track record in design of high technology manufacturing devices.
10. Low cost of innovation, manufacturing and operations.

b) WEAKNESSES

1. Low investments in innovative R&D continue to be a major weakness of Indian pharmaceutical industry.
2. Diffused nature of the Indian pharmaceutical industry means that only about 20 to 30 companies are large enough to bear the transactions costs associated with sustained exports to and compliance with entry regulations of the developed markets.

3. Majority of companies lack the ability to compete with MNCs for New Drug Discovery, Research and commercialization of molecules on a worldwide basis due to lack of resources.
4. Strong linkages between industry and academia which are essential for growth of the industry is lacking in India.
5. Comparatively small domestic market size due to low medical and healthcare expenditure in the country.
6. The country has at times shown inadequate regulatory framework or compliance and enforcement regime, reflected in occurrences such a production of spurious or low quality drugs.
7. Competency in API/Formulation, intellectual property creation, facility design and maintenance, global regulatory affairs, legal intricacies, and managing international work force is limited to a few players among the big players.
8. Rapidly increasing costs of skilled manpower such as scientists/ regulatory compliance personnel / pharmaceutical lawyers/ international business development personnel is pushing up the cost of innovation. Ability to evaluate contracts/alliances etc., is available only in top companies.
9. Sales and marketing knowledge is inadequate due to lack of understanding of international Pharmaceutical marketing/pricing practices and market environment in various countries.
10. Inadequate manufacturing practices in comparison to those accepted in developed world such as change of API source, change of manufacturing locations, equipment etc, without proven stability/ bioequivalence may be creating inadequate technical work force for exports. The national drug regulatory system though evolved substantially, has been in the need of strengthening its manpower and systems requirements.
11. Inadequate emphasis on Biosciences in education system leading to slower development in areas related to Biology giving away advantage to China.

c) OPPORTUNITIES

1. Despite the weaknesses of the industry the growth of this industry is expected greatly because there is increased export potential. India is faced with significant export opportunities, such as:

- i. US\$40 billion worth of drugs in the U.S.A and US\$25 billion worth of drugs in Europe are expected to go off patent soon. Assocham estimates that Indian manufacturers may capture 30 percent of that market. This translates to an opportunity of US\$19.5bn which is significant considering the country's current exports of approx. US\$7.25bn. However the figures need to be appropriately deflated since Indian opportunity will lie in generics equivalent of branded or patented drugs, which would be cheaper.
 - ii. Generic launches by Indian manufacturers have increased in the United States from 93 in 2003 to 250 by 2008.
 - iii. Compulsory licensing provisions negotiated in the Doha Round, allows for countries to import cheaper generic versions of patented drugs in the interests of public health. Thailand and South Africa have already started such initiatives from which Indian firms have benefited.
2. Due to the cost advantage in contract manufacturing & Research multi-national companies find it compelling to shift their production bases to countries offering such cost advantage. Typical of the industry which requires approval of manufacturing facilities by various drug regulatory agencies of the world involving a very high cost, once such business finds base in India it would continue with it for at least one & half to two decades.
 3. Licensing deals with MNCs for NCEs (New Chemical Entities) and NDDS (New Drug Delivery Systems) offer new opportunities for Indian manufacturers.
 4. Marketing alliances for MNC products in domestic and international market is another emerging opportunity.
 5. Contract manufacturing arrangements with MNCs is estimated at 10% of patented markets estimated at US\$450bn which is approx. US\$45bn.
 6. India has a very high potential for developing as a centre for international clinical trials due to its rich diversity.
 7. India can become a niche player in global pharmaceutical R&D and possibilities exist for expansion of biotechnology generics (also known as bio-similars) and biopharmaceuticals.
 8. There is a possibility of greater returns from an Indian entry into mature and more remunerative markets like Brazil, Japan, CIS, Russia, etc.
 9. The Work Programme for the European Medicines Agency 2007 identifies greater co-operation with India – especially in the field of traditional and herbal medicines and remedies. Emerging preference for traditional medicines and herbs in the developed markets including lifestyle products and food supplements also presents an opportunity for the country in traditional medicinal systems & Herbal based products.
 10. A rise in life expectancy generally, and increase in the population of the old, particularly in the developed world is causing higher expenditure from respective national health budgets compelling them to move to cheaper APIs and formulations which are India's forte.
 11. Unleashing of a plethora of preferential trading arrangements, both bilateral and regional, offers opportunities for India to negotiate preferential access to partner markets for Indian pharmaceuticals in the long term and in a sustainable manner.

d) THREATS / RISKS AND CONCERNS

1. Product patent regime poses serious challenge to domestic industry unless it invests in research and development.
2. R&D efforts of Indian pharmaceutical companies are hampered by lack of enabling regulatory requirement.
3. Drug Price Control Order puts unrealistic ceilings on product prices and profitability.

4. Export effort is hampered by procedural hurdles in India as well as non-tariff barriers imposed abroad. For example:
 - i. Indian manufacturers are prevented from bidding for government contracts as US permits bidders only from countries that are signatories to WTO Agreement on Government Procurement.
 - ii. Indian manufacturers have to submit separate state level applications for marketing drugs in the United States as there is no nation-wide system of application even where FDA approval has been received.
5. Lowering of tariff protection has increased competition in domestic markets resulting in erosion of profitability.
6. Mergers and acquisitions by foreign companies' particularly multinational corporations of a few Indian generic leaders may completely change the direction of India's pharmaceutical movement neutralising its thrust on generics and cost competitiveness.
7. The generics market in developed countries may be affected by a number of factors:
 - i. The release of authorized generics by major drug manufacturers.
 - ii. New mid-sized players, establishing themselves in the generics market.
 - iii. Increased competition due to newer Chinese and East European manufacturers. (E.g. there has been massive state level investment by China in the biotechnology sector – though at present India still has the edge due to IP laws.)

GOVERNMENT INITIATIVES

Some of the initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- In October 2018, the Uttar Pradesh Government announced that it will set up six pharma parks in the state and has received investment commitments of more than Rs 5,000-6,000 crore (US\$ 712-855 million) for the same.
- The National Health Protection Scheme is largest government funded healthcare programme in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to Rs 5 lakh (US\$ 7,723.2) per family per year for secondary and tertiary care hospitalisation. The programme was announced in Union Budget 2018-19.
- In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consents, approvals and other information. The move is aimed at giving a push to the Make in India initiative.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.
- The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.
- The government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

ROAD AHEAD

Medicine spending in India is projected to grow 9-12 per cent over the next five years, leading India to become one of the top 10 countries in terms of medicine spending.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

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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.

India is among the leading global producers of cost-effective generic medicines and vaccines, supplying 20 percent of the total global demand by volume.

The country has an established domestic [pharmaceutical industry](#), with a strong network of 3000 drug companies and about 10,500 manufacturing units.

Out of these, 1,400 units are World Health Organization (WHO) good manufacturing practice (GMP) approved; 1,105 have Europe's certificate of suitability (CEPs); more than 950 match therapeutic goods administration (TGA) guidelines; and 584 sites are approved by the US Food and Drug Administration (USFDA).

The pharmaceutical industry in India produces a range of bulk drugs, which are the key acting ingredients with medicinal properties that form the basic raw materials for formulations.

Bulk drugs account for roughly one-fifth of the industry output while formulations account for the rest. India also has the expertise for active pharmaceutical ingredients (APIs) and sees significant opportunities for value-creation.

At present, Indian companies supply over 80 percent of the anti-retro-viral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome).

Foreign direct investment

India's current foreign direct investment (FDI) policy allows 100 per cent FDI under automatic route in green field pharmaceutical projects and up to 100 per cent FDI under government approval in brownfield projects.

Under the green field category, companies establish their subsidiary and start their own production by constructing new plants or facilities from the ground up. Whereas, under brownfield investment, companies buy or lease existing facilities to begin a new production activity.

Export trends

Reckoned as a high quality generic manufacturer across the globe, India exports half of its total production of pharmaceuticals to more than 200 countries in the world.

Contract manufacturing and research services in India

The rising costs and regulatory pressure in developed markets are forcing many global pharmaceutical companies to reduce their internal capacities in research and development (R&D), and manufacturing, and turn to contract manufacturing and research services (CRAMS), and outsourcing of research and clinical trials to developing countries.

These strategies help multinational companies reduce costs, increase development capacity, and focus on their core profit making activities, such as drug discoveries and marketing, rather than on manufacturing.

India, with a large patient population and genetic pool, is fast emerging as a preferred destination for such multinationals seeking efficiencies of cost and time.

The country's CRAM industry offers a significant cost-quality proposition, with potential savings of about 30-40 percent compared to western markets such as the US and Europe.

Since the amendment to Patents Act in 2005, many Indian pharmaceutical companies have gradually moved away from generic production to the development of new drugs, exports to regulated markets and cooperative agreements with global pharma companies.

Advantage India

A US\$33 billion opportunity, the pharmaceutical industry in India presents considerable potential for collaborative and outsourced R&D in drug development, biotechnology, chemicals, and manufacturing of medicinal products.

India's CRAM sector is globally recognized for its high-end research services and is one of the fastest growing segments of the country's pharmaceutical industry.

The country has a low cost of production, low R&D costs, innovative scientific man power, and a large number of national laboratories that have the potential to steer the industry ahead to a higher level.

Besides, India is the only country in the world that has the highest number of USFDA-approved plants for generic drug manufacturing outside the US. Some of the leading Indian pharma companies derive about 50 per cent of their turnover from exporting generic medicines to developed markets like the US and Europe.

Challenges

The arbitrary and unpredictable nature of India's regulatory interventions, including restrictions on pricing and licensing are among the several challenges that global drug companies face in securing easy market access to India.

The government's ban on fixed-dose combination drugs and [demonetization](#) of high-value currency notes in 2016 affected 6000 brands produced by 100 plus drug manufacturing companies. The regulations concerning price control of drugs, or making prescriptions of medicines by their generic name instead of brand names mandatory, too, remain key threats for the industry.

Other concerns include interpretations of [intellectual property](#) protection that favor generics and bio similar, impact of the goods and services tax (GST) on sourcing, manufacturing, and distribution channels, as well as policies and practices that support local manufacturers.

Considering these challenges, it is essential for foreign companies to pay more attention to market-access capabilities as a means to capture the growth opportunities that India offers – especially for the introduction of innovative drugs.

SEGMENT WISE PERFORMANCE

The Company is into single reportable segment only.

INTERNAL CONTROL SYSTEM

The Company has laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has also laid down an adequate system for legal compliances. It has created appropriate structures with proper delegations of duties and responsibilities of employees at each level on enterprise basis which ensures the proper adherence and compliance of such systems.

Both the Internal Financial Control and Enterprise Legal Compliance System are subject to review by the Management in respect of their adequacy and operative effectiveness which in turn are also reviewed by the Internal Auditors, Statutory Auditors and Audit Committee. Finally, the Board of Directors of the Company also review and take note of them.

HUMAN RESOURCES

Human resource is considered as key to the future growth strategy of the Company and looks upon to focus its efforts to further align human resource policies and processes to meet its business needs. The Company aims to develop the potential of every individual associated with the Company as a part of its business goal. Respecting the experienced and mentoring the young talent has been the bedrock for the Company's growth.

Human resources are the principal drivers of change. They push the levers that take futuristic businesses to the next level of excellence and achievement.

CAUTIONARY STATEMENT

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate intend, will, expect and other similar expressions are intended to identify "Forward Looking Statements". The company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Actual results could differ materially from those expressed or implied. Important factors that could make the difference to the Company's operations include cyclical demand and pricing in the Company's principal markets, changes in Government Regulations, tax regimes, economic developments within India and other incidental factors.

**For and on Behalf of the Board of Directors of
Advik Laboratories Ltd.**

**Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423**

**Date : 23rd August, 2019
Place: New Delhi**

**Secretarial compliance report of Advik Laboratories Limited
for the year ended 31st March 2019**

We Kundan Agrawal & Associates, Company Secretaries having FRN: S2009DE113700 and office at H-23A, 204, Kamal Tower, (Near Sai Mandir), Vikas Marg, Laxmi Nagar, Delhi-110092 and have examined:

- (a) all the documents and records made available to us and explanation provided by “**ADVIK LABORATORIES LIMITED**”(“the listed entity”),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended **31st March 2019** (“Review Period”) in respect of compliance with the provisions of :
 - (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
 - (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India(“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;not applicable during the period under review.
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations,2018;not applicable during the period under review.
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014; not applicable during the period under review.
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008; not applicable during the period under review.
- (g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013; not applicable during the period under review.
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015; and circulars/ guidelines issued thereunder;

And based on the above examination, we hereby report that, during the review period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

| Sr.No | Compliance Requirement (Regulations/ circulars / guidelines including specific clause) | Deviations | Observations/ Remarks of the Practicing Company Secretary |
|-------------|--|------------|---|
| N.A. | | | |

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

| Sr. No. | Action taken by | Details of violation | Details of action taken E.g. fines, warning letter, debarment, etc. | Observations/ remarks of the Practicing Company Secretary, if any. |
|---------|-----------------|----------------------|--|--|
| N.A. | | | | |

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

| Sr. No. | Observations of the Practicing Company Secretary in the previous reports | Observations made in the secretarial compliance report for the year ended... <i>(The years are to be mentioned)</i> | Actions taken by the listed entity, if any | Comments of the Practicing Company Secretary on the actions taken by the listed entity |
|---|--|--|--|--|
| The necessity of filing of Annual Secretarial Compliance Report has come into force for the first time on February 08 th 2019. So this table is not applicable on the company for the Previous Financial Year. | | | | |

For Kundan Agrawal & Associates
Company Secretaries

Place: New Delhi
Date: 20/05/2019

Sd/-
Kundan Agrawal
Company Secretary
Membership No. 7631
C.P. No. 8325

Annexure -1(B)

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
M/s Advik Laboratories Limited
138, Roz- Ka- Meo Industrial Area,
Sohna Gurgaon 122103

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Advik Laboratories Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that:

- a) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion. We have not verified the correctness and appropriateness of the financial records and Books of the Company.
- c) Where ever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc. The compliance of the provisions of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

(Secretarial Audit Report for F.Y 2018-2019 for M/s Advik Laboratories Limited)

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (vi) Indian Stamp Act, 1899;
- (vii) Indian Contract Act, 1872;
- (viii) Income Tax Act, 1961 and indirect tax laws;
- (ix) Applicable Labour Laws; and
- (x) Other applicable Laws;

Having regard to the compliance system prevailing in the Company and on the basis of presentation and Reports made by the management of the Company, we further report that the Company has adequate system to ensure the compliance of the other applicable laws specifically to the Company.

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- Listing Agreements with Stock Exchanges in India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

(Secretarial Audit Report for F.Y 2018-2019 for M/s Advik Laboratories Limited)

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. But it is recommended that some documents, registers, files are maintained in a more improvised manner.
- All decisions at Board Meetings and Committee Meetings are carried out by majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. But further adherence to the rules and provisions of the act for drafting of minutes will be appreciated.

We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Kundan Agrawal & Associates
Company Secretaries
FRN: S2009DE113700**

**Place: Delhi
Date: 30/05/2019**

**Kundan Agrawal
Company Secretary
Membership No.:- 7631
C.P. No. 8325**

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Advik Laboratories Limited
138, Roz- Ka- Meo Industrial Area,
Sohna Mewat 122103

We Kundan Agrawal & Associates, Company Secretaries have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Advik Laboratories Limited** having CIN L74899HR1994PLC038300 and having registered office at 138, Roz- Ka- Meo Industrial Area, Sohna Gurgaon 122103 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|----------------|---|------------|---------------------------------------|
| 1. | Mr. Peeyush Kumar Aggarwal | 00090423 | 31.07.2013 |
| 2. | Mr. Manoj Kumar Jain | 01887411 | 26.12.2013 |
| 3. | Ms. Madhu Sharma | 06947852 | 31.01.2017 |
| 4. | Sachin Garg (Mr. Sachin Garg has resigned w.e.f. 23.04.2019) | 03320351 | 30.09.2014 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kundan Agarwal & Associates
Company Secretaries
FRN: S2009DE113700

Sd/-

Kundan Agrawal
Company Secretary
M. No. 7631
COP No. 8325

Date: 30/05/2019
Place: Delhi

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| | | |
|----|--|---|
| 1. | CIN | L74899HR1994PLC038300 |
| 2. | Registration Date | 09/09/1994 |
| 3. | Name of the Company | Advik Laboratories Limited |
| 4. | Category/Sub-category of the Company | Company Limited by Shares/Indian Non- Government Company |
| 5. | Address of the Registered office & contact details | 138, Roz Ka-Meo Industrial, Sohna Distt. Mewat, Haryana – 122103 Tel nos. : 0124-2362471, 09813179885 |
| 6. | Whether listed company | Yes |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s. MAS Services Limited T-34, 2 nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 011-26387281-83 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company are as given below :

| S. No. | Name & Description of main products | NIC Code of the product | % to total turnover of the Company |
|--------|-------------------------------------|-------------------------|------------------------------------|
| 1. | Pharmaceuticals Products | 24232 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: NOT APPLICABLE

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/Subsidiary/ Associate | % of Shares Held |
|---------|---------------------------------|---------|-------------------------------|------------------|
| -- | -- | -- | -- | -- |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 1st-April-2018] | | | | No. of Shares held at the end of the year [As on 31-March-2019] | | | | % Change during the year |
|--------------------------|--|----------|----------------|-------------------|---|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 1957159 | - | 1957159 | 10.24 | 1957159 | - | 1957159 | 10.24 | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 4902322 | - | 4902322 | 25.65 | 4902322 | - | 4902322 | 25.65 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 6859481 | - | 6859481 | 35.89 | 6859481 | - | 6859481 | 35.89 | - |

| | | | | | | | | | |
|--|----------------|----------|----------------|--------------|----------------|----------|----------------|--------------|----------|
| (2) Foreign | | | | | | | | | |
| a) NRIs- Individual | - | - | - | - | - | - | - | - | - |
| b) Other- Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2):- | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A)=(A)(1)+(A)(2) | 6859481 | - | 6859481 | 35.89 | 6859481 | - | 6859481 | 35.89 | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e) Insurance Companies | | | | | | | | | |
| f) FIIs | - | - | - | - | - | - | - | - | - |
| g) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| h) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | - | - | - | - | - | - | - | - | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 5974127 | - | 5974127 | 31.26 | 5877353 | - | 5877353 | 30.75 | (0.51) |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | 3414284 | 12780 | 3427064 | 17.93 | 3420570 | 12280 | 3432850 | 17.96 | 0.03 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 2688097 | - | 2688097 | 14.07 | 2779994 | - | 2779994 | 14.55 | 0.48 |
| NBFC Registered with RBI | 110280 | - | 110280 | 0.58 | 110280 | - | 110280 | 0.58 | - |

| | | | | | | | | | |
|--|-----------------|--------------|-----------------|---------------|-----------------|--------------|-----------------|---------------|----------|
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | 16167 | - | 16167 | 0.08 | 15716 | - | 15716 | 0.08 | (0.002) |
| Hindu Undivided Family | - | - | - | - | - | - | - | - | - |
| Clearing Members | 36184 | - | 36184 | 0.19 | 35726 | - | 35726 | 0.19 | (0.002) |
| Sub-total (B)(2):- | 12239139 | 12780 | 12251919 | 64.11 | 12239639 | 12280 | 12251919 | 64.11 | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 12239139 | 12780 | 12251919 | 64.11 | 12239639 | 12280 | 12251919 | 64.11 | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 19098620 | 12780 | 19111400 | 100.00 | 19099120 | 12280 | 19111400 | 100.00 | - |

ii) Shareholding of Promoter-

| S no. | Shareholder's Name | Shareholding at the beginning of the year [As on 1st-April-2018] | | | Shareholding at the end of the year [As on 31st-March-2019] | | | % change in shareholding during the year |
|-------|----------------------------------|--|----------------------------------|--|---|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Om kam Pharmaceuticals Pvt. Ltd. | 4902322 | 25.65 | 19.78 | 4902322 | 25.65 | 19.78 | - |
| 2 | Peeyush Kumar Aggarwal | 1957159 | 10.24 | - | 1957159 | 10.24 | - | - |
| | Total | 6859481 | 35.89 | 19.78 | 6859481 | 35.89 | 19.78 | - |

iii) Change in Promoters' Shareholding (please specify, if there is no change): Not Applicable – There are no changes in the promoters' shareholding during the year under review.

iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year [As on 1st-April-2018] | | Date | Increase/ Decrease in Shareholding | Reason | Cumulative Shareholding during the Year (1st-April-2018 to 31st-March, 2019) | |
|--|-------------------------------------|--|----------------------------------|------|------------------------------------|--------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1. M/s. Pataliputra International Limited | | | | | | | | |
| | At the beginning of the year | 2629000 | 13.76 | | | | | |

| | | | | | | | | |
|---|--|---------|-------|-----|-----|-----|---------|-------|
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 2629000 | 13.76 |
| | At the end of the year | -- | -- | -- | -- | -- | 2629000 | 13.76 |
| 2. M/s. Dhiru Builders And Promoters Pvt. Ltd. | | | | | | | | |
| | At the beginning of the year | 2605270 | 13.63 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 2605270 | 13.63 |
| | At the end of the year | -- | -- | -- | -- | -- | 2605270 | 13.63 |
| 3. Mr. Subramanian P | | | | | | | | |
| | At the beginning of the year | 1282992 | 6.71 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 1282992 | 6.71 |
| | At the end of the year | -- | -- | -- | -- | -- | 1282992 | 6.71 |
| 4. M/s. Sampark Securities Pvt. Ltd. | | | | | | | | |
| | At the beginning of the year | 203229 | 1.06 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 203229 | 1.06 |
| | At the end of the year | -- | -- | -- | -- | -- | 203229 | 1.06 |

| 5. Ms. Pinky Sachdeva | | | | | | | | |
|--|--|--------|------|------------|--------|----------|--------|------|
| | At the beginning of the year | 161150 | 0.84 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 161150 | 0.84 |
| | At the end of the year | -- | -- | -- | -- | -- | 161150 | 0.84 |
| 6. M/s. Anumita Infrastructure | | | | | | | | |
| | At the beginning of the year | Nil | Nil | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | 08.03.2019 | 136000 | Purchase | 136000 | 0.71 |
| | At the end of the year | -- | -- | -- | -- | -- | 136000 | 0.71 |
| 7. M/s. Shanthi Agrofarms Global Services Private Limited | | | | | | | | |
| | At the beginning of the year | 110280 | 0.58 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 110280 | 0.58 |
| | At the end of the year | -- | -- | -- | -- | -- | 110280 | 0.58 |
| 8. Mr. Santosh Pradeep Bohra | | | | | | | | |
| | At the beginning of the year | 92100 | 0.48 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 92100 | 0.48 |

| | | | | | | | | |
|-------------------------------|--|--------|------|--|---|--------------------------------------|--|--------------------------------------|
| | At the end of the year | -- | -- | -- | -- | -- | 92100 | 0.48 |
| 9. Mr. Vineet Chawla | | | | | | | | |
| | At the beginning of the year | 85000 | 0.44 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 85000 | 0.44 |
| | At the end of the year | -- | -- | -- | -- | -- | 85000 | 0.44 |
| 10. M/s. Zuber Trading | | | | | | | | |
| | At the beginning of the year | 221548 | 1.16 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | 18.01.2019 01.02.2019 08.02.2019 15.02.2019 22.02.2019 | (22000) (19000) (5000) (90000) (7910) | Sale Sale Sale Sale Sale | 199548 180548 175548 85548 77638 | 1.04 0.94 0.92 0.45 0.41 |
| | At the end of the year | -- | -- | -- | -- | -- | 77638 | 0.41 |
| 11. Rajesh Sudan | | | | | | | | |
| | At the beginning of the year | 68683 | 0.36 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 68683 | 0.36 |
| | At the end of the year | -- | -- | -- | -- | -- | 68683 | 0.36 |
| 12. Mr. Kuldip Singh | | | | | | | | |
| | At the beginning of the year | 49314 | 0.29 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / | Nil | Nil | Nil | Nil | Nil | 49314 | 0.29 |

| | | | | | | | | |
|---|--|-------|------|--|------------------------------|----------------------|-------------------------|----------------------|
| | transfer / bonus/ sweat equity etc.) | | | | | | | |
| | At the end of the year | -- | -- | -- | -- | -- | 49314 | 0.29 |
| 13. Mr. Nanga Sridhar Reddy | | | | | | | | |
| | At the beginning of the year | 50000 | 0.26 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 50000 | 0.26 |
| | At the end of the year | -- | -- | -- | -- | -- | 50000 | 0.26 |
| 14. Mr. Prabhakar Reddy Palicherla | | | | | | | | |
| | At the beginning of the year | 50132 | 0.26 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 50132 | 0.26 |
| | At the end of the year | -- | -- | -- | -- | -- | 50132 | 0.26 |
| 15. Mr. Daksha Vishanji Kotak | | | | | | | | |
| | At the beginning of the year | 50504 | 0.26 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 50504 | 0.26 |
| | At the end of the year | -- | -- | -- | -- | -- | 50504 | 0.26 |
| 16. M/s. Indivar Trading Private Limited | | | | | | | | |
| | At the beginning of the year | 94500 | 0.49 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for | | | 17.08.2018 24.08.2018 31.08.2018 | (9125) (24681) (16729) | Sale Sale Sale | 85375 60694 43965 | 0.45 0.32 0.23 |

| | | | | | | | | |
|---|----|----|----|----|----|-------|------|--|
| increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | | | | | | | | |
| At the end of the year | -- | -- | -- | -- | -- | 43965 | 0.23 | |

V) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Shareholding of each Directors and each Key Managerial Personnel* | Shareholding at the beginning of the year [As on 1st-April-2018] | | Date | Increase/ Decrease in Shareholding | Reason | Cumulative Shareholding during the Year (1st-April-2018 to 31st-March, 2019) | |
|---|--|--|----------------------------------|------|------------------------------------|--------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1.Mr. Peeyush Kumar Aggarwal (Director) | | | | | | | | |
| | At the beginning of the year | 1957159 | 10.24 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 1957159 | 10.24 |
| | At the end of the year | 1957159 | 10.24 | Nil | Nil | Nil | 1957159 | 10.24 |
| 2. Mr. Manoj Kumar Bhatia (Key Managerial Personnel) | | | | | | | | |
| | At the beginning of the year | 450 | 0.00 | | | | | |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | Nil | Nil | Nil | Nil | Nil | 450 | 0.00 |
| | At the end of the year | 450 | 0.00 | Nil | Nil | Nil | 450 | 0.00 |

No other Directors/KMP holds Shares in the Company as on 31.03.2019.

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 66450743 | 0 | 0 | 66450743 |
| ii) Interest due but not paid | 6158577 | 0 | 0 | 6158577 |

| | | | | |
|---|-----------|--------|---|-----------|
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 72609320 | 0 | 0 | 72609320 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 0 | 100799 | 0 | 0 |
| * Reduction | 4000000 | 0 | 0 | 0 |
| Net Change | 0 | 0 | 0 | 0 |
| Indebtedness at the end of the fin. year | | | | |
| i) Principal Amount | 62450743 | 100799 | 0 | 62551542 |
| ii) Interest due but not paid | 6158577 | 0 | 0 | 6158577 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 68609320* | 100799 | 0 | 68710119* |

* Due to NPA of company accounts with IOB, Bank has not booked any interest on borrowings; accordingly company has not debited any interest in the book of accounts, during the year.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amt. |
|---------|---|-------------------------|-----|-----|-----|------------|
| | | | | | | |
| 1 | Gross salary | ---- | --- | --- | --- | ----- |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | ---- | --- | --- | --- | ----- |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | ---- | --- | --- | --- | ----- |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | ---- | --- | --- | --- | ----- |
| 2 | Stock Option | ---- | --- | --- | --- | ----- |
| 3 | Sweat Equity | ---- | --- | --- | --- | ----- |
| 4 | Commission - as % of profit & others | ---- | --- | --- | --- | ----- |
| 5 | Others, please specify | ---- | --- | --- | --- | ----- |
| | Total (A) | ---- | --- | --- | --- | ----- |
| | Ceiling as per the Act | ---- | --- | --- | --- | ----- |

B. Remuneration to other directors

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---------|--|-------------------|-----|-----|-----|--------------|
| | | | | | | |
| 1 | Independent Directors | ---- | --- | --- | --- | ----- |
| | Fee for attending board committee meetings | ---- | --- | --- | --- | ----- |
| | Commission | ---- | --- | --- | --- | ----- |
| | Others, please specify | ---- | --- | --- | --- | ----- |
| | Total (1) | ---- | --- | --- | --- | ----- |
| 2 | Other Non-Executive Directors | ---- | --- | --- | --- | ----- |
| | Fee for attending board committee meetings | ---- | --- | --- | --- | ----- |
| | Commission | ---- | --- | --- | --- | ----- |
| | Others, please specify | ---- | --- | --- | --- | ----- |
| | Total (2) | ---- | --- | --- | --- | ----- |
| | Total (B)=(1+2) | ---- | --- | --- | --- | ----- |
| | Total Managerial Remuneration | ---- | --- | --- | --- | ----- |
| | Overall Ceiling as per the Act | ---- | --- | --- | --- | ----- |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| SNo. | Particulars of Remuneration | Key Managerial Personnel | | |
|----------|---|--------------------------|---------------|---------------|
| | | CS | CFO | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 291112 | 462000 | 753112 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0 | 0 | 0 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 0 | 0 | 0 |
| 2 | Stock Option | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 |
| 4 | Commission | 0 | 0 | 0 |
| | - as % of profit | 0 | 0 | 0 |
| | others, specify... | 0 | 0 | 0 |
| 5 | Others, please specify | 0 | 0 | 0 |
| | Total | 291112 | 462000 | 753112 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on Behalf of the Board of Directors of Advik Laboratories Ltd.

Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423

Date: 23RD August, 2019
Place: New Delhi

ANNEXURE “3” TO THE DIRECTOR’S REPORT

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange earnings & Outgo pursuant to Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, forming part of Directors Report.

| | | Current Year | Previous Year |
|--|--------------|---------------|---------------|
| | | 2018-2019 | 2017-2018 |
| A) CONSERVATION OF ENERGY | | | |
| I) Power and Fuel Consumption | | | |
| 1) Electricity | | | |
| a) Purchased Unit (kwh) | | 30228 | 98376 |
| Total amount | | 463349 | 1045184 |
| Rate/ Unit (Rs/Kwh) | | 15.33 | 10.62 |
| b) Own generation | | | |
| i) Through Diesel | | | |
| Generator Unit (Kwh) | | 280 | 5280 |
| Unit per litre of Diesel oil (Kwh) | | 2.80 | 2.40 |
| Cost/Unit (Rs/ Kwh) | | 24.76 | 23.86 |
| 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 |
| Foreign Exchange Earned | (Rs in lacs) | -- | -- |
| Foreign Exchange used | (Rs in lacs) | -- | -- |

Performance Evaluation Policy

1. Introduction

The Advik Laboratories Limited (“The Company”) conducts its operations as per the directions provided by the Board of Directors within the framework laid down by the Companies Act, 2013 (“the Act”), the Articles of Association, Listing Agreement with stock exchanges and Code of Conduct and policies formulated by the Company for its internal execution. The Company’s Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis, in the best interest of the company and its stakeholders.

The Act provides that the Nomination and Remuneration Committee shall formulate the criteria for evaluation of performance of Independent Directors and the Board. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner. The Act further casts an obligation on part of the board of directors for evaluating the performance of independent directors. All the directors on the board of a company, except the independent director whose performance is being evaluated, will assess the performance of the independent director. Accordingly, a report of performance evaluation of each independent director of the company would be prepared, which would determine whether to extend or continue the term of appointment of the concerned independent director or not.

As one of the most important functions of the Board of Directors is to oversee the functioning of Company’s top management, this Board Performance Evaluation process aims to ensure individual directors (“Directors”) and the Board of Directors of the Company (“Board”) as a whole work efficiently and effectively in achieving their functions. This policy aims at establishing a procedure for conducting periodical evaluation of its own performance and individual directors. Hence, it is important that every individual Board Member effectively contributes in the Board deliberations.

2. Role of Board and Independent Directors

In conformity with the requirement of the Act, the performance evaluation of all the Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The Independent Directors are duty bound to evaluate the performance of non – independent directors and Board as a whole. The independent directors of the Company shall meet at least once in a year to review the performance of the non- independent directors, performance of Chairperson of the Company and Board as a whole, taking into account the views of executive directors and non-executive directors.

3.Evaluation Criteria

The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director. In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of Board itself, and individual directors. Such evaluation factors may vary in accordance with their respective functions and duties. Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director being evaluated.

Appraisal of each Director of the Company shall be based on the criteria as mentioned herein below.

Rating Scale:

| Performance | Rating |
|------------------|--------|
| Excellent | 4 |
| Very Good | 3 |
| Good | 2 |
| Satisfactory | 1 |
| Not Satisfactory | 0 |

Evaluation of Independent Directors

While evaluating the performance of Independent Directors following points needs to be considered.

Name of the Director being assessed: _____

| Sr. No. | Assessment Criteria | Rating | Remarks/ Comments |
|---------|---|--------|-------------------|
| 1. | Attendance and participations in the meetings | | |
| 2. | Raising of concerns to the Board | | |
| 3. | Safeguard of confidential information | | |
| 4. | Rendering independent, unbiased opinion and resolution of issues at meetings. | | |
| 5. | Initiative in terms of new ideas and planning for the Company. | | |
| 6. | Safeguarding interest of whistle-blowers under vigil mechanism. | | |
| 7. | Timely inputs on the minutes of the meetings of the Board and Committee's, if any | | |
| 8. | Compliance with Article of Association, Companies Act, Listing Regulations & other laws applicable to the Company | | |
| 9. | Contribution to development of strategy and to risk management | | |
| 10. | Updatations with latest developments | | |
| 11. | Communications with Board members, senior management and others | | |

Evaluation of Non Independent/ Executive Directors

While evaluating the performance of Non-Independent Directors/ Executive Directors following point's needs to be considered:

Name of the Director being assessed: _____

| Sr. No. | Assessment Criteria | Rating | Remarks/ Comments |
|---------|---|--------|-------------------|
| 1. | Leadership initiative | | |
| 2. | Initiative in terms of new ideas and planning for the Company | | |
| 3. | Professional skills, problem solving and decision making | | |
| 4. | Compliance with policies of the Company, ethics, Code of Conduct etc. | | |
| 5. | Reporting of frauds, violations etc. | | |
| 6. | Motivating employees, providing assistance & directions | | |
| 7. | Attendance and presence in meeting of Board, Committee and General Meeting. | | |
| 8. | Safeguarding of interest of whistle blowers under vigil mechanism. | | |
| 9. | Timely inputs of the minutes of the meetings of the Board and Committee, if any. | | |
| 10. | Compliance with Article of Association, Companies Act, Listing Regulations & other laws applicable to the Company | | |
| 11. | Contribution to development of strategy and to risk management | | |
| 12. | Updatations with latest developments | | |
| 13. | Communications with Board members, senior management and others | | |

Evaluation of Board of Directors

While evaluating the Performance of the Board of Directors as a whole, following points needs to be considered:

| Sr. No. | Assessment Criteria | Rating | Remarks/ Comments |
|---------|--|--------|-------------------|
| 1. | The Board of Directors of the company is effective in decision making | | |
| 2. | The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities. | | |
| 3. | The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law. | | |
| 4. | The Board reviews the organization's performance in carrying out the stated mission on a regular basis. | | |

| | | | |
|-----|---|--|--|
| 5. | The Board of Directors is effective in providing necessary advice and suggestions to the company’s management. | | |
| 6. | Is the board as a whole up to date with latest developments in the regulatory environment and the market? | | |
| 7. | The information provided to directors prior to Board meetings meets your expectations in terms of length and level of detail. | | |
| 8. | Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues. | | |
| 9. | The Board Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the board. | | |
| 10. | The Board appropriately considers internal audit reports, management’s responses, and steps towards improvement. | | |
| 11. | The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor’s qualifications and performance. | | |
| 12. | The Board considers the independent audit plan and provides recommendations. | | |

COMMITTEES OF BOARD

The Board has constituted the following committees:

1. Audit Committee;
2. Stakeholders Relationship Committee;
3. Nomination and Remuneration Committee;
4. Risk Management Committee

For evaluating the performance of each committee, the Board of Directors shall pay regards to the following aspects:

| Sr. No. | Assessment Criteria | Rating | Remarks/ Comments |
|---------|---|--------|-------------------|
| 1. | Compliance with Article of Association, Companies Act, Listing Regulations & other laws applicable to the Company | | |
| 2. | Compliance with ethical standards & code of conduct of Company | | |
| 3. | Committee’s accomplishments w.r.t. performance objectives | | |
| 4. | Redressal of complaints & grievances | | |
| 5. | Coordination with other committees and Board of Directors | | |
| 6. | Fulfillment of roles & responsibilities assigned to them | | |
| 7. | Adherence to Company’s policies and internal procedures | | |

Evaluation of Key Management Personnel and Senior Executives

While evaluating the performance of Key Management Personnel and Senior Executives (other than Directors) following points shall be kept in mind:

| Sr. No. | Assessment Criteria | Rating | Remarks/ Comments |
|---------|--|--------|-------------------|
| 1. | Abidance and behavior in accordance with ethical standards & code of conduct of Company. | | |
| 2. | Compliance with Article of Association, Companies Act, Listing Regulations & other laws. Applicable to the Company | | |
| 3. | Interpersonal and communication skills | | |
| 4. | Team work attributes | | |

| | | | |
|----|--|--|--|
| 5. | Safeguard of confidential information | | |
| 6. | Compliance with policies of the Company, ethics, code of conduct, etc. | | |
| 7. | Punctuality and other personality related aspects | | |

5. Review of the Policy

The Committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company.

6. Disclosure

Company will disclose details of its Board Performance Evaluation processes in its Board's report. The Board's report containing such statement shall indicate the manner in which formal evaluation has been made by the Board of its own performance and individual directors of the Company.

For and on Behalf of the Board of Directors of Advik Laboratories Ltd.

Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423

Date: 23rd August, 2019
Place: New Delhi

NOMINATION & REMUNERATION POLICY**1. Introduction**

Pursuant to Section 178 of the Companies Act, 2013 and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of had constituted the Nomination and Remuneration Committee. The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 read along with the applicable rules thereto and Listing Regulations, 2015, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

2. Objective and purpose of the policy

The objectives and purpose of this policy are:

1. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel and other employees. This includes, reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer ("CEO"), evaluating the CEO's performance in light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by the board), determine and approve the CEO's compensation level based on this evaluation; and making recommendations to the board with respect to non-CEO executive officer compensation, and incentive-compensation and equity-based plans that are subject to board approval;
2. The policy also addresses the following items: Committee member qualifications; Committee member appointment and removal; Committee structure and operations; and Committee reporting to the Board.
3. To formulate the criteria for evaluation of performance of all the Directors on the Board;
4. To devise a policy on Board diversity; and
5. To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

Definitions

- 'Board' means Board of Directors of the Company.
- 'Directors' means Directors of the Company.
- 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable SEBI listing Regulations, 2015 and/or any other Act/Regulations.
- 'Company' means Advik Laboratories Limited.
- 'Independent Director' means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- 'Key Managerial Personnel (KMP)' means-
 - (i) the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
 - (ii) the Company Secretary; and
 - (iii) the Chief Financial Officer

Senior Management means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing as may be amended from time to time shall have the meaning respectively assigned to them therein.

General

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and nomination; and

Part – C covers remuneration and perquisites etc.

Part – A

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The following matters shall be dealt by the Committee:-

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole and ensure compliance of various provision of applicable laws and SEBI listing Regulations, 2015;

(b) Directors:

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board;

(c) Succession plans:

Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;

(d) Evaluation of performance:

Make recommendations to the Board on appropriate performance criteria for the Directors.

Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.

Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

(e) Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- (i) the remuneration of the Managing Director, Whole-time Directors and KMPs
- (ii) the total level of remuneration of Non-Executive Directors and for individual remuneration for Non-Executive Directors and the Chairman, including any additional fees payable for membership of Board committees;
- (iii) the remuneration policies for all employees including KMPs, senior management and other employees including base pay, incentive payments, equity awards, retirement rights and service contracts having regard to the need to
- (iv) attract and motivate talent to pursue the Company's long term growth;
- (v) demonstrate a clear relationship between executive compensation and performance; and
- (vi) be reasonable and fair, having regard to best governance practices and legal requirements.
- (vii) The Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements; and
- (viii) the Company's remuneration reporting in the financial statements.

PART – B

Policy for appointment and removal of Director, KMPs and Senior Management

I. Appointment criteria and qualifications

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his / her appointment.
2. A person to be appointed as Director, KMP or senior management level should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.
4. The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of seventy years and shall not appoint Independent Director who is below age of 21 years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond Seventy years as the case may be.
5. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

II. Term / Tenure

1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

III. Retirement

The Whole-time Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP and senior management personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company with the approval of shareholders by passing a special resolution at the general meeting of the Company.

PART – C

Policy relating to the remuneration for Directors, KMPs and other employees

A. General

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of Chapter xiii of the Companies Act, 2013 read with schedule v, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

B. Remuneration to KMPs and other employees

The policy on remuneration for KMPs and other employees is as below:-

1. Fixed pay

The remuneration and reward structure for employees comprises two broad components - annual remuneration and long-term rewards. The Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the employees.

These guidelines are as under:

a) Annual remuneration

Annual remuneration refers to the annual compensation payable to the employees of the Company. This comprises two parts - a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives and performance of the business unit. Employee is required to determine his/her key result areas for that particular defined role. The performance-linked variable pay will be directly linked to the performance on individual components of the performance and the overall performance of the business. An employee's variable pay would, therefore, be directly dependent on key performance measures that represent the best interests of shareholders.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group globally, established through independent compensation surveys, from time to time.

b) Long-term rewards

Long-term rewards may be granted to eligible key employees based on their contribution to the performance of the Company, relative position in the organization, and length of service under the supervision and approval of the Committee.

The grant, vesting and other scheme details would be formulated from time to time.

These long-term reward schemes are implemented to attract and retain key talent in the industry.

2. Minimum remuneration to Managing Director/ Chief Executive officer

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

C. Remuneration/ Setting Fees / Commission to Non-Executive / Independent Directors**1. Remuneration/ Setting Fees / Commission**

The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made there under.

The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Non-Executive Directors/ Independent Director shall be paid a Setting Fees / Commission as may be decided by the Board of Directors from time to time subject to the limits specified in Companies Act, 2013 and other applicable laws/ Regulations.

2. Stock options

The Independent Directors shall not be entitled to any stock option of the Company.

Policy review

This policy is framed based on the provisions of the Companies Act, 2013 and rules there under and the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

**For and on Behalf of the Board of Directors of Advik
Laboratories Ltd.**

**Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423**

Date **23rd August, 2019**
Place: **New Delhi**

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis

| | |
|---|-----------------------|
| (a) Name(s) of the related party and nature of relationship | Not Applicable |
| (b) Nature of contracts/arrangements/transactions | |
| (c) Duration of the contracts / arrangements/transactions | |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any | |
| (e) Justification for entering into such contracts or arrangements or transactions | |
| (f) date(s) of approval by the Board | |
| (g) Amount paid as advances, if any: | |
| (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | |

2. Details of material contracts or arrangement or transactions at arm's length basis:

| | |
|--|--|
| (a) Name(s) of the related party and nature of relationship | Peeyush Kumar Aggarwal |
| (b) Nature of contracts/arrangements/transactions | Unsecured Loan |
| (c) Duration of the contracts / arrangements/transactions | 01/04/2018 to 31/03/2019 |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | Mr. Peeyush Kumar Aggarwal is the Director & Promoter of the Company. For the smooth functioning of the company as well as for day to day funds requirements, the company had been requesting Mr. Peeyush Kumar Aggarwal and he has been infusing the required funds. The funds received by the company are repayable on demand and/or as and when the company has surplus funds. During the year under review an interest free sum of Rs. 1,00,799/- had been infused by the Mr. Peeyush Kumar Aggarwal. The funds received from the promoters are repayable on demand and/or as and when the company has surplus funds |
| (e) Justification for entering into such contracts or arrangements or transactions | Short Term fund required for day to day transactions |
| (f) date(s) of approval by the Board | 30-05-2018 |
| (g) Amount paid as advances, if any: | Nil |
| (h) Date on which the ordinary resolution was passed in general meeting as required under first proviso to section 188 | 28-09-2018 |

For and on Behalf of the Board of Directors of Advik Laboratories Ltd.

Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423

Date: 30th May, 2019
Place: New Delhi

Annexure – 7

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| S. No. | Name of Director/KMP and Designation | Remuneration of Director/KMP for Financial Year 2018-19 (Rs. In Lacs) | % Increase in Remuneration in the Financial Year 2018-19 | Ratio of remuneration of each Director/ to median remuneration of employees | Comparison of the Remuneration of the KMP against the performance of the Company |
|---------------|--|--|---|--|--|
| 1. | Mr. Sachin Garg Managing Director | NIL | Not Applicable | Not Applicable | Loss for the financial year 2018-19 is Rs. 129.30 Lacs as compare to loss of Rs. 105.69 Lacs for the financial year 2017-18. |
| 2. | Mr. Peeyush Kumar Aggarwal Non-Executive Director | NIL | Not Applicable | Not Applicable | |
| 3. | Mr. Manoj Kumar Jain Independent Director | Not Applicable | Not Applicable | Not Applicable | |
| 4. | Ms. Madhu Sharma Independent Director | Not Applicable | Not Applicable | Not Applicable | |
| 5. | Mr. Manoj Bhatia Chief Financial Officer | 4.62 Lacs | NIL | Not Applicable | Loss for the financial year 2018-19 is Rs. 129.30 Lacs as compare to loss of Rs. 105.69 Lacs for the financial year 2017-18. |
| 6. | Ms. Pooja Chuni Company secretary | 2.60 Lacs | NIL | Not Applicable | Loss for the financial year 2018-19 is Rs. 129.30 Lacs as compare to loss of Rs. 105.69 Lacs for the financial year 2017-18. |

No sitting fee was paid to any of the Directors for attending Board Meeting/Committee Meetings.

ii. Due to some financial resistant's, there was no increase in the remuneration of Key Managerial Personnel as well as employees of the company during the year under review;

iii. There were 16 permanent employees on rolls of Company as on March 31, 2019;

a) Variations in the market capitalization of the Company: The market capitalization as on March 31, 2019 was Rs. 363.12 lacs as compared to market capitalization of Rs. 802.68 lacs on March 31, 2018.

- b) Price Earnings ratio of Company was Rs. (2.92) as at March 31, 2019 and was Rs. (9.33) as at March 31, 2018.
- c) The closing price of the Company's equity shares on the BSE as on March 31, 2019 was Rs. 1.90/- per share.
- iv. The Key Parameters for any variable component of remuneration availed by the Directors – Please refer to the salient features of Remuneration Policy annexed and forming part of this Report.
- v. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- vi. It is hereby affirmed that the remuneration paid to KMP and other employees is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- vii. None of the employees of the Company are related to any Director of the Company.

**For and on Behalf of the Board of Directors of Advik
Laboratories Ltd.**

**Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423**

Date **23rd August, 2019**
Place: **New Delhi**

Report on Corporate Governance

Philosophy on Code of Corporate Governance

Your Company stand committed to good Corporate Governance - transparency, accountability, disclosure and independent supervision to increase the value to the stakeholders. The Company is committed to transparency in all its dealings with shareholders, employees, the Government and other parties and places high emphasis on business ethics. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and increasing long-term shareholder value, keeping in view the interests of the company’s stakeholders. Your company believes that Corporate Governance is a powerful tool for building trust and long-term relationship with stakeholders, employees, customers and suppliers. The Company has consistently endeavored to be transparent in all areas of its operations.

Corporate Governance to the Company is not just a compliance issue but central guiding principle for everything it does. It’s a way of thinking, way of conducting business and a way to steer the organization to take on challenges for now and for the future. The following report on the implementation of the Corporate Governance code is a sincere effort of the Company to follow the Corporate Governance Principles in its letter and spirit.

Your Directors are committed to good Governance practices and the company has been sharing all important information about its various business segments and operations of the company through Directors Report, Quarterly Results, Chairman’s Statement and Annual Reports. Further as required by the listing agreement, report on Corporate Governance is given below:

Board of Directors

The Company is managed by well- qualified professionals. All directors are suitably qualified, experienced and competent .The members of the Board of Directors are persons with considerable experience and expertise in Audit, Accounts, Finance, Administration and Marketing. The Company is benefited by the experience and skills of the Board of Directors.

The Board of Directors consists of four members, comprising of one Managing Director, one Non-Executive Promoter Director and two Non-Executive Independent Directors including one Woman Director. The Board’s composition meets the stipulated requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors hold directorship in more than ten public limited companies or act as an Independent Director in more than seven Listed Companies, none of the Directors acts as a member of more than ten or Chairman of more than five Committees as on 31st March, 2019 across all public limited companies in which they are Directors.

Board Meetings

The Board of Directors formulates the business policies of the company, reviews the performance and decides on the main issues concerning the company. During the year under review, Six Board Meetings were held on 30th May, 2018, 13th August, 2018, 01st September, 2018, 14th November, 2018, 13th February, 2019 & 18th March, 2019.

Details of attendance of each Director at various meetings of the Company are as follows:

| Name | Category and Designation | No. of Board Meeting | | Whether attended last AGM Yes/No | No. of Committees of Chairmanship/ Membership of Board Committees* (including this listed entity) | | Number of Directorships Held in public companies | No. of Shares and convertible instruments held by Executive/ Non-Executive Directors |
|----------------------------|-------------------------------------|----------------------|----------|-------------------------------------|---|---------|--|--|
| | | Held | Attended | | Chairman | Members | | |
| Mr. Peeyush Kumar Aggarwal | Non-Executive, Promoter Director | 6 | 6 | Yes | 0 | 3 | 5 | 19,57,159 |
| Mr. Sachin Garg | Executive Director | 6 | 6 | Yes | 0 | 2 | 3 | NIL |
| Mr. Manoj Kumar Jain | Non-Executive Independent Director | 6 | 5 | Yes | 4 | 2 | 3 | NIL |
| Ms. Madhu Sharma | Non-Executive, Independent Director | 6 | 6 | Yes | 3 | 3 | 5 | NIL |

* As per the requirements of Regulations 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Chairmanship and Membership of the Audit Committee and Stakeholders’ Relationship Committees in other Public Limited Companies is mentioned only.

The Board of Directors has complete access to any information within the Company. At the Board Meetings, Directors are provided with all the relevant information on important matters, working of the Company as well as related details that require deliberations by the members of the Board.

OUTSIDE DIRECTORSHIPS/COMMITTEE POSITIONS OF DIRECTORS AS ON MARCH 31, 2019

| Name of the Directors | In Listed Companies | Name of the Listed Entity and category | In unlisted Public Limited companies | As Chairman/ Member of Board Committee |
|--|---------------------|--|---|--|
| Peeyush Kumar Aggarwal | 2 | MPS Infotecnics Limited/Executive Director Interworld Digital Limited/Non-Executive Director | a) Onus Plantations And Agro Limited b) Omkam Developers Limited | <u>Interworld Digital Limited</u> Audit Committee- Member Investigation Committee-Chairman <u>MPS Infotecnics Limited</u> Audit Committee- Member Stakeholder Relationship Committee-Member Risk Management Committee-Member Corporate Social Responsibility Committee-Chairman |
| Sachin Garg (Resigned w.e.f. 23 rd April, 2019) | NIL | NOT APPLICABLE | a) Onshore Shipping Limited b) Onus Plantations and Agro Ltd | NOT APPLICABLE |
| Manoj Kumar Jain | 2 | MPS Infotecnics Limited/Independent Director North Eastern Carrying Corporation Limited/Independent Director | NIL | <u>MPS Infotecnics Limited</u> Audit Committee- Member Risk Management Committee- Chairman Stakeholder Relationship Committee-Member Nomination and Remuneration Committee-Member Corporate Social Responsibility Committee-Member <u>North Eastern Carrying Corporation Limited</u> Audit Committee- Chairman Stakeholder Relationship Committee- Chairman |
| Madhu Sharma | 4 | Polar Marmo Agglomerates Limited/Independent Director RCC Cements Limited/Non-Executive Director MPS Infotecnics Limited/Independent Director Interworld Digital Limited/Independent Director | NIL | <u>Polar Marmo Agglomerates Limited</u> Audit Committee-Chairperson Nomination and Remuneration Committee-Chairperson Stakeholder Relationship Committee-Chairperson <u>RCC Cements Limited</u> Nomination and Remuneration Committee-Member <u>MPS Infotecnics Limited</u> Audit Committee- Chairperson Risk Management Committee- Member Nomination and Remuneration Committee-Chairperson Corporate Social Responsibility Committee-Member <u>Interworld Digital Limited</u> Risk Management Committee- Member Nomination and Remuneration Committee-Member Stakeholder Relationship Committee-Member |

a) Private Limited companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 are excluded for the above purpose.

b) None of the directors is a member in neither more than 10 Committees, nor a Chairman in more than 5 Committees across all the companies in which he is a Director.

Relationship between Directors

None of the Directors are related to each other.

Induction and Familiarization Programme for Independent Directors

On appointment, the concerned Directors is issued a letter of Appointment setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a familiarization programme. The programme aims to familiarize the Directors with their role, rights and responsibilities, nature of business model of the Company, etc.

The Details of the familiarization programme held for the Independent Directors are available on the Company's website i.e. http://www.advikindia.com/reports/policy/fpi_directors.pdf.

Skill/expertise/competencies of the Board of Directors

The following is the list of core skills/expertise/competencies identified by the Board of Directors:

- Knowledge of Companies policies and culture including the knowledge of industry in which the Company operates
- Business Strategy, Corporate Governance, Administration, Decision Making
- Financial and Management Skills
- Technical Skills and Specialized Knowledge in relation to Company's business

Certificate from Practising Company Secretary

The company has obtained a certificate from M/s Kundan Agrawal & Associates, Practising Company Secretary confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such Statutory Authority.

Independent Directors

The tenure of Independent Directors is in accordance with the Companies Act, 2013 and Listing Regulations.

In the opinion of the Board, and as per the confirmation received from the Independent Directors, the Independent Directors fulfill the conditions specified in the Listing regulations and that of Companies Act, 2013 and are independent of the management.

Independent Directors' Meeting

In compliance with Section 149(8) of the Companies Act, 2013, read alongwith Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, one separate meeting of Independent Directors of the Company was held on 18.03.2019. The meeting was conducted in an informal manner without the presence of Managing Director, the Non-Executive Non Independent Director or any other Management Personnel.

During the year under review, the Independent Directors met inter alia, to:

1. Review the performance of non-independent directors and the Board as a whole.
2. Review the performance of the Chairman of the company, taking into account the views of executive directors and non-executive directors.
3. Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the meeting.

Performance Evaluation

In compliance with the provisions of the Companies Act, 2013 and as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has adopted a formal mechanism for evaluation of its performances as well as that of its committees and Individual Directors, including the Chairman of the Board. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and other criteria as set out in Performance Evaluation Policy.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board. The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors. The performance evaluation of all the Directors individually was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

Information supplied to the Board

The Board has complete access to all information with the Company, which inter alia includes:-

- Quarterly results and results of operations of the company.
- Financing Plans of the Company
- Minutes of the meeting of the Board of Directors, Committee Meetings, etc
- Details of any agreement entered into by the Company
- Compliance or non-compliance of any regulatory or statutory nature or listing requirements and investor grievances, if any

The information pertaining to mandatory items as specified in the listing Regulations, Companies Act, 2013 and other applicable Laws, alongwith other business issues, is regularly provided to the Board, as part of the agenda papers.

Board Committees

Your Company has various Committees which have been constituted by the Board of Directors as a part of good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and Statutes. The details of various Committees constituted by the Board are as follows:

I. Audit Committee

The role and terms of reference of the Audit Committee are in accordance with Regulation 18 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. This, inter alia, includes the overview of Company's financial reporting process, review of quarterly, half yearly and annual financial statements, review of internal control and internal audit systems, engage consultants who can analyze/review the internal practices and give a report thereon to the audit committee from time to time in respect of Company's Financial Reporting and controls thereto, recommendation for appointment, remuneration and terms of appointment of auditors of the company, review and monitor the auditors' independence, approval of any subsequent modification of transactions with the related parties, scrutiny of inter corporate loans and investments, etc.

During the year under review, Five Audit Committee Meetings were held on 30th May, 2018, 09th August, 2018, 01st September, 2018, 14th November, 2018 and 13th February, 2019. The Committee is headed by a Non-Executive Independent Director. The Chairman of the Audit Committee was present at the last AGM held on 28.09.2018.

Details of attendance of each members of the Audit Committee are as under:

| Name of the Director | Category | Number of meetings during the financial year 2018-19 | |
|----------------------|---|--|----------|
| | | Held | Attended |
| Mr. Manoj Kumar Jain | Chairman, Non-Executive, Independent Director | 5 | 5 |
| Mr. Sachin Garg | Executive Director, Member | 5 | 5 |
| Ms. Madhu Sharma | Non-Executive, Independent Director, Member | 5 | 5 |

The Company Secretary of the Company also acts as the Secretary of the Audit Committee.

The role of the audit committee shall include the following:

- (1) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon 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 (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (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 made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions;
 - (g) Modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) 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 and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) 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 a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. Of the candidate;
- (20) carrying out any other function as is mentioned in the terms of reference of the audit committee;

The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32(1).
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of regulation 32(7).

II. Nomination and Remuneration Committee

The constitution and terms of reference of the Committee are as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 and Part D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The broad terms of reference of the Nomination and Remuneration Committee (NRC), inter alia, are as follows:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management.

One meeting of the Nomination and Remuneration Committee was held on 18th March, 2019

The Composition of the Nomination and Remuneration Committee (NRC) as on March 31, 2019 and the attendance of each member at the Committee Meetings are as given below:

| Name of Members | Status | Number of meetings during the financial year 2018-19 | |
|----------------------------|---|--|----------|
| | | Held | Attended |
| Mr. Manoj Kumar Jain | Chairman, Non-Executive, Independent Director | 1 | 1 |
| Mr. Peeyush Kumar Aggarwal | Member, Non-Executive, Non Independent Director | 1 | 1 |
| Ms. Madhu Sharma | Member, Non-Executive, Independent Director | 1 | 1 |

Performance Evaluation

The Nomination and Remuneration Committee had laid down the criteria for performance evaluation of Independent Directors and other Directors, Board of Directors and Committees of the Board of Directors. The assessment was carried on the basis of following criteria:

1. Valuable Input Provided;
2. Dedication and Commitment;
3. Industry Knowledge;
4. Raising of Concern;
5. Compliances under Companies Act;
6. Contribution to development of strategy and to risk management.
7. Updates with the latest developments.
8. Communication with other Board members, senior management and others

Remuneration of Directors

During the year under review, none of the Non-Executive Directors has entered into pecuniary relationship or transaction with the Company.

The detailed criteria for making remuneration to Non- executive Director is mentioned in the Nomination and Remuneration Policy of the Company and is displayed at the website of the Company at http://www.advikindia.com/reports/policy/nomination_remuneration.pdf. At present, none of the Non- Executive Directors is drawing any remuneration from the Company.

Mr. Peeyush Kumar Aggarwal, Non-Executive Promoter Director of the Company holds 1957159 equity shares of the Company as on 31st March, 2019. Apart from the Peeyush Kumar Aggarwal, none of the Non Executive Directors hold any equity shares of the Company.

During the financial year 2018-19, no Stock Options were granted to any of the Directors. Further, none of the Directors is getting remuneration from the Company.

III. Stakeholders' Relationship Committee:

In Compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, the Board has formed an "Stakeholders' Relationship Committee". The Minutes of the Committee are circulated to the Board of Directors. Ms. Pooja Chuni acts as the Company Secretary and Compliance Officer of the Company.

The role of the committee shall inter-alia include the following:

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The committee met 5 times during the year i.e on 13th April, 2018, 18th July, 2018, 20th September, 2018, 17th October, 2018 and 18th January, 2019.

The Composition of the Committee as on 31st March, 2019 and details of attendance of the Committee members at the meetings are given in the following table:

| Name of Members | Status | Number of meetings during the financial year 2018-19 | |
|----------------------|---|--|----------|
| | | Held | Attended |
| Mr. Manoj Kumar Jain | Chairman, Non-Executive, Independent Director | 5 | 5 |
| Mr. Sachin Garg | Member, Executive Director | 5 | 5 |
| Ms. Madhu Sharma | Member, Non-Executive, Independent Director | 5 | 3 |

Details of Investor complaints received and redressed during the Financial Year 2018-19 are as follows:

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| 0 | 1 | 1 | 0 |

IV. Risk Management Committee

The Risk Management Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has a risk management programme which comprises of a series of processes, structures and guidelines to assist the Company to identify, assess, monitor and manage its business risks, including any material changes to its risk profile. The objectives and scope of the Risk Management Committee broadly comprises:

- (i) Oversight of the risk management performed by the executive management,
- (ii) Review of the risk management policy,
- (iii) Reviewing risks and initiating mitigation activities,
- (iv) Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

During the Financial Year 2018-19, the Risk Management Committee met once on 18th March, 2019.

The Composition of the Risk management Committee as at March 31, 2019 and the attendance of each member at the Committee Meetings are as given below:

| Name of Members | Status | Number of meetings during the financial year 2018-19 | |
|----------------------------|---|--|----------|
| | | Held | Attended |
| Mr. Sachin Garg | Chairman, Executive Director | 1 | 1 |
| Mr. Peeyush Kumar Aggarwal | Member, Non-Executive, Non Independent Director | 1 | 1 |

Annual General Meetings

The details of last three Annual General Meetings are as follows:

| Year | Date | Venue | Time |
|------|------------|--|------------|
| 2016 | 30.09.2016 | 138, Roz Ka Meo Industrial Area, Sohna, Distt.Mewat, Haryana- 122103 | 11.30 A.M. |
| 2017 | 29.09.2017 | 138, Roz Ka Meo Industrial Area, Sohna, Distt.Mewat, Haryana- 122103 | 10.15 A.M. |
| 2018 | 28.09.2018 | 138, Roz Ka Meo Industrial Area, Sohna, Distt.Mewat, Haryana- 122103 | 10.00 A.M. |

Special Resolutions passed during the last three Annual General Meetings:

No special resolution has been passed by the shareholders of the company in the previous three Annual General Meetings.

Postal Ballot

During the year under review, no resolution was passed through Postal Ballot. None of the Businesses proposed to be transacted at the ensuing Annual General Meeting require passing of a special resolution through Postal Ballot except Sale of Manufacturing Unit of the Company as set out in Item No. 4 of the accompanied Notice. However, after the enforcement and implementation of Companies Amendment Act, 2017, Section 110 of the Companies Act, 2013 has been amended and the following proviso has been added to the Section 110 of the Companies Act, 2013:

“Provided that any item of business required to be transacted by means of postal ballot under clause (a), may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section”

Hence, your company has opted for taking up the aforesaid matter as set out in Item No. 4, in the general meeting instead of opting for postal ballot, as your company is already providing for e voting facility to its members.

Means of Communication

The quarterly audited/un-audited financial results are sent to all the Stock Exchanges where the Company’s shares are listed i.e. BSE & ASE immediately after the conclusion of the Board Meetings.

The Company regularly publishes its Audited/Unaudited Financial Results, Notices of Board Meeting, E voting Notice and other Communications in the following Newspapers:

- For English Edition- Financial Express
- For Hindi Edition - Jansatta

The Company’s website www.advikindia.com contains a separate section “Investor Information” where information for shareholders is available. The Company’s website displays the information as stipulated under Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 such as Quarterly/Annual Financial Results, Annual Reports, Quarterly Corporate Governance Report, Shareholding Pattern, Policies, Investors’ Contact details etc.

In addition, the Company makes use of this website for publishing official news release, if any.

General Shareholders' Information

Details of 25th Annual General Meeting of the Company

| | |
|------------|--|
| Day & Date | Wednesday, 25 th September, 2019 |
| Time | 09:30 A.M. |
| Venue | 138, Roz KaMeo Industrial Area, Sohna, Distt. Mewat, Haryana- 122103 |

Calendar for the financial year ending 31st March, 2020

| Financial Reporting for the | Tentative time frame |
|--|-----------------------------------|
| First quarter ended 30th June, 2019 | First fortnight of August, 2019 |
| Second quarter ending 30th September, 2019 | First fortnight of November, 2019 |
| Third quarter ending 31st December, 2019 | First fortnight of February, 2020 |
| Fourth quarter ending 31st March, 2020 | By the end of May, 2020 |

Date of Book Closure

From 19th September, 2019 to 25th September, 2019 (both days Inclusive) for the purpose of Annual General Meeting.

Listing on Stock Exchanges

| Name and Address of the Stock Exchanges | Stock Code |
|--|--------------------|
| The Bombay Stock Exchange Ltd (BSE) 1st Floor, P.J. Towers, Dalal Street, Mumbai-400001 | Scrip Code– 531686 |
| Ahmedabad Stock Exchange Limited, 1st Floor, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ahmedabad – 380015 | Scrip Code– 01636 |

Listing Fees

The Listing Fees of the Bombay Stock Exchange (BSE) for the FY 2019-20 is pending. The Company is in the process of making the payment of the same. CIN Number: **L74899HR1994PLC038300**

Stock Market Data

The Company's equity shares are listed at Bombay Stock Exchange Ltd. (BSE) and Ahmedabad Stock Exchange Ltd. (ASE). Since there was no trading in the shares of the company at ASE, the share price market data is not available from ASE.

The monthly high and low quotations of equity shares traded on the Bombay Stock Exchange Limited during the financial year 2018-19 are as follows:

Share prices on Bombay Stock Exchange Limited (BSE Ltd.)* are as under:-

Company : **ADVIK LABORATORIES LTD. 531686** Period: Apr 2018 to March 2019

All Prices in ₹

| Month | Open | High | Low | Close | No. of Shares | No. of Trades | Total Turnover | Deliverable Quantity | % Deli. Qty to Traded Qty |
|--------|------|------|------|-------|---------------|---------------|----------------|----------------------|---------------------------|
| Apr 18 | 4.21 | 4.89 | 4.00 | 4.03 | 14,731 | 55 | 63,373 | 14,731 | 100.00 |
| May 18 | 4.10 | 4.31 | 3.60 | 4.00 | 47,536 | 104 | 1,89,244 | 47,536 | 100.00 |
| Jun 18 | 4.00 | 4.24 | 3.51 | 4.16 | 15,214 | 71 | 58,492 | 15,214 | 100.00 |
| Jul 18 | 4.15 | 4.29 | 3.32 | 4.00 | 21,708 | 140 | 79,733 | 21,708 | 100.00 |
| Aug 18 | 3.81 | 4.44 | 3.00 | 3.10 | 83,361 | 261 | 2,99,632 | 83,361 | 100.00 |
| Sep 18 | 3.25 | 3.32 | 2.55 | 2.67 | 70,980 | 167 | 2,08,998 | 70,980 | 100.00 |
| Oct 18 | 2.70 | 3.28 | 2.51 | 3.14 | 15,744 | 103 | 43,885 | 15,744 | 100.00 |
| Nov 18 | 3.00 | 3.13 | 2.72 | 2.80 | 1,782 | 23 | 5,261 | 1,782 | 100.00 |

| | | | | | | | | | |
|--------|------|------|------|------|----------|----|----------|----------|--------|
| Dec 18 | 2.94 | 2.94 | 2.11 | 2.20 | 13,528 | 37 | 35,348 | 13,528 | 100.00 |
| Jan 19 | 2.11 | 2.11 | 1.73 | 1.85 | 62,357 | 63 | 1,19,432 | 62,357 | 100.00 |
| Feb 19 | 1.76 | 2.00 | 1.60 | 2.00 | 1,16,538 | 38 | 2,07,741 | 1,16,538 | 100.00 |
| Mar 19 | 2.00 | 2.00 | 1.90 | 1.90 | 6,143 | 17 | 11,941 | 6,143 | 100.00 |

Source: BSE's Website

The Equity Shares of the company have not been suspended from trading by SEBI and/or Exchanges, where the shares of the Company are listed.

ISIN No.

The Company's Demat International Security Identification Number (ISIN) for its equity shares in NSDL and CDSL is INE 537C 01019.

Name and Address of the Registrar and Share Transfer Agent (RTA):

MAS Services Limited

T-34, IInd Floor

Okhla Industrial Area

Phase-II, New Delhi 110020

Tel :-011-26387281/82/83, Fax no.: +91-11-2638 7384

E-mail:info@masserv.com

Share Transfer System:

The Company's equity shares which are in dematerialized form are transferable through the dematerialized system. Equity Shares in physical form are processed by Registrar and Share Transfer Agent, M/s **MAS Services Limited** and approved by the Shareholders' Relationship Committee of the Board.

Reconciliation of Share Capital Audit Report:

A practicing Company Secretary carried out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit report confirms that the total issued/ paid up capital is in consonance with the total number of shares in physical form and the total number of dematerialized shares held with the depositories.

Distribution of Shareholding as on 31st March, 2019:

| Nominal Value of Each Share : Rs. 10 | | | | | |
|---|---------------------------|-----------------------|----------------------------------|---|-------------------------|
| Share or Debenture holding Nominal Value | Number of Shareholders | % to Total Numbers | Share or Debenture holding | Share or Debenture holding Amount | % to Total Amount |
| (Rs.) | | | | (Rs.) | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Up To 5,000 | 3105 | 66.69 | 725956 | 7259560 | 03.80 |
| 5001 To 10,000 | 782 | 16.80 | 711700 | 7117000 | 03.72 |
| 10001 To 20,000 | 372 | 07.99 | 615204 | 6152040 | 03.22 |
| 20001 To 30,000 | 126 | 02.71 | 331798 | 3317980 | 01.74 |
| 30001 To 40,000 | 48 | 01.03 | 175100 | 1751000 | 00.92 |
| 40001 To 50,000 | 64 | 01.38 | 305544 | 3055440 | 01.60 |
| 50001 To 1,00,000 | 93 | 01.99 | 699503 | 6995030 | 03.66 |
| 1,00,000 and Above | 66 | 01.41 | 15546595 | 155465950 | 81.34 |
| Total | 4656 | 100.00 | 19111400 | 191114000 | 100.00 |

Dematerialisation of Shares and Liquidity

The Company shares are traded in dematerialized form and have to be delivered in the dematerialized form to all Stock Exchanges. To enable shareholders an easy access to the de-mat system, the Company has executed agreements with both existing Depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). M/s. MAS Services Ltd.

is the Registrar and Transfer Agent of the Company for the purposes of electronic connectivity for effective dematerialization of shares. As of 31st March, 2019 shares comprising approximately 99.94% of the Company's Equity Share Capital have been dematerialized.

Status of Dematerialised Shares as on 31st March, 2019 (Equity ISIN No. INE 537C 01019)

| Shares Held through | No. of Shares | Percentage of Holding |
|---------------------|-----------------|-----------------------|
| NSDL | 13807903 | 72.25 |
| CDSL | 5291217 | 27.69 |
| Physical | 12280 | 0.06 |
| Total | 19111400 | 100.00 |

Shareholding Pattern of the Company as on 31st March, 2019

| Category | No. of Shares held | % of share holding |
|---|--------------------|--------------------|
| A. Promoters' holding | | |
| Promoters | | |
| Indian Promoters | | |
| • Individual | 19,57,159 | 10.24 |
| • Bodies Corporates | 49,02,322 | 25.65 |
| Foreign Promoters | Nil | Nil |
| 2. Persons Acting in Concert | Nil | Nil |
| Sub-total (A) | 6859481 | 35.89 |
| B. Non-Promoters' holding | | |
| 3. Institutional Investors | | |
| a. Mutual Funds & UTI | Nil | Nil |
| b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-government Institutions) | Nil | Nil |
| c. FIIs | Nil | Nil |
| Sub-total | Nil | Nil |
| 4. Non Institutional Investors | | |
| a. Bodies Corporate | 58,77,353 | 30.75 |
| b. individuals | | |
| -Individual shareholders holding nominal share capital up to Rs. 2 Lakhs | 38,25,650 | 20.02 |
| -Individual shareholders holding nominal share capital up in excess of Rs. 2 Lakhs | 23,87,194 | 12.49 |
| c. Any Other | | |
| NRI | 15,716 | 0.08 |
| NBFCs | 1,10,280 | 0.58 |
| Clearing Members | 35,726 | 0.19 |
| Sub-total (B) | 1,22,51,919 | 64.11 |
| Grand Total (A)+(B) | 1,91,11,400 | 100.00 |

ADRs/GDRs/Warrant:

The Company has not issued any ADRs/GDRs/Warrants or any other convertible instruments during the year under review.

Commodity Price Risk or Foreign Exchange Risk And Hedging Activities:

The Company is not involved into any activities relating to commodities price risks and hedging thereof.

Brief profile of the Directors liable to retire by rotation and others:

Brief resumes of the Director who is proposed to be re-appointed is furnished in the Directors' Report forming part of this Annual Report.

Address for Correspondence

Corporate Office:-

Advik Laboratories Limited
703, Arunachal Building,
19, Barakhamba Road, Connaught Place,
New Delhi – 110001
Phones: 011 – 42424884, Fax: 011 – 43571047
Email id: mail@advikindia.com

Plant Location

138, Roz- Ka- Meo Industrial Area,
Sohna, Distt. Mewat
Haryana – 122103

Investor's Correspondence may be addressed to

The shareholders desiring to communicate with the Company on any matter relating to their shares of the Company may either visit in person or write quoting their Folio Number at the following address:

**The Company Secretary,
Advik Laboratories Limited
703, Arunachal Building,
19, Barakhamba Road, Connaught Place,
New Delhi – 110001, Phone: 011 – 42424884
Fax: 011 – 43571047
Email id: mail@advikindia.com**

The Company is also maintaining a separate e-mail id. investor@advikindia.com for registering the investor Complaints and Grievances.

SEBI Complaints Redress System (SCORES):

SCORES, i.e., a SEBI Complaints Redress System is a centralized web based complaints redress system which serves as a centralised database of all Complaints received enables uploading of Action Taken Reports (ATR's) by the concerned Companies & online viewing by the investors of actions taken on the Complaint & its current status. Your Company is registered with SEBI under the SCORES system.

Prohibition of Insider Trading:

In compliance with SEBI's Regulations on Prevention of Insider Trading, the Company has formulated a Code of Conduct for prohibition and prevention of Insider Trading for all the Directors, Officers and the designated employees of the Company. The Code lays down the Guidelines and procedures to be followed and disclosures to be made while dealing with equity shares of the Company.

CEO/CFO Certification:

The Chief Financial Officer of the company has issued certificate pursuant to Regulation 17(8) read with Part B of Schedule II of the Listing Regulations certifying that the financial statements and the cash flow statement do not contain any untrue statements and these statements represent a true and fair view of the Company's affairs. The same is annexed to this Report.

Auditors' Certificate on Corporate Governance

A Certificate has been obtained from the Auditors of the Company regarding compliance with the provisions relating to Corporate Governance laid down in Schedule V (E) of the SEBI (LODR) Regulations, 2015. The same is annexed to this report.

Disclosures:

- (i) There were no transactions of the material nature with the related parties during the year that may have potential conflict with the interests of the Company at large. The policy on related party transaction is available in the website of the Company i.e. http://www.advikindia.com/index.php?option=com_content&view=article&id=56&Itemid=57.
- (ii) There was no instance of non-compliance and no penalties or strictures were imposed on the Company by any Stock Exchanges or SEBI or any other Statutory Authorities on any matter related to the Capital Markets during the last three years.
- (iii) The Company has formulated a Whistle Blower Policy to establish a Vigil Mechanism for directors and employees of the Company. The Whistle Blower Policy/Vigil Mechanism policy is available in the website of the Company i.e. http://www.advikindia.com/reports/policy/whistle_blower.pdf. Further, no employee has been denied access to the Audit Committee.
- (iv) The Company has complied with all the mandatory requirements of Corporate Governance of the Listing Regulations as are applicable to the company. The Company also endeavours to follow Non-Mandatory requirements.
- (v) The Company is not involved into activities relating to commodity price risks and hedging thereof

Details of Compliance with mandatory requirements and adoption of non-mandatory requirements of the Listing Regulations:

The Company has complied with all the Mandatory requirements as prescribed under the SEBI (LODR) Regulations, 2015 to the extent applicable, including Corporate Governance requirements as specified under Regulation 17 to 27 and Clause (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations as applicable to the Company.

A Certificate from M/s. RMA and Associates LLP, the statutory auditors of the company confirming compliance with the conditions of corporate governance as specified under Schedule V (E) of the Listing Regulations is annexed to this Report. Further, the Company has also complied with all requirements about disclosures in the Corporate Governance Report, as specified in sub para (2) to (10) of Clause C of Schedule V of the Listing Regulations.

Non-Mandatory requirements of Regulation 27(1) and Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. The quarterly/half yearly results are not sent to the shareholders. However, the same are published in the newspapers and also posted on the Company's website.
2. The Internal Auditors report to the Audit Committee.

Disclosure of Accounting Treatment:

The financial statements for the financial year 2018-19 have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognised accounting practices and policies to the extent applicable. The company has for the first time adopted Ind AS w.e.f. April 01, 2017 with a transition date of April 1, 2016.

Details of fees paid by the Company to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part as per Clause 10(k), Part C of Schedule V of SEBI (LODR) Regulations, 2015:

During the year under review, the Company has paid to its Statutory Auditors the total fees of Rs. 85,000/- (exclusive of GST) for Audit and related services. Further, apart from the above fees, no fees had been paid by the Company to any network firm/network entity of which the statutory auditor is a part.

Green Initiative in Corporate Governance:

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing service of documents by a Company to its Members through electronic mode. The move of the Ministry allows public at large to contribute to the green movement.

Keeping in view the underlying theme, the Company will continue to send various communications and documents like notice calling general meetings, audited financial statements, directors' report, auditor's report etc., in electronic form, to the email address provided by the members to the Depositories or to the Company.

To support this green initiative in full measure, members/ Promoters who have not registered their E-mail address and PAN Number. so far, are requested to register their E-mail address and PAN Number and their Bank Account details, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical

form are requested to fill their e-mail address and PAN Number and Bank Account Details for our records in the registration form which can be downloaded from the Company's website i.e. www.advikindia.com for sending the documents in electronic form or else sent a request letter directly to the Company mentioning their E-mail address and PAN No. and Bank Account Details alongwith self attested copy of their PAN Card. Necessary communication in this regard has already been sent separately to the shareholders by the Company.

Dematerialization of Shares

Shareholders are requested to convert their physical holding to demat/electronic form through any of the Depository Participants to avoid any possibility of loss, mutilation etc. of physical share certificates and also to ensure safe and speedy transaction in securities.

Further, SEBI vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated 08-06-2018 has come out with SEBI (Listing Obligations and Disclosure Requirements) (fourth Amendment) Regulations, 2018 ("The New Regulations") to further amend the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The New Regulations shall come into force on the 180th day from the date of its publication in the official gazette i.e. 08.06.2018 (Effective Date of implementation is December 5, 2018). The New Regulations have inter alia amended the Regulation 40 of SEBI (LODR) Regulations, 2015 and as per amended Regulation 40, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository except in the cases of transmission or transposition of securities. In view of above amended Regulation, you are requested to open a de-mat account with a Depository Participant (DP) and deposit your physical shares with such DP and get your shares de-mat at the earliest, i.e., on or before 05.12.2018 to avoid any kind of inconvenience. Necessary communication in this regard has already been sent separately to the shareholders by the Company.

Consolidation of Multiple Folios:

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and the relevant share certificates to the Company/its Registrar and Transfer Agent.

Updation of Registered Address with the Company:

Shareholders are requested to update their addresses registered with the Company directly through the Share Transfer Agent, to receive all communications promptly. Shareholders holding shares in electronic form are requested to deal only with their Depository Participants in respect of change of address.

Disclosure with respect to Demat Suspense Account/Unclaimed Suspense Account pursuant to SEBI Circular No. SEBI/LAD-NRO/GN/2015 - NOT APPLICABLE

Code of Conduct

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel. The Code of Conduct is also available on the website of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review.

Declaration of Compliance of the Code of Conduct in terms of Schedule V of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

" In terms of Schedule V of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and as per affirmation received from the Directors and the Members of Senior Management Personnel of the Company, I hereby declare that Directors & the Members of Senior Management of the Company have complied with the Code Of Conduct during the F.Y. 2018-19.

**For and on Behalf of the Board of Directors of
Advik Laboratories Ltd.**

**Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN : 00090423**

**Date: 23rd August, 2019
Place: New Delhi**

AUDITOR' S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To,

**The Members of
Advik Laboratories Limited**

We have examined the compliance of conditions of Corporate Governance by Advik Laboratories Limited for the year ended 31st March, 2019 as per the provisions of SEBI (Listing Obligations & Disclosures Requirement) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) and Regulations 17 to 27 and other applicable Regulations and Schedules thereof of the Listing Regulations for the Financial Year 2018-19.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as applicable.

We further state that such compliance is neither an assurance as to the further viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. RMA & Associates LLP
Chartered Accountants
Firm Reg. No. 000978N/N500062
Sd/-
Amit Jain
Partner
Membership No. 503109**

**Place : New Delhi
Dated :30.05.2019**

CEO/CFO Certification

This is to certify to the Board that:

- a. We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2019 and that to the best of our knowledge and belief state that:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year, whenever applicable;
 - ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. that there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Advik Laboratories Limited
Sd/-
Manoj Kumar Bhatia
Chief Financial Officer
(PAN: AAZPB5897R)**

**Place : New Delhi
Dated : 30.05.2019**

INDEPENDENT AUDITORS' REPORT

To the Members of
Advik Laboratories Limited,

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of ADVIK LABORATORIES LIMITED (“The Company”), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in the “Basis for Qualified Opinion” section below, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of the affairs of the Company as at 31st March, 2019, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. Due to default in payments of bank loans, the company’s accounts have been classified as Non-Performing Assets (NPA) by the bank. Indian Overseas Bank has not charged interest on Cash credit & Term Loan Limits. During the period under review no provision has been made for such interest in the books of account of the company and to that extent bank’s loan liability and total loss is understated by Rs. 552.68 lacs plus penal charges that the bank may charge.
2. The Company has not determined the fair value of Investments in unquoted equity shares of other Companies as per IND AS 113 Fair Value Measurement.
3. Trade Receivables & Trade Payables are subject to confirmation, reconciliation, adjustments and provisions, if any which may arise out of confirmation and reconciliation.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | Auditor’s Response |
|--|--|
| Adoption of “Revenue from contracts with Customers” (‘Ind AS 115’) | Our audit procedures on adoption of “Revenue from contracts with Customers” (‘Ind AS 115’), which is the new revenue Accounting Standard, replacing the old corresponding applicable Accounting Standard on “Revenue” (Ind AS 18), includes the following, inter-alia: <ul style="list-style-type: none"> • Evaluated the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard; • Evaluated the detailed analysis performed by those charged with governance |

| | |
|---|---|
| | <p>and those acting on their directions, on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current year in respect of those revenue streams;</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures. • Evaluated the revenue recognized criteria based on the contract entered with customers. • Evaluated the treatment accorded and disclosures by the company for sales returns, trade discounts, rate differences, volume rebates and other factors, having bearing on revenue recognition. |
| <p>Valuation of Inventory Raw Material, Work-in Progress and Finished Goods (IND AS 2)</p> | <p>Audit Procedure adopted, includes the following, inter-alia:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of process and internal controls laid down by the company for valuation of WIP and Finished goods at lower of cost based on weighted average method or net realizable value and also tested the operating effectiveness of the aforesaid controls. • Evaluated the design and implementation of internal controls laid down by the company for valuation of raw material, at lower of cost based on FIFO method or net realizable value and also tested the operating effectiveness of the aforesaid controls. • Evaluated the design and implementation of internal controls laid down by the company for identifying Net Realisable Value of finished goods and work-in-progress, by verifying the contract with customers where applicable or subsequent selling price. • Evaluated the design and implementation of internal controls laid down by the company for identifying Net Realisable Value of Raw Material, with reference to subsequent landed cost. • Analysed all fixed and variable overheads, considered for valuation of Finished Goods and Work-in-Progress. • Compared the subsequent realization on sample basis to assess the reasonableness of the net realizable value that was estimated and considered by the management. • Compared the actual costs based on the subsequent sale transaction to assess the reasonableness of the cost to sell that was estimated and considered by the management. • Assessed the appropriateness of the disclosure in the standalone financial statements in accordance with the applicable financial reporting framework. |

Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an

unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements- Refer Note No. 24 to the Financial Statements;
 - ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses and;
 - iii. According to the information and explanations given to us, there was no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

**For M/s. RMA & Associates LLP
Chartered Accountants
Firm Regn. No. 000978N/N500062**

**Place: New Delhi
Dated : 30th May, 2019**

**Sd/-
(Amit Jain)
Partner
Membership No. 503109**

ANNEXURE "A" TO THE INDEPENDENT AUDITORS'

The Annexure referred to in our report of even date

1. In respect of Fixed Assets of the Company:
 - (a) Accordingly to the information and explanations given to us, the company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
 - (b) Accordingly to the information and explanations given to us, the fixed assets of the company have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification as compared to books of accounts.
 - (c) Accordingly to the information and explanations given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. According to the information and explanation given to us, Physical verification of inventory has been conducted at reasonable intervals by the Management of the Company, and no material discrepancies were noticed on physical verification conducted by the management
3. Accordingly to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the year. Therefore, the provision of clause (iii) of Para 3 of the Companies (Auditor’s Report) Order, 2016 is not applicable to the company.
4. In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees and security to any Director or to any other person in whom Director is interested in compliance with the section 185 & 186 of the Act.
5. The company has not accepted any deposits. Therefore, the provision of clause (v) of Para 3 of the Companies (Auditor’s Report) Order, 2016 is not applicable to the company.
6. As per notification no. F.No.1/40/2013-CL-V dated 31.12.2014 maintenance of cost records has not been prescribed by the Central Government U/s. 148(1) of the Companies Act, 2013.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account of Company, the company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable with the appropriate authorities.

According to the information and explanation given to us, no other undisputed amounts are payable on account of provident fund, employees state insurance, income-tax, service tax, duty of customs, duty of excise, value added tax, as at 31.03.2019 for a period of more than six months from the date they become payable.
- (b) According to the information’s and explanations given to us there are no pending dues in respect of Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Duty of Customs and Cess which has not been deposited on account of any dispute.
8. According to information & explanation given to us and based on the documents and records produced before us, the company is not regular in depositing of its dues with their banker **Indian Overseas bank**, due to that banker has considered the company account as NPA.

| Sr. No. | Principal due Amount in INR | Nature of Credit Facility | Remarks |
|---------|-----------------------------|---------------------------|--|
| 1. | 374.99 Lacs | Term Loan | Both Term Loans & Cash Credit Accounts are become NPA since 01.07.2014. Due to that interest of Rs. 552.68 on Term Loan & CC limits as on 31.03.2019 has not been accounted for. |
| 2. | 249.52 Lacs | Cash Credit Limit | |

9. According to the information & explanation given to us and the records of the Company examined by us the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year.
10. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year under audit, nor have we been informed of any such case by the Management.
11. No Managerial Remuneration is paid by the company during the year hence provisions of Section 197 read with Schedule V to Companies Act, 2013 are not applicable.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of Para 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
13. Based upon the Audit procedures performed and according to the information & explanations given to us, All transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable IND AS.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Therefore, the provisions of clause (xv) of Para 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
16. According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For M/s. RMA & Associates LLP
Chartered Accountants
Firm Regn. No. 000978N/N500062

Place: New Delhi
Dated : 30th May, 2019

Sd/-
(Amit Jain)
Partner
Membership No. 503109

ANNEXURE "B"
To THE INDEPENDENT AUDITOR'S REPORT OF
"ADVIK LABORATORIES LIMITED" FOR THE YEAR ENDED 31st MARCH 2019.

Report on the internal Financial Controls under Clause (i) of Sub-Section 143 of the Companies Act 2013.

Report on the Internal Financial Controls

We have audited the Internal Finance Controls over financial reporting of "ADVIK LABORATORIES LIMITED" (the Company) as of 31st March 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls.

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the institute of Chartered Accountants of India (ICAI) These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal Financial Controls and, both issued by the institute of Chartered Accounts of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, where due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s. RMA & Associates LLP
Chartered Accountants
Firm Regn. No. 000978N/N500062

Sd/-

Place: New Delhi
Dated : 30th May, 2019

(Amit Jain)
Partner
Membership No. 503109

Balance Sheet as at March 31, 2019
(Amount in Rs.)

| Particulars | Note No. | As at 31.03.2019 | As at 31.03.2018 |
|--------------------------------------|----------|---------------------|---------------------|
| I ASSETS | | | |
| (1) Non-Current assets | | | |
| (a) Property, Plant and Equipment | 3 | 5,88,27,135 | 6,47,06,164 |
| (b) Capital work-in-progress | 3 | 5,42,67,024 | 5,20,64,024 |
| (c) Financial Assets | | | |
| (i) Non Current Investments | 4 | 92,30,000 | 92,30,000 |
| (ii) Other non-current assets | 5 | 47,864 | 38,259 |
| Total Non-Current Assets | | 12,23,72,023 | 12,60,38,447 |
| (2) Current assets | | | |
| (a) Inventories | 6 | 57,11,322 | 57,45,162 |
| (b) Financial Assets | | | |
| (i) Investments | | - | - |
| (ii) Trade receivables | 7 | 2,61,34,243 | 3,85,67,764 |
| (iii) Cash and cash equivalents | 8 | 1,56,501 | 1,55,512 |
| (iv) Current Loans | 9 | 2,11,50,798 | 2,09,99,654 |
| (d) Other current assets | 10 | 46,221 | 31,861 |
| Total Current Assets | | 5,31,99,085 | 6,54,99,953 |
| Total Assets | | 17,55,71,108 | 19,15,38,400 |
| II EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 11 | 19,11,14,000 | 19,11,14,000 |
| (b) Other Equity | 12 | (9,58,42,080) | (8,35,13,318) |
| | | 9,52,71,920 | 10,76,00,682 |
| LIABILITIES | | | |
| (1) Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 13 | - | - |
| (b) Provisions | 14 | 11,56,899 | 14,74,900 |
| (c) Deferred tax liabilities (Net) | 15 | 68,51,283 | 73,20,677 |
| (d) Other non-current liabilities | | - | - |
| Total Non-Current Liabilities | | 80,08,182 | 87,95,577 |
| (2) Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 13 | 2,50,53,012 | 2,89,52,213 |
| (ii) Trade payables | | 16,29,837 | 13,72,254 |
| (b) Other current liabilities | 16 | 4,56,08,157 | 4,48,17,674 |
| (c) Provisions | | - | - |
| Total Current Liabilities | | 7,22,91,006 | 7,51,42,141 |
| Total Equity and Liabilities | | 17,55,71,108 | 19,15,38,400 |

III NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-38

For RMA & Associates LLP
Chartered Accountants
Firm Regn. No. : 000978N/N500062

For and on behalf of the Board of Directors of Advik Laboratories Ltd.

Sd/-
(Amit Jain)
Partner
Membership No. 503109

Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN:00090423

Sd/-
(Madhu Sharma)
Director
DIN: 06947852

Sd/-
(Manoj Bhatia)
CFO

Sd/-
(Pooja Chuni)
Company Secretary

Place: New Delhi
Date: 30th May, 2019

Statement of Profit and Loss for the year ended March 31, 2019
(Amount in Rs.)

| Particulars | Note No. | As at 31.03.2019 | As at 31.03.2018 |
|---|----------|----------------------|------------------|
| INCOME | | | |
| I Revenue From Operations | 17 | 82,81,090 | 4,09,38,162 |
| II Other Income | 18 | 1,68,920 | 5,89,304 |
| III Total Income (I+II) | | 84,50,010 | 4,15,27,466 |
| EXPENSES | | | |
| IV Cost of materials consumed | 19 | 33,840 | 3,01,68,884 |
| Purchases of Stock-in-Trade | | 82,15,605 | - |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | 20 | - | 51,06,965 |
| Employee benefits expense | 21 | 48,56,757 | 65,14,189 |
| Finance costs | 22 | 31,346 | 16,689 |
| Depreciation and amortization expense | 3 | 58,79,029 | 58,81,501 |
| Other expenses | 23 | 23,63,283 | 44,08,018 |
| Total expenses (IV) | | 2,13,79,860 | 5,20,96,246 |
| V Profit/(loss) before exceptional items and tax (III-IV) | | (1,29,29,850) | (1,05,68,780) |
| VI Exceptional Items | | - | - |
| VII Profit/(loss) before tax (V-VI) | | (1,29,29,850) | (1,05,68,780) |
| Tax expense: | | | |
| VIII (1) Current tax | | - | - |
| (2) Deferred tax | | (4,69,394) | (19,13,537) |
| IX Profit (Loss) after Tax | | (1,24,60,456) | (86,55,243) |
| X Other Comprehensive Income | | | |
| Remeasurement of net defined benefit liability or asset: | | 1,31,694 | 1,61,046 |
| XI Total Comprehensive Income for the period | | (1,23,28,762) | (84,94,197) |
| XII Earnings per equity share | | | |
| (1) Basic | | (0.65) | (0.44) |
| (2) Diluted | | (0.65) | (0.44) |

XIII NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-38

For RMA & Associates LLP
Chartered Accountants
Firm Regn. No. : 000978N/N500062

For and on behalf of the Board of Directors of Advik Laboratories Ltd.

Sd/-
(Amit Jain)
Partner
Membership No. 503109

Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN:00090423

Sd/-
(Madhu Sharma)
Director
DIN: 06947852

Sd/-
(Manoj Bhatia)
CFO

Sd/-
(Pooja Chuni)
Company Secretary

Place: New Delhi
Date: 30th May, 2019

Cash Flow Statement for the year ended March 31, 2019

| Particulars | As at 31.03.2019 (Rs.) | As at 31.03.2018 (Rs.) |
|--|---------------------------|---------------------------|
| A. Cash Flow from operating activities | | |
| Net profit before tax and extraordinary items | (1,29,29,850) | (1,05,68,780) |
| Add: Adjustment for Depreciation | 58,79,029 | 58,81,501 |
| Provision for Gratuity | 1,89,947 | 2,04,440 |
| Provision for Leave Encashment | 53,737 | 58,947 |
| Interest & Other Costs | 31,346 | 16,689 |
| Operating profit before working capital changes | (67,75,791) | (44,07,203) |
| Adjustment for: | | |
| Increase / (Decrease) in Trade Payables | 2,57,583 | (22,58,140) |
| Increase / (Decrease) in Current Liabilities | 3,60,492 | (52,04,459) |
| (Increase) / Decrease in Trade Receivables | 1,24,33,521 | 28,65,010 |
| (Increase) / Decrease in Loans & Advances | (1,51,144) | (31,238) |
| (Increase) / Decrease in Non Current Assets | (9,605) | 23,107 |
| (Increase) / Decrease in Other Current Assets | (14,360) | 14,155 |
| (Increase) / Decrease in Inventories | 33,840 | 55,81,348 |
| Cash Generated From Operations | | |
| Net Cash from operating activities (A) | 61,34,536 | (34,17,420) |
| B. Cash flow from investing activities | | |
| Purchase of Capital Assets | (22,03,000) | 30,37,000 |
| Interest Received | - | - |
| Net cash outflow from investing activities (B) | (22,03,000) | 30,37,000 |
| C. Cash Flow from financing activities | | |
| Repayment of long term borrowings | (38,99,201) | - |
| Interest Paid | (31,346) | (16,689) |
| Net cash used in financial Activities © | (39,30,547) | (16,689) |
| Net Increase/ (Decrease) in cash (A+B+C) | 989 | (3,97,109) |
| Cash & Cash Equivalents (Opening balance) | 1,55,512 | 5,52,621 |
| Cash & Cash Equivalents (Closing balance) | 1,56,501 | 1,55,512 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-38

For RMA & Associates LLP
Chartered Accountants
Firm Regn. No. : 000978N/N500062

For and on behalf of the Board of Directors of Advik Laboratories Ltd.

Sd/-
(Amit Jain)
Partner
Membership No. 503109

Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN:00090423

Sd/-
(Madhu Sharma)
Director
DIN: 06947852

Sd/-
(Manoj Bhatia)
CFO

Sd/-
(Pooja Chuni)
Company Secretary

Place: New Delhi
Date: 30th May, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019
NOTE NO. 1
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 31ST MARCH 2019

| Particulars | Equity capital | Share | Reserve & surplus | Other comprehensive Income | Total | Total Equity & Other Equity |
|---|----------------|-------|-------------------|----------------------------|---------------|-----------------------------|
| Balance as of April 1, 2017 | 19,11,14,000 | | (7,51,61,216) | 1,42,095 | (7,50,19,121) | 11,60,94,879 |
| Changes in the Equity for the year ended March 31, 2018 | | | | | | |
| Remeasurement of net defined benefits Liability | | | | 1,61,046 | 1,61,046 | 1,61,046 |
| Loss for the period | | | (86,55,243) | | (86,55,243) | (86,55,243) |
| Balance as of March 31, 2018 | 19,11,14,000 | | (8,38,16,459) | 3,03,141 | (8,35,13,318) | 10,76,00,682 |

| Particulars | Equity capital | Share | Reserve & surplus | Other comprehensive Income | Total | Total Equity & Other Equity |
|---|----------------|-------|-------------------|----------------------------|---------------|-----------------------------|
| Balance as of April 1, 2018 | 19,11,14,000 | | (8,38,16,459) | 3,03,141 | (8,35,13,318) | 10,76,00,682 |
| Changes in the Equity for the year ended March 31, 2019 | | | | | | |
| Remeasurement of net defined benefits Liability | | | | 1,31,694 | 1,31,694 | 1,31,694 |
| Loss for the period | | | (1,24,60,456) | | (1,24,60,456) | (1,24,60,456) |
| Balance as of March 31, 2019 | 19,11,14,000 | | (9,62,76,915) | 4,34,835 | (9,58,42,080) | 9,52,71,920 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-38

For RMA & Associates LLP
Chartered Accountants
Firm Regn. No. : 000978N/N500062

For and on behalf of the Board of Directors of Advik Laboratories Ltd.

Sd/-
(Amit Jain)
Partner
Membership No. 503109

Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN:00090423

Sd/-
(Madhu Sharma)
Director
DIN: 06947852

Sd/-
(Manoj Bhatia)
CFO

Sd/-
(Pooja Chuni)
Company Secretary

Place: New Delhi
Date: 30th May, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**2 COMPANY OVERVIEW & SIGNIFICANT ACCOUNTING POLICIES****I COMPANY OVERVIEW**

Advik Laboratories Limited is Public limited company, incorporated under the Indian Companies Act, 1913, having its registered office in Sohna, Haryana and is listed on BSE Ltd & ASE Ltd. The Company is engaged in manufacturing, marketing, trading and export of Pharmaceutical Products. The Company has its own manufacturing facility at Sohna. The Company has various independent contract/third party manufacturers based across the country.

II SIGNIFICANT ACCOUNTING POLICIES**a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time by the Ministry of Corporate Affairs (MCA), the provisions of Companies Act, 2013, and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Financial statements of the company are prepared under the historical cost convention except for the certain financial assets and liabilities measured at fair value as mentioned in applicable accounting policies.

b. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

The estimates and underlying assumptions are reviewed on going concern basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, in the period of the revision and future periods if the revision affects both current and future

c. CLASSIFICATION OF EXPENDITURE/INCOME

Except Otherwise Indicated:-

- (i) All expenditure and income are accounted for under the natural heads of account.
- (ii) All expenditure and income are accounted for on accrual basis except when ultimate realisation of income is uncertain.

d. REVENUES

- (i) Revenues from sales of goods are recognized when the significant risk and rewards of the ownership of the goods have been transferred to the buyer, recovery of the consideration is probable, the associated costs and involvement with, the goods and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards normally happen upon shipment.
- (ii) Sales returns / rate differences are adjusted from the sales of the year in which the returns take place / rate differences accepted.
- (iii) Further, revenues are recognized at gross value of consideration received excluding the amount of Goods & Service Tax(GST).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

e. PROPERTY, PLANT AND EQUIPMENT (PPE)

Recognition and measurement:

Property, plant and equipment are initially recognized at cost of acquisition or construction after deducting refundable purchase taxes and including the cost directly attributable for bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by the management, borrowing cost in accordance with the established accounting policy, cost of restoring and dismantling, if any, initially estimated by the management. After the initial recognition the property, plant and equipment are carried at cost less accumulated depreciation and impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

The estimated useful lives, residual values and depreciation method are reviewed at each financial year end and the effect of any change is accounted for on prospective basis. Depreciation on plant & equipment's are provided as per below schedule:-

| Type of Asset | Period |
|---------------------|----------|
| Factory Building | 30 years |
| Plant & Machinery | 15 years |
| Computer Equipment | 3 years |
| Vehicle | 8 years |
| Furniture & Fixture | 10 years |

The carrying amount of the all property, Plant and equipment are derecognized on its disposal or when no future economic benefits are expected from its use or disposal and the gain or loss on de-recognition is recognized in the statement of profit & loss. Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances and cost of assets not put to use before such date are disclosed under 'capital work-in-progress'.

f. INVENTORIES

Raw materials, stock-in-trade, work-in-progress, finished goods and packing materials are valued at the lower of weighted average cost and net realizable value. Cost of finished goods and work-in-progress includes cost of materials, direct labour and an appropriate portion of overheads to bring the inventory to the present location and condition. Stores and maintenance spares are valued at average cost.

The net realizable value of work-in-progress is determined with reference to the selling price of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

Finished goods expiring within 90 days(near expiry inventory) as at the balance sheet date have been fully provided for.

g. TRADE RECEIVABLES

Trade receivables represents amount billed to customers as credit sales and are net off;

- a. any amount billed but for which revenues are reversed under the different accounting standard and
- b. Impairment for trade receivables, which is estimated for amounts not expected to be collected in full."

h. FINANCIAL INSTRUMENTS

Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables/payables and where cost of generation of fair value exceeds benefits, which are initially measured at transaction price. Transaction costs directly related to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities through profit & loss account) are added to or deducted from the cost of financial assets or financial liabilities. Transaction cost directly attributed to the acquisition of financial assets or financial liabilities at fair value through profit & loss account are recognized immediately in the statement of profit & loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**Subsequent measurement**

(i) Financial assets carried at amortized cost: A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income: A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments (all being not held for trading), to present the subsequent changes in fair value in other comprehensive income based on its business model.

Fair value of the listed equity instruments are measured using the rate quoted in the stock exchange wherein the securities are actively traded as on the last working day of the period of reporting. In respect of unlisted equity instruments, fair value is determined based on the latest audited financial statements and considering the open market information available, failing which it shall be measured at cost..

(c) Financial liabilities

- (i) Financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction cost.
- (ii) Subsequent to initial measurement, financial liabilities are measured at amortised cost. The difference in the initial carrying amount of the financial liabilities and their redemption value is recognized in the statement of profit & loss over the contractual term using the effective interest rate method. This category includes the following class of liabilities; trade and other payables, borrowing; and other financial liabilities.
- (iii) Financial liabilities are further classified as current and non-current depending whether they are payable within 12 months after the balance sheet date or beyond.
- (iv) Financial liabilities are derecognized when the company is discharge from its obligation; they expire, are cancelled or replaced by a new liability with substantial modified terms

i. IMPAIRMENT**Financial assets**

The company recognizes loss allowances using the expected credit loss model for the financial assets which are not fair valued through statement of profit and loss. Loss allowance on trade receivables, with no significant financing component is measured at an amount equal to lifetime expected credit loss. For all financial assets expected credit losses are measured at an amount equal to 12-month ECL unless there has been significant increase in credit risk from initial recognition in which case these are measured at lifetime expected credit loss. The amount of expected credit losses or reversal that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the profit or loss for the period.

Intangible assets, property, plant and equipment

Intangible assets, property plant & equipment are evaluated for recoverability wherever events or changes in circumstances indicate that their carrying amount may not be recoverable.

For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs).

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

If such asset is considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit & losses if there have been changes in the estimates used to determine the recoverable amount. The carrying amount is increased to its revised recoverable amount, provided that this amount does not exceeds the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss has been recognized for the asset in prior years.

j. EARNING PER SHARE

Basic Earnings Per Share is computed by dividing the net profit attributable to the equity shareholders of the company to the weighted average number of Shares outstanding during the period & Diluted earnings per share is computed by dividing the net profit attributable to the equity shareholders of the company after adjusting the effect of all dilutive potential equity shares that were outstanding during the period, the weighted average number of shares outstanding during the period including the weighted average number of equity shares that could have issued upon conversion of all dilutive potential.

k. INCOME TAXES**(i) CURRENT TAX**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current tax is expected tax payable on the taxable income for the year, using the tax rate enacted at the reporting date, and any adjustment to the tax payable in respect of the earlier periods. Current tax assets and liabilities are offset where the company has legal enforceable right to offset and intends either to settle on net basis, or to realise the assets and settle the liability simultaneously.

(ii) DEFERRED TAX ASSETS / LIABILITIES

Deferred tax is recognized for all taxable temporary differences and is calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Group intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(iii) CURRENT AND DEFERRED TAX FOR THE YEAR

Current and deferred tax are recognized in the statement of profit & loss, except when they relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax is recognized directly in other comprehensive income or equity as the case may be.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**I. EMPLOYEES BENEFITS**

The company provides for the various benefits plans to the employees. These are categorized into defined benefits plans and defined contributions plans. Defined benefit plans includes the amount paid by the company towards the liability for Provident fund to the employees provident fund organization and Employee State Insurance fund in respect of ESI and defined benefits plans includes the retirement benefit such as gratuity and company absentees both accumulated and non-accumulated.

(i) In respect of Defined Contribution Plans contribution made to the specified fund based on the services rendered by the employees are charged to Statement of Profit & Loss in the year in which services are rendered by the employee.

(ii) Liability in respect of Defined Long Term benefit plan is determined at the present value of the amounts payable determined using actuarial valuation techniques performed by an independent actuarial at each balance sheet date using the projected unit credit methods. Gains and losses through re-measurements of the net defined benefit liability/assets are recognized in other comprehensive income. Past Service cost is recognized in the statement of profit & loss in the period of plan amendment.

(iii) Liabilities for accumulating paid absences is determined at the present value of the amounts payable determined using the actuarial valuation techniques performed by an independent actuarial at each balance sheet date using the projected unit credit method. Actuarial gain or losses in respect of accumulating paid absences are charged to statement of profit & loss account.

(iv) Liabilities for short term employee benefits are measured at undiscounted amount of the benefits expected to be paid and charged to Statement of Profit & Loss in the year in which the related service is rendered.

m. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(i) A provision is recognized, if as a result of past event the company has present legal or constructive obligations that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to liability.

(ii) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognized nor disclosed in the financial statements.

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

n. DEPRECIATION

(i) Normal depreciation on all property, plant & equipment except Land are provided from the date of put to use for commercial production on Straight Line Method at the useful lives prescribed in Schedule-II to The Companies Act, 2013 and after providing for the residual value (maximum to the extent of 5%) of the Fixed Assets as determined by the management.

(ii) Depreciation/Amortization on addition /deletions to Fixed Assets is provided on pro-rata basis from/to the date of addition/deletions.

(iii) Depreciation/Amortization on additions/deletions to the fixed assets due to exchange rate fluctuation is provided on pro-rata basis since inception.

(iv) The estimated useful lives, residual values and depreciation method are reviewed at each financial year end and the effect of any change is accounted for on prospective basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**o. PURCHASES**

- (i) Purchases returns / rebates are adjusted from the purchases of the year in which the returns take place / rebates allowed.
(ii) Purchases are accounted for "Net of VAT Credit/GST availed on eligible inputs".

p. CLAIMS BY/AGAINST THE COMPANY

Claims by/ against the Company arising on any account are provided for in the accounts on receipts/acceptances.

q. BORROWING COST

Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing cost directly attributable to the acquisition or construction of qualifying /eligible assets, intended for commercial production are capitalised as part of the cost of such assets. All other borrowing costs are recognized as an expense in the year in which they are incurred.

r. APPLICATION OF NEW AND REVISED INDIAN ACCOUNTING STANDARDS (IND AS)

Effective 1st April 2018, the company has adopted Ind AS 115 on "Revenue from Contracts with Customers". This has been replaced for an existing Ind AS 18 on "Revenues" earlier adopted by the Company. The adoption of the same will not result into any material change in the principle of reorganization of revenue by the company except that under the earlier Ind AS the amount of commission paid was adjusted against the revenues whereas now the same has been considered as part of the cost and revenue is recognized with Gross Amount. This is done based on the main concept laid down by Ind AS 115 for reorganizing the revenue at consideration which the entity expect to receive in exchange of the promised goods and services.

Further during the year, the company has adopted all other Indian Accounting Standards (Ind AS) that are notified by the Ministry of Corporate Affairs and are relevant to its operations and effective for the financial year beginning on or after 1st April 2018.

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendments Rules, 2019, notifying amendments in the various Indian Accounting Standards which are effective for the financial periods beginning on or after 1st April 2019. The standards which might have impact on the financials of the Company are listed as under:

- Ind AS 103 - Business Combination
- Ind AS 107 - Financial Instruments: Disclosures
- Ind AS 109 - Financial Instruments
- Ind AS 113 - Fair Value Measurement
- Ind AS 115 - Revenue from Contracts with Customers
- Ind AS 116 - Leases
- Ind AS 1 - Presentation of Financial Statements
- Ind AS 2 – Inventories
- Ind AS 7 - Statement of Cash Flows
- Ind AS 12 - Income Taxes
- Ind AS 16 - Property, Plant and Equipment
- Ind AS 21 - The Effects of Changes in Foreign Exchange Rates
- Ind AS 23 - Borrowing Costs
- Ind AS 32 - Financial Instruments: Presentation
- Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 38 - Intangible Assets
- Ind AS 40 - Investment Property

The Company is in the process of assessing the changes required/ possible impact of these IndAS's on the financial statements in the period of initial application and accordingly will adopt these changes by suitably amending its accounting policies as well the presentations and disclosures in the financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**s. STATEMENT OF CASH FLOWS**

Statement of Cash Flows is made using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, financing and investing activities of the Company are segregated.

t. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liability includes Borrowings, Trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Trade receivables, Cash and cash equivalents and other financial assets that derive directly from its operations. The Company is exposed to credit risk, liquidity risk and Interest rate risk & market risk. The Company's senior management oversees the management of these risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviewed policies for managing each of these risks, which are summarized below:

(i) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each balance sheet date. Financial assets are written off when there is no reasonable expectation of recovery, however, the Company continues to attempt to recover the receivables. Where recoveries are made, these are recognized in the Statement of Profit and Loss.

(ii) Liquidity Risk

Liquidity risk refers to the probability of loss arising from a situation where there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, sale of illiquid assets will yield less than their fair value and illiquid assets will not be sold at the desired time due to lack of buyers. The primary objective of liquidity management is to provide for sufficient cash and cash equivalents at all times and any place in the world to enable us to meet our payment obligations.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings obligations with floating interest rates.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

NOTE NO. 03

PROPERTY PLANT & EQUIPMENT

| Description | Gross Block | | | | Depreciation | | | | Net block | |
|-----------------------------------|---------------------|------------------|-------------|---------------------|--------------------|------------------|------------|---------------------|---------------------|---------------------|
| | As at 01.04.2018 | Additions | Adjustment | As at 31-03-2019 | Up to 31-03-2018 | During the year | Adjustment | As at 31-3-2019 | As at 31-3-2019 | As at 31-3-2018 |
| Land | 48,40,000 | - | - | 48,40,000 | - | - | - | - | 48,40,000 | 48,40,000 |
| Building | 5,04,30,770 | - | - | 5,04,30,770 | 2,60,20,134 | 14,31,986 | - | 2,74,52,120 | 2,29,78,650 | 2,44,10,636 |
| computer & printer | 1,45,007 | - | - | 1,45,007 | 1,37,758 | - | - | 1,37,758 | 7,249 | 7,249 |
| Furniture & fixtures | 2,47,184 | - | - | 2,47,184 | 2,26,926 | 2,027 | - | 2,28,953 | 18,231 | 20,258 |
| vehicles | 57,13,418 | - | - | 57,13,418 | 31,95,147 | 6,95,902 | - | 38,91,049 | 18,22,369 | 25,18,271 |
| plant & machinery | 10,02,45,253 | - | - | 10,02,45,253 | 6,73,35,503 | 37,49,114 | - | 7,10,84,617 | 2,91,60,636 | 3,29,09,750 |
| Total Tangible Assets | 16,16,21,632 | - | - | 16,16,21,632 | 9,69,15,468 | 58,79,029 | - | 10,27,94,497 | 5,88,27,135 | 6,47,06,164 |
| Advance agt. Godown under pogress | 4,89,46,840 | 22,03,000 | - | 5,11,49,840 | - | - | - | - | 5,11,49,840 | 4,89,46,840 |
| Capital WIP | 31,17,184 | - | - | 31,17,184 | - | - | - | - | 31,17,184 | 31,17,184 |
| Total Capital WIP | 5,20,64,024 | 22,03,000 | - | 5,42,67,024 | - | - | - | - | 5,42,67,024 | 5,20,64,024 |
| This Year | 21,36,85,656 | 22,03,000 | - | 21,58,88,656 | 9,69,15,468 | 58,79,029 | - | 10,27,94,497 | 11,30,94,159 | 11,67,70,188 |
| Previous Year | 21,67,22,656 | - | (30,37,000) | 21,36,85,656 | 9,10,33,967 | 58,81,501 | - | 9,69,15,468 | 11,67,70,188 | 12,56,88,689 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

| Notes to Financial Statements | As at 31.03.19(Rs.) | As at 31.03.18(Rs.) |
|--|---------------------|---------------------|
| Non Current Assets | | |
| Note No. 4 | | |
| Non Current Investments | | |
| Shares of Un-quoted Companies: | | |
| 25000 equity shares of A.G.Fats Ltd. | 25,00,000 | 25,00,000 |
| 50000 equity shares of Braham Hosiery P Ltd. | 5,00,000 | 5,00,000 |
| 85000 equity Shares of R.N.Knitfab (P) Ltd. | 8,50,000 | 8,50,000 |
| 538000 equity Shares of India Securities Ltd. | 53,80,000 | 53,80,000 |
| Note No. 5 | 92,30,000 | 92,30,000 |
| Other Non Current Assets | | |
| Deferred cost toward staff loan | 47,864 | 38,259 |
| | 47,864 | 38,259 |
| Current Assets | | |
| Note No. 6 | | |
| INVENTORIES | | |
| (As valued and certified by the Management at lower of cost or net realisable value) | | |
| Raw Materials & Packing Materials | 8,51,922 | 8,55,282 |
| Store & Spares | 48,42,740 | 48,73,220 |
| Finished Goods | - | - |
| Work in Process | 16,660 | 16,660 |
| Financial Assets | 57,11,322 | 57,45,162 |
| Note No. 7 | | |
| Trade Receivables | | |
| (Unsecured and considered Good) | | |
| Exceeding Six months | 2,61,34,243 | 3,51,43,904 |
| Less than Six months | - | 34,23,860 |
| | 2,61,34,243 | 3,85,67,764 |
| Note No. 8 | | |
| Cash & Cash Equivalents | | |
| Cash in hand | 6,371 | 3,271 |
| Balance with scheduled Banks | | |
| - in Current Accounts | 1,50,129 | 1,52,241 |
| | 1,56,500 | 1,55,512 |
| Note No. 9 | | |
| Current Loans | | |
| (Unsecured considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 1,44,81,215 | 1,44,45,196 |
| Excise/GST Deposit A/c | 61,04,567 | 60,09,082 |
| Tax Deducted at Source | 41,552 | 21,912 |
| Security Deposit | 2,98,279 | 2,98,279 |
| VAT Inputs receivable a/c | 2,25,185 | 2,25,185 |
| | 2,11,50,798 | 2,09,99,654 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

| Notes to Financial Statements | As at 31.03.19 | As at 31.03.18 |
|---|----------------|----------------|
| Current Assets | | |
| Financial Assets | | |
| Note No. 10 | | |
| Other Current Assets | | |
| Prepaid Expenses | 46,221 | 31,861 |
| | 46,221 | 31,861 |
| Note No. 11 | | |
| Equity Share Capital | | |
| A) <u>AUTHORISED</u> | | |
| 2,00,00,000 Equity Shares of Rs. 10/- each | 20,00,00,000 | 20,00,00,000 |
| (Previous year 2,00,00,000 Equity Share of Rs. 10/- each) | 20,00,00,000 | 20,00,00,000 |
| B) <u>ISSUED, SUBSCRIBED AND PAID UP</u> | | |
| 1,91,11,400 Equity Shares of Rs. 10/- each | 19,11,14,000 | 19,11,14,000 |
| (Previous year 1,91,11,400 Equity Share of Rs. 10/- each) | 19,11,14,000 | 19,11,14,000 |

- a) Reconciliation of number of shares and amount outstanding at the commencement and at the end of reporting year

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|------------------|--------------|------------------|--------------|
| | Number of shares | Amount | Number of shares | Amount |
| Balance at the commencement of the year | 1,91,11,400 | 19,11,14,000 | 1,91,11,400 | 19,11,14,000 |
| Add Shares issued during the year | — | — | — | — |
| Balance at the end of the year | 1,91,11,400 | 19,11,14,000 | 1,91,11,400 | 19,11,14,000 |

- b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company :-

| Sno | Name of Shareholder | As at 31.03.2019 | | As at 31.03.2018 | |
|-----|--|------------------|--------|------------------|--------|
| | | No. of shares | % | No. of shares | % |
| 1. | M/s Omkam Pharmaceuticals Pvt Ltd | 49,02,322 | 25.65% | 49,02,322 | 25.65% |
| 2. | M/s Patliputra International Ltd. | 26,29,000 | 13.76% | 26,29,000 | 13.76% |
| 3. | M/s Dhiru Builders & Promoters Pvt Ltd | 26,05,270 | 13.63% | 26,05,270 | 13.63% |
| 4. | Mr. Peeyush Kumar Aggarwal | 19,57,159 | 10.24% | 19,57,159 | 10.24% |
| 5. | Mr. Subramanian P | 12,82,992 | 6.71% | 12,82,992 | 6.71% |

- c) The Company has one class of equity shares having a par value of Rs. 10/- each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

| Notes to Financial Statements | As at 31.03.19 (Rs.) | As at 31.03.18 (Rs.) |
|--|-------------------------|-------------------------|
| Note No. 12 | | |
| Other Equity | | |
| <u>Profit & Loss Account (As per last Balance Sheet)</u> | | |
| Add: Net Profit/(Loss) for the current year including Comprehensive Income | (8,35,40,818) | (7,50,46,621) |
| | (1,23,28,762) | (84,94,197) |
| <u>Capital Reserve Account</u> | | |
| Share Forfeiture Account | 27,500 | 27,500 |
| Total Reserve & Surplus carried forwarded to Balance Sheet | <u>(9,58,42,080)</u> | <u>(8,35,13,318)</u> |

| Notes to Financial Statements | As at 31.03.19 (Rs.) | | As at 31.03.18 (Rs.) | |
|---|----------------------|--------------------|----------------------|--------------------|
| | Non-Current | Current | Non-Current | Current |
| Borrowings | | | | |
| Note No. 13 | | | | |
| <u>Non Current Borrowings</u> | | | | |
| SECURED LOANS | | | | |
| Term Loan | - | 3,74,98,531 | - | 3,74,98,531 |
| Indian Overseas Bank (secured by first charge on Land, Building & Plant & Machinery) | | | | |
| Current maturity of Long Term Debts are classified under other current liabilities. | | | | |
| | - | <u>3,74,98,531</u> | - | <u>3,74,98,531</u> |

- (a) Term loan consisting three loans, financed by Indian Overseas Bank are secured on first paripassu charge basis (a) by way of hypothecation of movable fixed assets of the company and (b) by mortgage of immovable properties of the Company; situated at 138, Roz KaMeo Industrial Area, Sohna, Gurgaon, Haryana. These loans are also collaterally secured (a) by way of second paripassu charge on stocks & book debts of company and (b) by personal guarantee of one of the director of the company.
- (b) These Term Loans were repayable in consolidated equivalent monthly installment of Rs. 8,17,000/- starting from October, 2012, but due to some financial resistant's, company could not pay few of instalments of Term loans, due to that Term accounts with IOB become NPA. However, company has filed OTS proposal with Indian Overseas Bank and the same is under consideration at the end of Indian Overseas Bank.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

| Notes to Financial Statements | As at 31.03.19 (Rs.) | As at 31.03.18 (Rs.) |
|---|-------------------------|-------------------------|
| <u>Current Borrowings</u> | | |
| <u>SECURED LOANS</u> | | |
| Working Capital Loan | 2,49,52,213 | 2,89,52,213 |
| Indian Overseas Bank (Secured by first charge on stocks of Finished Goods, Raw Materials. W.I.P & Sundry Debtors | | |
| <u>UNSECURED</u> | | |
| Others | 100799 | - |
| | 2,50,53,012 | 2,89,52,213 |

- (c) Working Capital loan availed from Indian Overseas bank are secured on first Parripassu charges basis by way of hypothecation of stock and book debts (present & future) of the company; and collaterally secured on second paripassu charge (a) by way of hypothecation of fixed assets; (b) by mortgage of immovable properties of the company situated at Roz ka Meo, Sohna, Mewat, Haryana and (c) by personal guarantee of one of the Director of the Company. This account is NPA presently. However company has filed OTS proposal with Indian Overseas Bank and the same is under consideration at the end of Indian Overseas Bank.

| Notes to Financial Statements | As at 31.03.19 (Rs.) | | As at 31.03.18 (Rs.) | |
|--|----------------------|-----------------|----------------------|----------|
| | Non-Current | Current | Non-Current | Current |
| Note No. 14 | | | | |
| <u>Non Current Liabilities</u> | | | | |
| Provisions | | | | |
| Provision for Employee Benefits | | | | |
| - Gratuity | 7,83,773 | 5,46,239 | 11,07,556 | 1,12,545 |
| - Leave Encashment | 3,73,126 | 12,932 | 3,67,344 | 16,635 |
| | 11,56,899 | 5,59,171 | 14,74,900 | 1,29,180 |

Note No. 15

| Notes to Financial Statements | As at 31.03.19 (Rs.) | As at 31.03.18 (Rs.) |
|---|----------------------|----------------------|
| DEFERRED TAX LIABILITIES (NET) | | |
| <u>Deferred Tax Liabilities</u> | | |
| Excess of Book WDV of Fixed Assets over Tax WDV of Fixed Assets | 72,97,461 | 77,33,727 |
| <u>Deferred Tax Assets</u> | | |
| Provisions for employee benefits | (4,46,178) | (4,13,050) |
| Deferred Liabilities (net) | 68,51,283 | 73,20,677 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

| Notes to Financial Statements | As at 31.03.19 (Rs.) | As at 31.03.18 (Rs.) |
|---|-------------------------|-------------------------|
| Note No. 16 | | |
| Other Current Liabilities | | |
| Current Maturities of long term debt & Provision | 3,80,57,702 | 3,76,27,711 |
| Interest due on borrowings | 61,58,578 | 61,58,578 |
| Salary Payable | 6,62,570 | 4,62,473 |
| Advance received from Customers | 21,288 | 53,208 |
| TDS payable | 41,827 | 45,316 |
| Statutory dues payable | 31,793 | 34,428 |
| Others payable | 6,34,399 | 4,35,960 |
| | 4,56,08,157 | 4,48,17,674 |
| Note No. 17 | | |
| Revenue from operations | | |
| Gross Sales | 82,81,090 | 3,99,81,562 |
| Other Operating Revenue | | |
| - Income from Job work | - | 9,56,600 |
| Total Revenue from Operations | 82,81,090 | 4,09,38,162 |
| Note No. 18 | | |
| Misc. Income | | |
| Export incentive | - | 5,26,972 |
| Other misc income | 1,21,056 | 24,073 |
| Interest Income Staff loan (Amortisation) | 47,864 | 38,259 |
| | 1,68,920 | 5,89,304 |
| Note No. 19 | | |
| Cost of Material Consumed | | |
| Raw,Packing & Store & spares inventory at the beginning of the year | 57,28,502 | 62,02,885 |
| Purchases during the year | - | 2,95,65,541 |
| Inventory at the end of the year | (56,94,662) | (57,28,502) |
| Freight & Cartage Inward | - | 1,28,960 |
| TOTAL | 33,840 | 3,01,68,884 |
| Note No. 20 | | |
| Change in Inventories of Finished Goods & WIP | | |
| Change in Work in Progress | - | 23,17,270 |
| Charges in Stock of Finished Goods | - | 27,89,695 |
| TOTAL | - | 51,06,965 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

| Notes to Financial Statements | As at 31.03.19 (Rs.) | As at 31.03.18 (Rs.) |
|---|-----------------------------|-----------------------------|
| Note No. 21 | | |
| Employees Benefit | | |
| Salary & Wages | 43,04,825 | 58,64,093 |
| Other allowance & benefits to employees | 2,44,350 | 2,68,683 |
| Employer contribution to PF, ESI & welfare fund | 2,16,361 | 2,46,084 |
| Staff welfare | 42,791 | 94,676 |
| Medical expenses | 566 | 2,394 |
| Interest Exp Staff loan (Amortisation) | 47,864 | 38,259 |
| | 48,56,757 | 65,14,189 |
| Note No. 22 | | |
| FINANCE CHARGES | | |
| Others-Interest | 31,346 | 16,689 |
| | 31,346 | 16,689 |
| Note No. 23 | | |
| Other Expenses | | |
| Advertisement | 53,200 | 63,892 |
| AGM exps. | 5,830 | 735 |
| Audit fee | 85,000 | 85,000 |
| Bank Charges | 2,424 | 6,124 |
| Books, Newspapers & Periodicals | 200 | 11,205 |
| Business Promotion Expenses | 1,730 | 58,183 |
| Conveyance expenses | 82,933 | 1,07,246 |
| Diwali Expenses | 27,496 | 27,789 |
| Factory & General Insurance | 1,09,095 | 1,28,021 |
| General repair & maintenance | 22,251 | 46,713 |
| Legal & Professional expenses | 3,31,500 | 1,58,965 |
| Miscellaneous expenses | 1,01,390 | 1,72,248 |
| Packing & Forwarding Expenses | 28,600 | 1,76,755 |
| Postage & telegram | 5,446 | 6,203 |
| Power & Fuel | 4,70,282 | 11,78,164 |
| Printing & Stationery | 25,318 | 50,655 |
| Rates & Taxes & other fee's | 3,20,045 | 4,35,854 |
| Rent | - | 7,77,640 |
| Repair & maintenance to building | 38,014 | 30,101 |
| Repair & maintenance to Plant & Machineries | 31,247 | 98,940 |
| Security Service | 5,12,553 | 6,03,091 |
| Telephone expenses | 64,913 | 85,003 |
| Testing Charges | 4,130 | 24,551 |
| Travelling expenses | 34,686 | 2,960 |
| Vehicle expenses | 5,000 | 21,000 |
| Water & Electricity | - | 50,980 |
| | 23,63,283 | 44,08,018 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

NOTE NO. 24

CONTINGENT LIABILITIES (to the extent not provided for)

(Rs. In lacs)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|--|------------------|------------------|
| Bank Interest on Cash Credit & Term Loan (not acknowledge as debts) due to NPA of account. | 552.68 | 398.16 |
| Demand raised by Hardik Distributors, Bhopal. Litigation is pending with High Court, MP | 4.20 | 4.20 |

NOTE NO. 25 Segment Disclosure

(a) Business Segment:

The Company is engaged primarily in pharmaceuticals business and there are no separate reportable segments as per IND AS-108.

(b) Geographical Segment:

(Rs. in lacs)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--------------------|------------------------------------|------------------------------------|
| Sales revenue(net) | | |
| -In India | 82.81 | 399.82 |
| -Outside India | -- | -- |
| | 82.81 | 399.82 |

NOTE NO. 26

Employee Benefits

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. During the year company has computed his liability through Actuarial Valuar M/s Charan Gupta Consultants Pvt Ltd. The present value of obligation for Gratuity & other Post Employment benefit (i.e. Leave encashment) are determined based on actuarial valuation using the Projected Unit Credit Method. The additional disclosure in terms of Indian Accounting Standards-19

"Employees Benefits" is as under:.

Reconciliation of Opening & Closing balance of Obligation

(Rs. In lacs)

| Particulars | Gratuity A/c | Leave Encashment A/c |
|--|--------------|----------------------|
| Obligation at the beginning of the year | 12.20 | 3.84 |
| Current Service Cost | 0.94 | 0.30 |
| Interest Cost | 0.96 | 0.24 |
| Actuarial (gain)/loss | (0.80) | (0.52) |
| Less: Benefits paid | -- | -- |
| Obligation at the end of the year | 13.30 | 3.86 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Gratuity & other Post Employment benefit cost for the period

| Particulars | Gratuity A/c | Leave Encashment A/c |
|--|--------------|----------------------|
| Current Service Cost | 0.94 | 0.32 |
| Interest Cost | 0.96 | 0.27 |
| Expenses recognized in the statement of profit & losses | 1.90 | 0.59 |

27. Necessary disclosures under Micro, Small and Medium Enterprises Development Act 2006, could not be considered for previous years as the relevant information to identify the suppliers who were covered under the said Act were not received from such parties during the previous years.

28. **Statement of Management**

(A) The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary. However, Company has started its efforts to realize the advances (given to the parties) which are more than one year old.

(B) Balance Sheet and Statement of Profit and Loss read together with Notes to the accounts thereon, are drawn up so as to disclose the information required under the Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and results of the Company for the year under review.

30. **Payment to Auditors'**

(Amount in Rs.)

| Particulars | As on 31 st March, 2019 | As on 31 st March, 2018 |
|----------------------------------|------------------------------------|------------------------------------|
| Audit Fee | 60,000 | 60,000 |
| Taxation matters | 25,000 | 25,000 |
| Total (exclusive of Service tax) | 85,000 | 85,000 |

31. **INVESTMENTS**

Company has sent various notices to the Companies in which the company has made an investment, as neither they are sending duplicate shares certificates nor replying to the letters of the company. The company has misplaced/lost the share certificates of the investments made by it during the shifting of records. As such these shares certificates are not physically held by the company as on 31st March, 2019. Accordingly, company has not calculated the fair value of the investments.

32. Additional information, to the extent applicable, required under paragraphs 5 (viii) (c) of general instructions for preparation of the Statement of profit & Loss as per schedule III to the Companies Act, 2013

(A) Composition of Raw Material Consumption:

(Rs. In Lacs)

| Raw Material Consumption | 2018-2019 | | 2017-2018 | |
|--------------------------|-----------|------------|-----------|------------|
| | Value | Percentage | Value | Percentage |
| Imported | Nil | Nil | Nil | Nil |
| Indigenous | 0.33 | 100 | 300.40 | 100 |

(B) Value of Imports on CIF basis:-

| Particulars | 2018-2019 | 2017-2018 |
|--------------|-----------|-----------|
| Raw Material | NIL | NIL |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(C) Earning in Foreign Currency:

| Particulars | 2018-2019 | 2017-2018 |
|------------------------|-----------|-----------|
| F.O.B Value of Exports | NIL | NIL |

(D) Expenditure in Foreign Currency (on payment basis):

| Particulars | 2018-2019 | 2017-2018 |
|---------------------------------|-----------|-----------|
| Expenditure in Foreign Currency | NIL | NIL |

33. RELATED PARTY TRANSACTIONS

“Following disclosures are made, as per the definition of Related Parties defined in Indian Accounting Standard–24 “Related Party Disclosures” and Section 2(76) of the Companies Act, 2013.

(a). Related parties and nature of related party relationships where control exists

| Sno. | Name of the party | Nature of Relationship |
|------|----------------------------|------------------------|
| | Key Managerial Personnel | |
| 1. | Mr. Peeyush Kumar Aggarwal | Director |
| 2. | Mr. Manoj Kumar Bhatia | CFO |
| 3. | Ms. Pooja Chuni | Company Secretary |

Transactions during the year with related parties

| Particulars | Peeyush Kumar Aggarwal | Manoj Kumar Bhatia | Pooja Chuni |
|----------------------------|------------------------|--------------------|-------------|
| Remuneration paid to KMP’s | — | 4,62,000 | 2,91,112 |
| Loan Received | (1,00,799) | — | — |

34. “Earning per share” computed accordance with Accounting Standard (AS) – 20

(Rs. in lacs)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|--|--------------------|------------------|
| Loss after tax | (124.60) | (86.55) |
| Weighted average number of equity shares outstanding during the year | 1,91,11,400 | 1,91,11,400 |
| Face Value per share (In Rs.) | 10/- | 10/- |
| Earnings per share(EPS) | | |
| - Basic (In Rs.) | (0.65) | (0.45) |
| - Diluted (In Rs.) | (0.65) | (0.45) |

35. The Board of Directors of the Company has not recommended any dividend for the financial year ended 31.03.2019.

36. Due to absence of orders there were not production activities in the plant during the year under review. Revenue shown in Profit & Loss account is from Trading Activity. Consumption of material is due to expiry of some raw & packing materials. Management of the company is putting their best efforts to get the orders from the old as well as new domestic & export customers. Company is expecting to get the order soon.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

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

For RMA & Associates LLP
Chartered Accountants
Firm Regn. No. : 000978N/N500062

For and on behalf of the Board of Directors of Advik Laboratories Ltd.

Sd/-
(Amit Jain)
Partner
Membership No. 503109

Sd/-
(Peeyush Kumar Aggarwal)
Chairman
DIN:00090423

Sd/-
(Madhu Sharma)
Director
DIN: 06947852

Sd/-
(Manoj Bhatia)
CFO

Sd/-
(Pooja Chuni)
Company Secretary

Place: New Delhi
Date: 30th May, 2019

**ADVIK LABORATORIES LIMITED
CIN: L74899HR1994PLC038300**

Regd. Office: 138, Roz- Ka - Meo, Industrial Area Sohna, Distt. Mewat-122103 (Haryana)
Phone: 0124-2362471, Email: mail@advikindia.com, Website : www.advikindia.com

E-COMMUNICATION REGISTRATION FORM AND BANK ACCOUNT DETAILS

Dear Shareholders,

You are aware that majority of the provisions of Companies Act, 2013 have been made effective from 1st April, 2014. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules issued there under, Companies can serve Annual Reports, Notices and other communications through electronic mode to those shareholders who have registered their email address either with the Company/RTA or with the Depository. It is a welcome move that would benefit the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a greener environment. This provides a golden opportunity to every shareholder of Advik Laboratories Limited to contribute to the cause of 'Green Initiative' by giving their consent to receive various communications from the Company through electronic mode.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode. You can also download the appended registration form from the website of the Company www.advikindia.com

[Please note that as a Member of the Company, you will be entitled to receive all such communication in physical form, upon request.]
To support this green initiative in full measure, members who have not registered their E-mail address, PAN Number and Bank Account details so far, are requested to register their E-mail address and PAN Number and Bank account details along with self-attested copy of their PAN Card and original cancelled cheque/bank passbook/statement with the company/ RTA.

**Best Regards,
Sd/-
Pooja Chuni
Company Secretary**

| E-COMMUNICATION REGISTRATION FORM AND BANK ACCOUNT DETAILS | | | |
|---|--------------|---------------|--------------|
| Folio No. /DP ID & Client ID:..... | | | |
| Name of the 1st Registered Holder:..... | | | |
| Name of the Joint Holder[s]: (1).....(2)..... | | | |
| Registered Address:..... | | | |
| E-mail ID (to be registered):..... Mob./Tel. No.:..... | | | |
| PAN: | | | |
| I/We shareholder(s) of Advik Laboratories Limited hereby agree to receive communications from the Company in electronic mode. Please register my above E-mail ID in your records for sending communications in electronic form. | | | |
| Date: Signature: | | | |
| Note: Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address. | | | |
| <u>Unit: ADVIK LABORATORIES LIMITED</u> | | | |
| Dear Sir, | | | |
| I/we hereby request you to update my/our below mentioned details in your records with respect to the shareholding in ADVIK LABORATORIES LIMITED | | | |
| Name of Shareholder(s) | | | |
| Folio No.(s) | | | |
| PAN | First Holder | Second Holder | Third Holder |
| Bank Name & Branch Address | | | |
| Bank A/c. No. | | | |
| IFSC Code | | | |
| Email ID | | | |
| DP ID/Client ID | | | |
| I/we hereby declare that the particulars given hereinabove are correct and complete. | | | |
| | First Holder | Second Holder | Third Holder |
| Signature of Shareholder(s) - _____ | | | |
| Encl.: 1. Self- attested copy of PAN card of all the Shareholders in case of joint holding. 2. Original cancelled cheque/Bank Passbook/Statement attested by the Bank. | | | |

ADVIK LABORATORIES LIMITED

CIN: L74899HR1994PLC038300

Regd. Office: 138, Roz- Ka - Meo, Industrial Area Sohna, Distt. Mewat-122103 (Haryana)
Phone: 0124-2362471, Email: mail@advikindia.com, Website: www.advikindia.com

ATTENDANCE SLIP

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

| |
|---|
| Name of the Member(s) / Proxy*: (*Strike off whichever is not applicable) |
| Registered address:..... |
| E-mail Id: Folio No. /DP ID & Client ID:..... |

I/We, being the member (s) of shares of the above named company, hereby record my/our presence at the 25th Annual General Meeting of the Company, to be held on Wednesday, the 25th day of September, 2019 at 09:30 a.m. at 138, Roz- Ka - Meo, Industrial Area Sohna, Distt. Mewat-122103 (Haryana) and at any adjournment thereof.

Signature of the Member/Proxy*:
(*strike out whichever is not applicable)

NOTES:

- Members/Proxies are requested to bring the duly signed attendance slip to the meeting and hand it over at the entrance.
- Corporate members intending to send their authorized representatives to attend the meeting are requested to send, to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

ADVIK LABORATORIES LIMITED

CIN: L74899HR1994PLC038300

Regd. Office: 138, Roz- Ka - Meo, Industrial Area Sohna, Distt. Mewat-122103 (Haryana)
Phone: 0124-2362471, Email: mail@advikindia.com, Website: www.advikindia.com

Form No. MGT 11

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| |
|--|
| Name of the Member (s): |
| Registered address: |
| E-mail Id: Folio No. /DP ID & Client ID: |

I/We, being the member (s) of.....shares of the above named company, hereby appoint

- Name:** **E-mail Id:**
- Address:**
- Signature:** or failing him/her
- Name:** **E-mail Id:**
- Address:**
- Signature:**or failing him/her

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company, to be held on Wednesday, the 25th day of September, 2019 at 09:30 a.m. at 138, Roz- Ka - Meo, Industrial Area Sohna, Distt. Mewat-122103 (Haryana) and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

| Res. No. | Description | For | Against |
|----------|---|-----|---------|
| 1. | Adoption of Financial Statements, Board and Auditors' Report for the Financial Year 2018-19. | | |
| 2. | Re-appointment of Mr. Peeyush Kumar Aggarwal, Director of the Company as a Director liable to retire by Rotation. | | |
| 3. | Reappointment of Mr. Manoj Kumar Jain, as an Independent Director of the Company | | |
| 4. | Approval for sale of Manufacturing Unit | | |
| 5. | Approval of Related Party Transactions U/s 188 of Companies Act, 2013 | | |
| 6. | To appoint Mr. Peeyush Kumar Aggarwal (DIN 00090423) as Managing Director of the Company | | |
| 7. | To appoint Mr. Ram Niwas Sharma (DIN 08427985) as Director of the Company | | |

Affix Revenue Stamp

Signed this day of..... 2019. Signature of Shareholder:.....

NOTES:

- Please put a 'X' in the appropriate column against the respective resolutions. If you leave the 'For' or Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in the aggregate not more than ten percent (10%) of the total Share Capital of the Company carrying voting rights. A member holding more than ten percent (10%) of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.
- This form of Proxy in order to be effective should be duly completed, stamped, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

If undelivered, please return to :-

Advik Laboratories Limited

703, Aruanchal Building, 19

Barakhamba Road, Connaught Place

New Delhi – 110 001

Tel nos. : 011-42424884, 011-43571043-45,

Fax : 011-43571047

Email : mail@advikindia.com