Anthem Biosciences Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
14 July 2025	16 July 2025	₹540–570	Subscribe

Investment Summary

Anthem Biosciences is India's only fully integrated CRDMO—combining discovery, development and commercial manufacturing for both small molecules and biologics—which drives superior client stickiness and project visibility. It delivered a **30% revenue CAGR** to ₹1,845 Cr in FY25 with **37% EBITDA margins** and **23% PAT margins**, earning **ROCE of ~28%** on a net-cash balance sheet. Anthem boasts India's **largest fermentation capacity** (142 kL, rising to 182 kL) and pioneered advanced modalities. Its **550+ global clients** and **242 active projects** across discovery to late-stage trials ensure robust revenue visibility. The IPO at **₹540–570** values the company at **~70× FY25 P/E** and **~45× EV/EBITDA**, in line with high-growth peers yet justified by Anthem's growth and margins. With dominant scale, innovation leadership and booming industry tailwinds (India CRDMO market CAGR ~13.4%).

Company Overview

Anthem Biosciences was incorporated in **June 2006** in Bengaluru. It was founded by industry veterans led by **Dr. Ajay Bhardwaj** (MD & CEO), **Dr. Ganesh Sambasivam** (Whole-time Director & Chief Scientific Officer) and **K. Ravindra Chandrappa** (Whole-time Director & COO), who, along with co-promoter Ishaan Bhardwaj, held ~70.8% of the company pre-IPO. The promoters have deep domain experience (ex-Biocon, etc.) and have built Anthem into a tech-driven organization. The company attracted marquee investors in its growth journey. Over ~17 years, Anthem evolved from a small research outfit into a fully-integrated CRDMO. Notable milestones include rapid capacity expansions and first-to-market innovations. Anthem was **among the first Indian players to develop ADC linkers (since 2016)** and other cutting-edge modalities. It pioneered **green chemistry** techniques domestically.

Business Model

Anthem Biosciences business is organized into two highly complementary segments. Its core **CRDMO** (Contract Research, Development & Manufacturing) division—which accounted for roughly **82% of FY 25 revenues**—serves as a one-stop partner for global pharma and biotech clients, offering fully customizable, end-to-end services from target identification and early discovery (medicinal chemistry, in vitro/in vivo studies) through pre-clinical and clinical trial material supply to large-scale commercial manufacturing. Uniquely in India, Anthem supports both small-molecule APIs and complex biologics (NBEs), underpinned by advanced platforms such as flow chemistry, enzymatic biocatalysis, RNA interference, ADCs, peptides and oligonucleotides. More than 70% of its CRDMO revenues derive from late-stage development and commercial supply contracts—often fee-for-service arrangements that yield higher margins upon project success—reflected in a 95.6% success rate over the past three years and a pipeline of **242 active** programs with 150+ customers.

The **Specialty Ingredients** arm (**18% of FY 25 revenues**) leverages Anthem's fermentation and bio-processing expertise to produce high-value fermentation-derived products—probiotics, enzymes, nutraceutical peptides, vitamin analogues and microbial biosimilars—for regulated (US, EU, Japan) and semi-regulated markets, diversifying revenue and showcasing Anthem's complex manufacturing credentials. Together, these segments deliver a stable, high-visibility revenue base, differentiated technology leadership and strong growth potential across the global life-sciences outsourcing market. The specialty unit both diversifies revenue and serves as proof of the company's manufacturing credentials in complex bio-based products. These are sold to both regulated markets (US, Europe, Japan) and semi-regulated/emerging markets, leveraging Anthem's global quality compliance.

Operations

This global footprint across 40+ countries underscores Anthem's integration into international pharma supply chains. Intellectual property (IP): Anthem is an innovation-driven company with a growing IP portfolio. As of March 2025, it has 1 granted patent in India, 7 patents granted overseas. Anthem's innovation pipeline is backed by 24 global patent applications pending, covering cutting-edge processes like glycolipid synthesis for RNAi delivery and GLP-1 analogue manufacturing for peptide therapeutics. The company also safeguards its product identity with 7 registered trademarks in India and 10 additional trademark applications for its specialty-ingredient brands.

Anthem's customer base is diverse yet top-heavy. It has served over 675 clients historically and had 550+ active customers (across CRDMO and ingredients) in FY25. These range from large global pharma companies to small biotech startups. Notably, 3 large pharma clients (including those via acquisitions) accounted for 5 of Anthem's top 6 revenue-generating molecules in FY25. Anthem has been working with some top-10 customers for ~16 years. However, revenue is concentrated – top 5 customers contributed ~71% of FY25 revenue

Financial Performance

- **Revenue CAGR ~30%** over FY23–FY25, with revenues rising from ₹1,056.9 Cr (FY23) → ₹1,419.4 Cr (FY24) → ₹1,844.6 Cr (FY25).
- **EBITDA growth** from ₹446.1 Cr (FY23) → ₹519.9 Cr (FY24) → ₹683.8 Cr (FY25), while margins held steady at ~37% in FY25 despite mix shift.
- **PAT trajectory**: ₹385.2 Cr (FY23) → ₹367.3 Cr (FY24, –4.6% YoY due to one-off trial failure) → ₹451.3 Cr (FY25, +22.9% YoY) with a 23.4% margin.
- **Return metrics**: ROCE ~27.6% and ROE ~20.8% in FY25, reflecting high capital efficiency.
- **Strong balance sheet**: Net worth ₹2,410 Cr, minimal debt (D/E 0.05×), net cash ~₹624 Cr and operating cash flow ₹418 Cr in FY25 (vs ₹140 Cr in FY24).
- **Key ratios**: Basic EPS ₹8.07 in FY25, NAV per share ₹43.10, and gross asset turnover ~1.5×—among the best in the sector.

Financial Snapshot

INR CR

Metric	FY23	FY24	FY25
Revenue from Operations	1,056.9	1,419.4	1,844.6
EBITDA	446.1	519.9	683.8
EBITDA Margin	42.2%	36.6%	36.8%
Profit After Tax (PAT)	385.2	367.3	451.3
PAT Margin	36.5%	25.9%	24.5%
Return on Equity (ROE)	24.9%	20.0%	20.8%
Return on Capital Employed (ROCE)	28.9%	25.2%	27.6%
Debt-to-Equity Ratio	0.07×	0.12×	0.05×
Operating Cash Flow	140.0	140.0	418.0
Basic EPS (₹)	6.75	6.48	8.07

Investment Rationale

- **End-to-End Integrated CRDMO Leader:** Anthem uniquely offers discovery, development and commercial-scale manufacturing for both small-molecule APIs and complex biologics under one roof, creating high client stickiness and seamless project handoffs.
- **Robust Growth Trajectory:** Delivered ~30% CAGR in revenues over FY23–FY25 (₹1,057 Cr → ₹1,845 Cr) driven by rapid expansion of late-stage development and commercial manufacturing contracts.
- **High and Stable Profitability:** Maintained healthy EBITDA margins (~37%) and PAT margins (~23–24%) through a mix of fee-for-service R&D projects (95.6% success rate) and long-dated manufacturing engagements.
- **Strong Financial Position:** Net cash of ~₹624 Cr, minimal leverage (D/E 0.05×), and robust operating cash flow (₹418 Cr in FY25) underpin self-funded capacity expansions.
- **Scale & Technology Leadership:** Boasts India's largest fermentation capacity (142 kL, rising to 182 kL) and pioneering platforms in flow chemistry, biotransformation, ADCs, RNAi, peptides and oligonucleotides.
- **Global Client Base & Pipeline Visibility:** Serves 550+ clients across 44 countries with 242 active projects (68 discovery, 145 early-stage, 16 late-stage), ensuring high revenue visibility as molecules advance.
- **Favorable Industry Tailwinds:** Positioned to capture outsized growth in India's CRDMO market (projected ~13.4% CAGR to $15.4 Bn by 2029) amid global pharma outsourcing shifts and China-plus-one supply-chain diversification.
- **Reasonable Valuation Premium:** IPO pricing at ~70× FY25 P/E and ~45× EV/EBITDA aligns with high-growth peers, yet is justified by Anthem's superior growth, margins, ROCE (~28%) and innovative moat.

Key Risk Factors

- **Customer Concentration**

  Anthem's top 5 clients accounted for over 70% of FY25 revenues, and its single largest client contributed nearly 25%.Such high dependency means the loss or scale-down of a major project can materially dent revenues. Long-term contracts provide visibility, but projects naturally complete, requiring constant pipeline replenishment. While Anthem has won repeat engagements historically, any shift in a key client's outsourcing strategy poses risk. Diversifying the client base and deepening smaller accounts will be critical to mitigate this concentration.

- **Reliance on CRDMO Segment**

  Approximately 82% of revenues derive from CRDMO services, making Anthem vulnerable to fluctuations in global R&D outsourcing. A downturn in biotech funding, pharma mergers, or budget cuts at large pharma could reduce demand for development and manufacturing work. Specialty Ingredients (18% of revenues) provides some diversification, but remains a smaller and more nascent business. Any slowdown in CRDMO engagements—particularly late-stage, high-value projects—would directly pressure top-line and margins. Anthem must continue broadening its specialty portfolio or forge adjacent service offerings to hedge cyclicality.

- **Project Execution & Pipeline Risk**

  Over 70% of CRDMO revenue comes from late-stage development and commercial manufacturing, tied to specific drug programs. Clinical trial failures or client decisions to internalize manufacturing can abruptly cancel or delay revenue streams. Technical or regulatory hiccups during scale-up (e.g., process validation issues) can drive cost overruns and client dissatisfaction. Anthem's historical 95.6% FFS success rate is strong, but sustaining this high delivery performance across growing volumes is challenging. Continuous investment in quality systems, capacity planning, and risk-management protocols is essential to uphold execution.

- **Regulatory & Compliance Exposure**
  Anthem's facilities are regulated by multiple agencies (US FDA, EMA, PMDA, TGA, ANVISA) requiring stringent GMP adherence. Any inspection findings, warning letters, or delays in regulatory approvals for new capacity can disrupt operations and harm reputation. Environmental and safety regulations in India and export markets are tightening, potentially increasing compliance costs. Maintaining up-to-date certifications and training for evolving quality standards demands ongoing CAPEX and management focus. Failure to comply—even on minor procedural lapses—could trigger stoppages, fines, or loss of client certifications.

- **Competitive & Pricing Pressure**
  The global CRDMO/CDMO market is intensely competitive, with established players in China, Europe, and the US expanding capacity. New entrants or existing players undercutting pricing to gain market share could compress Anthem's margins over time. Large multinational CDMOs may bundle services or deploy next-generation technologies faster, raising client expectations. Anthem's premium pricing is justified by its integrated model and innovation, but sustaining this premium requires constant differentiation. Continued investment in R&D platforms and strategic partnerships will be crucial to defend against commoditization.

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Anthem Biosciences Ltd
IPO Structure	100% Offer-for-Sale (No fresh issue)
Issue Size	₹3,395 crore (at upper band)
Price Band	₹540 – 570 per share
Face Value	₹2 per share
Post-Issue Market Cap	Approx. ₹30,190 – 31,867 crore
IPO Opening Date	Monday, 14 July 2025
IPO Closing Date	Wednesday, 16 July 2025
Listing	BSE & NSE
Promoter Holding (Pre/Post)	Pre-IPO: 76.9% → Post-IPO: 74.7%
Book Running Lead Managers	JM Financial, Citigroup Global Markets India, J.P. Morgan India, Nomura Financial Advisory & Securities
Use of Proceeds	**None to the company** (100% proceeds to selling shareholders via Offer-for-Sale)

Valuation and Outlook

At the upper price band of ₹570, Anthem is valuing at roughly 67–71× FY25 earnings (EPS ₹8.07) and about 45× EV/EBITDA—multiples that sit at a premium to larger Indian CDMO peers like Syngene (~52× P/E, 24× EV/EBITDA) but are more conservative than niche specialists such as Divi's (~83× P/E) or Suven (~97×). This valuation reflects both Anthem's superior revenue growth (30% CAGR over FY23–25) and best-in-class profitability (37% EBITDA margin; ROCE ~28%), underpinned by its integrated discovery-to-commercial offering and rapidly expanded fermentation capacity. While absolute multiples are elevated, they are commensurate with the company's deep project pipeline, high fee-for-service success rates, and leadership in biologics and specialty ingredients—areas commanding structural premium in the global outsourcing market. Given the strength of its balance sheet, cash-flow generation and limited post-IPO float (~31% public shareholding), we view the IPO pricing as fair, with scope for multiple expansion as Anthem scales its high-value late-stage and commercial manufacturing businesses.

Peer Comparison Table

Company	P/E (x)	EV/EBITDA (x)	ROE (%)
Anthem Biosciences (IPO)	67–71	~45	20.8
Syngene International	52	~24	19.2
Gland Pharma	44	~20	17.0
Suven Pharma	97	~68	16.0
Divi's Laboratories	83	~60	28.0

Recommendation

Anthem Biosciences offers a rare, fully integrated CRDMO platform—spanning discovery through commercial manufacturing for both small molecules and biologics—that drives high client stickiness and project visibility. It has delivered a 30% revenue CAGR to ₹1,845 Cr in FY25 with industry-leading 37% EBITDA margins and 23% PAT margins, earning ROCE of ~28% on a net-cash balance sheet. The company boasts India's largest fermentation capacity (142 kL, rising to 182 kL) and deep technology expertise in ADCs, RNAi, flow chemistry and biotransformation, underpinning a 95.6% FFS project success rate. With 550+ clients across 44 countries and 242 active projects in its pipeline, revenue visibility is strong as molecules advance through late-stage and commercial phases. The IPO at ₹540–570 implies ~70× FY25 P/E and ~45× EV/EBITDA, in line with high-growth peers but justified by Anthem's superior growth, margins and innovation moat. Given these fundamentals and robust industry tailwinds (India CRDMO market CAGR ~13.4%), we recommend **Subscribe**.

Disclaimer

This information/document has been prepared by Mangal Keshav Financial Services LLP (MANGAL KESHAV) and is intended for use only by the person or entity to which it is addressed. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/document is subject to changes without prior notice.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. MANGAL KESHAV will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and MANGAL KESHAV has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavor to update the information herein on a reasonable basis, MANGAL KESHAV, its subsidiaries, and associated companies, their directors and employees ("MANGAL KESHAV and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent MANGAL KESHAV and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information.
Clients should read the Risk Disclosure Document issued by SEBI and relevant exchanges, and the Terms & Conditions on the Mangal Keshav website.

Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst Registration No.: INH000018319.
LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.
Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.
TEL: 022 61907900