



CORPORATE INFORMATION

DIRECTORS	Mr. Sudhir Mehta	<i>Chairman</i>
	Mr. D.S.Shah	
	Mr. J.R.Shah	
	Mr. B.S.Mahadev	<i>Nominee Director</i>
	Prof. Erik Emil Anggard	
	D.: Prathap C. Reddy	
	Mr. Samir Mehta	<i>Vice Chairman & Managing Director</i>

COMPANY SECRETARY Mr. Parthiv Parikh

AUDITORS C.C.Chokshi & Co.
Chartered Accountants

BANKERS Bank of Baroda
Corporation Bank
Canara Bank
State Bank of India
Oriental Bank of Commerce
Punjab National Bank
UTI Bank Ltd.

REGD. OFFICE Torrent House,
Off Ashram Road,
Ahmedabad - 380 009.

PLANT Village Indrad,
Tafuka Kadi,
Dist. Mehsana

REGISTRARS & TRANSFER AGENTS MCS Limited,
101, Subh Shatdal Complex,
Opp. Bata Show Room,
Ashram Road,
Ahmedabad - 380 009.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Wednesday, 15th September, 1999 at 10.30 A.M. at Dinesh Hall, Ashram Road, Ahmedabad - 380 009 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 1999, the Profit & Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Sudhir Mehta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. Erik Emil Anggard who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s), the following Resolutions:

6. As a Special Resolution

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered, amended and/or substituted in the manner and to the extent set out herein below:

- A. Article 2 of the Articles of Association shall include the following interpretations at appropriate places:

Interpretations:

Depositories Act, 1996

'Depositories Act, 1996' shall also include any statutory modifications or enactment thereof;

Depository

'Depository' shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996;

Beneficial Owner

'Beneficial Owner' shall mean beneficial owner of the Shares or Debentures, as the case may be, of the Company as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

Bye-Laws

'Bye-Laws' means bye-laws made by a Depository Under Section 26 of the Depositories Act, 1996.

Securities and Exchange Board of India:

'Securities and Exchange Board of India (SEBI)' means the Securities and Exchange Board of India established Under Section 3 of the Securities and Exchange Board of India Act, 1992.

Record

'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by SEBI.

- B. Article No.2 of the Articles of Association, the definition of 'Members' shall be altered as follows:

'Members' means the duly registered holders from time to time, of the Shares of the Company and includes every person whose name is entered in the records of the Depository.

- C. After Article 11 the following Articles be inserted as Article 11A & 11B:

11A. Register and Index of Members

"The Company shall cause to be kept a Register and Index of members in accordance with Sections 150 and 151 of the Act and Provisions of the Depositories Act, 1996. The Register and Index of beneficial owner maintained by Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members/Debentureholders for the purpose of this Act.



Torrent Pharmaceuticals Ltd.

11B. Shares to be numbered progressively and no Share to be subdivided

"The Shares in the Capital shall be numbered progressively according to their several denominations provided however, that the provisions relating to progressive numbering shall not apply to the Shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinafter mentioned no Shares shall be subdivided. Every forfeited or surrendered Share held in material form shall continue to bear the number by which the same was originally distinguished."

D. After Article 15 the following Article be inserted as Article 15A.

15A. Power to Company to dematerialize and rematerialize

"The Company shall be entitled to dematerialize its existing Shares, Debentures and other securities, rematerialize its Shares, Debentures and other securities held in the Depositories and or offer its fresh Shares, Debentures and other Securities in dematerialized form pursuant to the Provisions of the Depositories Act, 1996 and the Rules framed thereunder."

E. In 3rd line of Article 22(a) of the Articles of Association be amended to include the words "No Share Certificate(s) shall be issued for Shares held in or allotted by a depository" after the words "registered in his name".

F. Article 26 of the Articles of Association shall be substituted by the following Article:

"Except as ordered by a court of competent jurisdiction and/or otherwise provided by Articles of Association or by the Act, the Company shall be entitled to treat the person whose name appears on the Register of members as the holder of any Share or whose name appears as the Beneficial owner of Shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such Share on the part of any other person, whether or not the Company shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply accordingly, but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons or the survivors or survivor of them."

G. Article 27 of the Articles of Association shall be substituted by the following Article:

27. Power to purchase its own securities:

"Subject to the provisions of Section 77A of the Companies Act, the Company may purchase its own Shares or other specified securities (hereinafter referred to as 'buy-back')"

H. In Article 58 at the end of the Article the following be added:

"Except in case of transfer of securities effected by the Transferor(s) and Transferee(s), both of whom are entered as Beneficial Owners in the records of the Depository."

I. In Article 60, at the end of 1st para the following be added:

"Except in case of transfer of Securities effected by the Transferor(s) and the Transferee(s) both of whom are entered as Beneficial Owners in the records of the Depository."

J. In Article 62 the following shall be added at the end:

"In respect of Dematerialized Shares the provisions as specified in the Depositories Act for the closure of Register by the Depository to determine beneficial ownership shall apply."

K. In Article 68 of the Articles of Association the following shall be added at the end:

"In respect of Dematerialized Shares the provisions as specified in the Depositories Act, 1996 shall apply."

L. In Article 71 of the Articles of Association the following shall be added at the end:

"In respect of Dematerialized Shares the provisions as specified in the Depositories Act 1996 shall apply."

M. In Article 72 of the Articles of Association the following shall be added at the end:

"In respect of Dematerialized Shares the provisions as specified in the Depositories Act, 1996 shall apply."

N. In Article 73 of the Articles of Association the following shall be added at the end:

"In the case of securities held in Electronic and Fungible form in a Depository, the provisions as specified in the Depositories Act, 1996 shall apply."

O. After Article 119 of the Articles of Association the following Article shall be inserted as Article 119-A:

119A. Voting Right of Depositories and Beneficial Owner:

"Notwithstanding anything contained in Article 119 of the Articles of Association, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Shares or Debentures on behalf of a Beneficial Owner. Save as otherwise provided herein above, the Depository as a Registered Owner shall not have any voting rights or any other rights in respect of Shares held by it; and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its Shares held by a Depository."

P. In Article 190 of the Articles of Association, the following shall be added at the end:

"In the case of Dematerialized Shares the provisions as specified in the Depositories Act, 1996 shall apply."

Q. In Clause (C) of Article 214 of the Articles of Association the following shall be added at the end:

"and the Depositories Act, 1996. The Register and Index of beneficial Owner maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members/Debentureholders/Securityholders for the purpose of this Act.

7. As a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 and subject to such other approvals, permissions, clearances etc. as may be required, the Board of Directors of the Company be and is hereby authorised to deal, negotiate and dispose off the undertakings situate at (1) GIDC Estate, Vatva, Dist. Ahmedabad (2) Village Rajpur, Taluka Kadi, Dist. Mehsana and (3) GIDC Electronics Estate, Gandhinagar on such terms and conditions, as they may consider in the best interests of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to sign, seal and deliver such instruments, assignments, contracts, deeds, conveyances or any other instrument that may be considered necessary and proper for sale, lease or otherwise disposing off the said undertakings and further to do everything necessary therefore and incidental thereto".

Registered Office
"TORRENT HOUSE"
Off Ashram Road,
AHMEDABAD - 380 009

Ahmedabad
May 26, 1999

By Order of the Board of Directors
For TORRENT PHARMACEUTICALS LIMITED

PARTHIV PARIKH
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies, in order to be effective, must be received by the Company not later than 48 hours before the commencement of the meeting.
3. The related Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business above is annexed.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 1st September, 1999 to 10th September, 1999 (both days inclusive).
5. The dividend as recommended by the Directors, if approved at the Annual General Meeting, will be payable to those members whose names appear on the Company's Register of Members on 10th September, 1999.
6. The members are hereby informed that unclaimed dividend for the financial year ended on 31st March, 1995 has been transferred to General Revenue Account of the Central Government in the month of November 1998. Those who have not encashed the said dividend warrant(s) are requested to contact Registrar of Companies, Gujarat.
7. Members are requested to intimate to the Company queries, if any, on the accounts at least 10 days before the meeting to enable the management to keep the required information available at the meeting.
8. Those who have not exchanged their Letters of Allotment against Debenture Certificates, are requested to exchange the same at the earliest.
9. The Members are requested to advise the Company or the Registrar immediately about any change in address.
10. To avoid the incidence of fraudulent encashment of warrants, the members are requested to furnish the particulars of their Bank, Branch, Account No. etc. if the same has not been furnished earlier.



Torrent Pharmaceuticals Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 6**

Some of the provisions of the Companies Act, 1956 have been amended consequent to the passing of the Depositories Act, 1996, Companies (Amendment) Act, 1998 and the introduction of the depository system, to facilitate holding of securities in dematerialized electronic form. It is, therefore, necessary to alter the Articles of Association of the Company in certain respects so that they conform to the amended provisions of the Companies Act, 1956 and the Depositories Act, 1996.

The Board recommends the passing of the Special Resolution contained in Item No. 6 of the accompanying Notice.

None of the Directors of the Company may be considered to be concerned or interested in the said Resolution.

All the documents referred to in the Notice and Explanatory Statement above are open for inspection at the Registered Office of the Company between 10.30 A.M. and 12.30 P.M. on all working days except Saturdays, Sundays and public holidays until the date of the Annual General Meeting or any adjournment(s) thereof.

ITEM NO. 7

The Company is having units at (1) Village Indrad, Taluka Kadi, Dist. Mehsana, (2) GIDC Estate, Vatva, Dist. Ahmedabad (3) Village Rajpur, Taluka Kadi, Dist. Mehsana and (4) GIDC Electronics Estate, Gandhinagar.

The Company has undertaken modernisation of its Indrad facilities and thereby increasing the production capacity. For streamlining the manufacturing process the Company has transferred its production activities being carried out at its Vatva unit to the Indrad plant.

The unit at GIDC Electronics Estate, Gandhinagar was earlier in the name of M/s. Torrent Medisystems Ltd. (TMSL). TMSL has been amalgamated with the Company and now is a division of the Company. The activities of the said division have been discontinued and the said unit was being used by the Company as a distribution centre for its pharma products. The distribution activities have since been shifted to the Company's Indrad unit and consequently the Gandhinagar unit has become idle.

The Unit at Village Rajpur, District Mehsana is also closed and has become idle as the production activities carried out at the unit are now being carried out through outside parties on job work basis.

In view of the above, the Board has considered it desirable to dispose off the said units to the prospective buyer(s) after obtaining all necessary approvals, permissions, clearances etc. as may be required. The Board commends this Resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the said Resolution.

Registered Office
"TORRENT HOUSE"
Off Ashram Road,
Ahmedabad - 380 009

Ahmedabad
May 26, 1999

By Order of the Board of Directors
For TORRENT PHARMACEUTICALS LIMITED

PARTHIV PARIKH
Company Secretary

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Sixth Annual Report and Audited Accounts of your Company for the year ended March 31,1999.

FINANCIAL RESULTS		
	For the year ended 31.03.99 (Rs. in Crores)	For the year ended 31.03.98 (Rs. in Crores)
Sales - Domestic	292.27	256.43
- Exports	26.17	105.36
Total Sales	318.44	361.79
Other Income	12.36	10.34
Sales and Other Income	330.80	372.13
Profit before tax	40.64	42.27
Provision for tax	4.29	2.55
Profit after tax	36.35	39.72
Add		
Prior year adjustments (Net)	-	0.97
Balance Profit of previous year	28.00	16.26
Profit available for appropriation	64.35	56.95
Appropriated to		
(i) Debenture Redemption Reserve	9.36	6.06
(ii) Dividend - Preference Shares (incl. tax thereon)	3.30	1.25
Proposed on Equity Shares	12.69	10.58
Additional tax on proposed dividend	1.40	1.06
(iii) General Reserves	10.00	10.00
(iv) Balance carried to Balance Sheet	27.60	28.00

Dividend

Your Directors are pleased to recommend a dividend of Rs. 6.00 per share for the year ended 31st March, 1999. Last year, your Company paid a dividend of Rs.5.00 per share.

The proposed dividend, if approved at the Annual General Meeting, shall result in a total appropriation of Rs. 14.09 Crores (inclusive of tax thereon).

The Company has paid an interim dividend at the rate of 12% p.a. to the Preference Shareholders. This, together with tax thereon amounts to Rs. 3.30 Crores. In view of this, no final dividend on Preference shares has been recommended.

Operations

As a part of the over all strategy of streamlining and consolidating manufacturing operations, your Company has decided to discontinue manufacturing activities at Vatva and Rajpur plants. The entire production activities are now concentrated at the Company's plant at Indrad.



Torrent Pharmaceuticals Ltd.

The Company has also undertaken a modernisation and expansion of manufacturing facilities at Indrad in a phased manner, to conform to the latest regulatory guidelines, as a part of the continuous efforts to strive for excellence in quality.

Marketing

Today the market is highly fragmented with too many players and surfeit of brands chasing market share. In such a scenario, marketing strength will be the crucial factor determining success. To achieve distinctive marketing strength, a major restructuring exercise was undertaken and formalized this year.

The broad issues addressed were to build mega brands, to augment our strong presence in served markets and to serve doctor/therapeutic segments hitherto we had not focussed or we have a very modest presence.

This major exercise culminated in the creation of 3 Divisions - PRIMA, PSYCAN, VISTA with clear focus on Doctor Groups as well as therapeutic segments.

PRIMA will offer Mass products and will focus to enlarge reach and build brands

PSYCAN will focus on Cardiology & Neurology and will build the specialities

VISTA will become a Sub-speciality division focussing on Gastroenterology, Diabetology, Chest, Gynaecology, Dermatology, Ophthalmology thereby enlarging and entering new areas.

Domestic Sales

Sales of formulation was at 279.11 crores as against Rs.250.55 crores in the previous year, showing an overall growth of 11%. Cardiovascular & Neuropsychiatry products turnover was at 95.77 crores which constitute 34% of the sales turnover. Cardiovascular segment achieved a growth of 6.99% while growth of Neuropsychiatry was at 3.62%. Other segments comprising mainly of Anti-Infectives, Gastrointestinal and Insulins had a turnover of Rs.183.34 crores accounting for 66% of the domestic formulation sales. These segments registered a growth of 14.68%.

Over 41% of the sales turnover is coming from top 6 products, all of them leaders in their category, viz. Alprax, Dilzem, Domstal, Quintor, Droxyd & Listril. Together these products have registered a growth of 14.36% over the previous year. These products enjoy excellent acceptance and still has lot of potential for growth. Quintor is a mega brand. Our efforts are directed to make the remaining 5 attain similar status.

New Products

Ability to launch new products and often being the first in the country, is a major recognized strength of your Company.

New launches sales accounted for 3.56 crores and pushed up sales by 2%. Compared to the previous year, new products sales registered an increase of over 40%.

Field Force

Market share attainment would eventually be decided by Doctor Reach cum penetration. Under the restructured set up, your Company has significantly added to its field muscle by increasing the total number to more than 1000.

Your Company firmly believes that business growth should be approached through people growth. Training to provide every person with opportunity for personal development and framework of discipline and accountability to drive behavioural changes will constitute the pillars for achieving people growth.



Torrent Pharmaceuticals Ltd.

Future Prospects

Becoming more strategic, focus on perceived core competence and derive strength from it, improved technological skills for new drug development are the critical areas to attain sustainable growth. Your Company will pursue these factors vigorously to enhance its organisational competitiveness and be counted among the top companies dominating the industry.

Exports/International Operations

Your Company's exports during the year under review were affected significantly by the economic crisis in most parts of the world, especially in Russia and South East Asia which incidentally are our major trading partners.

The total exports during the year were Rs.262 million of which formulations accounted for Rs.146 million and bulk drugs of Rs.116 million. Due to the economic crisis in Russia, receipt of orders for Rs.800 million from the Ministry of Health and for Rs.80 million from the Ministry of Defence were delayed. These orders have now been received and will be executed during the current year.

Your Company is intensifying its marketing efforts in its various markets. Further, it has initiated steps to enter the regulated markets. These strategic moves are expected to yield rich dividends in the future.

Human Resource Development

Your Company places a lot of emphasis on the over all development of its most valuable asset, the human resources.

Your Company has been working for the improvement in the quality of life as an on-going process by recognizing the needs and aspirations of its people, enhancement of skills and participation of employees in different company activities.

Your Company evaluates the performance of its employees through a well designed appraisal system which incorporates the business requirements of today.

Research & Development

The R & D Centre at Village Bhat has become fully operational. Our R & D Centre is the largest and the most integrated Research Centre at one place for Pharma Research in India.

We have continued our efforts to file the patent applications for 5 NCEs, out of this 4 in India and 1 as PCT. Besides this, 3 process patents are filed for process development, 2 in India and 1 abroad as PCT.

The Research Centre has been approached by many international pharma companies for undertaking research on their behalf.

Joint Venture

Sanofi Torrent (India) Ltd., Company's joint venture with Sanofi of France has been identified as the fastest growing pharmaceutical Company in India among the top 100 Companies. It recorded sales of Rs.29.96 crores during the year 1998.

New Issues

During the year, in order to meet the requirements of funds your Company has issued 40,00,000 Non-Convertible Debentures of the aggregate value of Rs.40 Crores on a private placement basis.

Fixed Deposits

As on 31st March, 1999, the Company was holding an aggregate sum of Rs. 30.67 Crores on account of deposits received from the public. Deposits of an aggregate amount of Rs. 0.36 Crores, which had matured during the year, remained unpaid as on 31st March, 1999 for want of requisite instructions from concerned deposit holders.

Insurance

Your Company's properties including Buildings, Plant and Machinery, Stocks, Stores etc. continue to be adequately insured against all risks.

Subsidiaries

As required under Section 212 of the Companies Act, 1956, Audited Balance Sheets, Profit and Loss Accounts and Directors Reports of the two subsidiaries of your Company, TPL Finance Ltd. and ZAO Torrent Pharma, Russia are attached hereto.

Directors

Mr. Sudhir Mehta and Prof. Erik Emil Anggard, Directors of your Company, retire by rotation and are eligible for reappointment.

Depository

The Company has entered into an agreement with National Securities Depository limited for giving an option to the Shareholders for holding and settlement of transactions in the equity shares of the Company in the electronic form. With this, the Shareholders of the Company have an option to dematerialise their equity holding into electronic holding by opening an account with any of the depository participants.

Auditors

M/s. C.C.Chokshi & Co., Chartered Accountants, retire at this Annual General Meeting and are eligible for reappointment as Auditors of your Company.

Conservation of Energy & Technology Absorption

A statement containing the necessary information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure and forms an integral part of this report.

Y2K Compliance :

The Company has identified all key concern areas with respect to legacy application system, embedded systems for technical Y2K compliance across all functional information technology driven systems in Hardware, Firmware and Software areas. The cost for the above task is estimated at Rs.25 lacs and the time frame would be by 30th November, 1999.

Particulars of Employees

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, form a part of this report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Annual Accounts of your Company are being sent to its shareholders excluding the Statement of particulars of employees.

Any shareholder interested in obtaining a copy of this statement is welcome to communicate to the Company Secretary of your Company.