

November 06, 2017

Torrent Pharmaceuticals Limited

Summary of rated instruments

Instrument*	Rated Amount (in Rs. crore)	Rating Action
Term loan	1,171.00	[ICRA]AA&, Placed on rating watch with developing implication
Fund-based limits (Cash Credit)	1,795.00	[ICRA]AA&, Placed on rating watch with developing implication
Non-Convertible Debentures	1,500.00	[ICRA]AA&, Placed on rating watch with developing implication
Commercial Paper/STD	560.00	[ICRA]A1+& Placed on rating watch with developing implication

& Rating watch with developing implications

Rating action

ICRA has placed the long-term rating of [ICRA]AA (pronounced ICRA double A) on the Rs. 1,171.00 crore¹ long-term loans, Rs. 1,795 crore fund based limits, Rs. 1,500 crore Non-Convertible Debentures and the short-term rating of [ICRA]A1+ (pronounced ICRA A one plus)² on the Rs. 560.00 crore CP/STD limits of Torrent Pharmaceuticals Limited (TPL) on 'rating watch with developing implications'. Following the Rating Watch, the Positive outlook on the ratings stands removed.

Rationale

The rating action factors in TPL's announcement dated November 03, 2017 regarding acquisition of Unichem Laboratories Limited (Unichem) branded formulations business of India and Nepal as going concern basis on slump sales basis. The acquisition is done at an Enterprise Valuation of Rs. 3,600 crore which will be majority funded out of debt and remaining through internal accruals. Unichem India business comprises of a portfolio of more than 120 brands in India and Nepal, manufacturing plant at Sikkim catering to these markets and more than 3,000 employees engaged in the business. The acquired portfolio with turnover of Rs. 992.0 crore (AIOCD MAT March 2017) will strengthen TPL's position in leading therapeutic areas such as Cardiology, Central Nervous System and Gastro Intestinal and increase its market share of domestic branded formulations from 2.3% to 3.2% (AIOCD MAT March 2017). The transaction is subject to applicable regulatory approvals including Unichem's shareholders approval.

ICRA is in discussions with the company's management to fully understand the impact of the proposed acquisition on its business and financial profile and shall conclude the ratings thereafter.

The previous rating rationale is available on the following link: [Click here](#)

¹ Rs. 100 lakh = Rs. 1 crore = Rs. 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

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