



“Torrent Pharmaceuticals Limited Q2 FY'26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY'26 Earnings Conference Call of Torrent Pharma.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sudhir Menon – Executive Director, Finance and CFO. Thank you and over to you, sir.

Sudhir Menon: Thank you, Sagar. Good evening and welcome to the 2nd Quarter Earnings Call for FY'26.

We continue to see robust performance in our branded markets which accounted for 73% of the overall revenue this quarter. Our two largest branded markets, India and Brazil, each delivered healthy double-digit growth. India business grew at 12% and Brazil grew at 21%. Constant currency growth in Brazil for the quarter was 13%.

On the generic side, the US business grew at 26% and Germany grew at 5%. In constant currency terms, Germany revenue declined by 5%, mainly due to the continued supply disruption at the third-party supplier. Revenues were Rs. 3,302 crores, up by 14%. Operating EBITDA at Rs. 1,083 crores grew by 15%. Operating EBITDA margin for Q2FY'26 is 32.8%. The overall leverage, which is the net debt to EBITDA, now stands at 0.45x.

A quick update on JB: We have received approval from Competition Commission of India as well as Competition Commission of South Africa. The Competition Commission of India approval is subject to complying certain voluntary modification, which will be outlined in the CCI final order, which we should be getting this month. We have also received SEBI approval on launching the minimum tender offer, and we should be completing that by December 15th.

I now hand over the call to Aman for India Business.

Aman Mehta: Thanks, Sudhir. India revenues at Rs. 1,820 crores registered a growth of 12%. As per the AIOCD secondary market data, the IPM growth for the quarter stands at 8%. Torrent's chronic business grew at 13% versus the IPM chronic growth of 11%, driven by outperformance in cardiac and gastro.

On a MAT basis, Torrent has 21 brands in the top 500 of the IPM, with 15 brands now more than 100 crore sales as of MAT September 2025. Field force strength at the end of the quarter stands at 6,800 compared to 6,600 in the previous quarter. We are on track to continue expansion to 7,000 reps by the end of the financial year. The Curatio business grew 27% in H1 and 29% in Q2, driven by strong demand generation on account of OTC ad spends and field force expansion in previously non-covered regions. We are hopeful that the high growth may continue for the rest of the financial year.

Going forward, we expect our overall India business to continue outperforming the market growth. Our focus during the year will be to continue improving our market share in focus therapies, particularly chronic therapies, new launch performance and improving field force productivity in the expanded divisions.

I will now hand over to Mr. Sanjay Gupta for International Business.

Sanjay Gupta:

Thank you, Aman. We will start with our branded generic market of Brazil. Based on internal sales Q2 constant currency revenue was at BRL 196 million, registering a 13% year-on-year growth. IQVIA data shows Q2 market growth at 7% with Torrent growing at 15%. We are seeing healthy volume growth coupled with mid-single digit pricing increase. In Brazil, we have a rich pipeline of 65 molecules which have been filed and are waiting for ANVISA approval.

In the US, we registered constant currency revenues of US\$ 39 million, up by 21%. Growth is coming from new launches where we have achieved our target market share, and we are also seeing increased purchase volume on existing contracts.

Moving on to Germany, our German business registered constant currency revenue of €30 million, down by 5%. As highlighted last quarter, growth continues to be impacted due to the disruption at the third-party supplier. I would like to conclude my comments here and open the call up for questions. Sagar?

Moderator:

Thank you very much. We will now begin with the question-and-answer session. Our first question comes from the line of Damayanti Kerai from HSBC. Please go ahead.

Damayanti Kerai:

Hi, thank you for the opportunity. My first question is on India business. So, two things. First, can you split the growth across the drivers, volume, price and new launches? And second part will be, can you talk a bit about GST impact on the business during the quarter?

Aman Mehta:

Yes, sure. So, as per the AIOCD data set, our growth for the quarter was 12% versus 8% of the market. Breakup of volume is 3.7% versus 0% of the market. Price at 5.5% versus 5.5% of the market and new products at nearly 3% versus 2.5% of the market. GST impact was minimal. I think probably due to additional discounts and some one-off costs, I think it's probably about a 0.5% impact I would say, so not too much.

Damayanti Kerai:

And since then, now the business is as usual, right? After 22nd of September?

Aman Mehta:

The business is as usual? Sorry, what was the question?

Damayanti Kerai:

No, I think after GST implementation, post 22nd of September when this change was implemented, now operations in India are back to normal level, right? Initially, maybe some days you had seen some disruption?

- Aman Mehta:** Yes, after the GST impact, this month has been pretty much in-line and we would rather wait for this month to get over and then December because the seasonality impact of Diwali and all would play a bit of a role. But I think it's pretty much in line with our H1 performance.
- Damayanti Kerai:** Sure. My second question is on Brazil market. So, very strong underlying growth which continued. My question is your plan for filing for semaglutide. So, I understand earlier you commented in India, you plan to launch at the time of market formation. But if you can talk a bit about your plans for Brazil market, have you filed the application?
- Sanjay Gupta:** I can confirm that our application is with ANVISA. We are waiting for approval. I really cannot comment as to when we will expect the approval to come.
- Damayanti Kerai:** Okay. And my last question is on Germany business. When do you see supply disruption getting normalized, which impacted recent quarter performance?
- Sanjay Gupta:** So, we are obviously working and pushing our supplier towards ending it quickly. Right now, all indications are that to some extent will continue in Q3. Hopefully, Q4 onwards, it will not be the case.
- Damayanti Kerai:** Okay. Thank you for your response. I will get back in the queue.
- Moderator:** Thank you. Our next question comes from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.
- Abdulkader Puranwala:** Hi, sir. So, just to follow up on the previous one. So, in Germany, what kind of growth are we looking at this year? And how should we look at it from an F'27 perspective?
- Sanjay Gupta:** I would refrain from giving a guidance because what we are facing is kind of an out-of-the-box situation with one of our major suppliers facing disruption. So, like I told the previous caller that I would expect this to be over by Q3. But if it is, by any chance, doesn't get over, then we will be impacted going forward. So, I would refrain from giving guidance on Germany going forward until the issue is resolved.
- Abdulkader Puranwala:** All right. And this is just on the Semaglutide opportunity in Brazil. So, how critical is this launch for you and any color on how do you see the market shaping up?
- Sanjay Gupta:** So, the market is huge. It's like a billion-dollar market by the time it goes generic. Essentially, the market is shifting towards Wegovy and Ozempic is coming down as can be expected. What we are expecting is approval in wave-1. I don't know exactly how ANVISA is going to treat these because we hear different stories that they're going to process by batches or they're going to process in order of application. So, right now, there's a bit of uncertainty as to how ANVISA is looking at all the companies who have filed. It is a major opportunity. It's probably a very important opportunity no matter the number of competitors. So, beyond that, I don't know what you expect me to comment. Usually, we target 15% market share for our products. So, I think

10% to 15% of Sema would be a material opportunity and would move the needle for Torrent. But again, we are not sure about the approval process.

Abdulkader Puranwala: Understood. And also, just one final one from my side. Also, if you could just comment briefly on how your key brands have done in India? What I'm referring here to is Shelcal, Unienzyme and the acquired brands like Tedibar.

Aman Mehta: All brands have done pretty well this quarter. Just to give a sense of the therapeutic growth breakup, Cardiac has grown 14% in the quarter. Cardiac is our largest contributor and Gastro has grown 15%. And the overall Derma piece, including Curatio has grown about 29%. So, overall, it's been a broad based kind of growth that we have seen. We think the chronic business should continue the high volume growth as well, given the expansion that's happened over the last couple of quarters. So, upcoming quarter, we believe the same momentum should hopefully continue.

Abdulkader Puranwala: Understood, sir. Thank you.

Moderator: Thank you. Our next question comes from the line of Rahul Jeewani from IIFL Securities Limited. Please go ahead.

Rahul Jeewani: Thanks for taking my question, sir. Given that now we have received approval from CCI for the JB Pharma acquisition, can you talk about in terms of when do you plan to have operational control of the asset? And what kind of a synergy number are we looking at from, let's say, our next 2 to 3 year perspective?

Sudhir Menon: So, Rahul, as I said in the opening briefing, that we have got SEBI approval for MTO, which will kind of get over in the third week of December. And then probably January, we should see the closing of transaction. And once that is happening, I think we should be able to start giving you indications on what kind of synergy value we are looking at.

Rahul Jeewani: Okay. So, you will comment on synergies after, let's say, the buyout from KKR in January 2026?

Sudhir Menon: Correct.

Rahul Jeewani: Okay. Sure, sir. And just one other question on the India business. This quarter, we saw very healthy volume growth of around 3.7% versus market volume growth being very tepid. So, what is allowing us to, let's say, outperform volume growth? So, are we seeing volume growth in our focus therapies?

Aman Mehta: Yes, we are. Mainly driven by chronic performance in most of the chronic divisions. So, if you recall, most of the expansion since the last two years has been in this segment, cardiac, diabetes, and CNS. And we're seeing the bulk of the outperformance happening there. Some of the new launches from last year and two years ago have now become pretty sizable contributors to the overall India business. So, they're also continuing to grow reasonably well. That's also adding to

the growth. And the overall volume growth, I think, six months into the year, I believe, now is giving us a pretty good signal of comfort that the expansion probably has given us that desired outcome. So, hopefully that continues for the rest of the year, and our expansion also is on track. We will be almost at 7,000 MRs by the end of the year. We plan to enter into one new therapeutic area this quarter as well, which hopefully we should share by Q4 on the status of that.

Rahul Jeewani: Sure, Aman. And just if you could also comment in terms of how are you looking at the semaglutide opportunity for the domestic market? So, while Brazil, you are targeting to be in wave 1, what about the India market?

Aman Mehta: Yes, the endeavor continues to be in the first wave on market formation. When that could be is still uncertain, we'd rather wait before commenting on that. But it certainly seems based on the Mounjaro launch that the market potential may be higher than what was expected even a couple of months ago because Mounjaro has just taken off very rapidly. The dynamics would be obviously very different at generic pricing. So, yet to see what exactly the opportunity is. But again, our market share targets have been fairly aggressive in the recent launches. We will have the same targets for semaglutide as and when it launches. And if we are in the first wave and if we do launch well, I think it would be a pretty meaningful growth accelerator in the next year.

Rahul Jeewani: Sure, sir. And just in terms of Sema, when the market opens up, would we launch both the injectable and the oral version? Or do you think that the oral launch could be a few years away?

Aman Mehta: No, not a few years away, maybe slightly after the injectable, but certainly both are planned within the next financial year.

Rahul Jeewani: Okay, sure. That's it from my side. Thank you, sir.

Moderator: Thank you. Our next question comes from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane: Thanks for the opportunity. Sir, again on the India market side, the price growth has been sort of getting a little moderate. We used to have 7%-8% price growth. We are now down to 5.5%. So, while of course, the broad-based growth is definitely a commendable thing, but just on the pricing aspect, if you could throw some light?

Aman Mehta: No, I think this is pretty much in line as to what we had planned from say a couple of years ago that expansion has to deliver volume growth, pricing growth has to be in line with the market growth and some years it may be higher, some years it may be lower. This year we felt this was the appropriate kind of price growth that maybe that the market may allow, and I think within this range plus minus 1% or 2% should continue for the next couple of years.

Tushar Manudhane: Got it. And so, with respect to GST, few peers were concerned and had an impact because of GST. Interestingly, we did not had, but does it mean that we would have had decent market share, probably at a higher discount?

- Aman Mehta:** No, I would not think so. Our impact was minimal; our discounts were minimal. So, I cannot comment on what industry has seen as an impact, but we have certainly not seen beyond half a percent of growth impact.
- Tushar Manudhane:** So, secondly on Brazil, typically the product approval timeline is pretty long. This is our earlier experience. So, from that perspective, what is your thought on semaglutide market formation?
- Sanjay Gupta:** So, you are right. So, traditionally, in fact, in Brazil the approval delays are getting longer. It used to be 24 months and today if you file a new dossier, it is going to be 36 months. But ANVISA is treating semaglutide in a different manner because of the importance of the drug. So, I am not very clear as to, they have given out statements which have evolved over time. So, we would expect them to treat this kind of as a priority filing in the interest of patients and in the interest of healthcare economics in Brazil. So, hence, I do not think this is a typical filing.
- Tushar Manudhane:** Got it. And on the same product for India market, the patent expires in March. So, market formation likelihood in March itself or is there a risk for the market formation itself getting bit delayed?
- Aman Mehta:** No, there is litigation ongoing right now. So, hard to comment. So, we will have to wait for some time to understand exactly when the market can form.
- Tushar Manudhane:** Got it. Thank you.
- Moderator:** Thank you. Our next question comes from the line of Amit Kadam from Canara Robeco Mutual Fund. Please go ahead.
- Amit Kadam:** Hi. Good evening. Just can you take us through some changes in the working capital? Saw some little deterioration in terms of receivables and payables. Just can you elaborate what has happened in this particular half?
- Sudhir Menon:** So, when the GST implementation was rolled out, I think most of the industry players have extended the credit period for one month. So, that is something which has impacted the cash flow as at 30th September, which will come back in October.
- Amit Kadam:** And payable?
- Sudhir Menon:** There is an acceleration of insurance discounts, which we see happening in Germany. So, that is the reason why payables have gone down.
- Amit Kadam:** Okay. Now, how do you think about this line? This will also normalize by next?
- Sudhir Menon:** Yes. It should normalize. You will see these things normalizing in Quarter 3.
- Amit Kadam:** Okay. And one more point is that you usually book the FOREX gain in the other income. Can you elaborate what is the number there?

- Sudhir Menon:** We have a FOREX loss of Rs. 39 crores, which is sitting in other income. So, if you look at the other income, it is negative, right?
- Amit Kadam:** Okay. 39. That is what you said?
- Sudhir Menon:** FOREX loss of 39.
- Amit Kadam:** Okay. That is it. Thanks.
- Moderator:** Thank you. Our next question comes from the line of Neha Manpuria from Bank of America. Please go ahead.
- Neha Manpuria:** Thanks for taking my question. First one on India, the field force expansion that we have done, I think you mentioned the number 7,000 by year end, which is adding like 600 people over the course of FY'26. If you could just give us some color where we are adding this field force. Is there any specific therapies that we are looking at? Is this for market coverage? Any color here?
- Aman Mehta:** About half would be for the existing divisional expansion within chronic and subchronic and about half would be for a new therapy entry, which should be probably by early Q4. So that is the broad breakup.
- Neha Manpuria:** And the new division you mentioned, you will announce at a later date?
- Aman Mehta:** That is right.
- Neha Manpuria:** Understood. And on Brazil, Sanjay, I think you mentioned that we should expect like one or two product launches every year in each division. If I look at Brazil's growth in the last two quarters, there has been a very strong growth. Has this been driven by these product launches coming through or is that yet to reflect in the growth going forward?
- Sanjay Gupta:** No. The product launches have been going on since two years. So these numbers incorporate the new launches. Plus, we launched a couple of big products. We launched Rozucor Ezetimibe which is a BRL 600 million market. And then we launched Lisdexamfetamine, which is ADHD drug, which again is a BRL 600 million market. So we have a few products in very large markets. So even with like market shares and single digits, still it has a material impact on our topline. So new products are contributing and we are seeing also very good volume pickup on our existing mega brands. So we have eight products, which are existing mega brands, which are doing well in volume terms. And price increases continue in single digits. So overall, the business is healthy.
- Neha Manpuria:** And in Brazil, what would be our focus therapy areas for product launches?
- Sanjay Gupta:** Right now we are operating in CNS. We are operating in Cardio. And we have some old legacy diabetes products, and we are also preparing to launch all the new wave of diabetic products. Those are the areas where we currently operate.

- Neha Manpuria:** Thank you so much.
- Sanjay Gupta:** In the branded generic segment. But we have another generic, which is generic-generic.
- Neha Manpuria:** But that's a small one, right? We have reduced that segment over time?
- Sanjay Gupta:** So what we reduced, Neha, we discontinued actually what was called the tender business, which was the government tender business. So what we have is a pure generic-generic segment, which accounts for about 15% of our sales.
- Neha Manpuria:** Okay. Fair enough. Thank you.
- Moderator:** Thank you. Our next follow up question comes from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.
- Tushar Manudhane:** Sir, I might have missed the comment, but just wanted to know the number of ANDAs let's say filed, approved, launched for the 2nd Quarter?
- Sanjay Gupta:** So in the US, we would have during the course of this fiscal year, about 4 to 5 ANDAs filed. We are ramping up this number. And we expect this number to reach maybe close to 10 next year, and subsequently about closer to 15. So that is the ramp up in US investments, which is happening, or which has started since about six to nine months. But this year would be mid-single digit, next year close to 10, and the year after closer to 15.
- Tushar Manudhane:** So accordingly, what like R&D spend as a percentage of sales to be considered?
- Sudhir Menon:** Yes, it should be around between 5 to 5.5 in Quarter 3, Quarter 4 put together.
- Aman Mehta:** And I would say the increase up to 10 or 15 would probably be a kind of one-time increase, because if you recall, we have had a bit of a dry spell for the last couple of years. So in order for the business to maintain a decent growth profile, we have a bit of catching up to do in that sense. So I think after 2 years, 3 years, again, it may come down to single digits filings.
- Tushar Manudhane:** Got it. Sir just, I think strategically given this segment for say, maybe on account of return ratios or profitability point of view, there is relatively limited investment into this geography. So is there any way probably to sort of exit and allocate that capital for more for a branded business of probably India and Brazil, probably sale of ANDAs and the plant as well? Is that a way out?
- Aman Mehta:** No, that is not what we have been considering at all. We think that because of this slightly prolonged period of no launches, we are in this position right now. And given the nature of the business in the US and filing duration and approval uncertainty, your investments generally would take minimum 3 years, 5 years to show reasonable kind of movement in profitability. So we are aware that obviously this is not the greatest position to be in right now. But it should improve from here if the filings are done right and the products are launched and essentially the

launch engine has to be back working again. But I do not see any reason why one should exit this market at all.

Tushar Manudhane: Because earlier the inspection or the compliance was the key concern. But been resolved that for now pretty long period of time. But like the product commercialization or the uptick in both filing as well as approval and then commercialization is still taking little longer. And so the question.

Sanjay Gupta: Yes, it is true that the resolution took time. But that was essentially those due to COVID right when we could not get the inspectors in for more than 2 years. So I think...

Tushar Manudhane: No, sir. I meant post compliance coming in place. After that also we have taken little longer to see the pickup in United States.

Sanjay Gupta: Yes, I think the R&D engine is more like a battleship. So we had oriented it more towards Brazil and Germany. And then we have now ramped up the US. And the fruits of that ramp up will be next year when the filings move up to close to 10 and the year after when we expect them to move up closer to 15. So it is a little slower process. It is slower than what I had communicated in the past. But it seems that it is coming around.

Moderator: Thank you. Our next question comes from the line of S Mukherjee from Nomura. Please go ahead.

S Mukherjee: Thanks for taking my question. So just on the comment you made on the optimism around the US business, if you can take us through your thoughts as to how you see this business scale up from a slightly longer-term perspective, what are the kind of filings you would be chasing, any differentiated assets, if you have any big plans for injectables, biosimilars, etc. Since you would be staying put in this market, how should we think about the business evolving over the next five years?

Aman Mehta: I think optimism is to the degree that we want to return back to profitability, right? So I don't think we are intending to make any large investments in the US Gx space in terms of CAPEX or anything of that sort. We believe the current infrastructure that we have would allow us reasonable opportunities to launch a few good products in the next, say, three-year period, five-year period. And we're also looking at partnering with for certain products in which capabilities we don't have today. So the idea is that we need to get back to a reasonable level of sustainable profitability, which because the last few years has not been achieved. So I would say the optimism is essentially directed towards that and nothing beyond that that we're looking at investing.

S Mukherjee: Okay, thanks. And can you share your CAPEX number for this year and next year? What's the planned CAPEX?

- Sudhir Menon:** I think H1, the total CAPEX is roughly 200 plus. For the full year, it should be maybe around Rs. 300 crores. And over the next three years, on an average, I think the CAPEX should be between 250 to 300 per annum.
- S Mukherjee:** Okay. Thank you.
- Moderator:** Thank you. Our next question comes from the line of Kunal Randeria from Axis Capital. Please go ahead.
- Kunal Randeria:** Hi, good evening, sir. So in the last 1.5 years, you have added around 1200 reps. Do you mind sharing which divisions you've added these?
- Sudhir Menon:** Which divisions you mean?
- Kunal Randeria:** Yes, sir. I mean which, cardiac, gastro, where exactly have you added?
- Sudhir Menon:** Across almost all cardiac, gastro, including diabetes, derma, pain management, VMN, it is pretty much all. So it's been, I would say, majority in the chronic divisions and maybe say 30% to 40% in the sub-chronic divisions.
- Kunal Randeria:** Right. So there was no one particular therapy where you were adding, it was just across the board. Got it. And secondly, for the upcoming GLP-1 launches both in India and Brazil, will you need to form a separate team and add more personnel, or you have already recruited those?
- Sanjay Gupta:** So for Brazil, it will be part of our existing diabetes team, cardio and diabetes team. At some point in the future, we will expand the team. But right now, we don't plan to do it in the next 18 months.
- Kunal Randeria:** And India business?
- Aman Mehta:** We will probably share that in the coming quarter.
- Kunal Randeria:** Thank you, sir. Got it.
- Moderator:** Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to Mr. Sanjay Gupta, Executive Director of International Business for closing comments.
- Sanjay Gupta:** Thank you. Thank you all for your interest in Torrent Pharma. We look forward to being in touch with you. Bye-bye.
- Moderator:** Thank you. On behalf of Torrent Pharma, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.