




Mankind Pharma

Estimate change 
TP change 
Rating change 

CMP: INR2,507 TP: INR3,050 (+22%) Buy

Operationally in-line; outshines industry in chronic category Course correction impact/BSV integration – Medium-term monitorables

Bloomberg	MANKIND IN
Equity Shares (m)	413
M.Cap.(INRb)/(USD\$b)	1034.3 / 12
52-Week Range (INR)	3055 / 1901
1, 6, 12 Rel. Per (%)	-11/25/14
12M Avg Val (INR M)	1599

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	123.9	149.7	169.9
EBITDA	33.5	41.3	47.9
Adj. PAT	20.7	22.7	29.8
EBIT Margin (%)	27.0	27.6	28.2
Cons. Adj. EPS (INR)	50.1	55.0	72.1
EPS Gr. (%)	8.0	9.9	31.1
BV/Sh. (INR)	336.4	378.5	433.7

Ratios

Net D:E	0.4	0.2	0.0
RoE (%)	17.8	15.4	17.8
RoCE (%)	15.9	12.9	16.1
Payout (%)	19.2	20.0	20.0

Valuations

P/E (x)	49.9	45.4	34.7
EV/EBITDA (x)	30.5	26.4	22.3
Div. Yield (%)	0.4	0.4	0.6
FCF Yield (%)	-5.6	4.8	5.6
EV/Sales (x)	8.2	7.3	6.3

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	72.7	74.9	76.5
DII	11.1	9.9	9.8
FII	13.3	12.4	6.7
Others	2.9	2.9	7.0

FII Includes depository receipts

- Mankind Pharma (Mankind) delivered in-line operational performance for 3QFY25. The earnings were below estimates due to higher interest outgo on debt raised to fund the BSV acquisition. While Mankind continues to deliver industry-beating growth in chronic therapies, regulatory headwinds in certain products and course corrections across the prescription (Rx) business affected the DF segment. Interestingly, the strategic reset has driven a healthy 30% YoY growth in the consumer health segment.
- We reduce the earnings estimate by 10%/6%/3% for FY25/FY26/FY27, factoring in: a) higher interest outgo, b) course correction to gradually revive growth prospects, and c) industry-level challenges in acute therapies. We value Mankind at 45x 12M forward earnings to arrive at a TP of INR3,050.
- Mankind's focus on a differentiated portfolio, comprising: a) prescription products (including the recently acquired BSV), b) consumer wellness, and c) exports, positions the company for robust growth over the next 4-5 years. Consistent marketing efforts to support niche offerings, along with capital allocation to add unique growth levers, are expected to drive 20% earnings CAGR over FY25-27. Additionally, it is subject to lesser earnings volatility compared to companies focusing on US generics. **Reiterate BUY.**

Ex-BSV, DF revenue up 7% YoY/organic EBITDA up 32% YoY for 3QFY25

- Sales grew 23.9% YoY to INR32.3b for the quarter (vs est. of INR33.6b), while the Domestic business (86% of sales) grew 15.5% YoY to INR27.7b. The Prescription business (Rx) (93% of domestic sales) grew 14.6% YoY to INR25.8b, partly led by the BSV addition. The Consumer business (7% of domestic sales) grew 30% YoY to INR1.9b. Export (14% of sales) grew 121% YoY to INR4.6b, aided by new launches and BSV addition.
- Gross margin expanded 280bp to 71% due to a change in the product mix and a decline in RM prices.
- Adjusted for a one-time M&A spend, the EBITDA margin expanded 430bp YoY to 27.7%, led by higher gross margins/lower other expenses (-180bp YoY).
- Consequently, EBITDA grew 47.5% YoY to INR8.9b (vs est. INR9.2b). Excluding BSV, organic EBITDA grew 32% YoY for the quarter.
- However, Adj. PAT declined 5.2% YoY to INR4.3b (vs est. INR5.7b) due to the higher interest outgo for the quarter.
- Revenue/EBITDA/PAT in 9MFY25 grew 17%/27%/14.7% to INR92b/INR24.7b/INR16.5b.

Highlights from the management commentary

- Mankind has implemented measures such as optimizing doctor coverage and making leadership changes at the divisional level to improve prospects in the Rx business.
- The organic growth in Rx/exports was 7.4%/43% YoY for 3QFY25.
- Regulatory tailwinds related to emergency contraceptives and an anti-infective drug impacted acute therapy growth by ~0.5% YoY for 3QFY25.

Tushar Manudhane - Research Analyst (Tushar.Manudhane@MotilalOswal.com)

Research Analyst: Akash Dobhada (Akash.Dobhada@MotilalOswal.com) | **Viraj Shah** (Viraj.Shah@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	Estimate	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Gross Sales	25,786	27,081	26,070	24,411	28,934	30,765	32,300	31,906	1,03,348	1,23,905	33,579	-3.8
YoY Change (%)	18.3	11.6	24.7	18.9	12.2	13.6	23.9	30.7	18.1	19.9	28.8	
Total Expenditure	19,238	20,254	20,004	18,500	21,697	22,265	23,356	23,134	77,996	90,452	24,378	
EBITDA	6,548	6,827	6,065	5,911	7,238	8,500	8,944	8,772	25,351	33,454	9,201	-2.8
YoY growth %	34.5	9.9	29.7	30.7	10.5	24.5	47.5	48.4	24.9	32.0	51.7	
Margins (%)	25.4	25.2	23.3	24.2	25.0	27.6	27.7	27.5	24.5	27.0	27.4	
Depreciation	874	965	1,097	1,047	1,077	1,056	1,923	2,156	3,983	6,213	1,985	
Interest	63	86	92	94	109	71	2,209	1,796	335	4,185	970	
Other Income	586	600	701	921	1,006	1,094	773	351	2,809	3,224	800	
PBT before EO expense	6,197	6,375	5,577	5,692	7,057	8,468	5,585	5,170	23,842	26,280	7,046	-20.7
Extra-Ord expense	0	0	0	0	420	0	646	0	0	1,066	0	
PBT	6,197	6,375	5,577	5,692	6,637	8,468	4,939	5,170	23,842	25,214	7,046	
Tax	1,303	1,298	1,025	950	1,246	1,904	1,128	997	4,576	5,275	1,353	
Rate (%)	21.0	20.4	18.4	16.7	18.8	22.5	22.8	19.3	19.2	20.9	19.2	
Minority Interest & P/L of Asso. Cos.	25.9	66.8	14.5	29.5	26.7	28.4	8.5	73.0	136.6	136.6	30.0	
Reported PAT	4,869	5,010	4,538	4,712	5,365	6,535	3,802	4,100	19,129	19,802	5,663	-32.9
Adj PAT	4,869	5,010	4,538	4,712	5,706	6,535	4,301	4,100	19,129	20,652	5,663	-24.1
YoY Change (%)	53.9	12.8	47.3	50.5	17.2	30.4	-5.2	-13.0	38.4	8.0	24.8	
Margins (%)	18.9	18.5	17.4	19.3	19.7	21.2	13.3	12.9	18.5	16.7	16.9	
EPS	12.2	12.5	11.3	11.8	14.2	16.3	10.7	10.2	47.8	50.1	14.1	

E: MOFSL Estimates



Management call highlights

- The overall cost of debt for INR67b stands at 7.9-8%. The interest cost for 4QFY25 is expected to be ~INR1.8b.
- Mankind signed an in-licensing deal with Innovent Biologics to introduce Sintilimab, an anti-cancer PD-1 immunotherapy, in India.
- Ex. BSV, Mankind's field force increased from 16,043 in Mar'24 to 16,570 in Dec'24.
- In 3QFY25, volume/price/NI growth were -1%/3%/3%, respectively. For 9MFY25, the growth stood at 1%/4.4%/2.6%.
- The Panacea transplant business grew at ~20%, while Glizid is growing at 25%+.
- The company is restructuring BSV's Rx business i.e. merging into Mankind. Ongoing initiatives related to this restructuring have led to softer growth in the Rx segment.
- Mankind expects single-digit revenue growth for BSV in FY25, followed by 15%+ growth in FY26 with margins of 26-28%. Over the next 2-3 years, margins are projected to reach ~30%.
- DMF grade SKUs increased to 215 in Dec'24 from 150 in FY24, with ~90% of medicines in the chronic segment.

Implementing efforts to fortify the franchise across Rx/OTC/export businesses

DF: Focus on building a sustainable growth path

- In 9MFY25, Mankind's DF business grew 11.6% YoY to INR82b due to robust growth across chronic therapies, strong recovery in the OTC business, and BSV consolidation.
- Mankind has outperformed in Cardiac/Anti-diabetic against IPM by 350bp/100bp, while all other therapies underperformed IPM, with Anti-infectives declining 2% during the quarter.

- Regulatory headwinds in certain key products in the acute segment impacted the secondary sales growth.
- The company's chronic segment outperformed IPM by 1.1x, fueled by: i) 95%+ YoY growth in Nobeglar (Insulin glargine), and ii) 24% combined growth in respiratory inhalers (Combihale and Symbicort).
- Mankind's market share in IPM increased from 4.4% in Mar'24 to 4.8% in Dec'24 on account of the BSV acquisition aided by leadership in Gynae (#1 in IPM).
- Accordingly, we expect Mankind to post a 12.5% sales CAGR in DF, reaching INR133b over FY25-27.

Consumer Healthcare: Efforts leading to better growth prospects

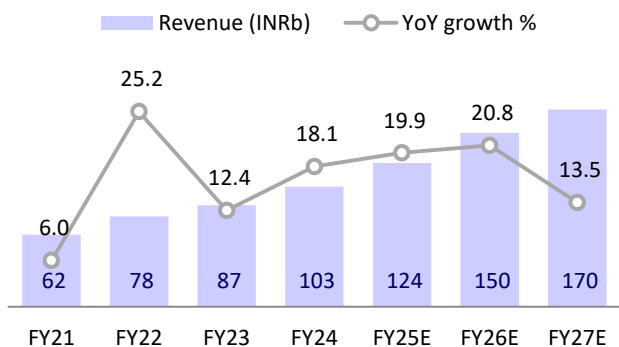
- During 9MFY25, Consumer Healthcare's sales grew 14.7% YoY to INR6.3b, propelled by faster growth in modern trade, e-commerce, and Q-commerce channels, along with strong growth in strategic launches such as Manforce Epic and Nimulid.
- The company is also broadening its presence in pregnancy care, sexual wellness, and consumer wellness through products like Ova News, Nimulid, and Rapid New.
- Overall, we expect the company to deliver a 14% sales CAGR in the Consumer Healthcare business to reach ~INR10.8b over FY25-27.

Reiterate BUY

- We reduce our earnings estimate by 10%/6%/3% for FY25/FY26/FY27, factoring in a) the higher interest outgo, b) course corrections, which will gradually revive growth prospects, and c) industry-level challenges in acute therapies. We value Mankind at 45x 12M forward earnings to arrive at a TP of INR3,050.
- Mankind's focus on a differentiated portfolio, comprising: a) prescription products (including the recently acquired BSV), b) consumer wellness, and c) exports, positions the company for robust growth over the next 4-5 years. Consistent marketing efforts to support niche offerings and capital allocation to add unique growth levers are expected to drive a 20% earnings CAGR over FY25-27. Additionally, it is subject to lesser earnings volatility compared to companies focusing on US generics. **Reiterate BUY.**

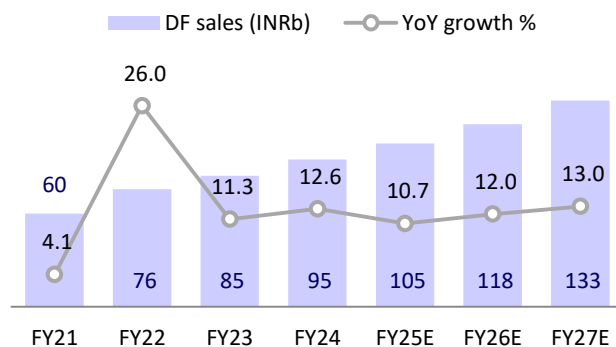
Story in charts

Exhibit 1: Expect 17.1% sales CAGR over FY25-27



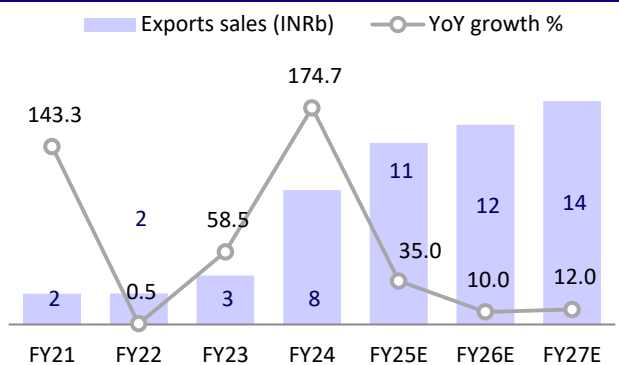
Source: Company, MOFSL

Exhibit 2: Expect 12.5% CAGR in DF sales over FY25-27



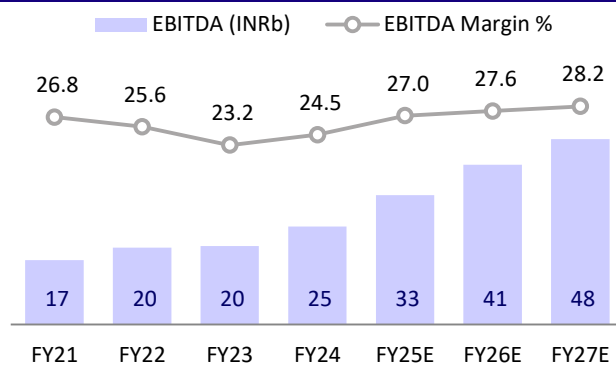
Source: Company, MOFSL

Exhibit 3: Expect export sales CAGR of 11% over FY25-27



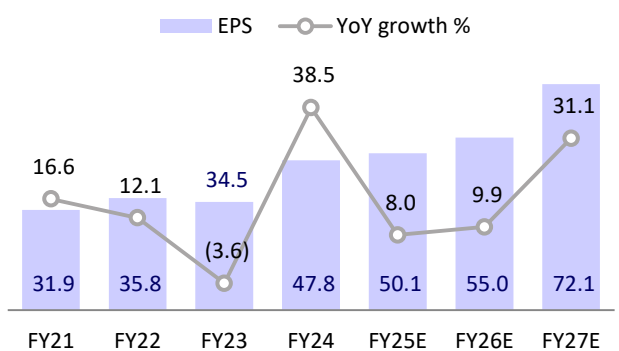
Source: Company, MOFSL

Exhibit 4: EBITDA margin to expand to ~28% by FY27



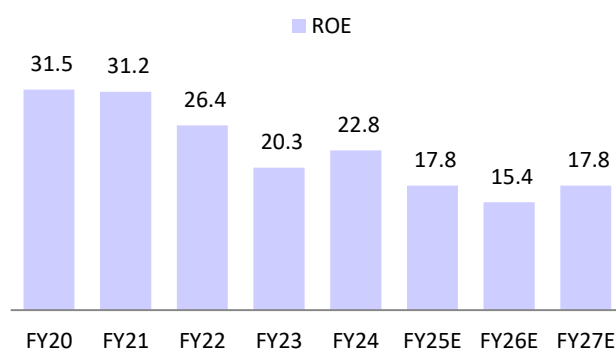
Source: Company, MOFSL

Exhibit 5: Expect EPS CAGR of 20% over FY25-27



Source: Company, MOFSL

Exhibit 6: BSV acquisition impacting return ratios over the medium term



Source: Company, MOFSL

Financials and Valuations

Mankind - Income Statement

(INRm)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Income from Operations	58,652	62,144	77,816	87,490	1,03,348	1,23,905	1,49,728	1,69,918
Change (%)		6.0	25.2	12.4	18.1	19.9	20.8	13.5
Total Expenditure	43,378	45,486	57,922	67,201	77,997	90,452	1,08,403	1,22,001
% of Sales	74.0	73.2	74.4	76.8	75.5	73.0	72.4	71.8
Gross Profit	39,872	44,338	53,598	58,354	71,251	88,344	1,06,157	1,19,962
EBITDA	15,274	16,658	19,894	20,289	25,351	33,454	41,325	47,917
Margin (%)	26.0	26.8	25.6	23.2	24.5	27.0	27.6	28.2
Depreciation	991	1,190	1,666	3,259	3,983	6,213	8,693	8,789
EBIT	14,283	15,468	18,227	17,030	21,368	27,241	32,632	39,128
Int. and Finance Charges	220	201	586	445	335	4,185	4,160	2,097
Other Income	1,104	1,709	1,960	1,286	2,809	3,224	800	1,100
PBT bef. EO Exp.	15,168	16,976	19,602	17,871	23,842	26,280	29,273	38,131
EO Items	-906	-177	0	1,275	0	1,066	0	0
PBT after EO Exp.	14,262	16,799	19,602	16,597	23,842	25,214	29,273	38,131
Total Tax	3,816	3,986	5,216	3,616	4,576	5,275	6,440	8,236
Tax Rate (%)	26.8	23.7	26.6	21.8	19.2	20.9	22.0	21.6
Minority Interest	142	159	50	162	137	137	137	137
Reported PAT	10,304	12,654	14,335	12,819	19,129	19,802	22,696	29,758
Adjusted PAT	10,968	12,789	14,335	13,816	19,129	20,652	22,696	29,758
Change (%)		16.6	12.1	-3.6	38.5	8.0	9.9	31.1
Margin (%)	18.7	20.6	18.4	15.8	18.5	16.7	15.2	17.5

Mankind - Balance Sheet

(INRm)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	401	401	401	401	401	412	412	412
Other equity	34,453	46,819	61,152	73,952	93,230	1,38,368	1,55,730	1,78,495
Net Worth	34,853	47,220	61,552	74,352	93,631	1,38,780	1,56,143	1,78,907
Minority Interest	1,863	1,409	1,611	1,881	2,127	2,416	2,704	2,993
Total Loans	1,269	2,345	8,680	1,626	1,960	67,960	42,960	12,960
Deferred Tax Liabilities	-398	-360	163	475	87	-59	-59	-59
Other Non-Current Liabilities	846	856	1,031	1,557	2,050	2,458	2,970	3,370
Capital Employed	38,433	51,471	73,038	79,892	99,855	2,11,555	2,04,718	1,98,172
Gross Block	19,674	21,395	42,261	52,149	59,078	1,35,078	1,36,578	1,38,078
Less: Accum. Deprn.	3,938	5,011	6,638	9,897	13,879	20,092	28,785	37,574
Net Fixed Assets	15,736	16,385	35,623	42,253	45,199	1,14,986	1,07,793	1,00,504
Goodwill on Consolidation	204	204	204	200	200	64,200	64,200	64,200
Capital WIP	3,170	3,720	7,015	5,501	2,818	2,818	2,818	2,818
Total Investments	8,350	15,175	11,149	14,619	26,027	13,027	13,027	13,027
Other Non-Current Assets	1,222	1,748	1,770	1,759	1,483	1,778	2,148	2,438
Curr. Assets, Loans&Adv.	21,572	26,005	35,324	32,491	43,101	39,546	45,110	49,659
Inventory	8,991	11,835	17,602	14,985	15,535	22,066	26,664	30,259
Account Receivables	5,311	3,306	3,882	5,764	8,483	8,826	11,076	12,569
Cash and Bank Balance	4,199	7,007	4,059	4,532	11,980	6,321	4,550	3,630
Loans and Advances	3,071	3,856	9,780	7,210	7,104	2,333	2,820	3,200
Curr. Liability & Prov.	11,820	11,765	18,046	16,931	18,973	24,800	30,378	34,474
Account Payables	7,451	6,670	10,764	10,082	11,030	15,276	18,870	21,414
Other Current Liabilities	2,212	2,754	4,638	2,999	2,819	3,380	4,084	4,635
Provisions	2,157	2,342	2,645	3,849	5,124	6,144	7,424	8,425
Net Current Assets	9,752	14,239	17,277	15,560	24,128	14,746	14,732	15,185
Appl. of Funds	38,433	51,470	73,038	79,892	99,855	2,11,555	2,04,718	1,98,172

Financials and Valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	27.4	31.9	35.8	34.5	47.8	50.1	55.0	72.1
Cash EPS	29.9	34.9	39.9	42.6	57.7	65.1	76.1	93.5
BV/Share	87.0	117.9	153.7	185.6	233.7	336.4	378.5	433.7
DPS	0.0	0.0	0.0	0.0	9.6	9.6	11.0	14.4
Payout (%)	0.0	0.0	0.0	0.0	20.0	19.2	20.0	20.0
Valuation (x)								
P/E	91.3	78.3	69.9	72.5	52.4	49.9	45.4	34.7
Cash P/E	83.7	71.6	62.6	58.7	43.3	38.4	32.9	26.8
P/BV	28.7	21.2	16.3	13.5	10.7	7.4	6.6	5.8
EV/Sales	17.1	16.1	12.8	11.5	9.7	8.2	7.3	6.3
EV/EBITDA	65.6	59.9	50.1	49.6	39.4	30.5	26.4	22.3
Dividend Yield (%)	NA	NA	NA	NA	0.4	0.4	0.4	0.6
FCF per share	21.3	20.6	-35.5	25.7	45.9	-93.6	80.9	94.8
Return Ratios (%)								
RoE	31.5	31.2	26.4	20.3	22.8	17.8	15.4	17.8
RoCE	31.2	30.6	24.7	19.6	22.8	15.9	12.9	16.1
RoIC	0.5	48.9	35.0	25.1	24.8	14.8	11.7	14.3
Working Capital Ratios								
Asset Turnover (x)	1.5	1.2	1.1	1.1	1.0	0.6	0.7	0.9
Inventory (Days)	28	61	69	68	54	55	59	61
Debtor (Days)	33	19	18	24	30	26	27	27
Creditor (Days)	46	39	50	42	39	45	46	46
Leverage Ratio (x)								
Net Debt/Equity	-0.3	-0.4	-0.1	-0.2	-0.4	0.4	0.2	0.0

Mankind - Cash Flow Statement

(INRm)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	14,377	16,916	19,746	16,712	23,994	26,281	29,273	38,131
Depreciation	991	1,190	1,666	3,259	3,983	6,213	8,693	8,789
Interest & Finance Charges	220	201	321	445	330	4,185	4,160	2,097
Direct Taxes Paid	-3,309	-4,541	-4,995	-3,231	-4,795	-5,275	-6,440	-8,236
(Inc)/Dec in WC	-1,452	-946	-5,861	1,667	204	3,835	-1,614	-1,262
CF from Operations	10,826	12,820	10,877	18,852	23,714	35,239	34,071	39,519
Others	-129	-1,448	-1,679	-719	-2,190	2,158	800	1,100
CF from Operating incl EO	10,697	11,372	9,198	18,133	21,524	37,397	34,871	40,619
(Inc)/Dec in FA/IA	-2,167	-3,116	-23,424	-7,830	-3,147	-76,000	-1,500	-1,500
Free Cash Flow	8,530	8,257	-14,226	10,303	18,377	-38,603	33,371	39,119
(Pur)/Sale of Investments	-867	-6,183	4,921	-1,892	-17,388	13,000	0	0
Others	-1,357	-2,924	4,811	-819	388	-67,224	-800	-1,100
CF from Investments	-4,392	-12,222	-13,691	-10,541	-20,147	-1,30,224	-2,300	-2,600
Increase in equity capital						30,000	0	0
Inc/(Dec) in Debt	-1,434	1,105	6,242	-6,978	315	66,000	-25,000	-30,000
Interest Paid	-220	-171	-178	-419	-262	-4,185	-4,160	-2,097
Dividend paid						-4,654	-5,334	-6,993
Others	-3,653	-1,012	-18	278	6,687	7	152	152
CF from Fin. Activity	-5,307	-78	6,046	-7,119	6,740	87,168	-34,341	-38,938
Inc/Dec of Cash	998	-928	1,553	472	8,118	-5,659	-1,770	-920
Opening Balance	1,163	2,197	1,273	4,059	4,532	11,980	6,321	4,550
Closing Balance	2,161	1,270	2,826	4,532	12,650	6,321	4,550	3,630
Total Cash & Cash Eq	4,199	7,007	4,059	4,532	11,980	6,321	4,550	3,630

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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Nainesh Rajani

Email: nainesh.raiani@motilaloswal.com

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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