ANTHEM BIOSCIENCES LTD.

IPO NOTE | 11th JULY , 2025

Canara Bank Securities Ltd
canmoney.in

ABOUT THE COMPANY: Incorporated Founded in 2006, Anthem Biosciences is a Contract Research, Development, and Manufacturing Organization ("CRDMO") company that helps drug companies develop and produce medicines.It works with a wide range of global clients, from small biotech firms to big pharma companies, across 44 countries including the U.S., Europe, and Japan.

KEY BUSINESS INSIGHTS: The promoters are all industry veterans with individual experience spanning more than two decades in the industry. The promoter cadre mainly consist of chemical engineers from the industry who have worked with top industry players in the pharma space. The company mainly focuses on the emerging biotech with 28% of revenue contribution from small players and 8% revenue contribution from mid-sized players. Unlike all the listed competitors who focus on FTE model (Full time Equivalent), Anthem focuses on FFS model (Fee for Service) which allows greater flexibility for customers. This has also supported customer stickiness, top 10 customers have been with Anthem for almost 12+ years. Anthem is focused on various technological advancements to refine their manufacturing including green chemistry techniques such as biotransformation, micellar technology, pincer catalysis and including flow chemistry.

VIEW:

The company has had a stable financial performance for the past three years, where revenue has grown at a CAGR of 32% from 1056 Cr in FY 23 to 1844 Cr in FY 25, whereas PAT has grown at a CAGR of 8% from 385 Cr in FY 23 to 451 Cr in FY 25. The issue is fairly priced at 71X PE which is at a discount of its listed peers which trade at an average of 80X PE, on the other hand it is priced at 13X PB which is expensive as compared to peer's average at 10X PB. The company is well poised to take advantage of growing pharma industry, with differentiated FFS model which allows customer flexibility and enables emerging biotech to partner with Anthem. The company is also leading ESG initiatives with high emphasis on renewable energy. We recommend **SUBSCRIBE** for the long-term gains.

ISSUE DETAILS	
Price Band (in ₹ per share)	540.00-570.00
Issue size (in ₹ Crore)	3395.00
Fresh Issue (in ₹ Crore)	NA
Offer for Sale (in ₹ Crore)	3395.00
Issue Open Date	14.07.2025
Issue Close Date	16.07.2025
Tentative Date of Allotment	17.07.2025
Tentative Date of Listing	21.07.2025
Total Number of Shares (in lakhs)	595.61
Face Value (in ₹)	2.00
Exchanges to be Listed on	BSE & NSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	26	14,820
Retail (Max)	13	338	1,92,660
S-HNI (Min)	14	364	2,07,480
S-HNI (Max)	67	1742	9,92,940
B-HNI (Min)	68	1768	10,07,760

BRLMs: JM Financial ltd, Citigroup Global Markets India Private ltd, J.P. Morgan India Private ltd, Nomura Financial Advisory and Securities ltd

PROMOTERS: Ajay Bhardwaj, Ishaan Bhardwaj, Ganesh Sambasivam, K Ravindra Chandrappa

BRIEF FINANCIALS

PARTICULARS (Rs. Cr)	FY25	FY24	FY23
Share Capital	111.82	111.82***	114.10
Net Worth	2409.86	1924.66	1740.67
Revenue from Operations	1,844.55	1,419.37	1,056.92
EBITDA	683.78	519.96	446.05
EBITDA Margin (%)	36.81	36.25	41.53
Profit/(Loss) After Tax	451.26	367.31	385.19
EPS (in Rs.)	8.07	6.48	6.75
Net Asset Value (in Rs.)	43.10	34.43	30.51
Total borrowings	108.95	232.53	125.06
P/E#	71	NA	NA
P/B#	13	NA	NA

*# Calculated at Upper Price Band (570), *** In January 2024, company did a buyback of 11,409,700 shares from various parties at a price of 130.55 per share*

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OBJECTS OF THE OFFER

The company will not receive any proceeds of the Offer for Sale by the Selling Shareholders

FINANCIAL STATEMENTS

Profit & Loss Statement

Particulars (In Crores)	FY2023	FY2024	FY2025
INCOME			
Revenue from operations	1056.92	1419.37	1844.55
Other Income	77.07	63.70	85.73
Total Income	**1,133.99**	**1,483.07**	**1,930.29**
YoY Growth (%)	-	-	-
Cost of Materials Consumed	348.29	640.79	830.62
Employee Benefit Expenses	153.24	182.93	260.49
Changes in WIP and finished	-9.01	-41.24	-86.71
Other Expenses	135.53	131.91	169.31
Exceptional	61.80	0.00	0.00
Forex gains (net)	12.89	14.62	12.94
EBIDTA	**446.05**	**519.95**	**683.78**
EBIDTA Margin (%)	41.53%	36.25%	36.81%
Depreciation and amortisation expense	63.70	81.82	89.37
EBIT	**382.36**	**438.13**	**594.41**
EBIT Margin (%)	33.72%	29.54%	30.79%
Finance cost	6.76	9.54	10.33
Profit before tax	**435.50**	**477.32**	**656.87**
Tax expenses			
Current tax	120.05	126.41	182.03
Deferred Tax	-7.94	-16.40	23.58
Total tax expenses	**112.11**	**110.01**	**205.61**
Profit for the year	**385.19**	**367.31**	**451.26**
PAT Margin (%)	33.97%	24.77%	23.38%
Earnings per share			
Basic earnings per share (₹)	6.75	6.48	8.07

Cashflow Statement

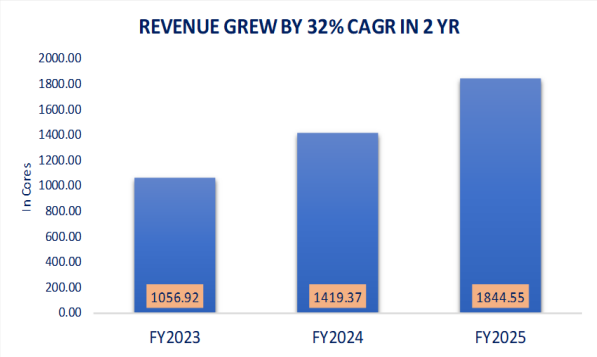
Particulars (In Crores)	FY2023	FY2024	FY2025
Cash generated from operating activities	420.99	260.15	577.34
Income tax paid (net of refunds)	-115.00	-120.00	-159.00
Net cash generated from operating activities	305.99	140.15	418.34
Net cash used in investing activities	-376.02	-221.46	-152.11
Net cash used in financing activities	63.97	-77.18	-133.60
Net increase/ (decrease) in cash and cash equivalents	**-6.06**	**-158.49**	**132.62**
Balance as at beginning	348.90	342.85	184.36
Cash and cash equivalent as at year end	**342.85**	**184.36**	**316.98**

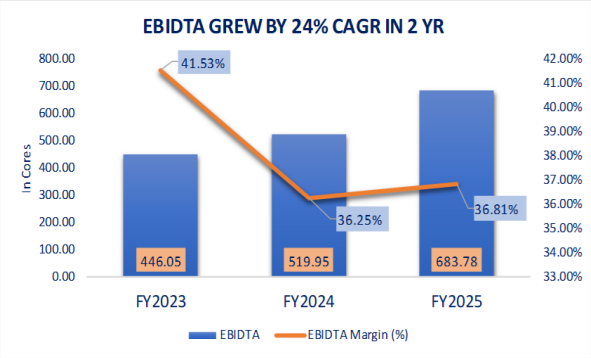
Balance Sheet

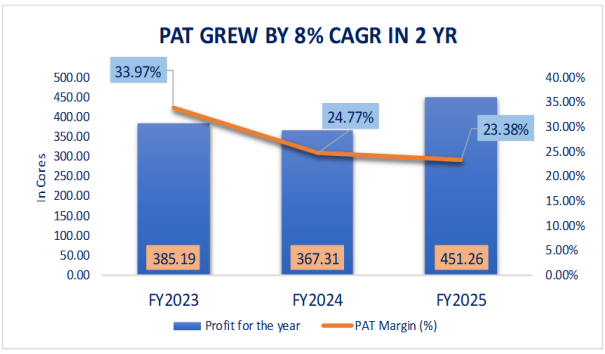
Particulars (In Crores)	FY2023	FY2024	FY2025
Assets			
Non-current assets			
a) Property, plant and equipment	438.47	469.99	696.44
b) Capital work-in-progress	164.08	344.69	296.88
c) Right to use assets	1.34	6.29	4.79
d) Intangible assets	9.09	6.24	3.87
e) Financial Assets			
i) Investments	6.16	12.55	16.93
ii) Trade receivables	3.11	3.11	3.11
iii) Loans & Advances	4.79	5.06	3.32
iv) Other Financial Assets	4.61	6.03	11.96
f) Deferred tax assets (net)	24.91	41.40	17.95
g) Non-Current tax assets (net)	1.38	1.40	1.40
h) Other non-current assets	33.38	19.81	14.21
Total non- current assets	**691.29**	**916.56**	**1070.87**
Current Asset			
a) Inventories	129.42	211.35	340.43
b) Financial assets			
i) Investments	492.87	459.07	416.14
ii) Trade receivables	274.07	490.45	450.40
iii) Cash and cash equivalents	342.24	183.86	316.14
iv) Bank balances, other than (iii)	0.61	0.50	0.84
v) Other Financial Assets	0.23	0.42	0.43
c) Other current assets	83.74	135.91	212.34
Total current Asset	**1323.17**	**1481.56**	**1736.72**
Total assets	**2014.46**	**2398.11**	**2807.58**
Equity and liabilities			
Equity			
a) Share capital	114.10	111.82	111.82
b) Other equity	1626.57	1812.84	2298.05
Total equity	**1740.67**	**1924.65**	**2409.86**
Liabilities			
Non-Current liabilities			
a) Financial liabilities			
i) Lease liabilities	0.76	4.31	2.86
ii) Borrowings	96.19	111.66	47.03
iii) Other financial liabilities	6.16	11.17	13.15
b) Provisions	5.39	6.53	7.52
c) Other non-current liabilities	1.42	1.17	0.93
Total Non-Current liabilities	**109.92**	**134.83**	**71.49**
Current liabilities			
a) Financial liabilities			
i) Lease liabilities	0.32	1.69	1.51
ii) Borrowings	28.88	120.87	61.93
iii) Trade Payables			
(a) Due to MSME		0.01	10.60
(b) Other than MSME	71.94	100.73	99.49
iv) Other financial liabilities	4.50	5.92	5.84
b) Other current liabilities	48.80	99.65	119.96
c) Provisions	3.56	3.35	3.89
d) Current Tax Liabilities (net)	5.88	6.41	23.03
Total Current liabilities	**163.87**	**338.63**	**326.23**
Total liabilities	**273.79**	**473.46**	**397.72**
Total equity and liabilities	**2014.46**	**2398.11**	**2807.58**

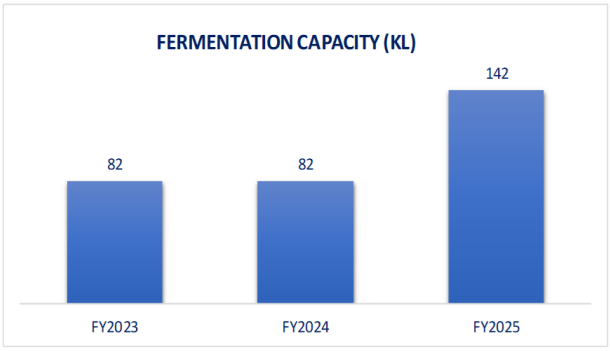
Source: RHP

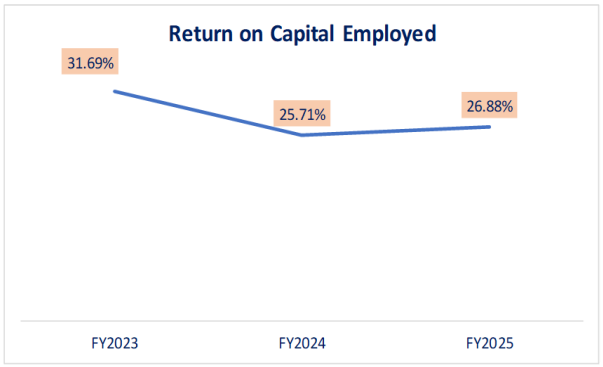
PERFORMANCE THROUGH CHARTS

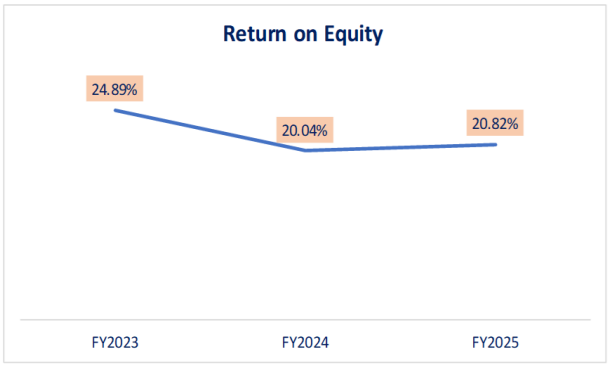


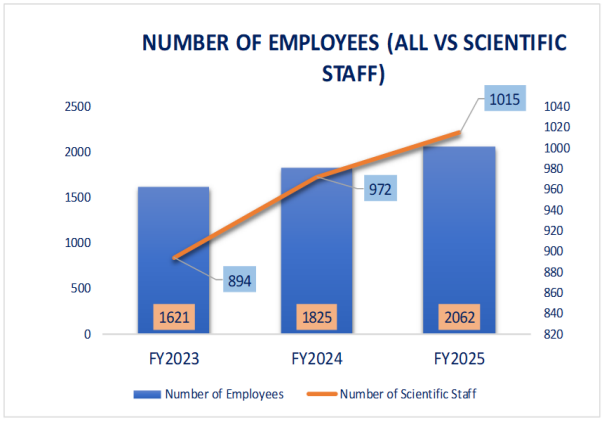








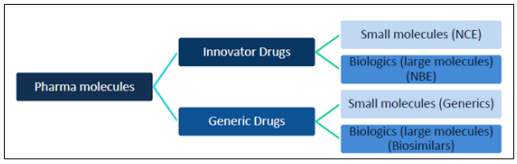




INDUSTRY REVIEW

GLOBAL PHARMA MARKET

- The global pharmaceutical industry is rapidly transforming across all value chains from manufacturers, providers, and patients. It was valued at USD 1,524.0 billion in 2024 and is expected to grow at a CAGR of 6.4% to reach USD 2,076.0 billion by 2029, driven mainly by factors such as the growth of the elderly population, rising incidence of chronic diseases, sedentary lifestyles, and increasing health awareness.



- From Innovator drugs are the first version of NCE or NBE to be developed, approved, and marketed, that usually contain a new active ingredient and require extensive clinical development and a patent approval process for use.
- Once the patent of an innovator drug expires, other companies can make and sell the same composition drugs, known as generic drugs. Generic drugs are equally safe and effective as innovator drugs and are usually cheaper. The generic drug segment accounts for 48.7% of the total pharmaceutical market by revenue in 2024
- Large multinational pharmaceutical companies currently dominate the global pharmaceutical market. They leverage extensive R&D capabilities, vast global reach, and significant financial resources to command high market share. However, the trend is gradually reversing as the aggregate market share of large pharmaceutical companies is expected to decline from 66.4% in 2024 to 61.9% in 2029
- Small pharmaceutical and biotech firms as well as mid-size pharmaceutical companies often concentrate on novel niche therapies, making them more agile and responsive to new scientific developments

INTEGRATED CRDMO MODEL

- Pharmaceutical companies have relied on CROs for early-stage drug discovery and CDMOs for drug development and production, with some overlapping services such as API and formulation development. However, there is now a clear trend towards collaborating with integrated CRDMOs that offer a comprehensive suite of services covering the entire pharmaceutical value chain.
- This shift towards integrated CRDMO is notable among small pharmaceutical innovators and biotech firms with limited resources and lean organizational structures. Collaborating with a CRDMO in an integrated manner offers numerous advantages, including a seamless transition from laboratory to market, access to integrated services, enhanced collaboration, cost savings, improved success rates, and expedited time-to-market for pharmaceutical products.
- Working with CRDMOs eliminates the need and associated risks of transferring molecules between multiple service providers, leading to increased efficiency and reduced complexities. As a result, companies work with the same partner throughout the entire drug lifecycle.

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%
- 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.
- In the value chain functions, development and commercial manufacturing contribute to 76.8% of the Indian CRDMO market in 2024 and are expected to grow at 14.9% and 12.8% between 2024 and 2029, respectively. The growth can be attributed to significant improvements in the technical capabilities of Indian companies, which attract manufacturing outsourcing demand from global pharma companies.

COMPETITIVE STRENGTHS OF THE COMPANY

COMPREHENSIVE ONE-STOP SERVICE CAPABILITIES ACROSS THE DRUG LIFE CYCLE

- Anthem offers a comprehensive, integrated and highly customizable range of CRDMO services across the NCE and NBE lifecycle, from target identification and lead selection to preclinical development, supporting its customers by manufacturing development batches of molecules used for clinical (Phase I, II, III) trials, and by offering commercial manufacturing.
- The company become the fastest CRDMO in India among the assessed peers to achieve a milestone of ₹10,000 million of revenue within 14 years of operations, reaching this milestone in Fiscal 2021, and recorded the highest revenue growth in Fiscal 2024 to Fiscal 2025 as compared to its assessed peers in India and globally, according to the F&S Report.
- The company has completed over 8,000 Projects and worked on molecules with more than 675 customers at various stages of the drug development lifecycle under its CRDMO business. Over the last three Fiscals the company has served a diverse, global customer base of 287 customers across more than 3,000 Projects.

SOLUTIONS ACROSS MODALITIES AND MANUFACTURING PRACTICES

- Anthem's CRDMO platform comprises 5 main modalities (RNAi, ADC, peptides, lipids and oligonucleotides) and 4 manufacturing capabilities (custom synthesis, flow chemistry, fermentation and biotransformation).
- The company is one of the pioneers in India to introduce biotransformation as a manufacturing capability in 2014 and flow chemistry in 2019 as well as one of the first to utilize green chemistry techniques such as biotransformation, micellar technology, pincer catalysis, and other innovative manufacturing techniques, including flow chemistry, in India.
- CROs and CDMOs face barriers to entry in the CRDMO market due to factors such as technology capabilities, high capex required for setting up manufacturing and research infrastructure and long-standing relationships with sponsor networks.
- The company's technological capabilities are supported by its team of more than 1,500 highly qualified employees with a science and/or engineering background in various departments across manufacturing, quality and R&D (including 35 PhDs and more than 1,100 Masters-degree holders which comprises 57.32% of its total number of employees), with an average industry experience of 7.24 years, as of March 31, 2025.

CATERING TO THE NEEDS OF SMALL PHARMACEUTICAL AND EMERGING BIOTECH COMPANIES

- As an end-to-end CRDMO partner with deep industry knowledge and experience, including in niche and innovative modalities such as monoclonal antibodies and RNA-based treatments, company is well-equipped to anticipate and address the problems faced by small pharmaceutical and emerging biotech companies.
- FFS model is suitable for well-defined, discrete tasks across all phases, particularly when cost control and task-specific transparency are priorities and are preferred by small pharmaceutical and emerging biotech companies as compared to the FTE model.
- The company has achieved a high success rate of 95.59% in its CRDMO FFS contracts in the last three Fiscals, based on ability to fulfil the quality, quantity and timelines as specified in the relevant contracts. As such, it is well-positioned to capitalize on the benefits of the success-based FFS model and grow its margins.

RISK FACTORS

DEPENDENCY OF REVENUE ON SUCCESS OF MOLECULES

- The company's financial performance is affected by the success of the molecules it manufactures, particularly molecules which are in the development and commercial manufacturing stage which generally require larger quantities.
- CRDMO contracts for molecules in the development and commercial manufacturing stages are generally dependent on purchase orders where the customers place orders with the company on a periodic basis based on the anticipated volumes required, in the event the molecule fails to progress or encounters delays in progressing to the next stage of the drug development lifecycle or is subsequently withdrawn from the market after it is commercialized, the company may not be able to manufacture such molecule at the volumes that it anticipate or at all, which could adversely affect the company's revenues and profitability.
- For instance, the company's revenue from operations decreased significantly in Fiscal 2023 compared to Fiscal 2022, which was partly attributable to the failure of a phase III molecule and withdrawal of a commercialized molecule. In Fiscal 2023, one of its NCE molecules, which was in phase III of the development cycle failed to obtain the required approvals, causing the project to be aborted.

RAPIDLY EVOLVING TECHNOLOGY REQUIRING CONTINUOS INVESTMENTS

- The global pharmaceutical outsourcing service industry is characterized by rapid technological changes and demand for the company's services may change due to evolving industry standards, customer needs or the introduction by competitors of new services and technologies.
- Average investment required to develop and bring a new drug to market now surpasses US$1.0 billion per drug and given the intensifying market competition and evolving market dynamics, along with patent expirations and generic erosion, R&D is vital for pharmaceutical companies to maintain a competitive edge and spur future growth.
- While Anthem's R&D expense as a percentage of total expenses for Fiscal 2024 ranks second among the assessed Indian peers according to the F&S Report, the company must continue to invest significant amounts of human and capital resources to develop or acquire technologies that will allow it to enhance the scope and quality of services.

THE COMPANY IS SUBJECT EXTENSIVE GOVERNMENT REGULATIONS

- The company operate in a highly regulated industry and various aspects of its operations are subject to extensive laws and regulations, in India and internationally, governing the pharmaceutical market. Anthem is required to comply with the regulatory requirements of various local, state, provincial and national regulatory authorities, such as the Drugs Controller General of India, Central Drugs Standard Control Organization, State Dugs Controller, Ministry of Chemicals and Fertilizers.
- The company is also required to obtain and maintain certain statutory and regulatory permits and approvals primarily in India, generally for carrying out its business and for each of its manufacturing facilities. Such requisite licenses, permits and approvals include local land use permits, manufacturing permits, foreign trade-related permits, labor and employment-related permits, and environmental, health and safety permits.
- Applicable regulations have become increasingly stringent, a trend which may continue in the future. The Government of India may implement new laws or other regulations and policies that could affect the industry in which the company operates, which could lead to new compliance requirements, including requiring Anthem to obtain additional approvals and licenses.

PEER COMPARISON

Name of the company	Revenue from Operations (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Anthem Biosciences	1,845	2	8.07	43.1	20.82	71^	13^
Syngene International	3,642	10	12.35	117.42	11.05	51	5
Sai Life Sciences	1,695	1	8.83	102.12	10.96	89	8
Cohance Lifesciences	1,198	1	10.52	72.31	13.61	94	14
Divi's Laboratories	9,360	2	82.53	564.87	15.35	84	12

*Financials are of FY2025 ^ Calculated at upper price band of 570. *Calculated at closing of 8th July 2025*

Canara Bank Securities Ltd.
(A Wholly Owned Subsidiary of Canara Bank)

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