

APRIL 20, 2023

IPO Note

MANKIND PHARMA LTD**NOT RATED**

(Note: All the information in this note is taken from RHP)

(For private circulation only)

Offer Details

The price band is in the range of Rs. 1,026-1,080 per share. The total offer size is of Rs. 4,326 crore (at Rs. 1,080/share). It is an Offer for Sale (OFS).

Offer details

Particulars	Details
Price band (Rs/share)	1026-1080
Opening date of the Issue [^]	25th April, 2023
Closing date of the issue	27th April 2023
No. of shares pre-issue (nos. Cr)	40
Fresh Issue (nos. Cr)*	0.00
Offer for sale (nos. Cr)*	4.01
No. of shares post-issue (nos. Cr)*	40
Issue size (Rs Cr)*	4326
Face Value (Rs/ share)	1
Bid Lot	13 equity shares and in multiple of 13 thereafter
Book Building	
QIBs (Including Anchor)	50%
Non-Institutional	15%
Retail	35%
Lead managers	Kotak Mahindra Capital Company Limited / Axis Capital Limited/ IIFL Securities Limited/ Jefferies India Private Limited/ J.P. Morgan India Private Limited.
Registrar to the issue	Kfin Technologies Private Ltd

Source: Company's RHP, * Based on upper price band

Shareholding pattern

Particulars	Pre-Issue	Post-Issue*
Promoter & Promoter Group holding (%)	79.0%	76.5%
Public holding (%)	21.0%	23.5%
Total (%)	100.0%	100.0%

Source: Company's RHP, *Based on upper price band

Selling Shareholder:

Offer for Sale by:	Upto 40,058,844 Equity Shares
The Promoter Selling Shareholders	
Rajesh Juneja	Upto 3,705,443 Equity Shares
Rajeev Juneja	Upto 3,505,149 Equity Shares
Sheetal Arora	Upto 2,804,119 Equity Shares
The Investor Selling Shareholders	
Cairnhill CIPEF	Upto 17,405,559 Equity Shares
Cairnhill CGPE	Upto 2,623,863 Equity Shares
Beige Ltd	Upto 9,964,711 Equity Shares
Link Investment Trust	Upto 50,000 Equity Shares

Source: Company RHP

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Industry Overview

Global pharmaceuticals market: Key growth drivers

- Increase in ageing population
- Growing prevalence of chronic diseases
- Strong growth of global generic market
- Expansion of health insurance coverage

Global pharmaceuticals market: key risks to growth

Developed Markets

COVID-19 pandemic impact: Continuing circulation of virus and subsequent waves of infection may potentially cause disruptions in supply chain across most of the developed markets.

Prescription controls: Further measures are expected to be implemented for controlling drug expenditure costs due to budgetary constraints caused by the pandemic.

Pricing pressure: In developed markets, to increase access to affordable drugs the governments are increasingly subjecting pharma players to heavy price competitions by enabling multiple entrants into the generics market.

Pharmerging Markets

COVID-19 pandemic impact: The pandemic had a major impact on healthcare where it led to slowdown or contraction in pharmaceutical sales growth in several pharmerging markets in CY20.

Pricing pressures: Pharmaceutical prices for certain drugs could witness pricing pressure as countries seek to expand patient access to affordable drugs while keeping budgets under control.

Market segmentation – by Region

The global pharma market is dominated by the US, followed by EU5 (EU5 comprises of 5 countries namely France, Germany, Italy, Spain, and the UK). India constitutes only 1.69% of the market.

Global Pharmaceuticals Market – By Region (US\$ billion)



Source: MIDAS Quarterly Sales Data MAT December 2022, IQVIA Market Prognosis Global - May 2022 (FY22-27 analysis recalculated based on MAT March 2022 figures)
 Note: Regional contribution to global pharma market in % for Financial Year 2017 to MAT December 2022

Source: Company RHP

Global Pharma Market – Market share by Region (%)

Region	FY17	FY18	FY19	FY20	FY21	FY22	MAT Dec'22	FY27F	CAGR FY17-FY22	CAGR FY22-27F
USA	44.73%	43.40%	44.81%	44.87%	45.19%	45.11%	47.44%	44-45%	5.90%	3.5-4%
EU5	15.13%	15.17%	15.12%	14.87%	15.26%	15.45%	14.51%	14-15%	6.16%	4-5%
India	1.29%	1.61%	1.63%	1.69%	1.63%	1.74%	1.69%	2-3%	12.25%	10-11%
RoW	38.84%	39.82%	38.43%	38.57%	37.92%	37.69%	36.36%	38-39%	5.08%	5-6%

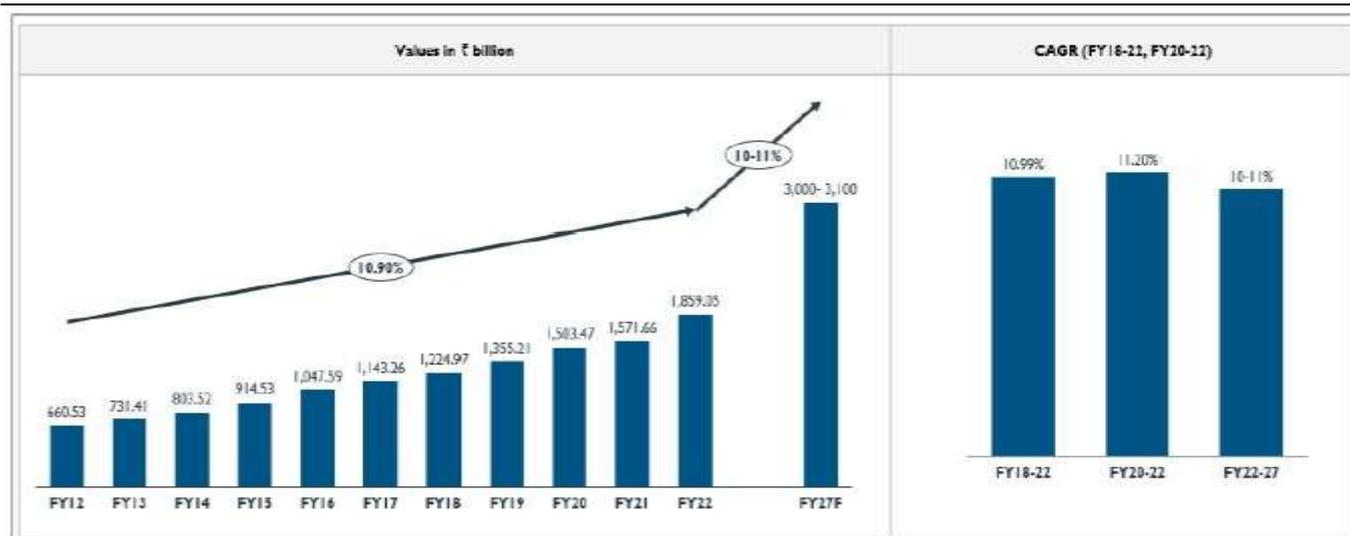
Source: IQVIA MIDAS Quarterly Sales Data MAT December 2022, IQVIA Market Prognosis Global - May 2022 (FY22-27 analysis recalculated based on MAT March 2022 figures); Company RHP

Overview of Indian Pharmaceutical Market

The size of Indian Pharmaceutical Market (IPM) has increased approximately 10.9% CAGR over FY12-22. The IPM is forecast to grow at a CAGR of 10-11% to reach Rs 3,000 – 3,100 billion by FY27.

Companies in the IPM benefit from defensiveness against recession in a high growth potential market while international markets are typically characterized by headwinds such as regulatory pressures, higher R&D spends and geopolitical tensions.

Overall market size and estimated growth rate



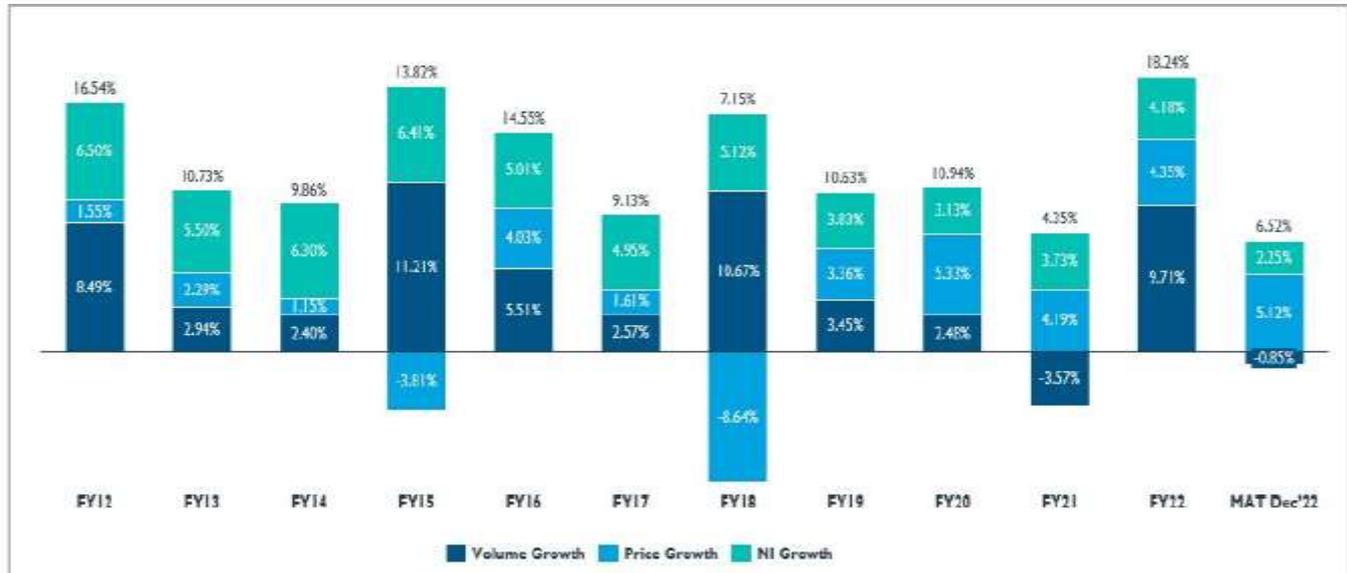
Source: IQVIA TSA MAT Mar'14, IQVIA TSA MAT Mar'17, IQVIA TSA MAT Mar'20, IQVIA TSA MAT Mar'22, IQVIA TSA MAT Dec'22, IQVIA Market Prognosis - September 2021, IQVIA Analysis

Source: Company RHP

IPM growth drivers

The key factors affecting the growth of the IPM are evaluated through Volume, Price, and New Introductions (NI). A tabulation of the relative contribution of each of these factors is set out below:

IPM Growth Drivers (%)



Source: IQVIA TSA MAT Mar'14, IQVIA TSA MAT Mar'17, IQVIA TSA MAT Mar'20, IQVIA TSA MAT Mar'22, IQVIA TSA MAT Dec'22, IQVIA Analysis

Note: YoY growth of IPM split into growth drivers like volume, price, and new launches for MAT Mar'12 to MAT Mar'22 and MAT Dec'22

Source: Company RHP

Key growth drivers for the market

- **Rising income levels:** Per capita income of India increased approximately 4.07% CAGR FY13-21. As a result, people across income levels seek high quality healthcare services.
- **Government initiatives:** Various schemes have been announced by the Indian government including Ayushman Bharat and the National Commission for Allied, and Healthcare Professions Bill 2021. In addition, the government has also launched programs to develop manufacturing infrastructure.
- **Increasing life expectancy:** As per the UN, the current life expectancy for India in CY22 is estimated at 70.2 years. Life expectancy for India is expected to reach 74.9 years in CY50.
- **Growth in lifestyle diseases:** Chronic segment in IPM has grown at a relatively faster rate of 11.97% CAGR compared to the overall IPM over FY18 - MAT Dec 22.
- **Growth in partnerships and co-marketing agreements:** Between Indian and foreign companies are expected to increase over the next 5 years, reflecting benefits for both originator and local partners.
- **Increase in health insurance coverage:** The Indian government's Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) health insurance scheme, will drive healthcare access for patients and improve health outcomes over the forecast period.

Drug price control regulations (National List of Essential Medicines)

- In India, NLEM was developed in concordance with the standard treatment guidelines, to take into account (a) priority healthcare needs of majority of the population, (b) to address the disease burden of the nation and (c) increase access to the commonly used medicines at primary, secondary and tertiary healthcare levels.
- The National Pharmaceutical Pricing Authority has been tasked with periodic review and revision of the ceiling prices of the pharmaceutical products covered under the NLEM.
- The pricing of pharmaceutical products that are not covered in the NLEM, is determined by the respective pharmaceutical companies, based on several factors.

A tabulation of the contribution of NLEM products in IPM sales over Financial Year 2018-MAT December 2022 is set out below:

IPM – Average NLEM contribution in IPM sales (Financial Year 2018-22)



Source: IQVIA TSA MAT Mar'20, IQVIA TSA MAT Mar'22, IQVIA TSA MAT Dec' 2022, IQVIA Analysis

Source: Company RHP

Key measures taken by the government for the healthcare sector

- **Ayushman Bharat Program:** In 2018, the government announced the Ayushman Bharat program, designed to deliver on NHP goals.
- **Production-Linked Incentive (PLI) Schemes:** Department of Pharmaceuticals (DoP) had announced the first PLI scheme in July 2020 with incentives worth Rs 6940 cr to boost domestic manufacturing and to reduce India's import dependence in critical APIs.
- **Subsidized Medicine Schemes:** The pandemic has led to an increased demand for low-cost generics dispensed by Indian government run Jan Aushadhi outlets.

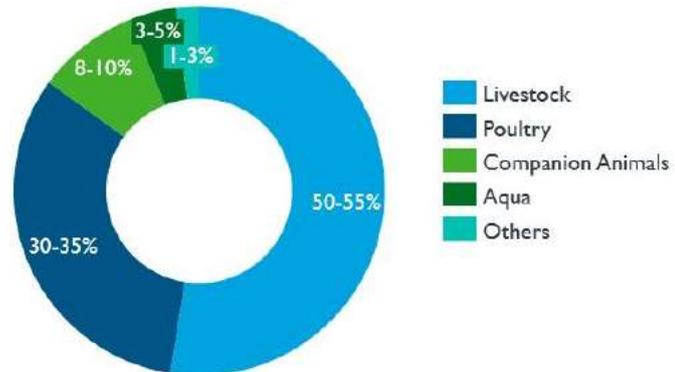
Overview of the Indian Consumer Healthcare Market

The consumer healthcare market in India primarily comprises categories such as (a) vitamins and dietary supplements, (b) OTC products across varied therapy areas (anti-tussive, antacids / gastroenterology, dermatology, etc.), (c) condoms and other contraceptive products, and (d) herbal/ traditional products. The consumer healthcare segment has witnessed and is expected to continue to witness value-growth in the range of 10%-11%.

Overview of the Indian Animal Health Market

The Indian animal healthcare market was estimated at Rs 7000 crore in FY22 and is expected to grow at 8-10% over the next 2-3 years. The share of species within the animal health market is set out in the chart below:

Animal health market in India by species (%)



Source: Indian Federation of Animal Health Companies; Company RHP

Company Background

Mankind Pharma is engaged in developing, manufacturing and marketing a diverse range of pharmaceutical formulations across various acute and chronic therapeutic areas, as well as several consumer healthcare products. They are India's fourth largest pharmaceutical company in terms of Domestic Sales and third largest in terms of sales volume for MAT December 2022.

They operate at the intersection of the Indian pharmaceutical formulations and consumer healthcare sectors with the aim of providing quality products at affordable prices, and have an established track record of building and scaling brands in-house. They have created 36 brands in the pharmaceutical business. They are present in several acute and chronic therapeutic areas in India, including anti-infectives, cardiovascular, gastrointestinal, anti-diabetic, neuro/CNS, vitamins/minerals/nutrients and respiratory. It has over 36 brands, including Manforce (Rx), Moxikind-CV, Amlokind-AT, Unwanted-Kit, Candiforce, Gudcef, Glimestar-M, Prega News, Dydroboon, Codistar, Nurokind-Gold, Nurokind Plus-RF, Nurokind-LC, Asthakind-DX, Cefakind, Monticope, Telmikind-H, Telmikind, Gudcef-CV, and Unwanted-72, among them.

Mankind entered the consumer healthcare industry in 2007 and have since established several differentiated brands in the condoms, pregnancy detection, emergency contraceptives, antacid powders, vitamin and mineral supplements and anti-acne preparations categories. Their Total Covered Market for their consumer healthcare business amounted to Rs 20,682 crore in 2022. They are the category leaders in:

- The male condom category, where their Manforce brand had Domestic Sales of approximately Rs 461.6 crore (representing a market share of approximately 29.6%),
- The pregnancy detection kit category, where their Prega News brand had Domestic Sales of approximately Rs 184.4 crore (representing a market share of approximately 79.7%)
- The emergency contraceptives category, where the Unwanted-72 brand had Domestic Sales of approximately Rs 108.3 crore (representing a market share of approximately 61.7%), for MAT December 2022.

They operate 25 manufacturing facilities across India and had 4,121 manufacturing personnel as of December 31, 2022. The formulations manufacturing facilities have a total installed capacity of 42.05 billion units per annum across a wide range of dosage forms including tablets, capsules, syrups, vials, ampoules, blow fill seal, soft and hard gels, eye drops, creams, contraceptives and other over-the-counter products, as of December 31, 2022.

Domestic Business:

Products and Brands:

The following table sets forth Domestic Sales of its 20 largest brand families for MAT Dec 2022

Brand families	Domestic Sales (Rs in cr)	"As a percentage of total Domestic Sales"
Nurokind	515	6.10%
Telmikind	436	5.20%
Manforce Rx	395	4.70%
Unwanted	333	4.00%
Moxikind	312	3.70%
Gudcef	290	3.50%
Glimestar	249	3.00%
Amlokind	249	3.00%
Asthakind	209	2.50%
Dydroboon	205	2.40%
Prega News	184	2.20%
Candiforce	173	2.10%
Codistar	167	2.00%
Mahacef	150	1.80%
Cefakind	145	1.70%
Zenflox	136	1.60%
Monticope	123	1.50%
Vomikind	106	1.30%
Caldikind	104	1.20%
Dynaglipt	100	1.20%
Total	4,581	54.60%

Source: IQVIA Dataset, IQVIA TSA MAT December 2022 Dataset for India (For FY20-MAT Dec 22); Company RHP

Consumer Healthcare Business

They launched their consumer healthcare business in 2007, and have expanded the business to cover various categories including condoms, pregnancy detection, emergency contraceptives, antacid powders, vitamin and mineral supplements and anti-acne preparations. The following sets forth certain information on their key consumer healthcare brands:

- **Manforce:** They launched Manforce in 2007. Under the Manforce brand, they sell a range of condoms.
- **Prega News:** They launched Prega News in 2010. Prega News is an easy-to-use home pregnancy detection kit that seeks to detect pregnancy with the use of urine samples.
- **Unwanted-72:** They launched Unwanted-72 in 2007. Unwanted-72 is used as an emergency contraceptive tablet to prevent unwanted pregnancy in cases of unprotected sex or contraceptive failure.
- **Gas-O-Fast.** They launched Gas-O-Fast in 2012. It is an ayurvedic, multi-flavor, oral antacid powder used to relieve symptoms of acidity, heartburn and indigestion.
- **Health OK.** They launched Health OK in 2021. Health OK is a multi-vitamin tablet that helps improve energy levels and boosts overall health and immunity.

- **AcneStar.** They launched AcneStar in 2016. AcneStar is an anti-inflammatory and anti-bacterial gel which contains clindamycin and nicotinamide and is used for the treatment of acne.

In addition to the above consumer healthcare products, they also offer antifungal powders, laxative granules and artificial sweeteners.

International Business

The company began their international operations in 2011. Their products are sold in 21 countries, including in regulated and semi-regulated emerging markets such as the United States, Latin America, Southeast Asia, Africa, the Middle East and the Commonwealth of Independent States.

The company employ a calibrated and differentiated approach to entering and deepening their presence in each of their markets so as to address the unique characteristics of each market, such as, its regulatory landscape, market size, competitive landscape and scope for their products. They offer their products in their overseas markets either through their Subsidiaries or through distribution and supply arrangements:

- **Overseas subsidiaries:** The company currently have 4 overseas subsidiaries including in the United States, Nepal, the UAE and Singapore, as well as 1 branch office in Myanmar.
- **Distribution arrangements:** In countries where the company do not have a direct presence, they have entered long term supply agreements with certain distributors for marketing and distributing their products.
- **Supply arrangements:** The company enters into supply agreements with counterparties that have the facilities and personnel to promote, sell and distribute their pharmaceutical products in certain overseas markets.

Management Background

Name	Designation	Background
Ramesh Juneja	Chairman and a Whole-Time Director	He is a founder and Promoter of the company. He has been associated with the company since its incorporation as a Director and Promoter. He does not hold any formal educational qualifications. He has experience of over 31 years in the pharmaceutical industry.
Rajeev Juneja	Vice-Chairman and Managing Director	He is also a Promoter of the company and has been associated with the company since December 22, 1992. He does not hold any formal educational qualifications. He has experience of over 29 years in the pharmaceutical industry.
Sheetal Arora	Chief Executive Officer and a Whole-Time Director	He is also a Promoter of the company and has been associated with the company since September 21, 2007. He holds a bachelor's degree in commerce from the Srikrishnadevaraya University, Anantapur. He has experience of over 14 years in the pharmaceutical industry.
Satish Kumar Sharma	Whole-Time Director	He has been associated with the company since September 23, 2016. He holds a bachelor's degree in pharmacy from Gulbarga University, Karnataka. He was previously associated with T.C. Health Care Private Limited as senior officer – validation, Nicholas Piramal India Limited as assistant manager – production and Wockhardt Limited as a supervisor.

Source: Company RHP

Strengths

Domestic focused business of scale with potential for growth

Mankind Pharma is among the largest domestic formulations businesses in India. For MAT December 2022, they were the most prescribed pharmaceutical company in the IPM (Source: IQVIA Dataset, IQVIA TSA MAT December 2022 Dataset for India (For FY20-MAT Dec 22)). In India, they have historically been present through the product portfolio in acute therapeutic areas and have gradually focused on chronic therapeutic areas.

Domestic Sales growing at 1.3 times the growth rate of the IPM between the FY20 - MAT Dec 2022

Between the Financial Year 2020 and MAT December 2022, their Domestic Sales grew at a CAGR of approximately 12%. (Source: IQVIA Dataset, IQVIA TSA MAT December 2022 Dataset for India (For FY20-22)). They have outperformed the growth rate of the IPM in five out of 10 of their key therapeutic areas. The following table sets forth the CAGR between the Financial Year 2020 and MAT December 2022, in terms of Domestic Sales, by therapeutic areas as compared to the IPM:

	IPM growth rate	Mankind growth rate
Anti-infectives	7%	9%
Cardiovascular	11%	16%
Gastrointestinal	12%	11%
Anti-diabetic	8%	16%
Vitamins/minerals/nutrients	10%	9%
Respiratory	11%	15%
Pain/analgesics	10%	5%
Dermatology	7%	2%
Neuro/CNS	11%	10%
Gynaecology	11%	31%
Others	10%	14%
Total	10%	12%

Source: IQVIA Report; IQVIA Dataset, IQVIA TSA MAT December 2022 Dataset for India (For FY20-22); Company RHP

Several products in portfolio with top 10 rankings across key therapeutic areas

The following table sets forth a breakdown of domestic Sales, market share and market ranking by their key therapeutic areas for MAT December 2022:

	Domestic Sales (Rs in Cr)	As a percentage of total Domestic Sales	Market share	Market ranking in Covered Markets
Anti-infectives	1,214	14%	5.50%	5
Cardiovascular	1,061	13%	4.50%	4
Gastrointestinal	920	11%	4.50%	6
Vitamins/minerals/nutrients	731	9%	4.70%	2
Respiratory	776	9%	4.70%	3
Anti-diabetic	693	8%	3.90%	3
Dermatology	538	6%	4.00%	3
Gynaecology	657	8%	6.60%	2
Pain/analgesics	432	5%	2.80%	8
Neuro/CNS	230	3%	2.00%	5

Source: IQVIA Dataset, IQVIA TSA MAT December 2022 Dataset for India (For FY20-22); Company RHP

Established consumer healthcare franchise with brand recall

They operate at the intersection of the Indian pharmaceutical formulations and consumer healthcare sectors. The company entered the consumer healthcare industry in 2007 and have since established several differentiated brands in the condoms, pregnancy detection, emergency contraceptives, antacid powders, vitamin and mineral supplements and anti-acne preparations categories. They are the category leaders in (i) the male condom category, (ii) the pregnancy detection kit category, and (iii) the emergency contraceptives category, (Source: IQVIA Dataset, IQVIA MAT January 2023 OTC Audits for India (For Condoms, Acne Preparations, Antacids); IQVIA TSA MAT December 2022 Dataset for India (For VMS, Pregnancy Tests, Emergency Contraceptives)).

Leveraged their corporate brand to build and scale brands

The company's efforts to establish "Mankind" as a well-recognized brand in India has helped them to build and scale brands in the IPM. They had 10 brand families, 19 brand families and 36 brand families. The following table sets forth the details relating to the Domestic Sales, growth rate, market share and ranking of their highest selling pharmaceutical brands:

Brand	Domestic Sales For MAT Dec 2022 (Rs in Cr)	CAGR for the financial year 2020 to MAT Dec 2022	Market share for MAT Dec 2022	Ranking for MAT Dec 2022
Manforce (Rx)	386	18%	48.10%	1
Moxikind-CV	312	10%	8.90%	3
Dydroboon	205	177%	22.30%	2
Unwanted-kit	205	19%	48.60%	1
PregaNews	184	24%	79.70%	1
Amlokind-AT	182	10%	29.00%	1
Candiforce	173	1%	18.20%	1
Gudcef	168	14%	13.70%	2
Glimestar-M	159	13%	5.10%	6
Codistar	141	34%	25.20%	2
Nurokind-Gold	130	14%	6.20%	1
Nurokind-LC	126	13%	50.20%	1
Nurokind plus-RF	116	7%	14.20%	2
Telmikind-H	111	12%	14.20%	2
Cefakind	110	17%	12.40%	2
Telmikind	109	14%	10.10%	2
Unwanted-72	108	19%	61.70%	1
Vomikind	106	16%	21.30%	3
Monticope	106	16%	7.30%	3
Telmikind-AM	105	27%	11.60%	2

Source: IQVIA Dataset, IQVIA TSA MAT December 2022 Dataset for India (For FY20-MAT Dec 22); Company RHP

The following sets forth certain details of some of their largest brands:

- **Manforce Condoms:** They sell a range of condoms under their “Manforce” brand, which was launched in 2007. They have positioned Manforce as a socially responsible brand seeking to improve sexual wellness and make sexual experiences safe and pleasurable.
- **Prega News:** They launched Prega News in 2010. Prega News is an easy-to-use home pregnancy detection kit that seeks to detect pregnancy with the use of urine samples.
- **Gas-O-Fast:** They launched Gas-O-Fast in 2012. Gas-O-Fast is an ayurvedic, multi-flavor, oral antacid powder that seeks to relieve symptoms of acidity, heartburn and indigestion.
- **Nurokind:** They launched Nurokind in 2004. Nurokind is a neuroprotector containing methyl cobalamin combinations.
- **Telmikind:** They launched Telmikind in 2006. Telmikind contains telmisartan combinations, which are used to treat hypertension.
- **Dydroboon:** They launched Dydroboon in 2019. Dydroboon contains Dydrogesterone, a synthetic hormonal API used to treat female infertility.

They leverage their brand and leadership positions in their key therapeutic areas to launch related products, thereby capturing a wider molecule coverage. They have benefitted from synergies in brand awareness as well as marketing and distribution and optimized the use of resources that would otherwise be required in the launch of entirely new products.

Pan-India market and distribution coverage with focus on affordability and accessibility

They have pan-India marketing and distribution presence, and had one of the largest distribution networks in the IPM with 11,691 medical representatives and 3,561 field managers, as of December 31, 2022, and over 80% of doctors in India prescribed their formulations during MAT December 2022 (Source: IQVIA Dataset, IQVIA Medical Audit MAT Dec 2022 for MAT Mar'20-22 and MAT Dec'22).

25 manufacturing, four R&D facilities with capabilities across key therapeutic areas:

Their in-house manufacturing and R&D capabilities have contributed towards their track record of product innovation and launches and assisted them with maintaining consistent product quality.

Manufacturing

They operate 25 manufacturing facilities across India, in the states of Himachal Pradesh, Sikkim, Rajasthan, Andhra Pradesh, Maharashtra and Uttarakhand, and had 4,121 manufacturing personnel as of December 31, 2022. Their formulations manufacturing facilities have a total installed capacity of 42.05 billion units per annum across a wide range of dosage forms. Some of their manufacturing facilities are also supported by their own packing material sites.

Research and Development

The company has a dedicated in-house R&D center with four units located in IMT Manesar, Gurugram, Haryana and Thane, Maharashtra. One unit of this R&D center is recognized by the DSIR, and one unit is in compliance with WHO GMP and has been inspected by the USFDA.

Strategies

Increase Covered Market presence including in chronic therapeutic areas

The company intends to continue to increase their Covered Market presence and strengthen their position in the IPM. They aim to increase their market share by expanding the product portfolio to increase sales, with a focus on chronic therapeutic areas. The company plans to grow their market share in the following therapeutic areas: (i) anti-diabetic, (ii) cardiovascular, (iii) neuro/CNS (iv) respiratory, (vi) ophthalmology, (vii) gynaecology. They also plan to enter into new therapeutic areas such as urology and nephrology in the future.

They intend to strategically acquire brands and companies across key markets as well as explore in-licensing and co-development opportunities with other companies to diversify their therapeutic portfolio.

Focus on increasing penetration in metro and Class I cities

They are committed to increasing their penetration in metro and Class I cities. While they already have a substantial share of Domestic Sales in Class II-IV cities and rural markets compared to the IPM, they aim to explore the potential to further grow their presence in metro and Class I cities.

Focus on building alternative channels for growth

Their established distribution network relies primarily on traditional trade channels for pharmaceuticals, i.e., distribution by stockists. Going forward, they will expand their focus on building their market share through alternative channels for growth, including through e-commerce and modern trade channels. New channels such as e-pharmacies emerged during the COVID-19 pandemic (Source: IQVIA Report).

Grow their consumer healthcare business

They plan to grow consumer healthcare business through expanding the distribution channel and increasing the market share of the existing brands. They plan to expand their distribution reach through grocers and neighborhood small (kirana) stores. In particular, they plan to further expand market share of their key consumer healthcare brands, including Manforce, Prega News and Gas-O-Fast, by increasing the retail presence of these brands. They also plan to launch a new pre-conception and pre-natal care range as brand extensions under existing Prega News brand.

Further, on November 9, 2022, they completed a cash acquisition for a majority stake in Upakarma Ayurveda Pvt Ltd. They expect this acquisition to provide them with a direct to customer channel in the ayurvedic medicine category.

Continue to develop and invest in digital platforms to enhance doctor engagement

They have developed digital platforms to improve doctor engagement. For instance, their in-house developed DrOnA Health service is a dedicated virtual-consultation platform that enables doctors to easily consult and interact with their patients across various channels, including in-clinic and virtually. They also recently launched Docflix, an over-the-top platform. Other digital platforms developed by them include Mankind Connect, which is their knowledge dissemination channel for healthcare providers, and Prana, a virtual patient assist chatbot that provides real time information to patients on lifestyle diseases.

Financials

Restated Consolidated Statement of Assets and Liabilities (in Rs Crore)

Y/E March	Dec-22	Dec-21	Mar-22	Mar-21	Mar-20
ASSETS					
Non-current assets					
Property, plant and equipment	1984.7	1561.4	1652.4	1565.7	1498.8
Capital work-in-progress	821.3	650.8	669.9	371.6	313.3
Investment properties	5.4	5.5	5.4	5.5	5.6
Goodwill	20.0	20.4	20.4	20.4	20.4
Other Intangible assets	1739.2	7.9	1842.6	18.4	22.3
Intangible assets under development	49.7	23.1	31.6	0.3	3.7
Right-of-use assets	115.4	67.9	67.4	54.4	52.5
Investment in associates and jvs	183.0	157.2	167.7	165.8	164.4
Financial assets					
(i) Investments	89.3	40.3	67.3	40.0	0.0
(ii) Loans	0.0	0.0	0.0	0.1	0.1
(iii) Other financial assets	83.1	26.8	22.9	22.4	30.9
Income tax assets (net)	94.8	56.1	79.8	55.6	54.5
Deferred tax assets (net)	31.3	51.4	39.3	49.0	47.9
Other non-current assets	87.6	69.4	74.2	96.7	36.6
Total non-current assets	5304.9	2738.2	4740.9	2466.0	2251.1
Current assets					
Inventories	1448.0	1418.4	1760.2	1183.5	899.1
Financial assets					
(i) Investments	709.6	2361.5	874.5	1306.2	665.0
(ii) Trade receivables	648.0	487.3	388.2	330.6	531.1
(iii) Cash and cash equivalents	362.5	274.3	302.5	167.2	226.1
(iv) Bank balances other than (iii) above	92.6	202.5	103.4	533.6	193.8
(v) Loans	1.5	35.3	1.2	18.4	34.5
(vi) Other financial assets	33.8	11.7	13.9	10.3	4.8
Other current assets	670.1	511.4	959.9	354.1	265.1
Assets held for sale	2.8	3.5	3.0	2.7	2.7
Total current assets	3968.9	5305.7	4406.8	3906.6	2822.2
Total assets	9273.8	8043.9	9147.7	6372.6	5073.3
Equity share capital					
	40.1	40.1	40.1	40.1	40.1
Other equity	7105.8	5925.4	5925.4	4681.9	3445.3
Non-controlling interest	179.7	158.3	158.3	140.9	186.3
Total Equity	7325.6	6123.7	6123.7	4862.9	3671.6
Liabilities					
Non-current liabilities					
Financial liabilities					
(i) Borrowings	30.7	53.5	49.2	57.7	50.3
(ii) Lease liabilities	5.9	3.4	3.0	4.5	2.8
(iii) Other financial liabilities	-	-	-	1.0	1.0
Provisions	98.9	80.0	80.0	72.2	63.0
Deferred tax liabilities (net)	82.2	12.2	55.6	13.0	8.2
Other non-current liabilities	26.7	13.2	20.2	7.9	17.8
Total non-current liabilities	244.4	162.4	208.0	156.3	143.1
Current liabilities					
Financial liabilities					
(i) Borrowings	137.2	215.2	818.8	176.9	76.6
(ii) Lease liabilities	2.5	2.2	2.1	1.6	1.1
(iii) Trade payables	62.9	87.9	114.5	102.7	81.0
(a) total outstanding dues of MSME	839.2	773.3	961.9	564.3	664.1
(b) total outstanding dues of creditors other than MSME	226.8	153.1	221.5	162.6	93.6
Provisions	285.3	249.8	264.5	234.2	215.7
Current tax liabilities (net)	31.0	56.3	15.1	11.1	65.6
Other current liabilities	119.0	219.9	225.1	100.0	60.8
Total current liabilities	1703.8	1757.8	2623.5	1353.4	1258.6
Total liabilities	1948.2	1920.1	2831.4	1509.7	1401.7
Total equity and liabilities	9273.8	8043.9	9147.7	6372.6	5073.3

Source: Company's RHP

Restated Consolidated Statement of Profit and Loss (in Rs Crore)

Y/E March	Dec-22	Dec-21	Mar-22	Mar-21	Mar-20
I. Income					
Revenue from operations	6696.8	6055.8	7781.6	6214.4	5865.2
Other income	81.1	162.5	196.0	170.9	110.4
Total income (I)	6777.8	6218.3	7977.6	6385.4	5975.7
II. Expenses					
Cost of raw materials	1351.6	1454.2	2057.6	1373.2	1297.3
Purchases of stock-in-trade	611.0	568.6	813.8	654.8	591.2
Changes in inventories	277.4	-160.4	-449.6	-247.4	-10.5
Employee benefits expense	1422.6	1198.3	1620.6	1415.8	1335.5
Finance costs	39.3	45.6	58.6	20.1	22.0
Depreciation and amortization expense	241.4	119.3	166.6	119.0	99.1
Impairment	8.9	5.0	-	-	90.6
Impairment losses on financial assets	-	-	-	17.7	-
Other expenses	1541.4	1285.5	1749.9	1352.2	1124.2
Total expenses (II)	5493.5	4516.1	6017.4	4705.4	4549.5
"III. Profit before tax (I - II)"	1284.3	1702.2	1960.2	1679.9	1426.2
IV. Share of associates and JV (net of tax)	9.7	9.4	14.4	11.7	11.5
V. Restated profit before tax (III + IV)	1294.0	1711.6	1974.6	1691.6	1437.7
VI. Tax Expense:					
Current tax	238.4	454.7	469.0	396.2	414.3
Deferred tax	39.5	-3.4	52.6	2.4	-32.7
Total tax expense (VI)	278.0	451.3	521.6	398.6	381.6
VII. Profit for the period/year (V - VI)	1016.0	1260.2	1453.0	1293.0	1056.1
Diluted EPS (in INR)	24.9	31.0	35.8	31.6	25.7

Source: Company's RHP

Restated Statement of Cash Flows (Rs. In Cr)

Y/E March	Dec-22	Dec-21	Mar-22	Mar-21	Mar-20
Net cash (used in) / generated from operating activities	1,329	1,159	920	1137	1070
Net cash (used in) / generated from Investing Activities	-529	-1,035	-1,369	-1222	-439
Net cash generated from / (used in) Financing Activities	-796	22	605	-8	-531
Net (decrease) / increase in cash and cash equivalents	4	146	155	-93	100
Cash and Cash equivalents at beginning of the period / year	283	127	127	220	116
Net foreign exchange difference	6.3	0.5	0.5	0.4	3.6
Cash and Cash equivalents at end of the period / year	293	274	283	127	220

Source: Company's RHP

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BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
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