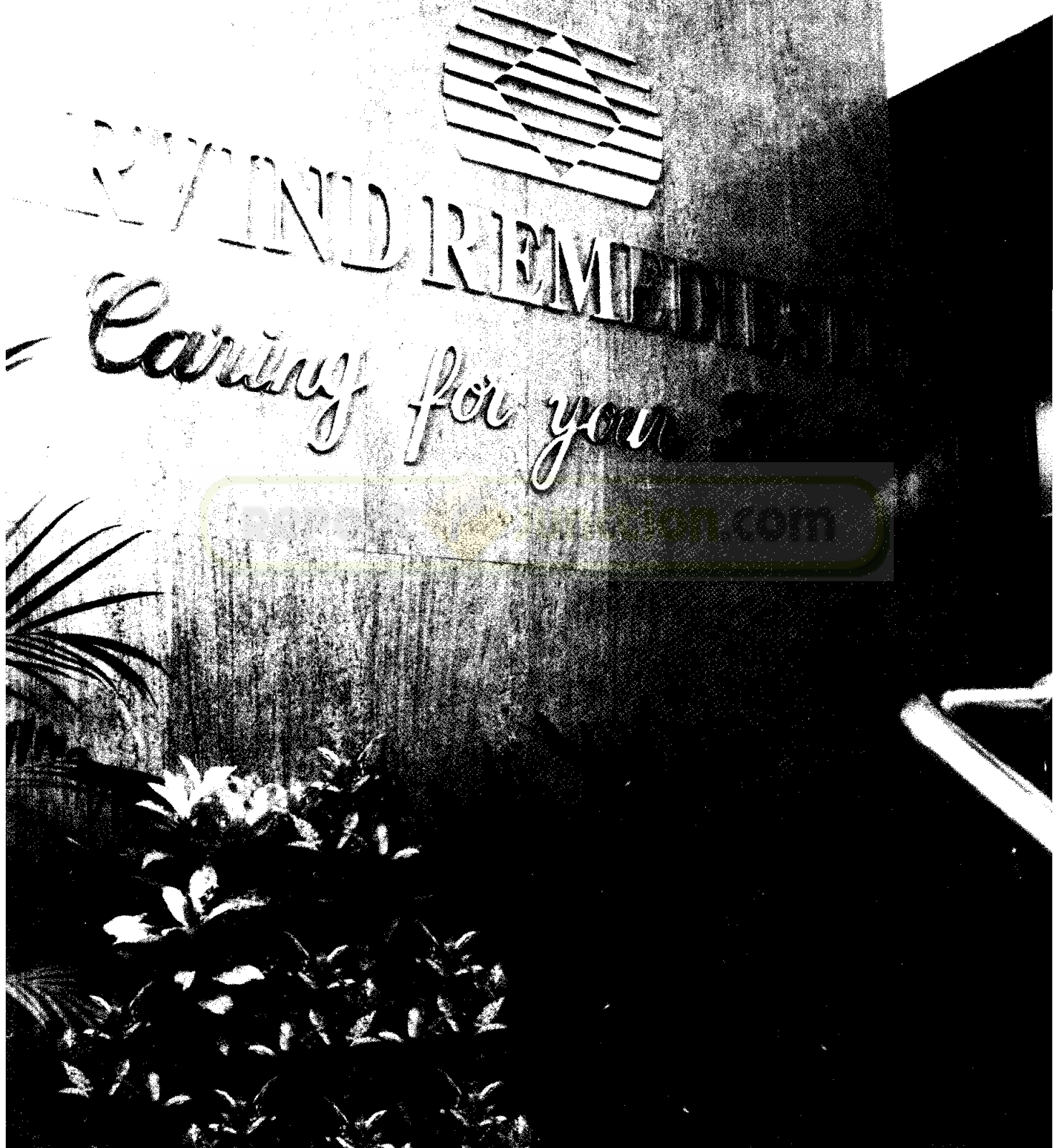


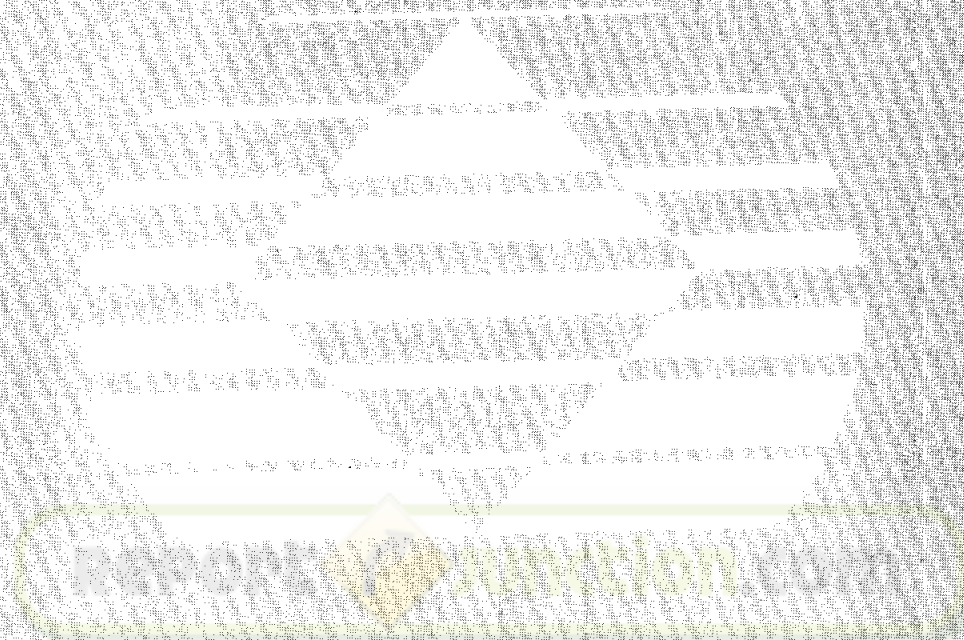
13th

ANNUAL REPORT

2000 – 2001



# 13th ANNUAL REPORT 2000 – 2001



## **ARVIND REMEDIES LTD.,**

190, Poonamallee High Road,  
Chennai - 600 084.

Phones : 91-44-642 3264, 642 3265.

Telefax : 91-44-641 4788.

eMail : [arvindrem@eth.net](mailto:arvindrem@eth.net)  
[arl@eth.net](mailto:arl@eth.net)

Website : [www.arvindrem.com](http://www.arvindrem.com)

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**Board of Directors**

Shri. ARVIND KUMAR B SHAH

CEO & Managing Director

Shri. S B SHAH

Prof. C M K REDDY

PEJAVAR MURARI

Dr. Mrs. CHANDRA RAVINDRAN

Whole-time Director

Mr. CHOTALAL

Mr. V SARATH

Alternate Director

**Company Secretary**

Mr. S N MADHAVAN

**Auditors**

S R BATLIBOI & ASSOCIATES

No. 9/1, Kodambakkam High Road,

"Mootha Centre", Nungambakkam,

Chennai – 600 034. India.

M RAGHUNATH & Co.,

No. 5, Stringer Street, Broadway,

Chennai – 600 108. India.

**Bankers**

STATE BANK OF INDIA

Commercial Branch, Chennai.

INDUSTRIAL DEVELOPMENT BANK OF INDIA

Chennai.

**Registered & Corporate Office**

190, Poonamallee High Road, Chennai 600 084.

**Works**

38, 39 & 40 SIDCO Industrial Estate, Kakkalur,

Thiruvallur District, Tamil Nadu – 602 003. India.

## FOUNDER'S VISION

*Dear Shareholders...*

**ARVIND SHAH**  
Managing Director

*“ARL is now  
trying to enter into  
new market spheres  
and new market  
segments...”*

developments over the last twelve months have confirmed the prognosis on evolution of a networked global pharmaceutical industry, driven by global harmonization and innovative technologies. This evolution brings with it several potential opportunities for the Indian Pharmaceutical industry, and in particular for ARL as a technology driven Company. During the business year 2000-01, your Company continued to make progress in terms of diversification and broadening of its products portfolio.

In the year of discussion it gives me lot of satisfaction to state that the Management has taken a conscious decision to further

expand the activities of the Company into newer related fields. Some of these would be the development of drugs based on the age-old Ayurvedic formulae through its own research products. The use of Herbal medicines has become the pattern in most of the countries and it is on the increase.

As a result, our R&D activities will no longer remains a traditional research lab and steps are initiated to develop new research Herbal formulations besides development of new drugs based on deliveries of medicinal plants.

The code of Corporate Governance is applicable to the company from the financial year 2001-2002. However the Company is

adopting the Code of Corporate Governance from 1st January 2001, with the formation of Committees of Management, Audit, Finance and Research. Significantly the work of Management Committee and Research Committee moved towards expansion into areas of Herbal medicines, consideration of proposals for new acquisitions, formulation a scheme for extending ESOP to all categories of employees, subject to certain performance thresholds, review of the status of compliance with environment and safety standards.

As your Company ventures into technical areas and expanding its territorial borders with new product lines, there is a need for bringing all the aspects of operations into a perfect system and to improve the information flow across the Company's various functions, the functional heads and managers are given maximum freedom to undertake their assignments with required flexibility but to act within the legal framework of clearly defined Standard Operating Procedures (SOPs) and always remain accountable to the Company's top management.

I want to emphasize that a Company like yours which has ambitions to become a significant global player can advance towards its goal only on the basis of the high commitment and true professionalism of its management, staff, workers comprising of all areas. A true Professional is self-motivated, has clear perception of responsibilities within the organization and does not require prodding to perform. One who breaks out of inertia and generates fresh and innovative ideas with less cost and in a efficient manner is a true professional.

### ACROSS THE GLOBE

The global Pharmaceutical industry is spurred by six major changes. The US, Western Europe and Japan continue to provide stable

growth for the Pharmaceutical Industry, where-as Russia, Latin America and East Europe are yet to unveil new opportunities for the Pharma industry.

The concept "Consumer is the King" is creating more impact in the Regulated markets. This has paved way for increased generic products, and an enhanced range of OTC, nutraceutical products and herbal products and has thrown new challenges and opportunities in the Marketing and distribution of Pharma Products.

The Global Pharma Industry is witnessing a series of changes with Mergers and structural consolidation being the main focus. Effective cost control is also being widely thought which will explore external avenues which in turn will enhance the Manufacturing Capacity and also in cost reduction and lower Pharmaceutical prices.

Even the Patent Law promulgations are being spoken very high, the rights of the society to have access to low-cost, high quality drugs to meet the urgent healthcare concerns have to be taken welcare and the need to formulate fresh molecular combinations against the third world diseases such as TB, Malaria etc., should has to be recognized.

### EVOLUTION OF INDIAN PHARMACEUTICAL INDUSTRY GLOBALLY

The Globe is likely evolve into newer ideas and techniques like In-licensing and Out-licensing arrangements in Technology and the Manufacturer and Supplier relationship and the support and allied services to meet global healthcare concerns.

The Indian Pharmaceutical Industry has a key role to play in this evolution. As revealed by a recent McKinsey-FICCI study, the Indian

Pharmaceutical industry valued at US\$ 5.5 billion in 2000 could leap to US\$ 25 billion by 2010.

### FORMULATIONS BUSINESS

ARL with its presence in the Pharma Industry for more than a decade has established itself in the Pharma Market. It aims at a competitive presence in the domestic markets and also strong presence in Export markets. ARL's growth pace is based on the three pronged strategy of Technology-led differentiation, Domestic consolidation and Export penetration.

### RESEARCH & DEVELOPMENT

ARL's R & D initiatives are mainly focused on advanced in developing research and natural medicines from the herbals and herbal extracts. ARL's considerable research capabilities would also be utilized to conduct R & D services and custom synthesis projects.

### CONCLUSION

ARL is in the process of a complete business transformation. While consolidating and expanding the traditional product-market base, ARL is now trying to enter into new Market spheres and new market segments and new products line in its core business. ARL's Shareholders in general and Bankers and Financial Institutions in particular have been greatly supportive of the intended transformation. ARL is committed to create a Long term value for its valuable investors and other supportive players.

**A committed work force, strong management team, dedicated professionals with a broad vision of healthcare and social awareness will create and continuously create values for the company.**



## NOTICE

## NOTICE

Notice is hereby given that the Thirteenth ANNUAL GENERAL MEETING of the Members of the Company will be held as scheduled below:

Date : Friday, 31st August, 2001  
 Time : 10.00 a.m.  
 Venue : Kasturi Srinivasan Hall (Mini Hall),  
 THE MUSIC ACADEMY, 168, T T K Road, Chennai 600 014.

To transact the following business.

## ORDINARY BUSINESS

1. To receive consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2001 and the Balance Sheet as at that date and the Report of the Directors and the Auditors thereon.
2. To Declare Dividend on Equity Shares.
3. To appoint a Director in the place of Prof. C M K Reddy who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this 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(s) the following resolution as an **Ordinary Resolution**:  
 "RESOLVED that Mr. Pejavar Murari be and is hereby appointed as a Director of the Company."
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
 RESOLVED that in accordance with the provisions of Section 198,269,309 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, and subject to the approval of members, the Board be and hereby consider and approve the re-appointment of Shri. ARVIND KUMAR B SHAH, as CEO & Managing Director of the Company for a period of five years with effect from 1.10.2000 on terms and conditions and remuneration by way of a salary of Rs.1,25,000/- p.m. upto 31/03/01 and on a revised remuneration of Rs. 60,000/- p.m. with effect from 01/04/01 together with Commission, Perquisites and other allowances the total remuneration payable shall not exceed 5% or 10% of the net profits of the Company during the year, as the case may be as laid down in Section 309 of the Companies Act, 1956, and the overall limit of 11% of the net profits as laid down in Section 198 of the Companies Act, 1956, with liberty to alter and vary the terms and conditions of the said re-appointment so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, including any Statutory modification or reenactment thereof, for the time being in force or any amendments and /or modifications that may hereafter be made thereto by the Central Government or as may be agreed to between the Board of Directors and Shri Arvind Kumar B Shah.  
 RESOLVED FURTHER that in the event of any statutory modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites, allowances, etc., within such prescribed limit.  
 RESOLVED FURTHER that the Board of Directors of the company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.

## TERMS &amp; CONDITIONS

## REMUNERATION

Remuneration shall consist of any and /or all of the following:

- a) Salary: Rs.1,05,000/- p.m. upto 31/03/01 and a revised salary of Rs. 60,000/- p.m with effect from 01/04/01 with an increase of a maximum of 10% per annum.
- b) Commission: not exceeding 1% per annum of the adjusted net profits of the Company.
- c) In addition to the above he shall be entitled to the perquisites not exceeding specified under Section II of Part II of Schedule XIII.
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
 RESOLVED that in accordance with the provisions of Section 198,269,309 read with Schedule XIII and other applicable provisions

if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, and subject to the approval of members, the Board be and hereby consider and approve the re-appointment of Dr. Mrs. Chandra Ravindran, as Whole-time Director of the Company for a period of two years with effect from 1.04.2001 on terms and conditions and remuneration by way of a salary of Rs.20,000/-per month together with Commission, Perquisites and other allowances the total remuneration payable shall not exceed 5% or 10% of the net profits of the Company during the year, as the case may be as laid down in Section 309 of the Companies Act, 1956, and the overall limit of 11% of the net profits as laid down in Section 198 of the Companies Act, 1956, with liberty to alter and vary the terms and conditions of the said re-appointment so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, including any Statutory modification or reenactment thereof, for the time being in force or any amendments and /or modifications that may hereafter be made thereto by the Central Government or as may be agreed to between the Board of Directors and Dr. Mrs. Chandra Ravindran.

RESOLVED FURTHER that in the event of any statutory modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites, allowances, etc., within such prescribed limit.

RESOLVED FURTHER that the Board of Directors of the company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.

## TERMS & CONDITIONS

### REMUNERATION

Remuneration shall consist of any and / or all of the following:

- a) Salary: Rs.20000/- per month with an increase of a maximum of 10% per annum.
- b) Commission: not exceeding 1% per annum of the adjusted net profits of the Company.
- c) In addition to the above she shall be entitled to the perquisites not exceeding specified under Section II of Part II of Schedule XIII.
- d) Subject to superintendence, control and directions of the board, she shall perform such duties and functions as may be delegated to her by the Board from time to time.
- e) The Company or Dr. Mrs. Chandra Ravindran shall be entitled to terminate this appointment by giving three months notice in writing or such shorter notice as may be mutually agreed between her and the Company or in lieu of notice, payment by the Company or by Dr. Mrs. Chandra Ravindran equivalent to three months last drawn remuneration."

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

"RESOLVED that, in accordance with the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof, for the time being in force and in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 [SEBI (ESOS and ESPS) Guidelines, 1999] in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee of Directors duly authorized in this behalf), to create, issue, offer and allot or earmark Equity Shares as may be decided by the Board of Directors of the Company ( which shall be deemed to include a Compensation Committee or any Committee of the Board duly constituted by the Board to exercise its powers conferred on the Board by this resolution) , directly or through the medium of warrants/fully Convertible Debentures and /or any other appropriate instrument(s) or security not exceeding 10% of the paid up Share Capital of the Company, to all the employees both present and future whether in India or abroad, of the Company, whether shareholders of the Company or not, at such price and other terms and conditions as the Board may in their absolute discretion think fit, under the ARL Stock Option Plan 'A', in compliance of guidelines issued by Securities and Exchange Board of India on issue of shares to employees from time to time, or to the Trust set up for the purpose of implementing the ARL Stock Option Plan 'A'.

RESOLVED FURTHER that the Board be and is hereby authorized to take necessary steps for listing of the securities/shares allotted under the ARL Stock Option Plan 'A' on the stock exchanges where the Company's shares are listed, as per the terms and conditions of the listing agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.



RESOLVED FURTHER that the Board be and is hereby authorized to formulate the Plan and to fix the terms and conditions and to delegate all or any of the powers herein conferred to any Committee of Directors of the company to give effect to the aforesaid resolution.

RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorized to do all things necessary and to take such action as may be necessary or expedient to formulate or amend or alter or adopt any modifications or redefine the proposal or scheme or plan of ARL Stock Option based on the guidelines issued by the Securities and Exchange Board of India or any other statutory authority from time to time."

By Order of the Board,  
For **ARVIND REMEDIES LTD.,**

**S N MADHAVAN**  
COMPANY SECRETARY

Chennai  
23/06/2001

## NOTES

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 a 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 Share Transfer Books of the Company will remain closed from 21.08.2001 to 31.08.2001 (both days inclusive) for payment of Dividend.
3. The relative Explanatory Statement in respect of item No 5 to 8 of the agenda is annexed to this notice.
4. Dividend @ 15% on the Share Capital as recommended by the Directors, if declared at the Annual General Meeting, will be paid to the members whose name are borne on the Company Register of Members on 31.08.2001 or to their mandate.
5. Members are requested to take note of the change in the Registered Office of the Company from 25/9, Nelson Manickam Road, Chennai 600 029 to the below mentioned address with effect from 20.02.2001. All the members are requested to send all communications and correspondence including transfer of shares and change of addresses to the Regd. Office of the Company mentioned below.

### **ARVIND REMEDIES LIMITED**

Share Department  
190, POONAMALLE HIGH ROAD,  
CHENNAI-600 084.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES Act, 1956**

### **ITEM No. 5**

Mr. Pejavar Murari was appointed as an Additional Director of the company effective from November 06, 2000 and holds office up to the date of this Annual General Meeting.

Mr. Pejavar Murari aged about 67 years is an IAS officer (Retired). He has served the Government of India in several positions and was also advisor to the Former President of India.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Pejavar Murari as a Director of the Company.

The Board of Directors considers that in view of knowledge and experience of Mr. Pejavar Murari, it would be in the interest of the Company to appoint him as a Director of the Company.

The Board recommends the Resolution for approval of the shareholders.

Mr. Pejavar Murari is interested or concerned in the proposed Resolution. None of the other Directors are interested or concerned in the proposed Resolution.

### **ITEM NO. 6**

Shri Arvind Kumar B Shah aged about 39 years, is presently the Managing Director of the Company. Shri Arvind Kumar B Shah is the

promoter of the Company and he was appointed as Managing Director of the Company for a period of 5 years effective from 01.10.1995. The Board of Directors at their meeting held on September 05, 2001, reappointed him as CEO and Managing Director of the Company for a further period of 5 years effective from October 01, 2000 on the terms as set out in the Resolution. Subsequently the Board in view of the Managements remuneration policy, has revised the remuneration payable to Rs. 60,000/- p.m. with effect from 01/04/01.

The remuneration and perquisites proposed are as per the provisions of Schedule XIII to the Companies Act, 1956.

The Board recommends the resolution for approval of the Shareholders.

Shri Arvind Kumar B Shah is interested or concerned in the proposed resolution. None of the other Directors are interested or concerned in the proposed Resolution.

The Notice and Explanatory Statement may be treated as an abstract of the terms of appointment and payment of remuneration to Shri Arvind Kumar B Shah as required to be circulated under Section 302 of the Companies Act, 1956.

#### ITEM NO. 7

Dr. Mrs. Chandra Ravindran aged 41, is presently the Whole time Director of the Company. Dr. Mrs. Chandra Ravindran is a Ph.D. in Bio-Chemical Toxicology. Her main area of work involves analyzing the effect of poisons and drugs. She was appointed as Whole time Director of the Company for a period of 2 years effective from 01.04.1999. The Board of Directors at their meeting held on June 23, 2001, reappointed her as a Whole time Director of the Company for a further period of 2 years effective from April 01, 2001 on the terms as set out in the Resolution.

The remuneration and perquisites proposed are as per the provisions of Schedule XIII to the Companies Act, 1956.

The Board recommends the resolution for approval of the Shareholders.

Dr. Mrs. Chandra Ravindran is interested or concerned in the proposed resolution. None of the other Directors are interested or concerned in the proposed Resolution.

The Notice and Explanatory Statement may be treated as an abstract of the terms of appointment and payment of remuneration to Dr. Mrs. Chandra Ravindran as required to be circulated under Section 302 of the Companies Act, 1956.

#### ITEM NO 8

In order to reward and motivate managerial and other employees as also to attract the talent as well as to retain the key managerial employees, the Board of Directors at its meeting held on June 23, 2001 have approved and proposed for the approval of the shareholders issue of Stock Options as per Which employees, who comply with certain eligibility criteria would be given/granted stock options to subscribe a specified number of equity shares of the Company offered to them at a price to be determined as mentioned herein below: The 2001 ARL Stock plan 'A' would be subject to and in conformity with the Securities and Exchange Board of India [Employees Stock Option Scheme and Employees Stock Purchase Scheme] Guidelines, 1999 ("Guidelines") issued by the Securities & Exchange Board of India (SEBI).

The object of the plan is to attract, encourage and retain the talent and to enable such employees to participate in the long terms growth of the Company and seek convergence of interest of shareholders and eligible employees such that eligible employees consciously work towards value creation for the shareholders.

However, future remuneration revisions will bear in mind and take due note of the fact that employees have coverage of this plan.

#### **Brief Resume and other information in respect of the Directors seeking re-appointment at the Annual General Meeting:**

Prof. C M K Reddy, FRCS, FRSH (England), FICS, FICA(USA), aged 59, is a Honorary Professor of Stanley Medical College & Hospital, Chennai. He is presently the governing council member of Tamil Nadu, Dr. M.G.R. Medical University. Presently he is also the President of Tamil Nadu Medical Practitioner's Association. His association as a Director is useful to the company in respect of keeping it abreast of latest development in medical science. He was conferred the prestigious Dr. B C ROY AWARD by the Government of India in appreciation of his contribution in the medical field. He is the member of the board of trustees, Sri Ramachandra Deemed Medical University and has been conferred PROFESSOR EMERITUS Award by the Tamil Nadu Dr. M.G.R. Medical University.