

ANNUAL REPORT 2000-2001

Consult your doctor.



TORRENT PHARMACEUTICALS LIMITED



Cover theme: Torrent's role does not start and end with medicines alone. Torrent, as part of its social responsibility, ran a much sought after public health awareness campaign. Parts of this campaign with visual supplements are reproduced in this annual report; for you adding *years* to your *life* and *life* to your *years* in consultation with your doctor.

Report  junction.com

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Think of your favorite food in the world.

You could be allergic to it.

Report [reportjunction.com](http://www.reportjunction.com)

Food intolerance, or masked food allergy, is still a relatively new concept in medicine. People suffering from it may display symptoms like fatigue, which may be caused by the very food that they crave.

In general, an allergy is a physical disorder caused by hypersensitivity to certain usually harmless substances that are eaten, inhaled, injected or brought into contact with the skin.

Symptoms: Headaches. Sneezing. Running nose. Teary eyes. Wheezing and coughing. Spots, hives or welts.

Treatment: Avoid contact with the allergen. Drugs such as antihistamines and decongestants, as well as local ointments may be prescribed. Sometimes, the patient is repeatedly injected at intervals with small but escalating amounts of antigen to build up his tolerance.

Prevention: Avoid processed foods with additives and artificial colouring and flavouring. Take vitamin supplements, especially vitamin C, and exercise regularly. Consult your doctor and take your allergy medicines as prescribed.



CORPORATE INFORMATION

DIRECTORS	Mr. Sudhir Mehta Mr. D. S. Shah Prof. Erik Emil Anggard Mr. Markand Bhatt (wef 19-Oct-2001) Mr. Kiran Karnik (wef 24-Jan-2001) Mr. S. H. Bhojani (wef 25-May-2001) Dr. Prasanna Chandra (wef 25-May-2001) Mr. Samir Mehta Dr. C. Dutt	<i>Chairman</i> <i>Managing Director</i> <i>Director (Research & Development)</i>
AUDIT COMMITTEE (formed on 24-Jan-2001)	Mr. Kiran Karnik Mr. Markand Bhatt Mr. D. S. Shah Mr. S. H. Bhojani (wef 25-May-2001)	<i>Chairman</i>
SECURITIES TRANSFER & INVESTORS' GRIEVANCE COMMITTEE (Formed on 25-May-2001)	Mr. Markand Bhatt Mr. Samir Mehta Dr. C. Dutt	<i>Chairman</i>
COMPANY SECRETARY	Mr. Parthiv Parikh	
AUDITORS	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 Telephone : 02764-33671 Fax : 02764-33676	
R & D FACILITY	Torrent Research Centre, Near Kanoria Hospital, Village Bhat, District Gandhinagar. Telephone : 079-3269124 Fax : 079-3269135	
WEB SITE	www.torrent-india.com	
REGISTRARS & TRANSFER AGENTS	MCS Limited, 101, Subh Shatdal Complex, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009.	



AUDIT COMMITTEE

The Board constituted an Audit Committee in its meeting held on 24-Jan-2001. The current composition of the Committee is as under.

- * Mr. Kiran Karnik, Chairman
- * Mr. Markand Bhatt
- * Mr. D. S. Shah
- * Mr. S. H. Bhojani (wef 25-May-2001)

All members of the Committee are non-executive directors with 2 members being independent directors (within the meaning of clause 49 of the listing agreement with the stock exchanges). The terms of reference of the Committee is reproduced below.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (Constitution, Functions, Role and Powers of the Audit Committee)

Constitution

1. The Audit Committee will consist of the following directors:
Mr. Kiran Karnik as Chairman
Mr. Markand Bhatt, Director
Mr. D. S. Shah, Director
Mr. S. H. Bhojani (wef 25-May-2001)
2. The Committee shall elect a Chairman from amongst themselves, who must be an "independent director." The Chairman shall, inter alia, attend the annual general meeting of the Company and provide clarifications on any matter relating to audit and answer shareholders queries.
3. The Secretary of the Company shall act as Secretary to the Committee.
4. The Committee shall call the following persons to attend and participate, but not vote, at the meetings of the Committee.
 - a. Statutory auditors of the Company.
 - b. Internal auditors of the Company, if any.
 - c. Director (Finance) or Head of Finance function.
 In addition to the above, the Committee may call such executives and outside experts, if and when considered appropriate by the Committee.
5. The quorum for the Committee shall be higher of 1/3rd and 2 of its members, with a minimum of 2 "Independent directors."
6. The Audit Committee shall meet at least 3 times during a year as under:
 - a. Once in every 6 months.
 - b. Before finalization of annual accounts.
 The Committee may decide to have more than 3 meetings.

Functions / Role / Powers

7. The following shall be the functions / role / powers of the Committee:
 - i. Reviewing internal controls and internal audit functions with the management / internal auditors.
 - ii. Oversight of the financial reporting process / disclosures and review of interim and annual financial statements before Board approval.
 - iii. Appointment / removal of statutory auditors and fixation of the fees for their audit and other services.
 - iv. Periodic discussions with the statutory auditors of the Company (whether before, during or after the audit) on internal control systems, nature and scope of audit, audit observations and areas of concern, if any.
 - v. Investigate any matter referred to it by the Board or within its terms of reference.



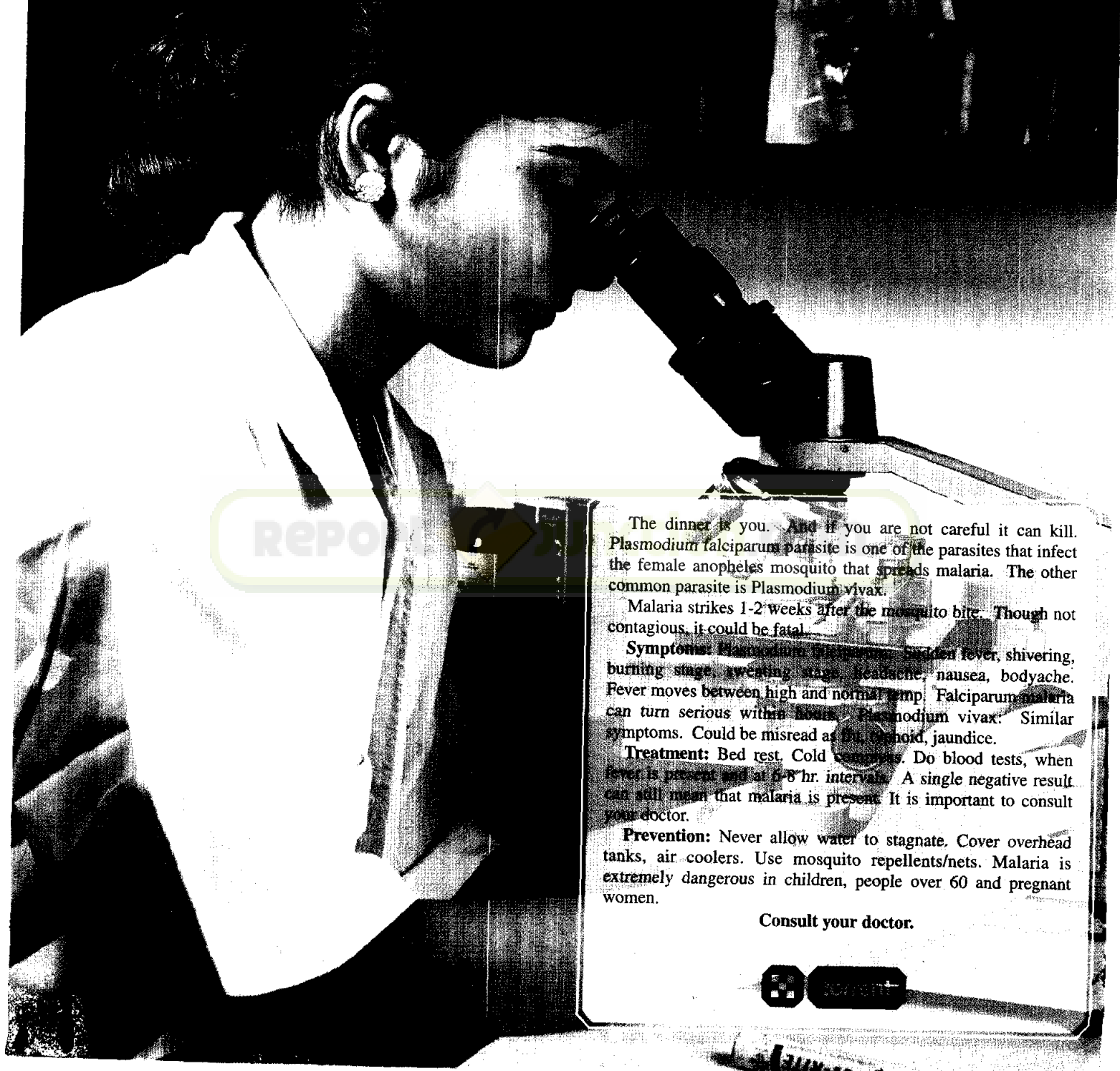
Torrent Pharmaceuticals Ltd.

- vi. Review the outcome of internal investigations of material fraud, irregularity and failure of internal control system.
 - vii. Review financial and risk management policies.
 - viii. To look into substantial defaults, if any, in payments to depositors, debentureholders, creditors and shareholders.
8. In addition to the above, the Committee shall have such functions / role / powers, if any, as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable law.
 9. The Committee shall have full access to information contained in the records of the Company and can seek information from any employee of the Company. The Committee may access external professional and legal advice, if so required in discharge of its functions.
 10. The Committee may make recommendations to the Board on any matter within its purview, by passing appropriate resolutions in its meetings.

The Committee held its first meeting on 25-May-2001 and inter alia, reviewed and recommended to the Board the financial statements for the year 2000-01 and audited financial results as per clause 41 of the listing agreement. The Committee has no significant observation / comment on the financial statements or audited financial result under clause 41.



P. falciparum is coming to dinner.



The dinner is you. And if you are not careful it can kill. Plasmodium falciparum parasite is one of the parasites that infect the female anopheles mosquito that spreads malaria. The other common parasite is Plasmodium vivax.

Malaria strikes 1-2 weeks after the mosquito bite. Though not contagious, it could be fatal.

Symptoms: Plasmodium falciparum: Sudden fever, shivering, burning stage, sweating stage, headache, nausea, bodyache. Fever moves between high and normal temp. Falciparum malaria can turn serious within hours. Plasmodium vivax: Similar symptoms. Could be misread as flu, typhoid, jaundice.

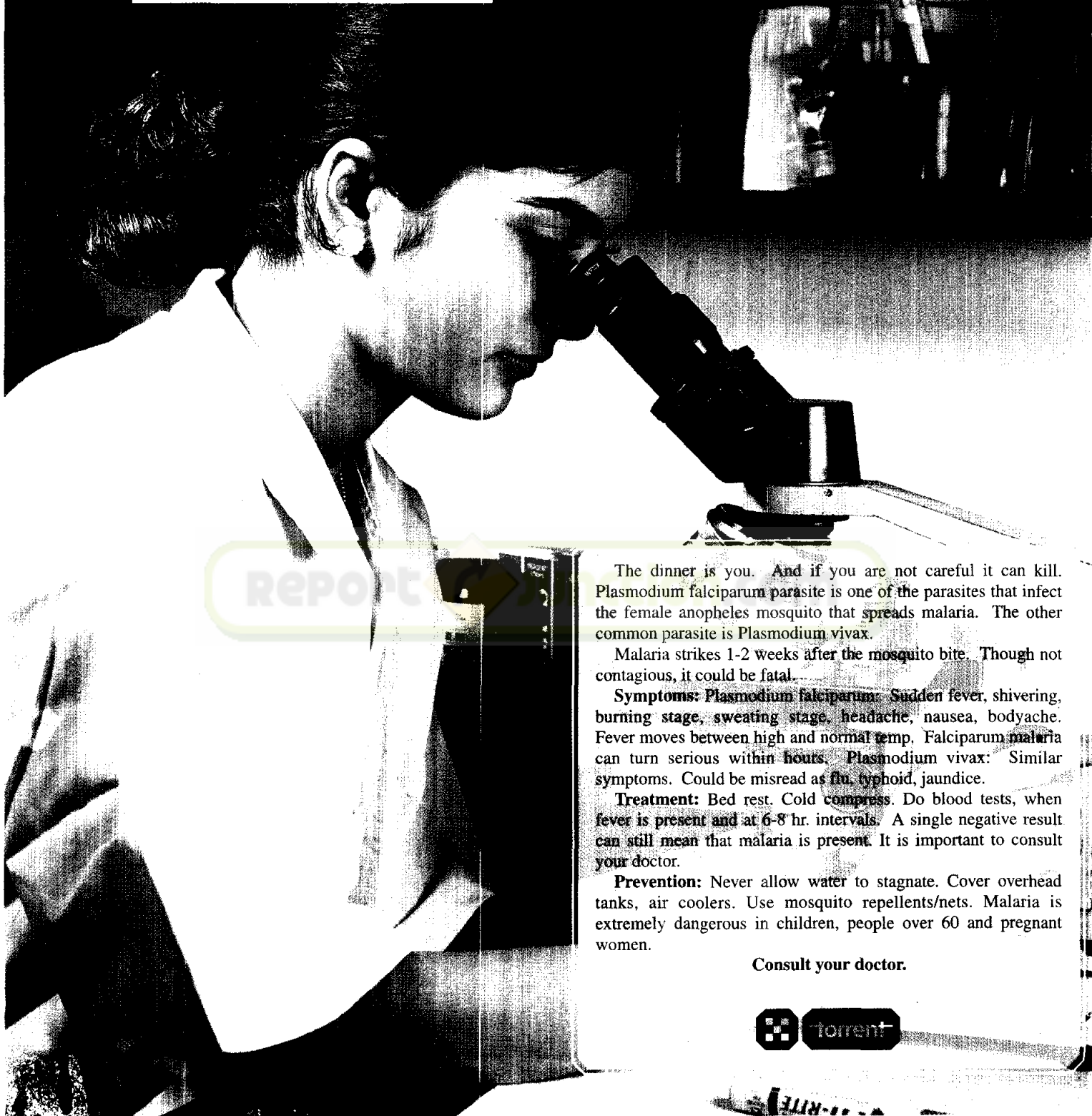
Treatment: Bed rest. Cold compresses. Do blood tests, when fever is present and at 6-8 hr. intervals. A single negative result can still mean that malaria is present. It is important to consult your doctor.

Prevention: Never allow water to stagnate. Cover overhead tanks, air coolers. Use mosquito repellents/nets. Malaria is extremely dangerous in children, people over 60 and pregnant women.

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TORRENT PHARMACEUTICALS LIMITED - AN INTRODUCTION

BACKGROUND

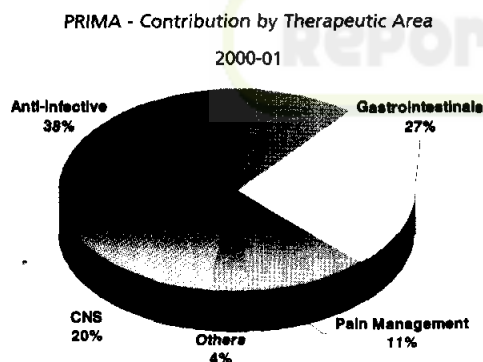
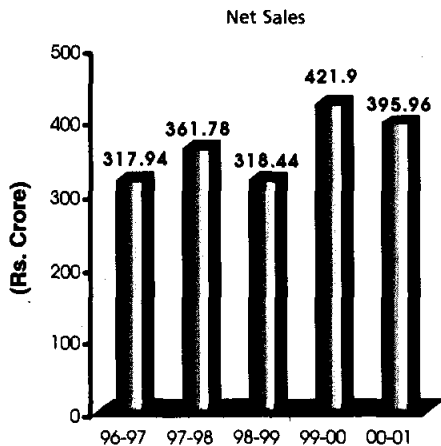
Torrent Pharmaceuticals Ltd., founded in 1972 by Shri U. N. Mehta, operates with a philosophy of rapidly developing and marketing new formulations in niche therapeutic areas at affordable prices. With the launch of Trinicalm plus, an effective tranquillizer in CNS segment in the early seventies and Calcigard (Nifedipine) - a calcium channel blocker in the cardiovascular segment in 1985, Torrent has taken rapid strides in the last four decades to become a front-runner in the areas of Cardiovascular and CNS and command a significant presence in Gastrointestinal and Anti-infective segments. Torrent was one of the first few Indian Pharma companies to make its foray into exports successfully, amply recognized in the "Export Excellence Award" bestowed by the Government of India. The formulations are largely developed in-house at its Research & Development Centre. Torrent, amongst the first few to realize the importance of research in India, created one of the finest infrastructures for both basic and applied research in Torrent Research Centre.

MARKETING

Domestic formulations (comprising branded pharmaceutical formulations sold in the domestic market) is the largest segment contributing 70% to the turnover in the year 2000-01 as compared to 55% in 1999-00. International operations, which mainly comprises selling branded formulations to less-regulated countries, contributed 8% to the turnover in 2000-01. The company also sources, manufactures and supplies insulin formulations to Novo Nordisk (India) Ltd.

Domestic Formulations

The marketing setup in domestic formulations, headed by a Executive Director, is divided into 3 divisions: Prima, Vista and Psycan, formed primarily based on product-doctor matrix. Each division is headed by two General Managers (GM-Marketing and GM-Sales) to provide adequate attention to both on the field and off the field operations. The divisions have separate field force for meeting doctors / chemists, marketing department for brand management and sales department for sales administration. In addition there is a supply chain function, medical services function and market research function to support these three divisions.



Prima division offers mass products that cater to a vast base of prescribers, mainly in the therapeutic areas of gastrointestinals, pain management, CNS and anti-infective. This division is a primary contributor to the top line with about 48% of the total domestic formulations turnover of the Company.

Prima division's more than 500 employees in the field cover over 1,00,000 doctors comprising General Practitioners, Consultant Physicians, Surgeons, Pediatricians, ENT specialists, etc.

This division has the credit of launching many molecules for the first time in India.