



## *21<sup>st</sup> Annual Report*

2008-2009

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# **ARVIND REMEDIES LTD.**

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## CONTENTS AT A GLANCE

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Notice	04
Directors' Report	06
Management Discussion and Analysis	12
Report on Corporate Governance	15
Auditors' Certificate on Corporate Governance	22
Auditors' Report	24
Financial Statements	27



<b>Board of Directors</b>	Dr. B Arvind Shah	CEO & Managing Director
	Dr. Chandra Ravindran	Whole-time Director
	Mr. K.V. Narayan	Director
	Mr. S. B Shah	Director - Resigned on 31.10.08
	Dr. C.M.K.Reddy	Director
	Mr. Chotalal	Director - Resigned on 31.10.08
	Mr. Prakash Shah	Additional Director - Appointed on 31.10.08
	Dr. Yogesh Kothari	Additional Director - Appointed on 31.10.08 & resigned on 07.09.09
<b>Chief Financial Officer</b>	Mr. K. Kuppu Dhandapani	
<b>Company Secretary &amp; Compliance Officer</b>	Mr. P R Krishnan	
<b>Statutory Auditors</b>	M/s. Doshi, Chatterjee, Bagri & Co. Chartered Accountants Flat 3A, Saket No.2, Ho Chi Minh Sarani Kolkata 700 071.	
<b>Internal Auditors</b>	M/s. Siva Anantharaman and Co. No. 16, Kariappa Street, Purasaiwakkam Chennai 600 007.	
<b>Bankers</b>	United Bank of India Allahabad Bank State Bank of India Oriental Bank of Commerce Bank of Rajasthan Ltd. Industrial Development Bank of India Punjab National Bank Karur Vysya Bank Ltd.	
<b>Corporate &amp; Registered Office</b>	190, Poonamallee High Road, Chennai 600 084 Phone : +91-44-26423264/65 Fax : +91-44-26423296 E-mail : <a href="mailto:cs@arvindremedies.com">cs@arvindremedies.com</a> Website : <a href="http://www.arvindremedies.com">www.arvindremedies.com</a>	
<b>Works</b>	38,39,&40 SIDCO Industrial Estate, Kakkalur, Tiruvellore District, Tamil Nadu 602003 Phone : +91-44-27660403, 27662144 Fax : +91-44-27609095 E-mail : <a href="mailto:factory@arvindremedies.com">factory@arvindremedies.com</a>	
<b>Registrar and Share Transfer Agent</b>	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 Twenty first 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 9.30 a.m on Friday, the 30<sup>th</sup> October 2009 to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and Profit and Loss Account for the Year ended 31<sup>st</sup> March 2009 and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year 2008-09.
3. To appoint a Director in place of Dr. C.M.K. Reddy who retires by rotation, and being eligible, offers himself for re-appointment.
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, the following resolution as Special Resolution.

"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Mr. Prakash Shah, who was appointed as an Additional Director of the Company, and upon whom the Company has received nominations proposing him as Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

### NOTES :

1. Pursuant to Section 173 of the Companies Act, explanatory statement on item no.5 is annexed hereto.
2. 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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from, 27<sup>th</sup> October 2009 to 30<sup>th</sup> October 2009 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report to the Meeting.
5. The Dividend for the Year ended 31<sup>st</sup> March, 2009 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 30<sup>th</sup> October 2009. In respect of shares held in demat mode, the dividend will be paid on the basis of beneficial ownership 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 26<sup>th</sup> October 2009.



6. 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.
7. 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 24<sup>th</sup> October 2009.
8. All members, who are holding shares in demat mode, are requested to intimate their Depository Participate 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.**

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**Dr.B.ARVID SHAH**  
Managing Director

Place : Chennai  
Date : 29.09.2009

**Explanatory Statement pursuant to Section 173(2) of Companies Act, 1956  
in respect of item No.5**

**Item No.5:**

Mr. Prakash Shah was appointed as Additional Director by the Board pursuant to Section 260 of the Companies Act 1956, from 31<sup>st</sup> October 2008, and his term shall expire at the ensuing Annual General Meeting, Pursuant to Section 257 of Companies Act, 1956, he is eligible for reappointment as Director of the Company.

Mr. Prakash Shah, aged 56 years, has over 30 years experience in varied business. He brings with him the insight into various aspects of business/ multi-tasking and updating the dynamic changes in the external world. His business acumen will be of an immense help for the development of the company's business.

Board recommends the Resolution.

Except Mr. Prakash Shah, none of the Directors of the Company is interested in the resolution.

By Order of the Board  
**FOR ARVIND REMEDIES LTD.**

**Dr.B.ARVID SHAH**  
Managing Director

Place : Chennai  
Date : 29.09.2009



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty-First Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2009

### FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2008-2009	2007-2008
Gross Income	218.87	180.22
Profit Before Tax	7.17	6.89
Profit After Tax	4.82	5.13
Profit available for appropriation (after considering the balance b/f from previous year and deferred tax liability)	19.41	16.62
APPROPRIATION		
Dividend	1.30	1.30
Corporate Dividend Tax	0.22	0.22
Transfer to General Reserve	0.48	0.51
Surplus carried to Balance Sheet	17.41	14.59

### OPERATIONS AND BUSINESS PERFORMANCE

During the year 2008-09, the sales increased from Rs.201.51 Crores to Rs 229.21 Crores, while Net Sales has increased from Rs.175.67 Crore to Rs.217.89 Crores registering a growth of 24.03% over the previous year. The Profit Before Tax has increased from Rs.6.89 Crores to Rs 7.17Crores.

### DIVIDEND

Considering the profits and the need to conserve the resources, your directors recommend a dividend of 5 paise per share (5%) on the paid-up capital of the Company. The outflow on this account would be Rs.1.30 crores.

### FUTURE OUTLOOK

Looking to the global and domestic scenario of pharma industry the company wanted to explore the possibilities to venture especially in the value added sector, which will benefit in terms of more business. With a view to further expansion, the Company has decided to purchase industrial plots in the State nearby to existing operations. The Company has planned to utilize the existing vacant land at Kakkalur for Ayurvedic and Betalactum plant..

### Haridwar Project

The company in order to cater to the increasing demand from existing clientele, for tablets, liquid and ointments, set up project at plot Nos. 47 & 48 in Sector 6A of SIDCUL Integrated Industrial estate at Haridwar in Uttarakhand State considering the fiscal benefits such as 100% exemption of excise duty and income tax benefit for a period of ten years. With the phased reduction of excise duty by the Government in successive years to 4% as of date, translate to nil duty when Modvat is also taken into account. In this scenario the company does not have any fiscal benefit with the operations from the project and on the other hand, logistics and other administrative and selling overheads if taken for manufacture and supply to reach customers located in the length and breadth



of the country and overseas, it shall have no special cost benefits by going for production at Haridwar plant. Hence the company as a prudent measure has taken a conscious decision for the time being to meet the increased requirements of its clientele from recourse of additional shifts operations at its existing plant at Kakkalur, Chennai.

### **Decisions taken after the Annual Report**

1. Board of Directors in its meeting held on 7<sup>th</sup> September 2009 decided to sell substantially the whole of property of Haridwar Unit of the Company subject to consent of the shareholders, to M/s. Akums Drugs & Pharmaceuticals Ltd. and pursuant to Section 293(1)(a) of Companies Act 1956 approval of shareholders is being sought by postal ballot.
2. It was also decided to set up a new project at SIPCOT- Industrial Park, Irungattukottai, Kancheepuram Tamilnadu, (near Chennai) at a total cost of Rs.250 Crores to manufacture injectibles, soft gels, tablets and capsules.
3. To part finance the project, it was decided to raise Rs.50 Crores by way of preferential issue of Equity Shares to the Promoter entity/ associates and body corporate, and Rs.16 Crores by issue of Non-redeemable Cumulative Preference Shares subject to the approval of shareholders pursuant to Section 81(1A) & 80 of Companies Act 1956, and accordingly it was decided to increase the authorized share capital of the company to Rs.66 Crores, comprising of (i) Rs.50 Crores Equity Share Capital and Rs.16 Crores Preference Share Capital. The approvals u/s 81(1A), 80 & 94 of shareholders are being sought by postal ballot.
4. The new project at SIPCOT- Industrial Park, Irungattukottai, has been appraised by ITCOT and balance funds requirement of Rs.184 Crores is being tied up with Banks. Considering the same and future requirements of the Company, it was proposed to increase the borrowing power upto Rs.500 Crores over and above the paid up share capital and free reserves of the Company, and approval of shareholders is sought pursuant to Section 293(1)(d) by postal ballot.
5. It is proposed to carry on trading and export activities in agro products, minerals and food products and to include sub-clause 3 for same, in the main objects and pursuant to Section 17 of the Companies Act, 1956 approval of shareholders is sought by postal ballot.

### **RESEARCH & DEVELOPMENT**

Arvind Research Center, a sophisticated Research & Development Laboratory is well equipped with the latest Technologies and Machineries. The committed R&D team of Research Scientists, Doctors, Ayurvedic specialists and chemists are the primary driving force in the R&D Efforts of the Company and the focus areas are Development of Drug Delivery Systems, New Formulations and Process Development of Various Dosage forms. The six major areas where R&D works are

1. Ayurvedic formulation development
2. Allopathic formulation development
3. Process development and validation
4. Novel drugs delivery development
5. Nutraceuticals
6. Analytical Development

The high tech research center has been set up for the enhancement of research capabilities with focus on the core areas of Diabetology, Cardiology and Nephrology using age old Herbal Medicines, Nutraceuticals and anti infective segments. The company's in-house R&D unit is recognized by the Department of Scientific Industrial Research, Ministry of Science and Technology, Govt. of India.



## DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Dr. C.M.K Reddy, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the year, Mr. S. B. Shah and Mr. Chotalal resigned as Directors of the Company from 31<sup>st</sup> October 2008. Dr. Yogesh Kothari, was appointed as Additional Director of the Company on 31<sup>st</sup> October 2008 pursuant to Section 260 of the Companies Act, but ceased to be Director from 7<sup>th</sup> September 2009. Board places on record deep sense of appreciation for the valuable services rendered by them during their tenure as Directors of the Company.

Mr. Prakash Shah was appointed as Additional Directors pursuant to Section 260 of the Companies Act, 1956 with effect from 31<sup>st</sup> October 2008 and their term will expire at the conclusion of the ensuing Annual General Meeting. The Company has received nominations from members proposing them to be elected as Directors of the Company and pursuant to Section 257 of the Companies Act, 1956. Board recommends to pass the special resolution no. 5 in the Notice.

### Appointment of Chief Financial Officer

During the financial year Mr. Nirajkumar Ganeriwal, Financial Controller resigned from the services to the Company. The Company has since appointed Mr. K.Kuppu Dhandapani as Chief Financial Officer who has joined in April 2009.

## 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 which forms part of the Annual Report.

## FIXED DEPOSITS

During the year the Company has not accepted any fixed deposits from the public.

## 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 nil.

## 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 have been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss 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.

## INTERNAL AUDIT AND CONTROL

The Company has a proper, 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 other financial institutions associated with the company. Your Directors also thank Medical fraternity for the trust reposed on the Company and the trade, the stockists and consumers for their patronage to the Company's products. Your Directors also place on record their profound admiration and sincere appreciation of the continued hard work put in by the 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 : 29.09.2009

**Dr. B.ARVIND SHAH**  
Managing Director

**Dr. CHANDRA RAVINDRAN**  
Whole-time Director

## Annexure To The Directors' Report

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

### 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

### FORM A

#### POWER AND FUEL CONSUMPTION:

	2008- 2009	2007-2008
1. Electricity		
a) Purchase Unit (Nos.)	635935	649863
Total amount (Rs. '000s)	4241.17	3885.34
Rate / Unit (Rs.) average	6.67	5.98
b) Own Generation		
i) Through Diesel Generation		
Unit (Nos)	37536.28	35629.72
Unit per ltr. Of Diesel Oil (Nos)	8.65	8.5
Cost / Unit (Rs.)	8.1	7.95
ii) Through Steam / Wind Turbine / Generator	-	-
Unit (Nos)	-	-
Cost / Unit (Rs.)	-	-
Amount (Rs.)	-	-
2. Coal	-	-
Qty. (Tonnes)		
Total Cost		
Average Rate		
3. Furnace Oil	-	-
Qty. (K.Ltrs.)		
Total Amount		
Average Rate (Rs.)		
4. Other / Internal Generation Steam by LDO		
Quantity (in '000 kgs)		
Total Cost (Rs. '000)		
Rate per kg. (Rs.)		

#### Consumption per unit of production

There is no specific standard as the consumption per unit depends on the product mix and formulations (Capsules, Tablets, Ointments and Liquids) and disclosure of consumption figures per unit of production is insignificant.