

February 25, 2025

Mankind Pharma Limited: Long-term rating reaffirmed; short-term rating reaffirmed/assigned

Summary of rating(s) outstanding

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating outstanding |
|--|--------------------------------------|-------------------------------------|---|
| Non-Convertible Debentures | 5,000.00 | 5,000.00 | [ICRA]AA+ (Stable); reaffirmed |
| Commercial papers | 5,000.00 | 5,000.00 | [ICRA]A1+; reaffirmed |
| Proposed long-term fund-based term loans | 500.00 | - | - |
| Proposed long-term fund-based working capital limits | 750.00 | - | - |
| Long-term/short term fund-based limits | - | 1,250.00 | [ICRA]AA+ (Stable)/ [ICRA] A1+; reaffirmed/assigned |
| Total | 11,250.00 | 11,250.00 | |

*Instrument details are provided in Annexure-I

Rationale

The reaffirmation of ratings for Mankind Pharma Limited (MPL) factors in its established presence in the domestic formulations industry as the fourth largest player with a market share of 4.8%¹ and the second largest player with a volume share of 6.1%². The company also benefits from a strong field force of more than 16,000³ having an extensive network of more than five lakh doctors with an established presence in tier-II to tier-IV towns and rural markets. Supported by this, the company has consistently ranked as number one by the volume of prescriptions over the last seven years⁴. MPL also has a well-diversified presence of established brands across therapies and a healthy portfolio of consumer healthcare brands. It also has a strong manufacturing set-up across India, accredited by regulatory authorities of various countries, including the US FDA⁵.

Leveraging on its strong business position, MPL has reported a healthy increase in its operating income with at a CAGR⁶ of 15.7% between FY2019 and FY2024. Its OPM⁷ also remained healthy at 22.4% and 24.5% in FY2023 and FY2024, respectively. In 9M FY2025, its operating income grew by 17% on a YoY basis to Rs. 9,199.9 crore and its adjusted OPM also remained healthy at 26.9%. The ratings also factor in the company's strong financial profile, characterised by healthy capitalisation and coverage indicators and a strong liquidity position.

MPL completed the acquisition of Bharat Serums and Vaccines Limited (BSV) in October 2024 for a cash consideration of Rs. 13,768 crore. BSV, a medium-sized pharmaceutical company, is involved in developing, manufacturing and marketing of biological-based pharmaceutical formulations with strong presence in therapeutic segments such as women health, ART and CC⁸. With sales in more than 50 countries (the major portion of the revenue is driven by round 15 countries), BSV's product

¹ Source – IQVIA MAT December 2024

² Source – IQVIA April-June 2024

³ Including medical representatives and field managers

⁴ Source – IQVIA MAT November 2024

⁵ United States Food and Drug Administration

⁶ Compounded annual growth rate

⁷ Operating profit margin

⁸ Assisted reproductive technology and critical care

profile is fairly diversified, comprising plasma derivatives, monoclonal, fertility hormones, antitoxins, antifungals, anaesthetics, cardiovascular drugs, etc.

The transaction was funded by NCDs⁹ of Rs. 5,000 crore, CPs¹⁰ of Rs. 5,000 crore and the remaining through internal accruals and existing liquidity. As per earlier expectations and in line with the management's conservative approach towards financial leverage, MPL raised equity of Rs. 3,000 crore via the QIP¹¹ route and repaid CPs of Rs. 3,000 crore in January 2025. It also sold its ownership of Mahananda Spa and Resorts Private Limited (MSRPL) to Chalet Hotels Limited at an enterprise value of Rs. 530 crore. The proceeds from the sale would be utilised to retire a part of MPL's debt. The part repayment of its debt through the proceeds of the QIP and the sale is expected to improve MPL's leverage and coverage indicators. Moreover, a robust cash flow generation is expected to continue to further reduce MPL's debt and improve its credit metrics.

MPL has become the largest player in the gynaecology market and a market leader in the domestic women health segment following the acquisition of BSV. Further possible synergies from the transaction include revenue enhancement emanating from the potential of cross selling in specialty channels, BSV's access to resources of MPL including its large field force, a strong geographical and doctor coverage, potential OTX shift and cost synergies from the likely shift of the outsourced manufacturing of BSV's prescription drugs (Rx) portfolio to MPL's in-house manufacturing. However, the integration of BSV and development of synergies is expected to be a gradual process and would continue to be monitored.

The ratings also consider MPL's limited presence in export formulations, susceptibility of its profitability to competitive pressure and volatility in raw material prices, and exposure to regulatory risks, including price regulations and increasing focus towards trade generics in the domestic formulations market. However, its limited exposure to regulated markets also reduced the risks of any adverse impact on account of greater scrutiny/ observations by regulatory agencies like the USFDA.

The Stable outlook on the long-term rating reflects ICRA's opinion that MPL will maintain its healthy credit profile, supported by steady revenue growth and strong cash flow generation, aided by its established business position in the domestic formulations market.

Key rating drivers and their description

Credit strengths

A leading pharmaceutical company in the domestic formulations market – MPL has an established presence in the branded formulations business across India, which contributed 84% to its revenues in FY2024 and 82% in 9M FY2025. It is the fourth largest player in the domestic market with revenues of Rs. 9,522.0 crore in FY2024 and Rs. 8,203.0 crore in 9M FY2025 with a market share of 4.8% in the Indian pharmaceutical market (IPM) in 9M FY2025 and 6.7% on a covered market basis in 9M FY2025. It has well-diversified brands across therapies with a growing focus on chronic therapies (accounted for 36% share of its FY2024 revenues against 28% in FY2018) as well as in metro and tier-I cities. It has a strong field force and distribution network across tier-II to tier-IV towns and rural markets. It has consistently outperformed the IPM growth and this trend is likely to continue over the near-to-medium term. MPL also has a strong presence in consumer healthcare, which drove 8% of its FY2024 and 7% of its 9M FY2025 revenues. In this segment, it is the market leader in four categories—viz., male condoms, pregnancy detection kits, emergency contraceptives, and acne treatment.

Well-diversified portfolio across multiple therapeutic areas – MPL has a well-diversified portfolio, with its top five therapies contributing 57% to its revenues from the domestic formulations business in FY2024 and 9M FY2025. Some of its key therapies include anti-infectives, cardiovascular, gastrointestinal, gynaecology, and vitamins, minerals and nutrients (VMNs). MPL is positioned among the top five players in these therapies on a covered market basis. Further, it is increasing its focus on chronic therapies and has set up more than 10 specialty divisions over the last three to four years, including urology, oncology,

⁹ Non-convertible debentures

¹⁰ Commercial papers

¹¹ Qualified institutional placement

cardiovascular, and central nervous system (CNS). With the acquisition of BSV, MPL has also become a market leader in women health, being the number one player in the gynaecology market.

Strong financial profile – MPL's operating income rose at a healthy CAGR of 15.7% between FY2019 and FY2024, while its OPM remained in the range of 22-27% in the recent years, leading to strong internal accrual generation. It reported revenues of Rs. 9,199.9 crore in 9M FY2025 with a YoY growth of around 16.5% and registered an adjusted OPM of 26.9% (adjusted for one-time expenses related to the acquisition). This improvement in the OPM from FY2023 (22.4%) was supported by MPL's strong performance in the domestic formulations market and increasing revenue contribution from chronic therapies. MPL's financial risk profile continues to remain healthy, despite some increase in its debt level after the acquisition of BSV, drawing comfort from a robust cash flow generation. Coupled with its initiatives like the QIP and the sale of non-core assets to retire a part of its debt, this is expected to continue to sequentially strengthen MPL's financial risk profile.

Credit challenges

Profitability susceptible to competition and volatility in raw material prices – MPL has a limited presence in international markets with the domestic business driving 92% of its consolidated revenues in FY2024 and 89% in 9M FY2025. Thus, MPL's profitability remains susceptible to intense competition in the domestic formulations market. Its profitability also remains exposed to volatility in raw material prices. However, steps taken towards backward integration in key products like dydrogesterone would mitigate the risk to a certain extent.

Exposure to regulatory risks, including price regulations and focus on generics in the domestic formulations market – Like its peers in the pharmaceutical industry, MPL's operations remain exposed to regulatory risks, including price controls. Moreover, the possibility of inclusion of more products under NLEM¹² along with increasing focus on trade generics in the domestic formulations market and scrutiny by regulatory agencies are other risk factors. Drugs under NLEM contributed ~15% to MPL's consolidated revenues in FY2024.

Environmental and Social Risks

Environmental concerns – MPL does not face any major physical climate risk. However, it remains exposed to tightening environmental regulations related to breach of waste and pollution norms, which can lead to an increase in the operating costs or capital investments. To address the environmental risks, MPL has taken measures for conserving water, recycling wastewater, and managing waste by using eco-friendly waste disposal methods. MPL has also installed solar panels to reduce its dependence on energy from non-renewable sources.

Social concerns – The industry faces social risks related to product safety and associated litigation risks, access to qualified personnel for R&D and process engineering, and maintenance of high manufacturing compliance standards. Further, Government intervention related to price caps/controls also remains a social risk for entities in the pharmaceutical industry. As of March 31, 2024, 384 drugs were covered under NLEM, which fall under the ambit of the Drug Price Control Order. The Government may bring more such drugs under price control. MPL had ~15% coverage of its domestic formulations under NLEM as of March 31, 2024.

Liquidity position: Strong

The liquidity position of MPL is strong, supported by healthy cash flow generation, free cash and bank balances of Rs. 3,138 crore, liquid investments of Rs. 931 crore and unutilised working capital limits of around Rs. 1,000 crore as on December 31, 2024. As per ICRA's expectations, MPL is likely to incur capex (towards maintenance and upgradation) of Rs. 600-650 crore per annum, which is likely to be funded through internal accruals. Moreover, it has debt repayment obligations of Rs. 3,019.7 crore in FY2025 (including Rs. 3,000 crore of repayment of CPs that was completed in January 2025) and Rs. 2,005.2 crore in FY2027.

¹² National list of essential medicines

Rating sensitivities

Positive factors – The long-term rating may be upgraded if MPL considerably strengthens its business profile, aided by improved business diversification, coupled with scale-up in revenues and profit margins, leading to a sustained improvement in its return indicators and further strengthening of its financial risk profile.

Negative factors – The ratings may be downgraded if there is a considerable weakening in the company's revenues and profitability due to weaker-than-anticipated performance, and/or an increase in debt levels on account of inorganic investments, resulting in a rise in net debt/ OPBDITA to above 1.5 times on a sustained basis.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology Rating methodologies for Pharmaceuticals |
| Parent/Group support | Not Applicable |
| Consolidation/Standalone | For arriving at the ratings, ICRA has considered the consolidated financials of MPL. As on December 31, 2024, the company had 41 subsidiaries (including step-down subsidiaries), five associates and three joint ventures, which are all enlisted in Annexure-2. |

About the company

MPL is involved 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. It is India's fourth largest pharmaceutical company in terms of domestic sales and has been ranked number one over the last seven years by the volume of prescriptions. It also ranks third in the domestic market in terms of sales volumes. MPL's pharmaceuticals portfolio caters to various acute and chronic therapeutic areas including anti-infectives, cardiovascular, gastrointestinal, anti-diabetic, neuro/CNS, VMNs, respiratory, etc.

The company is also present in consumer healthcare products with established brands like Manforce condoms and Pregarnews, and other products in categories like antacid powders, vitamin and mineral supplements, oral contraceptives, anti-acne preparations, etc. It is also present in the export business, including in markets like the US and the neighbouring countries like Sri Lanka and Nepal.

Key financial indicators (audited)

| MPL (consolidated) | FY2023 | FY2024 | 9M FY2025* |
|--|---------|----------|------------|
| Operating income | 8,809.6 | 10,427.4 | 9,199.9 |
| PAT | 1,297.3 | 1,926.6 | 1,576.6 |
| OPBDIT/OI | 22.4% | 25.3% | 25.7% |
| PAT/OI | 14.7% | 18.5% | 17.1% |
| Total outside liabilities/Tangible net worth (times) | 0.3 | 0.2 | - |
| Total debt/OPBDIT (times) | 0.1 | 0.1 | - |
| Interest coverage (times) | 43.2 | 75.3 | 9.9 |

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| | | Current rating (FY2025) | | | | | Chronology of rating history for the past 3 years | | | | | |
|---|----------------------|--------------------------|-------------------------------|--------------------|--------------------|--------------------|---|--------|--------|--------|--------|--------|
| | | FY2025 | | | | | FY2024 | | FY2023 | | FY2022 | |
| Instrument | Type | Amount rated (Rs. crore) | Feb 25, 2025 | Sep 30, 2024 | Aug 05, 2024 | Jul 09, 2024 | Date | Rating | Date | Rating | Date | Rating |
| Non-Convertible Debentures | Long term | 4,600.00 | [ICRA]AA+ (Stable) | [ICRA]AA+ (Stable) | [ICRA]AA+ (Stable) | [ICRA]AA+ (Stable) | - | - | - | - | - | - |
| Non-Convertible Debentures | Long term | 400.00 | [ICRA]AA+ (Stable) | [ICRA]AA+ (Stable) | - | - | - | - | - | - | - | - |
| Commercial papers | Short Term | 2,000.00 | [ICRA]A1+ | [ICRA]A1+ | - | - | - | - | - | - | - | - |
| Commercial papers | Short Term | 3,000.00 | [ICRA]A1+ | [ICRA]A1+ | - | - | - | - | - | - | - | - |
| Long-term fund-based term loans | Long term | - | - | [ICRA]AA+ (Stable) | - | - | - | - | - | - | - | - |
| Long-term fund-based working capital limits | Long term | - | - | [ICRA]AA+ (Stable) | - | - | - | - | - | - | - | - |
| Long-term/short term fund-based limits | Long-term/short term | 1,250.00 | [ICRA]AA+ (Stable)/ [ICRA]A1+ | - | - | - | - | - | - | - | - | - |

Complexity level of the rated instrument

| Instrument | Complexity indicator |
|---|----------------------|
| Non-convertible debentures | Very Simple |
| Commercial papers | Very Simple |
| Long-term/short term fund-based limits (others) | Simple |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

| ISIN | Instrument Name | Date of Issuance | Coupon Rate | Maturity | Amount Rated (Rs. crore) | Current Rating and Outlook |
|--------------|---|------------------|-------------|-------------------|--------------------------|----------------------------------|
| INE634S07017 | Non-convertible debentures | October 16, 2024 | 7.99% | April 16, 2026 | 1,250.00 | [ICRA]AA+ (Stable) |
| INE634S07025 | Non-convertible debentures | October 16, 2024 | 7.99% | October 16, 2026 | 1,250.00 | [ICRA]AA+ (Stable) |
| INE634S07033 | Non-convertible debentures | October 16, 2024 | 7.97% | November 16, 2027 | 2,500.00 | [ICRA]AA+ (Stable) |
| INE634S14013 | Commercial papers | October 17, 2024 | 7.65% | April 17, 2025 | 500.00 | [ICRA]A1+ |
| INE634S14039 | Commercial papers | October 17, 2024 | 7.85% | October 17, 2025 | 1,500.00 | [ICRA]A1+ |
| NA | Commercial papers | Yet to be placed | NA | NA | 3,000.00 | [ICRA]A1+ |
| NA | Long-term/short term fund-based limits | NA | NA | NA | 300.00 | [ICRA]AA+ (Stable)/ [ICRA]A1+ |
| NA | Long-term/short term fund-based limits [#] | NA | NA | NA | 950.00 | [ICRA]AA+ (Stable)/ [ICRA]A1+ |

Source: Company; [#] Proposed

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

| Company name | Ownership | Consolidation approach |
|---|-----------|------------------------|
| SUBSIDIARIES | | |
| Broadway Hospitality Services Private Limited | 100.00% | Full Consolidation |
| Shree Jee Laboratory Private Limited | 100.00% | Full Consolidation |
| Prolijune Lifesciences Private Limited | 100.00% | Full Consolidation |
| Pavi Buildwell Private Limited | 100.00% | Full Consolidation |
| Medipack Innovations Private Limited | 51.00% | Full Consolidation |
| Jaspack Industries Private Limited | 100.00% | Full Consolidation |
| Mahananda Spa and Resorts Private Limited* | 100.00% | Full Consolidation |
| Lifestar Pharma LLC | 90.00% | Full Consolidation |
| Mankind Pharma Pte Limited | 100.00% | Full Consolidation |
| Packtime Innovations Private Limited | 90.00% | Full Consolidation |
| Mankind Specialities (partnership firm) | 98.00% | Full Consolidation |
| Appian Properties Private Limited | 100.00% | Full Consolidation |
| Relax Pharmaceuticals Private Limited | 63.00% | Full Consolidation |
| Copmed Pharmaceuticals Private Limited | 63.00% | Full Consolidation |
| Vetbesta Labs (partnership firm) | 60.48% | Full Consolidation |
| Mediforce Healthcare Private Limited | 62.98% | Full Consolidation |
| JPR Labs Private Limited | 100.00% | Full Consolidation |
| Penta Latex LLP | 68.00% | Full Consolidation |
| Pharma Force Labs (partnership firm) | 63.00% | Full Consolidation |
| Mediforce Research Private Limited | 61.72% | Full Consolidation |
| Pharmaforce Excipients Private Limited | 63.00% | Full Consolidation |
| Qualitek Starch Private Limited | 60.39% | Full Consolidation |

| Company name | Ownership | Consolidation approach |
|---|-----------|------------------------|
| Superba Warehousing LLP (partnership firm) | 51.00% | Full Consolidation |
| North East Pharma Pack (partnership firm) | 57.50% | Full Consolidation |
| Lifestar Pharmaceuticals Private Limited | 85.00% | Full Consolidation |
| Mankind Prime Labs Private Limited | 100.00% | Full Consolidation |
| Mankind Life Sciences Private Limited | 100.00% | Full Consolidation |
| Appify Infotech LLP | 100.00% | Full Consolidation |
| Mankind Consumer Healthcare Private Limited | 100.00% | Full Consolidation |
| Mankind Pharma FZ LLC | 100.00% | Full Consolidation |
| Mankind Agritech Private Limited | 100.00% | Full Consolidation |
| Upakarma Ayurveda Private Limited | 90.00% | Full Consolidation |
| Mankind Medicare Private Limited | 100.00% | Full Consolidation |
| Mankind Consumer Products Private Limited | 100.00% | Full Consolidation |
| Bharat Serums and Vacines Limited | 100.00% | Full Consolidation |
| BSV Pharma Private Linuted | 100.00% | Full Consolidation |
| BSV Bioscience Gmbh | 100.00% | Full Consolidation |
| BSV Bio Science Inc | 100.00% | Full Consolidation |
| BSV Bio Science Philippines, Inc | 100.00% | Full Consolidation |
| BSV Bio Science Malaysia Sdn. Bhd. | 100.00% | Full Consolidation |
| Genomicks Sdn. Bhd. | 100.00% | Full Consolidation |
| JOINT VENTURES | | |
| Superba Buildwell | 60.00% | Equity method |
| Superba Developers | 70.00% | Equity method |
| Superba Buildwell (South) | 70.00% | Equity method |
| ASSOCIATES | | |
| ANM Pharma Private Limited | 34.00% | Equity method |
| Sirmour Remedies Private Limited | 40.00% | Equity method |
| J. K. Print Packs | 33.00% | Equity method |
| A. S. Packers | 50.00% | Equity method |
| N. S. Industries | 48.00% | Equity method |

Source: Q3 FY2025 financial results

*100% stake was sold in Q4 2025

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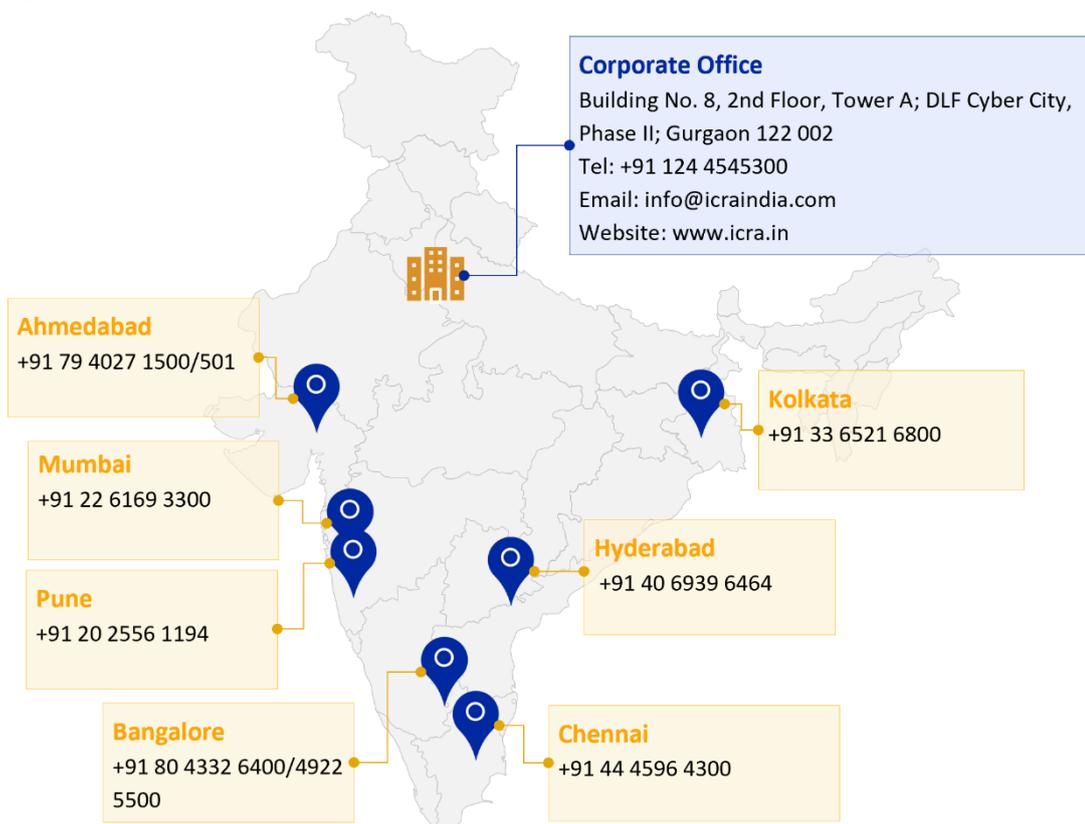
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