
Marksans Pharma – A tiger in India’s emerging pharmaceutical industry

Marksans Pharma is riding the wave of India's pharmaceutical dominance and is emerging as a global powerhouse. As India cements its position as the "pharmacy of the world," Marksans is leading the charge with cutting-edge R&D, cost-efficient manufacturing, and a strong international presence. Over the last 19 months Marksans Pharma’s stock price has risen by 318% which largely outweighs the MSCI Indian Index’s return of 56% over the same period in Rupee terms.

The Indian Pharmaceutical industry

Scale: The Indian Pharmaceutical industry is ripe for growth. Supportive factors include generating value through higher volumes, increased revenue and employment, and contributing to export trade. It is anticipated to achieve a market size of AUD \$190 billion by 2030, and AUD \$665 billion by 2047¹.

Low Cost: India has traditionally had a strong pharmaceutical sector, maintaining a low cost of manufacturing, cost-efficient research and development (R & D) programs, and cheap labour. Indian pharmaceutical companies can produce high quality medicines at a relatively low price. India’s pharmaceutical industry has become the medical hub of the world providing cost-effective treatments with the latest technology enabled by several pathbreaking reforms and provisions.

R&D: There is a constant push towards innovation and invention for new or improved drugs. Companies that can leverage robust R & D capabilities and have advanced manufacturing facilities both domestically and internationally are benefitting through export markets, particularly where supply chain efficiencies can be maximised.

Marksans Pharma - Experiencing Robust Growth

Marksans Pharma is one of India’s leading pharmaceutical companies, experiencing rapid growth through their scale, low-cost and R&D.

	FY20	FY21	FY22	FY23	FY24	5-year Growth
Revenue Rs. mn	11,342	13,762	14,908	18,521	21,774	13.9%
EBITDA Rs.mn	1,922	3,396	2,589	3,393	4,586	19.0%
Profit Rs. mn	1,207	2,385	1,868	2,653	3,149	21.1%
EPS cps	2.86	5.76	4.51	6.40	6.92	19.3%
Return on Capital Employed %	24.6	32.6	19.8	18.9	21.5	

*Source: Marksans Pharma Annual Report FY24

¹ IBEF

Global Expansion – the UK/Europe, US and more

Marksans Pharma is creating a competitive advantage over other Indian pharmaceutical businesses by expanding their product globally. The company is developing a strong market presence by expanding its business across key international markets. Contract manufacturing and active product registrations have allowed Marksans to implement strategic manufacturing facilities and R & D centres in India, the UK and the USA. International manufacturing units across multiple continents have also allowed for more efficient and capable distribution of supplies to over 50 countries around the world.

Interestingly, Australia and New Zealand are now over 10% of annual revenue. The company has partnered with larger retailers and pharmacies to expand its distribution network. Marksans also acquired Nova Australasia in 2005, a company with a focus on marketing and specialising in Over the Counter (OTC) and pharmaceutical products in segments like Analgesics, Antihistamines, Anti-fungal, Anti-Allergy, Dermatology, Essential Oils and Gastrointestinal products.

Marksans has a product portfolio skewed towards OTC segments and soft gel products, mainly in the US and UK. It generates 70% from OTC and the remainder from prescription medication. Marksans has a portfolio of over 300 generic products across 10 therapeutic areas and has a pipeline of over 120 products.

New Products coming online

The Marksans Pharma stock recently reached a 52-week high, following the announcement that its wholly owned UK subsidiary Relonchem Limited has secured Marketing Authorisation from Medicines and Healthcare products Regulatory Agency (UKMHRA) for three products in the Fluoxetine family, (Fluoxetine is an oral capsule used in the treatment of depression and related mood and mental disorders).

Earlier this month, Marksans Pharma also announced that Relonchem Limited received Marketing Authorisation from UKMHRA for the product Levonorgestrel 1.5mg tablets. Levonorgestrel is a first-line oral emergency contraceptive pill, commonly referred to as the morning-after-pill.

Last month, Marksans Pharma announced marketing authorisation for Rasagiline Relonchem 1mg tablets, Olmesartan 10mg film-coated tablets, Olmesartan 20mg film-coated tablets, and Olmesartan 40mg film-coated tablets from UKMHRA. These recent additions to the product line in the UK will continue to bolster Marksans' presence in the region and continue the company's growth across international countries.

Growth Momentum

Marksans Pharma has built a highly scalable and expanding business in recent years, but a key focus now is on sustaining growth momentum. The company is taking advantage of global trends and adapting their positioning strategically to capitalise on opportunities. Three of these global trends are worth highlighting:

1. There has been a growing acceptance of using pharmaceutical drugs manufactured and produced out of emerging and developing countries. Marksans has used this acceptance to geographically expand their business and grow their consumer base.
2. To combat supply chain disruptions and the rising input costs for manufacturers. Marksans has developed a business model that is forward-integrated and now has manufacturing units in three different countries. This allows the company to achieve economies of scale and leverage enhanced cost inefficiencies, which counteracts increased input costs and supply chain disruptions.
3. The need for a broad product line to serve a greater number of customers in the pharmaceutical industry. This has been addressed at Marksans by manufacturing a wide range of dosage forms of their products. This has allowed Marksans to serve a diverse customer base from the elderly to infants, without compromising drug efficacy.



Source : Yahoo Finance. Graph of stock price, indicating India Avenue Equity Fund initial buy point. Average buy price is Rs.75. Returns calculated are in INR terms.

The India Avenue Equity Fund has benefitted from the share price growth of Marksans Pharma, investing almost 20 months ago at an average buy price of Rs.75. The stock now trades closer to Rs.300, supported by the increasing footprint of India’s Pharmaceutical sector on the world stage.

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