

17th
annual
report

2004-2005

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ARVIND REMEDIES LTD.

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Certification

Awarded to

ARVIND REMEDIES LIMITED

190, POONAMALLEE HIGH ROAD, CHENNAI - 600 084 &
38, 39 & 40, SIDCO INDUSTRIAL ESTATE, KAKKALUR - 602 003,
THIRUVALLORE DISTRICT, TAMIL NADU, INDIA.

BVQI certify that the Management System of the above organisation has been
audited and found to be in accordance with the requirements of the
management system standards detailed below

STANDARD

ISO 9001:2000

SCOPE OF SUPPLY

**MANUFACTURE AND SUPPLY OF PHARMACEUTICAL FORMULATIONS
IN SOLIDS, ORAL LIQUIDS, EXTERNAL PREPARATIONS AND
POWDER DOSAGE FORMS.**

Original Approval Date: **24 December 2003**

Subject to the continued satisfactory operation of the organisation's Management System, this certificate is valid until:
23 December 2006

To check this certificate validity please call: **+91 22 56956300**

Further clarifications regarding the scope of this certificate and the applicability of the management system requirements
may be obtained by consulting the organisation.

Date: **24 February 2004**

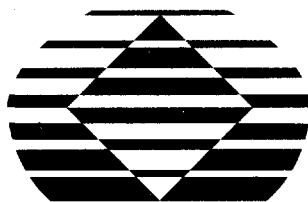
Certificate Number: **145438**



BVQI (Holding) S.A. using the
accreditation certificate number
008

008

MANAGING/ISSUING OFFICE: BVQI (India) Pvt Ltd, The Leela Galleria, 5th Floor, Andheri-Kurla Road, Andheri (E), Mumbai - 400 050, India.



ARVIND REMEDIES LIMITED

17th Annual Report

2004 - 2005

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Works

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

Phone : 954116-260403, 262144.

Fax : 954116-209095

E-mail : factory@arvindremedies.com

Corporate & Registered Office

190, Poonamallee High Road, Chennai - 600 084.

Phone : +91-44-26414788 / 89 Fax : +91-44-26423296

E-Mail : arl@eth.net

Website : www.arvindremedies.com

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**Board of Directors**

Dr. B. Arvind Shah	CEO & Managing Director
Dr. Chandra Ravindran	Whole-Time Director
Mr. K.V. Narayan	Director
Mr. S.B. Shah	Director
Dr. C.M.K. Reddy	Director
Mr. Chotalal	Director

Company Secretary

Mr. K. Hari Prasath

Statutory Auditor

M/s. Doshi, Chatterjee, Bagri & Co.,
Chartered Accountants
24, Crescent Park Street, T.Nagar,
Chennai - 600 017.

Internal Auditors

M/s. Siva Anantharaman and Co.,
No.16, Kariappa Street, Purasaiwakkam,
Chennai - 600 007.

**Bankers/
Financial Institutions**

State Bank of India, Commercial Branch, Chennai.
United Bank of India, Main Branch, Chennai.
Allahabad Bank, George Town, Chennai.
IDBI, Chennai.

**Corporate &
Registered Office**

190, Poonamallee High Road,
Chennai - 600 084.
Phone : +91-44-26414788 / 89
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Phone : 954116-260403, 262144
Fax : 954116-209095
E-mail : factory@arvindremedies.com

**Registrar and
Share Transfer Agent**

M/s Cameo Corporate Services Limited
Subramanian Building,
No.1, Club House Road, Chennai - 600 002.
Phone : 044-28460390



NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of the Company will be held at "Golden Chakra Hall", V.G.P. Golden Beach Resort, E.C.R., Injambakkam, Chennai - 600 041 at 9.00 a.m on Monday, the 26th day of September 2005 to transact the following business:

ORDINARY BUSINESS

1. To declare consider and adopt the audited Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the Year ended and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in the place of Dr. Chandra Ravindran, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in the place of Mr. K.V. Narayan, who retires by rotation and being eligible, offers himself for re-appointment.
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 pursuant to section 198, 269, 309

read with relevant Schedule and other applicable provisions, if any, of the Companies Act, 1956, Dr. B. Arvind Shah be and is hereby appointed as C E O & Managing Director of the Company for a period of five years with effect from 01.10.2005 with remuneration of Rs.120,000/- per month together with commission, perquisites and other allowances and the total remuneration payable shall not exceed 5% or 10% of the net profit of the company during the year as the case may be laid down in section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profit as laid down in section 198 of the Companies Act, 1956, and on such other terms and conditions, as may be agreed to between the Board of Directors and Dr. B. Arvind Shah with liberty to alter and vary the terms and conditions so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956".

"FURTHER RESOLVED 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 of the Company be and is hereby empowered to vary or increase the remuneration, including the salary, commission, perquisites, allowances etc., within such prescribed limit".

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution".

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:



"RESOLVED THAT pursuant to section 198, 269, 309 read with relevant Schedule and other applicable provisions, if any, of the Companies Act, 1956, Dr. Chandra Ravindran be and is hereby appointed as Whole-Time Director of the Company for a period of five years with effect from 01.04.2005 with remuneration of Rs. 20,000/- per month together with commission, perquisites and other allowances and the total remuneration payable shall not exceed 5% or 10% of the net profit of the company during the year as the case may be laid down in section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profit as laid down in section 198 of the Companies Act, 1956, and on such other terms and conditions as may be agreed to between the Board of Directors and Dr. Chandra Ravindran with liberty to alter and vary the terms and conditions so as not to exceed limits specified in Schedule XIII to the Companies Act, 1956".

"FURTHER RESOLVED 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 of the Company be and is hereby empowered to vary or increase the remuneration, including the salary, commission, perquisites, allowances etc., within such prescribed limit".

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution".

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

"RESOLVED THAT pursuant to SEBI (De-listing of Securities) Guidelines, 2003 and other applicable provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, and Rules framed thereunder, Listing Agreements and all other applicable laws, rules, regulation and guidelines, approval of the company be and is hereby accorded to the Board of Directors for voluntary de-listing of the Equity shares of the Company from The Madras Stock Exchange and The Stock Exchange, Ahmedabad."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to take all necessary steps in this regard and do all such acts, deeds, matter and things as it may in its absolute discretion deem necessary in regard to voluntary de-listing of the equity shares from The Madras Stock Exchange and The Stock Exchange, Ahmedabad".

Place : Chennai

Dated : 29.08.2005

By Order of the Board
FOR ARVIND REMEDIES LTD

COMPANY SECRETARY

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.



2. The Register of Members and the Share Transfer Books of the Company will remain closed from 22.09.2004 to 26.09.2004 (both days inclusive).

3. Members are requested to bring their copy of the Annual Report to the Meeting.

4. The Dividend for the Year ended 31st March, 2005 as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appear in the Company's register of members on 26th September 2005. In respect of shares held in demat mode, the dividend will be paid on the basis of beneficial ownership, the details to be furnished by National Security Depository Limited and Central Depository Services India Limited for this purpose at the end of business day on 21st September 2005.

5. Dividend, as declared, shall be remitted through Electronic Clearing Service (ECS). This facility is currently available to shareholders located at 16 locations Ahmedabad, Bangalore, Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram, wherever ECS details are available with the company and in all other cases, through warrants payable at par.

6. Shareholders holding shares in physical form and who would like to avail of the ECS facility/Bank Mandate facility are requested to complete and submit the ECS/ Bank Mandate Form which is also sent with this notice, to the Company's Registrar and Transfer Agents so as to reach them latest by 15th September 2005.

7. All members are requested to send their correspondence including transfer of shares and

change of addresses to the Registered office of the Company and/or Share Transfer Agents of the Company, M/s Cameo Corporate Services Limited, at the following address :

Registered Office:

ARVIND REMEDIES LTD.

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

Share Transfer Agents:

M/s Cameo Corporate Services Limited
No.1, Club House Road,
Chennai - 600 002.

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

ITEM NO. 6:

Dr. B. Arvind Shah, CEO and Managing Director, is the main promoter of the Company. The Company has appointed him for a period of 5 years with effect from 01.10.2000. His appointment terminates at the end of September 2005. Dr. B Arvind Shah graduated in Science from Madras University in the year 1980. In 2003, he was conferred Doctorate in Philosophy in Business Management by the Burke's University, U.K. Dr. B. Arvind Shah has over 2 decades of experience in the pharmaceutical Industry and Trade. By his vast experience, he gained thorough knowledge in Technical, Commercial and Managerial aspects of the Pharmaceutical Business Management, and has contributed a lot to the Company. In the year 2004, for his outstanding services, achievement and contribution to the nation, Dr. Arvind Shah was awarded "Rashtriya Udyog Award 2004" by the International Economic Development Forum, New Delhi, on the occasion of India's 55th Republic Day Celebrations; "National Excellence Award" by



Shri K.C. Pant, former Deputy Chairman, Planning Commission, at the 23rd International Congress of NRIs under the auspices of National Awareness Forum, New Delhi; and "Hind Rattan Award" by NRI Welfare Society of India, New Delhi.

The Board is pleased to place before the shareholders in this Annual General Meeting to pass the proposed resolution of re-appointment of Dr. B. Arvind Shah as CEO & Managing Director as an ordinary resolution.

Except Dr. B. Arvind Shah none of the directors is interested in the proposed resolution.

ITEM NO. 7:

The Board has appointed Dr. Chandra Ravindran as Whole-Time Director for five years with effect from 01.04.2005, but subject to approval of the shareholders in their meeting. Dr. Chandra Ravindran is a Ph.D. in Bio-Chemical Toxicology. Her main area of work involves analysing the effect of pesticides, poisons and drugs. She has worked in the Pharmacology Department and has studied the antidotal effect on plant toxins. She has also handled molecular genetics, biochemical genetics and genetic toxicology and participated in various conferences at national and international levels. She contributes to the development of the company's existing products as also research on new products. She is a Whole-Time Director of the Company in charge of its R & D efforts and introduction of new formulations. The Board is pleased to place before the shareholders in this Annual General Meeting a resolution for her appointment and to pass the proposed resolution as an ordinary resolution.

Except Dr. Chandra Ravindran none of the directors is interested in the proposed resolution.

ITEM NO. 8:

At present, the company's securities are listed on The Stock Exchange, Mumbai, The National Stock Exchange Limited, The Madras Stock Exchange and The Stock Exchange, Ahmedabad. The investors can access to trade and deal in the company's securities across the country with the extensive networking of BSE and NSE and the extension terminal to other cities. Since the securities of the company have not frequently traded on The Madras Stock Exchange and The Stock Exchange, Ahmedabad, it is proposed to de-list the securities of the company from The Madras Stock Exchange and The Stock Exchange, Ahmedabad. This is proposed to reduce the regulatory formalities in complying with the Listing Agreements of four Stock Exchanges and quadruplicating of work of the company. Besides, there will be substantial reduction of costs to the company.

The company's securities will continue to be listed on BSE and NSE. In line with the SEBI (De-listing of securities) Guidelines, 2003, members' approval is being sought by a special resolution for enabling voluntary de-listing of its securities from The Madras Stock Exchange and The Stock Exchange, Ahmedabad and hence this resolution.

None of the Directors is interested in the proposed resolution except as shareholders of the company.

Place : Chennai

Dated : 29.08.2005

By Order of the Board
FOR ARVIND REMEDIES LTD

COMPANY SECRETARY



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Statement of Accounts for the year ended March 31st 2005

FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2004-05	2003-04
Gross Income	138.26	141.13
Profit before tax	3.66	4.41
Profit after tax	1.87	2.75
Profit available for appropriation (after considering the balance b/f from previous year and deferred tax liability)	8.57	8.45
APPROPRIATION		
Dividend	0.52	1.30
Corporate Dividend Tax	0.07	0.17
Transfer to General Reserve	0.19	0.27
Surplus carried to Balance Sheet	7.80	6.71

FINANCIAL REVIEW

The turnover of the Company during this year was Rs. 138.26 lakhs (previous year Rs 141.13 lacs).

Though our company was on the growth path during the first half year, the regulatory changes introduced by the Government have taken a negative impact not only on our performance but also on the performance of the pharma industry at large.

The introduction of the MRP-based excise levy had a negative impact on the outsourced products, as the incidence of excise had increased considerably as against excise being payable on transfer price. Further, the lure of excise holiday offered by a few states under the new industrial policy has made companies outsourcing their products to move to those states. This has taken a toll on the outsourcing business. Additionally heavy de-stocking was resorted to by the trade channels in the wake of the introduction

of Value Added Tax (VAT), which together resulted in overall reduction of our turnover.

After providing for dividend and taxation, an amount of Rs. 18.67 lakhs has been transferred to the General Reserves and the surplus of Rs. 779.78 lakhs is carried to the Balance Sheet during the year.

DIVIDEND

Considering the profits and the need to conserve the resources, your Directors recommend a dividend of 2% on the paid up capital of the company. The outflow on this account would be Rs. 52.01 Lakhs.

DIRECTORS

Mr. K.V. Narayan, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re appointment.

Dr. Chandra Ravindran, Director of the Company