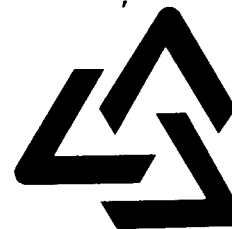


FIFTEENTH
ANNUAL REPORT
1999-2000



American Remedies Limited



American Remedies Limited

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Company will be held at 03.30 p.m. on Saturday 30th September 2000 at No.124,A, Lattice Bridge Road, K.R. Buildings (Basement), Adyar, Chennai 600 020 to transact the following business.

ORDINARY BUSINESS

01. To receive, consider and adopt the Profit and Loss account for the year ended 31st March 2000 and the Balance Sheet as on that date, together with the report of the Directors and the Auditors thereon.
02. To appoint Auditors and fix their remuneration. The retiring auditors M/s. Karra & Co. are eligible for re-appointment.

SPECIAL BUSINESS

03. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary Resolution.
"RESOLVED THAT Mr. Satish Reddy be and is hereby appointed as Director of the Company."
04. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr.G.V. Prasad be and is hereby appointed as Director of the Company."
05. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. V.S. Vasudevan be and is hereby appointed as Director of the Company."
06. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT subject to the provisions of sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof, the consent of the Company be and is hereby accorded for re-appointment of Mr. S.R.Ramaswamy Iyer as Whole Time Director of the Company for a period of five years with effect from 1st April 2000 on the following terms and conditions.

The remuneration payable by way of salary and perquisites will be as follows:

(A) SALARY : Rs.50,000/- p.m.

(B) PERQUISITES :

Category A:

- a) Housing : 60% of salary subject to Income Tax Rules, 1962.
- b) Medical Reimbursement for self and family as per the rules of the Company, value not exceeding one-month's salary.
- c) Leave Travel Assistance, as per the rules of the Company, value not exceeding one-month's salary.

Category B:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund. This will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable shall not exceed half-a-month's salary for each completed year of service.
2. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C:

Provision of car for use on Company's business and telephone at residence. These will not be considered as perquisites. Personal long distance calls on telephone and the use of car for private purpose shall be billed by the Company.

NOTE :

1. An explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument of Proxy in order to be effective, must be deposited with the Company, duly completed and signed not less than 48 hours before the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 28th to 30th September 2000 (both days inclusive) in connection with ensuing Annual General Meeting.
4. The Shareholders are requested to intimate immediately any change in their address registered with the Company to the Company or to their Depository Participants with whom they are maintaining their accounts.
5. For the convenience of Members and for proper conduct of the meeting, **Entry To The Place of Meeting will be Regulated By The Attendance Slip, Which is annexed to the Proxy Form.** Members are kindly requested to affix their signature at the place provided on the attendance Slip and hand it over at the entrance.
6. Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

By Order of the Board

Place : Chennai
Date : 28th August 2000

S. R. Ramaswamy Iyer
Whole Time Director



American Remedies Limited

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 03 TO 05

The Board appointed Mr. Satish Reddy, Mr.G.V. Prasad and Mr.V.S. Vasudevan as Additional Directors of the Company at the Board of Directors meeting held on 25th February 2000.

Mr. Satish Reddy has done MS degree in Medicinal Chemistry from Purdue University and a B.Tech degree in Chemical Engineering from Osmania University. He is also the Managing Director of Dr.Reddy's Laboratories Limited.

Mr. G.V. Prasad has done B.S. (Chemical Engineering) from Illinois Institute of Technology, Chicago, USA and M.S. (Industrial Administration) from Purdue University, USA. He is also the Managing Director of Cheminor Drugs Limited.

Mr.V.S. Vasudevan is a Fellow Member of Institute of Chartered Accountants of India and he is also the Chief Financial Officer of Dr. Reddy's Laboratories Limited.

As per Section 260 of the Companies Act, 1956 the above appointments will be valid upto the forthcoming Annual General Meeting. In terms of Section 257 of the Companies Act, 1956 notice has been received from a shareholder proposing them for Directorship. Their association with the Company will be beneficial. Your Directors recommend these resolutions for your adoption.

None of the Directors other than the above Directors are deemed to be interested in these resolutions.

ITEM NO.06

Mr. S.R. Ramaswamy Iyer is a B.Sc., from the Madras University. He is an expert in marketing of pharmaceuticals. He has been with the Company since 1986.

Mr. S.R. Ramaswamy Iyer was appointed as a whole Time Director of the Company for a period of five years with effect from 01-04-1995. He was re-appointed as Whole Time Director with effect from 1st April 2000. It is felt desirable to re-appoint him as Whole Time Director for a period of five years with effect from 1st April 2000.

Your Directors recommend this resolution for your adoption.

None of the Directors other than S.R. Ramaswamy Iyer is deemed to be interested in this resolution.

By Order of the Board

Place : Chennai
Date : 28th August 2000

S. R. Ramaswamy Iyer
Whole Time Director



American Remedies Limited

REPORT OF THE DIRECTORS TO THE SHARE HOLDERS :

Your Directors have pleasure in presenting the Fifteenth Annual Report of the Company alongwith the Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2000 are summarised below :

| | Rs. in Lacs |
|----------------------------------|-------------|
| Sales and Income from Operations | 9429.52 |
| Loss before Depreciation | (861.49) |
| Less: Depreciation for the year | 286.90 |
| Loss for the year | (1148.39) |

During the year under review, the business had incurred loss due to high interest costs and lower capacity utilisations and further due to change in the valuation of inventories as per Accounting Standards - 2. Further during the year, the Bulk Drug Division has been hived off, as this division could not take off as expected due to industry recessions and other factors and the relevant proceeds of the same were used for repayment of high cost debts.

During the year, Dr Reddy's Laboratories Limited, (DRL) Hyderabad has acquired the entire stake of the promoters and made further acquisitions, through Open offers. It is expected that this acquisition by Dr Reddy's Group will benefit the company in the long run.

DIVIDEND

In the light of operating loss for the year, the Directors have not recommended any dividend for the year.

FIXED DEPOSITS

The Deposits from the Public and Share holders as on 31.03.2000 amount to Rs.29.43 lacs. Deposits maturing during the year were paid on respective due dates. There were no unpaid matured deposits.

CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as per section 217(1)(e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, is set out in the annexure-1 which forms part of this report.

DIRECTORS

During the year Mr. R.K. Ramanathan, Mr. G.K. Ramani & Mr. V.S. Raaman resigned from the Board with effect from 25.02.2000. The Board places on record grateful appreciation of the valuable services rendered by Mr. R.K. Ramanathan, Mr. G.K. Ramani & Mr. V.S. Raaman during their tenure of office as Directors.

Mr. Satish Reddy, Mr. G.V. Prasad and Mr. V.S. Vasudevan, who were appointed as Directors of the Company with effect from 25.02.2000.

AUDITORS

The statutory Auditor of the Company M/s. Karra & Co., Chartered Accountants, Chennai retire at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

FINANCE

Your Directors would like to express their appreciation of the co-operation and support received from all the Banks and the Financial

**American Remedies Limited**

Institutions. Also your Directors would like to inform you that all loans borrowed from Banks and Financial Institutions were substituted with low cost borrowings.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure - 2 to the Report of Directors'. However, as per the provisions of section 219 (1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the share holders of the company excluding the aforementioned information. Any shareholder interested in obtaining such particulars may write to the Corporate Office of the Company.

DEMATERILISATION OF SHARES

We are glad to inform you that your Company had entered into an agreement with National Securities Depository Limited (NSDL) to facilitate the holding and trading of the Company's shares in electronic form.

Y2K COMPLIANCE

Your company has successfully rolled over its IT and other Business systems post millennium and no adverse impact was encountered during the changeover period.

ACKNOWLEDGEMENTS

Your Directors acknowledge the role played by employees of the Company, and the co-operation extended by Government departments, the Bankers, the Financial Institutions, the Investors, the Medical Professionals and the Public at large.

For and on behalf of the Board

Place : Chennai

Date : 03.05.2000

K. Satish Reddy
Director



American Remedies Limited

ANNEXURE - I TO THE REPORT OF DIRECTORS**1. CONSERVATION OF ENERGY**

Information under section 217(1)(e) of the Companies Act, 1956 read with companies (enclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of Directors.

| | Current Year 1999-2000 | Previous Year 1998-1999 |
|--|---------------------------|----------------------------|
| 1. Power and Fuel Consumption | | |
| 1. Electricity | | |
| a) Purchased : | | |
| Units | 13,68,172 | 16,06,010 |
| Total amount (in Rupees) | 46,98,868 | 67,63,665 |
| Rate per unit (in Rupees) | 3.43 | 4.21 |
| b) Own generation : | | |
| i. Through diesel generator ; | | |
| Units | 225,674 | 4,83,584 |
| Unit per litre of diesel oil (in units) | 1.77 | 3.23 |
| Cost per unit (in Rupees) | 7.09 | 3.63 |
| ii. Through steam turbine/generator | | |
| Units | - | - |
| Units per litre of fuels oil/gas | - | - |
| Cost per unit | - | - |
| 2. Coal (Specific quantity and where used) | | |
| Quantity (tonnes) | - | - |
| Total Costs | - | - |
| Average rate | - | - |
| 3. Furnace Oil : | | |
| Quantity (K. Litre) | 384 | 324 |
| Total Costs | 27,06,433 | 17,14,939 |
| Average rate (in Rupees per Ltr.) | 7.05 | 5.29 |
| 4. Others / Internal Generator | | |
| Details - wind mills | | |
| Quantity (in units) | 12,19,933 | 6,19,723 |

II. CONSUMPTION PER UNIT OF PRODUCTION

The consumption per unit depends on the product mix since it consists of different types of products and variable batch sizes. Hence there is no specific standard.

III. TECHNOLOGY ABSORPTION / RESEARCH & DEVELOPMENT**TECHNOLOGY ABSORPTION**

Information under section 217(1)(e) of the companies act, 1956 read with companies (disclosure in the report of Board of Directors) Rules, 1988 and forming part of Report of Directors.


American Remedies Limited
SCIENTIFIC AREAS

In the formulation R&D Centre at Ambattur, the following new products have been developed successfully during the year.

1. Cetirizine and Ambroxol Tablets and Syrup
2. Mouth dissolving Nimesulide Tablets
3. Revised composition for Optisulin Capsules
4. High concentration of Antioxidant in soft gelatin capsules
5. Nimesulide in soft gelatin capsules
6. Nimesulide and Paracetamol in soft gelatin capsules
7. Griseofulvin topical preparations
8. Haematinic capsules (for export)
9. Chewable Vitamin tablet preparation
10. Anti diabetic Ayurvedic preparations.

BENEFITS DERIVED AS A RESULT OF ABOVE R & D

a. Following formulation brands have been launched during the financial year 1999-2000.

1. Relent Tablet and Syrup
2. Haematinic Capsules (for Export)
3. Antoxid HC Capsules

b. Branded formulations were exported to African countries, after their registration.

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies Act (Disclosure of Particulars in the Report of Directors' Rules, 1988) and forming part of Report of Directors.

| S.No. | Current Year 1999-2000 | Previous Year 1998-1999 |
|--|---------------------------|----------------------------|
| 1. Earnings in foreign Exchange during the year F.O.B. value of Export | 7,60,72,192 | 5,52,81,743 |
| 2. CIF Value of Import (on cash basis) Raw materials, capital goods, spare parts, components & consumables | 4,85,07,918 | 2,63,07,346 |
| 3. Expenditure in Foreign currency during the year (on cash basis) | | |
| Travelling Expenses | 9,67,105 | 7,60,857 |
| Interest and Know-how fees | 10,18,094 | 20,37,899 |
| Others | 36,43,846 | 27,73,913 |
| 4. Total Foreign Exchange used (2+3) | 5,41,36,963 | 3,18,80,015 |

For and on behalf of the Board

Place : Chennai

Date : 03.05.2000

K. Satish Reddy
Director



American Remedies Limited

AUDITORS REPORT**TO THE MEMBERS OF AMERICAN REMEDIES LIMITED**

We have audited the attached Balance Sheet of **AMERICAN REMEDIES LIMITED** as on 31st March, 2000 and Profit and Loss Account of the company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above,
 - (a) We have obtained all informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been maintained by the Company so far as appears from our examination;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts produced before us;
 - (d) In our opinion the Balance Sheet and the Profit and Loss account dealt with in this report complied with the Accounting Standards as per Section 3C of Section 211 of the Companies Act, 1956.

We further report that

- (i) In accordance with Past Practice and Clause No. 2(b) under Notes on accounts regarding the Charging off the amount of Deferred Revenue Expenditure as against the Previous Year policy of Spreading the Expenditure over two years, which has resulted in increase of loss by Rs. 77,23,468/-.
- (ii) Accounting for leave encashment benefit of employees on cash basis as per Accounting policy, is not in accordance with Accounting Standard 15.

Subject to our observation as above, in our opinion and to the best of our information and according to the explanations given to us, the accounts together with the Accounting policies and Notes on accounts forming part thereof, give the information required by the Companies Act, 1956, in the manner so required and give a fine and fair view.

- (a) In the case of Balance Sheet of the state of affairs of the Company as at 31.3.2000
- (b) In the case of Profit and Loss Account for the year ended on that date.

for **M/s. KARRA & CO**
Chartered Accountants

Place : Chennai
Date : 03.05.2000

R. SRINIVAS
Partner



American Remedies Limited

ANNEXURE TO THE AUDITORS REPORT

(Referred to in Paragraph 1 of our Report of even date)

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- 2) None of the fixed assets have been revalued during the year.
- 3) The Company has maintained proper records of transactions in respect of Investment in shares and that timely entries have been made therein. All shares have been held by the Company in its own name.
- 4) The stock of raw materials, packing materials and finished goods at various depots and factories have been physically verified by the Management at reasonable intervals during the year. In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business. The discrepancies noticed on such verification of stocks as compared to the books of records were not material and the same have been properly dealt with in the books of accounts.
- 5) On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper and is in accordance with Accounting Standards. There is a deviation in the method as compared to the basis followed in the preceding year resulting in reduction in the value of inventories to the extent of Rs. 3,47,46,293/-. The consistent policy of valuation of inventories was changed in view of the mandatory provisions of Accounting Standards 2 of the Institute of Chartered Accountants of India.
- 6) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- 7) The parties and employees to whom loans have been given by the Company are repaying the principal amount as stipulated and are also prompt in payment of interest, wherever applicable.
- 8) The Company has not taken secured or unsecured loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- 9) In our opinion and according to the informations and explanations given to us the Company has adequate Internal Control procedures commensurate with the size of the Company and nature of its business for purchase of raw materials, packing materials, finished goods, fixed assets and for the sale of goods.
- 10) The Company has an adequate Internal Audit System commensurate with size and nature of its business.
- 11) In our opinion and according to the informations and explanations given to us, the Company has complied with the Provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the Public.
- 12) As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged raw materials, stores and finished goods.
- 13) In our opinion, reasonable records have been maintained by the company for the sale and disposal of realisable scrap. As explained to us, the Company's operation do not generate any realisable by-products.
- 14) In our opinion and according to the informations and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year Rs. 50,000 or more in respect of each party were reasonable and is in accordance with the rates prevailing in the market.
- 15) In our opinion and according to the company's records, contributions towards Provident Fund, Employees State Insurance and Professional Tax have been regularly deposited with appropriate authorities by the Company.