



# Investor Presentation

Q2 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***

***Acquisition***

***Segmental Highlights***

***Financial Highlights Q2***





---

## Performance over Period



# Torrent Pharma: Assets Across the Value Chain



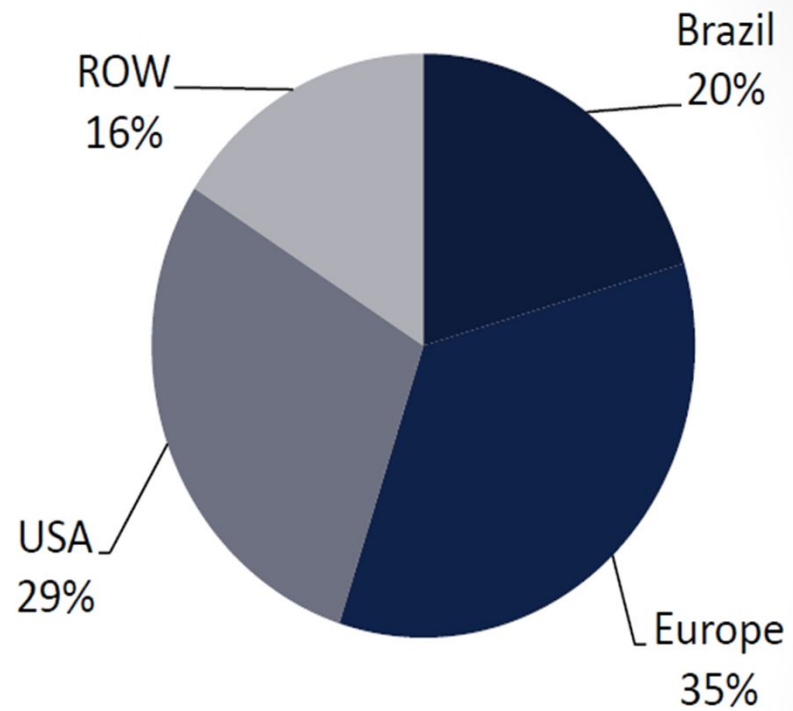
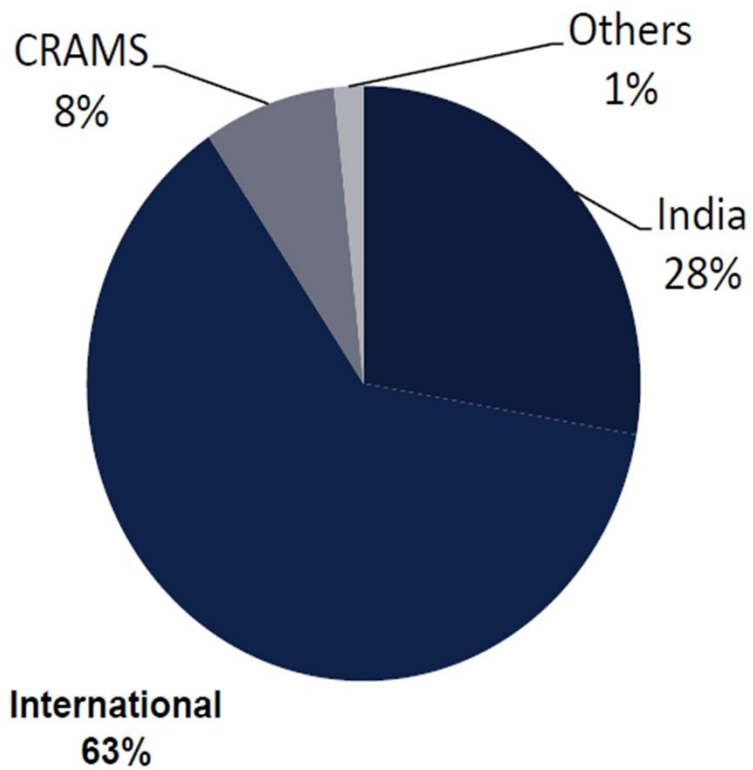
- Value-added generics development with 650 scientist 467 registrations in pipeline
- API + formulation facilities having International approvals.
- 3 Operational facilities with 1 US FDA approved and 2 having other major accreditations.
- Upcoming facility in Dahej (US FDA approvable) to nearly double 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***

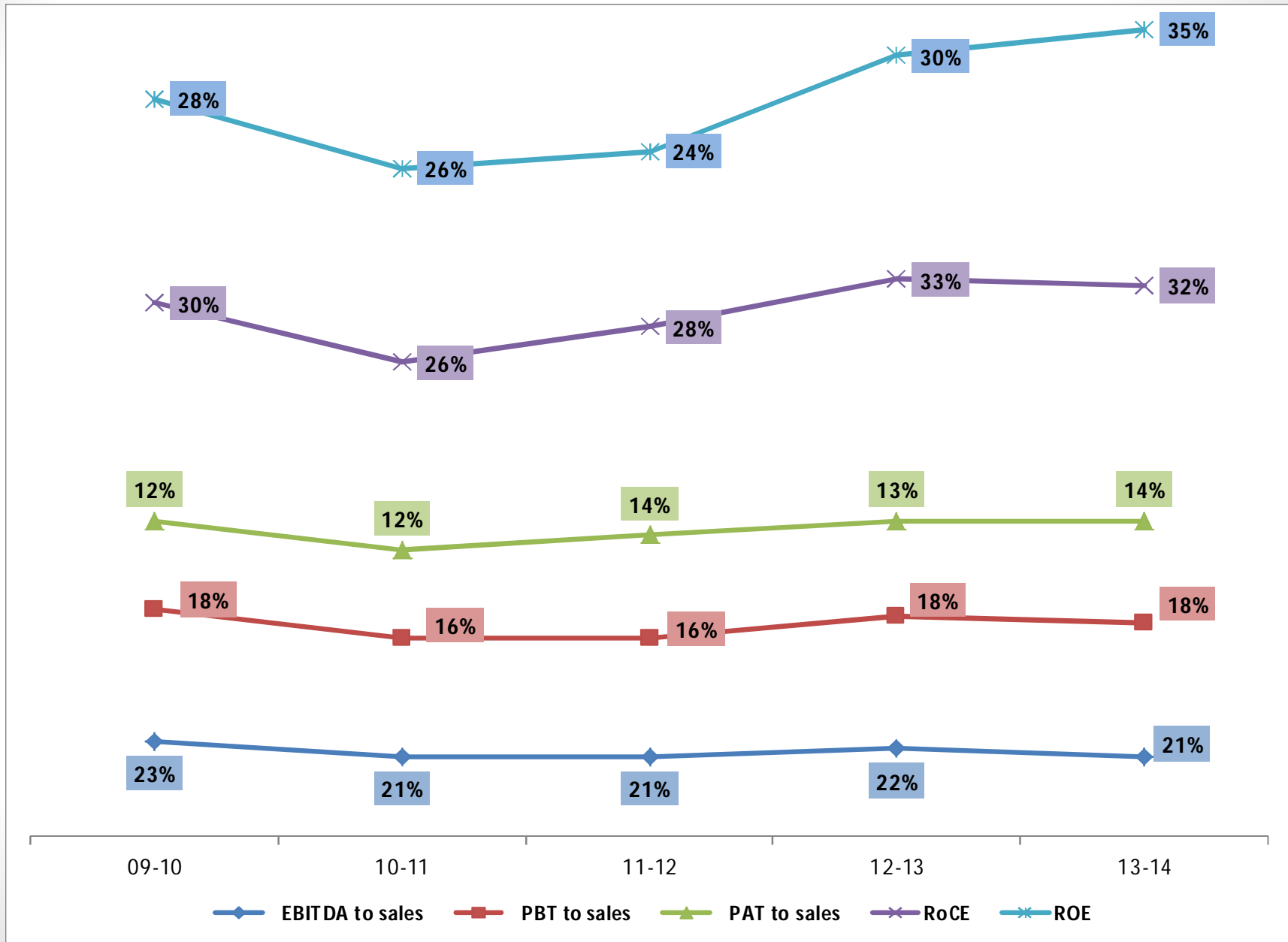


# Torrent Pharma Today

FY 13-14 Revenues : ₹ 4184 crores



# 5 year performance





---

## Acquisition





# Torrent – Yesterday & Today

- ***Torrent Pre-acquisition***

- Strong Cardio/Neuropsychiatry company
- 4 decades of legacy in niche marketing/super-specialties
- Chronic therapy dominated presence
- 24000 Crs. Covered Mkt opportunity
- Topline 1400 Crs\*
- Specialty reach in some specialties
- **14<sup>th</sup> rank** in Rxshare in Pharma market\*
- **19<sup>th</sup>** in Acute portfolio Rxshare\*
- 38:62 Acute:Chronic split^

- ***Torrent Today***

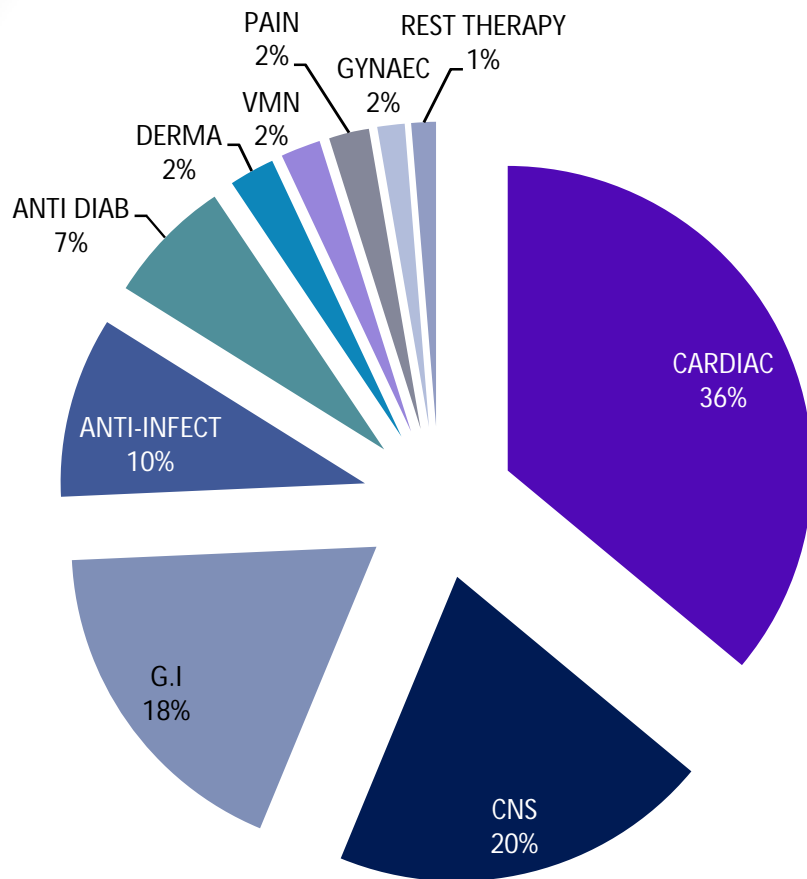
- Multi-specialty strengths with mass brands like SHELCAL
- Strong Cardio/Neuropsychiatry/**Nutraceuticals/Pain presence**
- **Poised to leverage opportunities** in Chronic & Acute markets both
- 28000 Crs+ Covered Mkt opportunity
- Topline 1800 crs\*
- **Top 10** in all key specialties
- **10<sup>th</sup> Rank** in Rxshare in Pharma market\*
- **13<sup>th</sup> Rank** in Acute portfolio Rxshare\*
- 48:52 Acute:Chronic split^

^AIOCD Dataset

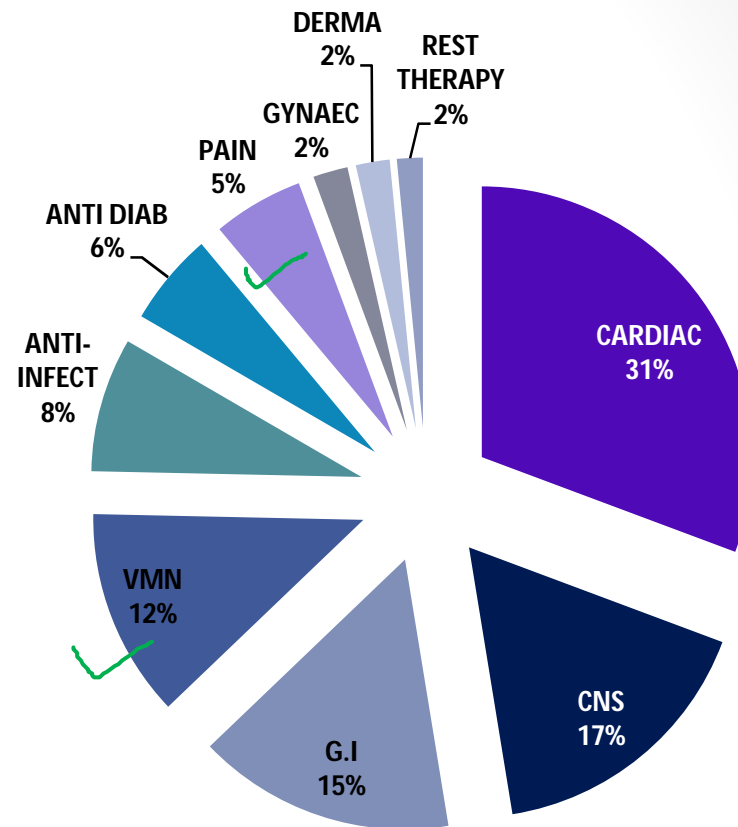
- CMARC Rx dataset
- \*annualized estimate (9 months of acq business annualized)



# New balance – Therapies (Pre & Post Elder)



Pre- Acquisition

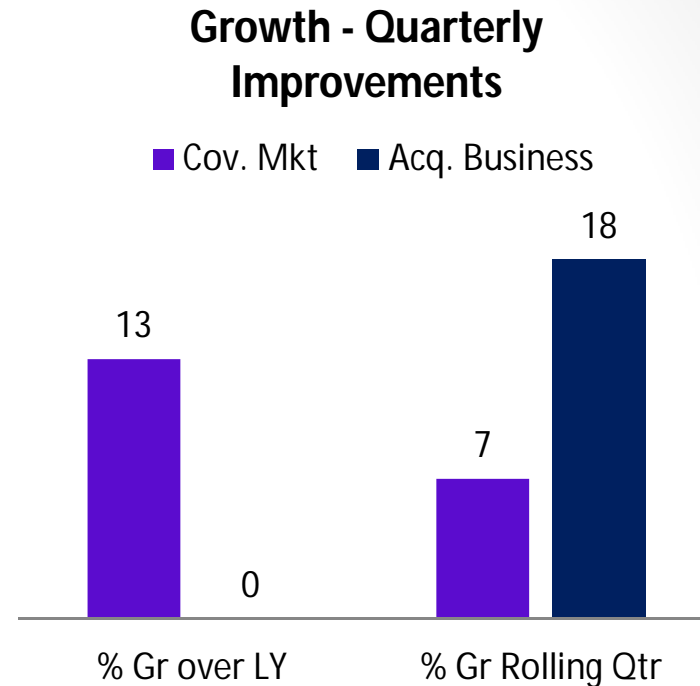
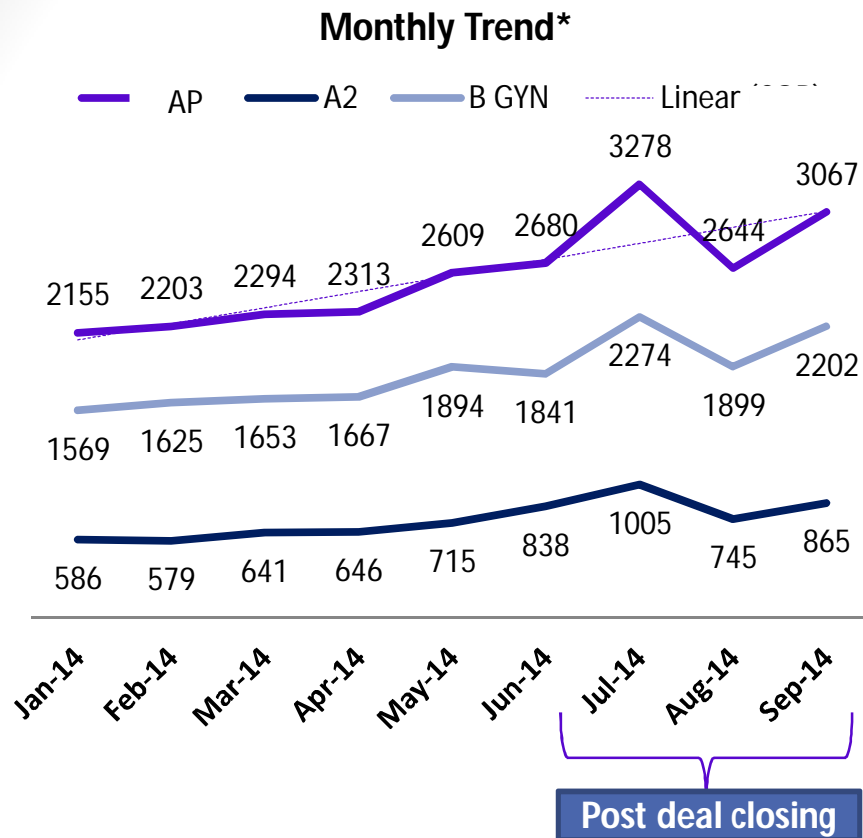


Post-Acquisition

**New stronghold therapy** – Nutraceuticals (VMN) (In addition to Cardio, CNS)  
**New growth drivers** – Pain (In addition to Diabetes, Derma, Gyn)



# Acquired portfolio: Recent Trends – Growing back to glory....



- **Significant improvement post-deal closing in secondary sale performance**
- 18% Growth over prev. Qtr vs. Mkt 7% (Rolling Qtr growths)
- 13% Growth for the month of Sep over LY (Recovered base of LY on quarterly basis)
- **Shelcal & Chymoral jump 10 & 5 ranks respectively over Q2 2013**
- Consistent improvement quarter on quarter estimated with improvements in brand performances & synergies

AP — Acquired portfolio  
 \*AIOCD dataset (Value in lacs)



# Financials

- Acquisition funded by Long Term Debt of ₹ 1,400 crs & balance by Internal Accruals.
- The total Debt outstanding as on September 2014 is ₹ 2,321 crores with a gearing ratio of less than 1.
- Amortization of Intangibles to be done over a period of 15 yrs.
- Acquisition is likely to be cash accretive by the end of first year i.e. during 2015-16 and EPS accretive by the end of second year i.e. during 2016-17.





---

## Segmental Highlights



# Business Segment : India



# Existing divisions (Other than Acquired portfolio)

Growths vs. Market*	MAT VAL SEP 12	MAT VAL SEP 13	MAT VAL SEP 14
IPM Gr%	16	7	9
<b>TPL Total Gr%</b>	<b>13</b>	<b>16</b>	<b>16</b>
IPM Wo AI Gr%	16	8	10
<b>TPL wo AI %Gr</b>	<b>16</b>	<b>19</b>	<b>17</b>

- Among the top 5 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

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

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



# India

₹ Cr

India	Q2 14 - 15	Q2 13 - 14	13-14	12-13
Revenues	442	297	1161	1024
% Growth	49%		13%	

## Q2 FY 15 Highlights

- MAT Sep-14: 9%, Covered Market growth (Excl: Elder Portfolio): 9%, Torrent growth (Excl: Elder Portfolio): 15%
- Current quarter, includes sales from acquired business from Elder. Excluding this sales growth for quarter would have been 17%.

## Growth drivers

- Accelerated growth in Gynecology, Nutraceuticals, Pain Management therapies post-acquisition of Elder business
- Enhancing product basket in new therapies – Dermatology, Oncology





# Business Segment : International



# USA

Cr

USA	Q2 14 - 15	Q2 13 - 14	13-14	12-13
Revenues	167	115	776	355
% Growth	45%		119%	

## Q2 FY 15 Highlights

- Constant Currency Growth 49%, driven by New Products.
- Molecule growth continues to be high for products like Losartan +15%, Montelukast IR +13%, Pantoprazole +13%.
- Torrent market share continue to improve across portfolio with addition of large customers.

## Growth drivers

- As of Sep-14 the Company has 50 ANDA approvals (including 6 tentative approvals) and its pipeline consists of 21 pending approvals and 45 products under development.
- During H1 FY15 company filled 1 ANDA and got approvals of 2 ANDA
- 8 to 10 products expected to be launched in FY 15



# Brazil

Cr

Brazil	Q2 14 - 15	Q2 13 - 14	13-14	12-13
Revenues	160	125	533	502
% Growth	28%		6%	

## Q2 FY 15 Highlights

- Constant currency Growth 32%
- Covered Market Growth (excluding Government reimbursement programme) is 11%, Torrent growth 20% as per IMS in units term.
- Products where prices were reduced continue to drive share growth
- Nebivolol has now attained 27% market share for the Torrent brand and 8% for Torrent generic
- Institutional business continues to demonstrate strong growth

## Growth drivers

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



# Europe

Cr

Europe	Q2 14 - 15	Q2 13 - 14	13-14	12-13
Revenues	248	235	930	650
% Growth	5%		43%	

## Q2 FY 15 Highlights

- Constant currency growth 8%
- Germany Operations key contributor to growth

## 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.



# ROW

Cr

ROW	Q2 14 - 15	Q2 13 - 14	13-14	12-13
Revenues	97	97	388	328
% Growth	0%		19%	

## Q2 FY 15 Highlights

- Stagnated revenues mainly due to:
  - Discontinuation of Business in non performing countries.

## Growth drivers

- Middle East/ Africa Region Delivering the growth being an upcoming market
- Continuous registration of new products from the Middle East & South East Asia and other ROW markets





---

## Financial Highlights – Q2 FY 15



# Q2 FY15 Performance Highlights

- Revenues at ` 1,217 Cr vs. ` 972 Cr, growing at 25%;
  - India formulation market growing at 49%
    - Excluding sales from acquired business from Elder growth for quarter would have been 17%.
  - International operations growing at 17%; Constant currency growth of 21%
    - USA & Brazil markets key contributors to growth
- PBT at ` 235 Cr vs. ` 152 Cr in Q2 FY 14; showing growth of 55%;
- PAT at ` 198 Cr vs. ` 113 Cr in Q2 FY 14; showing growth of 75%



# Revenue Progression

Cr

Particulars	Q2 14 - 15	Q2 13 - 14	Gwth %	13-14	12-13	Gwth %
<b>India (A)</b>	<b>442</b>	<b>297</b>	<b>49%</b>	<b>1,161</b>	<b>1,024</b>	<b>13%</b>
<b>International (B)</b>	<b>673</b>	<b>573</b>	<b>17%</b>	<b>2,629</b>	<b>1,827</b>	<b>44%</b>
<b>Total (A+B)</b>	<b>1,115</b>	<b>870</b>	<b>28%</b>	<b>3,791</b>	<b>2,852</b>	<b>33%</b>
USA	167	115	45%	776	355	119%
Brazil	160	125	28%	533	502	6%
Europe	248	235	5%	930	650	43%
ROW*	97	97	0%	390	321	21%
<b>Contract Manufacturing (C)</b>	<b>98</b>	<b>100</b>	<b>-2%</b>	<b>323</b>	<b>300</b>	<b>8%</b>
<b>Other (D)</b>	<b>4</b>	<b>2</b>		<b>70</b>	<b>61</b>	
<b>Total Revenues (A+B+C+D)</b>	<b>1,217</b>	<b>972</b>	<b>25%</b>	<b>4,184</b>	<b>3,213</b>	<b>30%</b>

\* Includes Russia & CIS, Mexico & Canada.





# P&L

Cr

Particulars	Q2 14 - 15	Q2 13 - 14	H1 14-15	H1 13-14
<b>REVENUES</b>	<b>1,217</b>	<b>972</b>	<b>2,331</b>	<b>1,944</b>
<i>% Growth</i>	<b>25%</b>		<b>20%</b>	
COGS	381	301	682	600
<i>% Revenues</i>	<b>31%</b>	<b>31%</b>	<b>29%</b>	<b>31%</b>
SG&A Spend	339	274	623	554
<i>% Revenues</i>	<b>28%</b>	<b>28%</b>	<b>27%</b>	<b>28%</b>
Employee Cost	224	182	408	354
<i>% Revenues</i>	<b>18%</b>	<b>19%</b>	<b>18%</b>	<b>18%</b>
<b>EBITDA</b>	<b>273</b>	<b>215</b>	<b>618</b>	<b>436</b>
<i>% Revenues</i>	<b>22%</b>	<b>22%</b>	<b>27%</b>	<b>22%</b>
Others (Forex, Depri & Int)	38	63	34	97
<i>% Revenues</i>	<b>3%</b>	<b>6%</b>	<b>1%</b>	<b>5%</b>
<b>PBT</b>	<b>235</b>	<b>152</b>	<b>584</b>	<b>339</b>
<i>% Revenues</i>	<b>19%</b>	<b>16%</b>	<b>25%</b>	<b>17%</b>
<i>% Growth</i>	<b>55%</b>		<b>72%</b>	
Tax	37	39	130	77
<i>% PBT</i>	<b>16%</b>	<b>26%</b>	<b>22%</b>	<b>23%</b>
<b>PAT</b>	<b>198</b>	<b>113</b>	<b>454</b>	<b>262</b>
<i>% Revenues</i>	<b>16%</b>	<b>12%</b>	<b>19%</b>	<b>13%</b>
<i>% Growth</i>	<b>75%</b>		<b>73%</b>	

## Note:

- Excluding Forex and One Offs related to shelf stock adjustment & Employees social security related spend in 14-15 & other operating income on account of licensing income from CRAMS contracts in 13-14; PBT & PAT growth for Q2 was 33% & 52% respectively.



# Balance Sheet

Cr

Particulars	31-Mar-14	%	30-Sep-14	%	Δ
<b>EQUITY AND LIABILITIES</b>					
Shareholders funds	1,902	66%	2,377	49%	474
Minority Interest	0	0%	0	0%	0
Long Term Borrowings	744	26%	2,105	44%	1,361
Non-current liabilities	248	9%	331	7%	83
<b>TOTAL</b>	<b>2,895</b>	<b>100%</b>	<b>4,813</b>	<b>100%</b>	<b>1,918</b>
<b>ASSETS</b>					
Net Fixed Assets	1,409	49%	3,469	72%	2,059
Goodwill On Consolidation	-		16		16
Loans & Advances	130	4%	120	2%	(10)
Other Non-Current assets	126	4%	155	3%	28
Current Assets	2,449	85%	2,691	56%	242
Inventories	1,006	35%	1,024	21%	18
Trade receivables	1,099	38%	1,223	25%	124
Other Current Assets	344	12%	444	9%	100
Less: Current liabilities	2,175	75%	2,397	50%	223
Short-term borrowings	210	7%	136	3%	(75)
Trade payables	1,429	49%	1,772	37%	343
Other Current liabilities	535	18%	489	10%	(46)
Net Current Assets	275	9%	294	6%	19
Cash and cash equivalents	955	33%	760	16%	(195)
<b>TOTAL</b>	<b>2,895</b>	<b>100%</b>	<b>4,813</b>	<b>100%</b>	<b>1,918</b>



**Thank You**

