ANLON HEALTHCARE LTD.

August 25, 2025

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	Pharma
Fresh Issue (Shares)	13,300,000
Net Offer to the Public	**13,300,000**
Issue Size (Rs. Cr.)	143.38-121.03
Price Band (Rs.)	86-91
Offer Date	26-Aug-25
Close Date	29-Aug-25
Face Value	10
Lot Size	164

Issue Composition

	In shares
Total Issue for Sale	13,300,000
QIB	9,975,000
NIB	1,995,000
Retail	1,330,000

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	70.26%	52.68%
QIB	0.00%	18.77%
NIB	29.74%	26.05%
Retail	0.00%	2.50%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company Anlon Healthcare IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Funding capital expenditure requirements for Proposed Expansion
2. Full or part repayment and/or prepayment of certain outstanding secured borrowingssecured borrowing (term loan)availed by the Company
3. Funding the working capital requirements of the Company
4. General corporate purposes

Book Running Lead Manager

- Interactive Financial Services Limited

Name of the registrar

- KFin Technologies Limited

About the company

Incorporated in 2013, Anlon Healthcare Limited is a chemical manufacturing company specializing in pharmaceutical intermediates and active pharmaceutical ingredients (APIs). The company produces high-purity intermediates for API manufacturing and APIs used across medicines, nutraceuticals, personal care, and veterinary products. Its operations comply with leading pharmacopeia standards including IP, BP, EP, JP, and USP. Alongside its core manufacturing, Anlon offers custom synthesis of complex chemicals, delivering enhanced purity and reduced impurity profiles to meet specific customer requirements. The company has secured Drug Master File (DMF) approvals from ANVISA, NMPA, and PMDA for loxoprofen sodium dihydrate and loxoprofen acid APIs, while 21 DMFs have been filed globally with additional submissions in progress for Ketoprofen and Dexketoprofen Trometamol. Anlon ensures quality through rigorous testing, process improvements, and four in-house laboratories, supported by a skilled team of 34 professionals, including 24 science graduates. Its diverse product portfolio includes 65 commercialized products, 28 at pilot stage, and 49 under laboratory-scale development, reflecting strong R&D and pipeline capabilities.

Strength

Strong Product Portfolio and Scalable Business: Anlon Healthcare Limited is a chemical manufacturing company engaged in producing pharmaceutical intermediates and active pharmaceutical ingredients (APIs) in compliance with pharmacopeia standards such as IP, BP, EP, JP, and USP. Its products cater to diverse sectors, including finished dosage formulations, nutraceuticals, personal care, and veterinary medicine. The company is among the few Indian manufacturers of loxoprofen sodium dihydrate, an API for pain and inflammation, with regulatory approvals in Brazil, Japan, and China. In addition to its core products, Anlon provides custom manufacturing of complex chemical compounds, enhancing its service offerings. Backed by a pipeline of 65 commercialized products, 28 at pilot stage, and 49 under laboratory testing, the company holds a competitive position in domestic and export markets. It has also filed Drug Master Files (DMFs) with multiple international regulatory authorities, strengthening its global footprint.

Strong Promoters and Experienced Management Team: The company is guided by a committed Board of Directors and an experienced senior management team with deep domain expertise. Since inception, the promoters have been central to shaping strategy, driving innovation, and leading business expansion. The management's understanding of niche product manufacturing and ability to foster long-term customer relationships have been critical to its growth. With a strong entrepreneurial culture and capable departmental leadership, Anlon is well-positioned to capture market opportunities and deliver consistent performance. Regular employee training on quality management and safety further enhances operational standards. This collective expertise and collaborative management style provide a sustainable competitive advantage, enabling the company to anticipate market trends and scale in both domestic and international markets.

High Entry and Exit Barriers: The company's business model benefits from high entry and exit barriers, owing to stringent quality standards and lengthy customer approval cycles. Onboarding new customers involves detailed documentation and on-site inspections, making the process time-intensive and costly. However, these rigorous requirements foster customer loyalty and reduce supplier switching. Anlon has consistently

demonstrated its ability to meet such standards, with its manufacturing facility approved by 33 customers and no order cancellations post-audit. This strong compliance record and audit experience play a key role in ensuring repeat business and customer trust.

In-house Testing, Quality Control and Quality Assurance: Anlon maintains a strong focus on quality through four dedicated testing laboratories and a Quality Control and Assurance team of 34 members. The team is responsible for maintaining compliance with customer requirements and industry benchmarks while ensuring reduced impurities and higher purity levels. This rigorous approach has enabled the company to expand its product portfolio from 10 commercial products in FY2018 to 65 in FY2025, supported by continuous process improvements and R&D. Its robust testing and assurance framework are considered a significant competitive strength, underpinning consistent growth.

Commitment to Quality, Environment, Health and Safety (QEHS): Anlon Healthcare emphasizes quality, environmental sustainability, health, and safety (QEHS) across its operations. The company holds multiple certifications, including ISO 9001:2015, GMP, GMP-WHO, and HALAL, reflecting adherence to global standards. Its manufacturing facility is designed as a "zero liquid discharge" unit, supported by an effluent treatment plant and multi-effect evaporator for wastewater management. Waste disposal is further managed through partnerships with certified third-party vendors. In addition, the company conducts regular employee health check-ups to promote workplace safety and well-being. These initiatives demonstrate Anlon's commitment to responsible and sustainable operations.

Startegy

Increasing Manufacturing Capacity to Meet Growing Demand: Anlon Healthcare currently operates a manufacturing facility in Rajkot, Gujarat, with an installed capacity of 400 MTPA, supported by leased land for storage. To address rising demand, the company is setting up a new manufacturing plant on its freehold industrial land located 400 meters from the existing site. The upcoming facility will add 700 MTPA capacity and will be utilized for both existing and new pharma intermediates and APIs. This expansion will significantly enhance overall production capacity and strengthen the company's ability to cater to a growing customer base.

Strengthening Wallet Share and Expanding Customer Base: The company focuses on deepening relationships with existing customers through quality assurance, timely delivery, and cross-selling opportunities. Repeat and higher-value orders highlight Anlon's position as a preferred supplier. By supporting customers in the early stages of product development, the company strengthens long-term engagement. Looking ahead, Anlon plans to expand its domestic and global customer base, leveraging its diversified portfolio and benefiting from the "China+1" strategy, which positions India as a cost-efficient, technology-driven alternative in global supply chains.

Expanding Product Portfolio: Anlon Healthcare has strategically diversified its portfolio, growing from 10 commercialized products in FY2018 to 65 in FY2025, catering to varied segments and geographies. The company plans to further strengthen existing product lines while introducing new products with high growth and profitability potential. Backed by strong industry expertise and R&D, its wide product range enhances its competitive edge and provides a platform for sustainable expansion into emerging markets and niche segments.

Enhancing Cost Efficiency and Reducing Debt: To improve profitability, Anlon is focused on cost management, operational efficiency, and optimizing product mix with an emphasis on high-value, low-volume offerings. From the net proceeds of its issue, the company plans to allocate ₹500.00 lakhs towards repayment of its ₹3,301.66 lakhs debt, thereby reducing leverage, strengthening its debt-to-equity ratio, and freeing resources for reinvestment. Lower indebtedness will also improve the company's ability to raise capital at competitive terms to support future growth.

Commitment to Health, Safety, and Environment (HSE): Anlon Healthcare places health, safety, and environmental sustainability at the core of its operations. The company ensures a safe

workplace for employees, contractors, and the community through continuous training and risk-prevention practices. Its facilities are managed with a focus on efficient resource use, substitution of hazardous materials, and optimized recycling. Supported by strong compliance with applicable HSE regulations, Anlon actively minimizes environmental impact while fostering a culture of continuous improvement in safety and sustainability.

Risk Factor

- Any lapse in maintaining product quality or complying with evolving standards could result in customer dissatisfaction, business loss, or potential legal liabilities.
- Anlon Healthcare has a limited track record in manufacturing operations, which may impact its ability to consistently scale and optimize processes.
- In the past, the company's manufacturing facility was non-operational for four months, halting production. Any future temporary or prolonged shutdown could significantly reduce production capacity, disrupt supply chains, and adversely affect business operations.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Acutaas Chemical	1006.88	158.71	23.09	60.67	8.76	159.97	5	1400.95	11469.43
Supriya Lifesci.	696.49	187.96	22.13	31.43	5.62	123.85	2	695.55	5597.98
Kronox Lab	100.19	25.47	6.90	24.43	6.94	24.28	10	168.60	625.57
Anlon Healthcare Ltd.	120.29	20.52	3.86	23.57	2.40	37.90	10	91.00	483.68

***Peer companies financials are TTM based**
****Anlon Healthcare Ltd. based on Actual FY25**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.91, the stock is priced at pre issue P/E of 17.67x on FY25 EPS of Rs 5.15. Post issue, the stock is priced at a P/E of 23.57x on its EPS of Rs. 3.86. Looking at the P/B ratio at Rs.91 pre issue, book value of Rs.20.18 of P/Bvx 4.51x. Post issue, book value of Rs.37.90 of P/Bvx 2.40x.

Considering the P/E valuation, on the lower end of the price band of Rs.86, the stock is priced at pre issue P/E of 16.70x on FY25 EPS of Rs. 5.15. Post issue, the stock is priced at a P/E of 22.28x on its EPS of Rs. 3.86. Looking at the P/B ratio at Rs. 86 pre issue, book value of Rs. 20.18 of P/Bvx 4.26x. Post issue, book value of Rs.37.90 of P/Bvx 2.27x.

Industry Outlook

The global economic outlook remains uncertain, with GDP growth projected to slow in 2025 and 2026 due to persistent inflation, geopolitical tensions, and volatile trade policies. Within this backdrop, Emerging and Developing Asia, including India, is expected to witness moderated but sustained growth. India's pharmaceutical industry continues to face structural challenges, particularly its heavy reliance on imports for Active Pharmaceutical Ingredients (APIs) and bulk drugs—nearly two-thirds of which are sourced from China. This dependency emerged as a critical risk during the COVID-19 pandemic, when supply disruptions drove prices sharply higher. To address this, the Government of India has rolled out initiatives such as the Production Linked Incentive (PLI) scheme to promote domestic bulk drug manufacturing and reduce import dependence. India's leadership in generic drug manufacturing remains a key growth driver. The expiry of several global blockbuster drug patents has opened opportunities for Indian firms to supply affordable generics worldwide, significantly boosting exports and turnover. The industry's revenue is projected to reach INR 7,327 billion by FY 2030, growing at a CAGR of 10% during FY 2025–30.

Outlook

Anlon Healthcare Limited demonstrates strong growth potential backed by its diverse product portfolio, capacity expansion plans, and global regulatory approvals. Its strategies of enhancing wallet share, diversifying customers, and expanding into high-value products position it well to capture rising demand in APIs and intermediates. While risks include high quality compliance requirements, limited operating history, and reliance on a single facility, its focus on efficiency, debt reduction, and sustainable practices enhances resilience. Investors may consider the issue for long-term value.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	26-August-25
BID/ISSUE CLOSES ON	29-August-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	01-September-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	02-September-25
Credit of Equity Shares to Demat Accounts of Allottees	02-September-25
Commencement of trading of the Equity Shares on the Stock Exchanges	03-September-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	120.29	66.58	112.88
Total expenditure	88.08	51.12	100.46
Operating Profit	**32.21**	**15.46**	**12.41**
OPM%	2.68	2.32	1.10
Other Income	0.17	0.11	0.24
Total Net Income	**32.38**	**15.57**	**12.66**
Interest	3.72	3.93	3.80
PBDT	**28.66**	**11.64**	**8.86**
Depreciation	1.77	1.89	1.87
PBT	**26.89**	**9.75**	**6.99**
Tax	6.37	0.09	1.17
PAT	**20.52**	**9.66**	**5.82**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-25	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Financial liabilities			
Property, Plant and Equipment	22.82	27.30	25.74
Total non-current assets	22.82	27.30	25.74
Current asset			
Inventories	50.26	41.71	26.97
Financial Assets			
Trade receivables	75.00	38.73	43.81
Cash and cash equivalents	1.45	2.27	0.62
Investments	0.91	0.85	3.91
Loans	2.28	1.39	0.35
Other financial assets	1.38	0.56	0.45
Other current assets	27.20	15.19	9.71
Total current assets	**158.48**	**100.70**	**85.81**
Total Assets	**181.30**	**128.00**	**111.55**
Non-current liabilities			
Financial Liabilities			
Borrowings	38.36	54.25	58.18
Provisions	0.24	0.22	0.13
Deferred Tax Liabilities (Net)	2.23	2.40	2.32
Total Non- Current liabilities	**40.83**	**56.87**	**60.62**
Current liabilities			
Financial Liabilities			
Borrowings	19.99	20.32	8.21
Trades Payable - total outstanding dues of micro enterprises and small enterprises	0.48	0.41	0.02
Trades Payable - total outstanding dues of creditors other than micro enterprises and small enterprises	19.17	19.59	25.31
Provisions	8.64	2.17	1.95
Other Current Liabilities	11.78	7.62	8.06
Total Current liabilities	**60.05**	**50.10**	**43.55**
Total	**100.88**	**106.97**	**104.17**
Net worth represented by:			
Equity Share Capital	39.85	16.00	12.00
Other equity	40.57	5.03	-4.63
Net Worth	**80.42**	**21.03**	**7.37**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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