

## Margin under pressure; downgrade to Hold

We downgrade Marksans Pharma (MPL) to Hold from Buy rating with a TP of Rs31 (earlier Rs55) based on 18x March'20E EPS of Rs1.7. MPL's Q4FY18 results were lower than our expectations. The drug maker's Q4FY18 revenue grew 8% YoY, EBITDA margin declined by 200bps to 2.1% and net profit declined to Rs(65)mn YoY from Rs(33)mn. The Goa facility was approved by UK MHRA and TGA-Australia. We expect MPL's performance to improve led by the recent launch of four new products in the US and expected approvals for softgel capsules from US FDA. Key positive trigger to our assumption includes stupendous growth in the US market and key negative risk includes regulatory issues for the Goa facility from US FDA.

- **Revenue grew by 8%YoY:** MPL's revenues grew 8%YoY to Rs1.99bn from Rs1.85bn due to strong growth in the UK and Europe. MPL's US and N. America business (45% of revenues) declined marginally by 0.3% YoY to Rs898mn from Rs901mn. The company did not witness any piecing pressure in the US market. MPL's UK & Europe business (45% of revenues) grew by 40%YoY to Rs872mn from Rs625mn due to clearance of Goa facility by UK MHRA and TGA-Australia. The drug manufacturer's Australia and New Zealand business (12% of revenues) declined by 7% YoY due to lower off-take. We expect sales to grow, driven by US, UK and Europe businesses.
- **Margin declined by 200bps YoY:** MPL's EBITDA margin declined by 200bps YoY to 2.1% from 4.1% due to the increase in other expenses. Material cost declined by 1,100bps to 53.2% from 64.2% due to the profitable product mix. Personnel cost declined by 160bps YoY to 19.1% from 20.7%. Other expenses grew by 1,460bps YoY to 25.6% from 11.0%. We expect margins to improve from strong growth in its products in the US, UK and Europe and additional ANDA approvals from US FDA.
- **Net profit set to grow:** MPL's net profit for the quarter declined to Rs(65)mn from Rs(33)mn YoY due to sharp decline in margin and rise in interest cost. MPL's interest cost grew 122%YoY to Rs35mn from Rs16mn due to the rise in working capital. We expect the company to report sustainable growth, driven by the US, UK and EU businesses and commencement of the domestic formulation business.
- **Recommendation and key risks:** We have revised our FY19E and FY20E EPS downwards by 41% and 43% respectively. We downgrade MPL to Hold from Buy rating, with a TP of Rs31 based on 18x March'20E EPS of Rs1.7, and a 10.2% upside from CMP. Key positive upsides would be additional ANDA approvals from US FDA and key negative would be regulatory issue with US FDA for its Goa facility.

Particulars (Rs mn)	Q4FY18	Q4FY17	YoY Gr%	Q3FY18	QoQ Gr %	Q4FY18E	% Var.
<b>Total Revenues</b>	<b>1,994</b>	<b>1,848</b>	<b>7.9</b>	<b>2,184</b>	<b>(8.7)</b>	<b>2,393</b>	<b>(16.7)</b>
Raw material cost	1,061	1,187	(10.6)	1,144	(7.3)	1,280	(17.1)
Employee cost	381	383	(0.6)	362	5.2	400	(4.8)
Other expenses	510	202	152.0	390	30.8	410	24.4
<b>EBIDTA</b>	<b>42</b>	<b>75</b>	<b>(44.2)</b>	<b>288</b>	<b>(85.4)</b>	<b>303</b>	<b>(86.1)</b>
EBIDTA margin (%)	2.1	4.1		13.2		12.7	
Depreciation	62	76	(18.1)	62	0.0	75	(17.3)
Interest	35	16	121.5	18	94.4	25	40.0
Other income	0	2	NA	4	NA	4	NA
PBT	(55)	(14)	NA	212	NA	207	NA
Prov. For tax	10	19	(47.6)	37	(73.0)	55	(81.8)
Net profit before minority	(65)	(33)	NA	175	NA	152	NA
Minority interest	4	0	NA	7	NA	8	(50.0)
<b>Net profit after minority</b>	<b>(69)</b>	<b>(33)</b>	<b>NA</b>	<b>168</b>	<b>NA</b>	<b>144</b>	<b>NA</b>

Source: Company, Centrum Research Estimates

Y/E Mar (Rsmn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adjust. PAT	YoY (%)	DEPS Rs.	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY16	8,933	12.1	1,363	15.3	784	(28.3)	1.9	19.4	17.7	40.9	24.0
FY17	7,673	(14.1)	448	5.8	88	(88.8)	0.2	2.0	3.0	212.2	43.6
FY18	9,127	19.0	866	9.5	330	274.9	0.8	7.3	7.5	53.0	21.1
FY19E	10,893	19.3	1,144	10.5	480	45.3	1.2	9.7	9.3	23.9	10.7
FY20E	13,155	20.8	1,514	11.5	701	46.0	1.7	12.7	11.8	16.3	8.0

Source: Company, Centrum Research Estimate

In the interest of timeliness, this document is not edited

Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet

Target Price	Rs31	Key Data	
CMP*	Rs28	Bloomberg Code	MRKS IN
Upside	10.2%	Curr Shares O/S (mn)	409.3
Previous Target	Rs55	Diluted Shares O/S(mn)	409.3
Previous Rating	Buy	Mkt Cap (Rsbn/USDmn)	11.4/169.8
<b>Price Performance (%)*</b>		52 Wk H / L (Rs)	52.3/23.6
		5 Year H / L (Rs)	115/5.2
MRKS IN	(3.1) (24.4) (36.0)	Daily Vol. (3M NSE Avg.)	2303824
Nifty	0.2 4.9 12.0		

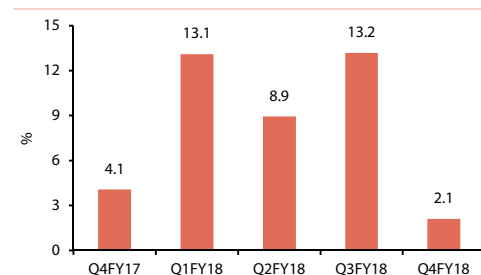
Source: Bloomberg, Centrum Research, \*as on 8<sup>th</sup> June 2018

### Shareholding pattern\* (%)

	March-18	Dec-17	Sept-17	Jun-17
Promoter	48.3	48.3	48.3	48.3
Fils	3.2	2.3	7.7	8.5
DIs	1.8	2.8	0.4	0.3
Others	46.7	46.6	43.6	42.9

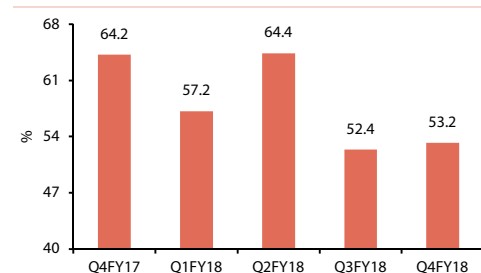
Source: BSE, \*as on 8<sup>th</sup> June 2018

### Trend in EBITDA margin (%)



Source: Company, Centrum Research

### Trend in Material cost (%)



Source: Company, Centrum Research

### Earning Revision

Particulars (Rs mn)	FY19E			FY20E		
	New	Old	Chg (%)	New	Old	Chg (%)
Revenue	10,893	11,033	(1.3)	13,155	13,131	0.2
EBITDA	1,144	1,474	(22.4)	1,514	2,000	(24.3)
EBITDA Margin (%)	10.5	13.4	(290)bps	11.5	15.2	(370)bps
PAT	480	815	(41.1)	702	1,232	(43.0)

Source: Centrum Research Estimates

Ranjit Kapadia, ranjit.kapadia@centrum.co.in; 91 22 4215 9645

## Sales composition

MPL's Q4FY18 sales composition was as follows:

MPL's revenue grew by 8% YoY to Rs1.99bn from Rs1.85bn due to the absence of new launches in UK and US markets. The company's UK, Europe revenues (44% of sales) grew by 40% YoY to Rs872mn from Rs625mn. The US business (45% of sales) declined marginally by 0.3% YoY to Rs898mn from Rs901mn due to the absence of new launches. The company's Australia & New Zealand business (12% of revenues) declined by 7% YoY to Rs241mn from Rs258mn due to lower off-take. We expect the US and UK, Europe businesses to drive future growth.

### Exhibit 1: Geography-wise revenues (consolidated)

Particulars (Rs mn)	Q4FY18	Q4FY17	YoY Gr%	Q3FY18	QoQ Gr %	Q4FY18E	% Var.
Europe, UK-formulations	872	625	39.5	906	(3.8)	980	(11.0)
US, N.America-formulations	898	901	(0.3)	921	(2.5)	1020	(12.0)
Australia, NZ-formulations	241	258	(6.6)	235	2.6	255	(5.5)
RoW formulations	(13)	67	NA	122	(110.7)	138	(109.4)
Other op. income	0	0	NA	0	NA		NA
Total Revenues	1998	1851	8.0	2184	(8.5)	2393	(16.5)

Source: Company

## Other developments

### US business-likely to improve

- MPL's US business (45% of revenues) declined marginally by 0.3%YoY to Rs898mn from Rs901mn.
- MPL has commenced marketing of the following products in the US after receiving approvals from US FDA: Metformin HCl ER tablets 500 and 750mg, Paricalcitol softgel capsules 1, 2 and 4 mcg , Loratidine softgel capsules 10mg and Dutasteride softgel capsules 0.5mg . Paricalcitol softgel capsules and Dutasteride softgel capsules have limited competition whereas Loratidine softgel has no competition from other generic players.
- The company is currently marketing 13 approved products in the US and awaiting further approval from the eight pending ANDAs with US FDA.
- The company did not witness any price erosion for its products in the US generic market.

### UK, Europe business-Goa facility cleared by UK MHRA

- The company's UK & Europe business (44% of revenues) grew by 40% YoY to Rs872mn from Rs625mn due to commencement of despatches after clearance of Goa facility by UK MHRA.
- During FY17, sales to UK and Europe were impacted by restrictive import of critical products in the UK by UK MHRA.

### Australia, NZ-business declined by 7% YoY

- MPL's Australia, NZ business (12% of revenues) declined by 7%YoY due to lower off take of its products.
- The Goa facility was inspected by TGA-Australia in FY17 and cleared without any observations.

### IT initiatives and automation

- MPL has incorporated state-of-the-art IT applications in Quality, Manufacturing and R&D functions with laboratory automation, instrument integration, manufacturing execution and expecting to reap the benefits from the same.
- The company has established a new R&D centre in Nerul for formulation development and NDDS for regulated markets and has recruited 15 scientists. The major work would involve the preparation of dossiers for the regulated markets. The R&D centre is functional and is expected to have 60 scientists by end of FY19.
- MPL has plans to generate a pipeline of over 30 products for the regulated markets by FY20.

- The company generates over 95% of its revenues from the regulated markets of the US, EU, Australia/NZ and Canada.
- MPL has entered into the branded generic business in the domestic market with over 50 brands in dermatology, respiratory and CNS segments. The revenues are likely to accrue from FY19 onwards.
- The company has received EIR for its Goa facility from UK MHRA and has commenced supplies to UK and EU markets.

## Earnings revision

Based on Q4FY18 results, we have revised our FY19E and FY20E EPS downwards by 42% and 44% respectively in view of sharp drop in EBITDA margin to 2.1% from 4.1%. MPL received EIR for its Goa facility from UK MHRA in Sept'17. We expect MPL's performance to improve, with good growth expected in the US market from the recent launch of Metformin ER tablets in the US and six pending ANDA approvals for softgel capsules. The UK and EU business has normalised after EIR from UK MHRA for its Goa facility. We downgrade MPL to Hold from Buy rating, with a TP of Rs31 based on 18x March'20E EPS of Rs1.7, and a 10.2% upside from CMP. Key positive upsides for MPL would be pending ANDA approvals from US FDA and key negative would be regulatory issue with US FDA for its Goa facility.

### Exhibit 2: Earnings revision

Particulars (Rs mn)	FY19E			FY20E		
	New	Old	Chg (%)	New	Old	Chg (%)
Revenue	10,893	11,033	(1.3)	13,155	13,131	0.2
EBITDA	1,144	1,474	(22.4)	1,514	2,000	(24.3)
EBITDA Margin (%)	10.5	13.4	(290)bps	11.5	15.2	(370)bps
PAT	480	815	(41.1)	702	1,232	(43.0)

Source: Centrum Research Estimates

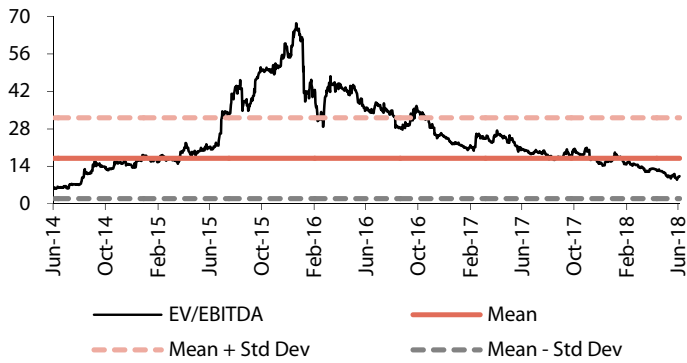
## Valuation and recommendation

### Exhibit 3: Sensitivity Analysis

Sensitivity to key variables – FY19E	% change	% impact on EBITDA	% impact on EPS
Sales	1	9.5	22.7
Material cost	1	(5.4)	(12.9)

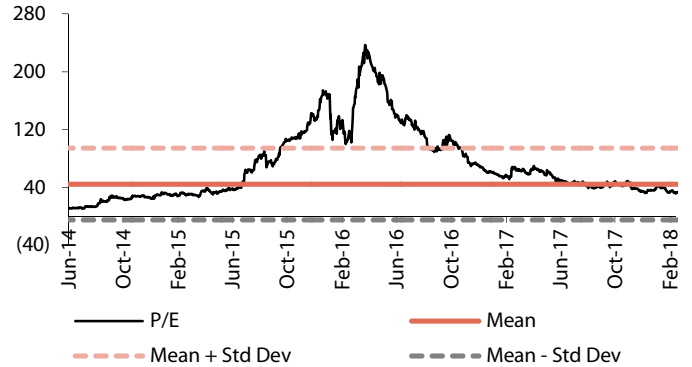
Source: Company, Centrum Research Estimates

### Exhibit 4: 1 year forward EV/EBITDA chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 5: 1 year forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 6: Comparative Valuations

Company	Mkt Cap (Rs mn)	CAGR FY17-FY19E (%)			EBITDA Margin (%)			PE (x)			EV/EBITDA (x)			RoE (%)			Div Yield (%)		
		Rev.	EBITDA	PAT	FY17	FY18	FY19E	FY17	FY18	FY19E	FY17	FY18	FY19E	FY17	FY18	FY19E	FY17	FY18	FY19E
Marksans Pharma	11,461	19.1	59.8	133.5	5.8	9.5	10.5	212.2	53.0	23.9	43.6	21.1	10.7	2.0	7.3	9.7	0.3	0.1	0.4
Granules India	20,066	19.2	13.0	12.7	20.8	16.5	18.7	19.5	25.1	9.6	11.0	14.4	7.3	21.0	12.0	15.0	0.9	0.9	2.1
Strides Shasun*	32,018	(6.6)	(13.6)	(37.0)	18.8	14.5	16.1	21.2	18.6	18.0	17.1	10.2	10.9	16.6	4.9	6.7	0.4	1.6	1.0
Unichem Labs*	17,524	NA	NA	NA	11.8	NA	NA	22.4	NA	NA	14.1	NA	NA	10.8	NA	NA	0.7	NA	NA

Source: Company, Centrum Research Estimates, \*Bloomberg Estimates Prices as on 8<sup>th</sup> June 2018

## Quarterly financials, Operating Metrics and Key Performance Indicators

### Exhibit 7: Quarterly Financials

Particulars (Rs mn)	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
<b>Total Sales</b>	<b>1,868</b>	<b>1,804</b>	<b>2,152</b>	<b>1,848</b>	<b>2,211</b>	<b>2,738</b>	<b>2,184</b>	<b>1,994</b>
Materials Cost	1,098	1,100	1,202	1,187	1,264	1,763	1,144	1,061
Personnel expenses	383	352	383	383	374	360	362	381
Other expenses	252	349	299	202	283	370	390	510
Total Expenditure	1,733	1,801	1,884	1,772	1,921	2,493	1,896	1,952
<b>EBIDTA</b>	<b>135</b>	<b>3</b>	<b>268</b>	<b>75</b>	<b>290</b>	<b>245</b>	<b>288</b>	<b>42</b>
Other income	0	67	0	2	0	0	4	0
<b>PBDIT</b>	<b>135</b>	<b>70</b>	<b>268</b>	<b>77</b>	<b>290</b>	<b>245</b>	<b>292</b>	<b>42</b>
Depreciation	48	59	118	76	74	70	62	62
Interest	13	11	18	16	19	30	18	35
<b>PBT</b>	<b>74</b>	<b>0</b>	<b>132</b>	<b>(14)</b>	<b>197</b>	<b>145</b>	<b>212</b>	<b>(55)</b>
Tax	21	(9)	16	19	52	41	37	10
<b>PAT before minority</b>	<b>53</b>	<b>9</b>	<b>116</b>	<b>(33)</b>	<b>145</b>	<b>104</b>	<b>175</b>	<b>(65)</b>
Minority interest	9	1	16	(0)	8	10	7	4
<b>PAT after minority</b>	<b>44</b>	<b>8</b>	<b>100</b>	<b>(33)</b>	<b>137</b>	<b>94</b>	<b>168</b>	<b>(69)</b>
<b>Growth Rates %</b>								
Sales	(11.1)	(29.4)	(1.0)	(12.1)	18.4	51.8	1.5	7.9
EBIDTA	(73.1)	(99.4)	(12.1)	74.7	115.1	NM	7.5	(44.2)
Net profit	(85.9)	(97.7)	(44.3)	(42.4)	208.6	NM	68.0	NA
<b>Margin %</b>								
EBIDTA margin	7.2	0.2	12.5	4.1	13.1	8.9	13.2	2.1
PBT margin	4.0	0.0	6.1	(0.8)	8.9	5.3	9.7	(2.8)
Net margin	2.4	0.4	4.6	(1.8)	6.2	3.4	7.7	(3.5)

Source: Company, Centrum Research

### Exhibit 8: Key performance indicators

Key performance indicator	FY16	FY17	FY18	FY19E	FY20E
Sales gr. Rate%	12.1	(14.1)	19.0	19.3	20.8
Material cost %	57.1	59.8	57.3	56.7	56.3

Source: Company, Centrum Research Estimates

## Financials -consolidated

### Exhibit 9: Income Statement

Y/E March	FY16	FY17	FY18	FY19E	FY20E
<b>Revenues</b>	<b>8,933</b>	<b>7,673</b>	<b>9,127</b>	<b>10,893</b>	<b>13,155</b>
Material cost	5,097	4,588	5,231	6,180	7,410
% of revenues	57.1	59.8	57.3	56.7	56.3
Employee cost	1,224	1,497	1,477	1,745	2,070
% of revenues	13.7	19.5	16.2	16.0	15.7
Other Expenses	1,249	1,140	1,553	1,824	2,161
% of revenues	14.0	14.9	17.0	16.7	16.4
<b>EBIDTA</b>	<b>1,363</b>	<b>448</b>	<b>866</b>	<b>1,144</b>	<b>1,514</b>
EBIDTA margin (%)	15.3	5.8	9.5	10.5	11.5
Depreciation & Amortisation	281	301	268	304	348
EBIT	1,082	147	598	840	1,167
Interest Expenses	102	68	102	110	120
PBT from operations	980	79	496	730	1,047
Other income	89	70	4	10	15
PBT	1,068	149	499	740	1,062
Tax provision	242	36	140	225	320
Effective tax rate (%)	22.7	24.1	28.0	30.4	30.1
Net profit	826	113	359	515	742
Minority interest	42	25	29	35	40
Reported net profit	784	88	330	480	701
<b>Adj. Net profit</b>	<b>784</b>	<b>88</b>	<b>330</b>	<b>480</b>	<b>701</b>

Source: Company, Centrum Research Estimates

### Exhibit 10: Key Ratios

Y/E March	FY16	FY17	FY18	FY19E	FY20E
<b>Growth Ratios (%)</b>					
Revenues	12.1	(14.1)	19.0	19.3	20.8
EBIDTA	(26.2)	(67.1)	93.3	32.1	32.4
Adj. Net Profit	(28.3)	(88.8)	274.9	45.3	46.0
<b>Margin Ratios (%)</b>					
EBIDTA margin	15.3	5.8	9.5	10.5	11.5
PBT from operations margin	11.0	1.0	5.4	6.7	8.0
Adj. PAT margin	8.8	1.1	3.6	4.4	5.3
<b>Return Ratios (%)</b>					
RoCE	17.7	3.0	7.5	9.3	11.8
RoE	19.4	2.0	7.3	9.7	12.7
RoIC	20.9	2.1	7.9	10.0	12.8
<b>Turnover ratios (days)</b>					
Gross Block Turnover (x)	2.5	1.8	2.0	2.2	2.6
Debtors	89	118	71	111	78
Creditors	49	77	27	74	39
Inventory	69	90	87	90	89
Cash Conversion Cycle	109	131	131	127	128
<b>Solvency Ratio</b>					
Debt-Equity	0.2	0.3	0.2	0.3	0.2
Net Debt-Equity	0.1	0.2	0.2	0.1	0.1
Current Ratio	2.6	2.3	3.4	2.3	3.0
Interest Coverage Ratio	0.1	0.5	0.2	0.1	0.1
Gross Debt/EBIDTA	0.7	2.4	1.4	1.1	0.9
<b>Per Share (Rs)</b>					
FDEPS (adjusted)	1.9	0.2	0.8	1.2	1.7
CEPS	2.6	1.0	1.5	1.9	2.6
Book Value	11.1	10.6	11.5	12.7	14.2
Dividend	0.12	0.12	0.05	0.1	0.15
Dividend Payout (%)	8.6	66.3	7.4	10.1	10.4
<b>Valuations (x) (Avg Mkt Cap)</b>					
PER	40.9	212.2	53.0	23.9	16.3
P/BV	7.1	4.3	3.7	2.2	2.0
EV/EBIDTA	24.0	43.6	21.1	10.7	8.0
Dividend Yield (%)	0.2	0.3	0.1	0.4	0.6
5-yr Avg AOCF/EV yield(%)	1.1	2.8	3.0	4.0	2.1

Source: Company, Centrum Research Estimates

### Exhibit 11: Balance Sheet

Y/E March	FY16	FY17	FY18	FY19E	FY20E
Share capital	409	409	409	409	409
Reserves & surplus	4,009	3,925	4,299	4,789	5,418
Total shareholders Funds	4,418	4,334	4,708	5,198	5,827
Total Debt(incl. Pref.cap)	1,004	1,097	1,174	1,300	1,400
Minority interest	84	62	96	106	115
Deferred tax Liab.	(19)	41	46	35	30
<b>Total Liabilities</b>	<b>5,487</b>	<b>5,534</b>	<b>6,024</b>	<b>6,639</b>	<b>7,372</b>
Gross Block	4,241	4,450	4,793	5,051	5,241
Less: Acc. Depreciation	1,544	1,780	1,998	2,242	2,520
Net Block	2,697	2,670	2,795	2,809	2,721
Capital WIP	-	4	-	5	7
<b>Net Fixed Assets</b>	<b>2,697</b>	<b>2,674</b>	<b>2,795</b>	<b>2,814</b>	<b>2,728</b>
Investments	-	-	-	-	-
Inventories	1,678	1,901	2,181	2,700	3,200
Debtors	2,173	2,476	1,769	3,300	2,800
Loans & Advances	303	6	9	20	25
Cash & Bank Balance	352	250	398	544	717
Other assets	-	210	140	160	180
<b>Total Current Assets</b>	<b>4,506</b>	<b>4,843</b>	<b>4,497</b>	<b>6,724</b>	<b>6,922</b>
Trade payable	1,190	1,618	675	2,200	1,400
Other current Liabilities	7	127	124	15	20
Provisions	519	238	469	684	858
<b>Net Current Assets</b>	<b>2,790</b>	<b>2,860</b>	<b>3,229</b>	<b>3,826</b>	<b>4,644</b>
<b>Total Assets</b>	<b>5,487</b>	<b>5,534</b>	<b>6,024</b>	<b>6,639</b>	<b>7,372</b>

Source: Company, Centrum Research Estimates

### Exhibit 12: Cash Flow

Y/E March	FY16	FY17	FY18	FY19E	FY20E
CF before WC changes	1,189	370	636	797	1,061
Working Capital Changes	(881)	(172)	(221)	(450)	(646)
<b>CF from Operations</b>	<b>308</b>	<b>198</b>	<b>415</b>	<b>347</b>	<b>416</b>
Adj OCF (OCF-Interest)	270	130	313	237	296
Change in fixed assets	(1,319)	(278)	(389)	(323)	(262)
Adj. FCF (AOCF-Capex)	(1,049)	(147)	(76)	(86)	34
<b>CF from Investing</b>	<b>(1,230)</b>	<b>(278)</b>	<b>(389)</b>	<b>(323)</b>	<b>(262)</b>
<b>CF from Financing</b>	<b>(578)</b>	<b>160</b>	<b>53</b>	<b>77</b>	<b>27</b>
<b>Net change in Cash</b>	<b>(1,500)</b>	<b>80</b>	<b>78</b>	<b>101</b>	<b>181</b>

Source: Company, Centrum Research Estimates

## Appendix A

### Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Ranjit Kapadia, research analyst and and/or any of his family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by him, he has not received any compensation from the above companies in the preceding twelve months. He does not hold any shares by him or through his relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

## Marksans Pharma price chart



Source: Bloomberg, Centrum Research



### Disclosure of Interest Statement

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	Ranjit Kapadia is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001352)

		Granules India	Marksans Pharma
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No	No

### Rating Criteria

Rating	Market cap < Rs20bn	Market cap > Rs20bn but < 100bn	Market cap > Rs100bn
Buy	Upside > 20%	Upside > 15%	Upside > 10%
Hold	Upside between -20% to +20%	Upside between -15% to +15%	Upside between -10% to +10%
Sell	Downside > 20%	Downside > 15%	Downside > 10%

### Member (NSE and BSE)

#### Regn No.:

CAPITAL MARKET SEBI REGN. NO.: BSE: INB011454239  
 CAPITAL MARKET SEBI REGN. NO.: NSE: INB231454233  
 DERIVATIVES SEBI REGN. NO.: NSE: INF231454233  
 (TRADING & CLEARING MEMBER)  
 CURRENCY DERIVATIVES: MCX-SX INE261454230  
 CURRENCY DERIVATIVES:NSE (TM & SCM) – NSE 231454233

#### Depository Participant (DP)

CDSL DP ID: 120 – 12200  
 SEBI REGD NO. : CDSL : IN-DP-CDSL-661-2012

#### PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

#### Website: www.centrum.co.in

**Investor Grievance Email ID:** investor.grievances@centrum.co.in

#### Compliance Officer Details:

Kavita Ravichandran

(022) 4215 9842; Email ID: Compliance@centrum.co.in

### Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)

Registered Office Address	Corporate Office & Correspondence Address
Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000