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INITIATING COVERAGE
March 2026

Anthem Biosciences (ANTHEM IN)

Drivers aligned for next leg of growth

Rating: BUY | CMP: INR 656 | TP: INR 755

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Anthem Biosciences (ANTHEM IN)

Initiating
Coverage

March 30, 2026

Key Data	ANTH.BO ANTHEM IN
BSE Code	544449
NSE Code	ANTHEM
52-W High / Low	INR 873 / INR 579
Face Value	2
Sensex / Nifty	71,948 / 22,331
Market Cap	INR 368 bn / \$ 3,887 mn
Shares Outstanding	561.71 mn
3M Avg. Daily Value	INR 408.83 mn

Shareholding Pattern (%)

Promoters	74.69
FII	1.36
MF	6.89
DII	0.71
Public & Others	16.35
Promoter's Pledge	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(6.4)	2.6	(13.8)	0.0
Relative	5.7	20.8	(3.8)	0.0

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (INR mn)	18,446	21,009	25,395	30,665
EBITDA (INR mn)	6,708	7,975	9,715	11,881
Margin (%)	36.4	38.0	38.3	38.7
PAT (INR mn)	4,513	5,712	6,981	8,341
EV (INR mn)	364,813	362,106	361,612	358,534
Total Debt (INR mn)	1,090	1,090	1,090	1,090
C&C Eq. (INR mn)	3,161	7,531	8,026	11,104
EPS (INR)	8.1	10.2	12.4	14.9
Gr. (%)	22.9	26.0	22.2	19.5
DPS (INR)	-	-	1.0	1.0
Yield (%)	-	-	0.2	0.2
RoE (%)	20.8	21.1	21.0	20.7
RoCE (%)	24.9	23.7	23.6	23.5
EV/Sales (x)	19.8	17.2	14.2	11.7
EV/EBITDA (x)	54.4	45.4	37.2	30.2
PE (x)	81.3	64.5	52.8	44.2
P/BV (x)	15.2	12.3	10.1	8.3

Drivers aligned for next leg of growth

Quick Pointers

- Differentiated capabilities across modalities ensures cost efficiency
- Strong portfolio of commercial molecules to drive 23% CAGR in the CDMO over FY26–28E.
- Capacity expansions provides strong growth visibility

We initiate coverage on ANTHEM with 'BUY' rating and TP of INR755/share, implying ~16% upside from current levels. Growth visibility remains strong given a deep pipeline spanning discovery to late-stage development, along with a commercial portfolio. Demand for commercialized molecules should remain healthy, supported by the ramp-up of recently launched molecules and potential commercialization of late-stage programs. The specialty ingredients business is expected to benefit from GLP-1 API ramp-up from H2CY26. With INR10-12bn capex planned, largely through internal accruals, ANTHEM is expanding capacity to support future growth.

We forecast REVENUE/EBITDA/PAT CAGR of ~21%/22%/18% over FY26–28E led by 23% growth in CDMO services, ~11% in CRO and ~14% in specialty ingredients. ANTHEM remains one of the fastest growing Indian CRDMOs. At CMP, the stock is trading at ~30x EV/EBITDA and ~44x P/E on FY28E. We value the company at 50x P/E on FY28E, in line with Divis. Initiate with 'BUY'.

Comprehensive capabilities across modalities: ANTHEM has developed a broad CRDMO platform with capabilities across small molecules, highly complex modalities, and biologics. Its platform spans 5 key modalities – RNAi, ADCs, peptides, lipids and oligonucleotides – and a high-margin FFS-led CRO model (~90% of projects). These modalities ensure cost-efficiency and wider spectrum of services.

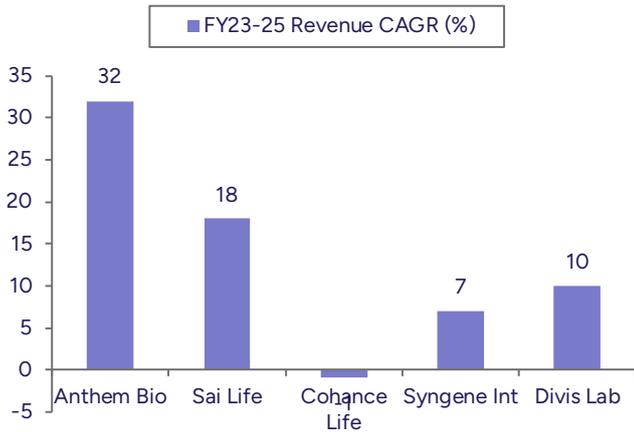
Portfolio with strong commercial exposure: ANTHEM has ~14 commercial molecules. 6 of these commercial molecules generated ~\$12bn at innovator level in sales in CY24 and are expected to reach ~\$22bn by CY29. In addition, 4 molecules have been commercialized in FY26 with an estimated peak sales potential of \$12–15bn. On the development side, it has 5–6 molecules in Phase 2, while the Phase 3 pipeline remains stable with 6 molecules. With most commercial molecules expected to go off-patent post FY30E, we expect the CDMO segment to grow at 23% CAGR over FY26–28E.

Fermentation-based specialty ingredients provide stability: ANTHEM's specialty ingredients segment focuses on fermentation-based, high-value products such as enzymes, probiotics and peptides, offering better margins and stronger entry barriers than commoditized generic APIs. With growing contribution from GLP-1 related supplies from FY27E, the segment is expected to deliver ~14% revenue CAGR over FY26–28E vs. 3% CAGR over FY24–26E.

Scaling capacities to capture growth opportunities: ANTHEM operates custom synthesis capacity of 400kL and fermentation capacity of 142kL; these are being expanded to reach 425kL and ~182kL, respectively, by FY26E. Utilization is expected to improve with the recent ramp-up of Unit III (Neoanthem). Further, Unit IV at Harohalli near Bengaluru, a ~INR10bn capex project focused on high-value peptides and APIs, is likely to be commissioned in phases by FY28E/29E, which will meaningfully expand its manufacturing footprint.

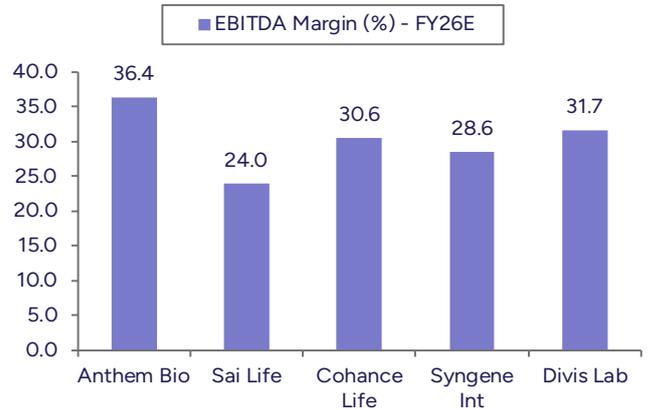
Story in Charts

Exhibit 1: ANTHEM delivered best growth among peers



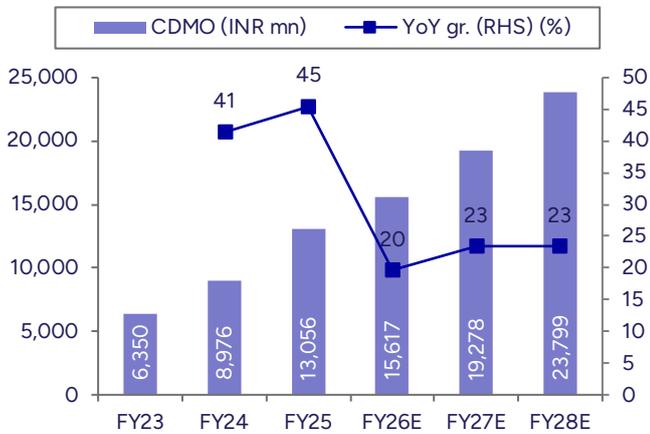
Source: Company, PL

Exhibit 2: Highest margins among peers



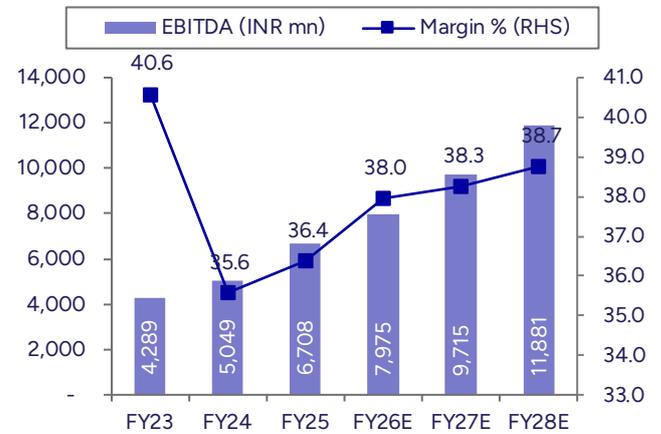
Source: Company, PL

Exhibit 3: CDMO to grow at ~23% CAGR over FY26-28E



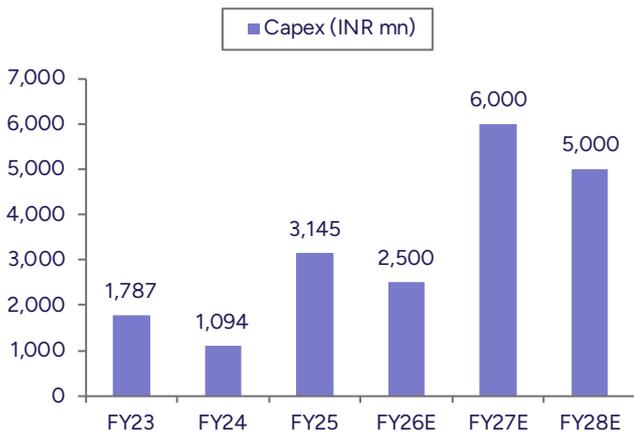
Source: Company, PL

Exhibit 4: 22% EBITDA growth over FY26-28E with strong margins



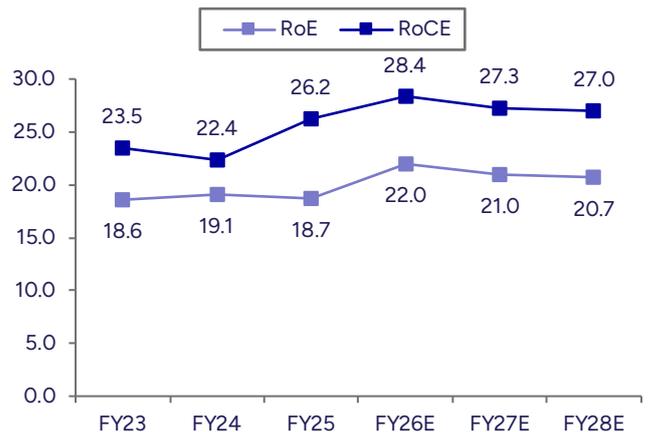
Source: Company, PL

Exhibit 5: Capex ~INR10-12bn over FY26-28E to support future growth



Source: Company, PL

Exhibit 6: Healthy return metrics



Source: Company, PL

Company Overview

ANTHEM – Integrated CDMO, expanding across advanced drug modalities

Founded in 2006, Anthem Biosciences (ANTHEM) is an innovation-driven contract research, development and manufacturing organization (CRDMO) with integrated capabilities across drug discovery, development and commercial manufacturing. The company serves global biotechnology and pharmaceutical clients through platforms spanning both new chemical entities (NCEs) and new biological entities (NBEs). Over time, ANTHEM has developed capabilities across advanced modalities such as RNAi, antibody-drug conjugates (ADCs), peptides, lipids and oligonucleotides, positioning it among the most diversified CRDMOs in India. Over the past decade, the company has delivered revenue growth of over 20% CAGR, supported by rising outsourcing by global innovators and expanding capabilities in complex modalities.

~83% revenue from innovator linked, patent-protected molecules

The company primarily caters to innovator-focused clients, with ~83% of 9MFY26 revenue derived from patent-protected molecules developed for small biotech firms and large pharmaceutical companies. The remaining revenue comes from fermentation-based specialty ingredients supplied largely to generic manufacturers.

ANTHEM operates across 2 key business segments: CRDMO services and specialty ingredients. The former provides end-to-end services across the drug development lifecycle, from target identification and early discovery to pre-clinical development, clinical trial manufacturing (Phase I–III), and commercial manufacturing. Within CRO, the company offers discovery services through both fee-for-service (FFS) and full-time equivalent (FTE) models, with FFS accounting for ~90% of revenue.

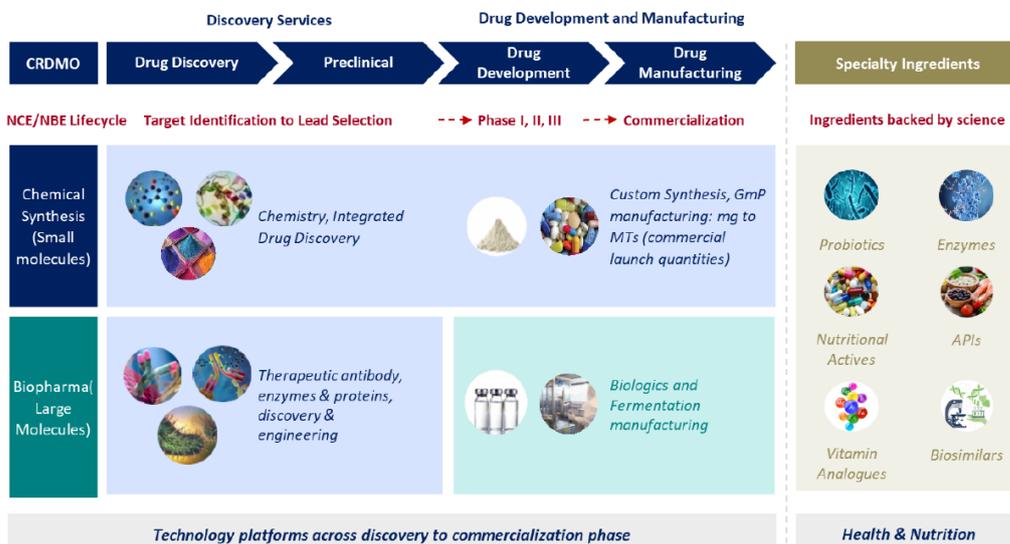
FFS model dominates CRO discovery services (~90% share)

As of FY25, the company supported 355 molecules in the discovery phase and 242 projects, including 130-140 early phase development programs, 5-6 in Phase II, and 10 in late-phase projects (4 commercialized). Development and manufacturing contributed to ~73% of 9MFY26 revenue, providing strong revenue visibility as molecules progress through the development cycle.

The specialty ingredients segment manufactures complex fermentation-based APIs and biological products such as enzymes, probiotics, peptides, nutritional actives, and vitamin analogues. This business complements the CRDMO segment by utilizing ANTHEM's fermentation capabilities and serving both regulated and semi-regulated markets, including the US, Europe, Asia, Latin America, and the Middle East.

Exhibit 7: ANTHEM's end-to-end service offerings

Anthem: An Integrated Drug Discovery, Development & Manufacturing Company



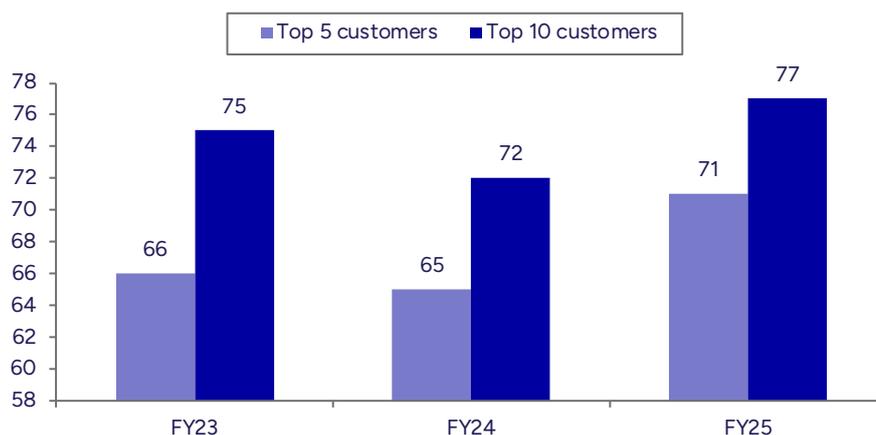
Source: Company, PL

Innovation and technological advancement form a key pillar of ANTHEM's strategy. The company has been among the early adopters of advanced manufacturing techniques in India, including biotransformation, enzymatic synthesis, and continuous flow chemistry. These green chemistry technologies improve reaction efficiency, reduce waste, and enhance cost competitiveness. The company introduced biotransformation capabilities in 2014 and flow chemistry manufacturing in 2019, strengthening its ability to support complex molecule development.

High client concentration – Top 10 contributes ~77% of revenue

Over the last 15 years, Anthem has completed more than 8,000 projects and worked with over 675 global customers across different stages of drug development lifecycle. As of FY25, the company served over 550 customers across its CRDMO and specialty ingredients businesses, spread across more than 44 countries including the US, Europe, and Japan. Within its CRDMO business, the company serves ~150 customers, ranging from emerging biotech firms to large global pharmaceutical companies. The top 10 customers accounted for ~77%, ~72%, and ~75% of revenue in FY25, FY24, and FY23, respectively.

Exhibit 8: Concentrated customer base (%)



Source: Company, PL

ANTHEM operates 3 manufacturing facilities in Karnataka: Unit I in Bommasandra and Unit II and III in Harohalli. New capacities have been added to Unit III to support rising demand. ANTHEM has also initiated construction of a greenfield Unit IV facility spread across ~30 acres, which will further expand manufacturing capacity and support growth in advanced modalities.

With diversified modality capabilities, strong relationships with innovator companies, and a growing pipeline across discovery, development and commercial stages, ANTHEM is well positioned to benefit from increasing global outsourcing of pharmaceutical R&D and manufacturing. Its integrated platform, advanced technologies, and focus on innovation continue to strengthen its positioning as a differentiated CRDMO partner for global biotech and pharmaceutical companies.

Exhibit 9: Milestones

Year	Key developments
2006	Incorporation of the company
2007	Commenced operations at Unit I
2008	Commencement of the discovery biology services with fermentation capacity of 2kL
2010	Expanded capacity of custom synthesis plant at Unit I to 24kL
2013	Received 1st USFDA approval for Unit I
2016	Set up a high potent lab at Unit I – Bommasandra facility
2017	Commenced operations at Unit II and set up of automated GMP compliant custom synthesis plant with 128kL and 80kL fermentation plant Received 2nd USFDA approval for Unit I and established flow chemistry
2019	Received 3rd USFDA approval for Unit I
2022	Expanded custom synthesis plant at Unit II, to 246kL
2023	Added oligonucleotide lab in Unit I. Set up cGMP-scale continuous flow manufacturing facility for Unit II
2024	Commenced operations of NeoantheM Lifesciences Pvt Ltd at Unit III Expanded fermentation capacity to 140kL at Unit II
2025	Received 4th USFDA approval for Unit I

Source: Company, PL

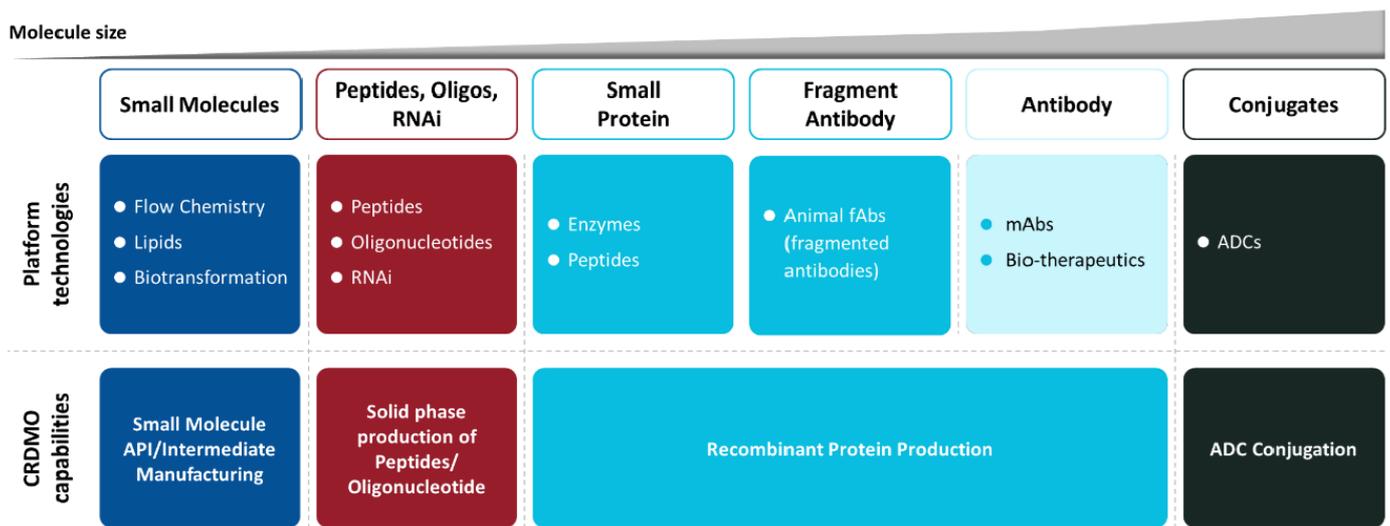
Investment Rationale

Comprehensive capabilities across modalities

End-to-end capabilities from discovery to commercialization

ANTHEM's integrated CRDMO platform across multiple modalities and strong relationships with global innovators provide solid long-term growth visibility. The company has developed a broad CRDMO platform with capabilities across both small molecules and biologics, which remains relatively uncommon among Indian peers. Its platform spans 5 key modalities – RNAi, ADCs, peptides, lipids and oligonucleotides – supported by manufacturing capabilities such as custom synthesis, flow chemistry, fermentation and biotransformation. This allows the company to support clients across multiple stages of the drug development process, from discovery to commercialization. With +9 potential blockbuster molecules, expansion into high-growth areas, the company is well positioned to sustain growth and profitability.

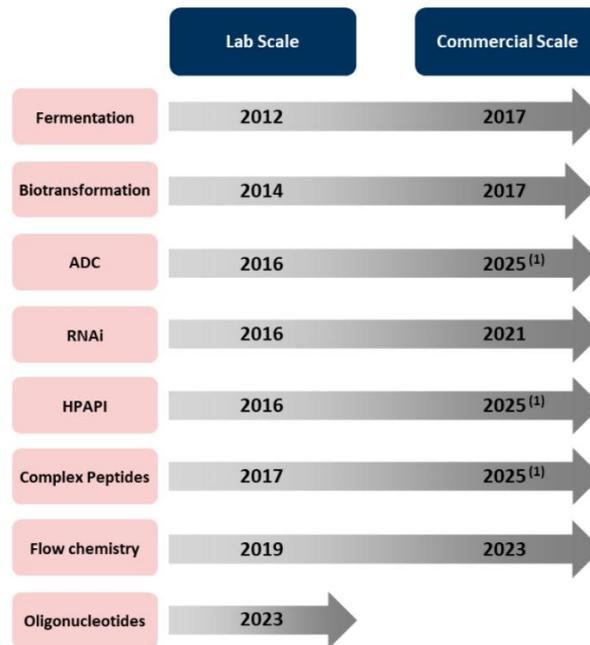
Exhibit 10: Capabilities across the molecule spectrum



Source: Company, PL

The company has also invested early in advanced and green chemistry technologies. It introduced biotransformation in 2014 and flow chemistry in 2019 and has adopted techniques such as micellar chemistry and pincer catalysis to enable more efficient and sustainable manufacturing processes. These investments reflect a focus on building capabilities in line with evolving industry requirements and complex drug development needs.

Exhibit 11: Development timeline for various modalities



Source: Company, PL

CRDMO to deliver ~22% CAGR over FY26-28E

ANTHEM also works with leading pharmaceutical companies, including AbbVie, Procos, Catalent, and Kappa Bio, and has 4 potential blockbuster molecules in its commercial portfolio (from 14 existing commercial molecules), providing strong long-term visibility.

Its pipeline spans complex products such as 7 ADCs (1 in Phase 3), 2 RNAi, 10 lipids (1 in Phase 3), 10 peptides and 1 oligonucleotide.

ANTHEM's integrated CRDMO capabilities, diversified modality presence and growing innovator partnerships provide strong visibility for sustained growth and margin expansion over the long term. We expect CRDMO to deliver ~22% CAGR over FY26-28E.

Portfolio with strong commercial exposure

ANTHEM has built a robust CDMO portfolio with 14 commercial-stage molecules and 6+ late-stage programs across therapies such as migraine, rheumatoid arthritis, Hepatitis C, and oncology. Its commercial manufacturing portfolio is also gaining scale. 5 of the top 6 commercialized molecules manufactured by the company for 3 large pharmaceutical customers had an estimated end-market value of ~\$12bn in CY24 and are expected to touch ~\$22bn by CY29, reflecting the potential embedded in its late-stage pipeline.

Customer A: Largest revenue contributor in FY25 at 24.2%, with a relationship spanning 15+ years. ANTHEM has supported 3 blockbuster molecules (>\$1bn annual sales each) for this customer since the discovery stage.

Customer B: Second-largest contributor in FY25 at 22.4%. Revenue doubled in FY25 following the customer's acquisition of 2 commercialized molecules from one of ANTHEM's biotech clients; one molecule has achieved blockbuster status.

Customer D: Contributed 2.1% of FY25 revenue (vs. nil in FY24) following acquisitions of ANTHEM's biotech customers. It has 9 ongoing projects with ANTHEM, including 1 commercialized molecule and 8 development programs.

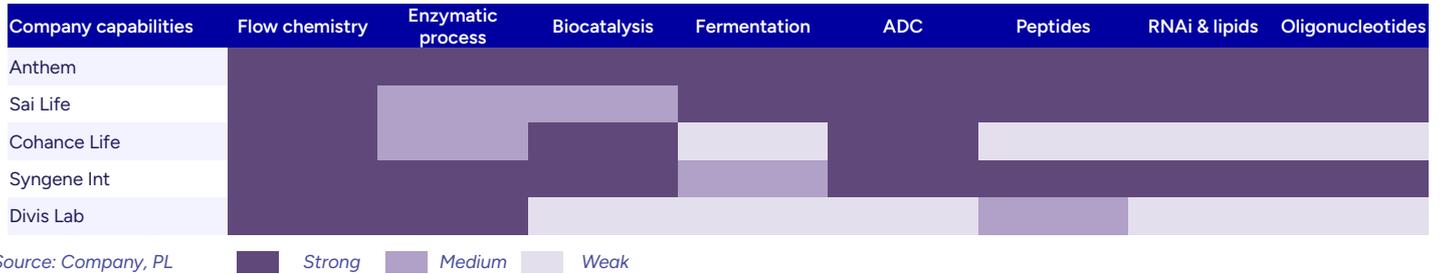
14 commercial molecules and 6+ late-stage programs across key therapies

In addition, commercialization of 4 potential blockbuster molecules (out of 14) in FY26 could drive meaningful manufacturing scale-up as these programs transition from development to commercial supply. With an estimated peak sales potential of \$12–15bn and most commercial molecules expected to go off-patent post FY30, the company retains a long growth runway, supporting ~23% CDMO revenue CAGR over FY26–28E.

The company has 5–6 molecules in Phase 2, which are expected to progress to Phase 3 over the next 18–30 months, while the Phase 3 pipeline remains stable at 6 molecules with the early-stage pipeline continuing to remain robust.

A diversified pipeline across complex modalities positions the company well to support commercialization while strengthening its presence in high-value and technologically intensive CDMO segments.

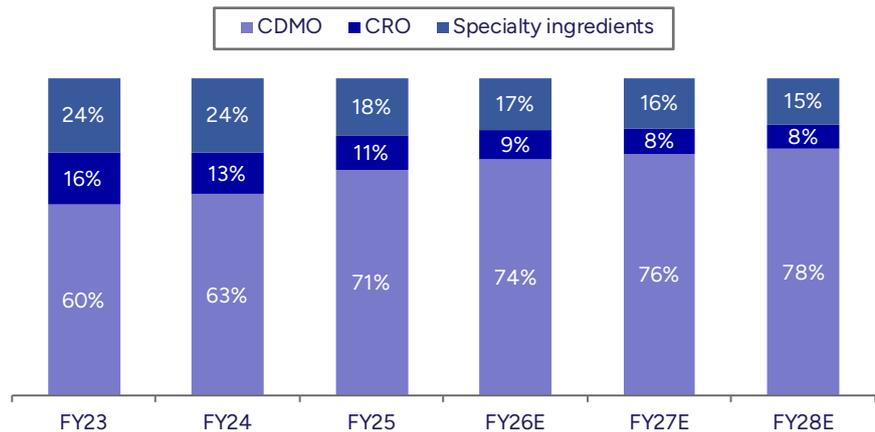
Exhibit 12: Presence across various modalities



Beyond CRDMO, ANTHEM's specialty ingredients business (~17% of revenue) is well placed to benefit from GLP-1 related opportunities, particularly with key patent expiries happened in March FY26, which could open additional demand for peptide and related ingredient manufacturing.

Supported by a strong base of commercial molecules, upcoming pipeline conversions and opportunities in complex modalities and GLP-1, we expect ANTHEM to deliver ~21% revenue CAGR over FY26–28E across both its CRDMO and specialty ingredients businesses.

Exhibit 13: Increasing share of CDMO business



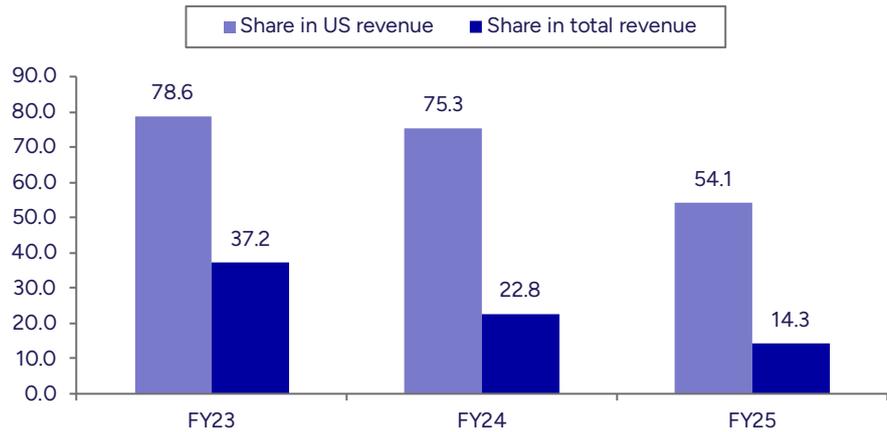
Source: Company, PL

Davos Pharma – Key business development partner

Strong US deal flow through Davos partnership

Davos serves as ANTHEM's business development partner for the US geography, with the relationship spanning projects from research through the pre-commercialization stage. ANTHEM has partnered with Davos since inception. Davos' strong relationships with innovator companies have helped generate meaningful traction and contract wins for ANTHEM in the US market. Davos has helped onboard 89 customers in the US, including 83 emerging biotech customers, over the past 3 years. Under this arrangement, Davos receives 13–14% of the contract value as its BD fee. At the same time, Davos contributed ~14% to ANTHEM's total revenue and 54% to the US revenue in FY25, highlighting the importance of this partnership in strengthening client access and supporting deal flow in the US.

Exhibit 14: Contribution from Davos Pharma (%)



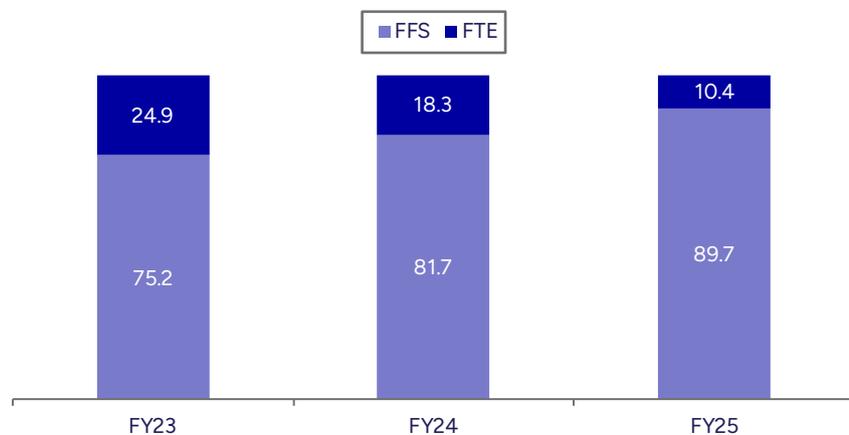
Source: Company, PL

CRO business remains resilient with high FFS exposure

Discovery contributes ~25% of CRO revenue; business fully export-oriented

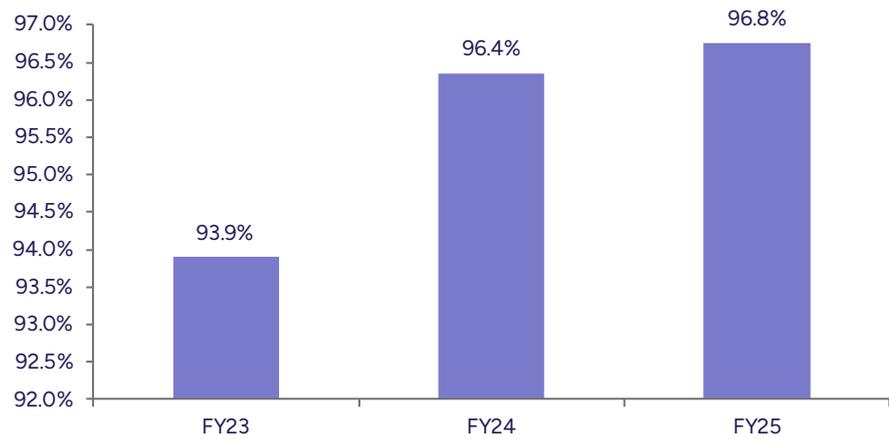
ANTHEM's CRO services span discovery, product optimization, stability studies, and scalability support, with discovery services contributing to ~25% of the CRO business. The segment is entirely export-driven and largely operates under an FFS model, which accounts for ~90% of projects. Under the FFS model, revenue is recognized upon completion, delivery, and customer acceptance of defined deliverables, unlike the FTE model, where revenue is earned on a best-effort basis, with customers paying monthly fees based on the time, cost, and personnel deployed irrespective of outcomes. Projects under the FFS model are typically completed within 6–12 weeks. The structure generally offers higher profitability and operational flexibility, and the company's strong execution is reflected in the ~97% success rate in FFS contracts. Additionally, the focus on high-priority client programs has helped the business remain relatively insulated from the recent biotech funding slowdown. While the company has not experienced any material delays in fulfilling its FFS obligations in the last 3 fiscals, any future delays or failure to meet contractual, budgetary, or regulatory requirements could result in cost overruns, unrecovered expenses, or reputational risks.

Exhibit 15: CRO segment largely dominated by FFS model (%)



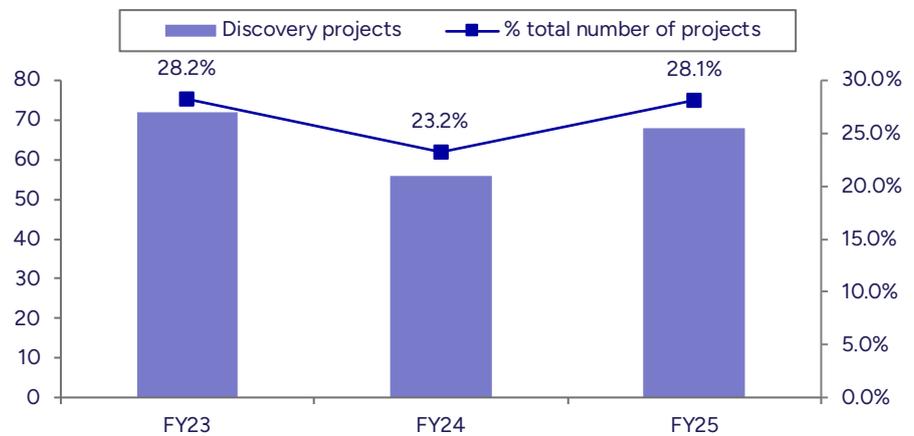
Source: Company, PL

Exhibit 16: Success rate for FFS projects



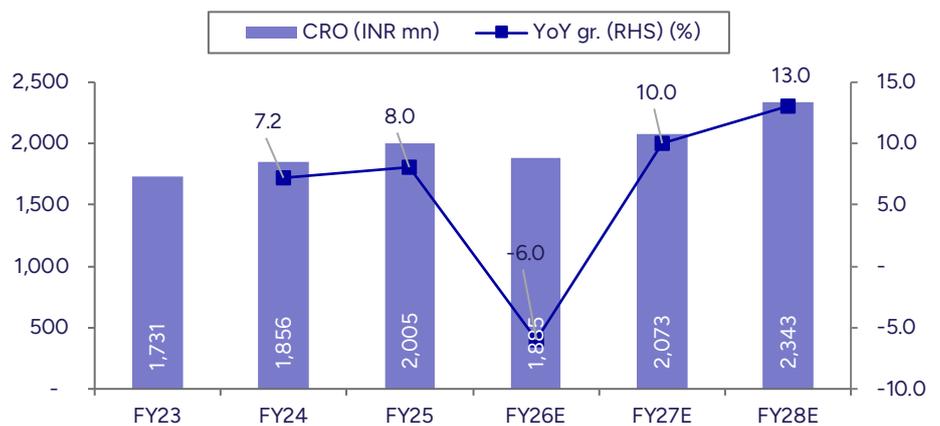
Source: Company, PL

Exhibit 17: Projects in discovery stage of drug development



Source: Company, PL

Exhibit 18: CRO to deliver ~11% CAGR over FY26-28E



Source: Company, PL

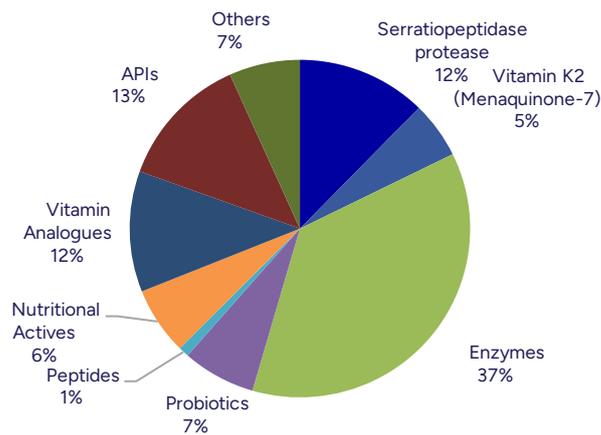
Fermentation-based specialty ingredients provide stability

Specialty ingredients derive majority (~90%) business from domestic markets

Specialty ingredients contributed ~17% of revenue as of 9MFY26. This segment derives 90% of revenue from domestic markets. It complements the CRDMO business, helping diversify the company’s revenue mix and end-market exposure. ANTHEM focuses on fermentation-based, higher value products such as enzymes, probiotics, vitamin analogues, biosimilars and peptides, which typically involve higher technological complexity and offer better margins.

The company manufactures complex fermentation-based APIs using bioreactors ranging from bench-scale to industrial-scale, ensuring scalability and reproducibility. Its portfolio includes fermentation products such as serratiopeptidase protease and Vitamin K2 (Menaquinone-7). The company also produces microbial biosimilars (such as insulin, glargine and lispro), mammalian biosimilars (ICH Q5B) and probiotics, including bacillus and lactobacillus species.

Exhibit 19: Growth drivers of specialty ingredients – FY25



Source: Company, PL

Within peptides, the company manufactures therapeutic peptides such as semaglutide, plecanatide, linaclotide, liraglutide and cilengtide, targeting indications including Type 2 diabetes, chronic idiopathic constipation, irritable bowel syndrome and obesity. We expect the semaglutide opportunity primarily catering to domestic markets to start contributing meaningfully over FY27–28E, with an estimated revenue potential of INR300–400mn.

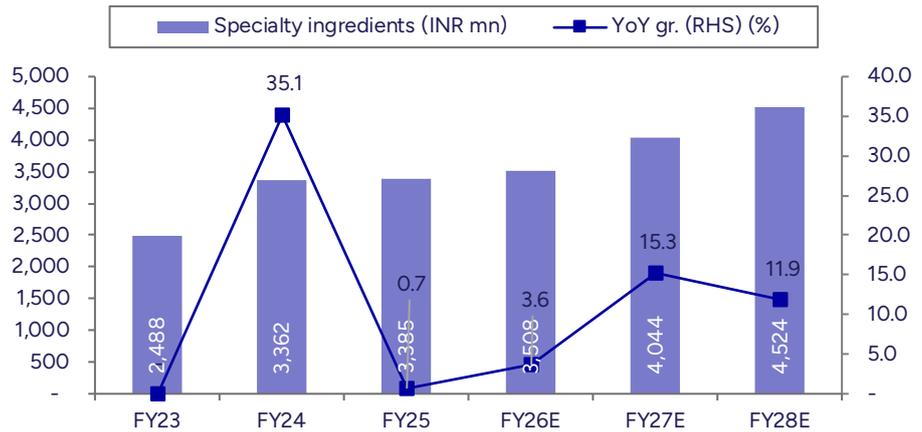
Beyond peptides, the company’s portfolio also includes nutritional actives, vitamin analogues and APIs that cater to human nutrition and dietary supplements, animal nutrition, and industrial applications.

To support growth, the company expanded its manufacturing footprint in FY26 by adding two new blocks at Unit II—CP6 in June 2025 and CP7 in November 2025—along with additional fermentation capacity commissioned in March 2025. With these additions, the company now has sufficient capacity to support both its CRDMO and fermentation businesses.

Specialty ingredients serves pharmaceutical customers across regulated markets (the US, Europe) as well as semi-regulated markets (India, Southeast Asia, Latin America and the Middle East). Looking ahead, growth is expected to be supported by GLP-1 related supplies from FY27E, complemented by probiotics, enzymes and biosimilars, the segment is expected to deliver ~14% revenue CAGR over FY26–28E, providing a stable and profitable growth pillar.

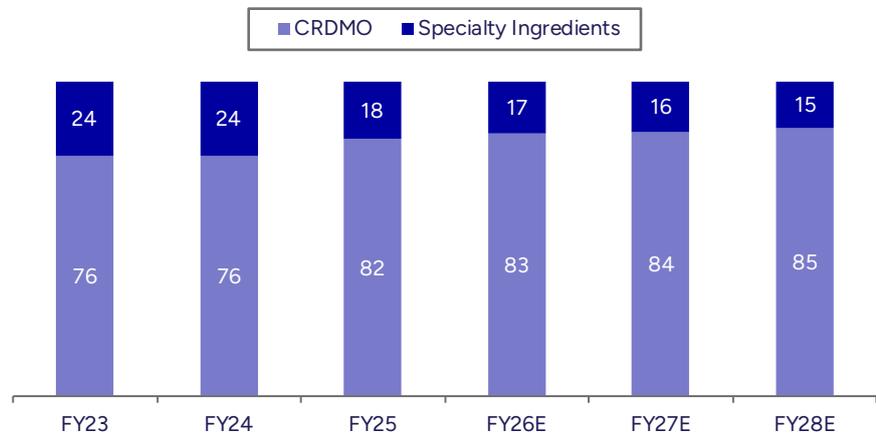
Specialty ingredients segment caters to both Regulated & Semi regulated markets

Exhibit 20: Specialty ingredients to clock ~14% CAGR over FY26-28E



Source: Company, PL

Exhibit 21: Segmental mix over FY26-28E (%)



Source: Company, PL

Scaling capacities to capture growth opportunities

ANTHEM continues to expand its manufacturing infrastructure to support rising demand across custom synthesis and fermentation. Unit I (24kL) and Unit II (~376kL) are operating at ~75% utilization, with ~130kL capacity added in FY26, including the CP7 block (~76kL) that is yet to be fully utilized. As utilization improves, this incremental capacity provides near-term headroom to support growth in custom synthesis manufacturing.

Unit I & II operates at optimal utilisation levels

At the same time, Unit III (Neoanthem) is still in the early stages of ramp-up, offering meaningful scope for utilization improvement. On the fermentation side, the 140kL facility is operating at ~46% utilization, leaving significant capacity available to support future growth as more molecules progress toward commercialization. ANTHEM is expanding custom synthesis capacity from current 400kL to 425kL, and fermentation capacity from 142kL to 182kL by FY26E.

Exhibit 22: Manufacturing capabilities

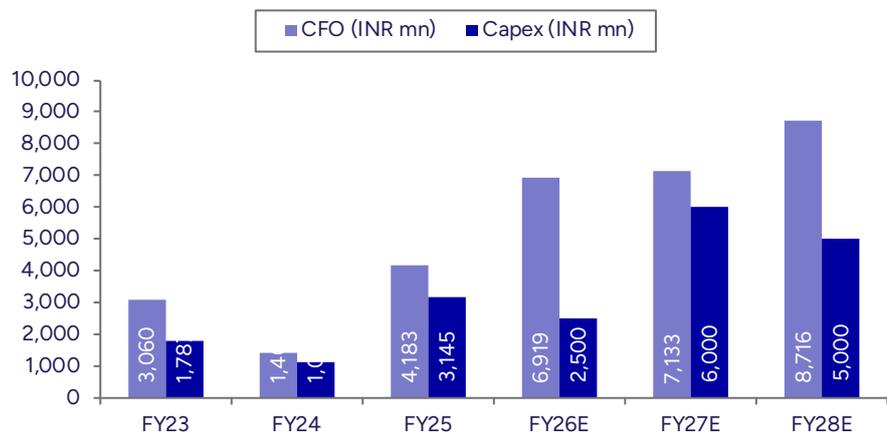
	Unit I	Unit II	Unit III (Subsidiary – Neoanthem)
Location	Bommassandra	Harohalli	Harohalli
Established	2007	2017	2022 (commissioned in 2025)
Area	5acres	14.21acres	8.14acres
R&D	Yes	No	Yes
Development and manufacturing (chemical synthesis & fermentation)	Yes	Yes	Yes (peptides, hi-potent molecules, probiotics, enzymes)
Specialty ingredients manufacturing	No	Yes	Yes
Flow chemistry	Lab scale	cGMP scale	
Capacity	CS - 24kL (27 reactors); Fermentation - 2kL	CS - 376kL; Fermentation - 140kL	CS - 25kL; Fermentation - 40kL
Expansion	-	-	New capacity planned
Utilization	75%	75%	Underutilized
Approvals	USFDA	USFDA	NA
Peptide synthesis	67L (pilot scale)		16kL
High potent compounds	55L (lab/pilot scale)		2.5kL
Ogionucleotides	lab scale		
RNAi	Yes	Yes	
Biotransformation	200L (pilot scale)	30kL (GMP scale)	10kL (GMP scale)

Source: Company, PL

ANTHEM is developing Unit IV at the Harohalli Industrial Area near Bengaluru, a 30-acre facility with ~INR10bn planned capex, to be commissioned in phases by FY28E and focused on high-value peptides and APIs. The project will be funded through internal accruals. With historical asset turns of ~1.6x, we believe the combination of existing capacity ramp-up and upcoming expansions could potentially support incremental revenue over the next few years, providing strong growth visibility.

INR 10bn capex announced for Unit IV

Exhibit 23: Unit IV to be funded by internal accruals



Source: Company, PL

Financial Projections

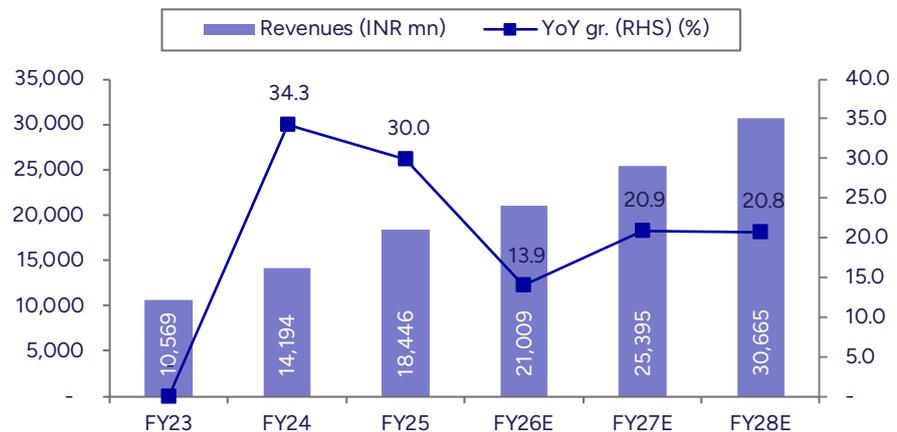
Strong growth outlook: ~21% revenue CAGR over FY26–28E

ANTHEM posted healthy revenue growth of ~26% CAGR over FY23–26E, reaching INR~21bn, supported by its integrated CRDMO capabilities spanning discovery, development and manufacturing for both small molecules and biologics, enabling participation across multiple stages of the drug life cycle. Its differentiated focus on small pharmaceutical and emerging biotech companies allows early engagement at the discovery stage, improving the probability of long-term commercialization revenue as molecules advance through the pipeline.

Revenues to deliver ~21% CAGR over FY26-28E

Looking ahead, we expect revenue to grow at ~21% CAGR over FY26–28E, supported by the ramp-up of top commercial molecules, diversified specialty ingredients portfolio across high-growth segments such as GLP-1, fermentation products, probiotics, enzymes and nutritional actives, continued expansion of technological capabilities to win new early stage clients, and improved capacity utilization as more molecules progress to late-stage development and commercialization.

Exhibit 24: Revenue to grow at ~21% CAGR over FY26-28E



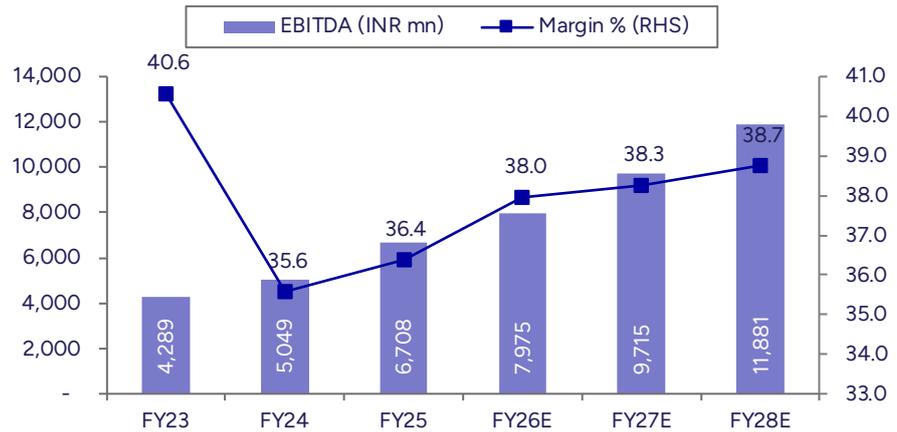
Source: Company, PL

Profitability set to strengthen

ANTHEM has demonstrated strong operating performance, with EBITDA CAGR of ~23% over FY23-26E and EBITDA margin being among the highest in the Indian CRDMO space at ~37% in 9MFY26. Profitability is supported by a favorable mix, including higher FFS contribution, backward-integrated products, niche specialty ingredients, and cost-efficient manufacturing practices such as green chemistry. We expect margins to remain strong, with improvement of ~200bps over FY26–28E to ~38.7%, driven by operating leverage from capacity expansions and higher contribution from commercial manufacturing and specialty ingredients. We believe ANTHEM is well placed to deliver ~22% EBITDA and ~18% PAT CAGR over FY26–28E.

EBITDA/PAT CAGR of ~22%/~18% over FY26-28E

Exhibit 25: EBITDA to grow at ~22% CAGR over FY26-28E

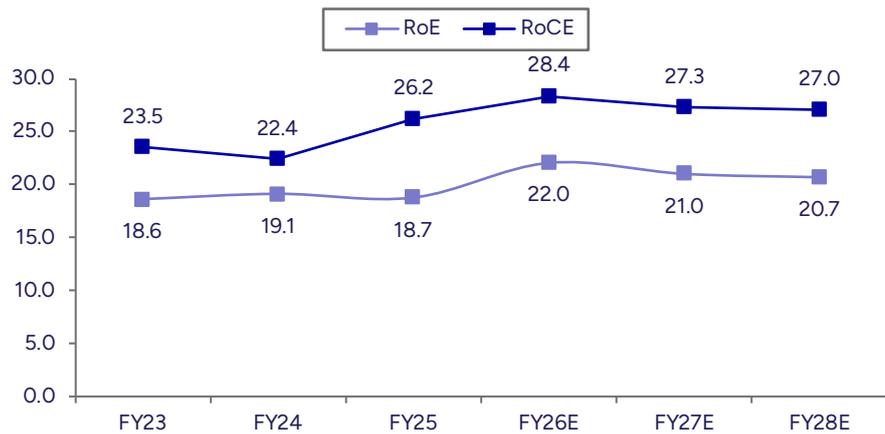


Source: Company, PL

Gross asset turnover of ~1.5x

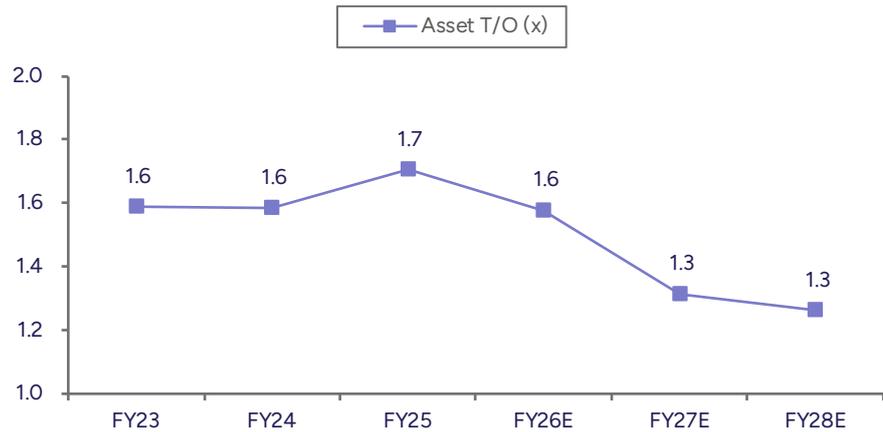
Return metrics remain healthy, with RoCE of ~28% and gross fixed asset turnover of ~1.5x in 9MFY26. ANTHEM also generates strong cash flows and plans to invest INR10-12bn in capex over the next 2 years, fully funded through internal accruals. Improving utilization and scale benefits should support strong FCF generation and healthy return ratios over the medium term. Given Unit IV ramp will be visible more from FY29E onwards, asset turnover may see some moderation in near term

Exhibit 26: Best-in-class return metrics



Source: Company, PL

Exhibit 27: Efficient asset utilization



Source: Company, PL

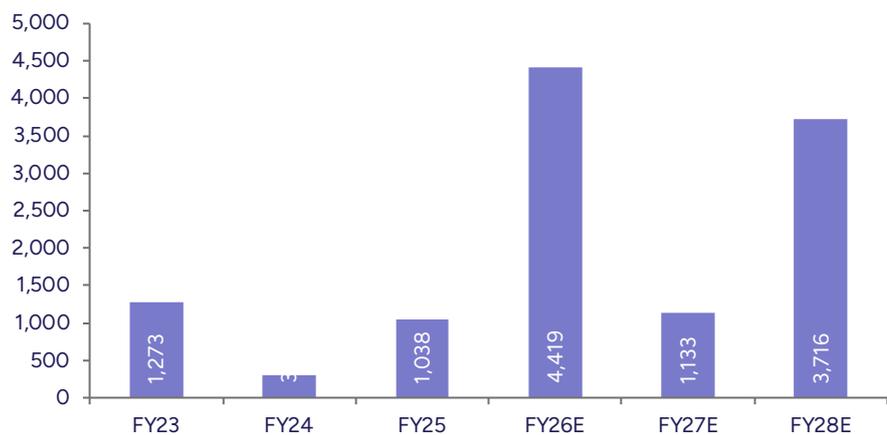
Cash flow visibility remains

~INR 5bn FCF expected over FY26–28E despite INR 10bn -12bn in capex

ANTHEM continued to generate strong FCF of INR2.6bn over FY23–25. It enjoyed a net cash position as of FY25 due to improved asset utilization and better working capital management. Inventory days were elevated in FY25; however, with the shift toward in-house raw material procurement, inventory intensity has declined now, supporting improved working capital efficiency going forward.

Leveraging existing manufacturing capacity to cater to rising demand from late-stage and commercialized molecules, has also enhanced operating efficiency and asset productivity. With higher contribution from high-margin segment and integrated service offerings improving revenue per client, we expect strong FCF generation of ~INR5bn over FY26–28E despite INR10-12bn in capex.

Exhibit 28: FCF trajectory to continue (INR mn)



Source: Company, PL

Valuations & Outlook

EBITDA to grow ~22% CAGR over FY26-28E

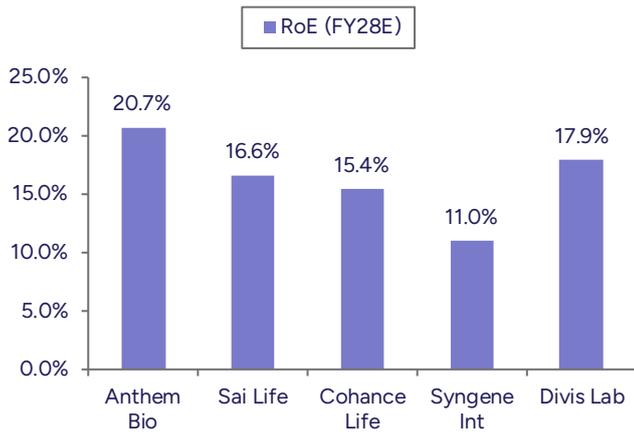
We expect ANTHEM to deliver ~21% revenue CAGR over FY26–28E, led by strong growth in the CDMO segment (~23% CAGR), along with ~11% growth in CRO and ~14% in specialty ingredients. Growth should be supported by improved commercialization in CDMO with 14 commercial molecules and the company’s diversified modality capabilities. ANTHEM benefits from one of the broadest modality offerings in India and a pipeline of potential blockbuster drugs. The company already operates with industry-leading profitability margins and are expected to remain healthy supported by the ramp up of recently launched molecules and potential commercialization of late-stage programs. We forecast EBITDA/PAT CAGR of ~22%/~18% over FY26–28E. ANTHEM remains one of the fastest growing Indian CRDMOs. At CMP, the stock is trading at ~30x EV/EBITDA and ~44x P/E on FY28E. We value the company at 50x P/E FY28E, in line with Divis. We initiate coverage with **BUY** rating and TP of INR755/share.

Exhibit 29: Peer Valuation

	Mcap (INR bn)	EV/EBITDA (x)		PE (x)		FY28 RoE (%)
		FY27E	FY28E	FY27E	FY28E	
Anthem Bio	369	36.8	29.9	52.3	43.8	20.7
Sai Life	208	27.1	21.9	49.4	39.1	16.6
Cohance Life	116	17	12.4	29.3	19.9	15.4
Syngene Int	162	14.2	11.3	35.3	25.4	11
Divis Lab	1,575	37.2	30.3	53.3	43.4	17.9

Source: Company, PL

Exhibit 30: Anthem enjoys healthy return ratio



Source: Company, PL

Exhibit 31: Highest margins among peer group

Company	EBITDA CAGR (%) FY26-28E	EBITDA margin (%) - FY28E
Anthem Bio	22.1	38.7
Sai Life	22.0	30.1
Cohance Life	32.7	28.5
Syngene Int	24.3	27.6
Divis Lab	20.3	35.5

Source: Company, PL

Key Risks

Regulatory & compliance risk

Manufacturing facilities are subject to periodic inspections by regulators such as USFDA. Any adverse observations, delays in approvals, or non-compliance could disrupt operations and affect financial performance.

Pipeline progression & execution risk

A meaningful portion of CRO/CDMO revenue depends on successful transition of molecules across development phases and completion of FFS milestones. Clinical failures, project discontinuation, or inability to meet deliverables could result in revenue loss or unrecovered costs.

Demand volatility & capacity risk

The business is dependent on innovator demand. Any pause or deferment by customers, along with mismatch between capacity expansion and actual commercialization timelines, could lead to underutilization and margin pressure.

Pricing & geopolitical risk

Exposure to patented molecules (~54% of FY25 revenue), potential patent expiries, customer price renegotiations, technological disruption, and geopolitical factors (including tariff actions such as MFN or Section 232 measures) may exert pressure on growth and margins.

Board of Directors and Key Management Personnel

Exhibit 32: Board of Directors

Name	Designation	Experience
Ajay Bhardwaj	Chairman, MD & CEO	He holds a bachelor's degree in chemical engineering from IIT Delhi and a Master of Science in Chemical Engineering from Louisiana State University and Agricultural & Mechanical College. He was previously associated with Max India Ltd as a Project Engineer and with Biocon Ltd in a managerial role in marketing. He brings over 40 years of experience across life sciences, contract research, and clinical research.
Dr. Ganesh Sambasivam	Executive Director & CSO	He holds a BSc in chemistry from the University of Madras and an MSc and PhD in chemistry from the University of Pune. He previously served as the Chief Scientific Officer at Syngene International Ltd and has over 30 years of experience in process R&D.
K Ravindra Chandrappa	Executive Director & COO	He holds a bachelor's degree in chemical Engineering from Bangalore University and has over 25 years of experience in life sciences, contract research, and clinical research.
Satish Chander Subbanna	Non-Executive Director	He holds a bachelor's degree in mechanical engineering from IIT Madras and Post Graduate Diploma in Management from IIM Calcutta. He has been associated with True North for over 19 years and leads its investments in the healthcare and life sciences sectors.
Subramanian Madhavan	Independent Director	He holds an MBA from IIM Ahmedabad and is a qualified chartered accountant. He has over 11 years of experience in finance and taxation and has been associated with Sterlite Technologies Ltd, CBIX Technology Solutions Pvt Ltd, and ICICI Bank Ltd.

Source: Company, PL

Exhibit 33: Key Management Personnel

Name	Designation	Experience
Gawir Baig	Chief Financial Officer	He holds an MBA from IIM Bangalore and a BTech in mechanical engineering from IIT Kharagpur, with ~18 years of experience across finance and healthcare. He was previously associated with o3 Capital as Director.
Divya Prasad	Company Secretary	He is a qualified company secretary with an LLB from Karnataka State Law University and a BCom from the University of North Bengal, and has ~10 years of experience in corporate compliance.

Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	18,446	21,009	25,395	30,665
YoY gr. (%)	30.0	13.9	20.9	20.8
Cost of Goods Sold	7,439	8,299	10,234	12,358
Gross Profit	11,007	12,711	15,161	18,307
Margin (%)	59.7	60.5	59.7	59.7
Employee Cost	2,605	2,839	3,265	3,918
Other Expenses	1,693	1,896	2,181	2,508
EBITDA	6,708	7,975	9,715	11,881
YoY gr. (%)	32.9	18.9	21.8	22.3
Margin (%)	36.4	38.0	38.3	38.7
Depreciation and Amortization	894	1,306	1,618	2,138
EBIT	5,815	6,670	8,097	9,743
Margin (%)	31.5	31.7	31.9	31.8
Net Interest	103	54	76	76
Other Income	857	1,392	1,349	1,529
Profit Before Tax	6,569	7,753	9,370	11,196
Margin (%)	35.6	36.9	36.9	36.5
Total Tax	2,056	2,042	2,389	2,855
Effective tax rate (%)	31.3	26.3	25.5	25.5
Profit after tax	4,513	5,712	6,981	8,341
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	4,513	5,712	6,981	8,341
YoY gr. (%)	22.9	26.6	22.2	19.5
Margin (%)	24.5	27.2	27.5	27.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,513	5,712	6,981	8,341
YoY gr. (%)	22.9	26.6	22.2	19.5
Margin (%)	24.5	27.2	27.5	27.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,513	5,712	6,981	8,341
Equity Shares O/s (m)	559	562	562	562
EPS (INR)	8.1	10.2	12.4	14.9

Source: Company, PL

Balance Sheet Abstract (INR mn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	7,906	10,406	16,406	21,406
Tangibles	7,906	10,406	16,406	21,406
Intangibles	-	-	-	-
Acc: Dep / Amortization	894	2,199	3,817	5,955
Tangibles	894	2,199	3,817	5,955
Intangibles	-	-	-	-
Net fixed assets	7,012	8,207	12,589	15,451
Tangibles	7,012	8,207	12,589	15,451
Intangibles	-	-	-	-
Capital Work In Progress	3,008	3,008	3,008	3,008
Goodwill	-	-	-	-
Non-Current Investments	4,331	4,331	4,331	4,331
Net Deferred tax assets	179	179	179	179
Other Non-Current Assets	309	309	309	309
Current Assets				
Investments	-	-	-	-
Inventories	3,404	2,302	3,131	3,781
Trade receivables	4,535	5,756	6,610	7,981
Cash & Bank Balance	3,170	7,540	8,034	11,112
Other Current Assets	2,123	2,760	3,036	3,340
Total Assets	28,076	34,397	41,232	49,498
Equity				
Equity Share Capital	1,118	1,123	1,123	1,123
Other Equity	22,980	28,946	35,365	43,145
Total Network	24,099	30,069	36,489	44,268
Non-Current Liabilities				
Long Term borrowings	470	470	470	470
Provisions	-	-	-	-
Other non current liabilities	245	245	245	245
Current Liabilities				
ST Debt / Current of LT Debt	619	619	619	619
Trade payables	1,101	1,324	1,600	1,932
Other current liabilities	1,542	1,669	1,810	1,964
Total Equity & Liabilities	28,076	34,397	41,232	49,498

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	6,569	8,007	9,370	11,196
Add. Depreciation	894	1,306	1,618	2,138
Add. Interest	103	54	76	76
Less Financial Other Income	857	1,392	1,349	1,529
Add. Other	(269)	-	-	-
Op. profit before WC changes	7,297	9,367	11,064	13,410
Net Changes-WC	(1,524)	(406)	(1,542)	(1,840)
Direct tax	(1,590)	(2,042)	(2,389)	(2,855)
Net cash from Op. activities	4,183	6,919	7,133	8,716
Capital expenditures	(3,145)	(2,500)	(6,000)	(5,000)
Interest / Dividend Income	-	-	-	-
Others	1,624	-	-	-
Net Cash from Invst. activities	(1,521)	(2,500)	(6,000)	(5,000)
Issue of share cap. / premium	-	5	-	-
Debt changes	(649)	-	-	-
Dividend paid	-	-	(562)	(562)
Interest paid	103	(54)	(76)	(76)
Others	(794)	-	-	-
Net cash from Fin. activities	(1,339)	(49)	(638)	(638)
Net change in cash	1,323	4,370	495	3,078
Free Cash Flow	1,038	4,419	1,133	3,716

Source: Company, PL

Quarterly Financials (INR mn)

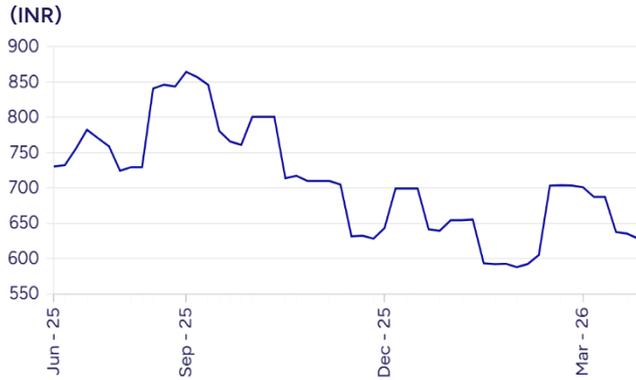
Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenues	4,832	5,402	5,500	4,232
YoY gr. (%)	-	-	62.4	(19.4)
Raw Material Expenses	1,768	2,309	2,234	1,426
Gross Profit	3,064	3,093	3,267	2,806
Margin (%)	63.4	57.3	59.4	66.3
EBITDA	1,952	1,915	2,179	1,572
YoY gr. (%)	-	-	80.2	(19.5)
Margin (%)	40.4	35.4	39.6	37.1
Depreciation / Depletion	304	264	335	345
EBIT	1,648	1,650	1,844	1,227
Margin (%)	34.1	30.6	33.5	29.0
Net Interest	5	16	30	4
Other Income	141	228	482	335
Profit before Tax	1,783	1,862	2,296	1,558
Margin (%)	36.9	34.5	41.7	36.8
Total Tax	957	505	562	377
Effective tax rate (%)	53.7	27.1	24.5	24.2
Profit after tax	826	1,358	1,734	1,182
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	826	1,358	1,734	1,182
YoY gr. (%)	-	-	110.5	(27.0)
Margin (%)	17.1	25.1	31.5	27.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	826	1,358	1,734	1,182
YoY gr. (%)	-	-	110.5	(27.0)
Margin (%)	17.1	25.1	31.5	27.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	826	1,358	1,734	1,182
Avg. Shares O/s (m)	-	-	-	-
EPS (INR)	2.2	1.5	2.4	3.1

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share (INR)				
EPS	8.1	10.2	12.4	14.9
CEPS	9.7	12.5	15.3	18.7
BVPS	43.1	53.5	65.0	78.8
FCF	1.9	7.9	2.0	6.6
DPS	-	-	1.0	1.0
Return Ratio (%)				
RoCE	24.9	23.7	23.6	23.5
ROIC	23.3	24.8	24.4	25.4
RoE	20.8	21.1	21.0	20.7
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	135	117	117	117
Valuation (x)				
PER	81.3	64.5	52.7	44.1
P/B	15.2	12.2	10.1	8.3
P/CEPS	67.8	52.5	42.8	35.1
EV/EBITDA	54.3	45.4	37.2	30.1
EV/Sales	19.7	17.2	14.2	11.6
Dividend Yield (%)	-	-	0.1	0.1
FCFF Yield (%)	0.2	1.1	0.3	1.0
PEG Ratio	3.5	2.4	2.3	2.2

Source: Company, PL

Price Chart

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Ajanta Pharma	BUY	3200	2768
2	Apollo Hospitals Enterprise	BUY	9000	7507
3	Aster DM Healthcare	BUY	715	558
4	Aurobindo Pharma	BUY	1300	1124
5	Cipla	Accumulate	1440	1315
6	Divi's Laboratories	Accumulate	6850	6387
7	Dr. Reddy's Laboratories	Reduce	1300	1157
8	Eris Lifesciences	BUY	1800	1414
9	Fortis Healthcare	BUY	1050	916
10	Global Health	BUY	1375	1108
11	HealthCare Global Enterprises	BUY	850	586
12	Ipca Laboratories	BUY	1800	1501
13	J.B. Chemicals & Pharmaceuticals	BUY	2300	1927
14	Jupiter Life Line Hospitals	BUY	1600	1251
15	Krishna Institute of Medical Sciences	BUY	810	647
16	Lupin	Accumulate	2400	2199
17	Max Healthcare Institute	BUY	1300	1040
18	Narayana Hrudayalaya	BUY	2150	1829
19	Oberoi Realty	Accumulate	1820	1647
20	Prestige Estates Projects	BUY	1880	1500
21	Rainbow Children's Medicare	BUY	1550	1179
22	Sun Pharmaceutical Industries	BUY	1900	1595
23	Sunteck Realty	BUY	550	374
24	Torrent Pharmaceuticals	BUY	4750	4078
25	Zydus Lifesciences	Accumulate	1020	887

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BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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