

# TORRENT PHARMACEUTICALS LIMITED



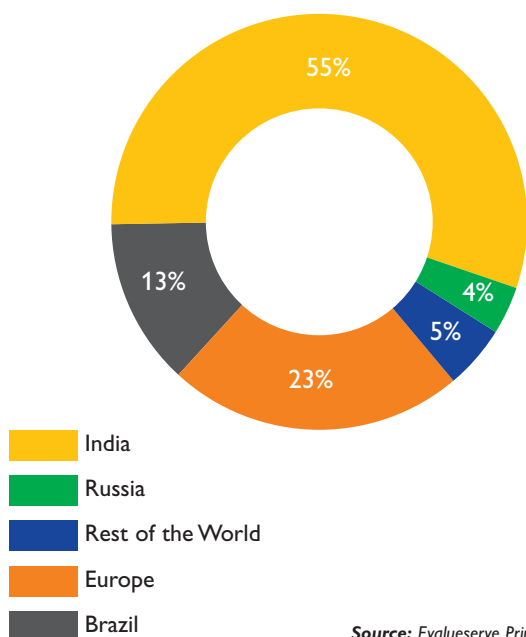
## Company Background

Torrent Pharmaceuticals is a leading pharma player based in India having a strong presence in various therapeutic areas including cardiovascular, central nervous system, diabetology and pain management segments. Its manufacturing facility at Indrad, Gujarat has received ISO 9001, ISO 14001 and OHSAS 18001 and ISO/IEC- 17025 certifications and complies with WHO norms and has received approvals from German health authorities, MHRA (UK), TGA (Australia), Anvisa (Brazil) and MCC (South Africa). It has set up a world-class R&D facility at an investment of EUR 35.53 million that employs more than 560 scientists dedicated to drug discovery and development. Its bio-equivalence facility has been

approved by ANVISA, Brazil and has also received the OELD GLP Certification from the Dutch Health Ministry.

Torrent Pharma today has a strong international presence spanning 50 countries with over 1000 product registration and over 200 products in the pipeline. Its international business has been broadly divided into five zones – USA, Latin America, Russia and Commonwealth of Independent States, Europe, and Rest of the World. It has set up wholly owned subsidiaries in Australia, Brazil, Germany, Japan, Mexico, Philippines, Russia and USA. Other achievements in the past include being rated India's ninth best company among capital intensive companies in terms of return on capital employed in a study by ETIG-BCG in 2001.

Company Sales – Geography-wise Distribution (2005-06)



Source: Evalueserve Primary Research

The company employs 4515 people (as on 31 March, 2006), up from 3698 in the previous year. During the same period, its sales increased to EUR 174.5 million from EUR 91.4 million in the preceding year.

## Torrent Pharmaceuticals in the EU

Torrent Pharma adopted a multi-pronged strategy to capture the EU market. This includes direct sales via own presence in markets such as Germany, Lithuania, Latvia and forging strategic alliances by dossier development and licensing through its subsidiary, Torrent Pharma GmbH.

Torrent operates in Central and Eastern Europe (CEE) through strategic alliances with companies in

Romania and Poland. The company plans to use Poland as the hub to expand its operations in CEE markets, including neighboring countries such as the Czech Republic, Slovakia and others.

In Western Europe, Germany serves as the base for Torrent. In 2005, the company acquired Heumann Pharma GmbH & Co Generica KG, (a then -Pfizer group company ranked 11th in the German generic market) to strengthen its position in the German market.

The total revenue from Europe (other than the contribution of Heumann) for the year 2005-06 was EUR 10.4 million, as against EUR 4.9 million in the previous year.

#### **Torrent Pharmaceuticals in Germany**

Torrent Pharma GmbH (TPG), the German subsidiary of the company, is engaged in business development and sales of product dossiers as well as supplying products to customers.

In 2005-06, the company entered into 21 product dossier licensing agreements and added 10 new customers, thereby increasing its penetration in the EU market.

In 2005, Torrent Pharma acquired Heumann Pharma GmbH & Co Generica KG of Germany (excluding its manufacturing facilities) This acquisition gave Torrent Pharma access to the 90-year-old "Heumann" brand name with over 300 marketing authorisations, 30 product registration applications and a sales and marketing force of 165 people. Heumann's product portfolio includes cardiovascular, gastro-intestinal and anti infective therapies that is complementary to Torrent Pharma's existing product basket. Combined with market opportunity on one hand & Torrent's product development skills and low-cost manufacturing on the other, Heumann presents an excellent opportunity to create value through market expansion and sales growth.

## **Factors for Success**

### **Integration of Heumann**

Torrent has taken steps towards shifting manufacturing to its low-cost facilities in India, improvement in sales productivity, and linking the product pipeline for regulated markets with Heumann. These will allow Torrent to increase the sales and expand its margins, in line with the plans to make Heumann profitable by the year 2007-08.

### **Sound Infrastructure**

During 2005-06, the company established a new manufacturing facility in Baddi (Himachal Pradesh), expanded its R&D facility at Bhat, as well as expanded and upgraded the Active Pharmaceutical Ingredient manufacturing facility at Chhatral. The company also launched 43 new products in the market as compared to 22 in the previous year.

### **Focus on Quality**

The company follows stringent quality norms as prescribed by most regulatory authorities in EU and other regulated as well as semi-regulated markets. These include the UK, Germany, Hungary, Australia, Brazil, Latvia etc.

### **Successful Alliances**

The company has entered into a research collaboration with AstraZeneca for discovery and development of a new drug candidate for the treatment of hypertension. It has also entered into a manufacturing alliance with Novo Nordisk for manufacturing insulin.

## **Future Plans**

### **Strategy for World Generics Market**

Torrent is exploring niche acquisition opportunities in the generics market in India as well as other countries. The company proposes to finance such acquisitions by issuing additional equity and raising

debt, and also plans to make further acquisitions in European countries.

Torrent also plans to tap markets in other countries by extending the domestic market product portfolio in semi regulated markets and by extending the EU and the US market product portfolio in the regulated markets of Asia and Africa.

### **Products for the Global Generics Market**

Torrent Pharma Inc., the US subsidiary of Torrent, filed four Abbreviated New Drug Applications and three Drug Master Files (DMFs) during the year. The company expects this to help it in development of DMFs for API, generic formulations and novel dosage forms for Europe, the US and regulated markets.

**[www.torrentpharma.com](http://www.torrentpharma.com)**