

IPO NOTE – ANTHEM BIOSCIENCES LIMITED

11th July 2025

ADVANCE CAPABILITIES AND BEST-IN-CLASS METRICS AT AN AFFORDABLE PRICE

End-to-End Excellence in Molecule Development and Manufacturing!!

Anthem Biosciences ("Anthem"), Established in 2006, is an Innovation-driven and technology focused CRDMO with **fully integrated capabilities offering end-to-end services for both New Chemical Entities (NCEs) and New Biological Entities (NBEs)**. In FY25, CRDMO and speciality ingredients contributed 82% and 18% of revenue respectively. The company's portfolio includes five of the top six commercialized molecules produced for three major pharmaceutical firms having a combined end-market value of USD 11.3 bn in 2024 which is expected to grow at a 13.5% CAGR to USD 21 Bn by FY29. Anthem is also a pioneer in adopting sustainable and advanced manufacturing technologies such as biotransformation, micellar technology, pincer catalysis, and flow chemistry.

Huge market opportunity supported by robust and diversified drug development pipeline: -

Anthem operates in a market with huge opportunity size of USD 8.2 Bn for CRO services which is expected to grow at a CAGR of 13.4% to reach USD 15.4 Bn till FY29 driven by China +1 strategy and regulatory pressures on drug prices in US. In alignment to this the company has a robust pipeline of a total of 242 projects with 68 projects at the discovery stage, 145 at the early stage, 16 at the late stage and 13 commercialized projects. Anthem's top 10 commercialized molecules contribute 54.4% of sales. With over 8,000 projects executed for more than 675 clients. Anthem is well-positioned to support innovation-driven growth, particularly in underserved modalities like monoclonal antibodies and RNA-based treatments.

Client relationships and value based business model form significant differentiation: -

Anthem has worked with its top 10 customers for an average tenure of 12 years. In FY25, the top five customers contributed 70.92% of revenue, with five of the top six clients consistently ranking among the top 15 over the past eight years. 87% of its CRDMO customers are small pharma and biotech firms contributing to 23% of revenue, while the big pharma clients (4%) contributing 51%. The company has been able to successfully implement FFS model, having 95.59% success rate, driving higher margins which is reflected by its industry leading EBITDA margin of 36.81%. Strategic partnerships, including with Davos Pharma, have expanded Anthem's U.S. footprint, onboarding 89 customers and contributing 14.28% of FY25 revenue, with zero collection defaults since inception. Anthem's specialty ingredients business further complements its CRDMO operations, contributing ₹338.46 Crs (18%) in FY25 and leveraging its leadership in fermentation-based products, probiotics, enzymes, and biosimilars. This vertical also helps Anthem in maintaining best-in-class asset turns.

Expanding capacities and regulatory excellence instils confidence: -

Anthem operates 2 CGMP-compliant manufacturing facilities in India, Units I and II, with a combined annual custom synthesis and fermentation capacity of 270 kL and 142 kL respectively. The company is expanding its capacity with Unit III and an additional 130 kL at Unit II, aiming to reach 425 kL in custom synthesis and 182 kL in fermentation capacity by FY26, making it the largest among Indian CRDMO firms. Anthem's facilities are highly automated, featuring Distributed Control Systems (DCS) to enhance quality and safety. With regulatory approvals from USFDA, TGA, ANVISA, and PMDA, and a strong audit track record, Anthem demonstrates consistent compliance and operational excellence. Notably, no accidents have occurred over the past three fiscal years, underscoring its commitment to safety and quality.

Industry-Leading Financial Performance and Scalable Growth Trajectory: -

Anthem has demonstrated a strong track record of exceptional growth, profitability, and capital efficiency. It became the fastest Indian CRDMO to surpass ₹1,000 Crs in revenue within 14 years of operations in FY21. Leveraging high-margin revenue streams such as FFS contracts and niche specialty ingredients, alongside cost-efficient manufacturing techniques like biotransformation and flow chemistry, **Anthem recorded the highest revenue growth of 30% among assessed peers in FY25. Its EBITDA margin of 37% and PAT margin of 23% were the highest among Indian peers and second highest globally.** Anthem also leads in capital efficiency, with the **highest post-tax ROCE and ROE among Indian peers and top-tier performance globally. ROE stood at 21% in FY25, while post-tax ROCE reached 25%.** Anthem's Gross Fixed Asset Turnover ratio improved to 1.60x in FY25, the highest among assessed peers, underscoring its ability to generate superior returns on invested capital and sustain long-term growth.

Key Risks: - 1) Growth dependency on success of pipeline molecules. 2) Regulatory compliance risk across geographies. 3) Customer concentration impacts revenue stability. 4) FFS model tied to deliverables. 5) Rapid tech shifts require investment.

Rating	SUBSCRIBE	
Issue Details		
Issue Opens	14-July-25	
Issue Closes	16-July-25	
Face Value (₹)	2	
Price Band (₹)	540-570	
Bid Lot	26 shares	
Issue Size (₹ Cr)	3395	
Market cap (₹ cr)	31,867	
Listing	NSE/BSE	
BRLMs	JM Financials, J.P. Morgan, Nomura, Citi Bank Group	
Registrar	KFin Tech Ltd.	
Shareholding Pattern (%)		
	Pre-Issue	Post Issue
Promoters	76.87	74.68
Public	23.13	25.32
Issue Structure (In cr no. of shares)		
Issue size		5.95
OFS		5.95
Break-up of net issue to public (%):		
QIB's portion		50%
Non-Institutional portion		15%
Retail Portion		35%

Analyst Details

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Financials & valuation: -

Anthem is a leading player in CRDMO services that spans both chemistry and biology, supported by unique and strong business model. Its customer profile and molecule pipeline provide long-term demand visibility reinforced by strategic capacity expansion. The company is backed by a seasoned leadership team with deep industry expertise which is reflected in its excellent financial performance & best in industry metrics. All these factors considered together command premium valuations over the industry averages. The issue at the upper price band of ₹570 is valued at 71x FY25 P/E as compared to the listed peers average of ~95x. We recommend “Subscribing” to the issue.

Key Financials (₹ Cr)	Mar-23	Mar-24	Mar-25
Revenue	1,057	1,419	1,845
EBITDA	446	520	684
EBITDA Margin (%)	41.5	36.2	36.8
PAT	385	367	451
PAT Margin (%)	36.4	25.8	24.4
Net Worth	2,408	1,922	1,741

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