

The Story so far.....

Established in the year 1990, with Research & Development as its prime fundamental, Divis Laboratories focussed on developing new processes for the production of Active Pharma Ingredients (APIs) & Intermediates. The company in a matter of short time expanded its breadth of operations to provide complete turnkey solutions to the domestic Indian pharmaceutical industry.

The stock had peaked around Rs.1342 levels in late Sep'16 and corrected sharply to Rs. 546 by May'17. Post the correction, the stock prices bounced back to near 2016 highs with a vertical rise to Rs. 1210 in May'18.

However, the recent fall in pharma stocks last weeks has led to fresh round of selling pressure in DIVISLAB and we expect a beginning of correction in the stock price.

Slowly, the stock is coming out of distribution range of Rs.1,100-1,230 and charts indicate fresh sell signal as Apr'18 lows of Rs.1,120 is all set to get tested as a support. We believe that the stock will correct once the support of Rs.1,100 is broken and it will open new doors for significant downside in the stock price from current levels of Rs. 1,120/-.

Stock Snapshot

Price	Value	Date
All time High	1,381.60	25-Aug-2016
All time Low	7.75	12-Mar-2003
52 Week High	1,223.00	11-May-2018
52 Week Low	532.65	29-May-2017
Latest Close	1,138.55	21-May-2018
Average 12M Closing	921.64	21-May-2018

EMA	Value	Date
Short Term	1,156.00	21-May-2018
Medium Term	1,102.98	21-May-2018
Long Term	1,005.48	21-May-2018

CAGR	Percentage	Years
Since Inception -NSE	37.71	15.19
May-13	17.74	5.00

Details	Recommendation
Recommendation	Sell
Closing Price	1138.55
Range	1100-1160
Expected Target Price	985.00
Expected Return	13.49%
Stop Loss	1185.00
Expected Risk	-4.08%
Minimum Holding Period	3 months

DIVISLAB-0.15% x 6 Daily CMP: 1138.55



What is changing?

The 0.15% x 6 Box PE, indicating strong signals of a trend reversal after completion of a bounceback from the lows of Rs. 546 in May'17..The recent breakdown from the *"highs of Rs.1210/- indicates a completion of a 12 month bounceback in the stock"* and also of resumption of the downtrend which only reaffirms our faith in the stock.

The 12 month correction / distribution between May'17-May'18 from Rs.546/- to Rs.1,210/- is now turning out to be a distribution given that the prices have now started to sustain below the Apr'18 lows of Rs. 1,120/- as observed on charts and also showing signs of sustaining around the Dec'17 highs of Rs.1,120/- we expect the stock to correct in the next 3 months or so.

What is in store?

We applied "vertical count method", to ascertain the probable target for the downtrend in the stock and based on that, we expect the Stock to trade around Rs.985/- or lower in the next 3 months or more.

The stock has delivered approximately 38% CAGR since 2003 on NSE and a return of 17% CAGR in the past 5 years. We expect the stock to resume its downtrend and it appears to be a good time initiate shorts in DIVISLAB at current levels of Rs.1,120/-

A good way of distributing the stock would be spread the sales evenly between Rs.1100-1160 and keep a stop loss around Rs.1,185/- on a closing basis.

For further enquiries please contact:
research@inanisecon.in

Disclosures Appendix

Analyst certification

The following analyst(s), who is (are) primarily responsible for this report, certify (ies) that the views expressed herein accurately reflect his (their) personal view(s) about the subject security (ies) and issuer(s) and that no part of his (their) compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report.

Disclaimer This report is for the personal information of the authorized recipient and does not constitute to be any investment, legal or taxation advice to you. INANI SECURITIES LIMITED, (hereinafter referred as INANI) is not soliciting any action based upon it. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The intent of this document is not in a commendatory nature. The views expressed are those of analyst and the Company may or may not subscribe to all the views expressed therein. The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon such. INANI or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in the report. Neither the firm, not its director, employees, agents or representative shall be liable for any damages whether direct or indirect, incidental, special or consequential including loss revenue or loss profit that may arise from or in connection with the use of the information. INANI or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company/ies makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action. INANI Securities Ltd. and affiliates, including the analyst who have issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the company/ies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions. INANI Securities Ltd. and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the company/ies referred to in this report, as on the date of this report or in the past. The author, directors and other employees of INANI and its affiliates may hold long or short positions in the above mentioned companies from time to time. Every employee of INANI and its associate companies are required to disclose their individual stock holdings and details of trades, if any, that they undertake. The team rendering corporate analysis and investment recommendations are restricted in purchasing/selling of shares or other securities till such a time this recommendation has either been displayed or has been forwarded to clients of Inani. We are sorry if this mail has caused any distraction. If you want to be removed from the mailing list then you must reply to this mail with "Remove" in the subject line and e-mail for faster response and action.

INANI reserves the right to make modification and alterations to this statement as may be required from time to time.

Inani Securities Limited

NSE: Membership ID No.08571, SEBI Registration No. INB230857131, BSE: Membership No. 941, SEBI Registration No. INB010857135
CDSL: Membership ID No. DP ID is 096200, SEBI Registration No. IN - DP - CDGL - 269 - 2004

"B/1408", 14th Floor, Naman Midtown, Next Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone Mumbai - 400 013
India.

Tel: 91 22 43486000; Fax: 91-22-43486011

For More updates & Stock Research, visit www.inanisecon.in