

ANNUAL REPORT

1997 - 98

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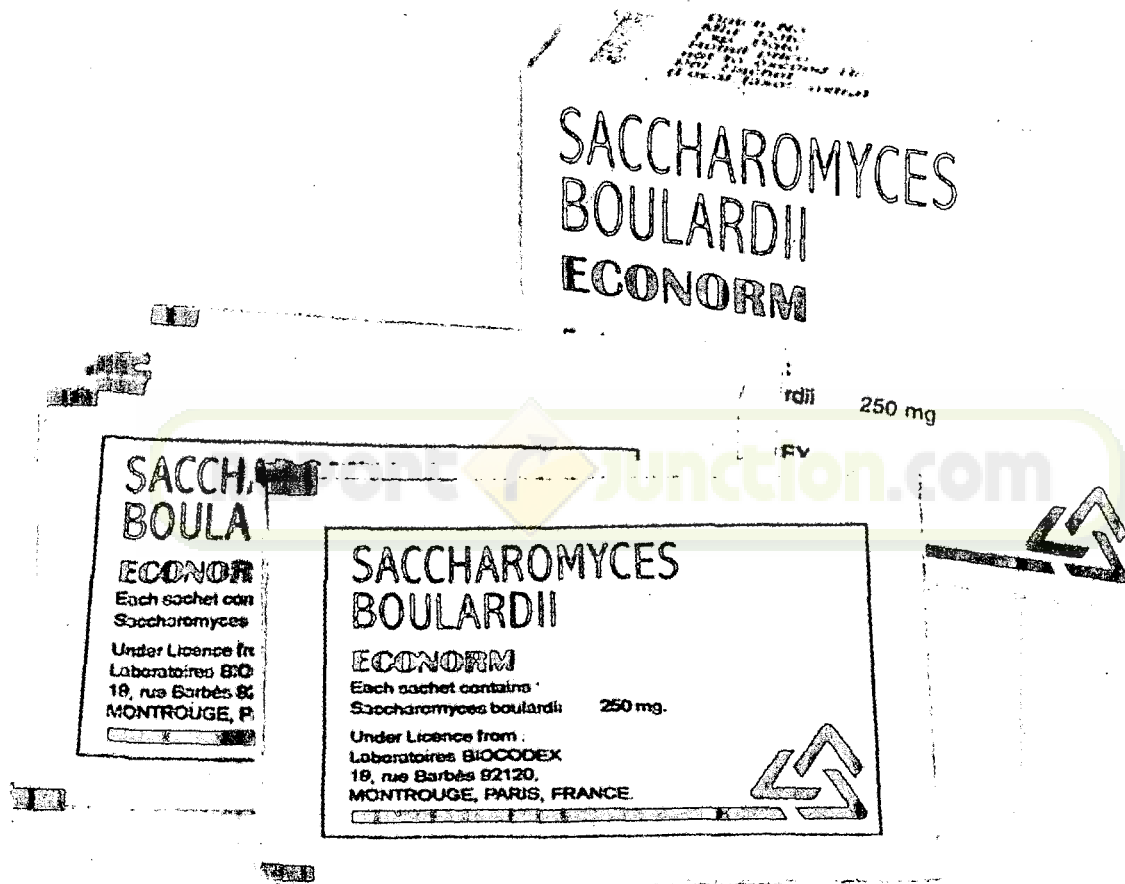
Investing for Future

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AMERICAN REMEDIES LIMITED

Investing for Future



THE FRENCH CONNECTIONS - American Remedies joins the likes of ASTRA, BRISTOL MYERS SQUIBB, E.MERCK and SMITH KLINE BEECHAM to earn exclusive rights to market *S.boulardii* from LABORATOIRES BIOCOCODEX, FRANCE. After extensive clinical trials, the product with an Indian brand name, ECONORM, is slated for launch in JUNE 1998.

**BOARD OF DIRECTORS**

R. K. Ramanathan
G. K. Ramani
S. R. Ramaswamy Iyer
V. Subbaraman
K. S. Ramanathan

**COMPANY SECRETARY**

K. Mohan

**BANKERS**

Allahabad Bank
ANZ Grindlays Bank Ltd
Bank of Baroda
Centurion Bank Ltd
IDBI Bank Ltd
State Bank of India
Union Bank of India

**AUDITORS**

M/s. Karra & Co.,
Chartered Accountants
Chennai.

**LEGAL ADVISOR**

R. Subramanian
Chennai.

**REGISTERED OFFICE**

14, Lattice Bridge Road,
Adyar, Chennai- 600 020.

**CORPORATE OFFICE**

K R Buildings,
124, Lattice Bridge Road,
Adyar, Chennai - 600 020.

**FACTORIES**

Plot No. 288 & 299, SIDCO Estate,
Ambattur, Chennai - 600 098.

Plot Nos. 16, 17, 31 & 32
SIDCO PHARMACEUTICAL COMPLEX,
Alathur (Via), Thiruporur, Pin. 603 110.
Kancheepuram District.

A -14,
SIDCO PHARMACEUTICAL COMPLEX,
Alathur (Via), Thiruporur, Pin. 603 110.
Kancheepuram District.

15, Industrial Development Area,
Bala Nagar, Hyderabad - 500 037.

No. 63/3 & 63/4,
Mannadipet Commune,
Thiruvandarkoil Village, Pondicherry - 605 102.

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13th ANNUAL GENERAL MEETING

DATE : 03rd SEPTEMBER 1998
AT : 10.45 A.M.
AT : KASTHURI SRINIVASAN HALL
MUSIC ACADEMY
306, T T K ROAD
CHENNAI - 600 014



American Remedies Limited

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Thursday, the 3rd September, 1998 at 10.45 A.M. at KASTHURI SRINIVASAN HALL (MINI HALL), Music Academy, 306, T. T. K. Road, Chennai - 600 014 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date, together with the Report of Directors' and Auditors' thereon.
2. To declare dividend.
3. To elect a Director in place of Mr R.K. Ramanathan, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Mr. V.Subbaraman, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to create/modify any mortgage, hypothecation or other charge or encumbrance from time to time, on such terms as it may think fit, over the whole of or substantially the whole of the Company's undertakings, including all present and future immovable and movable properties of the Company, wherever situate, in favour of Industrial Development Bank of India, Industrial Credit and Investment Corporation of India, Banks, Financial Institutions, Mutual Funds or any other party for securing Term Loans, Deferred payment credits, guarantees or other facilities provided or to be provided by them to the Company or to secure Debentures issued/to be issued by the Company whether by way of private placement or by Offers to the public, which borrowings and facilities, together with the existing ones, shall not exceed an aggregate limit of Rs.50 Crores (apart from securities created in favour of Banks, Financial Institutions, Mutual Funds etc. for working capital purposes.)

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things and to take such steps as may be necessary or expedient for giving effect to this resolution.



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

RESOLVED THAT, in supersession of the resolution passed at the Extraordinary General Meeting held on 01-09-94, authority be and is hereby accorded to the Board of Directors of the Company pursuant to the provisions of section 293(1)(d) and all other enabling provisions, if any, of the Companies Act, 1956 or any amendment or modifications thereof, to borrow monies for the purposes of business of the Company from time to time, at their discretion, together with the monies to be borrowed/already borrowed by the Company [apart from temporary loans obtained from the Company's bankers in the ordinary course of business] either from Company's bankers and/or any one or more persons or Financial Institutions or Mutual Funds or Bodies Corporate whether by way of cash credit advances, loans, including foreign currency loans, or bill discounting, issue of debentures, bonds or otherwise and whether secured or unsecured by mortgage, charge, hypothecation, lien or pledge of the Company's assets and properties, whether movable or immovable, or stock-in-trade and work in progress of the Company in excess of the aggregate of paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose on such terms and conditions as may be considered suitable by the Board of Directors provided that the total amount so borrowed and outstanding at any time shall not exceed a sum of Rs.50 Crores (Rupees Fifty Crores only).

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

RESOLVED THAT, subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (herein referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to Buy Back, from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of securities (odd lots) the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time of the Company, from out of the free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the company specifically for the purpose, or from such other sources as may be permitted by law, on such terms and conditions; and in such manner as may be prescribed by law from time to time; provided that the aggregate of the securities so bought back shall not exceed 5% of the respective securities of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary fit or proper.

9. To consider, and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION :

RESOLVED THAT, in accordance with the provisions of sections 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum & Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to the approval of all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions, sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting



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such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to Offer/Issue/allot **Redeemable Preference Shares**, whether convertible or non-convertible, of the face value of Rs. 100/- each, of an aggregate nominal amount not exceeding 25% of the then authorised capital of the Company, with or without detachable or non-detachable warrants or any other financial instruments (hereinafter referred to as Securities) as the Board at its sole discretion may at any time or times hereafter decide, including one or more Members, Promoters, Debenture-holders, Employees, Non-resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors, Bodies Corporate, Companies, private or public or other entities, in one or more combinations thereof, whether through public issue, rights issue, private placement, preferential allotment, exchange of securities, conversion of loan or otherwise, in one or more modes or combinations thereof at such price or prices as the Board or Committee thereof may in its absolute discretion think fit, in consultation with advisors or such persons and on such terms and conditions including the number of shares to be issued, rate of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption, the ratio of exchange of shares or securities and matter incidental thereto.

RESOLVED FURTHER THAT in the event of any equity shares being issued against the Securities, this resolution shall be deemed to have authorised the Board/Committee in terms of Section 81 of the Companies Act, 1956, to offer/issue/allot as many equity shares of the Company as are required for the purposes on such terms as the Board/Committee may in its sole discretion deem proper.

RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed of by the Board/Committee thereof to such persons and in such manner and on such terms as the Board/Committee in its absolute discretion think most beneficial to the Company, including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual funds/Foreign Institutional Investors/Bodies Corporate/such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide ;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby to do all such acts, deeds, matters and things as it may be in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds, issue of securities and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

10. To consider, and if thought fit, to pass, with or without modification, the following Resolution as a **SPECIAL RESOLUTION**.

RESOLVED THAT, clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the following :

"The Share Capital of the Company is Rs. 8,00,00,000 divided into 2,00,000 Redeemable Preference Shares of Rs. 100/- each and 60,00,000 Equity Shares of Rs. 10/- each."

Subject to the provisions of the Act, the Company has the power from time to time to increase or reduce its capital and to issue any shares in the original or new capital as Equity or Redeemable preference shares and to attach to any class or classes of such shares subject to the provisions of the Act any preference, rights, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other shares or to subject the same to any restrictions or limitations or conditions and to vary the regulations of the company as far as necessary to give effect to the same upon the sub-division of share to apportion the right to participate in profits in any manner.



11. 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 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 4 of the Articles of Association of the Company be and is hereby altered by substituting the following :

"The Authorised Share Capital of the Company is Rs. 8,00,00,000 divided into 2,00,000 Redeemable Preference shares of Rs. 100/- each and 60,00,000 Equity shares of Rs. 10/- each."

By Order of the Board
for **AMERICAN REMEDIES LIMITED**

Chennai
27-06-98

K. MOHAN
Company Secretary.

NOTES



1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND TO VOTE ON POLL, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. The instrument appointing proxy should be deposited with the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19-08-98 to 03-09-98 (both days inclusive).
4. The dividend, as recommended by the Board of Directors, if declared at the meeting, shall be paid to those members, whose names appear in the Register of Members of the Company on 03-09-98 or to their mandatees.
5. Members are requested to notify immediately change of their address, if any, and their Bank Account particulars for incorporating on the Dividend Warrant.
6. Copy of the Memorandum and Articles of Association together with the proposed amendments will be available for inspection by the members of the Company at the Corporate Office of the Company during normal business hours on any working day upto the date of Annual General Meeting.



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ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to the provision of Section 173(2) of the Companies Act, 1956, in respect of item Nos . 6, 7, 8, 9, 10 & 11.

Item No : 6

Sec 293(1)(a) of the Companies Act, 1956, provides, amongst others that the Board of Directors of a Public Limited Company shall not, without the consent of the Company in general meeting, sell, lease, or otherwise dispose of the whole or substantially the whole of the undertakings of the Company.

The Company, for the purpose of its business, has obtained or obtains loan, and/or facilities from Banks/Financial Institutions/ Mutual Funds/Bodies Corporates or other parties or persons which may have to be secured by mortgages and/or on the movable and/or immovable properties of the Company.

Since the mortgaging and/or charging by the Company of its movable and/or immovable properties may be deemed to be disposal of the whole or substantially the whole of the undertakings of the company within the meaning of section 293(1)(a) of the Companies Act, 1956, the Board considers it necessary for the members to pass a resolution to this effect.

Hence, the Board of Directors recommend this resolution for your approval

None of the Directors of your Company is concerned or interested in this resolution.

Item No : 7

Sec 293(1)(d) of the Companies Act, 1956 requires the Board of Directors to obtain Members' approval to borrow monies in excess of the aggregate of paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes excluding temporary loans obtained from the Company's business in the ordinary course of Business.

At the Extra Ordinary General Meeting held on 01-09-94, authority was accorded to the Board of Directors to borrow for the purposes of the business of the company monies upto Rs. 25 Crores over and above the aggregate of the paid-up capital of the Company and its free reserves, apart from temporary loans obtained from the Company's bankers that the monies so borrowed may exceed the paid-up capital of the Company and its free Reserves.

In view of the expansion programs and to meet the long term working capital requirements, the Board considers it necessary to increase the borrowing powers to Rs.50 Crores (Rupees fifty Crores only).

Hence, the Board of Directors recommend the resolution as set in the Notice for your consideration and approval.

None of the Directors of your Company is concerned or interested in the said resolution.

Item No : 8

Buy back of our shares or other securities convertible into equity shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, sought to lay down the operative provisions to regulate the buy back of shares/ securities by the Companies. The said Bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back.

It is proposed to buy back not exceeding 5% of the total voting power relating to shares or other securities giving right to subscribe for shares of the Company, from the existing security holders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) subject to necessary enactment in this regard.

The Buy back as aforesaid would entail investing an amount which would not be less than the market value of the shares or other securities giving right to subscribe for reserves and/or the securities premium account and/or out of the proceeds of an issue specially made for the purpose or from such other sources as may be permitted by law. The shares bought back shall be dealt with as per the prevailing law/regulation.



The Board is of the opinion that it will be in the best interests of the Company, if shareholders approve the said resolution, permitting such buyback, so that the Company will be able to implement this resolution once the law is amended.

The resolution, if approved, will be operative and given effect to from the applicable date as may be prescribed in this regard.

Based on the provisions of the Companies Bill, 1997, resolution to be passed at the Thirteenth Annual General Meeting is valid till 02nd September, 1999.

The Directors recommend this resolution for approval of the shareholders.

None of the Directors of the Company, is, in any way, concerned or interested in the resolution.

Item No : 9

Members are aware that your Company has its manufacturing facilities at Chennai, Hyderabad & Pondicherry for the Formulations Units and at Alathur for the Bulk Drug Facility. To augment the Working capital requirements, the Board of Directors consider that it would become necessary to raise financial resources, at appropriate time(s) by issue of appropriate instruments, at such price or prices, to such persons and in such manner, as stated in the resolution.

The Company, in consultation with its Merchant Bankers and Financial Institutions and other Advisors, will fix the detailed terms of the issue which will be in line with the requirements of guidelines issued by the Securities and Exchange Board of India (SEBI) and as permitted by Financial Institutions.

The Company is considering raising resources through issue of Preference Capital.

The resolution set out at this item no.9 is an enabling resolution conferring authority on the Board to cover all present and future contingencies and corporate requirements.

Section 81 of the Companies Act, 1956, provides, inter alia, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in the General Meeting decide otherwise.

The Listing Agreements with the Stock Exchanges provide, inter alia, that the Company in the first instance should offer all the shares and debentures to be issued for subscription pro rata to the equity shareholders unless the shareholders decide otherwise in a General Meeting.

Accordingly, consent of the Shareholders is being sought pursuant to the provisions of Sections 80, 81 and all other applicable provisions of the Companies Act, 1956, and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchanges in India where the Company's Securities are listed.

The Directors recommend the resolution for approval of the shareholders.

All the Directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the Securities that may be offered to them on rights basis or otherwise and applied for and allotted to them.

Items No. : 10 & 11

The Capital clause of Memorandum and Articles of Association of the Company provides only for equity share capital. To augment the working capital requirements, the Board of Directors consider that it would become necessary to raise financial resources at appropriate times by issue of appropriate instrument including preference shares, at such price(s), to such persons and in such manner. This requires substitution and alteration of capital clause in Memorandum and Articles of Association.

Consent of the shareholders is sought for the alteration of clause V of the Memorandum of Association and Article 4 of the Articles of Association.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.


American Remedies Limited

FIVE YEAR FINANCIAL HIGHLIGHTS

OPERATING RESULTS	31.03.94	31.03.95	31.03.96	31.03.97	31.03.98
	Rs.	Rs.	Rs.	Rs.	Rs.
Sales/Income from Operations	28,40,22,572	34,25,93,749	47,45,92,442	59,43,74,320	68,22,03,987
Other Income	13,70,008	32,64,459	37,37,253	18,12,230	34,03,017
Profit before Depreciation & Tax	2,01,42,629	3,49,83,754	4,77,14,461	5,85,24,069	5,20,42,699
Profit before Tax	1,68,22,092	2,94,31,288	3,59,67,921	4,30,66,709	2,55,33,512
Profit after Tax	81,22,092	2,29,31,288	3,02,67,921	3,30,66,709	2,05,33,512
Dividend	16,56,600	32,34,370	72,24,210	1,05,30,800	1,05,30,800

YEAR END POSITIONS	31.03.94	31.03.95	31.03.96	31.03.97	31.03.98
	Rs.	Rs.	Rs.	Rs.	Rs.
Fixed Assets	2,97,78,877	6,53,32,297	11,97,56,317	18,93,19,978	26,43,29,397
Investments	1,94,501	29,24,501	33,86,501	4,92,501	2,42,501
Net Current Assets & Miscellaneous Expenses	6,67,40,985	12,87,07,230	14,09,26,851	14,56,06,328	17,59,51,202
Total Assets	9,67,14,363	19,69,66,028	26,40,69,669	33,54,18,807	44,05,23,100
Share Capital	1,65,66,000	3,76,10,000	5,26,54,000	5,26,54,000	5,26,54,000
Reserves	2,43,27,404	9,33,22,322	10,16,07,127	12,54,26,926	12,85,89,242
Loan Funds	5,58,20,959	6,60,33,706	10,98,08,542	15,73,37,881	25,92,79,858
Total Liabilities	9,67,14,363	19,69,66,028	26,40,69,669	33,54,18,807	44,05,23,100