

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	NA		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

ARVIND REMEDIES LIMITED

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ANNUAL REPORT 1997-98



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NOTICE

The Tenth Annual General Meeting of the Members of the Company will be held as scheduled below:-

Date: Tuesday, 29th September, 1998

Time: 11.00 A.M.

Place: NEW WOODLANDS HOTEL PVT.LTD
72-75 Dr.Radhakrishnan Road
Mylapore, CHENNAI - 600 004.

to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 1998 and the Balance Sheet as at that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr.CHOTALAL who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Sri.S.B.SHAH who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that pursuant 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 in accordance with 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 (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buyback, from the existing holders of shares on a proportionate basis and /or from the open market and/or from the lots smaller than market lots of the securities (odd lots) of the Company, from out of its 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, 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 25% of the respective securities of the Company or such limits as may be prescribed by law from time to time.

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".

6. 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 Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable Laws, Rules and Regulations and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications, as may be considered necessary by the Board and as may be prescribed in granting such approvals which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to issue, offer and allot Preference Shares / Fully Convertible Debentures / Partly Convertible Debentures / Non-Convertible Debentures / Bonds / Global Depositary Receipts and Other instruments for an aggregate sum as may be decided by the Board of Directors in their sole discretion provided, however, the resultant paid-in Share Capital shall be within the Authorised Share Capital of the Company, from time to time, with or without warrants, to the Promoters / Directors, their friends, Associates and Relations and Associate / Members, Employees, Non - Resident Indians, Indian Public, Overseas Corporate Bodies, International Institutions, Foreign Institutional Investors, Companies, Banks, Mutual Funds, Financial Institutions, Other entities / persons as may be allowed under applicable regulations and to such persons by Public Issue, Right Issue, Euro Issue, Private Placement or Preferential Allotment or by one or more of the above method(s) or by any other permissible method, whether shareholders of the Company, or not and at such time or times as the Board may think fit on such terms and conditions including the face value, premium amount, premium on conversion, number of conversions, number of tranches, exercise price for warrants/options, rate of interest, redemption period, manner of redemption, amount of premium on redemption/conversion, nature of security, manner of calls etc, with authority to retain such oversubscription amount as may be permitted.

RESOLVED FURTHER that such of these Preference Shares / Fully Convertible Debentures / Partly Convertible Debentures / Non-Convertible Debentures / Bonds / Global Depositary Receipts / Other instruments as are not subscribed may be disposed by the Board in its absolute discretion in such manner as they may deem fit.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Preference Shares / Fully Convertible Debentures / Partly Convertible Debentures / Non-Convertible Debentures / Bonds / Global Depositary Receipts / any Other instruments"

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

"RESOLVED that subject to the approval of the Stock Exchange and/or any other authority as may be required, approval be and is hereby accorded for delisting of the Company's Shares from Ahmedabad Stock Exchange.

By Order of the Board,
for ARVIND REMEDEIS LIMITED
S.N.MADHAVAN

Place: Chennai

Date : 31.08.98

Company Secretary

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- 1) A member entitled to attend and vote at the meeting of the Company shall be entitled to appoint any other person, whether a member or not, as his proxy to attend instead of himself. Such proxy shall not be entitled to vote except on poll. A form of proxy is enclosed, Proxy Forms, in order to be effective, should be lodged with the company at any time not less than 48 hours before the meeting.
- 2) The Register of Members and the Shares Transfer Books of the Company will remain closed from 25.9.98 to 29.9.98 (both days inclusive).
- 3) Share Transfer Forms, Intimation of Change of Address, Mandate Bank, Branch and Bank Account should be addressed to the Share Transfer Agents.

Cameo Share Registry
(A Division of MCC Finance Ltd)
No.1 Subramaniam Building
Club House Road
Chennai - 600 002.

- 4) The relative Explanatory Statement in respect of Item No.5,6 & 7 of the agenda is annexed to this notice.

Explanatory Statement Pursuant to section 173 of the Companies Act, 1956.

ITEM NO.5

Members are aware that the Central Government is considering making radical changes in the Companies Act, 1956 and a new Bill is expected to be introduced in the Parliament in the near future. At present the Companies Act, 1956 restricts the purchase of shares by a company unless the same is done with a view to reduce its authorised share capital and completing the necessary formalities as prescribed in the Act. The new Bill in lieu thereof is expected to provide for purchase of own shares by a company and the same is based on the provisions of the Company Law in advanced and liberalised markets.

In view of the proposed amendments to the Companies Act, the Board of Directors of the Company intends to have the power to buy back not exceeding 25% of the total voting power relating to the shares of other securities giving rights to subscribe shares of the Company, from the existing shares/security holders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities, subject to necessary enactments in this regard.

The Company proposes to meet out the required amount for the said buy back of shares/securities out of its free reserves and/or shares/securities premium account and/or out of proceeds of an issue specifically made for that purpose or from such other resources as may be permitted by law. The shares/securities so bought back shall be dealt with as per the then prevailing law/regulation.

The Board of Directors is of the opinion that it will be in the interests of the Company if the said resolution of buy back of shares/securities is approved by the shareholders which will be subject to the proposed amendment in the Act.

The Board commends passing of the Resolution as set out in item No.7 of the accompanying Notice.

None of the Directors of the Company is concerned or interested in passing of the Resolution.

ITEM NO.6

The Company continued to fare well as can be seen from the Audited Accounts for the financial year 1997-98. The Company wishes to maintain its growth in the same manner by opening up more avenues to maintain this growth. The Company would be in a position to take up the above activities on a large scale basis provided the company has necessary power to raise the funds.

In view of the above, the Board of Directors of the Company has decided to have an option either for Public Issue of shares/securities or to place privately shares/securities with the Directors/Promoters their friends and relations and Associate Companies. Financial Institutions, Banks, Mutual Funds, Bodies Corporate, Overseas Corporate Bodies, Foreign Institutional Investors, Non-Resident Indians and any other persons/entities as detailed in Resolution No.6 of the accompanying Notice.

In terms of the Listing Agreement entered into with the Stock Exchange and provisions of Section 81 of the Companies Act, 1956, new Shares/Debentures/Securities are first to be offered on pro-rata basis to the existing shareholders, unless the shareholders at the General Meeting decide otherwise by a Special Resolution.

The Board commends passing of the Resolution as set out in Item No.6 of the accompanying Notice.

All Directors of the Company may be deemed to be concerned or interested in the passing of Resolution No.6 to the extent of the Preference Shares offered to them or to their relatives or to the companies or to firms of which they or their relatives are Directors or members or partners.

ITEM NO.7

The Company's shares are presently listed in Madras, Mumbai & Ahmedabad Stock Exchanges. The shares are infrequently traded on Ahmedabad Stock Exchange. However, the shares are actively traded on Madras and Mumbai Stock Exchange as a permitted security.

With the advent of electronic transaction, an investor can buy/sell his securities in any of the Exchange in the country without any problem. In view of this, there is no justification for keeping the shares listed on so many Exchanges, and thereby incurring avoidable expenditure. The Board of Directors had, accordingly, approved applications to Ahmedabad Stock Exchange for delisting of the shares as the Company fulfilled the criteria laid down by the Finance Ministry in this respect. The matter is being pursued with the concerned Stock Exchange.

However, as a matter of abundant precaution, it is proposed to obtain the approval of the shareholders to the proposed delisting of shares by a Special Resolution.

None of the Directors is concerned or interested in the resolution.

By order of the Board,
for ARVIND REMEDIES LIMITED

Place: Chennai

S.N.MADHAVAN

Date : 31.8.98

Company Secretary

DIRECTORS REPORT

Your Directors take pleasure in presenting their Tenth Annual Report together with the Audited Accounts for the financial year ended 31st March 1998.

FINANCIAL RESULTS

	(Rs. in lakhs) 1996-97	
Profit after interest and depreciation	80.90	65.31
Provision for tax	13.26	14.57
Profit for the year	64.23	49.89
Add: Balance of Profit brought forward from last year / period adjustment	98.46	48.57
Profit available for appropriation	162.69	98.46

APPROPRIATIONS

Dividend Proposed	- -	- -
Balance carry forward to reserves and surplus	162.69	98.46

Your Directors are happy to report better results even inspite of the adverse economic scenario presently prevailing in the country and implementation of the Project was ongoing for the year ended 31st March 1998. The operations in the year 1997-98 has resulted in a gross profit of Rs.123.16 lakhs as against Rs.86.41 lakhs during the year 1996-97, thus recording more than 29% increase. The Company has a net profit of Rs.64.23 lakhs after depreciation and interest against Rs.49.89 lakhs in the previous year ended 31st March 1997.

As the Expansion Project envisaged for which your Company went for a Maiden Public Issue during 1996-97 is still under full Implementation your Directors have not recommended any dividend for the year ended 31st March 1998.

YEAR IN RETROSPECT

Your Company undertook during the year mainly formulation of capsules and tablets and achieved a turnover of Rs.2258.46 lakhs as against the turn over of Rs.1794.65 lakhs for the year 31st March 1997. A sizeable quantity of sales was to institutions like DEFENCE, TNMSC, APMSD, DGHS, ESI various State Government agencies, World Bank aided Medical Schemes, Franchicies and others.

Your directors are happy to state that the first phase of the Expansion and diversification of Manufacture of Liquid Orals, Suspensions, Dry Syrups and Ointments section at the new factory at Shed No.38-39 & 40 SIDCO Industrial Estate, Kakkalur, Tiruvallore Dist, has been completed and the commercial production was commenced September 1998. As a part of the Phase II of the Project and with the increased availability of Land your directors are also planning to shift the entire manufacturing process from the existing place i.e., Nelson Manickam Road to the new factory premises. Your Directors also planning to complete the Phase III of the project i.e., the manufacture of Injectables, Ayurvedic and Ophthalmic preparations before the end of the current financial year.

PERFORMANCE vs PROMISE

Projections as per PROSPECTUS offered to Public dated 10.04.1996.

	PROMISE (Rs.in lakhs)	ACTUALS
SALES	3010.39	2212.44
P A T	295.72	67.65
E P S	5.01	1.47

REASONS FOR VARIATIONS

The Company was not in a position to fully implement the Project due to the delay in the receipt of Allotment Money.

FINANCE

Your Company to meet out the short fall in the receipt of Allotment Money approached the Financial Institutions and the consortium banks for their participation in implementing the project envisaged in full, in the form of Term Loan. As the growth being evidenced year by year your director's are sure of the FI's/Banks participation in fully implementing the project.

DIRECTORATE

Mr.CHOTALAL AND Shri.S.B.SHAH retire at the ensuing Annual General Meeting. Being eligible they have offered themselves for reappointment.

DEPOSITS

Your company has not accpeted deposits from the public.