

Dear Shareholders,

Good Morning.

It gives me great pleasure to welcome you all to the 48th Annual General Meeting of your Company. We hope you and your family are keeping safe and healthy.

COVID had a profound impact on the lives of millions across the world in the last one and a half years. While the economy seemed to be recouping from the unprecedented disruption created by the pandemic last year, the second wave brought in new challenges and health emergencies. As a responsible corporate, we continue to stand with the nation in its fight against Covid. As India faced a dearth of medical-grade oxygen, we as a Group stepped up and augmented our oxygen production and supply capacities to meet the daily oxygen requirements of 10,000 patients. We have set up 50 medical oxygen production plants for 50 government hospitals spread over seven states. And, as you may be aware, in 2020-21, we had committed Rs. 100 crore at Group level to fight the pandemic.

We have collaborated with Eli Lilly, to manufacture and commercialise 'Baricitinib' (an emergency use approved drug given in combination with Remdesivir for COVID) in India, under a voluntary licensing agreement. We are also one of the partners conducting clinical trials for commercializing Molnupiravir under a voluntary license from MSD. Apart from this, we are currently in talks with several other companies for similar partnerships and are planning to significantly strengthen the covid portfolio. This further strengthens our commitment and effort to help the nation fight the pandemic.

I believe our collective efforts as a nation will help us in emerging stronger and more resilient to face such unprecedented & once in a century event. I take this opportunity to express my gratitude to each one of the healthcare and other frontline workers who have been risking their life in order to make our country and people safe.

During the year, we continued to lay highest emphasis on health and safety of our workforce and their families, together with ensuring continuity of supplies for well-being of patients. We have implemented a number of safety initiatives and are continuously monitoring employees' health status through our own mobile app. Our operational planning processes continue to be robust to ensure supply and business continuity.

Key financial highlights on a consolidated basis:

The pandemic induced uncertainties continued affecting the growth of the pharma markets all around the world and I am pleased to convey that our proactive efforts in aligning our business continuity processes and policies have helped us to deliver incremental value during the year.

Torrent Pharma continued to be ranked 8th in the Indian Pharmaceuticals Market, with a position amongst Top 5 players in cardiovascular, psychiatry, neurology, vitamin & nutrients and gastro-intestinal. We also continued our

leadership position amongst Indian Pharmaceuticals Companies in Brazil, Germany and Philippines.

Summary of financial performance for 2020-21 is as under:

- 1. Revenue at Rs 8,005 crores was up by 1%.**
- 2. EBITDA at Rs 2,537 crores was up by 11%.**
- 3. EBITDA margins stood at 32% as against 29% in the previous year.**
- 4. Net profit at Rs 1,252 crores was up by 22%**
- 5. Leverage (Net Debt-to-EBITDA) reduced to 1.6x as of 31st March, 2021 compared to 2.2x in the previous year.**

Total shareholders' return delivered by your Company over the past 5 years ended March 31, 2021 is about 13%.

Let me now share key performance highlights across our core markets for 2020-21:

India business:

- **India revenues at Rs 3,739 crores were up by 6% versus IPM growth of 2%. IPM growth remained muted owing to pandemic induced lockdowns and economic slowdown. Our business model and high focus on Chronic segment helped us to outperform the market.**
- **Our high potential launches from last year continued to outperform their covered markets. Vildagliptin is now ranked 1st in terms of volumes amongst the newer launches and continues to gain strong traction. All other launches in the CVD therapy are in leadership positions and we are confident of continuing to gain market share. The launch momentum also continued during the year, with several important introductions in key markets:**
 - **Dapagliflozin & Rivaroxaban within the Cardiovascular therapy**
 - **Brivaracetam in the Central Nervous System therapy**
 - **Obeticholic Acid in the Gastro Intestinal therapy**

- **The field force productivity reached Rs 8.4 lacs per month, an improvement of 17% over the previous year.**
- **We continue to focus on brand building and our speciality approach, and have 16 brands in Top 500 brands of IPM, with 10 brands more than 100 Cr revenue.**

US business:

- **US revenues at Rs 1,261 crores, were down by 17%.**
- **We had received OAI classification for Dahej facility and Warning Letter for Indrad facility in 2019 and these facilities significantly contribute to our new product pipeline. Unfortunately, due to COVID, the USFDA inspection of our facilities is delayed and we continue to await guidance on the inspection timelines.**
- **On a positive note, we have continued to strengthen our pipeline and have filed 12 ANDAs during the year and we believe, once the facilities are cleared by USFDA in the near term, we should see double digit launches happening in the US and healthy growth coming back.**

Secondly, our manufacturing facility at Levittown in the US has been modified and upgraded. This facility will start commercializing products in mid-2021.

- **During the year, 3 products were launched and we, now have 54 ANDAs pending approval and 6 Tentative Approvals.**
- **We continue to strengthen and diversify our product pipeline by incrementally investing into complex products in the areas of Dermatology, Oral liquids, Ophthalmic, Ointments & creams, and Oral Oncology.**

Germany:

- **Germany revenues at Rs 1,038 crores were up by 10% on y/y basis.**
- **We have completed upgradation of quality management systems and have regained market share, with the business being back on its erstwhile growth trajectory, in spite of Covid-related headwinds.**

- **We continue to be ranked no. 1 amongst the Indian Companies in Germany and no. 5 amongst the generic players.**
- **Our strategic focus for Germany is to strengthen competitive positioning through expansion of market coverage, new launches and scaling of OTC and non-tender business.**

Brazil:

- **Brazil revenue at Rs 630 crores, was down by 12% and was impacted due to currency headwinds with Brazilian Real currency depreciating by more than 30% versus US dollar**
- **In constant currency, Brazil sales grew by 11% versus market growth of 8.9%. The growth was driven by resilience in the market, together with market share gain in BGx and Gx markets.**
- **We are ranked no. 1 amongst the Indian Companies in Brazil. With high single digit growth, Brazil pharma**

market continues to be fundamentally strong and resilient. Our competitive advantage in Brazil stems from high chronicity of portfolio and strong brand equity amongst the specialists.

- **We aim to continue to outperform market growth through in-clinic effectiveness, new introductions, scaling of Gx business and foraying in to newer therapies.**

Rest of the World:

- **ROW markets registered strong growth of 17% on y/y basis.**
- **We shall continue to focus on key ROW markets to develop them as growth engines of the future.**

Research & Development:

- **During the year, R&D spend was Rs 487 crores, or 6% of revenues.**

- **Incremental R&D spend is allocated towards high value complex generics, NDDS and speciality products in addition to strengthening Oral solids pipeline.**
- **During the year, we have launched four NDDS products, including the first of its kind nasal spray dosage form of Tapentadol in Pain Analgesic therapy**
- **In addition, we continue to invest in New Chemical Entities in the areas of metabolic, cardiovascular, gastrointestinal, dermatology and respiratory disorders.**

Manufacturing:

- **New Oral Oncology manufacturing facility (Bileshwarpura, Indrad) is ready with manufacturing of exhibit batches for filing purposes. The facility will cater to the regulated and non-regulated markets in the near term.**

People – Our Strength

Employees are the backbone of any organization and are key pillars of growth. At Torrent, we consider employees as our most important asset and all our employee-oriented initiatives are guided by our deeply imbibed core values. We take pride of our diverse workforce.

Health, safety and well-being form a core of our work philosophy and had taken a center stage during Covid times. We have undertaken a number of initiatives to ensure safety and well-being of our employees and their families. We were not only swift to adopt to Work from Home, but have also implemented slew of hygiene and social distancing measures at the work place. It was the result of these initiatives and the incessant commitment of workforce, together with other business partners, that ensured continuity of business even during lockdown and helped to cope with the challenges.

CSR:

As you are aware, our corporate philosophy considers social development an integral outcome of its business, inspired by the guiding principles as enumerated by our Founder, late Shri U N Mehta. “Giving back to the society”, for all the years of care, support and nurturance that is being bestowed upon the organisation, our CSR activities are channelized in contributing to the upliftment and well being of the disadvantaged sections of the society.

Our flagship CSR program of the group, REACH has been progressing well. As the year gone by was impacted by Covid, the Group had adapted to a new normal by switching to an advanced method of serving the beneficiaries through Tele – Consultation Model at “Balsangam”, which is the 150 bed paediatric hospital and part of “Rangtarang” which also houses “Sumanglam” a multi specialty day care clinic for all near SUGEN Power Plant. Services from the centres including OPDs had been stopped to avoid virus exposures.

However, physical OPDs were restarted at Balasinor and Indrad from September 2020 avoiding flu patients and Tele-consultation services were initiated at Dahej and Sugan wef October 2020 to take care of community patients. Also, during this time, audio conversations were conducted with more than 46,000 parents across all four locations for spreading awareness on recommended food / fruits to increase immunity and general good hygiene.

The other program's namely Shiksha Setu, which is a quality education program, supporting primary and secondary school for urban slum children & community development work and Garden development which focusses on development and maintenance of public parks are progressing as per the plan.

Way forward:

Our long-term strategic priorities are to -

- **Drive sustainable and profitable growth through market share improvements and therapy expansion in our core markets viz. India, US, Germany and Brazil.**
- **Incrementally invest in new and emerging markets to develop them as growth engines over medium to long term.**
- **Drive operational excellence through focus on quality, productivity and cost competitiveness.**
- **Build an engaged and empowered workforce with focus on leadership, innovation and productivity.**
- **Deploy digital technologies to drive business model improvements.**
- **Allocate incremental capital towards balance sheet de-leveraging.**

Conclusion:

On behalf of the Board of Directors and myself, I would like to put on record immense gratitude to all the stakeholders and partners, including our customers and vendors, who have reposed great trust in us and our products. Above all, I would like to express my gratitude to all the shareholders for their cooperation and continued faith in Torrent. I wish and pray for safety and well-being of you and your family.