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**TORRENT PHARMACEUTICALS LTD.**

**Investor Presentation**

**Q2 FY 2013-14**

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# Caveat

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**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.**

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# Q2 FY14 Highlights

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- Revenues at ₹ 972 Cr vs. ₹ 777 Cr, growing at 25%;
  - India formulation market growing at 10% &
  - International operations growing at 32%; Constant currency growth of 18%
    - Europe & ROW markets key contributors to growth of international operations
- PBT at ₹ 152 Cr vs. ₹ 139 Cr in Q2 FY 14; showing growth of 9%;
  - Adjusting for below PBT growth stood at 27%
    - Incremental provision of ₹ 7 Cr for slow moving inventories &
    - Forex loss of ₹ 36 Cr in Q2 FY14 compared to ₹ 14 Cr in Q2 FY13

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# Financials

# Revenue Progression

₹ Cr

Particulars	Q2 13 - 14	Q2 12 - 13	12-13	11-12
India	297	271	1,024	909
<i>Gwth %</i>	10%		13%	
International	573	435	1,834	1,482
<i>Gwth %</i>	32%		24%	
Brazil	125	116	502	477
Europe	235	152	650	542
USA	115	93	355	216
ROW *	97	74	327	247
Contract Manufacturing	100	67	300	296
<i>Gwth %</i>	49%		1%	
Other	2	4	54	9
<b>Total Revenues</b>	<b>972</b>	<b>777</b>	<b>3,212</b>	<b>2,696</b>
<i>Gwth %</i>	25%		19%	

\* Includes Russia & CIS, Mexico & Canada.

# P&L

₹ Cr

Particulars	Q2 13 - 14	Q2 12 - 13	12-13	11-12
<b>Revenues</b>	<b>972</b>	<b>777</b>	<b>3,212</b>	<b>2,696</b>
COGS	301	217	926	863
<i>% Revenues</i>	<b>31%</b>	<b>28%</b>	<b>29%</b>	<b>32%</b>
SG&A Spend	274	237	965	778
<i>% Revenues</i>	<b>28%</b>	<b>31%</b>	<b>30%</b>	<b>29%</b>
Employee Cost	182	155	623	534
<i>% Revenues</i>	<b>19%</b>	<b>20%</b>	<b>19%</b>	<b>20%</b>
<b>EBITDA</b>	<b>215</b>	<b>168</b>	<b>698</b>	<b>522</b>
<i>% Revenues</i>	<b>22%</b>	<b>22%</b>	<b>22%</b>	<b>19%</b>
Forex Gain / (Loss)	(36)	(14)	(5)	(21)
<i>% Revenues</i>	<b>-4%</b>	<b>-2%</b>	<b>0%</b>	<b>-1%</b>
Depreciation	22	20	83	82
<i>% Revenues</i>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
<b>PBT</b>	<b>152</b>	<b>139</b>	<b>619</b>	<b>424</b>
<i>% Revenues</i>	<b>16%</b>	<b>18%</b>	<b>18%</b>	<b>13%</b>
Tax	39	31	147	72
<i>% PBT</i>	<b>26%</b>	<b>22%</b>	<b>24%</b>	<b>17%</b>
<b>PAT</b>	<b>113</b>	<b>107</b>	<b>433</b>	<b>284</b>
<i>% Revenues</i>	<b>12%</b>	<b>14%</b>	<b>13%</b>	<b>11%</b>

# Balance Sheet

₹ Cr

Particulars	31-Mar-13	%	30-Sep-13	%	Δ
<b>EQUITY AND LIABILITIES</b>					
Shareholders' Funds	1,422	69%	1,501	70%	79
Minority Interest	0	0%	0	0%	0
Non-current liabilities	651	31%	638	30%	(13)
<b>TOTAL</b>	<b>2,073</b>	<b>100%</b>	<b>2,139</b>	<b>100%</b>	<b>66</b>
<b>ASSETS</b>					
Net Fixed Assets	1,105	53%	1,276	60%	171
Loans & Advances	63	3%	84	4%	21
Other Non-Current assets	55	3%	112	5%	57
Current Assets	1,872	90%	2,118	99%	246
Inventories	924	45%	998	47%	74
Trade receivables	688	33%	833	39%	145
Other Current Assets	261	13%	287	13%	26
Less: Current liabilities	1,710	82%	2,390	112%	680
Short-term borrowings	125	6%	494	23%	369
Trade payables	1,067	51%	1,359	64%	292
Other Current liabilities	518	25%	537	25%	19
Net Current Assets	163	8%	(272)	-13%	(435)
Cash and cash equivalents	687	33%	939	44%	252
<b>TOTAL</b>	<b>2,073</b>	<b>100%</b>	<b>2,139</b>	<b>100%</b>	<b>66</b>



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# Business Segments

## India

# Highlights & Growth Drivers

India	Q2 13 - 14	Q2 12 - 13	12-13	11-12
<b>Revenues</b>	<b>297</b>	<b>271</b>	<b>1024</b>	<b>909</b>
<b>% Growth</b>	<b>10%</b>		<b>13%</b>	<b>9%</b>

## • Q2 FY 14 Highlights

- IPM growth: 2.8%, Covered Market growth: 3.1%, Torrent growth: 11.9%
- Q2 was impacted mainly due to disruption in Trade because of NLEM.
  - Situation to be normal from Q3.

## • Growth drivers

- Consolidate entry into newer geographies and therapeutic areas
- Brand Building by focusing on the Brands through Divisionalisation
- New Product Introductions including filling of Portfolio Gaps

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# **Business Segments**

## **International Operations**

# Highlights & Growth Drivers

Brazil	Q2 13 - 14	Q2 12 - 13	12-13	11-12
Revenues	125	116	502	477
% Growth	8%		5%	34%

## • Q2 FY 14 Highlights

- Constant currency growth at 8%.
- Covered Market Growth (excluding Government reimbursement programme) is 10%, Torrent growth 8% as per IMS.
- Price reductions taken in Q1 impacting growth.
- Effectiveness of New team added last year not as per expectations

## • Growth Drivers

- Existing Products & Introduction of new products

# Highlights & Growth Drivers

USA	Q2 13 - 14	Q2 12 - 13	12-13	11-12
<b>Revenues</b>	<b>115</b>	<b>93</b>	<b>355</b>	<b>216</b>
<b>% Growth</b>	<b>24%</b>		<b>64%</b>	<b>89%</b>

- Q2 FY 14 Highlights

- Constant currency growth 10%
- During PY company received one time licensing income of Rs 11 cr. Adjusting for which growth is 40%, Constant currency growth 24%.
- 3 to 4 products expected to be launched in H2 FY 14
- 43 ANDA approvals (including 7 tentative approvals) and pipeline consists of 24 pending approvals and 31 products under development

- **Growth Drivers**

- New product introductions to drive growth.
- 5 to 6 launches expected in next year

# Highlights & Growth Drivers

Europe

₹ Cr

Europe	Q2 13 - 14	Q2 12 - 13	12-13	11-12
Revenues	235	152	650	542
% Growth	54%		20%	16%

- Q2 FY 14 Highlights

- Euro revenue growth – 31%

- Heumann, Europe (Dossier Business) & UK contributors 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.

# Highlights & Growth Drivers

ROW

₹ Cr

ROW	Q2 13 - 14	Q2 12 - 13	12-13	11-12
Revenues	97	74	327	247
% Growth	31%		91%	16%

## • Q2 FY14 Highlights

- Revenue growth of 15% on constant currency basis.

## • 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

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# Facilities – Expansion Plan



# Facilities – Expansion Plan

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## Dahej SEZ

- **Nature:** Formulation & API Capacity Enhancement
- **Project Cost:** ₹ 1100 crores
- **Planned capacities:** 80 TPA plus 14,000 million tablets / capsules p.a.
- **Timelines for completion:**
  - **Phase I:** Project cost of ₹ 750 crores, First Regulatory Approval: Q2'14-15
  - **Phase II:** Project cost of ₹ 350 crores, Completion : Q2'16-17
- **Justification:**
  - With growing volumes in US / EU, API + Formulation capacity constraint is anticipated in 2-3 years.

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# Thank You