

Anthem Biosciences Ltd.

Anthem Biosciences Ltd.

Rating SUBSCRIBE	Issue Opens On July 14, 2025	Issue Closes On July 16, 2025	Listing Date July 21, 2025	Price Band (INR) 540-570	Issue Size (INR Mn.) 32,163 – 33,950
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Company Overview:

- Anthem Biosciences Limited, headquartered in Bangalore, Karnataka was founded in 2006 by Ajay Bhardwaj, Ganesh Sambasivam, and K. Ravindra Chandrappa.
- The company operates as an innovation-driven and fully integrated Contract Research, Development, and Manufacturing Organization (CRDMO), providing end-to-end services across the drug development lifecycle for both small molecules and biologics.
- It generates revenue from the manufacture and sale of specialty ingredients. Anthem serves a global clientele that includes emerging biotech firms and large pharmaceutical companies across the pharmaceutical, biotechnology, specialty chemicals, and agrochemical sectors.
- As of March 31, 2025, Anthem employed 2,062 people. Among its employees, 1,015 are scientific staff, including 35 PhDs and over 1,100 Master's degree holders, with 592 personnel dedicated to R&D activities.

Outlook:

Anthem Biosciences, is one of the India's largest tech-driven CRDMO company with end-to-end capabilities across drug discovery, development, and manufacturing, uniquely offering both NCE and NBE solutions. Its founders have rich industry knowledge and experience, with two of them being instrumental in growth journey of Biocon and Syngene International.

Driven by its industry leading facility, it has built extended capability in manufacturing complex drug substance. Its **revenue and EBITDA has witnessed robust growth of 32.1% and 25.1% CAGR over FY23-25, led by commercialization of large-scale manufacturing, much ahead of the peer average of 8.5% and 13.8% CAGR, respectively.** Moreover, it commands industry leading EBITDA margin of 36.4% compared to peer average of 28.8%, driven by its lean employee base engaged in manufacturing.

The Company has presence in all fast-growing segments including ADC's, peptides (semi-glutides / GLP-1), oligonucleotides, and RNA based therapies, which we believe will support's its drug discovery pipeline and help in commercialize key drugs for its partners and customers.

Anthem Bioscience's initial issue is priced at **47.4x TTM EV/EBITDA** compared to **peer average of 42.7x TTM EV/EBITDA**. Even though, the issue seems to be priced higher than the peer average, we believe it demands a premium led by stronger growth, industry leading margins, steady profitability and deep capability to produce complex products. We assign a "SUBSCRIBE" rating to the issue.

Particulars (In INR Mn)	FY23	FY24	FY25
Revenue	10,569	14,194	18,446
EBITDA	4,289	5,050	6,708
EBITDA Margin (%)	41%	36%	36%
Profit After Tax	3,852	3,673	4,513
PAT Margin (%)	36%	26%	24%
Net Worth	17,407	19,247	24,099
RONW (%)	22%	19%	19%

Source: IPO Prospectus, DevenChoksey Research

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn.)	59.6
Fresh issue (# shares) (Mn.)	0.0
Offer for sale (# shares) (Mn.)	59.6
Price band (INR)	540-570
Post issue MCAP (INR Bn.)	320.1

Issue	# Shares	INR Mn	%
QIB	2,97,80,702	Max. 16,975	Not more than 50%
NIB	89,34,211	Min. 5,093	Not less than 15%
Retail	2,08,46,491	Min. 11,883	Not less than 35%
Net Offer	5,95,61,404	33,950	100%

Shareholding Pattern	Pre Issue (%)	Post Issue (%)
Promoters & Promoter Group	76.9%	74.7%
Others	23.1%	25.3%
Total	100.0%	100.0%

Objects of the Offer	INR Mn.
NA	

BRLM

- JM Financial Ltd.
- Citigroup Global Markets India Pvt Ltd.
- J.P. Morgan India Pvt. Ltd.
- Nomura Financial Advisory and Securities (India) Pvt. Ltd.

Indicative Timetable

Offer Closing Date	Wednesday, July 16, 2025
Basis of Allotment	Thursday, July 17, 2025
Initiation of Refunds	Friday, July 18, 2025
Credit of Shares to Demat	Friday, July 18, 2025
Listing Date	Monday, July 21, 2025

Source: IPO Prospectus

Anthem Biosciences Ltd.

Industry Overview

Global Pharmaceutical Market

Market Size and Growth:

The global pharmaceutical industry was valued at USD 1,524.0bn in 2024 and is projected to grow at a 6.4% CAGR to USD 2,076.0bn by 2029, driven by long-term demand factors including increasing elderly population, rising incidence of chronic diseases, sedentary lifestyles, and growing health awareness.

Drug and Molecule Classification:

- The market includes innovator drugs (New Chemical Entities - NCEs and New Biological Entities - NBEs) and generics (including biosimilars).
- The innovator drug market was valued at USD 782.6bn in 2024 and is expected to grow at 7.4% CAGR to USD 1,119bn by 2029. Moreover, its revenue share is anticipated to increase from 51.3% in 2024 to 53.9% by 2029, of the overall global pharmaceutical market.

Company Classification:

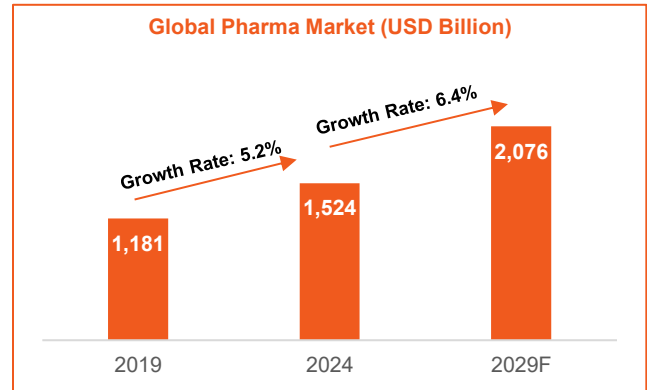
- The market is segmented into small and emerging biotech companies (with revenues less than USD 500mn), mid-size companies (with revenue ranging between USD 500mn to USD 10bn), and large pharmaceutical companies (with revenue greater than USD 10bn).
- Although MNC and large pharma companies currently dominate the industry, market size of the small pharma and biotech companies is expected to grow at 8.5% CAGR compared to market size of large pharma companies which is expected to grow at 4.9% CAGR between 2024-29, a shift in growth more focused towards novel therapies and innovation-driven therapies.

Modality and Drug Classification:

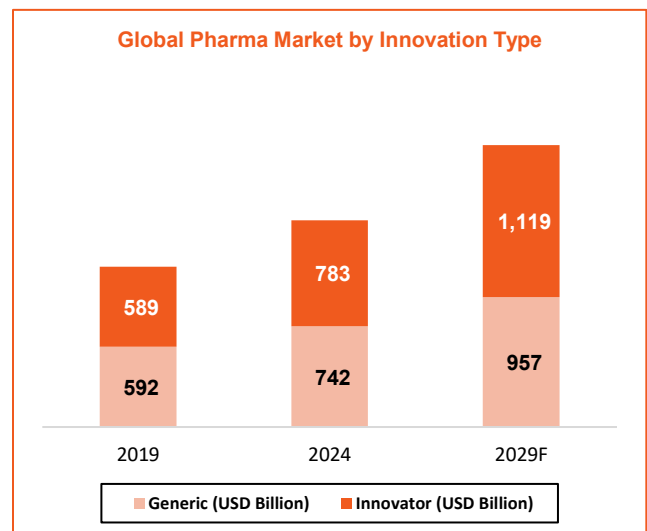
- The market primarily consists of small molecule and biologics (large molecule) drugs.
- Although, small molecules accounted for 65.9% of market revenue in 2024, biologics are experiencing significant growth, driven by increased R&D investments, expanding market access, and regulatory support.

R&D Spending and Pipeline:

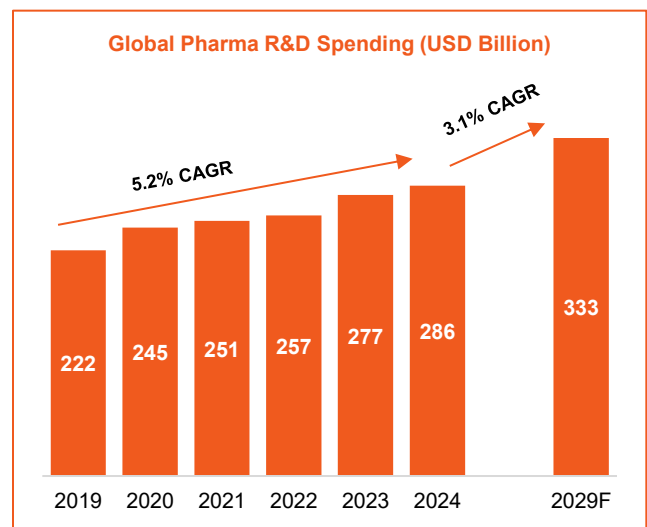
- R&D spending by global pharmaceutical and biotechnology companies is anticipated to grow at 3.1% CAGR over 2024-29F.
- The number of molecules in the R&D stage are increasing continuously led by development of technologies like Antibody-Drug Conjugates (ADCs), RNA interference (RNAi), peptides, and oligonucleotides, which are expected to be the exponential growth drivers of the pharmaceutical industry. For instance, ADCs are anticipated to grow at 27.6% CAGR to USD 45.0bn by 2029.



Source: IPO Prospectus, DevenChoksey Research



Source: IPO Prospectus, DevenChoksey Research



Source: IPO Prospectus, DevenChoksey Research

Anthem Biosciences Ltd.

Industry Overview

Indian CRDMO industry

Market Size and Growth:

- Globally, the Indian CRDMO industry was one of the fastest-growing industry, which grew at 13.2% CAGR between 2019 and 2024.
- Further, the Indian CRDMO industry is anticipated to grow at 13.4% CAGR over 2024-29 to reach USD 15.4bn by 2029, significantly outpacing the global CRDMO industry growth of 9.1% over the same period. Out of the total pie, the Indian CRO market is forecasted to grow to USD 3.6 bn, while the CDMO market is estimated to grow to USD 11.8bn by 2029.

Modality Segmentation

- Historically, the Indian CRDMO industry has been largely dominated by small molecules, which has constituted over 92% of the total industry in 2024.
- The Indian biologics segment has grown at 23.2% CAGR over 2019-24 to reach USD 0.7bn by 2024 and is estimated to grow at 15.5% CAGR from 2024 to 2029.

Function Segmentation

- Development and commercial manufacturing functions comprise 76.8% of the Indian CRDMO market in 2024, and they are expected to grow at 14.9% and 12.8% CAGR between 2024 and 2029, respectively, majorly driven by significant improvements in the technical capabilities of Indian companies, attracting outsourcing demand from global pharmaceutical companies.

Key Success Factors for Indian CRDMOs



Source: IPO Prospectus, DevenChoksey Research

Challenges and Risks



Anthem Biosciences Ltd.

Company Overview

History of the company :

Anthem Biosciences Limited was originally incorporated as “Anthem Biosciences Private Limited” in 2006. It is headquartered at Bangalore, Karnataka.

The founders of the company are Ajay Bhardwaj, Ganesh Sambasivam, K. Ravindra Chandrappa. Ajay Bhardwaj leads as Chairman, MD, and CEO with 40+ years of experience, while Ganesh Sambasivam (CSO) and K. Ravindra Chandrappa (COO) bring over 31 and 25 years of industry expertise, respectively. **Ajay Bhardwaj was previously associated as President with Biocon for 20 years, while Ganesh Sambasivam was previously associated as Chief Scientific Office for 12 years with Syngene International.** Both **Ajay and Ganesh**, have worked along with industry veteran Mrs. Kiran Mazumdar Shaw, and have been instrumental in the growth journey of Biocon and Syngene International, respectively.

Business Model:

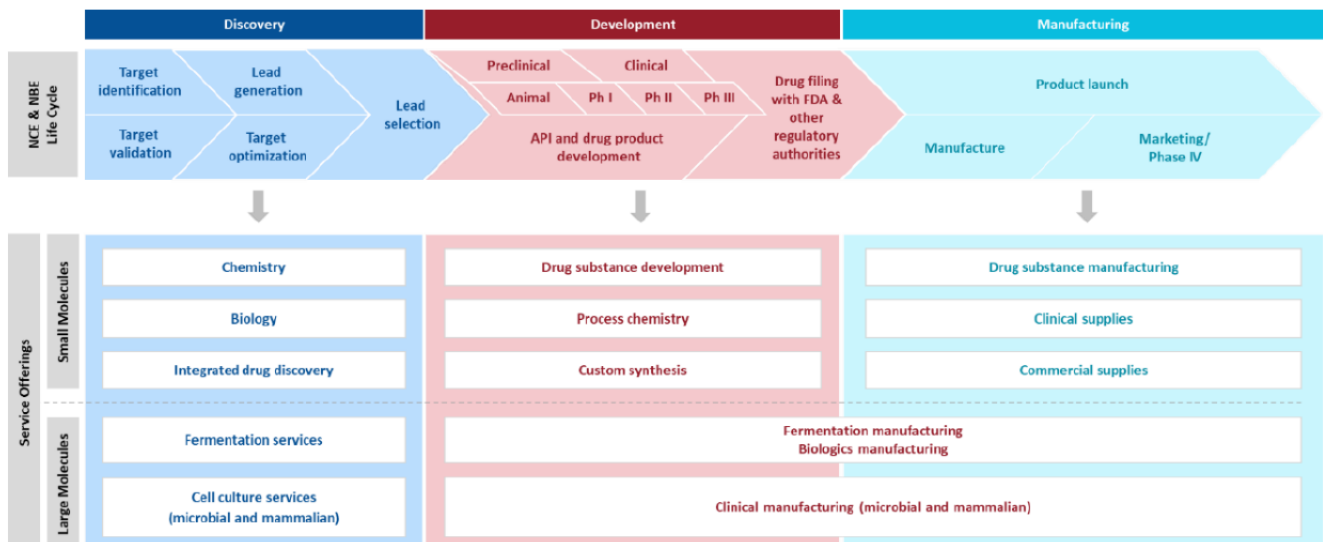
Anthem operates primarily as an innovation-driven and technology-focused Contract Research, Development and Manufacturing Organization (CRDMO). This model involves **fully integrated operations spanning drug discovery, development, and manufacturing**, with capabilities for **both New Chemical Entity (NCE) and New Biological Entity (NBE)**. It provide end-to-end CRDMO services. It also generates revenue from the manufacture and sale of specialty ingredients.

The company serves a range of customers globally, including innovator-focused emerging biotech and large pharmaceutical companies. Their services cater to the pharmaceutical and biotechnology industries, as well as sectors involving specialty chemicals and agricultural chemicals.

The company's operations are fully integrated, providing one-stop service capabilities across the drug life cycle for both small molecules and biologics. This includes services from drug discovery, development, and commercial manufacturing, supporting

Segment Revenue Mix	FY25	FY24	FY23
CRDMO	81.7%	76.3%	76.5%
- R&D	10.9%	13.1%	16.4%
- D&M	70.8%	63.2%	60.1%
Specialty Ingredients	18.4%	23.7%	23.5%

Source: IPO Prospectus, DevenChoksey Research



Source: IPO Prospectus, DevenChoksey Research

As of March 31, 2025, Anthem Biosciences had 2,062 employees. They also employed 909 contract laborers as of the same date.

Out of **2,062 employees**, it has **1,015 scientific staff**. This scientific staff includes **35 PhDs** and more than **1,100 Master's-degree holders**, which together comprise 57.3% of their total number of employees. Their **R&D team comprises more than 592 employees as of March 31, 2025.**

Anthem Biosciences Ltd.

Company Overview

Manufacturing Facilities:

Unit I at Bommasandra, Bengaluru

It was established in 2007 and is a fully operational manufacturing facility. Its key functions include:

- **R&D Services**
 - It houses R&D laboratories of approximately 6,690.00 sq. m with 250 fume hoods and specialized lab-scale facilities such as a Hi-Potent Lab, Peptide Synthesis Lab, Oligonucleotide Lab, Flow Chemistry Lab, Medicinal Chemistry Lab, and Biotransformation Lab.
- It also performs **development and manufacturing** (Chemical Synthesis & Fermentation) **for Chemistry and Biological products**.
- It received its **first USFDA audit approval in 2013**, followed by subsequent approvals.

Unit II at Harohalli, Bengaluru

The unit commenced its operations in 2017 and, it is dedicated for:

- **Development and manufacturing** (Chemical Synthesis & Fermentation) **for Chemistry and Biological products**.
- **Specialty ingredients manufacturing**.
- It has an automated GMP compliant custom synthesis plant and a fermentation plant.
- Also houses a cGMP-scale continuous flow manufacturing facility and a dedicated Biotransformation commercial scale capacity of 30 kL.
- Its facilities have received approvals from various global regulatory agencies, including US FDA, TGA (Australia), CDSCO, FDA Food Safety, and ANVISA (Brazil).

As of March 31, 2025, Unit II has an annual manufacturing capacity of 246 kL for custom synthesis and 140 kL for fermentation (which includes biotransformation capacity).

Anthem has completed the expansion of 54 kL out of a planned 130 kL of custom synthesis capacity at Unit II, with the remaining 76 kL expected to be completed by the first half of FY26.

Unit III at Harohalli, Bengaluru

It is an upcoming facility, and is **housed under Neo anthem Lifesciences Private Limited**, a wholly owned subsidiary, also **referred to as Unit III**, a greenfield facility currently under construction.

Operations at Unit III have started in a phased manner, including its custom synthesis block (comprising 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 H1FY26.

Unit III is designed and dedicated for:

- A dedicated Biotransformation commercial scale capacity of 10 KL and an integrated manufacturing facility of 30 KL for probiotics and enzymes.
- Act as a chemistry lab and custom synthesis pilot plant for development, technology transfer, and scale-up projects.
- Free up existing custom synthesis capacity in Unit I and Unit II, allowing those facilities (which are cGMP certified) to be used more extensively for the manufacture of commercialized and late-stage molecules.
- Provide an additional platform for the growth of commercialized and late-stage molecules upon its completion, as it has obtained relevant cGMP certifications.

Anthem possesses the **largest fermentation capacity among all assessed Indian CRDMOs** (142 kL as of March 31, 2025, expanding to 182 kL by first half of Fiscal 2026), which is projected to be more than **six times that of the second-largest assessed player**. Fermentation is a crucial process for producing biologically-derived products like peptides and oligonucleotides, offering cost-effectiveness and operational efficiency.

Post Expansion Capacity	Unit I	Unit II	Unit III	Total
Custom synthesis capacity	24 kL	376 kL	25 kL	425 kL
Fermentation capacity	2 kL	140 kL	40 kL	182 kL
Current Capacity as of 31st Mar 2025	Unit I	Unit II	Unit III	Total
Custom synthesis capacity	24 kL	246 kL	-	270 kL
Fermentation capacity	2 kL	140 kL	-	142 kL

Source: IPO Prospectus, DevenChoksey Research

Anthem Biosciences Ltd.

Company Overview

US FDA audits :

Anthem Biosciences has upheld industry's leading standard in the maintenance and upkeep of all its facilities. It has successfully undergone **five US FDA audits without Form 483 observations**, which **portrays its adherence to the strictest quality standards**.

Focus therapeutic areas :

The company focuses on several key therapeutic areas and modalities that align with and capitalize on future biotech growth, primarily through its CRDMO platform, which comprises five main modalities:

- **RNA interference (RNAi):** Anthem offers solutions for RNA-based therapies, including siRNA. The RNAi market (along with oligonucleotides) is expected to grow at an **18.1% CAGR from 2024 to 2029**. Key therapeutic areas include **liver-related disorders, cardiovascular disorders, and urinary disorders**, with potential for suppressing advanced-stage tumors. Anthem has worked on glycolipids for RNAi delivery, with a commercialized molecule achieving significant global sales.
- **Antibody-Drug Conjugates (ADCs):** These are an emerging class of **anti-cancer targeted therapeutic drugs**. The ADC market is one of the fastest-growing biologic segments and is anticipated to grow at 27.6% CAGR over 2024-29 to reach **USD 45.0bn by 2029**. Anthem is involved in early and late-stage ADC development projects.
- **Peptides:** The global protein and peptide market is expected to grow at 9.5% CAGR over 2024-29 to reach **USD 231.0bn by 2029**. This includes GLP-1 agonists, specifically for metabolic disorders like type 2 diabetes and obesity. The GLP-1 market is expected to grow at robust 19.0% CAGR over 2024-29 to reach **USD 126.0bn by 2029**. Anthem is equipped with GLP-1 manufacturing capabilities.
- **Oligonucleotides:** These drugs are short DNA or RNA strands targeting RNA to alter protein production. The oligonucleotide market is estimated to grow at 18.1% CAGR to reach **USD 12.3bn by 2029**. Oligonucleotides are used to treat **neurodegenerative disorders, cancer, and auto-immune disorders**.
- **Lipids:** It is used as a delivery vehicle for mRNA, which is critical for vaccines and gene therapies. Anthem is involved in early and late-stage lipid projects.

Market Presence:

- As of March 31, 2025, Anthem Biosciences served customers across more than 44 countries, including the United States, European countries, and Japan. Their manufacturing facilities have also been accredited by regulatory agencies in Brazil (ANVISA) and Australia (TGA), further indicating their global reach.
- In FY25, North America contributed 26.4% of revenue, while Europe contributed 54.6% of the overall revenue.

Raw material:

- In FY25, 40.5% of Anthem Biosciences' total cost of materials procured was sourced from suppliers in the PRC (China), which has almost doubled as compared to the procurement mix of 20.9% in FY24.
- Although, Anthem is currently sourcing a significant portion of its raw materials from China, it is focused on developing alternative sources of domestic suppliers in India. Further, it aims to achieve this by providing domestic suppliers with necessary know-how to manufacture required raw materials in exchange for committed captive supply and use of their spare capacities.

Proportion of its revenue Anthem invest in R&D:

Anthem Biosciences' R&D expenses have declined over the past three years, as major of the R&D expense is incurred as a part of direct expenses (as they are client funded, being part of the contract research) Its R&D expense stood at INR 195.2mn in FY25 (1.1% of Revenue), INR 231.6mn in FY24 (1.6% of revenue) and INR 258.6mn in FY23 (2.5% of revenue).

BIRAC funding enhance Anthem's manufacturing and R&D capabilities:

- **Biotechnology Industry Research Assistance Council funding:** BIRAC is explicitly mentioned as a government initiative that, along with Bio-NEST and Biotech Science Clusters, fortifies pharmaceutical R&D and supports biotech startups.
- This directly enhances Anthem's R&D capabilities by providing financial support for research activities, including those in advanced therapeutic areas and innovative processes.
- Anthem also has a term loan from BIRAC at a concessional interest rate of 2.00% p.a., secured by equipment and machinery. This direct funding likely supports their investments in advanced technologies and manufacturing capacity expansions.

Anthem Biosciences Ltd.**Strategies:****Expanding Technological Capabilities to Deepen Wallet Share and Acquire New Discovery & Development Clients:**

- Expanding green technologies and complex chemistry capabilities to attract discovery clients and support sustainable innovation.
- Scaling cGMP manufacturing to meet growing demand in late-stage development, especially for ADCs and peptides.

Leverage Manufacturing Capacity to Serve Growing Demand for Commercialized and Late-Stage Molecules:

- With Global CRDMO market set to reach USD 330bn by 2029; Anthem Bioscience is well positioned to capitalize it by building a strong pipeline of early, late, and commercial-stage projects.
- Anthem Bioscience is poised to significantly enhance its synthesis and fermentation capacity with the upcoming commercialization of Unit III in FY26. This strategic move will effectively free up cGMP units for robust commercial manufacturing.

Drive Growth in Complex Specialty Ingredients Targeting Large Market Opportunities:

- ABL is scaling its specialty ingredients business with complex, high-margin products like probiotics, biosimilars, and fermentation-based APIs.
- It targets cost-efficient growth in biosimilars and GLP-1 peptides post-2026, leveraging India's faster, lower-cost development edge.

Enhance Cost Management and Operational Efficiency with Focus on Supply Chain Resilience:

- Anthem Bioscience aims to improve financial performance through operational efficiency, sustainable practices (renewables, green chemistry), and focus on high-margin FFS contracts and specialty ingredients.
- It plans to de-risk supply chains by shifting sourcing from China (currently ~40.5%) to cost-effective Indian suppliers, offering value-engineering support for long-term, stable partnerships.

Accelerate Growth Through Strategic Inorganic Expansion Opportunities:

- Anthem Bioscience focuses on high-tech, small-volume, high-margin projects aligned with its strengths in enzymatic processes, biosynthesis, and flow chemistry.
- It plans to scale through a mix of organic growth and strategic acquisitions, including potential overseas expansion in low-cost regions to support near-shore customer needs and supply chain diversification.

Continue to implement sustainable manufacturing practices and green chemistry:

- Anthem Bioscience maintains strong sustainability practices, with ~90% renewable energy use over three fiscals, low GHG intensity (₹1.24 tCO₂e/mn in FY24), and zero liquid discharge systems.
- It plans to further reduce costs and improve margins by expanding green chemistry (e.g., photochemistry, electrosynthesis) and increasing renewable energy sourcing across operations.

Risks:

- **Higher Customer Concentration** - Top 10 customers accounted for almost ~77% of the total revenue. Any adverse event with the customer, could materially impact the company's performance.
- Revenue Development and commercial manufacturing accounted for 70.8% of FY25 revenue and 71.9% of projects, thus failure in early-stage or non-viable drug outcomes could adversely impact the business.
- **Risk of failure to clear Trials** -FY23 had observed a revenue decline partly led a product failure during Phase III trial and was subsequently withdrawn. The company's revenue is closely linked to a molecule's success and similar events could impact future performance.
- The company's limited use of animal testing in preclinical trials may attract negative publicity and potential disruptions from protests.

Anthem Biosciences Ltd.

SWOT Analysis



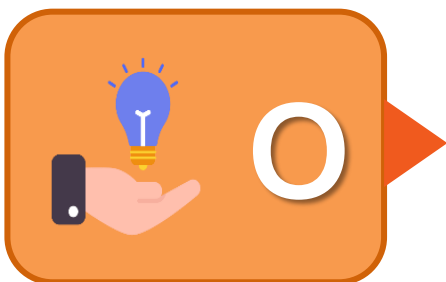
Strengths:

- **Integrated CRDMO Platform:** Anthem Biosciences (ABL) is a tech-driven CRDMO with end-to-end capabilities across drug discovery, development, and manufacturing, uniquely offering both NCE and NBE solutions.
- **Market-Leading Fermentation Capacity:** ABL leads Indian CRDMOs in fermentation with 142 kL capacity (as of Mar 31, 2025), set to expand to 182 kL in H1 FY26—over 6x its next closest peer (F&S Report).
- **Diversified, Sticky Client Base:** ABL serves 169 global clients across pharma and biotech, with deep, long-term partnerships starting from early discovery. No single client contributed over 40% revenue in the past three fiscals.
- **Advanced Tech & Innovation Focus:** With expertise in modalities like RNAi, ADCs, peptides, and platforms like flow chemistry and biotransformation, ABL is well-positioned in complex, underpenetrated biologics segments.



Weaknesses:

- **High Customer Concentration:** In FY25, ABL's top 5 and top 10 customers accounted for 70.92% and 77.33% of revenue, posing a risk if key clients are lost or reduce business.
- **Dependence on Davos Pharma for US Market:** ABL relies on its partnership with Davos Pharma, linked to a shareholder, for its U.S. business and marketing efforts.
- **Patent Expiry Exposure:** Revenue from innovator clients may decline post-patent expiry, as lower-cost alternatives emerge, impacting future manufacturing income.



Opportunities:

- **Strong Industry Growth:** The global pharma market is projected to hit USD 2.08 trillion by 2029. India's CRDMO sector is set to grow faster, at a 13.4% CAGR vs. 9.1% globally (F&S Report).
- **Rising Role of Small Pharma & Biotech:** Smaller firms are expected to grow at 8.5% CAGR (2024–29), outpacing large pharma (4.9%). ABL's early-stage partnerships position it to benefit from this trend.
- **Demand for Integrated CRDMOs:** Increasing preference for end-to-end CRDMO solutions by both large and emerging players favors ABL's integrated model.
- **Supply Chain De-risking:** ABL is diversifying its supplier base within India to reduce dependence on offshore (notably Chinese) sources, aligning with industry best practices.



Threats:

- **Highly Competitive & Fragmented Market:** With over 1,000–1,500 global players, the CRDMO space is intensely competitive. ABL faces pricing pressure from full-service CRDMOs, niche CROs/CDMOs, and in-house pharma teams.
- **Tech-Driven Industry with High Investment Needs:** Rapid innovation in pharma outsourcing demands constant R&D investment. ABL must stay ahead technologically or risk losing relevance and market share.
- **Talent Retention Dependency:** ABL's performance hinges on retaining skilled R&D talent. Attrition or hiring challenges could impair service quality and innovation capability.

Anthem Biosciences Ltd.

Peer Comparison

Peers (FY25)	Anthem Biosciences	Supriya Lifescience's	Sai Life Science	Syngene International	CO Lifescience	Laurus Labs	DIVI'S Laboratories
Market cap	3,20,118	55,746	1,63,161	2,52,079	3,90,945	4,26,826	18,16,110
Enterprise Value	3,18,037	54,956	1,65,809	2,40,709	3,93,860	4,53,279	17,79,010
Sales	18,446	6,965	16,946	36,356	11,976	55,540	93,600
Sales Growth (YoY)	14.0%	24.9%	15.4%	4.3%	15.6%	10.2%	19.5%
EBITDA	6,708	2,608	4,057	10,546	3,752	10,838	29,680
EBITDA Margin (%)	36.4%	37.4%	23.9%	29.0%	31.3%	19.5%	31.7%
Net profit	4,513	1,880	1,701	4,962	2,679	3,583	21,910
Profit Margin (%)	24.5%	27.0%	10.0%	13.6%	22.4%	6.5%	23.4%
Total Equity (FYE)	24,099	9,968	21,284	47,268	16,966	44,726	1,49,690
ROE (%)	18.7%	20.7%	11.0%	11.0%	14.3%	8.3%	15.4%
ROIC (%)	17.1%	20.6%	9.1%	10.1%	13.6%	7.1%	15.4%
P/E	70.9x	29.7x	95.9x	50.8x	145.9x	119.1x	82.9x
P/S	17.4x	8.0x	9.6x	6.9x	32.6x	7.7x	19.4x
EV/EBITDA	47.4x	21.1x	40.9x	22.8x	105.0x	41.8x	59.9x
EV/Sales	17.2x	7.9x	9.8x	6.6x	32.9x	8.2x	19.0x

Source: Factset, IPO Prospectus, DevenChoksey Research

Anthem Biosciences Ltd.

Outlook:

Anthem Biosciences, is one of the India's largest tech-driven CRDMO company with end-to-end capabilities across drug discovery, development, and manufacturing, uniquely offering both NCE and NBE solutions. Its founders have rich industry knowledge and experience, with two of them being instrumental in growth journey of Biocon and Syngene International. With deep technical know-how and expertise in modalities including RNAi, ADCs, peptides, and platforms like flow chemistry and biotransformation, it has built entrenched relations with global big pharma over its two decadal history.

Driven by its industry leading facility, it has built extended capability in manufacturing complex drug substance. Its **revenue and EBITDA has witnessed robust growth of 32.1% and 25.1% CAGR over FY23-25, led by commercialization of large-scale manufacturing, much ahead of the peer average of 8.5% and 13.8%, respectively.** Moreover, it commands industry leading EBITDA margin of 36.4% compared to peer average of 28.8%, driven by its lean employee base engaged in manufacturing. Anthem employees over 2,000 people, of which ~1,100 have masters degree, while ~600 are housed in research and development function.

The Company has presence in all fast-growing segments including ADC's, peptides (semi-glutides / GLP-1), oligonucleotides, and RNA based therapies, which we believe will support's its drug discovery pipeline and help in commercialize key drugs for its partners and customers. The Company has planned CapEx to increase its custom synthesis capacity from 270kL to 425kl, and fermentation capacity from 142kL to 182kL, through a brownfield and greenfield expansion at Unit II and Unit III, which will aid in scaling further on.

Anthem Bioscience's initial issue is priced at **47.4x TTM EV/EBITDA** compared to peer average of **42.7x TTM EV/EBITDA**. Even though, the issue seems to be priced higher than the peer average, we believe it demands a premium led by stronger growth, industry leading margins, steady profitability and deep capability to produce complex products. We assign a **"SUBSCRIBE"** rating to the issue.

Relative Valuation

Company Name	CMP (INR)	Market Cap (INR Bn.)	Revenue CAGR	EBITDA CAGR	EBITDA Margin (%)	EV/EBITDA		P/E		ROE	ROIC
			Last 2 FY	Last 2 FY	FY25	FY25	TTM	FY25	TTM	FY25	FY25
Anthem Biosciences	570	320.1	32.1%	25.1%	36.4%	47.4x	47.4x	70.9x	70.9x	18.7%	17.1%
Domestic Peers											
Syngene International	626	252.1	6.8%	3.0%	29.0%	26.9x	23.1x	58.7x	50.8x	11.0%	10.1%
Laurus Labs	791	426.8	-4.1%	-18.7%	19.5%	33.1x	41.9x	92.4x	119.1x	8.3%	7.1%
Supriya Lifescience	687	55.7	24.4%	43.1%	37.4%	22.4x	20.9x	31.4x	29.7x	20.7%	20.6%
DIVI'S Laboratories	6,833	1,816.1	9.9%	11.1%	31.7%	50.4x	59.9x	69.9x	82.9x	15.4%	15.4%
Sai Life Science	783	163.2	19.0%	63.9%	23.9%	38.8x	39.9x	93.2x	95.9x	11.0%	9.1%
Mean			8.5%	13.8%	28.8%	41.9x	42.7x	76.0x	87.4x	13.5%	12.6%
Median			8.3%	7.1%	30.2%	35.9x	40.9x	81.2x	89.4x	12.7%	11.8%

Source: Factset, IPO Prospectus, DevenChoksey Research and Analysis

Anthem Biosciences Ltd.

Financials:

Income Statement (INR Mn)	FY23	FY24	FY25
Revenue	10,569	14,194	18,446
Operating Expenditure	6,280	9,144	11,737
EBITDA	4,289	5,050	6,708
EBITDA Margin %	40.6%	35.6%	36.4%
Other Income	771	637	857
Depreciation	637	818	894
Interest	68	95	103
PBT	4,355	4,773	6,569
Exceptional Items	618	0	0
Tax	1,121	1,100	2,056
PAT	3,852	3,673	4,513
PAT Margin (%)	36%	26%	24%
Adj. EPS	6.9	6.5	8.0

Cash Flow (INR Mn.)	FY23	FY24	FY25
Net Cash Flow from Operating Activities	3,329	3,060	1,402
Net Cash Flow from Investing Activities	-2,055	-3,760	-2,215
Net Cash Flow from Financing Activities	1,807	640	-772
Net Increase/(Decrease) in Cash	3,081	-61	-1,585
Cash & Cash Equivalents at the Beginning	408	3,489	3,428
Cash & Cash Equivalents at the End	3,489	3,428	1,844

Balance sheet (INR Mn)	FY23	FY24	FY25
ASSETS			
Non-Current Assets			
Property, plant and equipment	4,385	4,700	6,964
Capital WIP	1,641	3,447	2,969
Trade receivables	31	31	31
loans and advances	48	51	33
Investments	62	126	169
Other non-current assets	747	812	542
Current Assets			
Inventories	1,294	2,113	3,404
Investments	4,929	4,591	4,161
Trade receivables	2,741	4,904	4,504
Cash and cash equivalents	3,422	1,839	3,161
Bank balance	6	5	8
Other current assets	840	1,363	2,128
Total Assets	20,145	23,981	28,076
EQUITY AND LIABILITIES			
Equity share capital	1,141	1,118	1,118
Other equity	16,266	18,128	22,980
Total Equity	17,407	19,247	24,099
Non-Current Liabilities			
Lease Liabilities	8	43	29
Borrowings	962	1,117	470
Other non current liabilities	130	189	216
Current Liabilities			
Lease Liabilities	3	17	15
Borrowings	289	1,209	619
Trade payables	719	1,007	1,101
Other current liabilities	627	1,153	1,527
Total Equity and Liabilities	20,145	23,981	28,076

Source: IPO Prospectus, DevenChoksey Research

Anthem Biosciences Ltd.

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