29 April 2025

INDIA | HEALTHCARE |
COVERAGE INITIATION

JM FINANCIAL

OneSource Specialty Pharma

Building CDMO leadership via GLP-1

Amongst select few Indian CDMOs with GLP1 pen formulation capabilities

1 of top-5 global soft gelatin players by capacity

Initiate BUY with a TP of INR 2,049 (31% upside)

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OneSource Specialty Pharma

Building CDMO leadership via GLP-1

Following the strategic consolidation of Stelis, SteriScience, and Strides' softgel businesses into a single entity in Sep'23, OneSource has emerged as one of India's most uniquely positioned CDMOs.

OneSource's DDC business is set to benefit disproportionately from the surge in generic GLP-1 demand, with commercialisation beginning in 1QFY26. The DDC business is expected to generate INR 11.6bn in FY27, 7x of FY24 sales, with the momentum likely to continue post FY27 too. Beyond GLP-1s, the company has built strong footholds in softgel oral formulations, sterile injectables, and biologics. Each vertical is expected to deliver strong double-digits growth, led by capacity additions and new customer-wins. The company has robust infrastructure (5 globally approved sites), experienced management, early mover advantage in GLP-1 CDMO, and aggressive capex plans (USD100mn over the next 4 years). We expect Onesource to be the fastest growing CDMO over FY25-27 amongst the listed peers.

We project Revenue/EBITDA/APAT CAGR of 35%/52%/129% over FY25E-27E, led by strong GLP-1 product sales ramp-up. In our view, GLP-1 DDC has high EBITDA margins of ~50%, thus improving Adj. RoIC to 38% by FY27. We value One Source at 22x EV/EB multiple on Mar'27 EBITDA to arrive at a Target price of INR 2,049/sh. (This target price doesn't factor in ~INR 270/sh option value arising out of gSemaglutide US filing.) Initiate coverage with a BUY.

DDC-led growth with GLP-1 dominance: OneSource is one of the few Indian CDMOs with pen manufacturing capabilities, placing it at the epicentre of the GLP-1 boom. The installed capacity is to scale up from current 40mn to 220mn pens by FY28. The company already has 20 customer contracts (including 2 of the top-5 global generics players) and deals covering 7 of 8 GLP-1s. DDC revenue is poised to be 7x the FY24 revenue, thus reaching ~INR 12bn by FY27.

MSA flywheel turning fast: FY24 saw USD 43mn in MSA signings (vs. USD 31mn cumulative before), and FY25 numbers have already exceeded FY24 by 3Q. Rapid MSA-to-CSA conversion will drive outsized operating leverage over FY25-29. We expect CSA contribution to reach 80% of revenue by FY27, thus, providing stable revenue going forward.

Injectables and softgel platform with global scale: Injectables was acquired from SteriScience and offers sterile fill & finish for complex formats (vials, lyophilised, PFS) and serves 15+ regulated market clients. With a USFDA-approved penicillin capacity, it is one of the top-5 suppliers to the US for the molecules it is dealing in. The softgel business was inherited from Strides and brings over 3 decades of experience. With 2.4bn capsules/year capacity, OneSource has one of the top 5 global softgel capacities. We expect the injectables and softgel businesses to grow at a CAGR of 14% and 16% over FY25-27, respectively.

Biologics capability that stands out globally: Fully integrated microbial + mammalian DS/DP capabilities from a single site—a rarity even globally—positions OneSource as a strong APAC player. 10+ live projects and 5,50,000 sqft of GMP space support its long-term growth prospects.

Scale-up visibility and robust regulatory & compliance track record: The company's USD 100mn investment plan over the next 4 years is aimed at supporting excess demand from clients. OneSource has also cleared 54 inspections in the past 24 months—an exceptional compliance record.

Recommendation and Price Target	
Current Reco	BUY
Current Price Target (12M)	2,049
Upside/(Downside)	31.5%

Key Data – ONESOURCE IN	
Current Market Price	INR1,558
Market cap (bn)	INR178.3/US$2.1
Free Float	56%
Shares in issue (mn)	114.4
Diluted share (mn)	114.4
3-mon avg daily val (mn)	INR632.0/US$7.4
52-week range	1,800/1,163
Sensex/Nifty	79,213/24,039
INR/US$	85.4

Price Performance			
%	1M	6M	12M
Absolute	-9.4	0.0	0.0
Relative*	-11.40	0.0	0.0

*To the BSE Sensex

Financial Summary (INR mn)					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	387	1,719	15,047	19,857	27,504
Sales Growth (%)	-69.8	344.1	775.2	32.0	38.5
EBITDA	-1,607	-882	4,665	6,751	10,836
EBITDA Margin (%)	-415.1	-51.3	31.0	34.0	39.4
Adjusted Net Profit	-2,674	-2,357	1,324	3,819	6,925
Diluted EPS (INR)	0.0	-21.7	11.6	33.4	60.5
Diluted EPS Growth (%)	0.0	0.0	0.0	188.5	81.3
Adj. ROIC (%)	-17.6	-18.5	25.1	24.9	38.1
ROE (%)	-29.7	-39.9	4.3	6.4	10.9
P/E (x)	0.0	-71.7	134.7	46.7	25.7
P/B (x)	0.0	42.7	3.1	2.9	2.7
EV/EBITDA (x)	-115.2	-206.8	39.1	26.7	16.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Adj RoIC has factored in adjustments for scheme related amortization, intangibles and goodwill. Valuations as of 25/Apr/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet & Visible Alpha
You can also access our portal: www.jmflresearch.com
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Amey Chalke
amey.chalke@jmfl.com
Tel: (91 22) 66303056

Raghav Vedanarayanan
raghav.vedanarayanan@jmfl.com
Tel: (91 22) 62241851

(We acknowledge the support of **Gourav Bhama** in preparation of this report)

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OneSource's DDC business is set to benefit disproportionately from the surge in GLP-1 demand, with commercialisation starting in 1QFY26. Beyond GLP-1s, it has built strong footholds in oral technologies, sterile injectables, and biologics. It is one of the few Indian CDMOs with pen manufacturing capabilities, has one of the top-5 global softgel capacities, and fully integrated microbial + mammalian DS/DP capabilities from a single site, a rarity even globally. Each vertical is expected to deliver double-digit growth, led by capacity additions and high-quality customer wins. We project revenue/EBITDA/APAT CAGR of 35/52/129% over FY25-27.

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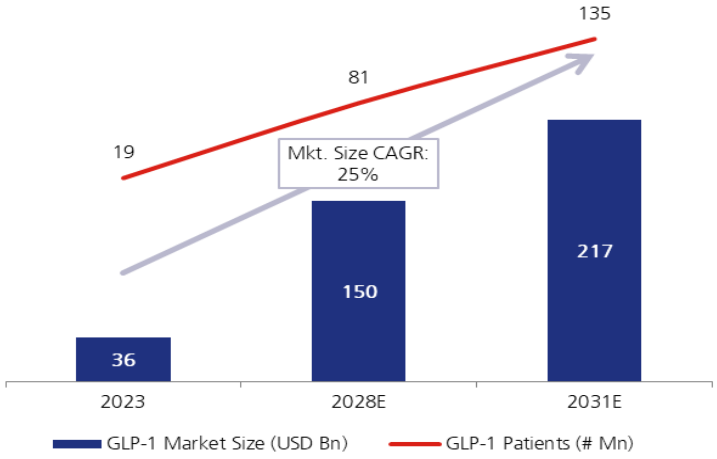
India Healthcare | The rise of corporate hospitals

Focus Chart

Exhibit 1. Booming GLP-1 market



Source: Industry

Exhibit 2. DDC and Fill & Finish dominate gross cost

Cost Structure	% of cost structure
API	7%
Excipient	0%
Consumables (Cartridge + Disposable pen)	36%
Fill & Finish CDMO cost + CDMO's profit margin (Fill & finish CDMO's profit)	43%
Product to market cost (Packaging + transportation)	14%

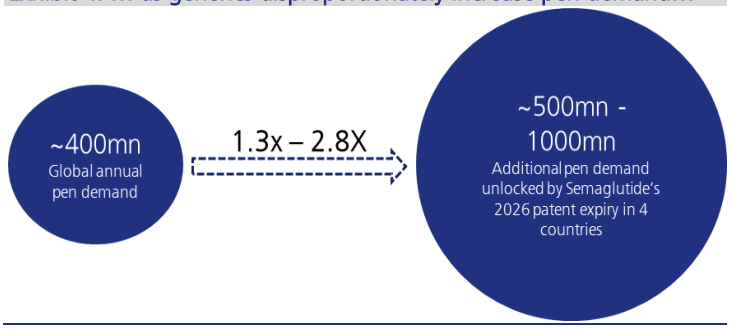
Source: Industry, JM Financial

Exhibit 3. Patent expiries to drive future growth for Gx CDMOs…

Year	Country	Company	Drug Name
2026	China, Canada, Brazil, India	Novo	Semaglutide
2027	US	Eli Lilly	Dulaglutide
2029	EU, Japan	Eli Lilly	Dulaglutide
2031	EU, Japan	Novo	Semaglutide
2032	US	Novo	Semaglutide
2036	US	Eli Lilly	Tirzepatide
2037	EU	Eli Lilly	Tirzepatide
2039	Canada	Eli Lilly	Dulaglutide, Tirzepatide
2040	Japan	Eli Lilly	Tirzepatide

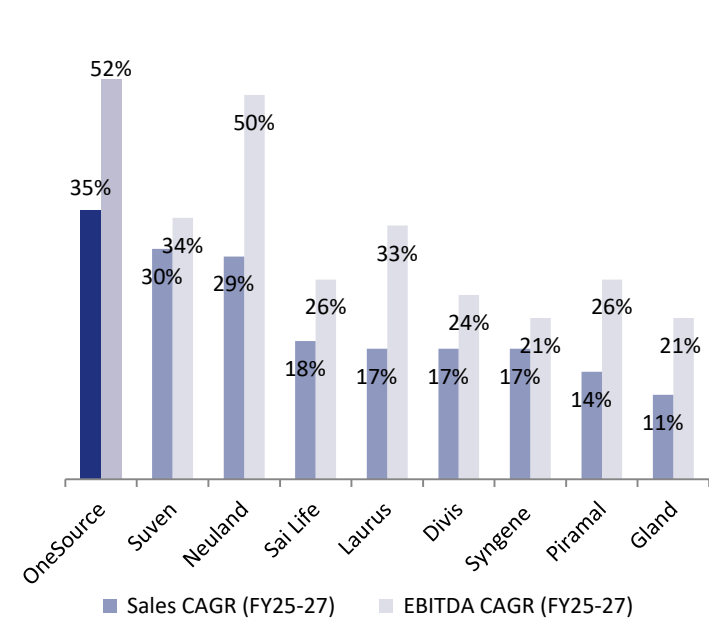
Source: Industry, JM Financial

Exhibit 4. … as generics disproportionately increase pen demand…



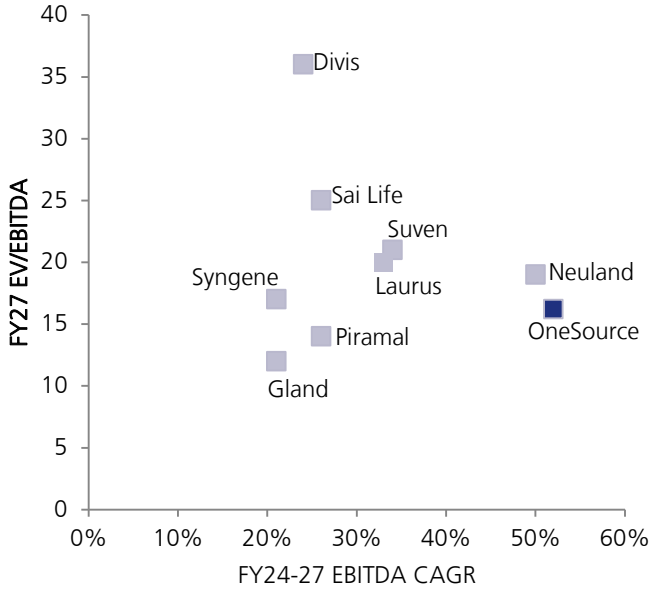
Source: Industry, JM Financial

Exhibit 5. …positioning OneSource to outperform listed peers



Source: Bloomberg, JM Financial

Exhibit 6. An attractive valuation with a strong growth profile



Source: Bloomberg, JM Financial

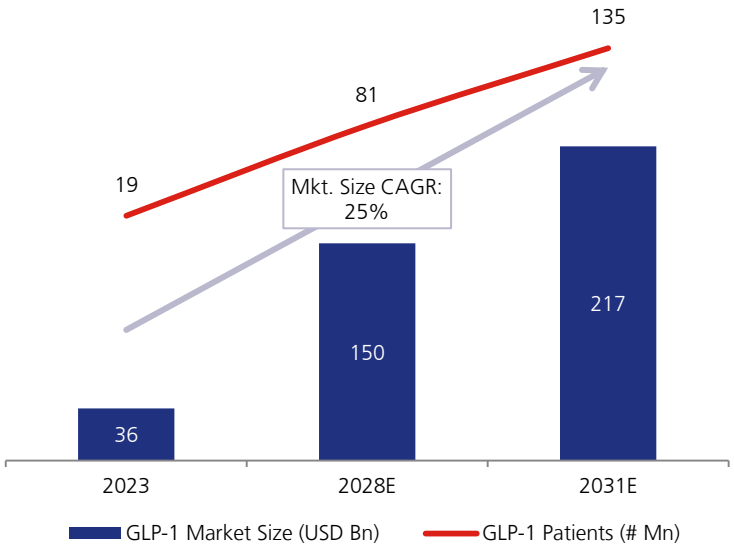
Investment Thesis

1. GLP-1: Once in a century molecule ramp-up and one of the largest opportunities

The GLP-1 drug market was sized at USD 36bn in 2023 and is expected to grow at a CAGR of 25% over 2023-2031. GLP-1 drugs (GLP-1s), used for diabetes and increasingly for weight loss, are on a blockbuster trajectory due to their efficacy (e.g., ~15% body weight reduction for Semaglutide, 22-23% for Tirzepatide), rising awareness, and an underpenetrated market. Currently, drug price is the biggest demand side barrier, further accentuated by limited insurance coverage for obesity as a standalone indication. High costs (USD 900-1,400/month in the US) are expected to decline by 10-15% annually from 2027 due to new entrants, thereby boosting adoption.

The global Drug-Device Combination (DDC) CDMO market, pivotal for GLP-1 drugs, was valued at USD 5bn in 2023 and is projected to grow at a CAGR exceeding 20% through 2028, driven by surging demand for GLP-1s and biosimilars, and homecare/self-administration trends. Pens/DDCs, along with other consumables and the CDMO's fill & finish + profit margin, are the biggest component of the gross cost of a GLP-1 pharma company. There are ~19mn GLP-1 users, representing an annual market of 381mn DDC pens. Key GLP-1 molecules are set to begin their patent expiration journey from 2026 onwards, which will enable generic players to enter and offer products at a substantial discount to current prices. This will enable a wider adoption of these drugs and, thus, rapidly increase the demand for DDCs. Our research indicates that the first wave of patent expiry of Semaglutide alone, which is set to expire in four countries in 2026, can potentially lead to an additional ~500mn-1,000mn annual pen/DDC market, representing a USD 1bn-2bn opportunity.

Exhibit 7. GLP-1 drugs market size



Source: Industry, Morningstar, Bloomberg

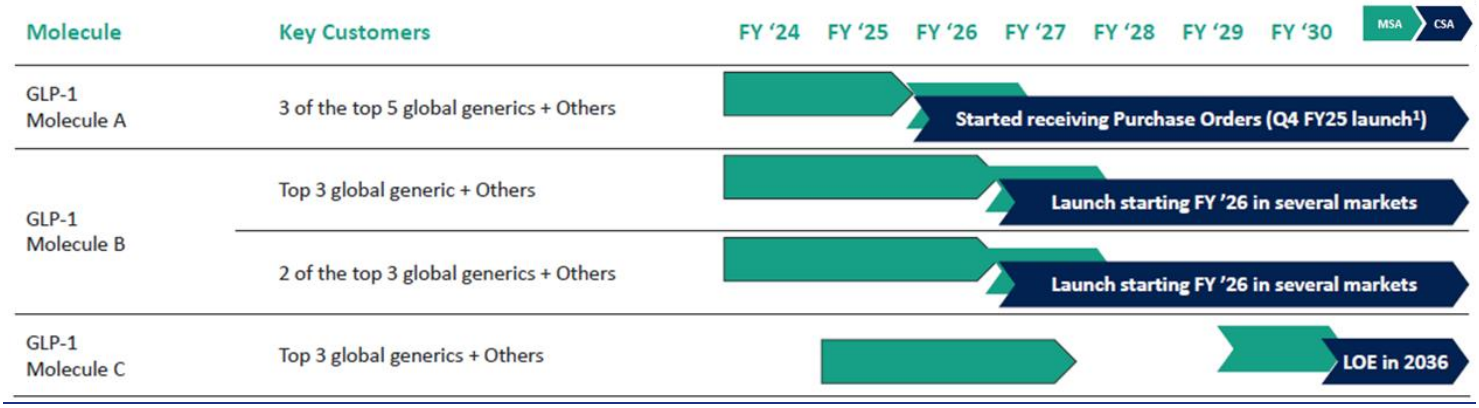
2. OneSource well positioned to ride the GLP-1 tide

OneSource is uniquely positioned as one of the very few Indian CDMOs with pen manufacturing capabilities. It is in a sweet spot to capitalise on the upcoming GLP-1 opportunities with its first-mover advantage, advanced infrastructure, and strategic partnerships. The company has contracts with 20 GLP-1 customers, including three new clients signed in 2QFY25, of which two are among the top-5 global generics players, and it has partnerships for seven of eight GLP-1s, including Tirzepatide. Commercialisation begins in 1QFY26, ensuring robust revenue. Beyond GLP-1s, OneSource's DDC segment capitalises on subcutaneous biologics delivery, with 10

non-GLP-1 projects and three top-10 global generics clients. Its five facilities, approved by USFDA and EU authorities, reinforce its global competitiveness.

Its FDA and GMP-certified DDC facility in Bengaluru, spanning 4,50,000 sqft, features 20+ assembly stations and a Bausch & Strobel filling line for cartridge fill & finish. With GLP-1 associated tailwinds, we expect the company's DDC revenue for GLP-1 to increase at 95% CAGR over FY25E-27E, with EBITDA CAGR being 164% over the same time period.

Exhibit 8. OneSource GLP-1 CDMO business traction



Source: Company

3. Bolstered by one of the largest SGC capacities globally…

The USD 12bn soft gelatin capsules (SGC) CDMO market in 2023 is expected to grow at 9% CAGR through 2028, driven by supply constraints and high specialisation barriers. With 2.4bn annual units, OneSource ranks among the top-5 global soft gelatin players by capacity. The company enjoys significant market share (partner-led) in all the commercialised products globally.

OneSource has 15+ years of softgel experience in Rx/Prescription-led specialised products and has been successful in delivering 19 ANDAs. This SGC platform is in technical collaboration with Pharmagel, Italy. The company has secured a multi-year deal with a top-4 US private label supplier for two OTC SGC products, alongside launching Gx Vascepa. Recently, it has forayed into OTC and CDMO-led partnerships. OneSource, with one of the largest SGC capacities globally, is well positioned to capitalise on the supply side constraints the industry is facing. We expect segmental revenue/EBITDA to ramp up at 16%/16% CAGR over FY25E-27E.

Exhibit 9. Key highlights of OneSource's soft gelatin value chain

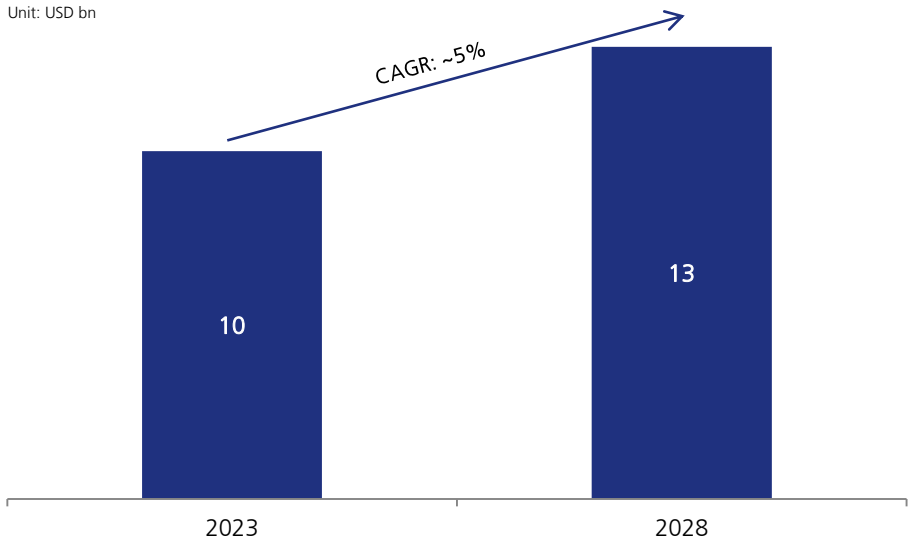
Value Chain Component	Key Highlights
Vendor Network	Strong network of Gelatin and HPMC suppliers with diverse sources
	Long-term technical collaboration and trouble-shooting agreement with Pharmagel, Italy
R&D	Design niche and novel patentable formulation
	Handy self-micro emulsifying delivery system (SMEDS). Droplet size of less than 50 microns to achieve higher availability
	Varying shapes and sizes of capsules, from 2 – 40 oval and 5 - 22 oblong
	Successfully eliminated the widespread issue of capsule leakage
	30+ Products developed fully in-house
Manufacturing	4 highly sophisticated encapsulation lines with cumulative 2.4 billion annual capsules capacity
	One of top 5 global capacities
	High-speed contact printers to print capsules with a high speed camera-based inspection system
	Symetix (in-house design) installed for Single operation of Lubrication + Inspection, zero manual intervention – zero hairline fracture
	Regulatory approvals, including US-FDA, MHRA, ANVISA, TGA, WHO and MCC, amongst others
Distribution	40+ Customers in regulated markets
	~20 products commercialized in US
	Significant market share (partner-led) in all the commercialized products Globally

Source: Company

4. …and a diverse offering under complex and specialty injectables

The USD 10bn sterile fill & finish CDMO market (excluding DDCs) in 2023 is projected to grow at 5% CAGR through 2028, driven by loss of exclusivities (LOE), cost optimisation, stricter compliance and aging facilities. Recent supply chain disruptions have bought to light the vulnerability in penicillin production. OneSource operates one of fewer than 10 FDA-approved penicillin sites globally, supplying to the US, Australia, and Brazil markets. Further, OneSource is one of the top-5 injectable penicillin suppliers to the US in the molecules its US business is catering to.

Exhibit 10. Sterile Fill & finish (excluding DDCs) CDMO market size



Source: Company, Industry

OneSource has 30+ in-house formulations and 15+ regulated market customers. The sterile injectables business leverages 20+ years of expertise in complex formulations and ready-to-use products. It has capabilities to develop and manufacture complex products in differentiated formats including vials, lyophilised vials, pre-filled syringes and dry powder. OneSource has long-term contracts with leading global players across multiple products. Its two manufacturing facilities in India have approvals from USFDA, EU-GMP, Health Canada, and UK MHRA. With the growing prominence of injectables and mid-term visibility enabled by the pipeline of brands losing exclusivity, we feel OneSource is well positioned with its rich experience in the space to capitalise on these trends. As such, we expect segmental revenue to ramp up at 14% CAGR and EBITDA at 18% CAGR over FY25E-27E.

5. Aspiration to become top-5 biologics CDMO in APAC region

OneSource is following a balanced generics and innovators' commercial strategy to deliver near and long-term results. Initial commercial focus is on complex gx and high-end devices to leverage spare capacity. The long-term core strategy is to focus on biologics. The USD 20bn biologics CDMO market in 2023 is expected to grow at 14% CAGR through 2028, driven by biologics acceptance, outsourcing, and R&D growth.

In biologics, the company has fully integrated capabilities (microbial and mammalian) from cell line development to commercial manufacturing, thus serving as a one-stop-shop across the full project lifecycle. OneSource's biologics platform offers integrated microbial and mammalian manufacturing from a single site, a rare global capability. It is following molecule-wise opportunities. A majority of the company's current revenue is from MSA contracts (i.e., services during the pre approval/filing phase); CSA contracts typically entail capacity commitment, annuity of revenue and higher margins. As this MSA-to-CSA flywheel turns, rapid conversion will drive outsized operating leverage, thereby providing stable revenue at higher margins. In biologics, OneSource aims to become a top-5 player in the APAC market.

Exhibit 11. OneSource is uniquely positioned amongst the peer set

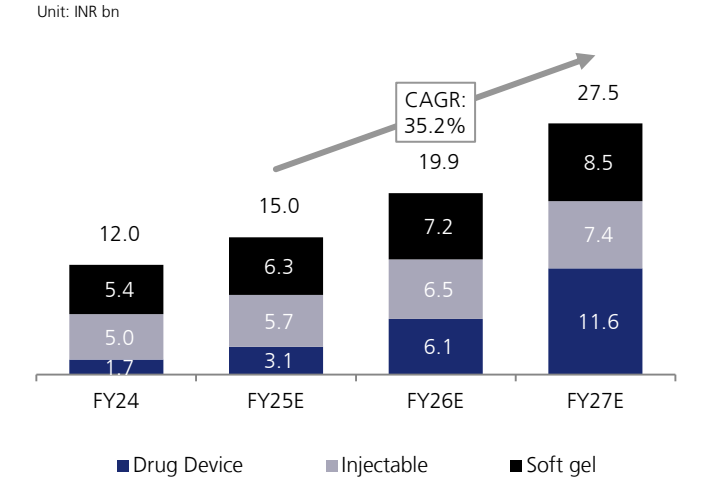
	India				China			US	EU	
	OneSource	Syngene	Piramal	Kemwell	Chime Biologics	MabPlex	Thousand Oaks	Curia	Rentschler	AGC Biologics
Microbial	■	■								■
Mammalian	■	■	■	■	■	■	■	■	■	■
Sterile Fill Finish	■	■	■	■		■	■	■		
Device assembly & Pkg.	■									

Source: Company

6. Improving fundamentals led by GLP-1 ramp up

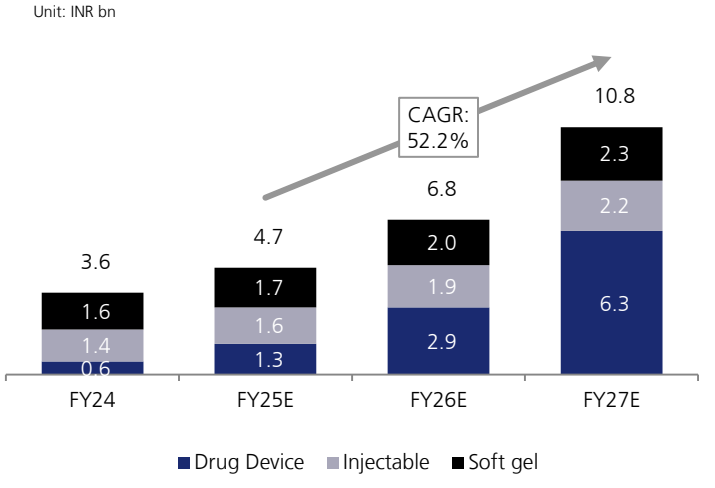
OneSource is poised for robust growth, with projected 35%/52%/129% Revenue/EBITDA/Adj. PAT CAGR over FY25E-27E, driven by GLP-1-led DDC revenue ramp-up, increasing utilisation of one of the world's largest softgel capacities, and MSA-to-CSA conversion cycle. The high-margin DDC operation is expected to drive profitability turnaround, yielding adj. RoIC of ~38% by FY27. Valuing OneSource at 22x Mar'27 EBITDA, applying a discount to the industry average due to the generic CDMO nature of the company and nascent operational stage, we derive a target price of INR 2,049. With OneSource's early mover advantage in the lucrative GLP-1 CDMO space, capacity-led global competitiveness in soft gelatin, a diverse offering under injectables, and 31% upside potential, we initiate coverage on the stock with a **BUY** recommendation.

Exhibit 12. DDC to drive overall revenue at ~35% CAGR…



Source: Company, JM Financial

Exhibit 13. …resulting in ~52% CAGR for EBITDA…



Source: Company, JM Financial

OneSource Specialty Pharma Ltd

OneSource is an end-to-end Contract Development and Manufacturing Organisation (CDMO) offering development and manufacturing solutions, drug-device combinations, biologics, complex injectables, and oral technologies. The company has expertise in development with end-to-end capabilities, installed capacities and compliance track record.

In Sep'23, Strides announced the creation of OneSource, by integrating Stelis' biologics CDMO, SteriScience's complex injectables, and Strides' soft gelatine businesses. OneSource operates five state-of-the-art facilities, all approved by major regulatory bodies, including the USFDA and EU authorities.

Exhibit 14. Key events/milestones

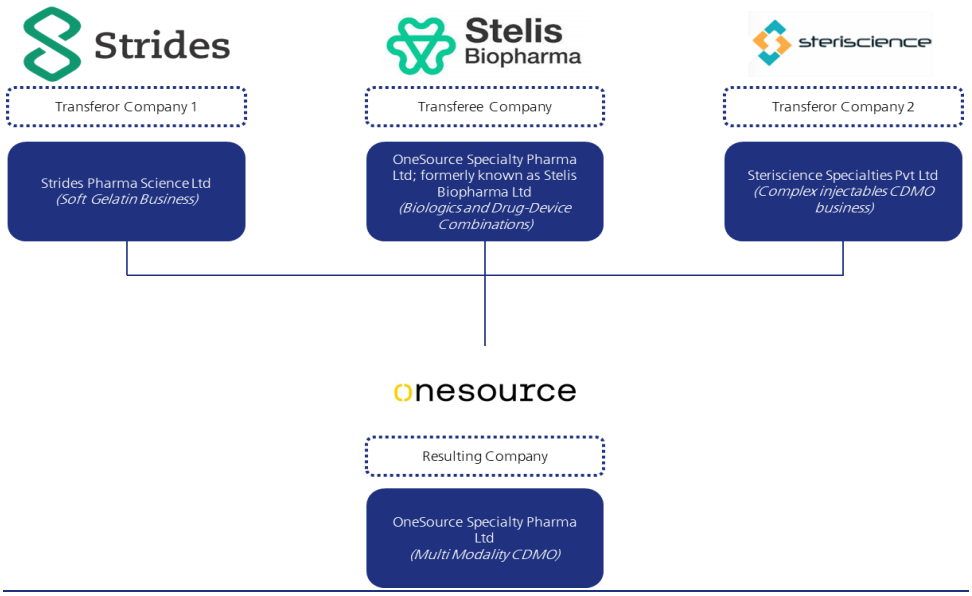
Year	Milestone
1990	Incorporation of the Company as Strides Pharmaceuticals Pvt. Ltd.
1995	Entered into collaboration with Pharmagel Italy to set up a plant for Soft Gelatin Capsules
1998	Successful commissioning and stabilization of Soft Gelatin Capsule plant at KRS Gardens, Bangalore
2007	First USFDA approval for Penicillin site
2010	Rebranded Specialty (injectable) Division as Agila Specialties Pvt. Ltd.
2014	Biotech business re-branded as "Stelis Biopharma".
	Agila is sold to Mylan
2020	Strides re-entered injectable business with SteriScience
2022	Drug Product (DP) manufacturing at Unit-2 of Stelis Biopharma got FDA approved
2023	Introduced OneSource, consolidating all the CDMO offerings from Strides group in one place
2024	Started operating as an independent entity within Strides group
	Successful FDA approval of the generic injectable site

Source: Company

Merger

OneSource Specialty Pharma Ltd, formerly known as Stelis Biopharma Ltd, underwent merger with specific departments/businesses of Strides Pharma Science Ltd and SteriScience Specialties Pvt Ltd, namely, the soft gelatin business was demerged from Strides, and complex injectables CDMO business was demerged from SteriScience, and both were merged into Stelis Biopharma Ltd, which was eventually renamed as OneSource Specialty Pharma Ltd.

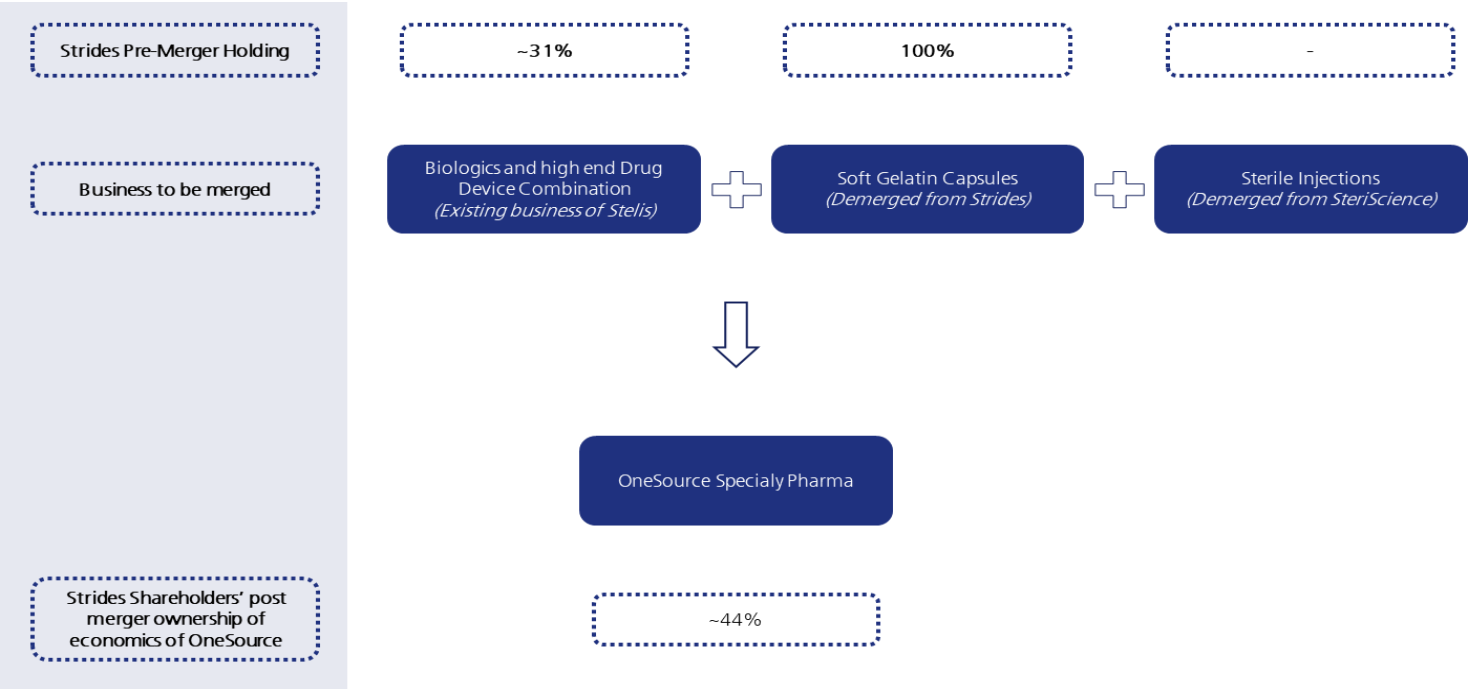
Exhibit 15. Merger structure



Source: Company

Group Structure

Exhibit 16. Group structure



Category	Pre-Merger		Post-Merger	
	Number of Shares	% Share Holding	Number of Shares	% Share Holding
Promoter and Promoter Group	1,25,86,085	29.93%	4,23,21,592	39.00%
Strides Group**	1,29,29,220	30.74%		
Public	1,65,41,349	39.33%	6,62,05,489	61.00%
Total	**4,20,56,654**	**100.00%**	**10,85,27,081**	**100.00%**

Source: Company

Business Segments

A. Drug-device combination (20% of FY25E sales; 42% of FY27E sales):

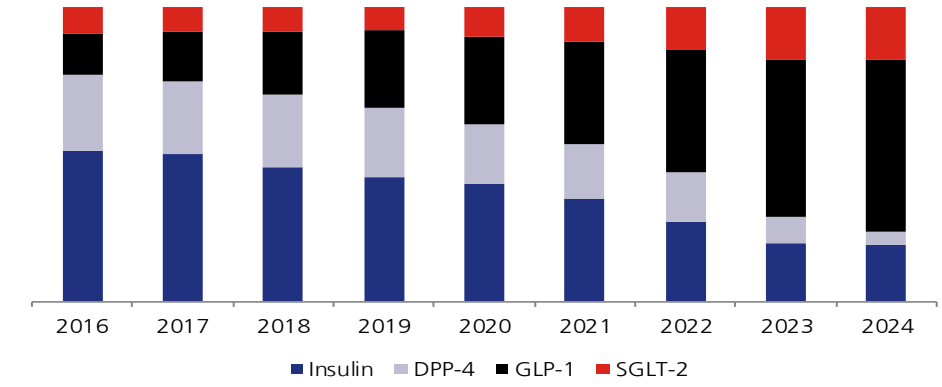
OneSource has 55+ years of cumulative device and CMC experience. DDCs are the primary growth engine for OneSource's outperformance going forward. Though the tailwind for this is GLP-1, OneSource has significant opportunities beyond GLP-1s too.

Exhibit 17. Key highlights of OneSource's DDC segment

Source: Company

GLP-1s, prominently prescribed for diabetes, have gained prominence of late owing to their significant weight loss efficacy, leading to strong traction with the drug running into shortages. GLP-1s are blockbusters drugs witnessing a once-in-a-century growth trajectory and OneSource is well positioned to capitalise on it, with the company being amongst the few Indian CDMOs with pen manufacturing capabilities.

Exhibit 18. GLP-1s' growing prominence in diabetes treatment evident from its market share

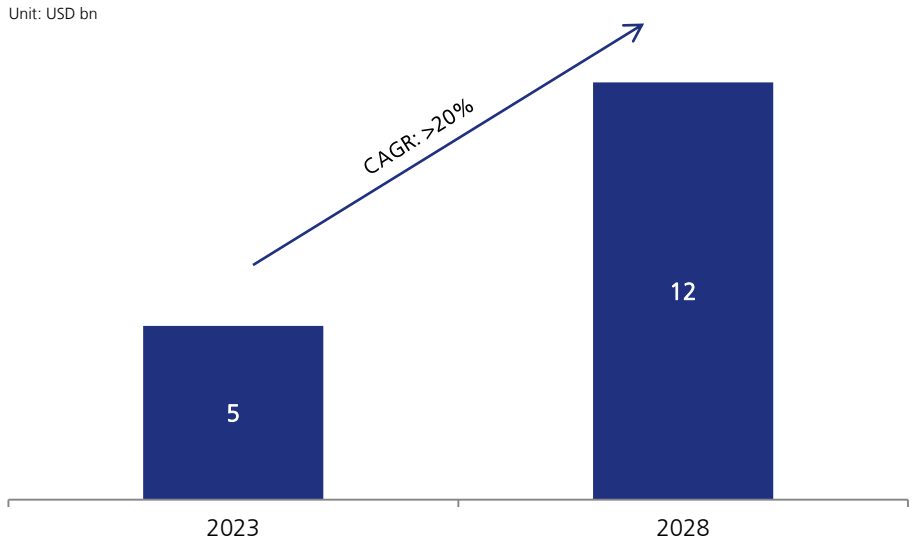


Source: Industry

i. DDC CDMO industry:

The global DDC CDMO market was sized at USD 5bn in 2023 and is expected to grow at >20% CAGR over 2023-2028. This growth is primarily fuelled by rapidly expanding GLP-1s, biosimilars and the shift towards homecare/self-administration.

Exhibit 19. Drug-device combination CDMO market size

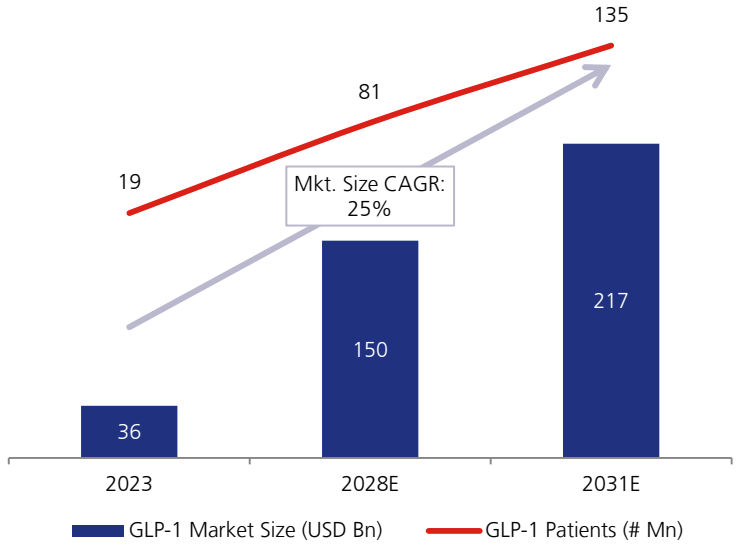


Source: Company, Industry

ii. GLP-1 industry:

Globally, GLP-1 drugs represented a USD 36bn opportunity in 2023, with expected growth rate of 25% over 2023-2031. This USD 36bn market comprises 19mn users, with the expansion of user base expected to be at the rate of 28% over the same period. Following are the tailwinds fuelling this growth:

Exhibit 20. GLP-1 drugs market size



Source: Industry, Morningstar, Bloomberg

iii. Industry tailwinds for GLP-1:

a. Efficacy for weight loss:

The first generation GLP-1s (e.g., Liraglutide) resulted in mid to high single digit percentage total body weight loss. The efficacy for second generation GLP-1s (e.g., Semaglutide) hovered around 15% reduction in total body

weight. The comparable figure for dual agonists (e.g., Tirzepatide), combining GLP-1 and GIP, is around 22-23%.

b. Growing awareness, end user acceptance and underpenetrated category:

Increased awareness of the drugs' effectiveness for weight loss and expanding acceptance of pharmacotherapy for weight management is driving their adoption in a largely underpenetrated category.

Exhibit 21. Underpenetrated category with significant upward potential

Region	Current GLP-1 Users (# Mn)	Penetration amongst Diabetes + Obesity Patients
US	7	5%
Americas excl. US	1	1%
EMEA	5	1%
China	2	1%
Rest of World	3	1%

Source: Industry, JM Financial

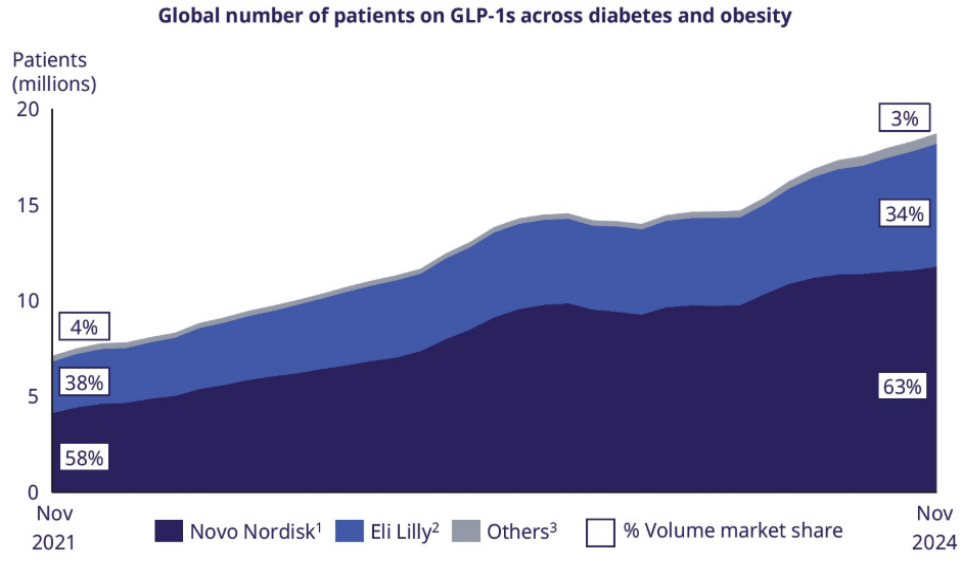
c. Insurance coverage:

In the US, though coverage for usage of GLP-1 drugs is fairly prevalent for type 2 diabetes, it is limited for obesity. Currently, Medicare doesn't cover GLP-1s when prescribed solely for weight loss. However, there is strong public support in the country for broader coverage of GLP-1 drugs, both from Democrats and Republicans. Expansion in this aspect is likely to further increase the adoption of GLP-1 drugs.

d. Potential for price reduction:

Cost is one of the major barriers to widespread adoption of GLP-1s, with 1-month supply costing anywhere between USD 900 and USD 1,400 in the US. Currently, the supply is fairly oligopolistic in nature, with two firms dominating the market, thereby driving a premium in pricing. However, patent expiries and introduction of new players is set to put downward pressure on pricing, which will likely further increase the adoption of these drugs. 2027 onwards. Entry of new players is likely to result in 10-15% annual pricing decline in the US as competitors work to gain insurance coverage.

Exhibit 22. Market structure



Source: Industry

iv. Key in-market GLP-1 drugs:

Currently, Novo's Semaglutide is the biggest GLP-1 drug in the market followed by Eli Lilly's Tirzepatide. Semaglutide generated USD 29bn in sales for Novo in CY24 whereas Tirzepatide generated ~USD 16bn in sales for Eli Lilly in CY24. Though currently the market is dominated by Semaglutide, the projections show Tirzepatide overtaking Semaglutide over the long run with projected consensus revenue for 2033 being USD 40bn for Semaglutide and USD 57bn for Tirzepatide. The rationale for this is higher efficacy of Tirzepatide as well as chain of Semaglutide patent expiries across the globe starting from 2026.

Exhibit 23. Key drugs currently in the market

API	Drug name	Company	2024 Sales ($ Bn)	Year of approval	Treatment for	Formulation type	2033 Revenue Consensus ($ Bn)
Semaglutide	Ozempic	Novo Nordisk	17.5	2017	Diabetes, CVD	Injection	18.9
Semaglutide	Wegovy	Novo Nordisk	8.4	2021	Obesity	Injection	14.5
Semaglutide	Rybelsus	Novo Nordisk	3.4	2020	Diabetes	Oral Tablet	6.7
Tirzepatide	Mounjaro	Eli Lilly	11.5	2022	Diabetes	Injection	28.5
Tirzepatide	Zepbound	Eli Lilly	4.9	2023	Obesity	Injection	28.5
Dulaglutide	Trulicity	Eli Lilly	5.2	2014	Diabetes	Injection	0.8
Liraglutide	Victoza	Novo Nordisk	0.8	2010	Diabetes, CVD	Injection	0.3
Liraglutide	Saxenda	Novo Nordisk	1.0	2014	Obesity	Injection	0.3
Exenatide	Byetta	Astrazeneca	NA	2005	Diabetes	Injection	0.03 (2030 E)
Exenatide ER	Bydureon Bcise	Astrazeneca	NA	2012	Diabetes	Suspension	0.03 (2032 E)
Lixisenatide, Insulin Glargine	Soliqua	Sanofi	0.2	2016	Diabetes	Injection	NA
Lixisenatide	Adlyxin	Sanofi	NM	2016	Diabetes	Injection	NA

Source: Industry, S&P Global, Bloomberg

Semaglutide is a second generation GLP-1 drug with weight loss efficacy of ~15%; Tirzepatide is a relatively newer second generation GLP-1 drug with weight loss efficacy of 22-23%. Though Tirzepatide has higher efficacy, it is currently trailing in market share with 4mn global users representing 68mn annual pen demand as compared to 10mn global users for Semaglutide representing 148mn annual pen demand. This is primarily because Tirzepatide is relatively newer to the market with commercialisation beginning in the 2020s as compared to Semaglutide, which was commercialised in the late 2010s.

Exhibit 24. Global GLP-1 users

Drug	Company	Total users (# Mn)
DiabetesCare		
Oral		
Rybelsus	Novo	2
Pen		
Ozempic	Novo	7
Mounjaro	Eli Lilly	3
Trulicity	Eli Lilly	3
Victoza	Novo	1
ObesityCare		
Wegovy	Novo	1
Saxenda	Novo	0
Zepbound	Eli Lilly	1
Other GLP-1 drugs		1
Total		**19**

Source: Industry, JM Financial

The US market has been the focal point for both Novo and Eli Lilly, primarily owing to price differential between the US and other developed countries. The listed price for GLP-1's monthly supply in the US is USD 900-1,400, whereas the price of similar supply in other developed countries majorly lies ~USD 200-400. Given the importance of the US, Eli Lilly has been fairly aggressive there; thus, the US market is relatively symmetrically split between Eli Lilly and Novo Nordisk. Cumulatively, both these players have ~7mn users in the US, thus representing an annual demand of ~157mn pens.

Exhibit 25. US diabetic market

Particulars	
TAM (Mn)	35
Total US GLP1 Users (Mn)	6.2
Overall GLP1 Penetration	18%
Total Novo GLP1 Users (Mn)	3.0
Ozempic share of TAM	7%
Rybelsus share of TAM	1%
Victoza share of TAM	0%
Total Eli Lilly GLP1 Users (Mn)	2.4
Mounjaro share of TAM	5%
Trulicity share of TAM	2%

Source: Industry, JM Financial

Exhibit 26. US obesity market

Particulars	
TAM (Mn)	93
Total US GLP1 Users (Mn)	1.5
Overall GLP1 Penetration	2%
Total Novo GLP1 Users (Mn)	0.8
Wegovy share of TAM	1%
Saxenda share of TAM	0%
Total Eli Lilly GLP1 Users (Mn)	0.7
Zepbound share of TAM	1%

Source: Industry, JM Financial

Looking at innovator companies' pipelines, many new entrants are expected by 2031, key names being Pfizer, Roche, Amgen, AstraZeneca, and Boehringer Inglheim. Nonetheless, both Eli Lilly and Novo are expected to be key players even in 2031 with expected revenue from select key GLP-1 products being USD 78bn for Eli Lilly and USD 53bn for Novo Nordisk.

Exhibit 27. Expected performance of key in-market drugs

Key Players (USD Bn)	2023	2028E	2031E
Eli Lilly's GLP-1 Sales (Mounjaro + Zepbound + Orfoglipron + Retatrutide)	5	51	78
Novo Nordisk's GLP-1 Sales (Diabetes + Obesity)	24	54	53

Source: Industry, Morningstar, Bloomberg

v. GLP-1 value chain:

GLP-1 drugs offer a substantial gross margin for innovator companies. For example, Novo's Semaglutide has WAC of ~USD 1,000 in the US and an average price of ~USD 200 in the rest of the world for a month's supply of diabetes indication; the same formulation carries a WAC of ~USD 1,300 and an average price of ~USD 300 in the rest of the world for a month's supply of obesity indication. Our research indicates single-digit to lower-double-digit USD gross cost to Novo for a month's supply of Semaglutide.

Excluding the R&D and corporate overheads, consumable (i.e., cartridge + disposable pen) constitutes a majority of the gross cost to the innovator. The next major cost head is the fill & finish, along with fill & finish CDMO's profit margin. API costs are relatively low, with our research indicating that, at large scale production, the minimum cost of Semaglutide/Tirzepatide API can go as low as USD 60,000-70,000/kg.

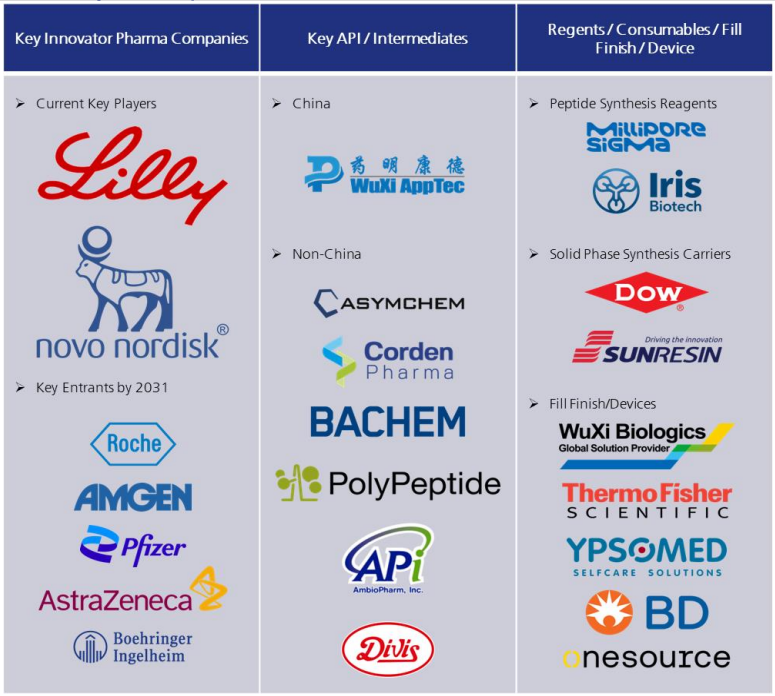
Exhibit 28. Indicative cost structure for GLP-1s (Semaglutide as case study)

Cost Structure	% of cost structure
API	7%
Excipient	0%
Consumables (Cartridge + Disposable pen)	36%
Fill & Finish CDMO cost + CDMO's profit margin (Fill & finish CDMO's profit)	43%
Product to market cost (Packaging + transportation)	14%

Source: Industry

Traditionally the GLP-1 value chain has been dominated by European and Chinese CDMOs. However, a recent trend that is being seen is supply chain diversification away from China; also, European CDMOs are finding it difficult to keep pace with demand owing to scaling-up challenges with delays in commercialisation of planned capacities. Given below are notable names present across various stages of the GLP-1 value chain.

Exhibit 29. Industry landscape



Source: Industry

vi. GLP-1 pen and fill & finish market size:

GLP-1 has ~19mn users globally, translating into a requirement of ~381mn+ pens, requiring both manufacturing as well as fill & finish. Novo Nordisk's value chain is typically in-house with minimal reliance on 3rd party CDMOs. Further, Novo's 2024 acquisition of Catalent, a leading global CDMO, strengthened Novo's self-reliant supply chain and compressed the already constrained global supply chain. Excluding the Novo GLP-1 users and pens, the CDMO opportunity for GLP-1 users, as of date, is ~8mn users, translating into ~200mn pens.

Exhibit 30. GLP-1 pen and fill & finish market

Drug	Dosage	Company	Total users (# Mn)	Total Annual Pen (# Mn)
Diabetes Care				
Oral				
Rybelsus	Daily	Novo	2	Oral tablet
Pen				
Ozempic	Weekly	Novo	7	85
Mounjaro	Weekly	Eli Lilly	3	35
Trulicity	Weekly	Eli Lilly	3	129
Victoza	Daily	Novo	1	19
Obesity Care				
Wegovy	Weekly	Novo	1	62
Saxenda	Daily	Novo	0	17
Zepbound	Weekly	Eli Lilly	1	33
Others			1	NA
Total			**19**	**381**

Source: JM Financial

vii. Growth driver for pen and fill & finish market - patent expiry:

Currently one of the biggest barriers to adoption is the pricing of GLP-1 drugs. Though GLP-1 drugs are fairly covered by insurance for diabetes patients in the US, coverage for standalone obesity is still evolving, thereby pushing the cost of GLP-1-led treatment. The key molecules (Semaglutide & Tirzepatide) enjoy patent protection, thereby enabling the innovator company to charge substantial premium over the cost of production. Our research hints that the generic versions of these drugs can decrease the cost to as low as 1/10th of the current marketed

price, thereby enabling widespread adoption of these drugs. Thus, a substantial boost to the GLP-1 market, and by extension the CDMO market backing it, is expected as molecules go into expiry. Below is the patent expiry calendar for key GLP-1 molecules:

Exhibit 31. Patent expiration calendar

Year	Country	Company	Drug Name
2026	China, Canada, Brazil, India	Novo	Semaglutide
2027	US	Eli Lilly	Dulaglutide
2029	EU, Japan	Eli Lilly	Dulaglutide
2031	EU, Japan	Novo	Semaglutide
2032	US	Novo	Semaglutide
2036	US	Eli Lilly	Tirzepatide
2037	EU	Eli Lilly	Tirzepatide
2039	Canada	Eli Lilly	Dulaglutide, Tirzepatide
2040	Japan	Eli Lilly	Tirzepatide

Source: Industry, Annual Reports

Semaglutide is the first molecule to lose patent protection beginning from 2026. China, Canada, Brazil and India are the countries where the patent expires in the first wave. These countries have both high obesity and diabetes rates. Our research indicates that this wave alone can potentially result in an additional ~500mn-1,000mn annual pen demand, leading to a potential USD 1bn-2bn additional opportunity from OneSource (and similar peers') perspective.

Exhibit 32. Potential impact of 2026 Semaglutide patent expiry on pen demand

Region	Affected Population (TAM) (# Mn)	Assumed Min additional penetration	Assumed Max additional penetration	Avg. Monthly Pen	Min additional annual pens (# Mn)	Max additional annual pens (# Mn)
Diabetes						
China	141	6%	12%	1.0	101	203
Canada	3	6%	12%	1.0	2	4
Brazil	16	6%	12%	1.0	11	23
India	74	6%	12%	1.0	53	107
Total Diabetes	**234**				**168**	**337**
Obesity						
China	119	3%	6%	4.0	171	343
Canada	12	3%	6%	4.0	17	35
Brazil	42	3%	6%	4.0	60	121
India	70	3%	6%	4.0	101	202
Total Obesity	**243**				**350**	**700**
Total					**518**	**1,036**

Source: JM Financial, Industry

viii. Growth driver for pen and fill & finish market - launch of new drugs and entry of new innovators:

The oligopolistic nature of the market has enabled the current two players, i.e., Novo Nordisk and Eli Lilly to keep prices high. This is likely to change as more drugs and players enter the market because it'll put downward pressure on the price as players compete to garner market share as well as to be included in insurance coverage. The reduction in price will enable wider penetration of GLP-1 drugs. Further, as more players enter the space, the associated expansion of capacity too will ease the supply side constraints the industry is facing.

Novo's Cagrisema, Eli's Orforglipron and Retatrutide are the three key pipeline drugs currently in Phase 3.

Exhibit 33. GLP-1 pipeline: Phase 3

Drug Candidate	Company	Treatment for	Expected Launch Year	2033 Revenue Consensus ($ Bn)
Cagrisema (Cagrilintide plus semaglutide)	Novo Nordisk	Diabetes; Obesity; CVD	2025	28.5
Orforglipron - Oral (LY3502970, OWL833)	Eli Lilly & Chugai Pharmaceutical	Diabetes; Obesity	2025	13.3
Retatrutide	Eli Lilly	Diabetes; Obesity; CVD	2025	7.9
Mazdutide (LY3305677) (IBI-362)	Eli Lilly & Innovent Biologics	Diabetes; Obesity	2025	1.5
Icosema (NN1535)	Novo Nordisk	Diabetes	2025	0.8
Survodutide (BI-456906)	Zealand Pharma & Boehringer Ingelheim (Pvt)	Obesity; Phase 2 for Diabetes & NASH	2027	0.7
NN9931 (semaglutide)	Novo Nordisk	MASH/NASH	2028	NA
TG103	CSPC Pharma	Diabetes; Alzheimer's disease; NASH; Obesity	2025	0.02 (For 2028)

Source: Industry, S&P Global

Given the once-in-a-lifetime rapid increase of GLP-1 drugs, interest from players who have so far been sidelined comes as no surprise. Looking at the pipeline of key innovators, a few notable players working on their GLP-1 molecules are Pfizer, Amgen, Merck, Roche, Astrazeneca, etc.

Exhibit 34. GLP-1 pipeline: Phase 1/2

Drug Candidate	Clinical Phase	Company	Indication
PF-06882961 (Danuglipron)	2	Pfizer	Diabetes; Obesity; MASH
AMG-133 (Maridebart Cafraglutide)	2	Amgen	Diabetes; Obesity
GSBR-1290	2	Structure Therapeutics	Diabetes; Obesity
Amycretin (NN9487)	2	Novo Nordisk	Obesity
ALT-801 (Pemvidutide)	2	Altimmune	Obesity; MASH
VK-2735	2	Viking Therapeutics	Obesity; Phase 1: MASH
MK-6024 (Efinopegdutide)	2	Merck	MASH
HS-20094	2	Hansoh Pharma	Diabetes; Obesity
Dapiglutide	2	Zealand Pharma	Obesity
CT-388	2	Roche/Genentech	Obesity
CT-868	2	Roche/Genentech	Diabetes; Obesity
AZD9550	1/2	AstraZeneca	MASH
SemaDapa	1	Novo Nordisk	Diabetes
TERN-601	1	Terns Pharma	Obesity
Petrelintide	1	Zealand Pharma	Obesity
NN9904 oral	1	Novo Nordisk	Diabetes
AZD6234	1	AstraZeneca	Obesity
NN9650	1	Novo Nordisk	Diabetes
CT-996	1	Roche/Genentech	Diabetes

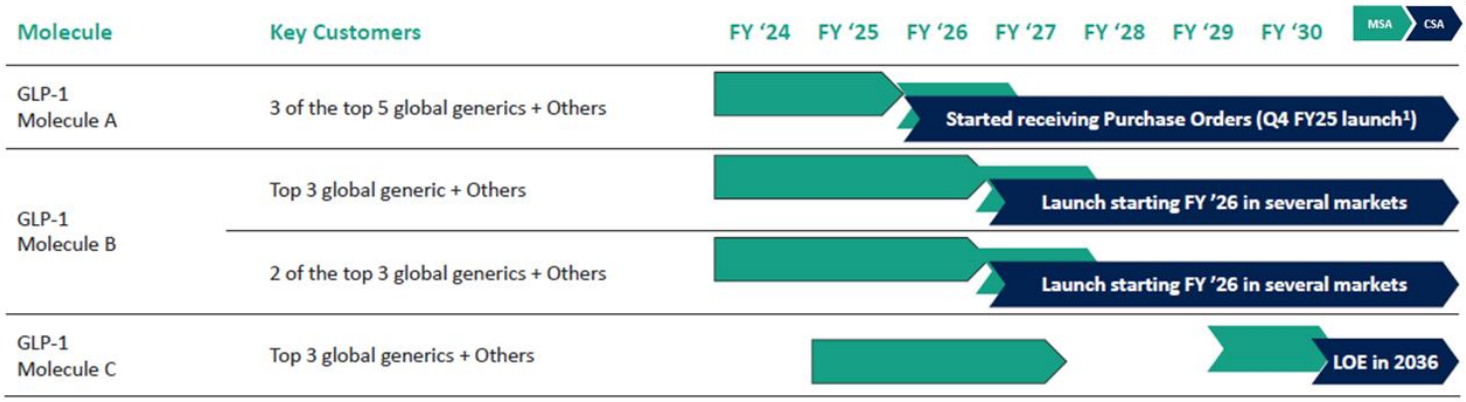
Source: Industry, S&P Global

ix. OneSource's GLP-1 pen and fill & finish business:

OneSource has a FDA and GMP certified DDC facility spread over 4,50,000 sqft in Bengaluru, equipped with 20+ automatic and semi-automatic assembly stations to support multiple device formats, and a Bausch & Strobel filling line integrated with isolator for cartridge fill & finish. The company has an annual capacity of 40mn pen cartridges, and plans to scale it up to 220mn by FY28-end. This expansion is to fulfil the demand for GLP-1s, which is currently outstripping the bottlenecked supply.

The commercialisation of GLP-1 is to commence from 1QFY26 with contracts already in place. OneSource has signed three new GLP-1 customers in 2QFY25, two of them being top-5 global generics players; with the recent wins for Tirzepatide, OneSource has now partnered for 7 out of 8 GLP-1s. It has secured contracts with 20 GLP-1 customers, thus providing a solid revenue stream.

Exhibit 35. OneSource GLP-1 CDMO business traction

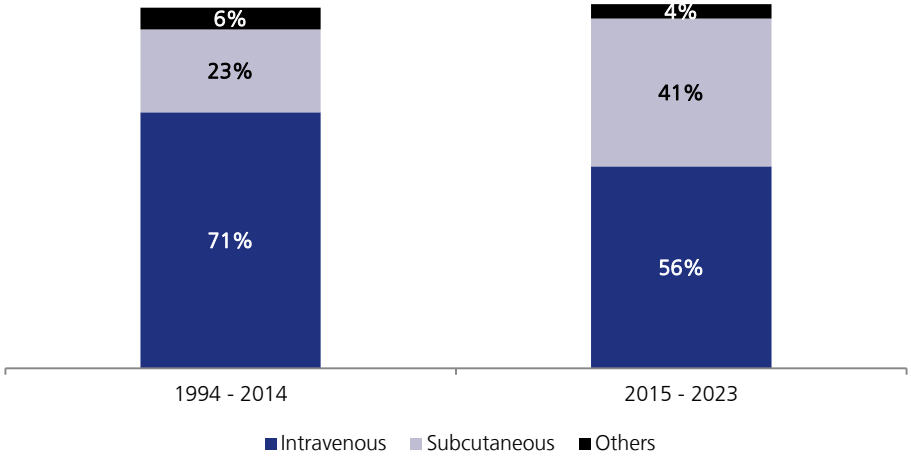


Source: Company

x. Significant DDC opportunity for OneSource beyond GLP-1:

The subcutaneous (SC) delivery route has been increasingly becoming as prominent as the biologic delivery route. Advancements in SC injection devices have been enabling Drug Product (DP) development to shift towards patient centricity by enabling self-administration with innovators transitioning from intravenous (IV) infusion to SC administration for life cycle management.

Exhibit 36. Subcutaneous route's growing prominence in biologics (e.g.: mABs)



Source: Company, Industry

OneSource has 10 Non GLP-1 DDC projects under execution and counts 3 of the top 10 global generics as its customers, with FY26 being the year of its 1st biosimilar DDC launch.

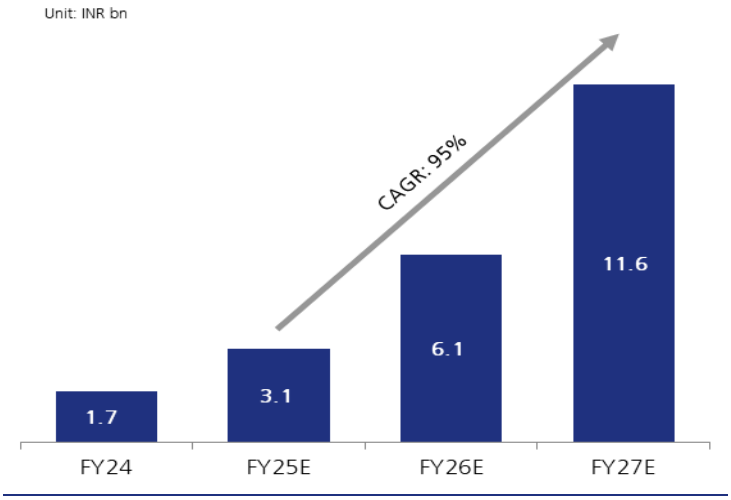
xi. NATCO Partnership to bring in one time singnificant cash flow in 2032

NATCO is likely to one of the first entrants in US Semaglutide generic market in 2032 with 180 days exclusivity. Onesource is the manufacturing & profit sharing partner of NATCO for supplying this product to the US. This creates a potential INR 3bn discounted cash flow, thus reflecting a 17% option value which we have not factored in our TP.

xii. Our view on OneSource's DDC business

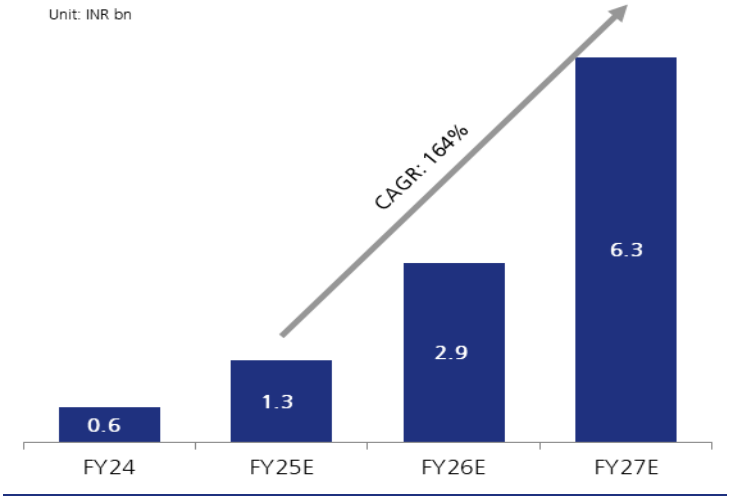
Given the numerous tailwinds as well as the enormous GLP-1 opportunity, we feel OneSource is well positioned as a CDMO with substantial capacity and demonstrated DDC capabilities. Enabled by further capacity expansion, we expect the company's DDC revenue to grow to 7x the FY24 revenue, thus reaching INR 12bn by FY27.

Exhibit 37. DDC revenue expected to ramp up at 95% CAGR…



Source: Company, JM Financial

Exhibit 38. …leading to EBITDA CAGR of 164% over FY25E-27E



Source: Company, JM Financial

B. Oral technologies/softgel (42% of FY25E sales; 31% of FY27E sales):

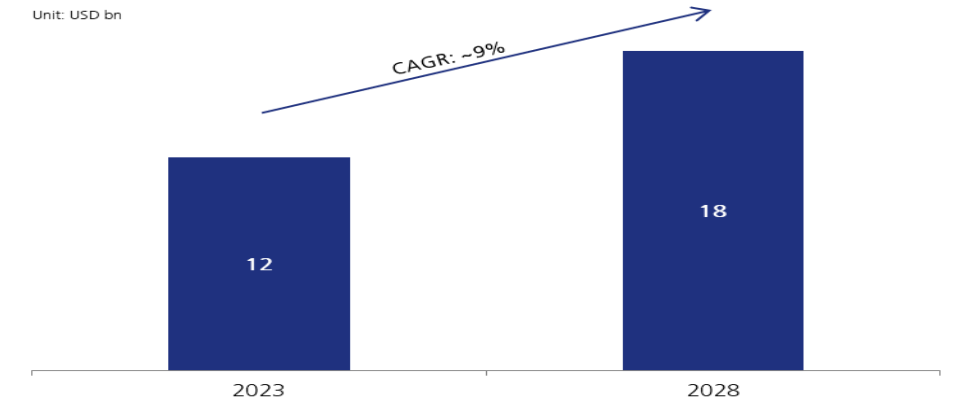
The company's oral technologies business was inherited from Strides Pharma in the aforementioned merger, bringing in over 3 decades of experience in softgel R&D and manufacturing. OneSource is one of the top-5 players globally in terms of capacity and currently has 19 ANDAs commercialised.

Exhibit 39. Product range

Source: Company

The global soft gelatin capsule (SGC) CDMO market was sized at USD 12bn in 2023 and is expected to grow at a CAGR of 9% over 2023-28. The driver for growth is the supply side constraint the industry is facing as well as entry barriers in the form of high skill/specialisation needed for pharma grade softgels.

Exhibit 40. Soft gelatin capsule CDMO market size (USD bn)



Source: Company, Industry

OneSource currently has access to the Soft Gelatin Block in Stride Pharma's KRSG facility, enabling annual capacity of upto 2.4bn capsules via 4 highly sophisticated encapsulation lines. The facility has USFDA, MHRA, ANVISA, TGA, WHO and MCC approvals, amongst others. This agreement for KRSG facility is valid upto Mar'29. Meanwhile, OneSource has plans to build independent capacity during this period.

Exhibit 41. Key highlights of the value chain

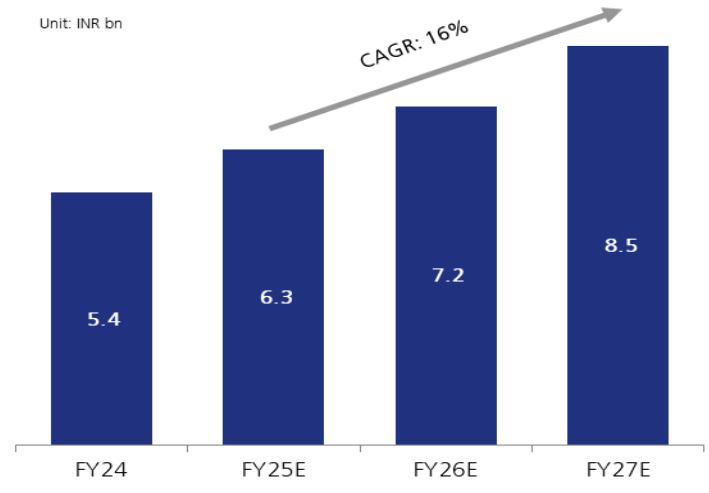
Value Chain Component	Key Highlights
Vendor Network	Strong network of Gelatin and HPMC suppliers with diverse sources
	Long-term technical collaboration and trouble-shooting agreement with Pharmagel, Italy
R&D	Design niche and novel patentable formulation
	Handy self-micro emulsifying delivery system (SMEDS). Droplet size of less than 50 microns to achieve higher availability
	Varying shapes and sizes of capsules, from 2 – 40 oval and 5 - 22 oblong
	Successfully eliminated the widespread issue of capsule leakage
	30+ Products developed fully in-house
Manufacturing	4 highly sophisticated encapsulation lines with cumulative 2.4 billion annual capsules capacity
	One of top 5 global capacities
	High-speed contact printers to print capsules with a high speed camera-based inspection system
	Symetix (in-house design) installed for Single operation of Lubrication + Inspection, zero manual intervention – zero hairline fracture
	Regulatory approvals, including US-FDA, MHRA, ANVISA, TGA, WHO and MCC, amongst others
Distribution	40+ Customers in regulated markets
	~20 products commercialized in US
	Significant market share (partner-led) in all the commercialized products Globally

Source: Company

OneSource caters to both Rx and OTC markets. Commercialised products have high-teen market share. In terms of wins, the company recently concluded a multi-year deal will a top-4 US private label supplier for two OTC SGC products, Gx Vascepa being recently launched.

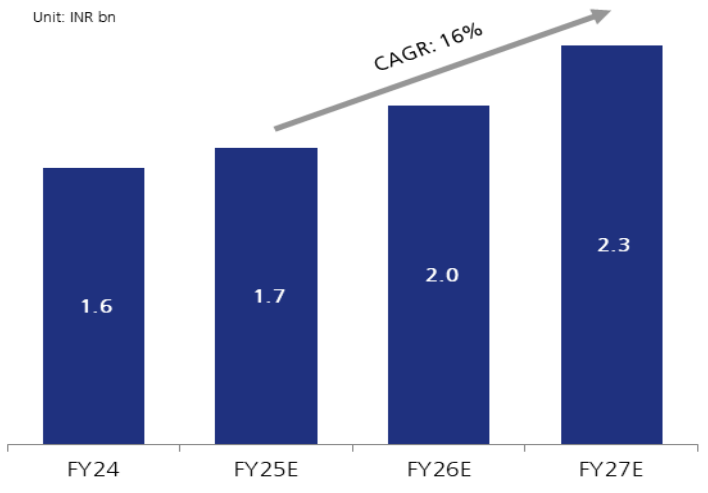
OneSource, with one of the largest capacities globally, is well positioned to capitalise on the supply side constraints the industry is facing. As such, we expect OneSource's oral technologies Revenue/EBITDA to grow at a CAGR of 16%/16% over FY25E-27E.

Exhibit 42. Revenue expected to ramp up at 16% CAGR…



Source: Company, JM Financial

Exhibit 43. …leading to EBITDA CAGR of 16%



Source: Company, JM Financial

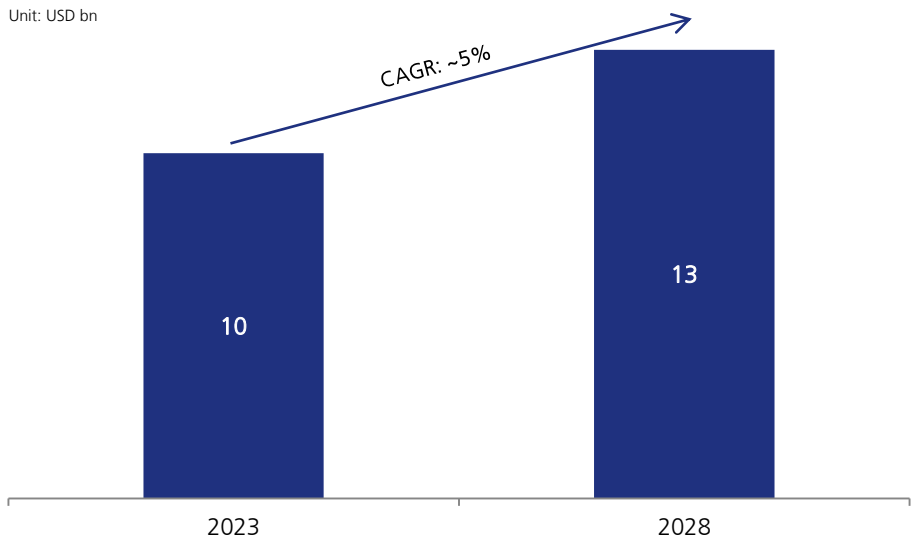
C. Sterile Injectable/Fill & finish (38% of FY25E sales; 27% of FY27E sales):

OneSource boasts 20+ years of experience in sterile injectables development, and manufacturing and supplying to regulated markets such as US, Europe and Australia. This business was acquired from SteriScience as part of the aforementioned merger. OneSource has expertise in ready-to-use and complex injectables including suspensions, microspheres, and liposomes.

OneSource has 30+ formulations developed in-house and 15+ customers in regulated markets. Product range includes liquid vials (liquid/aseptic), lyophilised, dry powder, pre-filled syringes, and auto-injectors.

The global sterile fill-finish CDMO market (excluding DDC) was sized at USD 10bn in 2023 and is expected to grow at a CAGR of 5% over 2023-28. Growth drivers are loss of exclusivities, ageing facilities and cost optimisation. Stricter compliance norms and ageing facilities have led to frequent shortage in sterile injectable, especially for generics. Increasing pipeline and approvals of injectable drugs, owing to quicker onset of action, precise dosing, and enhanced patient adherence is another driver for growth.

Exhibit 44. Sterile Fill & finish (excluding DDCs) CDMO market size



Source: Company, Industry

Generic injectables are seen as the next growth engine for US large generic players. Almost all generic players with reasonable scale in the US have been increasing investments in injectables and stepping up FDA filings in the previous few years.

Exhibit 45. Brands' LOE by route of administration; Sales in the year before LOE (USD bn)

Dosage	Un genericized	2022	2023	2024	2025	2026	2027	Total
Simple Injectables		3.2	0.2	0.6	0.5	1	3	8.6
Complex Injectables	7.8	1.6		0.8		1.1	0.3	12.1
Inhalation	4.2		0.2		1.3		2.5	8.3
Others	0.8	0.3	0.2	0.1	0.6	0.6	0.8	2.9

Source: Company, Industry

Supply chain disruptions have bought to light the vulnerability in penicillin production. OneSource has one of the few (<10) FDA-approved penicillin manufacturing sites globally, operational since 17 years. OneSource is also one of the top 5 injectable penicillin suppliers to the US in the molecules it is supplying to the US. The penicillin facility is spread over 3,900 sqm and caters to the global market including US, Australia and Brazil.

OneSource's manufacturing value chain, spread across two facilities, encompasses aseptic liquid filling lines for all formats, vial line for TS products, cold rooms for storage, highly automated packaging line, high capacity warehouse, tertiary packaging area, track and trace systems.

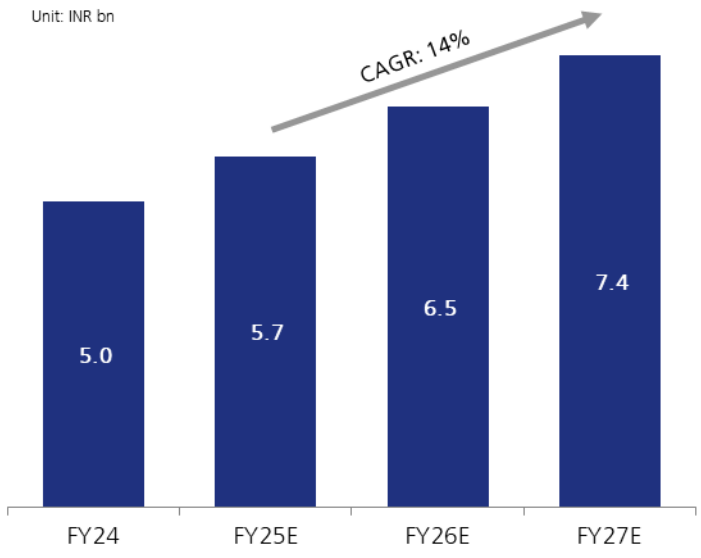
Exhibit 46. OneSource's manufacturing capacity

Dosage format	Annual Capacity
Pre-filled Syringes	~38 million
Liquid Vials (Aseptic)	~28 million
Dry Powder Vials	~18 million
Lyophilized Vials	~4 million

Source: Company

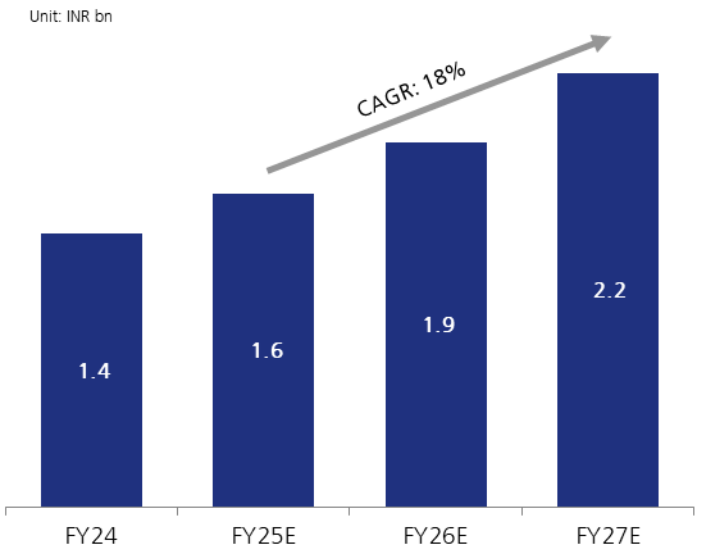
With the growing prominence of injectables and mid-term visibility enabled by the pipeline of brands losing exclusivity, we feel OneSource is well positioned with its rich experience in the space to capitalise on these trends. Hence, we expect revenue in this segment to ramp up at 14% CAGR and EBITDA at 18% CAGR over FY25E-27E.

Exhibit 47. Revenue expected to ramp up at 14% CAGR...



Source: Company, JM Financial

Exhibit 48. ...leading to EBITDA CAGR of 18% over FY25E-27E

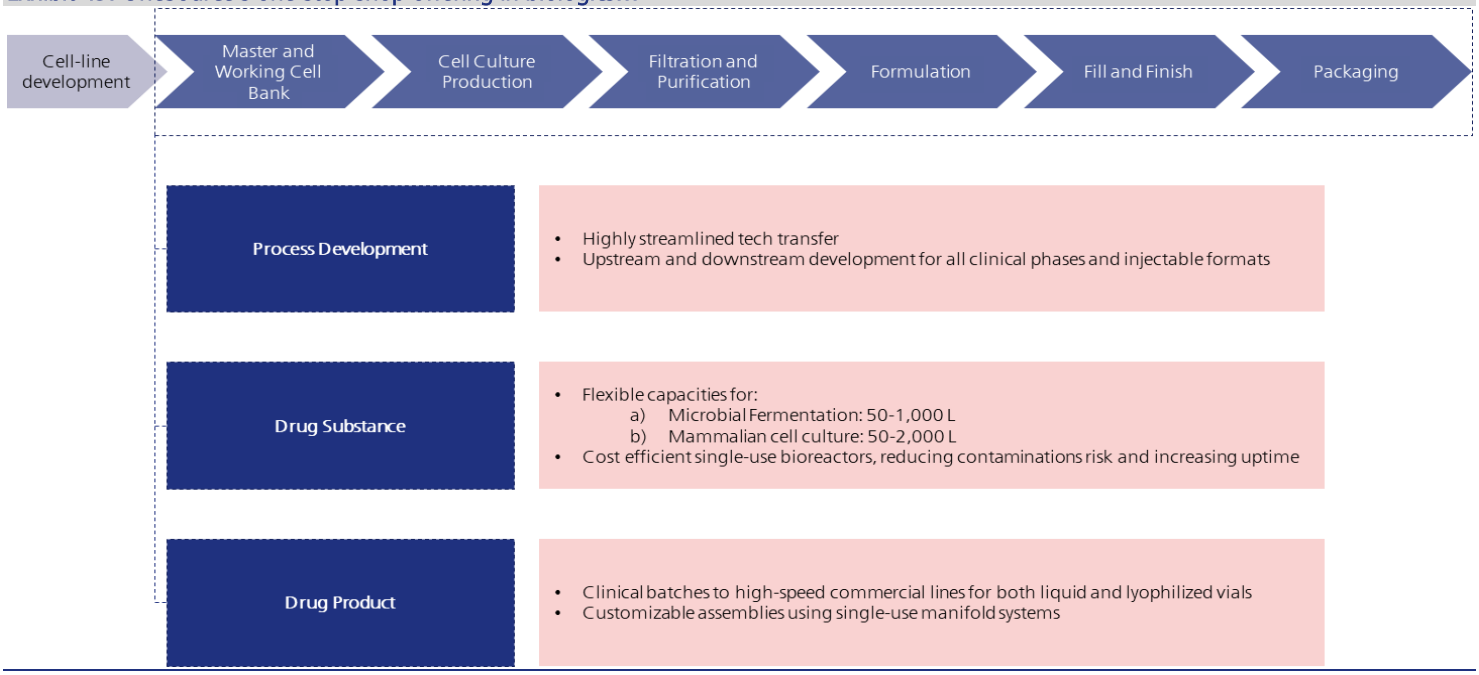


Source: Company, JM Financial

D. Biologics – Drug substance play, potentially leading to capacity commitments on drug product end:

OneSource offers a fully-integrated biopharmaceutical platform serving as a one-stop-shop for biologics, thus being able to cater to developers seeking single CDMO across the full project lifecycle. It has one of the few sites globally offering integrated DS-DP manufacturing for microbial and mammalian from the same site. In DS, OneSource operates microbial and mammalian platforms. OneSource has the opportunity to become a top-5 biologic CDMO in the APAC market. It also has 10+ ongoing projects and RFPs.

Exhibit 49. OneSource's one-stop-shop offering in biologics…



Source: Company

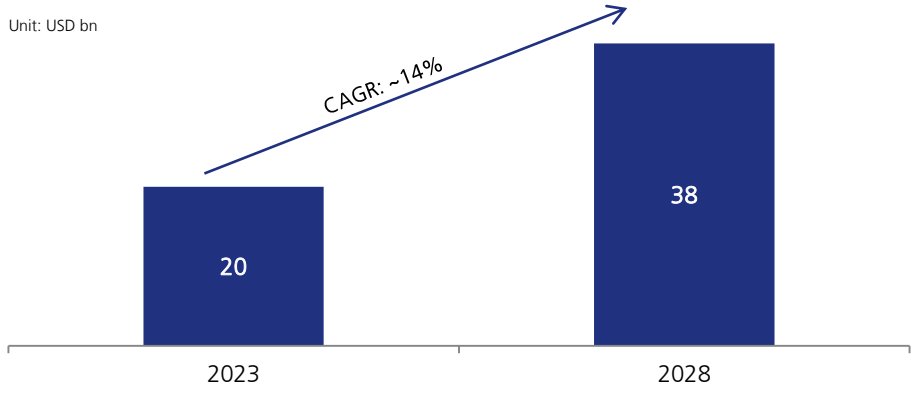
Exhibit 50. …is uniquely positioned amongst the peer set

	India				China			US	EU	
	OneSource	Syngene	Piramal	Kemwell	Chime Biologics	MabPlex	Thousand Oaks	Curia	Rentschler	AGC Biologics
Microbial	■	■								■
Mammalian	■	■	■	■	■	■	■	■	■	■
Sterile Fill Finish	■	■	■	■		■	■	■		
Device assembly & Pkg.	■									

Source: Company

The global biologics (DS and DP) CDMO market was sized at USD 20bn in 2023 and is expected to grow at a CAGR of ~14% over 2023-2028. This will be driven by continued double-digit growth in biologics, led by both wider acceptance of biologics and new products, growth in biologics manufacturing outsourcing, and increase in R&D spending.

Exhibit 51. Biologics (DS and DP) CDMO market size (USD bn)

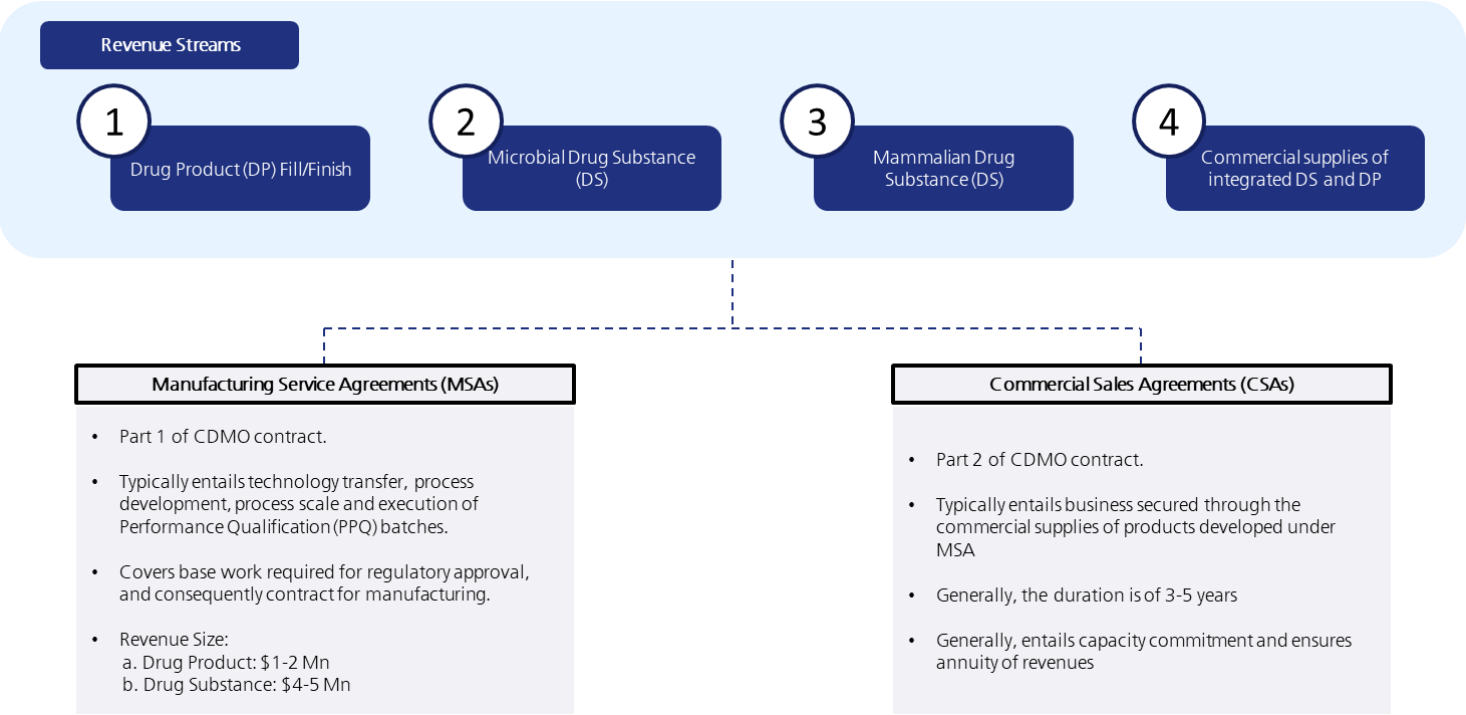


Source: Company, Industry

There is untapped market opportunity due to large CDMOs' reluctance towards allocating capacity/delivering quality service to smaller biotechs. OneSource is amongst the few CDMOs offering significant and flexible microbial capacity. Flexibility further facilitates onboarding projects for both clinical and commercial supplies. An additional tailwind for OneSource is the rising customer preference for Indian CDMOs due to faster lead times, and reluctance of customers to engage with Chinese CDMOs.

The company's biologics business is carried out of two facilities with cumulatively 4 x 2KL SUB capacity available for mammalian and 1KL SS capacity for microbial based products. The facilities are spread over ~5,50,000 sqft, providing sufficient space for tech transfer and scale-up activities with industry-leading space. The flagship facility has been approved by USFDA and EU GMP. The company employs highly experienced quality and regulatory personnel to secure compliance and assist clients in the regulatory process.

Exhibit 52. OneSource biologics' business model



Source: Company

The company's strategy is two pronged – first leg is complex generics and high-end devices in the near term, with the latter leg being focussed on biologics in the long run:

1. **Complex generics and high-end devices:** The focus is on leveraging spare capacity as this segment allows faster capacity ramp-up. There is lower development risk as OneSource will be capitalising on the group's contacts and goodwill, thereby de-risking near-term revenue streams. This leg also benefits from current high demand for sterile fill & finish and, at the same time, establishes credentials, thereby supporting innovator BD efforts. Average value is ~USD 1.5mn/MSA.
2. **Biologics:** This is OneSource's long-term strategy offering good risk-reward and provides an opportunity to the company to become one of the top-5 Biologic CDMO players in the APAC market. It is focussing on ideal technology to serve a variety of project types and complex-to-manufacture products, thereby ensuring higher margins. The company is following molecule-wise opportunities, thus providing outsized revenue potential once the molecule is approved. Average value is ~USD 3.5mn/MSA.

From FY20 to Dec FY24, the company secured overall USD 74mn in MSAs, of which USD 43mn was secured in FY24 alone. In 9MFY25, majority of CDMO revenue was from MSA. In 3QFY25 alone, OneSource signed more MSA contracts as compared to full FY24, highlighting the rapid expansion. As MSAs translate into CSAs, P&L will scale significantly without major proportional increase in costs, thereby resulting in higher profitability.

Exhibit 53. Business ramp up snap-shot

	FY24	FY25E	FY26E	FY27E	FY25-27 CAGR
Revenue					
Drug Device	1.7	3.1	6.1	11.6	95%
Injectable	5.0	5.7	6.5	7.4	14%
Soft gel	5.4	6.3	7.2	8.5	16%
Total Revenue	**12.0**	**15.0**	**19.9**	**27.5**	**35%**
EBITDA					
Drug Device	0.6	1.3	2.9	6.3	116%
Injectable	1.4	1.6	1.9	2.2	18%
Soft gel	1.6	1.7	2.0	2.3	16%
Total EBITDA	**3.6**	**4.7**	**6.8**	**10.8**	**52%**

Source: Company, JM Financial

Management

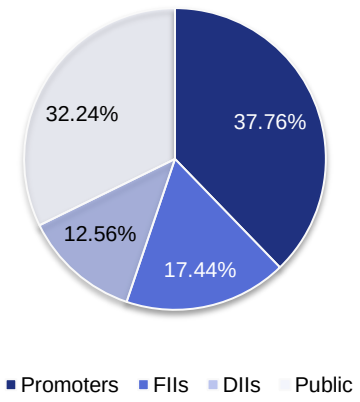
Exhibit 54. Key managerial personnel

Name	Designation	Background
Neeraj Sharma	Chief Executive Officer & Managing Director	Neeraj has 28+ years of global experience in pharma across both highly regulated as well as emerging markets. He started his career at Ranbaxy, whereby he eventually grew up to Regional Director for Western Europe prior to moving onto Sun Pharma as the Head of Generics Business for Western Europe. In that capacity, he spearheaded the establishment of a significant sterile injectables business in Europe. He joined OneSource group in 2021 and has been since been an integral part of the group, overseeing the sterile injectable business – SteriScience, the promoter entity, and finally taking over CEO & MD at OneSource in 2023.
Anurag Bhagania	Chief Financial Officer	Anurag has 25+ years of experience with over a decade being in the capacity of CFO of various listed entities. Prior to joining OneSource, Anurag held the position of CFO at Kirloskar Oil Engines. He has also worked with large global automotive and industrial companies like SKF, Honeywell, General Electric in the capacity of CFO.
Prateek Gupta	SVP & Head - Technical Development & Scientific Services	An IIT Delhi graduate and PhD from Cornell, Prateek has 16+ years of experience in biologics product development. Prior to OneSource, Prateek was Head of Process Science, R&D at Intas Pharmaceuticals. He has also worked with Pfizer in the capacity of Associate Director and increasingly responsible roles at Total Energies and Genentech-Roche.
Biju Mathew	Chief Operating Officer	Biju brings to table 28+ years of experience in managing quality systems and regulatory compliances; including audits & inspections with global regulatory agencies ranging from USFDA, MHRA, ANVISA and TSA. Biju's experience ranges from serving as Head of Quality and having a seat on the Board of Directors at Stelis Biopharma, to spending over 19 years in various quality roles at Strides/Agila Specialties (injectables division) at the beginning of his career. Biju has also served as Head of Quality at Wockhardt and Mylan in between this aforementioned journey.
Bernhard Thurnbauer	Chief Quality Officer	Bernhard has 30+ years of leadership experience in quality assurance, compliance and technical operations. Prior to OneSource, Bernhard was serving as the Global Audit Program Director at Moderna. Bernhard has held senior leadership positions across Roche, Acino and B. Braun. Bernhard also founded a manufacturing IT and compliance consulting firm in Bangkok earlier in his career. His expertise includes sterile injectables, biologics, CDMO operations. Bernhard is also an active member of professional organizations ISPE and PDA.
Ravi Kumar	Head of Strategy	An IIT Delhi and IIM A graduate, Ravi has 17+ years of global experience in pharmaceutical industry and management consulting. He was head of strategy, M&A and portfolio at Xellia and instrumental in turning around anti-infective division at Sandoz. He has also worked with Kearney consulting and Yamaha Motors before. He was also instrumental in formulating OneSource strategy post-merger of 3 businesses. Ravi manages the IP led CDMO business for sterile injectables.

Source: Company

Shareholding

Exhibit 55. Shareholding pattern



Source: Company

Exhibit 56. Promoter holding

Promoters	% holding
Tenshi Pharmaceuticals Pvt. Ltd.	20.82
Pronomz Ventures LLP	7.31
Karuna Business Solutions LLP	6.89
Arco Lab Pvt. Ltd.	1.61
Arun Kumar Pillai	0.85
Padmakumar Karunakaran Pillai	0.08
Vineetha Mohanakumar Pillai	0.08
Sajitha Pillai	0.04
Aditya Arun Kumar	0.03
Rajitha Gopalakrishnan	0.03
Hemalatha Pillai	0.03

Source: Company

Exhibit 57. Institutional holding

FIIs	% holding
Timf Holdings	2.41
Route One	4.4
Amansa Holdings	1.32
DIIs	**% holding**
Quant MF	2.17
360 One	1.62
SBI Life Insurance	1.48

Source: Company

Exhibit 58. Public holding

Public	% holding
Medella Holdings Pte. Ltd.	4.17
Think Investments Pcc	2.02
Authum Investment And Infrastructure Ltd	1.91
Nova Global Opportunities Fund Pcc	1.57
Mukul Mahavir Agrawal	1.42

Source: Company

Business Analysis

Competitive Strengths

A. Skilled workforce:

OneSource houses over 100 scientists and techno commercial leaders in the fields of drug-device combinations (DDCs), softgel, injectables and biologics, thereby providing much-needed agility in catering to dynamic customer needs.

B. Development expertise:

The company has a pipeline of 20+ projects on 9 device platforms, enabled by a strong injectable and device development team that brings years and years of development experience across dosages to the table. The team has further developed 30+ formulations in-house.

OneSource traces its roots back to the soft gelatin business, and, thus, brings to table ~3 decades of expertise in development of softgel products across multiple formats.

Biologics span microbial and mammalian technology platforms. The team currently has six live projects in this domain supporting development of multiple therapeutic modalities.

C. Manufacturing capability:

OneSource has historical credentials of rapid capacity addition and commercialisation, thereby expanding/debottlenecking capacity across all dose formats. It has an aggregate capacity of more than 100mn injectable doses including vials, cartridges and pre-filled-syringes, 2.4bn soft gelatin capsules and a dedicated penicillin manufacturing site.

The company's capacity for DDC cartridges stands at 40mn along with over 20 qualified assembly equipment, enabling customised solutions for customers. Its DDC capabilities range from device conceptualisation and selection to modular automated device assembly and packaging for clinical and commercial supplies, across multiple device formats including pen devices, auto-injectors and safety syringes.

In biologics, microbial fermentation capacity ranges between 50L and 1,000L and mammalian cell culture capacity ranges between 50L and 2,000L, thereby enabling the company to provide both clinical and commercial manufacturing.

Exhibit 59. Manufacturing facilities

Facility no.	Function	Size (Sq. Ft.)	Capability	Capacity
1	Drug-device combinations | Integrated Biologics and drug products site	450000	Microbial:	1x1KL SS
			Mammalian:	2x 2KL SUB
			Cartridges:	40 million
			PFS:	28 million
			Vials:	12 million
2	Soft gelatin capsules	60000	Capsules	2.4 billion
3	Complex Injectables	70000	PFS:	10 million
			Vials:	16 million
4	Penicillin fill finish	42000	Vials:	18 million
5	Multi-modal Biologics development centre	100000	Microbial:	1x 50L
			Fill finish:	Clinical supplies

Source: Company

D. Compliance track record:

OneSource has five manufacturing facilities, all located in Bengaluru. The company has an experienced quality and regulatory team employed for meeting global quality standards. Further, it has a track record of 3 decades of compliance with standards set by regulators, customers and other agencies. OneSource's facilities have undergone 54 successful inspections in the past 24 months, a testament to its quality framework.

Exhibit 60. Facility wise accreditations

Manufacturing Facility	Quality accreditations
Unit I	ISO 14001:2015, ISO 45001:2018, cGMP (Germany), cGMP (India) and cGMP (Hungary)
Unit II	ISO 14001:2015, ISO 45001:2018, cGMP (Germany), cGMP (India) and cGMP (Hungary), USFDA
BLD Facility	cGMP (Canada)
SPD Facility	USFDA
KRSG Facility*	cGMP (Netherlands), MHRA (United Kingdom), cGMP (WHO), cGMP (India), MCAZ (Zimbabwe), NDA (Uganda), cGMP (Libya), cGMP (Philippines), cGMP (Kenya), cGMP (Rwanda), cGMP (UAE) ISO 14001:2015, ISO 45001:2018 USFDA

Source: Company
*OneSource has right to use for KRSG's soft gelatin block under the manufacturing and support service agreement dated November 16, 2024, entered with Strides

Capacity expansion

The company has plans to invest USD 100mn over the next 4 years to develop unparalleled CDMO capabilities. Following is the ramp-up plan laid down by the company:

Exhibit 61. Manufacturing ramp-up

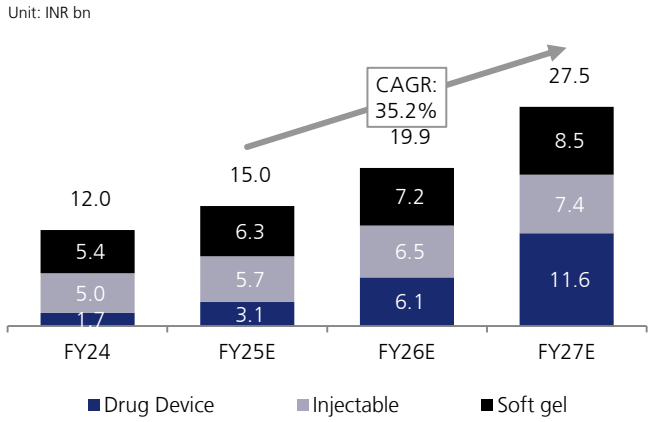
Particulars	FY25	FY26	FY27	FY28
Cartridges for DDC (mn)	40	100	140	220
Pre-filled syringe (mn)	38	38	38	38
Vials (mn)	46	Data NA	Data NA	Data NA
Soft Gelatin Capsules	2.4 Bn annual capacity available under transition service agreement with Strides, valid upto March 2029. Independent greenfield capacity to be built over 5 years.			
Sterile Injectables	Adding new capabilities to manufacture complex injectables – Lyophilized vials, Prefilled syringes (PFS).			

Source: Company

Financial Analysis

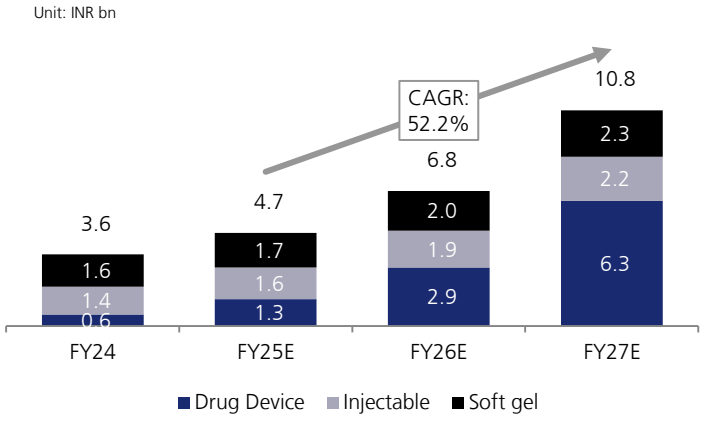
We expect 35%/52%/129% Revenue/EBITDA/Adj. PAT CAGR over FY25E-27E, respectively. Key drivers for growth are: GLP-1-led DDC capacity expansion; increasing capacity utilisation of one of the largest softgel capacities globally; increased capacity commitments as MSAs convert into CSAs. The company has a first mover advantage in the fast-growing GLP-1 segments. The one-stop-shop nature as well as flexible biologics capacity will aid in onboarding a diverse range of clientele. Margins will expand because of high-margin DDC business leading the growth. We anticipate 38% RoIC by FY27.

Exhibit 62. DDC to drive overall revenue at ~35% CAGR…



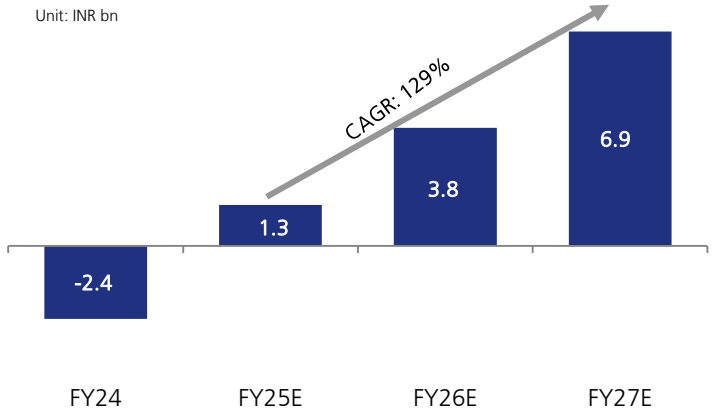
Source: Company, JM Financial

Exhibit 63. …resulting in ~52% CAGR for EBITDA…



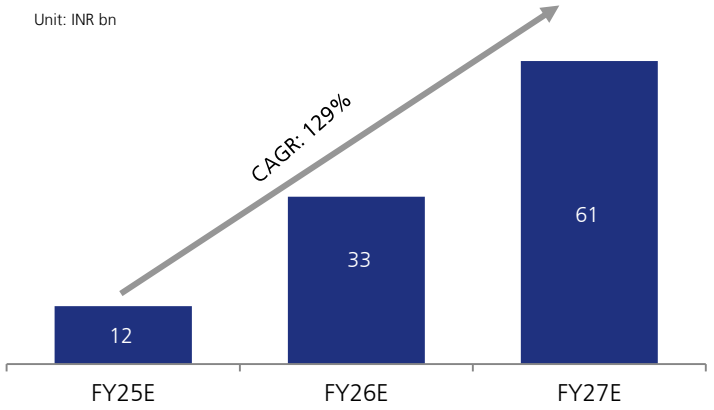
Source: Company, JM Financial

Exhibit 64. …and adj. PAT CAGR of 129%…



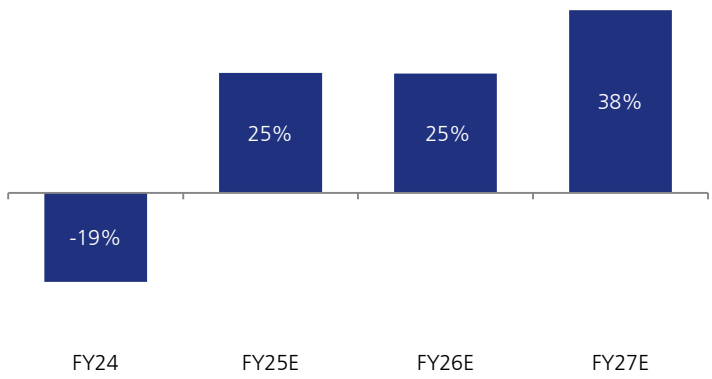
Source: Company, JM Financial | Adj PAT = PAT – Exceptional Loss – Scheme related amortization

Exhibit 65. …also visible in expanding adj. EPS



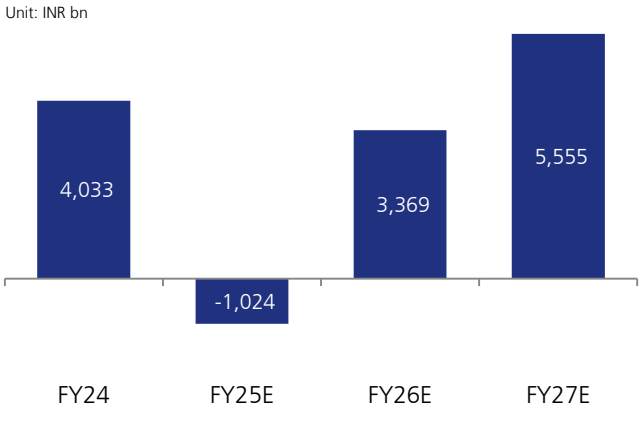
Source: Company, JM Financial

Exhibit 66. Return ratios (adj. RoIC) to significantly improve…



Source: Company, JM Financial. | Adj RoIC has factored in adjustments for scheme related amortization, intangibles and goodwill.

Exhibit 67. …accompanied by substantial FCFF generation



Source: Company, JM Financial

Valuation

We value OneSource Specialty Pharma at 22x Mar'27 EBITDA to derive a TP of INR 2,049. Amongst the listed CDMO peer set, OneSource's expected FY25-27 revenue and EBITDA CAGR is amongst the best. It is amongst the only few GLP-1 pen/DDC manufacturers in India, thus providing an early mover advantage in the lucrative GLP-1 opportunity. The company's USFDA approved soft gelatin capacity is amongst the largest globally. The injectables business has a diverse offering and OneSource's integrated biologic plant is a rarity even globally. Thus, we value the company at a 22x multiple, a 15% discount to average of listed CDMO peers on account of OneSource being a generic CDMO at present and its operations being at a nascent stage. We initiate with **BUY** with **31% potential upside**.

NATCO is likely to one of the first entrants in US Semaglutide generic market in 2032 with 180 days exclusivity. Onesource is the manufacturing & profit sharing partner of NATCO for supplying this product to the US. This creates a potential INR 3bn discounted cash flow, thus reflecting a **17% option value which we have not factored in our TP.**

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Exhibit 68. Valuation

Valuation	INR mn
FY27E Ebitda	10,836
Multiple	22
EV	2,38,403
FY26E Net Debt (incl lease)	3,988
Equity	2,34,415
No of shares	114
India value per share	**2,049**
CMP	1,558
Upside (Downside)	31%

Source: JM Financial

Exhibit 69. Peer comps

BB Code	CMP	Mkt Cap	Sales CAGR (FY25-27)	EBITDA CAGR (FY25-27)	EV/EBITDA		PE	
	(INR)	(INR bn)			FY26E	FY27E	FY26E	FY27E
Divis	6,222	1,657	17%	24%	45	36	62	50
Sai Life	709	148	18%	26%	31	25	62	48
Laurus	644	347	17%	33%	26	20	60	41
Syngene	656	264	17%	21%	20	17	43	34
Piramal Pharma	221	294	14%	26%	18	14	62	36
Suven Pharma	1,216	311	48%	43%	27	21	65	48
Gland	1,478	243	11%	21%	14	12	25	21
Neuland	13,062	168	29%	50%	26	19	39	28
OneSource	1,558	178	35%	52%	27	16	68	31
Avg. (excl. OneSource)					**26**	**21**	**52**	**38**

Source: Bloomberg, JM Financial

Key risks

Competition

At present, the competition for GLP-1 device manufacturing is in a fairly nascent stage. OneSource is a leading player in this segment as it invested in capacity early on. This provides it with a first-mover advantage in the segment. In case the competitive landscape changes drastically, it might have an impact on the company's business, cash flows and results of operations.

Key clientele risk

The company was dependent on key customers for a significant portion of sales for the 6-month period ended 30th Sep'24. Loss of such customers or any disruptions in their business and markets may materially affect OneSource's business, cash flows and results of operations.

Supply chain risk

The company is dependent on the customer's third-party suppliers for the procurement of raw materials. This exposes it to a wide array of risks including - commodity market fluctuations, quality and availability of supply, currency fluctuations, consumer demand, delay by the suppliers, disruptions on account of geopolitical issues and changes in government policies. In case of increase in price of raw materials, the company might not be able to increase the output price to offset such an increase. Furthermore, in situation of excess demand/supply deficit, the supplier might not prioritise the company's orders.

Execution risk

Expansion and utilisation of existing device manufacturing capacity is key to the company's performance. If the company cannot execute the project as anticipated or there are challenges in ramping up the new capacity, its future financial performance will likely be impacted.

The company is currently focussing on increasing capacity at its current facility from 40mn units per annum to 200mn units per annum. Company has also outlaid USD 100mn investment plan over FY26-28.

Regulatory risk

The company's facilities are subject to periodic inspections and audits by regulatory authorities and customers and any inability to obtain the required approvals in a timely manner or at all could have an adverse effect on its business, results of operations, financial condition and cash flows.

Leased premises

The company primarily operates through leased properties. Term of most of the leases has been on a short-term basis upto a period of 10 years (exception government leases where the term is of 99 years). Any change in terms, premature termination and unplanned relocation could have an adverse effect on business, prospects, results of operations and financial condition.

Promoter's holding collateralised

As of 21st Jan'25, 41,38,900 equity shares held by promoters and promoter group, representing 9.58% of their equity share capital in the company, are pledged. In the event of any default under the relevant loan agreements, the lender may enforce aforementioned pledges, resulting in dilution of promoter holding, which may adversely impact the business and share price.

Conflict of interest

Some of the directors and promoters have interest in entities, which are in businesses similar to OneSource. Further, certain promoter group subsidiaries and group companies are in the same line of business. This may result in conflict of interest and/or competition with such entities.

Contingent liability

The company has INR 11,423mn worth of contingent liability on account of claims not acknowledged as debt by the group. If this materialises, its financial condition might be impacted. Further, there are several outstanding litigations against the company and its subsidiaries, which might further expose it to additional hardships.

Trademark & IP risk

The success of the company, in part, is dependent upon its ability to obtain and protect IP rights while parallelly operating without infringing upon the IP rights of others. As of 21st Jan'25, the company has eight registered trademarks and one patent application that has been granted. The applications for registering trademarks of OneSource logo, names – "OneSource", "OneSource Specialty Pharma", "OneSource Specialty", are still pending with objections received from third party for name trademarks. Inability to protect the same might have an adverse impact on business prospects and potentially lead to expensive and time-consuming litigation. Further, inability to obtain and protect IP rights might have an adverse effect on business and results of operations.

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	**FY23A**	**FY24A**	**FY25E**	**FY26E**	**FY27E**
Net Sales	387	1,719	15,047	19,857	27,504
Sales Growth	-69.8%	344.1%	775.2%	32.0%	38.5%
Total Revenue	387	1,719	15,047	19,857	27,504
Cost of Goods Sold/Op. Exp	**204**	**705**	**4,514**	**5,759**	**7,426**
EBITDA	-1,607	-882	4,665	6,751	10,836
EBITDA Margin	-415.1%	-51.3%	31.0%	34.0%	39.4%
EBITDA Growth	0.0%	0.0%	0.0%	44.7%	60.5%
Depn. & Amort.	**657**	**763**	**2,920**	**2,965**	**3,067**
EBIT	-2,264	-1,645	1,745	3,786	7,769
Other Income	27	42	188	791	548
Finance Cost	475	894	1,787	1,100	700
PBT before Excep. & Forex	-2,712	-2,498	145	3,477	7,617
Excep. & Forex Inc./Loss(-)	-1,444	-1,159	-1,024	0	0
PBT	-4,156	-3,657	-879	3,477	7,617
Taxes	0	0	-215	869	1,904
Reported Net Profit	-4,156	-3,657	-664	2,608	5,713
Adjusted Net Profit	-2,674	-2,357	1,324	3,819	6,925
Net Margin	-690.7%	-137.1%	8.8%	19.2%	25.2%
Diluted Share Cap. (mn)	0.0	108.5	114.4	114.4	114.4
Diluted EPS (INR)	0.0	-21.7	11.6	33.4	60.5
Diluted EPS Growth	0.0%	0.0%	0.0%	188.5%	81.3%

Source: Company, JM Financial

Cash Flow Statement		(INR mn)
Y/E March	**FY26E**	**FY27E**
Profit before Tax	3,477	7,617
Depn. & Amort.	2,965	3,067
Net Interest Exp. / Inc. (-)	1,100	700
Inc (-) / Dec in WCap.	-1,054	-1,676
Others	0	0
Taxes Paid	-869	-1,904
Operating Cash Flow	**5,619**	**7,805**
Capex	-2,250	-2,250
Free Cash Flow	3,369	5,555
Inc (-) / Dec in Investments	0	0
Others	0	0
Investing Cash Flow	**-2,250**	**-2,250**
Inc / Dec (-) in Capital	0	0
Dividend + Tax thereon	0	0
Inc / Dec (-) in Loans	-6,000	-4,000
Others	-1,100	-700
Financing Cash Flow	**-7,100**	**-4,700**
Inc / Dec (-) in Cash	**-3,731**	**855**
Opening Cash Balance	12,168	8,437
Closing Cash Balance	8,437	9,292

Source: Company, JM Financial | Cash flow prior to FY26 removed on account of not being comparable

Balance Sheet					(INR mn)
Y/E March	**FY23A**	**FY24A**	**FY25E**	**FY26E**	**FY27E**
Shareholders' Fund	7,855	3,957	58,288	60,896	66,609
Total Loans	8,367	5,622	16,761	10,761	6,761
Total - Equity & Liab.	16,221	9,579	75,049	71,657	73,370
Net Fixed Assets	16,958	10,506	64,828	64,112	63,295
Gross Fixed Assets	11,669	6,824	11,173	12,193	13,111
Intangible Assets	3,377	3,254	51,249	49,513	47,777
Capital WIP	1,912	427	2,406	2,406	2,406
Current Assets	**3,130**	**2,580**	**21,197**	**19,442**	**23,439**
Inventories	1,332	112	1,649	2,176	3,014
Sundry Debtors	38	552	4,535	5,984	8,289
Cash & Bank Balances	843	761	12,168	8,437	9,292
Other Current Assets	917	1,154	2,845	2,845	2,845
Current Liab. & Prov.	3,867	3,507	10,975	11,898	13,364
Current Liabilities	1,181	917	6,345	7,268	8,734
Provisions & Others	2,686	2,590	4,630	4,630	4,630
Net Current Assets	-737	-927	10,222	7,545	10,075
Total – Assets	16,221	9,579	75,049	71,657	73,370

Source: Company, JM Financial

Dupont Analysis					
Y/E March	**FY23A**	**FY24A**	**FY25E**	**FY26E**	**FY27E**
Net Margin	-690.7%	-137.1%	8.8%	19.2%	25.2%
Asset Turnover (x)	0.0	0.1	0.3	0.3	0.4
Leverage Factor (x)	2.1	2.2	1.4	1.3	1.2
RoE	-29.7%	-39.9%	4.3%	6.4%	10.9%

Key Ratios					
Y/E March	**FY23A**	**FY24A**	**FY25E**	**FY26E**	**FY27E**
BV/Share (INR)	0.0	36.5	509.4	532.2	582.1
Adj. ROIC	-17.6%	-18.5%	25.1%	24.9%	38.1%
ROE	-29.7%	-39.9%	4.3%	6.4%	10.9%
Net Debt/Equity (x)	1.0	1.2	0.1	0.0	0.0
P/E (x)	0.0	-73.3	137.6	47.7	26.3
P/B (x)	0.0	43.7	3.1	3.0	2.7
EV/EBITDA (x)	-117.6	-211.2	39.9	27.2	16.5
EV/Sales (x)	488.2	108.4	12.4	9.3	6.5
Debtor days	36	117	110	110	110
Inventory days	1,255	24	40	40	40
Creditor days	174	114	233	241	259

Source: Company, JM Financial | Adj RoIC has factored in adjustments for scheme related amortization, intangibles and goodwill

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081
Member of BSE Ltd. and National Stock Exchange of India Ltd.
SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610
Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.
Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com
Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com
Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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