

# Expanding Horizons

# Deepening Trust

Inside this Report

About Torrent Pharma

Torrent Pharmaceuticals Limited ('Torrent Pharma' or 'the Company'), the flagship Company of Torrent Group, is one of the leading pharmaceutical companies. Besides its significant presence in India across therapeutic segments, the Company has a global presence across more than 40 countries, serviced through its 7 manufacturing units located across India.

**Market Capitalisation**  
₹ 566 billion (\$6.88 billion)  
(as on 31<sup>st</sup> March, 2023)

**Scrip Codes**  
**BSE**                      **NSE**  
500420                      TORNTPHARM

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Expanding Horizons through Inorganic Opportunities

The year 2022-23 was a key milestone for Torrent Pharma, as it pursued acquisitions to accelerate growth and further strengthen its market position in select segments.



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Accelerating Growth through Branded Generics

Torrent Pharma has achieved substantial growth in the branded generics market, with notable success observed in India and Brazil as the leading markets, followed by the rest of the world (RoW).



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Torrent Pharma's ESG roadmap focuses on sustainable practices, responsible resource management, and creating shared value for all stakeholders to shape a better future.

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Expanding Horizons

Torrent Pharma is a purpose-driven Company, committed to driving sustainable and profitable growth. The Company believes in creating value through inclusive practices that prioritises all its stakeholders and associated aspirations. To achieve this, it has developed an integrated strategy that emphasises both organic and inorganic growth, with a strong focus on building trust in branded generics markets.

Torrent Pharma is making substantial investments in branded generic markets, allowing the Company to harness its expertise and broaden the presence in pivotal markets.

Growing and expanding inorganically has always been an integral part of the Company's growth strategy. Its recent acquisition of Curatio Health Care (I) Private Limited ('Curatio') is a reflection of the Company's expansion strategy and a testament to its commitment to delivering trust-based and patient-centric solutions to the fraternity of medical practitioners and patients. In 2022-23, Torrent Pharma acquired 100% stake of Curatio. The latter has a strong presence in the cosmetic-dermatology segment with a portfolio of over 50 brands marketed in India. Over the last decade, cosmetic dermatology as a therapy has delivered 16% CAGR, which is 1.6x of the Indian Pharmaceutical Market (IPM) CAGR. With this deal, Torrent Pharma has entered the league of top 10 players in the dermatology segment and has become a leader in the cosmetic-dermatology space.

In addition to pursuing inorganic growth, Torrent Pharma has also been investing to accelerate organic growth in branded-generics markets such as India, Brazil, Philippines and Mexico. The Company has crafted a strategy of organic growth through brand building and therapeutic expansion, field-force productivity, in-licensing collaboration, and new product launches.

During the year, Torrent Pharma has also invested in sustainability initiatives as a part of its Environmental, Social and Governance (ESG) roadmap adopted in the bygone years. The Company's growth with the sustainability model prioritises ESG principles, allowing it to create sustainable value and competitive advantage while remaining accountable to the planet and its people.

Torrent Pharma maintains unwavering dedication to its mission of driving profitability and capital efficiency, all while fostering resilience, accountability, and sustainability throughout the business practices. The Company's commitment to sustainability remains a top priority as it forges ahead, expanding its horizons and building a promising future for all stakeholders involved.

Deepening Trust

# About the Report

Torrent Pharma is delighted to unveil its third Integrated Annual Report for the fiscal year ending on 31<sup>st</sup> March, 2023. Serving as the Company's flagship report, this marks the 50<sup>th</sup> year of engaging with stakeholders. The report embodies the Company's commitment to offer a comprehensive and transparent overview of its strategy, business model, risks and opportunities, performance, and future prospects pertaining to significant financial, economic, social, and governance matters.

## Framework and Standards

This Report is guided by the Integrated Reporting <IR> Framework of the International Integrated Reporting Council (IIRC). The report is also in accordance with Global Reporting Initiatives (GRI) and is inspired by United Nations Sustainable Development Goals (UN SDGs).

The Indian Accounting Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Secretarial Standards published by the Institute of Company Secretaries of India are also complied within certain sections of this Integrated Report. The Company encourages its stakeholders to read them in conjunction with the contents.

## Reporting Period

This Report covers information pertaining to the period 1<sup>st</sup> April, 2022–31<sup>st</sup> March, 2023 and covers disclosures regarding India and overseas operations of the Company.

## Responsibility Statement

The Board has taken careful consideration to ensure the accuracy and completeness of content of this report. In preparing this Report, the respective functions and business units have worked diligently. The Board acknowledges their efforts in providing accurate and relevant information to create a reliable representation of the Company's performance.

## Feedback and Contact Details

The Company is open to hearing your feedback and concerns/suggestions on the Integrated Annual Report to enrich future reporting initiatives. The Company thanks its readers for their valuable time and interest.

Write to us at:  
[investorservices@torrentpharma.com](mailto:investorservices@torrentpharma.com)

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Torrent House, Off. Ashram Road,  
Ahmedabad – 380009,  
Gujarat, India  
[www.torrentpharma.com](http://www.torrentpharma.com)

## Stakeholders Impacted

Torrent Pharma engages periodically with its key stakeholders to understand their needs, interests, and concerns and align the Company's strategies accordingly.



Patients



Channel Partners



Healthcare Professionals



Suppliers



Employees



Government and Regulators



Communities



Industry Associations



Investors and Shareholders

## Capitals Impacted

The capitals include the key inputs and relationships the Company requires to carry out its business.



Financial Capital

Read more on **pg 58**



Manufacturing Capital

Read more on **pg 60**



Intellectual Capital

Read more on **pg 64**



Human Capital

Read more on **pg 70**



Social and Relationship Capital

Read more on **pg 82**



Natural Capital

Read more on **pg 92**

## Material Issues

The report contains information on the material topics of concern for the stakeholders that could have a significant influence on the Company's ability to create and sustain value over the short, medium and long-term.

- |  |  |
|--|--|
| <b>M1</b> Product Quality and Safety                 | <b>M2</b> Innovation: Strengthening R&D Pipeline |
| <b>M3</b> Water and Wastewater Management            | <b>M4</b> Energy Efficiency and Renewable Energy |
| <b>M5</b> Employee Engagement, Safety and Well-being | <b>M6</b> Equality                               |
| <b>M7</b> Ethics and Business Integrity              | <b>M8</b> Adherence to Laws                      |

Read more on **pg 41**

## Strategic Themes

With a strong focus on sustainability, responsible business practices and value creation for stakeholders, Torrent Pharma has six strategic themes, aligning with its short, medium and long-term goals.

- |   |  |
|---|--|
| <b>ST1</b> Improve Market Share in Core Markets | <b>ST2</b> Invest in Tomorrow's Growth Engines |
| <b>ST3</b> Operational Excellence               | <b>ST4</b> Engaged and Empowered Stakeholders  |
| <b>ST5</b> Deploy Digital Technologies          | <b>ST6</b> Responsible Actions                 |

ST denotes Strategic Theme

Read more on **pg 49**

## UN SDGs Aligned\*



\*For reference purpose only



# Performance Highlights for 2022-23

Torrent Pharma has achieved strong financial growth, generating returns for its shareholders while demonstrating a strong commitment to sustainability and social responsibility in the past year. The Company reduced its GHG emissions, increased its usage of renewable energy, and implemented a variety of programmes to support education and healthcare initiatives for the communities around them.

### Economic

₹9,620 crores	13%
Revenue	
₹2,842 crores	17%
Operating EBITDA	
₹1,245 crores	60%
PAT	
22%	₹36.79
ROCE	EPS
₹22	
DPS	

Y-o-Y

### Environment

6.30%	Reduction in Energy Consumption
3.74%	Reduction in Carbon Footprint
2.54%	Renewable Energy Share of Total Energy Capacity
1.68 MW	Solar Energy Capacity Installed
5,813 tonnes	Waste Recycled or Reused

### Social

4,196	New Employees Onboarded
100%	Employees Obtained Training on Health and Safety
1,300+	Field Force Expansion
4.99 lakhs	Manhours of Training Imparted
₹26 crores	Contribution Towards CSR Initiatives

### Governance

100%	Compliance to Code of Conduct, Resulting in Zero Conflict of Interest
6	Out of 10 Board Members are Independent Directors
7	Out of 10 are Non-Executive Directors
5	Board Committees

# About Torrent Pharma

## Life Takes Centre Stage in All Endeavours

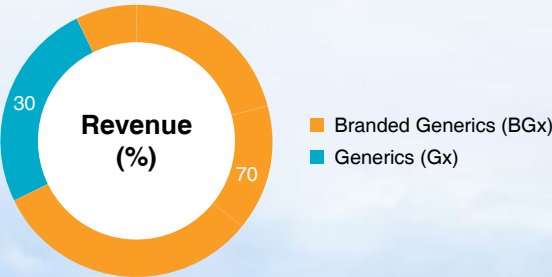
Torrent Pharma, the flagship Company of Torrent Group, is one of the leading pharma companies in the country. The Company is ranked among the leaders in the therapeutic segment of Cardiovascular (CV), Central Nervous System (CNS), Gastrointestinal (GI), Vitamins Minerals Nutrients (VMN), Anti-diabetes (AD), Pain, Gynaecology, and Dermatology.

Torrent Pharma possesses a competitive edge derived from its extensive domestic network encompassing R&D and manufacturing. Additionally, the Company benefits from a wide-ranging global presence, spanning over more than 40 countries.

Its four core markets, India, Brazil, Germany, and US constitute more than 85% of its total revenue. Torrent Pharma ranks among top 20 companies in these markets. The Company also has a leadership ranking in the rest of the world (ROW) markets, such as Philippines and Sri Lanka.

### Optimal Business Mix

The Company's highly optimised portfolio ensures consistent financial returns, operating leverage, and capital efficiency.



### The Corporate Philosophy

Torrent Pharma is driven by a simple yet powerful philosophy - "**Happiness for All**", which is reflected in its commitment to providing world-class products and services to its customers.



### Vision

To become the most respected pharma company



### Mission

We commit ourselves to total customer care by delivering world-class products and services

## The Principles Torrent Pharma Lives By

The Company's core values serve as the foundation and guiding principles, leading to longevity and success in the pharmaceutical industry.



### Integrity

#### When truth is paramount

Thoughts and actions entail doing the right thing at all times and in all circumstances, whether or not anyone is watching. This requires inner courage and conviction, no matter what the consequences are. It is honouring one's commitments and being accountable for one's actions, end-to-end.



### Passion for Excellence

#### When best is not enough

Passion for excellence means not doing extra-ordinary things but doing ordinary things in all pursuits exceedingly well. Passion and excellence are forces that fuel each other on the exclusive path to leadership. As we are what we repeatedly do, excellence then is not an act, but a habit.



### Participative Decision-making

#### Involvement that engenders effectiveness

An ideal organisation facilitates participation and involvement of each of its members in various decision-making processes, thus ensuring their commitment to such decisions as well as its outcome. It provides a platform for seeking and nurturing constructive ideas from individuals, teams and units which eventually yields exceptional results.



### Concern for Society and Environment

#### When every smile matters

Concern for Society and Environment is a sense of responsibility and contribution to society that defines our existence. It entails making a difference in the quality of lives and environment surrounding us. It is important to encourage fellow members on collective as well as individual basis to fulfil the responsibility of leaving behind a world rich in flora and fauna and rich in time-tested values and ideals and above all rich in social fervour for our future generations.



### Fairness with Care

#### Harnessing equality

Fairness and Care towards all fellow members are inextricably linked. Weaving the threads of equality, irrespective of caste, creed, religion and gender, into the day-to-day fabric, ensures fairness for each and every individual. Empathic care recognises needs and aspirations of all. Only such fairness and care can eventually lead fellow members to the dawn of eternal success.



### Transparency

#### Openness that builds enduring trust

Transparency implies openness. It is the opposite of secrecy. It encourages more informed decision making and aids in creating enduring trust among all stakeholders.



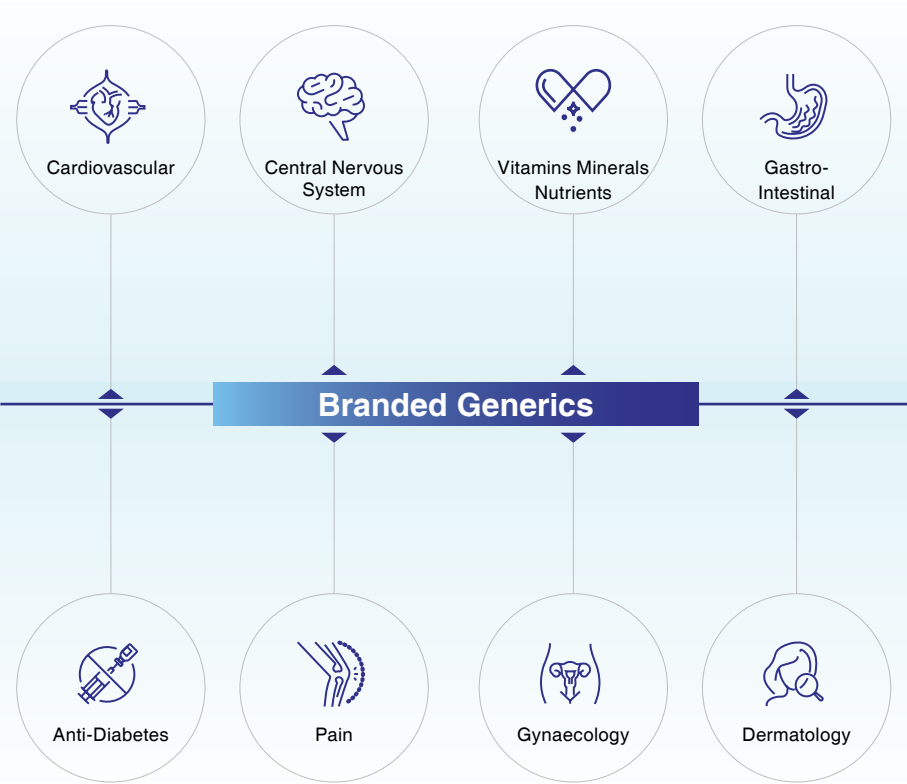
## Core Strengths

# Key Attributes That Sets it Apart

Torrent Pharma's unwavering commitment to delivering high-quality drugs in complex therapeutic areas has helped it establish a competitive position in the pharmaceutical industry. Through a focused approach on branded generics, chronic care, strategic acquisitions, high field force productivity, and investment in R&D, it has emerged as a leader in multiple therapeutic segments.

### Branded Generic Focused with High Chronicity

The key distinguishing factor of Torrent Pharma is the high concentration of branded-generic portfolio combined with high chronicity. It ensures high prescription stickiness, yielding better predictability in revenue and profitability.



### Higher Field Force Productivity: Edifice of Strong Brand Equity and Trust

At Torrent Pharma, the field force is the backbone of its sales strategy. The Company's chronic-focused portfolio and high customer retention rates have helped maintain a higher field force productivity than the industry average. Torrent Pharma has designed a therapeutic-focused back-end sales architecture, enabling them to emerge as specialists in their respective domains. They engage with medical practitioners and specialist doctors on a regular basis, cultivating stakeholder relationships based on knowledge sharing, scientific promotion and drug quality. Torrent Pharma has consistently deployed a specialist-focused strategy whereby its go-to-market approach is largely aimed at specialist doctors in metros and tier-I cities.

### Strong R&D Capabilities

Torrent Pharma is committed to investing in R&D to bring innovative, high-quality drugs to patients around the world. The Company's state-of-the-art R&D facility in India is managed by a dedicated team that works on developing new drugs and improving the existing ones. The facility has a wide range of capabilities in areas such as preclinical development, clinical trials, and regulatory affairs.

Patent Filings

1,236

For New Drug Delivery Technologies and New Drug Discovery initiatives till date

Patents Approved

644

For new API and formulations techniques for various geographies till date

### Strategic Acquisitions

Torrent Pharma demonstrates financial discipline and prudence in its acquisition process by rigorously assessing opportunities on three parameters, viz. strategic fitment, sustained growth of underlying market, and consistency of profitability and cash flows.

2005  
Heumann Pharma from Pfizer

2014  
Elder Pharmaceuticals Limited's India and Nepal Business

2015  
Zyg Pharma Private Limited

2016  
Glochem API facility

2017  
Unichem's India and Nepal Business  
Novartis Women Healthcare Brands

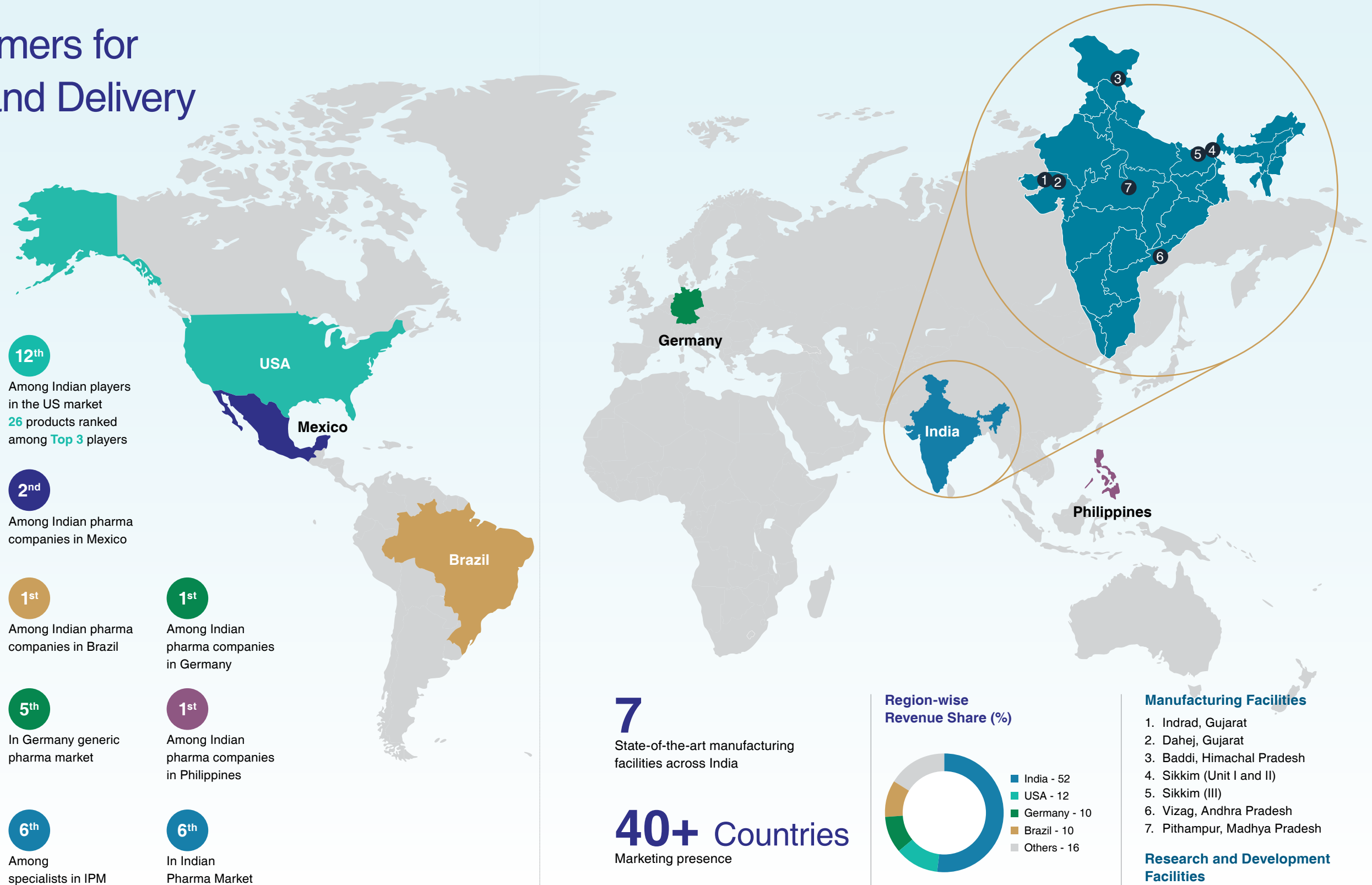
2022  
Curatio Health Care (I) Private Limited

## Presence

# Closer to Customers for Better Access and Delivery

Torrent Pharma has been consistently striving to enhance the accessibility and affordability of medicines to customers in its key markets. Towards this, the Company has been deploying continuous efforts to optimise its cost structure and time to market. Torrent Pharma has made strategic expansions to stay closer to customers, ensuring timely delivery of its products. Over the years, it has established a strong manufacturing base in India and a solid distribution, marketing and commercial presence across the world.

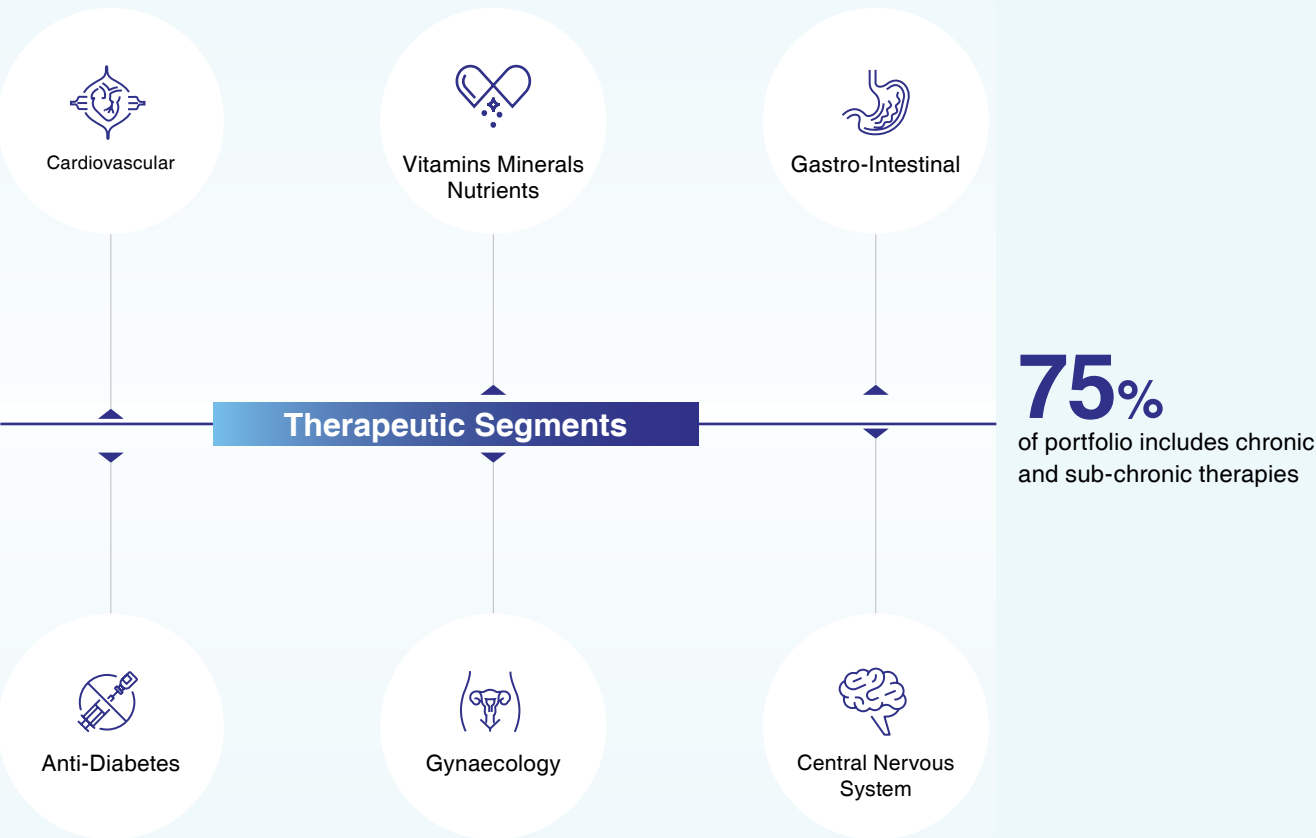
Source: AIDCD Data, Insight Health (IMS) Data, Company data  
Disclaimer: Map for representational purpose, not to be scaled



Key Product Portfolio

Developing Niche Solutions

Torrent Pharma has developed a portfolio with high chronicity and reputable brands. In India, Torrent Pharma has 13 brands over ₹100 crores and 18 brands in Top 500 brands of IPM. There are significant number of brands in the range of ₹75-100 crores and ₹50-75 crores, with potential for inclusion in the ₹100+ crore club over the medium term.




Building Leadership in Dermatology Through Curatio Acquisition

The recent acquisition of Curatio Health Care was a strategic move towards fortifying Torrent Pharma's leadership position in the fast-growing dermatology market and expanding its reach to dermatologists and paediatricians across the country. Curatio's acquisition fits well with the overall strategy of capital allocation to Branded Generic markets, particularly in India. The acquisition enables Torrent Pharma to improve its competitive ranking within Dermatology therapy from 21<sup>st</sup> to 7<sup>th</sup> post acquisition. Curatio is more of a specialised portfolio in paediatric dermatology and cosmetic dermatology. The base of the business is driven by strong brands focused on infant care and infant wellness treatment and led by the spearhead product brands named Tedibar, Atogla and Spoo.

Tedibar is prescribed for the treatment of atopic dermatitis by major paediatricians and dermatologists. And this is a segment that has an increasing prevalence across the country.

Key Brands

 Pediatric Products	 Acne/Face Care Products	 Hair/ Scalp Care Products
TEDIBAR	Clinmiskin	Proanagen
Atogla	ACNEMOIST	Perlice
Spoo	TRACNILO	Permite
B4 Nappi	flash	NOSKURF

A Foot in the Door – Foraying into Gynaecology and Urology through Acquisition of Niche Brands

In its ongoing efforts to expand the product portfolio and build a presence in Gynaecology and Urology, Torrent Pharma acquired four brands from Dr. Reddy's Laboratories Ltd.

Styptovit-E

It will enable us to further strengthen our presence in Gynaecology therapy.

"Finast", "Finast-T", and "Dynapress", which are used in the treatment of Benign Prostatic Hyperplasia (BPH), will aid in our presence in the Urology therapy.

Read more on [pg 23](#)



Key Product Portfolio

India Products



CHC Brands



Top Brands



New Launches



Brazil Products

## Value Proposition

# Unlocking Long-term Value for Shareholders

With a business model that is more focused towards branded generic markets and chronic portfolio, we have consistently delivered value to our shareholders over the years. Our strong fundamentals with prudent strategies enabled us to drive sustained growth and profitability, making Torrent Pharma an attractive investment opportunity.

1

### Steady Revenue Growth

Torrent Pharma has delivered a compound annual growth rate (CAGR) of 10% and Operating EBITDA growth of 16% over the last five years. Even excluding US, the Company's revenue growth has been in double digits. The performance of top brands, new launches, market outperformance, and an increase in field force productivity has driven this steady growth.

Furthermore, Torrent Pharma's business model and capital-allocation strategy towards branded generic markets, coupled with high chronicity in its portfolio, provide strong predictability and steadiness in revenue growth.

**10%**  
5-year CAGR in Revenue

2

### Consistent Margin Improvement

Torrent Pharma has improved its operating EBITDA by ~7% over the last five years. Consistency in margin improvement augments from factors such as a higher share of the branded generic business, particularly in India, continuous cost optimisation initiatives, operating leverage play-out, and continuously improving in-clinic effectiveness, which is one of the highest in the industry.

**16%**  
5-year CAGR in  
Operating EBITDA

**30%**  
Operating EBITDA Margin

3

### Outperforming in Major Therapies across Key Markets

Torrent Pharma has delivered robust performance across major therapies in its key markets, particularly in India, Brazil, and ROW markets. The performance of top brands, new launches, market outperformance, and an increase in field force coverage expansion has driven the growth.

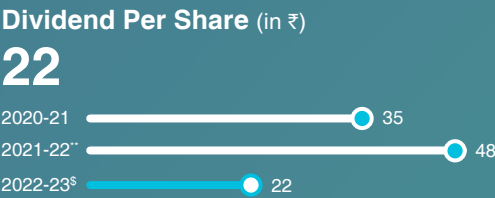
4

### Consistent Shareholder Value through Capital Efficiency

We have a track record of delivering consistent shareholder value. Over the years, our prudent capital allocation approach has resulted in robust free cash flow generation and a strong liquidity position. This allows us to capitalise on emerging investment opportunities while maintaining financial flexibility. Our long-term trend of solid performance in return on equity (ROE) and return on capital employed (ROCE) further reinforces our commitment to value maximisation.



\*Adjusted for exceptional items



\*\* Includes special dividend of ₹15 per share  
§ Post bonus