Anthem Biosciences Ltd

11-July-25

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Rinkle Vira
rinklevira@rathi.com

RINKLE SHAILESH VIRA
Digitally signed by RINKLE SHAILESH VIRA
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Issue Details

Issue Details	
Issue Size (Value in ` million, Upper Band)	33,950
Fresh Issue (No. of Shares in Lakhs)	-
Offer for Sale (No. of Shares in Lakhs)	595.6
Bid/Issue opens on	14-Jul-25
Bid/Issue closes on	16-Jul-25
Face Value	Rs. 2
Price Band (Rs)	540-570
Minimum Lot (shares)	26

Objects of the Issue

- **Fresh issue: Nil**
  - Company will not receive any proceeds from offer since its complete OFS.
- **Offer for sale: ₹ 33,950 million**

Book Running Lead Managers
JM Financial Limited, Citigroup Global Markets India Pvt Ltd, J.P. Morgan India Pvt Ltd, Nomura Financial Advisory and Securities (India) Pvt Ltd
Registrar to the Offer
KFin Technologies Ltd

Capital Structure (` Million)	Aggregate Value
Authorized share Capital	1,200.0
Subscribed paid up Capital (Pre-Offer)	1,123.2
Paid up capital (Post - Offer)	1,123.7

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	76.9%	74.7%
Public & Others	23.1%	25.3%
Total	100.0%	100.0%

Financials

Particulars (Rs. In Million)	FY25	FY24	FY23
Revenue from operations	**18,446**	**14,194**	**10,569**
Operating expenses	11,737	9,144	6,280
EBITDA	**6,708**	**5,050**	**4,289**
Other Income	857	637	771
Depreciation	894	818	637
EBIT	**6,672**	**4,869**	**4,423**
Interest	103	95	68
PBT	**6,569**	**4,773**	**4,355**
Exceptional Items	-	-	**618.0**
Tax	2,056	1,100	1,121
Consolidated PAT	**4,513**	**3,673**	**3,852**
EPS	8.1	6.6	6.9
Ratio	**FY25**	**FY24**	**FY23**
EBITDAM	36.4%	35.6%	40.6%
PATM	24.5%	25.9%	36.4%
Sales growth	30.0%	34.3%	-

Company description **Sector: Pharmaceutical**

Incorporated in 2006, Anthem Biosciences Ltd is a technology-led, innovation-focused Contract Research, Development, and Manufacturing Organization (CRDMO) offering end-to-end solutions across the entire drug discovery, development, and manufacturing value chain. The company is among a select group of Indian players with integrated capabilities spanning New Chemical Entities (NCEs) and New Biological Entities (NBEs) across the drug discovery, development, and commercial manufacturing value chain.

The company is among the first few players in India to utilize flow chemistry, biotransformation (such as bio-catalysis and enzymatic processes), micellar technology, and other innovative manufacturing techniques and the only company in India that has a strong presence across small molecules and biologics (large molecules). Anthem Biosciences is one of 3 CRDMOs that possess technological capabilities in India across ADCs, RNAi, peptides, and oligonucleotides, which are among the fastest growing in the pharmaceutical industry.

The company has adopted a differentiated model by offering Fee-for-Service (FFS) contracts to small pharma and emerging biotech clients, addressing their budget and capacity constraints. This cost-effective model yields better margins than the FTE (Full-Time-Equivalent) model when projects succeed. Over the past three fiscals, the company achieved a 95.59% success rate in FFS CRDMO engagements, driven by strong delivery on quality, quantity, and timelines. As of March 31, 2024, the company served over 150 customers, from small biotech to large pharmaceutical companies.

As of September 30 2024, the company had 196 projects: 170 discovery projects (284 synthesized molecules), 132 early phase projects, 16 late phase projects (10 late phase molecules), and 13 commercial manufacturing projects (API and intermediates for 10 commercialized molecules).

As of September 30, 2024, the company holds 1 patent in India, 7 overseas, and has 24 pending global patent applications, including process patents for glycolipid synthesis and GLP-1 analogues. The company has the largest fermentation capacity among Indian CRDMO companies, with a 142 kL capacity as of March 31, 2025, following the planned expansion by H1 FY26, Anthem's fermentation capacity of 182 kL is expected to be over 6x that of the 2nd -largest assessed industry player.

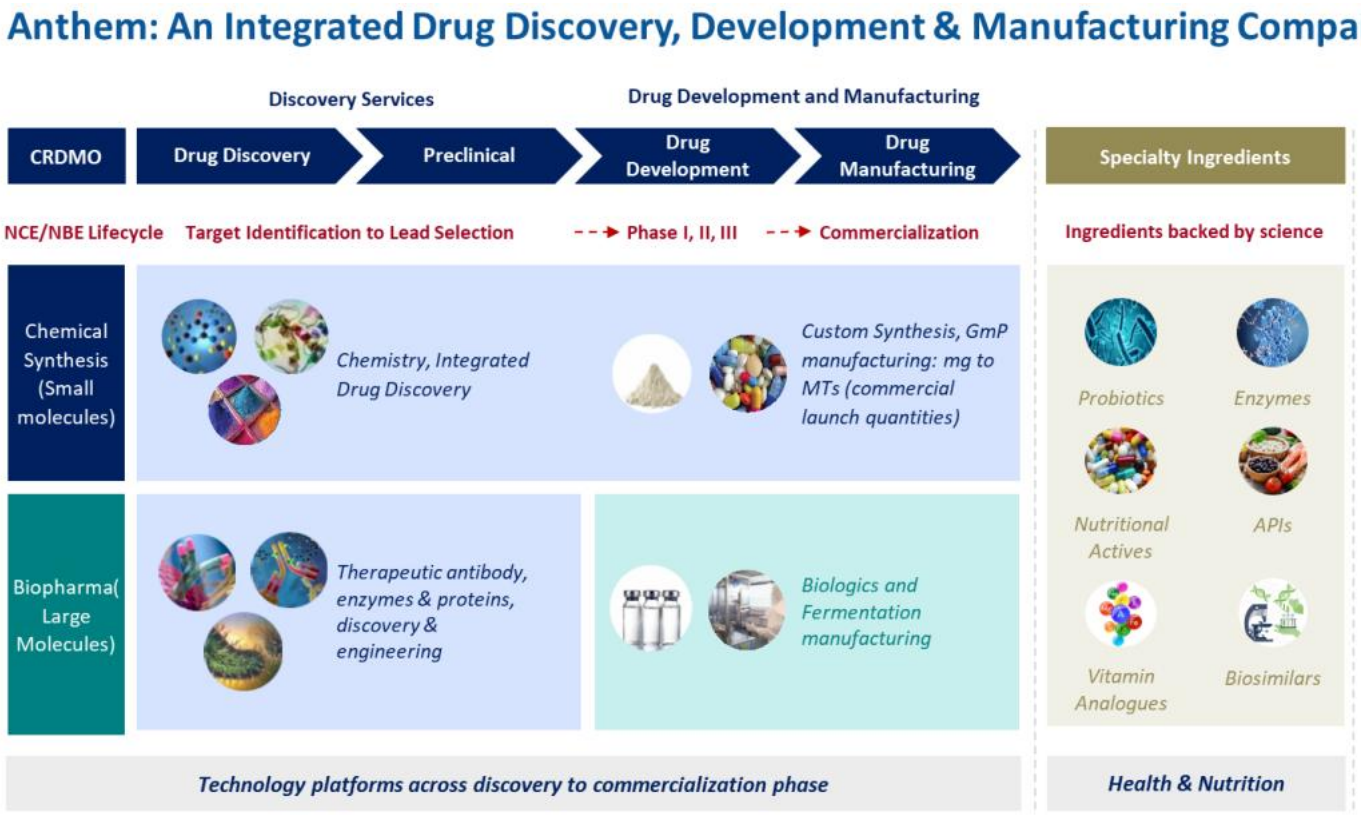
Valuation & outlook

Anthem biosciences ltd is one-stop service provider across the drug life cycle (drug discovery, development and manufacturing) fastest growing for both small molecules and biologics with integrated chemical and biology entity one of the only few companies catering it. Post the expansion its fermentation capacity of 182 kL is expected to be more than 6 times the 2nd largest assessed player in this industry.

Anthem biosciences is well positioned to cater in CROs and CRDMO segment the crucial players in the pharmaceutical and biotechnology industries wherein the company being niche player in with high entry barriers through its differentiated FFS model, long term relationship, strong R&D, innovation and technology driven approach across drug discovery, development and manufacturing. The company has shown profitable track record against its peers and intend to maintain it be leveraging its integrated manufacturing and technological capabilities by focusing on building complex speciality ingredients, peptides, probiotics etc. On valuation parse, based on annualised FY25 it is seeking PE of 70.6 times, and post issue market cap comes at Rs 3,18,673 Mn with this the issue is fairly priced. We believe company has potential to continue to grow its revenue and profitability ratios compared to its peers. Hence, we give "**SUBSCRIBE**" rating for the issue.

Company's Operations

Anthem Biosciences Ltd is a fully integrated, innovation-led and technology-driven CRDMO offering end-to-end solutions across the drug discovery, development, and manufacturing value chain. It is among the few Indian players with capabilities in both New Chemical Entities (NCEs) and New Biological Entities (NBEs) from early-stage research to commercial production. As a one-stop partner, Anthem serves a diverse global clientele, including emerging biotech firms and large pharmaceutical companies. The company is the youngest and fastest Indian CRDMO to surpass Rs10,000 million in revenue within 14 years, achieving this in Fiscal 2021, and also reported the highest revenue growth among Indian and global peers from Fiscal 2024 to Fiscal 2025.



Innovation is a core strategic pillar for Anthem Biosciences, shaping its differentiated approach across modalities and manufacturing capabilities to meet evolving customer needs while maintaining sustainability and operational efficiency.

- **Innovation in Modalities:**

Anthem has built a robust innovation pipeline across advanced therapeutic platforms including RNA interference (RNAi), Antibody-Drug Conjugates (ADCs), peptides, lipids, and oligonucleotides. Key milestones include:

- Among the first in India to initiate ADC development, beginning work on its first linker in 2016, which progressed to late-stage development by March 31, 2025.
- Developed the first payload for monoclonal antibodies (mAbs) in 2019, now in early-phase development.
- Pioneered work on glycolipids as an RNAi delivery platform starting in 2016, marking a significant advancement in gene expression technologies among Indian CRDMOs.

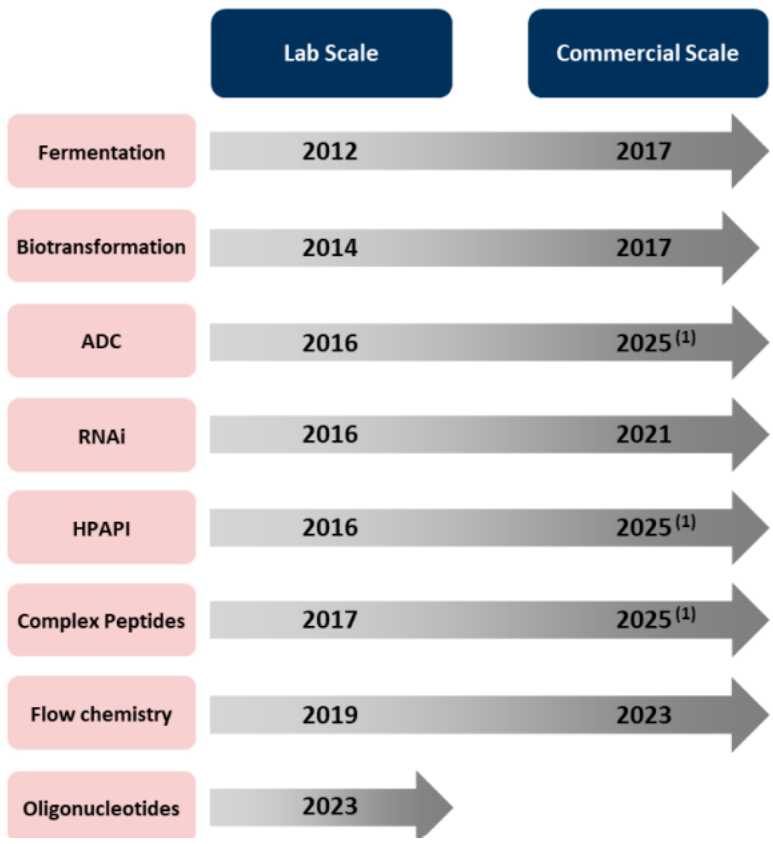
- **Advanced Technologies and Manufacturing:**

The company has invested significantly in expanding and automating its manufacturing infrastructure to enhance efficiency and quality. It is also an early adopter of green chemistry practices in India, having implemented biotransformation in 2014 and flow chemistry in 2019. Current capabilities span custom synthesis, fermentation, flow chemistry, and biotransformation, with bio-catalysis and biosynthesis offering enzyme-driven solutions for cleaner, cost-effective manufacturing.

- **Strategic Investments in Capabilities:**

Anthem has consistently expanded its technological and service footprint through targeted investments, including:

- Launch of a solid-state peptide synthesis lab (2016)
- Establishment of large-scale fermentation capabilities (2017)
- Expansion of custom synthesis capacity from 24 kL in 2012 to 270 kL by October 2022
- Commissioning of a cGMP-scale continuous flow facility (2022)
- Development of an oligonucleotide synthesis lab (2023)



Product Segments	Fiscal 2025		Fiscal 2024		Fiscal 2024	
	Amount (in Million)	(%)	Amount (in Million)	(%)	Amount (in Million)	(%)
North America	4,873	26.4%	4,293	30.5%	5,002	47.4%
Europe	10,074	54.6%	6,128	43.1%	3,062	28.9%
India	3,055	16.5%	3,091	21.7%	2,130	20.1%
Rest of Asia and others	444	2.4%	681	4.8%	375	3.5%
Total Revenue from Operations	**18,446**	**100%**	**14,194**	**100%**	**10,569**	**100%**

Their business comprises CRDMO services and the manufacture and sale of specialty ingredients. The CRDMO business caters to customers in regulated markets, while the specialty ingredients business complements their CRDMO business by targeting both regulated markets (such as the United States and Europe) as well as semi-regulated markets (such as India, South and Southeast Asia, Latin America and the Middle East). Their specialty ingredients business enables them to draw on technological capabilities across biology and chemistry and leverage their fermentation capacity to manufacture and commercialise specialty ingredients as an additional revenue stream.

Product Segments	Fiscal 2025		Fiscal 2024		Fiscal 2024	
	Amount (in Million)	(%)	Amount (in Million)	(%)	Amount (in Million)	(%)
CRDMO	**15,061**	**81.6%**	**10,832**	**76.3%**	**8,081**	**76.4%**
-R&D	2,006	10.8%	1,856	13.0%	1,731	16.3%
-D&M	13,055	70.7%	8,976	63.2%	6,350	60.0%
Specialty Ingredients	33,845	18.3%	3,362	23.6%	2,488	23.5%
Total Revenue from Operations	**18,446**	**100%**	**14,194**	**100%**	**10,569**	**100%**

As of March 31, 2025, the company has more than 550 customers across both its CRDMO and specialty ingredients businesses, respectively, spread over more than 44 countries including the United States, European countries and Japan. Within their CRDMO business, as of March 31, 2025, they served 150 customers, ranging from small pharmaceutical and emerging biotech companies to mid-scale and large pharmaceutical companies. They also serve 3 large pharmaceutical companies for whom they manufactured 5 of their top 6 commercialised molecules by revenue in Fiscal 2025 (including after acquisitions or consolidations).

Product Segments	Fiscal 2025		Fiscal 2024		Fiscal 2024	
	Amount (in Million)	(%)	Amount (in Million)	(%)	Amount (in Million)	(%)
Revenue from top 5 customers	13,081	70.9%	9,235	60.5%	6,959	65.8%
Revenue from top 10 customers	14,263	77.3%	10,281	72.3%	7,904	74.7%
-Davospharma	2,634	-	3,231	-	3,930	-
Other top 10 customers	11,628	-	7,050	-	3,973	-

The company has showcased innovation through its differentiated business model, particularly in catering to small pharmaceutical and emerging biotech companies by offering CRDMO services during the drug discovery and development phases under Fee-for-Service (FFS) contracts. The FFS model is preferred by such clients due to budgetary constraints and limited in-house capabilities, offering cost efficiency, better pricing structures, and higher margins relative to the Full-Time-Equivalent (FTE) model—provided project outcomes are successfully delivered. Over the last 3 fiscals, the company has maintained a high success rate of 95.59% in its FFS CRDMO engagements, driven by consistent adherence to contractual specifications on quality, quantity, and timelines.

The company's manufacturing facilities are cGMP compliant and have been accredited by various global regulatory agencies, such as the FDA in the United States, ANVISA in Brazil, TGA in Australia and PMDA in Japan. It has also focused on adopting sustainable manufacturing practices, and they were among the first in India to utilize green chemistry techniques such as biotransformation, micellar technology, pincer catalysis and other innovative manufacturing techniques, including flow chemistry.

Particulars		Unit I	Unit II	Unit III	Total
Annual manufacturing capacity as of March 31, 2025	Custom synthesis capacity	24 kL	246 kL	NA	270 kL
	Fermentation capacity	2 kL	140 kL	NA	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

As of March 31, 2025, Anthem has 7 registered trademarks in India and has filed 10 trademark applications with the Trademarks Registry. In addition, as of March 31, 2025, they have been granted 1 patent by the Patent Office in India and 7 that are pending. They also have 7 patents granted by patent office's globally and have 10 pending before the respective Patent Offices as of March 31, 2025.

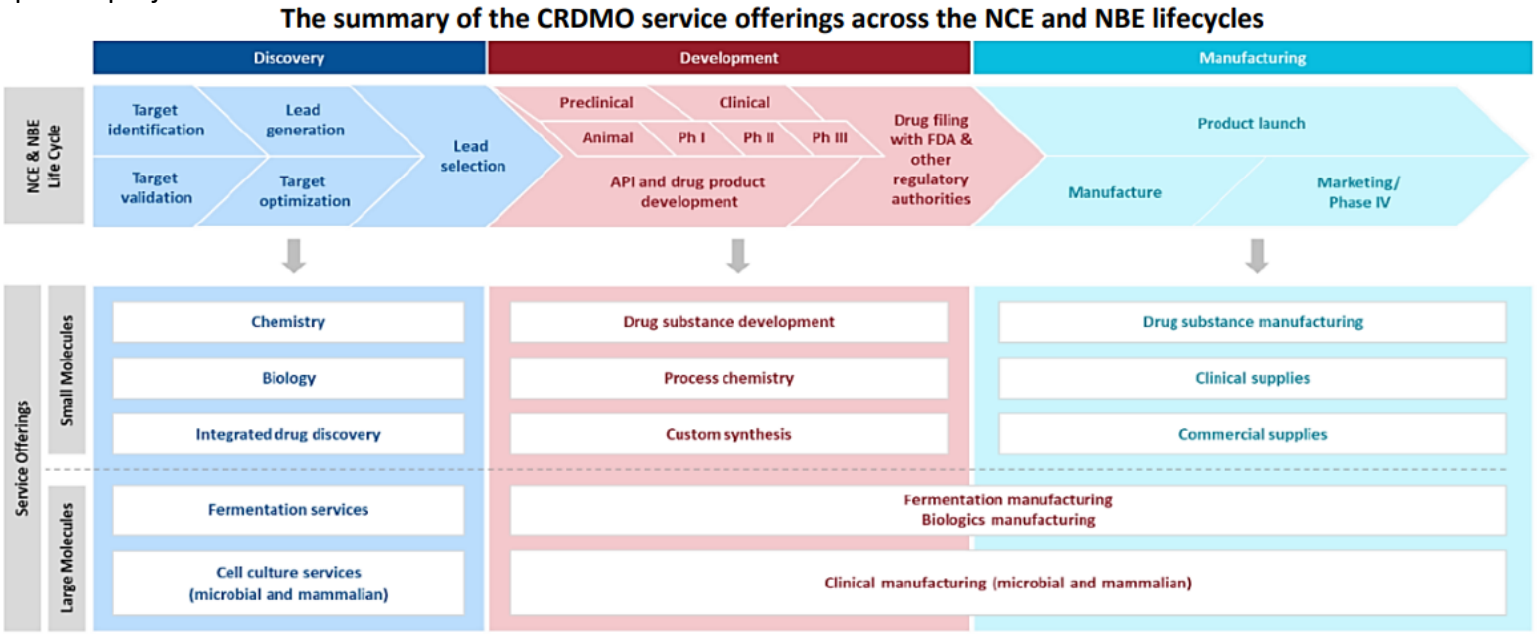
Anthem biosciences has a strategic partnership with DavosPharma, their sales partner in the United States, which is an affiliate of Portsmouth LLC, one of their Shareholders. Their strategic partnership with DavosPharma grants them access to their customer portfolio in the United States, as well as first-hand insights into the drug development market in the United States. Such arrangements with DavosPharma have enabled them to onboard an aggregate of 89 customers in the United States, including 83 emerging biotech customers over the last 3 Fiscals. Pursuant to their arrangements with DavosPharma, they either enter into a tripartite agreement with such customers, along with DavosPharma, or have a direct agreement with such customers.

Strengths

- **Comprehensive one-stop service capabilities across the drug life cycle (drug discovery, development and manufacturing) for both small molecules and biologics**

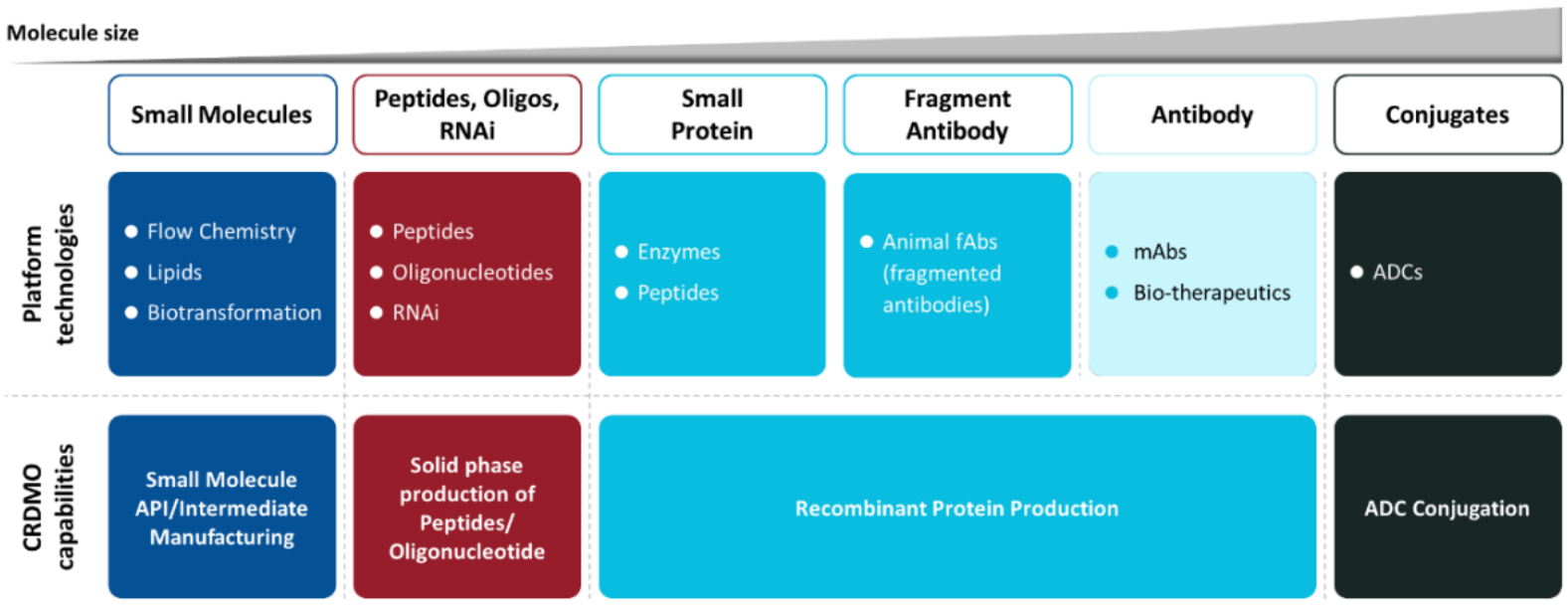
Anthem biosciences is among the few Indian CRDMOs with fully integrated capabilities in both New Chemical Entities (NCEs) and New Biological Entities (NBEs) across the entire drug discovery, development, and manufacturing continuum. It stands out as the only Indian company with a strong presence in both small molecules and large molecule biologics. The company offers end-to-end integrated services, enabling seamless technology transfer and execution across various stages of the drug development lifecycle. Since its inception in 2007, Anthem has executed over 8,000 projects, supporting more than 675 customers across different stages of development. As of Fiscal 2025, its active pipeline includes 242 projects, comprising 68 in the discovery phase (involving 355 synthesized molecules), 145 in the early phase, and 16 in the late phase (spanning 10 molecules), including 6 early-phase and 1 late-phase ADC development projects**.**

The summary of the CRDMO service offerings across the NCE and NBE lifecycles



- **Innovation-focused approach to offer a spectrum of technologically advanced solutions across modalities and manufacturing practices**

The company stands out as the only Indian CRDMO with a significant and balanced presence across both small molecules and biologics (large molecules), positioning it uniquely within the domestic pharmaceutical landscape. Since its inception in 2007, the company has fostered a culture of innovation embedded across all aspects of its operations, with a continued focus on developing cutting-edge technological platforms and capabilities Anthem is among the few Indian companies actively advancing new biologics platforms and is recognized for offering one of the most comprehensive technology portfolios among its peers focused on large molecules. Its broad suite of capabilities includes advanced biotransformation techniques, continuous flow chemistry, RNA interference (RNAi) platforms, and large-scale fermentation-based manufacturing—technologies that are integral to complex drug development. As a technology pioneer, Anthem was among the first in India to integrate biotransformation into its manufacturing processes in 2014 and adopt flow chemistry by 2019. The company has also been at the forefront of promoting sustainable manufacturing practices through the early adoption of green chemistry techniques, enabling more efficient, cost-effective, and environmentally responsible drug development.



- **Differentiated business model catering to the needs of small pharmaceutical and emerging biotech companies from discovery to commercial manufacturing**

Small pharmaceutical and emerging biotech companies are often at the forefront of innovation in drug development, leveraging agile R&D models and benefiting from robust venture capital funding, which enables them to grow at a faster pace than larger pharmaceutical players. Recognizing this trend, Anthem has strategically aligned its CRDMO offerings to serve this dynamic segment. As of March 31, 2025, 3 out of the 10 commercialized molecules manufactured by Anthem originated from collaborations with such companies partnerships that began at the discovery stage and, in some cases, involved molecules that were later acquired by large pharmaceutical firms. This underscores Anthem's ability to identify and support promising early-stage assets through to commercialization. Over the past 3 fiscals, the company has partnered with over 250 small and emerging biotech companies, which collectively accounted for 87.11% of its CRDMO customer base. This high concentration reflects the company's strong positioning as a preferred partner for innovation-driven biotech firms, offering flexible, integrated support throughout the drug development lifecycle.

- **Long-standing relationships with a large, diversified and loyal customer base**

The company serve a diverse set of customers, including (a) small pharmaceutical and emerging biotech companies who outsource end-to-end services, (b) large-scale pharmaceutical customers (such as Bayer AG) who have multiple projects and larger R&D budgets, including those who acquire small pharmaceutical and emerging biotech companies, and (c) mid-sized pharmaceutical customers who are both innovator and generic focused with faster time-to-market. Over the last 3 Fiscals, they worked with more than 287 customers cumulatively. Their top 10 customers for Fiscal 2025 have an average length of relationship of 12 years. Over the last 5 calendar years, they had 5 biotech customers that were acquired by large pharmaceutical companies with an aggregate deal value of U.S.$18.9 billion.

Particular	Aggregate from April 1, 2022 to March 31, 2025		Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Number of Customers	Number of Project Activities	Number of Customers	Number of Project Activities	Number of Customers	Number of Project Activities	Number of Customers	Number of Project Activities
Small pharmaceutical and emerging biotech companies	250	2,407	145	1,227	138	612	139	570
Mid-sized pharmaceutical customers	26	412	16	249	17	71	16	92
Large-scale pharmaceutical customers	11	477	8	268	7	108	8	101
Total Customers and Project Activities Delivered	**287**	**3,298**	**169**	**1,744**	**162**	**791**	**163**	**763**

- **Wide specialty ingredients portfolio, well positioned to capitalize on the large market opportunity for niche specialty ingredients such as GLP-1, fermentation-based products, probiotics, enzymes, nutritional actives, vitamin analogues and biosimilars**

In its specialty ingredients business, the company has effectively harnessed its core strengths in both biology and chemistry to develop and commercialize a diverse portfolio of high-value products. This segment serves as a strategic, complementary revenue stream alongside its core CRDMO operations. The specialty ingredients market spans several key categories, including biosimilars (microbial and mammalian), vitamin K2, probiotics, peptides, industrial enzymes such as protease and serrati peptidase, nutritional actives, and vitamin analogues. Anthem's portfolio in this space includes a broad range of products such as fermentation-derived ingredients, probiotics, enzymes, nutritional actives, vitamin analogues, biosimilars, and select active pharmaceutical ingredients (APIs), reflecting its integrated capabilities and diversified approach to specialty manufacturing.

Details	Biosimilar	Fermentation Products[1]	Probiotics & Enzymes	Peptides	Nutritional Actives and Vitamin Analogues
Market Size (2024) [2]	US$33.24bn	US$0.2bn	US$7.4bn	US$56.4bn	US$31.2bn
Growth (2024 to 2029F) [2]	18.8%	9.8%	6.2%	20.0%	6.4%
Growth Drivers [2]	• Patent expiry of biologics • Approximately 200 biosimilars under development in India as of 2023 – faster & cheaper than western countries	• **Vitamin K2:** requirement of blended vitamin K products • **Serratiopeptidase:** Non-opiod alternative to pain relief and inflation management	• **Probiotics:** Rising awareness, regulatory support on new strains & product approvals • **Enzymes:** Growing focus on sustainable production technologies	• Prevalence of chronic diseases • Significant opportunity with GLP-1 across diabetes and weight loss treatment (approximately 93.7% of peptides market in 2024)	• Higher incidence of lifestyle diseases • Preference of preventive healthcare options • Increasing demand for supplements
Use Case [2]	• Oncology, immunology, musculoskeletal, endocrine (anti-diabetes), ophthalmology and hematology	• **Vitamin K2:** Dietary supplements, nutrition F&B, childcare products, cosmetics, pharma • **Serratiopeptidase:** Pain management, inflammation drugs	• **Probiotics**: Functional F&B, dietary supplement, infant formula • **Enzymes:** Pharma, home care, paper & pulp processing, textiles	• Wide range of therapeutic areas, such as **Gastro-intestinal and metabolic disorders**	• Dietary supplements, F&B, personal care, pharma grade vitamins, specialized nutrition
Our Capabilities	• E. coli expression systems for **commercial production** of **human insulin & insulin analogues** • Diabetes related disorders + recombinant GCSF & PEG-GCSF for patients with neutropenia	• Commercialized products like **Serratiopeptidase Protease** • **Combined chemical synthesis & fermentation** in Unit II	• cGMP compliant manufacturing facility • **Multi-ton supply capacity** • Potent for **exclusive supply arrangements** with large domestic pharma	• **GLP-1 manufacturing capabilities** • Providing **GLP-1** samples to **global and domestic customers** looking to enter markets by **2026**	• Human nutrition and dietary supplements, animal nutrition and industrial product segments • **Exclusive product line and technical support to global markets**

➢ **Fully built-out automated manufacturing infrastructure with a consistent regulatory compliance track record**

The company manufacturing facilities are equipped with advanced automation technologies, including Distributed Control Systems (DCS), which seamlessly integrate key processes such as API synthesis, fermentation, and biologics manufacturing. This high level of automation minimizes manual intervention, thereby enhancing product quality, operational safety, and process efficiency. The company's facilities have been recognized by leading global regulatory bodies, having received approvals from the USFDA, TGA (Australia), ANVISA (Brazil), and PMDA (Japan). Demonstrating a strong compliance track record, these facilities underwent 42, 50, and 34 regulatory and customer audits in Fiscal 2025, Fiscal 2024, and Fiscal 2023, respectively. Anthem is also an early adopter of green chemistry practices in India, having pioneered the use of advanced, sustainable technologies such as biotransformation, micellar technology, pincer catalysis, and continuous flow chemistry—underscoring its commitment to environmentally responsible and innovative manufacturing.

	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 [2]	25 kL (27 reactors)	246 kL | **Additional 130 kL by first half of Fiscal 2026**[1]	25 kL
Flow chemistry capacity	✓ (Lab Scale)	✓ (cGMP Scale)	
Fermentation capacity#[2]	2 kL	140 kL	40 kL
Key Modalities – Chemistry Lab	250 Fume hoods with supporting infrastructure		100 Fume hoods with supporting infrastructure
Key Modalities – Peptide synthesis	67 L (Pilot Scale)		16 kL capacity
Key Modalities – High potent compounds	55 L (Lab/Pilot Scale)		2.5 kL capacity
Key Modalities – Oligonucleotide	Lab Scale		
Key Modalities – RNAi	✓	✓	
Key Modalities – Biotransformation	200 L	30 kL	10 kL
Certifications	*U.S. Food and Drug Administration* *Pharmaceuticals and Medical Devices Agency* *Brazilian Health Regulatory Agency (Anvisa)* *European QP 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**[1]

➢ **Demonstrated industry-leading growth, profitability and capital efficiency, alongside a robust growth pipeline**

Anthem biosciences is among the youngest CRDMO companies in India and has emerged as the fastest to cross the ₹1,000 crore revenue milestone within just 14 years of operations, achieving this in Fiscal 2021—outpacing its domestic peers. Between Fiscal 2024 and Fiscal 2025, the company posted the highest revenue growth among both Indian and global peers at 29.96%. In Fiscal 2025, Anthem reported a strong profitability profile with a PAT margin of 23.38%. Developmental and commercial manufacturing remained the key revenue drivers, contributing 70.78% to the total revenue during the year, underscoring the company's operational scalability and successful transition of projects from early development to commercialization.

- **Professional and experienced leadership team supported by a qualified scientific talent pool**

The company is led by a team comprising its professional and experienced founders and senior management personnel, who have been with them since inception and possess extensive industry experience. They also have a diverse Board comprising industry veterans across different fields, including science and technology, automation, manufacturing, finance and human resources. They are supported by their senior management personnel, who have also been with them since inception, and each has industry experience of more than 20 years. They are supported by a team of more than 1,500 highly qualified employees with a science/engineering background in various departments across manufacturing, quality and R&D. Anthem is also supported by a financial investor, True North, which invested in the company in 2021 through its entity Viridity Tone LLP. True North is an Indian private equity group with assets under management (including all managed and advised assets) of ₹ 17,190 crore as of March 31, 2025. True North has invested in over 50 companies across sectors, including 13 companies in the healthcare and life sciences sector.

Strategies:

- **Continue to expand the technological capabilities to gain wallet share and to win new customers in the discovery and development phase**

The company plans to capitalize on its integrated chemistry and biology expertise to strengthen its project pipeline by attracting both new and existing customers, particularly in the discovery and development phases. To further enhance its innovation-led value proposition, Anthem intends to expand its technological capabilities by incorporating laboratory-scale photochemistry and electro-synthesis—two emerging, sustainable approaches to complex molecule synthesis. Photochemistry offers a cost-effective and environmentally friendly alternative to conventional thermal methods, while electro-synthesis enables the replacement of hazardous terminal oxidizers and reducing agents, contributing to safer and greener processes. Additionally, the company aims to leverage its proven capabilities across advanced platforms such as RNA interference (RNAi), Antibody-Drug Conjugates (ADCs), peptides, and oligonucleotides to reinforce its positioning as a preferred CRDMO partner for clients with projects in the development stage.

- **Leverage manufacturing capacity to cater to the expected increase in commercialized and late-stage molecules**

As of March 31, 2025, Anthem's project portfolio comprised 145 Early Phase projects, 16 Late Phase projects (covering 10 molecules), and 13 commercial manufacturing projects (related to 10 commercialized molecules). Aligned with its proactive and growth-oriented strategy, the company aims to scale its manufacturing infrastructure to meet the anticipated increase in demand from late-stage and commercialized molecules. To support this expansion, Anthem is currently augmenting its custom synthesis and fermentation capacities to 425 kL and 182 kL, respectively, with both upgrades targeted for completion in the first half of 2025. Additionally, the company has commenced phased operations at Unit III, which includes a custom synthesis block featuring an R&D lab, pilot lab, kilo lab, and hydrogenation facility. These facilities are equipped with advanced automation systems, minimizing manual intervention and thereby enhancing output quality, operational efficiency, safety, and regulatory compliance.

- **Focus on growing the complex specialty ingredients business with a large market opportunity**

Leveraging its advanced technological capabilities, the company aims to increase the number of strategic contracts with pharmaceutical companies, with a focus on fostering long-term partnerships. These collaborations are expected to provide more predictable and stable revenue streams, reduce exposure to industry cyclicality, and strengthen relationships with large pharma clients. Currently, the company has secured two such contracts—one with an Indian pharmaceutical partner for the development and production of niche probiotic products, and another with a U.S.-based pharmaceutical company for a biosimilar product. In parallel, Anthem plans to expand its specialty ingredients portfolio to serve a broader base of customers by focusing on high-value, differentiated products such as fermentation-based APIs, probiotics, and enzymes. These products typically involve complex development and manufacturing processes, creating high entry barriers and offering the potential for premium pricing and enhanced margins.

- **Improving cost management and operational efficiencies, including supply chain resilience**

The company aims to strengthen its financial performance by driving operational efficiencies through a range of sustainability-focused initiatives. These include increasing the use of renewable energy sources, adopting green chemistry practices—such as biotransformation and flow chemistry—and implementing effective resource management strategies to reduce waste and enhance productivity. In Fiscal 2025, approximately 40.46% of the company's raw materials and consumables were procured from suppliers based in the People's Republic of China (PRC), which remains the largest global source of raw materials for the CDMO industry, meeting an estimated 30% to 35% of global demand for key starting materials as of 2024.

- **Complement the overall growth through identifying opportunities for inorganic expansion**

Anthem's business model is anchored in a strong culture of innovation, enabling the development of high-quality, technology-driven products. Looking ahead, the company intends to scale its operations by targeting customers and product opportunities that align with its core strengths particularly in areas such as enzymatic processes, biosynthesis, and flow chemistry. In addition, the company remains open to both organic and inorganic growth opportunities in international markets, with a view to supporting near-shore manufacturing requirements of global customers and expanding its geographic footprint beyond India.

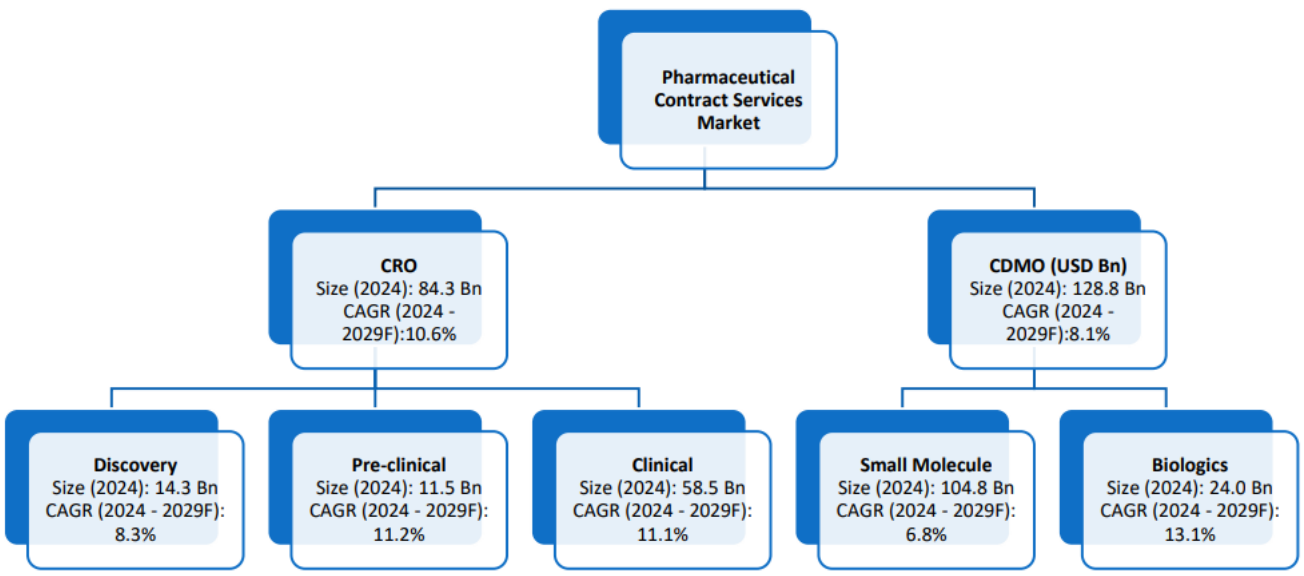
- **Continue to implement sustainable manufacturing practices and green chemistry**

Anthem has consistently adopted sustainable manufacturing practices as part of its broader ESG commitment. Over the past three fiscals, the company has maintained an average renewable energy usage of 90.48% of its total energy consumption. It has also diversified its clean energy portfolio by incorporating sustainable power sources, such as piped natural gas (PNG) for boilers and thermic fluid heaters, and harvested biogas as an alternative fuel for boilers. To further enhance its environmental footprint, Anthem has implemented several waste reduction initiatives, including minimizing sludge output from Effluent Treatment Plant (ETP) operations and operating a Zero Liquid Discharge (ZLD) ETP system. As of March 31, 2025, the company sources renewable energy through four contracts comprising 10 MW of wind power and 26.74 MW of solar power.

Industry Snapshot

- **Contract services (CRO and CDMO) Industry Overview**

The CRDMO market is marked by high fragmentation, with over 1,000 to 1,500 global CROs and CDMOs competing for market share as of March 31, 2025. This landscape encompasses a diverse range of players, including full-service CRDMOs, large to small unintegrated pure-play CROs and CDMOs, and in-house departments of pharmaceutical companies and academic institutions. Functioning as full-service CRDMOs with global capabilities presents a distinctive advantage, viz: barriers to entry such as technology capabilities, high capex required for setting up manufacturing and research infrastructure, and long standing relationships with sponsor networks. While limited-service CROs and CDMOs may find ingress into niche service segments relatively attainable due to fewer barriers, the full-service CRDMO model offering a comprehensive, robust, and sophisticated infrastructure, catering to a wide spectrum of therapeutic areas and scientific disciplines, poses significant entry barriers to new emerging competitors. The need for integrated CRDMO services is thus high, driven both by big pharmaceutical companies with a large portfolio of products across multiple geographies and by small pharmaceutical and emerging biotech companies due to resource constraints, the need for clinical development, and regulatory support.



- **Indian CRDMO Industry**

The Indian CRDMO industry is one of the fastest-growing globally, having grown at a CAGR of 13.2% between 2019 and 2024. India is an emerging hub for pharma innovators and is gaining significant prominence due to multiple growth tailwinds in the APAC region. The Indian CRDMO is poised to grow at 13.4% CAGR between 2024 and 2029 to reach an estimated value of USD 15.4 billion in 2029, outpacing the global industry rate of 9.1% (2024 to 2029) and other markets such as the PRC due to the implementation of the US BIOSECURE Act, which makes India a front runner in the CRDMO outsourcing business. With multiple structural tailwinds in place and supported by the strong credentials of Indian CRO and CDMO players, India will likely garner a higher share of the global pharma outsourcing industry.

- **CRDMO Industry Service Model**

The CRDMO industry primarily operates under two models: Fee-For-Service (FFS) and Full-Time-Equivalent (FTE). The FFS model charges clients based on specific deliverables, making it cost-effective and transparent—especially suitable for small pharmaceutical and biotech companies with limited budgets. It offers advantages such as better cost control, faster turnaround, and higher margins when projects are successfully delivered, with potential cost savings of 20–30% compared to in-house development.

In contrast, FTE contracts—favoured by large pharma companies—offer dedicated resources and are ideal for long-term, large-scale projects. Given the flexibility, efficiency, and client preference, Anthem Biosciences predominantly follows the FFS model, enabling it to support molecules from early discovery through development while making forward-looking investments in aligned resources.

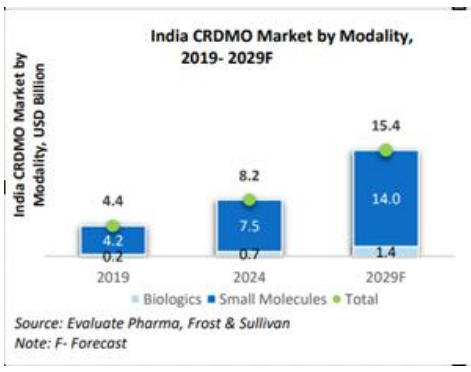
	FTE Model	FFS Model
Definition	The FTE model is a service arrangement where a client hires a dedicated team of scientists, researchers, or technical personnel from the CRDMO on a full-time basis for a defined period. The client pays for the time and effort invested in the project, rather than a fixed outcome or deliverable. This model offers flexibility in projects with evolving scope and for high-risk projects.	A service agreement, where a CRDMO is contracted to deliver a specific outcome or service for a predetermined price. Unlike the FTE model, which is based on time and resources, the FFS model emphasizes the achievement of a defined outcome. The scope of work, timelines, and endpoints are precisely defined at the outset, positioning the CRDMO not just as a service provider, but as a strategic partner, co-innovator, and risk sharer in the process.
Advantages for Sponsor	• Direct access to dedicated, skilled resources • Flexibility to adjust project scope and priorities • Cost efficiency for long-term, iterative projects • Enhanced control over project execution and timelines	• Outcome-based service • Reduced management oversight compared to FTE • Clear deliverables and project timelines • Flexibility to select specific services as needed • Risk sharing as the contract are set at a predetermined price thereby, avoids any wastages due to better resources utilization
Advantages for Service Provider	• Stable, predictable revenue streams from ongoing projects • Increased capacity utilization of in-house resources • Flexibility to participate in multiple service areas	• Enables specialization and expertise-driven service delivery • Faster project turnover and multiple client engagements • Reduced dependency on long-term resource allocation • Opportunity for higher margins on specialized services

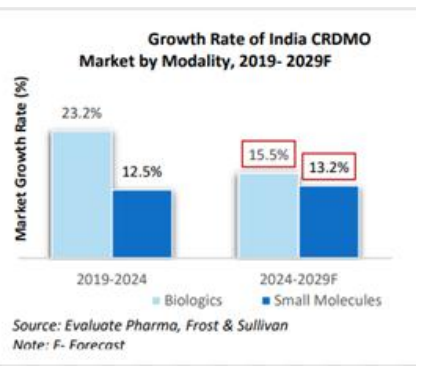
➢ Market Growth Drivers For Indian API Companies

India is the third-largest producer of APIs, commanding a 6% share of the Global API Industry in 2023. With over 500 distinct APIs manufactured within its borders, India emerges as a pivotal contributor, supplying 57% of APIs listed on the prequalified World Health Organization (WHO) roster in 202353. Factors such as increasing global demand, cost advantage, high-quality standards, government support, strong manufacturing infrastructure, R&D capabilities, and strategic partnerships/collaborations drive the Indian API market.

➢ Indian CRDMO Industry by Modality

Indian CRDMO industry has largely been dominated by small molecules with their proportion constituting more than 92% of the total industry in 2024. However, the salience of biologics (large molecules) in Indian CRDMOs is expected to continue to improve given higher growth rates relative to small molecules. The biologics (large molecules) segment in India grew rapidly between 2019 and 2024 at a CAGR of 23.2% to reach USD 0.7 billion in 2024 and is estimated to grow at 15.5% CAGR from 2024 to 2029.





Conclusion

CROs and CDMOs are crucial players in the pharmaceutical and biotechnology industries, with the total addressable market for CROs expected to grow at a CAGR of 3.1% from 2024 to 2029 to reach U.S.$ 332.7 billion by 2029 and the total addressable market for CDMO is expected to grow at a CAGR of 4.7% from 2024 to 2029 to reach U.S.$ 487.5 billion by 2029. As pharmaceutical companies are increasingly looking for one-stop-shop solution providers, particularly among small pharmaceutical and biotech companies with limited resources and streamlined organisational structures, CROs and CDMOs are increasingly combining their services to establish integrated CRDMO business models. The Indian CRDMO industry is one of the fastest-growing globally and is expected to grow at a CAGR of 13.4% from 2024 to 2029 to reach an estimated value of U.S.$ 15.4 billion, which outpaces the global industry rate of 9.1% and other markets such as the PRC for the same period.

Comparison with listed entity

Name of Company	Mcap(₹ million)	Face Value Per Share (₹)	Revenue from operation FY 2025(₹ million)	EPS	P/E	Return on Networth (%)	NAV per equity share (₹)	P/BV
Anthem Biosciences Ltd		2	18,445	8.0*	70.6*	20.5%	43.2	13.1
Peer Group								
Syngene International	2,55,582	10	36,424	12.3	51.5	11.0%	117.2	5.4
Sai Life Sciences	1,63,461	1	16,945	8.8	92.4	10.3%	102.1	7.7
Suven Life Sciences Ltd (Cohance life science)	58,904	1	11,975	10.5	97.3	13.7%	72.3	3.7
Divi's Laboratories	18,17,001	2	93,600	82.3	83.2	15.3%	564.3	12.1

*P/E & P/B ratio based for Anthem biosciences is annualized based at the upper price and of IPO, and other on closing market price as of 10th Jul 2025, other peers financial details consolidated audited results as of FY25.

Key Risks

- **Dependence on CRDMO Business:** The company revenue is significantly dependent on demand for our CRDMO services, which accounted for 81.65% of our operational revenue in Fiscal 2025. Any adverse developments affecting their CRDMO customers or the sectors they operate in could materially impact its business performance, financial condition, and growth prospects.
- **Major reliance on Developmental and Commercial Manufacturing:** In Fiscal 2025, developmental and commercial manufacturing accounted for 70.78% of revenue from operations and 71.90% of total project portfolio. Any setbacks in early-phase development or failure to successfully advance or manufacture commercially viable drug candidates whether due to scientific, regulatory, or external market factors beyond their control could adversely impact our revenue, project pipeline, and overall business performance.
- **Regulatory Compliance Risk:** The Company operates in a highly regulated environment and is subject to extensive statutory and regulatory requirements. Failure to obtain, maintain, or timely renew the necessary licenses, permits, and approvals could disrupt operations and have a material adverse impact on business continuity, financial performance, and cash flows.
- **Patent Expiry Risk:** The Company is exposed to the risk of revenue loss from manufacturing services provided to innovator pharmaceutical companies following the expiry of their patent protection. Post-patent expiry, lower-cost generic alternatives may enter the market, potentially reducing demand for the company's services related to those original formulations.
- **Regulatory Inspection and Approval Risk:** The Company's manufacturing facilities are subject to regular audits and inspections by regulatory authorities and clients. Any delay or failure in obtaining necessary approvals or clearances could adversely impact operational continuity, customer relationships, and may have a material effect on the company's financial performance and cash flows.

Valuation & Outlook

Anthem biosciences ltd is one-stop service provider across the drug life cycle (drug discovery, development and manufacturing) for both small molecules and biologics with integrated chemical and biology entity one of the only few companies catering it. It is the fastest growing only CRDMO in India with a strong capability in both small molecules and biologics (large molecules). Post the expansion its fermentation capacity of 182 kL is expected to be more than 6 times the 2nd largest assessed player in this industry.

Anthem biosciences is well positioned to cater in CROs and CRDMO segment the crucial players in the pharmaceutical and biotechnology industries wherein the company being niche player in with high entry barriers through its differentiated FFS model, long term relationship, strong R&D, innovation and technology driven approach across drug discovery, development and manufacturing. The company has shown profitable track record against its peers and intend to maintain it be leveraging its integrated manufacturing and technological capabilities by focusing on building complex speciality ingredients, peptides, probiotics etc. On valuation parse, based on annualised FY25 it is seeking PE of 70.6 times, and post issue market cap comes at Rs 3,18,673 Mn with this the issue is fairly priced. We believe company has potential to continue to grow its revenue and profitability ratios compared to its peers. Hence, we give "**SUBSCRIBE**" rating for the issue.

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Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000.

Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.

Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.