ANTHEM BIOSCIENCES LTD

July 11, 2025

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	Pharma
Offer for sale (Shares)	59561404
Net Offer to the Public	**59,561,404**
Issue Size (Rs. Cr.)	3216.32-3395
Price Band (Rs.)	540-570
Employee Discount	Rs. 50
Offer Date	14-Jul-25
Close Date	16-Jul-25
Face Value	2
Lot Size	26

Issue Composition

	In shares
Total Issue for Sale	59,561,404
QIB	29,780,702
NIB	8,934,211
Retail	20,846,491

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	76.88%	75.78%
QIB	0.00%	-4.21%
NIB	0.00%	1.59%
Retail	23.12%	26.84%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company will not receive any proceeds from the Offer (the "Offer Proceeds") and all the Offer Proceeds will be received by the Selling Shareholders after deduction of Offer related expenses and relevant taxes thereon, to be borne by the respective Selling Shareholders

Book Running Lead Manager

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

Name of the registrar

- KFin Technologies Limited

About the company

Incorporated in 2007, Anthem Biosciences Limited is an innovation-driven and technology-focused Contract Research, Development, and Manufacturing Organization (CRDMO) with fully integrated operations spanning the entire pharmaceutical value chain—from drug discovery and development to commercial manufacturing. The company is distinguished among Indian CRDMOs for its end-to-end capabilities across both New Chemical Entities (NCEs) and New Biological Entities (NBEs), enabling it to serve a diverse global clientele that includes both emerging biotech firms and large multinational pharmaceutical companies. Its CRDMO segment primarily serves customers in regulated markets such as the United States and Europe, offering comprehensive, integrated, and highly customizable services across the lifecycle of both New Chemical Entities (NCEs) and New Biological Entities (NBEs). Over the past 15 years, the company has completed over 8,000 unique projects and supported more than 675 customers across various stages of the drug development lifecycle in its CRDMO business. It served over 550 customers across 44 countries in both CRDMO and specialty ingredients businesses, with the top five customers contributing 70.92% of revenue. Long-term partnerships with small and emerging biotech companies—many of which evolved into commercial-stage or were acquired by larger firms—have enabled the company to scale with its customers.

Strength

Comprehensive one-stop service capabilities across the drug life cycle: As per the F&S Report, it is among the few Indian players with end-to-end capabilities across both NCEs and NBEs, and the only one with strong expertise in both small and large molecules. Its seamless service model enables efficient tech transfer, faster timelines, and cost advantages. This approach helped the company become the fastest Indian CRDMO to cross ₹10,000 million in revenue within 14 years (by Fiscal 2021), and it recorded the highest revenue growth among peers in Fiscal 2024–25. Since 2007, it has completed 8,000+ projects and supported over 675 customers. In the last three fiscals, it handled 3,000+ projects for 287 global clients.

Innovation led approach enables it to offer advanced solutions: The company has built a strong innovation-led foundation, developing advanced technological capabilities across both small and large molecules. As per the F&S Report, it is among the few Indian CRDMOs focused on biologics and the only one with robust capabilities in both biologics and small molecules. Its platform spans five high-growth modalities—RNAi, ADCs, peptides, lipids, and oligonucleotides—and four core manufacturing technologies including flow chemistry, biotransformation, fermentation, and custom synthesis. The company pioneered biotransformation (2014) and flow chemistry (2019) in India and has adopted green chemistry practices like micellar technology and pincer catalysis.

Differentiated business model catering to small pharma and emerging biotech companies: While large pharmaceutical companies currently lead the global market, small pharma and biotech firms are rapidly gaining prominence, driven by innovation and venture capital funding. Their market share is projected to grow at a CAGR of 8.5% between 2024 and 2029, outpacing the 4.9% growth of large pharma companies. However, these smaller players face challenges in funding, regulatory compliance, technical execution, and scalable manufacturing, often necessitating external partnerships. In Fiscal 2025, the company reported the highest EBITDA margin among Indian peers at 36.81%, and second highest globally. Of the ten commercialized molecules it manufactures, three originated

from small or emerging biotech partners. Over the past three fiscals, it has worked with over 250 such companies, representing 87% of its CRDMO customer base.

Long-standing relationships with a large, diversified and loyal customer base: Over the last three fiscals, it has worked with 287 customers, with the top 10 customers in Fiscal 2025 reflecting an average relationship span of 12 years. Its customer acquisition strategy is built on industry reputation and referrals, helping reduce marketing costs. As of March 31, 2025, it served eight such global pharma clients. The long-term nature of its business is reflected in the fact that the top five customers contributed 70.92% of its revenue in Fiscal 2025, and five of its top six clients have consistently ranked among the top 15 for the past eight years. These long-standing relationships underscore the company's ability to support clients from early discovery through commercialization and beyond.

Broad specialty ingredients portfolio and is well-positioned to capitalize on growing demand for niche, high-value products: The company's specialty ingredients business leverages its advanced capabilities in biology and chemistry to develop and commercialize high-value products, serving as a complementary revenue stream. In Fiscals 2025, 2024, and 2023, this segment contributed ₹3,384.60 million (18.35%), ₹3,362.01 million (23.69%), and ₹2,488.32 million (23.54%) to total revenue, respectively. The portfolio spans fermentation-based products, probiotics, enzymes, nutritional actives, vitamin analogues, biosimilars, and APIs. With the largest fermentation capacity (142 kL as of March 31, 2025) among Indian CRDMOs, as per the F&S Report, the company is well-positioned to capture market share in this niche segment.

Fully built-out automated manufacturing infrastructure with a consistent regulatory compliance track record: Its fermentation capacity is the highest among all assessed Indian CRDMOs, according to the F&S Report. Expansion efforts are underway, including the construction of Unit III and a 130-kL capacity addition at Unit II. Once completed in the first half of Fiscal 2026, the company's total custom synthesis and fermentation capacities will rise to 425 kL and 182 kL, respectively—making its fermentation capacity more than six times that of the second-largest Indian CRDMO. Sustainability is integral to the company's manufacturing strategy. It was among the first in India to adopt green chemistry techniques like biotransformation, flow chemistry, and micellar technology. Approximately 90% of its energy needs are met through renewable sources. Operational efficiency has translated into strong financial performance. In Fiscal 2025, the company achieved the highest Post-tax ROCE and ROE among its Indian peers, and the second highest globally.

Demonstrated industry-leading growth, profitability and capital efficiency: It is the youngest and fastest among its Indian peers to surpass ₹10,000 million in revenue, achieving the milestone in just 14 years by Fiscal 2021. Its innovative business model has enabled it to record the highest revenue growth (29.96% in Fiscal 2025) among assessed Indian and global peers. With a robust EBITDA margin of 36.81% and a PAT margin of 23.38% in Fiscal 2025 the highest and second highest among Indian and global peers respectively the company stands out for its profitability. The company also leads in capital efficiency, posting the highest Post-tax ROCE and ROE among its Indian peers and second highest globally in Fiscal 2025. Over the past three fiscals, its ROE ranged from 20.04% to 24.89%, and Post-tax ROCE from 25.06% to 31.69%.

Professional and experienced leadership team supported by a qualified scientific pool: This leadership is supported by over 1,500 skilled employees, 57.32% of whom hold advanced science or engineering degrees (including 35 PhDs and 1,100+ master's holders), with an average industry experience of 7.24 years as of March 31, 2025. The company's high employee productivity is evident in its average revenue per employee of ₹7.78 million in Fiscal 2025—the second highest among assessed Indian peers, per the F&S Report. The business is backed by True North, a leading Indian private equity firm with ₹171,900 million in AUM as of March 31, 2025.

Strategies

Expand technological capabilities to gain wallet share and to win new customer: The company aims to deepen its discovery and development pipeline by leveraging its integrated technological expertise across chemistry and biology. It plans to expand into advanced, green technologies such

as laboratory-scale photochemistry and electrosynthesis—cost-efficient, environmentally friendly alternatives that support sustainable synthesis. With global development and manufacturing expected to grow at CAGRs of 9.5% and 7.5%, respectively (2024–2029), it aims to capitalize on this momentum by forging long-term relationships with customers from the discovery phase onward

Leverage on manufacturing capacity to cater expected increase in commercialised and late stage molecules: As of March 31, 2025, it managed 145 early-phase projects, 16 late-phase projects, and 13 commercial manufacturing projects. The company plans to shift early-phase development work to Unit III, freeing up cGMP-certified Units I and II for high-value commercial and late-stage manufacturing. With cGMP approval already in place for Unit III and additional land secured for further expansion, the company is well-positioned to capture the growing demand for complex, late-stage, and commercial-scale CRDMO projects.

Focus on growing complex specialty ingredients business with large market opportunity: The company plans to expand this portfolio by targeting high-barrier-to-entry products such as fermentation-based APIs, probiotics, enzymes, and biosimilars—areas that require specialized capabilities and command premium pricing, according to the F&S Report.The company's specialty ingredients business highlights its advanced technological expertise, with a focus on complex, high-margin products. It has secured development and manufacturing contracts with two major pharmaceutical companies—one in India for probiotics and one in the U.S. for a biosimilar—demonstrating early traction in this vertical.

Improving cost management and operational efficiencies, including supply chain resilience: The company aims to further strengthen its financial performance by enhancing operational efficiencies through sustainability-led initiatives such as increased use of renewable energy, adoption of green chemistry techniques—including biotransformation and flow chemistry—and improved resource optimization. It also intends to focus on high-margin growth areas by expanding its fee-for-service (FFS) contracts and manufacturing of niche specialty ingredients.

Complement overall growth through identifying opportunities for inorganic expansion: The company's growth is anchored in a strong culture of innovation, enabling the delivery of high-quality, technologically advanced products. It plans to focus on projects demanding deep technical expertise, which offer high value even at lower volumes, thus supporting robust margins. The company will continue to scale by targeting customers and products aligned with its core strengths—such as enzymatic processes, biosynthesis, and flow chemistry. Additionally, it may explore international expansion, including near-shore operations in lower-cost European geographies, to meet customer needs and diversify global supply chains cost-effectively

Continue to implement sustainable manufacturing practices and green chemistry: The company has implemented a range of sustainable manufacturing practices, including maintaining an average of 90.48% renewable energy usage over the last three fiscals, adopting cleaner fuels such as PNG and biogas, and installing Zero Liquid Discharge (ZLD) effluent treatment systems to reduce waste. As a result, it achieved the lowest GHG emission intensity among assessed Indian peers at ₹1.24 tCO_2e/million in Fiscal 2024, according to the F&S Report.

Risk Factor

- Its business depends on the demand for CRDMO services, which contributed to 81.65% of our revenue from operations in Fiscal 2025. Any adverse impact on our CRDMO customers' business or the industries in which they operate may have a material adverse effect on our business.
- In Fiscal 2025, Company's developmental and commercial manufacturing activities generated 70.78% of its operational revenue and accounted for 71.90% of its total projects.
- The company's financial performance relies on the success of its manufactured molecules. Revenue from operations declined in Fiscal 2023 compared to Fiscal 2022, due in part to the failure of a phase III molecule and the withdrawal of a commercialized molecule.

- The company relies on key customers for a significant portion of its revenue, with the top 5 and top 10 customers accounting for 70.92% and 77.33%, respectively, of revenue from operations in Fiscal 2025.
- The company relies on its arrangements with Davos Pharma, an affiliate of one of its shareholders and a selling shareholder, for business and marketing activities in the United States.
- The company heavily relies on its skilled workforce, particularly its R&D team, for daily operations. Losing key personnel or failing to attract or retain such talent could result in knowledge loss and significantly harm the company's business performance.
- In Fiscal 2025, 89.65% of the company's revenue from R&D services under its CRDMO services came from fee-for-service (FFS) contracts, which depend on the successful completion of deliverable units. Failure to meet these deliverables could result in the company not recovering some or all of its costs or receiving service fees.
- The company relies on key suppliers for raw materials, with procurement from the top 10 suppliers accounting for 34.43% of total expenses in Fiscal 2025.
- The company depends on overseas suppliers, with procurement from these sources rising from 24.60% of total material costs in Fiscal 2024 to 48.41% in Fiscal 2025, primarily due to reliance on a single-source supplier in the PRC.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Divi's Lab.	9360.00	2191.00	82.53	82.89	12.13	563.87	2	6841.15	181611.04
Syngene Intl.	3642.40	496.20	11.74	54.02	5.41	117.32	10	634.20	25554.42
Sai Life	1694.57	170.13	8.15	96.02	7.68	101.96	1	782.60	16337.04
Cohance Life	1197.58	267.87	7.00	142.21	22.28	44.68	1	995.50	38084.56
Anthem Biosciences Ltd	1844.55	451.26	8.04	70.94	13.28	42.91	2	570.00	32011.77

***Peer companies financials are TTM based**
*****Anthem Biosciences Ltd is based on TTM**

Valuation

Considering the P/E valuation on the upper price band of Rs.570,FY25 EPS and P/E are Rs. 8.04 and 70.94 multiple respectively and at a lower price band of Rs. 540, P/E multiple is 67.21. Looking at the P/B ratio on the upper price band of Rs. 570, book value and P/B are Rs. 42.91 and 13.28 multiple respectively and at a lower price band of Rs. 540, P/B multiple is 12.58. No change in pre and post issue EPS and Book Value as the company is not making fresh issue of capital.

Industry Outlook

The global pharmaceutical industry is projected to grow at a CAGR of 6.4% from 2024 to 2029, reaching U.S.$2,076.0 billion by 2029, driven by an aging population, rising chronic diseases, sedentary lifestyles, and increasing health awareness, per the F&S Report. Innovator drugs (new chemical and biological entities) are expected to increase their revenue share from 51.3% in 2024 to 53.9% in 2029. Large pharmaceutical companies' market share is forecasted to decline from 66.4% to 61.9%, while small pharmaceutical and biotech firms' share is expected to rise from 23.7% to 26.1%, reflecting a shift toward novel therapies and innovation-driven growth. CROs and CDMOs are vital to the industry, with the CRO market projected to grow at a CAGR of 3.1% to U.S.$332.7 billion and the CDMO market at a CAGR of 4.7% to U.S.$487.5 billion by 2029. Small pharmaceutical and biotech companies, with limited resources, increasingly seek integrated CRDMO services for one-stop solutions. The Indian CRDMO industry is expected to outpace global growth, expanding at a CAGR of 13.4% to reach U.S.$15.4 billion by 2029, compared to the global rate of 9.1%.

Outlook

Anthem Biosciences Limited is strategically positioned for growth in the rapidly expanding global and Indian CRDMO markets, driven by its integrated drug discovery, development, and manufacturing capabilities, advanced technologies, with over 80% of revenue coming from exports. With a projected global CDMO market size growing by 4.7% reaching U.S.$487.5 billion by 2029 and India's CRDMO sector growing at 13.4% CAGR to U.S.$15.4 billion, Anthem's robust financial performance (30% revenue growth and 23% PAT growth in FY25), limited reliance on Chinese raw materials, and compliance with global regulatory standards position it as a competitive player. The upcoming Unit 4 facility and expertise in high-complexity molecules further enhance its outlook. However, risks such as high customer concentration which is around 71% of revenue, dependence on fee-for-service contracts (89.65% of R&D revenue), and overseas supplier reliance (48.41% of material costs) pose challenges.

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

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	14-July-25
BID/ISSUE CLOSES ON	16-July-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	17-July-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	18-July-25
Credit of Equity Shares to Demat Accounts of Allottees	18-July-25
Commencement of trading of the Equity Shares on the Stock Exchanges	21-July-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	1844.55	1419.37	1056.92
Total expenditure	1173.72	914.39	628.04
Operating Profit	**670.84**	**504.98**	**428.89**
OPM%	3.64	3.56	4.06
Other Income	85.73	63.70	77.07
Total Net Income	**756.57**	**568.68**	**505.95**
Interest	10.33	9.54	6.76
PBDT	**746.24**	**559.14**	**499.19**
Depreciation	89.37	81.82	63.70
Profit exceptional Items and Before Tax	**656.87**	**477.32**	**435.50**
Exceptional items	0.00	0.00	61.80
PBT	**656.87**	**477.32**	**497.30**
Tax	205.61	110.01	112.11
Profit & Loss	**451.26**	**367.31**	**385.18**

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			
Property, plant and equipment	696.44	469.99	438.47
Capital work-in-progress	296.88	344.69	164.08
Right of Use Asset	4.79	6.29	1.34
Intangible assets	3.87	6.24	9.09
Financial Assets			
Investmets	16.93	12.55	6.16
Trade Recivables	3.11	3.11	3.11
Loans and Advances	3.32	5.06	4.79
Other financial assets	11.96	6.03	4.61
Deffered Tax Aset	17.95	41.40	24.91
Non current Tax Asset	1.40	1.40	1.38
Other non current assets	14.21	19.81	33.38
Total non-current assets	**1070.87**	**916.56**	**691.29**
Current assets			
Inventories	340.43	211.35	129.42
Financial Assets			
Investments	416.14	459.07	492.87
Trade receivables	450.40	490.45	274.07
Cash and cash equivalents	316.14	183.86	342.24
Bank Balances	0.84	0.50	0.61
Other financial assets	0.43	0.42	0.23
Other current assets	212.34	135.91	83.74
Total current assets	**1736.72**	**1481.56**	**1323.17**
Total Assets	**2807.58**	**2398.11**	**2014.46**
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.86	4.31	0.76
Borrowings	47.03	111.66	96.19
Other Finacial Liabilities	13.15	11.17	6.16
Provisions	7.52	6.53	5.39
Other non current liabilities	0.93	1.17	1.42
Total Non- Current Liabilities	**71.49**	**134.83**	**109.92**
Current liabilities			
Financial Liabilities			
Lease liabilities	1.51	1.69	0.32
Borrowings	61.93	120.87	28.88
Trade payables- Total outstanding dues of micro and small enterprises	10.60	0.01	0.00
Trade payables-Total outstanding dues of creditors other than micro and small enterprises	99.49	100.73	71.94
Other financial liabilities	5.84	5.92	4.50
Other current liabilities	119.96	99.65	48.80
Provisions	3.89	3.35	3.56
Curren tax liabilities	23.03	6.41	5.88
Total - Current Liabilities	**326.23**	**338.63**	**163.87**
Total Liabilities	**397.72**	**473.46**	**273.79**
Net worth represented by:			
Equity share capital	111.82	111.82	114.10
Other equity	2298.05	1812.84	1626.57
Net Worth	**2409.86**	**1924.65**	**1740.67**

RANKING METHODOLOGY

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

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