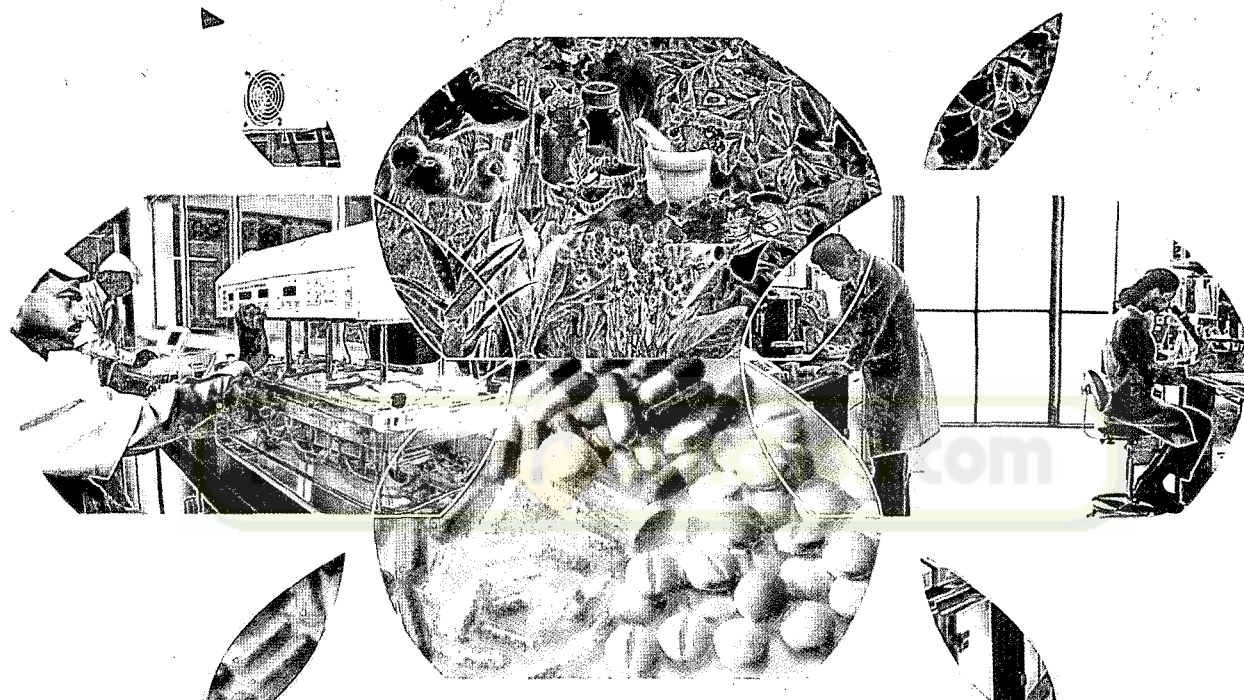


Annual Report 2006-07

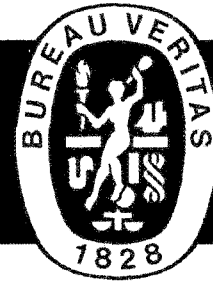


Caring for Your Health



ARVIND REMEDIES LTD.

BUREAU VERITAS
Certification



*Certification
Awarded to*

ARVIND REMEDIES LTD.

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

*Bureau Veritas Certification (India) Private Limited certify that the
Management System of the above organisation has been audited and found
to be in accordance with the requirements of the standard 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**

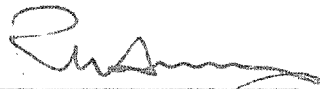
*Subject to the continued satisfactory operation of the organisation's Management System,
this certificate is valid until:* **23 December 2009**

To check this certificate validity please call: **+91 22 6695 6300**

*Further clarifications regarding the scope of this certificate and the applicability of the
Management System requirements may be obtained by consulting the organisation.*

Certificate Number: **205386**

Date: **16 April 2007**


R. K. SHARMA
Director

*Bureau Veritas Certification
using the accreditation
certificate number 008*



*Certification Authority / Managing Office Address: "Marwah Centre" 6th Floor, Krishnakant Marwah Marg,
Opp. Ansa Industrial Estate, Off Sakinaka Road, "Andheri" (West), Mumbai – 400 072, India.*



ARVIND REMEDIES LTD.

19th Annual Report

2006 - 2007

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Works

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

Phone : 91-44-27660403, 27662144

Fax : 91-44-27609095

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

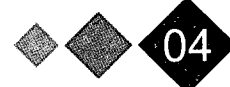
Website : www.arvindremedies.com

CONTENTS AT A GLANCE

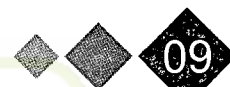
Notice



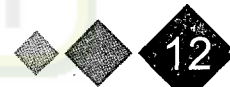
Directors' Report



Management Discussion and Analysis



Report on Corporate Governance



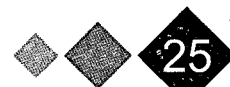
Auditors' Certificate on Corporate Governance



Auditors' Report



Financial Statements



**Board of Directors**

Dr. B. Arvind Shah
 Dr. Chandra Ravindran
 Mr. K.V. Narayan
 Mr. S.B. Shah
 Dr. C.M.K. Reddy
 Mr. Chotalal

CEO & Managing Director
 Whole-Time Director
 Director
 Director
 Director
 Director

Company Secretary

Mr. K.V. Viswanathan

Statutory Auditor

M/s. Doshi, Chatterjee, Bagri & Co.,
 Chartered Accountants
 Flat 3A, Saket
 No. 2, Ho Chi Minh Sarani
 Kolkata - 700 071.

Internal Auditors

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

**Bankers /
Financial Institutions**

United Bank of India, Main Branch, Chennai.
 Allahabad Bank, George Town, Chennai.
 State Bank of India, Commercial Branch, Chennai
 Oriental Bank of Commerce, Mylapore, Chennai.
 Bank of Rajasthan Ltd., Chennai.

**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

Works

38, 39 & 40, SIDCO Industrial Estate, Kakkalur,
 Tiruvellore District, Tamil Nadu - 602 003.
 Phone : +91-44-27660403, 27662144
 Fax : +91-44-27609095
 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 Nineteenth 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 Friday, the 28th September, 2007 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2007 and Profit and Loss Account for the Year ended 31st March 2007 and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year 2006-2007.
3. To appoint a Director in place of Mr.S.B.Shah, who retires by rotation and being eligible, offers himself for re appointment.
4. To appoint a Director in place of Mr.Chotalal, 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.

By Order of the Board
FOR ARVIND REMEDIES LTD.

COMPANY SECRETARY

Place: Chennai
Date : 30.08.2007

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 THE 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 25.09.2007 to 28.09.2007 (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, 2007 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 28th September, 2007. In respect of shares held in demat mode, the dividend will be paid on the basis of beneficial ownership, as per 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 24th September 2007.
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, Bhubaneshwar, 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 who would like to avail of the ECS facility/Bank Mandate facility are requested to complete and submit the ECS/ Bank Mandate Form that is also sent with this notice, to the Company's Registrar and Transfer Agent so as to reach them latest by 20th September 2007.
7. All members, who are holding shares in demat mode, are requested to intimate their Depository Participant of any change in address, Bank details, etc., and those, who are holding their share in physical form, are requested to send all 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, 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.

By Order of the Board

FOR ARVIND REMEDIES LTD

COMPANY SECRETARY

Place : Chennai

Date : 30.08.2007

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Statement of Accounts for the year ended March 31st, 2007

FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2006-07	2005-06
Gross Income	179.73	165.08
Profit before tax	5.49	5.02
Profit after tax	4.38	3.07
Profit available for appropriation (after considering the balance b/f from previous year and deferred tax liability)	13.46	10.87
APPROPRIATION		
Dividend	1.30	1.30
Corporate Dividend Tax	0.22	0.18
Transfer to General Reserve	0.44	0.31
Surplus carried to Balance Sheet	11.50	9.08

OPERATIONS AND BUSINESS PERFORMANCE

During the year 2006-07, the sales increased from Rs.165.08 crores to Rs.179.73 crores, recording an increase of 8.87% over the previous year, while profit before tax has increased from Rs.5.02 crores to Rs.5.49 crores.

DIVIDEND

Considering the profits and the need to conserve the resources, your directors recommend a dividend of 5% on the paid up capital of the Company. The outflow on this account would be Rs. 152 Lakhs.

RESEARCH & DEVELOPMENTS

The Company, during the last year, entered into a collaborative research agreement with Sri Ramachandra Medical College and Research Institute (Deemed University) and Department of Science & Technology, Government of India, for project in research and development of Ayurvedic Herbal Medicine for Rheumatoid Arthritis.

The first phase of the 3-year project was successfully completed with regard to toxicity studies. During the second year, the company contemplates to do long-term efficacy studies and also standardize

the formulation.

The recognition of the Research & Development Laboratory of your Company by the Department of Science & Industrial Research, Ministry of Health, Government of India, has received the renewal for further three years. This is a testimony of the research work undertaken at ARL.

Our next project will be focusing on chronic ailment category, where safer management will be emphasized upon chronic health conditions affecting mankind.

DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr.S.B.Shah and Mr.Chotalal, directors of the Company, retire by rotation at the ensuing Annual General Meeting. Mr.S.B.Shah and Mr.Chotalal, being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE

The Company complies with the provisions of Corporate Governance as per the listing agreement with the Stock Exchanges. A separate report on Corporate Governance is attached to the annual report and Management Discussion and Analysis along with Auditors Certificate there on.



PARTICULARS OF ENERGY CONSERVATION ETC.

The details of energy conservation, technology absorption, foreign exchange earning and outgo are furnished in a separate statement attached to and forming part of this report, in accordance with Section 217(1)(e) of the Companies Act, 1956, read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

PARTICULARS OF EMPLOYEES

During the year, the Company did not have any employee drawing remuneration of amounts specified under Section 217(2A) of The Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975 and hence the details are not furnished.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 217(2 AA) of the Companies Act, 1956, your directors confirm

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the directors had prepared the annual accounts on a going concern basis.

AUDITORS

The statutory auditors M/s Doshi, Chatterjee, Bagri & Co, Chartered Accountants retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Statutory Auditor, if re-appointed.

AUDITORS' REPORT

The observations made in the Auditors Report are self-explicit and do not call for any further explanation.

INTERNAL AUDIT AND CONTROL

The Company has a proper and adequate system of internal control. The internal auditor verifies the records and furnishes his report to the Management for onward submission to the Statutory Auditors. There is an Audit Committee consisting of non-executive directors as members. The audit committee periodically reviews the internal control systems.

LISTING

The Company's shares are presently listed at Bombay Stock Exchange Ltd and in National Stock Exchange of India Ltd.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued co-operation of the banks and financial institution associated with the company. Your Directors also thank Medical fraternity for the trust reposed on the Company and the trade, the stockist and consumers for their patronage to the Company's product. Your Directors also place on record their profound admiration



and sincere appreciation of the continued hard work put in by employees at all levels. We look forward to the

same support in our future endeavours

For and on behalf of the Board

Place : Chennai
Date : 30.08.2007

Dr. B. ARVIND SHAH
Managing Director

Dr. CHANDRA RAVINDRAN
Director

Annexure To The Directors' Report

Information pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

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A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

The company has taken measures to maintain the power factor on an on going basis.

b) Additional Investment and proposals, if any, being implemented for reduction of consumption of energy - Nil

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact in reduction on the cost of production.

The above measures have resulted in general, in the reduction of power consumption and the cost of production.

d) Total Energy Consumption and energy consumption per unit of production:

Enclosed in Form A