BP Wealth | STOXBOX

Result Update

Q1 FY26

Torrent Pharmaceuticals Ltd.

Institutional Research

Torrent Pharmaceuticals Ltd.

BP WEALTH

Pharma | Q1FY26 Result Update **29th July 2025**

Strong performance to continue across key markets

Result Highlights

Torrent Pharma reported a revenue growth of 11.2% YoY / up 7.4% QoQ to Rs. 31,780 mn and was above market expectations of Rs. 30,890 mn. Domestic revenue grew 10.8% YoY, led by outperformance in focus therapies. The company expects the Indian business to continue outperforming market growth. As per AIOCD secondary data, the company grew above IPM, with the company's chronic business growth of 13% YoY vs IPM growth of 9% YoY due to restructuring and divisional expansion. The US business also increased by 18.9% during the quarter, with growth aided from increased purchasing on existing contracts and achieving targeted market shares in recent launches. German sales grew by 8.5%, while growth for Germany (in EUR terms) was 1%, mainly due to supply disruptions at a third-party supplier this quarter. In addition, Brazil sales increased 1.2% YoY, led by the performance of top brands & new launches. EBITDA increased 14.2% YoY / up 7.1% QoQ to Rs. 10,320 mn, while EBITDA margin stood at 32.5% (up 85bps YoY / down 11bps QoQ) in Q1FY26, after factoring out one-off acquisition-related expenses of Rs. 150 mn. Profit after Tax stood at Rs. 5,480 mn (up 19.9% YoY / up 10.0% QoQ) in Q1FY26. The PAT margin was 17.2% versus 16.8% in the previous quarter.

Valuation and Outlook:

Torrent Pharma continues to deliver strong revenue growth and remains well-positioned for sustained performance across key markets, driven by robust execution in branded generics and chronic therapies. Despite higher R&D and reinvestment plans, management expects margins to stay stable through FY26. The India business is expected to continue outperforming industry growth, aided by field force expansion, strong traction in chronic and consumer health segments, and new product launches. This expansion will help provide a platform for new launches, increase territorial reach, and gain regional market share in previously untapped areas. The Brazil business is also poised for steady growth, with 8–10 annual launches and a rich pipeline of 62 molecules. Meanwhile, the US business is on a gradual recovery path, experiencing increased traction from recent and upcoming launches, although it remains loss-making at the post-R&D level. The German business faces near-term headwinds due to supply disruptions. The integration of JB Pharma is progressing as planned and could unlock synergies in the medium term. Overall, Torrent Pharma is well-positioned for sustained growth, margin stability, and improved profitability across key markets.

Key Highlights

Particulars (Rs. mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Net Sales	31,780	28,590	11.2%	29,590	7.4%
Gross Profit	24,040	21,650	11.0%	22,280	7.9%
Gross Margin (%)	75.6%	75.7%	-8bps	75.3%	35bps
EBITDA	10,320	9,040	14.2%	9,640	7.1%
OPM (%)	32.5%	31.6%	85bps	32.6%	-11bps
PAT	5,480	4,570	19.9%	4,980	10.0%
PAT Margin (%)	17.2%	16.0%	126bps	16.8%	41bps

Source: Company, BP Equities Research

Sector Outlook	Positive

Stock

CMP (Rs.)	3,753
BSE code	500420
NSE Symbol	TORNTPHARM
Bloomberg	TRP IN
Reuters	TORP.BO

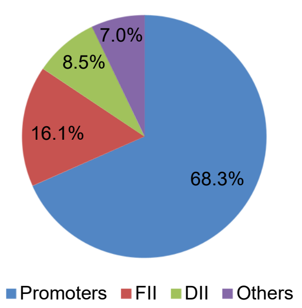
Key Data

Nifty	24,813
52 Week H/L (Rs.)	3,785 / 2,886
O/s Shares (Mn)	338
Market Cap (Rs. bn)	1,270
Face Value (Rs.)	5

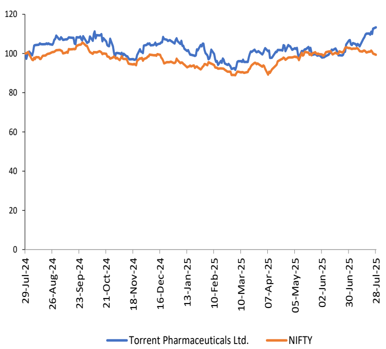
Average Volume

3 months	471,460
6 months	439,420
1 year	432,310

Share Holding (%)



Relative Price Chart



Research Analyst

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Key Concall Highlights

Indian Business Outlook:

Torrent Pharmaceuticals remains optimistic and focused on sustaining its market outperformance. In Q1FY26, the India business grew ahead of the IPM, with Torrent's chronic portfolio increasing 13% compared to the IPM's 9%. Key growth drivers include strong performance in cardiac, diabetes, gastro, and CNS therapies, along with continued traction in the consumer health segment, particularly the Curatio portfolio. The company is expanding its field force, targeting ~7,000 MRs by FY26-end to improve regional penetration and support new product launches. Management expects the India business to continue outperforming the market, driven by focused efforts to increase market share in core therapies, scale up consumer brands, and enhance productivity across expanded divisions. With a healthy pipeline and sustained investments, Torrent is confident of maintaining strong momentum in its domestic operations.

Field Force expansion:

"Torrent expects to outperform the IPM in FY26."

The company is actively expanding its field force to strengthen its presence in the domestic market and support future growth. As of Q1FY26, the company increased its field force to 6,600, up from 6,400 in the previous quarter, with plans to reach 6,900-7,000 by the end of FY26. The expansion is aimed at driving deeper market coverage, supporting new product launches, and enhancing regional market share. Despite increased costs associated with the larger team, the company has managed to expand margins, reflecting efficient scaling and long-term confidence in growth from the expanded field force.

Semaglutide:

The company is actively developing both oral and injectable formulations of Semaglutide for the Indian and Brazilian markets. In India, Phase 3 clinical trials for the oral version are currently underway, while the injectable version is being developed through a partnership. The company aims to be part of the first wave of launches in both markets. Semaglutide is expected to be a key addition to Torrent's chronic portfolio, with meaningful contributions anticipated over the next 1–2 years.

US Business Outlook:

"The company anticipates an increase in R&D spending in FY26 as part of its growth and pipeline development strategy."

The company is poised for a gradual recovery, with modest growth expected in FY26 and more meaningful traction anticipated from FY27 onward. The company launched 4–5 products during the quarter, and expects a total of around 10 launches in FY26. While competitive intensity remains high, especially in recent launches, the company is focused on building a sustainable US portfolio and expects the trajectory to remain positive with continued execution.

Brazilian Business Outlook:

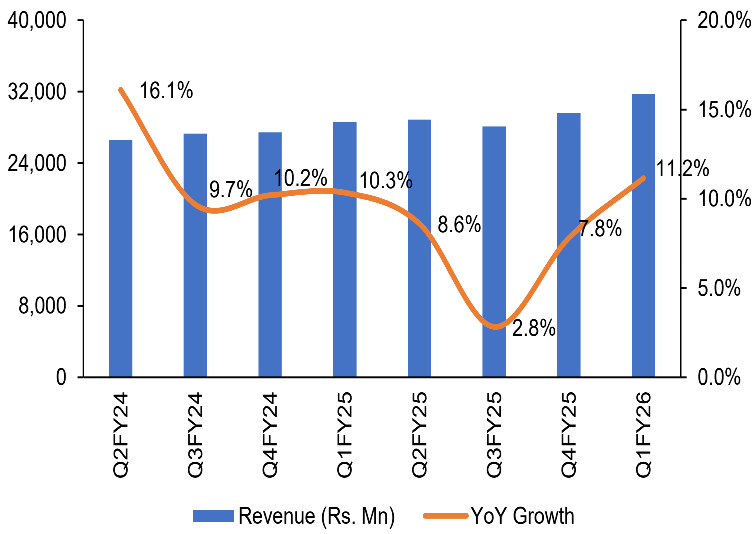
The Brazil business delivered healthy double-digit growth in Q1FY26, significantly outperforming the market, which grew at 5% according to IQVIA. The company has a robust pipeline in Brazil, with 62 molecules currently filed and awaiting approval from ANVISA. The company aims to launch 2–3 products per division annually, resulting in 8–10 new launches per year. While the market can be volatile due to distributor inventory adjustments, management prefers to track IQVIA data for accurate representation of demand trends. Overall, the Brazilian business is expected to remain a key growth driver, braced by a strong product pipeline, expanding therapeutic reach, and a focused launch strategy.

German Business Outlook:

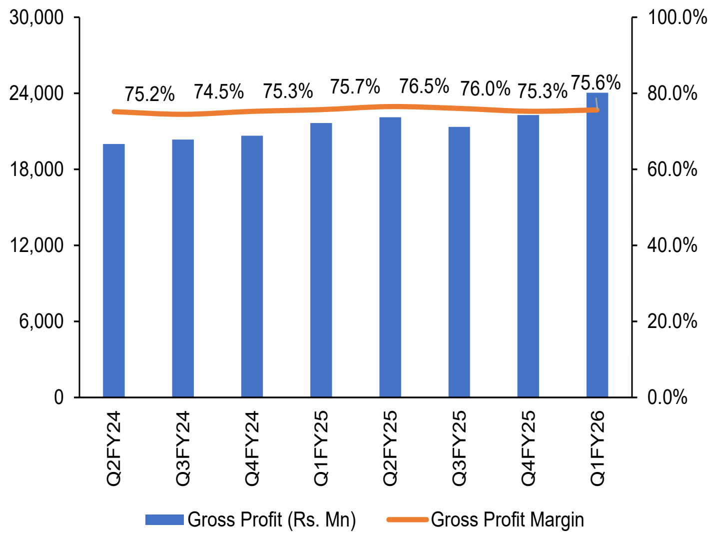
The company remains cautious on its German business in the near term due to ongoing supply disruptions at a key third-party partner, which impacted performance during the quarter. With 75% of the German portfolio dependent on external sourcing, the company faces constraints beyond its control. Efforts are underway to mitigate the impact through alternative sourcing and in-house production, although normalisation may take a few quarters. Despite these challenges, Torrent remains committed to the German market, where it holds a roughly 6% share and ranks as the fifth-largest generic player, with an ongoing focus on portfolio expansion and cost optimisation.

Quarterly Snapshots

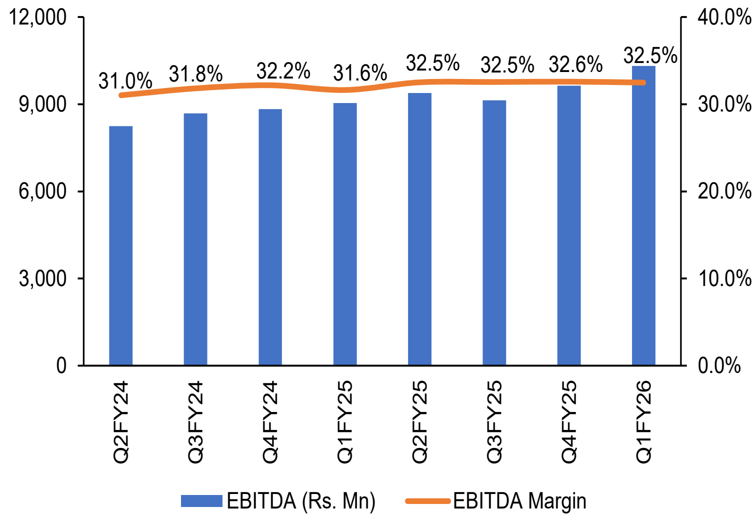
Revenue grow at steady pace



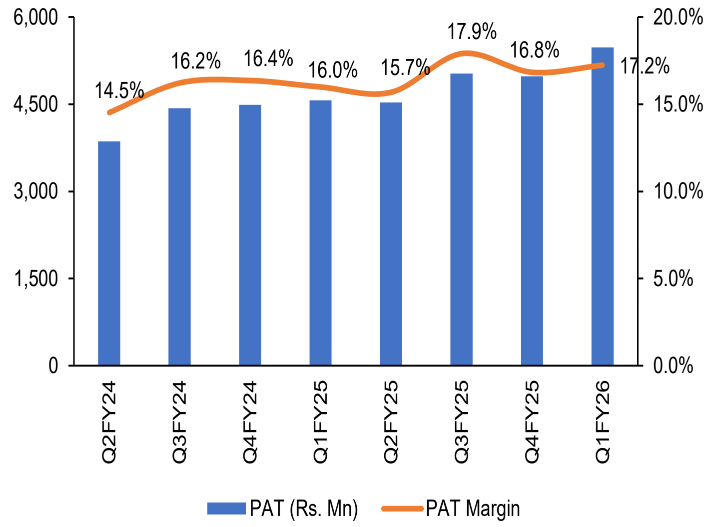
Gross Margin remains stable



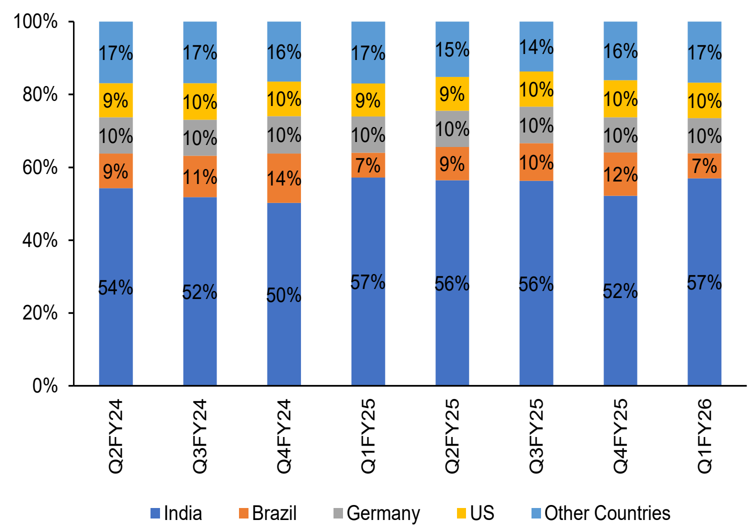
Operating Margin remains consistent



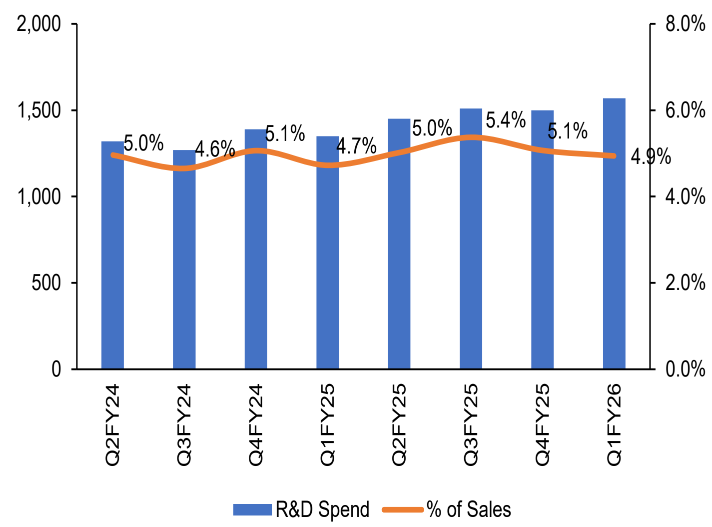
PAT Margin improved



Geographical Revenue mix



R&D spend



Source: Company, Bpwealth Research

Key Financials

YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	85,080	96,200	107,280	115,160	130,181	151,121
Growth %	6.3%	13.1%	11.5%	7.3%	13.0%	16.1%
EBIDTA	24,310	28,420	33,680	37,210	43,030	49,860
Growth%	-2.0%	16.9%	18.5%	10.5%	15.6%	15.9%
Net Profit	7,770	12,450	16,560	19,110	24,541	29,437
Growth %	-37.9%	60.2%	33.0%	15.4%	28.4%	20.0%
Diluted EPS	23.0	36.8	48.9	56.5	72.6	87.1
Profitability & Valuation						
EBIDTA (%)	28.6%	29.5%	31.4%	32.3%	33.1%	33.0%
NPM (%)	9.1%	12.9%	15.4%	16.6%	18.9%	19.5%
ROE (%)	13.1%	20.1%	24.2%	25.2%	24.4%	22.7%
ROCE (%)	17.6%	18.5%	23.5%	27.1%	26.7%	26.4%
P/E (x)	163.4	102.0	76.8	66.5	51.7	43.1
EV/EBITDA (x)	47.9	41.4	34.4	31.0	30.1	26.0
Net Debt/EBITDA (x)	1.5	1.7	0.9	0.7	0.5	0.5

Source: Company, Bloomberg Estimates

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Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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