

Rating

SUBSCRIBE

(High risk investors for long term)

Issue Offer

Issue Opens on	Apr 25, 2023
Issue Close on	Apr 27, 2023
Total IPO size (cr)	4,326.36
Fresh issue (cr)	Nil
Offer For Sale (cr)	4,326.36
Price Band (INR)	1026-1080
Market Lot	13
Face Value (INR)	1
Retail Allocation	35%
Listing On	NSE, BSE

Objects of the issue

- Offer for sale.

Issue Break-up (%)

QIB Portion	50
NIB Portion	15
Retail Portion	35

Shareholding (No. of Shares)

Pre Issue	400,588,440
Post Issue	400,588,440

Indicative Timetable

Finalisation of Basis of Allotment	3-05-2023
Refunds/Unblocking ASBA Fund	4-05-2023
Credit of equity shares to DP A/c	5-05-2023
Trading commences	8-05-2023

Incorporated in 1991, Mankind Pharma Limited is a pharmaceutical company which 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. They have presence in several acute and chronic therapeutic areas in India, including anti-infectives, cardiovascular, gastrointestinal, anti-diabetic, neuro/CNS, vitamins/minerals/nutrients and respiratory. The company entered the consumer healthcare industry in 2007 and have since established several differentiated brands in the condoms, pregnancy detection, emergency contraceptives, antacid powders, vitamin and mineral supplements and anti-acne preparations categories.

- The company is focused on the domestic market, as a result of which its revenue from operations in India contributed to 97.60% of total revenue from operations for the Financial Year 2022.
- Mankind Pharma has one of the largest distribution networks of medical representatives in the Indian pharmaceutical market. Over 80% of doctors in India prescribed their formulations.
- It has pan-India marketing presence, with a field force of 11,691 medical representatives and 3,561 field managers, as of December 31, 2022.
- Company had a team of over 600 scientists and a dedicated in-house R&D center with four units located in IMT Manesar, Gurugram, Haryana and Thane, Maharashtra.
- The company's formulations manufacturing facilities have a total installed capacity of 42.05 billion units per annum across a wide range of dosage forms including tablets, capsules, syrups, vials, ampoules, blow fill seal, soft and hard gels, eye drops, creams, contraceptives and other over-the-counter products, as of December 31, 2022.

Outlook & Valuation: Mankind Pharma is a well-known and established pharmaceutical company that offers pharmaceuticals as well as several consumer healthcare products. The company has pan-India distribution with a focus on affordability, accessibility, and strong brand recall. In the past three years, the company has demonstrated robust growth in its financial performance, with a near doubling of its net worth and a stable increase in revenue and net profit. Furthermore, the company has strategies to increase its presence in the chronic therapeutic area and grow the consumer healthcare business. However, the pharmaceutical industry is fiercely competitive, and secondly, regulatory risk and stricter norms pose a potential challenge. Coming to the IPO valuation, the issue's P/E ratio of 30x appears fully priced, and given the pure offer for sale nature of the issue, only **high-risk investors** are advised to consider a **long-term** investment in this.

KEY MANAGERIAL PERSONNEL

- Ramesh Juneja is the Chairman and a Whole-Time Director of the Company. He is a founder and Promoter of the Company. He has been associated with the Company since its incorporation as a Director and Promoter. He has experience of over 31 years in the pharmaceutical industry.
- Rajeev Juneja is the Vice-Chairman and Managing Director of the Company. He is also a Promoter of the Company and has been associated with the Company since December 22, 1992. He has experience of over 29 years in the pharmaceutical industry.
- Sheetal Arora is the Chief Executive Officer and a Whole-Time Director of the Company. He is also a Promoter of the Company and has been associated with the Company since September 21, 2007. He has experience of over 14 years in the pharmaceutical industry.
- Arjun Juneja is the Chief Operating Officer of the Company. He has been associated with the Company since May 15, 2009.
- Ashutosh Dhawan was appointed as the Chief Financial Officer of the Company with effect from June 17, 2016.
- Pradeep Chugh is the Company Secretary and Compliance Officer, and Associate Vice President of the Company. He was appointed company secretary of the Company with effect from September 23, 2016 and as compliance officer of the Company pursuant to a resolution of the Board dated July 19, 2022.

COMPETITIVE STRENGTHS

- Domestic focused business of scale with potential for growth.
- Domestic Sales growing at 1.3 times the growth rate of the IPM between the Financial Year 2020 and MAT December 2022.
- Several products in portfolio with top 10 rankings across key therapeutic areas.
- Established consumer healthcare franchise with brand recall.
- Leveraged the corporate brand to build and scale brands.
- Pan-India market and distribution coverage with focus on affordability and accessibility.
- 25 manufacturing and four research and development facilities with capabilities across key therapeutic areas.
- Professional management team with industry experience and backed by private equity investors.

KEY STRATEGIES

- Increase Covered Market presence including in chronic therapeutic areas.
- Focus on increasing penetration in metro and Class I cities.
- Focus on building alternative channels for growth.
- Grow consumer healthcare business.

KEY CONCERNS

- Introduction of stricter norms regulating marketing practices by pharma companies could be a risk.
- Dependence on limited number of markets.
- Exposed to government price controls which could negatively affect its results of operations.
- Highly competitive industry.
- Required to obtain, maintain or renew statutory and regulatory approvals, licenses, and registrations to operate their business.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2022)

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (Mn)	RoNW (%)
Mankind Pharma Limited	35.78	153.65	-	77,815.55	23.29
Peer Group					
Sun Pharmaceuticals Industries Limited	13.60	200.10	71.54	3,86,544.90	6.82
Cipla Limited	31.17	258.32	28.18	2,17,633.40	12.08
Zydus Lifesciences Limited	43.83	166.05	10.95	1,52,652.00	26.40
Torrent Pharmaceutical Limited	22.97	175.89	66.25	85,080.40	13.06
Alkem Laboratories	137.63	722.44	23.03	1,06,341.90	19.05
JB Chemicals & Pharmaceuticals Ltd	49.82	240.83	39.48	24,242.44	18.06
Eris Lifesciences Limited	29.88	140.39	19.10	13,470.43	21.28
Ipca Laboratories Limited	34.85	216.47	22.38	58,297.90	16.10
Abbott India Limited	375.86	1,327.00	56.19	49,192.70	28.32
Glaxosmithkline Pharmaceuticals Ltd	100.04	157.19	57.03	32,780.29	63.64
Dabur India Limited	9.81	47.41	54.55	1,08,886.80	20.75
Procter & Gamble Health Limited	116.00	371.39	42.27	11,144.10	31.23
Zydus Wellness Limited	48.54	761.26	31.11	20,091.00	6.38

FINANCIALS (RESTATED CONSOLIDATED)

Particulars (Rs. In Millions)	FY 2022	FY 2021	FY 2020
Equity Share Capital	400.59	400.59	400.59
Other Equity	61,151.70	46,819.43	34,452.50
Net Worth	61,552.29	47,220.02	34,853.09
Total Borrowings	491.94	576.70	503.38
Revenue from Operations	77,815.55	62,144.31	58,652.34
EBITDA	20,038.00	16,597.80	14,483.46
Profit Before Tax	19,745.99	16,916.11	14,377.35
Net Profit for the year	14,529.56	12,930.34	10,561.48

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