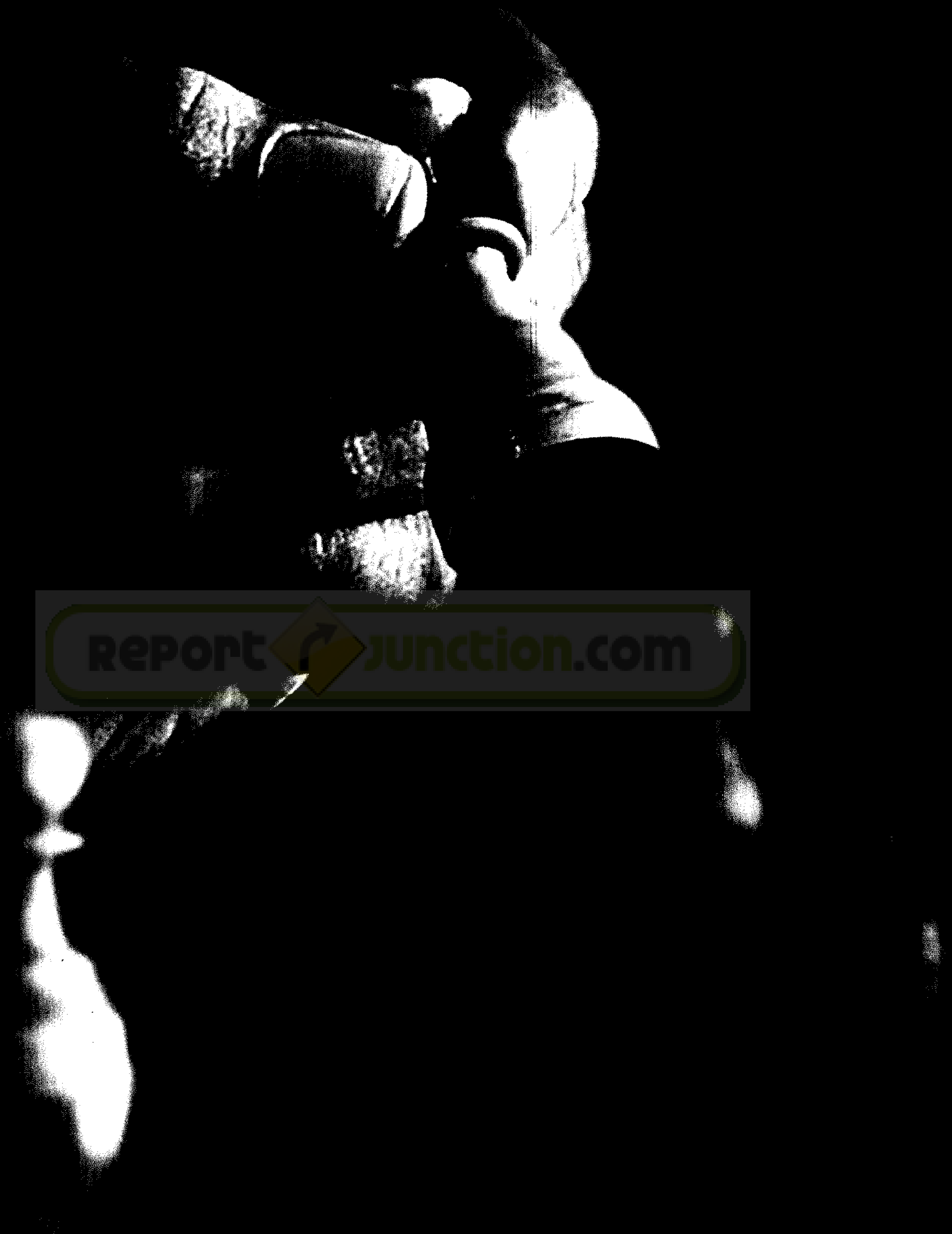
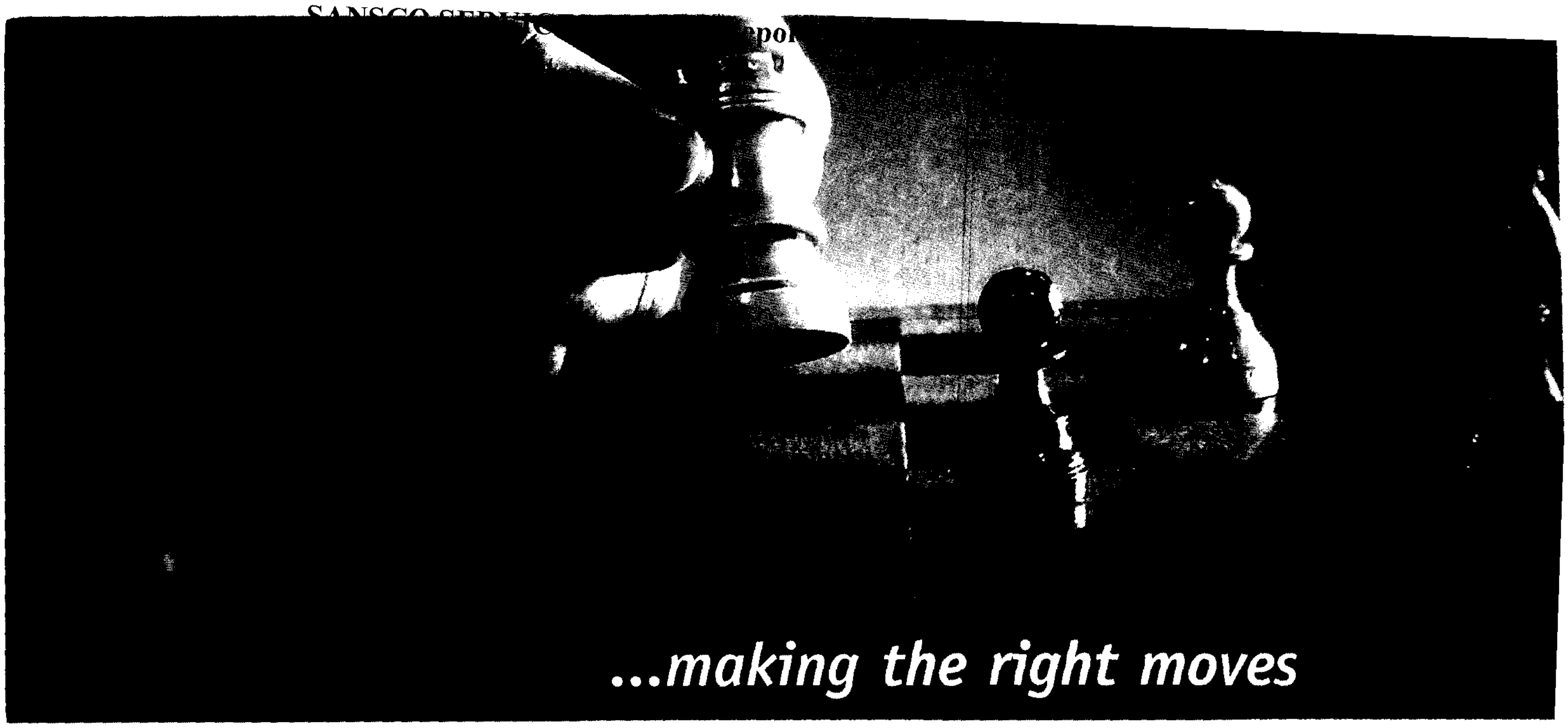
30th ANNUAL REPORT
2002-03



Torrent Pharmaceuticals Limited



It's not going to be the same ever again, come 2005. Even the most indomitable in the global pharmaceutical business will need to do a rethink on the strategies that have served them so well in the era gone by.

As the walls of complacency come crumbling down, it is a time for introspection whereby companies are trying to find means of creating and building advantages rather than just eliminating disadvantages. It is no longer a matter of being better at what you do; but it's all about being different at what you do.

We, of course, at Torrent saw it coming. Precisely the reason that has seen us plan our opening moves with precision; like consistently investing in people and, over the years, towards building the finest of pharmaceutical research and development infrastructures in the country. An endeavour that has been complementary to our efforts at forging various alliances with global pharma majors on discovery projects, so that we remain on track with our mission of being a top player in the domestic and world markets. Add to this, our efforts at modernizing our formulations plant and sprucing up our bulk drug operations to measure up to the highest degree of compliance with the global standards.

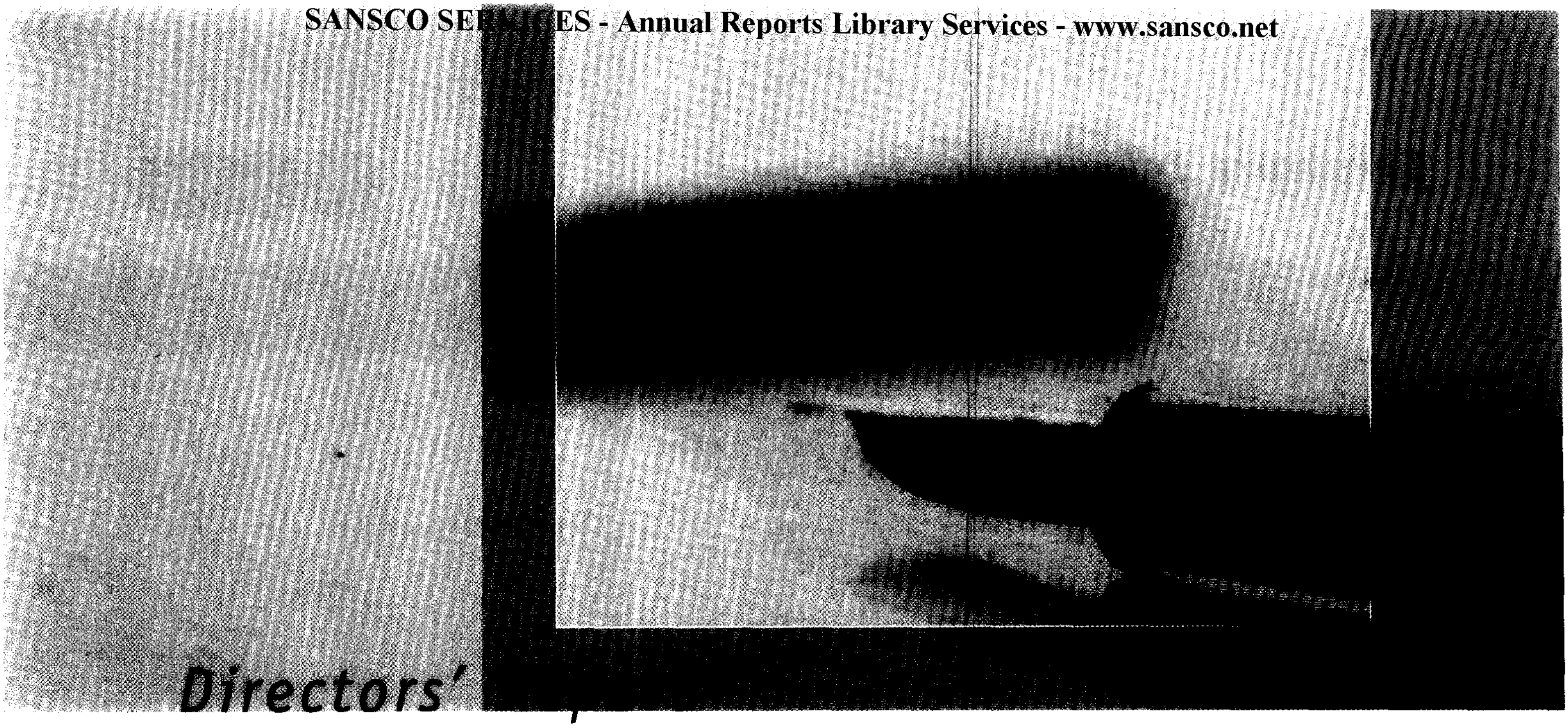
Today, having identified the global geographical territories that we want to be in, the therapeutic areas to be pursued and the product portfolio to be tracked, we feel confident of traversing the chequered path that lies ahead.

The future is all about leading the change, and the rules of the game are changing by the minute. But, it is with an eye on tomorrow, that we have been making all the right moves.

CONTENTS

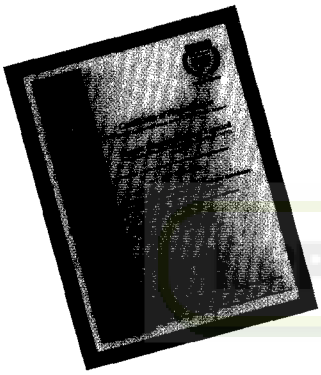
Corporate Information

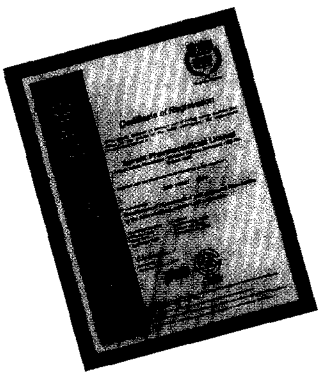
Directors	Sudhir Mehta	Executive Chairman
	Kiran Karnik	
	S. H. Bhojani	
	Dr. Prasanna Chandra	
	Mihir Thakore (w.e.f. 23rd Oct, 2002)	
	Sanjay Lalbhai (w.e.f. 23rd Jan, 2003)	
	Markand Bhatt	
	Dr. C. Dutt	Director (Research & Development)
	Samir Mehta	Managing Director
Audit Committee	Kiran Karnik	Chairman
	S. H. Bhojani	
	Dr. Prasanna Chandra	
	Mihir Thakore (w.e.f. 23rd Oct, 2002)	
Securities Transfer & Investors' Grievance Committee	Markand Bhatt	Chairman
	Samir Mehta	
	Dr. C. Dutt	
Company Secretary	Parthiv Parikh	
Auditors	M/s. C. C. Chokshi & Co. Chartered Accountants	
Registered Office	Torrent House, Off Ashram Road, Ahmedabad 380 009.	Telephone : 079-6585090 Fax : 079-6582100
Plant	Village Indrad, Taluka Kadi, Dist. Mehsana 382 721.	Telephone : 02764-33671 Fax : 02764-33676
R&D Facility	Torrent Research Centre, Near Kanoria Hospital, Village Bhat, Dist. Gandhinagar 382 428.	Telephone : 079-3969100 Fax : 079-3969135
Website	**www.torrent-india.com**	
Registrars and Transfer Agents	MCS Limited, 101, Subh Shatdal Complex, Opp. Bata Show Room, Ashram Road, Ahmedabad 380 009.	Telephone : 079-6582878 Fax : 079-6584027

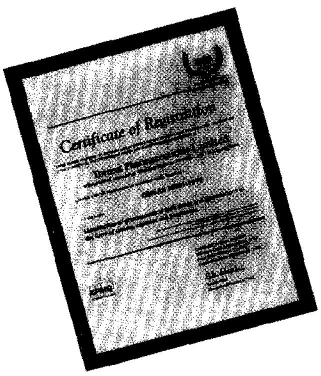


Directors'

To,
The Shareholders







The Directors have the pleasure of presenting the Thirtieth Annual Report of your Company for the Financial Year 2002-03.

Financial Results, Dividend and Accounts

The summary of operating results for the year and appropriation of divisible profits is given below :

(Rs. in lacs)

	2002-03	2001-02
Sales & Operating Income	**44,724**	44,231
Operating Profits (PBDIT)	**8,658**	8,426
Less : Depreciation	**1,495**	1,423
Net Interest Expense (Income)	**(153)**	463
Profit Before Tax & Exceptional Items	**7,316**	6,540
Less Exceptional items	**-**	75
Less Net Income Tax Expense	**2,139**	1,479
Net Profit for the period	**5,177**	4,986
Balance brought forward from last year	**3,447**	4,154
Distributable profits	**8,625**	9,140
Appropriated as under :		
Transfer to General Reserve	**518**	4,000
Proposed equity dividend	**1,693**	1,693
Tax on distributed profits	**217**	-
Balance carried forward	**6,197**	3,447

During the year 15% Secured Redeemable Non-Convertible Debentures were fully redeemed as per the terms of the issue and Debenture Redemption Reserve of Rs.1,825 lacs was transferred to General Reserve account, being no longer required due to the said redemption.

The Management's Discussion and Analysis Report, giving a detailed analysis of performance for the year, has been included in the Annual Report.

The Board has recommended a dividend of Rs.8 per equity share (80 % on fully paid up face value of Rs.10) (previous year Rs.8 per equity share, 80% on fully paid up face value of Rs.10), amounting to Rs.1,693 lacs. The tax on distributed profits payable on this dividend is Rs.217 lacs making the aggregate distribution Rs.1,910 lacs (previous year Rs.1,693 lacs). The distributed profits are 37% (previous year 34%) of the net profits for the year. The proposed dividend would be tax free in the hands of the shareholders on account of abolition of dividend tax and introduction of tax on distributed profits from 1st April, 03.

Directors' Responsibility Statement

In terms of section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the year 2002-03, the Board of Directors state that:

i. the applicable accounting standards have been followed in preparation of the financial statements and there are no material departures from the said standards;

ii. reasonable and prudent accounting policies have been used in preparation of the financial statements, that they have been consistently applied and that reasonable and prudent judgments and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2003 and of the profit for the year ended 31st March, 2003;

iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the financial statements have been prepared on a going concern basis.

Capital and Borrowings

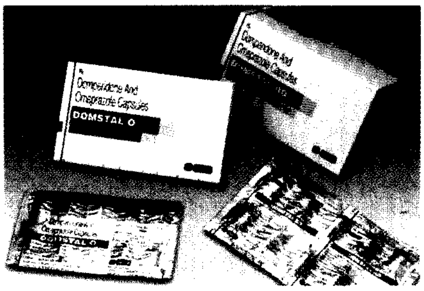
The Company redeemed long-term debt of Rs. 1,825 lacs, which became liable for redemption during the year under reference. Subsequent to the balance sheet date, further long-term debt of Rs. 400 lacs has been repaid. There is no outstanding working capital borrowing & short-term debt. With this the Company is debt free and as at the end of the year had surplus funds of about Rs.30 crores. The Company has sufficient financial flexibility to raise new debt to finance the future growth plans and capitalize on emerging opportunities.

Domestic Branded Formulations

Domestic branded formulations is the key revenue generator for the Company. The Company has established a major presence in the Cardiovascular and Neuro-psychiatry segments and has a significant presence in the Gastro-intestinal segment. The current year witnessed consolidation of this position besides strengthening our presence in oral anti-diabetic and pain management segments. Going forward, the growth strategy is to increase the doctor coverage (primarily through improved doctor-segment coverage and partially through territorial expansion and restructuring), expand into new therapeutic segments, improve the sales force and marketing spend productivity and explore institutional segment. As in the past, new products will also continue to be the main driver for growth.

The year under review experienced a significant slowdown in the growth rate of the industry mainly due to price erosion, which offset a reasonable volume growth. Going forward the trend of low industry growth is expected to continue. This was accentuated by the uncertainties arising out of implementation of VAT by State Governments. Compared to the previous year, the Company also experienced significant market-related price cut in certain key products. These factors also subdued the sales growth of the Company.

New products



New products are a key to the growth strategy of the pharma industry as a whole. With new therapies replacing the existing ones, there is a need for the Company to keep pace with new product introductions. The Company has well-established capabilities in early product development. During the year 28 new products (including line extensions) were brought to the market including Xamic (Tranexamic acid), Tegibs (Tegaserod), Valz (Valdecoxib), Azulix (Glimiperide) & Azulix MF (combination with Metformin), Topril (Ramipril) & Topril AM (combination with Amlodipine), Esam (s-Amlodipine), Ropitor (Ropinorole), Feliz-S (Escitalopram), which have enabled the Company to bridge gaps in focus therapeutic areas. Feliz (citalopram), Veloz (Rabeprazole) and Nexpro (Esomeprazole) launched last year have performed extremely well during this year.

Turnover

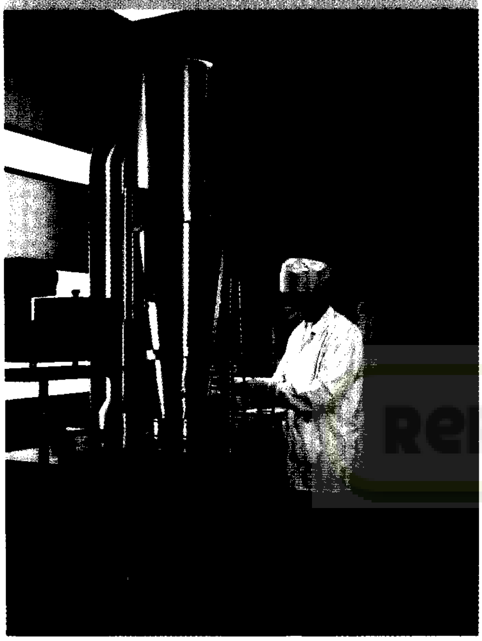
The turnover for the year was Rs. 305 crores, remaining at the same levels as in the previous year. Sales during March 2003 were affected due to disruption in orders from stockists arising out of uncertainties in implementation of VAT by various State Governments. Growth was also affected by steep price cuts in a key brand and discontinuance of non-strategic products. The growth of the Company as per ORG MARG industry data was 5% compared with industry growth of 5.7%. Thirteen brands of the Company enjoyed leadership positions in the respective molecule segments and top 10 brands contributed to 56% of the total domestic formulation sales as against 58% during previous year.

Distribution

A well functioning distribution system is a pre-requisite in any consumer goods industry and more so in pharma due to limited shelf life of products. This area has been under continuous focus for improvement. The key initiatives for the year involved automating the processes at various levels in the supply chain system and improving the flow of data for market planning and control. The debtors credit and collection system was also completely overhauled resulting in a considerable reduction on overdue debtors. The Value Added Tax (VAT) was proposed to be introduced by all the State Governments from April 2003 in replacement of the current sales tax laws. As in the past, this was once again postponed. VAT has created considerable confusion and uncertainties amongst the trade channel and is repeatedly affecting the primary sales of the Company. In the medium term, the implementation of VAT is also expected to result in a restructuring of the distribution structure, for which your Company is gearing up.

Price Regulation

The Government had announced Pharmaceutical Policy 2002, *inter alia*, to replace the Drug Policy 1984, as modified from time to time. However policy was enmeshed in litigation and could not be implemented during the current year. The policy has three broad features - R&D, Price Control & Quality. The policy was expected to further reduce the price controls and provide growth impetus to the pharmaceutical industry. As on the date of this report, it is not clear whether the Government will implement the policy as announced or modify the same in light of the litigation involved. Till such time, the price control regime will continue to be governed by Drug Price Control Order, 1995. Over the years, due to introduction of products mainly in non-controlled segments, your Company has continuously seen the proportion of sales under price control falling down to current level of 15%.



International Operations

The Company looks at international generic opportunity as the future growth engine. This market segment is expanding due to many blockbuster drugs going out of patent protection over next few years. An added factor is the mounting health care costs in advanced markets, which is paving way for a more favourable regulatory regime for generics in many countries. Generics now get faster approvals and are actively encouraged by the governments. Over the last few years, the Company has introduced the strategy and built infrastructure and capabilities focused on tapping this lucrative opportunity. The manufacturing facilities are upgraded to meet stringent quality assurance standards of the highly regulated developed countries at the same time maintaining the competitive cost advantage. Torrent Research Center (TRC), the research & development arm, is upgraded to develop international generic versions of selected molecules in the required time frame and prepare the necessary regulatory dossiers for obtaining timely marketing approval. Going forward these processes will be further strengthened to sustain the growth.

Within the above-mentioned overall strategy, the current international operations are focused on four thrust areas: Russia & CIS countries, Brazil & Latin America, Europe and Rest of the World comprising of less regulated countries of Africa and Asia.

In the Russia & CIS markets the Company is planning a multi-pronged strategy to double its sales in the coming year - heavy promotional inputs to boost sales of key products, launch of several new products, building a robust product pipeline and foray into new market segments. With the restructured business set-up & the immense experience and corporate recognition in this market, the Company expects to clock impressive growth in business. Please also refer the section on "Zao Torrent Pharma" in this report for more details.

In Brazil & Latin American markets, the Company essentially operates through its wholly owned subsidiary Torrent Do Brasil Ltda. The business set-up phase was completed during the second half of the year and business was launched with the introduction of 10 products in the Brazilian market. More products are in the process of regulatory approvals and marketing authorizations. The Company is expected to maintain the tempo of rapid and significant new product launches in the next few years. Please also refer the section on "Torrent Do Brasil Ltda." in this report for more details.

During the year, the Company incorporated the subsidiary Torrent Pharma GmbH in Germany as first step for entry into the Europe generics market. The business model chosen for this market is to strike alliances and partnerships with large generic players for selected molecules by providing them with product registration dossiers and tying these with long-term supply contracts both for Active Pharmaceutical Ingredients (API) and for finished formulations. Such alliances will create licensing revenues in the near term for providing the product dossiers for regulatory approvals and export revenues from product supply after the patent expiry. Emerging opportunities in this market are value-added generics, specialty generics and new drug delivery systems, which tend to create market exclusivity and higher product margins. The Company is working on a few of such projects that represent an opportunity in the years ahead. Please also refer the section on "Torrent Pharma GmbH" in this report for more details.

Amongst the less regulated markets, the strategy continues to be to expand the product basket, reaching out to new regions and strengthening the distribution & marketing reach in the countries where the Company already has a presence. For the coming year, the Company is poised to strengthen its reach in Philippines and in Francophone Africa and also to increase the sale of APIs to various countries.

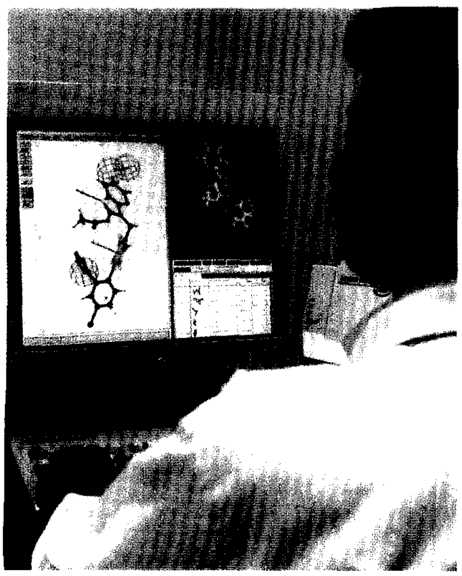
With the above new forays, the Company has now entered into an exciting growth phase. The Company is well set to leverage its technical capabilities, cost advantages and geographical reach to provide a quantum jump to exports in the coming years.

Manufacturing

The up-gradation of the bulk drug plant, started last year, was completed by the end of the year. Process and utility validations are expected to be over by June 2003 after which the facility will commence commercial output meeting the DMF standards of European drug authorities, thus enhancing the Company's efforts to enter international generics market. The up-gradation has been completed within the time and cost framework planned. The total capital expenditure on the up-gradation would be Rs. 14 crores. Consequent to the bulk drug plant up-gradation the effluent treatment and environment protection systems are also being up-graded. In the formulations plant the packaging lines were taken up for higher-level automation to improve quality assurance. To improve supply chain efficiencies, the warehouse areas in the plant were expanded during the year. This is expected to improve storage conditions for the products and optimise inventories at certain stages in the supply chain.

Continuing the process of improving quality standards in the plant, during the year the entire facility and all activities at the plant were certified as ISO-14001:1996 compliant (safety standards) and OHSAS-18001:1999 compliant (occupational health safety assessment systems). You would recall that in the previous year the plant achieved certification as ISO-9001:2000 for quality system. For the third consecutive year, the plant received Quality Excellence Gold Award for formulations section and for the first time Silver Award for bulk drug section from Indian Drug Manufacturers Association.

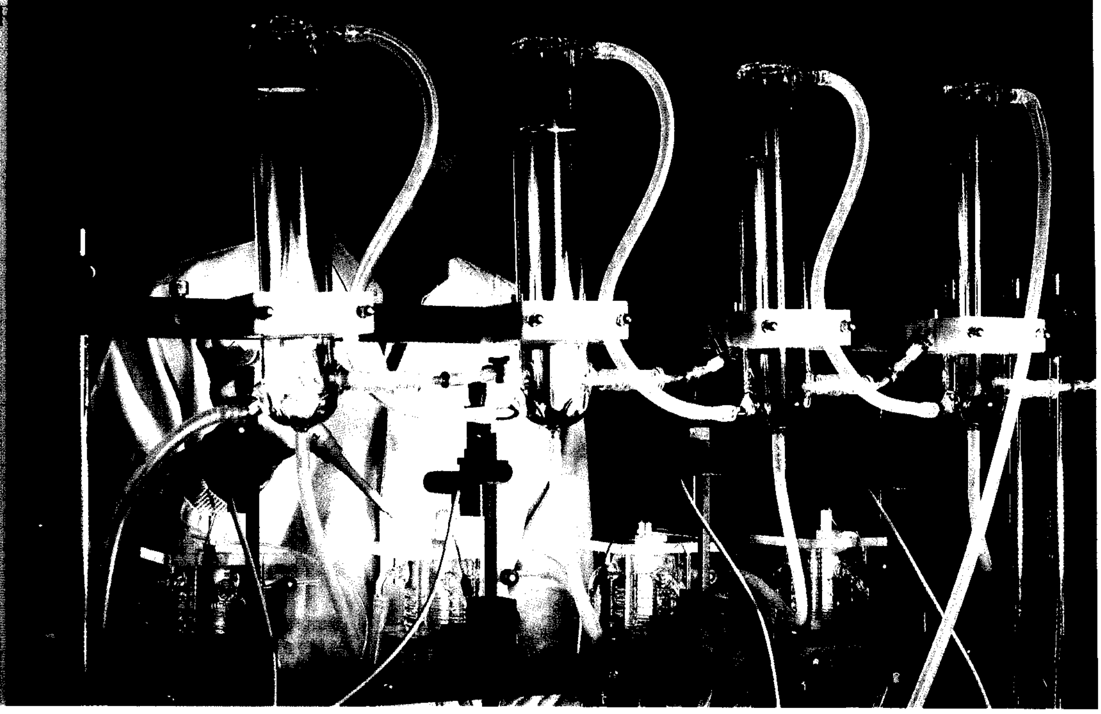
During the year, the plant was inspected and approved by foreign regulatory authorities from Hungary, Latvia and South Africa. In the coming year, similar approvals are proposed to be obtained from Norway, UK, Germany and similar other European regulators. The quality assurance is of prime importance in pharmaceuticals and more so when exporting to advanced countries with stringent regulations. All steps are being planned to assure highest standards, which generates confidence in the health regulators world over, thus facilitating global exports of products.



Research and Development

In the previous two Directors' Reports we had explained the research strategy of the Company, the physical infrastructure created and the research management skills developed by the Company. The year gone by witnessed achievement of a major milestone in the discovery research area. Your Company reached an agreement with Novartis Pharma AG, Switzerland granting an option for global rights to its early stage Advanced Glycosylation End products ("AGE") Breaker compounds. AGE Breakers are compounds with potential in the treatment of heart disease and diabetes-related complications. As per the agreement, the Company will be completing research activities up to pre-defined endpoints at which stage Novartis has an option to acquire exclusive global rights. In addition to option fee of USD 0.50 million received, further milestone payments would be received from Novartis in case it exercises the option to in-license the compound. The Company would also lead the co-promotion of the compound in Indian market. AGE project is progressing satisfactorily and is expected to be presented to Novartis for exercise of the option during the course of 2003-04.

During the year, several new technologies for speeding up the discovery research processes and also for determining the efficacy of NCEs for novel indications were adopted: use of Telemetry for measurement of several cardiovascular parameters in the conscious and active animals over a long treatment period, without giving any stress; Real Time PCR technology to determine minute changes in the expression of targeted genes in cells or tissues; and use of parallel



synthesis technology for improving synthesis throughput. Over the years, Company's strategy has been to remain focused in thrust therapeutic areas, develop common technology platforms and in vivo models, and select a blend of projects with possible multiple applications. All this has enabled the Company to create an interesting discovery pipeline attractive enough for large multinational pharma companies.

Currently, the Company is working on 7 discovery projects - 3 in cardiovascular, 3 in diabetes and related complications and 1 in central nervous system. During the year, the Company added one more discovery project to its pipeline. The Company cumulatively filed 124 patents for NCEs from these projects in all major markets. The patent offices of USA, Japan, Europe, Czech Republic, Russia and India have granted / accepted 12 patents so far. The Company intends to pursue suitable partnership opportunities with international drug companies at an appropriate stage to share the risks and resources required to take the NCEs to the commercial stage.

New product development capabilities for generic markets - both domestic and international were ably exploited during the year with 28 new products (including 16 value added line extensions and combinations) introduced in the domestic markets and 10 products in Brazilian market. The Brazilian Health Authority, ANVISA, has recently approved the clinical facilities for bio-equivalence studies at the R&D Centre. This will reduce the cost and time of product development for that market. Your Company is gearing up very rapidly for developing and getting marketing approvals for large number of products in the developed markets of Europe, Russia and Brazil. The R&D activities are expected to provide the necessary impetus to the Company's plans for introduction of many new products in the domestic market as well, in the year 2003-04.

During the year, the total expenditure on R&D was 5.8% (previous year 4.6%) of sales and operating income, approximately 49% (previous year 42%) of which was spent on discovery projects.

Human Resources

Your Company operates in a knowledge-based sector and the importance of human capital need not be underscored. The search for the highest degree of intellectual capital to enrich our professional and technical milieu is a perennial one at Torrent. Relentless efforts to develop and nurture an entrepreneurial attitude in our employees, constitutes a major part of our endeavours in this respect. In the research area special efforts were made to attract, retain and develop key scientific talent through a combination of monetary and non-monetary measures. Our HR efforts in research and development have reached a milestone with the scientific human capital of the company registering a near-quantum increase. Another special HR effort for the year focused on capability development of the sales force through appropriate training, continuous communication and better work planning and monitoring practices.

Subsidiaries

ZAO Torrent Pharma (ZAO TP), Russia

ZAO Torrent Pharma, the wholly owned subsidiary of the Company in Russia, is essentially an importing and distributing company, sourcing its entire requirement from the Company. For the calendar year 2002, Zao TP achieved sales of RRU 49.73 million (Rs. 767 lacs), down 10% from RRU 55.39 million (Rs. 885 lacs) for the previous year. Net profit for the year was

RRU 0.79 million (Rs. 19 lacs) against a net loss of RRU 4.74 million (Rs. 76 lacs) for the previous year. The dip in sales has been caused by disruption in sales of a key product due to trademark issues and steep drop in the prices in certain segments. The increase in profits is mainly attributable to certain non-operating income and credits. Zao TP has taken corrective actions and has set forth a dynamic business plan comprising of competitive pricing, new product launches, robust product pipeline, expansion into new areas of business and a long-term promotional strategy to boost its sales and sustain the sales growth in the future. Consequently, the outlook for both sales and profits appears to be bright in the coming years.

At consolidated level, for the year 2002-03, the Russian operations of the Company registered sales of Rs. 1,443 lacs (previous year Rs. 1,474 lacs) and net profit (before tax) Rs. 138 lacs (previous year Rs. 60 lacs).

Torrent Pharma GmbH (TPG), Germany

During the year TPG was incorporated in Germany as a wholly owned subsidiary. TPG operates in the highly regulated markets of Europe and undertakes activity of obtaining market authorizations for select molecules nearing patent expiry and having a large market potential. The developmental activity and the dossiers so evolved enable the forging of alliances and licensing opportunities. It earns revenues from license fees for dossiers and also secures future long term product supply arrangements after the molecule/ products goes off patent. The arrangements provide for supplies to be sourced from the Company, thus providing a stable long-term revenue stream from attractive markets. During the broken part of the year, TPG has achieved revenues of EUR 170,000 and posted a profit of EUR 2,059. Looking at the tremendous opportunities in pan-European markets for generics and Torrent's research & development capabilities, the Company expects to reap rich dividends in this market in the future. The Company has invested EUR 155,000 as capital contribution in TPG.

Torrent Do Brasil Ltda. (TDBL), Brazil

TDBL is a wholly owned subsidiary incorporated in Brazil. TDBL was acquired during financial year 2001-02 as a small operating pharmaceutical company. After acquisition, TDBL started building up a marketing infrastructure for import, marketing and distribution of products from the parent company. TDBL's overall strategy is to build strong position in branded generics market segment in selected therapeutic areas by offering high quality products at attractive prices. The strategy is based on price attractiveness of the Brazil market and parent's competitive strengths in low cost high quality manufacturing and highly responsive and quick product developments. TDBL commenced marketing during the current year by launching 10 products in the cardiovascular and central nervous system segments. The products have been launched in the states of Sao Paulo and Rio de Janeiro, which account for nearly 50% of the Brazilian pharmaceutical market. The period from launch till the year-end saw a gradual increase in relevant doctor coverage and expansion of horizontal reach in distribution. The response from the medical fraternity is judged to be positive and Torrent brands in the market have been showing a steady growing trend in prescription and sales. The partial year of operations achieved sales of R$ 1.87 million (Rs. 276 lacs). The sales were lower than the expectations due to delayed product launch and extended lead-time needed for achieving an adequate distribution reach and building positive doctor response. The coming year is expected to see significant increase in sales through improved field productivity, aggressive new product launches, entry into new market segments and geographical expansion.

TDBL incurred a net loss of R$ 5.6 million (Rs. 879 lacs) for the year. The loss essentially reflects the full expensing of initial costs of building a business operation - initial recruitment & training of sales force, product registration expenses, launch costs and disproportionate distribution costs. The accumulated losses till 31st March, 2003 R$ 6.9 million (Rs. 1,141 lacs) are fully funded through equity capital from the Company R$ 11.2 million (Rs. 1,779 lacs) upto 31st March, 2003. The Company sees the TDBL's losses as an investment as it is expected to produce significant gains in the future years. On a consolidated basis, the Brazil operations incurred a loss of Rs. 999 lacs.

Consolidated Numbers

The consolidated sales of the Company, along with the subsidiaries, were Rs. 43,138 lacs for 2002-03 (previous year Rs. 43,415 lacs) and the profit was Rs. 4,429 lacs (previous year Rs. 4,604 lacs). The consolidated profit was less than the stand-alone profit of the Company mainly due to losses in TDBL as already explained above.

Fixed Deposits

The Company has not been accepting / renewing fixed deposits since January 1999. The unclaimed amount of the fixed deposits accepted earlier and matured as per the terms of its acceptance as at 31st March, 2003 was Rs. 4.34 lacs from 49 depositors. The Company is regularly following up with the concerned depositors to complete the formalities for repayment of such deposits.

Insurance

The Company's plant, property, equipments and stocks are adequately insured against major risks. After taking into account all the relevant factors, including the risk benefit trade-off, the Company has consciously decided not to take insurance cover for loss of profit under the Consequential Loss (Fire) Policy.

Directors

The term of office of Mr. Mihir Thakore & Mr. Sanjay Lalbhai, who were appointed as additional directors under section 260 of the Companies Act, 1956, ends at the ensuing Annual General Meeting. The Company has received two notices under section 257 of the Companies Act, 1956 from members proposing them as candidates for the office of Director of the Company. Mr. Markand Bhatt & Mr. Kiran Karnik are liable to retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. During the year, Board appointed Mr. Sudhir Mehta as Executive Chairman for a period of 5 years subject to the approval of shareholders. The term of appointment of Dr. C. Dutt, whole time director on the Board and in charge of research and development, expires on 30th June, 2003. The Board has re-appointed him for a period of 5 years, subject to the approval of shareholders. The details for both these appointments are provided in the notice of the ensuing Annual General Meeting.

Corporate Governance

The Company has complied with all the mandatory requirements of the corporate governance specified by Securities & Exchange Board of India through clause 49 of the listing agreement. As required by the said clause, a separate report on corporate governance forms part of the Annual Report. A report from the statutory auditors of the Company regarding compliance of conditions of corporate governance is part of this report as Annexure 3.

Auditors

The Auditors, C. C. Chokshi & Co., Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment as Auditors. The Audit Committee in their meeting held on 5th June, 2003 has recommended the reappointment of C. C. Chokshi & Co. The remuneration for the appointment will be decided by the Board / Audit Committee.

Web Site

The Company has a well-designed web site www.torrent-india.com. The site contains information on the Company in the areas of research, products, financials, investors and recruitment. All financial results - quarterly, half yearly, audited annual results and the shareholding pattern are being regularly put on the web site of the Company. News release of interest to investors is also put on the web site. Investors are welcome to periodically visit the web site to keep themselves updated on the Company.

Conservation of Energy, Technology Absorption Etc.

A statement containing the necessary information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this report as Annexure 1.

Particulars of Employees

The information required under section 217(2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975, forms part of this report as Annexure 2. However, as permitted by section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding the said annexure. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary, whose contact appears elsewhere in the Annual Report.

Appreciation and Acknowledgements

Your Directors appreciate the trust reposed by the medical fraternity and patients in the Company and look forward to their continued patronage. The Directors are also grateful and pleased to place on record their appreciation for the excellent support, guidance, and cooperation extended by the Government of India, Government of Gujarat, Gujarat Electricity Board, Financial Institutions and Banks. The Board also expresses its appreciation of the understanding and support extended by the shareholders and employees of the Company.

For and on behalf of the Board

Sudhir Mehta
Chairman

Ahmedabad, 5th June, 2003