

## Retail Equity Research

### Mankind Pharma Ltd

#### Pharmaceuticals

**CMP Rs. ₹ 2350**
**Rating: Overweight**
**NSE CODE: MANKIND BSE CODE: 543904**

Mankind Pharma witnessed fluctuating top-line growth in FY24, with sales peaking at ₹2,530 Cr in Sep-24 before contracting 5% in Dec-24. Despite sales volatility, operating profit remained largely stable, reflecting disciplined cost management. Operating margins hovered around 31%, peaking in Sep-24 due to favorable expense control. However, a significant spike in interest expenses (₹199 Cr in Dec-24 vs ₹1.9 Cr in Sep-24) sharply dragged down pre-tax profits, leading to a 52% QoQ dip in net profit to ₹416 Cr in Dec-24. This financial jolt offset otherwise resilient fundamentals, including consistent depreciation and moderate tax outgo. The sharp QoQ decline in other income also compounded bottom-line pressure. Going forward, normalization of finance costs and sustained operational efficiency will be crucial for earnings recovery. Investors should monitor the impact of recent acquisitions and capital structure changes that may have influenced interest outflows.

Company Data			
Market Cap (cr)	Rs.	95,348.98	
Enterprise Value (cr)	Rs.	91,415.60	
Outstanding Shares (cr)		41.26	
52 week high	Rs.	3,055.00	
52 week low	Rs.	1,901.00	
1m average volume (lacs)		6.79	
Face value	Rs.	1.00	
	FY22	FY23	FY24
Sales	7486.22	8127.15	9264.81
Growth(%)	36%	9%	14%
EBITDA	2042.3	1860.65	2592.25
EBITDA Margin(%)	27.3%	22.9%	28.0%
PAT	1,389.42	1,248.26	1,823.41
Growth(%)	28%	-10%	46%
EPS	34.7	31.2	45.5
P/E	0.0	0.0	50.5
P/B	0.0	0.0	9.6
EV/EBITDA	0.3	-0.1	35.3
ROE(%)	21%	16.0%	19%
ROCE(%)	27%	20.4%	23.6%
ROIC(%)	30%	27.1%	35.3%
D/E	0.11	0.00	0.00

**1. Strong Financial Performance:** Mankind Pharma reported a robust 24% YoY revenue growth in Q3 FY25, reaching ₹3,230 crore, with an adjusted EBITDA margin of 27.7%. For 9MFY25, revenue grew 17% YoY, supported by strong gross margins at 71% and consistent R&D investments at 2.2% of sales.

**2. Strategic Expansion through BSV Acquisition:** The acquisition of BSV added significant value, increasing Mankind's IPM market share by 40 bps to 4.8%. Integration efforts are progressing well, driving strong performance in chronic therapies, particularly in cardiac and anti-diabetic segments.

**3. Operational Initiatives and Future Outlook:** Corrective actions in the OTC and Delhi pharma divisions led to 30% OTC revenue growth in Q3. Organic growth remained strong, with exports up 43% YoY. The company is focused on long-term sustainability through strategic partnerships, including licensing cancer drug Sintilimab, and improving operational efficiency.

## Key Highlights

### 1. Industry Leadership

Mankind Pharma has established itself as a dominant player in the Indian pharmaceutical market, achieving significant milestones in the last five years. The company holds the top rank in prescriptions over the past five years, solidifying its leadership position. It is also the youngest company to be in the top five of the Indian Pharmaceutical Market (IPM) and ranks 4th by market value in the same segment. Additionally, Mankind has made a significant mark in the consumer healthcare space, with four of its brands ranking #1 in their respective categories. This strong performance underscores Mankind's consistent growth and strategic focus on expanding its market footprint.

### 2. Diverse Therapeutic Range

Mankind Pharma is well-diversified across multiple therapeutic segments, addressing both acute and chronic healthcare needs in India. The company has a significant presence in areas such as anti-infectives, cardiovascular, gastrointestinal, anti-diabetic, neuro/CNS, vitamins/minerals/nutrients, and respiratory treatments. Notably, Mankind has excelled in the chronic therapy market, outperforming competitors by 1.5 times in 9MFY24. With such a broad portfolio, Mankind is well-positioned to cater to a wide range of medical needs, ensuring robust growth in various therapeutic areas.

### 3. Leadership in Chronic and Acute Segments

Mankind Pharma holds leadership positions in several key segments within both the chronic and acute therapy categories. In the chronic segment, the company ranks 3rd in the cardiovascular market with products like Neptaz and Crenzlo, and 5th in the anti-diabetic market with Glimestar-M and Nobeglar. In the acute segment, Mankind has a strong presence, ranking 4th in anti-infectives with Moxikind-CV and Cefakind, and 1st in gynecology with Dydrogesterone and Prega News. These rankings demonstrate Mankind's ability to maintain competitive strength across both therapeutic categories.

### 4. Strong Brand Portfolio

Mankind Pharma boasts a diverse and robust brand portfolio, with 22 of its brands generating over ₹100 crore in domestic sales. Leading brands like Manforce (Rx), Moxikind-CV, and Prega News have contributed to the company's strong market position. Mankind's ability to build and sustain high-value brands across multiple therapeutic areas has enabled it to capture substantial market share. The company's brands not only perform well in their respective segments but also dominate the market, with Prega News holding 83% market share in pregnancy detection kits and Manforce condoms leading the market with a 29% share.

### 5. Extensive Distribution Network

With a widespread PAN India presence, Mankind Pharma operates an extensive distribution network that spans 16,000+ field forces, 13,000+ stockists, and 75 Clearing and Forwarding Agents (CFAs). This vast distribution network ensures the company's products are accessible across India, reaching over 500,000 doctors and a vast network of chemists and pharmacies. Such a well-established network significantly enhances Mankind's market penetration, enabling the company to reach both urban and rural markets efficiently.

### 6. Global Presence and Exports

Mankind Pharma has also made significant strides in expanding its global footprint, with exports accounting for 11% of its total revenue in 9MFY25. The company exports to key international markets, including the USA, Sri Lanka, Nepal, Chile, and Kenya, among others. Its US portfolio comprises 42 products, with new product launches boosting its export potential. This global diversification strategy provides Mankind with growth opportunities beyond the domestic market and adds a layer of resilience to its business model.

## Quarterly Financial Consolidated

### Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	2,209.21	1,996.55	2,403.26	2,529.74	2,396.57
Growth(%)	-2%	-10%	20%	5%	-5%
Expenses	1,636.04	1,481.38	1,831.06	1,777.71	1,655.64
Operating Profit	573.17	515.17	572.20	752.03	740.93
Growth(%)	-4%	-10%	11%	31%	-1%
Other Income	91.60	107.43	124.07	137.75	69.82
Depreciation	89.69	82.25	83.40	85.42	87.03
Interest	4.26	4.03	6.26	1.92	199.47
Profit before tax	570.82	536.32	606.61	802.44	524.25
Tax	83.74	82.15	93.12	168.01	107.87
Net profit	487.08	454.17	513.49	634.43	416.38
Growth(%)	3%	-7%	12%	19%	-52%

## Financial Consolidated

### Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	4,794.41	5,523.18	7,486.22	8,127.15	9,264.81
Growth(%)	25%	15%	36%	9%	14%
Expenses	3,550.47	4,151.06	5,644.28	6,429.28	6,939.20
Operating Profit	1,243.94	1,372.12	1,841.94	1,697.87	2,325.61
Growth(%)	76%	10%	34%	-8%	37%
Other Income	93.85	154.50	200.36	162.78	266.64
Depreciation	61.77	78.19	123.33	269.58	317.61
Interest	11.10	8.23	47.54	28.23	15.08
Profit before tax	1,264.92	1,440.20	1,871.43	1,562.84	2,259.56
Tax	306.70	355.83	482.01	314.58	436.16
Net profit	958.23	1,084.37	1,389.42	1,248.26	1,823.41
Growth(%)	86%	13%	28%	-10%	46%

Balance Sheet

(Rs Cr)

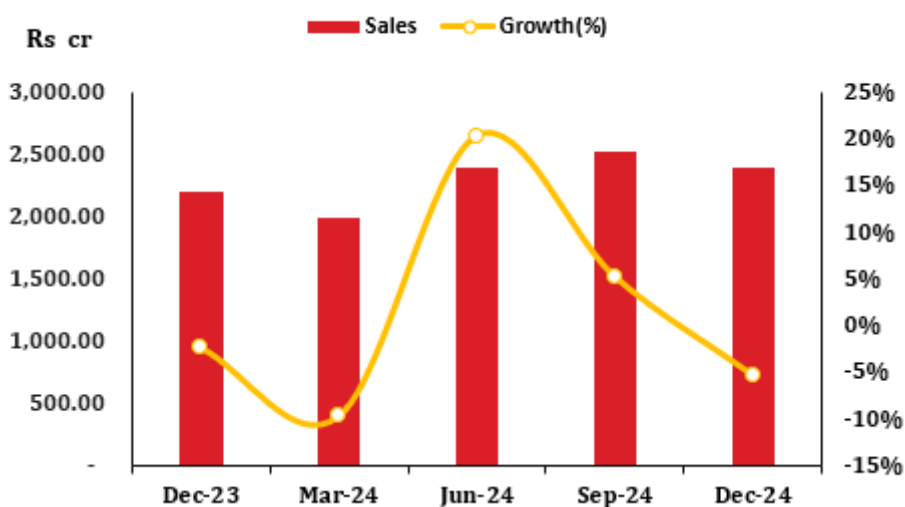
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	40.06	40.06	40.06	40.06	40.06
Reserves	3,611.39	4,694.21	6,500.39	7,743.85	9,583.75
Borrowings	2.56	100.85	687.89	4.69	8.56
Other Liabilities	877.09	1,045.20	1,710.37	1,582.53	1,785.34
<b>Total</b>	<b>4,531.10</b>	<b>5,880.32</b>	<b>8,938.71</b>	<b>9,371.13</b>	<b>11,417.71</b>
Net Block	944.76	987.41	2,926.68	3,142.22	3,404.34
Capital Work in Progress	147.62	165.57	386.57	494.78	187.58
Investments	1,783.67	2,396.89	2,525.87	3,102.23	4,430.13
Other Assets	1,655.05	2,330.45	3,099.59	2,631.90	3,395.66
<b>Total</b>	<b>4,531.10</b>	<b>5,880.32</b>	<b>8,938.71</b>	<b>9,371.13</b>	<b>11,417.71</b>

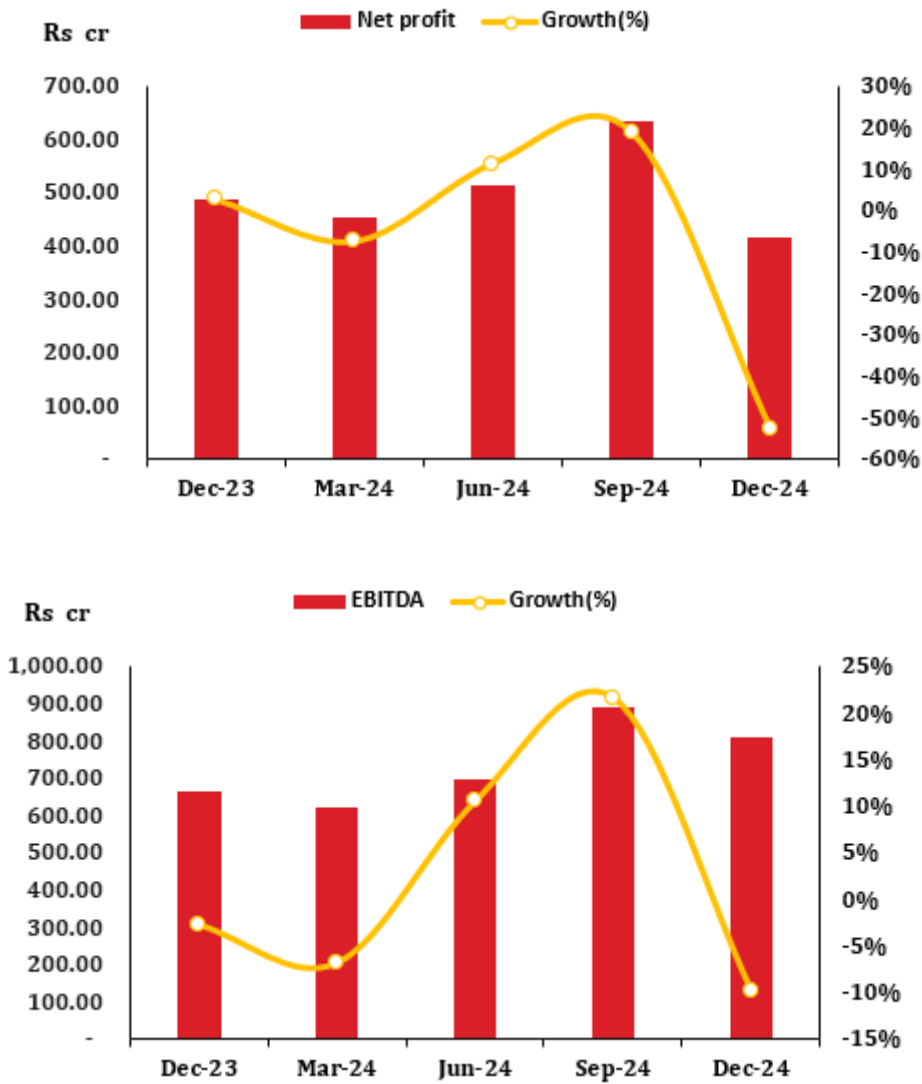
Cash Flow

(Rs Cr)

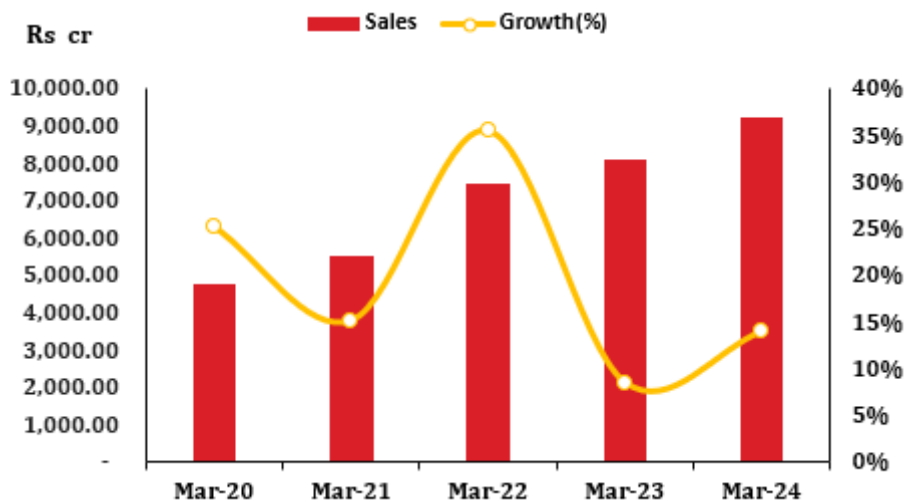
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	959.61	983.38	821.44	1798.99	1982.97
Cash from Investing Activity	-395.68	-1127.16	-1360.27	-1040.61	-1919.22
Cash from Financing Activity	-558.91	88.87	578.63	-710.41	-8.68
Net Cash Flow	5.02	-54.91	39.81	47.96	55.07

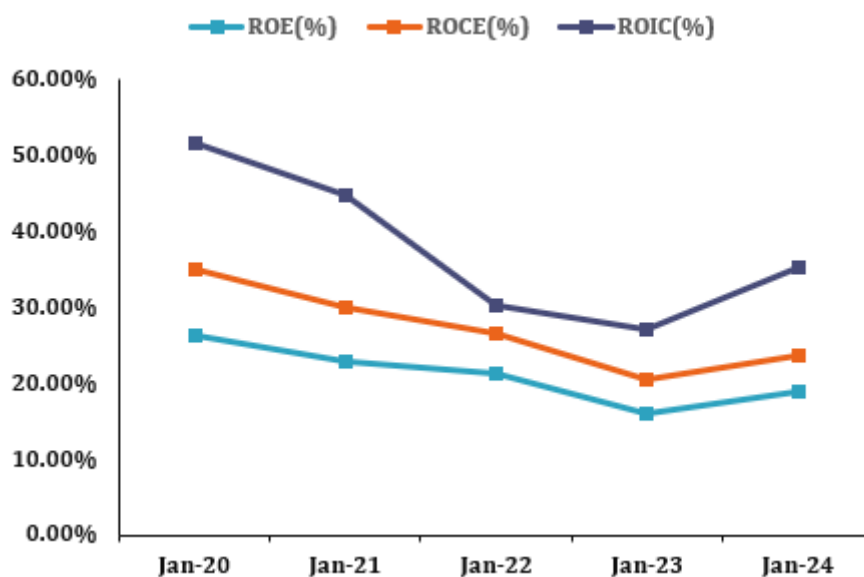
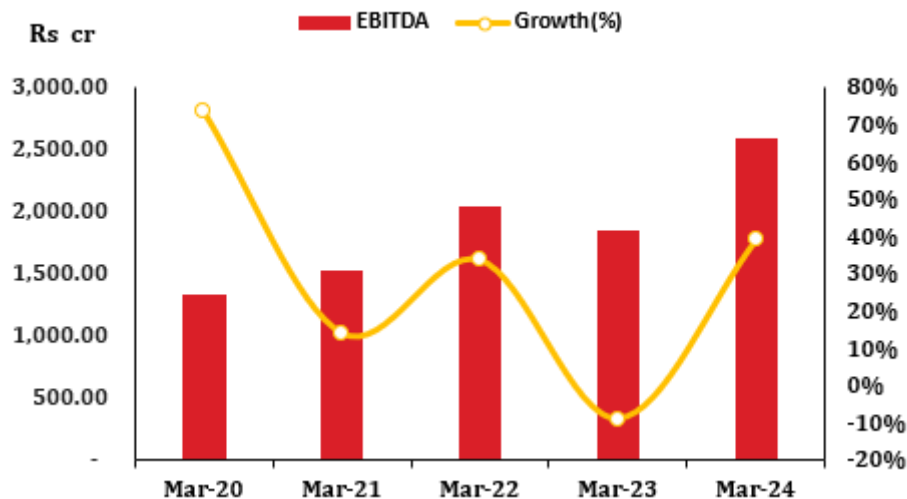
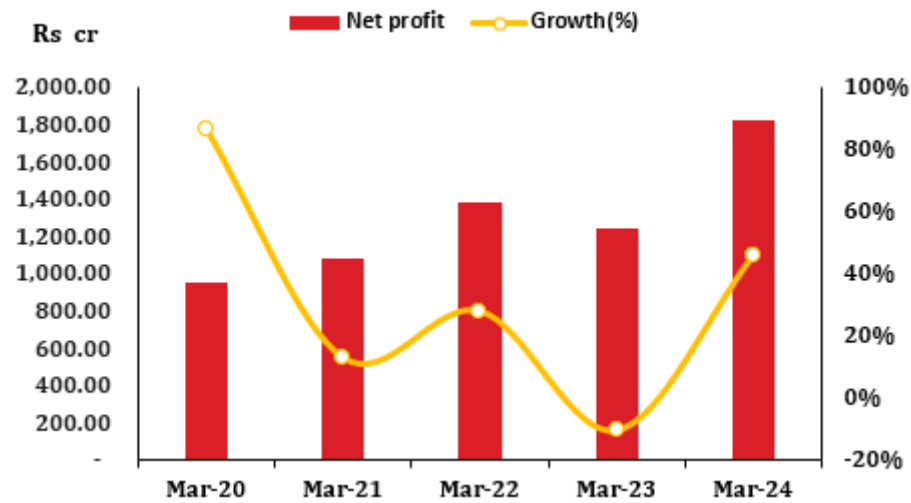
Key Metrics: Quarterly





### Key Metrics: Yearly





## Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.00	0.02	0.11	0.00	0.00
Debt/Assets	0.00	0.02	0.08	0.00	0.00
Debt/Ebitda	0.00	0.07	0.34	0.00	0.00
Debt/Capital Ratio	0%	2%	10%	0%	0%
Cash flow/Debt	374.85	9.75	1.19	383.58	231.66
Interest coverage ratio	114.96	175.99	40.37	56.36	150.84
Sales Change	25%	15%	36%	9%	14%
Ebit Change	75%	14%	32%	-17%	43%
Operating Leverage	3.03	0.68	0.96	-0.91	2.64
Financial Leverage	1.24	1.24	1.37	1.20	1.19

Efficiency ratios					
Receivable days	32	24	23	22	30
Receivable turnover	11.45	14.96	15.91	16.50	12.36
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	7	5	4	6	6
Net Fixed assets turnover	5.07	5.59	2.56	2.59	2.72
Sales/capital employed	1.31	1.14	1.04	1.04	0.96
Total Asset Turnover	1.06	0.94	0.84	0.87	0.81

Profitability ratios					
Ebitda	1337.79	1526.62	2042.3	1860.65	2592.25
Ebitda margin	28%	28%	27%	23%	28%
Gross Profit	3117.28	3637.14	4810.85	5106.77	6142.94
Gross Profit Margin	65%	66%	64%	63%	66%
EBIT	1276.02	1448.43	1918.97	1591.07	2274.64
EBIT Margin	27%	26%	26%	20%	25%
ROE	26%	23%	21%	16%	19%
Net profit margin	20%	20%	19%	15%	20%
EPS	23.92	27.07	34.68	31.16	45.52
DU Pont ROE	26%	23%	21%	16%	19%
Net Profit Margin	20%	20%	19%	15%	20%
Sales/Total assets	1.06	0.94	0.84	0.87	0.81
Financial Leverage	1.24	1.24	1.37	1.20	1.19
DU PONT ROA	21%	18%	16%	13%	16%
Net Profit Margin	20%	20%	19%	15%	20%
Sales/Total assets	1.06	0.94	0.84	0.87	0.81

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	51%	41%	29%	27%	31%
EBIT Margin	27%	26%	26%	20%	25%
Sales/cap employed	1.31	1.14	1.04	1.04	0.96
NOPAT	966.63	1090.57	1424.72	1270.81	1835.57
Capital employed	3654.01	4835.12	7228.34	7788.6	9632.37
ROIC	26%	23%	20%	16%	19%

Valuation Ratios					
Price/Earnings					50.55
Price/Book	-	-	-	-	9.58
Marketcap	-	-	-	-	92,168.05
Enterprise Value	-195.39	-376.10	549.04	-150.46	91,415.60
EV/EBITDA	-0.15	-0.25	0.27	-0.08	35.26



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