

Retail Research	IPO Note
Sector: Pharma (CRDMO)	Price Band (Rs): 540 - 570
10 <sup>th</sup> July 2025	Recommendation: Subscribe for Long Term Investment Horizon

## Anthem Biosciences Ltd.

### Company Overview:

**Anthem Biosciences Ltd.** is a fast-growing innovation-led CRDMO (Contract Research Development and Manufacturing Organization) in India, offering end-to-end services across drug discovery, development and manufacturing for both New Chemical Entity (NCE) and New Biological Entity (NBE). Serving global biotech and pharma companies, the company reached Rs 1,000 cr in revenue milestone within 14 years and recorded the highest growth among peers in FY25.

### Key Highlights:

**1. Offering comprehensive one-stop service capabilities across the drug life cycle (drug discovery, development and manufacturing):** The company provides fully integrated, customizable CRDMO services across the NCE and NBE lifecycle—from target identification to Phase I–III clinical trials and commercial manufacturing. As one of the few Indian CRDMO's with end-to-end capabilities in both small and large molecules, the company delivers seamless solutions that accelerate development and reduce costs. The company's FY25 pipeline includes 242 projects across discovery, early and late phases of development. It derives 54% of revenues from commercialized molecules including 4 blockbuster drugs having revenue potential of USD 1 bn plus. The company has been granted 8 patents out of 17 filed till date.

**2. Fully built-out automated manufacturing infrastructure:** As of Mar'25, the company operates two cGMP-compliant manufacturing units in India with a combined annual capacity of 270 kL for custom synthesis and 142 kL for fermentation. The company is expanding its capacity of custom synthesis by 130 kL by constructing unit III which is expected to be fully operational by 1HFY26. Post-expansion, capacities of custom synthesis and fermentation will rise to 425 kL and 182 kL respectively. The company has also started construction work at unit IV and has land parcel for unit V for future capacity expansion. The company enjoys one of the highest asset turnover ratio of >1.5x.

**3. Wide specialty ingredients portfolio:** The company in its specialty ingredients, leverages technological capabilities across biology and chemistry and has developed and commercialized specialty products. The Company's specialty ingredients portfolio includes Fermentation Products, Probiotics, Enzymes, Nutritional Actives, Vitamin Analogues, Biosimilars and APIs. The company successfully commercialized natural Vitamin K2 (MK-7) using an innovative biotransformation process. With India's largest fermentation capacity (142 kL as of Mar'25), the company is well-positioned to lead in this segment. In 2024, the company secured two contracts with major pharma firms in India and the U.S. for niche probiotics and biosimilars products.

**4. Long-standing relationships with a large, diversified and loyal customer base:** Over the last three years, the company worked with 287 customers cumulatively. It's top 10 customers for FY25 have an average length of relationship of 12 years indicating client retention capabilities.

**Valuation:** The company, at the upper price band of Rs 570, is valued at a P/E multiple of 70.9x based on FY25 earnings on post issue capital. The company has registered strong Revenue/EBITDA/Adj.PAT CAGR of 32%/25%/18% (FY23-FY25) to Rs 1,845 cr/ Rs 671 cr/ Rs 451 cr respectively. The company is well placed to encash on the fast-growing CRDMO industry on the back of a) Capacity expansion plans and funding in place b) Well established track record of profitable growth and c) Strong business pipeline. The entire issue is OFS and the business is self-sufficient to fund its growth capital.

While comparing with peers, the IPO is fairly priced along with a superior return and margin profile. We recommend investors to SUBSCRIBE the IPO at Cut-Off price for long term investment horizon.

Issue Details	
Date of Opening	14 <sup>th</sup> July 2025
Date of Closing	16 <sup>th</sup> July 2025
Price Band (Rs)	540 - 570
OFS (Rs cr)	3,395
Issue Size (Rs cr)	3,395
No. of shares	6,28,70,370 – 5,95,61,404
Face Value (Rs)	2
Post Issue Market Cap (Rs cr)	30,327 – 32,012
BRLMs	JM Financial, Citigroup Global Markets India, J.P. Morgan India, Nomura Financial Advisory & Securities (India)
Registrar	KFin Technologies Ltd.
Bid Lot	26 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NIB shares	15%

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	43,17,47,949	76.9
Public & Others	12,98,62,102	23.1
<b>Total</b>	<b>56,16,10,051</b>	<b>100.0</b>

Post Issue @Lower Price Band	No. of Shares	%
Promoter & Promoter Group	41,87,84,986	74.6
Public & Others	14,28,25,065	25.4
<b>Total</b>	<b>56,16,10,051</b>	<b>100.0</b>

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	41,94,67,247	74.7
Public & Others	14,21,42,804	25.3
<b>Total</b>	<b>56,16,10,051</b>	<b>100.0</b>

Source: RHP, SSL Research

## Key Financials

Particulars (Rs cr)	FY23	FY24	FY25
Revenue from operations	1,057	1,419	1,845
EBITDA	429	505	671
Adj. PAT	323	367	451
EBITDA Margin (%)	40.6	35.6	36.4
Adj. PAT Margin (%)	30.6	25.9	24.5
RoE (%)	18.6	19.1	18.7
RoCE (%)	23.7	22.6	26.5
P/E (x)*	99.0	87.2	70.9

Source: RHP, SSL Research

\*Note: Pre-issue P/E based on upper price band

## Risk Factors

- **Revenue concentration:** CRDMO services accounted for 81.7% of FY25 revenue. Any negative impact on CRDMO customer's business or the industries could significantly affect the business.
- **Manufacturing of molecules:** The company's financial performance relies on the success of the molecules the company manufactures. A revenue dip in FY23 was partly due to a failure of Phase III molecule and withdrawal of a commercial product. Any similar setback in future could negatively impact business and outlook.
- **Continuous investment in technology:** Global pharmaceutical outsourcing service industry is characterized by rapid technological changes. Failure to develop or upgrade technologies could harm company's competitiveness and negatively impact the financial performance.
- **Government regulations:** Failure to obtain or renew required licenses and regulatory approvals could adversely affect the operations and cash flow.
- **Dependency on top 5 customers:** In FY25, company's top 5 and top 10 customers contributed 70.9% and 77.3% of revenue respectively. Losing key customers or reduced business from them could significantly impact the operations.

## Growth Strategies

- Continue to expand technological capabilities to gain wallet share and to win new customers in the discovery and development phase.
- Leverage manufacturing capacity to cater to the expected increase in commercialized and late-stage molecules.
- Focus on growing complex specialty ingredients business with large market opportunity.
- Improving cost management and operational efficiencies, including supply chain resilience.
- Complement overall growth through identifying opportunities for inorganic expansion.
- Continue to implement sustainable manufacturing practices and green chemistry.

## Revenue from Operation - Business Segment

Business Segment	FY23		FY24		FY25	
	Revenue from operations (Rs cr)	(%)	Revenue from operations (Rs cr)	(%)	Revenue from operations (Rs cr)	(%)
<b>CRDMO</b>	<b>808.1</b>	<b>76.5</b>	<b>1,083.2</b>	<b>76.3</b>	<b>1,506.1</b>	<b>81.7</b>
-R&D	173.1	16.4	185.6	13.1	200.6	10.9
-D&M	635.0	60.1	897.6	63.2	1,305.5	70.8
<b>Specialty Ingredients</b>	<b>248.8</b>	<b>23.5</b>	<b>336.2</b>	<b>23.7</b>	<b>338.5</b>	<b>18.3</b>
<b>Total</b>	<b>1,056.9</b>	<b>100.0</b>	<b>1,419.4</b>	<b>100.0</b>	<b>1,844.6</b>	<b>100.0</b>

Source: RHP, SSL Research

## Revenue from Operation - Geography

	FY23		FY24		FY25	
	Revenue from operations (Rs cr)	(%)	Revenue from operations (Rs cr)	(%)	Revenue from operations (Rs cr)	(%)
North America	500.2	47.3	429.3	30.2	487.3	26.4
Europe	306.2	29.0	612.8	43.2	1,007.4	54.6
India	213.0	20.2	309.1	21.8	305.5	16.6
Rest of Asia & Others	37.5	3.5	68.1	4.8	44.4	2.4
<b>Total</b>	<b>1,056.9</b>	<b>100.0</b>	<b>1,419.4</b>	<b>100.0</b>	<b>1,844.6</b>	<b>100.0</b>

Source: RHP, SSL Research

## Manufacturing Capacity

Manufacturing Capacity		Unit I	Unit II	Unit III*	Total
Annual Manufacturing Capacity (Mar'25)	Custom synthesis capacity	24 KL	246 KL	N/A	270 KL
	Fermentation capacity^*	2 KL	140 KL		142 KL
Expected Annual Manufacturing Capacity^	Custom synthesis capacity	24 KL	376 KL	25 KL	425 KL
	Fermentation capacity^*	2 KL	140 KL	40 KL	182 KL

\* Under construction, expected to be completed by 1HFY26.

^Expected annual manufacturing capacity following completion of Unit III and custom synthesis expansion plans at Unit II, in each case by 1HFY26. As of the date of this Red Herring Prospectus, we have completed the expansion of 54 kL out of 130 kL of our custom synthesis capacity at Unit II, with the remaining 76 kL expected to be completed by 1HFY26.

^\* Includes biotransformation capacity.

Source: RHP, SSL Research

Proposed Facility	Area	Location	Current Status
Unit IV	30 Acres	Harohalli Industrial Area – Phase 3, within a 10 km radius of Unit II and Unit III	As of Jun'25, construction work has commenced in phases.
Unit V	20 Acres	Hosur, Tamil Nadu, within a 20 km radius of Unit I	Earmarked for future expansion, post Unit IV. No plans for construction yet.

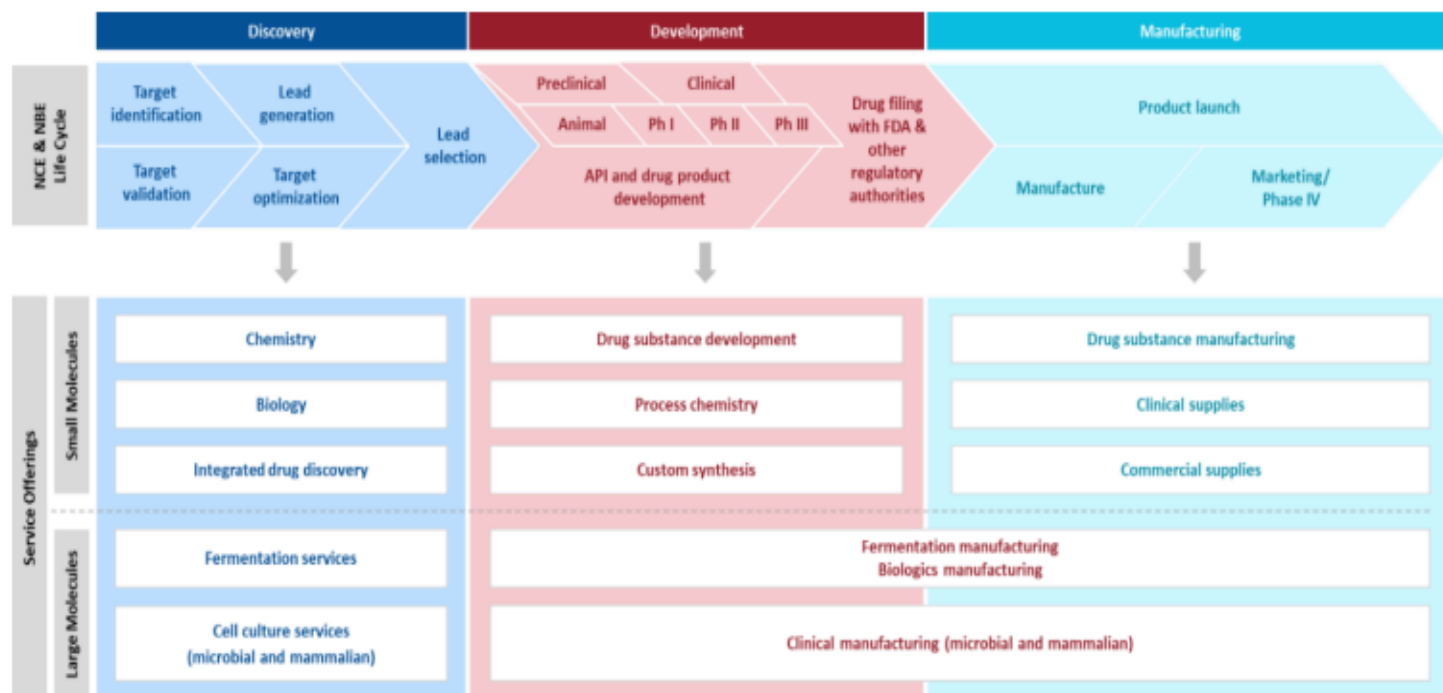
Source: RHP, SSL Research

## Business Summary






Source: RHP, SSL Research

### CRDMO service offerings across the NCE and NBE lifecycles:



Source: RHP, SSL Research

## Manufacturing Facilities

	Unit I: Bommasandra	Unit II: Harohalli	Unit III: NeoAnthem
			
Established	2007	2016	2022
Total area (in acres)	5 acres	14.21 acres	8.14 acres
Discovery	✓		✓
Development	✓	✓	✓
Custom Synthesis capacity <sup>(1)</sup>	25 kL (27 reactors)	246 kL   Additional 130 kL by first half of Fiscal 2026 <sup>(1)</sup>	25 kL
Flow chemistry capacity	✓ (Lab Scale)	✓ (cGMP Scale)	
Fermentation capacity <sup>(2)</sup>	2 kL	140 kL	40 kL
Key Modalities	Chemistry Lab	250 Fume hoods with supporting infrastructure	100 Fume hoods with supporting infrastructure
	Peptide synthesis	67 L (Pilot Scale)	16 kL capacity
	High potent compounds	55 L (Lab/Pilot Scale)	2.5 kL capacity
	Oligonucleotide	Lab Scale	
	RNAi	✓	✓
	Biotransformation	200 L	10 kL
Certifications	U.S. Food and Drug Administration Pharmaceuticals and Medical Devices Agency Brazilian Health Regulatory Agency (Anvisa) European GMP Association	U.S. Food and Drug Administration Therapeutic Goods Administration Brazilian Health Regulatory Agency (Anvisa) Central Drugs Standard Control Organisation (CDSCO) FDA Food Safety Modernization Act	Phase wise under commissioning, to be fully commissioned in the first half of Fiscal 2026 <sup>(1)</sup>

# includes Biotransformation capacity

### Notes:

(1) Under construction, expected to be completed by 1HFY26. As of the date of this Red Herring Prospectus, the company has completed the expansion of 54 kL out of 130 kL of custom synthesis capacity at Unit II, with the remaining 76 kL expected to be completed by 1HFY26. In relation to Unit III, as of the date of this Red Herring Prospectus, the company has started the operations at Unit III in a phased manner, which includes commencing operations at its custom synthesis block comprising the R&D laboratory, pilot laboratory, kilo laboratory, hydrogenation facility, peptide manufacturing facility and hi-potent manufacturing facility. The remaining fermentation block in Unit III is in progress and is expected to be completed by the 1HFY26.

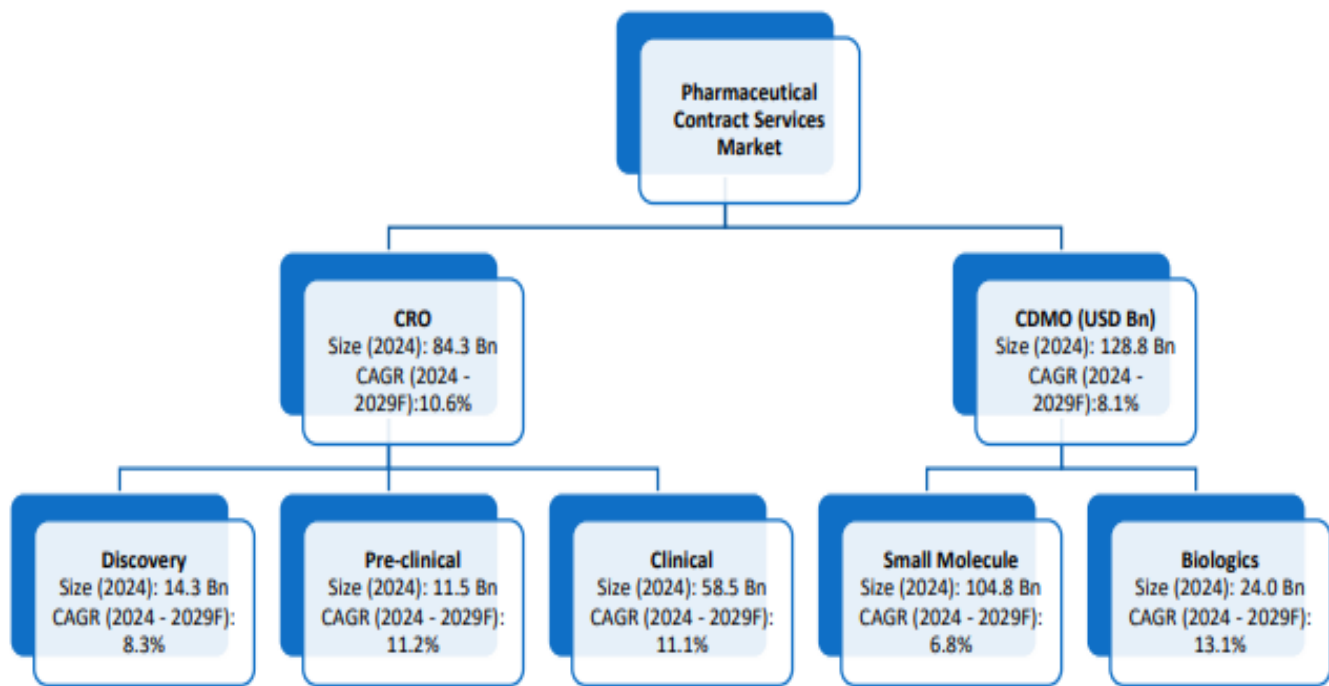
(2) The information relating to the installed capacity of the manufacturing facilities as of the dates included above are based on various assumptions and estimates that have been taken into account for calculation of the installed capacity. These assumptions and estimates include standard capacity calculation practice of industry after examining the calculations and explanations provided by the Company and the equipment/reactor capacities and other ancillary equipment installed at the facilities. Being a continuous process plants, the assumptions and estimates taken into account include the number of working days in a year as 365 days (including national holidays)

Source: RHP, SSL Research



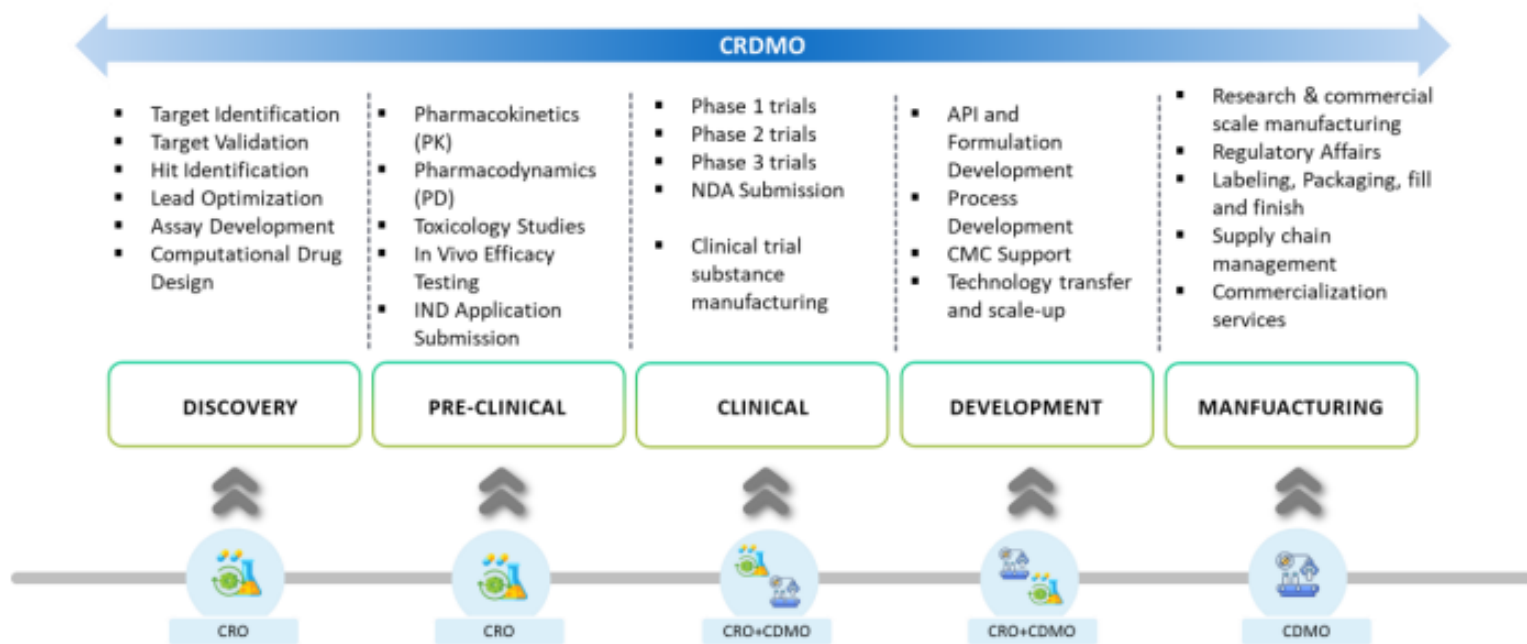
Industry Overview

Global Pharmaceutical Contract Services Segmentation:



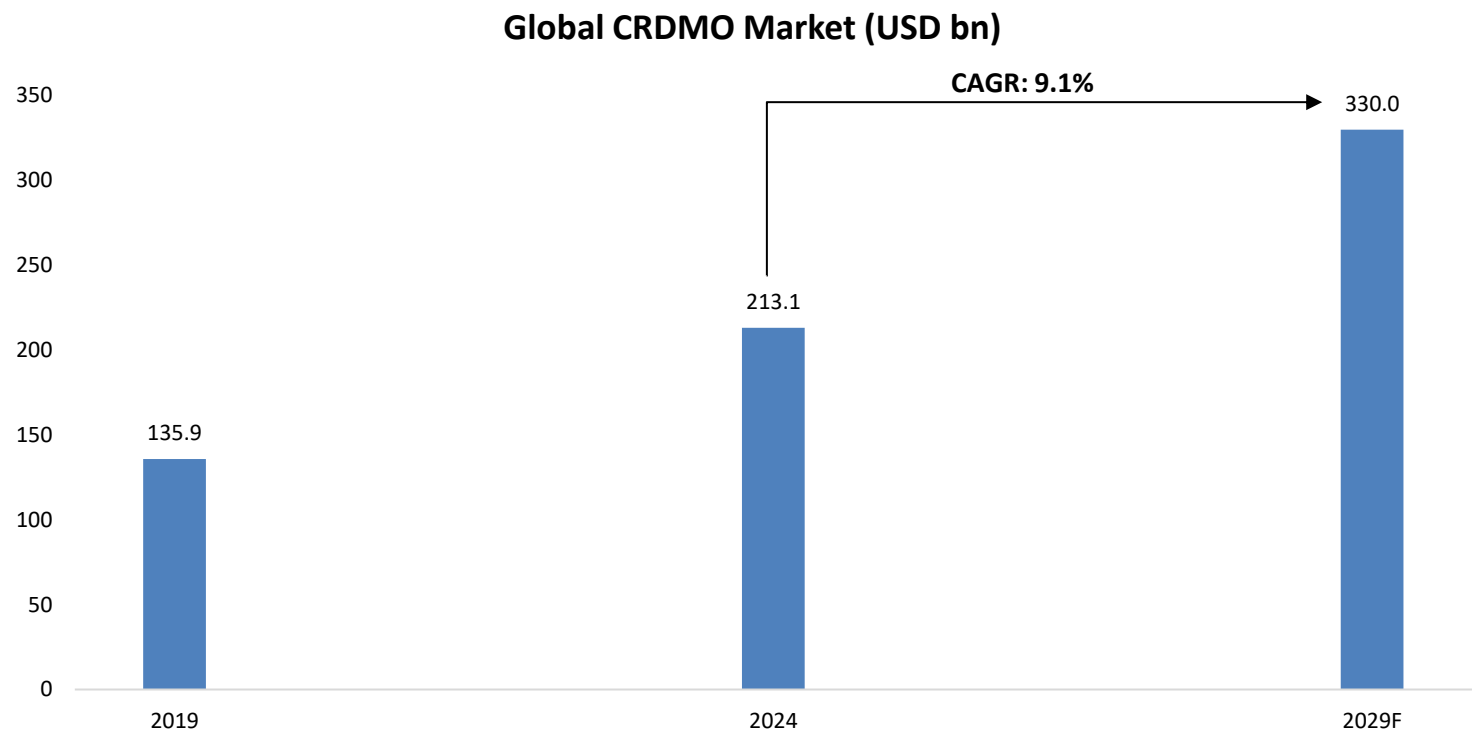
Source: RHP, SSL Research

CRDMO industry operating model:



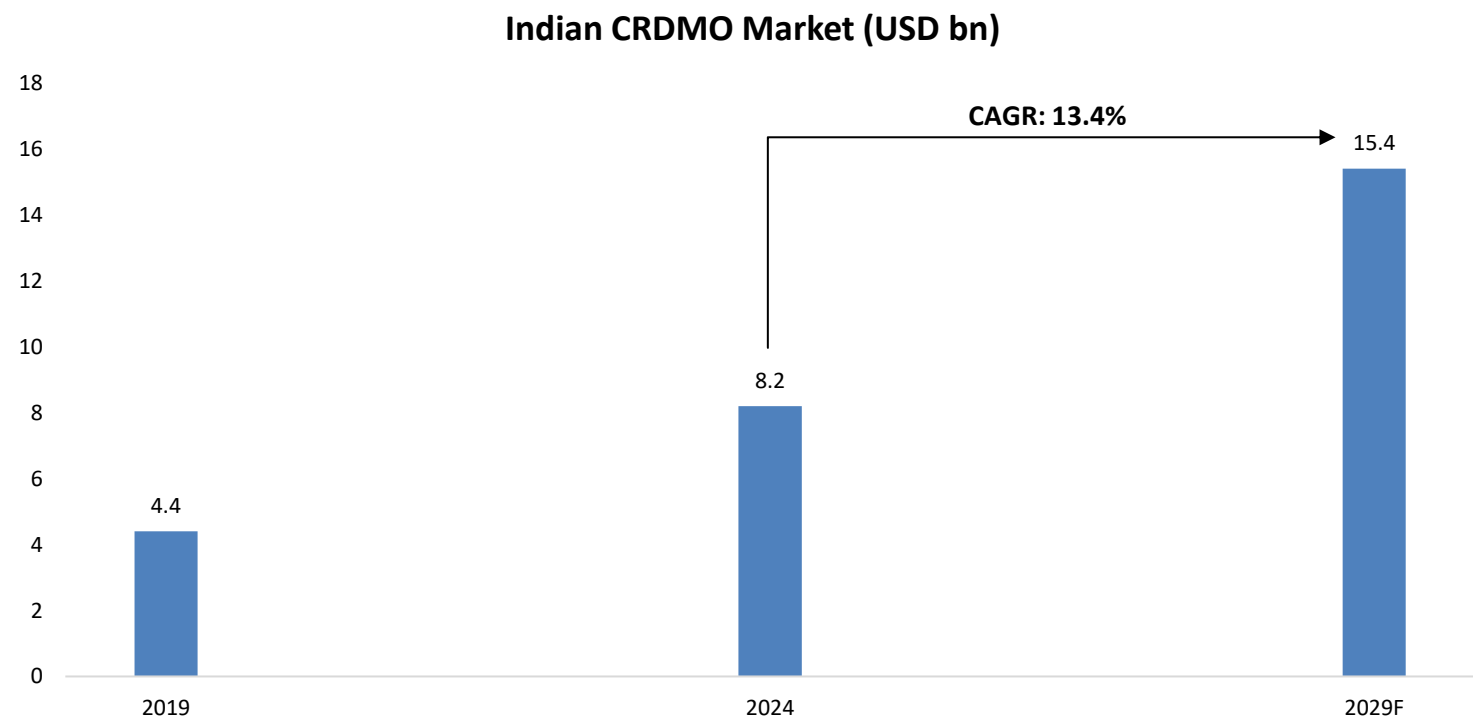
Source: RHP, SSL Research

Global CRDMO market is expected to grow at a CAGR of 9.1% between 2024 and 2029F:



Source: RHP, SSL Research

Indian CRDMO market is expected to grow at a CAGR of 13.4% between 2024 and 2029F:



Source: RHP, SSL Research

## Financial Snapshot

INCOME STATEMENT			
(Rs cr)	FY23	FY24	FY25
Revenue from Operations	1,057	1,419	1,845
YoY growth (%)	-	34.3	30.0
Cost Of Revenues (incl. Stock Adj.)	339	600	744
Gross Profit	718	820	1,101
Gross margins (%)	67.9	57.8	59.7
Employee Cost	153	183	260
Other Operating Expenses	136	132	169
EBITDA	429	505	671
EBITDA margins (%)	40.6	35.6	36.4
Other Income	77	64	86
Interest Exp.	7	10	10
Depreciation	64	82	89
PBT	435	477	657
Exceptional item	62	-	-
Tax	112	110	206
PAT	385	367	451
PAT margin (%)	36.4	25.9	24.5
Adj. PAT	323	367	451
Adj. PAT margin (%)	30.6	25.9	24.5

BALANCE SHEET			
(Rs cr)	FY23	FY24	FY25
<b>Assets</b>			
Net Block	438	470	696
Capital WIP	164	345	297
Intangible Assets	9	6	4
Right of use assets	1	6	5
Other Non-current Assets	78	89	69
<b>Current Assets</b>			
Current Investment	493	459	416
Inventories	129	211	340
Trade receivables	274	490	450
Cash and Bank Balances	343	184	317
Other Current Assets	84	136	213
<b>Total Current Assets</b>	<b>1,323</b>	<b>1,482</b>	<b>1,737</b>
<b>Current Liabilities &amp; Provisions</b>			
Trade payables	72	101	110
Other current liabilities	59	112	149
Short-term provisions	4	3	4
<b>Total Current Liabilities</b>	<b>135</b>	<b>216</b>	<b>263</b>
<b>Net Current Assets</b>	<b>1,188</b>	<b>1,265</b>	<b>1,474</b>
<b>Total Assets</b>	<b>1,880</b>	<b>2,182</b>	<b>2,545</b>
<b>Liabilities</b>			
Share Capital	114	112	112
Reserves and Surplus	1,627	1,813	2,298
<b>Total Shareholder's Funds</b>	<b>1,741</b>	<b>1,925</b>	<b>2,410</b>
<b>Total Debt</b>	<b>125</b>	<b>233</b>	<b>109</b>
Long Term Provisions	5	7	8
Lease Liabilities	1	6	4
Other Long-Term Liabilities	8	12	14
<b>Total Liabilities</b>	<b>1,880</b>	<b>2,182</b>	<b>2,545</b>



Cash Flow (Rs Cr)	FY23	FY24	FY25
Cash flow from Operating Activities	306	140	418
Cash flow from Investing Activities	(376)	(221)	(152)
Cash flow from Financing Activities	64	(77)	(134)
Free Cash Flow	13	3	10

RATIOS			
	FY23	FY24	FY25
<b>Profitability</b>			
Return on Assets (%)	16.1	15.3	16.1
Return on Capital Employed (%)	23.7	22.6	26.5
Return on Equity (%)	18.6	19.1	18.7
<b>Margin Analysis</b>			
Gross Margin (%)	67.9	57.8	59.7
EBITDA Margin (%)	40.6	35.6	36.4
Net Profit Margin (%)	30.6	25.9	24.5
<b>Short-Term Liquidity</b>			
Current Ratio (x)	8.1	4.4	5.3
Quick Ratio (x)	7.3	3.8	4.3
Avg. Days Sales Outstanding	95	126	89
Avg. Days Inventory Outstanding	139	129	167
Avg. Days Payables	42	40	34
Fixed asset turnover (x)	2.4	3.0	2.6
Debt-service coverage (x)	3.4	2.0	5.6
<b>Long-Term Solvency</b>			
Total Debt / Equity (x)	0.1	0.1	0.0
Interest Coverage Ratio (x)	65.4	51.1	64.6
<b>Valuation Ratios*</b>			
EV/EBITDA (x)	74.1	63.5	47.4
P/E (x)	99.0	87.2	70.9
P/B (x)	18.4	16.6	13.3
EV/Sales (x)	30.1	22.6	17.2
Mkt Cap/Sales (x)	30.3	22.6	17.4

*\*Valuation ratios are based on pre-issue capital at the upper price band*

*Source: RHP, SSL Research*

## Peer Comparison

Particulars (Rs cr)	Anthem Biosciences	Syngene International	Sai Life Sciences	Cohance Lifesciences	Divi's Laboratories
CMP (Rs)	570	639	778	995	6,990
Sales	1,845	3,642	1,642	1,198	9,360
EBITDA	671	1,045	390	375	2,968
Net Profit	451	496	173	265	2,191
Mkt Cap.	32,012	25,740	16,249	38,067	1,85,563
Enterprise Value	31,804	25,531	16,079	38,258	1,81,852
EBITDA Margin (%)	36.4	28.7	23.8	31.3	31.7
Net Profit Margin (%)	24.5	13.6	10.5	22.1	23.4
P/E (x)	70.9	51.9	93.9	143.6	84.7
EV/EBITDA (x)	47.4	24.4	41.2	102.0	61.3
RoE (%)	18.7	10.5	10.9	14.1	15.4
RoCE (%)	26.5	13.5	13.9	16.8	20.4
EV/Sales (x)	17.2	7.0	9.8	31.9	19.4

*The data is based on FY25 financial data.*

*For Anthem Biosciences Ltd, the Market Cap, EV/EBITDA (x) and P/E (x) are calculated on post-issue equity share capital based on the upper price band.*

*CMP of peer companies is as of 9<sup>th</sup> July, 2025.*

*Source: RHP, SSL Research.*

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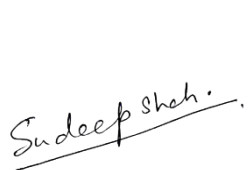
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