

Marksans Pharma Ltd

Navigating the Generic Pharma Landscape

Initiating Coverage



Choice Equity Broking Private Ltd.

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Table of Content

Sr. No.	Particulars	Page No.
1.	Investment Rationale	4
2.	Global Pharmaceutical Market Trends and Outlook	5
3.	Key Drivers in the Generics Market Growth	6-7
4.	Dynamics of the OTC Drugs Market	8-9
5.	Corporate Structure and Organization of Marksans Pharma	10
6.	Marksans Pharma: Growth Drivers and Strategies	11-14
7.	Financial Trends and Insights	15-16
8.	Future Product Launches and Innovations	17
9.	Shareholding Pattern and Ownership Structure	18
10.	Leadership and Executive Management Team	19
11.	Comparative Analysis of Peer Companies	20
12.	Comprehensive Financial Overview	21

Marksans Pharma

OUTPERFORM

Marksans Pharma specializes in the R&D, manufacturing, and marketing of generic pharmaceuticals, offering a comprehensive portfolio of over 300 products including tablets, capsules, oral liquids, and ointments across various therapeutic areas like pain management, cardiovascular health, anti-infectives, CNS disorders, anti-inflammatory conditions, and gastrointestinal ailments. Serving both over-the-counter (OTC) and prescription (Rx) markets, Marksans operates globally in over 50 countries with c.96% of its revenue coming from regulated markets such as the US, UK, Europe, Australia, and New Zealand, showcasing a steadfast commitment to quality and regulatory compliance.

Investment Rationales

- Tevapharm's acquisition driving further growth:** The acquisition of Tevapharm's Goa unit by the company is set to expand its manufacturing capabilities to include tablets, hard and soft gel capsules, ointments, gummies, creams, etc. With a scalable capacity, the unit plans to double its existing Indian capacity by an additional 8 bn units annually over the next two years. This expanded capacity is poised to capture emerging opportunities across diverse geographical markets. The full revenue potential from this unit is expected to be realized starting from FY25, promising substantial growth prospects for the company. This acquisition is anticipated to serve as the cornerstone for achieving the company's targeted topline growth, aiming for sales of INR 30,000mn over the next 2 years.
- Revenue shift towards OTC:** Marksans Pharma has experienced remarkable growth in its OTC segment, with its revenue share soaring from 51.0% in FY19 to 74.1% in FY24, with a notable CAGR of 25.9% over the same period. The OTC market is perceived as relatively stable compared to the Rx market, characterized by lower pricing volatility and pressures. With expectations to further increase, Marksans anticipates the OTC segment to contribute 80-85% to its revenue from FY25 onwards. This strategic shift towards OTC is aimed at providing the company with sustainable growth and better operating stability (low-cost manufacturer).
- Doubling revenue in the US market:** The US is Marksans' core market, accounting for more than 42% of its consolidated revenue. The US is also expected to contribute between 45-48% of company sales, and the company is extremely optimistic about doubling its US revenue over the next two years due to its strong order book visibility. US market is the growth driver for the next 2 years as the company has increased its presence, capacity, and product portfolio in the region.
- Outlook and Valuation:** We believe Marksans will benefit from scaling up and upgrading its newly acquired Tevapharm manufacturing facility, increasing revenue share from the OTC segment, a strong product pipeline, particularly in the USA and the UK, and its backward integration initiative, which will enhance operating leverage and slightly improve margins. We expect Revenue/EBITDA/PAT to grow at a CAGR of 20.8%/22.1%/24.5% over FY24-FY26E. We value the company at a PE of 20x on FY26E EPS to arrive at a target price of **INR 215** and initiate our coverage with an **OUTPERFORM** rating on the stock.

CMP (INR)	159
Target Price (INR)	215
Potential Upside (%)	35.1

Company Info

BB Code	MRKS IN
ISIN	INE750C01026
Face Value (Rs.)	1.0
52 Week High (Rs.)	185
52 Week Low (Rs.)	86
Mkt Cap (Rs bn.)	72.5
Mkt Cap (\$ bn.)	0.87
Shares o/s (Mn.)/Free Float (%)	453/56
EPS FY24 (Rs)	6.9
EPS FY26E (Rs)	10.7

Shareholding Pattern (%)

	Mar-24	Dec-23	Sep-23
Promoters	43.85	43.85	43.85
FII's	15.57	15.55	15.07
DII's	5.17	4.76	4.02
Public	35.40	35.81	37.06

Relative Performance (%)

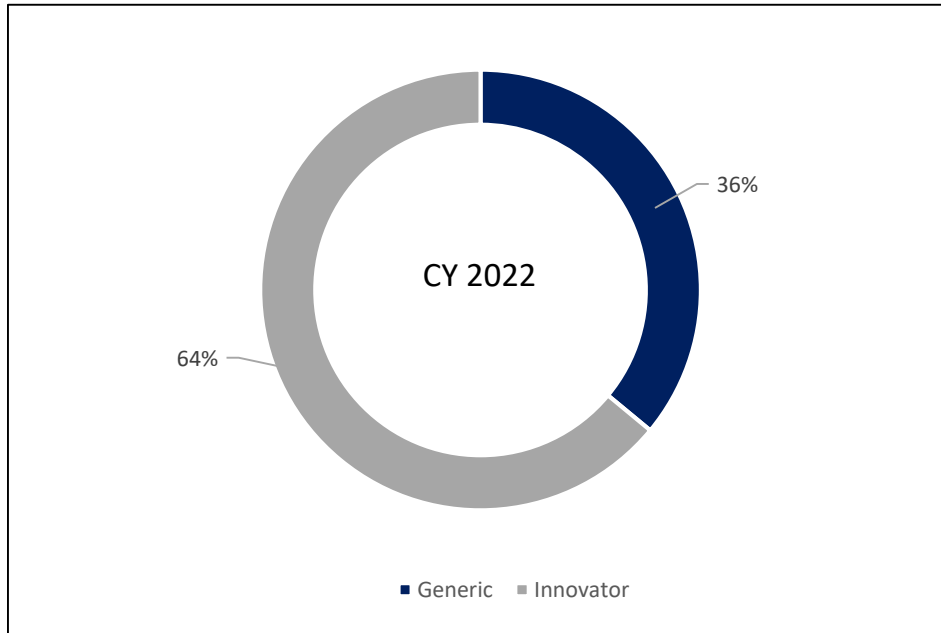
YTD	1Yr	2Yr	3Yr
BSE HC	51.1	70.9	45.0
Marksans	80.9	249.8	87.4

Rebased Price Performance

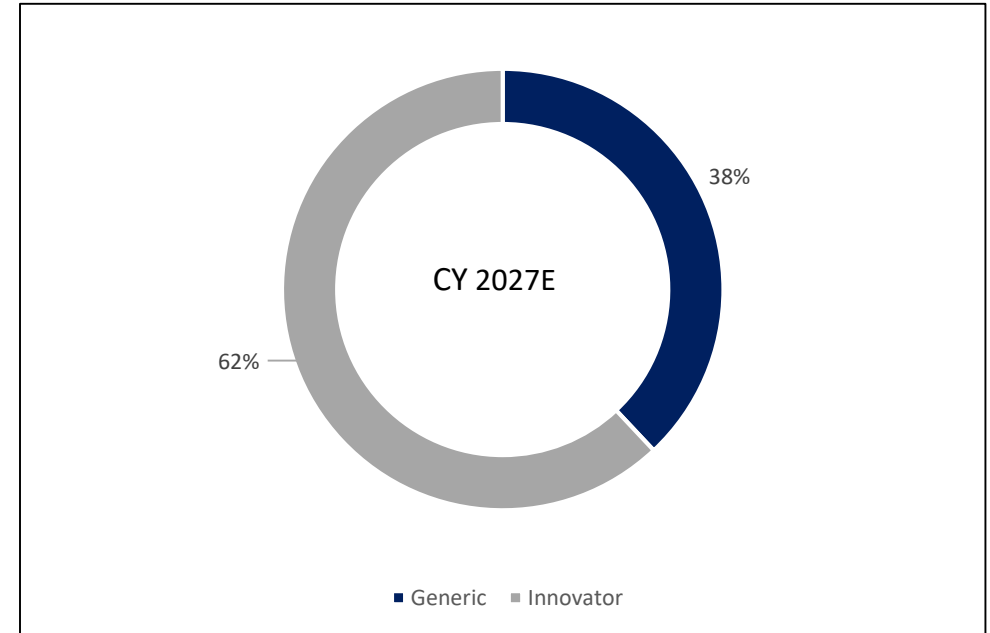


Global Pharmaceutical Market

Global Pharmaceutical Market Expected to Grow from USD 1,457 Bn in CY22 to USD 1,800 Bn in CY27E



Source: Crisil, CEBPL



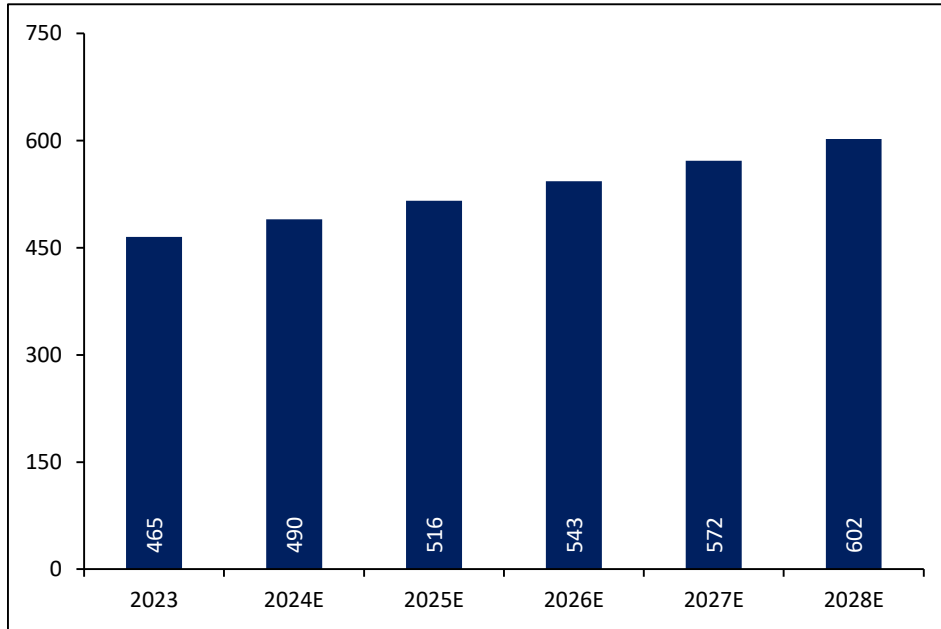
Source: Crisil, CEBPL

Key factors fueling growth

- India is the world's largest supplier of generic pharmaceuticals and is renowned for its reasonably priced vaccines and generic medications. The pharmaceutical sector in India has grown over the previous nine years at a CAGR of 9.43%, placing it third in pharmaceutical production by volume. India's pharmaceutical industry provides more than half of the world's demand for different vaccinations, 40% of the US market for generic drugs, and 25% of the UK market for all medications.
- Following robust growth in CY21 and CY22, driven by pent-up demand, the market is projected to maintain a CAGR of 4.5-5% over five years, spanning from 2022 to 2027. As of 2022, the generic formulation market represented approximately 36% of the total pharmaceutical market, while innovator medicines continue to constitute a significant portion of the global pharmaceutical market in terms of value, recent years have witnessed substantial growth in the generics market.
- This growth has been fueled by significant developments in countries like China and India. Additionally, healthcare reforms in regulated markets like the US and Europe are fostering higher insurance coverage and increased utilization of generic medicines. Looking forward, generic molecules are anticipated to comprise around 37-38% of the total global market by 2027.

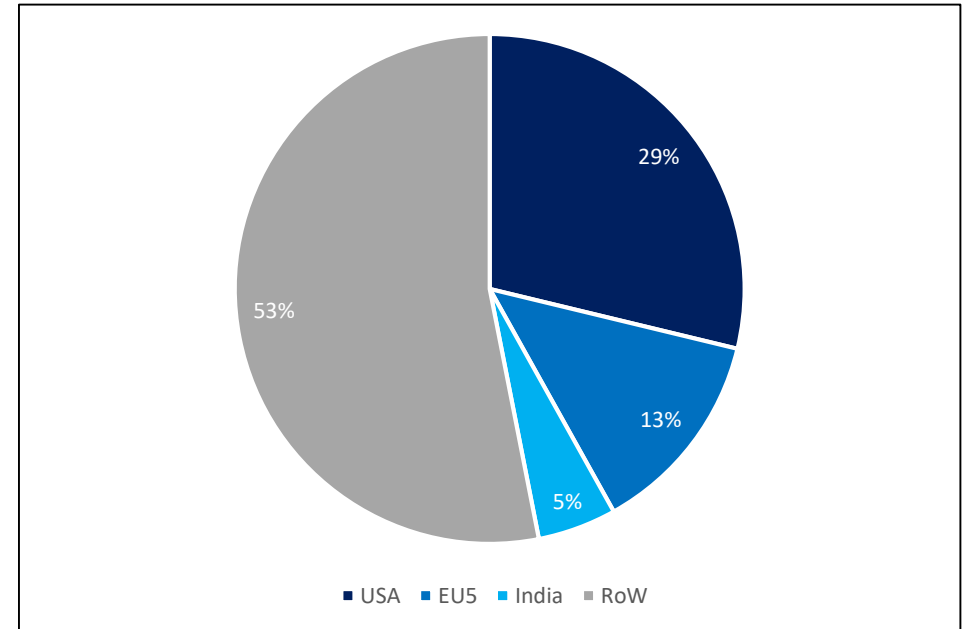
Global Generics Market

Global Generics Drugs Market (USD Bn) is expected to grow at a CAGR of 5.3%



Source: Nova1Advisor, CEBPL

The USA accounts for the majority of the Global Generic Market followed by EU5



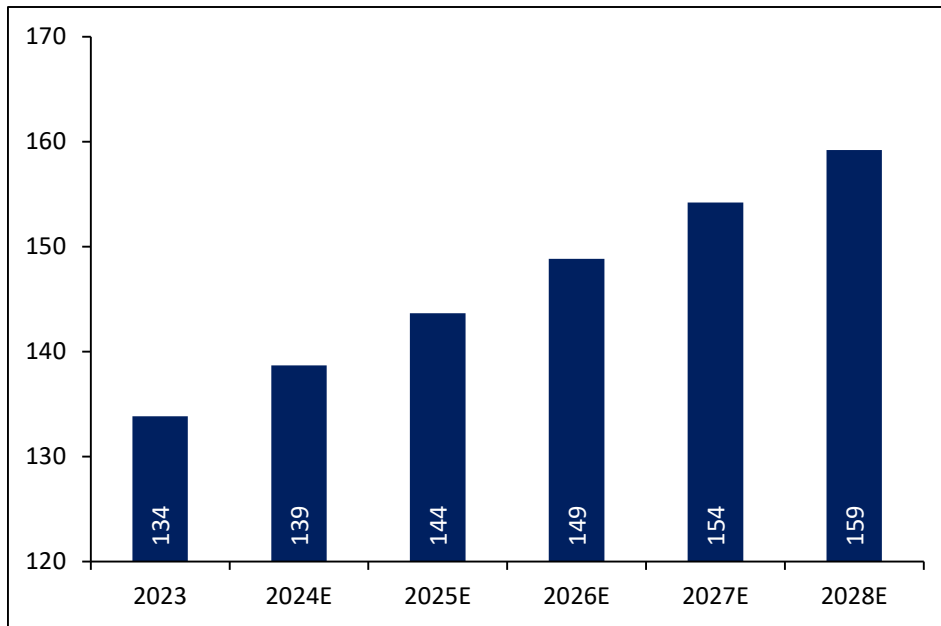
Source: CEBPL

Global Generic Market Growth Drivers

- A generic drug is a medication developed to be equivalent to an already-marketed brand-name drug in terms of dosage, safety, strength, route of administration, quality, and performance characteristics. The Global Generics Market is poised to expand at a CAGR of 5.3% from 2023 to 2028, propelled by factors including an ageing population, rising incidences of chronic diseases, number of ANDA approvals, and launches of generic drugs.
- Generic medicines generally cost less than their brand-name equivalents. Furthermore, multiple generic versions of a single product are often approved, fostering competition in the marketplace and typically leading to lower prices. Additionally, increasing patent cliffs and exclusivities, along with favorable regulatory policies and shifts in prescription patterns, are expected to drive this growth further.
- As of 2023, the US and EU5 (comprising France, Germany, Italy, Spain, and the UK) stand as the top two generics markets, with market sizes of USD 134 bn and USD 61 bn, respectively.

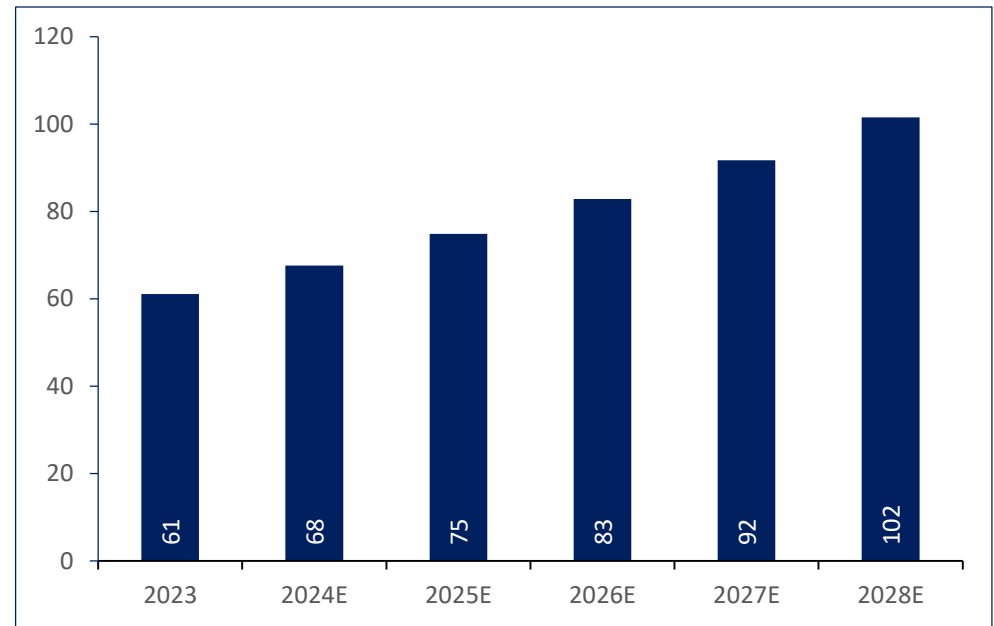
USA and EU5 Generics Market Trends

US Generic Market Size (USD Bn)



Source: Nova1Advisor, CEBPL

Europe Generic Market Size (USD Bn)



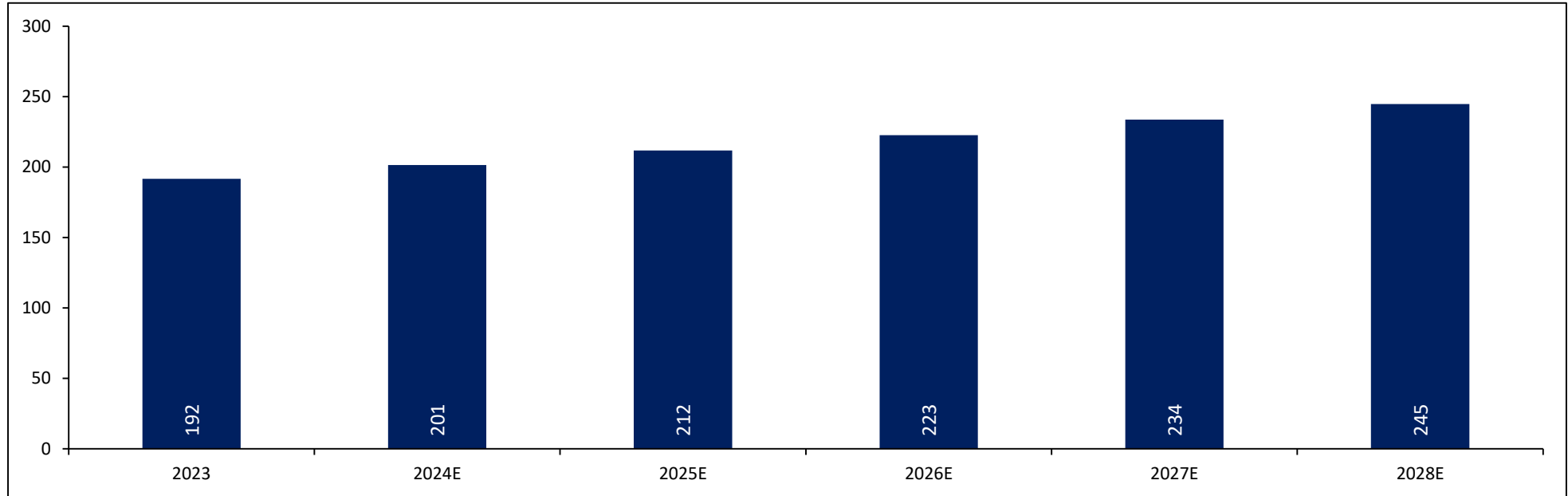
Source: Nova1Advisor, CEBPL

USA and Europe Market Growth Drivers

- A report indicates that many healthcare professionals (HCPs) in the US are prescribing generic drugs to over 61% of their patients, a higher rate compared to their counterparts in the EU5 countries. This trend is attributed to mounting government pressures in the US to endorse generic medications, fueled by rising demands for drugs.
- The US generic market is anticipated to continue its growth trajectory, with a projected CAGR of 3.5% from 2023 to 2028, reaching USD 159bn. Meanwhile, the Europe market is forecasted to experience robust growth, with a CAGR of 10.7% over the same period, culminating in a market size of USD 102bn by 2028.
- Market growth in Europe is driven by rising chronic disease prevalence, advanced drug formulations like fixed-dose combinations, cost-effective treatment options, and the approval of biosimilars. Additionally, in July 2023, the European Commission presented revised pharmaceutical legislation aimed at enhancing the availability of medicines across all EU member states. This initiative is expected to bolster demand for generic drugs in the European market in the foreseeable future.

Global OTC Drug Market Trends

Global OTC Drugs Market to grow at a CAGR of 5% (USD Bn)



Source: Statista, CEBPL

Global OTC Market Growth Drivers

- The global market size for OTC drugs is projected to grow at a CAGR of 5% from 2023-28, driven by factors such as the popularity of self-medication, advancements in drug delivery systems, and the preference for convenient and cost-effective medications. North America accounts for a market value of USD 18.46bn in 2022. One of the key factor which will contribute to the market growth during the forecasted period is the increasing use of self-medication.
- Many OTC drugs have transitioned from prescription-only status to over-the-counter availability, a process known as "Rx-to-OTC switch". This shift is driven by increased emphasis on patient empowerment and access to healthcare products, the desire to reduce healthcare costs, strong focus of key players in the development, and launch of new OTC products.
- According to IQVIA, the largest OTC therapeutic segments globally, based on total OTC sales, include Cough and Cold, Respiratory, Pain Relief, Nutrition, Gastrointestinal, Dermatology, and Allergy. The Cold & Cough Remedies segment dominates the market, holding the largest share. Additionally, it's anticipated that online sales will contribute 21.44% of total revenue in the OTC Pharmaceuticals market by 2024. Cold and cough are the most common conditions in children below 10 years and population above 65 years, which is leading to an increasing demand for the products.

OTC Drugs vs Rx Drugs

- Medications that are sold over-the-counter (OTC) can be bought without a prescription and straight from the shelves of a pharmacy, eliminating the need to see a physician. OTC drugs are not intended for a specific individual only.
- Prescription only (Rx) drugs are only available with a valid prescription from the doctor and these drugs are heavily regulated and requires monitoring by a prescriber to ensure the medication is working and that it is working safely. Rx drugs are intended for use by one individual to treat a specific condition.

Aspect	Over-the-Counter (OTC)	Prescription (Rx)
Regulatory Environment	Operates in less stringent regulatory environment with fewer hurdles in FDA approvals	Faces extensive regulation and approval processes
Market Potential	Market can be large, catering to a wide range of consumers seeking relief from common ailments	Market can also be substantial, especially for medications addressing chronic conditions
Growth Drivers	Growth driven by factors like an aging population, increased health awareness, and self-medication trends	Growth opportunities may arise from innovations in drug development, expanding healthcare access, and demographic shifts
Competition	Can be competitive, with numerous brands vying for shelf space and consumer attention	Companies face challenges such as patent expirations, generic competition, and pricing pressures
R&D Pipeline	Invests in research and development to introduce new products or improve existing formulations	Requires substantial investment in R&D to discover and develop novel therapeutics
Risk Profile	Offers relatively lower risk due to less complex regulatory pathways and broader consumer base. However, market competition and product commoditization could pose risks	Carries higher risks due to uncertainty associated with clinical trials, regulatory approvals, and market adoption
Accessibility	Widely accessible in pharmacies, supermarkets, etc.	Dispensed through pharmacies, often requiring a visit to a healthcare provider
Examples	Pain relievers (e.g., ibuprofen, paracetamol), antacids, allergy medications, etc.	Antibiotics, antidepressants, opioids.

Source: Company, CEBPL

Corporate Structure



Marksans Pharma (UK) Ltd
100%

Bell's Healthcare



Manufacturer of
OTC Liquids &
Ointments



450+
OTC/SKU
products



100+ MA

RelonChem



162+
product licenses;



Wholesale
distributor of
generic pharma



Marksans Pharma (USA) Ltd
100%

Time-Cap Labs, Inc.
Providing a Solid Dose of Innovation*



Manufacturer of
range of OTC & Rx
products;



50+ products
portfolio



60%

NOVA
PHARMACEUTICALS



Distribution of
quality generic
pharma



Only OTC



Regional sales
development
across Asia (China,
Japan, Singapore,
Vietnam, Sri Lanka
and South Korea)



100%

AHC
ACCESSHEALTHCARE



Engaged in the
business of
marketing of
medicines in the
UAE and
neighboring
countries.



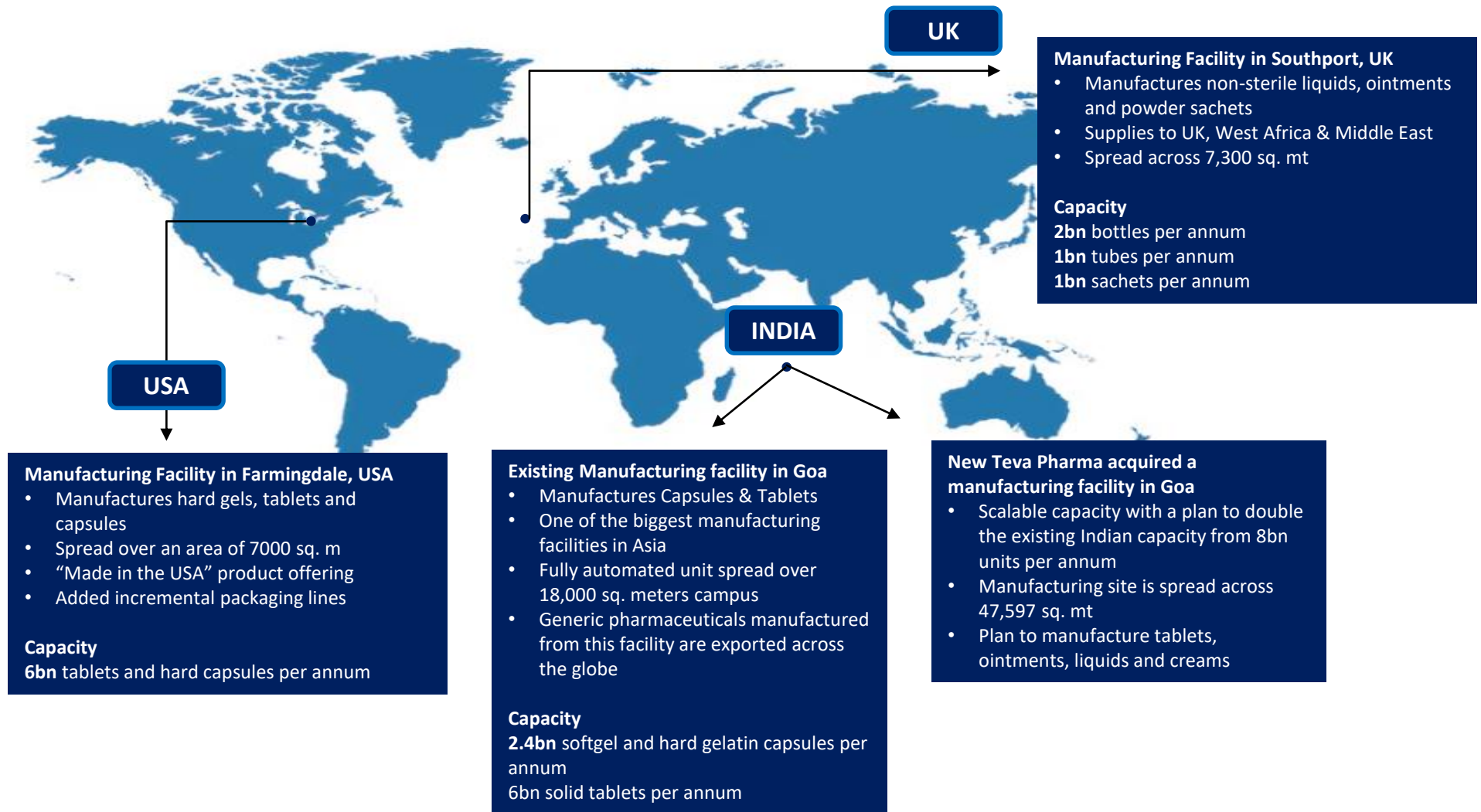
Supplies products
through the
Dubai Health
Authority (DHA)



Derma focused
products range

Tevapharm's acquisition driving further growth

- The company spent INR 2,088 mn towards capex in FY24 and completed phase 1 of Tevapharm’s plant, which is aimed at achieving 3.6 bn units annually. Phase 2, which will increase capacity to 6 bn units, is expected to be completed by FY25. Significant future growth in the company’s top line is expected to be driven by revenue from the Teva plant as the expected revenue from the Teva plant to be in the range of INR 8,000-10,000 mn from FY26 onwards.
- The company has already crossed its earlier revenue guidance of INR 20,000 mn for FY24. Further, it expects to achieve revenue of INR 30,000 mn for FY26. This shall be driven by the scale-up of capacities in the Teva plant and a strong pipeline of products in the US and Europe markets.



Revenue Shift Towards OTC

- Private label sales constitute 80% of the company's OTC business in FY24. In FY24, this segment contributed 74.1% to the revenue and is anticipated to rise to 80-85% by FY25. The company has more than 1500+ SKUs and 300+ products. A significant portion of revenue in this sector is generated by manufacturing and selling store brands for prominent retailers in key regions, positioning Marksans as a favored and expanding partner for low-cost manufacturing.
- Marksans is a preferred store brand partner whose expertise and capabilities in private-label manufacturing have contributed to the growth and maintenance of enduring relationships with leading retailers in strategic areas. Currently, the focus is on sizable therapeutic segments in OTC like Pain Management, Cough and Cold, Gastrointestinal, and Anti-Allergic medications, with plans to diversify into liquids, creams, and ointments within the OTC category and to encompass the entire product range within these therapy areas.
- According to IQVIA, globally, the largest OTC therapeutic segments are Cough and Cold, Respiratory, Pain Relief, Nutrition, Gastrointestinal, Dermatology, and Allergy, based on total OTC sales. Despite continued macroeconomic challenges, inflationary pressures, cost of living increases, and changing consumer behaviors, robust growth is projected for the global OTC market over the next four years.

Long-lasting partnership for store brand manufacturing with the leading retailers across our key geographies

Top Retailers/Customers in USA



Top Retailers/Customers in UK



Top Retailers/Customers in Australia

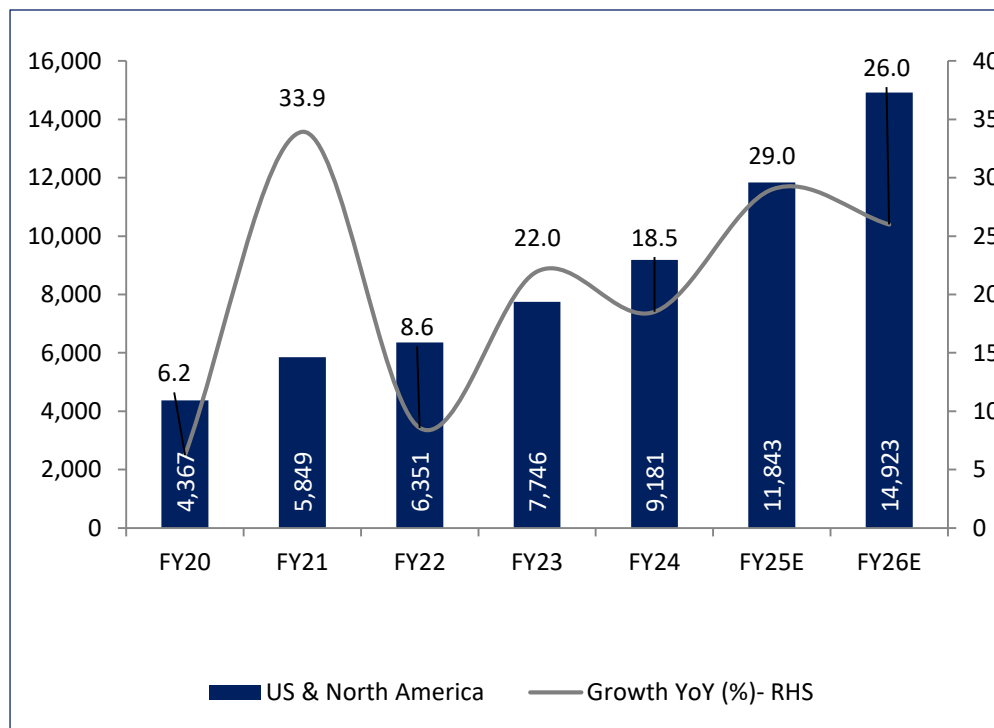


Source: Company, CEBPL

Doubling revenue in the US market

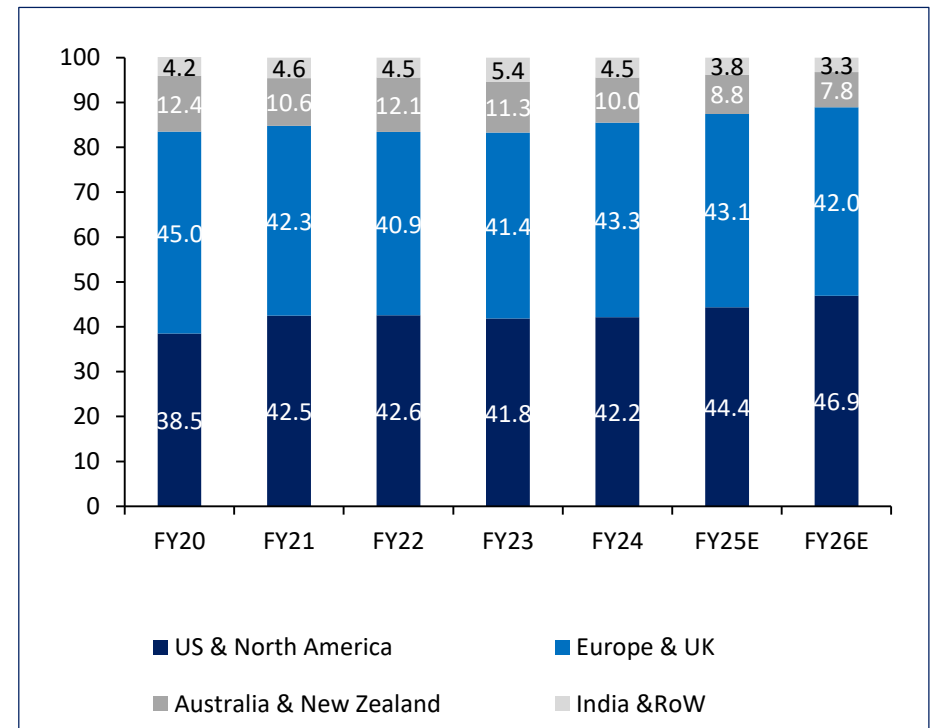
- US is the dominant market for Marksans as more than 42% of the consolidated revenue is coming from the region and expects to contribute approximately 45-48% to its sales and is very bullish and confident in doubling its US revenue in next 2 years as the company has good order book visibility. With the increase in the revenue, EBITDA margin will also improve due to operating leverage as it will start kicking in.
- US market is the growth driver for the next 2 years as the company has increased the capacity, presence, and product portfolio in the region. It expects 50% of total US sales to come from new launches, supported by a robust pipeline of over 30 products. The pricing pressure in Rx has moderated in the US and UK as well.

US & North America Revenue expected to double in next few years



Source: Company, CEBPL

Regional revenue mix (% of revenue)



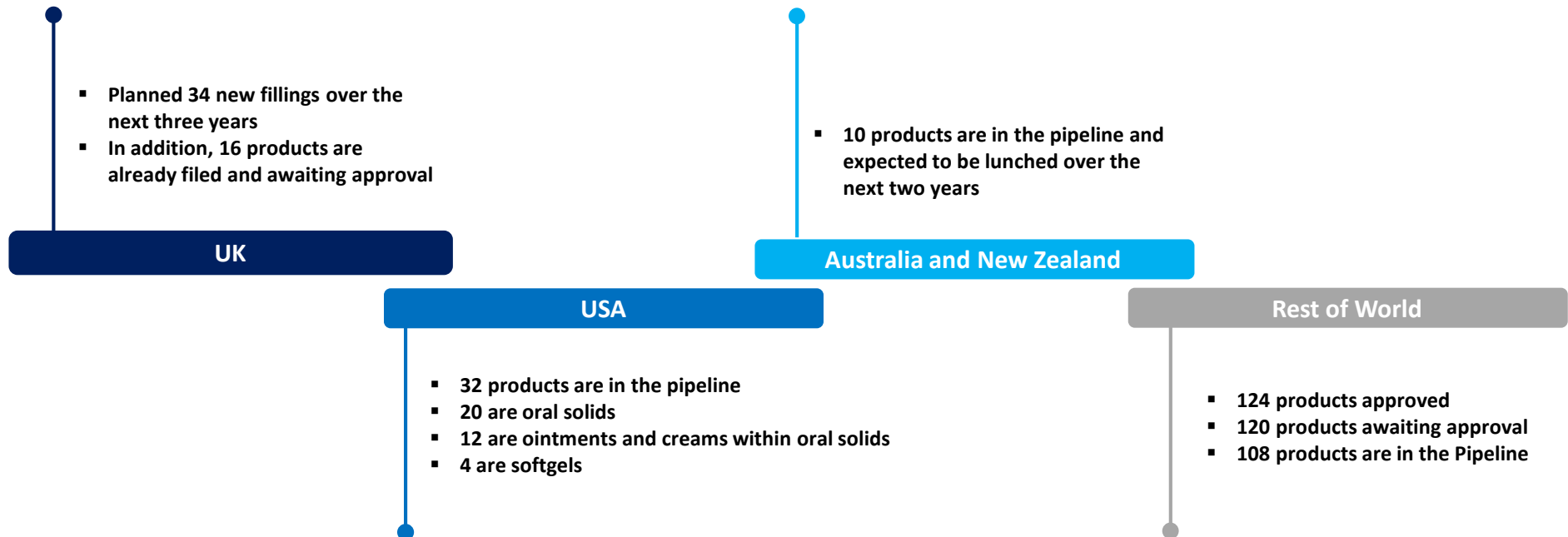
Source: Company, CEBPL

Strong product pipeline

- Marksans plans to expand its product portfolio with an addition of 12-13 new products every year with focus on developing soft gels and different delivery system like extended release, liquid, OTC products and ointments.
- The company has 4 R&D centres with more than 70 products in the pipeline and R&D expenses are expected to be around 2.0% of sales in FY25, (1.6% in FY24), and expects to reach at 4-5% in the next few years. The capex plan is to spend approximately INR 1,250mn in FY25, to be funded through internal accruals.
- **Europe & UK:** This region accounts is expected to contribute 43-45% going forward driven by a double-digit growth which shall be supported by new product launches.

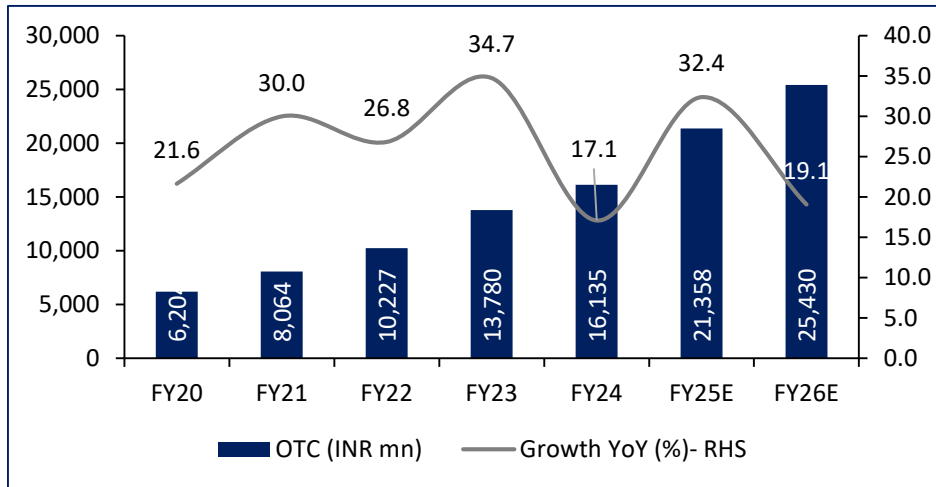
Continued product launches through a healthy product pipeline

Strong product pipeline followed by successful launches led by continued focus on R&D



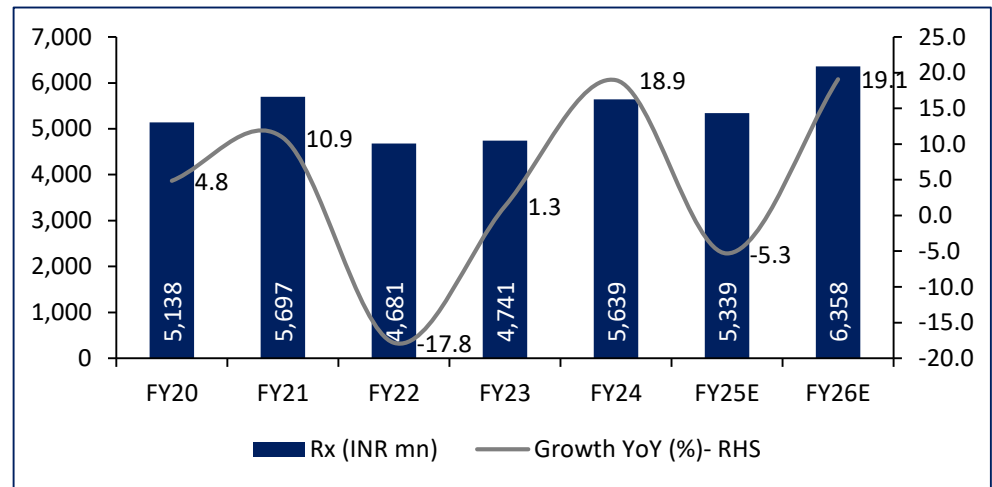
Insights into Marksans Financial Trends

OTC Revenue (INR mn) and YoY Growth (%)



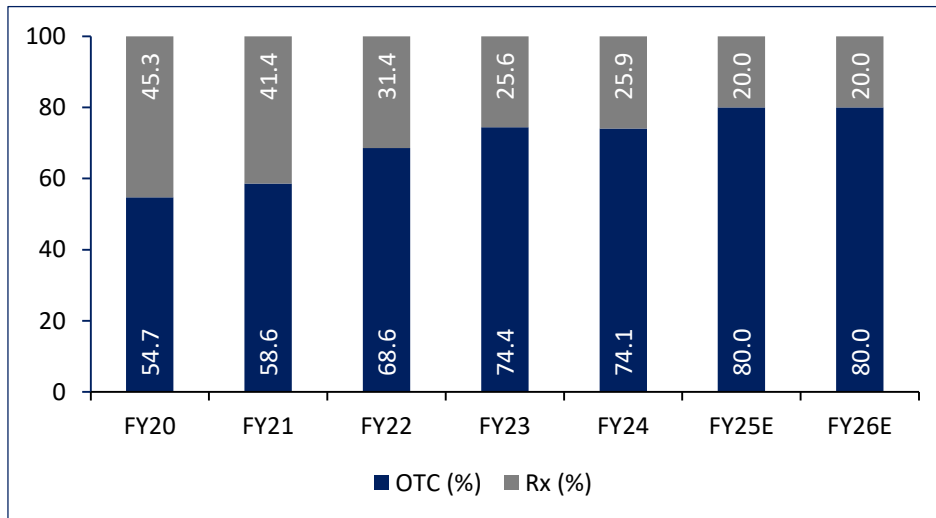
Source: Company, CEBPL

Rx Revenue (INR mn) and YoY Growth (%)



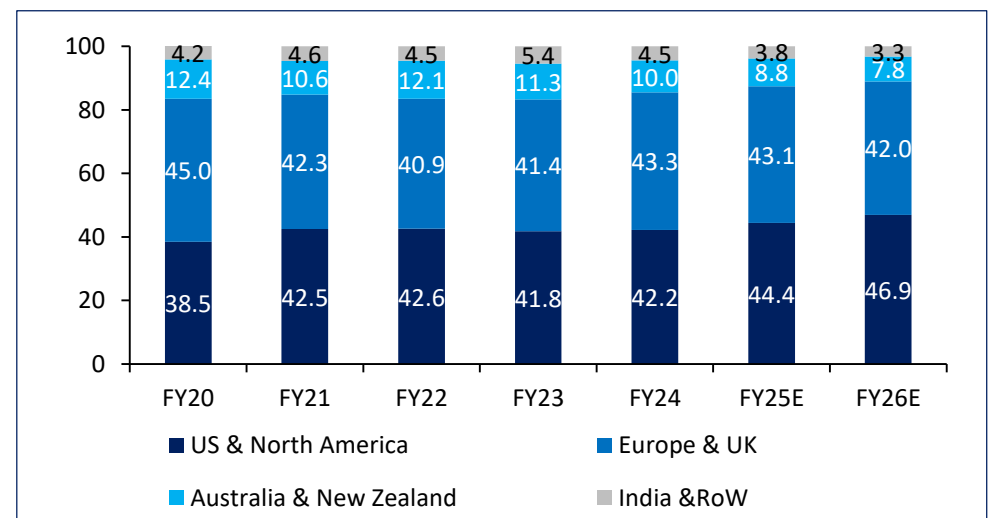
Source: Company, CEBPL

Revenue Mix (% of revenue)



Source: Company, CEBPL

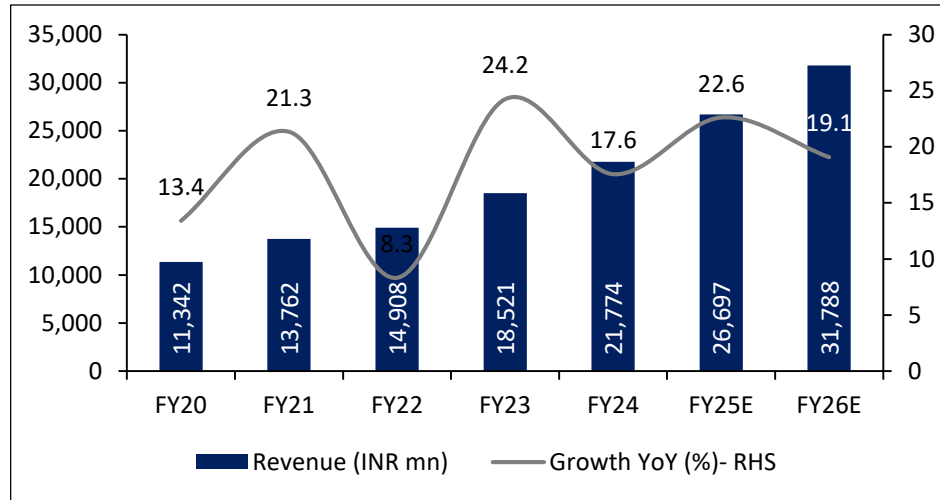
Regional revenue mix (% of revenue)



Source: Company, CEBPL

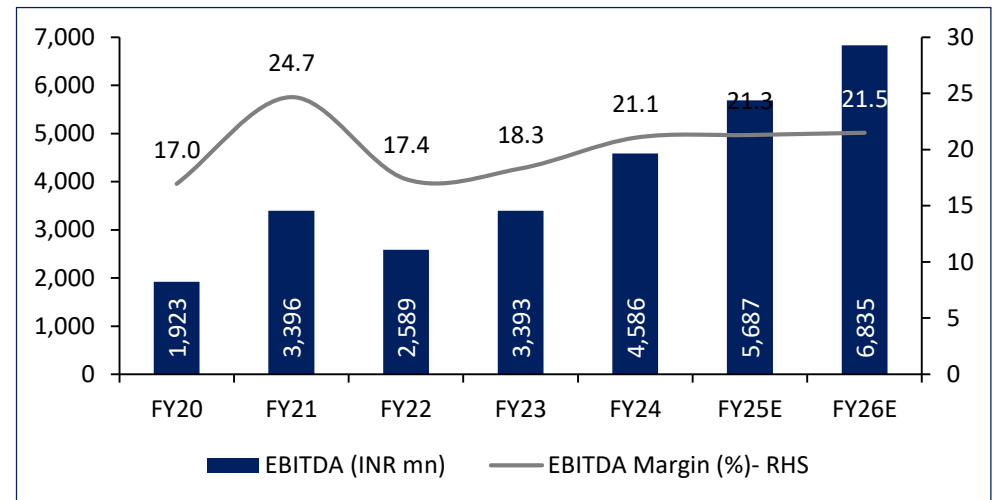
Insights into Marksans Financial Trends

Revenue (INR mn) and YoY Growth (%)



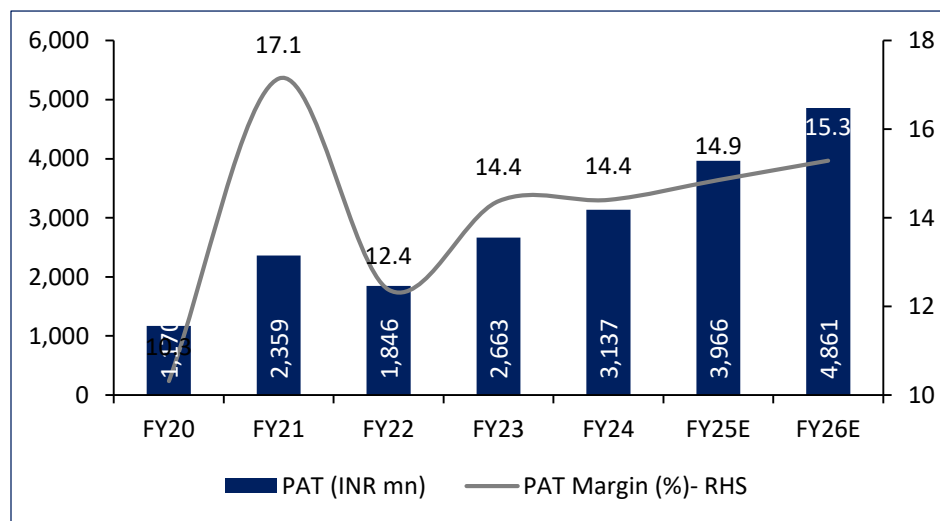
Source: Company, CEBPL

EBITDA (INR mn) and EBITDA Margin (%)



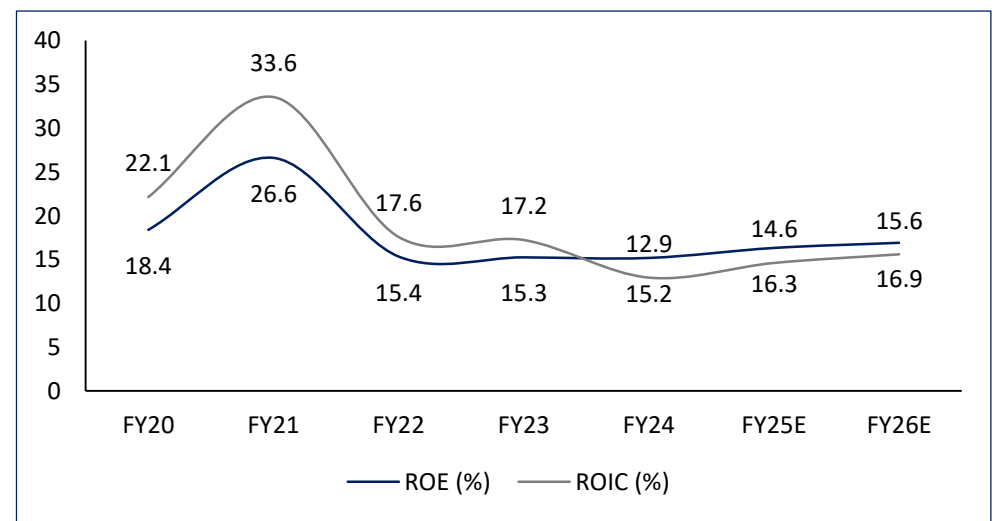
Source: Company, CEBPL

PAT (INR mn) and PAT Margin (%)



Source: Company, CEBPL

ROE (%) and ROIC (%)



Source: Company, CEBPL

Key Brand Launches

Brand	Therapy Segment	Market
Losartan	Anti-Diabetic	United Kingdom
Ondansetron	Gastrointestinal	United Kingdom
Carvedilol	Cardiovascular System (CVS)	United Kingdom
Tramadol	Pain Management	United Kingdom
Clopidogrel	Cardiovascular System (CVS)	United Kingdom
Prednisolone	Anti-Allergic	United Kingdom
Rosuvastatin	Cardiovascular System (CVS)	United Kingdom
Bicalutamide	Anticancer	United Kingdom
Furosemide	Cardiovascular System (CVS)	United Kingdom
Liquids - Loratidine	Anti-Diabetic	United Kingdom
Liquids - Ibuprofen	Pain Management	United Kingdom
Liquids - All In One Solution	Cough and Cold	United Kingdom
Apap ER	Pain Management	USA
Cetirizine Tablets	Anti Allergy	USA
Fluoxetine Capsules	Central Nervous System (CNS)	USA
Famotidine Tablets	Gastrointestinal	USA
Acetaminophen And Ibuprofen Tablets	Pain Management	USA
Fluoxetine Oral Solution	Central Nervous System (CNS)	United Kingdom
Pregabalin Capsules	Central Nervous System (CNS)	USA
Cyanocobalamin Tablets	Vitamin	United Kingdom
Esomeprazole Magnesium Capsules	Digestive	USA
Levetiracetam	Central Nervous System (CNS)	United Kingdom
Guaifenesin Tablets	Cough and Cold	USA

Source: Company, CEBPL

Shareholding Pattern

Particulars	Mar-24	Dec-23	Sep-23	Jun-23
Promoters (A)	43.9%	43.9%	43.9%	43.9%
Mark Saldanha	43.8%	43.8%	43.8%	43.8%
Sandra Saldanha	0.1%	0.1%	0.1%	0.1%
FIIIs (B)	15.6%	15.6%	15.1%	14.9%
Orbimed Asia Iv Mauritius Fvci Limited	10.9%	10.9%	10.9%	10.9%
Others	4.7%	4.7%	4.2%	4.0%
DIIIs (C)	5.2%	3.7%	4.0%	3.7%
Quant Mutual Fund	2.8%	2.8%	2.8%	2.8%
AIFs & Others	2.4%	0.9%	1.2%	0.9%
Public (D)	35.4%	36.8%	37.1%	37.6%
IEPF	0.2%	0.2%	0.1%	0.1%
NRIs	1.7%	1.7%	1.4%	1.5%
Corporates	1.5%	2.1%	2.1%	2.3%
Others	32.0%	32.9%	33.6%	33.7%
Total (A+B+C+D)	100.0%	100.0%	100.0%	100.0%

Source: Company, CEBPL

Leadership & Management Team

Name and Designation	Brief Description
<p>Mr. Mark Saldanha (Chairman and Managing Director)</p>	<p>Mr. Mark Saldanha is a science graduate with over twenty years of experience in both business and technical roles. Under his skilled and dynamic leadership, Marksans has seen rapid growth, reaching new milestones and attaining peak performance. He plays a crucial role in the company's overall management and brings extensive hands-on experience in R&D, marketing, production, and finance.</p>
<p>Mr. David Mohammed (MD- Australia Operations)</p>	<p>Mr. Mohammed has over 20 years of experience in pharmaceutical innovation, operations, and distribution. Before joining Nova Pharmaceuticals, he served as the Managing Director for Australasia and the Marketing Director for Asia, Africa, and Australasia at Valeant Pharmaceuticals for more than 7 years.</p>
<p>Mr. Sathish Kumar (MD - UK Operations)</p>	<p>Mr. Sathish Kumar is the Managing Director of Marksans Pharma (UK) Ltd. and oversees the operations of its subsidiaries, Bells & Sons (Druggists) Ltd and Relonchem Ltd. With over 20 years of experience in the pharmaceutical industry, he has expertise in production, planning and inventory management, formulation development, regulatory affairs, technical operations, commercial activities, sales, and business development. He holds an M. Pharm degree.</p>
<p>Mr. Anjani Kumar (COO - US Operations)</p>	<p>Mr. Kumar is a key figure in Marksans' US operations, bringing over 38 years of comprehensive experience in pharmaceutical management. He has previously worked with renowned companies such as Wockhardt, Cipla, and Lupin. He holds a Bachelor's degree in Pharmaceuticals (B.Pharm).</p>
<p>Mr. Jitendra Sharma (CFO)</p>	<p>Mr. Sharma is a qualified chartered accountant and cost accountant with over 20 years of experience in financial functions, including treasury and forex management. His expertise in costing, fundraising, and internal control systems has been invaluable. He serves as a Director for MPL's subsidiaries: Marksans Pharma (UK) Ltd, Marksans Pharma Inc. (USA), Nova Pharmaceuticals (Australia), and Relonchem (UK).</p>

Source: Company, CEBPL

Peer Comparison

Company	CMP (Rs.)	Mcap (Rs. Bn)	Revenue (Rs. Mn)				EBITDA (Rs. Mn)				PAT (Rs. Mn)			
			FY24	FY25E	FY26E	CAGR % (FY24-26E)	FY24	FY25E	FY26E	CAGR % (FY24-26E)	FY24	FY25E	FY26E	CAGR % (FY24-26E)
Marksans Pharma	160	71.2	21,774	26,697	31,788	20.8	4,586	5,687	6,834	22.1	3,137	3,966	4,861	24.5
Ajanta Pharma	2,417	304.4	42,087	47,289	53,832	13.1	11,543	13,357	15,750	16.8	8,161	9,993	12,073	21.6
Torrent Pharmaceuticals	2,864	969.3	1,07,280	1,20,744	1,36,293	12.7	33,680	39,051	45,388	16.1	16,560	20,355	25,908	25.1
Mankind Pharma	2,245	899.3	1,03,348	1,16,316	1,31,118	12.6	25,351	29,480	34,303	16.3	19,128	22,210	26,359	17.4
Glenmark Pharmaceuticals	1,215	342.7	1,18,131	1,38,285	1,52,678	13.7	11,953	24,626	28,739	55.1	-15,017	12,874	16,124	NA

Source: Company, CEBPL

Company	EBITDA Margin (%)			EPS (Rs.)			ROE (%)			P/E (x)		
	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Marksans Pharma	21.1	21.3	21.5	6.9	8.8	10.7	15.2	16.3	16.9	23.1	18.3	14.9
Ajanta Pharma	27.4	28.2	29.3	64.6	79.1	95.6	22.9	23.3	22.7	37.4	30.6	25.3
Torrent Pharmaceuticals	31.4	32.3	33.3	48.9	60.1	76.6	25.4	27.2	29.2	58.5	47.7	37.4
Mankind Pharma	24.5	25.3	26.2	47.8	55.4	66.4	22.8	21.1	20.8	47.0	40.5	33.8
Glenmark Pharmaceuticals	10.1	17.8	18.8	-53.2	47.5	58.6	-16.6	14.9	16.0	NA	25.6	20.7

Source: Company, CEBPL

Financials

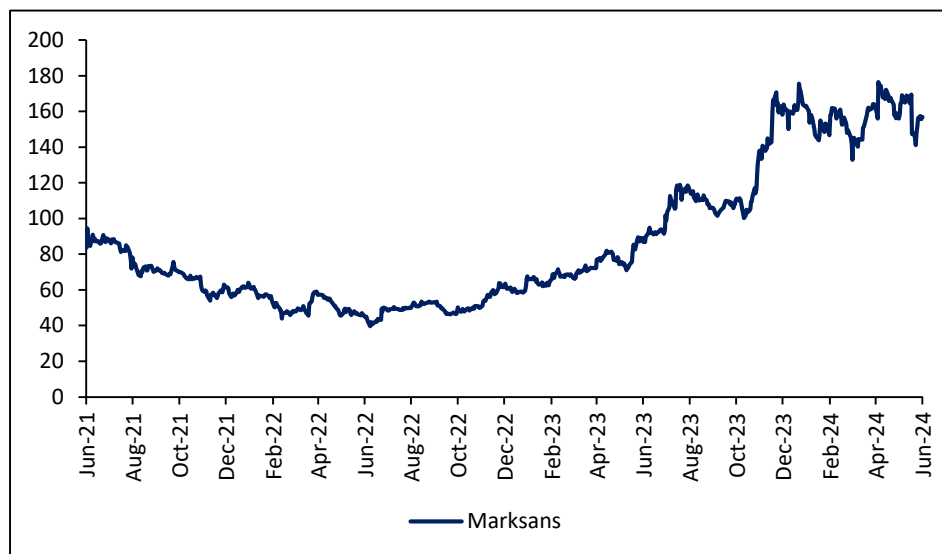
Income Statement	FY22	FY23	FY24	FY25E	FY26E
Revenue	14,908	18,521	21,774	26,699	31,790
Gross profit	7,740	9,308	11,393	13,750	16,531
EBITDA	2,589	3,393	4,586	5,687	6,835
Depreciation	448	519	743	889	973
EBIT	2,560	3,468	4,347	5,412	6,593
Other income	419	593	504	614	731
Interest expense	84	91	112	108	95
PBT	2,475	3,377	4,235	5,304	6,498
Reported PAT	1,846	2,663	3,137	3,966	4,861
EPS	4.5	5.9	6.9	8.8	10.7
Balance Sheet					
Net worth	12,023	17,452	20,651	24,279	28,727
Borrowings	413	416	291	191	91
Trade Payables	2,001	2,306	2,683	3,292	3,919
Other non-current liabilities	609	843	2,052	1,952	1,802
Other current liabilities	1,148	688	925	822	614
Minority Interest	207	199	209	197	185
Total Net Worth & liabilities	16,401	21,904	26,809	30,732	35,338
Net Block	3,416	3,796	6,757	7,118	7,194
Capital WIP	7	72	54	54	54
Goodwill & intangible assets	867	1,067	1,002	1,002	1,002
Investments	4	5	270	270	270
Trade Receivables	3,948	4,168	4,532	5,852	7,403
Cash & Cash equivalents	3,493	7,150	6,736	7,030	7,602
Other non-current assets	99	215	371	478	718
Other current assets	4,567	5,430	7,087	8,928	11,096
Total Assets	16,401	21,904	26,809	30,732	35,338
Cash Flows					
Cash flows from operations	993	2,374	2,304	2,373	2,675
Cash flows from investing	(844)	(2,592)	(1,497)	(1,250)	(1,049)
Cash flows from financing	795	1,978	(688)	(645)	(759)

Source: Company, CEBPL

Growth Ratios	FY22	FY23	FY24	FY25E	FY26E
Revenues	8.3	24.2	17.6	22.6	19.1
EBITDA	(23.8)	31.1	35.1	24.0	20.2
PAT	(21.8)	44.3	17.8	26.4	22.6
Margins					
EBITDA	17.4	18.3	21.1	21.3	21.5
PAT	12.4	14.4	14.4	14.9	15.3
Profitability					
Return on equity (RoE)	15.4	15.3	15.2	16.3	16.9
Return on invested capital (RoIC)	17.6	17.2	12.9	14.6	15.6
Return on capital employed (RoCE)	14.8	14.9	15.0	16.2	16.9
Financial leverage					
Pre-tax OCF/EBITDA (x)	0.6	0.9	0.7	0.7	0.6
OCF / Net profit (x)	0.5	0.9	0.7	0.6	0.6
EV/EBITDA (x)	26.8	19.9	14.7	11.8	9.6
Turnover Ratios (Days)					
Inventory	104	96	104	105	108
Receivable	97	82	76	80	85
Creditor	49	45	45	45	45
Working Capital	152	132	135	140	148
Financial Stability ratios					
Net debt to Equity (x)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Net debt to EBITDA (x)	(0.6)	(1.0)	(0.8)	(0.7)	(0.8)
Interest Cover(x)	30.3	38.0	38.8	50.1	69.2
Valuation Metrics					
Fully diluted shares (mn)	409	453	453	453	453
Price (INR)	159	159	159	159	159
Market Cap (INR mn)	65,019	71,985	71,984	71,984	71,984
PE(x)	35.2	27.0	22.9	18.2	14.8
EV (INR mn)	70,333	68,576	68,243	67,755	66,788
EV/EBITDA (x)	27.2	20.2	14.9	11.9	9.8
Book Value (INR/share)	29.4	38.5	45.6	53.6	63.4
Price to BV (x)	5.4	4.1	3.5	3.0	2.5
EV/OCF (x)	44.0	22.1	20.1	18.3	15.5

Source: Company, CEBPL

Recommendations and Target Price



Marksans Pharma Ltd

1. 13-06-2024 Outperform, Target Price - Rs. 215

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