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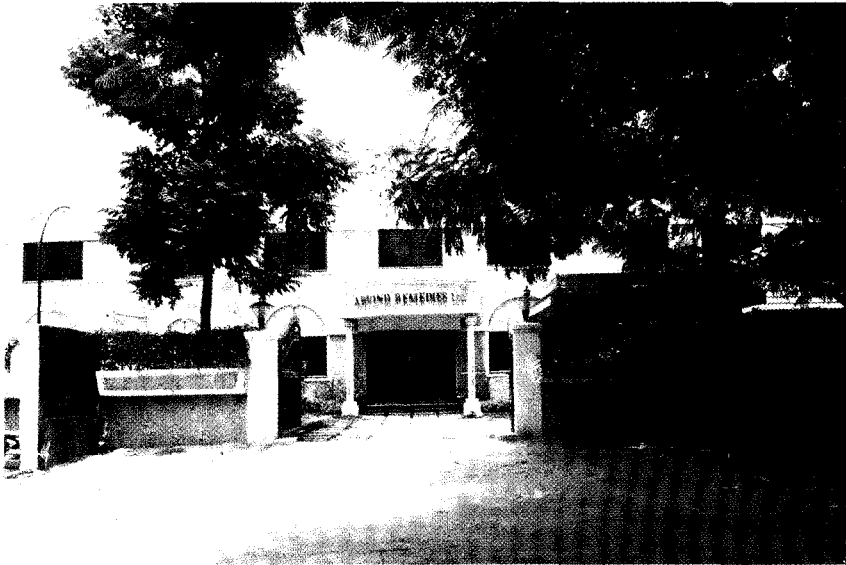


ARVIND REMEDIES LIMITED

15th ANNUAL REPORT 2002-03



## ARVIND REMEDIES LIMITED



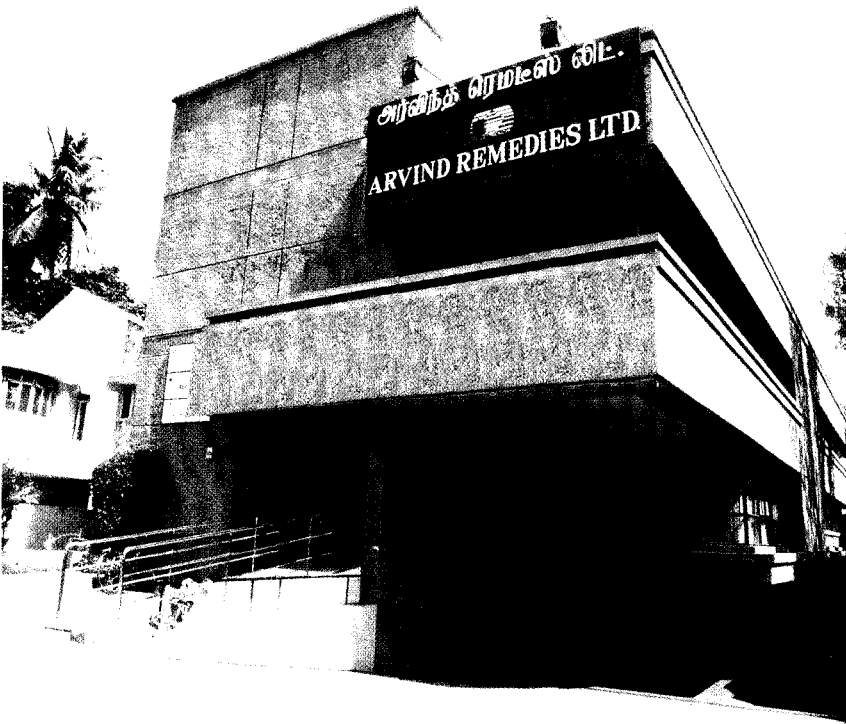
### Works

38,39 & 40, SIDCO Industrial Estate  
Kakkalur, Tiruvellore District,

Tamil Nadu – 602 003.

☎ : 954116 - 260403, 262144, 262147.

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### Registered and Corporate office

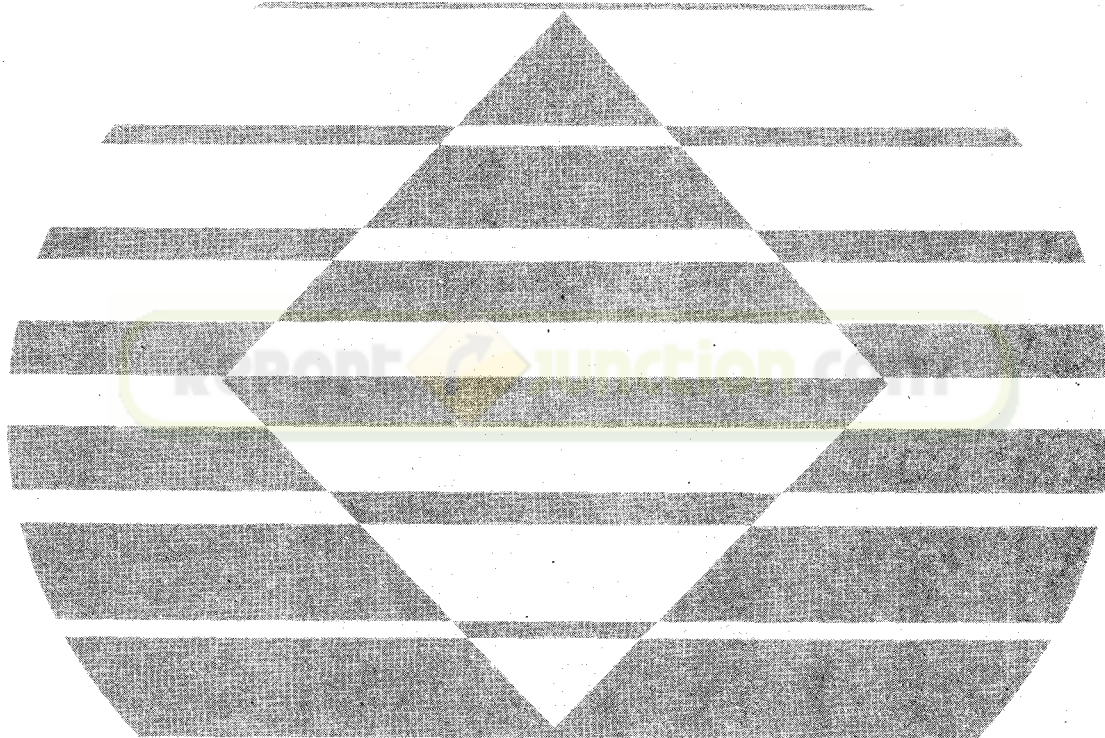
No 190, Poonamallee High Road,  
Chennai – 600 084.

☎ : +91-44-264 23264, 2642 3265

E-mail : arl@eth.net

Website : www.arvindremedies.com

# 15th Annual Report



# ARVIND

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## Board of Directors

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Mr ARVIND KUMAR B SHAH	-	Managing Director
Mrs Chandra Ravindran	-	Whole Time Director
Mr Chandrakanta Rao	-	Whole Time Director
Mr K V Narayan	-	Non Executive Director
Mr Pejav Murari	-	Non Executive Director
Mr S B Shah	-	Non Executive Director
Prof C M K Reddy	-	Non Executive Director
Mr Chotalal	-	Non Executive Director
Mr Sarath	-	Alternate Director

### Company Secretary

Ms. G. Meera  
(July 10, 2003 onwards)

### Auditors

Mr. Raghunath and Co.,  
No.5, Stringer Street,  
Chennai – 18,  
Tamil Nadu, India.

### Bankers

State Bank of India  
Commercial Branch, Chennai.  
Industrial Development Bank of India  
Chennai.

### Registered and Corporate office

No 190, Poonamallee High Road,  
Chennai – 600 084.  
E-mail : [arl@eth.net](mailto:arl@eth.net)  
Website : [www.arvindremedies.com](http://www.arvindremedies.com)

### Works

38,39 & 40, SIDCO Industrial Estate  
Kakkalur, Tiruvellore District,  
Tamil Nadu – 602 003.





# VISION

Arvind Remedies to be a global player in the pharmaceutical industry by manufacturing and marketing quality medicinal products both in Allopathy and Ayurveda.

## MISSION

Service to humanity through quality medicines to the ailing.

Create values for shareholders

Resounding success of Pankare and Sorexil, outcomes of inhouse R & D in Ayurveda. Hartkare and Nephrokare under R&D. —2003

ISO 9002 certification awarded by Bureau Veritas. Turnover crosses Rs 100 crore mark — 2002

Augmentation of equity through rights issue — 2001

Blasting into the Fortune – India pharma 50 league —2002

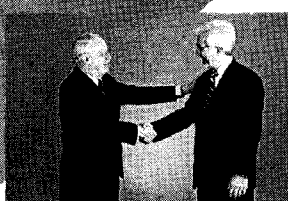
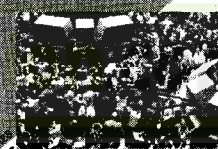
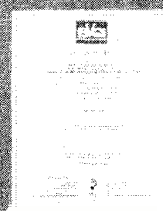
Smooth shifting of chennai facilities to kakkalur - 1999

Completion of kakkalur building – Liquids and ointments manufacture —1998

Successful IPO after being converted into Public Limited in 1995 — 1996

Sky is the limit for Indian Innovation

Future



**Steadily climbing to secure inche in global market**

**MILESTONES LEADING TO OUR VISION**

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# A peep into the future

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## **Allopathy**

Focus on the launch of new combination drugs through the Novel Drug Delivery Systems (NDDS).

Enhance the presence in the domestic branded market :-

- Introduction of new generation molecules.
- Acquisition of new brands.



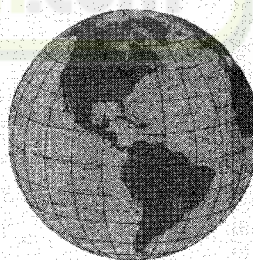
## **Ayurveda**

Setting up of a dedicated, totally self-dependant modern Ayurvedic facility in conformity with International standards to become a global pharma player.

Penetrating into the global market through:

- Marketing tie ups with national and multinational companies
- Setting up of branch offices abroad.

Intense focus on export of herbal products to the highly profitable, growth oriented European and US markets.



## **Opportunities ahead**

Venturing into the Medical Nutritional Supplement of patient care, in chronic ailments with unique and innovative formulations based on herbal and allopathic content.



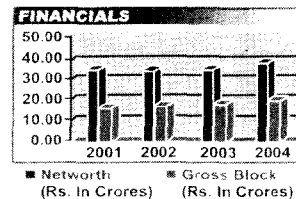
# FROM THE DESK OF MD & CEO

## Dear Shareholder,

**T**he pharmaceutical industry continues to grow at a rapid pace and is likely to grow at more hectic pace. Health awareness, ably supported by different governmental health schemes, World Bank aids and the media interest in health will drive this growth of the Pharma industry in the next several years. Opening up of the Insurance sector to private players is another significant factor spelling an explosive growth. The continued growth of the health industry very much depends upon the facilitating government policies. It is gratifying to note that there would be no going back on economic reforms. Naturally, there is bound to be fierce competition to take bigger share of the pie. In addition there is bound to be a greater expectation from both the physician and the patient for better safer and cheaper products from the industry. It is our fundamental duty to measure up to these expectations. Now let me dwell at length your companies progress in three key result areas: a.) **Innovative** R&D; b.) Committed **high-quality** manufacturing at competitive cost and c) **Aggressive** marketing. The current scenario in the Pharma industry has proved that the current size of a particular player is not of much concern. What matters is only the capability of the company to make use of the niche opportunities to grow at a hectic pace. That is the reason why medium-sized companies have been more successful in posting enormous growth compared to behemoths.

We had predicted that the policy announcements as part of economic restructuring by the government, particularly the gradual disbanding of price regulations regime, would create a conducive atmosphere for companies like ours to spur investment in manufacturing and R&D activities. This has proved right. Continued growth of the healthcare industry very much depends upon the stability of governmental policies and impetus the government provides to the economy, to attract more and more investment by creating a hassle-free environment. It is gratifying to note that ill-informed critics and vested interests have been silenced and there would be no going back on economic reforms. The opportunities that are presented to us are naturally balanced by fierce competition. Not only the patients but also the medical fraternity expects a

lot from Drug companies. With the advancement of IT sector, it is our fundamental duty to provide them with the necessary support with novel drugs and highest quality. the performance company in the areas:



formulations of the Now, let me dwell on achieved by the three key result

### Research & Development :

We can be proud of our committed R&D professionals drawn from the fields of medicine both from allopathy and ayurveda, research scientists and formulation development specialists.

Our Arvind Research Centre (ARC) is acknowledged as one of the most up-to-date R&D Laboratories, well-equipped with state-of-art technologies and machines. Focus areas are new formulations combining modern process-development capabilities used in developing allopathic drugs with indigenous drug-delivery systems known traditionally in Ayurveda system. The Centre lays particular emphasis in developing different dosage delivery systems suited to deliver the medication effectively. **The research and development team has successfully brought PANKARE – The anti diabetic with a difference, and SOREXIL, – The treatment of skin ulcers with a unique base--the inhouse R&D outcome in Ayurveda. Further, HARTKARE-- the cardi tonic drug and NEPHROKARE the one that cares for the failing kidneys are under different stages of development.** After clinical evaluation the products will be launched to the medical profession. In fact your company is laying lot of emphasis in ayurveda research particularly to manage chronic diseases. This deliberate attempt is to provide effective treatments also capable of taking care of the consequences of these diseases in the long term. Besides, such treatments are safe in the long term treatment - a particular concern in chronic ailments. This strategy is bound to help your company to have competitive edge in the post GATT period. To further strengthen the R&D we have made a provision of Rs 10 crores as an investment over the next three years edge in the post GATT period.

### Manufacturing :

We made a conscious decision in investing in a modern manufacturing facility in kakkalur and commenced its operation in 1998. This facility conforms fully to the WHO GMP standards.

Caring for Your Health

**PANKARE**<sup>TM</sup>  
POWDER

**Sorexil**<sup>TM</sup>

**ARTIN OIL**

**FESOZINC**<sup>®</sup>

**VIGORON**<sup>TM</sup>

**SOLUFAT**<sup>TM</sup>

**CALORICH**<sup>TM</sup>



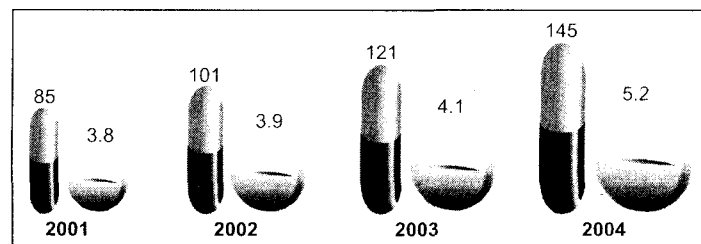
As for systems and quality, well we have the ISO 9002 certification from BureauVeritas.

### Marketing :

We have identified the niche segments and categorized our products to define appropriate product-market mix and optimize profitability. We continue to lay emphasis on ethical branded specialties and the strategy for reaching them to medical fraternity. At the same time we have realized the enormous potential of Institutional sector in a country like India.

### Institutional Business :

The institutional marketing finds an enviable position in the Pharma map of our country over the last one decade in view of the fact that the overall budget exceeds Rs 4000 crore all governments whether State or Central give top priority for the healthcare by availing of their local budgets as well as using various World Bank project aids to cater to the needs of the poorest of the poor living even in the micro interior places of this country. As a result they go for procuring quality drugs in bulk quantities adapting various systems. The advancement of information technology, which adds glory to the ongoing Public Health Awareness Programs, thus rectifying the neglect shown in various areas like purchase and distribution, leads to more transparent system. This transperence paves way for more scientific way of doing business. Nowadays, most of the institutions take expert committee opinion before finalizing the drug, schedule so as to include latest molecules. Every year the inclusion of at least 20 to 25 new drugs in their list of antibiotics, cardiovascular drugs, anti-diabetic drugs, anti-tuberculosis drugs etc. find a niche in the hearts of many. Hence it is imperative on our part to strengthen the institutional department to grab more market share. Keeping these factors in mind, we have strengthened the Institutional Marketing to ensure that the benefit must reach the poor and the needy while bringing substantial profits to company's coffers. The potentiality of Institutional Trade calls for recruitment of more Field Managers in all states to cover all Government Institutions including Railways, ESI and other public sector undertakings. While appointing more field force all over the country, we have strengthened our distribution network at all levels



throughout the country. Out of a firm commitment to excel previous sales records, we have decided to participate in all tenders floated by all institutional buyers, thus taking this company to great heights.

### Brand Equity :

Our strategy for institutional business includes stress on branded formulations and generic products for supply to various State governments, and Central government institutions. This will greatly enhance our efforts to secure a sizable share of Over-the-Counter market of branded products through publicity. Another sector is that of branded and unbranded generics sold directly to Chemists.

### International Business :

The growing internationalization of Indian business has thrown open high growth opportunities for Indian firms to export their products. Your company has set up a facility conforming to international standards and our manufacturing Facility conforms to **WHO's GMP**, which will enable it to produce products of international quality. Export opens up large possibilities of revenue generation, since most of the products presently available in the world are coming out of patent by the year 2005. Initiation of exports requires registration of the company's products in most of the countries together with approval of the company's Facilities. Your company is proceeding as per plans in securing registration of products in countries like **Malaysia, Tanzania, Srilanka, Ukraine, Nigeria, Nepal**. Steps will be taken to extend the coverage to other countries over a period of time. Exports of branded formulations and generic products to countries in Africa and the Commonwealth of Independent States (former USSR) and Asia are poised to commence in a significant way as soon as a high level of visibility is achieved in the domestic market. This business is bound to grow by leaps and bounds in the years to come. In conclusion, we see tremendous opportunities in the horizon. The company has earned and continues to enjoy the confidence and goodwill of all the stakeholders through its commitment to professional values to all stakeholders. There appears to be no reason why the vision statement of the company should not come true sooner rather than later: "Arvind Remedies to be Global Player in the Pharmaceutical Industry by manufacturing and marketing quality medicinal products both in Allopathy and Ayurveda."

With warm regards,

**Arvind Shah**

Managing Director & CEO

PRODUCTS		
	Brands	Generics
Tablets	49	84
Capsules	15	38
Liquids	8	15
Ointments	6	29
Powder	4	10
<b>Total</b>	<b>82</b>	<b>176</b>

Years	2001	2002	2003	2004
	(Actuals)	(Actuals)	(Actuals)	(Projections)
Networth (Rs. In crores)	34.94	33.40	34.60	38.70
Gross Block (Rs. In crores)	16.00	15.62	18.97	20.15
Earning Per Share	4.47	3.18	*0.10	0.16
Book Value of Share	47.00	44.92	1.33	1.49

\* Issue of bonus share in the ratio of 5 shares of every 2 shares and also sub division - Rs. 10/- Equity shares of Re. 1/- each.

