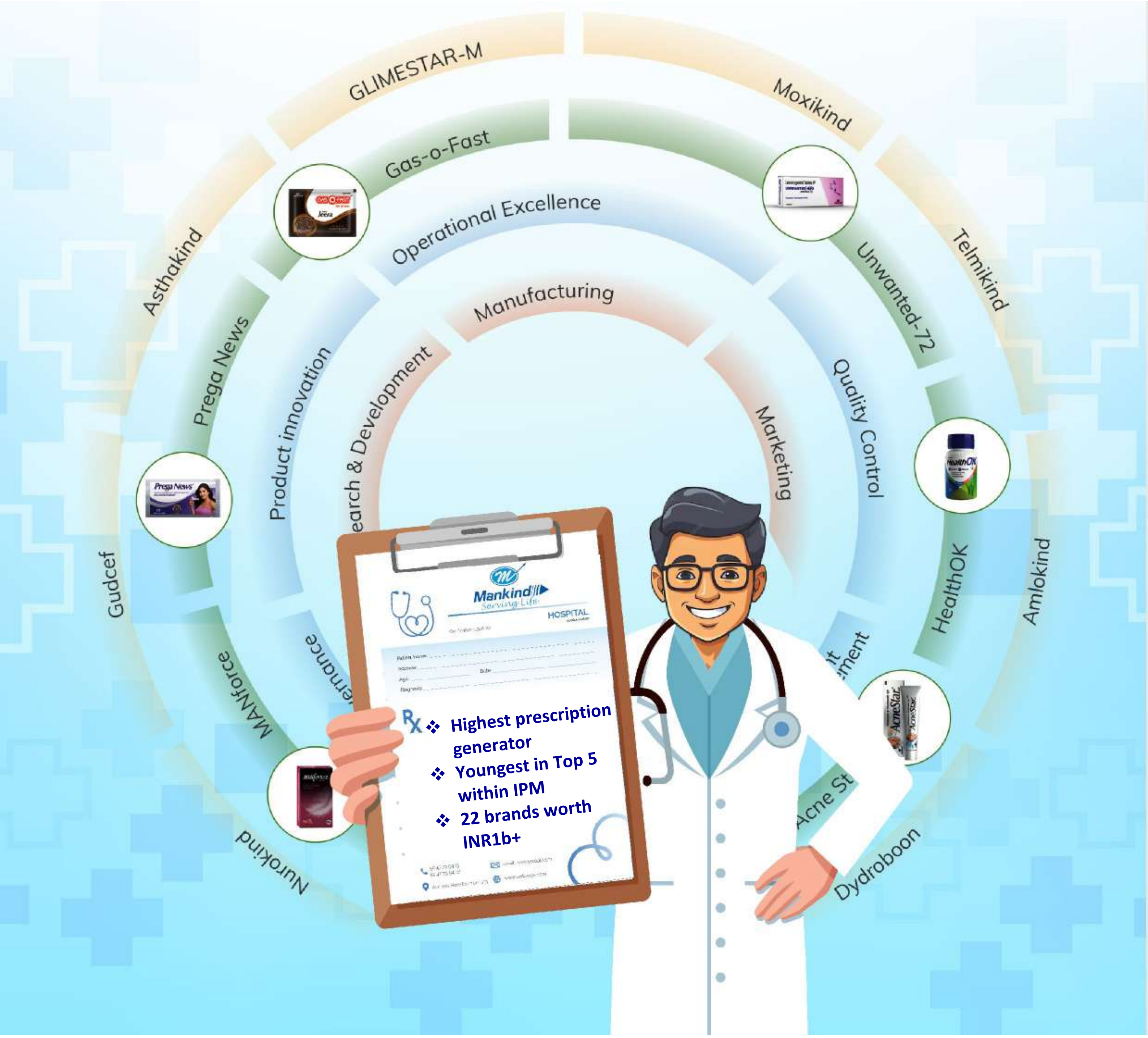
June 2024

Initiating Coverage | Sector: Healthcare

Mankind Pharma



Disruptor with a dose of care

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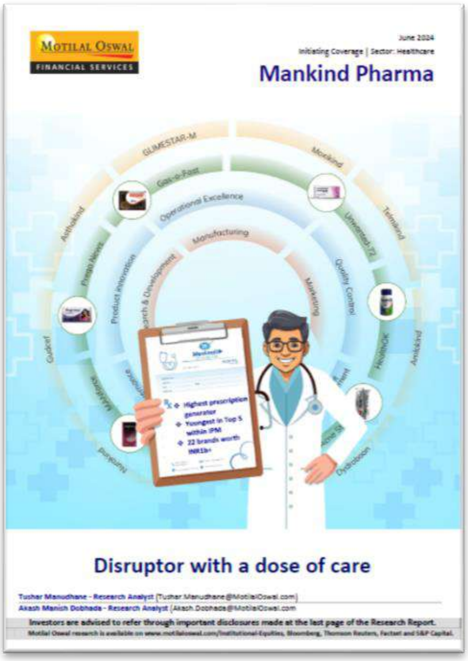


Disruptor with a dose of care

- In a span of 30 years, Mankind Pharma (MANKIND) has built a robust domestic formulation (DF) franchise and become the fourth largest player by market share.
- Contrary to common wisdom, MANKIND has followed a disruptive strategy to establish its DF business by approaching customers and influencers in tier II and below cities, becoming the industry leader in terms of the number of prescriptions.
- It has diversified its portfolio in terms of both therapies and brands.
- MANKIND is working on multiple levers to boost growth over the next three to five years: a) increasing the scope of business in chronic therapies (36% of DF sales in FY24) by expanding niche products in portfolio, b) enhancing its presence in metro/Tier-I cities (53% of DF sales in FY24), and c) investing aggressively in brand building in the prescription and consumer healthcare segments.
- Accordingly, we expect a 16% earnings CAGR for MANKIND over FY24-27. Considering its strong brand visibility, sustainable earning growth and superior return ratios, we value MANKIND at 40x12M forward earnings (30% premium to the Healthcare sector PE) to arrive at a TP of INR2,650. Initiate coverage with a BUY rating.

Mankind Pharma

BSE SENSEX	S&P CNX
76,607	23,323

Stock Info

Bloomberg	MANKIND IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	891.4 / 10.7
52-Week Range (INR)	2490 / 1467
1, 6, 12 Rel. Per (%)	-6/9/25
12M Avg Val (INR M)	1515
Free float (%)	25.1

Financials Snapshot (INR b)

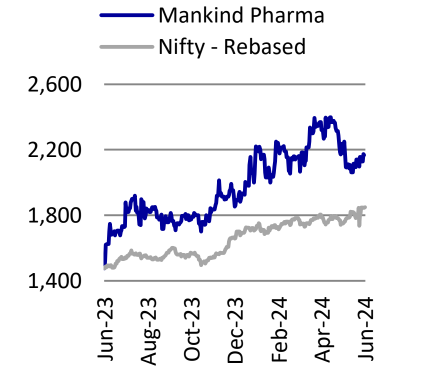
Y/E March	FY24	FY25E	FY26E
Sales	103.3	114.2	127.7
EBITDA	25.4	29.0	33.6
Adjusted PAT	19.1	21.2	25.0
EBIT Margin (%)	24.5	25.4	26.3
Cons. Adj EPS (INR)	47.8	52.9	62.4
EPS Growth (%)	38.5	10.8	17.9
BV/Share (Rs)	233.7	274.2	321.9
Ratios			
Net D-E	-0.4	-0.5	-0.6
RoE (%)	22.8	20.8	20.9
RoCE (%)	22.8	20.8	20.9
Payout (%)	20.0	20.0	20.0
Valuations			
P/E (x)	46.4	41.8	35.5
EV/EBITDA (x)	34.9	30.2	25.4
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	2.7	4.7	4.6
EV/Sales (x)	8.6	7.7	6.7

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	74.9	76.5	76.5
DII	11.1	9.8	2.6
FII	9.9	6.7	2.6
Others	4.1	7.0	18.3

FII Includes depository receipts

Stock performance (one-year)



CMP: INR2,214 TP: INR2,650 (+20%) Buy

Disruptor with a dose of care

- **In a span of 30 years, Mankind Pharma (MANKIND) has built a robust domestic formulation (DF) franchise and become the fourth largest player by market share.**
- **Contrary to common wisdom, MANKIND has followed a disruptive strategy to establish its DF business by approaching customers and influencers in tier II and below cities, becoming the industry leader in terms of the number of prescriptions.**
- **It has diversified its portfolio in terms of both therapies and brands.**
- **MANKIND is working on multiple levers to boost growth over the next three to five years: a) increasing the scope of business in chronic therapies (36% of DF sales in FY24) by expanding niche products in portfolio, b) enhancing its presence in metro/Tier-I cities (53% of DF sales in FY24), and c) investing aggressively in brand building in the prescription and consumer healthcare segments.**
- **Accordingly, we expect a 16% earnings CAGR for MANKIND over FY24-27. Considering its strong brand visibility, sustainable earning growth and superior return ratios, we value MANKIND at 40x12M forward earnings (30% premium to the Healthcare sector PE) to arrive at a TP of INR2,650.**
- **Initiate coverage with a BUY rating.**

Focus on chronic therapies to support growth

- After establishing a meaningful presence in acute therapies, MANKIND is making efforts to expand its chronic portfolio. It has delivered a 15% sales CAGR in chronic therapies over FY20-24. In FY24, MANKIND's revenue growth of 14% outperformed the industry by 400bp YoY and achieved chronic sales of INR34b (36% of total DF sales).
- The company is expanding its presence in chronic therapies, such as transplant, urology, nephrology and oncology, and is also firming up its presence with a new differentiated launch, along with an in-licensing opportunity. It has increased the field force for chronic therapies to expand its reach in metro/Tier-I cities. Overall we expect a 12% sales CAGR in chronic therapies over FY24-27.

Cardiovascular - Launches/wider reach to aid robust outlook

- MANKIND clocked a 17% sales CAGR in cardiovascular (CVD) therapies over MAT Apr'20-24 vs. a 10.7% CAGR for the industry (IPM). In MAT Apr'24, its CVD sales grew 19% YoY (14% of FY24sales) vs. IPM growth of 10.5%. MANKIND has diversified offerings and widened its prescriber base as well.
- It launched new formulations to treat heart failure. In addition to own development, the company also plans to acquire brands. For instance, it in-licensed Neptaz (Sacubitril + Valsartan) from Novartis, which are used to treat chronic heart failure. The combination of Sacubitril + Valsartan helps to reduce blood pressure by relaxing blood vessels in different ways.
- We expect 19% sales CAGR in CVD to reach INR22.5b over FY24-27.

Respiratory – Enough scope to expand product offerings

- MANKIND has considerably outperformed the industry in respiratory therapies, with a 11% sales CAGR vs. industry sales CAGR of 10% over MAT Apr'20-24. Its top products in this segment are cough preparation and bronchodilator inhalant preparation.
- However, due to a ban on Codistar, a key brand, in Jun'23, respiratory sales declined by 2.5% YoY in FY24. To strengthen its focus on inhalers, the company acquired Combihaler from Dr. Reddy's, in-licensed Symbicort from Astrazenca and leveraged the specialty chronic division launched 3-4 years ago to increase penetration in metro/tier-I cities. We expect a 10% sales CAGR to INR11b over FY24-27.

Anti-infectives – A strong base therapy

- With improved hygienic conditions, growth has been moderating in anti-infective (8% CAGR in MAT Apr'20-24). However, MANKIND outperformed the industry in this therapy by a wide margin (11% CAGR), forming ~14% of total FY24 sales. In addition to the current portfolio of penicillin, cephalosporin, macrolides and quinolones, MANKIND has added critical care anti-infective. We expect MANKIND to sustain its outperformance (8.5% sales CAGR) in this segment over FY24-27.

Enhancing niche portfolio through own development/in-licensing

- In addition to extending reach, MANKIND is also focusing on differentiated offerings. MANKIND has entered into the transplant segment through the acquisition of Panacea Biotec. It has in-licensed specialty limited competition products like Neptaz (Sacubitril + Valsartan) and Symbicort from Novartis and Nobeglar (Insulin glargine) from Biocon.
- With the launch of these brands, MANKIND is further deepening its presence in therapies like Cardiology, Diabetes and Respiratory to aid superior growth.
- Further, it is expanding its presence across segments, from sexual wellness to consumer wellness, through the launch of line extensions, leveraging e-commerce channels, and introducing products from Rx to OTC channels.

Dydroboon – Case of niche product development/scale-up

- Dydroboon's manufacturing process involves the complex conversion of natural Progesterone. MANKIND has not only manufactured and introduced its own branded generic version of Dydrogesterone, but also served as a manufacturing partner for other Indian companies.
- MANKIND garnered annual sales of INR2.5b from dydroboon in a period of four years since launch. This product highlights MANKIND's capability to not only develop but also scale up the manufacturing of complex molecules.

Consumer healthcare – Brand building beyond prescription

- In addition to a strong brand franchise in the prescription space, MANKIND has built a robust portfolio of consumer healthcare, comprising OTC drugs, contraceptives and herbal/traditional products. Total sales of this segment stood at INR7b, forming 6.8% of FY24 sales.

- MANKIND is implementing strategies to improve growth visibility like line extensions, increasing reach, introducing new digital initiatives and investments in brand building. We expect a 7% sales CAGR in this segment to reach INR8.6b over FY24-27.

Valuation and view: Initiate with BUY

- Overall, we expect a 16% earnings CAGR over FY24-27, led by a 12% sales CAGR and a 270bp margin expansion. Considering a) expanding product offerings in major therapies, b) capitalizing on leverage, c) a gradual increase in the share of chronic therapies, d) increasing more brands to INR500m-INR1b size, e) improving MR productivity, and f) footprint expansion in metro/Tier-I cities, we assign a multiple of 40x on 12M forward earnings, which represents a 30% premium to the pharma sector's valuation of 31x on 12M forward basis, given the company's superior execution and sustained visibility for earnings.
- Accordingly, we initiate coverage on MANKIND with a BUY rating and a TP of INR2,650.

Key Risks:

- Lower-than-expected growth in the DF segment, muted off-take in exports, and a reduced MR productivity are key risks to our BUY rating and TP.

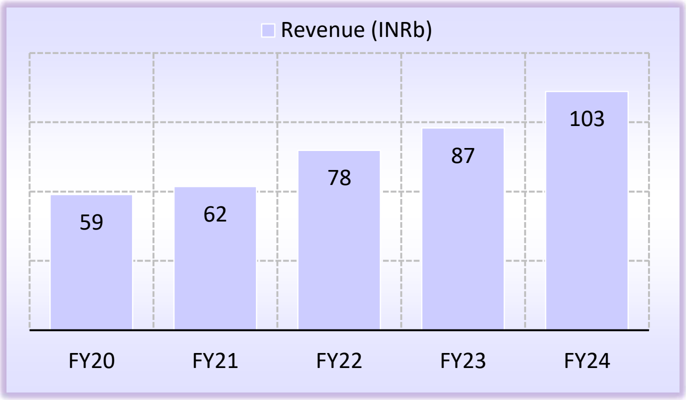
Exhibit 1: Valuation table (INR b)

Company	Reco	MCap (USDb)	DF Sales FY24	EPS (INR)			EPS Gr. YoY (%)		PE (x)		EV/EBITDA (x)		ROE (%)		
				FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY24	FY25E	FY26E
MNC Pharma															
Abbott India*	Not Rated	7.0	58	565	718	922	27.0	28.4	38.4	29.9	30.2	23.6	34.9	32.8	46.2
GSK Pharma	Neutral	5.3	35	43	46	51	5.7	10.9	57.2	51.6	33.8	29.9	41.3	37.2	34.7
Sanofi*	Not Rated	2.8	21	262	316	336	20.5	6.4	31.9	30.0	23.0	21.4	52.7	36.2	47.8
Pfizer*	Not Rated	2.7	22	122	131	157	7.4	19.8	37.5	31.2	28.9	24.9	16.2	15.8	17.1
Large-Cap Indian Pharma															
Alkem	Neutral	7.3	84	159.7	173.1	192.2	8.4	11.0	29.4	26.5	23.6	20.6	19.7	18.6	17.9
Cipla	Buy	14.9	109	52.5	58.9	65.8	12.3	11.7	26.1	23.4	17.0	14.9	15.9	15.4	14.9
Dr Reddy's Labs	Neutral	12.1	46	317.1	323.9	339.1	2.1	4.7	18.7	17.8	10.6	9.5	20.7	17.7	15.9
Lupin	Neutral	8.8	67	41.5	50.2	58.7	20.9	16.9	32.0	27.3	17.2	14.7	14.1	14.9	15.1
Sun Pharma	Buy	43.3	149	41.4	47.0	57.6	13.5	22.4	32.0	26.1	24.7	20.2	16.7	16.5	17.4
Torrent Pharma	Neutral	11.7	50	47.1	64.7	80.4	37.4	24.3	44.5	35.8	24.7	21.1	24.4	29.0	32.9
Zydus Life Science	Neutral	13.2	54	37.6	41.3	42.8	9.7	3.6	26.6	25.6	17.6	16.7	20.3	18.5	16.1
Mankind Pharma	**BUY**	**10.7**	**100**	**47.8**	**52.9**	**62.4**	**10.8**	**17.9**	**41.8**	**35.5**	**30.2**	**25.4**	**22.8**	**20.8**	**20.9**
Mid-Cap Indian Pharma															
Ajanta Pharma	Buy	3.6	12	62.3	74.4	85.4	19.4	14.9	32.3	28.1	21.7	18.7	22.7	24.0	23.1
Alembic Pharma	Neutral	2.1	22	31.5	35.7	40.2	13.7	12.6	25.0	22.2	16.8	14.7	13.5	13.6	13.6
Eris Lifescience	Neutral	1.7	20	29.2	33.1	44.4	13.1	34.1	30.6	22.8	17.5	14.9	16.8	16.4	18.9
Glenmark Pharma	Neutral	4.1	34	2.5	44.1	50.4	NA	14.4	27.3	23.8	14.2	12.5	0.8	14.8	14.7
IPCA Labs	Neutral	3.6	31	20.8	31.3	40.2	50.4	28.7	37.8	29.4	19.0	16.2	8.7	11.9	13.7
JB Chemical*	Not Rated	3.5	19	35.7	54.3	64.4	52.4	18.5	34.8	29.4	23.3	20.5	20.5	22.5	21.3

*Note: Estimates are taken from Bloomberg; Source: MOFSL, Bloomberg

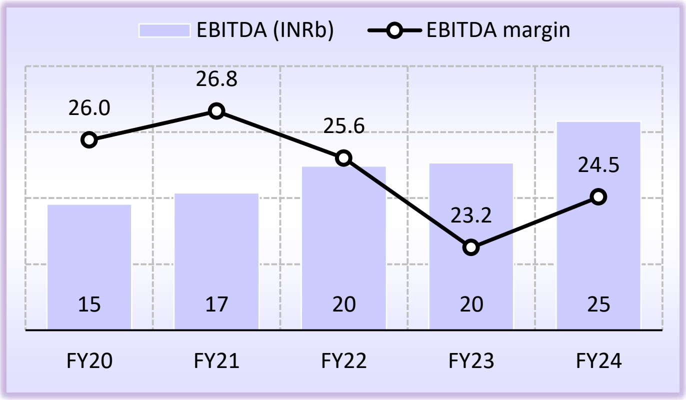
STORY IN CHARTS

Revenue clocked 15.2% CAGR over FY20-24



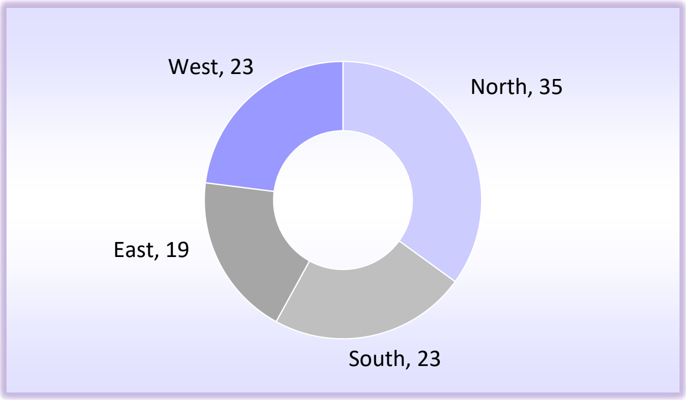
Source: MOFSL, Company

EBITDA margin expanded by 130bp in FY24



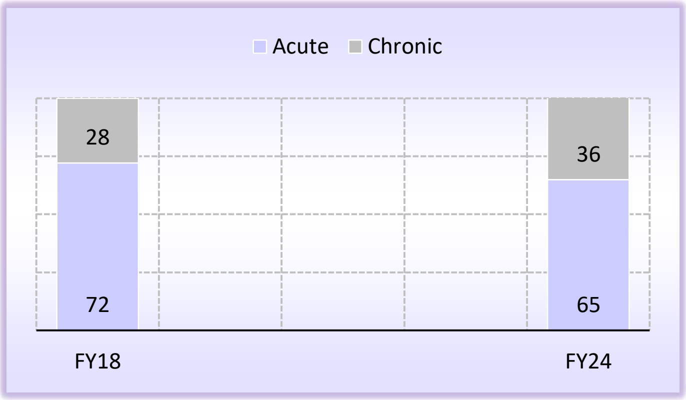
Source: MOFSL, Company

Diverse geographical presence



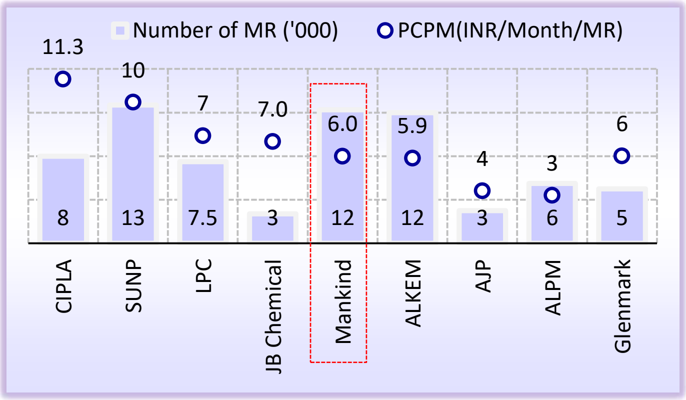
Source: MOFSL, Company

Increasing share of chronic therapy over FY18-24



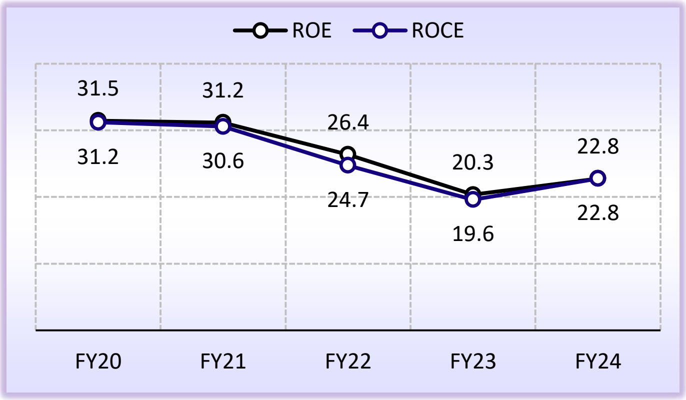
Source: MOFSL, Company

Strong on-ground presence



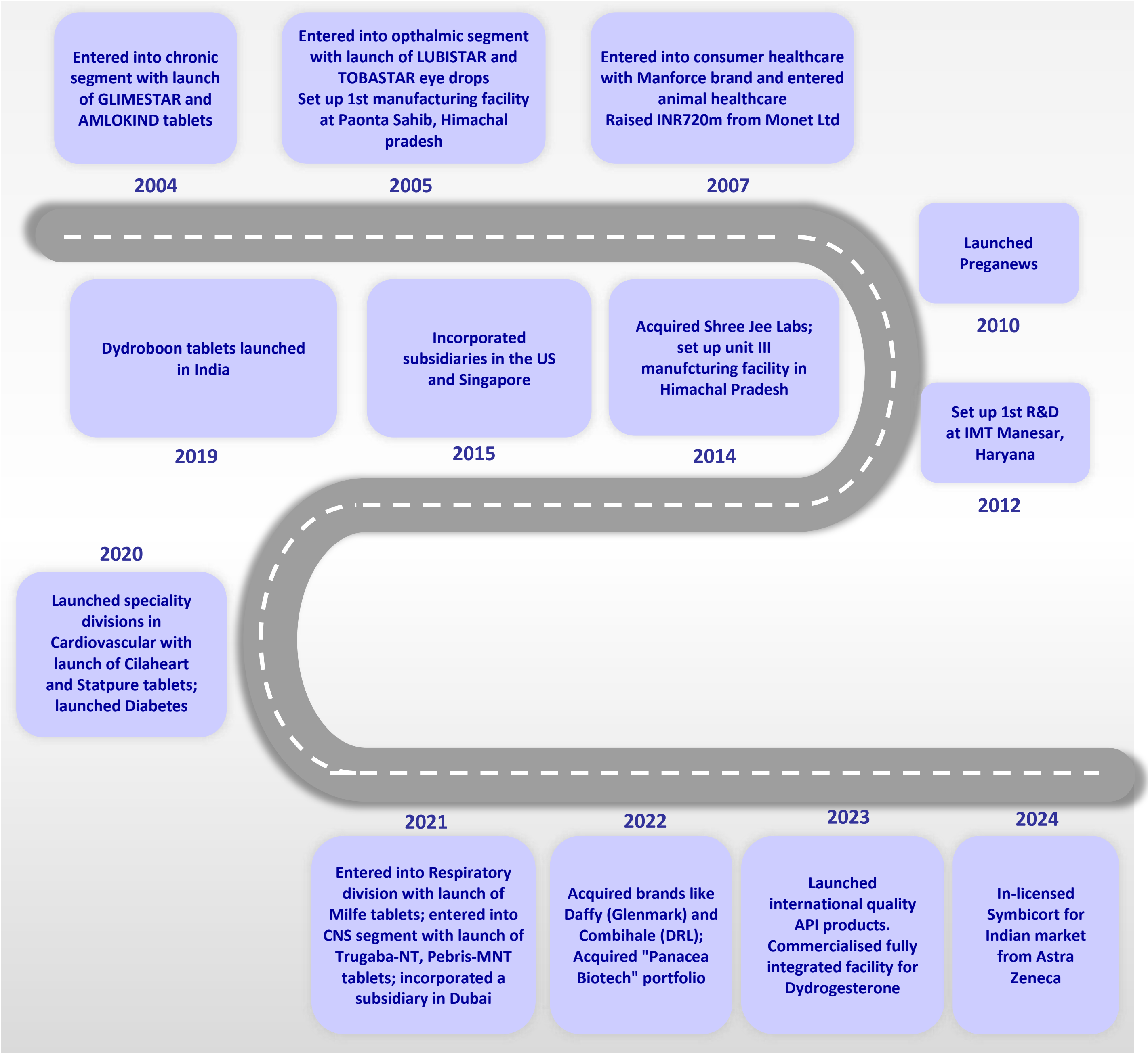
Source: MOFSL, Company

ROE/ROCE improved in FY24



Source: MOFSL, Company

Mankind Pharma: Major events and milestones for the company



Source: Company

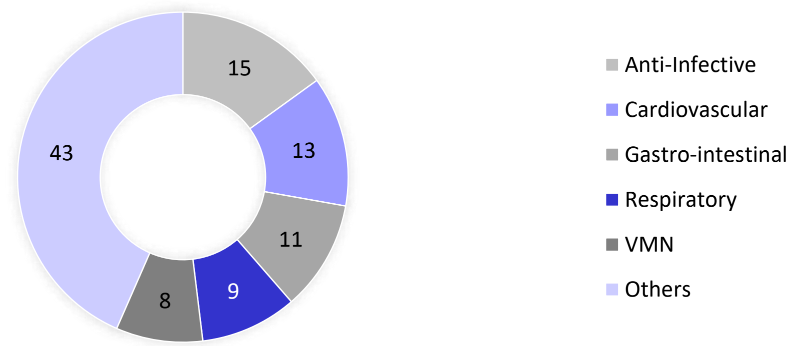
A leading domestic prescription/OTC player

- Established in 1995, MANKIND is the youngest of the top-five companies in the Indian pharma market (IPM). It ranked first in prescriptions over the last seven years, fourth largest in domestic sales in FY24, and third largest in sales volume in FY24.
- MANKIND has built a domestic-focused business, with 93% of its revenue coming from prescription drugs and 7% from Consumer Healthcare products as of FY24.

Domestic-focused business with major revenue coming from prescription drugs (93% of DF sales).

- Unlike the conventional strategy, MANKIND established itself in tier II-IV cities and rural markets, and then focused on increasing penetration in metro and tier-I cities.
- It has pan-India coverage, with the north region making up 35%, south 23% east 19% and west 23% as of FY23.
- The company has presence in acute (64% of revenue) and chronic therapeutic (36% of revenue) areas across Anti-infectives, Cardiac, Respiratory, VMN, Anti diabetic, Derma, Pain, CNS, Gynaec, Respiratory, Urology and others.
- About 15% of its DF portfolio is under the national list of essential medicines (NLEM), compared to the industry average of 20%.

Exhibit 2: Top 5 therapies contribute 57% of FY24 revenue



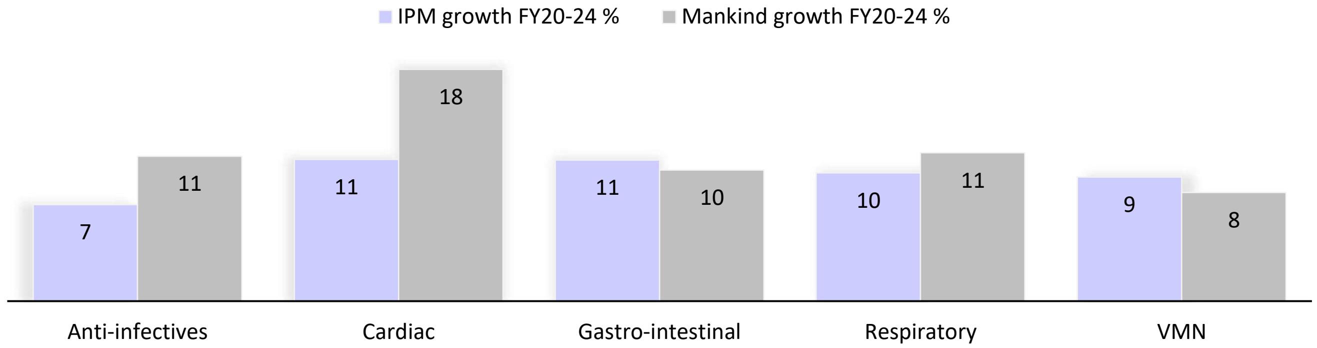
Source: Company, MOFSL

- Given robust demand drivers in Tier-I/metro cities for chronic indications, MANKIND is increasing its focus on the chronic segment to benefit from the opportunity.

Focusing on Tier-1/Metro cities to deepen its chronic presence

- MANKIND has launched Docflix (OTT platform) to provide medical content to various medical fields, developed DrOnA Health service (a virtual consultation platform to consult doctors), Mankind connect (Knowledge dissemination channel) and PRANA (Virtual patient assistant chat bot).
- The company has strong presence in consumer healthcare products (OTC) in various categories, including condoms, pregnancy detection, emergency contraceptives, antacid powders, vitamin and mineral supplements, anti-acne preparations, and nimulid in pain management.

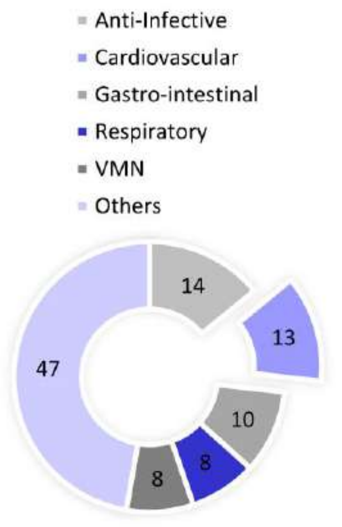
Exhibit 3: MANKIND outperformed across major therapies over FY20-24



Source: MOFSL, Company

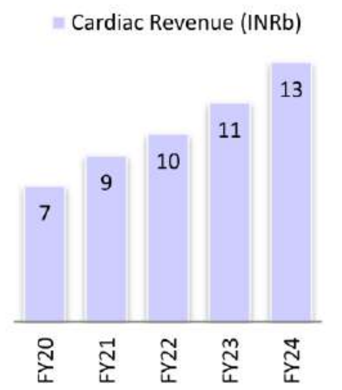
- The top five therapies contribute 57% of total revenue in FY24. Anti-infectives, Cardiac and Respiratory therapies outperformed IPM due to strong brand presence, in-license agreements, acquisition of brands and Covid. Gastro-intestinal was in line and VMN underperformed vs. IPM due to competition.
- The company has 83% prescriber penetration, 16,000+ field force, 13,000+ stockiest and 75 C&F agents.
- It has six R&D units, 30 manufacturing units, and 5116 manufacturing personnel as of FY24. Three facilities are USFDA approved and other are GMP approved.

Cardio has 13% revenue share in overall revenue



Source: MOFSL, IQVIA

Mankind reported 18% CAGR over FY20-23



Source: MOFSL, IQVIA

New launches/in-licensing to enhance CVD growth

- **The company's CVD therapy outperformed IPM by 630bp over FY20-24.**
- **With a strong brand recall and increased penetration, MANKIND grew faster than the industry, garnering INR13b in MAT Apr'24 in CVD therapy.**
- **With strong underlying demand due to lifestyle changes and multiple strategies, including new launches/inorganic options, we expect MANKIND's CVD therapy to witness a 19% sales CAGR over FY24-27.**

Strong presence in CVD therapy

- MANKIND delivered a 17% sales CAGR in CVD therapy (14% of total FY24 sales) to reach INR13b over MAT Apr'20-24 vs. industry growth of 10.7%.
- In fact, CVD is also the outperforming therapy within MANKIND's portfolio, as the company has launched a new division for the therapy.
- Interestingly, the company's growth in this therapy is spread across major sub-groups within CVD therapy.

Hypotensive dual combinations leading growth in CVD therapy

- MANKIND has built an extensive range of products (>10 brands) in the cardiac category, including Sartans, Anti-coagulants, Beta blockers, Statins, Calcium channel blockers, and Diuretics.
- Hypotensive dual combinations account for 18% of the overall antidiabetic industry with a 13% CAGR over MAT Apr'20-24.
- The company generated 39% of CVD revenue (INR4.9b) from Hypotensive dual combination group, with a 19% CAGR over the same period.

Exhibit 4: MANKIND has superior growth across all categories in CVD therapy

Group	Mankind MAT Apr'24 Value (INR m)	Mankind Revenue Share %	Therapy Revenue Share %	Mankind 4 Year CAGR growth %	Therapy 4 Year CAGR growth %
Hypotensive dual combinations	5370	39	18	19	13
Hypotensive diuretic combination	1959	14	8	11	6
Angiotensin receptor blocker	1536	11	7	12	6
Statins	1340	10	20	33	12
Others	3422	25	47	16	11

Source: MOFSL, IQVIA

- Hypotensive Diuretic combinations account for 8% of the antidiabetic industry.

Amlokind and Telmikind franchises leading cardiac growth

- Amlokind posted INR3.3b in sales for MAT Apr'24 with a CAGR of 12.8% over the past four years, outperforming molecule/therapy growth by 800bp/210bp.

Exhibit 5: Top-2 brands growing faster than molecule growth

Brand	Group	Molecule	Indication	Value MAT Apr'24 (INR m)	4 Year Brand CAGR %	4 Year Therapy CAGR %	4 Year Molecule CAGR %	Remark
Telmikind	Angiotensin-II rec blocker (sartan)	Telmisartan and combinations	Reduces BP and in chronic heart failure treatment	5732	20.3	10.7	13.4	❖ Block the effect of hormone angiotensin II dilating blood vessels and reducing BP
Amlokind	Calcium channel blocker	Amlodipine and Combination	Reduces blood pressure	3317	12.8	10.7	4.8	❖ Decrease entry of calcium into heart cells and blood vessels, thus lowering heart rate and contractility and dilating arteries
Nitrolong	Vasodilators	Nitroglycerin	Relief from chest pain	401	8.4	10.7	11.6	❖ Dilate or prevent constriction of the blood vessels, which allow greater blood flow to various organs in the body.

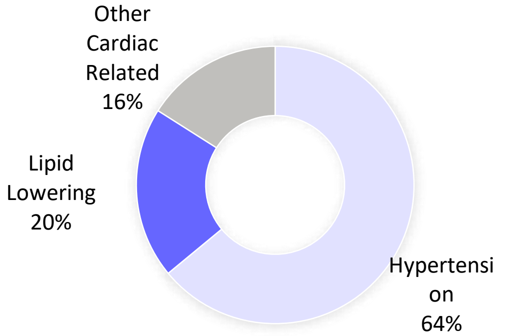
Source: MOFSL, Industry

- Nitrolong is used as a vasodilator in cardiac diseases, with INR401m in sales and an 8.4% CAGR over MAT Apr'20-Apr'24. The brand is underperforming the therapy CAGR by 320bp.

Anti-Hypertensive Drugs- significant portion within CVD treatment

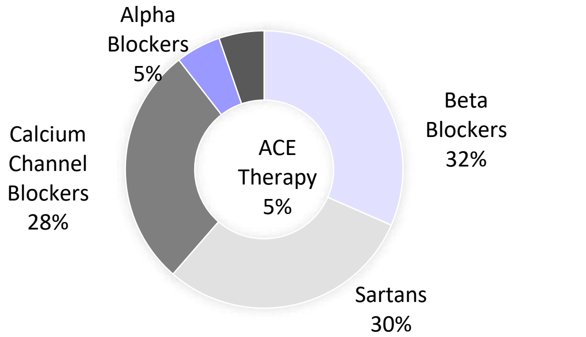
- CVD therapeutic area comprises Anti-Hypertensives, Lipid Lowering sub-groups and other cardiac-related drugs.
- Lipid lowering sub groups (statins) prevent cholesterol formation in liver. Rosuvastatin is preferred over Atorvastatin due to its cost and side effects like muscle pain.

Exhibit 6: Hypertension drug has highest market share…



Source: MOFSL, IQVIA

Exhibit 7: …under which beta blockers and sartans are most commonly used



Source: MOFSL, IQVIA

- In Hypertension drugs, Beta blockers and Sartans are the most commonly used drugs with a market share of 32% and 30%, respectively, and are given in combinations to reduce blood pressure and minimize side effects.

Exhibit 8: Statins have the highest market share with double-digit growth

Drug Classification	Molecule	MAT Apr'24 Value in (INR b)	MAT Apr'24 MS %	4 Year CAGR %	Remarks
Statin	Atorvastatin, Rosuvastatin etc.	55	20	11.5	❖ HMG-CoA reductase inhibitor to lower lipid levels
Beta Blockers	Metoprolol, Atenolol, Celiprolol, Betaxolol, Bisoprolol, etc.	19	7	7.3	❖ Produce anti-hypertensive action by reducing heart rate and cardiac output; risk of stroke associated with them, hence not recommended as first-line treatment.
Sartans	Telmisartan, Olmesartan, Losartan, Valsartan, etc.	18	7	5.7	❖ Block the effect of hormone angiotensin II dilating blood vessels and reducing BP
Calcium Channel Blockers	Amlodipine, Nicarddipine, Felodipine, Bepridil, etc.	17	6	8.7	❖ Decrease entry of calcium into heart cells and blood vessels, thus lowering heart rate and contractility and dilating arteries
Alpha Blockers	Doxazosin, Prazosin, Terazosin	3	1	8.3	❖ Dilate blood vessels; not recommended as initial therapy
ACE Therapy	Ramipril, Quinapril, Fosinopril, Enalapril, Captopril, etc.	3	1	-3.4	❖ Remain the initial treatment choice; prevent constriction of blood vessels

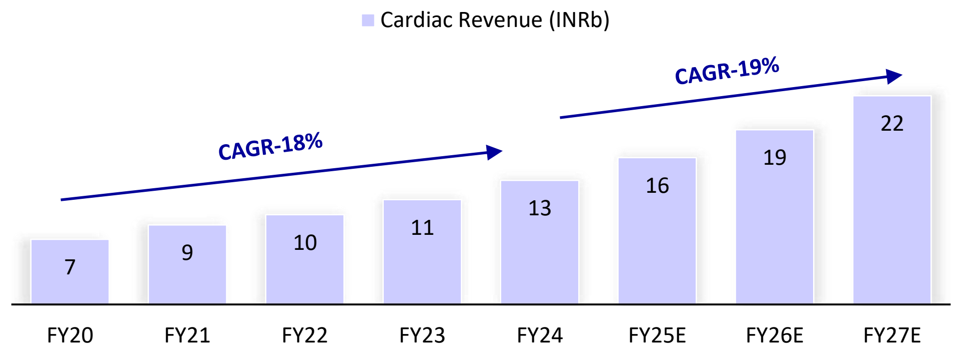
Source: MOFSL, IQVIA

- In addition, sartans are preferred over ACE for their lower cough rates. Telmesartan is a popular sartan due to its 24-hour long-lasting action and lower side effects compared to other sartans.

New launches, increased coverage to drive 19% CAGR over FY24-27

- Over FY20-24 MANKIND registered an 18% CAGR, led by strong traction across all the brands and reach.
- MANKIND has entered into an in-licensing deal with Novartis for the new neprilysin inhibitor Neptaz (Sacubitril+Valsartan) tablet, which is used to treat chronic heart failure. It would aid in improving revenue.

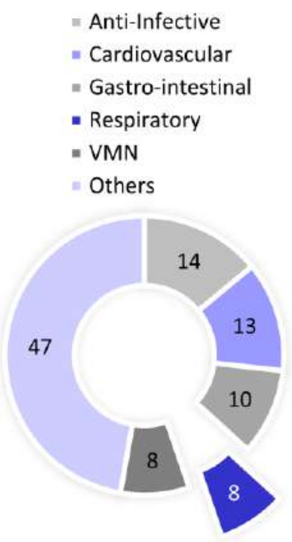
Exhibit 9: Expect MANKIND to deliver 19% sales CAGR in CVD over FY24-27



Source: MOFSL, Company

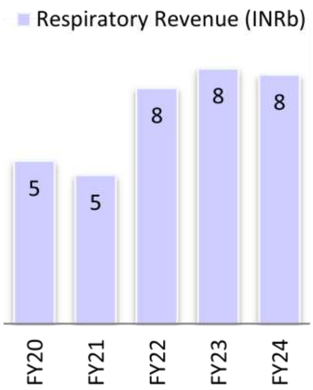
- With new launches, rapid urbanization, sedentary lifestyles, and poor dietary habits, we anticipate a CAGR of 19% over FY24-27 to reach INR22b.

Respiratory has 8% revenue share in overall revenue



Source: MOFSL, IQVIA

Mankind reported 11% CAGR over FY20-24



Source: MOFSL, IQVIA

Respiratory – enough scope to expand product offerings

- **MANKIND's Respiratory therapy clocked an 11% revenue CAGR over FY20-24, outperforming IPM, driven by a superior performance by the top brands.**
- **A majority of revenue comes from cough preparation sub-therapy, which is outperforming by 400bp.**
- **However, due to a ban on its key brand Codistar by the government in Jun'23 due to regulatory issues, MANKIND's performance was impacted.**
- **With portfolio expansion through increased focus on inhalers, we expect revenue a CAGR of 10% in respiratory therapy over FY24-27.**

MANKIND outpaces IPM in respiratory segment

- Respiratory therapy posted a 10% sales CAGR over MAT Apr'20-24 to reach INR178b at industry level. Respiratory therapy outperformed IPM by 260bp during similar period.
- Respiratory portfolio accounts for 8% of MANKIND's total income, with a 11% CAGR in FY20-24 to INR8b. Respiratory therapy remains an outperforming therapy within MANKIND's portfolio.
- Its Respiratory portfolio also outperformed the respiratory industry by 80bp with a strong brand franchise and superior hold in cough preparations.
- Mankind's respiratory portfolio declined by 2.5% YoY in FY24 as its key brand Codistar was banned by government during the year.

Cough preparations leading growth within Respiratory therapy for MANKIND

- MANKIND has built an extensive range of products (>10 brands) in Respiratory, including Cough preparations, Anti-histamines and Bronchodilators.
- It delivered an 11% sales CAGR over MAT Apr'20-Apr'24 to INR3.8b in cough preparations. It outpaced the industry in this category in MAT Apr'20-Apr'24. The company generated the highest revenue from cough preparations (47% of respiratory therapy) within respiratory therapy.

Exhibit 10: Cough preparations contribute highest to MANKIND's Respiratory therapy

Group	Mankind MAT Apr'24 Value (INR m)	Mankind Revenue Share %	Therapy Revenue Share %	Mankind 4 Year CAGR growth %	Therapy 4 Year CAGR growth %
Cough preparations	3797	47	26	11	7
Non-str resp.anti-inflam.	1652	21	14	10	12
Antihistamines, systemic	1162	14	10	5	6
Bronchodilator	947	12	32	16	13
Others	503	6	18	18	8

Source: MOFSL, IQVIA

- MANKIND's Bronchodilator outperformed by 3% compared to industry growth over MAT Apr'20-Apr'24, with revenue of INR947m.
- The inhaler category within bronchodilators underperformed by 6% over MAT Apr'20-Apr'24 due to competitive pressures by peers.

Asthakind and Monticope leading growth at brand level

- Asthakind and its combinations are a flagship brand used to treat cough, and Broncho spasm reported sales of INR2.3b for MAT Apr'20 with a CAGR of 14% over the past four years, outperforming the industry. This category had favorable industry tailwinds on account of high incidence of respiratory infections during Covid and easy availability of medicines.

Exhibit 11: Asthakind – top brand within respiratory category with INR2b+ in annual sales

Brand	Group	Molecule	Indication	Value MAT Apr'24 (INR m)	4 Year Brand CAGR %	4 Year Therapy CAGR %	4 Year Molecule CAGR %	Remark
Asthakind	expectorant	Bromhexine, guaifenesin and terbutaline	Asthamatic and cough suppressant	2326	14	9.7	7.2	❖ Helps loosen up the mucus and make the secretions in airway thinner.
Codistar	Antihistamines and Cough suppressants	Codeine	Cough Suppressant	1118	-2.4	9.7	-2.2	❖ Reduces the activity of the cough centre in the brain and by stopping the effects of histamine that causes allergic symptoms.
Monticope	antihistamine or anti-allergy	Montelukast	Cough Suppressant	1342	11.4	9.7	10.4	❖ Reduces production of chemical which is responsible for causing allergy

Source: MOFSL, IQVIA

- Codistar has declined by 2.4%, while molecule growth decreased by 2.2%. This decline is attributed to the ban imposed by the government in Jun'23, due to the presence of codeine, an opioid product, in the drug.

Bronchodilators are a boon for Asthma patients

- The Respiratory therapy industry is divided into Acute and chronic conditions. Acute (Cough) can be effectively treated using expectorants, anti-tussives and cough preparations, while chronic conditions (asthma and COPD) use bronchodilators and anti-inflammatory drugs.
- Cough preparations contribute the highest to the respiratory therapy with a market share of 29%. It has underperformed the therapy growth by 260bp.

Exhibit 12: Cough preparations and Bronchodilators have 60% market share in respiratory therapy

Drug Classification	Molecules	MAT Apr'24 Value in (INR b)	MAT Apr'24 MS %	4 Year CAGR	Remark
Cough preparations and Expectorants	Codeine, Ambroxol, Guaiphenesin	47	27	7	❖ To treat dry/wet cough and acts as Mucolytics.
Bronchodilators	Salbutamol, Terbutaline, Theophylline	57	32	13	❖ First line treatment in Bronchial asthma
Anti-inflammatory	Cortisone, fluticasone, prednisone	24	14	12	❖ In Severe Bronchial asthma
Anti-tussives and Anti-Histamines	Chlorphernaramine, Diphenhydramine	32	18	6	❖ In allergic Rhinitis and Nasal decongestion

Source: MOFSL, IQVIA

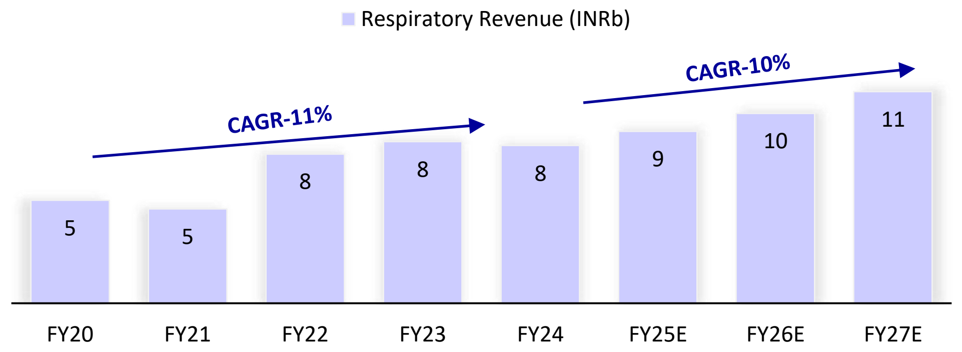
- Bronchodilators are another leading contributor with a 32% share and in-line growth with therapy.
- Depending on the severity, inhalers with Bronchodilators are the primary method for treating Respiratory problems like asthma and COPD.

Combihale acquisition and Symbicort in-licensing to support growth in Respiratory

- MANKIND's respiratory sales witnessed a robust 11% CAGR over FY20-24 due to the Covid outbreak, the acquisition of DRL's Combihale brand, and seasonal factors.
- It is focusing on the inhaler category through inorganic routes as well (acquisition of Combihale). Combihale relieves the long-term symptoms of asthma and COPD as the metered powder technology is used, making breathing easier. This acquisition marks MANKIND's entry into the Asthma and COPD segments and helps it to cater to the mass market.
- Combihale has a category market size of INR9b, which is growing at 14%.

Acquisition of Combihale marks entry in Inhalation segment

Exhibit 13: Respiratory is expected to report a 10% CAGR over FY24-27



Source: MOFSL, IQVIA

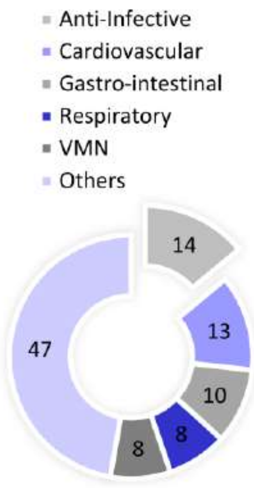
- Further to enhance the growth in respiratory the company has entered into in-licensing agreement with AstraZeneca to market Symbicort in India.
- Symbicort is the dual combination inhaler used for treatment of Asthma. In this drug, the dry powder inhalation with turbocharge technology is used, which increases the efficacy of the product, resulting in 2-3 times higher deposition in lungs.
- With in-licensing of this drug from AstraZeneca, MANKIND has entered into the premium inhalation category. The product would be marketed through its existing field force, which would drive growth.
- We expect a CAGR of 10% in revenue from the Respiratory division over FY24-27 to INR11b. This growth projection is based on factors such as focus on inhalers in the pipeline, the launch of a new specialized division, and greater emphasis on chronic respiratory conditions.

Deepening presence in Inhalation with in-licensing premium brands like Symbicort

Anti-infectives - a strong base therapy

- **MANKIND's anti-infectives portfolio (14% of total portfolio) outperformed the therapy, led by strong brand recall/increased penetration in tier-II/IV towns and cities.**
- **The top four brands (sales INR1.6b+ each) outperformed the therapy and molecule growth significantly due to superior execution.**
- **However, with improving hygienic conditions in small towns and cities, we expect growth in anti-infectives to moderate to an 8.5% CAGR over FY24-27 (vs. 11% in FY20-24).**

AI has 14% revenue share in overall revenue

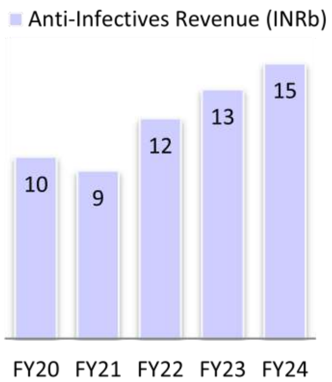


Source: MOFSL, IQVIA

Mankind's anti-infectives growth outpaces IPM

- Anti-infectives industry sales (INR244b) formed 13% of IPM's total revenue and witnessed an 8% CAGR over MAT Apr'20-24.
- The anti-infectives portfolio accounts for 14% of the company's total sales, with an 11% sales CAGR during MAT Apr'20-24 to reach INR14.7b.
- Its Anti-infective portfolio outperformed the therapy growth by 300bp during MAT Apr'20-24, with a strong brand franchise, penetration and strong growth in all sub groups like Cephalosporins, Penicillin, and Macrolides.

Mankind reported 11% CAGR over FY20-24



Source: MOFSL, IQVIA

Cephalosporins and Penicillins leading growth in anti-infectives

- MANKIND has built an extensive range of products (>15 brands) in the anti-infectives category, including penicillins, Cephalosporins, Macrolides, Fluoroquinolones, Aminoglycosides and Lincosamides, and plans to launch new anti-infectives.
- Cephalosporins account for 43% of the overall antibiotics industry with an 8% CAGR over MAT Apr'20-Apr'24, while MANKIND generates 49% of total sales, totaling INR7.2b with an 11% CAGR over the same period.

Exhibit 14: Cephalosporins contributes highest to the AI therapy

GROUP	Mankind MAT Apr'24 Value (INR m)	Mankind Revenue share %	Therapy Revenue share %	Mankind 4 year CAGR growth %	Therapy 4 year CAGR growth%
Cephalosporins	7199	49	43	11	8
Penicillin	4531	31	19	12	8
Macrolides	1060	7	9	13	7
Quinolones	978	7	4	0.4	1
Others	917	6	25	22	11

Source: MOFSL, IQVIA

- Penicillins account for 19% of the overall antibiotics industry with an 8% CAGR over MAT Apr'20-Apr'24 vs. a 31% share and a 12% CAGR for MANKIND over the same period.

Top-2 sellers are Moxikind-CV and Gudcef

- Moxikind is a flagship brand used to treat bacterial infections, with sales of INR4.5b for MAT Apr'24 and a CAGR of 12.4% over the past four years. It outperformed therapy and molecule growth by 450bp and 240bp.

Exhibit 15: MANKIND's progress in AI is being led by Moxikind-CV

Brand	Group	Molecule	Indication	Value MAT Apr'24 (INRm)	4 Year Brand CAGR %	4 Year Therapy CAGR %	4 Year Molecule CAGR %	Remark
Moxikind-cv /Moxiforce-CV	Coamoxiclav	Amoxicillin + clavulanic acid	Mild to moderate RTI	4531	12.4	7.9	10	❖ Amoxicillin inhibits cell wall synthesis and clavulanic acid inactivates beta lactamase enzymes
Gudcef	Cephalosporin	cefpodoxime and combinations	RTI (Pneumonia)	3,536	13.8	7.9	5.6	❖ Inhibits cell wall synthesis
Mahacef	Cephalosporins	Cefixime	UTI	1,654	2.8	7.9	3.8	❖ Inhibits cell wall synthesis.
Cefakind	Cephalosporins	Cefuroxime	Skin infections	1,807	17.6	7.9	7.7	❖ Inhibits cell wall synthesis.
Zenflox	Flouroquinolones	Ofloxacin	GI infections	832	-1	7.9	-2	❖ Blocks the bacteria's ability to form new bacteria by inhibiting DNA gyrase (an enzyme for replication.)
Zady	Macrolides	Azithromycin	Mild RTI	676	17	7.9	8	❖ Inhibits protein synthesis by targeting bacterial ribosome

Note: RTI: Respiratory tract infections, UTI: Urinary Tract infections, GI: Gastro Intestinal Source: MOFSL, IQVIA

- Zenflox and its combinations are used in GI and UTI infections and their sales declined 1% to INR832m over MAT Apr'20-Apr'24. The brand is underperforming the therapy CAGR by 890bp due to improved hygienic conditions.

Antibiotics – the largest part of Anti-infectives at industry level

- Anti-infectives are classified as Anti-Bacterial (antibiotics), Anti virals, Anti-Tuberculars, Anti- Fungal, and Anthelmintics.
- Antibiotics have the maximum share of 91% in the Anti-infectives industry, with a CAGR of 8% over MAT Apr'20-24. It is the largest acute therapeutical category in India.

Exhibit 16: Types of antibiotics used in treatment of bacterial infections

Drug Classification	Molecules	MAT Apr'24 Value in (INR b)	MAT Apr'24 MS %	4 Year CAGR (%)	Remark
Cephalosporins	Ceftriaxone, cefpodoxime, cefuroxime	106	43	7.6	❖ Similar to penicillin mechanism of action, prescribed for penicillin-allergic patients and penicillin-resistant bacteria.
Penicillins	Amoxicillin, Ampicillin	46	19	7.8	❖ Inhibits cell wall synthesis.
Macrolides	Azithromycin, clarithromycin,	21	9	6.7	❖ Inhibits protein synthesis by targeting bacterial ribosome.
Fluoroquinolones	Ciprofloxacin, levofloxacin	10	4	1	❖ Blocks the bacteria's ability to form new bacteria by inhibiting DNA gyrase (an enzyme essential for replication.)
Tetracyclines	Doxycycline	5.5	2	11	❖ Prevents protein synthesis.

Source: MOFSL, Industry

- Based on their anti-microbial properties, cephalosporins are divided into generations. The top three are often prescribed in India, whereas fourth and fifth are frequently used in foreign countries to treat diseases with antibiotic resistance.

MANKIND has extensive presence in the top 3 generations in Anti-infective segment

Exhibit 17: First three generations are mostly prescribed in India

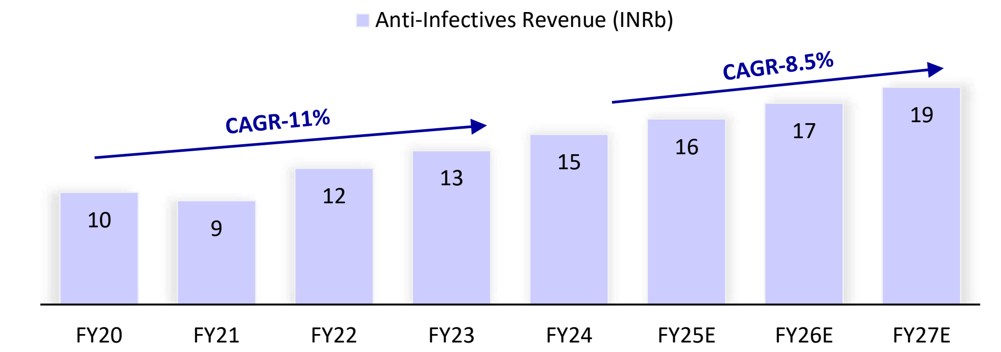
Generation	Molecule	Indication
1st	Cephalexin	❖ Skin, RTI,UTI
2nd	Cefuroxime	❖ Sinusitis, Otitis
3rd	Cefixime, Cefpodoxime	❖ Pneumonia
4th	Cefepime	❖ Severe infections with weakened immunity system
5th	Ceftaroline	❖ MRSA infections that are resistant to other antibiotics

Source: MOFSL, IQVIA

Tier-II and IV cities to drive growth in Anti-infectives

- MANKIND's Anti-infectives portfolio grew 11% over FY20-24, thanks to frequent variation in seasonality, improper hygienic and sanitary conditions in non-metro cities, and superior execution of MANKIND in Tier-II-IV towns and cities.

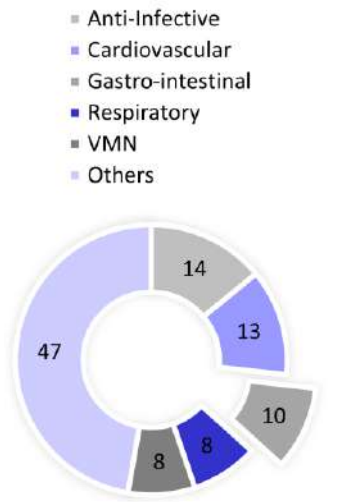
Exhibit 18: Expect a 8.5% CAGR in Anti-infectives over FY24-27



Source: MOFSL, IQVIA

- With new launches in the pipeline, strong brand franchise and good presence in Tier-II and IV cities, we anticipate MANKIND to deliver an 8.5% revenue CAGR over FY24-27 to reach INR19b.

GI has 10% revenue share in overall revenue



Source: MOFSL, IQVIA

Mankind reported 10% CAGR over FY20-24

Source: MOFSL, IQVIA

Chronic segments within Gastro-Intestinal to fuel growth

- **MANKIND's gastro-intestinal (GI) grew 10% over FY20-24, in line with therapy growth.**
- **Brands like Nurokind and Vomikind outpaced IPM and led to overall therapy growth for MANKIND.**
- **As the company is focusing on chronic diseases like ulcerative colitis and antipeptic ulcerant, we expect 9.5% revenue growth over FY24-27.**

MANKIND's GI therapy underperformed IPM by 100bp over MAT Apr'20-24

- GI makes up 11% of total IPM, with revenue rising to INR231b with an 11% CAGR over MAT Apr'20-24. GI therapy outperformed IPM growth by 390bp.
- MANKIND's GI portfolio with revenue of INR10b clocked an 10% CAGR over MAT Apr'20-24. GI has a revenue share of 11% in the company's total revenue.
- The company's GI therapy underperformed industrial growth, but it outperformed MANKIND's overall growth by 240bp.
- The major growth driver for the company's GI segment is antacids/antiemtic, while antipeptic ulcerants, the highest contributor, underperformed the therapy growth.

MANKIND yet to see improvement in Anti-peptic ulcerant segment in GI

- Within GI as a therapy at industry level, antipeptic ulcerants contribute 41% to total industry revenue and 27% to MANKIND's total revenue.
- The company reported revenue of INR2.9b from antipeptic ulcerants with a CAGR of 9% over MAT Apr'20-Apr'24. It underperformed IPM by 200bp.
- MANKIND underperformed the Antipeptic Ulcerant group, as its flagship brand underperformed the industry.

Exhibit 19: Antipeptic Ulcerants contribute highest to the GI therapy

Group	Mankind MAT Apr'24 Value (INRm)	Mankind Revenue Share %	Therapy Revenue Share %	Mankind 4 Year CAGR growth %	Therapy 4 Year CAGR growth %
Antipeptic ulcerants	2,789	27	41	9	11
Oth.aliment.&metabol.prod	1,755	17	2	13	10
Antacid	1,236	12	7	20	11
Antiemetic.	1,565	15	6	13	10
Others	2,867	28	44	5	12

Source: MOFSL, IQVIA

- Antacids and Antiemetic have a higher revenue share compared to therapy and outperformed therapy, as the brand recall is strong and growing faster than the industry.

Vomikind and Nurokind brands leading growth in GI

- According to our discussions with doctors, the flagship brand of the VMN portfolio, Nurokind, is taken as a supplement in GI. The Nurokind franchise had revenue of INR1.8b in MAT Apr'24 with a 13.9% CAGR over MAT Apr'20-Apr'24 vs. therapy growth of 11.3%. The brand outperformed the molecule growth by 290bp.
- Vomikind one of MANKIND's flagship brands with INR1.3b in sales for MAT Apr'24. It is used to treat nausea/vomiting. The brand saw a CAGR of 18% over

MAT Apr’20-Apr’24 and the molecule registered a growth of 10%. The brand is growing faster than the market, thereby capturing market share.

Exhibit 20: Superior execution assisting larger brand to outperform market

Brand	Group	Molecule	Indication	Value MAT Apr’24 (INRm)	4 Year Brand CAGR %	4 Year Therapy CAGR %	4 Year Molecule CAGR %	Remark
Nurokind-LC	Vitamin	Mecobal and combinations	Vitamin deficiency	1755	13.9	11.3	11	❖ Protects the nerves from damage and promotes blood cell production.
Vomikind	Anti-emetic	Ondansetron	Nausea, vomiting	1328	18.3	11.3	10	❖ Block serotonin from interacting with the 5-HT3 receptor.
Pantakind	Antipeptic Ulcerant	Pantoprazole	Hyperacidity	1428	3	11.3	14.6	❖ Block the gastric H,K-ATPase, inhibiting gastric acid secretion
Rabekind	Antipeptic Ulcerant	Rabeprazole	Hyperacidity	719	3.9	11.3	7.6	❖ Block the gastric H,K-ATPase, inhibiting gastric acid secretion
Zenflox	Anti-biotic	Ofloxacin and Ornidazole	GI infection due to bacteria	401	3.0	11.3	3.9	❖ Prevents bacterial cells from dividing and kills by damaging their DNA

Source: MOFSL, IQVIA

- Pantakind a proton pump inhibitor used to treat hyperacidity had sales of INR1.4b with a 3% CAGR over MAT Apr’20-Apr’24 vs. molecule growth of 14.6%. The brand underperformed the overall therapy and molecule growth due to increased competition.

Antipeptic Ulcerants have highest share in overall therapy

- Gastro Intestinal diseases affect the GI tract from mouth to anus. Some examples include nausea/vomiting, food poisoning, lactose intolerance and diarrhea.
- Many factors that may upset the GI tract and its mobility, including eating low-fiber diet, not doing enough exercise, travelling or other changes in routine, eating large amount of dairy products, stress and so on.

Exhibit 21: GI treatment snapshot

Drug Classification	Molecules	MAT Apr'24 Value in (INRb)	MAT Apr'24 MS %	4 Year CAGR (%)	Remark
Antipeptic Ulcerants (PPI/ Hestamine)	Omeprazole, Esomeprazole, Rabeprazol, Famotidine, Ranatidine and combinations	95	41.4	10.7	❖ PPI inhibits gastric acid secretion by blocking HK-ATPase while histamines decrease gastric acid secretion by binding to Histamine H2 receptors.
Laxative	Senna, Bisacodyl, PEG 3350 with electrolytes	22	9.6	13.7	❖ Encourage bowel movements by increasing muscle contractions on the intestinal wall.
Diarrohea and ulcerative colitis	Dicyclomine, Loperamide, and combinations	17	7.5	13.8	❖ Increases the absorption of fluids and electrolytes from GIT.
Antacids	Magnesium hydroxide, Alumium hydroxide, calcium carbonate, Magnesium hydroxide	15	6.6	10.9	❖ Neutralises the acid in the stomach by inhibiting pepsin.
Antiemetic	Ondansetron, Prochlorperazine, Prmethazine, Metoclopramide	13	5.5	10.4	❖ Serotonin receptor antagonist that blocks the effects of serotonin

Note: GIT: Gastro intestinal tract PPI: Proton Pump Inhibitor Source: MOFSL, Industry

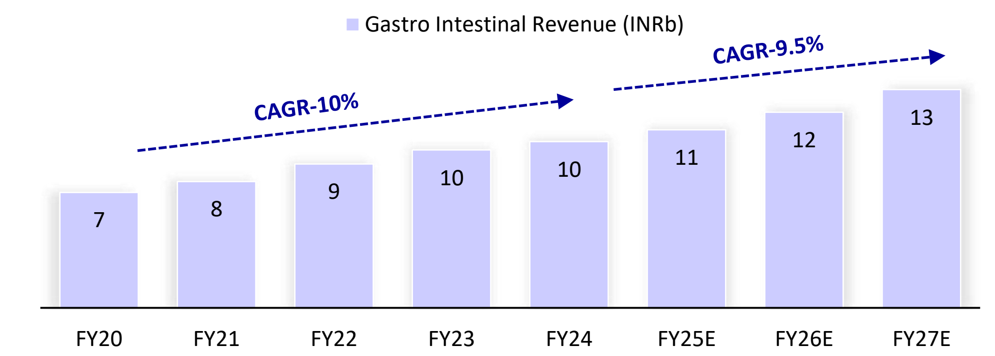
- Laxative market is growing at a higher rate than therapy by 240bp due to an increase in unhealthy eating habits and a lack of fiber in diet.

Foray into chronic space to be the next growth driver in GI

- As MANKIND is focusing on growing its chronic therapies, the next growth driver will be ulcerative colitis as there is an increase in unhealthy diets and stress conditions among patients.
- Additionally, greater brand penetration for its flagship products, Pantakind and Rabekind, could result in faster revenue growth than therapy growth.

Making efforts to offer medicine for ulcerative colitis

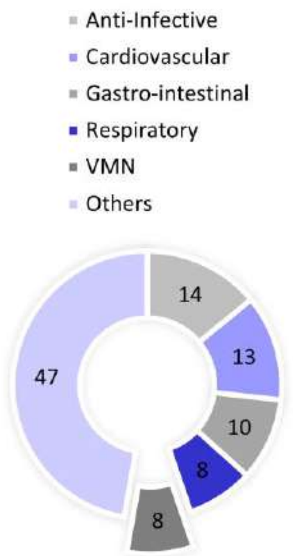
Exhibit 22: Expect 9.5% sales CAGR in GI category over FY24-27



Source: MOFSL, IQVIA

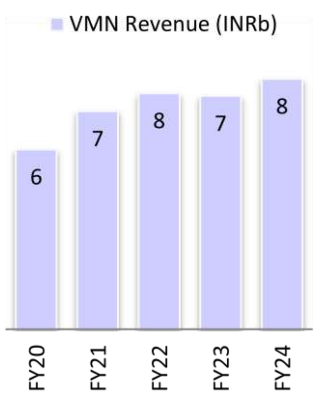
- Further the company is focusing on NASH, Probiotic, Pancreatic enzymes and Anti-ulcerants as the growth drivers for the company.
- With an increase in the consumption of unhealthy food, stress, unhygienic condition and increasing penetration in the chronic space, we expect GI therapy to grow by 9.5% over FY24-27 to reach INR13b.

VMN has 8% revenue share in overall revenue



Source: MOFSL, IQVIA

Mankind reported 9% CAGR over FY20-24



Source: MOFSL, IQVIA

Vitamins and Minerals (VMN) on moderate growth path

- **MANKIND's VMN therapy growth declined by 210bp vs. IPM to INR8b in FY24.**
- **In FY20-21, its VMN portfolio grew 21% due to the onset of Covid-19.**
- **As the post-Covid situation has normalized, we expect VMN to grow 9% over FY24-27.**

MANKIND's VMN growth in line with IPM

- IPM clocked a 9.7% CAGR in overall revenue over MAT Apr'20-24, while VMN, which makes up 7.8% of IPM's total revenue (INR170b), grew 10%.
- The company's VMN portfolio reported an 8.4% CAGR over MAT Apr'20-24 to reach INR8b. The VMN portfolio accounts for 8% of MANKIND's total revenue.
- Its VMN therapy's performance was in line with that of IPM, but it outperformed MANKIND's overall growth by 50bp.
- During FY21-22, the VMN portfolio saw major growth due to Covid-19 as the consumption of multi-vitamins, metabolites and other nutrients increased.

Cobalamin and Multi vitamins leading growth for MANKIND

- MANKIND has built an extensive range of products (>10 brands) in the VMN category, including Vitamin B12, Multi-vitamins, Food supplements and Others.
- Vitamin B12 accounts for 15% of the overall VNM market with an 8% CAGR over MAT Apr'20-Apr'24, while MANKIND generates 40% of revenue from it, amounting to INR3.3b with a 4% CAGR over the same period.

Exhibit 23: Vitamin B12 (Cobalamin) contributes highest to the VNM therapy

Group	Mankind MAT Apr'24 Value (INR m)	Mankind Revenue Share %	Therapy Revenue Share %	Mankind 4 Year CAGR growth %	Therapy 4 Year CAGR growth %
Vit.b12 and metabolites	3279	40	15	4	8
Multivit.with minerals	1386	17	8	21	7
Food supplements	1116	14	26	10	12
Other nutrients	686	8	2	16	6
Others	1648	20	49	5	10

Source: MOFSL, IQVIA

- Multi-vitamins have a higher revenue share compared to the therapy and outperformed the therapy as the brand is strong and growing faster than the industry due to a change in dietary habits and medical conditions.

Nurokind and Health OK brands leading growth in VMN

- Nurokind is a flagship brand used in vitamin B12 deficiency and used as a supplement in Gastro-intestinal disorders due to malabsorption. It reported sales of INR3.9b with a 13.8% CAGR over MAT Apr'20-Apr'24 vs. the therapy growth of 10% during the same period. The brand outperformed the molecule growth by 680bp.

Exhibit 24: Superior execution assisting larger brand to outperform

Brand	Group	Molecule	Indication	Value MAT Apr'24 (INR m)	4 Year Brand CAGR %	4 Year Therapy CAGR %	4 Year Molecule CAGR %	Remark
Nurokind	Vitamin	Mecobal and combinations	Vitamin deficiency	3982	13.8	10	7	❖ Protects the nerves from damage and promotes blood cell production.
Health ok	Vitamin	Multivitamin	Vitamin deficiency	892	11	10	14	❖ Provides vitamins that are not taken through diet.
Argipreg	Aminoacids	L-arginine	Nutritional deficiency	686	16.3	10	7.2	❖ An amino acid which helps to produce proteins in the body.

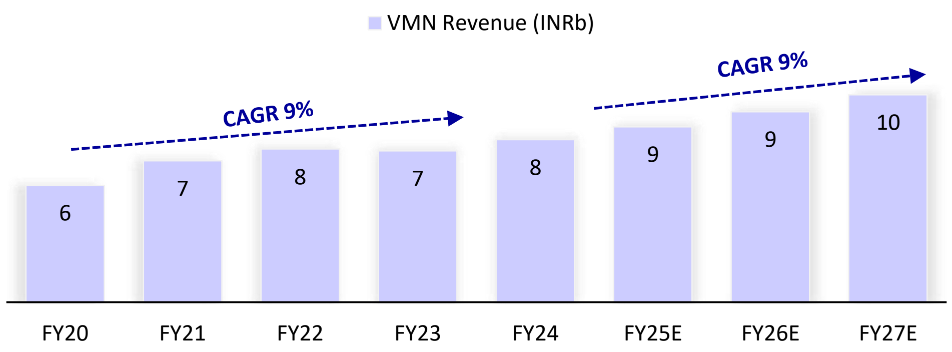
Source: MOFSL, IQVIA

- Health Ok clocked sales of INR892m with an 11% CAGR over MAT Apr'20-Apr'24 vs. molecule growth of 14%. The brand underperformed molecule growth due to increased competition.

Expect 9% CAGR over FY24-27

- VMN sales grew 9% over FY20-24 due to Covid, increase in penetration in metro and class-1 cities, and growth in lifestyle diseases.

Exhibit 25: VMN is expected to see 9% CAGR over FY24-27



Source: MOFSL, IQVIA

- Due to the prioritization of immunity-boosting foods, changes in routine, the conclusion of the vaccination program, and an increase in competition, sales during Covid were high but quickly returned to pre-Covid levels. We anticipate 9% growth in sales over FY24-27, totaling INR10b.

Dydroboon – a case of niche product development/scale-up

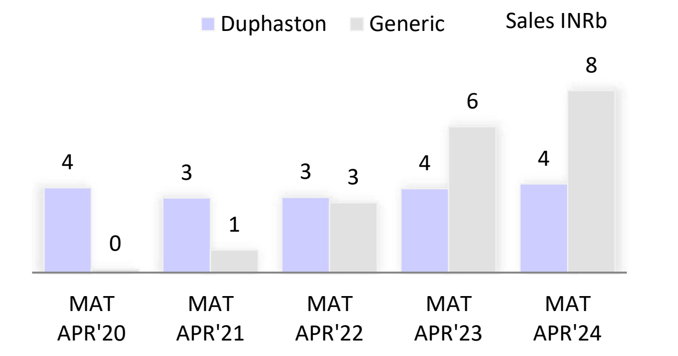
- **MANKIND garnered annual sales of INR2.5b from dydroboon in a period of four years since launch.**
- **This product highlights MANKIND's capability to not only develop but also scale up the manufacturing of complex molecules.**
- **With increased genericization of dydrogesterone, the scope of retaining market share is getting limited for MANKIND. The company is enhancing the market efforts and launching SKUs to retain the market share.**
- **Having said this, the company is exploring export opportunities by manufacturing at its own site.**

Dydroboon: building niche brand through solid execution

MANKIND posted sales of INR2.4b in MAT Apr'24 for Dydroboon/Drogyna

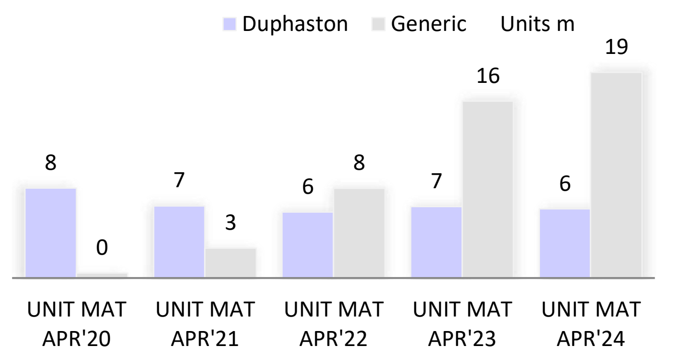
- In Dec'19, MANKIND launched Dydroboon, the first generic version of Duphaston.
- Interestingly, Duphaston is an Abbot India brand and was the only product available in this segment until CY19, with annual sales of INR4b.
- Since then, multiple branded generics have entered in this molecule in the DF market.
- Combined generic sales reached INR8b over MAT Apr'20-Apr'24 due to an increase in generic players selling drugs at a lower price.
- The sales of Duphaston are almost flat from MAT Apr'20 to MAT Apr'24 at INR4b due to high costs and availability of generics.

Exhibit 26: Generic version market share on rise…



Source: MOFSL, IQVIA

Exhibit 27: …and huge volumes than duphaston



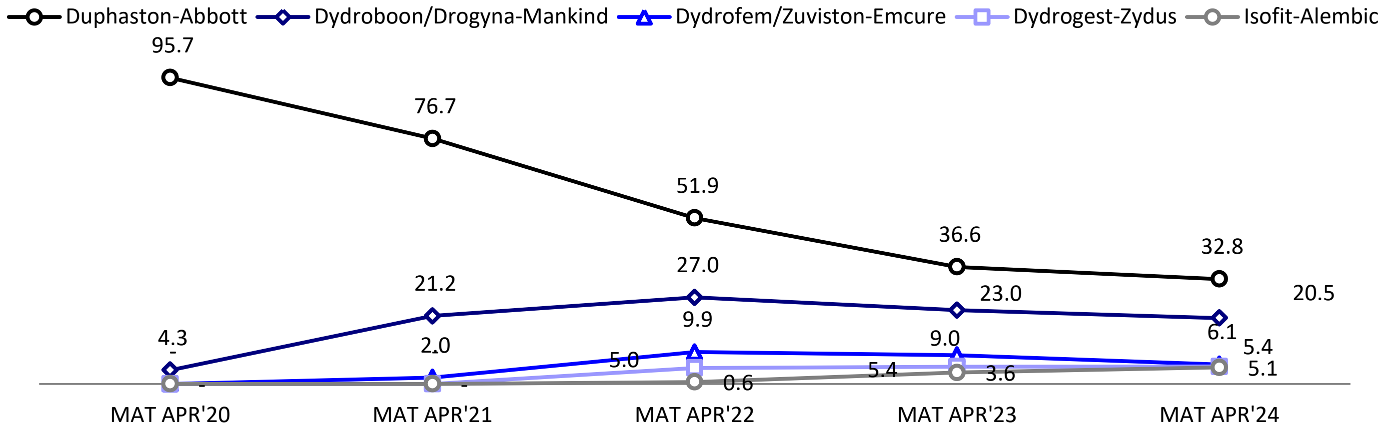
Source: MOFSL, IQVIA

- It is a drug used to treat irregular/painful menstrual periods and prevent miscarriage caused by progesterone deficiency during pregnancy.

Drug development and scale-up in manufacturing

- The manufacturing process for Dydroboon involves the complex conversion of natural Progesterone. MANKIND, the second pharmaceutical company to enter the Indian market, saw a significant increase in sales from FY20.
- MANKIND not only introduced its own branded generic version of Dydrogesterone but also served as a manufacturing partner for other Indian companies.
- During MAT Apr'22, Mankind held a market share of 27%; however, due to an increase in new entrants at lower costs, its share started to decline gradually.
- MANKIND's market share declined to 16% however in 3QFY24 it regained the market share to 20% due to improved marketing efforts.

Exhibit 28: MANKIND's share declined by 240bp YoY in MAT Apr'24



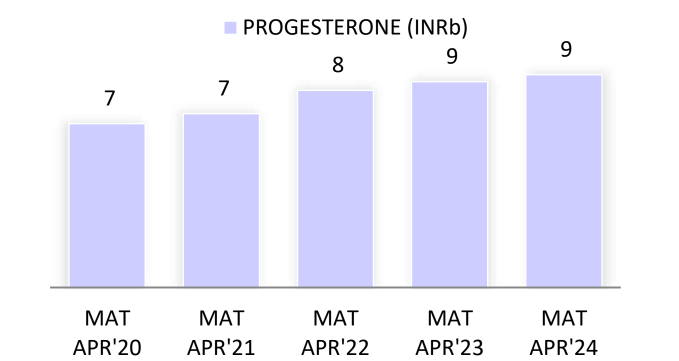
Source: MOFSL, IQVIA

Superiority over Progesterone to drive growth for Dydrogesterone at industry level

Technically superior product to further support growth prospects for MANKIND

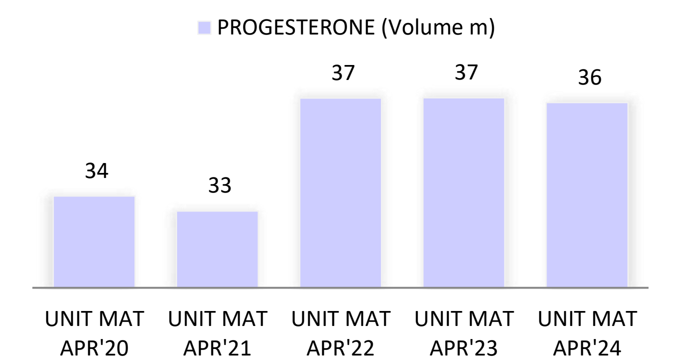
- While Dydrogesterone is structurally and pharmacologically similar to natural Progesterone, it has a good oral bioavailability and fewer side-effects. Dydrogesterone has no androgenic effects on the fetus, and does not inhibit the formation of Progesterone in the placenta.
- Compared to vaginal micronized Progesterone, oral Dydrogesterone seems to be associated with comparable live birth, ongoing pregnancy, and clinical pregnancy rates. It has significantly lower dissatisfaction and side-effects when given as luteal phase support in normal responding women undergoing IVF/ICSI using the long GnRHa protocol.
- The natural Progesterone market was pegged at ~INR9b in MAT Apr'24. The volume in Progesterone increased by 12% YoY in MAT Apr'22, largely due to the normalization of Covid-19 situation.
- However, Dydrogesterone volumes increased by 10% YoY in MAT Apr'24, indicating a shift in doctors' prescriptions from Progesterone to the Dydrogesterone molecule.

Exhibit 29: Progesterone clocked 7% sales CAGR over MAT Apr'24



Source: MOFSL, IQVIA

Exhibit 30: Volume declined slightly YoY in MAT Apr'24

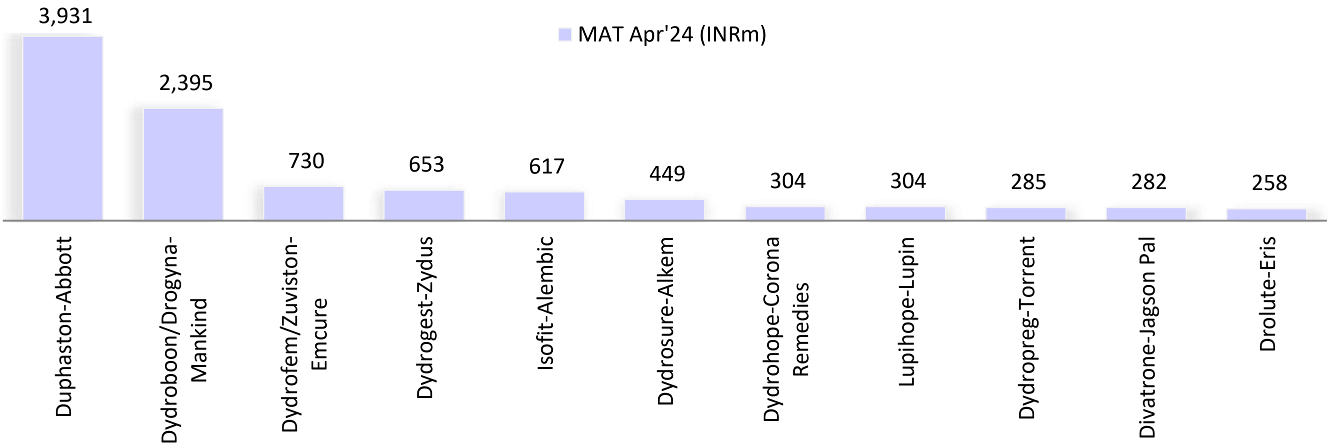


Source: MOFSL, IQVIA

New geographies/marketing to boost dydroboon sales

- Urbanization and cultural shifts have increased the maternal age for Indian women, leading to a higher risk of miscarriages. This highlights the necessity of medications and treatments that promote healthy pregnancies.
- MANKIND recognized the favorable demand and improved supply conditions, presenting a promising opportunity.
- To boost drug production and compete with Abbott's Dydrogesterone, the company has invested about INR3-3.5b to establish a manufacturing plant in Udaipur.
- The manufacturing plant is fully integrated from manufacturing KSM to formulation. Currently the facility utilization is 55% and majorly used for internal consumption.

Exhibit 31: MANKIND sales registered 96% CAGR over MAT Apr'20-24



Source: MOFSL, IQVIA

- To improve the market, share and revenue from the product, MANKIND is enhancing its efforts by launching line extensions over next 12-24 months. Further it is also planning to launch extension to the iron products.
- Additionally, it is also increasing its efforts to launch dydroboon in other geographies, which would enable MANKIND to tap new markets and increase the penetration of dydroboon.

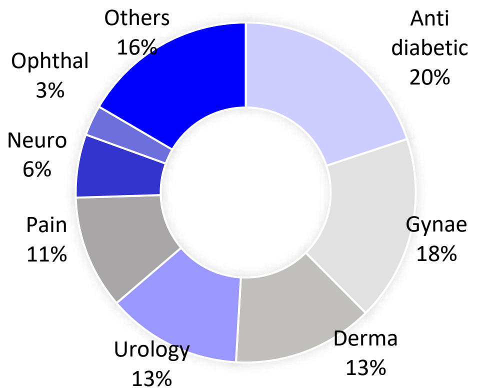
Working on other key therapies to improve growth prospects

- **MANKIND's other therapies (43% of DF sales) have registered 12% CAGR over FY20-24 led by Anti-diabetic/gynae/urology/ophthal.**
- **Pain/Derma had subdued growth over FY20-24 due to seasonality effect.**
- **We expect other therapies to clock 12% CAGR over FY24-27, led by new launches, in-licensing agreement and focus on the chronic therapy.**

Antidiabetic/Gynae/Urology/Ophthal to be growth driver

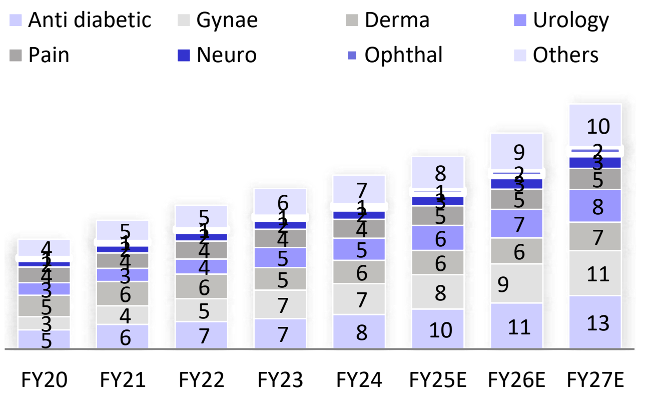
- Over FY20-24 the other therapies registered a 12% CAGR to INR42b, led by strong performance in Gynae/Anti-diabetic/Derma/ophthal.
- MANKIND has outperformed IPM in Gynae/Anti-diabetic/Urology/Ophthal by 14%/9%/2%/2% over FY20-24, which was offset by underperformance in Pain/Derma by 6%/5% over the same period, respectively.
- Over FY20-24 Gynae (18% of other therapies revenue) registered a 24% CAGR led by market share of Dydroboon, and new launches in this segment. However, during FY24, the growth declined significantly to a single digit due to a loss in market share of Dydroboon. We expect Gynae to clock a 14% CAGR over FY25-27, led by new launches, line extensions and enhanced marketing.

Exhibit 32: Anti-diabetic has 20% revenue contribution in others category



Source: MOFSL, IQVIA

Exhibit 33: Expect other therapies to register 12% CAGR over FY24-27



Source: MOFSL, IQVIA

- Over FY20-24, Anti-diabetic (20% of other therapies revenue) registered a 16% CAGR, aided by leverage of the specialized division launched 3-4 years ago and market share gain in products. The in-licensing deal with Biocon insulin Glargine, new launches and improved execution, we expect Anti-diabetic therapy to register a 16% CAGR over FY25-27.
- Urology and Ophthal therapy clocked 15%/13% CAGR over FY20-24. However, Pain registered 5% CAGR over FY20-24 due to seasonality impact.
- In Derma, the company focused on the anti-fungal segment. Over FY20-24, the company grew by 2% due to weak seasonality in the anti-fungal segment. MANKIND has now started focusing on emollient and other categories, which are high-growth segments within the Derma category.
- Accordingly, we expect a 12% CAGR over FY24-27 in other categories to reach INR59b.

Consumer healthcare – brand making beyond prescription

- **MANKIND has a strong presence in consumer health with annual revenue of INR7b in FY24.**
- **We expect a 7% CAGR in consumer health over FY24-27 to reach INR8.6b, aided by enhanced marketing/promotional activities and line extensions of existing brands.**

OTC products offer good growth opportunity

- The market size for OTC products (including Condoms, Pregnancy detection kits, Emergency contraceptives, Antacid, VMN, and Anti-acne preparations) is ~INR207b and is expanding at a CAGR of ~10%.
- MANKIND earns revenue of INR7b from the OTC market, 7% of total revenue as of FY24.

MANKIND has seen success in OTC segment as well

- VMN and Condoms contribute the highest share in the OTC category at 78.5% and 8%, respectively, due to an increase in awareness, government initiatives, etc.
- Pregnancy detection kits have the highest growth rate with a 17% CAGR (Apr'20-Apr'24) due to affordability, availability, reduction in social stigma, etc.

Exhibit 34: MANKIND outperformed IPM in Antacid

Categories	IPM Sales in MAT Apr'24 (INR b)	Mankind sales In MAT Apr'24 (INR b)	Category CAGR (MAT Apr'20-24)
Condoms*	15.6	4.7	5
Pregnancy detection	2.6	2.3	17
Emergency contraceptives	8.2	1.3	10
Antacid	15.4	1.2	11
VMN	170.3	8.1	10
Anti-acne preparations	9.0	1.2	11

*Note: The data of Condoms is as of MAT Dec'22, Source: MOFSL, IQVIA

MANKIND has strong brand position in OTC segment

- The company has a strong presence in consumer health products.
- The top-2 sellers in MANKIND are Manforce condoms and Preganews. It has successfully initiated free campaigns, engaged in regional digital advertisements, and consistently launched new products ahead of its competitors, creating a significant lead in the market.

MANKIND reported INR8b in sales from top 3 OTC brands

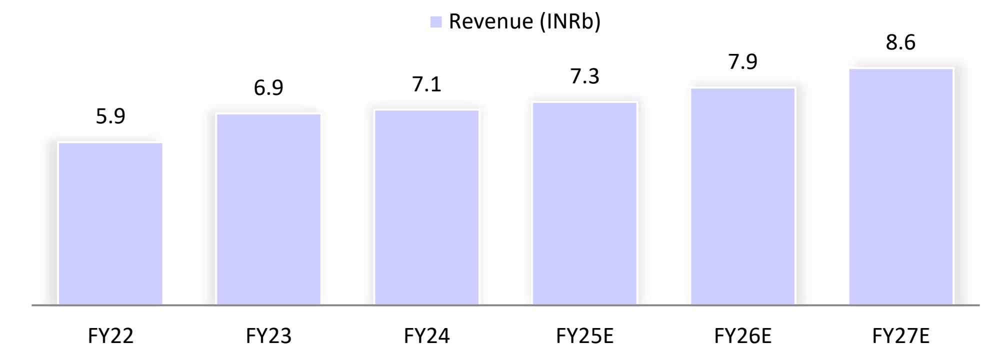
Exhibit 35: Expanded OTC offerings

Brand	MAT Apr'24 value (INR m)	Brand CAGR (MAT Apr'20-24)	Market share in Mar'24
Manforce (Rx/OTC)	4979	20	30
Preganews	2236	21	85
Unwanted-72	1171	9	60
Gas-o-fast	466	28	8
Health ok*	744	8	2.4
Acne star	669	14	34

Note: Healthok brand CAGR is from Nov'20-23 Source: MOFSL, IQVIA

- Due to brand extensions in Preganews, Unwanted-72, and value chain improvements, we expect a sales CAGR of 7% to INR8.7b over FY24-27.

Exhibit 36: Expect 7% revenue CAGR over FY24-27



Source: MOFSL, Company

Social Media strategy to enhance brand recall for Manforce

- Manforce aims to enhance brand image and recall by leveraging regional content on social media, specifically targeting non-metro markets.

MANKIND launches "PregaNews Advance" to Improve user convenience

Enhancing product offerings in woman healthcare

- The company aims to expand its market by partnering with NGOs and Asha workers to discuss pregnancy-related topics in small cities, focusing on digital mediums with its tagline 'Preganews means Good news'.
- In 2022, the company launched 'PregaNews Advance' to improve user convenience as the urine stream can be directed straight onto the device (rather than being collected in a container first). It also plans to introduce pre-conception and pre-natal care products to expand its brand portfolio.
- Mankind has launched Ova news to detect menstrual cycles which would leverage the Prega news brand.

Unwanted-72: a safe option for emergency contraception

- Unwanted-72 is a safe emergency contraceptive pill to prevent unwanted pregnancies, but it should not be used as a regular contraceptive due to its side effects.

Expanding Gas-O-Fast's market share with brand tasting/digital campaigns

- Gas-O-Fast achieved 100% growth during the lockdown. To expand its market share, the company is conducting brand tasting activities at stores and has launched targeted digital campaigns emphasizing the Ayurvedic antacid properties of its jeera and ajwain variants.

Health-OK campaign to promote staying fit with natural ingredients

Catchy taglines to attract customers

- Health-OK launched "Health Ok To Sab Ok" campaign, emphasizing the importance of staying fit and highlighting natural components like Ginseng, Taurine, and 20 multi-vitamins in digital campaigns.

Acnestar uses regional influencers to promote natural ingredients for Acne treatment

- AcneStar launched the "Search nahi research ki suno" campaign with regional influencers, highlighting the natural components and antibiotic properties in their formulation through digital campaigns.

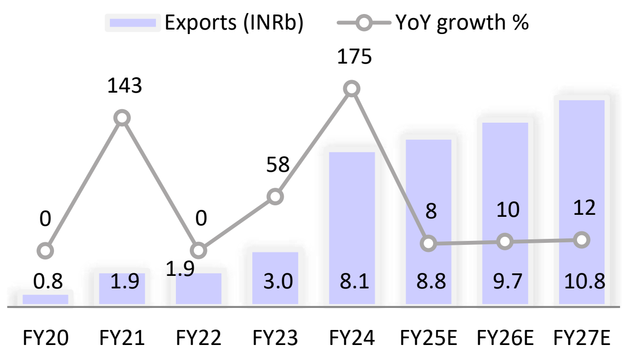
Expanding its presence in new geographies

- **MANKIND started its export business in CY11 and is focusing on improving its presence in international markets particularly in US/LATAM/Africa/Asia.**
- **Over FY20-24, export sales registered an 80% CAGR, particularly led by higher growth in selective launches in base business over last 12-18 months and one off opportunity.**
- **Further, the contribution from export markets has increased from 1% in FY20 to 8% in FY24. We expect the contribution to remain around 8% going forward.**
- **We expect a 10% CAGR over FY24-27, led by new launches (including Dydroboon) in new markets, strong growth in base business with selective launches and expansion in new geographies, offset by tapering of one-off opportunities.**

One-off opportunity driving the growth in US market

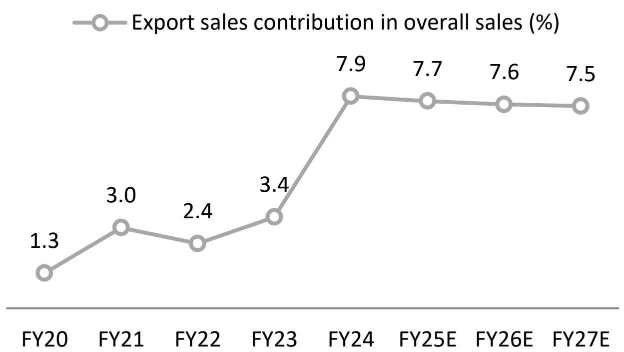
- MANKIND started the export business in 2011 and expanded its presence in 21 countries, including the US, Latin America, Southeast Asia, Africa, the Middle East and the Commonwealth of Independent States.
- MANKIND has set up subsidiaries in the US, Nepal, UAE and Singapore. In countries where MANKIND has no direct presence, it has entered into long-term agreements with distributors.
- Over FY20-24, export sales recorded an 80% CAGR, led by higher growth in selective launches in base business over last 12-18 months, one-off opportunity and market share gain. Also, the contribution from export sales increased from 1% in FY20 to 8% in FY24.

Exhibit 37: Expect sales to clock 10% over FY24-27



Source: MOFSL, Company

Exhibit 38: Expect export sales contribution to stabilize at 8%



Source: MOFSL, Company

- Particularly in FY23/FY24, export sales grew 58%/175% due to the higher growth in selective launches in base business over last 12-18 months and one-off opportunity in the US market. This led to a significant increase in the contribution from export markets from 3% in FY23 to 8% in FY24.
- We expect a 10% CAGR over FY24-27, led by the launch of Dydroboon in new markets, expansion in new market, strong growth base business and the launch of new products, which will be offset by tapering of a one-off opportunity.

SWOT analysis

Strengths

- Strong brand franchise in Tier-II/III cities; diversified portfolio at therapy level
- Leveraging specialized division to deepen its presence in chronic therapy
- 22 brands with annual sales of INR1b+ and potential to grow better than industry
- Digital platforms like Docflix, DronA Health, Connect and Prana already implemented to enhance customer experience
- Successfully established commercial production of complex drug Dydrogesterone, implying strong manufacturing skills

Weaknesses

- Concentrates majorly on Indian formulation market
- The share of acute segment is higher, and thus performance is more vulnerable compared to steadiness witnessed in chronic therapies
- Limited pricing power

Opportunities

- Expansion into new chronic therapy areas like Transplant, Oncology, etc.
- Significant scope for growth in metros and tier-I cities
- Free cash flow generation to aid M&A opportunity
- Increasing contribution from new geographies
- Scope to expand OTC offerings given robust brand recall in prescription segment

Threats

- Additional products coming under price control
- Lapses in regulatory compliance may harm reputation
- Technological advancements that may make products inferior
- Slow execution may drive market share loss
- Geopolitical tension in exports markets
- Regulatory pressures in international markets

Multiple strategies to boost profitability

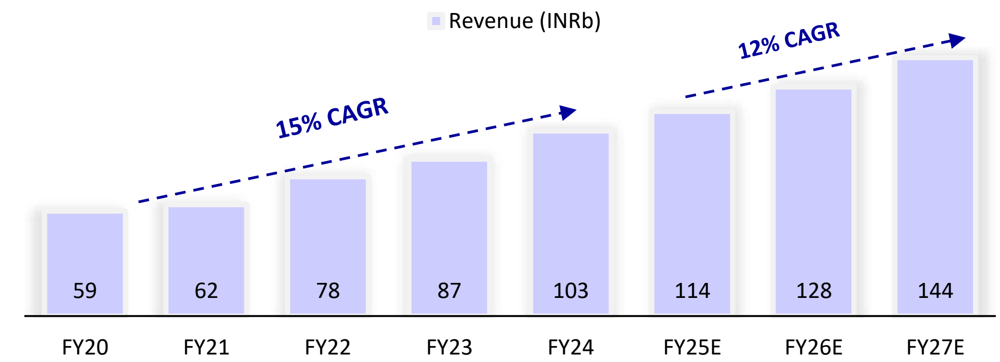
- **MANKIND delivered a 15% revenue CAGR over FY20-24, with EBITDA margins of 24.5% (down 150bp over FY20-24).**
- **In FY24, EBITDA margin improved to 24.5% due to lower raw material costs, better MR productivity and reduced other expenses.**
- **We expect a 12% revenue CAGR over FY24-27, led by the implementation of new strategies like increasing penetration in Tier-I and metro cities, increasing focus on chronic diseases, new launches, and inorganic growth opportunities.**

New launches, superior execution, new partnerships/acquisitions to drive growth

- The company delivered a 15% sales CAGR to INR103b (from INR59b) over FY20-24, led by a strong prescription, an increase in volume, new acquisitions, strong presence in tier-II to IV cities and a pickup in export business.

Consistent growth prospects

Exhibit 39: Expect 12% revenue CAGR over FY24-27



Source: MOFSL, Company

- In Feb'22, MANKIND acquired two products from DRRD (Daffy and Combihale) and acquired portfolio from Panacea Biotech Ltd, which led to a 25% rise in revenue YoY to INR78b (2% of total revenue) in FY22. Excluding the acquisitions, revenue grew 10.7% YoY to INR69b.

Growth through inorganic route as well

Exhibit 40: Acquisitions done by MANKIND in last 1 year

Date of acquisition	Seller	Amount Paid (INR m)	Sales of target brand/company in FY22 revenue (INR m)	Addition of intangible asset
Feb'22	DRRD	402	12	402
Feb'22	Panacea Biotec Pharma and Panacea Biotec	18,720	73	18,077
	Total	19,122	85	18,479

Source: MOFSL, Company

- Key revenue growth drivers include: 1) share gain in the covered market, 2) growth in chronic therapies like anti-diabetic, CVS, Neuro, respiratory, gynaec and ophthal by launching new products, 3) in-licensing distribution rights, and 4) value-accretive, high-return inorganic opportunities to complement organic growth.
- We expect a 12% revenue CAGR over FY24-27 to reach INR144b.

Unlocking new therapeutic areas through acquisition of Panacea Biotech

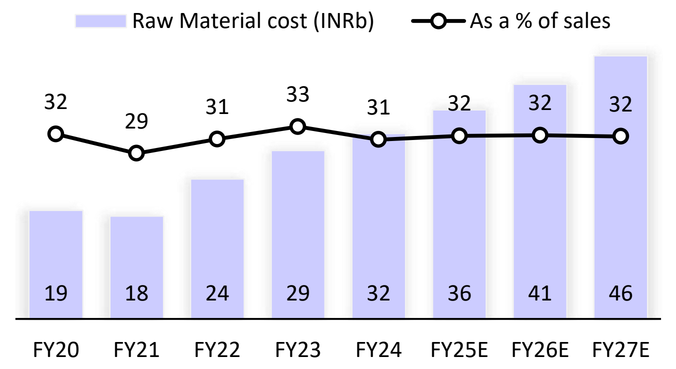
- MANKIND acquired Panacea Biotech's domestic business in Feb'22 for a consideration of INR18.7b, which is 8.5x price/sales (of FY21 revenue INR2.2b).
- Through this acquisition, it would be able to get inorganic growth in new therapies like lifestyle, oncology and transplant.
- This acquisition has given MANKIND the access to the Nepal market too.
- It has gained marketing rights of Pangraf, Alphadol, Cilamin, Livoluk Fibre, Glizid and Mycept through this acquisition.
- Post the acquisition, it has retained the marketing team of Panacea Biotech.

GM improves in FY24 after 2 years of down trend

Business mix drives better gross margins

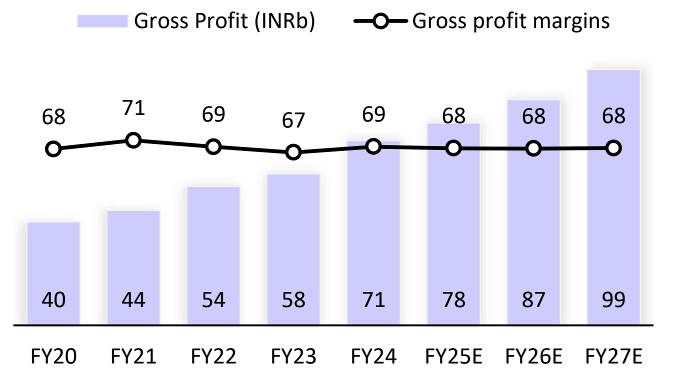
- In FY20/FY21, MANKIND recorded gross margins between 68% and 71% as the company manufactures 75% of the RM in-house.
- The increase in FY21 by 300bp over FY20 was largely attributable to Covid-19 as we saw an increase in sales of high-margin products.
- However, gross margin contracted by 400bp over FY21-23 due to higher API prices, volatility in foreign exchange rates and the addition of low-margin products of Panacea.
- In FY24, gross margins improved by 220bp due to price hikes, write-off of inventory, and a change in the sales mix.

Exhibit 41: RM costs to rise by 12% CAGR over FY24-27



Source: MOFSL, Company

Exhibit 42: Expect stable GM over FY25-27



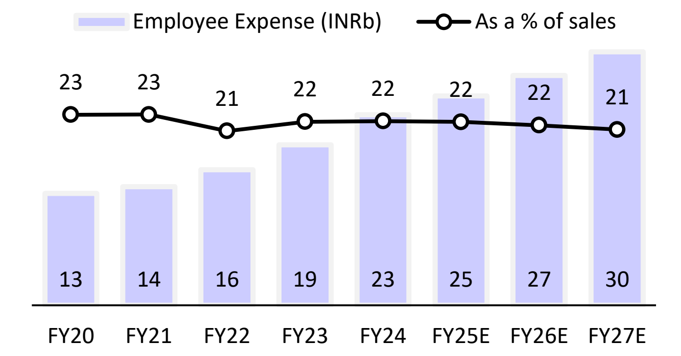
Source: MOFSL, Company

- We expect gross margins to remain largely stable, led by lower raw material prices, in-house manufacturing and price hikes.

Lower employee costs and other expense to boost EBITDA

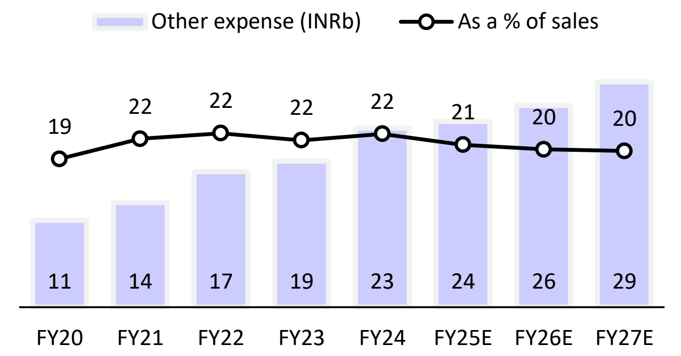
- In FY20-22, EBITDA margin was mostly stable as high employee costs were offset by lower other expenses and stable gross margins.

Exhibit 43: Expect stable employee expenses over FY25-27



Source: MOFSL, Company

Exhibit 44: Other expense to decline slightly over FY25-27

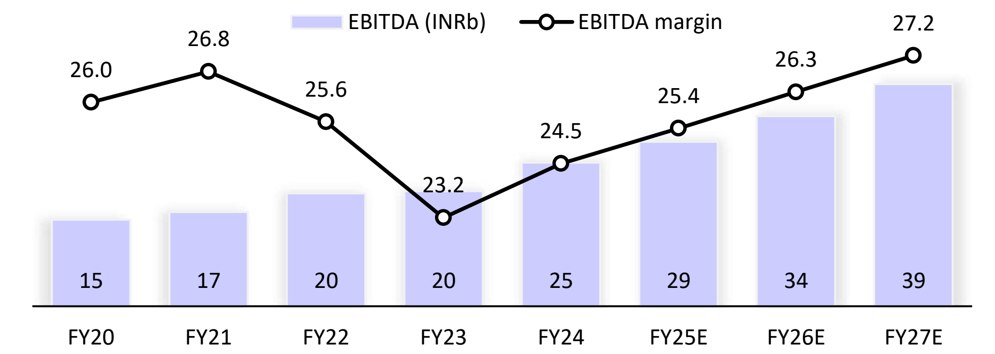


Source: MOFSL, Company

- However, in FY23, EBITDA margin decreased sharply due to lower gross margin, increase in work force, and increase in logistic costs.
- In FY24, EBITDA margin expanded 130bp, primarily driven by gross margin expansion, operating leverage and cost savings.

130bp YoY improvement in EBITDA margin in FY24…

Exhibit 45: EBITDA margin to expand by ~270bp over FY24-27



Source: MOFSL, Company

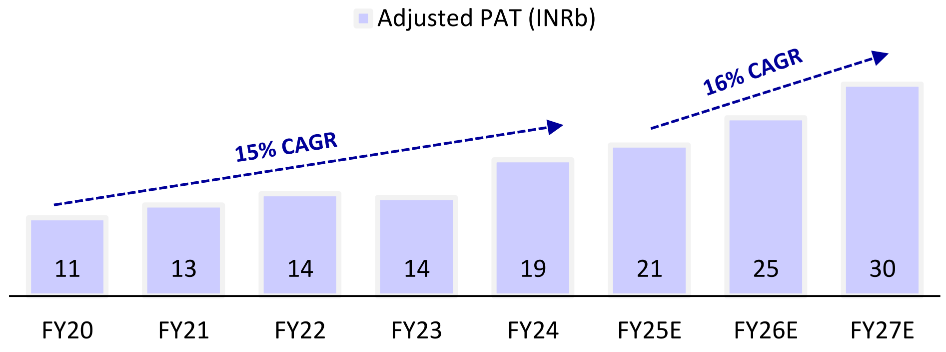
- Going forward, we expect EBITDA margin to expand to ~27%, aided by the operating leverage, high MR productivity and lower advertisement costs.

…and scope to expand further

Enhanced operational efficiency and reduced taxes to support profits

- Over FY20-24, PAT growth was higher than EBITDA growth due to higher other income, low tax expenses and decreased interest cost.
- In FY24, MANKIND reported PAT of INR19b, up 38% YoY.
- Considering tax benefits for the Sikkim plant, we expect the effective tax rate to be in the range of 22% over FY25-27 from current 19%.

Exhibit 46: Expect 16% PAT CAGR over FY24-27



Source: MOFSL, Company

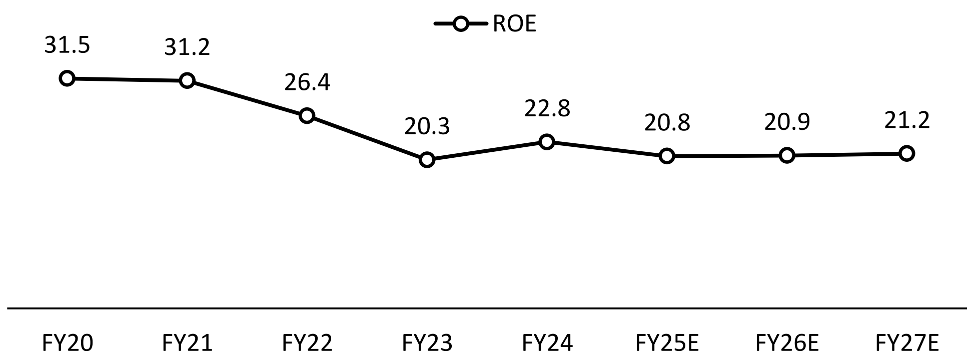
- Thanks to lower tax, better MR productivity and new launches, we expect a 16% CAGR in PAT to INR30b over FY24-27.

RoE declines over FY20-24; likely to stabilize going forward

- MANKIND reported EBITDA/PAT CAGRs of 14%/15% over FY20-24.
- RoE declined due to 1) the acquisition of two products from DRRD and the acquisition of Panacea Biotec, 2) pending utilization improvements for new capacity, and 3) higher depreciation.

Scale-up of acquired assets and better capacity utilization to drive better ROE

Exhibit 47: ROE to improve slightly over FY25-27



Source: MOFSL, Company

- We expect RoE to remain at ~21% over FY25-27, aided by improved profitability in the acquired portfolio, market share gains in existing products, higher capacity utilization, new launches driving MR productivity, and increase in digital marketing.

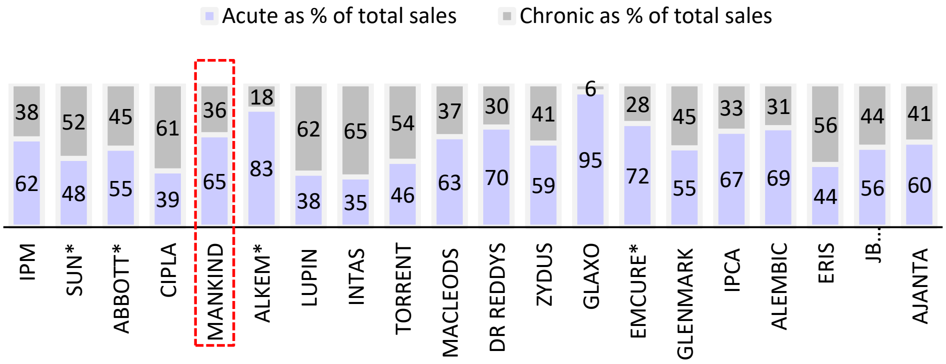
Stronger foothold in IPM compared to peers

- **MANKIND has a strong contribution from the acute therapy, which outperformed IPM by 250bp.**
- **It has strong presence in tier-II to IV towns with higher growth than IPM. However, it is focusing on Tier-I and metro cities with specialized divisions.**
- **The company has industry-level MR productivity despite having the highest prescription share in IPM due to a gestation period for new MRs and lower product realization in tier 2 to 4 towns.**

MANKIND has higher share of acute; increasing focus on chronic

- About 64% of the company's revenue comes from acute and the remaining from chronic vs. IPM's acute contribution of 62% and chronic's 38%.
- Intas has the highest contribution from chronic therapies compared to peers.

Exhibit 48: Intas has highest contribution from chronic segment

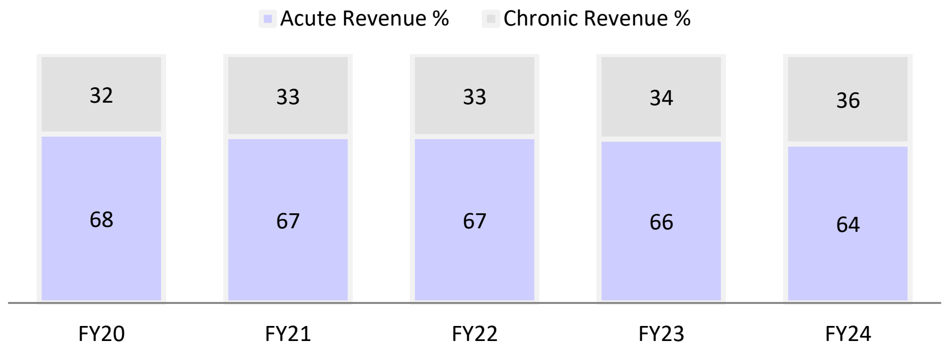


Source: MOFSL, IQVIA

- On overall IPM basis, the chronic therapy grew 10.6% over FY20-24, while the acute therapy grew 8.8% over the same period.
- This is largely on account of increasing prevalence and treatment of chronic lifestyle diseases.

400bp improvement in chronic share as % of DF sales

Exhibit 49: Over FY20-24 the share of Chronic therapy is increasing Mankind's revenue



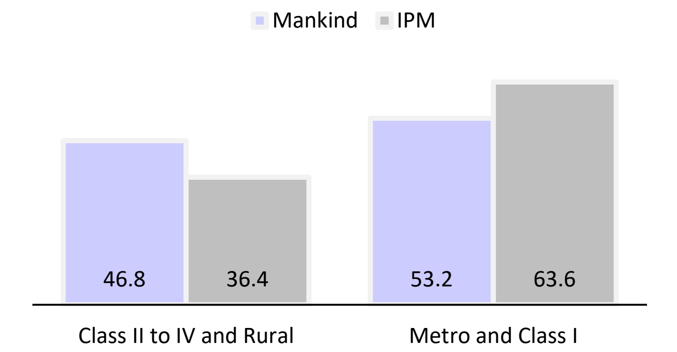
Source: MOFSL, IQVIA

- Likewise, it has delivered a 15% sales CAGR in chronic therapies over FY20-24. Also, the share of chronic therapies in total income for MANKIND has increased from 32% in FY20 to 36% in FY24.

MANKIND is increasing focus on metro and tier I cities

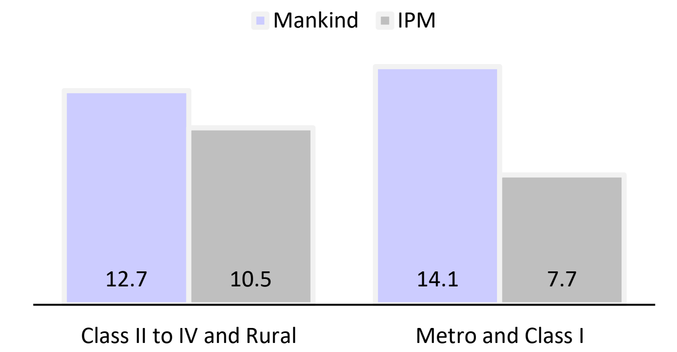
- IPM has grown by 10.5% in tier-II to IV and rural areas and 7.7% in metro cities over the last five years, while MANKIND has outperformed IPM growth in both tier-II to IV and rural areas and metro cities due to strong brand recall and strong reach.
- MANKIND has strong reach in tier-II to IV and rural towns compared to IPM due to strong marketing efforts, good brand recall, and established brand franchise.

Exhibit 50: MANKIND has good penetration in tier-II to IV and rural areas



Source: MOFSL, Company

Exhibit 51: It has superior growth than IPM



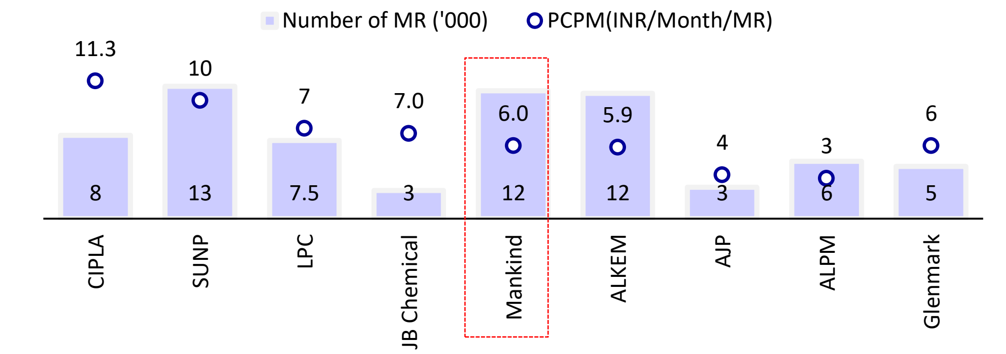
Source: MOFSL, Company

- Tier-II to IV and rural towns have shown overall significant growth, which may be attributed to (i) pharma company initiatives that have made medications more accessible, (ii) increase in income and awareness, and (iii) government policy programs that aim to improve access to healthcare in these areas.
- MANKIND is focusing on increasing the penetration in metro and tier-I cities with specialized divisions in various therapies.

New MRs/chronic focus to increase yield in coming year

- MANKIND has generated the highest prescription in IPM over FY18-24. It has the highest share in the prescription at ~15.2% in IPM compared to the 10 largest corporates in IPM.
- Despite this, MANKIND has MR productivity near industrial average due to lower product price realization in the tier-II to IV towns.

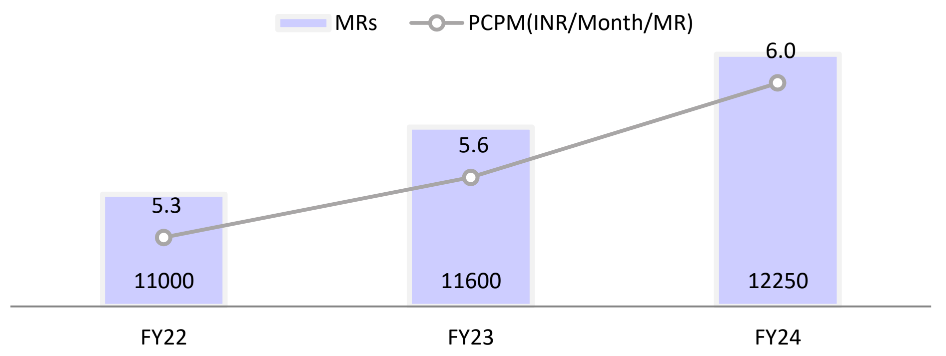
Exhibit 52: MR productivity is at industrial average



Source: MOFSL, Company

- As the company's major portfolio is concentrated on acute, it requires a higher number of MRs to cover general practitioners, resulting in lower productivity compared to peers.

Exhibit 53: MR productivity increased over FY22-24



Source: MOFSL, Company

- Over FY22-24, MR productivity increased from INR5.3PCPM to INR6PCPM despite addition of 1,250 MRs.
- The company's emphasis on chronic medicines and increasing presence in Tier I and metro cities is leading to an increase in MR productivity as the need to cover specialized therapies at metro cities is increasing.
- We expect MR productivity to improve going forward on the back of increased focus on chronic therapy and reducing churn in MRs.

ESG initiatives

Environmental initiatives

- The company has implemented various measures (including Ultrafiltration/Reverse Osmosis) to conserve and minimize fresh water usage and reuse waste water.
- It has taken initiatives to recycle plastic waste. In FY24, it recycled 100% of post-consumer plastic waste. Additionally, the company has processed 100% of hazardous waste from its Sikkim plant into cement kilns to conserve energy.
- The company is reducing its carbon footprint by using renewable energy, implementing LED lights and upgrading equipment's and system to lower energy consumption and reduce air pollution.
- Further, the MANKIND has become 100% plastic neutral in FY24. MANKIND intends to reduce hazardous waste landfilling by 30% and co-processing 70% by 2027, and decrease ground water consumption by 50% till 2030. Also plans to be carbon neutral by 2030 and use 100% renewable energy by 2030.

Social initiatives

- The company is providing support to the families of martyr policeman, migrant workers, as well as assisting acid attack survivors in their journey of rehabilitation and recovery.
- Also, the company is distributing nutritional kits to HIV positive pregnant women, contributing to R&D in immunotherapy and molecular work, supporting JC Juneja Foundation Hospital.
- It is also supporting vocational skills and livelihood enhancement programs, extending assistance to educational institutes, facilitating the construction of educational buildings and hospitals, providing scholarships for students, establishing Skill Development Centre, and ensuring educational facilities for children from tribal areas.

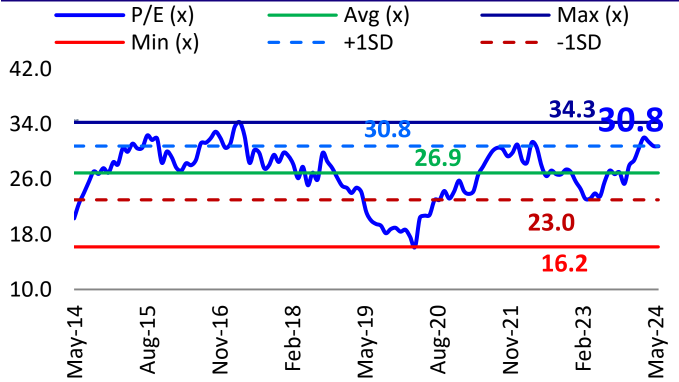
Governance Initiatives

- As of Jun'24, the board comprised nine directors that included five Independent directors and one woman directors.
- The board comprises seasoned professionals with expertise in various fields, contributing to diverse experiences. Currently, five directors have experience of 30+ years and three directors have an experience of 20-30 years.
- The board's performance is assessed annually based on their responsibilities, and a strong compliance mechanism is in place to adhere to applicable rules and regulations.

Valuation and View

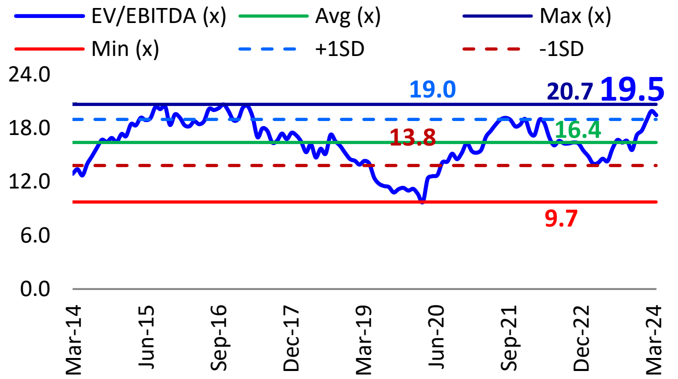
- Currently, the healthcare sector is trading at a PE of 31x, which is above its 10-year average. The 1 Standard Deviation up (+1SD) is 31x, while the 1 Standard Deviation down (-1SD) is 23x.
- On the higher side, Torrent Pharma/Abbott India are currently trading at 39x/44x (27%/64% premium to industry average), above their historical average of 31x/42x. Alkem is trading at the historical average of 30x, which is at +1SD of its 10-year Avg.
- On the lower side, Eris is currently trading at 25x (19% discount to industry average), which is at its historical average of 25x.
- Given that MANKIND is the pure domestic player with a strong brand franchise, a vast portfolio and an increasing share in the chronic portfolio, we value the company at 40x12M forward earnings (30% premium to industry average) with a TP of INR2,650. We initiate coverage with a **BUY** rating.

Exhibit 54: Healthcare sector PE chart



Source: MOFSL, Bloomberg

Exhibit 55: Healthcare sector EV/EBITDA chart



Source: MOFSL, Bloomberg

Exhibit 56: Valuation table (INR b)

Company	Reco	MCap (USDb)	DF Sales FY24	EPS (INR)			EPS Gr. YoY (%)		PE (x)		EV/EBITDA (x)		ROE (%)		
				FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY24	FY25E	FY26E
MNC Pharma															
Abbott India*	Not Rated	7.0	58	565	718	922	27.0	28.4	38.4	29.9	30.2	23.6	34.9	32.8	46.2
GSK Pharma	Neutral	5.3	35	43	46	51	5.7	10.9	57.2	51.6	33.8	29.9	41.3	37.2	34.7
Sanofi*	Not Rated	2.8	21	262	316	336	20.5	6.4	31.9	30.0	23.0	21.4	52.7	36.2	47.8
Pfizer*	Not Rated	2.7	22	122	131	157	7.4	19.8	37.5	31.2	28.9	24.9	16.2	15.8	17.1
Large-Cap Indian Pharma															
Alkem	Neutral	7.3	84	159.7	173.1	192.2	8.4	11.0	29.4	26.5	23.6	20.6	19.7	18.6	17.9
Cipla	Buy	14.9	109	52.5	58.9	65.8	12.3	11.7	26.1	23.4	17.0	14.9	15.9	15.4	14.9
Dr Reddy's Labs	Neutral	12.1	46	317.1	323.9	339.1	2.1	4.7	18.7	17.8	10.6	9.5	20.7	17.7	15.9
Lupin	Neutral	8.8	67	41.5	50.2	58.7	20.9	16.9	32.0	27.3	17.2	14.7	14.1	14.9	15.1
Sun Pharma	Buy	43.3	149	41.4	47.0	57.6	13.5	22.4	32.0	26.1	24.7	20.2	16.7	16.5	17.4
Torrent Pharma	Neutral	11.7	50	47.1	64.7	80.4	37.4	24.3	44.5	35.8	24.7	21.1	24.4	29.0	32.9
Zydus Life Science	Neutral	13.2	54	37.6	41.3	42.8	9.7	3.6	26.6	25.6	17.6	16.7	20.3	18.5	16.1
Mankind Pharma	**BUY**	**10.7**	**100**	**47.8**	**52.9**	**62.4**	**10.8**	**17.9**	**41.8**	**35.5**	**30.2**	**25.4**	**22.8**	**20.8**	**20.9**
Mid-Cap Indian Pharma															
Ajanta Pharma	Buy	3.6	12	62.3	74.4	85.4	19.4	14.9	32.3	28.1	21.7	18.7	22.7	24.0	23.1
Alembic Pharma	Neutral	2.1	22	31.5	35.7	40.2	13.7	12.6	25.0	22.2	16.8	14.7	13.5	13.6	13.6
Eris Lifescience	Neutral	1.7	20	29.2	33.1	44.4	13.1	34.1	30.6	22.8	17.5	14.9	16.8	16.4	18.9
Glenmark Pharma	Neutral	4.1	34	2.5	44.1	50.4	NA	14.4	27.3	23.8	14.2	12.5	0.8	14.8	14.7
IPCA Labs	Neutral	3.6	31	20.8	31.3	40.2	50.4	28.7	37.8	29.4	19.0	16.2	8.7	11.9	13.7
JB Chemical*	Not Rated	3.5	19	35.7	54.3	64.4	52.4	18.5	34.8	29.4	23.3	20.5	20.5	22.5	21.3

*Note: Estimates are taken from Bloomberg; Source: MOFSL, Bloomberg

Bull and Bear Case

Bull Case

- We assume 14%/22.5%/11% sales CAGRs in Anti-infective/Cardiac/Gastro intestinal segments and 14% CAGR in export sales, resulting in a 14% overall sales CAGR over FY24-27. Considering higher sales growth, better MR productivity, higher penetration in tier-I and metro cities, and the launch of new products, we factor in a 380bp margin expansion. Accordingly, we estimate a 20% earnings CAGR over FY24-27. We assign 42x 12M forward earnings PE multiple (35% premium to pharma sector valuation of 31x on 12M forward basis) to arrive at a TP of INR3,000, implying an upside of 35% from the CMP.

Bear Case

- We assume 8%/16%/8% sales CAGRs in Anti-infective/Cardiac/Gastro intestinal segments and 8% CAGR in export markets, driving a 10.5% overall sales CAGR over FY24-27. Considering moderate sales growth, we factor in a 40bp margin expansion. Accordingly, we estimate an 11% earnings CAGR over FY24-27. We assign 35x 12M forward earnings PE multiple (13% premium to pharma sector valuation of 31x on 12M forward basis) to arrive at a TP of INR2,070, implying a downside of 7% from the CMP.

Exhibit 57: We expect upside of 20% in Base Case and 7% downside in Bear Case

Base case		Basis of Assumptions
EPS	62	
Target PE multiple (x)	35	11.7% revenue CAGR over FY24-27E
12M forward target price	2,650	15.8% CAGR in adj. PAT over FY24-27E
CMP	2,214	
Potential upside/ (downside)	**20**	

Bull Case		Basis of Assumptions
EPS	68	14% revenue CAGR over FY24–27E
Target PE multiple (x)	42	20% CAGR in adj. PAT over FY24–27E
12M forward target price	3,000	380bp EBITDA margin expansion vs. Base Case
CMP	2,214	
Potential upside/ (downside)	**35**	

Bear Case		Basis of Assumptions
EPS	57	10.5% revenue CAGR over FY24–27E
Target PE multiple (x)	35	11% CAGR in adj. PAT over FY24–27E
12M forward target price	2,070	40bp EBITDA margin expansion vs. Base Case
CMP	2,214	
Potential upside/ (downside)	**(7)**	

Source: MOFSL, Company

Management Team

Mr. Ramesh Juneja

Mr. Ramesh, founder and promoter of the company, is Chairman and a whole-time director of MANKIND. He does not hold any formal educational qualifications. He has experience of over 31 years in the pharmaceutical industry. Mr. Juneja was awarded the finalist certificate for 'Entrepreneur of the Year' by Ernst & Young in 2009 and ET in 2023.

Mr. Rajeev Juneja

Mr. Rajeev is the Vice-Chairman and Managing Director of MANKIND. He is also a promoter of the company and has been associated with the company since Dec'92. He does not hold any formal educational qualifications. Mr. Rajeev has experience of over 29 years in the pharmaceutical industry. Mr. Juneja received Entrepreneur of the Year' by ET in 2023.

Mr. Sheetal Arora

Mr. Arora is CEO and whole-time director of MANKIND. He is also a promoter of the company and has been associated with the company since Sep'07. Mr. Arora holds a bachelor's degree in commerce from Srikrishnadevaraya University, Anantapur. He has experience of over 14 years in the pharmaceutical industry.

Mr. Satish Kumar Sharma

Mr. Sharma is a whole-time director of MANKIND. He has been associated with the company since Sep'16. He holds a bachelor's degree in pharmacy from Gulbarga University, Karnataka. Prior to joining MANKIND, Mr. Sharma was associated with T.C. Health Care Pvt Ltd as Senior Officer – Validation, Nicholas Piramal India Ltd as Assistant Manager – Production, and Wockhardt Ltd as supervisor.

Financials and valuations

Income Statement (INR m)

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**	**1,14,222**	**1,27,718**	**1,44,185**
Change (%)		6.0	25.2	12.4	18.1	10.5	11.8	12.9
Total Expenditure	**43,378**	**45,486**	**57,922**	**67,201**	**77,997**	**85,210**	**94,128**	**1,04,966**
% of Sales	74.0	73.2	74.4	76.8	75.5	74.6	73.7	72.8
EBITDA	**15,274**	**16,658**	**19,894**	**20,289**	**25,351**	**29,012**	**33,590**	**39,218**
Margin (%)	26.0	26.8	25.6	23.2	24.5	25.4	26.3	27.2
Depreciation	991	1,190	1,666	3,259	3,983	4,302	4,428	4,535
EBIT	**14,283**	**15,468**	**18,227**	**17,030**	**21,368**	**24,710**	**29,162**	**34,683**
Int. and Finance Charges	220	201	586	445	335	305	290	250
Other Income	1,104	1,709	1,960	1,286	2,809	2,950	3,350	3,850
PBT bef. EO Exp.	**15,168**	**16,976**	**19,602**	**17,871**	**23,842**	**27,355**	**32,222**	**38,283**
EO Items	-906	-177	0	1,275	0	0	0	0
PBT after EO Exp.	**14,262**	**16,799**	**19,602**	**16,597**	**23,842**	**27,355**	**32,222**	**38,283**
Total Tax	3,816	3,986	5,216	3,616	4,576	6,018	7,089	8,422
Tax Rate (%)	26.8	23.7	26.6	21.8	19.2	22.0	22.0	22.0
Minority Interest	142	159	50	162	137	137	137	137
Reported PAT	**10,304**	**12,654**	**14,335**	**12,819**	**19,129**	**21,200**	**24,997**	**29,724**
Adjusted PAT	**10,968**	**12,789**	**14,335**	**13,816**	**19,129**	**21,200**	**24,997**	**29,724**
Change (%)		16.6	12.1	-3.6	38.5	10.8	17.9	18.9
Margin (%)	18.7	20.6	18.4	15.8	18.5	18.6	19.6	20.6

Balance Sheet (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	401	401	401	401	401	401	401	401
Other equity	34,453	46,819	61,152	73,952	93,230	1,09,449	1,28,571	1,51,310
Net Worth	**34,853**	**47,220**	**61,552**	**74,352**	**93,631**	**1,09,849**	**1,28,972**	**1,51,711**
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	1,960	1,960	1,960
Deferred Tax Liabilities	-398	-360	163	475	87	87	87	87
Other Non-Current Liabilities	846	856	1,031	1,557	2,050	2,266	2,533	2,860
Capital Employed	**38,433**	**51,471**	**73,038**	**79,892**	**99,855**	**1,16,577**	**1,36,256**	**1,59,611**
Gross Block	19,674	21,395	42,261	52,149	59,078	61,078	62,578	64,078
Less: Accum. Deprn.	3,938	5,011	6,638	9,897	13,879	18,181	22,609	27,144
Net Fixed Assets	**15,736**	**16,385**	**35,623**	**42,253**	**45,199**	**42,897**	**39,969**	**36,935**
Goodwill on Consolidation	204	204	204	200	200	200	200	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**	**26,027**	**26,027**	**26,027**
Other Non-Current Assets	1,222	1,748	1,770	1,759	1,483	1,639	1,832	2,068
Curr. Assets, Loans&Adv.	**21,572**	**26,005**	**35,324**	**32,491**	**43,101**	**65,858**	**91,322**	**1,20,816**
Inventory	8,991	11,835	17,602	14,985	15,535	20,341	22,744	25,677
Account Receivables	5,311	3,306	3,882	5,764	8,483	8,136	9,448	10,666
Cash and Bank Balance	4,199	7,007	4,059	4,532	11,980	35,230	56,725	81,758
Loans and Advances	3,071	3,856	9,780	7,210	7,104	2,151	2,405	2,715
Curr. Liability & Prov.	**11,820**	**11,765**	**18,046**	**16,931**	**18,973**	**22,861**	**25,912**	**29,253**
Account Payables	7,451	6,670	10,764	10,082	11,030	14,082	16,096	18,171
Other Current Liabilities	2,212	2,754	4,638	2,999	2,819	3,116	3,484	3,933
Provisions	2,157	2,342	2,645	3,849	5,124	5,663	6,333	7,149
Net Current Assets	**9,752**	**14,239**	**17,277**	**15,560**	**24,128**	**42,997**	**65,410**	**91,563**
Appl. of Funds	**38,433**	**51,470**	**73,038**	**79,892**	**99,855**	**1,16,577**	**1,36,256**	**1,59,611**

E: MOFSL Estimates

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**	**52.9**	**62.4**	**74.2**
Cash EPS	29.9	34.9	39.9	42.6	57.7	63.7	73.5	85.5
BV/Share	87.0	117.9	153.7	185.6	233.7	274.2	321.9	378.7
DPS	0.0	0.0	0.0	0.0	9.6	10.6	12.5	14.8
Payout (%)	0.0	0.0	0.0	0.0	20.0	20.0	20.0	20.0
Valuation (x)								
P/E	80.9	69.3	61.9	64.2	46.4	41.8	35.5	29.8
Cash P/E	74.2	63.4	55.4	51.9	38.4	34.8	30.1	25.9
P/BV	25.4	18.8	14.4	11.9	9.5	8.1	6.9	5.8
EV/Sales	15.1	14.2	11.3	10.2	8.6	7.7	6.7	5.8
EV/EBITDA	58.1	53.1	44.3	43.9	34.9	30.2	25.4	21.2
Dividend Yield (%)	NA	NA	NA	NA	0.4	0.5	0.6	0.7
FCF per share	21.3	20.6	-35.5	25.7	45.9	78.2	77.0	89.8
Return Ratios (%)								
RoE	31.5	31.2	26.4	20.3	22.8	20.8	20.9	21.2
RoCE	31.2	30.6	24.7	19.6	22.8	20.8	20.9	21.1
RoIC	0.5	48.9	35.0	25.1	24.8	28.6	36.5	45.0
Working Capital Ratios								
Asset Turnover (x)	1.5	1.2	1.1	1.1	1.0	1.0	0.9	0.9
Inventory (Days)	28	61	69	68	54	57	62	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	-0.5	-0.6	-0.7

Cash Flow Statement

(INR m)

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	27,355	32,222	38,283
Depreciation	991	1,190	1,666	3,259	3,983	4,302	4,428	4,535
Interest & Finance Charges	220	201	321	445	330	305	290	250
Direct Taxes Paid	-3,309	-4,541	-4,995	-3,231	-4,795	-6,018	-7,089	-8,422
(Inc)/Dec in WC	-1,452	-946	-5,861	1,667	204	4,441	-844	-1,029
CF from Operations	**10,826**	**12,820**	**10,877**	**18,852**	**23,714**	**30,385**	**29,007**	**33,617**
Others	-129	-1,448	-1,679	-719	-2,190	2,950	3,350	3,850
CF from Operating incl EO	**10,697**	**11,372**	**9,198**	**18,133**	**21,524**	**33,335**	**32,357**	**37,467**
(Inc)/Dec in FA/IA	-2,167	-3,116	-23,424	-7,830	-3,147	-2,000	-1,500	-1,500
Free Cash Flow	**8,530**	**8,257**	**-14,226**	**10,303**	**18,377**	**31,335**	**30,857**	**35,967**
(Pur)/Sale of Investments	-867	-6,183	4,921	-1,892	-17,388	0	0	0
Others	-1,357	-2,924	4,811	-819	388	-2,950	-3,350	-3,850
CF from Investments	**-4,392**	**-12,222**	**-13,691**	**-10,541**	**-20,147**	**-4,950**	**-4,850**	**-5,350**
Inc/(Dec) in Debt	-1,434	1,105	6,242	-6,978	315	0	0	0
Interest Paid	-220	-171	-178	-419	-262	-305	-290	-250
Others	-3,653	-1,012	-18	278	6,687	-4,830	-5,722	-6,833
CF from Fin. Activity	**-5,307**	**-78**	**6,046**	**-7,119**	**6,740**	**-5,135**	**-6,012**	**-7,083**
Inc/Dec of Cash	**998**	**-928**	**1,553**	**472**	**8,118**	**23,250**	**21,495**	**25,033**
Opening Balance	1,163	2,197	1,273	4,059	4,532	11,980	35,230	56,725
Closing Balance	**2,161**	**1,270**	**2,826**	**4,532**	**12,650**	**35,230**	**56,725**	**81,758**
Total Cash & Cash Eq	**4,199**	**7,007**	**4,059**	**4,532**	**11,980**	**35,230**	**56,725**	**81,758**

RECENT INITIATING COVERAGE REPORTS

NOTES

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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