

BUY

Sector View: Positive

Marksans Pharma: Growth Momentum Rebounds

February 09, 2026 | CMP: INR 177 | Target Price: INR 225

Expected Share Price Return: 27.0% | Dividend Yield: 0.0% | Potential Upside: 27.0%

Change in Estimates	✗
Change in Target Price	✓
Change in Recommendation	✓

Company Info	
BB Code	MRKS IN EQUITY
Face Value (INR)	1.0
52-week High/Low (INR)	276 / 157
Mkt Cap (Bn)	INR 80.1 / USD 0.9
Shares o/s (Mn)	453.2
3M Avg. Daily Volume	8,41,181

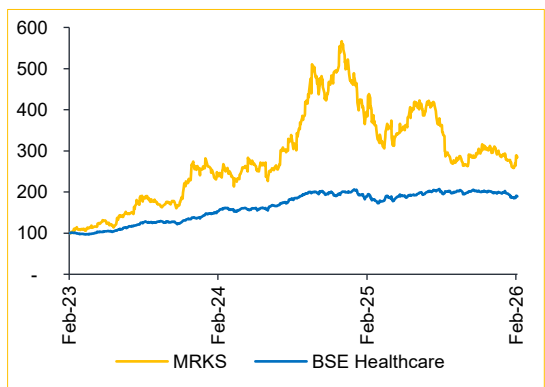
Change in CIE Estimates						
	FY26E			FY27E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	29.1	29.1	-	34.1	34.1	-
EBITDA	5.7	5.7	-	7.5	7.5	-
EBITDAM %	19.5	19.5	-	22.0	22.0	-
PAT	3.9	3.9	-	5.4	5.4	-
EPS (INR)	8.6	8.6	-	11.8	11.8	-

Actual vs CIE Estimates			
INR Bn	Q3FY26A	CIE Estimate	Dev. %
Revenue	7.5	7.4	2.2
EBITDA	1.6	1.5	6.8
EBITDAM %	21.4	20.5	94 bps
PAT	1.1	1.1	7.9

Key Financials					
INR Bn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	21.8	26.2	29.1	34.1	39.3
YoY (%)	17.6	20.5	11.0	17.0	15.4
EBITDA	4.6	5.3	5.7	7.5	8.6
EBITDAM %	21.1	20.2	19.5	22.0	22.0
Adj PAT	3.1	3.8	3.9	5.4	6.3
EPS (INR)	6.9	8.4	8.6	11.8	13.9
ROE %	15.2	15.4	13.8	16.2	16.2
ROCE %	15.0	15.3	13.7	16.1	16.1
PE (x)	25.6	21.1	20.6	15.0	12.8
EV/EBITDA (x)	16.7	14.3	12.9	9.2	7.5

Shareholding Pattern (%)			
	Dec 2025	Sep 2025	Jun 2025
Promoters	43.87	43.87	43.87
FII's	8.13	16.92	19.89
DII's	5.91	5.28	5.50
Public	42.08	33.93	30.74

Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE Healthcare	88.8	21.0	(2.8)
MRKS	183.9	15.7	(34.2)



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Growth Momentum Rebounds; FY27 Inflection Visible

The company has reported a healthy revenue recovery in the past two quarters, which, together with a **strong US pipeline and ongoing expansion in the Europe market**, we believe, will drive overall growth momentum. While margin is likely to remain muted in FY26, we expect a step-up in growth FY27 onwards, as operating leverage from the Teva begins to play out. We also believe the company is **on track to achieve its revenue targets of ~INR 30 bn in FY26 and ~INR 40 bn in FY28**.

We have kept our FY26–27 estimate unchanged, while expecting a stronger revenue growth and margin expansion FY28 onwards. This results in a revised target price of **INR 225** (from INR 210), based on an unchanged 18x FY27–28E earnings multiple with a PEG ratio of 0.9. Accordingly, we upgrade the stock to **BUY**.

Revenue and Margin Expansion Support Earnings Beat

- Revenue grew 10.6% YoY / 4.7% QoQ to INR 7,544 Mn, driven by strong growth in Australia and North America (vs. CIE estimate: INR 7,384 Mn).
- EBITDA grew 16.6% YoY / 11.9% QoQ to INR 1,617 Mn; margin expanded 109 bps YoY / 138 bps QoQ to 21.4% (vs. CIE estimate: 20.5%).
- PAT increased 9.2% YoY / 15.7% QoQ to INR 1,147 Mn (vs. CIE estimate: INR 1,062 Mn).

US-Tariff Overhang Eases; Order Inflows and ANDAs to Support Growth

The US business continues to recover, supported by a healthy order book and favourable seasonal demand trends, positioning the company for **strong double-digit growth in FY26**. The anticipated US-India trade agreement has significantly **reduced tariff-related uncertainty**, which should further boost customer confidence and accelerate order inflows. The base business remains on a steady growth path, complemented by a pipeline of 7–8 ANDA filings annually, providing clear medium-term revenue visibility and reinforcing sustainability of the recovery.

Europe set to Emerge as a Medium-term Growth Driver

Europe remains in the setup phase; however, we **expect the region to emerge as a key medium-term growth driver**. This outlook is underpinned by a structured expansion strategy, including the establishment of a legal entity in Ireland and the initiation of commercial groundwork in Germany, laying the foundation for broader EU market access. Importantly, the company is witnessing early signs of **easing pricing pressure** and its product pipeline is increasingly skewed towards **niche and complex molecules**. This portfolio shift should enhance competitiveness, support entry into tender-driven markets and improve the sustainability of revenues from Europe in the medium term.

Particulars (INR Mn)	Q3FY26	Q2FY25	YoY (%)	Q2FY26	QoQ (%)
Revenue	7,544	6,818	10.6	7,204	4.7
Cost of Goods Sold	3,152	2,983	5.7	3,086	2.1
Gross Margin (%)	58.2	56.2	197 bps	57.2	105 bps
Operating Expenses	2,775	2,447	32.5	2,673	9.1
EBITDA	1,617	1,387	16.6	1,445	11.9
EBITDA Margin (%)	21.4	20.3	109 bps	20.1	138 bps
Depreciation	243	207	17.6	269	(9.6)
Interest	59	27	122.5	58	2.1
PBT	1,516	1,432	5.9	1,333	13.7
Tax	369	382	(3.3)	342	8.0
PAT	1,147	1,050	9.2	991	15.7
EPS (INR)	2.5	2.3	9.2	2.2	15.7

Geographical Mix (INR Mn)	Q3FY26	Q2FY25	YoY (%)	Q2FY26	QoQ (%)
US & North America	4,124	3,529	16.9	3,873	6.5
Europe & UK	2,582	2,576	0.2	2,453	5.3
Australia & New Zealand	614	472	30.1	613	0.2
India & RoW	224	241	(7.1)	265	(15.5)

Source: MRKS, Choice Institutional Equities

Management Call – Highlights

US Business

- Strong quarter driven by seasonal demand and volume growth. The management highlighting that non-seasonal products also delivered healthy growth.
- **Tariff and trade-related uncertainty has largely eased, improving customer confidence and engagement level.**
- Low single-digit price erosion continues in Rx, while OTC and repeat-demand categories (pain, allergy, GI, cough & cold) remain the key growth drivers.

UK Business

- The UK market continues to face pricing pressure, however management indicated that price erosion is stabilizing and bottoming out, supporting sequential improvement.
- **Management reiterated a bullish stance on the UK**, driven by continuous approvals and a growing pipeline of higher-margin products.

Europe Business

- **Europe is identified as the next major growth pillar in addition to the US and the UK.**
- The company is focusing on four major EU markets, starting with Germany.
- Europe expansion is expected to be primarily M&A-led, as building pan-European scale organically is time-consuming due to fragmented regulations and tender systems.

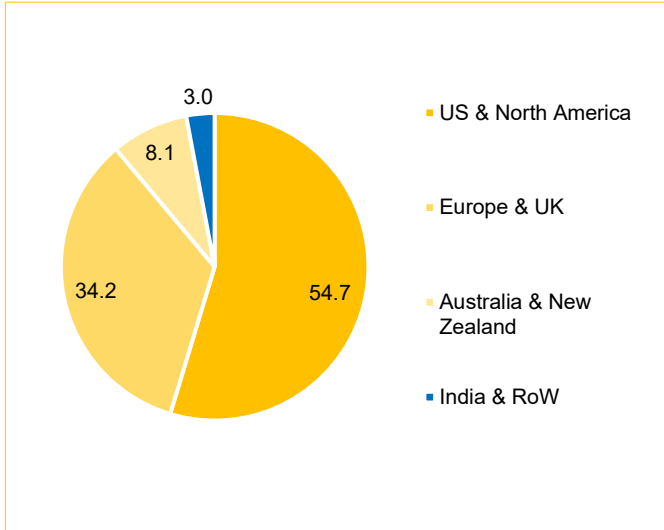
Outlook

- **The management reiterated a revenue milestone of ~INR 40 Bn over the next 2 years**, based solely on the current portfolio (excluding Europe and Canada).
- Driven by aggressive UK filings and Europe-ready pipeline development, R&D spend is expected to remain at ~2.5–3.0% of revenue.

Management reiterated a revenue milestone of ~INR 40 Bn in the next 2 years.

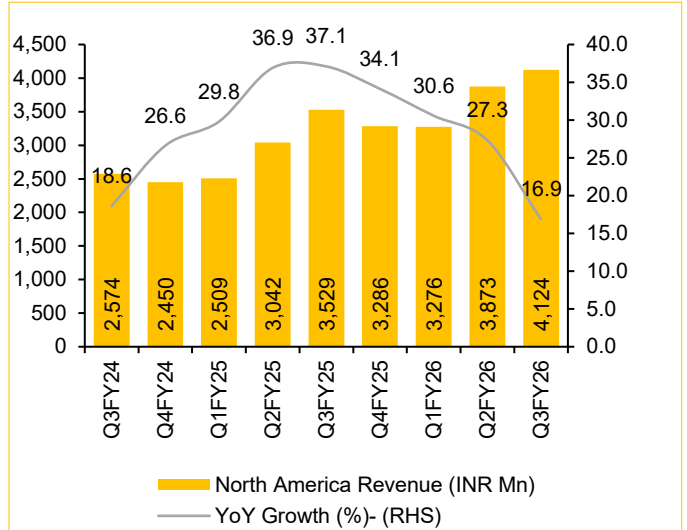
EBITDA margin expected to remain ~19–20% for FY26.

Q3FY26 Segment Revenue Split (INR 7.5 Bn)



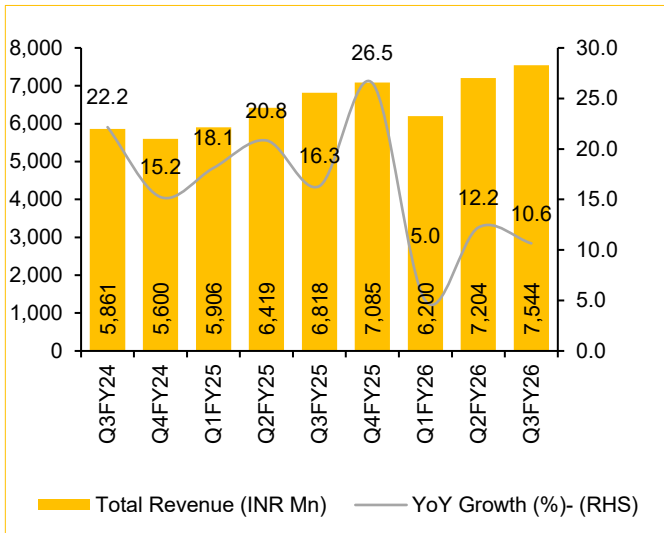
Source: MRKS, Choice Institutional Equities

North America Maintains Growth Momentum



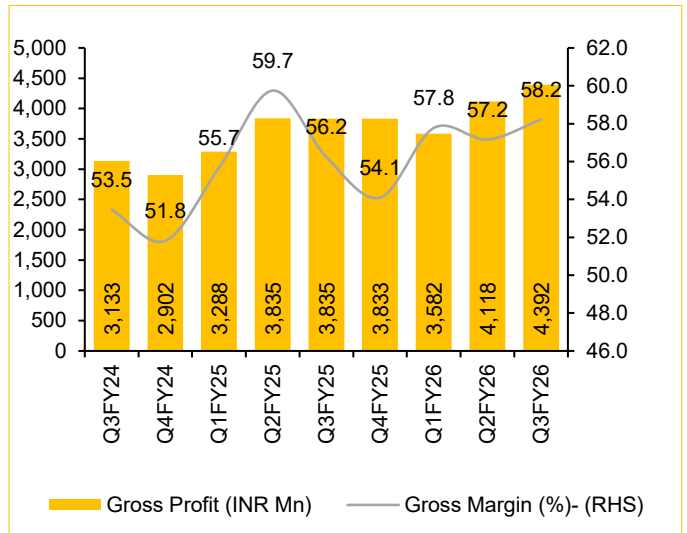
Source: MRKS, Choice Institutional Equities

Revenue Beats Estimate



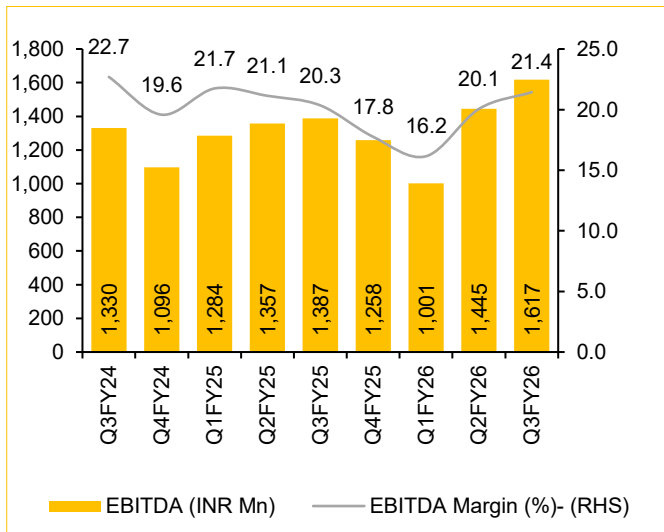
Source: MRKS, Choice Institutional Equities

Gross Margin Improves on Better Mix



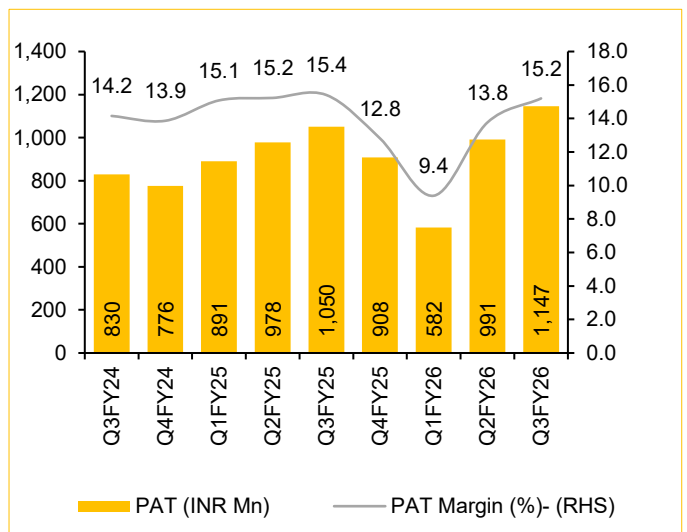
Source: MRKS, Choice Institutional Equities

EBITDA Improves QoQ and YoY



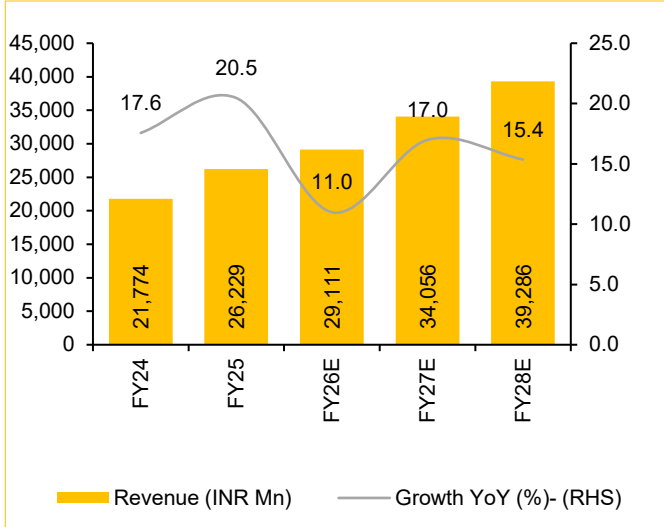
Source: MRKS, Choice Institutional Equities

PAT Above Estimate



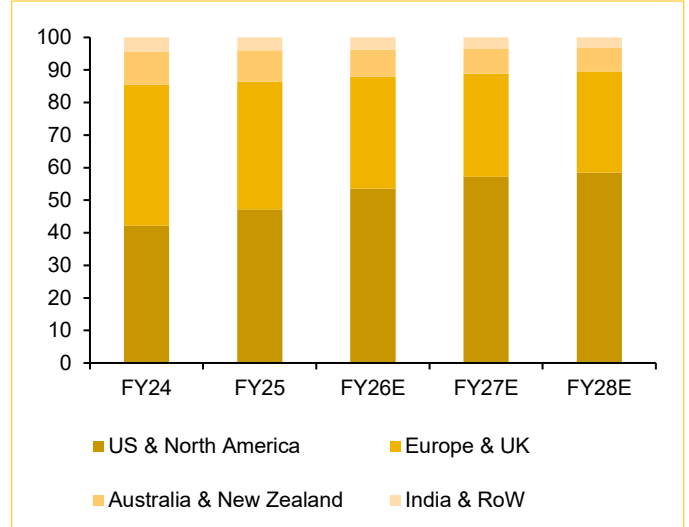
Source: MRKS, Choice Institutional Equities

Revenue to Expand at 14.4% CAGR over FY25–28E



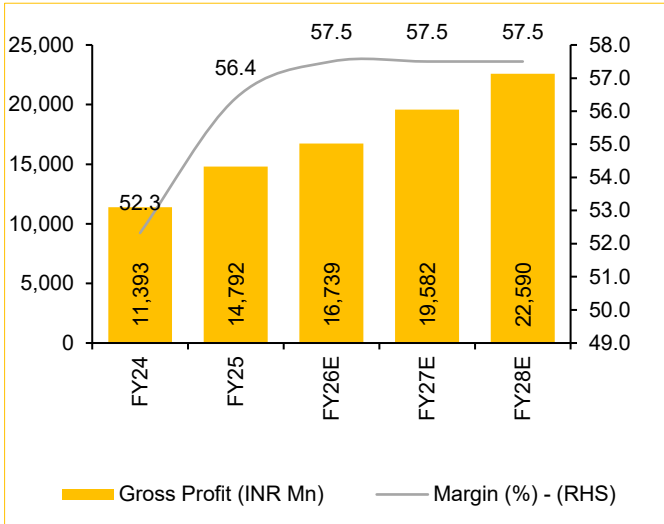
Source: MRKS, Choice Institutional Equities

US and EU Remain Key Revenue Contributors



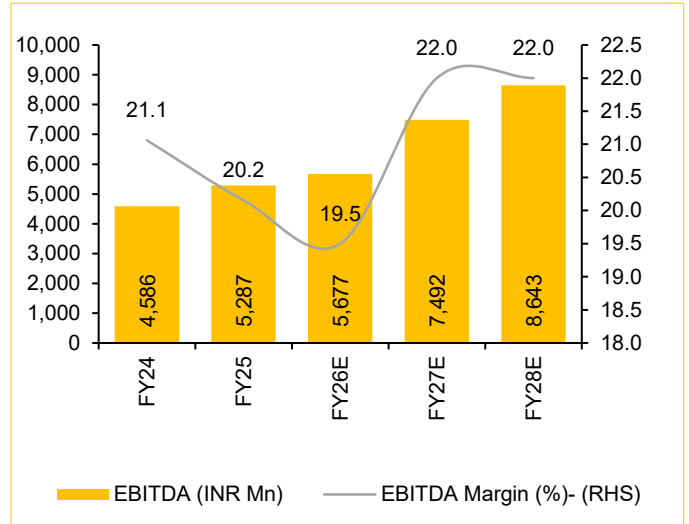
Source: MRKS, Choice Institutional Equities

Gross Margin Expected to Remain Flat



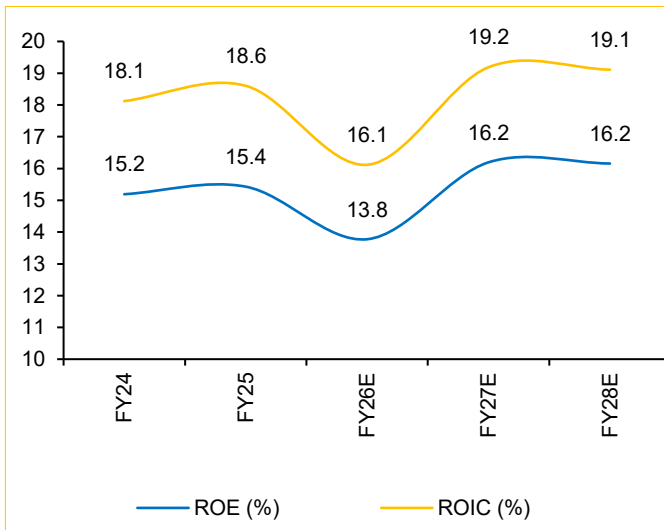
Source: MRKS, Choice Institutional Equities

EBITDA Margin to See Improvement from FY28



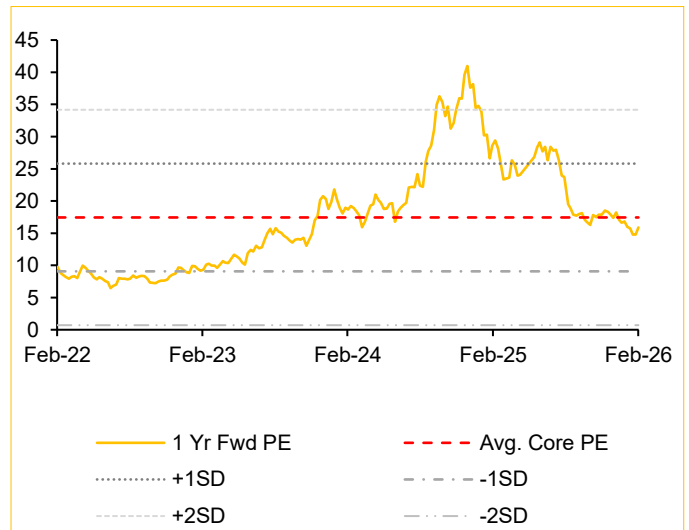
Source: MRKS, Choice Institutional Equities

ROE and ROIC



Source: MRKS, Choice Institutional Equities

1-year Forward PE Band



Source: MRKS, Choice Institutional Equities

Income Statement (INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	21,774	26,229	29,111	34,056	39,286
Gross Profit	11,393	14,792	16,739	19,582	22,590
EBITDA	4,586	5,287	5,677	7,492	8,643
Depreciation	743	834	957	1,017	1,077
EBIT	4,347	5,157	5,389	7,327	8,548
Other Income	504	704	670	851	982
Interest Expense	112	117	205	171	171
PBT	4,235	5,040	5,184	7,156	8,377
Reported PAT	3,137	3,806	3,888	5,367	6,283
EPS (INR)	6.9	8.4	8.6	11.8	13.9

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	17.6	20.5	11.0	17.0	15.4
Gross Profit	22.4	29.8	13.2	17.0	15.4
EBITDA	21.1	20.2	19.5	22.0	22.0
PAT	17.8	21.3	2.1	38.0	17.1
Margins (%)					
Gross Profit Margin	52.3	56.4	57.5	57.5	57.5
EBITDA Margin	21.1	20.2	19.5	22.0	22.0
PBT Margin	19.5	19.2	17.8	21.0	21.3
Tax Rate	25.6	24.1	25.0	25.0	25.0
PAT Margin	14.4	14.5	13.4	15.8	16.0
Profitability (%)					
ROE	15.2	15.4	13.8	16.2	16.2
ROIC	18.1	18.6	16.1	19.2	19.1
ROCE	15.0	15.3	13.7	16.1	16.1
Financial Leverage (x)					
OCF/EBITDA	0.7	0.6	1.0	0.9	0.9
OCF/Net Profit	0.7	0.5	1.1	0.9	0.9
Debt to Equity	0.0	0.0	0.0	0.0	0.0
Interest Coverage	38.8	44.2	26.3	42.9	50.0
Working Capital					
Inventory Days	217	270	270	260	260
Debtor Days	76	75	75	75	75
Payable Days	94	98	100	100	100
Cash Conversion Cycle	199	247	245	235	235
Valuation Metrics					
No of Shares (Mn)	453.2	453.2	453.2	453.2	453.2
EPS (INR)	6.9	8.4	8.6	11.8	13.9
BVPS (INR)	45.6	54.4	62.3	73.1	85.8
Market Cap (INR Bn)	80.3	80.3	80.3	80.3	80.3
PE (x)	25.6	21.1	20.6	15.0	12.8
P/BV (x)	3.9	3.3	2.8	2.4	2.1
EV/EBITDA (x)	16.7	14.3	12.9	9.2	7.5
EV/Sales (x)	3.5	2.9	2.5	2.0	1.7

Source: MRKS, Choice Institutional Equities

Balance Sheet (INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Worth	20,651	24,669	28,227	33,137	38,886
Borrowings	291	231	231	231	231
Trade Payables	2,683	3,057	3,390	3,965	4,574
Other Non-current Liabilities	2,052	2,729	2,729	2,729	2,729
Other Current Liabilities	925	1,486	1,486	1,486	1,486
Minority Interest	209	225	225	225	225
Total Net Worth & Liabilities	26,809	32,396	36,287	41,773	48,131
Net Block	4,483	5,795	5,420	5,003	4,526
Capital WIP	54	90	90	90	90
Goodwill & Intangible Assets	1,002	956	956	956	956
Investments	270	7	7	7	7
Trade Receivables	4,532	5,400	5,982	6,998	8,073
Cash & Cash Equivalents	6,736	7,042	9,611	13,341	17,518
Other Non-current Assets	2,646	3,515	3,514	3,514	3,514
Other Current Assets	7,087	9,591	10,707	11,865	13,448
Total Assets	26,809	32,396	36,287	41,773	48,131

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	2,304	2,067	4,105	4,956	5,482
Cash Flows from Investing	(1,408)	(490)	(1,000)	(600)	(600)
Cash Flows from Financing	(688)	(651)	(535)	(627)	(705)

DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden (%)	74.1	75.5	75.0	75.0	75.0
Interest Burden (%)	97.4	97.7	96.2	97.7	98.0
EBIT Margin (%)	20.0	19.7	18.5	21.5	21.8
Asset Turnover (x)	0.8	0.8	0.8	0.8	0.8
Equity Multiplier (x)	1.3	1.3	1.3	1.3	1.2
ROE (%)	15.2	15.4	13.8	16.2	16.2

Historical Price Chart: MRKS



Date	Rating	Target Price
June 14, 2024	OUTPERFORM	215
November 11, 2024	BUY	376
February 13, 2025	BUY	310
May 21, 2025	BUY	315
August 14, 2025	ADD	210
November 17, 2025	ADD	210
February 09, 2026	BUY	225

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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