

Estimate change



TP change



Rating change

Bloomberg	MANKIND IN
Equity Shares (m)	413
M.Cap.(INRb)/(USDb)	1059.2 / 12.1
52-Week Range (INR)	3055 / 1901
1, 6, 12 Rel. Per (%)	16/-1/30
12M Avg Val (INR M)	1434

#### Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	122.5	145.0	163.8
EBITDA	30.8	36.4	43.4
Adj. PAT	20.6	18.9	25.6
EBIT Margin (%)	25.1	25.1	26.5
Cons. Adj. EPS (INR)	50.0	45.8	62.0
EPS Gr. (%)	7.9	-8.5	35.5
BV/Sh. (INR)	347.4	382.9	430.8
<b>Ratios</b>			
Net D:E	0.4	0.2	0.0
RoE (%)	17.4	12.5	15.2
RoCE (%)	14.9	10.8	13.4
Payout (%)	20.6	20.0	20.0
<b>Valuations</b>			
P/E (x)	51.7	56.5	41.7
EV/EBITDA (x)	34.3	31.5	25.7
Div. Yield (%)	0.4	0.4	0.5
FCF Yield (%)	2.8	6.0	5.5
EV/Sales (x)	8.6	7.9	6.8

#### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	72.7	72.7	74.9
DII	11.5	11.5	9.9
FII	13.1	12.9	11.6
Others	2.8	2.9	3.6

FII Includes depository receipts

**CMP: INR2,566**

**TP: INR2,990 (+17%)**

**Buy**

#### Cost headwinds lead to earnings miss

Rx-recovery/consumer traction/financial deleverage to support earnings in FY27

- Mankind Pharma (Mankind) reported in-line revenue in 1QFY26. However, EBITDA/PAT came in 5%/7% below our estimates. Higher operational costs at the start of the financial year, coupled with increased interest costs and depreciation, affected earnings for the quarter.
- After the implementation of corrective measures in the prescription (Rx) segment of the domestic formulation (DF) category over the past two years, the benefits are now visible to some extent, with Mankind outpacing industry growth in Rx in 1QFY26.
- Notably, Mankind outperformed the industry in volume, along with superior growth in chronic therapies.
- With a focus on modern trade (MT) and ecom, Mankind was able to deliver healthy growth in the consumer segment.
- After strong 35% YoY growth in the base export segment in FY25, Mankind delivered moderate single-digit YoY growth in 1QFY26.
- The company is working on improving growth prospects of BSV by widening its reach and expanding manufacturing capacity.
- We reduce our earnings estimates by 6% each for FY26/FY27, factoring in a) increased operational costs to improve its chronic therapies franchise, b) promotional spending on new launches in the consumer health segment, and c) a gradual reduction in interest outgo. We value Mankind at 45x 12M forward earnings to arrive at a TP of INR2,990.
- Considering the moderation in overall industry growth in the prescription segment, Mankind has proactively recalibrated its efforts to outpace the industry and deliver sustainable growth going forward. Mankind may see an earnings decline. However, the scale-up in BSV operations, market share gains in Rx, utilization of multiple distribution channels for consumer health products, and lower financial leverage should put Mankind back on the growth path from FY27 onward. Maintain BUY.

#### Revenue and profitability miss estimates

- Sales grew 23.4% YoY to INR35.7b (est. INR35.6b). DF revenue (87% of sales) rose 19% YoY to INR31b. Rx (92% of DF sales) grew 17.5% YoY to INR28.5b, supported by improved base business growth and addition of BSV portfolio.
- Consumer business (8% of domestic sales) grew 15% YoY to INR2.5b.
- Exports (13% of sales) grew 81.1% YoY to INR4.7b, primarily due to consolidation of BSV supported by growth in base business.
- Gross margin contracted by 140bp to 70.5% due to increased raw material costs for the company.
- EBITDA margin contracted 130bp YoY to 24% owing to higher raw material costs, while opex remained stable YoY as % of sales.
- Accordingly, EBITDA grew 17% YoY to INR8.5b (our estimates of INR8.9b).
- PAT declined 24% YoY to INR4.3b (our est: INR4.6b).

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

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

### Highlights from the management commentary

- Mankind maintained its EBITDA margin guidance of 25-26% for FY26.
- It expects BSV YoY sales growth of 18-20% and EBITDA margin of 26-28% in FY26. YoY BSV sales were stable in 1QFY26.
- The company plans to invest INR1.5-2b in setting up a biologic facility at Baroda to scale up its BSV business.
- Mankind highlighted that organic growth would be 10% YoY for the quarter. This implies BSV sales of INR4b for the quarter.
- The company also noted that international base business grew in single digits in 1Q. Assuming it to be 8%, BSV exports would be INR1.9b for the quarter.
- Mankind expects to pay debt of INR20b in FY26. INR5b was paid in 1Q.

### Consolidated - Quarterly Earning Model

Y/E March	(INR m)											
	FY25				FY26E				FY25	FY26E	Est.	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Gross Sales</b>	<b>28,934</b>	<b>30,765</b>	<b>31,988</b>	<b>30,794</b>	<b>35,704</b>	<b>38,306</b>	<b>36,561</b>	<b>34,442</b>	<b>1,22,481</b>	<b>1,45,012</b>	<b>35,611</b>	<b>0.3</b>
YoY Change (%)	12.2	13.6	22.7	26.1	23.4	24.5	14.3	11.8	18.5	18.4	23.1	
<b>Total Expenditure</b>	<b>21,697</b>	<b>22,265</b>	<b>23,828</b>	<b>23,712</b>	<b>27,236</b>	<b>28,231</b>	<b>27,128</b>	<b>26,038</b>	<b>91,698</b>	<b>1,08,634</b>	<b>26,708</b>	
<b>EBITDA</b>	<b>7,238</b>	<b>8,500</b>	<b>8,160</b>	<b>7,082</b>	<b>8,468</b>	<b>10,074</b>	<b>9,433</b>	<b>8,404</b>	<b>30,783</b>	<b>36,378</b>	<b>8,903</b>	<b>-4.9</b>
YoY growth %	10.5	24.5	34.5	19.8	17.0	18.5	15.6	18.7	21.4	18.2	23.0	
Margins (%)	25.0	27.6	25.5	23.0	23.7	26.3	25.8	24.4	25.1	25.1	25.0	
Depreciation	1,077	1,056	1,872	2,309	2,187	2,313	2,208	2,080	6,212	8,788	2,148	
Interest	109	71	2,209	1,905	1,707	1,690	1,447	1,240	4,294	6,083	1,447	
Other Income	1,006	1,094	770	1,013	799	420	420	420	5,368	2,057	420	
<b>PBT before EO expense</b>	<b>7,057</b>	<b>8,468</b>	<b>4,849</b>	<b>3,881</b>	<b>5,373</b>	<b>6,491</b>	<b>6,198</b>	<b>5,503</b>	<b>25,645</b>	<b>23,565</b>	<b>5,727</b>	<b>-6.2</b>
Extra-Ord expense	420	0	0	-1,250	0	0	0	0	-830	0	0	
<b>PBT</b>	<b>6,637</b>	<b>8,468</b>	<b>4,849</b>	<b>5,131</b>	<b>5,373</b>	<b>6,491</b>	<b>6,198</b>	<b>5,503</b>	<b>26,475</b>	<b>23,565</b>	<b>5,727</b>	
Tax	1,246	1,904	1,105	864	958	1,233	1,196	1,095	5,097	4,483	1,060	
Rate (%)	18.8	22.5	22.8	16.8	17.8	19.0	19.3	19.9	19.3	19.0	18.5	
MI & P/L of Asso. Cos.	26.7	28.4	8.5	15.6	94.7	30.0	30.0	46.6	79.2	201.3	30.0	
<b>Reported PAT</b>	<b>5,365</b>	<b>6,535</b>	<b>3,736</b>	<b>4,251</b>	<b>4,320</b>	<b>5,227</b>	<b>4,971</b>	<b>4,362</b>	<b>21,298</b>	<b>18,880</b>	<b>4,638</b>	<b>-6.9</b>
<b>Adj PAT</b>	<b>5,706</b>	<b>6,535</b>	<b>3,736</b>	<b>3,212</b>	<b>4,320</b>	<b>5,227</b>	<b>4,971</b>	<b>4,362</b>	<b>20,635</b>	<b>18,880</b>	<b>4,638</b>	<b>-6.9</b>
YoY Change (%)	17.2	30.4	-17.7	-31.8	-24.3	-20.0	33.1	35.8	7.9	-8.5	-18.7	
Margins (%)	19.7	21.2	11.7	10.4	12.1	13.6	13.6	12.7	16.8	13.0	13.0	
<b>EPS</b>	<b>14.2</b>	<b>16.3</b>	<b>9.3</b>	<b>8.0</b>	<b>10.8</b>	<b>13.0</b>	<b>12.4</b>	<b>10.9</b>	<b>50.0</b>	<b>45.8</b>	<b>11.6</b>	



### Management call highlights

- Panacea portfolio sustained its growth momentum, with YoY growth of 25% in 1QFY26.
- The chronic segment of DF Rx business grew 14.5% YoY for the quarter, while acute grew at 5.6% YoY in 1QFY26.
- Mankind's modern trade and e-commerce share in the consumer health segment increased to 11% vs. 9% YoY.
- Mankind witnessed 49% YoY growth in Nobeglar (insulin glargine) for the quarter.
- Most of the strategic reset with respect to field force is done, and management expects productivity to improve going forward.
- Net debt at the end of 1QFY26 was INR52b.
- CFO:EBITDA was almost 99% for 1QFY26.
- Gastro-intestinal and pain segment underperformed the industry in the quarter.

## Segment-specific approach to fuel growth

### DF: Aims to lead with chronic focus and BSV synergies

- Mankind delivered 19% YoY growth in DF segment to INR31b in 1QFY26.
- Secondary sales grew 9.2% YoY vs. 8.6% growth in IPM.
- Market share increased from 4.8% in Mar'25 to 4.9% as of Jun'25 on account of outperformance to IPM.
- The chronic segment of DF Rx business grew 14.5% YoY for the quarter, while acute grew at 5.6% YoY in 1QFY26.
- Specifically, the chronic therapies of Mankind grew 1.4x IPM growth in the similar period.
- The company reported YoY growth of 3.6%/0.9%/2.8% in price/volume/new launches for the quarter ended Jun'25.
- Mankind delivered 1.5x and 1.6x outperformance to IPM in Cardiac and Anti-Diabetic, respectively, in 1QFY26.
- Mankind outperformed in Respiratory/anti-infectives therapies as well in 1QFY26.
- It underperformed IPM in gynae, GI, pain and urology therapies for the quarter.
- With integration of BSV portfolio completed, Mankind is focusing on expanding its reach and capacities to cater to increased demand.
- Overall, we expect Mankind to post an 11% sales CAGR in DF, reaching INR118b over FY25-27.

### Consumer Healthcare: Recalibrated approach delivering better growth

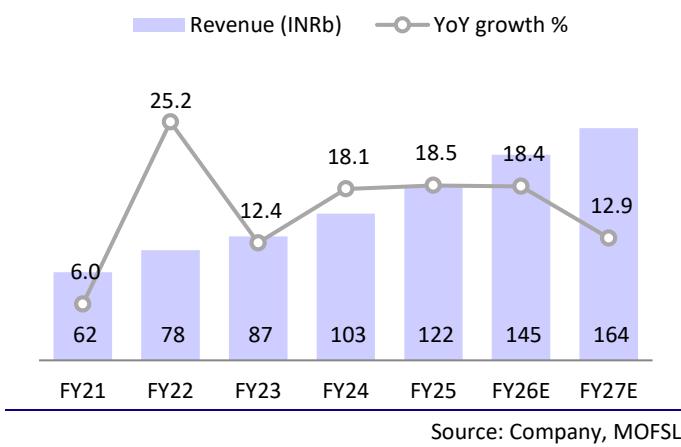
- Mankind sustained the momentum in the consumer healthcare segment with 15% YoY growth in 1QFY26 (similar to that in FY25).
- Corrective measures and increased traction in recent launches contributed to overall growth in this segment for the quarter.
- Specifically, Epic Thinx, Nimulid and ovanews have witnessed strong traction since launch in FY25.
- Even legacy brands like Gas-o-fast, Manforce Condom, HealthOK, and Preganews delivered 36%/18%/15%/12% YoY growth in 1QFY26.
- Further, the distribution channels are also expanded to cater to increased customer pool.
- We expect a 15% sales CAGR in consumer health segment to reach INR10.7b over FY25-27.

### Maintain BUY

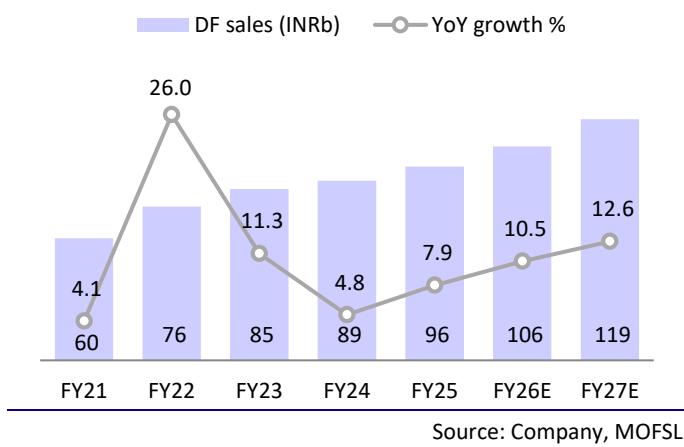
- We reduce our earnings estimates by 6% each for FY26/FY27, factoring in a) increased operational costs to improve chronic therapies franchise, b) promotional spending on new launches in consumer health segment, and c) a gradual reduction in interest outgo. We value Mankind at 45x 12M forward earnings to arrive at a price target of INR2,990.
- Considering the moderation in overall industry growth within the prescription segment, Mankind has proactively recalibrated its efforts to outpace industry and deliver sustainable growth going forward. Mankind may face an earnings decline in FY26. However, the scale-up in BSV operations, market share gain in Rx, utilization of multiple distribution channels for consumer health products, and lower financial leverage should put Mankind back on the growth path from FY27 onward. Maintain BUY.

## Story in charts

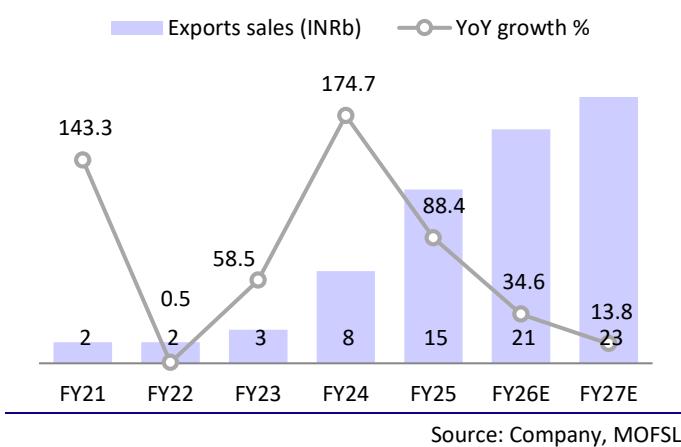
**Exhibit 1: Expect 16% sales CAGR over FY25-27**



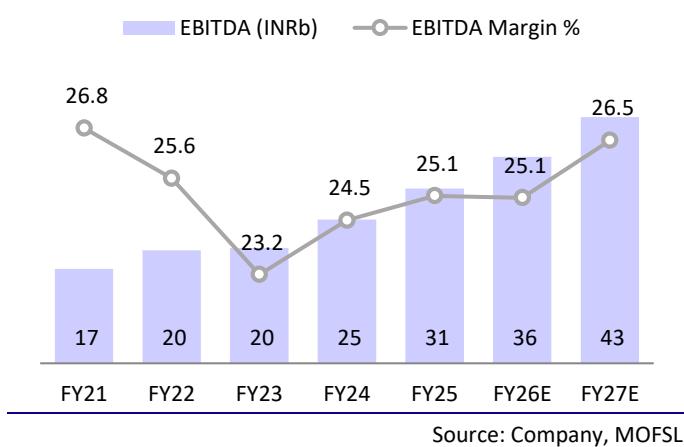
**Exhibit 2: Expect 11% CAGR in DF (Ex-BSV) sales over FY25-27**



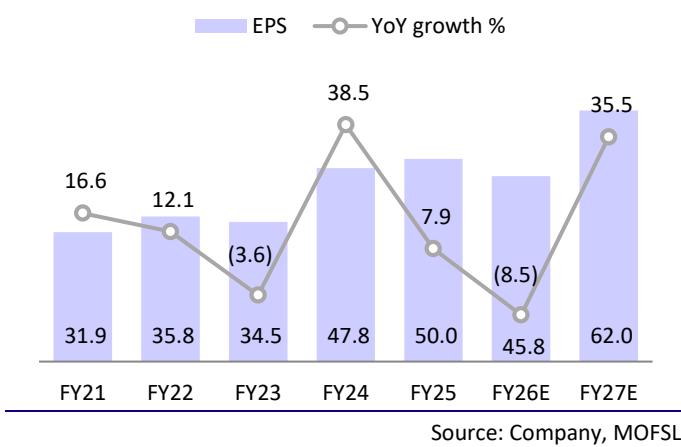
**Exhibit 3: Expect export (ex-BSV) sales CAGR of 10% over FY25-27**



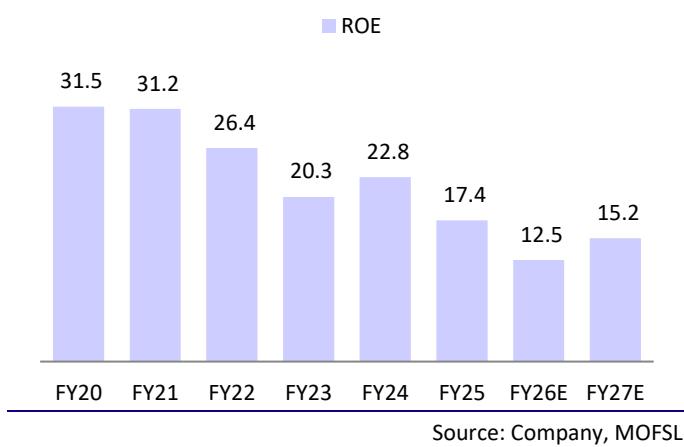
**Exhibit 4: EBITDA margin to expand to ~26.5% by FY27**



**Exhibit 5: Expect EPS CAGR of ~11% over FY25-27**



**Exhibit 6: Return ratios to revive in FY27**



## Financials and Valuations

Mankind Pharma - Income Statement							(INRm)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Total sales</b>	<b>62,144</b>	<b>77,816</b>	<b>87,490</b>	<b>1,03,348</b>	<b>1,22,480</b>	<b>1,45,012</b>	<b>1,63,777</b>
Change (%)	6.0	25.2	12.4	18.1	18.5	18.4	12.9
<b>Total Expenditure</b>	<b>45,486</b>	<b>57,922</b>	<b>67,201</b>	<b>77,997</b>	<b>91,698</b>	<b>1,08,634</b>	<b>1,20,376</b>
% of Sales	73.2	74.4	76.8	75.5	74.9	74.9	73.5
<b>Gross Profit</b>	<b>44,338</b>	<b>53,598</b>	<b>58,354</b>	<b>71,251</b>	<b>87,537</b>	<b>1,03,379</b>	<b>1,16,282</b>
<b>EBITDA</b>	<b>16,658</b>	<b>19,894</b>	<b>20,289</b>	<b>25,351</b>	<b>30,782</b>	<b>36,378</b>	<b>43,401</b>
Margin (%)	26.8	25.6	23.2	24.5	25.1	25.1	26.5
Depreciation	1,190	1,666	3,259	3,983	6,212	8,788	8,848
<b>EBIT</b>	<b>15,468</b>	<b>18,227</b>	<b>17,030</b>	<b>21,368</b>	<b>24,570</b>	<b>27,590</b>	<b>34,553</b>
Int. and Finance Charges	201	586	445	335	4,294	6,083	3,586
Other Income	1,709	1,960	1,286	2,809	5,368	2,057	1,912
<b>PBT bef. EO Exp.</b>	<b>16,976</b>	<b>19,602</b>	<b>17,871</b>	<b>23,842</b>	<b>25,644</b>	<b>23,565</b>	<b>32,879</b>
EO Items	-177	0	1,275	0	-830	0	0
<b>PBT after EO Exp.</b>	<b>16,799</b>	<b>19,602</b>	<b>16,597</b>	<b>23,842</b>	<b>26,474</b>	<b>23,565</b>	<b>32,879</b>
Total Tax	3,986	5,216	3,616	4,576	5,097	4,483	7,102
Tax Rate (%)	23.7	26.6	21.8	19.2	19.3	19.0	21.6
Minority Interest	159	50	162	137	79	201	201
<b>Reported PAT</b>	<b>12,654</b>	<b>14,335</b>	<b>12,819</b>	<b>19,129</b>	<b>21,297</b>	<b>18,880</b>	<b>25,575</b>
<b>Adjusted PAT</b>	<b>12,789</b>	<b>14,335</b>	<b>13,816</b>	<b>19,129</b>	<b>20,634</b>	<b>18,880</b>	<b>25,575</b>
Change (%)	16.6	12.1	-3.6	38.5	7.9	-8.5	35.5
Margin (%)	20.6	18.4	15.8	18.5	16.8	13.0	15.6

Balance sheet							(INRm)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	401	401	401	401	413	413	413
Other equity	46,819	61,152	73,952	93,230	1,42,911	1,57,556	1,77,323
<b>Net Worth</b>	<b>47,220</b>	<b>61,552</b>	<b>74,352</b>	<b>93,631</b>	<b>1,43,324</b>	<b>1,57,969</b>	<b>1,77,735</b>
Minority Interest	1,409	1,611	1,881	2,127	2,358	2,157	1,955
Total Loans	2,345	8,680	1,626	1,960	84,830	59,830	29,830
Deferred Tax Liabilities	-360	163	475	87	17,046	17,197	17,197
Other Non-Current Liabilities	856	1,031	1,557	2,050	2,512	2,975	3,359
<b>Capital Employed</b>	<b>51,471</b>	<b>73,038</b>	<b>79,892</b>	<b>99,855</b>	<b>2,50,071</b>	<b>2,40,127</b>	<b>2,30,077</b>
Gross Block	21,395	42,261	52,149	59,078	1,45,210	1,46,710	1,48,210
Less: Accum. Deprn.	5,011	6,638	9,897	13,879	20,091	28,880	37,727
<b>Net Fixed Assets</b>	<b>16,385</b>	<b>35,623</b>	<b>42,253</b>	<b>45,199</b>	<b>1,25,119</b>	<b>1,17,830</b>	<b>1,10,483</b>
Goodwill on Consolidation	204	204	200	200	64,926	64,926	64,926
Capital WIP	3,720	7,015	5,501	2,818	8,257	8,257	8,257
<b>Total Investments</b>	<b>15,175</b>	<b>11,149</b>	<b>14,619</b>	<b>26,027</b>	<b>22,423</b>	<b>22,423</b>	<b>22,423</b>
Other Non-Current Assets	1,748	1,770	1,759	1,483	2,818	3,336	3,767
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>26,005</b>	<b>35,324</b>	<b>32,491</b>	<b>43,101</b>	<b>52,974</b>	<b>55,947</b>	<b>57,479</b>
Inventory	11,835	17,602	14,985	15,535	20,937	25,824	29,166
Account Receivables	3,306	3,882	5,764	8,483	15,383	17,084	18,397
Cash and Bank Balance	7,007	4,059	4,532	11,980	5,545	9,435	5,846
Loans and Advances	3,856	9,780	7,210	7,104	11,109	3,603	4,070
<b>Curr. Liability &amp; Prov.</b>	<b>11,765</b>	<b>18,046</b>	<b>16,931</b>	<b>18,973</b>	<b>26,446</b>	<b>32,591</b>	<b>37,258</b>
Account Payables	6,670	10,764	10,082	11,030	11,334	14,700	17,051
Other Current Liabilities	2,754	4,638	2,999	2,819	6,922	8,196	9,256
Provisions	2,342	2,645	3,849	5,124	8,189	9,696	10,950
<b>Net Current Assets</b>	<b>14,239</b>	<b>17,277</b>	<b>15,560</b>	<b>24,128</b>	<b>26,529</b>	<b>23,355</b>	<b>20,221</b>
<b>Appl. of Funds</b>	<b>51,470</b>	<b>73,038</b>	<b>79,892</b>	<b>99,855</b>	<b>2,50,071</b>	<b>2,40,127</b>	<b>2,30,077</b>

## Financials and Valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>							
EPS	<b>31.9</b>	<b>35.8</b>	<b>34.5</b>	<b>47.8</b>	<b>46.6</b>	<b>45.8</b>	<b>62.0</b>
Cash EPS	34.9	39.9	42.6	57.7	61.9	67.1	83.4
BV/Share	117.9	153.7	185.6	233.7	347.4	382.9	430.8
DPS	0.0	0.0	0.0	9.6	9.6	9.2	12.4
Payout (%)	0.0	0.0	0.0	20.0	20.7	20.0	20.0
<b>Valuation (x)</b>							
P/E	80.9	72.2	74.9	54.1	55.4	56.5	41.7
Cash P/E	74.0	64.7	60.6	44.8	41.7	38.5	31.0
P/BV	21.9	16.8	13.9	11.1	7.4	6.7	6.0
EV/Sales	16.6	13.2	11.9	10.0	8.6	7.9	6.8
EV/EBITDA	62.0	51.8	51.2	40.7	34.1	31.5	25.7
Dividend Yield (%)	NA	NA	NA	0.4	0.4	0.4	0.5
FCF per share	20.6	-35.5	25.7	45.9	47.6	100.6	92.4
<b>Return Ratios (%)</b>							
RoE	31.2	26.4	20.3	22.8	16.2	12.5	15.2
RoCE	30.6	24.7	19.6	22.8	14.0	10.8	13.4
RoIC	48.9	35.0	25.1	24.8	12.1	9.3	11.7
<b>Working Capital Ratios</b>							
Asset Turnover (x)	1.2	1.1	1.1	1.0	0.5	0.6	0.7
Inventory (Days)	61	69	68	54	54	59	61
Debtor (Days)	19	18	24	30	46	43	41
Creditor (Days)	39	50	42	39	34	37	38
<b>Leverage Ratio (x)</b>							
Net Debt/Equity	-0.4	-0.1	-0.2	-0.4	0.4	0.2	0.0

### Cash Flow statement

(**INRm**)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	16,916	19,746	16,712	23,994	25,248	23,560	32,873
Depreciation	1,190	1,666	3,259	3,983	6,212	8,793	8,854
Interest & Finance Charges	201	321	445	330	4,040	6,083	3,586
Direct Taxes Paid	-4,541	-4,995	-3,231	-4,795	-5,668	-4,482	-7,100
(Inc)/Dec in WC	-946	-5,861	1,667	204	-1,464	7,008	-502
<b>CF from Operations</b>	<b>12,820</b>	<b>10,877</b>	<b>18,852</b>	<b>23,714</b>	<b>28,368</b>	<b>40,962</b>	<b>37,710</b>
Others	-1,448	-1,679	-719	-2,190	-4,234	2,057	1,912
<b>CF from Operating incl EO</b>	<b>11,372</b>	<b>9,198</b>	<b>18,133</b>	<b>21,524</b>	<b>24,134</b>	<b>43,019</b>	<b>39,622</b>
(Inc)/Dec in FA/IA	-3,116	-23,424	-7,830	-3,147	-4,488	-1,500	-1,500
<b>Free Cash Flow</b>	<b>8,257</b>	<b>-14,226</b>	<b>10,303</b>	<b>18,377</b>	<b>19,646</b>	<b>41,519</b>	<b>38,122</b>
(Pur)/Sale of Investments	-6,183	4,921	-1,892	-17,388	-5,471	0	0
Others	-2,924	4,811	-819	388	-1,16,277	-2,057	-1,912
<b>CF from Investments</b>	<b>-12,222</b>	<b>-13,691</b>	<b>-10,541</b>	<b>-20,147</b>	<b>-1,26,236</b>	<b>-3,557</b>	<b>-3,412</b>
Increase in equity capital					29,632	0	0
Inc/(Dec) in Debt	1,105	6,242	-6,978	315	73,782	-25,000	-30,000
Interest Paid	-171	-178	-419	-262	-981	-6,083	-3,586
Dividend paid					0	-4,436	-6,009
<b>CF from Fin. Activity</b>	<b>-78</b>	<b>6,046</b>	<b>-7,119</b>	<b>6,740</b>	<b>95,668</b>	<b>-35,569</b>	<b>-39,797</b>
<b>Inc/Dec of Cash</b>	<b>-928</b>	<b>1,553</b>	<b>472</b>	<b>8,118</b>	<b>-6,435</b>	<b>3,892</b>	<b>-3,587</b>
Opening Balance	2,197	1,273	4,059	4,532	11,980	5,545	9,437
<b>Closing Balance</b>	<b>1,270</b>	<b>2,826</b>	<b>4,532</b>	<b>12,650</b>	<b>5,545</b>	<b>9,437</b>	<b>5,851</b>
<b>Total Cash &amp; Cash Eq</b>	<b>7,007</b>	<b>4,059</b>	<b>4,532</b>	<b>11,980</b>	<b>5,545</b>	<b>9,437</b>	<b>5,851</b>

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UNDER REVIEW	Rating may undergo a change
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