

IPO NOTE

Issue Details

Price Band: ₹ 1,026 to ₹ 1,080

Issue Opens on: April 25, 2023

Issue Closes on: April 27, 2023

Lot Size: 13 Shares & in Multiples thereafter

Issue Highlights

Issue Size : ₹ 4,326.23 Cr.

No of Shares : 40,058,844

Face Value : ₹ 1

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	-
Offer for Sale	4,326.36
Total	4,326.36

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	2,163.18
HNI	15	648.95
Retail	35	1,514.23
Total	100	4,326.36

Listing

BSE & NSE

Lead Managers

- Kotak Mahindra Capital Company Ltd.
- Axis Capital Ltd.
- IIFL Securities Ltd.
- Jefferies India Private Ltd.
- J.P. Morgan India Private Ltd.

Registrar

KFin Technologies Limited

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COMPANY OVERVIEW

Mankind Pharma Limited **develops, manufactures, and markets pharmaceutical formulations across various acute and chronic therapeutic areas and several consumer healthcare products.**

Mankind is India's 4th largest pharmaceutical company in terms of Domestic Sales and 3rd largest in terms of sales volume for Moving Annual Total ("MAT") December 2022. Mankind has primarily grown organically and is the youngest company among the 5 largest pharmaceutical companies in India, in terms of Domestic Sales in 2022. Between the Financial Year 2020 and MAT December 2022, their market share in terms of Domestic Sales in the IPM increased from 4.1% to 4.3%, which represents the fastest growth among the 10 largest corporates in the IPM by Domestic Sales.

The business is active in a number of acute and chronic therapeutic fields, including anti-infectives, cardiovascular, gastrointestinal, anti-diabetic, neuro/CNS, vitamins/minerals/nutrients, and respiratory. They have created 36 brands in pharmaceutical business that have each achieved over Rs. 500.00 million in Domestic Sales for MAT December 2022. It is the category leaders in: (i) The male condom category, where its Manforce brand had Domestic Sales of approximately Rs. 4,616 million (representing a market share of approximately 29.6%), (ii) The pregnancy detection kit category, where its Prega News brand had Domestic Sales of approximately Rs.1,844 million (representing a market share of approximately 79.7%), and (iii) The emergency contraceptives category, where its Unwanted-72 brand had Domestic Sales of approximately Rs.1,083 million (representing a market share of approximately 61.7%), for MAT December 2022.

HIGHLIGHTS

1. Domestic focused business of scale with potential for growth
2. Several products in portfolio with top 10 rankings across key therapeutic areas
3. Established consumer healthcare franchise.
4. Leveraged the corporate brand to build and scale brands.
5. Pan-India market and distribution coverage with focus on affordability and accessibility.

OBJECTS OF THE ISSUE

1. To carry out the Offer for Sale of 40,058,844 Equity Shares by the Selling Shareholders and
 2. Achieve the benefits of listing the Equity Shares on the Stock Exchanges
- The Company will not receive any proceeds from the Offer.

OUR VIEW

Mankind Pharma has a diversified portfolio with strong market positions in key therapeutic areas, including antibiotics, gastrointestinal, and respiratory segments. It has successfully built and grown a consumer healthcare franchise with strong brand recognition, including brands like Manforce Condom, Prega News, and Gas-O-Fast.

The company has healthy financial position with robust financial performance metrics. Its topline and bottom-line has shown upward movement with CAGR growth of 15% and 17% (FY 2020-FY 2022) respectively. Its EBITDA margin and ROCE stood at 22.3% and 16.58% respectively at 9 months FY23. It has healthy balance sheet position and have been able to maintain a low debt position. Also its Debt to Equity ratio improved from 0.14x to 0.025x from FY22 to 9 months FY23. At upper price band of Rs.1,080, the issue is priced at P/BV of 6.054x at NAV of Rs.178.38 as at Dec. 31, 2022. If we annualize 9 month FY23 earnings, then the asking price is at P/E 32.57x. The industry average P/E is 40.16x.

The company shows potential in the expanding chronic market and intends to broaden its geographic reach to tier 1 cities as well. Its financial performance has been consistently stable with a notable reach of the Sales force. The margins have fluctuated over the past three fiscal years. The company is highly domestically focused. However, the company faces a significant competition from its market peers.

The company seems to be priced a little dearly. Weighing these favorable and unfavorable factors, investors may consider a cautious investment in this IPO.

Brief Financials

PARTICULARS	₹ in Million			
	As at Dec. 31, 2022	FY '22	FY '21	FY '20
Total Income	67,778.21	79,775.84	63,853.80	59,756.54
Total Expenditure	54,935.23	60,174.33	47,054.46	45,494.54
EBITDA	14,936.11	20,038.00	16,597.80	14,483.46
Profit before Tax	12,939.52	19,745.99	16,916.11	14,377.35
Profit after Tax	10,159.76	14,529.56	12,930.34	10,561.48
E.P.S.	24.87*	35.78	31.59	25.72
P/E (x)	-	30	-	-
RONW (%)	13.94*	23.29	26.80	29.56

PRICE CHART (@ ₹ 1,080) (Retail Category)

LOT SIZE	Amount
13	14,040
26	28,080
39	42,120
52	56,160
65	70,200
78	84,240
91	98,280
104	112,320
117	126,360
130	140,400
143	154,440
156	168,480
169	182,520
182	196,560

HNI Payment Chart

Category	Minimum Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs	923	996,840
Above ₹ 10 Lakhs	936	1,010,880

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	03/05/2023
Initiation of refunds/unblocking ASBA Fund	04/05/2023
Credit of Equity Shares to demat accounts of Allottees	05/05/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	08/05/2023

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