Mankind Pharma Limited

March 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	-	-	Reaffirmed at CARE AA+; Stable / CARE A1+ and removed from Rating Watch with Developing Implications; Stable outlook assigned and Withdrawn
Commercial paper	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has resolved the rating watch on the ratings of Mankind Pharma Limited on receipt of clarity on funding pattern and completion of acquisition of Bharat Serums and Vaccines Limited (BSV) and simultaneously withdrawn the rating of 'CARE AA+; Stable/CARE A1+' to the bank facilities and proposed Commercial paper of Mankind Pharma Limited (Mankind) with immediate effect.

Ratings have been reaffirmed considering the company's robust operational history, diversified product portfolio encompassing well-established reputed brands across multiple therapeutic segments, and notable presence in the over-the-counter (OTC) segment. The company has demonstrated consistent year-over-year (y-o-y) revenue growth, supported by healthy profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins. Mankind benefits from accredited manufacturing facilities across India and efficient operating cycle. BSV's acquisition provides Mankind access to branded products in women's health, fertility, and critical care with several leading brands holding prominent positions in their specific therapy areas. The acquisition is anticipated to offer growth opportunities and enhance Mankind's current growth momentum. CARE Ratings notes the acquisition was funded by way of debt and equity, strong cash accruals and net debt to PBILDT is expected to be below 1x by FY26.

However, ratings are tempered by factors including regulatory constraints on drug pricing in India, geographical concentration risk, product portfolio that is largely concentrated in the acute segment (although diversifying [y-o-y]), susceptibility to raw material price fluctuation impacting operating margins, intense competition within the domestic market, acquisition-related risks, and regulatory uncertainties inherent in the pharmaceutical industry.

Ratings are withdrawn at the request of Mankind and 'No Objection Certificate' received from the ICICI Bank, HDFC Bank and Citi bank that have extended bank facilities rated by CARE Ratings. The rating of proposed commercial paper (CP) is also withdrawn upon the receipt of confirmation from Issuing and Paying Agent (IPA) and the company that it has not used ratings assigned by CARE Ratings for the issue of its CP.

Analytical approach: Consolidated

CARE Ratings has adopted a consolidated approach for arriving at ratings of Mankind given the strong operational linkages among its subsidiaries. Companies considered for consolidation are listed under Annexure 6.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Established and long track record of operations

Mankind is the fourth largest pharmaceutical company in domestic sales and has nearly three decades of established track record of operations in the pharma industry. The company is engaged in developing, manufacturing and marketing, diverse range of pharmaceutical formulations across acute and chronic therapeutic areas and several consumer healthcare products. The company has pan India market and distribution coverage and has 16,000+ field force and 13000+ stockists across the country. CARE Ratings notes the company's growth is attributed to quality medicines at affordable price, expansive distribution network, large field force, and strong presence among doctors.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications

Acquisition of Bharat Serums and Vaccines Limited
On July 26, 2024, Mankind announced entering a definitive agreement to acquire 100% stake in Bharat Serums and Vaccines Limited (BSV) from Advent International (Advent) for an enterprise value of ~₹13,630 crore (enterprise value/PBILDT: 34x based on FY24 financials), subject to closing related adjustments. The acquisition was expected to be funded by way of available cash and cash equivalent of ~₹3500 crore to ₹4000 crore and the balance by way of debt and equity. On October 23, 2024, the company acquired 100% stake in BSV for a cash consideration of ₹13,768 crore which was funded by way of ₹10,000 crore of debt in the form of ₹5000 crore non-convertible debenture (NCD) and ₹5000 crore CP. The balance was funded by way of available cash balance.

Strong product portfolio spread across multiple therapeutic segments
The company has built a strong bouquet of reputed brands. In FY24, 23 brand families contributed over ₹100 crore (PY:20) with 11 brand families contributing over ₹200 crore. Mankind has strong product portfolio of over 1000 products in over 10 forms (tablets, capsules, sachets, vials, syrup, gel, cream, soap, and drops among others). The company is present in multiple therapeutic segments with anti-infectives, cardiac, gastrointestinal, respiratory, vitamins/minerals/nutrients, anti-diabetic, gynaecology, dermatology, pain, and CNS. The company has well-known brands in each segments including dydroboon in gynaecology, amlokind and telmikind in cardiac, moxikind and gudcef in anti-infectives, nurokind in vitamins and minerals. The company's product portfolio caters chronic and acute segments. The current share of chronic in the total portfolio remains at ~36% in FY24 (32% in FY20). The company is focusing on increasing its presence in chronic segment and is looking at launching products in existing therapies such as anti-diabetes, cardiovascular, CNS and respiratory. With the acquisition of BSV, Mankind has strengthened its position in women's health, fertility, and critical care.

India-centric business with growing footprints in other geographies
The company's operations are domestically driven with domestic market contributing ~92% of the total revenue in FY24 (PY: ~97%). Since its inception, the company focused on the domestic market and growth can be attributed to favourable demographics, rising urbanisation and growing disposable income in India. The company has a pan-India presence and has large distribution networks with over 16000 field force and 13000 stockists across the country. In addition to Indian market, the company is growing its focus in the export market. With the acquisition of BSV, the company's footprints in the international market is expected to grow.

Accredited manufacturing facilities
At a consolidated level, Mankind operates over 30 manufacturing facilities (including three facilities for packing materials, one facility each for animal feed and pet food) across India in Himachal Pradesh, Sikkim, Rajasthan, Andhra Pradesh, Maharashtra, Gujarat and Uttarakhand, manufacturing 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. For some products, the company also manufactures APIs, which acts as backward integration and allows it to partially control operating costs, quality and stability in the supply of essential raw materials for formulations. Some manufacturing facilities are supported by the company's own packing material costs. These manufacturing sites are approved by regulatory authorities including US FDA, WHO, SMDC (Ukraine) FMHACA (Ethiopia), and NDA (Uganda) among others.

Improving scale of operations with healthy operating margins
The company witnessed steady growth in its scale of operations over time. In FY24, its total operating income (TOI) grew by ~18% to ₹10352 crore from ₹8768 crore reported in FY23. The company's PBILDT margins also improved in FY24 by 271 basis points to 24.77% from 22.06% in FY23. In 9MFY25, the company's revenue grew by ~18% to ₹9487 crore against ₹8042 crore reported in 9MFY24.

Moderation in capital structure in the medium term
The company's capital structure has moderated on account debt funded acquisition of BSV which is expected to persist in the medium term. However, in December 2024, the company raised ₹3000 crore by way of qualified institutional placement (QIP) and have repaid CP of ₹3000 crore due on January 16, 2025. It has also sold its stake in Mahananda Spa and Resorts Private Limited to Chalet Hotels at an enterprise value of ₹530 crore. This along the healthy cash accruals are expected to bring the debt levels down. CARE Ratings notes the net debt to PBILDT is expected to come below 1x by FY26.

Key weaknesses
Operating margins susceptible to raw material price fluctuations
With limited ability to pass on increase in raw material costs, a substantial increase may affect the company's profitability in the near term. Over the years, the company's PBILDT margin remained healthy and it has been able to procure raw material at lower

price as it is purchasing raw materials at lower credit period and availing better bargained prices for its raw materials. The company procures most raw material from domestic market and imports remaining from China and other countries.

Price regulations in emerging countries including India

National Pharmaceutical Pricing Authority (NPPA) is entrusted with the task of fixation or revision of prices of pharma products, enforcement of provisions of Drugs Prices Control Order (DPCO) and monitoring prices of controlled and decontrolled drugs. As stipulated under the DPCO 2013, NPPA fixes ceiling price of essential medicines of Schedule I. Considering medicines not under price control, manufacturers are allowed to increase maximum retail price by 10% annually. Calculation for essential drugs is based on simple average of all medicines in a particular therapeutic segment with sales of over1%. While ~14% in FY23 of the domestic product portfolio is under the DPCO purview, Mankind's strong brand franchise, regular product launches, and increased focus on chronic segments will continue to support the domestic revenue growth in the medium term. Inclusion of Mankind's other formulations in DPCO may impact profitability margin.

Regulatory risk and intense competition in the pharmaceutical industry

The company is exposed to regulatory risk with its operations centered majorly in manufacturing pharmaceutical formulations and APIs. In India, the government also controls prices of pharmaceutical products through the drug price control order (DPCO) under price control mechanism. The pharmaceutical industry is highly regulated in many other countries and requires approvals, licenses, registrations and permissions for business activities. Approval process for a new product registration is complex, lengthy and expensive. The time taken to obtain approval varies by country but generally takes from six months to several years from the date of application. Delays or failure in getting approval for new product launch could adversely affect the business prospect of the company. Given India's significant share in the USA's generic market, the USFDA has increased its scrutiny of manufacturing facilities and other regulatory compliance of the Indian pharma companies supplying generics drugs to the USA. Non-compliance may result in regulatory ban on products/facilities and may impact the company's future approvals from USFDA. Hence, ongoing regulatory compliance has become critical for Indian pharma companies including MPL as it has started its operations in the regulated markets such as the USA, and the UK among others, recently. The company faces intense competition in the domestic and regulated markets that it operates. However, the company's exposure to international regulatory approvals is low as exports only contributed ~8% to TOI in FY24.

Liquidity: Strong

The company's liquidity position remains strong, supported by healthy cash accruals. It is expected to generate cash accruals of ₹2500-₹3000 crore annually. In January 2025, the company repaid ₹3000 crore of commercial paper (CP) using funds raised through a QIP placement. It has upcoming repayment obligations of ~₹2000 crore for CP in FY26, ~₹2500 crore for NCDs in FY27, and another ₹2500 crore for NCDs in FY28. Working capital utilisation has been minimal, further enhancing its financial flexibility. Given the strong cash accruals and unutilised credit lines providing an additional buffer, Mankind is expected to maintain a comfortable liquidity position.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

For the pharma industry, the main factor of ESG affecting the sector is the social aspects such as product safety and quality, human capital and development, access to healthcare. Governance remains a universal concept affecting sectors and geographies. Among ESG factors, majority pharma companies seem to be focusing on product quality and safety, and regulatory compliance in governance. Since these companies are exposed to different geographies, each having its own regulatory requirements, which are continuously evolving, non-compliance with regulations or scrutiny process can result in product withdrawals, recalls, regulatory action, declining sales, reputational damage, increased litigation and related expenses. It might also result in regulatory ban on products/facilities (as recent cases of import alerts issued by the USFDA to top pharma companies) and may impact a company's future approvals from regulators such as USFDA.

Mankind implemented measures to conserve water and minimise the impact on the environment. To recycle wastewater, it has installed UF/RO (Ultrafiltration/Reverse Osmosis) systems to treat wastewater generated from manufacturing processes, toilets and canteens. Treated wastewater is then reused within facilities, which considerably reduces freshwater withdrawal. For waste management, the company has undertaken eco-friendly waste disposal methods. To reduce carbon footprint, the company installed solar panels at its manufacturing units. For welfare of employees, the company has adopted an inclusive work culture and provides training and development opportunities to enhance skills and knowledge. For the well-being of society at large, the company has its CSR strategy and works towards enhancing community health, education and skill development.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Pharmaceuticals
Financial Ratios – Non financial Sector
Withdrawal Policy
Short Term Instruments
Consolidation & combined approach

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals and biotechnology	Pharmaceuticals

Incorporated in 1991, Mankind is India's fourth largest pharmaceutical company in terms of domestic sales and is engaged in developing, manufacturing and marketing, diverse range of pharmaceutical formulations across acute and chronic therapeutic areas and several consumer healthcare products. The company is engaged in domestic pharmaceutical business and consumer healthcare business. In the domestic pharmaceutical business, its product portfolio caters therapeutic segments including antiinfectives, cardiovascular, gastrointestinal, anti-diabetic, neuro/CNS, vitamins/minerals/nutrients and respiratory. In the consumer healthcare business, the company has several differentiated brands in the pregnancy detection, antacid powders, vitamin and mineral supplements, oral contraceptives, and anti-acne preparations categories.

Brief consolidated Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	8768.49	10352.38	9487.28
PBILDT	1934.55	2564.70	2648.95
PAT	1309.68	1941.77	1586.47
Overall gearing (times)	0.02	0.02	-
Interest coverage (times)	46.07	94.56	11.08

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)	-	Proposed	-	7-365 days	0.00	Withdrawn
Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT/ ST-Working Capital Limits	LT/ST	-	-	1) CARE AA+;Stable / CARE A1+ (25-Mar-25) 2)CARE AA+ / CARE A1+ (RWD) (05-Aug-24) 3)CARE AA+; Stable / CARE A1+ (25-Apr-24)	-	-	-
2	Commercial Paper-Commercial Paper (Standalone)	ST	-	-	1) CARE A1+ ((25-Mar-25) 2)CARE A1+ (05-Aug-24) 3)CARE A1+ (25-Apr-24)	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Shree Jee Laboratory Private Limited	Full	Subsidiary
2	Lifestar Pharma LLC	Full	Subsidiary
3	Mankind Pharma Pte Limited	Full	Subsidiary
4	Medipack Innovations Private Limited	Full	Subsidiary
5	Broadway Hospitality Services Private Limited	Full	Subsidiary
6	Pavi Buildwell Private Limited	Full	Subsidiary
7	Prolijune Lifesciences Private Limited	Full	Subsidiary
8	Jaspack Industries Private Limited	Full	Subsidiary
9	Packtime Innovations Private Limited	Full	Subsidiary
10	Mahananda Spa and Resorts Private Limited	Full	Subsidiary
11	Relax Pharmaceuticals Private Limited	Full	Subsidiary
12	Copmed Pharmaceuticals Private Limited	Full	Subsidiary
13	Vetbesta Labs (Partnership firm)	Full	Subsidiary
14	Mediforce Healthcare Private Limited	Full	Subsidiary
15	JPR Labs Private Limited	Full	Subsidiary
16	Appian Properties Private Limited	Full	Subsidiary
17	Pharma Force Lab (Partnership firm)	Full	Subsidiary
18	Pharmaforce Excipients Private Limited	Full	Subsidiary
19	Penta Latex LLP (Limited liability partnership firm)	Full	Subsidiary
20	Mankind Specialities (Partnership firm)	Full	Subsidiary
21	North East Pharma Pack (Partnership firm)	Full	Subsidiary
22	Superba Warehousing LLP (Limited liability partnership firm)	Full	Subsidiary
23	Mankind Prime Labs Private Limited	Full	Subsidiary
24	Lifestar Pharmaceuticals Private Limited	Full	Subsidiary
25	Mediforce Research Private Limited	Full	Subsidiary
26	Qualitek Starch Private Limited	Full	Subsidiary
27	Appify Infotech LLP (Limited liability partnership firm)	Full	Subsidiary
28	Mankind Consumer Healthcare Private Limited	Full	Subsidiary
29	Mankind Pharma FZ LLC	Full	Subsidiary
30	Mankind Life Sciences Private Limited	Full	Subsidiary
31	Mankind Agritech Private Limited	Full	Subsidiary
32	Upakarma Ayurveda Private Limited	Full	Subsidiary
33	Mankind Medicare Pvt Ltd (w.e.f 12th Sept 2023)	Full	Subsidiary
34	Bharat Serums and Vaccines Limited	Full	Subsidiary
35	N S Industries	Moderate	Associate
36	A S Packers	Moderate	Associate
37	Sirmour Remedies Private Limited	Moderate	Associate
38	ANM Pharma Private Limited	Moderate	Associate
39	J K Print Packs	Moderate	Associate
40	Superba Buildwell	Proportionate	JV
41	Superba Developers	Proportionate	JV
42	Superba Buildwell (South)	Proportionate	JV

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: +91-22-6754-3453 E-mail: ranjan.sharma@careedge.in Pulkit Agarwal Director **CARE Ratings Limited** Phone: 912267543505 E-mail: pulkit.agarwal@careedge.in Naveen Kumar Dhondy Associate Director **CARE Ratings Limited** Phone: +91-40-40102030 E-mail: dnaveen.kumar@careedge.in

About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.