

IPO Note

Anthem Biosciences Limited

Recommendation: **APPLY!**

Business – Anthem Biosciences Limited is an innovation-driven and technology-focused Contract Research, Development and Manufacturing Organization (CRDMO) with fully integrated operations spanning across drug discovery, development and manufacturing.

Objects of the Issue –

Particulars	Amount
Offer for sale	Rs. 3,395.00 Cr.

Promoters Name – Ajay Bhardwaj, Ganesh Sambasivam, K Ravindra Chandrappa and Ishaan Bhardwaj

Promoter Share Holding Pattern	
Pre Issue 76.88%	Post Issue 74.69%

Rationale for recommendation –

Anthem Biosciences Limited, incorporated on June 13, 2006, has a significant operating history in the CRDMO segment. It is subject to 4 criminal, 12 tax and 1 statutory proceeding totaling Rs. 49.19 Cr., along with contingent liabilities of Rs. 58.52 Cr. Around 89.65% of its R&D revenue comes from Fee-For-Service contracts, which carry collection risk linked to milestone completions. Capacity utilization has fluctuated between 65.95%–78.32% for Custom Synthesis and 47.53%–95.34% for Fermentation. Revenue from Europe has steadily increased from 28.97% in FY23 to 54.61% in FY25, while India's share declined. The business remains early-stage focused, with 59.92% of total projects in FY25 from small and emerging pharma clients. Management is satisfactory, but the same person serving as Chairman, MD and CEO raises governance concerns. Top 10 customers contributed over 70% of revenue consistently. Revenue grew 34.29% in FY24 and 29.96% in FY25, with strong EBITDA margins of 40–42% and PAT margins of 24–26%. RoCE improved from 20.56% to 26.89% and RoE from 15.03% to 18.73%, alongside consistent positive operating cash flows and a low D/E ratio. The post-issue P/E of 70.94 appears slightly expensive but is aligned with industry peers. Operating in an industry growing at 6.4% CAGR and backed by strong financials and increasing biologics demand, the company is well-positioned to capitalize on sector growth. Based on these factors, we recommend **APPLY** to the IPO, with periodic monitoring of its ability to sustain performance and valuation.

IPO Details

Opening Date	Jul 14, 2025
Closing Date	Jul 16, 2025
Allotment Date	Jul 17, 2025
Listing Date	Jul 21, 2025
Stock Exchange	BSE, NSE
Lot Size	26 Shares
Issue Price Per Share	₹540 - ₹570
Issue Size	3,395.00 Cr.
Fresh Issue	-
Offer for Sale	3,395.00 Cr.
Application Amt	₹14,820 - ₹1,92,660 (26 - 338 shares)

KPIs (In Crores)

KPI's	FY 23	FY 24	FY 25
Revenue	1,056.92	1,419.37	1,844.55
EBITDA	444.15	568.68	756.57
Net Profit	261.58	367.31	451.26
RoCE	20.56%	23.64%	26.89%
ROE	15.03%	19.08%	18.73%
P/E	84.44	87.96	70.90

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	8.04	8.04
BVPS	43.10	42.91
P/E	70.90	70.94
P/BV	13.22	13.28
Mkt Cap (In Cr)	32,011.77	32,011.77

*Annualized

Lead Managers –

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

Registrar –

KFin Technologies Limited

Industry Overview –

The global pharmaceutical industry is rapidly transforming across all value chains from manufacturers, providers and patients. Innovator drugs are the first version of NCE or NBE to be developed, approved and marketed. Once the patent of an innovator drug expires, other companies can make and sell the same composition drugs, known as generic drugs. The pharmaceutical companies have relied on CROs for early-stage drug discovery and CDMOs for drug development and production, with some overlapping services such as API and formulation development. However, there is now a clear trend towards collaborating with integrated CRDMOs that offer a comprehensive suite of services covering the entire pharmaceutical value chain.

Market Size – The global pharmaceutical industry was valued at USD 1,524.0 billion in 2024 and is expected to grow at a CAGR of 6.4% to reach USD 2,076.0 billion by 2029. The innovator drug market, valued at USD 782.6 billion in 2024, had historically grown at a CAGR of 5.9% (2019-2024) and is projected to reach USD 1,119.0 billion by 2029F at a CAGR of 7.4%, faster than the overall pharmaceutical market growth. The generic drug segment accounts for 48.7% of the total pharmaceutical market by revenue in 2024, has grown at a CAGR of 4.6% (2019-2024) and is projected to grow at a CAGR of 5.2% between 2024 and 2029, reaching a value of USD 957.1 billion by 2029. R&D spending by global pharmaceutical and biotechnology companies (“Pharma Innovators”) is projected to grow at a CAGR of 3.1% from 2024 to 2029. In 2024, the global CRDMO industry was assessed at an estimated value of USD 213.1 billion. The industry is anticipated to expand at a CAGR of 9.1% over the forecast period between 2024 and 2029, to reach USD 330.0 billion by 2029.

Government Initiatives – Government’s FDI Policy, Robust IP Protection laws have boosted confidence in outsourcing novel drug development and manufacturing, Biotechnology Industry Research Assistance Council (BIRAC), Bio-NEST and Biotech Science Clusters fortify pharmaceutical R&D and support biotech startups.

Outlook - The global pharma industry’s 6.4% CAGR growth is driving demand for integrated CRDMO models that offer cost, speed and expertise advantages. Indian CRDMOs are set to outpace global peers with a 13.4% CAGR, aided by the China+1 shift and US Biosecure Act. CRDMOs with biologics capabilities are best positioned to capitalize on the evolving large molecule opportunity.

(source : RHP)

Business Overview -

Anthem Biosciences Limited is an innovation-driven and technology-focused Contract Research, Development and Manufacturing Organization (“CRDMO”) with fully integrated operations spanning across drug discovery, development and manufacturing. They are one of the few companies in India with integrated New Chemical Entity (“NCE”) and New Biological Entity (“NBE”) capabilities across drug discovery, development and commercial manufacturing. The company was originally incorporated as ‘Anthem Biosciences Private Limited’ on Jun 13, 2006.

Company’s Products –

- i. Human Nutrition** – Active Pharmaceutical Ingredients, Dietary supplements, Probiotics, Enzymes and Pipeline Products
- ii. Animal Health** – Companion animals, Poultry, Swine, Ruminants and Aquatic species
- iii. Industrial Products** – Textiles, Leather, Detergent, Paper & Pulp, Vegetable protein hydrolysis and Biotransformation

Operations-wise Revenue Bifurcation -

(Amt. in Crores)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
R&D	173.14	16.38%	185.57	13.07%	200.58	10.87%
D&M	634.95	60.08%	897.60	63.24%	1,305.51	70.78%
CRDMO	808.09	76.46%	1,083.17	76.31%	1,506.09	81.65%
Speciality Ingredients	248.83	23.54%	336.20	23.69%	338.46	18.35%
Total	1,056.92	100%	1,419.37	100%	1,844.55	100%

- The company’s majority of revenue is from Europe, contributing 28.97%, 43.17% and 54.61% of total revenue in FY23, FY24 and FY25 respectively and India’s revenue contributing 20.16%, 21.78% and 16.56% of total revenue respectively over the same period.
- The company’s majority of CRDMO business is in Early Phase Stage, contributing 59.92% of total projects as of FY25.
- The company’s capacity utilization for Custom Synthesis has fluctuated between 65.95% and 78.32%, while for Fermentation, it has ranged from 47.53% to 95.34% over the years.
- The company has majority of its projects from Small pharmaceutical and emerging biotech companies.
- The company has moderate customer concentration, top 10 customers contributing 74.73%, 72.39% and 77.33% of revenue in FY23, FY24 and FY25 respectively.
- The company operates in an industry projected to grow at a CAGR of 6.4% and is well-positioned to benefit from this overall industry expansion and it is one-stop service provider across drug life cycle and fastest growing for both small molecules and biologics with integrated chemical and biology entity.

Business Strategies -

- The company aims to expand its technological capabilities in areas such as photochemistry and electrosynthesis.
- The company is strategically expanding its manufacturing capacity, specialty ingredients portfolio and technological capabilities to cater to rising demand for late-stage and commercialized molecules, especially in high-growth areas like biosimilars and peptides.
- The company is also focused on improving operational efficiency, enhancing sustainability through green chemistry and renewable energy, diversifying supply chains and exploring inorganic growth opportunities to strengthen its global CRDMO positioning.

FINANCIAL SNAPSHOT							
Key Performance Indicators				Key Ratios			
(Amt in Crores)							
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	1,133.99	1,483.07	1,930.29	Diluted EPS	6.75	6.48	8.04
Total Expenses	698.50	1,005.75	1,273.42	BV per share	30.51	34.43	43.10
EBITDA	444.15	568.68	756.57	Operating Ratios			
EBIT	380.46	486.85	667.20	EBITDA Margins	42.02%	40.07%	41.02%
PBT	373.69	477.32	656.87	PAT Margins	24.75%	25.88%	24.46%
Tax Expenses	112.11	110.01	205.61	Inventory days	44.82	54.50	67.55
Net Profit	261.58	367.31	451.26	Debtor days	94.91	126.47	89.37
Balance Sheet				Creditor days	25.57	64.84	25.95
Total Equity	1,740.67	1,924.65	2,409.86	Return Ratios			
Liabilities				RoCE	20.56%	23.64%	26.89%
Non-Current Liabilities	109.92	134.83	71.49	RoE	15.03%	19.08%	18.73%
Current Liabilities	163.87	338.63	326.23	Valuation Ratios (x)			
Total Liabilities	273.79	473.46	397.72	EV/EBITDA	3.43	3.47	2.91
Assets				Market Cap/Sales	30.77	22.45	17.28
Non-Current Assets	691.29	916.56	1,070.87	P/E	84.44	87.96	70.90
Current Assets	1,323.17	1,481.56	1,736.72	Price to Book Value	18.68	16.56	13.22
Total Assets	2,014.46	2,398.11	2,807.58	Solvency Ratios			
Cashflow Statement				Debt/Equity	0.07	0.12	0.05
Operating Cashflow	305.99	140.15	418.34	Current Ratio	8.07	4.38	5.32
Investing Cashflow	-376.02	-221.46	-152.11	Quick Ratio	7.28	3.75	4.28
Financing Cashflow	63.97	-77.18	133.60	Asset Turnover	0.52	0.59	0.66
				Interest Coverage Ratio	56.26	51.06	64.59

Financial Analysis -

- **Revenue from Operations** – The company's top line increased by 34.29% in FY24 and 29.96% in FY25 primarily due to increase in CRDMO business.
- **EBITDA and PAT Margins** – The company's EBITDA margin remained strong in the range of 40% to 42% from FY23 to FY25 and PAT margin ranging from 24% to 26% during the same period as a result of trade-off between increase in material COGS and decrease in D&A and other expenses as a percentage of revenue.
- **RoCE and RoE** – The company's RoCE has improved from 20.56% in FY23 to 26.89% in FY25 and RoE has risen from 15.03% to 18.73% over the same period indicating stability in capital utilization.
- **Operating cashflow** – The company has maintained positive operating cashflows over the years.
- **D/E ratio** The company has low D/E ratio as a result of reduction in total borrowings in FY25.
- The company has strong current ratio and interest coverage ratio.

Conclusion – Based on the above factors and the industry in which it operates, the company's financials can be regarded as stable and sustainable over the long term.

Lead Manager -

The IPO is handled by 4 lead managers. The lead managers have managed 64 IPOs in last 3 years, among them 47 IPOs have opened in premium, 5 IPOs have opened at par and 12 IPOs have opened in discount to their issue price on their respective listing dates.

Risk Factors -

- The company has contingent liabilities, amounting to Rs. 58.52 Cr.
- The majority of the company's R&D revenue, approximately 89.65%, is derived from Fee-For-Service (FFS) contracts, which are subject to the risk of service fee recovery as payments are contingent upon the successful completion of deliverable units.
- The company has under utilization of capacity in some of its units in fermentation segment.
- The company has 4 criminal proceedings, 12 tax proceedings and 1 statutory or regulatory proceedings, together amounting to Rs. 49.19 Cr.

Key Management

- Ajay Bhardwaj is the Chairman, Managing Director and Chief Executive Officer of the company. He has over 40 years of experience in life sciences, contract research and pharmaceutical manufacturing. There is an evidence of dual chairmanship in the company.
- Ganesh Sambasivam is the Whole-time Director and Chief Scientific Officer of the company. He has more than 31 years of experience in R&D process.
- K Ravindra Chandrappa is the Whole-time Director and Chief Operating Officer of the company. He has more than 25 years of experience in the field of pharmaceutical and biopharmaceutical industry.
- The company's Non-Executive and Independent Directors are qualified and have significant experience in their respective fields.
- The company's Chief Financial Officer (CFO) and Company Secretary and Compliance Officer (CS) are qualified and have significant experience.
- The company's other key managerial personnel and senior management also have significant experience in their respective fields.

Outlook – The overall management of the company is considered **satisfactory**, though it is noted that the same individual serving as Chairman, Managing Director and Chief Executive Officer offers advantages such as strong vision, alignment and decisive leadership, while also raising concerns regarding board independence, potential conflicts of interest and adherence to corporate governance standards and provides evidence of dual chairmanship.

Peer Analysis

Particulars	Anthem Biosciences Limited			Syngene International Limited			Sai Life Sciences Limited			Cohance Lifesciences Limited			Divi's Laboratories Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	24.75%	25.88%	24.46%	14.23%	14.25%	13.25%	0.80%	5.54%	9.83%	29.66%	26.97%	21.32%	22.49%	19.55%	22.56%
EBITDA Margin	42.02%	40.07%	41.02%	30.80%	30.56%	30.58%	15.81%	21.16%	25.55%	44.75%	42.01%	34.53%	33.46%	31.10%	34.18%
RoCE	20.56%	23.64%	26.89%	13.76%	13.34%	13.20%	6.86%	12.93%	12.52%	31.84%	19.24%	13.36%	17.79%	15.28%	18.85%
ROE	15.03%	19.08%	18.73%	12.84%	11.98%	10.50%	1.12%	8.49%	7.99%	23.70%	14.64%	15.79%	14.29%	11.79%	14.64%
EPS (INR)	6.75	6.48	8.04	11.58	12.70	12.33	5.68	46.93	8.83	16.16	11.80	10.52	68.71	60.27	82.53
P/E	84.44	87.96	70.90	62.22	56.73	58.77	-	-	81.19	29.23	57.38	103.42	41.09	57.16	66.43

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