



# **Investor Presentation**

**Q3 FY 2014-15**



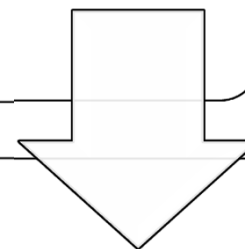
# **Caveat**

This information may contain certain forward-looking statements/ details in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Investors/shareholders/public are hence cautioned not to place undue reliance on these statements/ details, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events or otherwise.

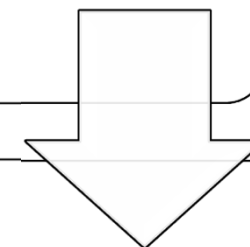


# **AGENDA**

***Performance over Period***



***Segmental Highlights***



***Financial Highlights Q3***





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## Performance over Period



# Torrent Pharma: Assets Across the Value Chain



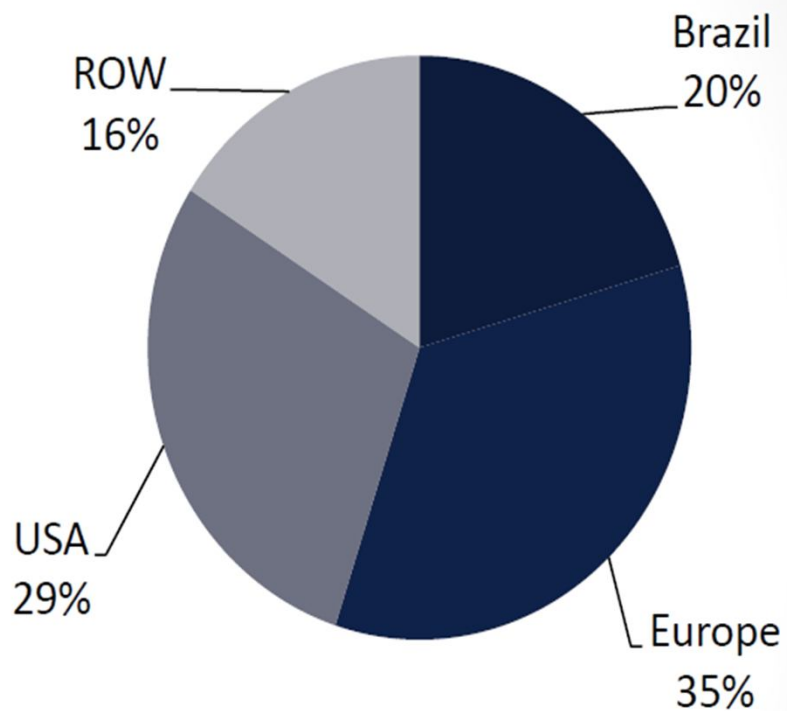
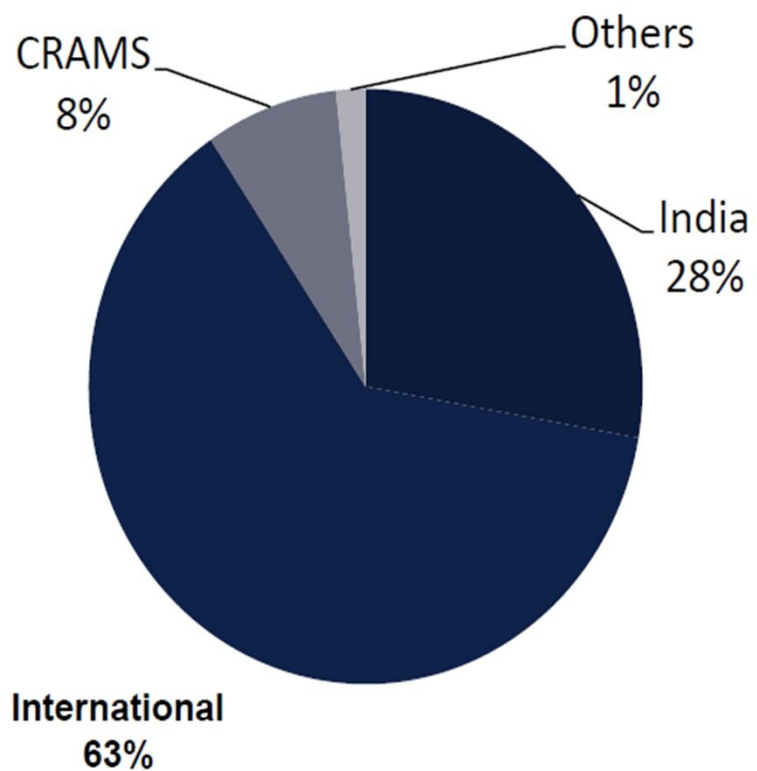
- Value-added generics development with 650 scientist 467 registrations in pipeline
- API + formulation facilities having International approvals.
- 3 Operational facilities with 1 US FDA approved and 2 having other major accreditations.
- Upcoming facility in Dahej (US FDA approvable) to nearly double existing production facilities.
- Exclusive tie up with Novo Nordisk for last 15 years for Insulin.
- Broad and differentiated product portfolio across all major therapeutic areas with **16 sales** and marketing divisions
- Strong position in branded generics with 250+ brands in India
- Presence in all fast growing chronic therapies with leadership positions in CNS & CVS therapies.
- Acquired Identified part of Domestic Branded formulation business of Elder Pharma on a slump sale basis.
- Reach to over 70 countries with **17** operating subsidiaries
- Substantial revenues coming from International Markets contributed by US, Brazil & Germany.
- More than 40% of revenues coming in from Branded Generics segment which are is expected to improve further with Elder acquisition.



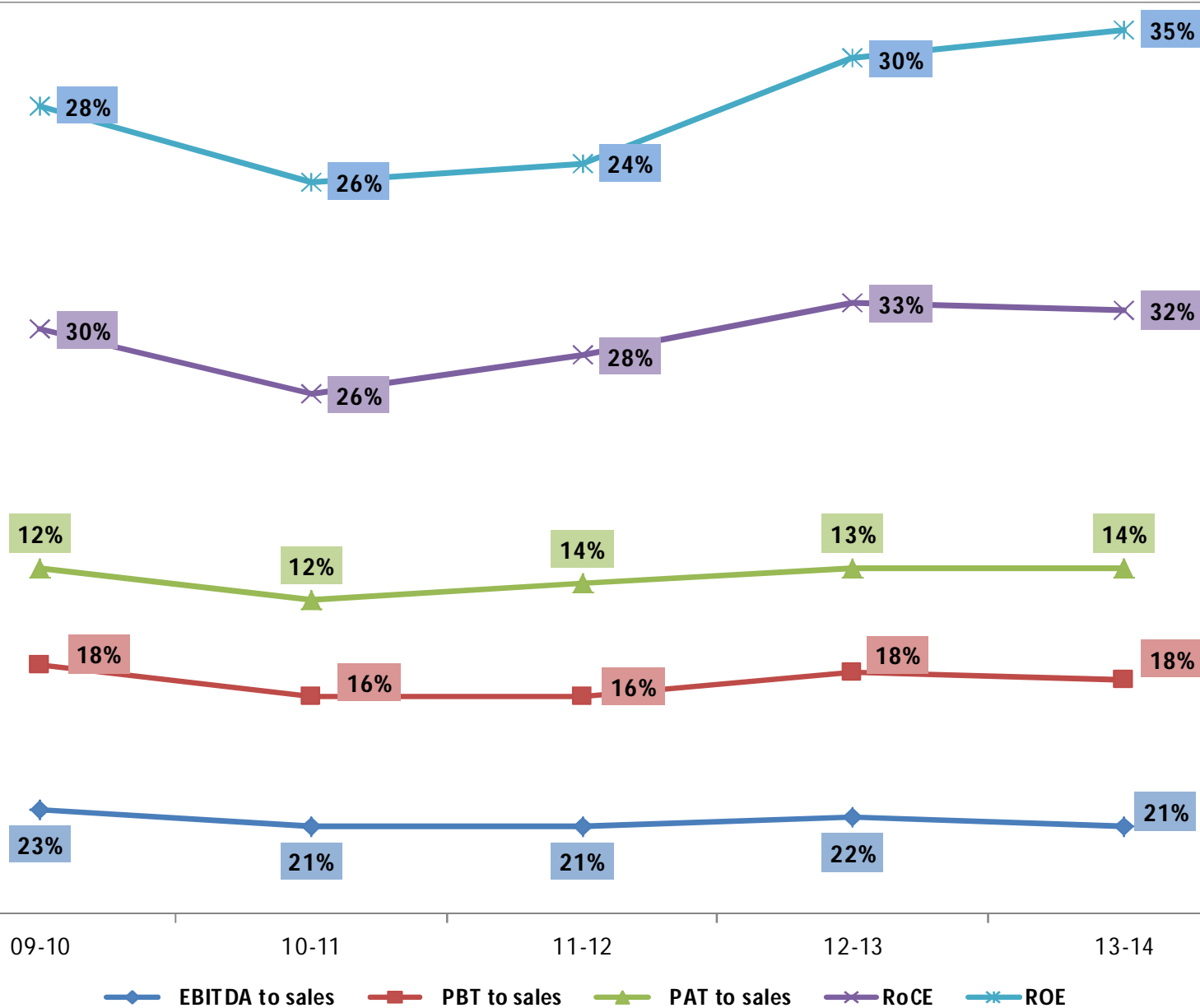
***Torrent has established a platform across key assets of the value chain***

# Torrent Pharma Today

**FY 13-14 Revenues : ₹ 4184 crores**



# 5 year performance





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## Segmental Highlights

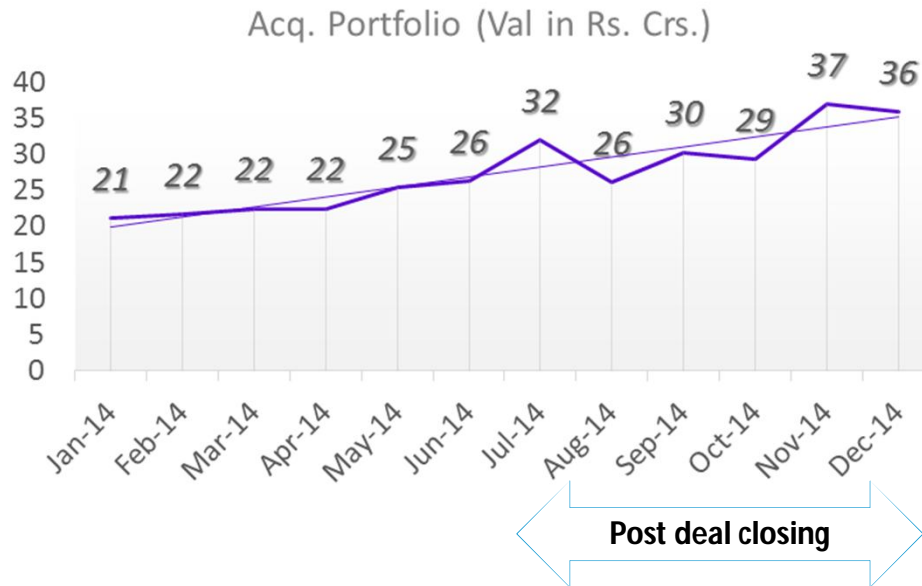




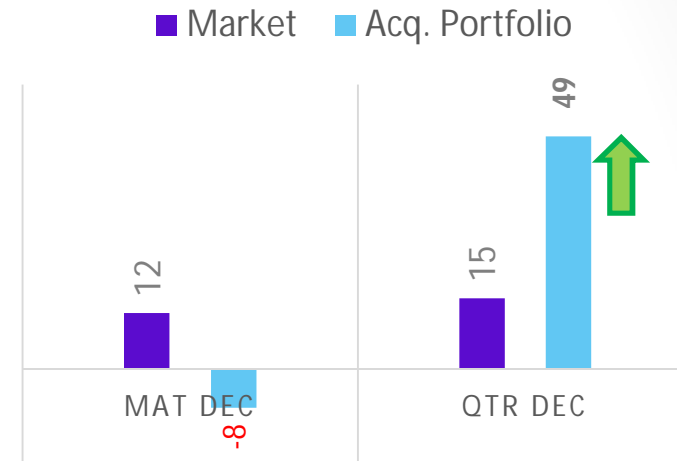
# Business Segment : India



# Acquired Portfolio – Accelerating Synergy Results



## ACQUIRED PORTFOLIO GR% PERFORMANCE VS. MARKET



### Synergizing Pain/Woundcare

- New Pain/Wound care division with synergy of Existing & Acquired brands
- Targeting Rheuma/Ortho/Surgeons

### Re-Aligned Wellness division

- Torrent's 1<sup>st</sup> Flagship Wellness division
- Focus on Women Healthcare, Nutraceuticals, Wellness concepts

### Key Highlights

- Significant improvement post-deal closing in Recovery of Secondary sale base
- 70% Growth for the month of Dec over LY (Crossed base of Dec'12 on monthly basis)
- Shelcal ranked 27<sup>th</sup> & Chymoral ranked 92<sup>nd</sup> has gained 50 & 92 ranks respectively over Q3 2013

AP — Acquired portfolio  
AIOCD Dataset Dec



# Existing divisions (Other than Acquired portfolio)

| Growths vs. Market*  | MAT VAL<br>Dec 12 | MAT VAL<br>Dec 13 | MAT VAL<br>Dec 14 |
|----------------------|-------------------|-------------------|-------------------|
| IPM Gr%              | 14                | 7                 | 10                |
| <b>TPL Total Gr%</b> | <b>15</b>         | <b>15</b>         | <b>16</b>         |
| IPM Wo AI Gr%        | 15                | 8                 | 11                |
| <b>TPL wo AI %Gr</b> | <b>18</b>         | <b>17</b>         | <b>17</b>         |

- Among the top 4 growing companies in the IPM Top 20 cos.^ since the past 2 years
- Focus on **Brand building, Field Force Productivity & Specialties** yielding consistently higher growths than the market
- New introductions to further accelerate growth with NDDS, FDCs & other first time launches
- Anti-Infectives – Non-focus portfolio

## No. of Brands

| Brand Slab | Torrent 2010 | Torrent 2014 |
|------------|--------------|--------------|
| 100+ Cr    | 0            | 1            |
| 50-100 Cr  | 0            | 6            |
| 25-50 Cr   | 9            | 9            |
| 10-25 Cr   | 13           | 26           |

\*AIOCD Dataset; NDDS: Novel drug Delivery systems  
 FDC : Fixed Dose Combinations; AI – Anti-Infectives  
 ^ IPM without Anti-Infectives



# India

Cr

| India    | Q3<br>14 - 15 | Q3<br>13 - 14 | 13-14 | 12-13 |
|----------|---------------|---------------|-------|-------|
| Revenues | 420           | 296           | 1161  | 1024  |
| % Growth | 42%           |               | 13%   |       |

## Q3 FY 15 Highlights

- MAT Dec-14:IPM growth 10%, Covered Market growth (Excl: Elder Portfolio):11%,Torrent growth (Excl: Elder Portfolio):16%, as per AIOCD.
- Current quarter, includes sales from acquired business from Elder. Excluding this sales growth for quarter would have been 15%.

## Growth drivers

- New therapy Entry – **Nephrology**
- **Accelerated growth through new PAIN/WOUND CARE division** – Integrated Division of Acquired & Existing brands
- **Dedicated division towards wellness** – Targeting Nutrition, Women Healthcare & Wellness markets – through Acquired portfolio
- Enhancing product basket in new therapies – Dermatology, Oncology



# **Business Segment : International**



# International Operations – Our Strengths

## Product Selection & Development

**Increasing** Investments in R&D.

**Diversifying** the portfolio towards new dosage forms & Therapeutic areas.

**Building** Partnerships.

## Production Scale

US FDA Approved – Indrad plant – 5.5 bn units

EU & ANVISA Approved – Baddi plant – 4.8 bn

Upcoming Dahej Capacity – Phase wise expansion to 14 bn units

- EU Inspection complete
- US FDA & ANVISA inspections in FY 2015-16

## Business Model

### Generics Business

-USA, Germany & UK

### Branded Generics –

- **Brazil** – Among Top 20 cos in Rx's, Strong presence in Cardio-Metabolic & CNS
- **Mexico, Romania, Philippines** – Scaling up for growth



## International Business segment : Sales summary

| Segment                       | Q3 14-15   | Q3 13-14   | YTD 14-15   | YTD 13-14   | Q3 Gwth (INR) | YTD Growth (INR) | Q3 Growth (Constant Cur.) | YTD Growth (Constant Cur.) |
|-------------------------------|------------|------------|-------------|-------------|---------------|------------------|---------------------------|----------------------------|
| USA                           | 171        | 148        | 607         | 375         | 16%           | 62%              | 16%                       | 57%                        |
| Europe                        | 227        | 248        | 704         | 679         | -9%           | 4%               | 0%                        | 4%                         |
| Brazil                        | 156        | 147        | 465         | 405         | 6%            | 15%              | 19%                       | 21%                        |
| ROW                           | 106        | 95         | 289         | 289         | 12%           | 0%               | 20%                       | 3%                         |
| <b>International business</b> | <b>660</b> | <b>637</b> | <b>2065</b> | <b>1749</b> | <b>4%</b>     | <b>18%</b>       | <b>11%</b>                | <b>19%</b>                 |

Rs.  
in Cr



# USA

Cr

| USA      | Q3<br>14 - 15 | Q3<br>13 - 14 | 13-14 | 12-13 |
|----------|---------------|---------------|-------|-------|
| Revenues | 171           | 148           | 776   | 355   |
| % Growth | 16%           |               | 119%  |       |

## Q3 FY 15 Highlights

- Constant Currency Growth 16%.
- Torrent continues to deal with large customers which has helped in improving reach and market share.

## Growth drivers

- As of Dec-14 the Company has 53 ANDA approvals (including 9 tentative approvals) and its pipeline consists of 19 pending approvals and 44 products under development.
- During Q3 FY15 company filled 1 ANDA and got approvals of 3 ANDA
- 9 to 11 products expected to be launched in FY 16





# USA – Moving up the value chain....

## *Strengthening Presence*

Among top 3 players in 10 molecules

Improving market share

## *Pipeline & Channel Management*

53 ANDA approvals + 19 pending + 44 Products under development

Strengths in multiple channels (Wholesalers, Retail chains, Mail order)

## *Growth drivers – Diversifying portfolio*

Planning entries into new segments

Increasing presence in complex generics



# Brazil

Cr

| Brazil   | Q3<br>14 - 15 | Q3<br>13 - 14 | 13-14 | 12-13 |
|----------|---------------|---------------|-------|-------|
| Revenues | 156           | 147           | 533   | 502   |
| % Growth | 6%            |               | 6%    |       |

## Q3 FY 15 Highlights

- Constant currency Growth 19%
- MAT Nov 2014 covered Market Growth (excluding Government reimbursement programme) is 12%, Torrent growth 28% as per IMS in units term.
- Products where prices were reduced continue to drive share growth
- Nebivolol has now attained 29% market share for the Torrent brand.
- Institutional business continues to demonstrate strong growth

## Growth drivers

- Pipeline: 13 products for Branded Segment, 8 Products for Generics.



# Brazil – Leveraging Torrent's Core competencies

## *Branded Generics*

- Among the Top 20 Rx cos.\*
- Presence in the Top 3 Therapies of Brazil Market – Cardio-Metabolic & CNS
  - Among the top 5 Cos.^ In the market
- Focus on Productivity, Brand building & specialties
- Strong relationship & Access with Neurologists, Psychiatrists, Cardiologists, Endocrinologists with **over 12 years of market presence**
- Leadership in brands like EPEZ(Donepezil), LAMITOR(Lamotrigine), AZUKON MR(Gliclazide), INDAPEN SR(Indapamide)
- Future Growth brands in ESPRAN(Escitalopram), ROSUCOR (Rosuvastatin), NEBLOCK(Nebivolol)

## *Tender Business*

- Targeted towards Federal, State & Municipal Hospitals

## *Generics*

- Entry in 2013 with selective products in Cardio-Metabolic & CNS
- Scaling up at Pharmacy Chains/Independents with Dedicated Field force

\*Close up data – Dec 2014

^ Covered Market IMS data Nov 2014



# Brazil Branded Generics Market – Going Strong

| Segment          | Promotion                                    | Channel Discounts |
|------------------|--|-------------------|
| Branded Generics | High Brand building thrust & Rx Pull model   | Small             |
| Generics         | Trade Push & Discounts (Low Promotion spend) | Large             |

## Reference/ Innovator

- 2014 Unit share – 37%
- 2017 Estimate – 35%

## Branded Generics

- 2014 Unit share – **33%**
- 2017 Unit share – **33%**

## Generics

- 2014 Unit share – **30%**
- 2017 Estimate – **32%**

**Torrent's DUAL focus on Branded Generics** with continuous efforts to participate in the Generics market will maximize profitability over the next 3-5 years



# Europe

Cr

| Europe   | Q3<br>14 - 15 | Q3<br>13 - 14 | 13-14 | 12-13 |
|----------|---------------|---------------|-------|-------|
| Revenues | 227           | 248           | 930   | 650   |
| % Growth | -9%           |               | 43%   |       |

## Q3 FY 15 Highlights

- On constant currency basis revenues were flat.
- Germany Operations key revenue contributor.

## Growth drivers

- New Products going off patent and Therapy coverage expansion in Heumann
- Growing product pipelines through Product Development & New product launches for dossier out licensing business.



# Europe – Growth Drivers

## Generics

- **Germany** – Among the Top 5 players\*
  - *Among the highest awarded in tender business*

## Branded Generics

- Romania
  - Presence in CV/CNS market

## Licensing Business

- De-risked Business model – Not just a few partners
- Top 5 partners contribute 54% to the business



# ROW

₹ Cr

| ROW      | Q3<br>14 - 15 | Q3<br>13 - 14 | 13-14 | 12-13 | 11-12 |
|----------|---------------|---------------|-------|-------|-------|
| Revenues | 106           | 95            | 388   | 328   | 247   |
| % Growth | 12%           |               | 18%   |       | 16%   |

## Q3 FY 15 Highlights

- Revenue growth impacted due to:
  - Discontinuation of Business in non performing countries &
  - Adverse currency movements in Russia.

## Growth drivers

- Future Growth Drivers – Mexico, Malaysia, Philippines
- Continuous registration of new products from the Middle East & South East Asia and other ROW markets





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## **Financial Highlights – Q3 FY 15**





## **Q3 FY15 Performance Highlights**

- Revenues at ` 1,168 Cr vs. ` 1,015 Cr, growing at 15%; Constant currency growth of 20%.
- Excluding sales from acquired business from Elder, India formulations market growth for quarter is 15%.
  - India formulation market growing at 42%.
- International operations growing at 4%; Constant currency growth of 11%
- PBT at ` 201 Cr vs. ` 188 Cr in Q3 FY 14; showing growth of 7%
- PAT at ` 167 Cr vs. ` 158 Cr in Q3 FY 14; showing growth of 6%



# Revenue Progression

Cr

| Particulars                       | Q3<br>14 - 15 | Q3<br>13 - 14 | Gwth %     | 13-14        | 12-13        | Gwth %     |
|-----------------------------------|---------------|---------------|------------|--------------|--------------|------------|
| India (A)                         | 420           | 296           | 42%        | 1,161        | 1,024        | 13%        |
| International (B)                 | 660           | 637           | 4%         | 2,629        | 1,827        | 44%        |
| <b>Total (A+B)</b>                | <b>1,080</b>  | <b>934</b>    | <b>16%</b> | <b>3,791</b> | <b>2,852</b> | <b>33%</b> |
| USA                               | 171           | 148           | 16%        | 776          | 355          | 119%       |
| Brazil                            | 156           | 147           | 6%         | 533          | 502          | 6%         |
| Europe                            | 227           | 248           | -9%        | 930          | 650          | 43%        |
| ROW *                             | 106           | 95            | 12%        | 390          | 321          | 21%        |
| <b>Contract Manufacturing (C)</b> | <b>84</b>     | <b>76</b>     | <b>10%</b> | <b>323</b>   | <b>300</b>   | <b>8%</b>  |
| <b>Other (D)</b>                  | <b>5</b>      | <b>5</b>      |            | <b>70</b>    | <b>61</b>    |            |
| <b>Total Revenues (A+B+C+D)</b>   | <b>1,168</b>  | <b>1,015</b>  | <b>15%</b> | <b>4,184</b> | <b>3,213</b> | <b>30%</b> |

\* Includes Russia & CIS, Mexico & Canada.



# P&L

Cr

| Particulars       | Q3<br>14 - 15 | Q3<br>13 - 14 | YTD Dec<br>14-15 | YTD Dec<br>13-14 |
|-------------------|---------------|---------------|------------------|------------------|
| <b>REVENUES</b>   | <b>1,168</b>  | <b>1,015</b>  | <b>3,499</b>     | <b>2,959</b>     |
| <b>% Growth</b>   | <b>15%</b>    |               | <b>18%</b>       |                  |
| Gross Margin      | 796           | 697           | 2,445            | 2,041            |
| <b>% Revenues</b> | <b>68%</b>    | <b>69%</b>    | <b>70%</b>       | <b>69%</b>       |
| EBITDA            | 300           | 215           | 1,018            | 602              |
| <b>% Revenues</b> | <b>26%</b>    | <b>21%</b>    | <b>29%</b>       | <b>20%</b>       |
| <b>PBT</b>        | <b>201</b>    | <b>188</b>    | <b>785</b>       | <b>527</b>       |
| <b>% Revenues</b> | <b>17%</b>    | <b>19%</b>    | <b>22%</b>       | <b>18%</b>       |
| <b>% Growth</b>   | <b>7%</b>     |               | <b>49%</b>       |                  |
| Tax               | 34            | 30            | 164              | 107              |
| <b>% PBT</b>      | <b>17%</b>    | <b>16%</b>    | <b>21%</b>       | <b>20%</b>       |
| <b>PAT</b>        | <b>167</b>    | <b>158</b>    | <b>621</b>       | <b>420</b>       |
| <b>% Revenues</b> | <b>14%</b>    | <b>16%</b>    | <b>18%</b>       | <b>14%</b>       |
| <b>% Growth</b>   | <b>6%</b>     |               | <b>48%</b>       |                  |

## Note:

- Excluding One Offs in Q3 13-14; PBT & PAT growth for Q3 FY 14-15 was 32% & 31% respectively.



# Balance Sheet

Cr

| Particulars                   | 31-Mar-14    | %           | 31-Dec-14    | %           | Δ            |
|-------------------------------|--------------|-------------|--------------|-------------|--------------|
| <b>EQUITY AND LIABILITIES</b> |              |             |              |             |              |
| Shareholders funds            | 1,902        | 62%         | 2,507        | 50%         | 604          |
| Minority Interest             | 0            | 0%          | 0            | 0%          | 0            |
| Long Term Borrowings          | 921          | 30%         | 2,169        | 43%         | 1,247        |
| Non-current liabilities       | 248          | 8%          | 381          | 8%          | 133          |
| <b>TOTAL</b>                  | <b>3,072</b> | <b>100%</b> | <b>5,057</b> | <b>100%</b> | <b>1,985</b> |
| <b>ASSETS</b>                 |              |             |              |             |              |
| Net Fixed Assets              | 1,381        | 45%         | 1,571        | 31%         | 191          |
| Goodwill On Consolidation     |              |             | 16           | 0%          | 16           |
| Intangible Assets             | 29           | 1%          | 1,915        | 38%         | 1,886        |
| Loans & Advances              | 130          | 4%          | 177          | 4%          | 48           |
| Other Non-Current assets      | 126          | 4%          | 125          | 2%          | (2)          |
| Current Assets                | 2,449        | 80%         | 2,694        | 53%         | 244          |
| Inventories                   | 1,006        | 33%         | 1,033        | 20%         | 27           |
| Trade receivables             | 1,099        | 36%         | 1,221        | 24%         | 121          |
| Other Current Assets          | 344          | 11%         | 440          | 9%          | 96           |
| Less: Current liabilities     | 1,998        | 65%         | 2,226        | 44%         | 228          |
| Short-term borrowings         | 210          | 7%          | 127          | 3%          | (84)         |
| Trade payables                | 1,429        | 47%         | 1,779        | 35%         | 349          |
| Other Current liabilities     | 358          | 12%         | 320          | 6%          | (38)         |
| Net Current Assets            | 452          | 15%         | 468          | 9%          | 17           |
| Cash and cash equivalents     | 955          | 31%         | 784          | 16%         | (171)        |
| <b>TOTAL</b>                  | <b>3,072</b> | <b>100%</b> | <b>5,057</b> | <b>100%</b> | <b>1,985</b> |



**Thank You**

