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LIMITED**  
LEGACY | TRUST | GROWTH

MONTHLY

# **R|SEARCH** RECOMMENDATIONS

July 2022

## TANLA PLATFORMS LTD. (Previous Close: INR1004.65)

Buying Range: INR980 – INR940 | Stop-Loss: Closing Below INR840 | Target : INR1200

Risk/Reward Ratio- around 1:2

Projected Timeframe - 2 Months

Projected Profit- around 25%

Projected Loss- around 12.50%

The stock is seen coming down around most critical support that offers a short-term investment opportunity with favourable risk-reward ratio.

### Weekly Chart:



### Technical View:

After reacting down from the recent all-time highs, the stock is coming down onto the stationary support placed around 940 levels. 100 SMA is placed around 980 levels. The stock looks extremely oversold and suggesting a bounce back towards 1200 levels.

Leading Indicator stochastic has already reached the oversold zone while the RSI is seen taking support along the critical ascending trend line suggesting the stock is likely to find buyers on dips in the price range of 980-940. ADX also seen taking support along a critical trend line.

Based on the aforementioned explanations, we recommend accumulating TANLA on dips in the price range of 980-940 for the target of 1200.

## TANLA PLATFORMS LTD. (Previous Close: INR1004.65)

Buying Range: INR980 – INR940 | Stop-Loss: Closing Below INR840 | Target: INR1200

**Tanla Platforms Ltd** (formerly Tanla Solutions Ltd) is a cloud communications provider enabling businesses to communicate with their customers and intended recipients. It is headquartered in Hyderabad, India. It is a global A2P(application to person) messaging platform provider. Co. is one of the world's largest CPaaS players, it processes more than 800 billion interactions annually and about 70% of India's A2P SMS traffic is processed through its distributed ledger platform-Trubloq, making it the world's largest Blockchain use case. The services can be classified into three major categories viz. Mobile Messaging [majorly into Application-to-Person (A2P)], Mobile Commerce and Mobile payments.

Businesses are turning to Communications Platform as a Service (CPaaS) more than ever to improve and streamline their customer experience. This technology that simplifies communication integration from voice, messaging and video is transforming the way we interact with customers in an increasingly digital age. The CPaaS software segment is expected to hold the largest share of the global market and grow at a CAGR of nearly **22.2%** between 2022 and 2032. The software segment is predicted to create an absolute \$ opportunity of **US\$ 23,978.8 Mn** by the end of 2032. The large enterprises segment accounted for around **58.7%** of the CPaaS market share in 2021. The segment is likely to grow by **7.9X** between 2022 and 2032. By 2025, 95% of global enterprises are expected to utilize API-enabled CPaaS offerings to uplevel their digital competitiveness.

Initially, the adoption of CPaaS was mainly driven by on-demand economy players, over-the-top (OTT) firms, and cloud companies. However, over the past couple of years, a large number of traditional enterprises have adopted CPaaS software solutions and services. Moreover, CPaaS enables businesses to use services such as Two-factor Authentication (2FA) over SMS or OTT to enhance security for them and their customers.

With the acquisition of Karix by Tanla in April'2019, Tanla's capacities were vertically integrated, and a marquee customer list was brought on board. Karix used to handle 35% of its SMS traffic through Tanla, while the rest was handled by other competitors. Tanla now handles most of Karix's traffic, increasing its SMS revenues. Tanla manages 75% of ILD A2P SMS volumes in India, which originate from global data centers such as Amazon, Facebook, Apple, and Microsoft. Currently, Tanla's Enterprise segment contributes 90% to revenue, although the platform segment has been growing steadily.

It has 1,300 customers across segments such as Banking, e-Commerce, Healthcare, Consumer Goods, Social Media & Retail, Financial Services, Information Technology etc. About 60% of overall revenues is being contributed by 50 of its top 100 customers, retained for more than 5 years.

Tanla launched Trubloq, World's first block chain enabled commercial communications stack that empowers individual mobile subscribers to truly own, control and manage commercial communications. TPL would be the first company to comply with the TRAI regulations and adopt the block chain technology with the launch of Trubloq. Trubloq was commercially rolled out from September 01, 2020. Platform revenue grew by 83% in FY21, driven by launch of Trubloq, which created a completely new stream of revenue for the company. Trusted by over 50,000 enterprises. 44% decrease in SPAM complaints.

Tanla Platforms Limited and Microsoft announced the launch of Wisely on January 20, 2021, a blockchain-enabled communications platform-as-a-service (CPaaS) offering built on Microsoft Azure. A unique marketplace for enterprises and suppliers. Wisely has been granted three patents in cryptography and blockchain processes by the United States Patents & Trademark Office(USPTO) and one patent by Indian Patent Office (IPO). 3 patents awarded, Exclusive multiyear partnership with VIL, Exclusive partnership with True caller, Co-sell partnership with Microsoft.

As CPaaS as a segment continues to log in healthy growth over the next 5-10 years we believe Tanla is aptly placed to participate in this growth with a nearly debt free balance sheet and strong cash accruals, we expect the company to register sales and profit growth of ~22% and 19% respectively. The stock currently trades at 20x FY23E earnings and we recommend a BUY on the stock.

# TECHNICAL SHORT-TERM INVESTMENT BUY

## HINDALCO INDUSTRIES LTD. (Previous Close: INR338.65)

Buying Range: INR320 – INR300 | Stop-Loss: Closing Below INR260 | Target: INR410

Risk/Reward Ratio- around 1:2

Projected Timeframe - 1 Month

Projected Profit- around 32%

Projected Loss- around 16%

The stock is seen taking support along the higher edge of the prolonged ascending channel that offers a very short-term investment opportunity with favourable risk-reward ratio.

### Weekly Chart:



### Analysis:

After a sharp decline from its all-time highs, the stock is seen taking support along the higher edge of the longer-term upward trending channel. Leading indicator Stochastic has already reached the oversold zone while the RSI is approaching towards previous established bottoms suggesting, prolonged ascending trend line placed in the price range 310-300 supposed to act as the base support.

Based on the aforementioned explanations, we recommend buying HINDALCO on dips in the price range of 320-300 for the target of 410.

# TECHNICAL MEDIUM-TERM INVESTMENT BUY

## BHARAT PETROLEUM CORPORATION LTD. (Previous Close: INR308.40)

Buying Range: INR300 – INR290 | Stop-Loss: Closing Below INR245 | Target: INR395

Risk/Reward Ratio- around 1:2

Projected Timeframe - 3 Month

Projected Profit- around 34%

Projected Loss- around 17%

The stock is seen coming down onto the most critical ascending trend line that offers a midterm investment opportunity with favourable risk-reward ratio.

### Weekly Chart:



### Analysis:

The stock has been in a downtrend since past several months. Recently, after reacting down from the 200 SMA, now placed around 395 levels, the stock is seen coming down onto the most critical longer-term ascending trend line placed in the price range of 300-290. Leading indicator Stochastic has already reached the oversold zone while the RSI is seen taking support along the critical trend line suggesting the stock is likely to find buyers on dips in the price range of 300-290.

Chart pattern suggesting probable short-term trading range likely to be 290-340. Higher resistance are placed around 395 levels.

Based on the aforementioned explanations, we recommend buying BPCL on dips in the price range of 300-290 for the target of 395.

## LAURUS LABS LTD.

CMP (INR) (As on 29<sup>th</sup> Jun 2022): INR 467 | Target: INR 677 | Upside (%): 45% | Recommendation: Buy | Timeframe – 12 to 18 Months

### Stock Scan

Market cap (INR mn)	2,48,206
Outstanding Shares (mn)	537.3
Face Value (INR)	2
Dividend Yield (%)	0.4%
P/E (x)	33.4
P/B (x)	7.4
Debt/Equity (x)	0.51
Beta vs. Sensex	0.8
52 Week High/ Low (INR)	723/433
Avg. Daily Volume (NSE)/3 mth (mn)	1.5

Laurus Labs is currently into a large capex cycle with investments in API, Formulations and CDMO- Synthesis segments. Strong order book in the CDMO business and ramp up in the formulations business will lead to higher revenue growth going ahead. The company has rich pipeline of 73 DMFs, 31 ANDAs (15 Para IV, 10 first to file). Laurus has also signed MPP license agreement for Pfizer anti-covid pill Paxlovid which will add fuel to the revenue growth.

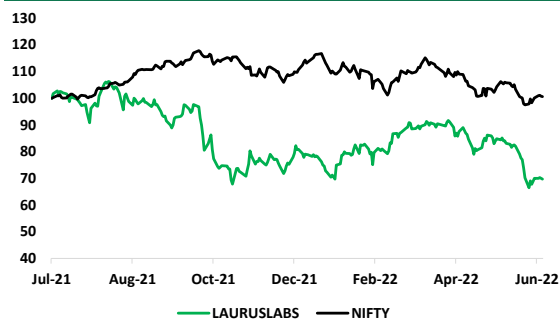
### Valuation & Outlook

- ✓ The company has plans to add capacity in all business segments to meet the increased demand. they are also focusing on backward integration.
- ✓ The ramp up in CDMO and formulations business will lead to healthy margins for the company going ahead.
- ✓ A high growth company with strong client relationship in a business and superior EBITDA margins as compared to peers deserves valuation re-rating. We expect the company to deliver Revenue/EBITDA /PAT CAGR of 26%/31%/32% during FY22- FY24E and hence, assign a **BUY** rating with a target price of Rs 677.

### Shareholding Pattern (%)

	Mar 2022	Dec 2021	Sep 2021
Promoters	27.2	27.3	27.3
Institutions	30.3	28.9	27.6
Non-Institution	42.5	43.8	45.1

### Stock vs. Nifty (Relative Returns)



### Financial Performance at a glance

Particulars (Rs mn)	FY20	FY21	FY22	FY23E	FY24E
Net sales	28,317	48,135	49,356	65,631	78,210
Growth (%)	23.6	70.0	2.5	33.0	19.2
EBITDA	5,610	15,507	14,224	19,936	24,226
EBITDA margin (%)	19.8	32.2	28.8	30.4	31.0
PAT	2,553	9,836	8,275	11,867	14,463
PAT margin (%)	9.0	20.4	16.8	18.1	18.5
EPS (Rs)	4.8	18.4	15.5	22.2	27.1
P/E (x)	18.0	18.8	37.4	21.0	17.2
P/BV (x)	2.6	7.1	9.3	5.7	4.4
RoE (%)	15.3	45.1	28.0	30.7	28.7
RoCE (%)	17.2	38.8	26.3	28.7	28.3
EV/EBITDA (x)	10.2	12.9	23.1	13.5	11.2

## LAURUS LABS LTD.

CMP (INR) (As on 29<sup>th</sup> Jun 2022): INR 467 | Target: INR 677 | Upside (%): 45% | Recommendation: Buy | Timeframe – 12 to 18 Months

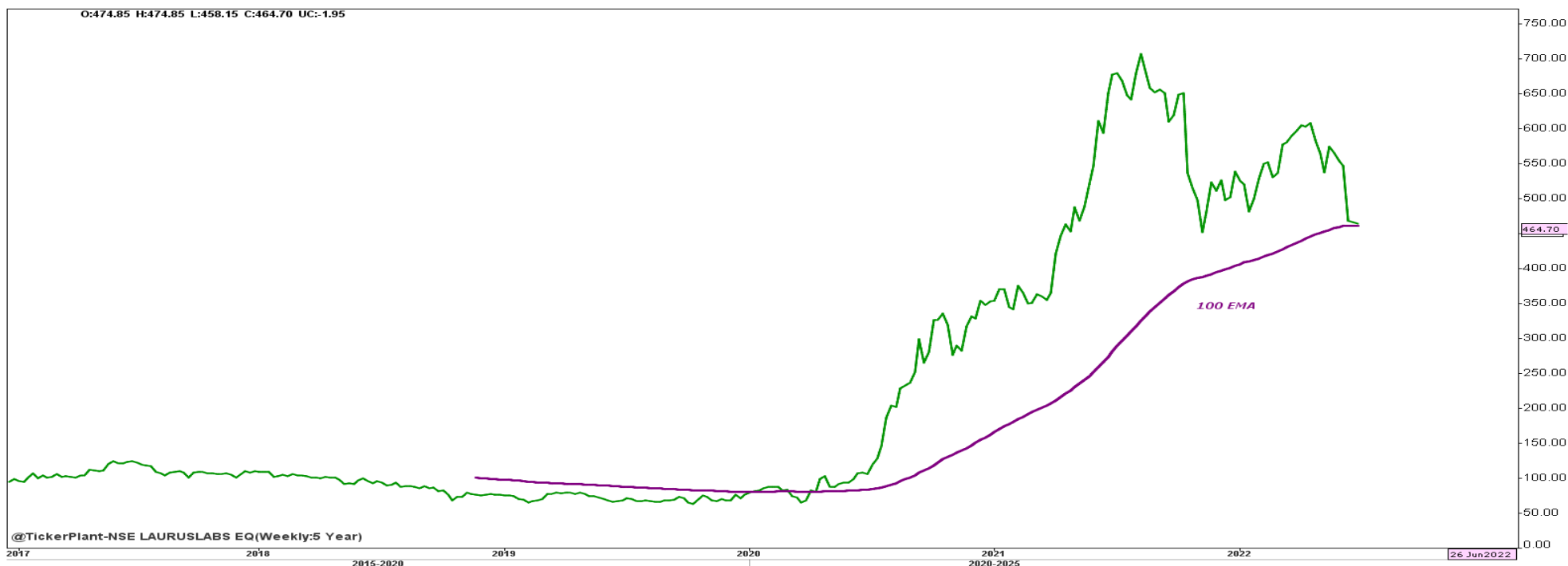
### Investment Rationales:

**Foray in formulations business - a multi-year high growth opportunity:** The Indian Pharmaceutical market is growing at a steady pace and presents USD 42bn opportunity. The increasing demand of low cost drugs will lead to ramp up in exports in the US and EU markets. We believe that the company is all set to increase its revenue base on the back of higher revenue from US and EU market where it has pipeline of 31 ANDAs and 15 PARA IV opportunities. Apart from this, the LMIC (Low and middle-income countries) tender market is also a major contributor (75%) to the formulations revenue, which make Laurus poised for growth.

**Synthesis business to take charge of growth going forward:** In order to diversify its business Laurus plans to increase its capacity in synthesis business and revenue contribution from the synthesis business to hit 25% by FY25 from 19% in FY21. Addition of new clients and geographies will increase the reach and visibility of the company.

**API business will be driven by volume growth:** The key molecules that Laurus sells in this segment are Efavirenz, Tenofovir, Disoproxil, Fumarate, and Emtricitabine. Apart from ARV, the company also sells Oncology and Other API. 40% of the ARV business of Laurus is exports. The company has consistently expanded its capacities in API segment from 220KL in FY16 to 5,600 KL in FY22. The API capacities are currently running at optimum utilization, new capacity will lead to higher volume growth going forward.

**we value Laurus at 25x its FY24e earnings to arrive at a TP of Rs 677 and recommend BUY.**



## Research catering to client needs

	Long term Investing	Medium term investing	Short term Trading	Intra – day Trading
Fundamentals	High	Medium	Low	Absent
Derivatives	Low	Low	High	High
Technicals	Low	Low	High	High



## Research Basket

### **Long-term Investment**

- 12 to 18 month perspective – Detailed company reports
- Others – Muhurat Picks and Annual Strategy Picks

### **Medium-term Investment**

- 3 to 6 months perspective
- Technical and Quant Picks

### **Short-term Investment & Trading**

- 1 month investment call
- Positional Momentum Picks
- BTST, STBT on leading stocks

### **Intraday Trading**

- Daily Calls – Cash, Futures and Options

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Analyst holding in stock: **NO**

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## Contact us:

**SMIFS Limited.** (<https://www.smifs.com/>)

## Compliance Officer:

**Sudipto Datta,**

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 /91 33 6634 5401

Email Id.: [compliance@smifs.com](mailto:compliance@smifs.com)