



14th  
Annual Report  
2001-2002

Caring for your health



**ARVIND  
REMEDIES  
LTD.,**

# Milestones

**-1995-**

Conversion into  
Public Ltd. Company

**-1995-**

Purchase of Land and Sheds at  
SIDCO Industrial Estate,  
Kakkalur Tiruvallur for  
building company's own  
manufacturing  
facility.

**-1996-**

Successful Maiden  
Public Issue

**-1998-**

Commencement of  
Commercial Production of  
Liquids and Ointments at  
Kakkalur

**-1998-**

Completion of  
Factory Building

**-1999-**

Shift of Chennai unit  
to Kakkalur

**-2000-**

Rated Among top 50  
Pharma Companies  
by Fortune

**-2002-**

Awarded ISO 9002 Certificate

**-2001-**

Rights issue of  
Equity Shares

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**Board of Directors****Mr. ARVIND KUMAR B SHAH****CEO & Managing Director**

Dr. Mrs. CHANDRA RAVINDRAN

Whole-Time Director

Mr. S.B. SHAH

Prof. C M K REDDY

PEJAVAR MURARI

Mr. CHOTALAL

Mr. K.V. NARAYAN

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,  
Tamilnadu,  
India.

**M RAGHUNATH & Co.,**

No. 5, Stringer Street, Broadway,  
Chennai - 600 108.  
Tamilnadu,  
India.

**Bankers****STATE BANK OF INDIA**

Commercial Branch, Chennai.

**Registered & Corporate Office**

190, Poonamallee High Road,  
Chennai 600 - 084  
email:arl@eth.net  
www.arvindremedies.com

**Works**

38, 39 & 40 SIDCO Industrial Estate, Kakkalur,  
Tiruvellore District,  
Tamilnadu - 602 003.  
India.

**NOTICE**

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

Date : Thursday, 10<sup>th</sup> October, 2002  
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 31<sup>st</sup> March, 2002 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 Mr. S B Shah who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. Chotalal who retires by rotation and being eligible, offers himself for reappointment.
5. 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**

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
"RESOLVED that Mr. K V Narayan be and is hereby appointed as a Director of the Company."

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

Chennai  
24/08/2002

S N MADHAVAN  
COMPANY SECRETARY



## 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 01.10.2002 to 10.10.2002 (both days inclusive) for the purpose of eligibility of Bonus Shares and Sub-division of Face Value of Equity Shares from Rs.10/- to Re.1/-.
3. The relative Explanatory Statement in respect of item No 6
4. Dividend @ 15% on the Share Capital as recommended by the Directors as Interim Dividend is considered as Full and Final Dividend.
5. 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.6

Mr. K V Narayan was appointed as an Additional Director of the company effective from March 11, 2002 and holds office upto the date of this Annual General Meeting.

Having started his career in Marketing at Roussel Pharma he went on heading Marketing functions at Wochardt, Fulford, Astra IDL, Searie India, Nicholas Piramal. After retirement he has been a freelance Marketing Consultant.

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

The Board of Directors consider that in view of knowledge and experience of Mr. K V Narayan, 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. K V Narayan is interested or concerned in the proposed Resolution. None of the other Directors are interested or concerned in the proposed Resolution.

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

1. Mr. S B Shah is aged 53 years and is having an experience of more than 3 decades in the Pharma trade and Industry. He is engaged in the Pharmaceutical distribution and is also the distributor for various multinational Companies. He is on the Board Since 1989.
2. Mr. Chotalal aged 65, is the Chairman Nargis Dutt Memorial Foundation, New York (USA). His presence would enable the Company to keep abreast with the latest developments in the field of research on cancer. He is on the Board Since 1995.

**ARVIND REMEDIES LTD.**

#190, Poonamallee High Road, Chennai - 600 084,

**PROXY FORM**

I/We of ..... of .....  
 in the district of ..... being a members(s)  
 of ..... in the district of .....  
 or failing him ..... of .....  
 in the district of .....

as my/our proxy to vote for me/us behalf at the Annual General Meeting of the Company to be held on  
 Thursday, the 10th October, 2002 at 10.00 a.m at Kasthuri Shrinivasan Hall (Mini Hall), The Music Academy,  
 168, TTK Road, Chennai - 600 014. and at any adjournment thereof.

Signed this ..... day of .....2002

Registered folio No. ....

Affix 1.00 Re. Revenue Stamp
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- Note :
1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
  2. A proxy need not be a member.
  3. The form this completed should be deposited at the Registered Office of the Company at 190, Poonamallee High Road, Chennai - 600 084. not later than forty eight hours before commencement of the meeting.

**ATTENDANCE SLIP**

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Registered Folio No. ....

Name of the Shareholder .....

Name of the Proxy .....

(in Block Letters to be filled in if the Proxy attends instead of the member)

No. of shares held .....

Annual General Meeting of the Company to be held on Thursday, the 10th October, 2002 at 10.00 a.m at  
 Kasthuri Shrinivasan Hall (Mini Hall), The Music Academy, 168, TTK Road, Chennai - 600 014. and at any  
 adjournment thereof.



## *Ladies and Gentlemen,*



It gives me great pleasure to report that your Company for the year 2001-2002 has reached the significant milestone of being a Rs.100 Crore Company – A DREAM come true. The quest continues to become one of the leading players in the industry, both in domestic and export markets – A MISSION.

I am also happy to report to you that your Company has succeeded in obtaining the certification as an **ISO 9002 COMPANY DURING THE YEAR BY BVQI – A COMMITMENT TO QUALITY.**

Having dwelt at length on the market scenario, post GATT situation, the importance of forming on a sound product portfolio in my earlier communication, I would like to draw your attention this time as to how we are planning to make our presence in the market place in the years to come.

### **DOMESTIC MARKET**

Indian Pharma Industry has been growing at around 9% and is estimated with around Rs.21,000 crores turnover during last year as per ORG. But that is the existing business of the Companies listed.

To embark upon rapid growth, the need is to look at the opportunities in the market.

- The total produce of the industry is not even reaching 45% of the population.
- There is an every increasing number of practising physicians every year in both Allopathy and Ayurvedic segments.
- Every year there are additional Medical Colleges getting started.
- But the total coverage is just around 30% 35% of the Doctor population.
- The strains of economic pressures, the need to be competitive the changing life styles have influenced the rapid growth of some therapy segments such as Cardiovascular, Mental Health and other Chronic Ailments.
- Besides preventive Nutrition is gaining growing importance.
- The increase in life expectancy has brought into prominence the management of problems peculiar to Geriatrics.

With this awareness, your Company has embarked on a two pronged strategy.

a) Development of new formulations relevant to the market needs, with built-in uniqueness to the competitors.

AND

b) Provide a conducive and challenging performance climate to build a Professional Management Team to form on Processes, People and Performance.

To encash on the emerging market opportunities and acquire Professional Market Share.

### **OVERSEAS MARKETS**

In order to be a global player we realize the need to have solid Export Base in the countries of interest, with the objective of having our own business set up. To stand with our focused attention is in Nigeria, Kenya, Uganda, Tanzania and Zambia in the African continent.

In the long run your Company is planning to have a US FDA/ Approved manufacturing facility to encash on the tremendous potential in Generics Market in developed countries.

The commitment of your Company therefore continues to add professional values to all its stake holders.

with warm regards

ARVIND KUMAR B SHAH  
CEO & Managing Director





## DIRECTORS' REPORT

Your Directors have pleasure in presenting the **Fourteenth Annual report** together with the Audited Statement of Accounts for the year ended 31st March, 2002.

The major business achievements during the year under review are

- **ISO 9002 Certification by BVQI**
- **Turnover increased by 20%**
- **Research on Anti-Cardiology drug under Ayurvedic formulae has entered clinical trials.**
- **Launch of Branded Generics Division.**
- **More thrust on R & D activities on Herbal Products.**
- **Start up of Contract Manufacturing**

(Rs. in Lakhs)

### FINANCIAL RESULTS

	2001-2002	2000-2001
Profit after interest and depreciation	392.48	382.94
Provision for tax - Current Tax	49.00	50.75
- Deferred Tax	106.70	-
Profit for the year	236.78	332.19
Add: Balance of profit brought Forward from last year	641.58	465.46
Profit available for appropriation (after adjusting	636.95	797.65
Opening Deferred Tax liability of Rs.241.42 Lakhs)		

### APPROPRIATION:

Dividend	111.45	122.82
Transfer to General Reserve	23.68	33.25
Balance carried forward	501.82	641.58

### FINANCIAL REVIEW

Your Company has recorded an excellent performance in all areas of operations. The Operation in the year 2001-2002 has resulted in a profit before Depreciation of Rs.473.58 Lakhs as against Rs. 451.88 Lakhs during the year 2000-2001. The Company has a net profit of Rs.236.78 Lakhs after providing for Deferred Tax Liability of Rs. 106.70 Lakhs as per Accounting Standard 22 "Accounting for Taxes on Income" issued by the ICAI and depreciation and interest of Rs. 379.66 Lakhs against a net profit of Rs.332.19 Lakhs in the previous year ended 31st March 2001.

### ACCREDITATION

During the year under review your Company has been certified as an **ISO 9002 COMPANY BY BUREAU VERITAS QUALITY INTERNATIONAL(HOLDING) S.A..** The Management is happy to receive the certificate as it proves your Company's constant endeavour towards Quality Systems and Quality Products.

### DIVIDEND

Considering the surplus available as of 31.12.2001, in April 2002 your Directors recommended an Interim dividend of Rs.1.50 per Equity Share on the paid up Equity Capital of Rs. 743 Lakhs for the year ended 31st March 2002. Your Directors propose to treat the said Interim Dividend as the total dividend for the year and therefore do not recommend any final Dividend.

### YEAR IN RETROSPECT

Your company undertook during the year mainly formulation of Capsules, Tablets, Liquid Orals and Ointments and achieved a turnover of Rs.10,180 Lakhs as against the turnover of Rs. 8450.72 Lakhs for the year 31st March 2001 thus recording an increase of 20%. A sizeable quantity of sales was to institutions like DEFENCE, TNMSC, AFMSD, DGHS,ESI, various State Government agencies, Government aided Medical Schemes and others

During the year under review your company entered into an agreement with M/s Bal Pharma Ltd., Bangalore for Contract manufacturing for manufacture of Products of Bal Pharma Ltd.



## NEW DIVISION AND PRODUCT LAUNCHES

The recent market survey shows that the Generics Market is on the constant increase and to cater to the fast growing Generics Market the Generics Division is being made to operate in full swing. Some of the slow moving branded products have also been pushed to the generics division and the initial response is encouraging. The Company has already made inroads in the Indian Pharma market by the launch of a wonder product SOREXIL an extensive application for bedsores, cut wounds, chronic ulcers, like diabetic ulcers, venous ulcers, varicose ulcers and even leprosy ulcers under Ayurvedic formulae during the previous year. The Focus is on fast growing therapeutic and paediatric segments and Generics Division.

## HUMAN RESOURCES

Your Company continued to maintain cordial and harmonious relationship with the employees throughout the year. The employee morale across the organisation has been maintained at a highest level. In the context of the operational integration several initiatives were taken in the area of employee communications.

## CAPITAL EXPENDITURE

The total capital expenditure during the year amounted to Rs1562.55 Lakhs. During the year the Management sold old and obsolete assets.

## RESEARCH & DEVELOPMENT

The Research centre at Kakkalur, in Tamilnadu mainly focuses on enhancement of ARL's capabilities in the core areas of Cardiology and nephrology through ayurvedic formulae. The Research centre has already come out with a herbal combination called PANKARE for efficient treatment of Diabetes. With the Clinical trials proving successful and the efficacy of the product has been proved at the highest point the product was launched last year. The Product is being well received and the response of the Product has gained momentum and the Product is sure to create a NICHE in the Market. During the year the R&D center has come out with another herbal combination in the Cardiology segment, which has entered clinical trials. On reaching the market these products are sure to take off to a great level. During the year R & D activities were further strengthened through Infrastructure development and purchase of new equipments.

## FUTURE PROSPECTS

The Pharmaceutical Industry is growing and will grow at a faster pace and it creates an income opportunities to companies with strong sales and fundamentals. With the intense competition not only the patients but also the medical fraternity expects a lot from Company like us and with the advancement of IT Sector it is our duty to provide them with the necessary support and facility with novel drugs and formulations. Health awareness ably supported by Health Schemes, World Bank aids, and Media and the advent of Private health care insurance sector will drive the growth of the Pharma Industry in the next few years. The current scenario in the Pharma industry has proved that the size of the industry does not matter only the capabilities that matters the growth of Companies and that is the reason medium sized companies are poising ahead in sales. The recent announcements by the government on the pharmaceutical policy by reducing the number of drugs under price regulations will create a suitable atmosphere for the Companies like us to spur investment in manufacturing and Research and Development activities.

The growth of health care industry very much depends upon the government policies and the impetus the government provides to the economy, to attract more investment and to create a hassle free environment.

The Company has 3 acres of Developed Plot allotted by SIDCO unutilized and the Company has decided to have a centralised distribution center and plans have been drawn to start the civil works and the proposed construction activities are expected to be complete by December 2002.

## DIRECTORS

Mr. S B Shah and Mr. Chotalal Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. During the year Mr. K V Narayan joined the Board as additional Director. Mr. K V Narayan has been in the medical field for more than three decades and worked with several MNCs like Roussel Pharma, Wochardt. Full Ford, etc., are and his presence would help the Company in many ways in establishing itself in the Pharma industry and also will help the Company to further its Business prospects.

## CORPORATE GOVERNANCE

The Company complies with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. A separate report on the Corporate Governance is included as a part of the Annual Report along with the Auditors' certificate on compliance.