

## **Dear Shareholders**

Good Morning. I warmly welcome you all to the 49<sup>th</sup> Annual General Meeting of your Company on behalf of the Board of Directors, the Management and the Employees of the Company. Thank for joining us. It is a pleasure and privilege to host you today.

While the COVID -19 pandemic progressed into the second year with a virulent second wave and milder third wave, your Company was geared up substantially to withstand any near term volatility or disruption with strong controls in place. I am very proud of how our people are demonstrating exceptional resilience, enabling us to navigate these challenging times together with our value chain partners and business associates. Your Company has been privileged to play a role in providing access to Covid related treatment and has also contributed in strengthening our medical services infrastructure during the pandemic.

I take this opportunity to express my deepest gratitude to them for their relentless support.

### **[50 years milestone]**

This is a special and noteworthy year for all of us as it marks the 50 years of incorporation of our Company. On behalf of the Board and management team, I would want to express my deep appreciation to our shareholders and partners whose confidence, trust and belief have been essential to our success.

To commemorate this milestone, the Board has recommended a special dividend of Rs. 15 per equity share and a bonus issue of 1:1. The total dividend for the year will be Rs. 48 per equity share.

### **[Sustainability focus]**

While sustainability has always been at the core of our strategy and decision making process, during the year, we have adopted a structured ESG [Environment, Social, and Governance] framework, based on international ESG standards . We have designed four core ESG pillars that will enable us to navigate growth in a manner that maximizes stakeholders' value in sustainable manner. The ESG roadmap also aligns with national priorities of net-zero carbon goals, by aspiring to reduce carbon footprints by 21% by 2025.

### **[Macro context]**

Global recovery has slowed down due to high inflation, tighter monetary policy and rising geopolitical tensions. Despite these

headwinds, our largest market India witnessed recovery and we remain optimistic about the prospects of long term growth owing to increasing accessibility and expanding health infrastructure across the country. Pharma markets especially for branded generics and generics continue to grow strongly in emerging markets with a flat or negative growth in developed countries. The US market continues to witness continued price erosion.

**[Key financial highlights]**

During the year, the Company registered strong revenue growth aided by growth momentum in its Branded Generic markets. Our Branded business which now contributes to around 70% of the overall revenues grew by 15%.

**India** which contributes ~50% of the overall revenues, grew by 15% against the market growth of 11% (w/o covid). Growth was aided by robust performance of top brands, new launches and market outperformance across all our focus therapies. We are ranked No 8 in the Indian Pharma Market and have 17 brands in the top 500 brands in IPM with 10 brands above 100 crores of revenues.

**Brazil**, our second largest branded generic market grew by 18% against the market growth of 12%. Growth was aided by market share gain, performance of top brands and new launch momentum. We continue to be ranked No.1 amongst Indian players .

**Germany**, witnessed a degrowth of 7% mainly due to slow market recovery and increased competition in the tender segment. We believe, our efforts in building cost efficiencies into the portfolio should help us in improving our tender wins and reviving growth. In Germany we continue to be ranked No 1 amongst Indian players.

**US**, registered a degrowth of 15%. Our base business witnessed high double digit price erosion and due to lack of new product approval pending the USFDA re-inspection the performance was impacted. We believe once the re-inspection is successfully completed during this year, we should see growth coming back with double digit new product launches. The Company has 105 ANDA approvals (including 5 tentative approvals) and 57 pending approvals.

**Summary of financial performance for 2021-22 is as under:**

1. Revenue at Rs 8,508 crores was up by 6%.
2. EBITDA at Rs 2,621 crores was up by 4%.
3. EBITDA margins stood at 31% as against 32% in the previous year.
4. During the year, debt reduced by Rs 807 crores. Leverage in terms of Net Debt-to-EBITDA reduced to 1.3x as of 31<sup>st</sup> March, 2022 compared to 1.6x in the previous year.
5. Total R&D spend during the year was Rs. 516 crores which is 6.1% of the revenue. We continue to diversify our spends with

incremental investments into high value complex generics & NDDS projects.

**[Manufacturing]**

Progress of state-of-the-art Oral Oncology manufacturing facility in Gujarat is on track. We have already filed our first oncology product in the US from this facility.

The facility once commercialized will cater to both regulated and non-regulated markets.

**[People – Our Backbone]**

2021-22 was yet another year where our workforce and their unwavering dedication, played a crucial role in ensuring continuity of supply to healthcare professionals and patients. As the Covid wave engulfed in the beginning of the year, Employees' Health and Safety continued to be of paramount importance.

Our workforce of 13,900+ across the world renders a strong edifice for sustainable growth.

Our feet on the street, who are face to medical practitioners, act as a catalyst in fortifying our brand equity and building a rapport of trust and commitment.

With field force productivity being one amongst the highest in IPM, we have initiated expansion of field force with an objective of expanding our reach and accelerating growth.

**[Corporate Social Responsibility]**

Inspired by ideas of our Founder, late Shri U N Mehta, Torrent Group deeply subscribes to its responsibilities as a corporate citizen and believes in carrying out its industrial and business activities in a socially and environmentally responsible manner balancing the needs of all stakeholders and contributing to the upliftment and well-being of the disadvantaged sections of the society.

We have continued expanding our flagship CSR program REACH during the year. Additional 649 villages were covered during the year, making the total villages now to 1000 under its grass root intervention program. Under the greenfield action program, two multi purpose satellite centres have been started during the year with three more planned in 2022-23. These centres will be scaled up depending on the demand of healthcare services at respective locations. Balsangam, which is a 150 bed state of the art paediatric hospital have been scaled up post the second wave in 2021. Under the other allied initiatives, counselling and support was provided to rural adolescent girls covering menstrual hygiene and sanitation by providing free hygiene kits. Kits were provided to a total of 14000+ girls.

The other program's namely Sikshasetu, 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.

**[Looking forward]**

Our key priorities will be:

1. Market outperformance in Branded Generic markets through new launches, foraying in to newer therapies and field force expansion. Strengthening product pipeline for Generic-Generic markets, building cost competitiveness and accelerating new launches.
2. Drive cost efficiency initiatives to complement margin improvement.
3. Continue to deploy capital to new and emerging markets to develop them as growth engines over medium to long term.
4. Build an engaged and empowered workforce with focus on leadership, innovation and productivity.
5. Leverage digital technologies to drive business model improvements.
6. Drive implementation of ESG roadmap and initiatives, including complementing national priority of net zero carbon goals.

**[Conclusion:]**

To conclude, I would like to convey my sincere thanks to all our shareholders who have conferred their trust and faith in us and look forward to the continued patronage, guidance and long term association in our journey.

I also express my gratitude to the members of the Board for their continued guidance. I also thank our business associates, government and various authorities for their continued interest and confidence in the Company and Management.