January 05, 2026 (Revised)

Torrent Pharmaceuticals Limited: Ratings reaffirmed; [ICRA]A1+ assigned for fresh CPs of Rs. 1,500.00 crore and rating reaffirmed and withdrawn for NCDs of Rs. 1,642.84 crore

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debenture (NCD) programme	12,500.00	12,500.00	[ICRA]AA+ (Stable); reaffirmed
Non-convertible debenture (NCD) programme	1,642.84	-	[ICRA]AA+ (Stable); reaffirmed and withdrawn
Commercial paper (CP) programme	700.00	2,200.00	[ICRA]A1+; reaffirmed and assigned for enhanced limit
Long-term – fund-based – term loans	57.14	-	-
Long-term – fund-based – cash credit	2,745.00	2,745.00	[ICRA]AA+ (Stable); reaffirmed
Long-term – unallocated limits	592.86	650.00	[ICRA]AA+ (Stable); reaffirmed
Total	**18,237.84**	**18,095.00**	

**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 and a diversified international presence with a focus on regulated and semi-regulated generics markets. TPL is ranked as the seventh largest player in the Indian pharmaceutical market (IPM)[1] supported by a strong presence in combined chronic and sub-chronic therapies, which drove around 76% of its domestic revenues in FY2025. 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 the rest of the world (RoW) and other business segments, 15%). Over the last two years, TPL has witnessed healthy growth in its revenues from most of the key markets (except the US) on a constant currency basis. Moreover, revenues from the US also witnessed a 23% YoY growth in H1 FY2026, aided by an increase in new product launches following the resolution of the warning letters issued by the USFDA[2] to two of TPL's manufacturing facilities over the last two years.

Supported by 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 a 12.7% YoY growth in H1 FY2026 to Rs. 6,480.0 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 32.6% in H1 FY2026 and 32.3% in FY2025 from 31.4% in FY2024. This resulted in healthy cash flow generation, which supported the reduction in its total debt (including lease liabilities) to Rs. 2,822.0 crore as on September 30, 2025, from Rs. 4,021.9 crore as on March 31, 2024. Thus, TPL's credit profile remained healthy, with total debt/OPBDITA of 0.7 times and TOL/TNW of 0.8 times as on September 30, 2025, and an interest coverage of 20.3 times in H1 FY2026.

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 Tau Investments Holdings Pte. Ltd. (Tau; a subsidiary of KKR Asia III Fund Investments Pte. Ltd.) 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 for the acquisition of a 46.39% stake in the issued and paid-up share capital of JB on a fully diluted basis held by Tau, and 2.41% of the issued and paid-up share capital of JB on a fully diluted basis from

[1] *As per AIOCD Pharma softtech AWACS Pvt. Ltd. (AIOCD) and company data*

[2] *United Stated Food and Drugs Administration*

employees (a share purchase agreement has been entered into for 2.41% of equity shares out of the 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. The proposed acquisition 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. The MTO was closed in December 2025 with minimal subscription, amounting to a share purchase of around Rs. 0.2 crore by TPL. The acquisition 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, 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 2.0x by March 31, 2027, from 0.9x as on March 31, 2025. 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 (such as the USFDA) and other litigations, including 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 (Gujarat). This impacted TPL's revenues and profitability in the US generics business. However, with the resolution of the warning letters in August 2023 and August 2024, respectively, TPL has been able to increase new product launches starting Q1 FY2026, and the business has now turned profitable at the pre-R&D level, with expectations of gradually turning profitable post R&D with an 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 market, 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 a higher contribution from branded generics markets, which shall continue to support its healthy internal accrual generation and overall credit profile.

ICRA has reaffirmed and withdrawn the rating assigned to the Rs. 142.84 crore non-convertible debenture programme as the same has been paid in full and the Rs. 1,500 crore unplaced debenture programme at the request of the company. The rating has been withdrawn in accordance with ICRA's policy on the withdrawal of credit ratings.

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 combined chronic and sub-chronic therapies. This is supported by its established presence as one of the top five players in key therapies such as cardiology, gastroenterology and central nervous system (CNS). The company also has a strong presence in other therapies such as 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 consistently outperform IPM growth over most of the last decade. TPL's domestic revenues grew by 11% YoY in H1 FY2026 and are expected to continue to grow at a healthy rate, supported by 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 the USA (10%), Brazil (10%), Germany (10%), and others (including RoW and other businesses, 15%) accounting for the balance. TPL is expected to sustain its robust performance across most of its key markets, with a continued focus on growth in the domestic market and improvement in growth from the US generics business. 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, a higher contribution from branded generics markets, and successful implementation of cost-efficiency measures. In H1 FY2026, it registered an OPM of 32.6% 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 may impact profitability to an extent, ICRA notes that JB's healthy margin profile and the 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 a robust 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%. Revenues further increased YoY by 12.7% to Rs. 6,480.0 crore in H1 FY2026, with an OPM of 32.6%. Coupled with a gradual reduction in its debt levels, this has led to a strengthening of its debt protection metrics, with total debt/OPBDITA of 0.7x as on September 30, 2025 compared to 1.2x as on March 31, 2024. Despite some moderation in leverage in the event of the successful completion of the proposed acquisition of JB, the company's strong financial profile is expected to largely sustain. While total debt/OPBITDA (including JB) is estimated to increase to around 2.0x by March 31, 2027 following the acquisition, ICRA expects the same to moderate gradually, supported by likely strong cash flow generation from 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 muted new product launches and contraction in the base business due to price erosion. While the market continues to witness single-digit price erosion on average, TPL's revenues from the US have improved following the resolution of both warning letters issued by the USFDA to its manufacturing facilities between August 2023 and August 2024. The increased pace of launches following the resolution of the warning letters contributed to a 23% YoY growth in revenues from the US business, although the business is yet to turn profitable. However, ICRA notes that the business has turned profitable at the pre-R&D level following the new product launches, and its profitability is likely to improve further going forward.

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 scrutiny by regulatory agencies such as the USFDA, pricing controls in the domestic market, and the possible 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 the maintenance of high manufacturing compliance standards. Further, Government interventions related to price caps or controls 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: responsible consumption, responsible practices, responsible communication, and a responsible supply chain. It has also instituted suitable governance processes to monitor progress 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. 794 crore, and undrawn working capital limits (after considering the issuance of commercial papers (CP) by TPL to raise short-term funds) of around Rs. 2,000 crore as on September 30, 2025. However, ICRA does not expect total utilisation of CPs and working capital facilities to exceed the available working capital limits or drawing power. While normal capex requirements remain modest at Rs. 200-300 crore per annum, ICRA notes the advanced stage of the sizeable acquisition of JB. Although 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 the event of an increase in borrowings due to the acquisition.

Rating sensitivities

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

Negative factors – TPL's ratings may be downgraded if there is any significant weakening in the company's earnings profile on a sustained basis and/or an increase in debt levels due to capex or inorganic investments, leading to 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, in turn, its 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	Corporate Credit Rating Methodology Pharmaceuticals Policy on withdrawal of credit ratings
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 pharmaceutical company in the domestic market, with a presence across therapeutic segments such as CVS, GI, CNS and VMN, among others. TPL's export business is carried out both through its foreign subsidiaries and directly by the parent company. TPL markets branded generics to semi-regulated markets and unbranded generics to regulated markets, while also participating in the institutional segment of export markets. Its key branded generics markets include India (55% of FY2025 revenues) and Brazil (10%), while its generic generics business spans Germany (10%) and the USA (10%). It also caters to other countries and undertakes 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	H1 FY2026
Operating income	10,727.8	11,516.1	6,480.0
PAT	1,656.4	1,911.3	1,139.0
OPBDIT/OI	31.4%	32.3%	32.6%
PAT/OI	15.4%	16.6%	17.6%
Total outside liabilities/Tangible net worth (times)	1.2	0.9	0.8
Total debt/OPBDIT (times)	1.2	0.9	0.7
Interest coverage (times)	9.5	14.7	20.3

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	Current ratings (FY2026)			Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	Jan 05, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
NCD	Long term	12,500.00	[ICRA]AA+ (Stable)	Sep 30, 2025	[ICRA]AA+ (Stable)	-	-	-	-	-	-
NCD	Long term	1,500.00	[ICRA]AA+ (Stable) withdrawn	Sep 30, 2025	[ICRA]AA+ (Stable)	-	-	-	-	-	-
NCD	Long term	142.84	[ICRA]AA+ (Stable) withdrawn	Sep 30, 2025	[ICRA]AA+ (Stable)	Mar 19, 2025	[ICRA]AA+ (Stable)	Aug 24, 2023	[ICRA]AA+ (Stable)	Aug 25, 2022	[ICRA]AA+ (Stable)
				July 8, 2025	[ICRA]AA+ (Stable)	Aug 23, 2024	[ICRA]AA+ (Stable)	-	-	Aug 25, 2022	[ICRA]AA+ (Stable); withdrawn
				-	-	-	-	-	-	Oct 04, 2022	[ICRA]AA+ (Stable)
CP	Short term	2,200.00	[ICRA]A1+	Sep 30, 2025	[ICRA]A1+	Mar 19, 2025	[ICRA]A1+	Aug 24, 2023	[ICRA]A1+	Aug 25, 2022	[ICRA]A1+
				July 8, 2025	[ICRA]A1+	Aug 23, 2024	[ICRA]A1+	-	-	Oct 04, 2022	[ICRA]A1+
Term Loans	Long term	-	-	Sep 30, 2025	[ICRA]AA+ (Stable)	Mar 19, 2025	[ICRA]AA+ (Stable)	Aug 24, 2023	[ICRA]AA+ (Stable)	Aug 25, 2022	[ICRA]AA+ (Stable)
				July 8, 2025	[ICRA]AA+ (Stable)	Aug 23, 2024	[ICRA]AA+ (Stable)	-	-	Oct 04, 2022	[ICRA]AA+ (Stable)
Cash Credit	Long term	2,745.00	[ICRA]AA+ (Stable)	Sep 30, 2025	[ICRA]AA+ (Stable)	Mar 19, 2025	[ICRA]AA+ (Stable)	Aug 24, 2023	[ICRA]AA+ (Stable)	Aug 25, 2022	[ICRA]AA+ (Stable)
				July 8, 2025	[ICRA]AA+ (Stable)	Aug 23, 2024	[ICRA]AA+ (Stable)	-	-	Oct 04, 2022	[ICRA]AA+ (Stable)
Unallocated limits	Long term	650.00	[ICRA]AA+ (Stable)	Sep 30, 2025	[ICRA]AA+ (Stable)	Mar 19, 2025	[ICRA]AA+ (Stable)	Aug 24, 2023	[ICRA]AA+ (Stable)	Aug 25, 2022	[ICRA]AA+ (Stable)
				July 8, 2025	[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	Simple
Commercial paper programme	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			12,500.00	[ICRA]AA+ (Stable)
NA	NCD	Yet to be placed			1,500.00	[ICRA]AA+ (Stable); withdrawn
INE685A07082	NCD	Dec 14,2017	7.15%*	Dec 12, 2025	142.84	[ICRA]AA+ (Stable); withdrawn
NA	Commercial Paper	Yet to be placed			2,200.00	[ICRA]A1+
NA	Cash Credit	NA	NA	NA	2,745.00	[ICRA]AA+ (Stable)
NA	Unallocated Limits	NA	NA	NA	650.00	[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
Subsidiaries		
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
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 financial results for Q2 FY2026

Corrigendum

Document dated January 05, 2026 has been corrected with revisions as detailed below:

Revisions: -

Page 2 – Reason for withdrawal of the NCD programme of Rs. 1,642.84 crore has been added

Page 4 – Added the policy on withdrawal of credit ratings in analytical approach

Page 5 – Updated the rating history table for NCD programme of Rs. 1,500.00 crore

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Shah
+91 22 6114 3400
kinjal.shah@icraindia.com

Deepak Jotwani
+91 124 4545 870
deepak.jotwani@icraindia.com

Gaurav Kushwaha
+91 22 4547 4829
gaurav.kushwaha@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches