

July 08, 2025

## Torrent Pharmaceuticals Limited: Update on Material Event

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating outstanding
Non-convertible debenture (NCD) programme	142.84	142.84	[ICRA]AA+ (Stable)
Commercial paper (CP) programme	700.00	700.00	[ICRA]A1+
Long-term fund-based term loan	228.57	228.57	[ICRA]AA+ (Stable)
Long term fund-based working capital facilities	2,745.00	2,745.00	[ICRA]AA+ (Stable)
Long-term – unallocated limits	421.43	421.43	[ICRA]AA+ (Stable)
<b>Total</b>	<b>4,237.84</b>	<b>4,237.84</b>	

\*Instrument details are provided in Annexure-I

### Rationale

### Material Event

On June 29, 2025, Torrent Pharmaceuticals Limited (TPL) informed the Bombay Stock Exchange and the National Stock Exchange that it had entered into definitive agreements to acquire a controlling stake in J B Chemicals and Pharmaceuticals (JB) from KKR Asia III Fund Investments Pte. Ltd (KKR) at an equity valuation of Rs. 25,689 crore on a fully diluted basis, followed by a merger of the two entities. The transaction shall be completed in two phases, starting with the acquisition of a 46.39% equity stake in JB through a share purchase agreement (SPA) at a consideration of Rs. 11,917 crore (at Rs. 1,600 per share) and an intent to acquire up to 2.8% of equity shares (SPA already entered into for 2.41% of equity shares) from certain employees at the same price, for a consideration of Rs. 720 crore. The acquisition shall also trigger a mandatory open public offer (MPO) to acquire up to 26% of the equity stake from public shareholders at an offer price of Rs. 1,639.18 per share. This shall be followed by a merger between TPL and JB through a scheme of arrangement with a share exchange ratio of 51 fully paid-up equity shares of TPL for every 100 shares of JB. The acquisition shall be subject to certain regulatory approvals, including approvals from the Competition Commission of India (CCI) and approval from the shareholders of TPL for an increase in the borrowing and investment limits. The merger shall also be subject to certain regulatory approvals, including majority approval of the minority shareholders of JB and approval from the National Company Law Tribunal (NCLT). The potential cost of acquisition for TPL (considering the acquisition of the entire 2.8% equity stake from employees) shall range between Rs. 12,637 crore (no subscription to the MPO) and Rs. 19,480 crore (100% subscription to the MPO).

### Impact of Material Event

The acquisition will strengthen TPL's domestic business profile through the addition of JB's strong domestic portfolio with a complementary product profile in therapies such as cardiology, gastroenterology and paediatrics, while also providing an opportunity to enter newer therapies such as ophthalmology, nephrology and in-vitro fertilisation (IVF). The consolidated entity shall be the fifth-largest company in the Indian pharmaceutical industry in terms of secondary sales, based on the IQVIA dataset as on moving annual total (MAT) March 2025. Moreover, it shall also give TPL access to JB's strong international business (with presence in more than 40 countries across Africa, North America, the Russia-CIS region, Latin America, South-East and West Asia) and an established contract development and manufacturing operations (CDMO) business. Besides, the potential synergies from the transaction shall include complementary sales in therapies such as cardiology and gastroenterology and cost synergies arising from the integration of manufacturing operations and supply chains.

While the transaction is expected to be largely funded through debt, the quantum of debt to be undertaken by TPL shall depend upon the extent of subscription to the MPO, which has a potential acquisition cost of Rs. 6,843 crore in the event of 100% subscription. As on July 4, 2025, the shares of JB were trading at Rs. 1,635–1,640 per share, which is close to the offer price of Rs. 1,639.18 per share for the MPO. ICRA draws comfort from the existing enabling resolution passed by the board of directors of TPL to raise funds through a qualified institutional placement (QIP), if required.

TPL plans to fund the acquisition entirely through debt, and accordingly, ICRA forecasts that TPL's consolidated leverage (including JB), measured by total debt/OPBITDA, will rise to ~2.2x by March 31, 2027 from 0.9x as on March 31, 2025. This increase assumes TPL subscribes to 40% of JB's shares tendered under the MPO and funds this portion entirely through debt. Thereafter, ICRA anticipates the leverage to moderate further, supported by strong cash flow generation and a healthy return on capital employed (RoCE) for both TPL and JB. The breach of its negative rating trigger is expected to be relatively short-lived.

ICRA also takes comfort in TPL's proven track record of successful domestic acquisitions over the past decade. However, the JB acquisition is significantly larger in scale, introducing higher risks and potential challenges in operations and integration. The key downside risks to ICRA's financial estimates and credit rating are: (a) the possibility that TPL faces challenges in successfully merging and integrating JB, and (b) the possibility that TPL is required to undertake a larger-than-expected subscription of shares as part of the MPO. Item (a) is a medium-term risk factor, and item (b) is a near-term risk factor relating to the acquisition and the proposed merger, which ICRA shall monitor.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, liquidity position, rating sensitivities, key financial indicators: [Click here](#)

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Pharmaceuticals</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of TPL. As on March 31, 2025, the company had 15 subsidiaries and three step-down subsidiaries, which are listed in Annexure-II.

## About the company

At present, TPL is the seventh-largest entity in the domestic pharmaceutical market (based on IQVIA secondary sales dataset as on MAT March 2025), with a presence in therapeutic segments such as CVS, GI, CNS and VMN. The company also has an arrangement with Novo Nordisk for manufacturing and supplying insulin for the Indian market. Its export business is carried out by its foreign subsidiaries as well as by TPL directly. TPL markets both branded generics and generic-generics and participates in the institutional segment of export markets. Among its key branded generics markets are India (56% share of FY2025 revenues) and Brazil (10%), while its generic-generics business spans the US (10%) and Germany (10%). Other countries and the contract manufacturing business contributed 15% to its FY2025 revenues. TPL has eight manufacturing facilities in India. Its facilities are approved by various regulatory authorities, including the USFDA, UK MHRA, MCC (South Africa), TGA (Australia), Health Canada and ANVISA (Brazil).

JB, set up in 1976 by Mr. J. B. Mody and his family members, manufactures a wide range of pharmaceutical formulation specialities, radio-diagnostics, APIs, and intermediates, and is present in more than 40 countries, with India being its key market, generating 58% of its FY2025 revenues. It has eight manufacturing facilities across Gujarat and Daman, which are approved by multiple global regulatory agencies, including two US FDA-approved manufacturing facilities. As on MAT March 2025, it was ranked 17<sup>th</sup> in the domestic market in terms of prescriptions in IPM, with a presence in fast-growing therapeutic areas such as cardiology, gastroenterology, paediatrics, ophthalmology, IVF and nephrology.

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years							
				FY2025				FY2024		FY2023	
Instrument	Type	Amount Rated (Rs. crore)	08-July-2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
NCDs	Long Term	142.84	[ICRA]AA+ (Stable)	19-Mar-2025	[ICRA]AA+ (Stable)	23-AUG-2024	[ICRA]AA+ (Stable)	24-AUG-2023	[ICRA]AA+ (Stable)	25-AUG-2022	[ICRA]AA+ (Stable)
				-	-	-	-	-	-	25-AUG-2022	[ICRA]AA+ (Stable)*; withdrawn
				-	-	-	-	-	-	04-OCT-2022	[ICRA]AA+ (Stable)
Term loan	Long Term	228.57	[ICRA]AA+ (Stable)	19-Mar-2025	[ICRA]AA+ (Stable)	23-AUG-2024	[ICRA]AA+ (Stable)	24-AUG-2023	[ICRA]AA+ (Stable)	25-AUG-2022	[ICRA]AA+ (Stable)
				-	-	-	-	-	-	04-OCT-2022	[ICRA]AA+ (Stable)
Working capital	Long Term	2,745.00	[ICRA]AA+ (Stable)	19-Mar-2025	[ICRA]AA+ (Stable)	23-AUG-2024	[ICRA]AA+ (Stable)	24-AUG-2023	[ICRA]AA+ (Stable)	25-AUG-2022	[ICRA]AA+ (Stable)
				-	-	-	-	-	-	04-OCT-2022	[ICRA]AA+ (Stable)
Unallocated	Long Term	421.43	[ICRA]AA+ (Stable)	19-Mar-2025	[ICRA]AA+ (Stable)	23-AUG-2024	[ICRA]AA+ (Stable)	24-AUG-2023	[ICRA]AA+ (Stable)	25-AUG-2022	[ICRA]AA+ (Stable)
				-	-	-	-	-	-	04-OCT-2022	[ICRA]AA+ (Stable)
CPs	Short Term	700.00	[ICRA]A1+	19-Mar-2025	[ICRA]A1+	23-AUG-2024	[ICRA]A1+	24-AUG-2023	[ICRA]A1+	25-AUG-2022	[ICRA]A1+
				-	-	-	-	-	-	04-OCT-2022	[ICRA]A1+

#### Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible debenture (NCD) programme	Very simple
Commercial paper	Very simple
Fund-based term loan	Simple

<b>Fund-based working capital facilities</b>	Simple
<b>Long term- Unallocated limits</b>	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE685A07082	NCD	Dec 14, 2017	7.15%*	Dec 13, 2019 Dec 14, 2020 Dec 14, 2021 Dec 14, 2022 Dec 14, 2023 Dec 13, 2024 Dec 12, 2025	142.84	[ICRA]AA+ (Stable)
INE685A14146	Commercial paper	June 20, 2025	5.95%	Sep 18, 2025	200.00	[ICRA]A1+
INE685A14153	Commercial paper	June 26, 2025	5.93%	Sep 26, 2025	300.00	[ICRA]A1+
NA	Commercial paper	Yet to be placed	NA	NA	200.00	[ICRA]A1+
NA	Term Loan 1	Dec 2017	NA	Dec 12, 2025	142.86	[ICRA]AA+ (Stable)
NA	Term loan 2	Dec 2017	NA	Sep 14, 2025	85.71	[ICRA]AA+ (Stable)
NA	Working capital facility	NA	NA	NA	2,745.00	[ICRA]AA+ (Stable)
NA	Unallocated	NA	NA	NA	421.43	[ICRA]AA+ (Stable)

Source: Company; \*linked to 6 month Indian Treasury bill rate

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company Name	TPL's Ownership	Consolidation Approach
<b>SUBSIDIARIES</b>		
Zao Torrent Pharma	100.00%	Full Consolidation
Torrent Do Brasil Ltda.	100.00%	Full Consolidation
Torrent Pharma Gmbh (TPG)	100.00%	Full Consolidation
Torrent Pharma Inc.	100.00%	Full Consolidation
Torrent Pharma Philippines Inc.	100.00%	Full Consolidation
Laboratorios Torrent S.A. de C.V.	100.00%	Full Consolidation
Torrent Australasia Pty Ltd.	100.00%	Full Consolidation
Torrent Pharma (Thailand) Co. Limited	100.00%	Full Consolidation
TPL (Malta) Limited	100.00%	Full Consolidation
Torrent Pharma (UK) Limited	100.00%	Full Consolidation
Laboratories Torrent (Malaysia) SDN.BHD.	100.00%	Full Consolidation
Curatio Inc, Philippines	100.00%	Full Consolidation

Company Name	TPL's Owner-ship	Consolidation Approach
Torrent International Lanka (PVT) Ltd.	100.00%	Full Consolidation
Farmacéutica Torrent Colombia SAS	100.00%	Full Consolidation
Torrent Pharmaceuticals Chile SPA	100.00%	Full Consolidation
STEP-DOWN SUBSIDIARIES		
Heumann Pharma Gmbh & Co. Generica KG	100.00%	Full Consolidation
Heunet Pharma Gmbh	100.00%	Full Consolidation
Torrent Pharma (Malta) Limited	100.00%	Full Consolidation

Source: TPL results for Q4 FY2025

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