

September 30, 2025

## Torrent Pharmaceuticals Limited: Ratings reaffirmed; [ICRA]AA+ (Stable) assigned for fresh NCD of Rs. 14,000.00 crore

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debenture (NCD) programme	-	14,000.00	[ICRA]AA+ (Stable); assigned
Non-convertible debenture programme	142.84	142.84	[ICRA]AA+ (Stable); reaffirmed
Commercial paper (CP) programme	700.00	700.00	[ICRA]A1+; reaffirmed
Long-term – fund-based – term loans	228.57	57.14	[ICRA]AA+ (Stable); reaffirmed
Long-term – fund-based – cash credit	2,745.00	2,745.00	[ICRA]AA+ (Stable); reaffirmed
Long-term – unallocated limits	421.43	592.86	[ICRA]AA+ (Stable); reaffirmed
<b>Total</b>	<b>4,237.84</b>	<b>18,237.84</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating action for Torrent Pharmaceuticals Limited (TPL) factors in its strong position in the domestic formulations market ranked as the seventh largest player in the Indian pharmaceutical market (IPM)<sup>1</sup>. Its position is supported by a strong presence in the combined chronic and sub-chronic therapies that drove around 76% of its domestic revenues in FY2025 with leading positions in key therapies like cardiovascular (CVS), central nervous system (CNS), vitamins, minerals and nutrients (VMN), and gastrointestinal (GI). Moreover, the company has a diversified international presence with a focus on regulated and semi-regulated generics markets. In addition to the domestic market, which generated 55% of its consolidated revenues in FY2025, TPL is also present in Brazil (10%), Germany (10%), the US (10%) and others (including rest of world (RoW) and other business segments, 15%). Over the last two years, TPL has witnessed a healthy growth in its revenues from most of the key markets (except the US) on a constant currency basis. Moreover, the revenues from the US also witnessed a 16% YoY growth on a constant currency basis in Q1 FY2026, aided by an increase in the new product launched following the resolution of the warning letters issued by the USFDA<sup>2</sup> to two of TPL's manufacturing facilities over the last two years.

Supported by a broad-based growth across most of the key geographies, TPL's consolidated revenues grew by 7.3% in FY2025 to Rs. 11,516.1 crore followed by an 11.2% YoY growth in Q1 FY2026 to Rs. 3,178.0 crore. With a healthy contribution from the highly profitable domestic business and other cost saving initiatives, TPL also witnessed an improvement in its operating profit margin (OPM) to 32.5%<sup>3</sup> in Q1 FY2026 and 32.3% in FY2025 from 31.4% in FY2024. This has resulted in healthy cash flow generation, which has supported the reduction in its total debt (including lease liabilities) to Rs. 3,202.3 crore as on March 31, 2025, from Rs. 4,021.9 crore as on March 31, 2024. Thus, TPL's credit profile remained healthy with a total debt/OPBDITA of 0.9 times and TOL/TNW of 0.9 times as on March 31, 2025 and an interest coverage of 14.7 times in FY2025.

TPL's financial profile is expected to continue to strengthen, supported by its healthy cash flow generation and a gradual reduction in debt levels. However, ICRA notes its proposed acquisition of JB Chemicals and Pharmaceuticals (JB) from KKR Asia III Fund Investments Pte. Ltd (KKR) at an equity valuation of Rs. 25,680 crore on a fully diluted basis, followed by a proposed merger of the two entities. The acquisition, if completed, will result in an increase in TPL's leverage levels. The consideration

<sup>1</sup> As per AIOCD Pharma softtech AWACS Pvt. Ltd. (AIOCD) and company data

<sup>2</sup> United States Food and Drugs Administration

<sup>3</sup> 32.8%, adjusting for some one-time expenses

for the acquisition of the 46.39% equity stake held by KKR and 2.41% of equity shares from employees (share purchase agreement has been entered for 2.41% of equity shares out of 2.8% shares held by certain employees) is expected to be around Rs. 12,532 crore, which is expected to be largely funded through debt. Moreover, this proposed acquisition has also triggered a mandatory open public offer (MTO) to acquire up to 26% of the equity stake from public shareholders at an offer price of Rs. 1,639.18 per share with a maximum consideration of around Rs. 6,843 crore. The acquisition, if completed, shall be followed by a proposed 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.

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 MTO. However, 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. ICRA forecasts that TPL's consolidated leverage (including JB), measured by total debt/OPBITDA, will rise to around 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 MTO 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.

TPL's operations also remain exposed to regulatory risks, including scrutiny by regulatory agencies (like the USFDA) and other litigations, such as product liability and other commercial matters, especially in the US. Over the last few years, TPL's performance in the US was impacted by the warning letters issued by the USFDA to two of its manufacturing facilities at Dahej and Indrad (Gujrat). This impacted TPL's revenues and profitability of the US generics business. However, with the resolution of the warning letters over August 2023 and August 2024, respectively, TPL has been able to increase the new product launches starting Q1 FY2026 and the business has now turned profitable at the pre-R&D level with expectations of turning profitable (post-R&D) gradually with the increase in scale. Akin to its peers in the pharmaceutical industry, TPL's operations continue to be exposed to the risk of price controls in the domestic markets, including the addition of more products to the national list of essential medicines (NLEM).

The Stable outlook on the long-term rating reflects ICRA's opinion that TPL shall continue to benefit from its established business position in the domestic market and higher contribution from branded generics markets, which shall continue to support its healthy internal accrual generation and overall credit profile.

## Key rating drivers and their description

### Credit strengths

**Leading player in domestic formulations market with strong presence in chronic and sub-chronic therapeutic segments –** TPL is a leading player in the domestic formulations market, ranked seventh in the IPM and sixth in the combined chronic and sub-chronic therapies. This is supported by its established presence as one of the top five players in key therapies like cardiology, gastroenterology and central nervous system (CNS). The company also has a strong presence in other therapies like anti-diabetics, vitamins and minerals, dermatology and pain management. A high contribution from the fast growing chronic and sub-chronic therapies has enabled the company to continuously outperform the growth of the IPM over most of the last decade. TPL's domestic revenues grew by 10.8% YoY in Q1 FY2026, outperforming the IPM which grew at 7.9% and the company is expected to continue to outperform the IPM over the medium term supported by the growth in the base business, a growing consumer healthcare business, and a healthy pace of new product launches.

**Diversified global operations focussed on regulated/semi-regulated generics market through consistent R&D spend –** TPL has a well-diversified international presence with the domestic market generating 55% of its consolidated revenues in FY2025, and its international operations in key markets of USA (10%), Brazil (10%), Germany (10%), and others (including RoW and other businesses, 15%) bringing up the rest. TPL is expected to sustain its robust performance in the domestic market. Among the other key markets, revenue from Brazil is also likely to continue to grow at a healthy pace on a constant currency basis, further aided by increasing coverage in key therapies. Moreover, growth in revenues from the US generics business is estimated to improve from FY2026 with the rise in new product launches. While the revenue growth from Germany might

remain moderated over the near term on account of supply issues from a third-party supplier, TPL maintains its strong fundamentals in the market and is projected to witness an improvement in growth after the resolution of the supply issues. TPL recorded an R&D spend of 5% of its revenues in FY2025, which is likely to continue, with a focus on global R&D.

**Healthy operating profitability led by profitable domestic business and select international businesses** – TPL’s profitability continues to improve on the back of increasing operating leverage, higher contribution from branded generics markets and successful implementation of cost efficiency measures. In Q1 FY2026, it registered an OPM of 32.5% as compared to 32.3% in FY2025 and 31.4% in FY2024. It continues to have one of the strongest profitability profiles among its key peers in the formulations manufacturing industry in India and is expected to sustain its margin profile, supported by its growing branded generics business. While the acquisition of JB might impact the profitability to an extent, ICRA notes that a healthy margin profile of JB (OPM of 27.5% in Q1 FY2026) and further development of operational synergies after the acquisition will minimise any such impact.

**Healthy financial profile characterised by strong credit metrics and liquidity position** – TPL maintains a healthy financial profile with strong credit metrics and liquidity position. In FY2025, it registered consolidated revenues of Rs. 11,516.1 crore with a growth of 7.3% and an OPM of 32.3%. The revenues further increased YoY by 11.2% to Rs. 3,178.0 crore in Q1 FY2025 with an OPM of 32.5%. Coupled with a gradual reduction in its debt levels (after the increase in debt in FY2023 owing to the acquisition of Curatio), this has led to strengthening of its debt protection metrics with total debt/OPBDITA of 0.9x as on March 31, 2025, against 1.2x as on March 31, 2024. Despite some moderation in leverage in case of the successful completion of the proposed acquisition of JB, the strong financial profile of the company is expected to largely sustain. While the total debt/OPBITDA (including JB) is estimated to increase to 2.2x by March 31, 2027 (assuming tendering of 40% of JB’s shares under the MTO) following the acquisition, ICRA expects the same to moderate gradually, supported by likely strong cash flow generation by both the base business and JB.

### Credit challenges

**Performance of US generics pharmaceutical business remains moderated, but likely to improve gradually** – Over the past few years, TPL’s US generics business was impacted by the muted new product launches and contraction in the base business due to price erosion. While the market continues to witness a single digit price erosion on average, TPL’s revenues from the US have improved following the resolution of both the warning letters issued by the USFDA to its manufacturing facilities between August 2023 and August 2024. TPL launched 4-5 products in the US in Q1 FY2026 over one launch in FY2025, and it is expected to launch 10 products over the full year. While the increased pace of launches has resulted in a 16% YoY growth in TPL’s revenues from the US on a constant currency basis, the business is yet to turn profitable. However, ICRA notes that the business has turned profitable (at a pre-R&D level) following the new product launches and its profitability is likely to improve further going forward as well.

**Exposure to regulatory risks and litigations, including product liability matters** – Akin to its peers in the pharmaceutical industry, TPL’s operations remain exposed to regulatory risks, including the scrutiny by regulatory agencies like USFDA, pricing controls in the domestic market and the possibility of inclusion of more products in the NLEM. Moreover, it is exposed to product liability matters, and any developments in this regard shall be evaluated on a case-to-case basis.

### Environmental and Social Risks

**Environmental concerns** – TPL does not face any major physical climate risk. To minimise the impact of environmental risks on its operations TPL has identified three key areas to enhance its positive impact on the environment, namely, carbon emissions and energy management, water stewardship, and waste management.

**Social concerns** – TPL, in line with the industry, faces social risks related to product safety and the associated litigation risks, access to qualified personnel for R&D and process engineering, and maintenance of high manufacturing compliance standards. Further, Government interventions related to price caps/control also remain a social risk for entities in the pharmaceutical industry.

To address the associated environmental, social and governance (ESG) risks, TPL has adopted a sustainable growth framework with four core pillars of responsible consumption, responsible practices, responsible communication and responsible supply chain. It has also instituted suitable governance processes to monitor progression and mitigate ESG risks on a regular basis.

### Liquidity position: Strong

TPL's liquidity position is **strong**, supported by healthy internal accrual generation, cash and cash equivalents of around Rs. 777 crore and undrawn working capital limits (after considering issuance of commercial papers (CP) by TPL to raise short-term funds) of around Rs. 1,500 crore as on June 30, 2025. However, ICRA does not expect the total utilisation of CPs and working capital facilities to go beyond the available working capital limits/ drawing power. While the normal capex requirements remain modest at Rs. 200-300 crore per annum, ICRA notes the possibility of the sizeable acquisition of JB. Though the acquisition shall largely be funded through debt, ICRA takes comfort from the existing enabling resolution passed by TPL's board of directors to raise funds through a QIP, if required. Moreover, TPL's strong cash flow from operations and surplus liquidity are likely to remain comfortable for servicing its debt repayments over the near to medium term, even in case of an increase in borrowing due to the acquisition.

### Rating sensitivities

**Positive factors** – TPL's rating might be upgraded if there is significant growth across all key geographies leading to significant increase in scale, higher market share and strengthening of its business profile, while maintaining strong credit metrics and liquidity position on a sustained basis.

**Negative factors** – TPL's rating may be downgraded if there is any significant weakening in the company's earnings profile on a sustained basis and/or increase in debt levels due to any capex/inorganic investments, leading to an increase in total debt/OPBDITA above 2.3x on a sustained basis. Any further regulatory non-compliances issued to TPL for its products and/or manufacturing facilities, thereby impacting its product launches and, thus, revenues and profitability, would also be a negative trigger. Adverse outcomes of ongoing litigations would also remain an event risk, and their impact on the company's business and credit profile would be monitored on a case-by-case basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Pharmaceuticals</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of TPL. The subsidiaries and step-down subsidiaries of TPL are listed in Annexure-II.

### About the company

Incorporated in 1972, TPL is the eighth largest pharma company in the domestic market with a presence in therapeutic segments of CVS, GI, CNS and VMN, among others. The export business of TPL is carried out both by its foreign subsidiaries as well as directly by the parent company. TPL markets both branded generics (to semi-regulated markets) and unbranded generics (to regulated markets) while participating in the institutional segment of export markets. Among its key branded generics markets are India (55% of FY2025 revenues) and Brazil (10%), while its generic generics business spans Germany (10%) and USA (10%). It also caters to other countries and contract manufacturing, which comprised 15% of its FY2025 revenues.

TPL has seven manufacturing units across India, including three facilities that also manufacture active pharmaceutical ingredients. Four of the seven facilities are USFDA certified. Some of the other certifications include EU GMP, WHO GMP, TGA (Australia), and ANVISA (Brazil), etc.

**Key financial indicators (audited)**

Consolidated	FY2024	FY2025
Operating income	10,727.8	11,516.1
PAT	1,656.4	1,911.3
OPBDIT/OI	31.4%	32.3%
PAT/OI	15.4%	16.6%
Total outside liabilities/Tangible net worth (times)	1.2	0.9
Total debt/OPBDIT (times)	1.2	0.9
Interest coverage (times)	9.5	14.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**
**Any other information: None**
**Rating history for past three years**

Instrument	Type	Amount rated (Rs. crore)	Current ratings (FY2026) Sep 30, 2025	Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>NCD</b>	Long term	14,000.00	[ICRA]AA+ (Stable)	-	-	-	-	-	-	-	-
<b>NCD</b>	Long term	142.84	[ICRA]AA+ (Stable)	July 8, 2025	[ICRA]AA+ (Stable)	Mar 19, 2025	[ICRA]AA+ (Stable)	Aug 24, 2023	[ICRA]AA+ (Stable)	Aug 25, 2022	[ICRA]AA+ (Stable)
				-	-	Aug 23, 2024	[ICRA]AA+ (Stable)	-	-	Aug 25, 2022	[ICRA]AA+ (Stable); withdrawn
				-	-	-	-	-	-	Oct 04, 2022	[ICRA]AA+ (Stable)
<b>CP</b>	Short term	700.00	[ICRA]A1+	July 8, 2025	[ICRA]A1+	Mar 19, 2025	[ICRA]A1+	Aug 24, 2023	[ICRA]A1+	Aug 25, 2022	[ICRA]A1+
				-	-	Aug 23, 2024	[ICRA]A1+	-	-	Oct 04, 2022	[ICRA]A1+
<b>Term Loans</b>	Long term	57.14	[ICRA]AA+ (Stable)	July 8, 2025	[ICRA]AA+ (Stable)	Mar 19, 2025	[ICRA]AA+ (Stable)	Aug 24, 2023	[ICRA]AA+ (Stable)	Aug 25, 2022	[ICRA]AA+ (Stable)
				-	-	Aug 23, 2024	[ICRA]AA+ (Stable)	-	-	Oct 04, 2022	[ICRA]AA+ (Stable)
<b>Cash Credit</b>	Long term	2,745.00	[ICRA]AA+ (Stable)	July 8, 2025	[ICRA]AA+ (Stable)	Mar 19, 2025	[ICRA]AA+ (Stable)	Aug 24, 2023	[ICRA]AA+ (Stable)	Aug 25, 2022	[ICRA]AA+ (Stable)
				-	-	Aug 23, 2024	[ICRA]AA+ (Stable)	-	-	Oct 04, 2022	[ICRA]AA+ (Stable)
<b>Unallocated limits</b>	Long term	592.86	[ICRA]AA+ (Stable)	July 8, 2025	[ICRA]AA+ (Stable)	Mar 19, 2025	[ICRA]AA+ (Stable)	Aug 24, 2023	[ICRA]AA+ (Stable)	Aug 25, 2022	[ICRA]AA+ (Stable)
				-	-	Aug 23, 2024	[ICRA]AA+ (Stable)	-	-	Oct 04, 2022	[ICRA]AA+ (Stable)

## Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debenture programme	Very Simple
Non-convertible debenture programme	Very Simple
Commercial paper programme	Very Simple
Long term – fund based – term loans	Simple
Long term – fund based – cash credit	Simple
Long-term – unallocated limits	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
NA	NCD		Yet to be placed		14,000.00	[ICRA]AA+ (Stable)
INE685A07082	NCD	Dec 14,2017	7.15%*	Dec 12, 2025	142.84	[ICRA]AA+ (Stable)
INE685A14161	Commercial Paper	Sep 17,2025	5.93%	Dec 16, 2025	200.00	[ICRA]A1+
INE685A14179	Commercial Paper	Sep 24,2025	5.93%	Dec 23, 2025	200.00	[ICRA]A1+
NA	Commercial Paper		Yet to be placed		300.00	[ICRA]A1+
NA	Term Loans	Dec 2017	NA	Dec 2025	57.14	[ICRA]AA+ (Stable)
NA	Cash Credit	NA	NA	NA	2,745.00	[ICRA]AA+ (Stable)
NA	Unallocated Limits	NA	NA	NA	592.86	[ICRA]AA+ (Stable)

Source: Company; \* Treasury Bill Rate+ Spread of 1.72% Coupon to be reset every 6 Months

[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
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
<b>Step-Down Subsidiaries</b>		
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 financial results for Q1 FY2026

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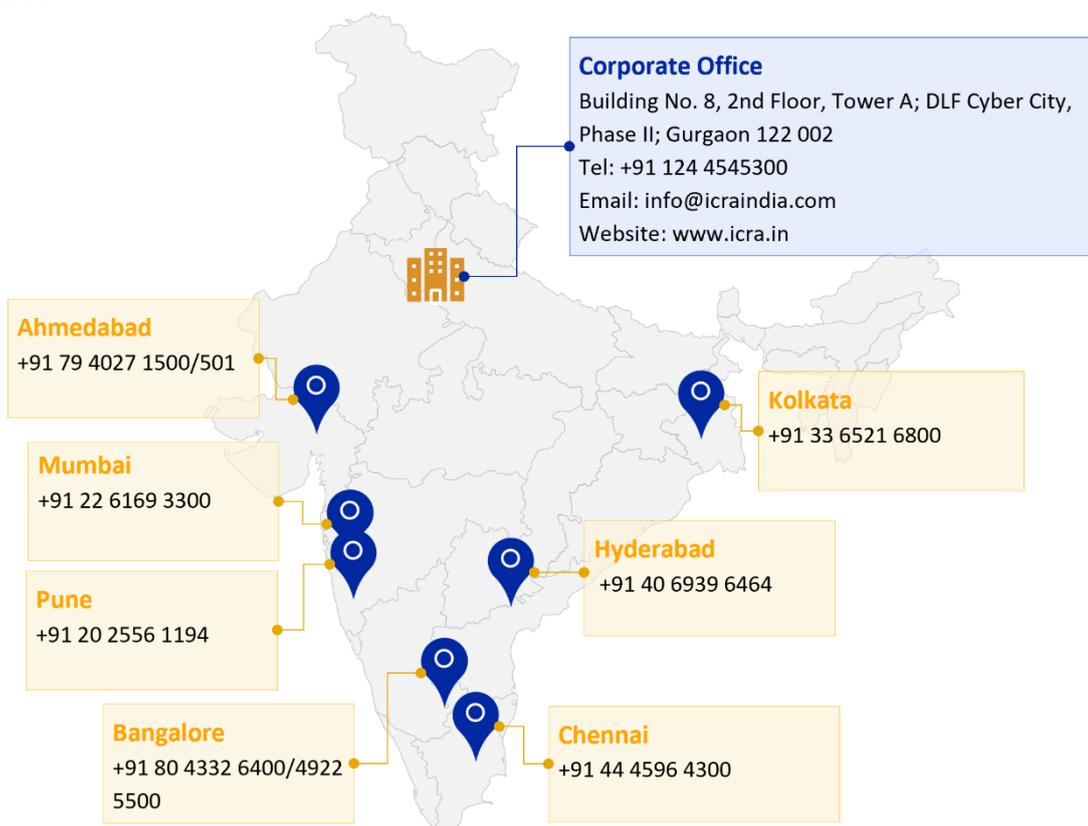
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