

***22nd Annual Report  
2009- 2010***

*Caring for your Health*



**ARVIND REMEDIES LIMITED**

190, Poonamallee High Road, Chennai - 600 084.

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## CONTENTS AT A GLANCE

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|   |    |
|---|----|
| Notice & Explanatory Statement                | 04 |
| Directors' Report                             | 09 |
| Management Discussion and analysis            | 15 |
| Report on Corporate Governance                | 18 |
| Auditor's Certificate on Corporate Governance | 26 |
| Auditor's Report                              | 27 |
| Financial Statements                          | 30 |

**Board of Directors**

Dr. B Arvind Shah  
Dr. Chandra Ravindran  
Mr. K.V. Narayan  
Dr. C.M.K.Reddy  
Mr. Prakash Shah  
Dr. Yogesh Kothari

CEO & Managing Director  
Whole-time Director  
Director  
Director  
Additional Director from 31.10.2008  
Additional Director till 07.9.2009

**Company Secretary**

Mr. P R Krishnan

**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.

**Cost Auditors**

Mr. K. Suryanarayanan  
Cost Accountant  
Flat A, Brindhavan Apartment,  
No.1, Poes Road, 4<sup>th</sup> street  
Teynampet, Chennai 600 018.

**Bankers**

United Bank of India  
Allahabad Bank  
State Bank of India  
IDBI Bank  
Punjab National Bank  
The Karur Vysya Bank Ltd.  
Bank of Rajasthan Ltd.

**Corporate &  
Registered Office**

190, Poonamallee High Road, Chennai 600 084  
Phone: +91 - 44 - 2642 3264 / 4343 9595  
Fax +91-44-26423296  
E-mail: [arl@arvindremedies.com](mailto:arl@arvindremedies.com)  
Website: [www.arvindremedies.com](http://www.arvindremedies.com)

**Works**

38,39, &40 SIDCO Industrial Estate,  
Kakkalur, Tiruvellore District, Tamil Nadu 602003  
Phone: +91-44-27660403, 27662144  
Fax: +91-44-27609095  
Email: [factory@arvindremedies.com](mailto:factory@arvindremedies.com)

Plot No.G28 & 29,  
SIPCOT Industrial Park, Irrungatukottai  
Dist. Kancheepuram, Tamil Nadu

**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 Twenty Second 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 Tuesday, the 28<sup>th</sup> September 2010 to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and Profit and Loss Account for the Year ended 31<sup>st</sup> March 2010 and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year 2009-2010.
3. To appoint a Director in place of Mr. K. V Narayanan 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 Ordinary Resolution:

RESOLVED THAT pursuant to Section 198, 269,309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 consent of the company be and is hereby accorded to the re-appointment of Dr. B. Arvind Shah, as the Managing Director of the Company for a period of 5 years with effect from 01.10.2010 and to his receiving remuneration payment, perquisites and amenities from that date as given below.

#### A. (1)Salary

The salary payable to Dr. B. Arvind Shah, Managing Director shall be Rs. 2,50,000 per month

#### A(ii) Perquisites

In addition to the above mentioned salary, and allowance, Dr. B. Arvind Shah will also be entitled to use of company car for official duties Dr. B. Arvind Shah will be entitled for House Rent allowance subject to maximum of Rs. 50,000 per month.

#### B Commission

In addition to the salary, Dr. B. Arvind Shah will be entitled to commission on the profits of the company to be calculated as per the provisions of the Companies Act for the purpose of remuneration, and that

In any case, maximum remuneration including salary, perquisites and commission shall not exceed the limit of 5% of the net profits of the company, as per the provisions of Companies Act, 1956.

Dr. B. Arvind Shah shall also be entitled to the following perquisites and benefits, which are not covered in the aforesaid limits in A & B above.

#### a) Telephone/ computer

Provision for use of one telephone (including payment of local and long distance office calls, and computer facility at residence.

b) contribution to provident fund, superannuation fund etc.

Contribution to provident fund, superannuation fund or annuity fund will not be included in the above ceiling to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity is payable as per the company's scheme and also encashment of leave at the end of the tenure.

c) Leave as per the rules of the company

d) Club Membership Entrance fees and monthly subscription fees of not more than two clubs

e) Entertainment expenses

Dr. Arvind Shah will also be entitled to reimbursement of entertainment expenses incurred by him for the purposes of the business of the company

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

The Board of Directors may, in its discretion, pay to Dr. B. Arvind Shah lower remuneration than the maximum remuneration hereinbefore stipulated and revise the same from time to time within the maximum limits stipulated. The terms of remuneration payable to Dr. B. Arvind Shah shall be in compliance with the provisions of Section 198, 269, 309 and 310 of the Companies Act, 1956 read with Schedule XIII of the Act.

#### C) Minimum Remuneration

In the event of loss or inadequacy of profits, in any financial year during the tenure of Dr. B. Arvind Shah as the Managing Director of the company, he shall be entitled to receive a total remuneration including perquisites etc. not exceeding ceiling limits as approved by the Central Government as minimum remuneration.

#### D. Period:

Subject to the provisions of Section 317 of the Companies Act, 1956, Dr. B. Arvind Shah shall continue in Office as Managing Director for a period of 5 years commencing from 1<sup>st</sup> October 2010

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized from time to time to amend, alter or otherwise vary the terms and conditions of the appointment of Dr. B. Arvind Shah including remuneration, provided that such remuneration shall not exceed the maximum limits for payment of remuneration as may be admissible to him, within the overall limits specified in the Act and as existing or as amended, modified or re-enacted from time to time by the Govt. of India, as the Board may deem fit.

RESOLVED FURTHER THAT that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as in its absolute discretion, may consider necessary expedient or desirable, in order to give effect to this Resolution."

6. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution.

RESOLVED THAT pursuant to Section 314 (1B) and other applicable provisions of the Companies Act, 1956 and subject to the necessary approvals of the Central Government for payment of remuneration, consent be and is hereby given for the appointment of Mr. Anand Shah, as Vice President of the Company from 1<sup>st</sup> April 2010 on the following terms and conditions.



## **PROFILE**

Mr., Anand Shah, aged 28 Years is a Commerce Graduate, and pursuing MBA (Marketing). He is a Director in other body corporate and was working there for three years on full time basis. Mr. Anand Shah has been with the Company since last year without any remuneration, looking after the marketing activities of the Company, which comprises Institutional sales, exports, and outsourcing. He has been appointed as Vice President from 1st April 2010 and heads the marketing functions of the Company.

## **Terms & conditions**

Mr. Anand Shah is son of Dr. B. Arvind Shah, Managing Director of the Company and hence pursuant to provisions of Section 314(1B) of the Companies Act, 1956 payment of remuneration to him exceeding Rs.50,000/- per month requires approval of General Meeting and of the Central Government. The Company propose to pay to Mr. Anand Shah the following remuneration.

- a) Salary Rs . 1.00,000 P.m.
- b) House Rent allowance: Rs 20,000 per month

## **PERQUISITES**

Contribution to Provident Fund at such rates as applicable to other employees of the company.  
Reimbursement of the one mobile phone charges at actuals, every month used for business purpose of the company.

Car with driver for discharging his duties, which shall not be considered as perquisites for the above said purposes.

## **OTHER BENEFITS**

The Board of Directors can also consider giving performance incentive or any other benefits in future during the tenure of his appointment as may be introduced and applicable to the officers / employees of the company.

The Board of Directors can consider variation and/ or increase in the remuneration from time to time in future which may include any other allowance, perquisite, or incentive subject to the limits prescribed in the regulations and approvals as may be required from the authorities concerned.

Mr. Anand Shah will be also entitled for the reimbursement of actual traveling, boarding and lodging expenses as may be incurred by him, from time to time, in connection with the Company's business and any other allowances, benefits and perquisites as are provided to the senior executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may decide from time to time

## **NOTES :**

1. Pursuant to Section 173 of the Companies Act, explanatory statement on item nos.5 and 6 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 25th September 2010 to 28<sup>th</sup> September 2010 (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, 2010 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 28<sup>th</sup> September 2010. 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 24th September 2010.
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 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 20<sup>th</sup> September 2010.
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

Place : Chennai  
Date 31<sup>st</sup> August 2010

**Dr. B. Arvind Shah**  
**Managing Director**



## **Explanatory statement pursuant to Section 173 of the Companies Act, 1956**

### **Item No.5**

In the 17th Annual General Meeting held on 25th September 2005 the shareholders have approved the appointment of Dr. B. Arvind Shah as the Managing Director of the Company for a period of 5 years effective from 1<sup>st</sup> October 2005.

The Board of Directors at its meeting held on 31st August 2010 has decided to re-appoint Dr. B. Arvind Shah as the Managing Director of the company for a period of 5 years with effect from 1<sup>st</sup> October 2010 subject to the approval of the shareholders at the Annual General Meeting of the Company. The remuneration payable to Dr. B. Arvind Shah is set out in the Resolution at item no.5 of the Notice.

The information required to be furnished under the Code of Corporate Governance is given hereunder.

Dr. B. Arvind Shah 50 years is a Commerce Graduate and has done post graduation in MBA. He has been with the company right from inception and prior to that he was handling the distribution work of reputed pharma companies for two decades.

He is not holding any directorship in any other bodies corporate

Dr. B. Arvind Shah is promoter of the Company and his equity shareholding in the company together with family and associates have been 25.32%.

The Board recommends this resolution for the approval of the Members.

The above particulars may be treated as an Abstract pursuant to Section 302 of the Companies Act, 1956.

Dr. B. Arvind Shah is deemed to be interested in this Resolution as it concerns him. No other Director is concerned or interested in the passing of this Resolution.

### **Item No.6**

Mr. Anand Shah is appointed as Vice President to assist Managing Director in the marketing area. He is son of Managing Director and hence his payment of remuneration is subject to approvals of the Members in the General Meeting and subject to the approvals of Central Government pursuant to Section 314(1B) of the Companies Act, 1956. Hence approval of Members is sought for passing the Special Resolution.

Except Dr. B. Arvind Shah, Managing Director no other director of the company is deemed to be interested in the item.

Chennai,  
31<sup>st</sup> August 2010

**By order of the Board of Directors**

**Dr. B. Arvind Shah  
Managing Director**



## **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Twenty-Second Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2010

### **FINANCIAL RESULTS**

(Rs. in Crores)

| Particulars  | 2009-2010 | 2008-2009 |
|--|-----------|-----------|
| Gross Income   | 303.74    | 218.87    |
| Profit before tax  | 15.34     | 7.17      |
| Profit after tax   | 10.64     | 4.82      |
| Profit available for appropriation (after considering the balance b/f from previous year and deferred tax liability) | 28.04     | 19.41     |
| APPROPRIATION  |           |           |
| Dividend   | 1.30      | 1.30      |
| Corporate Dividend Tax   | 0.22      | 0.22      |
| Transfer to General Reserve  | 1.06      | 0.48      |
| Surplus carried to Balance Sheet   | 25.46     | 17.40     |

### **Operations and Business Performance**

During the year 2009-10, the sales increased from Rs.229.21Crore to Rs 309.24 Crores, recording an increase of 35% over the previous year, while profit before tax has increased from Rs.7.17 Crore to Rs 15.34 Crore.

### **DIVIDEND**

Considering the profits and the need to conserve the resources, your directors recommend a dividend of 5 paise per share of Re.1 each on the paid-up Equity share capital of the Company. The outflow on this account would be Rs.130.02 Lakhs.

### **FUTURE OUTLOOK**

Looking to the global and domestic scenario of pharma industry the company wanted to explore the possibilities to venture especially in the injectibles and soft gelatine sector, which will benefit in terms of more business. The Company plans to utilize the existing vacant land at Kakkalur for Ayurvedic plant and Betalactum plant.

### **Haridwar Project**

During the year the company disposed of the Haridwar Unit and paid back the term loan and unsecured loan taken for the project, out of the proceeds of sale.

### **New Unit at Irrungatukottai**

Your company for the new unit at Irrungatukottai, Tamil Nadu, has tied up the funds requirement and the building construction is in progress. The unit is expected to be ready by September 2011 for commercial production after which the manufacturing of injectibles and soft jel could be commenced.



## **RESEARCH & DEVELOPMENTS:**

Arvind Research Centre a sophisticated Research & Development Laboratory is well equipped with the latest Technologies and Machinery. The committed R&D team of 10 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 involved are (1) formulation development in ayurvedic and (2) allopathic segments, (3) Process development and validation (4) Novel drugs delivery development (5) Nutraceuticals and (6) Analytical Development

There is High tech research center which focuses 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.

### **R&D Infrastructure,**

**ARL** has embarked on R&D in a significant way by establishing own R&D centre. The Company has state-of-the-art multi-disciplinary centre with dedicated facilities for generics research and innovative research.

### **Novel Drug Delivery Systems (NDDS),**

**The area will be on** developing novel drug delivery systems for anti-infective molecules and NSAID molecules. A few platform and product specific technologies formulations have been successfully developed.

In research, efforts will be on maximizing the overall therapeutic and commercial value of commonly prescribed pharmaceutical formulations by enhancing their performance and reducing their adverse event profile. Such innovation also helps to improve the overall patient convenience and compliance

The focus is mainly on the development of Abbreviated New Drug Applications (ANDAs) of oral controlled-release products for the regulated markets. The Company's In-house NDDS programs are primarily focused on the oral segment. Spray technology and dermal therapy programs are also being pursued through collaborations.

### **Intellectual Property Management (IPM)**

ARL has developed its own patents/ trade marks for new products of formulations. It has the system to develop patent applications, potential new products and markets for new formulations

### **Existing Developments**

The Company has developed Poly Herbal Formulations. It Concentrates on chronic ailments and for treatment in anti arthritic formulation, obesity induced hyperlipidemia and anti viral for human herpes virus 1 and 2 and varicellazoste. These are handled with Dept of Science and Technology, Govt. of India and Sri Ramachandra University, Chennai.

ARL has so far developed more than 200 products which includes products in diabetic, cardiac, antibiotics and anti allergic sectors. Some of the recently developed products are Montelukast and Ondansatran (mouth dissolving tablets) and Montelukast with Levocitrizine (mouth dissolving form ) for first time in India.

ARL has developed some formulation products to meet the global market requirements and meeting with the safety profile, impurity profiles, dissolution profiles, F1&F2 Calculations, as per the different regulatory norms.

Some of NDDS formulations are introduced in pellets, for example, Pantaprazole (delayed release) plus Domperidone immediate release and sustained release, Tanataprozole.