

July 29, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	4,000		3,850	
Sales (Rs. m)	1,29,624	1,45,058	1,29,624	1,45,058
% Chng.	-	-	-	-
EBITDA (Rs. m)	43,094	49,352	43,094	49,352
% Chng.	-	-	-	-
EPS (Rs.)	74.1	91.9	75.3	91.9
% Chng.	(1.5)	(0.1)	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,07,280	1,15,160	1,29,624	1,45,058
EBITDA (Rs. m)	33,680	37,210	43,094	49,352
Margin (%)	31.4	32.3	33.2	34.0
PAT (Rs. m)	16,560	19,110	25,049	31,046
EPS (Rs.)	46.4	57.2	74.1	91.9
Gr. (%)	26.0	23.4	29.5	23.9
DPS (Rs.)	28.0	32.0	30.0	40.0
Yield (%)	0.8	0.9	0.8	1.1
RoE (%)	24.0	26.8	30.4	32.1
RoCE (%)	23.0	27.3	33.3	38.0
EV/Sales (x)	11.7	10.8	9.5	8.4
EV/EBITDA (x)	37.2	33.5	28.6	24.7
PE (x)	78.1	63.3	48.9	39.4
P/BV (x)	17.9	16.1	13.7	11.7

Key Data TORP.BO | TRP IN

52-W High / Low	Rs.3,635 / Rs.2,886
Sensex / Nifty	80,891 / 24,681
Market Cap	Rs.1,226bn / \$ 14,147m
Shares Outstanding	338m
3M Avg. Daily Value	Rs.1557.52m

Shareholding Pattern (%)

Promoter's	68.31
Foreign	16.09
Domestic Institution	8.54
Public & Others	7.06
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	8.4	9.3	13.4
Relative	12.7	2.6	14.0

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Strong show across branded generics market

Quick Pointers:

- Adj for Rs150mn one off expenses; OPM were at 32.9%
- Launched Sacubitril Valsartan last week in US markets

Torrent Pharma's (TRP) Q1FY26 adjusted EBITDA was broadly in line with our estimates. Our FY26/ FY27E EBITDA broadly remain unchanged. TRP reported Rs 90bn (80% of total sales) worth of highly profitable branded formulation sales spread across India, Brazil and RoW markets. The acquisition of JB Chemicals & Pharma (JBCEP) appears strategically compelling, making it the 5th largest player in the domestic pharma market. This will further be strengthening its position in high-margin chronic therapies and opens up many newer therapeutic areas. The deal also adds JBCEP's CDMO vertical, offering diversification and growth optionality.

The deal is considered financially attractive and strategically sound with long-term earnings accretion. TRP trades at 23x EV/EBITDA on FY27E for the combined business. We maintain our Accumulate with revised TP of Rs4,000/share, valuing at 26x EV/EBITDA on FY27E for combined entity. Guidance for key synergies from JBCEP deal will key.

- **Healthy revenue growth across segments:** Revenues grew by 11% YoY to Rs 31.8bn, in line with our estimates. Domestic business grew by 11% YoY. US sales improved 3% QoQ to \$36mn. Brazil market was up 11% YoY. CC growth was strong at 16% YoY. Top brands and new launches supported growth. Germany delivered growth of 9% YoY to Rs 3.1bn aided by currency. CC growth was at 1% YoY impacted due to certain supply disruption. RoW including CRAMS growth was at 10% YoY.
- **In line EBITDA; Adj OPM at 32.9%:** GM remained steady at 75.3% flat YoY. TRP reported EBITDA of Rs 10.32bn (up 14% YoY), in line with our estimates. Acquisition related one-off expenses of Rs 150mn included in other expenses. Adjusted for this one-off, OPM for the quarter stands at 32.9%; up 130bps YoY. Other income came in negative to the tune of Rs 370mn led by forex loss. Other expenses were up 8% YoY and 9% QoQ. PAT stood at Rs 5.5bn; against our estimates of Rs 5.85bn. Adj for forex; PAT growth was +25% YoY; in line with estimates.
- **Key concall takeaways: India:** Domestic growth was aided by 6% price, 3.5% volume and 2.5 % new product launches. The chronic division achieved 13% growth, driven by outperformance in the Cardiac, Diabetic, Gastro and CNS portfolio. Contribution from consumer brands is 10-15% and remaining 85-90% from prescription. Field force increased by 200 in Q1 to 6600 reps; expected to rise 6900-7000reps by FY26E. Torrent's focus remains on increasing market share through new launches and improving field force productivity. **Curatio brands** continue to witness positive traction. **Brazil:** Registered growth on account of performance from top brands and new launches. Has 62 products in pipeline awaiting ANVISA approval. Guided for

2-3 launches per division annually. **Semaglutide:** Targeting day 1 launches in Brazil market. Currently mkt size for Ozempic is at \$350mn while for Wegovy is \$600mn. For India it is conducting phase 3 trials for oral form, partnered for injectable and aiming for first wave of launch. **Germany:** Growth impacted by 3rd party supply disruptions (partner compliance issues). It derives 75% of the business from 3rd party products. Enjoys 6% market share. **US markets:** Launched 4-5 products in Q1FY26. Targets 10 launches in FY26E. Launches Sacubitril Valsartan last week with 10 generic players on day 1. **JBChemical Acquisition:** Public offer & merger filings (including CCI) submitted. JB Chemical will add ~2,100 field force post-merger; expansion continues in non-overlap areas. **Other:** Acquisition related one-off expenses of Rs 150Mn included in other expenses. Adjusted for this one-off, the underlying operating margin for the quarter stands at 32.9%. Margins to sustain at current levels in FY26E. Have booked Rs 480mn forex loss (transactional loss) in other income. Guided for 25-26% ETR. R&D spend and reinvestments will remain elevated but margin trajectory steady.

Exhibit 1: Q1FY26 Result Overview (Rs mn): EBITDA in line

Y/e March	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	31,780	28,590	11.2	31,297	1.5	29,590	7.4	129624	1,15,160	12.6
Raw Material	7,740	6,940	11.5	7,515	3.0	7,310	5.9	30,885	27,760	11.3
% of Net Sales	24.4	24.3		24.0		24.7		23.8	24.1	
Personnel Cost	6,050	5,500	10.0	6,050	(0.0)	5,610	7.8	24674	22,030	12.0
% of Net Sales	19.0	19.2		19.3		19.0		19.0	19.1	
Others	7,670	7,110	7.9	7,466	2.7	7,030	9.1	30,971	28,160	10.0
% of Net Sales	24.1	24.9		23.9		23.8		23.9	24.5	
Total Expenditure	21,460	19,550	9.8	21,030	2.0	19,950	7.6	86,530	77,950	11.0
EBITDA	10,320	9,040	14.2	10,267	0.5	9,640	7.1	43,094	37,210	15.8
Margin (%)	32.5	31.6		32.8		32.6		33.2	32.3	
Depreciation	2,010	1,970	2.0	2,020	(0.5)	2,010	-	8030	7,950	1.0
EBIT	8,310	7,070	17.5	8,248	0.8	7,630	8.9	35,065	29,260	19.8
Other Income	(370)	240	(254.2)	200	(285.0)	(180)	105.6	563	230	144.6
Interest	560	750	(25.3)	530	5.7	560	-	1297	2,520	(48.5)
PBT	7,380	6,560	12.5	7,918	(6.8)	6,890	7.1	34,330	26,970	27.3
Total Taxes	1,900	1,990	(4.5)	2,059	(7.7)	1,670	13.8	8801	7,620	15.5
ETR (%)	25.7	30.3		26.0		24.2		25.6	28.3	
Minority Interest	-	-		-		-		-	-	
Reported PAT	5,480	4,570	19.9	5,859	(6.5)	5,220	5.0	25,529	19,350	31.9
Extra-Ord. Inc./Exps.	-	-		-		240		0	240	
Adjusted PAT	5,480	4,570	19.9	5,859	(6.5)	4,980	10.0	25,529	19,110	33.6

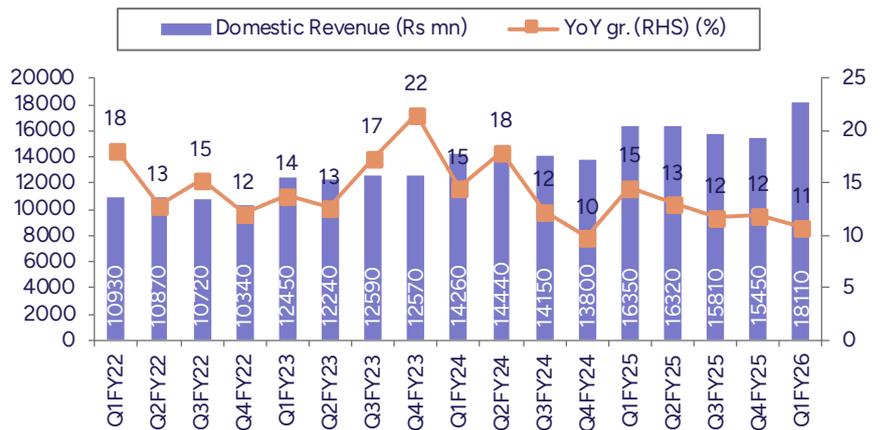
Source: Company, PL

Exhibit 2: Sources of Revenue – Healthy growth across branded generics market

Y/e March	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Domestic Sales	18,110	16,350	10.8	15,450	17.2	71,871	63,930	12.4
Branded Business	18,110	16,350	10.8	15,450	17.2	71871	63,930	12.4
% of sales	57.0	57.2		52.2		62.4	55.5	
Exports	13,670	12,240	11.7	14,140	(3.3)	57,753	51,230	12.7
% of sales	43.0	42.8		47.8		50.2	44.5	
Brazil	2,180	1,960	11.2	3,510	(37.9)	12430	11,010	12.9
% of sales	6.9	6.9		11.9		10.8	9.6	
USA	3,080	2,590	18.9	3,020	2.0	12963	11,000	17.8
% of sales	9.7	9.1		10.2		11.3	9.6	
Germany	3,080	2,840	8.5	2,860	7.7	12529	11,400	9.9
% of sales	9.7	9.9		9.7		10.9	9.9	
Others	5,330	4,850	9.9	4,750	12.2	19831	17,820	11.3
% of sales	16.8	17.0		16.1		17.2	15.5	
Total Sales	31,780	28,590	11.2	29,590	7.4	1,29,624	1,15,160	12.6

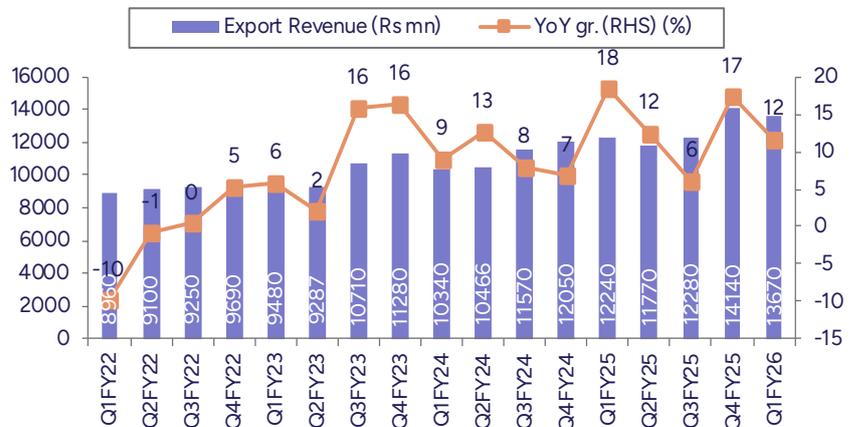
Source: Company, PL

Exhibit 3: Domestic Sales (Rs mn): Momentum maintained YoY



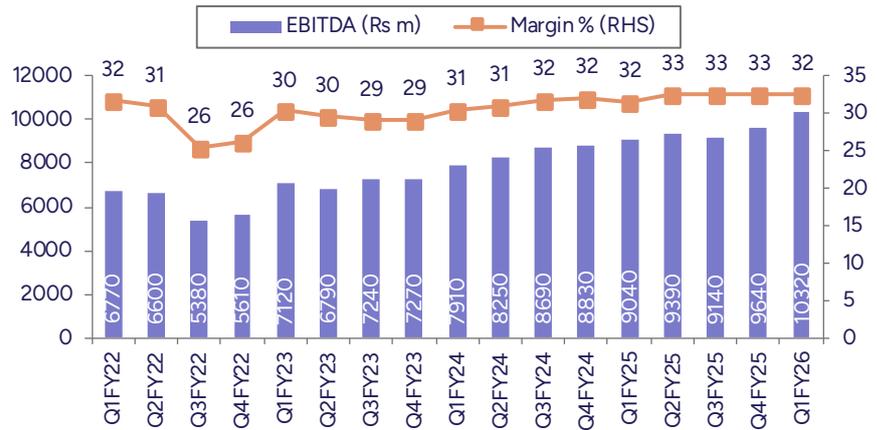
Source: Company, PL

Exhibit 4: Steady US revenues QoQ



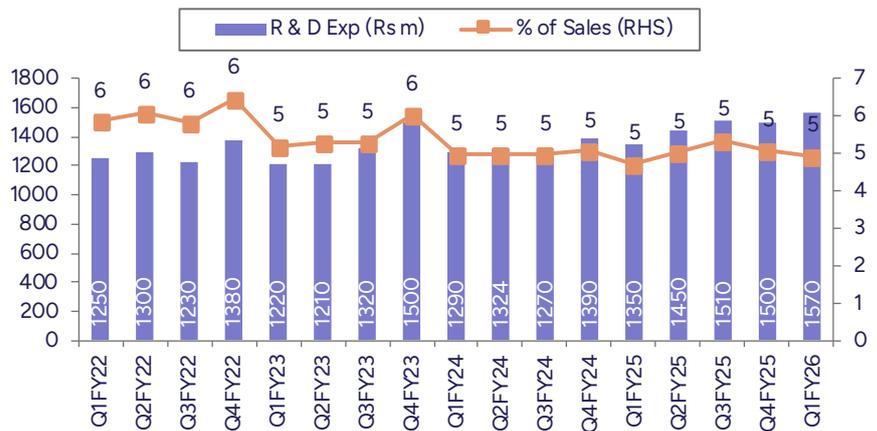
Source: Company, PL

Exhibit 5: Consistent margin performance



Source: Company, PL

Exhibit 6: R&D spend remains at ~5% levels



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,07,280	1,15,160	1,29,624	1,45,058
YoY gr. (%)	11.5	7.3	12.6	11.9
Cost of Goods Sold	26,860	27,760	30,885	34,334
Gross Profit	80,420	87,400	98,739	1,10,724
Margin (%)	75.0	75.9	76.2	76.3
Employee Cost	19,840	22,030	24,674	27,388
Other Expenses	13,250	14,237	15,795	17,443
EBITDA	33,680	37,210	43,094	49,352
YoY gr. (%)	18.5	10.5	15.8	14.5
Margin (%)	31.4	32.3	33.2	34.0
Depreciation and Amortization	8,080	7,950	8,030	8,110
EBIT	25,600	29,260	35,065	41,242
Margin (%)	23.9	25.4	27.1	28.4
Net Interest	3,540	2,520	1,297	702
Other Income	580	230	83	1,133
Profit Before Tax	22,640	26,970	33,850	41,673
Margin (%)	21.1	23.4	26.1	28.7
Total Tax	6,960	7,620	8,801	10,627
Effective tax rate (%)	30.7	28.3	26.0	25.5
Profit after tax	15,680	19,350	25,049	31,046
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	16,560	19,110	25,049	31,046
YoY gr. (%)	33.0	15.4	31.1	23.9
Margin (%)	15.4	16.6	19.3	21.4
Extra Ord. Income / (Exp)	(880)	240	-	-
Reported PAT	15,680	19,350	25,049	31,046
YoY gr. (%)	26.0	23.4	29.5	23.9
Margin (%)	14.6	16.8	19.3	21.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	15,680	19,350	25,049	31,046
Equity Shares O/s (m)	338	338	338	338
EPS (Rs)	46.4	57.2	74.1	91.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	1,34,241	1,40,261	1,44,261	1,49,261
Tangibles	52,354	54,702	56,262	58,212
Intangibles	81,887	85,559	87,999	91,049
Acc: Dep / Amortization	56,241	64,191	72,220	80,330
Tangibles	56,241	64,191	72,220	80,330
Intangibles	-	-	-	-
Net fixed assets	78,000	76,070	72,041	68,931
Tangibles	(3,887)	(9,489)	(15,958)	(22,118)
Intangibles	81,887	85,559	87,999	91,049
Capital Work In Progress	6,990	8,170	8,170	8,170
Goodwill	-	-	-	-
Non-Current Investments	320	440	440	440
Net Deferred tax assets	(1,010)	(2,340)	(2,340)	(2,340)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	1,410	1,120	1,120	1,120
Inventories	22,790	25,410	28,361	31,791
Trade receivables	18,440	18,670	21,271	23,843
Cash & Bank Balance	8,390	5,790	5,114	12,591
Other Current Assets	8,660	8,200	8,610	9,041
Total Assets	1,45,060	1,43,950	1,45,206	1,56,006
Equity				
Equity Share Capital	1,690	1,690	1,690	1,690
Other Equity	66,870	74,220	87,405	1,02,633
Total Network	68,560	75,910	89,095	1,04,323
Non-Current Liabilities				
Long Term borrowings	16,040	11,920	8,920	5,920
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	23,340	18,340	6,340	2,340
Trade payables	20,890	18,200	21,271	23,843
Other current liabilities	15,220	17,240	17,240	17,240
Total Equity & Liabilities	1,45,060	1,43,950	1,45,206	1,56,006

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	22,060	26,740	33,768	40,540
Add. Depreciation	8,080	7,950	8,030	8,110
Add. Interest	3,540	2,520	1,297	702
Less Financial Other Income	580	230	83	1,133
Add. Other	-	-	-	-
Op. profit before WC changes	33,680	37,210	43,094	49,352
Net Changes-WC	4,180	(4,810)	(2,891)	(3,860)
Direct tax	(4,980)	(6,030)	(8,801)	(10,627)
Net cash from Op. activities	32,880	26,370	31,402	34,865
Capital expenditures	(5,670)	(6,290)	(4,000)	(5,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Inv. activities	(5,670)	(6,290)	(4,000)	(5,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(13,690)	(9,260)	(15,000)	(7,000)
Dividend paid	(10,150)	(10,830)	(11,864)	(15,818)
Interest paid	(3,540)	(2,520)	(1,297)	(702)
Others	2,850	(70)	83	1,133
Net cash from Fin. activities	(24,530)	(22,680)	(28,078)	(22,387)
Net change in cash	2,680	(2,600)	(676)	7,478
Free Cash Flow	28,550	20,260	27,402	29,865

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	28,890	28,090	29,590	31,780
YoY gr. (%)	8.6	2.8	7.8	11.2
Raw Material Expenses	6,780	6,730	7,310	7,740
Gross Profit	22,110	21,360	22,280	24,040
Margin (%)	76.5	76.0	75.3	75.6
EBITDA	9,390	9,140	9,640	10,320
YoY gr. (%)	13.8	5.2	9.2	14.2
Margin (%)	32.5	32.5	32.6	32.5
Depreciation / Depletion	1,980	1,990	2,010	2,010
EBIT	7,410	7,150	7,630	8,310
Margin (%)	25.6	25.5	25.8	26.1
Net Interest	640	570	560	560
Other Income	(160)	330	(180)	(370)
Profit before Tax	6,610	6,910	6,890	7,380
Margin (%)	22.9	24.6	23.3	23.2
Total Tax	2,080	1,880	1,670	1,900
Effective tax rate (%)	31.5	27.2	24.2	25.7
Profit after Tax	4,530	5,030	5,220	5,480
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	4,530	5,030	4,980	5,480
YoY gr. (%)	17.4	13.5	10.9	19.9
Margin (%)	15.7	17.9	16.8	17.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,530	5,030	4,980	5,480
YoY gr. (%)	17.4	13.5	10.9	19.9
Margin (%)	15.7	17.9	16.8	17.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,530	5,030	4,980	5,480
Avg. Shares O/s (m)	338	338	338	338
EPS (Rs)	13.4	14.9	15.4	16.2

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	46.4	57.2	74.1	91.9
CEPS	72.9	80.1	97.9	115.8
BVPS	202.8	224.6	263.6	308.6
FCF	84.5	59.9	81.1	88.4
DPS	28.0	32.0	30.0	40.0
Return Ratio(%)				
RoCE	23.0	27.3	33.3	38.0
ROIC	18.9	21.4	25.2	29.0
RoE	24.0	26.8	30.4	32.1
Balance Sheet				
Net Debt : Equity (x)	0.4	0.3	0.1	(0.1)
Net Working Capital (Days)	69	82	80	80
Valuation(x)				
PER	78.1	63.3	48.9	39.4
P/B	17.9	16.1	13.7	11.7
P/CEPS	49.7	45.3	37.0	31.3
EV/EBITDA	37.2	33.5	28.6	24.7
EV/Sales	11.7	10.8	9.5	8.4
Dividend Yield (%)	0.8	0.9	0.8	1.1

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Domestic	56,660	63,930	71,871	80,496
Export	44,520	48,230	54,543	61,128
Contract Manufacturing	6,100	3,000	3,210	3,435

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-25	Accumulate	3,850	3,354
2	01-Jul-25	Accumulate	3,850	3,408
3	21-May-25	Accumulate	3,670	3,233
4	08-Apr-25	Accumulate	3,750	3,234
5	27-Jan-25	Accumulate	3,750	3,248
6	08-Jan-25	Accumulate	3,600	3,404
7	28-Oct-24	Accumulate	3,600	3,433
8	07-Oct-24	Accumulate	3,300	3,474

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,350	7,616
2	Aster DM Healthcare	BUY	620	622
3	Aurobindo Pharma	BUY	1,440	1,185
4	Cipla	BUY	1,730	1,533
5	Divi's Laboratories	Accumulate	6,800	6,889
6	Dr. Reddy's Laboratories	Reduce	1,270	1,247
7	Eris Lifesciences	BUY	1,740	1,734
8	Fortis Healthcare	BUY	785	806
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	322
11	Ipca Laboratories	Accumulate	1,525	1,456
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,633
13	Jupiter Life Line Hospitals	BUY	1,720	1,531
14	Krishna Institute of Medical Sciences	BUY	725	695
15	Lupin	BUY	2,400	1,979
16	Max Healthcare Institute	BUY	1,300	1,300
17	Narayana Hrudayalaya	BUY	1,950	1,990
18	Rainbow Children's Medicare	BUY	1,725	1,541
19	Sun Pharmaceutical Industries	BUY	2,000	1,680
20	Sunteck Realty	BUY	650	427
21	Torrent Pharmaceuticals	Accumulate	3,850	3,354
22	Zydus Lifesciences	Accumulate	970	999

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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