



“Torrent Pharmaceuticals Limited  
Q2 FY2022 Earnings Conference Call”

October 26, 2021



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**Moderator:** Ladies and Gentlemen, good day and welcome to the Torrent Pharma Limited Q2 FY2022 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sudhir Menon. Thank you and over to you Sir!

**Sudhir Menon:** Thank you. Good evening everyone and welcome to Q2 FY2022 earnings call of Torrent Pharma. Q2 was driven by a strong momentum in the branded generics market.

In terms of financial performance during the quarter, the revenues were Rs. 2137 Crores, up by 6% on Y-o-Y basis. EBITDA was Rs. 711 Crores, up by 11% on Y-o-Y basis. The profit before tax was at Rs. 472 Crores, which was up by 23%. Net profit after taxes was at Rs. 316 Crores, up by 2%.

Aman over to you for taking us through the India business performance.

**Aman Mehta:** Thanks Sudhir. India revenues at 1087 Crores, grew by 13% on a year-on-year basis. Underlying growth adjusted for spillover of sales from Q1 to Q2 last year on account of dispatch delays is 16%. Growth was driven by continued strong momentum across all our key therapies. All our new launches in the chronic segment continue to gain market share in leadership positions. Patient footfalls have largely normalized now and we expect double digit market growth to continue for the coming quarters.

As per the AIOCD data, Torrent’s Q2 growth was 19% versus the IPM growth of 15%. Torrent is amongst the fastest growing companies in the CVD, gastro, and CNS therapies during the quarter as per the AIOCD data.

The PCPM for the quarter was 9.9 lakhs with an MR strength of 3600. Torrent continues to focus on brand building and specialty approach and has 16 brands in the top 500 brands of the IPM, with 11 brands with more than 100 Crores sales.

Now over to you Mr. Sanjay Gupta for the international business.

**Sanjay Gupta:** Thank you Aman. Let us start with the branded generics piece. So the largest branded generic market outside India is Brazil. Our Q2 sales for Brazil is at 109 million, the increase were up by 20%. The Q2 sales were aided by strong performance of our key brands, new launches, and some price increases. As per IMS, our branded generic growth for the quarter



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was 10% and we continue to maintain a strong launch momentum in the Brazil with two launches that took place earlier this year and three additional molecules that should be launched before March 31, 2022.

Moving onto the Germany, our Germany sales were at Euro 29 million down by 4% on a year-on-year basis. This growth was impacted negatively due to COVID induced supply delays and channel inventory reduction due to wholesaler customer consolidation. As per secondary sales data, Torrent's growth is in line with market growth.

In the US our sales were at USD 35 million, down by 18% on a year-on-year basis and 2% on a Q-on-Q basis. Growth continues to be impacted by the lack of new launches pending re-inspection of facilities and price erosion on the base portfolio. At the quarter end, there were 53 ANDAs pending approval with the USFDA and 7 tentative approvals have been received. One ANDA was approved during the quarter.

To conclude, sequentially Q2 witnessed steady recovery and normalization across the markets. This was complemented by a strong performance in branded generic markets led by new brands and new launches. We continue to focus on returning our German and US business back to growth.

Operator, we can open call to questions now.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Prakash Agarwal from Axis Capital. Please go ahead.

**Prakash Agarwal:** My first question is on the gross margins. Since India and Brazil have seen good growth and have a higher share versus last couple of quarters, the gross margin seems to be muted, in fact down versus the last five quarters. Could you explain what is happening here are we seeing increase in raw material prices and what is the outlook there?

**Sudhir Menon:** In terms of increase in raw material prices, we are yet to see more of these coming in because of the shortage of power issue in China. But there is a general increase which we have been seeing over the last few quarters. So yes, there is some amount of increase but not very significant, I would say. So that is point number one. This quarter, what has happened, Prakash, are three factors. So one is if you remember, last quarter, we said that the gross margin is looking little low because, as far as India business is concerned, there is little more concentration on the acute segment to the overall portfolio. What we are seeing in Q2 is, that is still continuing. So possibly one quarter down the line or maybe in Q3 we should see that correcting and the mix changing more favorably towards the chronic portfolio, so that is number two. Number three, this quarter, there is a higher inventory

provisioning, which we have done more for the generic markets, I would say. And that impact is roughly 0.5%. So that is something additional, which has logged in this quarter versus Q1. And we have seen some amount of higher price erosion in the US business in Q2 versus Q1, that is impacting our margin by around 0.3%. So all in all, we see an impact of roughly 1% of which US price erosion is 0.3% and the other two factors which I spoke about, I think, going forward, it should start reversing.

**Prakash Agarwal:** So net- net we would be around this level 72% to 72.5%.

**Sudhir Menon:** Yes, I think, it should be little higher than this because of two factors. Inventory provisioning as I said, is impacting the margin by 0.5% in Q2, that should reverse in coming quarters is what I believe and plus as I said, the concentration of the portfolio more as far as India is concerned on the acute side. And that should start getting corrected because I think, even the acute and the chronic segments have started normalizing now. So maybe two months - three months down the line, we should see that correcting and the portfolio mix again realigning towards our chronic portfolio. So that should be maybe another 0.2% - 0.3%. So that is the correction, which I believe, should happen in the coming quarters.

**Prakash Agarwal:** And secondly, on the cash flow position. So could you help us understand the cash flow from operations. So I am looking at the number, which you have given in your cash flow statement, but if you could just confirm the numbers please.

**Sudhir Menon:** The net cash from operating activities at half year ended September 30, 2021, is Rs. 904 Crores.

**Prakash Agarwal:** This is cash flow from operations.

**Sudhir Menon:** Correct. Minus the Capex Rs 127 Crores free cash flows would be roughly Rs 770 Crores.

**Prakash Agarwal:** And how much is the net debt now with this kind of cash generation and how much you have paid.

**Sudhir Menon:** So we have repaid around Rs 490 Crores up till now and possibly in H2, I think, we should be around the same number. And therefore the net borrowing by year end should be at roughly Rs 2394 Crores plus Rs 1944 Crores so around Rs 4200 - 4400 Crores is the gross borrowing Prakash.

**Prakash Agarwal:** And the net would be around Rs 3600 Crores.

**Sudhir Menon:** Yes minus Rs 700 Crores so I would say, yes, around Rs 3500 Crores kind of a number.

**Prakash Agarwal:** And last one on the payable side. It seems to have decreased quite a bit. Any particular reason? I mean, while your inventory and the receivables are similar, but your payables have gone down sharply.

**Sudhir Menon:** Yes, so one of the major component in trade payables is the discount claims with Germany. So Germany is the tender market. So there are insurance discounts that come from the insurance company. So previously this used to come with a lag of 6 to 7 months. So there are two things, which has happened in Germany. So one is, we have seen degrowth in Q2, so that is point number one, because of which the amount of the payables towards the insurance discount has gone down. The other thing is, there is some amount of acceleration we see in terms of the discount of sale coming through from insurance company. So the second factor is that previously we used to get claim from the insurance companies with a gap of six to seven months where there was a flow which was available but now there is two to three months of acceleration which we have seen in terms of the claim. So that has caused reduction in trade payables.

**Prakash Agarwal:** Perfect. Thank you.

**Moderator:** Thank you. The next question is from the line of Aditya Khemka from InCred Financial Services. Please go ahead.

**Aditya Khemka:** Can you breakup the India business growth into new products, volume and price?

**Aman Mehta:** Volume growth was 7%, price growth was 8% the new product growth was 4%.

**Aditya Khemka:** So Aman, previously we had seen much higher price growth and lower volume growth last year and this year the trend seems to be sort of reverse so the volume growth is higher and the price growth is lower. So I can understand the higher volume growth, given last year COVID impact must have been there across the portfolio, but I am failing to comprehend the lower price growth. So can you help us understand.

**Aman Mehta:** The lower price growth, I do not think it is lower than last few quarters. It has remained in this range of 7% to 8% so this quarter it is 8% as well.

**Aditya Khemka:** And on the generics business, that you have started the trade generic business, I know it is early days but any colors on how the market is turning out to be and as you are testing waters, how easy or difficult is it to build the business out.

**Aman Mehta:** It is a pretty good start. As you mentioned, it has been good second quarter, but we have essentially taken some of our branded generic brands and shifted to them to this trade

generic basket and also added new launches here. And the traction is picking up month-by-month. So probably in the next quarter, we can give a much clear picture on what we anticipate this business to look like in the near-term.

**Aditya Khemka:** Could you also give us some color on the number of MR? So because you shifted some of the brands from branded generics to trade, were you able to reduce the field force by a little bit and also what is the organic attrition in the field force.

**Aman Mehta:** No, we have not shifted any MR; MR strength remains exactly the same. Attrition is in mid single digits.

**Aditya Khemka:** Mid single digits and that is for Torrent, right? What is the industry standard right now in your understanding.

**Aman Mehta:** More than 10% is the industry average. 10% to 15%.

**Aditya Khemka:** One last question, Sudhir, on the Capex plan. What is our Capex plan for FY2022 and 2023 and where is the majority of it directed.

**Sudhir Menon:** It should be basically maintenance Capex and should be between Rs 250 Crores to Rs 300 Crores.

**Aditya Khemka:** Understood, Rs 250 Crores to Rs 300 Crores and all of it is maintenance side.

**Sudhir Menon:** Yes, most of it. There would be some expansion which may start at the end of next year, basically for expanding the domestic capacity but that is the over a period of three years so , both put together would be roughly Rs 250 Crores to Rs 300 Crores in FY2022 and possibly FY2023 we can look at the Rs 300 Crores to Rs 350 Crores.

**Aditya Khemka:** On the increase in raw material prices that you alluded to in the previous comment, obviously a lot of this has been driven by China and the supply situation that exist there. Any thoughts on vertical integrating tor do you think the Chinese raw material price situation is transitory and it would normalize in a few months or quarters.

**Sudhir Menon:** No, from a priority perspective, there is no plan to invest in vertical integration as of now.

**Aditya Khemka:** And the price inflation, how do you tackle that.

**Sudhir Menon:** It is too early for me to comment on the price increases which have been passed in the market. At least for our portfolio, we have not seen that kind of a major impact coming in. But yes, if there is an impact coming in, we believe it would not be on the overall portfolio.



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Maybe in some products, it might come in and we will have to tackle it through price increases in those specific products within the regulatory allowed frameworks.

**Aditya Khemka:** That is it. Thanks for answering the questions. All the best.

**Moderator:** Thank you. The next question is from the line of Damayanti Kerai from HSBC. Please go ahead.

**Damayanti Kerai:** My first question is regarding your US business. So any update on FDA inspection of your facilities? Any timeline which you might be foreseeing at this point of time and in the US base business what kind of price erosion you are facing and where do you see price erosion moving in next few quarters.

**Sanjay Gupta:** So on your first question, in terms of inspection, USFDA started again making inspections in India in quite a few of our peer companies. They have established list as per what they consider to be important for the US drug supply and so we expect them to visit us in the coming months. But I cannot give a firm timetable. But it should be hopefully in the next three months anytime and we are prepared for it. On price erosion, we are seeing a pretty high level of price erosion in the US. There is a lot of competitive intensity that has heated up and for our base business, it's again safe to assume high single digit or almost double digit price erosion.

**Damayanti Kerai:** How do you see this base price erosion to set out in next few quarters or do you think it will be mostly normalizing once we get new approvals coming from the plants after inspection?

**Sanjay Gupta:** Price erosion is kind of an intrinsic part of US business on the base business and generally it used to be 3% to 5% and it is currently running at a higher rate, but eventually it should stabilize at the historical trend level which is between 3% to 5%. To grow the business, one has to launch new products and here so we have been constrained since March of 2019 because we have not got any material approvals and once the facilities are cleared we have about 55 ANDAs pending at the FDA so we would expect them to be approved rapidly. Many of them would still have commercial value on the market and customers would be interested in sourcing them from us, so we are doing that evaluation permanently. We would be bringing quite a few of these to the market so that would have a positive impact.

**Damayanti Kerai:** Have you started supplies from Levittown facility?

- Sanjay Gupta:** The Levittown will have some sales in this current quarter.
- Damayanti Kerai:** So it will start third quarter.
- Sanjay Gupta:** Yes.
- Damayanti Kerai:** My final question is on India business. So how do you see impact of this pickup in online pharmacies in broader market in medium to long-term especially for company like Torrent which is chronic heavy. And what we understand, online pharmacies are now more focused on catching the chronic part of the market. So any thoughts here sir?
- Aman Mehta:** No change in the earlier view. In the market, we are seeing there is a no impact on the branded generic business at all. Right now, in fact this could be an opportunity for us to leverage for the trade generic for retail offline and the online pharmacies.
- Damayanti Kerai:** So no impact as of now, but anything you foresee for the long-term?
- Aman Mehta:** Nothing significant.
- Damayanti Kerai:** Thank you. I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Prateek Mandhana from Nomura. Please go ahead.
- Prateek Mandhana:** I had a question on the Germany. You had mentioned in the press release that there are some impact due to the consumer consolidation being placed. So this impact is just on the Torrent or this is a market wide phenomenon and by when do we expect this to basically normalize?
- Sanjay Gupta:** So what I had mentioned is Germany has four major wholesalers and two of them merged this year. So what they have done is, they are streamlining the inventory and it is a one-time impact whereby as they consolidate, they bring down the overall level of inventory of the combined group, so that is one factor. The second factor is that the wholesalers have build



up inventory in the COVID days and that is also getting normalized. So the impact should fade away with time.

**Prateek Mandhana:** Do we expect any pricing pressure in Germany, like out of four, two are merged so will this give them more pricing power?

**Sanjay Gupta:** No, actually the wholesalers in Germany do not really impact the pricing. The pricing is more linked to the company that bid on tenders, so in general, there are more companies coming to Germany from India and elsewhere, so the prices can be fixed up in the tender process. Wholesalers are more like service providers and they are the ones that are actually servicing the requirements of the pharmacies, but the demand generation comes because of the tenders and so I do not expect the consolidation to result in any additional pricing pressure.

**Prateek Mandhana:** And one question on US. So in your press release you had mentioned the constant currency sales to be \$35 million and in INR 284 Crores so that points to a fairly higher rate of USD to INR and it is about 81.1 So can you please help me us to understand like look like is so.

**Sudhir Menon:** Let us come back to you please. That 35 million is the right number.

**Prateek Mandhana:** Okay. So like is the INR number does that again coming us as well to 284.

**Sudhir Menon:** That I will have to check, possibly it is a mistake but I will have to check.

**Prateek Mandhana:** Sure sir thank you that is all from my side.

**Moderator:** Thank you. The next question is from the line of Abdulkader Puranwala from Elara Capital. Please go ahead.

**Abdulkader Puranwala:** Two questions from my end. First on the India business, last quarter we spoke about venturing into the trade generic business, so have we already started that and whether this growth we have seen in India, is that also been driven because of venturing into the trade generic segment?

**Aman Mehta:** Yes, we have started and this is second quarter of launch so it is a pretty small part of the business, something between 1.5% to 2% overall right now.

**Abdulkader Puranwala:** Next question is on the R&D spending that you are doing. So on a quarter basis, this quarter, you have spent close to Rs 130 Crores on R&D. When I look at the US filings, not

much of the products have been filed. So how is our product filing strategy going to be? Are we are going to wait till the FDA clears the site and post that all the product to be filed or what exactly would be the planning on the product filing part?

**Sanjay Gupta:** So there is no change in the filing strategy. Generally we file more products in Q3 and Q4. This year also we expect to file double digit products in the US. So there is no change there, it is just a timing issue.

**Abdulkader Puranwala:** That will be all from me. Thank you.

**Moderator:** Thank you. The next question is from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead.

**Shyam Srinivasan:** The first one is on the EBITDA margins, we have seen a softness in gross margins which you explained and maybe you have also given an outlook but EBITDA margins have done better like YoY, so just want to understand what are the levers that are there and if you can help us with some kind of a directional guidance on EBITDA margins.

**Sudhir Menon:** As per the policy, we do not give a future looking guidance but in Q1 what we had said is on the expenses that more or less it should be around this number and Q2 if you see that is the way it got delivered. And what I had also commented last quarter is, maybe the expenses will go up to a certain amount and that is exactly what we are seeing in Q2. Other than that as you said, I have already explained what is that impact on gross margins. So I would leave it to you to assume what it is.

**Shyam Srinivasan:** Sudhir, I think the only point is, these margins are significantly higher than what we saw pre-COVID, so from a sustainability point, we just want to understand. And we have always talked that cost may not have come back fully, so when do you think the cost will come back fully? Is it Q3, Q4 or is it only next year?

**Sudhir Menon:** I think that is what Aman had explained last quarter that most of the pre-COVID costs had come back. So if you look at it from a last year versus this year perspective, this year I think most of the cost had come back. Now the question is, how does one look at this cost going forward? In terms of making incremental investment for higher growth or so, that will be something different. But as far as the costs are concerned, I think Q1 and Q2, we have delivered more or less similar kind of a cost. The field work, doctor meetings and all have come to almost 95% of the pre-COVID level so that speaks out on the cost.

**Aman Mehta :** So in Q3, there could be some marginal level increase in further physical activity that this may go back to almost maybe 100% level of previous but not too much higher from there.

**Shyam Srinivasan:** And my second question. Looking at your MR productivity, now almost touching 10 lakhs, at least in this quarter, how should we look at it? You are now almost in line with some of the top players which has a higher chronic element like you do, so how should we look at this? Do you think, is there any scope required for increase in field force or you think productivity improvement can rise topline growth for us in India.

**Aman Mehta:** In the earliest discussions in quarters, we have always said that once portfolio expands, we will need to add the field force accordingly. So when the new launches start coming in, that is when the additional expansion would be required.

**Shyam Srinivasan:** Do we foresee which timeframe it is? Fiscal2023 event now? I just want to understand that.

**Aman Mehta:** Yes, within the next year could be.

**Shyam Srinivasan:** Got it. Thank you and all the best.

**Moderator:** Thank you. The next question is from the line of Bharat Celly from Equirus Securities. Please go ahead.

**Bharat Celly:** Sudhir, just wanted to understand on Germany market. Given that the Germany's overall EBITDA margins are already on a lower end and the insurance claims actually accelerating, are we looking at a perpetual dip in ROIC for this business.

**Sudhir Menon:** No, not really. I mean Germany for me I think, the return on capital employed is superb because of this float, which is available to me, I have a negative working capital.

**Bharat Celly:** Right sir. So since it is getting accelerated, will that impact in a longer period?

**Sudhir Menon:** I would say, this is something which I have expected. So from a six months or seven months coming down to five months, it does not change color too much. Still I would say in terms of the returns Germany still stands out against the other geographies I would say.

**Bharat Celly:** And do you foresee to get further acceleration in the coming period or you see it stabilizing in.

**Sudhir Menon:** No I do not think so. Because I think the whole thing is the things started when this COVID happened last year. So probably everywhere there was cash flow pressures which could have been the case with insurance companies also and which made them accelerate some part of it. But that is how the system works so I do not think there is more acceleration beyond this what we have already seen.

**Bharat Celly:** And on the US market, is there any particular set of products where you are seeing higher price erosion or it is the broad-based price erosion which is there.

**Sanjay Gupta:** So essentially, since we do not have new launches, we have legacy products which we launched before 2019 and these are a high-volume oral solids. So you are seeing a price erosion on oral solids as well as the few derma products that we have launched.

**Bharat Celly:** So again we have broad based pricing which we have seen in the market level. Sir, we have settled for Revlimid as far as you can see in the court document. So are we going to be among first or second wave of launch, if you could give some outlook on generic Revlimid.

**Sanjay Gupta:** I am sorry I did not understand the question can you just repeat again please.

**Bharat Celly:** In court documents, it seems that we have settled for lenalidomide that is Revlimid so when can we expect to launch? Are we going to be in the first wave or second wave? So if you could give any outlook broad based or some thoughts.

**Sanjay Gupta:** Yes, so we settled the litigation and we are not in the liberty to disclose as to what the terms of the settlement are.

**Bharat Celly:** But sir can you at least tell whether it is going to be second wave or third wave of launch, anything broadly if you could tell.

**Sudhir Menon:** I think we had driven by confidentiality we cannot discuss that.

**Bharat Celly:** Sure sir. Thank you. Thanks for taking my question.

**Moderator:** Thank you. The next question is from the line of Sayantan Maji from Credit Suisse. Please go ahead.

- Sayantn Maji:** My first question is on Brazil. So we had a constant currency growth of 18% in this quarter. So how much is price increase in this. What is the component of price increase.
- Sanjay Gupta:** So broadly speaking about half of it comes from volume increase and the other half is equally split between new launches and pricing.
- Sayantn Maji:** Thank you and second question is on R&D. So since the plants have not been cleared for the past two years now, so once the plants gets cleared, should we see increase in terms of the spends or is it not related to this event.
- Sanjay Gupta:** There is no change in our R&D guidance. So generally, we guide towards 6% to 7% of topline revenue in R&D and we do not anticipate a change in that.
- Sayantn Maji:** Thank you that is all from my side.
- Moderator:** Thank you. The next question is from the line of Prateek Mandhana from Nomura. Please go ahead.
- Prateek Mandhana:** Sir, on the inventory days, so I see that the inventory days went up during the COVID period like during the last year. It is still at elevated levels from historical levels, so do we expect it to go back to historical levels or do we expect it to be in this level.
- Sudhir Menon:** No. So that is what we have said. I mean, it will start getting normalized over four quarters and Q1, Q2, we have already seen that normalization starting and I think that is visible in the cash flow statement. If you look at inventory, there is normalization which has already started so probably over the next two quarters also, the normalization you will see happening faster.
- Prateek Mandhana:** Thank you.
- Moderator:** Thank you. The next question is from the line of Amey Chalke from Haitong Securities. Please go ahead.
- Amey Chalke:** I just have one question to ask. Largely Torrent has oral solid portfolio, both in the domestic also in the exports market. So is there any plan to expand our manufacturing base towards injectables and also if you can talk about the bio similar plants as well if there any.

**Sanjay Gupta:** So we are not into the hospital market traditionally in India and around the world. So we currently have set up a plant to the overall oncology drugs and we do not have any manufacturing infrastructure in injectable. But they are always under evaluation. So we keep studying the market, we keep trying to see what is the opportunities, what our peer groups are doing. Both injectables and bio similar are areas of constant study at Torrent. But beyond that I would not like to say whether we are making any investment plans at this point in these two areas. But both of these areas are followed closely by our management.

**Amey Chalke:** And just a follow up question on this. Do you think that not investing in these areas will have any impact on the growth side for us or you think we have a good enough portfolio even to support with the oral solid space.

**Sanjay Gupta:** So we are a little bit beyond oral solids already. So especially if you focus on the doses that the manufacturer for the US market so in addition to oral solid we are seeing ointments, suppositories, liquids, suspensions. Now we have overall oncology drugs. So we have diversified our portfolio and we have also three **505(b)(2)** in our portfolio so we are doing a variety of things. And we made some choices and one of the choices is we do not do respiratory, we do not do injectables right now for the US market but those choices are constantly being evaluated. So I am not saying we will not do injectables because with the customer consolidation and the US there is a lot of pressure in the retail side where there are only three or four customers which accounts for 90%. So by adding hospital channel, we would be doubling the number of customers because hospital size has three to four GPO which play an important role in that market. So we are interested in going into the hospital segment because it helps us diversify our customer base but so far, we have not disclosed any products to do that diversification but it is something which is under constant evaluation.

**Amey Chalke:** Thank you for taking my question. Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Rishi from HNI investor. Please go ahead.

**Rishi:** Sir in the last AGM, Chairman & CEO has announced that the outlook looks very bullish and the pipeline is great., But that has not been displayed in this quarter number, so what went wrong in the exports market and what are the challenges in the local market right now in the post COVID scenario, if you can explain that in a broader term, that would be great.

**Sanjay Gupta:** The big barrier we face is lack of new approvals. So while we have been investing in the portfolio and filing the ANDAs in the US market, we have not been receiving approvals because of the status of the facility. So that is the number one reason for us to hold back in

revenue growth linked to new products Is that a adequate response to your question or you are looking for something else.

**Rishi:** No. And what is the outlook for the H2, means we do not see any signs of the COVID and some of the companies who are smaller peers have done relatively very well in terms of topline growth where we are lagging right now. So what is the outlook, some guidelines if you can give us.

**Sanjay Gupta:** No, because the outlook is dependent upon the status of the USFDA inspection and the launch of new products, so as I have mentioned that the USFDA is currently inspecting other facilities even in India and they have restarted, we would expect this to happen in the next three months. And then if that takes place, then we would be back on the growth track because our new products will get approved.

**Rishi:** Thanks. That is it from my side I will send the questions to the company separately. Thank you.

**Moderator:** Thank you. The next question is from the line of Sayantan Maji from Credit Suisse. Please go ahead.

**Sayantana Maji:** I have two questions. So one is on Germany. So in last quarter analyst call you had mentioned that we would be growing in high single digit. So we still maintain the guidance given the changed landscape now.

**Sanjay Gupta:** Yes, our expectation was that we would be back to the growth track but unfortunately this quarter again, there have been a few setbacks. So our objective is to go somewhere between 5% to 10% and historically that has been the growth rate in Germany. But at this point, I would not like to give forward looking guidance. We are doing our best to remedy the situation and to get back on growth and some of these are one time. But I think at this point I would say that the objective of the company remains to get back to where it was and hopefully we will be there soon but I prefer not to give you guidance for the future.

**Sayantana Maji:** For US, we were planning to launch one sartan in Q2. So have we launched that and is it now reflecting in the quarter sales?**Sanjay Gupta:** So we actually re-launched one of the olmesartan in the US and it is reflected in the numbers.

**Sayantana Maji:** And finally just want to check, what is the status of the clinical trial of Dapson? Are we done with the clinical trial because I think we already have tentative approval on this product.



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**Sanjay Gupta:** Correct. So we do have tentative approval and we are in negotiations with the FDA to get final approval. So we have met all the requirements and we hopefully we have a kind of a ongoing legal battle at the court so it is a combination between what happens with the courts and what happens with the FDA. So hopefully we would see some good results on both of this fronts.

**Sayantana Maji:** Thanks.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Sudhir Menon for closing comments. Thank you and over to you sir.

**Sudhir Menon:** Thank you everyone for joining Torrent Q2 earnings call. If you have any further questions please feel free to get in touch with us. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Torrent Pharma Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.