



Mankind 
Serving Life



Issue Details

Issue Open Date

25th

April 2023

Issue Close Date

27th

April 2023

Lot Size

13 Shares

₹1026/- to ₹1080/-

Price Band

Issue Size

₹43.26 bn

40.05 mn shares

No of Shares

Face Value

₹1/- per share



Offer Breakup

Category	Allocation	Issue size (No. of Shares)	
		Lower Band	Upper Band
QIB	50%	20,55,01,86,972	21,63,17,75,760
NIB	15%	6,16,50,56,092	6,48,95,32,728
Retail	35%	14,38,51,30,880	15,14,22,43,032
Total	100%	41,10,03,73,944	43,26,35,51,520





About Company

Founded in 1991, Mankind Pharma Ltd. is India's fourth largest pharmaceutical company in terms of domestic sales and third largest in terms of sales volume for Moving Annual Total (MAT) as of December 2022. The company is engaged in developing, manufacturing, and marketing a diverse range of pharmaceutical formulations across various acute and chronic therapeutic areas in India, including anti-infective, gastro, cardiovascular, anti-diabetic, CNS, VMN, and respiratory. Mankind also entered the consumer healthcare industry in 2007 and has since established several differentiated brands in the condoms, pregnancy detection, emergency contraceptives, antacid powders, vitamin and mineral supplements, and anti-acne preparations categories. Further, the company operates 25 manufacturing facilities across India in the states of Himachal Pradesh, Sikkim, Rajasthan, Andhra Pradesh, Maharashtra, and Uttarakhand, and had 4,121 manufacturing personnel as of December 31, 2022. The company also has a pan-India marketing presence, with a field force of 11,691 medical representatives and 3,561 field managers, as of December 31, 2022. The company is purely a domestic focus play, with revenue from domestic business contributing 97.6% of total sales for FY22. The company's products are sold in 21 countries, including regulated and semi-regulated emerging markets such as the United States, Latin America, Southeast Asia, Africa, the Middle East, and the Commonwealth of Independent States.

The objective of the offer

The net proceeds from the fresh issue will be used towards the following purposes:

- To carry out the offer for sale.



Strengths

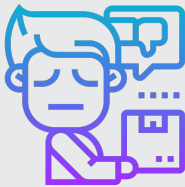


Focus on domestic business for long-term growth visibility



Pan-India presence with a strong distribution network to cater future demand

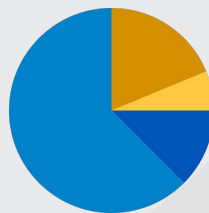
Risks



Any disruption, slow down, or shutdown in manufacturing or research and development operations could adversely affect the financial condition, cash flows, and results of operations.



The introduction of stricter norms regulating marketing practices by pharmaceutical companies could affect the company's ability to effectively market its products, which may hurt its business.



Certain therapeutic areas contribute to a significant portion of the company's total revenue in India, and its business may be adversely affected if products in these therapeutic areas do not perform as expected or if competing products become available and gain wider market acceptance.



Investment Rationale

Focus on domestic business for long-term growth visibility

Mankind Pharma Ltd. is India's fourth largest pharmaceutical company in terms of domestic sales and third largest in terms of sales volume for Moving Annual Total (MAT) as of December 2022. The market share of the company in terms of Domestic Sales in the IPM increased from 4.1% to 4.3% between FY20 and MAT December 2022, which represents the fastest growth among the 10 largest corporates in the IPM. The revenue from operations in India contributed to 97.6% of the total sales for FY22, which was one of the highest among peers. In India, Mankind has historically been present through its product portfolio in acute therapeutic areas and has slowly shifted focus to chronic therapeutic areas. Their Domestic Sales in acute therapeutic areas grew at a CAGR of 11% from FY20 to MAT December 2022, which has outpaced IPM's growth rate for acute therapeutic areas by 1.2 times. Further, with the increased focus on chronic therapeutic areas, the Domestic Sales in chronic therapeutic areas grew at a CAGR of 14% from FY20 to MAT December 2022, which has outpaced the IPM's growth rate for chronic therapeutic areas by 1.4 times. The growth has been driven by volumes and had the third largest volume share among the Top-10 largest corporates in the IPM for MAT December 2022. Further, the company strategically acquires brands and companies across key markets as well as explores in-licensing and co-development opportunities with other companies to diversify its therapeutic portfolio.

Pan-India presence with a strong distribution network to cater future demand

Mankind has a pan-India marketing and distribution presence, and had one of the largest distribution networks in the IPM with 11,691 medical representatives and 3,561 field managers, as of December 31, 2022, and over 80% of doctors in India prescribed their formulations during MAT December 2022. They have also established a significant distribution network and sold their products to over 12,000 stockists and engaged with 75 C&F agents. They have an established presence and a large share of Domestic Sales in Class II-IV cities and rural markets. The Domestic Sales from Class II-IV cities and rural markets contributed 47% of their total Domestic Sales for MAT December 2022, higher than 37% recorded for the IPM, indicating their established presence across high-growth markets in India.

Valuation

Mankind Pharma is engaged in developing, manufacturing, and marketing a diverse range of pharmaceutical formulations across various acute and chronic therapeutic areas, as well as several consumer healthcare products. The company has operated with a combination of the Indian pharmaceutical formulations and consumer healthcare sectors to provide quality products at affordable prices and has an established track record of building and scaling brands in-house. They are present in several acute and chronic therapeutic areas in India, including anti-infective, cardiovascular, gastrointestinal, anti-diabetic, CNS, VMN, and respiratory. Further, the company entered the consumer healthcare industry in 2007 and established several differentiated brands in the condoms, pregnancy detection, emergency contraceptives, antacid powders, vitamin, and mineral supplements, and anti-acne preparations categories. They are the category leaders in (i) the male condom category, (ii) the pregnancy detection kit category, and (iii) the emergency contraceptives category. Further, the company has a track record of sustained growth in revenues and profitability. The company grew its revenue at a CAGR of 14.2% during the FY20-22 period. On the upper price band, the issue is valued at a P/E of 30.2x based on FY2022 earnings which we feel is richly valued, as it is higher than the industry's major players such as Sun Pharma, Cipla and Dr. Reddy's. We, therefore, recommend an "Avoid" rating for the issue.



Important Financials Data

For the year/period ended (in Crore)

IPO closing Date	FY20	FY21	FY22	H1FY23
Revenue				
Revenue from Operations	58,652	62,144	77,816	66,968
Total Revenue	58,652	62,144	77,816	66,968
Expenses				
Cost of raw material and components consumed	12,973	13,723	20,576	13,516
Purchase of stock-in-trade	5,912	6548	8138	6110
Changes in inventories	(105)	(2,472)	(4,496)	2,774
Employee benefit expenses	13,355	14,158	16,206	14,226
Other expenses	12,148	13,699	17,499	15,503
Total Operating Expenses	44,284	45,663	57,992	52,128
EBITDA	14,368	16,481	19,894	14,840
Depreciation and Amortization expenses	991	1,190	1,666	2,414
Other income	1,104	1,709	1,960	811
EBIT	14,482	17,001	20,188	13,236
Finance costs	220	201	586	393
Exceptional item				
PBT	14,262	16,799	19,602	12,843
Current tax	4,143	3,962	4,690	2,384
Deferred Tax charge/ (credit)	(327)	24	526)	395
Total tax	3,816	3,986	5,216	2,780
PAT	10,561	12,930	14,530	10,160
Diluted EPS	2.5.7	31.6	35.8	24.9



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Last 10 IPO Performances

IPO Listing Date	Company Name	Issue Price (Rs.)	Current Price at BSE (Rs.)	Current Price at NSE (Rs.)	Gain (%)
Apr 18, 2023	Avalon Technologies Limited	436	398	398.3	-8.54
Apr 03, 2023	Udayshivakumar Infra Ltd	35	29.09	29.1	-14.43
Mar 23, 2023	Global Surfaces Limited	140	157.5	158.1	41.64
Mar 14, 2023	Divgi TorqTransfer Systems Limited	590	605.15	624.55	11.03
Jan 04, 2023	Radiant Cash Management Services Limited	94	96.64	97.2	1.81
Apr 13, 2022	Hariom Pipe Industries Limited	153	447.15	446.7	249.51
May 24, 2022	Venus Pipes & Tubes Limited	326	728.5	728.35	171.76
Feb 08, 2022	Adani Wilmar Limited	230	474.5	474.4	78.89
Nov 22, 2022	Kaynes Technology India Ltd	587	934.1	931.15	59.13
Apr 08, 2022	Ruchi Soya Industries Ltd	650	1009.35		55.28

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification :

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Corporate Office :

4th floor, Rustom Bldg, 29, Veer Nariman Road, Fort, Mumbai-400001
Phone- +91 22 6159 6464 | Fax-+91 22 6159 6160 | Website- www.bpwealth.com

Corporate Office :

24/26, 1st floor, , Cama Building, Dalal street, Fort, Mumbai-40000



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