

India Ratings Revises Outlook on Torrent Pharmaceuticals and its NCDs to Positive; Affirms 'IND AA+'; Rates Additional CP

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India Ratings and Research (Ind-Ra) has revised the Outlook on Torrent Pharmaceuticals Limited (TRP) to Positive from Stable while affirming the issuer rating at 'IND AA+'. The instrument-wise rating actions are as follows:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR billion)	Rating Assigned with Outlook/Watch	Rating Action
Issuer rating	#	-	-	-	-	IND AA+/Positive	Affirmed, Outlook Revised to Positive
Proposed Commercial paper	RBI	-	-	Up to 365 days	7	IND A1+	Assigned
Non-convertible debentures (NCDs)*	MCA	-	-	-	4	IND AA+/Positive	Affirmed; Outlook revised to Positive from Stable
Non-convertible debentures (NCDs)	Refer ISIN annexure	-	-	-	118 (Reduced from 125)	IND AA+/Positive	Affirmed, Outlook Revised to Positive
Commercial paper	RBI	-	-	Up to 365 days	15	IND A1+	Affirmed
Bank loan facilities	RBI	-	-	-	23.50	IND AA+/Positive	Affirmed, Outlook Revised to Positive

There is no instrument being rated and hence, Regulator of the instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

* Details in Annexure

Analytical Approach

The agency continues to take a fully consolidated view of TRP and its subsidiaries, while arriving at the ratings, because of the strong legal, operational and strategic linkages among them.

Detailed Rationale of the Rating Action

The Positive Outlook reflects the successful completion of the acquisition and merger of J.B. Chemicals and Pharmaceuticals Limited (JBCPL) with TRP, and Ind-Ra's expectation of timely realisation of synergies, which would lead to an improvement in the EBITDA margin, EBITDA scale, and deleveraging trajectory. JBCPL's base business's margin rose by around 650bp yoy during 1QFY27, further strengthening Ind-Ra's assessment of TRP's execution capabilities,

especially in its core domestic formulations business.

The acquisition has significantly enhanced TRP's scale and market position, enabling it to emerge as one of the top five players in the Indian pharmaceutical market (IPM) and the largest player in the cardiac segment (according to All Indian Origin Chemists & Distributors Ltd (AIOCD) - PharmaTrac data: moving annual total August 2026). Additionally, the acquisition has broadened the company's international footprint, with a presence in distinct geographies in international formulations and the CDMO businesses, enhancing revenue diversification. Operationally, the integration has progressed ahead of expectations, with JBCPL's underlying business reporting 10% yoy revenue growth and 35.3% EBITDA margins in 1QFY27, supported by accelerated cost synergies.

The affirmation reflects the revenue growth of 15% yoy in TRP's base India business in FY26, and further acceleration in the same to 19% yoy in 1QFY27, outperforming the IPM growth of 10% and 12%, respectively, as per AIOCD PharmaTrac data. The growth in TRP's revenue was supported by robust traction in chronic therapies, strong performance of the Curatio portfolio, successful new product launches, and productivity improvements from field-force expansion.

TRP has a well-balanced revenue mix, with domestic market accounting for about 60% of FYE27 revenue, and international geographies constituting the balance. Furthermore, it has been able to generate strong profits in the domestic market, which has enabled it to sustain a high ROCE. TRP's strong OCF/EBITDA conversion (over 75% average during FY12-FY26) has led to timely deleveraging of the balance sheet. Ind-Ra expects the net leverage to reduce below 1.5x from FY28 due to continued robust cash flow generation. Ind-Ra will monitor TRP's future acquisitions and its impact on the credit metrics on an ongoing basis.

List of Key Rating Drivers

Strengths

- Strong business profile, aided by successful integration of merger and acquisitions (M&As)
- Successful JBCPL integration enhances scale and market position
- Broad-based diversification across international markets post-acquisition
- Strong operational performance over FY26-1QFY27, likely to remain healthy in near-to-medium term
- Track record of deleveraging; net leverage to gradually reduce from FY27

Weaknesses

- Regulatory risks
- M&A integration risk

Detailed Description of Key Rating Drivers

Strong Business Profile, Aided By Successful Integration of M&As: TRP has a strong position in the IPM, supported by its leadership across chronic therapy segments such as cardiology, gastroenterology, diabetes, and central nervous system (CNS). TRP is ranked fifth in the IPM as per AIOCD PharmaTrac data. The chronic and sub-chronic segments, which have historically witnessed sustained revenue growth and high profitability, comprised 75% of the total domestic revenue as per industry data for August 2026 on moving annual total (MAT) basis. TRP's top five therapies have significant market share/rankings in the IPM, including cardiac (ranked one), gastrointestinal (third), neuro/central nervous system (third) and vitamins (sixth). TRP's domestic formulations business expanded at a CAGR of 10% over FY21-FY26, aided by acquisitions.

TRP has successfully integrated past domestic portfolio acquisitions, including Elder Pharmaceuticals Limited, Unichem Laboratories Limited (India business), Curatio Healthcare (I) Private Limited, and JBCPL. In all these acquisitions, TRP has effectively achieved efficiencies through enhanced procurement strategies, optimised distribution channels, rationalised distribution margins, and workforce optimisation.

The consolidated revenue grew 21% yoy to INR139.8 billion in FY26, driven by strong growth in the domestic business, supported by healthy growth in Brazil, US and rest of the world (ROW) markets. Over the near-to-medium term, Ind-Ra expects TRP's domestic business's revenue growth to either be in line with the IPM's growth or outperform the market on a yoy basis, led by its focus on chronic therapies and new launches and an improvement in field force productivity.

Following the patent expiry of semaglutide in March 2026, TRP has leveraged its strong chronic franchise to establish an early leadership position in the Indian generic semaglutide market. The company has launched oral as well as injectable formulations, securing a 36% market share as per AIOCD PharmaTrac data for 1QFY27. Importantly, TRP was the only player to launch oral generic semaglutide in India on day 1 post patent expiry, and at present, it is the only company with a presence across three formats: disposable injectable, reusable injectable and oral solids.

Successful JBCPL Integration Enhances Scale and Market Position: The acquisition of JBCPL has significantly strengthened TRP's domestic formulations business by enhancing its presence in high-growth chronic therapy segments such as cardiology and gastroenterology. The combination of TRP's existing chronic portfolio with JBCPL's established brands has expanded the company's market reach, diversified its product basket, and increased the contribution of stable prescription-driven revenues. As a result, the merged entity has emerged as the largest player in the Indian cardiac segment. Furthermore, the acquisition has expanded TRP's sales and distribution capabilities through the addition of JBCPL's field force, taking the combined medical representative strength to around 9,300 in FY26 from 6,400 in FY25. This larger network has improved doctor coverage and created opportunities for cross-selling products across both portfolios. The integration has also started generating meaningful cost synergies, with the management indicating that synergy realization is tracking ahead of initial estimates and contributing to improved profitability. Ind-Ra believes the acquisition of JBCPL has enhanced TRP's scale, market leadership, operational efficiency, and long-term growth prospects in the domestic formulations business.

Broad-Based Diversification Across International Markets Post-Acquisition: International markets contributed 46% to TRP's total revenue in FY26, with exports to over 50 countries. TRP has a well-diversified presence across key markets such as the US (10% of FY26 revenue), Germany (9%), Brazil (10%) and others (including rest of world markets) (17%). TRP's international markets performance in FY26 reflects a mix of strategic expansion, and selective challenges across geographies. The company maintained its leadership position in Brazil, registering a 12% yoy growth in Brazilian real (BRL) during FY26, supported by new launches and market share gains. TRP continues to be the top-ranked Indian pharmaceutical company in Brazil, with a strong pipeline of filings with Agência Nacional de Vigilância Sanitária (ANVISA). In Germany, TRP's revenue declined by 3% yoy on constant currency basis during FY26, on account of supply disruptions in a few key products due to challenges faced by TRP's third-party suppliers. However, TRP continues to retain the fifth rank overall in the German generics market. The US business witnessed significant growth of 14% yoy in constant currency terms in FY26, driven by volume increases in existing contracts and healthy performance of new launches. Furthermore, at end-FY26, TRP maintained a healthy pipeline with 124 ANDA approvals, additional pending filings, and products under development that provide future growth visibility.

The acquisition of JBCPL has strengthened TRP's international business profile by expanding its presence beyond its traditional markets and adding exposure to JBCPL's international formulations and CDMO operations. During 1QFY27, the JBCPL's underlying international business, including the CDMO segment, reported 12% yoy growth, providing TRP with an additional growth engine alongside its existing operations in Brazil, Germany, and the US.

Strong Operational Performance over FY26-1QFY27, Likely to Remain Healthy in Near-To-Medium Term: TRP's consolidated revenue grew by 21% yoy in FY26, backed by JBCPL's incremental contribution to the reported revenues from 4QFY26. Furthermore, the growth was primarily underpinned by strong organic performance across the core business. Excluding JBCPL, TRP's base business delivered revenue growth of 15% yoy, driven by robust performance in the domestic formulations business and healthy growth across key international markets, including Brazil, US, and Germany. Over the near-to-medium term, Ind-Ra expects TRP's domestic business revenue growth to be led by its focus on chronic therapies, new launches, and field force expansion. TRP's EBITDA margins improved to 32.6% during FY26 (FY25: 32.3%), due to benefits arising from operating leverage, past acquisitions and an improvement in field force productivity.

TRP's consolidated revenue grew by 55% yoy to INR49 billion in 1QFY27, reflecting both robust organic performance across its core businesses and the inclusion of the full-quarter contribution from JBCPL. TRP's base business delivered 17% yoy revenue growth in 1QFY27, supported by a strong performance in the domestic formulations business, where revenues grew 19% yoy, along with healthy growth in key international markets such as Brazil and the US.

Ind-Ra expects an improvement in the combined financial profile in the near-to-medium term, with a likely improvement in the EBITDA margins to 33%-34%, led by an improvement in gross margins in lieu of JBCPL's ophthalmology portfolio;

efficiency in procurement; and cost synergies.

Track Record of Deleveraging; Net Leverage to Gradually Reduce from FY27: The consolidated net leverage (net debt/EBITDA) increased to 2.9x in FY26 (FY25: 0.7x; FY24: 0.9x) due to an increase in debt levels, resulting from the debt-led acquisition of JBCPL. On pro forma basis, the net leverage for the combined entity stood at 2.3x in FY26. The benefit of consolidation in terms of full-year EBITDA of the acquired entity will be visible in TRP's consolidated financials with effect from FY27 onwards. Ind-Ra expects the net leverage to reduce gradually over FY27-FY28, with healthy EBITDA generation and limited capex planned over the near term. TRP has demonstrated a track record of deleveraging after acquisitions. The gross interest coverage (operating EBITDA/gross interest expense) was comfortable at 11.8x in FY26 (FY25: 14.8x; FY24: 9.5x).

Furthermore, the agency has not factored in any additional major debt-funded acquisitions over the near term; however, any higher-than-Ind-Ra-expected debt-funded acquisitions and its impact on the credit metrics will be a key monitorable. While the company has adequate leverage headroom, the agency will assess the impact of M&A on a case-to-case basis and review the ratings accordingly.

Regulatory Risks: According to the management, only around 7% of its domestic portfolio is under price control, which is not material. However, any addition of its medicines/formulations to the affordable drug list under National List of Essential Medicines could subject the company to the price ceiling issued under Drug Pricing Control Order, which might inhibit its growth in the domestic market. While facilities catering to the US market, namely Indrad and Dahej, have been successfully cleared in the recent past, any future adverse regulatory inspections can have a material impact on the revenue and profitability of the company. Also, JBCPL has presence in key markets, which are subject to timely regulatory scrutiny.

M&A Integration Risk: In line with TRP's legacy of acquiring entities and deriving synergies from strong execution capabilities, especially in domestic markets, with credit metrics reducing on a timely basis, Ind-Ra expects similar outcomes. However, delay in realisation of synergies/deleveraging trajectory leading to stretch in the credit metrics over elongated period remains a key rating monitorable.

Liquidity

Superior: TRP's liquidity is supported by the availability of unencumbered cash of INR19 billion at FYE26 (FYE25: INR6.8 billion) against scheduled repayment of over INR2.3 billion in FY27 and INR22.3 billion in FY28. TRP's average utilisation of its fund-based limits was low at 20% for the 12 months ended August 2026. The operating cash flow improved to INR30 billion in FY26 (FY25: INR26 billion), mainly due to a substantial increase in EBITDA. TRP's working capital cycle (on sales basis) increased to 100 days during FY26 (FY25: 82 days), due to an increase in the receivable days to 79 (59). However, the conversion rate of EBITDA to cash flow from operations remained healthy at around 66% in FY26 (FY25: 70%).

Rating Sensitivities

Positive: A substantial improvement in profitability and free cash flow, while maintaining product and geographic diversification, and achievement of envisaged deleveraging post-acquisition, leading to net leverage being lower than 1.5x on sustained basis, will be positive for the ratings.

Negative: Any adverse regulatory actions having a significant impact on the operating performance, a weakening in the business profile, reflected by a reduction in the competitive position in key therapies or key geographies, and/or the consolidated net leverage exceeding 1.5x, on a sustained basis, could lead to the revision of Outlook back to Stable.

Any Other Information

Standalone Profile: TRP reported revenue of INR107 billion during FY26 (FY25: INR96.8 billion), operating EBITDA margins of 37.8% (36.9%), net debt/operating EBITDA of around 3.5x (0.7x) and operating EBITDA/interest expense of 11.9x (16.8x).

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on TRP, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra’s ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

Incorporated in 1959, TRP manufactures branded and generic formulations. The dosage forms include tablets, capsules, and extended-release formulations. Its major markets include India, the US, Germany and Brazil.

Key Financial Indicators

Particulars (INR Billion)	1QFY27	FY26	FY25
Revenue	49.2	139.8	115.2
EBITDA	16.6	45.6	37.2
EBITDA margins (%)	33.8	32.6	32.3
Gross interest coverage (x)	5.5	11.8	14.8
Net leverage (x)	0.9	2.9	0.7
Source: TRP; Ind-Ra			

Status of Non-Cooperation with Previous Rating Agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (INR billion)	Rating	02 January 2026	6 October 2025	24 October 2024	1 November 2023
Issuer rating	Long Term	-	IND AA+/Positive	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable
Commercial Paper	Short Term	22	IND A1+	IND A1+	-	-	-
Non-convertible debentures	Long Term	122	IND AA+/Positive	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable
Bank loan facilities	Long Term	23.5	IND AA+/Positive	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable

Disclosure on instruments / activities and names of regulators:

A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by Ind-Ra on its website. A link to the same has been provided below for ready reference:

Rating Activities

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Commercial paper	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Instrument Type	ISIN	Regulator of instruments	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue/Outstanding (billion)	Rating/Outlook
Non-convertible debentures	INE685A07124	MCA	09-11-2022	7.85%	09-11-2029	4	IND AA+/Positive
Non-convertible debentures	INE685A07132	SEBI	19-01-2026	7.45%	19-01-2028	20	IND AA+/Positive
Non-convertible debentures	INE685A07157	SEBI	19-01-2026	7.60%	19-01-2029	24.9	IND AA+/Positive
Non-convertible debentures	INE685A07165	SEBI	19-01-2026	7.70%	18-01-2030	30	IND AA+/Positive
Non-convertible debentures	INE685A07173	SEBI	19-01-2026	7.80%	17-01-2031	35	IND AA+/Positive
Proposed NCD	-	SEBI	-	-	-	8.1	IND AA+/Positive
Total						122	
Source: NSDL							

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APPLICABLE CRITERIA AND POLICIES

Corporate Rating Methodology

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

Evaluating Corporate Governance

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