Choice Institutional Equities

Q1FY27 Result Update

Marksans Pharma: Growth Initiatives Gain Traction

August 14, 2026 | CMP: INR 303* | Target Price: INR 385

BUY

Expected Share Price Return: 27.4% I Dividend Yield: 0.3% I Potential Upside: 27.7%

Sector View: Positive

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)	320 / 155
Mkt Cap (Bn)	INR 13.7 / USD 0.14
Shares o/s (Mn)	453.2
3M Avg. Daily Volume	38,30,614

Change in CIE Estimates

	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	34.9	34.4	1.3	41.0	39.7	3.3
EBITDA	7.5	7.4	1.3	9.4	8.9	5.6
EBITDAM %	21.5	21.5	0 bps	23.0	22.5	50 bps
PAT	5.5	5.4	1.6	7.0	6.6	6.2
EPS (INR)	12.1	11.9	1.6	15.4	14.6	6.2

Actual vs CIE Estimates

INR Bn	Q1FY27A	CIE Estimate	Dev.%
Revenue	8.4	8.9	(5.3)
EBITDA	2.1	2.0	4.3
EBITDAM %	25.3	23.0	234 bps
PAT	1.6	1.5	6.3

Key Financials

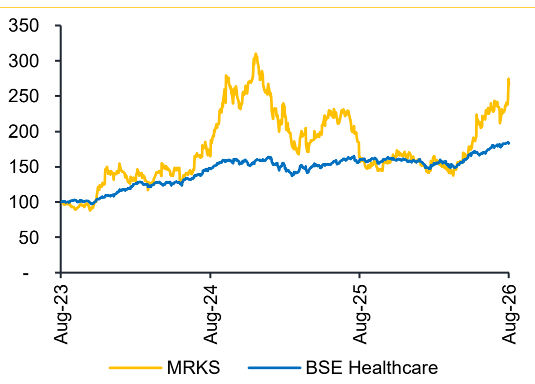
INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	26.2	29.5	34.9	41.0	48.3
YoY (%)	20.5	12.5	18.3	17.5	17.6
EBITDA	5.3	6.0	7.5	9.4	11.1
EBITDAM %	20.2	20.4	21.5	23.0	23.0
Adj PAT	3.8	4.2	5.5	7.0	8.3
EPS (INR)	8.4	9.2	12.1	15.4	18.4
ROE %	15.4	13.8	15.6	16.7	16.8
ROCE %	20.7	19.2	21.1	22.6	22.6
PE (x)	36.1	32.9	25.0	19.6	16.5
EV/EBITDA (x)	25.1	21.9	17.0	13.1	10.7

Shareholding Pattern (%)

	Jun 2026	Mar 2026	Dec 2025
Promoters	43.87	43.87	43.87
FIIs	17.47	16.76	8.13
DIIs	6.19	6.57	5.91
Public	32.46	32.78	42.08

Relative Performance (%)

YTD	3Y	2Y	1Y
BSE Healthcare	83.4	24.4	14.4
MRKS	166.4	61.5	62.4



Maitri Sheth
Email: Maitri.Sheth@choiceindia.com
Ph: +91 22 6707 9511

Stuti Bagadia
Email: Stuti.Bagadia@choiceindia.com
Ph: +91 22 6707 9511

Growth Initiatives Translate into Stronger Earnings Momentum

We continue to maintain our positive view on MRKS as its ***growth initiatives increasingly translate into financial performance***. The company remains ***on track to achieve its target of INR 40 Bn in revenue by FY28E***, supported by continued momentum in the US, robust expansion across Europe and transition towards a branded Rx model in Australia. ***EBITDA margin*** is expected to remain ***in the 21.5–23% range*** in near-term, supported by improving utilisation at Teva and a favourable product mix.

We forecast Revenue/EBITDA/PAT to expand at a CAGR of 17.8%/22.7%/25.9% over FY26–29E and revise our target price to **INR 385**, with a **'BUY'** rating. The valuation remains supported by a **PEG of 1.0x**.

Strong Execution in Key Markets Drives Revenue and Profit Growth

- Revenue grew 35.6% YoY / declined 1.8% QoQ to INR 8,408 Mn, but below CIE estimate of INR 8,881 Mn.
- EBITDA grew 112.8% YoY / 9.0% QoQ to INR 2,130 Mn; margin expanded 919 bps YoY / 251 bps QoQ to 25.3% (vs. CIE estimate of 23.0%).
- PAT increased 173.4% YoY / 7.6% QoQ to INR 1,594 Mn (vs. CIE estimate of INR 1,500 Mn).

Geographic Expansion and Scale-up to Support INR 40 Bn FY28E Vision

MRKS continues to deliver a robust growth across markets, led primarily by Europe and Australia. We ***expect momentum to remain strong as its growth initiatives increasingly translate into revenue***, with the key drivers being:

- **North America + US**: Growth is anticipated to be driven by ***increased SKU penetration*** among existing customers, supported by a ***strong order book*** and ***continued traction in OTC products***. In addition, the company has ***incorporated a new entity in Canada***, with product filings currently under way. We expect the region to deliver a ***revenue CAGR of 19%*** in FY26–29E.
- **Europe + UK**: Unlike the US, where growth is primarily driven by deeper customer penetration and new product launches, ***Europe offers a stronger growth opportunity*** through geographic expansion and acquisitions. We believe the ***Netherlands acquisition provides an immediate revenue base***, contributing around 12% of EU revenue, while ***Germany and Ireland are projected to emerge as incremental growth contributors***.
- **Australia & New Zealand**: The business is transitioning from an OTC-focused portfolio towards branded Rx through the Nova Pharma acquisition, which should support stronger and more sustainable growth momentum going forward.

Particulars (INR Mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Revenue	8,408	6,200	35.6	8,561	(1.8)
Cost of Goods Sold	3,435	2,618	31.2	3,907	(12.1)
Gross Margin (%)	59.2	57.8	138 bps	54.4	478 bps
Operating Expenses	2,843	2,581	22.6	2,700	11.2
EBITDA	2,130	1,001	112.8	1,954	9.0
EBITDA Margin (%)	25.3	16.1	919 bps	22.8	251 bps
Depreciation	249	231	7.6	243	2.4
Interest	70	61	15.5	63	11.0
PBT	2,066	766	169.7	2,000	3.3
Tax	472	184	156.4	510	(7.5)
PAT	1,594	583	173.4	1,481	7.6
EPS (INR)	3.5	1.3	173.4	3.3	7.6

Geographical Mix (INR Mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
US & North America	3,772	3,276	15.1	4,062	(7.1)
Europe & UK	3,560	2,038	74.7	3,077	15.7
Australia & New Zealand	876	570	53.7	1,234	(29.0)
RoW	200	316	(36.7)	189	5.8

CMP as on 13th August, 2026 *Source: MRKS, Choice Institutional Equities*

Management Call – Highlights

The company continues to target INR 40 Bn revenue within two years, supported by organic growth, new product launches and selective M&A.

Growth is expected to become increasingly diversified across the US, UK/Europe, Australia and other subsidiaries, reducing dependence on any single market.

FY27 revenue growth guidance remains at 15–20%

US and North America Business

- Order book remains strong, with growth expected to improve as the seasonal slowdown during summer fades.
- Deeper penetration among existing customers remains a key growth driver, with Marksans continuing to increase the number of SKUs supplied to its established customer base.
- New product launches and targeted portfolio additions should enable the company to address identified market gaps and capture incremental market share.
- Rx is gaining traction and emerging as an incremental growth driver, while OTC remains the core strength of the business.

UK and Europe Business

- UK ***growth is expected to remain largely organic***, supported by deeper product penetration and continued momentum in the existing portfolio.
- The Netherlands acquisition provides an immediate platform for expansion, with management targeting significant growth from the acquired business.
- ***Germany and Ireland will broaden the company's Europe footprint;*** the former expected to contribute sooner while Ireland represents a longer-term growth opportunity.
- The company remains open to further acquisitions in Europe, which should help expand its presence across additional markets and build a broader pan-European platform.

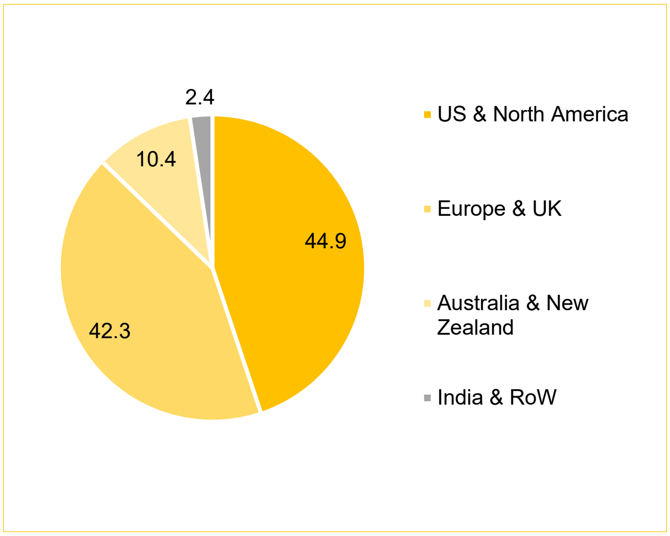
Australia and New Zealand Business

- The underlying business remains healthy, with the management expecting growth momentum to strengthen through the year.
- Seasonality remains an important factor, given demand patterns linked to the Southern Hemisphere winter cycle.
- Growth is expected to remain broad-based across major subsidiaries, with all key businesses expected to contribute to FY27 growth.
- No specific new product launch or M&A initiative was highlighted as a key incremental growth driver for Australia & New Zealand.

Outlook

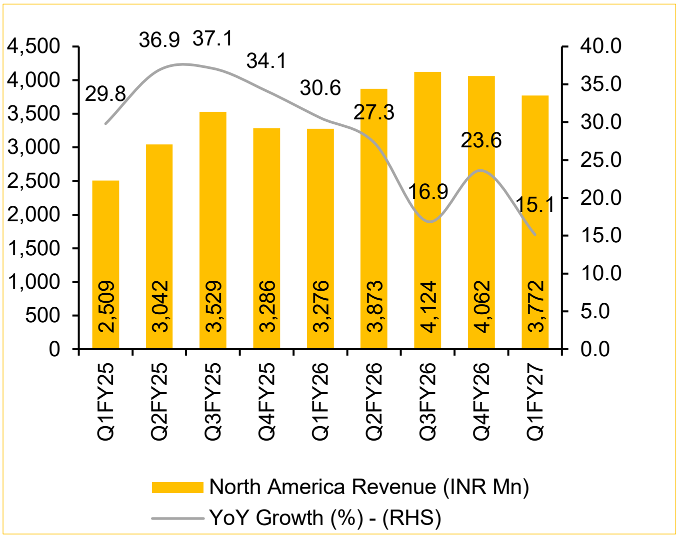
- ***FY27 revenue growth guidance remains at 15–20%***, with management retaining a cautious stance, given ongoing geopolitical uncertainties despite the strong start to the year.
- ***FY27 EBITDA margin of 21–22% remains achievable***, although Q1 margin is expected to normalise as temporary inventory-related benefits fade.
- Growth is expected to become increasingly diversified across the US, UK/Europe, Australia and other subsidiaries, reducing dependence on any single market.
- The company continues to target INR 40 Bn revenue within two years, supported by organic growth, new product launches and selective M&A.

Q1FY27 Segment Revenue Split (INR 8.4 Bn)



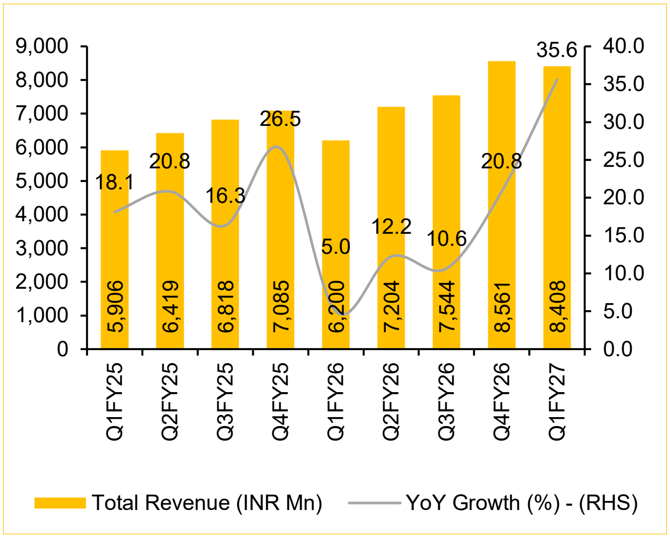
Source: MRKS, Choice Institutional Equities

North America Maintains Growth Momentum



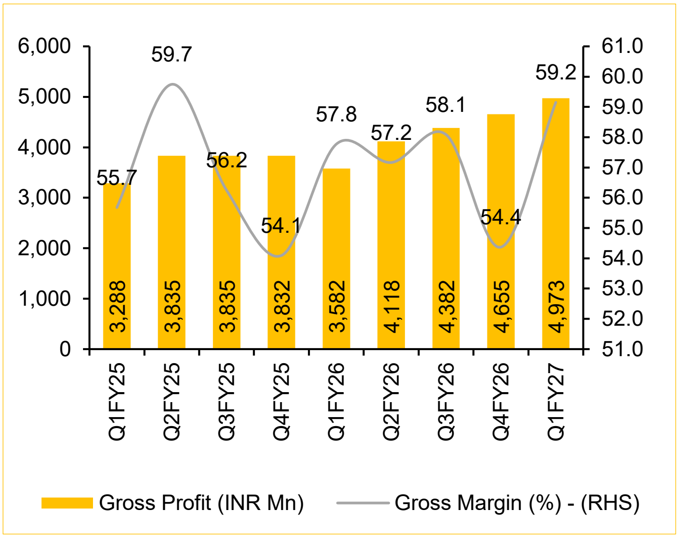
Source: MRKS, Choice Institutional Equities

Revenue Sees Strong Growth YoY and QoQ



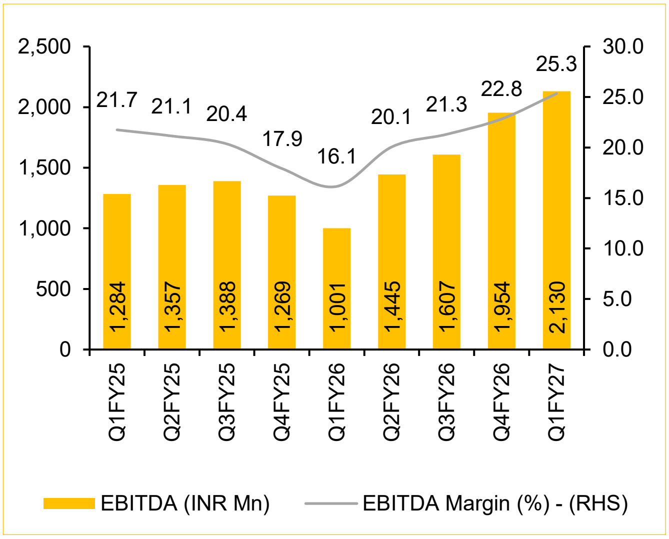
Source: MRKS, Choice Institutional Equities

Gross Margin Rebounds with Better Mix



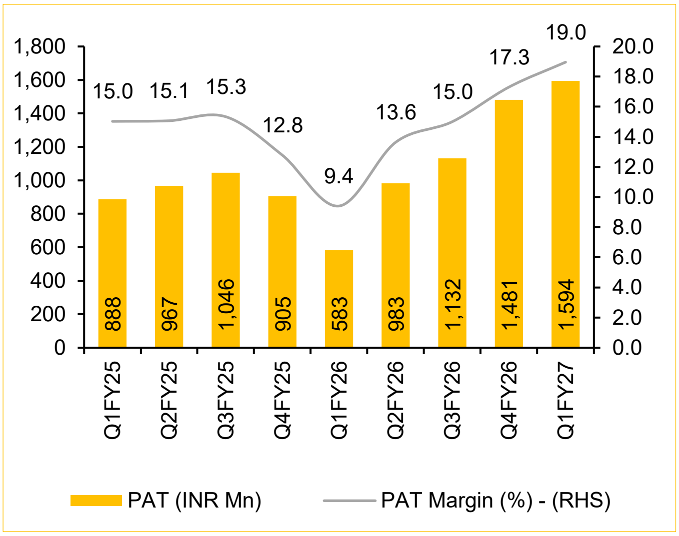
Source: MRKS, Choice Institutional Equities

EBITDA sees Robust YoY Growth



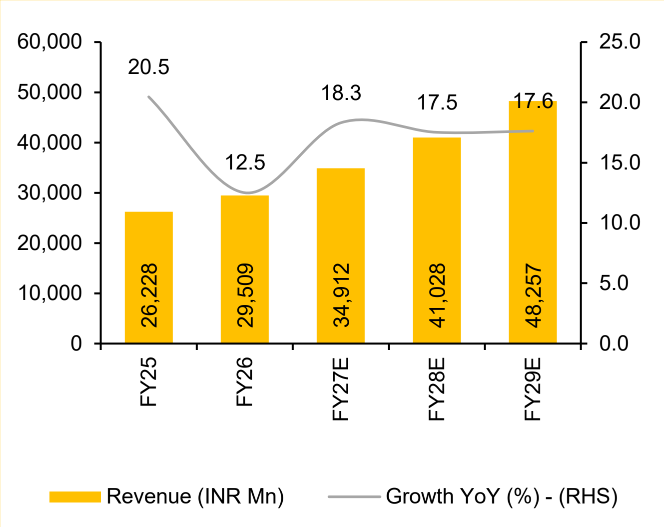
Source: MRKS, Choice Institutional Equities

PAT above Estimate



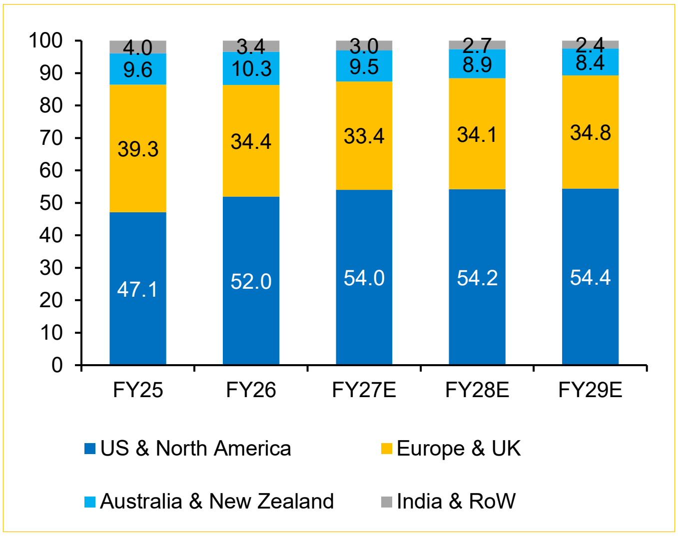
Source: MRKS, Choice Institutional Equities

Revenue Forecast to Expand at 17.8% CAGR over FY26–29E



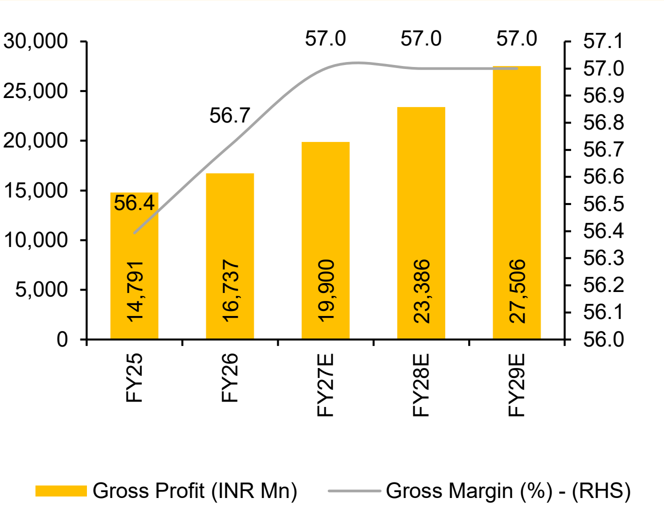
Source: MRKS, Choice Institutional Equities

US and EU Remain Key Revenue Contributors



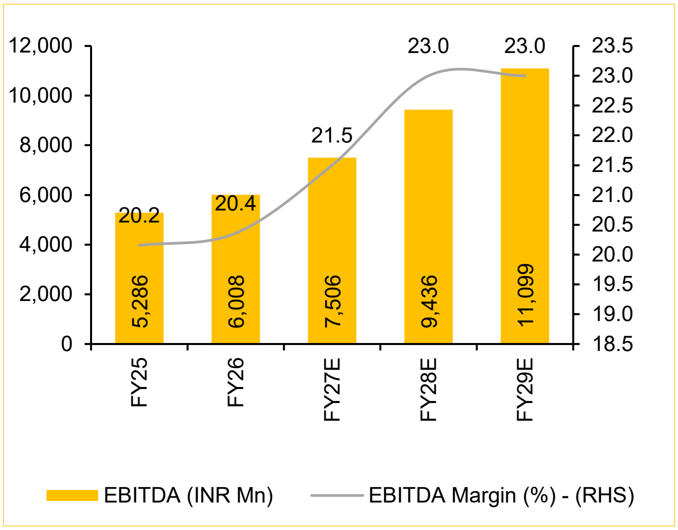
Source: MRKS, Choice Institutional Equities

Gross Margin Expected to Remain in Similar Range



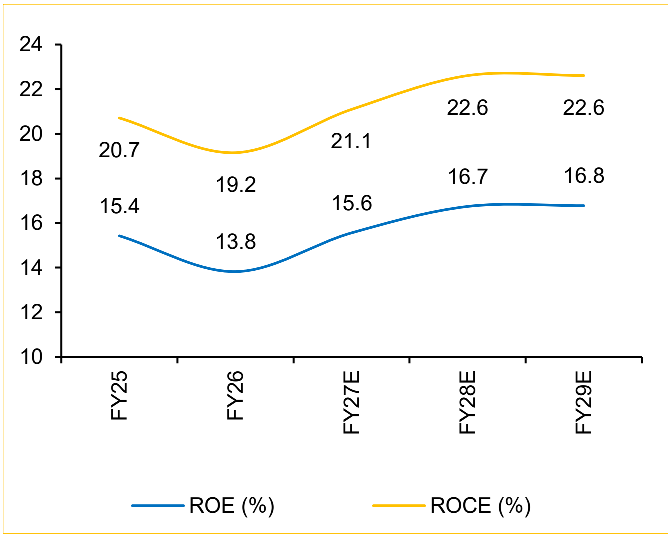
Source: MRKS, Choice Institutional Equities

EBITDA Margin Poised to Expand with Better Mix and Leverage



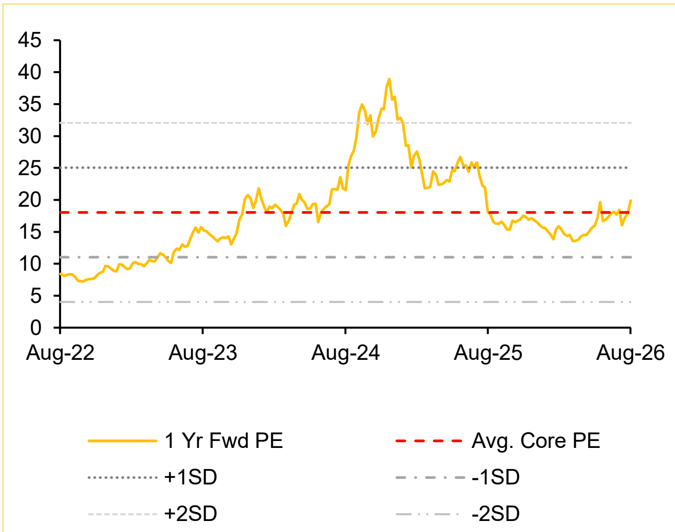
Source: MRKS, Choice Institutional Equities

ROE and ROCE trend



Source: MRKS, Choice Institutional Equities

1-year Forward PE Band



Source: MRKS, Choice Institutional Equities

Income Statement (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	26,228	29,509	34,912	41,028	48,257
Gross Profit	14,791	16,737	19,900	23,386	27,506
EBITDA	5,286	6,008	7,506	9,436	11,099
Depreciation	834	986	1,053	1,148	1,243
EBIT	5,156	5,847	7,501	9,520	11,304
Other Income	704	825	1,047	1,231	1,448
Interest Expense	117	241	185	185	185
PBT	5,040	5,606	7,316	9,335	11,119
Reported PAT	3,806	4,179	5,487	7,001	8,340
EPS (INR)	8.4	9.2	12.1	15.4	18.4

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	20.5	12.5	18.3	17.5	17.6
Gross Profit	29.8	13.2	18.9	17.5	17.6
EBITDA	20.2	20.4	21.5	23.0	23.0
PAT	21.3	9.8	31.3	27.6	19.1
Margins (%)					
Gross Profit Margin	56.4	56.7	57.0	57.0	57.0
EBITDA Margin	20.2	20.4	21.5	23.0	23.0
PBT Margin	19.2	19.0	21.0	22.8	23.0
Tax Rate	24.1	25.1	25.0	25.0	25.0
PAT Margin	14.5	14.2	15.7	17.1	17.3
Profitability (%)					
ROE	15.4	13.8	15.6	16.7	16.8
ROIC	18.6	17.5	18.3	20.0	20.1
ROCE	20.7	19.2	21.1	22.6	22.6
Financial Leverage (x)					
OCF/EBITDA	0.6	1.0	0.9	0.9	0.9
OCF/Net Profit	0.5	1.1	0.9	0.8	0.8
Debt to Equity	0.0	0.0	0.0	0.0	0.0
Interest Coverage	44.2	24.2	40.6	51.5	61.2
Working Capital					
Inventory Days	270	278	260	260	260
Debtor Days	75	80	80	80	80
Payable Days	98	96	95	95	95
Cash Conversion Cycle	247	261	245	245	245
Valuation Metrics					
No of Shares (Mn)	453.2	453.2	453.2	453.2	453.2
EPS (INR)	8.4	9.2	12.1	15.4	18.4
BVPS (INR)	54.4	66.7	77.8	92.3	109.7
Market Cap (INR Bn)	137.4	137.4	137.4	137.4	137.4
PE (x)	36.1	32.9	25.0	19.6	16.5
P/BV (x)	5.6	4.5	3.9	3.3	2.8
EV/EBITDA (x)	25.1	21.9	17.0	13.1	10.7
EV/Sales (x)	5.1	4.5	3.7	3.0	2.5

Source: MRKS, Choice Institutional Equities

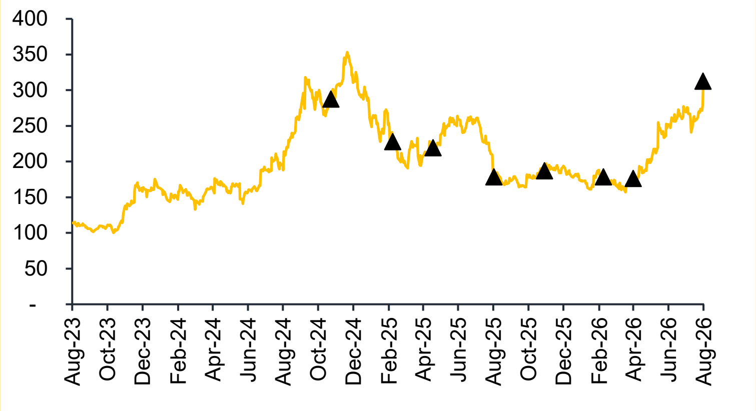
Balance Sheet (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	24,669	30,232	35,266	41,814	49,700
Borrowings	231	296	296	296	296
Trade Payables	3,057	3,369	3,907	4,592	5,401
Other Non-current Liabilities	2,729	2,811	2,811	2,811	2,811
Other Current Liabilities	1,486	1,606	1,606	1,606	1,606
Minority Interest	225	295	295	295	295
Total Net Worth & Liabilities	**32,396**	**38,609**	**44,181**	**51,414**	**60,109**
Net Block	5,795	6,250	6,198	6,050	5,807
Capital WIP	90	148	148	148	148
Goodwill & Intangible Assets	956	1,182	1,182	1,182	1,182
Investments	7	0	0	0	0
Trade Receivables	5,400	6,446	7,652	8,992	10,577
Cash & Cash Equivalents	7,042	9,897	13,344	17,510	22,650
Other Non-current Assets	3,515	3,801	3,801	3,801	3,801
Other Current Assets	9,591	10,885	11,856	13,729	15,944
Total Assets	**32,396**	**38,609**	**44,181**	**51,414**	**60,109**

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	2,067	4,581	5,085	5,804	6,777
Cash Flows from Investing	(490)	(2,483)	(1,000)	(1,000)	(1,000)
Cash Flows from Financing	(651)	(709)	(638)	(638)	(638)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden (%)	75.5	74.6	75.0	75.0	75.0
Interest Burden (%)	97.7	95.9	97.5	98.1	98.4
EBIT Margin (%)	19.7	19.8	21.5	23.2	23.4
Asset Turnover (x)	0.8	0.8	0.8	0.8	0.8
Equity Multiplier (x)	1.3	1.3	1.3	1.2	1.2
ROE (%)	**15.4**	**13.8**	**15.6**	**16.7**	**16.8**

Historical Price Chart: MRKS



Date	Rating	Target Price
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
May 28, 2026	ADD	290
August 14, 2026	BUY	385

Institutional Research Team			
Utsav Verma, CFA	Head of Institutional Research, India Equity Strategy and SMIDs	utsav.verma@choiceindia.com	+91 22 6707 9440
Purvi Mundhra	Economist	purvi.mundhra@choiceindia.com	+91 22 6707 9241
Ambrish Shah	Analyst - Power	ambrish.shah@choiceindia.com	+91 22 6707 9251
Ashutosh Murarka	Analyst – Building Materials	ashutosh.murarka@choiceindia.com	+91 22 6707 9521
Bhavik Shah, CFA	Analyst – Metals & Mining	Bhavik.shah@choiceindia.com	+91 22 6707 9521
Deepika Murarka	Analyst – Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Dhaval Popat	Analyst – Energy	dhaval.popat@choiceindia.com	+91 22 6707 9949
Fenil Brahmbhatt	Analyst – Realty & Building Materials	fenil.brahmbhatt@choiceindia.com	+91 22 6707 9930
Ishank Gupta	Analyst – NBFCs	ishank.gupta@choiceindia.com	+91 22 6707 9867
Karan Kamdar	Analyst – Consumer Discretionary, SMIDs	karan.kamdar@choiceindia.com	+91 22 6707 9451
Kunal Bajaj	Analyst – Technology	kunal.bajaj@choiceindia.com	+91 22 6707 9901
Maitri Sheth	Analyst – Pharmaceuticals	maitri.sheth@choiceindia.com	+91 22 6707 9511
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Preeyam Tolia	Analyst – FMCG & Retail	preeyam.tolia@choiceindia.com	+91 22 6707 9987
Vijiya Rao	Analyst – AMC & Insurance	vijiya.rao@choiceindia.com	+91 22 6707 9531
Aayush Saboo	Sr. Associate– Realty	aayush.saboo@choiceindia.com	+91 22 6707 9930
Avi Jhaveri	Sr. Associate – Technology	avi.jhaveri@choiceindia.com	+91 22 6707 9901
Bharat Kumar Kudikyala	Sr. Associate – Building Materials	bharat.kudikyala@choiceindia.com	+91 22 6707 9930
Samarth Goel	Sr. Associate– Small and Midcaps	samarth.goel@choiceindia.com	+91 22 6707 9451
Subhash Gate	Sr. Associate – Autos	subhash.gate@choiceindia.com	+91 22 6707 9233
Heer Gogri	Associate – Small and Midcaps	heer.gogri@choiceindia.com	+91 22 6707 9433
Heet Chheda	Associate – Autos	heet.chheda@choiceindia.com	+91 22 6707 9233
Rushil Katiyar	Associate – Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9901
Shreya Mehra	Associate – Technology	shreya.mehra@choiceindia.com	+91 22 6707 9535
Stuti Bagadia	Associate – Pharmaceuticals	stuti.bagadia@choiceindia.com	+91 22 6707 9511
Vinay Rawal	Associate – Small and Midcaps	vinay.rawal@choiceindia.com	+91 22 6707 9433

CHOICE RATING DISTRIBUTION & METHODOLOGY	
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**

Disclaimer & Disclosure

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Private Limited is a registered Research Analyst Entity (Reg. No. INH000000222) CIN. NO.: U65999MH2010PTC198714. Reg. Add.: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400099. Tel. No. 022-6707 9999 . Compliance Officer-Prashant Salian. Tel. 022-6707 9999-Ext. 896. Email- Compliance@choiceindia.com. Grievance officer-Deepika Singhvi Tel.022-67079999- Ext-834.

Email- ig@choiceindia.com

The Company uses artificial intelligence tools as part of its research process, including data analysis and content generation. Notwithstanding the foregoing, all analysis, views, and recommendations are independently formulated and duly reviewed by qualified research analysts prior to issuance.

General Disclaimer:

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

This report ("Report") is prepared by Choice Equity Broking Private Limited as a Research Entity (hereinafter referred as "CEBPL") in its capacity as a SEBI-registered Research Analyst and is intended solely for informational and educational purposes. This Report is meant exclusively for the recipient and shall not be circulated, reproduced, or distributed, in whole or in part.

This Report does not take into account the specific investment objectives, financial situation, risk profile, or particular needs of any individual or class of investors and does not constitute a personal recommendation or investment advice. Any views, opinions, or recommendations expressed herein are based on publicly available information and internal analysis and are subject to change without notice.

Nothing contained in this Report shall be construed as an offer, solicitation, or inducement to buy, sell, or subscribe to any securities, derivatives, or other financial instruments, nor shall it be considered as investment, legal, accounting, or tax advice. Recipients are advised to conduct their own independent analysis and are encouraged to seek independent professional advice before making any investment or trading decisions.

The information contained in this Report has been compiled from sources believed to be reliable; however, CEBPL does not represent or warrant the accuracy, completeness, or reliability of such information. CEBPL, its directors, employees, or associates shall not be liable for any losses, damages, or expenses arising directly or indirectly from the use of or reliance upon this Report.

Investments in securities are subject to market risks. The price and value of investments and the income from them may fluctuate, and investors may incur losses. Past performance is not indicative of future results. Opinions expressed herein are as of the date of this Report and may differ from views expressed in other research reports due to differences in methodology, assumptions, or time horizons.

Disclaimers in respect of Jurisdiction:

This Report is not intended for distribution to, or use by, any person or entity who is a citizen or resident of, or located in, any jurisdiction where such distribution, publication, or use would be contrary to applicable laws or regulations, or would subject CEBPL to any registration or licensing requirements in such jurisdiction.

No action has been taken or will be taken by CEBPL in any jurisdiction outside India where such action would be required for distribution of this Report. Accordingly, this Report shall not be directly or indirectly distributed, published, or circulated in any such jurisdiction except in compliance with applicable laws and regulations.

Recipients of this Report are required to inform themselves of, and comply with, all applicable legal and regulatory restrictions at their own expense and without any liability to CEBPL. Any dispute arising out of or in connection with this Report shall be subject to the exclusive jurisdiction of the competent courts in Mumbai, India.

Disclosure on Ownership and Material Conflicts of Interest:

- "CEBPL", its Research Analyst(s), their associates and relatives may have any financial interest in the subject company covered in this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have actual or beneficial ownership of one percent (1%) or more of the securities of the subject company, as on the last day of the month immediately preceding the date of publication of this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have any other material conflict of interest at the time of publication of this Research Report.

Disclosure on Receipt of Compensation:

- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months.
- "CEBPL" or its associates may have managed or co-managed public offerings of securities for the subject company during the past twelve months.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for products or services other than investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates have not received any compensation or other benefits from the subject company or any third party in connection with the preparation or publication of this Research Report.
- Research Analyst may have served as an officer, director or employee of the subject company covered in this Research Report.
- "CEBPL" and Research analyst may engage in market-making activity in the securities of the subject company.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. www. https://choiceindia.com/research-listing

MAITRI J SHETH

Digitally signed by MAITRI J SHETH
Date: 2026.08.14 11:55:32 +05'30'