

October 18, 2019

Torrent Pharmaceuticals Limited: Update on Material Event

Summary of Rated Instrument:

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture programme	3,100.00	3,100.00	[ICRA]AA@; ratings watch with negative implications; outstanding
Commercial paper	560.00	560.00	[ICRA] A1+@; ratings watch with negative implications; outstanding
Fund-based term loan	197.67	1797.67	[ICRA]AA@; ratings watch with negative implications; outstanding
Fund-based working capital facilities	1,795.00	1,795.00	[ICRA]AA@; ratings watch with negative implications; outstanding
Total	7,252.67	7,252.67	

Material Event

The outstanding ratings watch with negative implications takes into account the pending resolution of the OAI status on TPL's Dahej (Gujarat) as well as Indrad (Gujarat) plant. These facilities together account for majority of the existing revenues of TPL's US operations in addition to ANDA filings for future launches. Supplies to US market are catered largely from Indrad while Dahej facility contributes a smaller portion of US revenues (~15%).

On October 09, 2019, the Indrad (Gujarat) plant of Torrent Pharmaceuticals Limited (TPL) was issued a warning letter by the United States Food and Drug Association (USFDA).

Impact of the Material Event

The US market contributed 20.7% of the FY2019 revenues and 18.6% of revenues in Q1 FY2020 and therefore resolution of these observations remains critical to the company's operations. The risk is partly mitigated owing to diversified geographical presence in other regulated (Germany) and semi-regulated markets (Brazil, India, RoW) which contributed to majority of the FY2019 profits. While the facilities are under regulatory supervision, the company's existing exports will continue, though new product approvals will be on hold. ICRA will monitor the impact of the warning letter/OAI on business and financial performance in the near term and take suitable rating action

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

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