



IPO Note

Anthem Biosciences

Niche CRDMO player

14 July 2025

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Size (Rs bn)	: 34
Lower price band (Rs/share)	: 540
Upper Price band (Rs/share)	: 570
M.Cap (Rs bn)	: 303-320
Face Value (Rs)	: 2
Bid opens on	: 14th July 2025
Bid closes on	: 16th July 2025
QIB (~50%)	: 29.8
NIB (15%)	: 8.9
Retail (35%)	: 20.8

Uniquely positioned and fast growing CRDMO player

Anthem Biosciences is one of the fastest growing and youngest CRDMO company amongst Indian peers to achieve Rs 10 bn revenue within 14 years of operations, as per F&S report. Anthem is an integrated CRDMO company with operations spanning across drug discovery, development and manufacturing. It is one of the few players offering services for chemical synthesis and biology-based drugs. Its manufacturing capabilities incl. RNAi, ADC, peptides, oligonucleotides and techniques such as custom synthesis, flow chemistry, fermentation and biotransformation. The two key business segments are 1. CRDMO – FY25 revenue of Rs 15 bn (82% of sales) and Specialty Ingredients FY25 revenue of Rs 3.4 bn (18% of sales).

Consolidated revenue for FY25 stood at Rs 18.4 bn with EBITDA of Rs 6.7 bn and margin of 36.4%. The issue is priced at Rs 540-570 (mkt cap of US\$ 3.7 bn). We like the company for its core expertise in CRDMO and its unique business model of partnering with small pharma/emerging biotech companies from the drug discovery stage, evolving alongside the product as it progresses through clinical trials, and ultimately benefiting if the product is commercialised or acquired by a large pharma. As of FY25, the company has 169 active customers and a pipeline of 242 ongoing projects, of which 13 are commercial and 16 are in late-phase development. Within the 13 commercial products, 5 of them are blockbuster products (market sales of each product > US\$ 1 bn), with earliest patent expiry of 2032. As CRDMO orders are slightly lumpy, Anthem has been prudent to utilise its technologies and manufacturing capacities for generic/complex product portfolio through its Specialty Ingredients segment. We expect a steady revenue/PAT growth over FY25-27E of ~18/22% but factoring in steep valuations (71x FY25 PE and 47x FY25 EV/EBITDA), we expect limited upside potential in the short-term. We recommend Subscribe.

The issue is a complete offer for sale aggregating up to Rs 33.95 bn by selling shareholders incl. its investor True North (in the name of Viridity Tone) by partially selling its stake. Other selling shareholders incl. Mr Ganesh Sambasivam, Mr K. Ravindra Chandrappa, Portsmouth Technologies, Mr Malay Barua, Mr Rupesh Kinekar, Mr Satish Sharma, Mr Prakash Kariabettan and Mr K. Ramakrishnan.

Financial summary (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25
Net sales	10,569	14,194	18,446
EBITDA margin (%)	40.6	35.6	36.4
EBIT margin (%)	41.8	34.3	36.2
Adjusted net profit	3,852	3,673	4,513
EPS growth (%)	–	(2.7)	22.9
Cash flow from operations	267	1,254	3,475
RoE (%)	44.3	20.0	20.8
RoCE (%)	46.9	23.9	28.2
Net debt/equity (x)	(0.4)	(0.2)	(0.2)

Source: Company, B&K Research

Brief about the company

About the business

- ▶ Anthem is an innovation-driven and tech-focused CRDMO with fully integrated operations spanning across drug discovery, development and manufacturing.
- ▶ It offers its services for New Chemical Entity (NCEs) and New Biological Entity (NBEs) across stages like drug discovery, development and commercial manufacturing. It also has another segment of Specialty Ingredients wherein it manufactures and supplies fermentation-based APIs.
- ▶ Its key customers incl. innovator focused emerging biotech and big pharma companies (incl. companies acquired/consolidated by big pharma).
- ▶ It had 550 customers across both CRDMO and specialty ingredients business spread over 44 countries incl. US, EU and Japan. Top 10 customers accounted for 77% of revenue as on FY25.

Segmental revenue break-up (FY25)

(Rs mn)	FY23	FY24	FY25
CRDMO (A+B)	8,081	10,832	15,061
% of sales	76.5	76.3	81.7
Research & Development (A)	1,731	1,856	2,006
% of sales	16.4	13.1	10.9
Development and Commercial Manufacturing (B)	6,350	8,976	13,055
% of sales	60.1	63.2	70.8
Specialty Ingredients	2,488	3,362	3,385
% of sales	23.5	23.7	18.3
Total Revenue	10,569	14,194	18,446

Source: Company, B&K Research

Geographical revenue break-up (FY25)

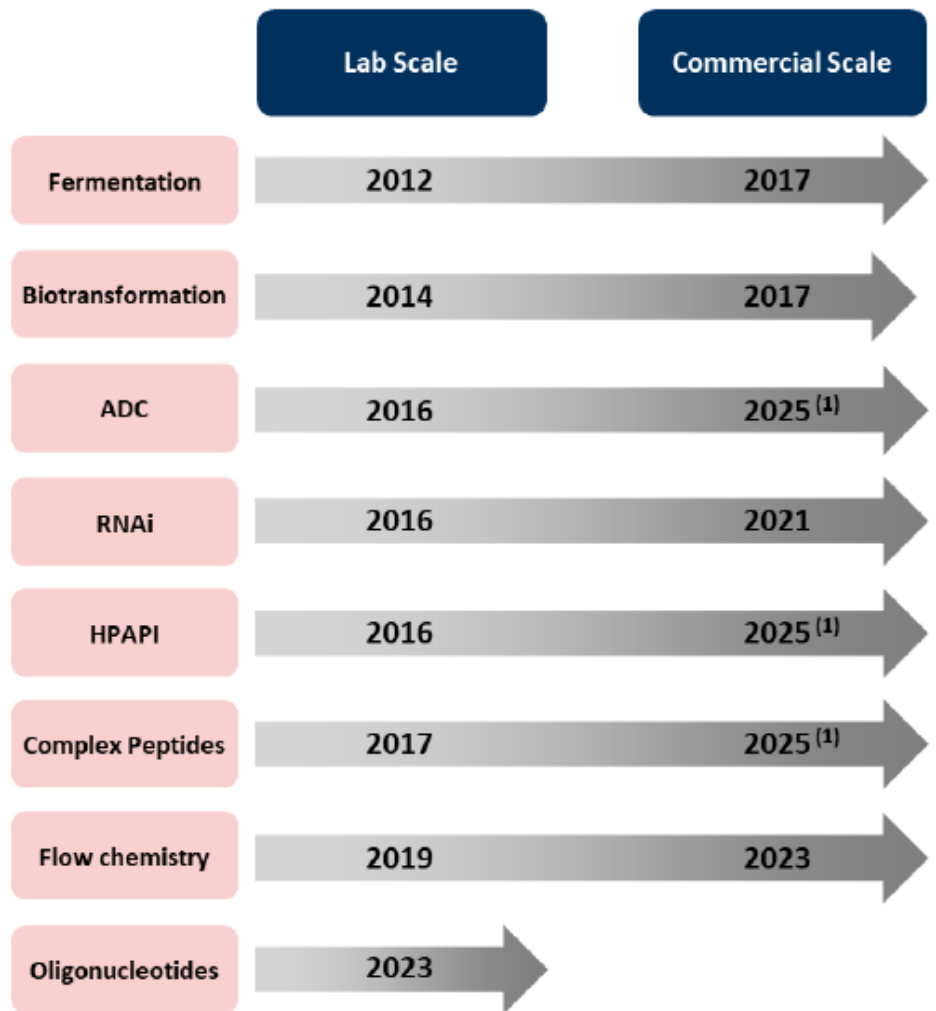
(Rs mn)	FY23	FY24	FY25
North America	5,002	4,293	4,873
% of sales	47.3	30.2	26.4
Europe	3,062	6,128	10,074
% of Sales	29.0	43.2	54.6
India	2,130	3,091	3,055
% of sales	20.2	21.8	16.6
Rest of Asia and Others	375	681	444
% of sales	3.5	4.8	2.4
Total Revenue	10,569	14,194	18,446

Source: Company, B&K Research

Innovation and Technological advancement are the core

- ▶ Anthem has developed various platforms such as RNA interference, Antibody Drug Conjugates, peptides, lipids and oligonucleotides.
- ▶ Few key technological achievements of Anthem incl. 1) pioneer to venture into ADC development and worked on first linker in 2016, wherein the molecule moved successfully to late phase in March 2025, 2) worked on first payload for mAbs in 2019, currently in early phase and 3) began work in 2016 on glycolipids as a modality for RNAi delivery.
- ▶ Anthem has been proactively investing to enhance its manufacturing capabilities/capacities through advancement in technological platforms across different modalities and techniques. Its manufacturing capabilities incl. custom synthesis, flow chemistry, fermentation and biotransformation. It is the first player to enter green chemistry and flow chemistry.

A timeline signifying its scale-up of manufacturing facilities/ capabilities is mentioned below:



Note:
(1) Expected to be completed by the first half of Fiscal 2026.

Source: Company, B&K Research

Business segments

CRDMO

- ▶ Anthem's CRDMO business contributes Rs 15.1 bn (82% to revenue) as on FY25.
- ▶ It offers comprehensive and highly customisable range of CRDMO services across NCE and NBE lifecycles – from target identification and lead selection to preclinical development by manufacturing development batches for various clinical trials (Phase I, II, III).
- ▶ Anthem is unique in a way wherein it is the only peer in India to cater to small molecules as well as biologics (large molecules). It possesses capacities for product development phase quantity as well as commercial quantities, its revenue segmentation is also classified accordingly.
- ▶ Anthem offers 5 modalities in CRDMO such as RNAi, ADC, peptides, lipids and oligonucleotides and possesses 4 manufacturing capabilities incl. custom synthesis, flow chemistry, biotransformation and fermentation.

Vast experience in multiple projects

- ▶ Anthem has been a part of 8,000 unique programmes commissioned by its 675 customers and has successfully completed them under its CRDMO business.
- ▶ In FY25, it manufactured API and advanced intermediate for 10 commercialised molecules, all these molecules have been there with the company since discovery.
- ▶ Currently, 5 of the top 6 commercial products (as per revenue) are being supplied to 3 big pharma companies with a market size of US\$ 11.3 bn.

Molecules across various modalities in development phase as on FY25

ADC	RNAi	Lipids	Peptides	Oligonucleotide
7	2	10	10	1

Diverse mix of ongoing projects as on FY25

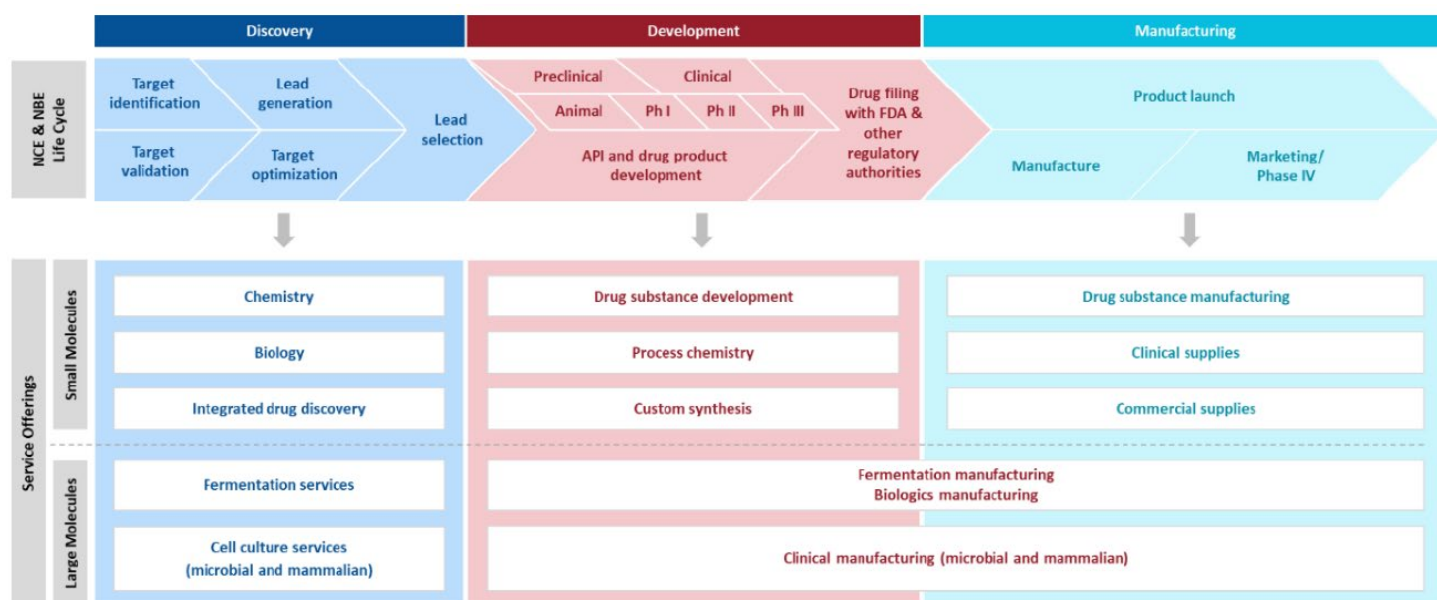
- ▶ In the CRDMO segment, it has 150 customers ranging from small and emerging biotech cos to mid-large pharmaceutical companies. It caters to customers in regulated markets incl. US and Europe.
- ▶ Anthem has a unique strategy of developing long-term partnerships with small pharmaceutical and emerging biotech companies, this enables the company to 1) develop a relation with these companies from the drug discovery phase and stay with them as the product evolves and 2) if these molecules succeed or are being acquired by larger pharma companies, Anthem is most likely to benefit, as it would continue supplying the commercial quantity and also establish relations with big pharma. As on FY25, 3 of the 10 commercialised molecules have originated from small pharma/emerging biotech companies who have partnered since discovery stages which were eventually acquired by big pharma.

No. of customers and ongoing projects

	2023		2024		2025		From FY23-25	
	No. of customers	No. of projects	No. of customers	No. of projects	No. of customers	No. of projects	No. of customers	No. of projects
Small pharma and emerging biotech	139	570	138	612	145	1,227	250	2,409
Mid-size pharma	16	92	17	71	16	249	26	412
Large scale pharma	8	101	7	108	8	268	11	477
Total	163	763	162	791	169	1,744	287	3,298

Source: Company, B&K Research

- ▶ Customer stickiness is high for the company and top 10 customers in FY25 have been with the company for the past 12 years. Anthem's primary marketing strategy is to build reputation in drug discovery industry through testimonials of customers regarding technical expertise, manufacturing capabilities, industry knowledge and high-quality service. However, the customer concentration too remains high with top 5 customers contributing 70.9% revenue in FY25.

Service offerings in CRDMO segment


Source: Company, B&K Research

- ▶ **Discovery** – Anthem offers a wide range of services for molecules in the discovery stage. For small molecules, it provides integrated drug discovery solutions, synthetic and medicinal chemistry as well as discovery biology services. For biologics or large molecules, it offers protein sciences and molecular biology services, antibody generation, cell line development, preclinical evaluation and non-GMP manufacturing – encompassing both microbial and mammalian systems.
- ▶ **Development** – Services offered incl. process chemistry and drug substance development, encompassing synthetic route design, process optimisation and synthesis of the molecules, analytical services which includes method development, validation and stability studies, and regulatory support. For biologics, Anthem offers biological development including strain development, upstream and downstream process development across both microbial and mammalian systems.

- » **Manufacturing** – For molecules in the manufacturing stage, it offers drug substance, clinical supplies and commercial supplies manufacturing for small molecules. For biologics (large molecules), large-scale fermentation manufacturing, biologics manufacturing and clinical manufacturing across both microbial and mammalian systems. For fiscal 2025, it manufactured API and advance intermediates for 10 commercialised molecules, which were partnered since discovery.

Differentiated contracting terms

- » It offers its CRDMO services for drug discovery and development stage through Fee-For-Service (FFS) contracts. This model is suitable for small pharma and emerging biotech companies due to limited capacity and budget, these contracts have better pricing and are cost effective compared to Full-Time-Equivalent (FTE) model.

Strategic tie-up with Davos Pharma

- » United States has one of the highest R&D spending and is a home to ~1,000 biotech/ pharmaceutical companies. To target additional customers, it has entered into a strategic partnership with Davos Pharma (affiliate company of one of Anthem's Shareholder – Portsmouth LLC). It has acquired 89 customers in the past 3 years.
- » Under this partnership the products are being supplied to the customer but it is invoiced and payment collected from Davos. Revenue from Davos for FY25 was 14.28% (3rd largest).

Specialty Ingredients

- » Within the Specialty Ingredients business, Anthem has leveraged its existing advanced technological capabilities across biology and chemistry to develop, manufacture and sell fermentation-based APIs, such as probiotics, enzymes, peptides, nutritional actives, vitamin analogues and Biosimilars, which are difficult to manufacture and require specialised technical capabilities.
- » For FY25, it contributed Rs 3.4 bn (18% of sales) to revenue.
- » **Fermentation products** – In this segment, the company does demonstrate its strong technical expertise as it involves use of complex methods, for instance it produces Vitamin K2 through biotransformation process wherein it combines chemical synthesis and fermentation. This and Serratiapeptidase protease, a proteolytic enzyme indicated to reduce inflammation with antiedemic, analgesic, fibrinolytic and caesinolytic properties, are the two flagship products.
- » **Biosimilars – 1) Microbial Biosimilars** – It uses E. coli as a host system to produce microbial biosimilars such as insulin, glargine, lispro, granulocyte-colony stimulating factor (“GCSF”) and pegylated GCSF (“PEG-GCSF”). **2) Mammalian Biosimilars** – Anthem develops high expression Chinese hamster ovary (“CHO”) cell line – ICH Q5B, which is a mammalian biosimilar typically used in the manufacturing of recombinant proteins to produce imaging proof of mAb and to establish clone stability.

Specialty Ingredients – Product-wise revenue break-up

(Rs mn)	FY23	FY24	FY25
Enzymes	926	1,379	1,245
Probiotics	139	203	236
Peptides	5	27	33
Nutritional Actives	229	254	220
Vitamins Analogues	202	278	392
APIs	322	403	432
Others	666	817	828
Total	2,488	3,362	3,385

Source: Company, B&K Research

Anthem's portfolio, capabilities and market opportunities

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⁾	<ul style="list-style-type: none"> Patent expiry of biologics Approximately 200 biosimilars under development in India as of 2023 – faster & cheaper than western countries 	<ul style="list-style-type: none"> Vitamin K2: requirement of blended vitamin K products Serratopeptidase: Non-opioid alternative to pain relief and inflation management 	<ul style="list-style-type: none"> Probiotics: Rising awareness, regulatory support on new strains & product approvals Enzymes: Growing focus on sustainable production technologies 	<ul style="list-style-type: none"> Prevalence of chronic diseases Significant opportunity with GLP-1 across diabetes and weight loss treatment (approximately 93.7% of peptides market in 2024) 	<ul style="list-style-type: none"> Higher incidence of lifestyle diseases Preference of preventive healthcare options Increasing demand for supplements
Use Case ⁽²⁾	<ul style="list-style-type: none"> Oncology, immunology, musculoskeletal, endocrine (anti-diabetes), ophthalmology and hematology 	<ul style="list-style-type: none"> Vitamin K2: Dietary supplements, nutrition F&B, childcare products, cosmetics, pharma Serratopeptidase: Pain management, inflammation drugs 	<ul style="list-style-type: none"> Probiotics: Functional F&B, dietary supplement, infant formula Enzymes: Pharma, home care, paper & pulp processing, textiles 	<ul style="list-style-type: none"> Wide range of therapeutic areas, such as Gastro-intestinal and metabolic disorders 	<ul style="list-style-type: none"> Dietary supplements, F&B, personal care, pharma grade vitamins, specialized nutrition
Our Capabilities	<ul style="list-style-type: none"> E. coli expression systems for commercial production of human insulin & insulin analogues Diabetes related disorders + recombinant GCSF & PEG-GCSF for patients with neutropenia 	<ul style="list-style-type: none"> Commercialized products like Serratopeptidase Protease Combined chemical synthesis & fermentation in Unit II 	<ul style="list-style-type: none"> cGMP compliant manufacturing facility Multi-ton supply capacity Potent for exclusive supply arrangements with large domestic pharma 	<ul style="list-style-type: none"> GLP-1 manufacturing capabilities Providing GLP-1 samples to global and domestic customers looking to enter markets by 2026 	<ul style="list-style-type: none"> Human nutrition and dietary supplements, animal nutrition and industrial product segments Exclusive product line and technical support to global markets

Source: Company, B&K Research

Manufacturing capacity

	As on FY25		Post expansion		
	Unit I	Unit II	Unit I	Unit II	Unit III
Custom synthesis	24	246	24	376	25
Fermentation capacity	2	140	2	140	40

➤ Anthem has the largest fermentation capacity amongst Indian peers and post expansion it would be 6x larger than the second player as per Frost & Sullivan report.

- ▶ The manufacturing facilities are cGMP compliant and have been accredited by various agencies incl. USFDA, ANVISA, TGA and PMDA, Japan. Anthem was one of the first companies to adopt green chemistry techniques such as biotransformation, micellar technology, pincer catalysis incl. flow chemistry.
- ▶ Anthem has implemented distributed control system for all its machines and production batches – this benefits in data accuracy (avoiding data integrity issue), operational efficiency and seamless execution. Due to this reason, there hasn't been any regulatory issue with any agency such as USFDA or any other regulatory agency.
- ▶ Anthem has a total team size of 2,000 employees, of which 1,500 are scientists/engineers with a strong manufacturing, quality and R&D background.

CDMO companies manufacturing capabilities comparison

Company	Mfg plants	Location	Capacity	Key capability
Divi's Labs	3	Hyderabad (TG), Visakhapatnam (AP), Kakinada (AP)	16,550 M3 for 3 units	Peptides – GLP-1, Contrast media (Iodine and Gadolinium compounds), Sartans, Carotenoids, strong backward integration, etc.
Hikal	6	Panoli (GJ), Bengaluru (KA), Taloja, (MH), Mahad (MH)	4,100 M3	Agrichem, cryogenic reactions, Flow Chemistry, Bio-catalysts.
IOL Chemicals	14	Barnala (PB)	184,140 mtpa	Cost effective API, backward integration.
Neuland Labs	3	Telangana	941 KL Hydrogenation 19 KL Reaction volume 57 KL Cryogenic Reaction Upcoming 214 KL Reactor capacity	Peptides – GLP-1, ADC, Deuterated chemistry.
Cohance Lifesciences (Ex-Suven Pharma)	14	Pashamylaram, Nacharam, Casper (Hyderabad), Atchutapuram, Jaggaiahpet (AP), Suryapet, Jeedimetla (TN)	3,500 KL	HAPI, ADC, Oligonucleotides, Agrichem, Hipo
Syngene International	5	Bengaluru, Mangalore, Hyderabad, US (Baltimore)	50 KL	Large molecules, Drug discovery platforms.
Laurus Labs	9	Hyderabad, Vizag, Bengaluru	7,800 KL	HAPI, peptide, fermentation, ARVs.
Gland Pharma	11	Hyderabad, Visakhapatnam, Europe	1,200 mn units Formulations 11 mtpa API	Injectable- small and large molecule, low molecular weight, heparins, steroids and cytotoxics.
Aarti Pharma	6	Dombivali (MH), Vapi (GJ), Tarapur (MH), Atali (GJ)	1,100 KL upcoming 450 KL	HPAPI (Cytotoxic/Oncology) and Cortico Steroids.
Sai Life	6	Hyderabad (TG), Bidar (KA), Bollaram (TG), Manchester, Boston	483 KL	HPAPIs, peptide APIs, contrast agents to building blocks of oligonucleotide and other RNA-based therapeutics.
Blue Jet	4	Shahad, Mahad, Ambernath (MH)	1,092 KL	Contrast media-Iodination, Bromination, Saccharin.
Piramal Pharma	17	USA, Canada, UK, Gujarat, Maharashtra, Madhya Pradesh		ADC, HAPI, Biologics, peptides.
Anthem Biosciences	3	Bengaluru	607 KL	RNAi, ADCs, Peptides/Oligonucleotides, Lipids, Biologics, Fermentation, Biotransformation, Flow chemistry.

Source: Company, B&K Research

Strategies going ahead

- » **Continue to expand technological capabilities to gain wallet share and win new customers** – The company aims to strengthen its position across the drug discovery and development value chain by expanding its technological edge in chemistry and biology. New capabilities like photochemistry and electrosynthesis will enable greener, more efficient synthesis routes, supporting higher customer acquisition in early-stage projects.
- » With the global CRDMO market projected to grow at ~9% CAGR (2024-29), management plans to leverage its expertise in RNAi, ADCs, peptides, and oligonucleotides to capture demand as molecules move to late-stage development and commercial scale. To cater to higher volumes, it continues to scale cGMP manufacturing capacity, positioning itself as a long-term partner for customers across the drug lifecycle
- » **Leverage manufacturing capacity to cater to expected increase in commercialised and late stage molecules** – As of March 2025, the company has 145 early-phase, 16 late-phase and 13 commercial projects, and is expanding custom synthesis capacity to 425 KL and fermentation to 182 KL by 1HFY26. The new Unit III is operational in phases, adding R&D labs, kilo labs, peptide and hi-potent blocks, with remaining fermentation capacity on track by 1HFY26. This expansion frees up cGMP-certified capacity in Units I & II to handle higher volumes of late-phase and commercial molecules. Facilities remain highly automated, supporting better efficiency, compliance and scalability.
- » **Focus on growing our complex specialty ingredients business with large market opportunity** – The focus is on expanding into high-barrier, high-margin segments like fermentation-based APIs, probiotics, enzymes, biosimilars, and peptides. The global biosimilars market is projected to grow at an 18.8% CAGR (2024–2029), driven by patent expiries and cost advantages in India. The company plans to leverage E. coli systems for products like recombinant insulin and GCSF.
- » In peptides, the company is targeting complex molecules including GLP-1 agonists (e.g. Semaglutide), which will see significant opportunities post-patent expiry in 2026. Semaglutide alone had a US\$ 30.8 bn market in 2024, expected to reach US\$ 51.6 bn by 2029 (CAGR: 10.9%).
- » **Complement growth by identifying opportunities for inorganic expansion** – The company remains focused on high-value, technically complex projects that deliver strong margins even at lower volumes, leveraging core strengths in enzymatic processes, biosynthesis, and flow chemistry. Growth will be driven through a mix of organic expansion (capability upgrades) and inorganic initiatives (strategic acquisitions or partnerships) to strengthen technology, scale and supply-chain efficiencies. Management also plans to explore near-shore opportunities in cost-effective European markets to meet customer requirements and diversify supply chains.

Details of the offer

- The issue is a complete offer for sale by existing promoters, KMP and investors amounting to the total of Rs 33.95 bn, implying 59.56 mn shares at upper price band of Rs 570.

Pre and Post issue shareholding details

Pre-Offer			Post-Offer		
Entity	# of equity shares (mn)	% of total shareholding	Entity	# of equity shares (mn)	% of total shareholding
A. Promoter and promoter group					
A1. Promoter			A1. Promoter		
Ajay Bhardwaj	238.9	42.5	Ajay Bhardwaj	238.9	42.5
Ishaan Bhardwaj	57.0	10.2	Ishaan Bhardwaj	57.0	10.2
Ganesh Sambasivam	51.8	9.2	Ganesh Sambasivam	45.7	8.1
K Ravindra Chandrappa	49.8	8.9	K Ravindra Chandrappa	43.6	7.8
A2. Promoter group			A2. Promoter group		
Krithika Ganesh	8.6	1.5	Krithika Ganesh	8.6	1.5
Aruna Ganesh	8.6	1.5	Aruna Ganesh	8.6	1.5
S Vijayalakshmi	5.7	1.0	S Vijayalakshmi	5.7	1.0
Swara Trust	5.7	1.0	Swara Trust	5.7	1.0
Keerthi Trust	5.7	1.0	Keerthi Trust	5.7	1.0
A. Total (A1+A2)	431.7	76.9	A. Total (A1+A2)	419.5	74.7
B. Public investors					
Viridity Tone LLP (True North)	44.6	7.9	Viridity Tone LLP (True North)	21.3	3.8
Portsmouth Technologies LLC	21.0	3.7	Portsmouth Technologies LLC	15.4	2.7
Employees/KMP	43.5	7.7	Employees/KMP	25.0	4.5
Public (Others)	20.8	3.7	Public (Others)	80.4	14.3
B. Total	129.9	23.1	B. Total	142.1	25.3
Total (A+B)	561.6	100.0	Total (A+B)	561.6	100.0

Source: Company, B&K Research

Details of the offer

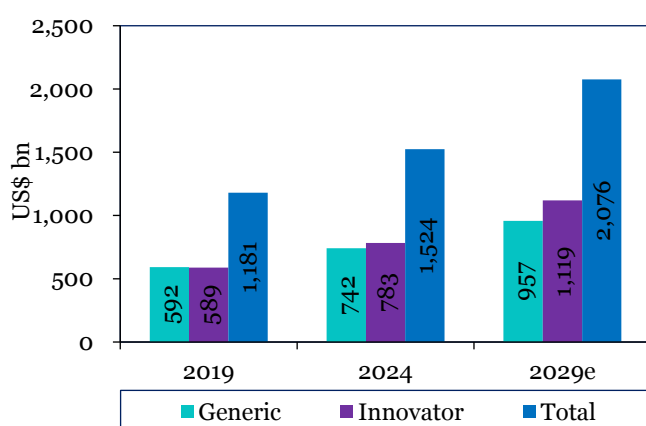
Size (Rs bn)	34
Lower price band (Rs per share)	540
Upper Price band (Rs per share)	570
Mkt. cap (Rs bn)	303-320
Face value (Rs)	2
Bid opens on	14th July 2025
Bid closes on	16th July 2025
QIB (~50%)	29.8
NIB (15%)	8.9
Retail (35%)	20.8

Industry

Global pharmaceutical market

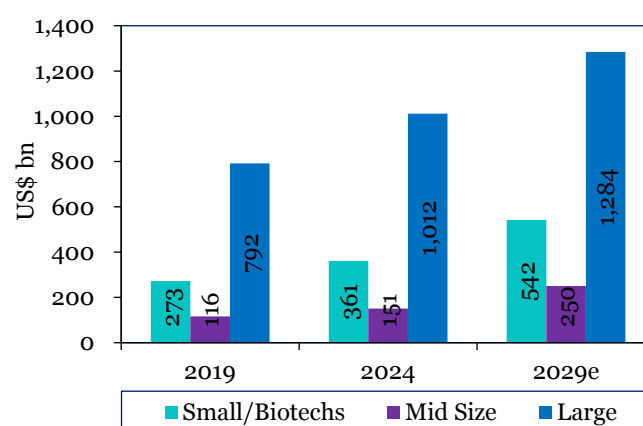
- ▶ The global pharmaceutical market comprises **innovator drugs** – new chemical or biological entities requiring extensive R&D and patent protection – and **generic drugs**, which replicate innovator products once patents expire. The **innovator drug market**, valued at **US\$ 782.6 bn in 2024**, grew at a **5.9% CAGR (2019-24)** and is projected to reach **US\$ 1,119.0 bn by 2029F**, growing faster at **7.4% CAGR**, with its share rising from **51.3% to 53.9%** of global pharmaceutical revenue. Growth is driven by higher R&D spending and demand for novel therapies targeting complex and rare diseases.
- ▶ The **generic drugs market**, accounting for **48.7%** of 2024 market revenue, grew at a **4.6% CAGR (2019-24)** and is expected to reach **US\$ 957.1 bn by 2029**, growing at **5.2% CAGR**. The upcoming patent cliff, unlocking a **US\$ 130 bn opportunity** in developed markets, will boost generics and biosimilars, improving affordability and healthcare access.

Global pharma market by Innovation type 2019-29E



Source: Company, B&K Research

Global pharma market by company type 2019-29E

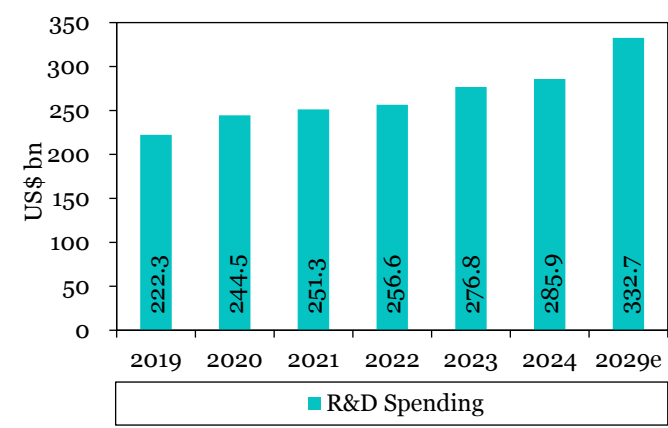


Source: Company, B&K Research

Pharmaceutical R&D spends

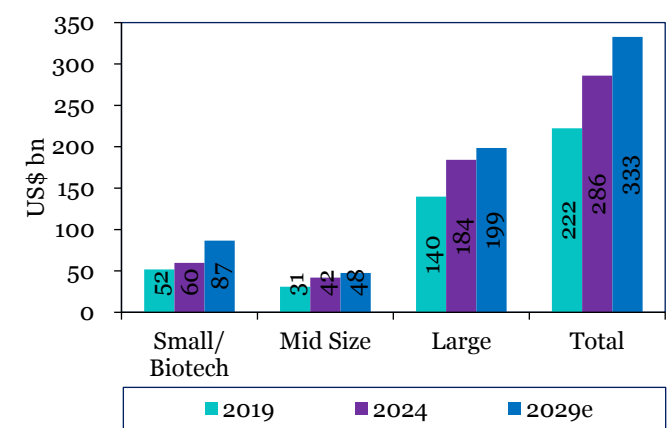
- ▶ The **average cost to develop a new drug now exceeds US\$ 1 bn**, making sustained **R&D investment critical** amid patent expiries, generic erosion, and rising competition. **Global pharmaceutical R&D spending rose from US\$ 222.3 bn in 2019 to US\$ 285.9 bn in 2024**, driven by Covid-19 vaccines, pipeline renewals and increased biotech funding. However, **R&D growth is expected to moderate between 2024-29** as large firms curb budgets due to higher costs, low RoI and late-stage trial challenges, shifting focus to productivity and efficiency.
- ▶ In 2024, **large pharma accounted for 64.4% of total R&D spend**, growing at a **5.2% CAGR (2019-24)**, while **smaller pharma and biotech players** are projected to increase their share from **20.9% to 26.0% by 2029** (7.7% CAGR), supported by stronger **VC funding** and better access to discovery technologies.

Global pharma R&D spending 2019-29E



Source: Company, B&K Research

Global R&D spending by company 2019-29E

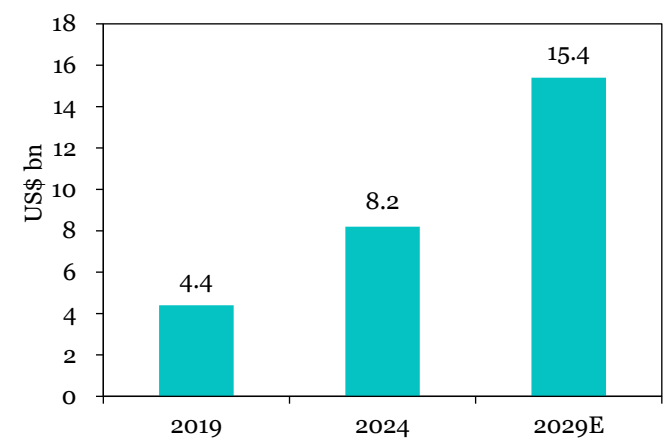


Source: Company, B&K Research

Global and Domestic CRDMO Industry

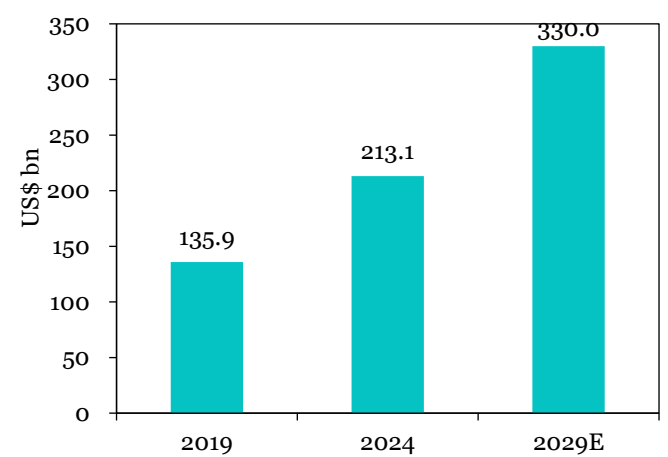
- ▶ In 2024, the **global CRDMO market** was valued at **US\$ 213.1 bn**, projected to grow at a **CAGR of 9.1%** to reach **US\$ 330.0 bn by 2029**. The **Indian CRDMO industry** is among the fastest-growing, expanding at a **13.2% CAGR (2019-24)** and projected to grow at **13.4% CAGR (2024-29)** to **US\$ 15.4 bn**, outpacing the global rate.
- ▶ India is emerging as a key pharma innovation hub, benefitting from structural tailwinds in APAC and global shifts like the **US BIOSECURE Act**, which favour India over China for outsourcing. Indian CRDMOs, once known mainly for cost efficiency, have significantly upgraded their **technical capabilities**, now offering complex chemistries and high-end services comparable to leading global peers

Indian CRDMO market 2019-29E



Source: Company, B&K Research

Global CRDMO market 2019-29E



Source: Company, B&K Research

Outlook and Valuation

Anthem Biosciences is a leading, integrated CRDMO player with service offerings across drug discovery, development and commercial manufacturing. It is one of the few companies offering services across both chemical synthesis and biology-based drugs.

Anthem has recorded revenue/EBITDA CAGR of 24.8%/30% over FY20-25 with healthy EBITDA margins of 36.8%, the EBITDA margins have been consistently high across the past years due to FFS model, which is well-suited to emerging biotech companies and ultimately leads to better profitability for Anthem.

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Anthem currently has 242 ongoing projects, of which 16 are in the late phase and 13 are commercial (covering 10 molecules). 3 of the 10 commercialised molecules have come from small pharmaceutical companies; hence, it tries to establish relations with emerging biotech companies wherein their molecules are in discovery phase, thus being their partner from the start till the commercial stage. Over the past three years, Anthem has partnered with more than 250 companies. It has also entered into a strategic partnership with Davos Pharma (US) to onboard smaller and emerging biotech companies. Through this arrangement, it has onboarded 89 new customers in the last three years.

Going ahead, we expect Anthem to take more number of projects and also benefit from development fees from the ongoing projects in various stages, if these projects reach commercial scale, the revenue potential could be immense. Also, with this unique strategy of tapping small/emerging biotech companies, it opens its doors of working for significant number of projects for a long time, as there are limited CRDMO players who work with smaller/emerging biotech companies. The company has been consistently investing in its manufacturing capacities and capabilities (ongoing brownfield expansion at Unit 2 and greenfield expansion at Unit 3), it is present in multiple modalities and has superior manufacturing expertise, which makes it a vendor of choice for the innovators.

At the higher band of the issue price of Rs 570, as on FY25 financials, it trades at PE of 71x and EV/EBITDA of 47x, which we feel is fairly priced leaving limited room for upside in the near-term. Most valued CDMO company Divi's trades at 82x FY25 EPS and 53x FY27E EPS. We recommend Subscribe for long-term.

Peer comparison

Company	Rating	No. of o/s shares (mn)	CMP (Rs)	Mkt Cap (US\$ mn)	Target price (Rs)	Net debt (Rs mn)	Mkt. cap (Rs mn)	EV (Rs mn)	FY25			
									Sales (Rs mn)	EBITDA (Rs mn)	EBITDA mgn. (%)	PAT (Rs mn)
B&K CDMO coverage												
Divi's Labs	BUY	265	6,720	20,742	7,000	(37,110)	1,783,824	1,746,714	92,004	29,680	32.3	21,549
Neuland Labs	BUY	13	12,299	1,831	16,260	(2,093)	157,427	155,334	14,438	3,233	22.4	2,601
Cohance Lifesciences	BUY	381	1,007	4,463	1,230	(358)	383,814	383,456	26,103	7,996	30.6	4,874
Syngene International	BUY	401	632	2,950	760	(12,779)	253,685	240,906	36,424	10,437	28.7	4,962
IOL Chemicals	BUY	295	91	213	90	(944)	18,290	17,346	20,792	2,023	9.7	1,011
Hikal	BUY	123	342	489	540	7,467	42,066	49,533	18,435	3,284	17.8	908
Not Rated peers												
Blue Jet	NR	173	935	1,886	NR	(2,581)	162,190	159,609	10,300	3,777	36.7	3,052
Laurus Labs	NR	539	813	5,092	NR	15,189	437,922	453,112	54,318	10,553	19.4	3,583
Sai Life Sciences	NR	208	805	1,951	NR	(6,785)	167,770	160,985	16,946	4,250	25.1	1,701
Piramal Pharma	NR	1,324	207	3,188	NR	42,984	274,140	317,125	91,512	14,448	15.8	911
Dishman	NR	157	252	459	NR	17,830	39,514	57,343	27,115	4,719	17.4	32
Aarti Pharmalabs	NR	91	933	984	NR	3,401	84,623	88,024	21,151	4,644	22.0	2,724
GLS	NR	123	1,033	1,472	NR	(6,349)	126,579	120,230	23,869	7,172	30.0	4,857
Concord Bio	NR	105	1,840	2,238	NR	(3,709)	192,493	188,784	12,001	5,063	42.2	3,716
Supriya Life	NR	80	690	642	NR	(1,780)	55,200	53,420	6,965	2,608	37.4	1,880
Anthem Biosciences	NR	559	570	3,705	NR	(6,008)	318,673	312,665	18,446	6,708	36.4	4,513

Company	EPS (Rs)				FY25- 27E CAGR (%)	P/E (x)			EV/Sales (x)			EV/EBITDA (x)			FY25	
	FY24	FY25	FY26E	FY27E		FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	RoE (%)	RoCE (%)
B&K CDMO coverage																
Divi's Labs	59.4	81.2	103.4	126.2	24.7	83	65	53	19.0	16.6	14.4	58.9	47.1	38.7	15.8	19.7
Neuland Labs	233.0	162.8	272.7	383.0	53.4	76	45	32	10.8	8.4	6.8	48.0	29.3	21.5	15.0	17.3
Cohance Lifesciences	14.7	14.0	18.2	23.7	30.1	72	55	42	14.7	11.7	9.9	48.0	35.2	27.9	17.9	20.0
Syngene International	14.0	11.8	11.2	16.1	16.8	54	56	39	6.6	6.2	5.3	23.1	23.8	18.4	10.4	12.8
IOL Chemicals	4.6	3.4	4.6	5.7	29.5	27	20	16	0.8	0.7	0.7	8.6	7.0	5.9	6.1	8.5
Hikal	5.6	7.4	11.3	16.8	50.7	46	30	20	2.7	2.4	2.1	15.1	12.2	9.7	7.4	9.3
Not Rated peers																
Blue Jet	9.9	17.6	20.7	25.2	19.6	53	45	37	13.2	–	–	36.1	–	–	30.9	38.8
Laurus Labs	3.0	6.7	–	–	–	122	–	–	8.3	–	–	42.9	–	–	8.3	10.8
Sai Life Sciences	4.6	8.6	–	–	–	94	–	–	9.5	–	–	37.9	–	–	10.9	13.9
Piramal Pharma	1.1	0.7	–	–	–	301	–	–	3.5	–	–	21.9	–	–	1.1	5.8
Dishman	(9.8)	0.2	–	–	–	1,200	–	–	2.1	–	–	12.2	–	–	(0.3)	2.4
Aarti Pharmalabs	23.9	30.0	–	–	–	31	–	–	4.2	–	–	19.0	–	–	14.5	16.5
GLS	38.4	39.5	–	–	–	26	–	–	5.0	–	–	16.8	–	–	18.9	25.1
Concord Bio	29.5	35.5	–	–	–	52	–	–	15.7	–	–	37.3	–	–	22.3	29.5
Supriya Life	14.8	23.4	–	–	–	30	–	–	7.7	–	–	20.5	–	–	20.7	27.4
Anthem Biosciences	6.6	8.1	–	–	–	71	–	–	17.0	–	–	46.6	–	–	20.8	28.2

 Source: Company, B&K Research. **Note:** NR – Not Rated.

Financial Summary (Consolidated)

Income Statement

Y/E Mar (Rs mn)	FY23	FY24	FY25
Net sales	10,569	14,194	18,446
<i>Growth (%)</i>	–	34.3	30.0
Raw material	(3,393)	(5,996)	(7,439)
Gross profit	7,176	8,198	11,006
Employee cost	(1,532)	(1,829)	(2,605)
Other expenditure	(1,355)	(1,319)	(1,693)
Other operating income	–	–	–
EBITDA	4,289	5,050	6,708
<i>Growth (%)</i>	–	17.7	32.8
Depreciation	(637)	(818)	(894)
Other income	771	637	857
EBIT	4,423	4,869	6,672
Finance cost	(68)	(95)	(103)
Exceptional income/(expense)	618	–	–
Profit before tax	4,973	4,773	6,569
Tax (current + deferred)	(1,121)	(1,100)	(2,056)
Profit/(loss) for the year	3,852	3,673	4,513
P/L of JV/A, minority interest	–	–	–
Reported profit/(loss)	3,852	3,673	4,513
Adjusted net profit/(loss)	3,852	3,673	4,513

Balance Sheet

Y/E Mar (Rs mn)	FY23	FY24	FY25
Share Capital	1,141	1,118	1,118
Reserves & surplus	16,266	18,128	22,980
Shareholders' funds	17,407	19,247	24,099
Minority interest	–	–	–
Long-term borrowings	1,031	1,271	630
Other non-current liabilities	68	77	84
Total non-current liab.	1,099	1,348	715
Short-term borrowings	289	1,209	619
Trade payables	719	1,007	1,101
Other current liabilities	582	1,094	1,469
Total current liabilities	1,639	3,386	3,262
Total (Equity & Liab.)	20,145	23,981	28,076
Fixed assets (net block)	6,116	8,209	9,972
Non-current investments	93	157	200
Other non-current assets	704	800	536
Non-current assets	6,913	9,166	10,709
Cash and cash equivalents	3,428	1,844	3,170
Inventories	1,294	2,113	3,404
Trade receivables	2,741	4,904	4,504
Other current assets	5,768	5,954	6,289
Current assets	13,232	14,816	17,367
Total (Assets)	20,145	23,981	28,076

Cash Flow

Y/E Mar (Rs mn)	FY23	FY24	FY25
Profit before tax	4,973	4,773	6,569
Depreciation	637	818	894
Change in working capital	(3,578)	(2,701)	(1,343)
Total tax paid	(1,062)	(1,095)	(1,890)
Others	(703)	(542)	(754)
CF from operations (a)	267	1,254	3,475
Capital expenditure	(6,753)	(2,911)	(2,656)
Change in investments	(4,929)	338	429
Others	(26)	477	1,077
CF from investing (b)	(11,708)	(2,096)	(1,150)
Free cash flow	(6,486)	(1,657)	819
Equity raised/(repaid)	1,141	(23)	–
Debt raised/(repaid)	1,368	1,188	(1,233)
Dividend (excl. tax)	–	–	–
Others	12,360	(1,908)	234
CF from financing (c)	14,869	(743)	(999)
Net change in cash (a+b+c)	3,428	(1,585)	1,326

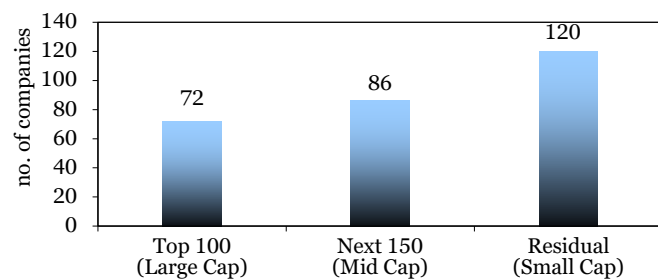
Key Ratios

Y/E Mar (%)	FY23	FY24	FY25
Adjusted EPS (Rs)	6.8	6.6	8.1
<i>Growth</i>	–	(2.7)	22.9
Book NAV/share (Rs)	30.5	34.4	43.1
Dividend payout ratio	–	–	–
Gross margin	67.9	57.8	59.7
EBITDA margin	40.6	35.6	36.4
EBIT margin	41.8	34.3	36.2
Tax rate	22.5	23.0	31.3
RoCE	46.9	23.9	28.2
RoE	44.3	20.0	20.8
RoIC (post-tax)	65.9	29.2	27.6
Net debt/equity (x)	(0.4)	(0.2)	(0.2)
Net debt/EBITDA (x)	(1.6)	(0.8)	(0.9)
Fixed asset turnover (x)	1.0	0.6	0.7
Net working capital days	400.4	293.9	279.1

Valuations

Y/E Mar (x)	FY23	FY24	FY25
P/E	–	–	–
P/B	–	–	–
Dividend yield (%)	–	–	–
OCF yield (%)	–	–	–
EV/EBITDA	74.2	62.3	46.6
EV/Sales	30.1	22.2	17.0

B&K Universe Profile – by AMFI Definition



B&K Investment Ratings

	LARGE CAP (Market Cap > US\$ 2 bn)	MID & SMALL CAP (Market Cap < US\$ 2 bn)
BUY	>+15%	>+20%
HOLD	+15% to -10 %	+20% to -15 %
SELL	<-10%	<-15%

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