July 15, 2025

Play on global CRDMO with a strong track record...

About the Company: Anthem Biosciences is a CRDMO player with fully integrated operations spanning across drug discovery, development and manufacturing. It is one of the youngest and fastest CRDMO to achieve a milestone of ₹1000 crore revenue within 14 years of operations.

- FY25 revenues break-up, CRDMO- ~82% (Development & Manufacturing- ~71% and R&D – ~11%); Specialty ingredients r~18.35%.
- It has a team of 1500+ (scientist and engineers) that commercialised 10 innovator molecules until FY25 and has 11 large pharma as their clients.

Key Strengths:

- **Innovation-focused, technologically advanced one stop solution provider -** Anthem offers comprehensive one-stop service capabilities across the drug life cycle (drug discovery, development and manufacturing) for both small molecules and biologics. Additionally, company have capability to provide integrated services, which leads to reduced lead time and cost efficiencies for customers. Presently company have a diverse mix of 242 Projects in the pipeline, including 68 Projects in the discovery phase of the NCE and NBE lifecycle, 145 Projects in the Early Phase, 16 Projects in the Late Phase.
- In specialty ingredients business, Anthem has Fermentation Products, Probiotics, Enzymes, Nutritional Actives, Vitamin Analogues, Biosimilars and APIs where anthem leverage their technological capabilities across biology and chemistry and developed and commercialized specialty products. Anthem successfully produced and commercialized natural Vitamin K2 (Menaquinone-7) through an innovative biotransformation process, combining chemical synthesis and fermentation.
- **Fully built-out automated manufacturing infrastructure -** Anthem facilities are highly automated, which reduces manual intervention, thereby ensuring high-quality output, increased efficiency, safety and improved compliance. The company is expanding capacity by constructing Unit III and expanding their custom synthesis capacity at Unit II by 130 kL (54 kL completed), both of which are expected to be completed by the H1FY26.

Our View & Rating

- Anthem has a strong financial track record with Sales and EBITDA CAGR of 32% and 25%, respectively, during FY23-25. The ROCE for FY25 is ~26% with an ATR of 1.6x. At the upper band, the issue is priced at 47x FY25 EV/EBITDA. **We assign SUBSCRIBE rating to Anthem Biosciences Ltd. The premium valuation is justified given Anthem's capabilities and sectoral tail winds.**

Key risk & concerns

- Adverse impact on Anthem's CRDMO customers' business
- Inability to retain key customers or decrease in revenues from them
- Attrition risk of scientists and other key scientific employees.

Key Financial Summary

₹ Crore	FY23	FY24	FY25	CAGR FY23-25 (%)
Revenues	1056.9	1419.4	1844.6	32.1
EBITDA	428.9	505.0	670.8	25.1
EBITDA Margins (%)	40.6	35.6	36.4	
Net Profit	261.6	367.3	451.3	31.3
EPS (Adjusted)	8.0	6.5	8.0	
PE (x)	83.1	87.2	70.9	
EV to EBITDA (x)	73.0	62.6	46.8	
RoCE (%)	24.1	21.6	26.0	
RoE (%)	25.7	19.1	18.7	

Source: RHP, ICICI Direct Research;

IPO Details

Issue Details	
Issue opens	14th July, 2025
Issue closes	16th July, 2025
Issue size	₹ 3395 crore - OFS
QIB (Institutional) Share	Not more than 50% of the Offer
Non Institutional Share	Not less than 15% of the Offer
Retail share	Not less than 35% of the Offer
Issue Type	Offer For Sale (OFS) of 5.96 - 6.29 crore shares based on upper and lower end of the price band
Price band (₹/share)	₹540-₹570
Market Lot	26 shares
Face value	₹ 2 per share
Bid lot	26 shares
Listing Market Cap @ Upper Price Brand	₹31,867crore

Shareholding pattern

	Pre-Issue (%)	Post-Issue (%)
Promoters	77	74.7
Public	23	25.3
Total	100	100

Objects of the issue

To carry out offer for sale of 5.96 crores - 6.29 crores Equity Shares aggregating upto ₹ 3395 crores

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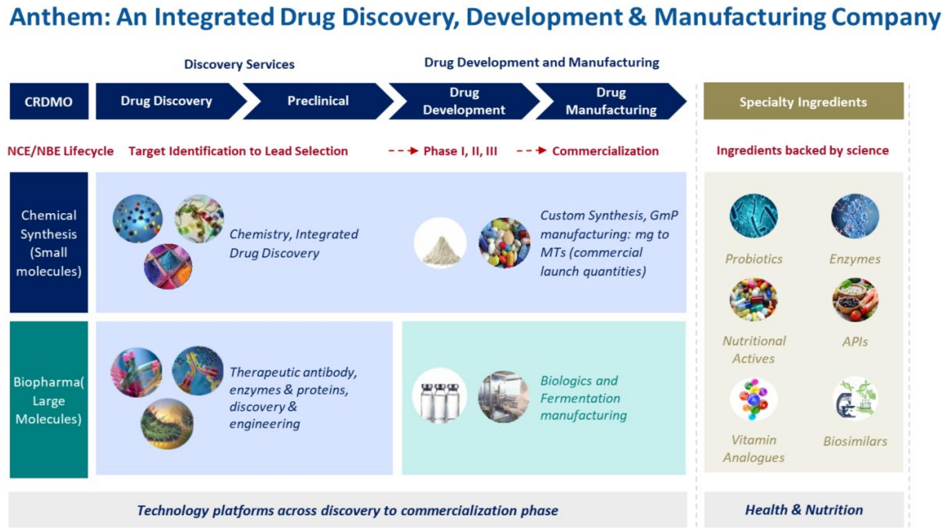
Company Background

Anthem Biosciences is a CRDMO with fully integrated operations spanning across drug discovery, development and manufacturing. It is one of the youngest and fastest CRDMO to achieve a milestone of ₹1000 crore revenue within 14 years of operations. As of FY25, CRDMO represents 81.65% (Development & Manufacturing- 70.78% and R&D – 10.87%) and Specialty ingredients represents 18.35% of the over-all revenue. In CRDMO services, Anthem offers services across NCEs and NBEs lifecycles, from target identification and lead selection to preclinical development by manufacturing development batches for the customers having molecules used for clinical (Phase I, II and III) trials and by offering commercial manufacturing capabilities. According to the F&S Report, Anthem is the only CRDMO in India with a strong capability in both small molecules and biologics (large molecules). In Specialty Ingredients, Anthem manufactures and sells complex specialized fermentation-based APIs, including probiotics, enzymes, peptides, nutritional actives, vitamin analogues and biosimilars.

Exhibit 1: Types of services offered across its business segment



Source: RHP, ICICI Direct Research

CRDMO Business

The CRDMO business serves as a one-stop shop, providing end-to-end services across the drug development lifecycle, from the concept stage, preclinical, supporting their customers by manufacturing development batches of molecules used for clinical (Phase I, II and III) trials up to commercial manufacturing, for large and small therapeutic molecules. This approach enables Anthem to serve as a CRDMO partner to its customers throughout all stages of the drug development lifecycle. Since the inception in 2007, Anthem has completed over 8,000 Projects and worked on molecules with more than 675 customers at various stages of the product lifecycle.

Services provided under CRDMO business are-

Discovery - The discovery stage encompasses steps such as target identification, lead generation, target validation, target optimization, and lead selection, all aimed at identifying and refining potential molecules for further development. For small molecules, Anthem provides integrated drug discovery solutions, synthetic and medicinal chemistry and discovery biology services. For biologics or large molecules, they provide protein sciences and molecular biology services, antibody generation, cell line development, preclinical evaluation and non-GMP manufacturing, encompassing both microbial and mammalian systems.

Development - The development stage involves a series of tests (like preclinical trials, animal studies, and phased clinical trials) leading up to the filing of the drug with the FDA and other regulatory authorities. For small molecules in the development stage services include process chemistry and drug substance development, encompassing synthetic route design, process optimization and synthesis of the molecules, analytical services which includes method development, validation and stability studies, and regulatory support. For biologics or large molecules, Anthem offers biological development including strain development, upstream and downstream process development across both microbial and mammalian systems. For FY25, Anthem supported 174 molecules in the development and manufacturing stage, including 145 Early Phase, 16 Late Phase Projects (relating to 10 Late Phase molecules) and 13 commercial manufacturing Projects (relating to API and advance intermediates for 10 commercialized molecules).

Manufacturing - The manufacturing stage of the drug process encompasses the activities leading up to and following product launch and commercialization of the molecule, including large-scale production, quality control, and marketing efforts. For molecules in the manufacturing stage, Anthem offers drug substance, clinical supplies and commercial supplies manufacturing for small molecules. For biologics (large molecules), Anthem offers large-scale fermentation manufacturing, biologics manufacturing and clinical manufacturing across both microbial and mammalian systems. For FY25, Anthem manufactured API and advance intermediates for 10 commercialized molecules, which they have supported since discovery. 5 of the top 6 commercialized molecules by revenue for FY25 (manufactured by Anthem) 3 are for large pharmaceutical companies (including after acquisitions or consolidations), which had a collective end-market sales value of US$ 11.3 billion in 2024, according to the F&S Report.

The CRDMO business comprises of 5 modalities (RNAi, ADC, Peptides, lipids and oligonucleotides) and 4 manufacturing technologies and capabilities (custom synthesis, flow chemistry, fermentation and biotransformation)

In ***RNAi Platform*** Anthem offers solutions for the development and manufacturing of RNA-based therapies, including siRNA, offering comprehensive support from early-stage research to commercial-scale production. According to the F&S Report, RNAi is gaining more salience in its key therapeutic areas such as liver-related disorders, cardiovascular disorders, and urinary disorders since it can effectively suppress the growth of advanced-stage tumours, has relatively low cost, and offers high specificity. Anthem worked on a project in 2016, involving glycolipids as a modality for RNAi delivery, where the molecule was successfully commercialized and achieved more than US$ 750 million in end-market global sales in 2024, according to the F&S Report. In RNAi therapeutics, glycolipids have garnered attention for their potential to facilitate the delivery of RNA molecules, such as siRNA into cells.

Antibody-drug Conjugates ("ADCs") are targeted cancer therapies that combine the specificity of monoclonal antibodies ("mAbs") with the potency of cytotoxic drugs, which delivers chemotherapy drugs to specific cancerous cells for a more targeted therapeutic impact. According to the F&S Report, the ADC market is valued at US$ 13.3 billion in 2024. As of March 31, 2025, Anthem is involved in 6 early-stage ADC development projects and 1 late-stage ADC development project. Their ADC capabilities encompass advanced site-specific conjugation techniques and linker technologies to achieve a precise attachment of cytotoxic drugs to monoclonal antibodies. Anthem has a large-scaled cGMP compliant containment facility in Harohalli, India. Their facilities can also produce oncology APIs including Tinibs. Anthem's facilities are equipped with 11 isolators to carry out various stages of operations and other infrastructure and equipment such as all-glass jacketed reactors, rotavapors, vacuum tray dryer, preparative purification systems and column chromatography setups to support complex purification needs.

Anthem also has technological capabilities to solid phase production of peptides and oligonucleotides. According to the F&S Report, the protein and ***Peptide*** market is valued at US$ 146.5 billion in 2024. Anthem follows three distinct approaches in peptide synthesis, namely (a) Solution Phase Synthesis, (b) Solid Phase Peptide Synthesis and (c) Hybrid Model Synthesis, which provides the flexibility in designing an efficient synthesis route for the molecule. Anthem services regarding to peptide synthesis include route scouting or design, process optimization and process validation. They have experience in protection and deprotection strategies on both the N-terminal and C-terminal of amino acids. Anthem also supports purification of the resultant peptides through small- and mid-scaled high performance liquid chromatography and dynamic axial compression chromatograph. As of March 31, 2025, Anthem is involved in 11 Early Phase peptide development Projects.

Anthem has technologies like oligonucleotide solid-phase synthesizer and purification equipment on gram-scale. In 2023, Anthem added an oligonucleotide laboratory in Unit (Bommasandra) to support its' operations.

Lipids are used as a delivery vehicle for mRNA, particularly in the context of mRNA vaccines and therapeutic applications. The key advantage of lipids in this role is their ability to form lipid nanoparticles (LNPs), which encapsulate the mRNA and facilitate its delivery into cells. Lipids, through their use in lipid nanoparticles, are a critical tool for the delivery of mRNA into 204 cells. Their ability to encapsulate and protect mRNA, improve cellular uptake, and facilitate the expression of therapeutic proteins has revolutionized the field of biotechnology, particularly in vaccines and gene therapies. As of March 31, 2025, Anthem is involved in 7 early-stage and 1 late-stage lipids project involving sterols, fatty acids, aminolipids, lipids for siRNA and glycolipids.

Exhibit 2: Biologics and Bio-therapeutic products produced by Anthem

	Microbial Biosimilars	Mammalian Biosimilars	Probiotics	Microbial Enzymes
	Production of Microbial Biosimilars Insulin, Glargine, Lispro, GCSF and PEG-GCSF	Process, method development and production of biosimilars	Production of Probiotics including Bacillus clausii, Lactobacillus acidophilus & Saccharomyces boulardii	Production of Microbial therapeutic enzymes
Clone Development	• E.coli - BL-21 DE3 • Development of High expression clone • Established Clone stability	• Development of High expression CHO cell line - ICH Q5B • Imaging proof of mono clonality • Establish clone stability	• Media optimization; animal free media, increase yield, reduce cost reduce fermentation time • Filler optimization, drying parameter optimization • Analytical method development	• Increase cell counts, reduce fermentation time, Improve cell separation, Increase enzyme activity • Growth phase studies • Analytical method development
Upstream	• Shake flask studies at 50mL to 250mL scale • Process optimization at 1L to 5L scale; pH, DO and • Induction and cell harvest • Scale up to 50L	• Process development and optimization • Biosimilar quality modulation • Scale up and tech transfer	• Inoculum development • Process optimization at 500L scale; pH and DO • Feed strategy optimization to achieve high cell density	• Inoculum development - vial • Process optimization at 25,000L scale; pH and air flow • Fed batch strategy optimization
Downstream	• IB isolation and purification • Cell lysis using Homogenizer • Chromatography - Low and High pressure • TFF and sterile filtration	• Cell separation • Chromatographic separation • Viral clearance • Tech transfer	• Tangential flow filtration, Diafiltration, Centrifugation • Filler addition and lyophilization	• Microfiltration, Ultrafiltration • Centrifugation • Lyophilization
Analytical	• HPLC, Mass spec • Peptide mapping, CD • SDS-PAGE, Western, ELISA and Bioassay • Bioburden analysis and BET testing	• Primary, Secondary, Tertiary physicochem characterization • Functional and Bioanalytical characterization • CQA and QTPP • Method transfer and QC	• Viable count • Pathogen testing • Moisture content	• Viable count - In process stage - cell counts • Activity testing • Alternate method for In process testing
Support			• Dedicated ware house • Utilities including steam, process air, Instrumentation air and AHUs • Product characterization and QC release	• 60kL harvest tanks, 5kL and 10kL Nutrient dosing vessels • Utilities including steam, process air and AHUs • Product characterization and QC release

Source: RHP, ICICI Direct Research

According to the F&S Report, the ***Biologics*** (large molecules) segment in India grew at a CAGR of 23.2% from 2019 to 2024 to reach US$ 0.7 billion in 2024. Anthem's biologics offerings encompass a comprehensive range of fermentation and cell culture technologies, including bacterial fermentation, filamentous bacterial fermentation, yeast fermentation, mammalian cell cultures and plant cell fermentation. The following sets forth certain biologics and biotherapeutic products that they produce for their customers: Anthem offers upstream and downstream process development capabilities, which enables them to provide the end-to-end solutions depending on their customers' requirements.

Regarding the manufacturing technologies-

Fermentation is a biological process that involves the conversion of organic compounds into other products by the action of microorganisms. This method allows the production of large quantities of specific compounds in a relatively short time, making it a cost-effective method to produce specific drugs with better operational efficiency. Anthem's fermentation capabilities encompass a comprehensive array of services designed to support the production of biologically-derived products, including peptides and oligonucleotides. These capabilities include the development and scaling of microbial and cell culture fermentation processes, utilizing a variety of expression systems such as bacteria, yeast, and mammalian cells. They use bioreactors, ranging from bench-scale to industrial-scale, to ensure scalability and reproducibility. Through fermentation, Anthem has successfully produced serratiopeptidase protease, which they sell under the speciality ingredients business, which accounted for 2.26% of their revenue from operations for Fiscal 2025.

Biosynthesis uses enzymes as catalysts to replace heavy metals or other chemical catalysts and provides a faster, cost-efficient and more environmentally friendly CRDMO solution as compared to the traditional chemical synthesis process, resulting in a milder reaction process which is more environment-friendly, safer and cost-efficient as it combines multi-step catalytic reactions into one, significantly reducing manufacturing waste and costs. Traditional chemical synthesis often requires stringent 205 conditions such as high temperatures, high pressures, and toxic reagents, making it more costly due to the need for multi-step catalytic reactions, expensive chemical catalysts, and organic reagents, often resulting in low yield rates, according to the F&S Report. Through Anthem's biotransformation capabilities, they have also commercialized vitamin K2 (Menaquinone-7) which is sold under their specialty ingredients business.

Flow Chemistry / continuous flow manufacturing is a production approach wherein raw materials are continuously fed into a production system to produce products, unlike traditional batch manufacturing where products are made in discrete batches. Through flow chemistry, Anthem is able to provide enhanced reaction rates and product yield, improved quality control and enhanced safety. They ventured into flow chemistry at a lab scale level in 2017 and currently have a cGMP compliant continuous flow manufacturing block in Unit II with a capacity of producing up to 150 kg per day. Anthem's manufacturing facilities are equipped with multiple flow reactors set up to support various chemistry processes, including micro reactors (silicon carbide and metal reactors), Agitated Tube Reactors ("ATRs"), and Continuous Stirred-Tank Reactors ("CSTRs") to enable chemical reactions to run in a continuous flowing stream rather than in a batch production. As per the F&S Report, Anthem was one of the pioneers in India to utilize flow chemistry. As of March 31, 2025, Anthem is involved in 2 late-stage flow chemistry projects, one commercial stage project and 7 early-stage flow chemistry projects using lab scale facility in Unit I and commercial scale cGMP facility in Unit II.

Specialty Ingredient Business

Anthem's Specialty Ingredients business (accounts for 18.35% of FY25 overall revenues) leverages their advanced technological capabilities to manufacture and sell specialized fermentation-based APIs, such as probiotics, enzymes, peptides, nutritional actives, vitamin analogues and biosimilars, which according to the F&S Report are difficult to manufacture and require specialized technical capabilities.

Types of Specialty Ingredients

In ***Fermentation Products*** Anthem utilizes a range of fermentation processes, based on specific conditions and applications of different biologics. They have 2 flagship commercialized fermentation products (a) **serratiopeptidase protease** and (b) **vitamin K2 (Menaquinone-7)**.

- Serratiopeptidase protease is a proteolytic enzyme to reduce inflammation and has antiedemic, analgesic, fibrinolytic and caesinolytic properties. Proteases represent one of the three largest groups of industrial enzymes, accounting for approximately 45.6% of the worldwide sales of enzymes in 2024, according to the F&S Report. Serratiopeptidase protease is produced through their large-scale fermentation manufacturing facilities in Unit II. For FY25, FY24 and FY23, Anthem sold 34.34 MT, 40.09 MT and 30.86 MT of serratiopeptidase protease, respectively. Anthem has also submitted an application for approval from the European Food Safety Authority (EFSA) for the sale of serratiopeptidase protease as a novel food ingredient in Europe.

- Vitamin K2 (Menaquinone-7) is a natural fermentation product which is essential for regulating calcium in human body. Vitamin K2 (Menaquinone-7) is produced at their large-scale fermentation manufacturing facilities in Unit II through a biotransformation process by combining chemical synthesis and fermentation. The following table sets forth the revenue from the sale of their flagship commercialized fermentation products as a percentage of total revenue from operations for the years indicated.

Anthem is able to produce ***Biosimilars*** ranging from ***microbial biosimilars*** and ***mammalian biosimilars***. Some examples are as follows:

- Microbial Biosimilars: Anthem uses E. coli as a host system to produce microbial biosimilars such as insulin, glargine, lispro, granulocyte-colony stimulating factor ("GCSF") and pegylated GCSF ("PEG-GCSF"). Through their R&D programs on insulin and analogs, Anthem has developed E. coli expression systems for commercially viable production of a range of products. This includes recombinant human insulin and insulin analogues through the establishment of three different E. coli clones for production of r-human insulin, r-insulin glargine and r-insulin lispro to address diabetes-related disorders. They have also developed a recombinant GCSF and PEG-GCSF for patients with neutropenia, where they used E. coli for expression of GCSF. To address the short half-life of GCSF, They also use E. coli for expression of PEG-GCSF to avoid repeated administration.

- Mammalian Biosimilars: Anthem develops high expression Chinese hamster ovary ("CHO") cell line – ICH Q5B, which is a mammalian biosimilar typically used in the manufacturing of recombinant proteins to produce imaging proof of mAb and to establish clone stability.

Probiotics, Enzymes and Peptides Anthem develops clones to produce probiotics such as Bacillus species, Lactobacillus species, Bifidobacterium species, Streptococcus Species and Saccharomyces boulardii by media optimization, animal-free media, filter optimization, drying parameter optimization and analytical method development. Anthem possess the technical capabilities for bulk production of both sporulating and non-sporulating probiotic strains with 10 - 1,000 billion strength.

Their probiotics are available in liquid and powder forms, namely drug substance (DS) and pre-formulation ingredients (PFI). These products are produced in Unit II, which has the capacity to cater to the production of multiple tons of probiotic and enzymes. Anthem has customized blends for various industry applications across pharmaceutical application, food, animal nutrition, textiles, pulp and paper industries.

Anthem's peptide profile consists of therapeutic peptides like Semaglutide, Plecanatide, Linaclotide, Liraglutide, and Cilengitide, which target conditions such as Type 2 Diabetes mellitus, Chronic Idiopathic Constipation, Irritable Bowel Syndrome, and Obesity. They also have the ability to produce glucagon-like peptide 1 (GLP-1) agonists and commercialize GLP-1 following the expiry of the existing patent in 2026.

Anthem's **Nutritional Actives, Vitamin Analogues and APIs** cater to human nutrition and dietary supplements, animal nutrition and industrial product segments.

Exhibit 3: Specialty Ingredients revenues in FY25

Particulars	Sub products	Revenue in ₹ crore	% of revenue from operations
Fermentation products	Serratiopeptidase protease	41.74	2.3%
	Vitamin K2 (Menaquinone-7)	18.29	1.0%
Enzymes	-	124.47	6.7%
Probiotics	-	23.59	1.3%
Peptides	-	3.31	0.2%
Nutritional Actives	-	21.96	1.2%
Vitamin Analogues	-	39.18	2.1%
APIs	-	43.20	2.3%
Others	-	22.73	1.2%
Specialty Ingredients Revenue	**-**	**338.46**	**18.3%**
Anthem Total Revenue		**1844.55**	**100%**

Source: RHP, ICICI Direct Research

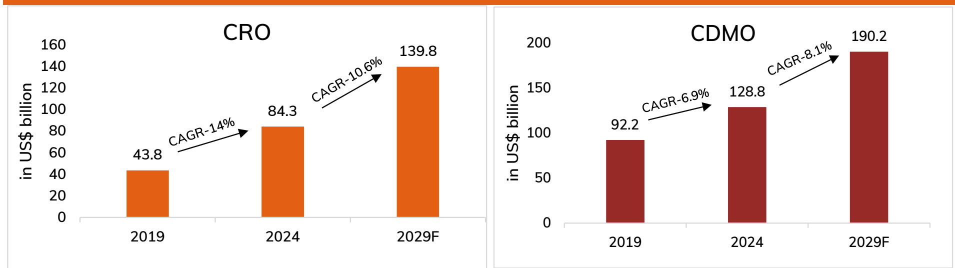
Industry Overview

Global CRO and CDMO Industry

Integrated CROs are adept at managing drug discovery to pre-clinical and clinical trial activities rapidly and seamlessly by facilitating the transfer of samples, data, knowledge, and technical feedback between scientists of diverse disciplines resulting in estimated cost reductions of nearly 30% compared to in-house, timely entry into new markets and helping pharmaceutical sponsors to focus on their core skills while proactively mitigating development risks. The global CRO market revenue has increased from USD 43.8 billion in 2019 to US$ 84.3 billion in 2024, growing at a CAGR of 14.0%. It is forecasted to reach US$ 139.8 billion in 2029, driven primarily by increasing outsourcing, improving technological capabilities, and global expertise.

The CDMO industry is vital for drug development and manufacturing. With the shift to precision medicine, pharmaceutical companies now see CDMOs as strategic partners. Their reliance is expected to increase due to their consistent delivery of commercially feasible solutions. Key factors contributing to their success include technical capabilities, R&D infrastructure, access to skilled talent, and a history of quality manufacturing with regulatory compliance. The global CDMO industry has experienced significant growth, expanding from USD 92.2 billion in 2019 to USD 128.8 billion in 2024 at a CAGR of 6.9%. Projections indicate that it will reach USD 190.0 billion in 2029, reflecting a CAGR of 8.1% from 2024 to 2029.

Exhibit 4: Global CRO & CDMO Market

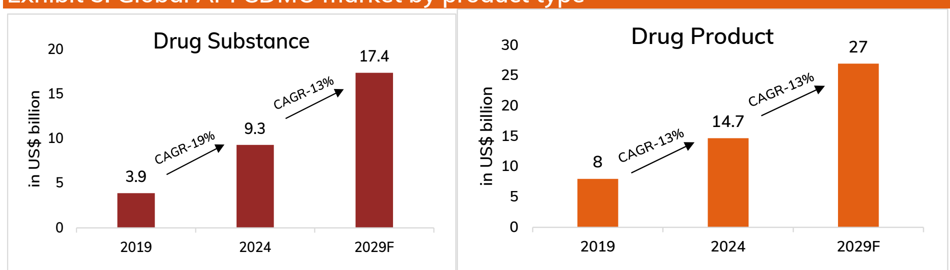


Source: RHP, ICICI Direct Research

Global API CDMO Market

Due to significant economic advantages, the outsourcing of Active Pharma Ingredients (API) manufacturing has led to a substantial dependence on CDMOs, with many APIs being produced in countries such as China, India, and Italy. Notably, China is the world's largest supplier of raw materials for the CDMO market and caters to about 30 to 35% of the global raw material/key starting material (KSM) demand as of 2024. Due to the increasing complexity and potency of APIs, there is an anticipated rise in outsourcing for their production. It is expected that API and intermediates will continue to be the dominant force in the small molecule CDMO market from 2024 to 2029. The revenue for API in the small molecule CDMO market in 2024 was US$ 77.7 billion and is projected to reach US$ 108 billion by 2029, with a growth rate of 6.8% between 2024 and 2029 while the finished dosage formulation (FDF), referred to as the actual finalized drug product that is meant for consumption, is expected to grow at a CAGR of 7.2% during the forecast period and reach USD 38.4 billion by 2029. Like small molecules, large-molecule drug substances play a significant role in the CDMO market. The market for large-molecule drug substances is projected to reach USD 27.0 billion by 2029, at a CAGR of 13.0% between 2024 and 2029. In comparison, the market for drug products is expected to grow at a slightly faster rate of 13.4% over the same period, reaching USD 17.4 billion in 2029.

Exhibit 5: Global API CDMO market by product type



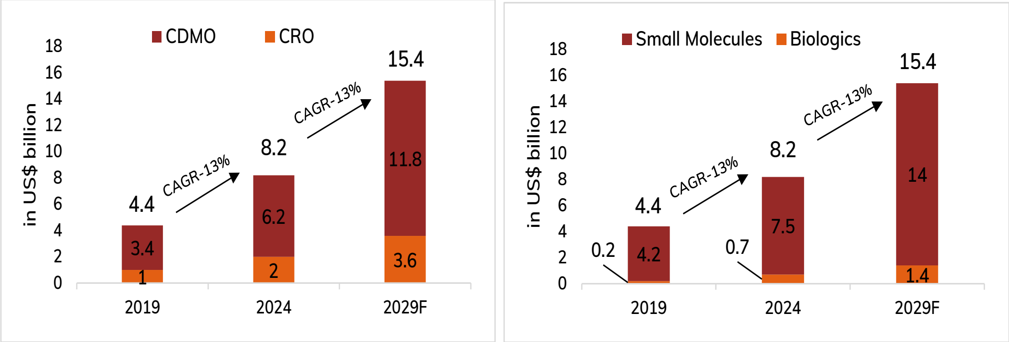
Source: RHP, ICICI Direct Research

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% (2024 to 2029) and other markets such as the PRC due to the implementation of the US BIOSECURE Act, which makes India a front runner in the CRDMO outsourcing business. With multiple structural tailwinds in place and supported by the strong credentials of Indian

CRO and CDMO players, India will likely garner a higher share of the global pharma outsourcing industry.

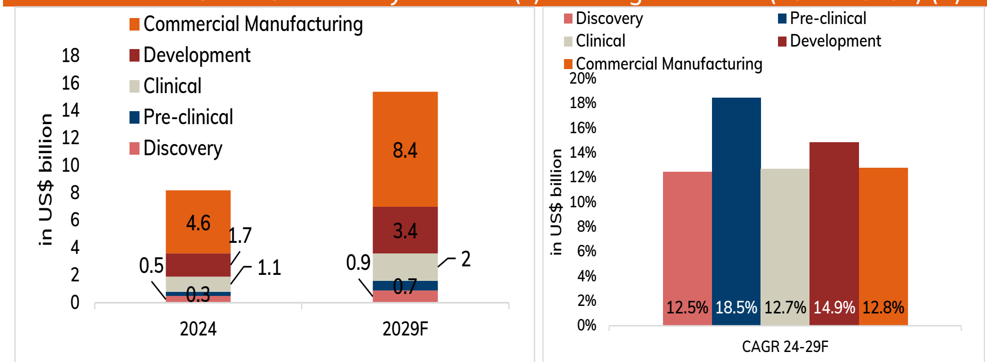
Exhibit 6: Indian CRDMO Industry growth rate



Source: RHP, ICICI Direct Research

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. Indian companies are also growing their integrated offerings with an increased focus on various therapeutic segments, including biologics (large molecules).

Exhibit 7: Indian CRDMO Market by Function (L) & their growth rate (2024-2029F) (R)

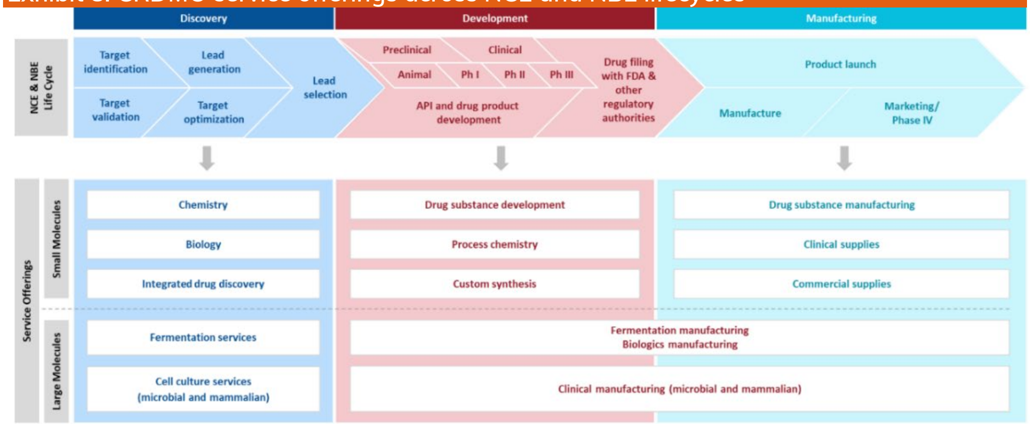


Source: RHP, ICICI Direct Research

Key Strengths

Anthem offers service capabilities across the drug life cycle (drug discovery, development and manufacturing) for both small molecules and biologics
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. According to the F&S Report, Anthem is one of the few Indian companies with integrated NCE and NBE capabilities across all three segments of drug discovery, development and manufacturing. They are also the only CRDMO in India among the assessed peers with a strong capability in both small molecules and biologics (large molecules), according to the F&S Report. As an end-to-end CRDMO, they have the capability to provide integrated services and onboard, transfer and deliver drug technology across various stages of the drug development lifecycle, which leads to reduced lead time and cost efficiencies for customers.

Exhibit 8: CRDMO service offerings across NCE and NBE lifecycles



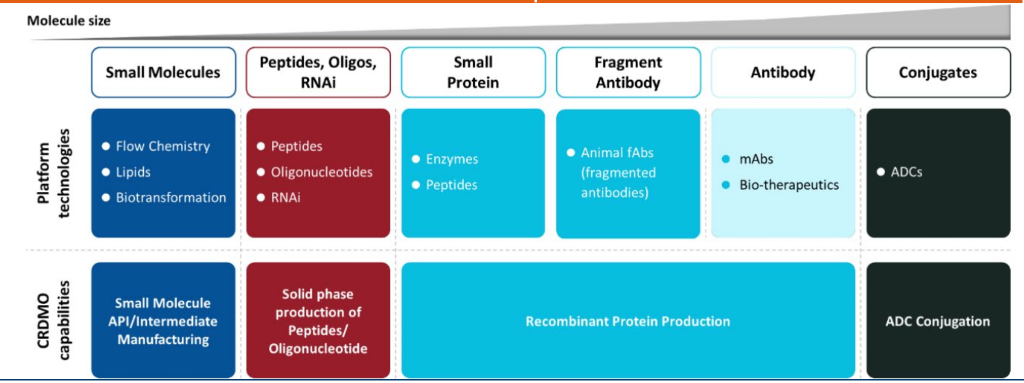
Source: RHP, ICICI Direct Research

These initiatives have enabled Anthem to 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 FY21, and they recorded the highest revenue growth in FY24 to FY25 as compared to their assessed peers in India and globally, according to the F&S Report. Since their inception in 2007, they have completed over 8,000 Projects and worked on molecules with more than 675 customers at various stages of the drug development lifecycle under their CRDMO business. Over the last three Fiscals they have served a diverse, global customer base of 287 customers across more than 3,000 Projects. Anthem has a mix of 242 Projects in the pipeline, including 68 Projects in the discovery phase of the NCE and NBE lifecycle (relating to 355 discovery molecules synthesized), 145 Projects in the Early Phase, 16 Projects in the Late Phase (in respect of 10 Late Phase molecules), including 6 Early Phase ADC development and 1 Late Phase ADC development Projects, for FY25. For FY25, they have also manufactured API and advance intermediates for 10 commercialized innovator molecules which they have supported from discovery to commercialization, and have collectively accounted for 54.40% of sales in FY25. Additionally, 5 of the top 6 commercialized molecules in terms of contribution to their revenue in FY25, for the 3 large pharmaceutical companies (including after acquisitions or consolidations) they serve, had a collective an end-market sales value of US$ 11.3 billion with a 1.2% market share in 2024.

Anthem offers a spectrum of technologically advanced solutions across modalities and manufacturing practices

According to the F&S Report, Anthem is one of the few Indian companies which focuses on new biologics (large molecules) platforms and offer a wide range of technology capabilities for drug development relative to their assessed peers focusing on biologics, including biotransformation, flow chemistry, RNAi platforms, and fermentation-based manufacturing. 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). According to the F&S Report, Anthem is the only CRDMO in India among the assessed peers with a strong capability in both small molecules and biologics (large molecules). According to the F&S Report, Anthem is also 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.

Exhibit 9: Anthem's modalities and technical capabilities



Source: RHP, ICICI Direct Research

The modalities Anthem offers such as ADCs, RNAi, peptides and oligonucleotides, are among the fastest growing technologies in the pharmaceutical industry, according to the F&S Report. Their bio-catalysis and biosynthesis capabilities enable them to provide differentiated solutions for custom synthesis and chemical manufacturing using enzymes, and their advanced capabilities for high-potency compounds positions them as one of the preferred knowledge partners for large pharma companies and emerging biotech companies, according to the F&S Report. According to the F&S Report, there is limited competition in the biologics (large molecules) space as compared to small molecules due to their complexity, high technological capabilities required, and higher development and approval timelines.

Long-standing relationships with a large, diversified and loyal customer base

Anthem serves a diverse set of customers, including (a) small pharmaceutical and emerging biotech companies who outsource end to-end services, (b) large-scale pharmaceutical customers (such as Bayer AG) who have multiple projects and larger R&D budgets, including those who acquire small pharmaceutical and emerging biotech companies, and (c) mid-sized pharmaceutical customers who are both innovator and generic focused with faster time-to-market.

Over the last three Fiscals, Anthem has worked with 287 customers cumulatively. Their top 10 customers for Fiscal 2025 have an average length of relationship of 12 years. Anthem's primary marketing strategy is to focus on building their reputation in the drug discovery and development industry through testimonials from their customers as to their technical expertise and manufacturing capabilities, industry knowledge and high-quality service. This model offers an effective and organic way to acquire new customers, while limiting their customer acquisition related costs. Over the last three Fiscals, Anthem had 5 biotech customers which were acquired by large pharmaceutical companies with an aggregate deal value of US$18.9 billion, according to the F&S Report. Such mergers and acquisitions of biotech companies with large pharmaceutical companies also provide Anthem with a platform to extend their presence and network with larger pharmaceutical companies. As of March 31, 2025, Anthem provides CRDMO services to 8 large pharmaceutical companies. Anthem's top 5 customers collectively accounted for 70.92% of their revenue from operations for FY25. In addition, 5 of Anthem's top 6 customers for FY25 have consistently been among their top 15 customers for the last 8 years (including through mergers with and consolidations of their customers), which includes end-customers they service through their relationship with DavosPharma.

Exhibit 10: Breakdown of Anthem's CRDMO customers

Type of Customers	2025		2024		2023	
	Number of customers	Number of project activities revenues	Number of customers	Number of project activities revenues	Number of customers	Number of project activities revenues
Small Pharma and Emerging Biotech	145	1227	138	612	139	570
Mid-sized pharma	16	249	17	71	16	92
Large-scale pharma customers	8	268	7	108	8	101
Total customers & project delivered	**169**	**1744**	**162**	**791**	**163**	**763**

Source: RHP, ICICI Direct Research

Fully built-out automated manufacturing infrastructure with a consistent regulatory compliance track record

Anthem has 2 operational cGMP-compliant manufacturing facilities in India as of March 31, 2025, Units I and II, with an aggregate annual custom synthesis capacity and fermentation capacity of 270 kL and 142 kL, respectively. It has a fermentation capacity of 142 kL as of March 31, 2025 and is the largest among all assessed Indian CRDMO companies, according to the F&S Report. They are in the process of expanding their capacity by constructing Unit III and expanding their custom synthesis capacity at Unit II by 130 kL, both of which are expected to complete by the H1FY26. Following the 195 completion of such expansion activities, their aggregate annual custom synthesis capacity and fermentation capacity is expected to increase to 425 kL and 182 kL, respectively. Their post-expansion fermentation capacity of 182 kL is expected to be more than six times the capacity of the second largest player in this industry, according to the F&S Report. They have capital commitments of ₹154.4 crore as at March 31, 2025 in connection with such expansion plans. As of the 10 July, 2025, Anthem has completed the expansion of 54 kL out of 130 kL of their custom synthesis capacity at Unit II, with the remaining 76 kL expected to be completed by the H1FY26. In relation to Unit III, as of the date 10 July, 2025, Anthem has started the operations at Unit III in a phased manner, which includes commencing operations at its custom synthesis block comprising the 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 H1FY26.

Specialty ingredients portfolio, well positioned to capitalize on the large market opportunity for niche specialty ingredients (GLP-1, fermentation-based products, probiotics, enzymes, nutritional actives, vitamin analogues and biosimilars)

Anthem's specialty ingredients business, has leveraged their technological capabilities across biology and chemistry and developed and commercialized specialty products, serving as a complementary revenue stream. For the FY25, FY24 and FY23, specialty ingredients accounted for ₹338.46 crore, ₹336.20 crore and ₹248.83 crore or 18.35%, 23.69% and 23.54% of their revenue, respectively. The specialty ingredients market is broadly divided into biosimilars which includes microbial and mammalian, vitamin K2, probiotics, peptides, industrial enzyme, protease, serratiopeptidase, nutritional actives and, vitamin analogues, according to the F&S Report. Anthem's specialty ingredients business demonstrates their technological capabilities as it often involves the use of complex methods. For instance, Anthem successfully produced and commercialized natural Vitamin K2 (Menaquinone-7) through an innovative biotransformation process, combining chemical synthesis and fermentation. Their specialty ingredients portfolio includes Fermentation Products, Probiotics, Enzymes, Nutritional Actives, Vitamin Analogues, Biosimilars and APIs. According to the F&S Report, among the assessed companies, very few global CRDMOs have sizeable fermentation capacity. As the company with the largest fermentation capacity of 142 kL as of March 31, 2025 among all assessed Indian CRDMOs, according to the F&S Report, Anthem is well-equipped to capture market share in this segment. In 2024, Anthem secured 2 contracts with major pharmaceutical companies based in India and the United States for the development and manufacturing of niche probiotics and biosimilars products.

Exhibit 11: Example of Anthem's Specialty portfolio

Details	Biosimilar	Fermentation Products[1]	Probiotics & Enzymes	Peptides	Nutritional Actives and Vitamin Analogues
Market Size (2024) [2]	US$33.24bn	US$0.2bn	US$7.4bn	US$56.4bn	US$31.2bn
Growth (2024 to 2029F) [2]	18.8%	9.8%	6.2%	20.0%	6.4%
Growth Drivers[2]	• Patent expiry of biologics • Approximately 200 biosimilars under development in India as of 2023 – faster & cheaper than western countries	• **Vitamin K2:** requirement of blended vitamin K products • **Serratiopeptidase:** Non-opiod alternative to pain relief and inflation management	• **Probiotics:** Rising awareness, regulatory support on new strains & product approvals • **Enzymes:** Growing focus on sustainable production technologies	• Prevalence of chronic diseases • Significant opportunity with GLP-1 across diabetes and weight loss treatment (approximately 93.7% of peptides market in 2024)	• Higher incidence of lifestyle diseases • Preference of preventive healthcare options • Increasing demand for supplements
Use Case[2]	• Oncology, immunology, musculoskeletal, endocrine (anti-diabetes), ophthalmology and hematology	• **Vitamin K2:** Dietary supplements, nutrition F&B, childcare products, cosmetics, pharma • **Serratiopeptidase:** Pain management, inflammation drugs	• **Probiotics**: Functional F&B, dietary supplement, infant formula • **Enzymes:** Pharma, home care, paper & pulp processing, textiles	• Wide range of therapeutic areas, such as **Gastro-intestinal and metabolic disorders**	• Dietary supplements, F&B, personal care, pharma grade vitamins, specialized nutrition
Our Capabilities	• E. coli expression systems for **commercial production** of **human insulin & insulin analogues** • Diabetes related disorders + recombinant GCSF & PEG-GCSF for patients with neutropenia	• Commercialized products like **Serratiopeptidase Protease** • **Combined chemical synthesis & fermentation** in Unit II	• cGMP compliant manufacturing facility • **Multi-ton supply capacity** • Potent for **exclusive supply arrangements** with large domestic pharma	• **GLP-1 manufacturing capabilities** • Providing **GLP-1** samples to **global and domestic customers** looking to enter markets by **2026**	• Human nutrition and dietary supplements, animal nutrition and industrial product segments • **Exclusive product line and technical support to global markets**

Source: RHP, ICICI Direct Research

Risk & Concerns

Adverse impact on Anthem's CRDMO customers' business or the industries in which they operate may have a material adverse effect on Anthem

As of FY25, revenue from the CRDMO business accounts for 81.65% of the business and as of March 31, 2025, Anthem has served 169 customers in the CRDMO business ranging from small pharmaceutical and emerging biotech companies to mid-scale and large pharmaceutical companies, including 145 small pharmaceutical and emerging biotech companies. However, the total number of their customers decreased from 163 as on March 31, 2023 to 162 as on March 31, 2024, and increased to 169 as on March 31, 2025. There is no assurance that Anthem will be able to maintain or increase the number of customers in the future. Anthem also served 3 large pharmaceutical companies for whom they manufactured 5 of their top 6 commercialized molecules by revenue in Fiscal 2025 (including after acquisitions or consolidations). Also, while Anthem conducts credit checks on the biotech companies before onboarding them as their customers, and has not experienced any defaults or closures of their biotechnology customers which have had a material adverse impact on Anthem's financial performance in the past three Fiscals, there is no assurance that they will not experience customer defaults.

Any inability to retain key customers or decrease in revenues from any of the key customers could negatively affect the business and results of operations

The top 10 customers in FY25 include 3 large pharmaceutical companies for whom Anthem manufactured 5 of the top 6 commercialized molecules by revenue in FY25 (including after acquisitions or consolidations). Additionally, DavosPharma was the third largest customer in terms of revenue in FY25 at 14.28% of the total revenue, as a result of their arrangements with DavosPharma with respect to certain United States customers. Pursuant to the arrangements with DavosPharma, Anthem either enters into a tripartite agreement with such customers, along with DavosPharma, or have a direct agreement with such customer. Under both types of arrangements, DavosPharma acts an intermediary, and Anthem supplies to such customers and invoices DavosPharma, who is responsible for the payment of such invoices, for the services and products rendered by Anthem. As such, the loss of one or more of these significant or key customers or a reduction in the amount of business Anthem obtains from them could have a material adverse effect on their business, results of operations, financial condition and cash flows. While Anthem has not experienced a loss of any of their top 10 customers in the last three Fiscals, there is no surety that Anthem will be able to maintain historic levels of business and/or negotiate and enter into contracts on terms that are commercially viable with their significant or key customers or that Anthem will be able to significantly reduce customer concentration in the future.

Exhibit 12: Customer-wise revenue concentration

Particulars	2025		2024		2023	
	in ₹ crore	% of total revenues	in ₹ crore	% of total revenues	in ₹ crore	% of total revenues
Revenue from top 5 customers	1308.14	70.92%	923.53	65.07%	695.972	65.80%
Revenue from top 10 customers	1426.32	77.33%	1028.14	72.39%	790.418	74.73%

Source: RHP, ICICI Direct Research

Anthem's inability to attract or retain scientists and other scientific employees may lead to knowledge loss and have a material adverse effect on the business performance.

Anthem's success in expanding the business will depend, in part, on their ability to attract, retain and motivate skilled technical personnel, in particular a scientific team of more than 1,500 highly qualified employees with a science and/or engineering background (including 35 PhDs and more than 1,100 Masters-degree holders which comprises 57.32% of their total number of employees), with an average industry experience of 7.24 years, as of March 31, 2025. Competition for skilled technical personnel in this industry is intense. According to the F&S Report, limited availability of experienced and skilled talent pool can impact the quality and timeliness of services provided, potentially leading to delays in drug development and manufacturing, which is further exacerbated by the increasing demand for specialized expertise in emerging areas.

Exhibit 13: Historic number of employees and employee attrition

Particulars	2025	2024	2023
No. of Employees	2062	1825	1621
No. of R&D Employees	591	588	549
No. of QC & QA Employees	569	514	450
No. of Employees left	234	294	370
No. of R&D Employees left	76	80	132
No. of QC & QA Employees left	59	80	119
Employee Attrition rate	12.0%	16.8%	26.3%
R&D Employee Attrition rate	12.9%	14.1%	24.2%
QC & QA Employee Attrition rate	11.2%	16.6%	27.0%

Source: RHP, ICICI Direct Research

Anthem competes with pharmaceutical and biotechnology companies, other CRDMO/CDMO companies and research and academic institutions for qualified and experienced skilled personnel, including scientific staff. As a result, such skilled personnel, including scientific staff are well-sought after by their competitors and may face challenges in attracting and retaining such personnel. Anthem's competitors may offer compensation and remuneration packages beyond what they are offering to their employees. Any inability to attract and retain the skilled personnel, including scientific staff, may lead to knowledge loss within Anthem and adversely affect their ability to deliver high-quality and timely services to their customers and keep abreast of cutting-edge technologies and developments. Anthem's competitors may offer compensation and remuneration packages beyond what they are offering to their employees. Anthem may also be required to increase their levels of employee compensation more rapidly than in the past to remain competitive in attracting the employees that the business requires. Because of these factors, there is no assurance that Anthem can effectively attract and retain a sufficient number of skilled technical personnel to sustain their expansion plans, which would have a material adverse impact on their business, results of operations, financial condition and cash flows.

Financial summary

Exhibit 14: Profit and loss statement ₹ crore

(Year-end March)/ (₹ crore)	FY22	FY23	FY24	FY25
Total Operating Income	**1,231.3**	**1,056.9**	**1,419.4**	**1,844.6**
Growth (%)	N/A	-14.2	34.3	30.0
Raw Material Expenses	408.9	339.3	599.6	743.9
Gross Profit	822.3	717.6	819.8	1,100.6
Gross Profit Margins (%)	66.8	67.9	57.8	59.7
Employee Expenses	137.5	153.2	182.9	260.5
Other Expenditure	119.8	135.5	131.9	169.3
Total Operating Expenditure	666.3	628.0	914.4	1,173.7
EBITDA	**565.0**	**428.9**	**505.0**	**670.8**
Growth (%)	N/A	-24.1	17.7	32.8
Interest	10.1	6.8	9.5	10.3
Depreciation	57.8	63.7	81.8	89.4
Other Income	49.0	77.1	63.7	85.7
PBT before Exceptional Items	546.1	435.5	477.3	656.9
Less: Exceptional Items	0.0	61.8	0.0	0.0
PBT after Exceptional Items	546.1	373.7	477.3	656.9
Total Tax	140.6	112.1	110.0	205.6
PAT before MI	405.5	261.6	367.3	451.3
PAT	**405.5**	**261.6**	**367.3**	**451.3**
Growth (%)	N/A	-35.5	40.4	22.9
EPS (Adjusted)	**7.2**	**8.0**	**6.5**	**8.0**
Other income as % of (Cash+investment)	8%	9%	10%	11%

Source: RHP, ICICI Direct Research

Exhibit 15: Cash flow statement ₹ crore

(Year-end March)/ (₹ crore)	FY22	FY23	FY24	FY25
Profit/(Loss) after taxation	423.1	382.3	357.3	497.9
Add: Depreciation & Amortization	57.8	63.8	81.8	89.4
Net Increase in Current Assets	-94.7	-19.1	-298.3	-96.0
Net Increase in Current Liabilities	-12.1	7.1	28.8	9.4
Others	-41.3	-128.1	-29.5	-82.3
CF from Operating activities	**332.9**	**306.0**	**140.2**	**418.3**
Investments	-63.7	-226.1	28.1	40.8
(Purchase)/Sale of Fixed Assets	-20.7	-178.7	-109.4	-314.5
Others	-121.1	28.8	-140.1	121.6
CF from Investing activities	**-205.5**	**-376.0**	**-221.5**	**-152.1**
(inc)/Dec in Loan	-13.8	90.3	15.5	-64.9
Dividend & Dividend tax	0.0	0.0	0.0	0.0
Other	187.4	-19.8	-92.6	-68.8
CF from Financing activities	**173.6**	**70.5**	**-77.1**	**-133.6**
Net Cash Flow	**301.0**	**0.4**	**-158.4**	**132.6**
Cash and Cash Equivalent	40.8	341.8	342.2	183.9
Cash	341.8	342.2	183.8	316.4
Free Cash Flow	**312.3**	**127.3**	**30.7**	**103.8**

Source: RHP, ICICI Direct Research

Exhibit 16: Balance sheet ₹ crore

(Year-end March)	FY22	FY23	FY24	FY25
Equity Capital	8.8	114.1	111.8	111.8
Reserve and Surplus	1,346.2	1,626.6	1,812.8	2,301.1
Total Shareholders funds	1,355.0	1,740.7	1,924.7	2,413.0
Total Debt	40.6	130.9	245.4	123.6
Deferred Tax Liability	19.4	5.9	6.4	23.0
Long-Term Provisions	5.1	5.4	6.5	7.5
Other Non Current Liabilities	21.7	1.4	1.2	0.9
Source of Funds	**1,441.7**	**1,884.3**	**2,184.1**	**2,568.1**
Gross Block - Fixed Assets	347.2	529.7	643.1	869.5
Accumulated Depreciation	27.5	91.2	173.1	173.1
Net Block	319.6	438.5	470.0	696.4
Capital WIP	153.8	164.1	344.7	296.9
Fixed Assets	473.5	602.5	814.7	993.3
Investments	272.8	499.0	471.6	433.1
Goodwill on consolidation	6.9	9.1	6.2	3.9
Long Term Loans and Adv.	4.8	4.8	5.1	3.3
Other non-Current Assets	16.6	39.3	29.2	32.4
Deferred Tax Assets	15.9	24.9	41.4	17.9
Inventory	58.2	129.4	211.3	340.4
Debtors	329.3	277.2	493.6	453.5
Other Current Assets	98.0	84.6	136.8	213.6
Cash	341.8	342.2	183.9	316.4
Total Current Assets	827.3	833.4	1,025.6	1,324.0
Creditors	67.2	76.4	106.7	115.9
Provisions	3.0	3.6	3.4	3.9
Other Current Liabilities	105.8	48.8	99.7	120.0
Total Current Liabilities	176.0	128.8	209.7	239.8
Net Current Assets	651.3	704.6	815.9	1,084.2
Application of Funds	**1,441.7**	**1,884.3**	**2,184.1**	**2,568.1**

Source: RHP, ICICI Direct Research

Exhibit 17: Key ratios

(Year-end March)	FY22	FY23	FY24	FY25
Per share data (₹)				
Reported EPS	7.2	6.9	6.5	8.0
Cash EPS	7.2	8.0	6.5	8.0
BV per share	24.1	31.0	34.3	43.0
Cash per Share	6.1	6.1	3.3	5.6
Dividend per share	0.0	0.0	0.0	0.0
Operating Ratios (%)				
Gross Profit Margins	66.8	67.9	57.8	59.7
EBITDA margins	45.9	40.6	35.6	36.4
PAT Margins	32.9	42.3	25.9	24.5
Cash Conversion Cycle	95.0	114.0	153.8	134.2
Asset Turnover	3.5	1.5	1.4	1.6
EBITDA conversion Rate	58.9	71.3	27.8	62.4
Return Ratios (%)				
RoE	29.9	25.7	19.1	18.7
RoCE	46.8	24.1	21.6	26.0
RoIC	158.9	70.5	43.6	48.3
Valuation Ratios (x)				
P/E	78.9	83.1	87.2	70.9
EV / EBITDA	55.6	73.0	62.6	46.8
EV / Net Sales	25.5	29.6	22.3	17.0
Market Cap / Sales	26.0	30.3	22.6	17.4
Price to Book Value	23.6	18.4	16.6	13.3
Solvency Ratios				
Debt / EBITDA	0.1	0.3	0.5	0.2
Debt / Equity	0.0	0.1	0.1	0.1
Current Ratio	2.8	3.8	4.0	4.2
Quick Ratio	2.4	2.8	3.0	2.8
Inventory days	17.3	44.7	54.3	67.4
Debtor days	97.6	95.7	126.9	89.7
Creditor days	19.9	26.4	27.4	22.9

Source: RHP, ICICI Direct Research

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