



TM

Mankind Pharma

26 January 2025

RESULT UPDATE

Sector: Pharmaceuticals Rating: HOLD

CMP: Rs 2,506 Target Price: Rs 2,492

Stock Info

Sensex/Nifty	76,190/23,092
Bloomberg	MANKIND IN
Equity shares	401mn
52-wk High/Low	Rs 3,050/1,910
Face value	Rs 1
M-Cap	Rs 1,034bn/ USD 12bn

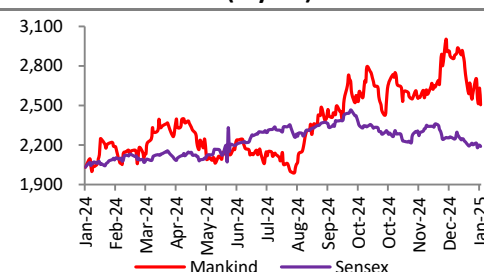
Financial Snapshot (Rs mn)

Y/E March	FY25E	FY26E	FY27E
Revenue	123,365	153,512	172,558
Gross profit	88,043	108,226	121,653
Gross Margin (%)	71.4%	70.5%	70.5%
EBITDA	31,936	41,169	47,756
Margin (%)	25.9%	26.8%	27.7%
PAT	19,386	24,446	29,371
EPS	48.0	59.3	71.2
DPS (Rs)	0.0	0.0	0.0
ROCE (%)	15.6%	14.3%	17.3%
P/E (x)	43.6	35.3	29.4
EV/EBITDA (x)	27.9	21.5	17.9

Shareholding pattern (%)

	Jun-24	Sep-24	Dec-24
Promoter	74.87	74.87	72.71
-Pledged	-	-	-
FII	11.58	12.37	13.34
DII	9.94	9.91	11.05
Others	3.61	2.86	2.89

Stock Performance (1-year)



BSV Integration dilutes earnings performance

Mankind (MANKIND IN) Q3FY25 Revenues (Rs. 32,300 mn, 23.9% YoY growth), EBITDA (Rs. 8,298 mn, 36.8% YoY Growth) and Net Income (Rs. 3,802 mn, -16.2% YoY) were below our estimates. The quarter witnessed integration of Bharat Serum Vaccine acquisition (67 days of sales during the quarter) and aided strong reported growth on a YoY basis. However organic revenue growth was lower than expected owing to weakness in domestic branded prescription business (8% organic growth – excluding BSV), which was partially offset by strong growth in Domestic OTC business (30% YoY). The organic growth in the branded prescription business was lower as MANKIND is restructuring various divisions with a view to accelerate growth going forward. The changes involve the introduction of new leadership talent and realigning strategy with market realities. A large part of the efforts have been implemented. Progress in BSV integration and aggressive product launches (organic and in-licensed) in chronic therapies are expected to support growth going forward. We maintain HOLD on MANKIND with a revised PT of Rs 2,492 based on 35x PE multiple on FY27E EPS. We estimate Revenue/EBITDA/PAT CAGR of 18.6%/23.5%/15.4% over FY24 to FY27E. MANKIND is addressing growth challenges in IPM through inorganic additions, but we expect the same to be margin dilutive in the near to medium term.

3QFY25 earnings highlights

Mankind Pharma reported a steady performance with a strong double-digit growth on YoY basis in sales. Revenue stood at Rs 32,300 mn in 3QFY25, up 23.9% YoY and 5% QoQ. EBITDA stood at Rs 8,2998 mn, up 36.8% YoY and down 2.4% QoQ. EBITDA margin was 25.7%, up 243 bps YoY and down 194 bps QoQ. PAT stood at Rs 3,845 mn, down 16.4% YoY and 41.6% QoQ. PAT margin was 11.9%, down 573 bps YoY and 951 bps QoQ.

India Pharmaceutical business recorded sales of Rs 25,800 mn, up 14.6% YoY and flat QoQ. The YoY growth was primarily driven by out-performance in chronic therapies which registered a growth of 11% (1.1x to IPM Chronic). Anti-diabetic and cardiac therapies contributed significantly to this growth with both segments registering robust growth rates. The chronic share (excluding BSV) stood at 37.6% in Q2FY25.

India Consumer Healthcare business has reported sales of Rs 1,930 mn, up 29.5% YoY but down 16.8% QoQ. Q3FY25 witnessed a robust growth in revenues driven by healthy growth across key brands. MANKIND continues to witness strong traction in its recent strategic launches in personal healthcare and pain management categories.

Exports business reported sales of Rs 4,570 mn, up 120.8% YoY and 62.6% QoQ. Revenue growth was primarily driven by an increase in base business and new launches, and the consolidation of BSV. MANKIND launched 1 new product in the US, taking its total launched products to 42.

3QFY25 earnings call highlights

- Domestic business** is 79.9% of the total sales and has shown a YoY growth of 14.6% led by outperformance in the Chronic portfolio and a strong volume growth.

Vishal Manchanda
vishalmanchanda@systematixgroup.in
+91 9737437148

Rushank Mody
rushankmody@systematixgroup.in
+91 9920535357

Vamsi Hota
vamsihota@systematixgroup.in
+91 22 6704 8099

- **Consumer Healthcare Business** witnessed a strong growth in revenues supported by strong growth witnessed in key brands. MANKIND has witnessed steady growth in key brands like Manforce, Gas-o-fast and HealthOK and has gained strong traction in recent strategic launches of Manforce Epic (premium) and Nimulid (pain management).
- **Exports:**
 - ✓ YoY growth of 121% was driven by an increase in their base business which was supported by curated launches in the past 12-18 months and the consolidation of BSV.
 - ✓ During the quarter, the company launched 1 new product in the US taking the total launched products to 42.
- **Margins:**
 - ✓ **Gross Margin** for the quarter stood at 71%, up 2.7% YoY driven by sales price increases, favourable sales mix and input cost savings.
 - ✓ **EBITDA margin** for 3QFY25 stood at 25.7% which is in-line with the earlier guidance of 25-26%.
- **R&D** expenses during the quarter were Rs. 710 mn, 2.2% of sales. The company expects R&D expenses to be around 2-2.5% of sales for FY25.
- **Capex** spend for 9MFY25 was Rs. 3,440mn, 3.7% of 9MFY25 sales. Capex in FY25 is to be in the range of 4-5% of revenues.
- To maintain financial discipline and a healthy leverage ratio, MANKIND has **repaid Rs. 30,000 mn of CP in the last week** from the proceeds of its QIP.
- To strengthen product portfolios, MANKIND has **partnered with InnoVent Biologics for the in-license of Sintilimab**, an advanced PD-1 immunotherapy designed to address critical challenges of cancer treatment and improve access to innovative therapies in India.
- **Panacea portfolio is growing well.** Transplant business is showing 20% growth and other products which are promoted in other division are growing by more than 25%. One of these products is Sitcom and the other is Glizid.
- **Finance costs** have increased this quarter due to debt arrangement fees and other related expenses.
- MANKIND expects **margins** to improve by 100bps every year over the next 2-3 years.

Exhibit 1: Quarterly Performance

Particulars (Rs mn)	3QFY24	2QFY25	3QFY25	YoY (%)	QoQ(%)	FY23	FY24	YoY (%)
Revenues	26,070	30,765	32,300	23.9	5.0	87,494	1,03,348	18.1
Cost of Revenues	8,276	8,749	9,352	13.0	6.9	29,136	32,097	10.2
% of revenue	31.7	28.4	29.0	(279) bps	52 bps	33.3	36.7	338 bps
Staff Costs	5,684	6,464	7,097	24.9	9.8	19,185	22,747	18.6
% of revenue	21.8	21.0	22.0	17 bps	96 bps	21.9	26.0	407 bps
Other Expenses	6,045	7,051	7,553	24.9	7.1	20,167	23,153	14.8
% of revenue	23.2	22.9	23.4	19 bps	46 bps	23.0	26.5	341 bps
EBITDA	6,065	8,501	8,298	36.8	(2.4)	19,006	25,351	33.4
EBITDA Margin (%)	23.3	27.6	25.7	243 bps	(194) bps	21.7	29.0	725 bps
Other Income	701	1,094	773	10.2	(29.3)	1,286	2,809	118.5
Interest	92	71	2,209	2,305.2	3,011.7	445	335	(24.6)
Depreciation	1,097	1,056	1,923	75.3	82.1	3,259	3,983	22.2
Profit Before Tax	5,577	8,468	4,939	(11.4)	(41.7)	16,588	23,841	43.7
Tax	1,025	1,904	1,128	10.0	(40.8)	3,616	4,576	26.6
Tax Rate (%)	18.4	22.5	22.8	446 bps	35 bps	21.8	19.2	(260) bps
Share of Profit and Minority interest	46.0	25.7	34.4	(25.3)	33.9	-154	-137	(11.2)
Reported PAT	4,598	6,589	3,845	(16.4)	(41.6)	12,819	19,129	49.2
PAT Attributable to Shareholders	4,538	6,535	3,802	(16.2)	(41.8)	12,819	19,129	49.2
Non-Controlling Interest	61	54	43	(29.1)	(20.7)			
PAT Margin (%)	17.6	21.4	11.9	(573) bps	(951) bps	14.7	18.5	386 bps

Source: Company, Systematix Institutional Research

Exhibit 2: Revenue Break-up

Segmental Revenue (Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	YoY (%)	QoQ (%)
India Pharmaceuticals	18,390	18,200	22,110	23,360	22,510	20,180	24,284	25,635	25,800	14.6	0.6
India Consumer Healthcare	1,570	1,520	2,080	1,930	1,490	1,560	2,060	2,320	1,930	29.5	(16.8)
Exports	950	810	1,600	1,790	2,070	2,670	2,590	2,810	4,570	120.8	62.6
Total	20,910	20,530	25,790	27,080	26,070	24,410	28,934	30,765	32,300	23.9	5.0

Source: Company, Systematix Institutional Research

Exhibit 3: Revenue Mix

Segmental Revenue (Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
India Pharmaceuticals	87.9	88.7	85.7	86.3	86.3	82.7	83.9	83.3	79.9
India Consumer Healthcare	7.5	7.4	8.1	7.1	5.7	6.4	7.1	7.5	6.0
Exports	4.5	3.9	6.2	6.6	7.9	10.9	9.0	9.1	14.1

Source: Company, Systematix Institutional Research

Exhibit 4: QoQ Growth

Segmental Revenue (Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
India Pharmaceuticals	(15.1)	(1.0)	21.5	5.7	(3.6)	(10.4)	20.3	5.6	0.6
India Consumer Healthcare	(17.4)	(3.2)	36.8	(7.2)	(22.8)	4.7	32.1	12.6	(16.8)
Exports	37.7	(14.7)	97.5	11.9	15.6	29.0	(3.0)	8.5	62.6

Source: Company, Systematix Institutional Research

Exhibit 5: YoY Growth

Particulars (%)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
India Pharmaceuticals	18.3	14.2	7.8	22.4	10.9	9.8	9.7	14.6
India Consumer Healthcare	10.1	7.8	1.6	(5.1)	2.6	(1.0)	20.2	29.5
Exports	65.3	213.7	159.4	117.9	229.6	61.9	57.0	120.8

Source: Company, Systematix Institutional Research

Exhibit 6: Margin Summary

Particulars (%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Gross Margin	67.6%	67.2%	68.2%	69.5%	68.3%	69.8%	71.9%	71.6%	71.0%
EBITDA Margin	20.9%	20.3%	25.4%	25.2%	23.3%	24.2%	23.6%	27.6%	25.7%
EBIT Margin	16.8%	16.2%	22.0%	21.6%	19.1%	19.9%	19.8%	24.2%	19.7%
PAT Margin	14.1%	14.3%	19.2%	18.9%	17.6%	19.5%	18.8%	21.4%	11.9%

Source: Company, Systematix Institutional Research

Exhibit 7: Change in estimates

Particulars (Rs mn)	New estimates		Old estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net sales	1,53,512	1,72,558	1,53,512	1,72,558	0.0	0.0
EBITDA	41,169	47,756	44,706	51,653	(7.9)	(7.5)
Margin (%)	26.8	27.7	29.1	29.9	(230) bps	(226) bps
PAT	24,583	29,508	26,767	32,230	(8.2)	(8.4)
Margin (%)	16.0	17.1	17.4	18.7	(142) bps	(158) bps
EPS	59.3	71.2	66.5	80.1	(10.9)	(11.1)

Source: Systematix Institutional Research

Exhibit 8: Actual vs Estimates

Particulars (Rs mn)	Actuals	Systematix	Var(%)	Cons.	Var(%)
Net sales	32,300	33,437	(3.4)	31,799	1.6
EBITDA	8,298	8,945	(7.2)	8,370	(0.9)
Margin (%)	25.7	26.8	(106) bps	26.3	(63) bps
PAT	3,845	4,356	(11.7)	4,704	(18.3)
Margin (%)	11.9	13.0	(112) bps	14.8	(289) bps

Source: Company, Systematix Institutional Research

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Profit & Loss Statement

YE: Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Revenues	87,494	1,03,348	1,23,365	1,53,512	1,72,558
YoY gr. (%)	12.4%	18.1%	19.4%	24.4%	12.4%
Cost of Goods Sold	29,136	32,097	35,323	45,286	50,905
Gross Profit	58,358	71,251	88,043	1,08,226	1,21,653
Margin (%)	66.7%	68.9%	71.4%	70.5%	70.5%
Employee Cost	19,185	22,747	27,149	32,308	35,700
Other Expenses	20,167	23,153	28,957	34,749	38,198
EBITDA	19,006	25,351	31,936	41,169	47,756
YoY gr. (%)	-7.3%	33.4%	26.0%	28.9%	16.0%
Margin (%)	21.7%	24.5%	25.9%	26.8%	27.7%
Depreciation and Amortization	3,259	3,983	6,157	8,940	9,406
EBIT	15,747	21,368	25,780	32,229	38,350
Margin (%)	18.0%	20.7%	20.9%	21.0%	22.2%
Net Interest	445	335	4,089	4,041	2,368
Other Income	1,286	2,809	3,374	2,930	1,850
Exceptional Items	-	-	-	-	-
Profit Before Tax	16,588	23,841	25,064	31,118	37,831
Margin (%)	19%	23%	20%	20%	22%
Total Tax	3,616	4,576	5,542	6,535	8,323
Effective tax rate (%)	21.8%	19.2%	22.1%	21.0%	22.0%
Minority Interest & Share of					
Loss from Associates	-154	-137	-137	-137	-137
Profit after tax	12,819	19,129	19,386	24,446	29,371
EPS	32.0	47.8	48.0	59.3	71.2
YoY gr. (%)	-10.6%	49.2%	0.6%	23.4%	20.1%

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	16,712	23,994	25,064	31,118	37,831
Depreciation	3,259	3,983	6,157	8,940	9,406
Others	-275	-1,860	716	1,112	519
Working capital	1,667	204	-4,306	-2,878	-2,503
Direct tax	-3,231	-4,795	-5,542	-6,535	-8,323
Net cash from Op. activities	18,133	21,524	22,088	31,757	36,930
Net Capital expenditures	-8,321	-3,892	-1,32,427	-6,140	-6,902
Others	-2,221	-16,925	29,053	2,930	1,850
Net Cash from Invst. activities	-10,541	-20,817	-1,03,374	-3,211	-5,053
Issue of share cap. / premium	-	-	30,000	-	-
Debt changes	-258	-8	50,000	-5,249	-20,000
Dividend paid	-	-	-	-	-
Others	-445	-287	-4,089	-4,041	-2,368
Net cash from Fin. activities	-703	-295	75,911	-9,290	-22,368
Net change in cash	6,889	412	-5,375	19,256	9,509

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	401	401	412	412	412
Reserves & Surplus (Ex OCI)	75,832	95,357	1,44,743	1,69,189	1,98,561
Net Worth	76,233	95,758	1,45,155	1,69,602	1,98,973
Short term debt	1,395	1,712	37,098	2,547	2,863
Long term debt	231	249	50,249	45,000	25,000
Trade payables	10,082	11,030	12,138	15,562	17,493
Other Provisions	4,055	5,124	5,124	5,124	5,124
Other liabilities	5,158	5,760	5,760	5,760	5,760
Total Liabilities	97,154	1,19,633	2,55,524	2,43,595	2,55,213
Net block	42,507	45,453	1,71,723	1,68,923	1,66,420
CWIP	5,501	2,818	2,818	2,818	2,818
Other Non-current asset	5,868	5,680	2,582	2,582	2,582
Cash and Cash Equivalents	4,532	11,980	41,854	26,422	36,111
Debtors	5,764	8,483	12,337	13,816	15,530
Inventories	14,985	15,535	17,096	21,918	24,637
Other current asset	17,998	29,685	7,104	7,104	7,104
Total Assets	97,154	1,19,633	2,55,512	2,43,583	2,55,201

Source: Company, Systematix Institutional Research

Ratios

YE: Mar	FY23	FY24	FY25E	FY26E	FY27E
Per Share (Rs)					
EPS	32.0	47.8	48.0	59.3	71.2
CEPS	40.1	57.7	63.3	80.9	94.0
BVPS	190.3	239.0	359.7	411.2	482.4
DPS	-	-	-	-	-
Return Ratio (%)					
RoCE	21.0	24.3	15.6	14.3	17.3
RoE	18.4	22.2	16.1	15.5	15.9
Balance Sheet					
Net Debt : Equity (x)	-0.0	-0.1	0.3	0.1	-0.0
Net Working Capital (Days)	93.7	78.6	79.7	76.7	79.4
Valuation(x)					
PER	65.4	43.8	43.6	35.3	29.4
EV/EBITDA	43.9	32.7	27.9	21.5	17.9
EV/Sales	9.5	8.0	7.2	5.8	5.0
Receivables (days)	20.1	25.2	30.8	31.1	31.0
Inventory (days)	204.1	173.5	168.6	157.2	166.9
Payables (days)	130.6	120.0	119.7	111.6	118.5

Source: Company, Systematix Institutional Research

Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
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Equity Research

Analysts	Industry Sectors	Desk-Phone	E-mail
Dhananjay Sinha	Co Head of Equities & Head of Research - Strategy & Economics	+91-22-6704 8095	dhananjaysinha@systematixgroup.in
Abhishek Mathur	Consumer Staples	+91-22-6704 8059	abhishekmathur@systematixgroup.in
Ashish Poddar	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8039	ashishpoddar@systematixgroup.in
Ambrish Shah	IT & ITES	+91-22-6704 8041	ambrishshah@systematixgroup.in
Chetan Mahadik	Consumer Discretionary	+91-22-6704 8091	chetanmahadik@systematixgroup.in
Manjith Nair	Banking, Insurance	+91-22-6704 8065	manjithnair@systematixgroup.in
Pradeep Agrawal	NBFCs & Diversified Financials	+91-22-6704 8024	pradeepagrawal@systematixgroup.in
Pratik Tholiya	Specialty & Agro Chem, Fertilisers, Sugar, Textiles and Select Midcaps	+91-22-6704 8028	pratiktholiya@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Sudeep Anand	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8085	sudeepanand@systematixgroup.in
Vishal Manchanda	Pharmaceuticals and Healthcare	+91-22-6704 8064	vishalmanchanda@systematixgroup.in
Deeksha Bhardwaj	Strategy & Economics	+91-22-6704 8017	deekshabhardwaj@systematixgroup.in
Devanshi Kamdar	IT & ITES	+91-22-6704 8098	devanshikamdar@systematixgroup.in
Hinal Kothari	Metals & Mining	+91-22-6704 8076	hinalkothari@systematixgroup.in
Jennisa Popat	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8066	jennisapopat@systematixgroup.in
Krishna Zaveri	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8023	krishnazaveri@systematixgroup.in
Mahek Shah	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8040	mahekshah@systematixgroup.in
Nirali Chheda	Banking, Insurance	+91-22-6704 8019	niralichheda@systematixgroup.in
Pashmi Chheda	Banking, Insurance	+91-22-6704 8063	pashmichheda@systematixgroup.in
Pravin Mule	NBFCs & Diversified Financials	+91-22-6704 8034	pravinmule@systematixgroup.in
Pratik Oza	Midcaps	+91-22-6704 8038	pratikoza@systematixgroup.in
Prathmesh Kamath	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8022	prathmeshkamath@systematixgroup.in
Purvi Mundhra	Macro-Strategy	+91-22-6704 8078	purvimundhra@systematixgroup.in
Rajesh Mudaliar	Consumer Staples & Discretionary	+91-22-6704 8084	rajeshmudaliar@systematixgroup.in
Rajat Parab	Consumer Staples	+91-22-6704 8084	rajatparab@systematixgroup.in
Rushank Mody	Pharmaceuticals and Healthcare	+91-22-6704 8046	rushankmody@systematixgroup.in
Swati Saboo	Midcaps	+91-22-6704 8043	swatisaboo@systematixgroup.in
Vijay Jangir	FMCG	+91-22-6704 8029	vijayjangir@systematixgroup.in
Vamsi Hota	Pharmaceuticals and Healthcare	+91-22-6704 8099	vamsihota@systematixgroup.in
Yash Mehta	NBFCs & Diversified Financials	+91-22-6704 8036	yashmehta@systematixgroup.in
Yogeeta Rathod	Midcaps	+91-22-6704 8081	yogeetarathod@systematixgroup.in

Equity Sales & Trading

Name		Desk-Phone	E-mail
Vipul Sanghvi	Co Head of Equities & Head of Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Sidharth Agrawal	Sales	+91-22-6704 8090	sidharthagrawal@systematixgroup.in
Shreya Chaudhary	Sales	+91-22-6704 8033	shreyachaudhary@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8003	rahul@systematixgroup.in
Abhinav Barjatiya	Sales	+91-22-6704 8068	abhinavbarjatiya@systematixgroup.in
Chintan Shah	Sales	+91-22-6704 8061	chintanshah@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Karan Damani	Sales Trading	+91-22-6704 8053	karandamani@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8087	vipulchheda@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Rahul Singh	Dealer	+91-22-6704 8054	rahulsingh@systematixgroup.in
Niraj Singh	Dealer	+91-22-6704 8096	nirajsingh@systematixgroup.in

Corporate Access

Mrunal Pawar	Vice President & Head Corporate Access	+91-22-6704 8088	mrunalpawar@systematixgroup.in
Anshika Patnaik	Associate Corporate Access	+91-22-6704 8162	anshikapatnaik@systematixgroup.in

Production

Madhu Narayanan	Editor	+91-22-6704 8071	madhunarayanan@systematixgroup.in
Mrunalip Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in

Operations

Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Hiren Patel	Assistant Manager	+91-22-6704 8056	hirenpatel@systematixgroup.in

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Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: www.systematixgroup.in

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

Details of Email id grievance redressal cell : grievance@systematixgroup.in

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