

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

Torrent Pharmaceuticals (TRP)

Current Market Price	Potential Returns	Fair Value (FV)
Rs.1534	1.2%	Rs.1515

Date: 28th September, 2022

Previous Rating: **ADD**

Current Rating: **REDUCE**

Change: **Downgrade**

Ratings Rationale

- TRP acquires 100% stake in cosmetic & paediatric dermatology company, Curatio.
- It is an all cash deal and is pricey; 5-9% earnings dilutive over FY23-25E.
- TRP trading at an elevated valuation of ~30X FY24E EPS; await better entry point.
- Downgrade to REDUCE; FV of Rs1,515 (from Rs1,600) at 28X June 2024E EPS.

Valuation

Value the stock at 28X June 2024E EPS.

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Note: The performance horizon is 12 months unless specified.

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