Torrent Pharmaceuticals Ltd

Investor Presentation

Q3 FY 2012

Caveat

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Contents

Q3 FY12 Highlights

- Revenues at Rs. 6,966 Mn vs. Rs 5,775 Mn
  - Revenue growth of 21% on the back of robust growth from International operations.
  - International sales boosted by noticeable performance in US, Brazil and European operations.
- PAT grows by 8% to Rs. 832 Mn vs. Rs 769 Mn
  - Lower margins in Indian formulations business due to higher manufacturing overheads.
  - Reduction in export benefits and unfavorable product mix lowering margins in international markets

Financials

Sales Progression

Rs. Mn

Particulars	Q3 11-12	Q3 10-11	YTD Dec 11-12	YTD Dec 10-11
India	2294	2116	7143	6587
Gwth %	*8%*		*8%*	
International	3,788	2,834	10,486	8,151
Gwth %	*34%*		*29%*	
Brazil	1186	920	3451	2690
Mexico	46	11	111	42
Germany (Heumann)	867	758	2623	2174
USA	628	367	1550	950
Europe (excl Heumann)	472	337	1216	966
Rest of World	386	297	1065	912
Russia & CIS	202	144	471	417
Contract Manufacturing	599	586	1753	1570
Gwth %	*2%*		*12%*	
Other	75	13	84	14
Total Sales	6,755	5,548	19,467	16,322
Gwth %	22%		19%	

P&L

Rs. Mn

Particulars	Q3 11 - 12	Q3 10 - 11	YTD Dec 11 - 12	YTD Dec 10 - 11
Revenues	**6,966**	**5,775**	**20,272**	**17,000**
Cogs	2,223	1,771	6,403	5,243
% Revenues	**32%**	**31%**	**32%**	**31%**
SG&A Spend	1,980	1,528	5,246	4,426
% Revenues	**28%**	**26%**	**26%**	**26%**
Employee Cost	1,199	979	3,475	2,893
% Revenues	**17%**	**17%**	**17%**	**17%**
R&D Spend	349	348	996	992
% Revenues	**5%**	**6%**	**5%**	**6%**
EBITDA	1,215	1,150	4,153	3,446
% Revenues	**18%**	**21%**	**21%**	**21%**
PBT	1,040	972	3,572	2,961
% Revenues	**15%**	**17%**	**18%**	**17%**
Tax	201	203	700	688
% PBT	**19%**	**21%**	**20%**	**23%**
PAT (after minority Int)	832	769	2,857	2,273
% Revenues	**12%**	**13%**	**14%**	**13%**

Balance Sheet

Rs. Mn

Particulars	31.Mar.11	%	31.Dec.11	%	Δ
SOURCE OF FUNDS:					
Shareholders' Funds	10,224	62%	12,388	63%	2,164
Loan Funds	5,721	35%	6,747	34%	1,027
Minority Interest	16	0%	30	0%	14
NET DEFERRED TAX LIABILITY	480	3%	549	3%	70
TOTAL	16,440	100%	19,715	100%	3,274
APPLICATION OF FUNDS:					
Net Fixed Assets	8,541	52%	9,091	46%	550
Long Term Investments	200	1%	200	1%	-
WORKING CAPITAL:					
Inventories	5,048	31%	5,385	27%	337
Sundry Debtors	3,404	21%	5,060	26%	1,657
Other Current Assets	678	4%	816	4%	138
Loans & Advances	1,428	9%	1,948	10%	520
Less: Current Liab. & Prov.	8,907	54%	12,431	63%	3,525
NET CURRENT ASSETS	1,651	10%	778	4%	(873)
Cash, Bank & Current Investments	6,048	37%	9,645	49%	3,598
TOTAL	16,440	100%	19,715	100%	3,274

Business Segments

India

Highlights & Growth Drivers

Rs. Mn

India	Q3 11 - 12	Q3 10 - 11	YTD Dec 11 - 12	YTD Dec 10 - 11
Revenues	2294	2116	7143	6587
% Growth	8%		8%	

- Q3 FY 12 Highlights
  - Mat Nov 11 covered market growing at 17% vs. Torrent growth of 15%
  - Acute therapies lowering growth
  - Higher manufacturing overheads lowering margins
- Growth drivers
  - Consolidate entry into newer geographies and therapeutic areas
  - Brand building thru increased specialty coverage & creeping expansion in Customer Base
  - New Product Introductions including filling of Portfolio Gaps

Business Segments

International Operations

Exports

Highlights & Growth Drivers

Rs. Mn

International	Q3 11 - 12	Q3 10 - 11	YTD Dec 11 - 12	YTD Dec 10 - 11
Revenues	3938	2966	10942	8558
% Growth	33%		28%	

- Q3 FY 12 Highlights
  - Brazilian Pharma market growing at 28% on the back of govt program of distributing free medicines to the poor section of the society
  - US business growing at healthy rate of 50% in constant currency terms
  - Heumann registering growth of 14%; on constant currency terms growth was 2%
  - Launched 2 products in Europe (ex. Heumann) during the quarter; growing at 35%
  - Lower margins on account of reduction in export benefits and adverse product mix
- Growth drivers
  - New product introductions in key geographies of Brazil, Europe, Heumann & US
  - Increasing global foot print by entering into newer geographies viz: Mexico, Thailand, UK, Romania.

Highlights & Growth Drivers

Rs. Mn

Brazil	Q3 11 - 12	Q3 10 - 11	YTD Dec 11 - 12	YTD Dec 10 - 11
Revenues	1203	950	3519	2760
% Growth	27%		27%	

- Q3 FY 12 Highlights
  - Reai growth of ~ 21% with volumes growing 10%, New Introductions 15%, Price de-growth 4%.
  - QTR (Sep - Nov 2011) ~ Torrent growing at 14% vs. Covered Market growth of 28%
  - Lower margins on account of reduction in prices taken during Q4 last year

- Growth Drivers
  - Existing Products & Introduction of new products (30-35 new launches by 2014-15)

Mexico

Highlights & Growth Drivers

Rs. Mn

Mexico	Q3 11 - 12	Q3 10 - 11	YTD Dec 11 - 12	YTD Dec 10 - 11
Revenues	47	11	113	43
% Growth	328%		165%	

- Q3 FY 12 Highlights
  - Actively marketing 5 molecules in CNS
  - 1 product lined up for launch in CNS for the year
  - Field force of 35 people covering 70% of Mexican market.
- Growth Drivers
  - Planning to enter into CV segment from next year
  - Portfolio to grow to 30 products in 4 years with field force of 200 people

Highlights & Growth Drivers

Rs. Mn

USA	Q3 11 - 12	Q3 10 - 11	YTD Dec 11 - 12	YTD Dec 10 - 11
Revenues	638	381	1595	990
% Growth	67%		61%	

- Q3 FY 12 Highlights
  - Launched 1 new molecules in Q3 taking total number of molecules to 18 actively marketed
  - Improved product mix and cost reductions contributing to better margins
  - 34 ANDA's approved till date (18 actively marketed, 10 under patent)
- Growth Drivers
  - 31 ANDA's pending for approval & 5 ANDA's under development
  - Break-even likely by 2012-13

Germany - Heumann

Highlights & Growth Drivers

Rs. Mn

Germany (Heumann)	Q3 11 - 12	Q3 10 - 11	YTD Dec 11 - 12	YTD Dec 10 - 11
Revenues	870	766	2642	2198
% Growth	14%		20%	

- Q3 FY 12 Highlights
  - Euro sales growth of 2%; launched 3 new products during the quarter
  - Lower margins on accoun of higher sales from tender business
- Growth Drivers
  - Heumann successful in winning tenders
  - New Products going off patent and Therapy coverage expansion
  - Shift of manufacturing base to India to boost competitiveness in bidding

Highlights & Growth Drivers

Europe (excl Heumann)

Rs. Mn

Europe (exc Heumann)	Q3 11 - 12	Q3 10 - 11	YTD Dec 11 - 12	YTD Dec 10 - 11
Revenues	525	389	1393	1142
% Growth	35%		22%	

- Q3 FY 12 Highlights

- Euro sales growth of 16%

- Investment spend in UK & Romania & adverse product mix affecting margins

- Growth Drivers

- New Product Pipeline – 30 products till 2014-15

- Increasing geographical through direct field force presence in Romania and UK in the immediate term.

Highlights & Growth Drivers

Rs. Mn

ROW	Q3 11 - 12	Q3 10 - 11	YTD Dec 11 - 12	YTD Dec 10 - 11
Revenues	396	316	1114	969
% Growth	25%		15%	

- Q3 FY12 Highlights
  - Adjusted for currency movements top line grew by 9%
- Growth Drivers
  - Entry into semi-regulated markets like Thailand (Market Size of over USD 2 bio) – Revenues expected to flow from FY13.
  - Increased focus on existing territories with direct field force presence viz Philippines, Sri Lanka, Vietnam & Myanmar
  - Scale up of operations in regulated markets like Australia & semi-regulated markets like South Africa.
  - Minimize development costs by leveraging on R&D costs incurred for developed markets

Facilities – Expansion Plan

Facilities – Expansion Plan

Dahej SEZ

- **Nature:** Formulation & API Capacity Enhancement
- **Project Cost:** Rs. 800 crores
- **Planned capacities:** 50 TPA plus 11,000 million tablets / capsules p.a.
- **Timelines for completion:**
  - **Phase I:** Project cost of Rs. 500 crores, commissioning in FY 2014-15
  - **Phase II:** Project cost of Rs. 300 crores, commissioning in FY 2016-17
- **Justification:**
  - With growing volumes in US / EU, API + Formulation capacity constraint is anticipated in 2-3 years.

Thank You