BUY
TP: Rs 1,063 | ▲ 24%

ANTHEM BIOSCIENCES | Pharmaceuticals | 04 November 2026

All commercialized molecules are in the growth phase

- **Sales/EBITDA/PAT reported -2.6%/11.3%/22.5% above our estimates. EBITDA Margin reported 570 bps above our estimate of 45.7%**
- **Commercialized molecules increased from earlier 14 to 15. Expect couple of more molecules to commercialize from 9 Ph.III molecules**
- **We revise EPS upwards. On roll forward to Sep'28 EPS – We continue to ascribe a PE of 55x to arrive at a PT of Rs 1063 (earlier PT 900)**

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Earnings beat on EBITDA and PAT front – Sales grew by 8% YoY to Rs 5.9bn in 2QFY27, driven by 7.9% YoY growth in the CRDMO segment and 8.6% YoY growth in the specialty ingredients segment. RM cost declined by 17.3% YoY to Rs 1.8bn (31% of sales in 2QFY27 vs 41% in 2QFY26), leading to 25% YoY growth in gross profit to Rs 4bn. Gross margin thus increased by 952 bps to 68.9%. Despite employee cost growing by 20% YoY and SG&A cost growing by 37.9% YoY to Rs 566mn in 2QFY27, EBITDA grew by 24.6% YoY to Rs 2.7bn. A moderate 9.2% increase in interest cost was offset by an 8.3% decline in depreciation and 22% growth in other income, leading to a 22% YoY increase in PAT to Rs 2.1bn.

CRDMO sales growth driven by commercialized molecules – ANTHEM's CRDMO sales grew by 7.9% YoY to Rs 5bn in 2QFY27, primarily driven by 14 commercialized molecules. Management guided that one molecule shifted from late stage to commercial, taking the total to 15. Late-stage Phase III molecules reduced to 9 from 10 earlier. Of the 9 late-stage molecules, management guided that one could be commercialized in FY27, while a few of them could be commercialized within 18-24 months. Many of the first 10 commercialized molecules are yet to achieve peak sales, so we expect good growth from them. Overall, we expect sales from this segment to grow at a CAGR of 20% over FY26-29E to Rs 30.7bn by FY29.

Full presence in newer technologies – ANTHEM has been working on newer modalities such as oligonucleotides, lipids, high-potent ADCs, peptides and RNAi since FY14, and it moved from lab scale to commercial scale. Some of ANTHEM's commercial and late-stage molecules are already in RNAi, peptides, oligos and high-potent ADCs. On the peptide front, the company is participating in oncology and immunology, apart from GLP-1 thus giving the company edge over its peers.

Valuation - On our revised numbers, we arrive at a Sales/EBITDA/PAT CAGR of 19%/23%/23%, respectively. At the CMP, on a roll-forward to Sep'28 EPS of Rs 19.3 per share, the stock trades at a PE of 45x. We continue to ascribe a PE of 55x (in line with market leader Divi's) to arrive at a PT of Rs 1,064 (earlier PT of Rs 900).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ANTHEM IN/Rs 854
Market cap	US$ 5.1bn
Free float	25%
3M ADV	US$ 6.4mn
52wk high/low	Rs 978/Rs 579
Promoter/FPI/DII	75%/1%/8%

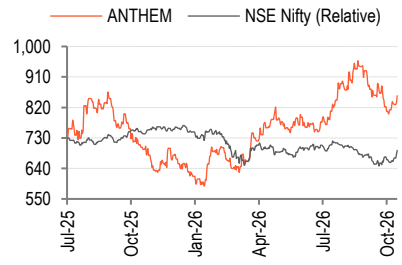
Source: NSE | Price as of 3 Nov 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	21,243	28,406	32,037
EBITDA (Rs mn)	8,338	12,080	13,910
Adj. net profit (Rs mn)	5,913	9,135	10,142
Adj. EPS (Rs)	11.0	16.3	18.1
Consensus EPS (Rs)	11.0	12.9	15.6
Adj. ROAE (%)	19.4	23.1	20.4
Adj. P/E (x)	77.9	52.5	47.3
EV/EBITDA (x)	58.1	40.7	36.1
Adj. EPS growth (%)	36.5	48.3	11.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Financial Highlights

(Rs Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Var (%)
Net Sales	5,940	5,500	8.0	4,182	42.0	6,096	(2.6)
Total Expenses	3,225	3,321	(2.9)	2,677	20.5	3,658	(11.8)
(%) of net sales	54	60		64		60	
Raw material consumed	1,847	2,234	(17.3)	1,462	26.3	1,890	(2.3)
(%) of net sales	31	41		35		31	
Gross profit	4,093	3,266	25.3	2,720	50.5	4,206	(2.7)
Staff cost	813	677	20.0	788	3.1	1,158	(29.9)
(%) of net sales	14	12		19		19	
SG&A	566	410	37.9	426	32.8	610	(7.2)
(%) of net sales	10	7		10		10	
EBITDA	2,715	2,179	24.6	1,506	80.3	2,438	11.3
Depreciation	307	335	(8.3)	300	2.4	366	(16.0)
EBIT	2,408	1,844	30.6	1,206	99.7	2,073	
Interest	33	30	9.2	9	273.2	10	231.0
Other Income	589	482	22.1	249	136.6	244	141.5
PBT	2,964	2,296	29.1	1,446	105.0	2,307	28.5
Less: Taxation	849	562	51.2	246		581	46.3
Recurring PAT	2,115	1,734	22.0	1,199	76.3	1,726	22.5
Less: Minority Interest	0	0		0		0	
Exceptional items	0	0		0		0	
PAT attributable to shareholders	2,115	1,734	22.0	1,199	76.3	1,726	22.5
Key Ratios (%)			**BPS**		**BPS**		**BPS**
Gross Margin	68.9	59.4	952.2	65.0	386.8	69.0	9.0
EBITDA Margin	45.7	39.6	609.1	36.0	970.2	40.0	(570.4)
Tax / PBT	28.6	24.5	418.1	17.0	1,160.7	25.2	
NPM	35.6	31.5	407.1	28.7	691.9	28.3	
EPS	3.9	3.1	26.2	1.6	135.5	3.5	

Source: Company, BOBCAPS Research

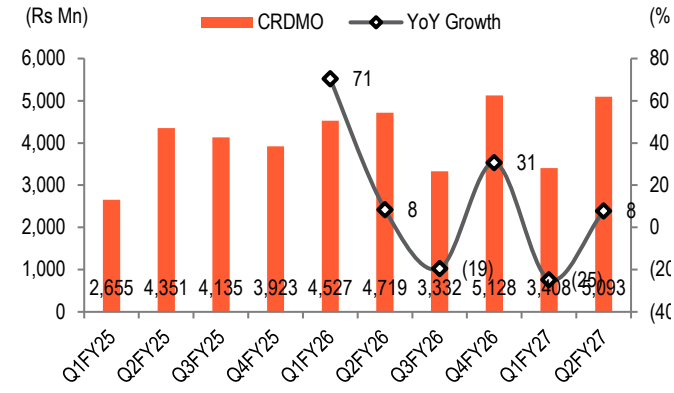
Fig 2 – Segmental Mix

(Rs Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Var (%)
CRDMO	5,093	4,719	7.9	3,408	49.4	5,097	(0.1)
Specialty Ingredient	848	781	8.6	774	9.5	1,000	(15.2)
Net Sales	5,941	5,500	8.0	4,182	42.1	6,096	(2.5)

Source: Company, BOBCAPS Research

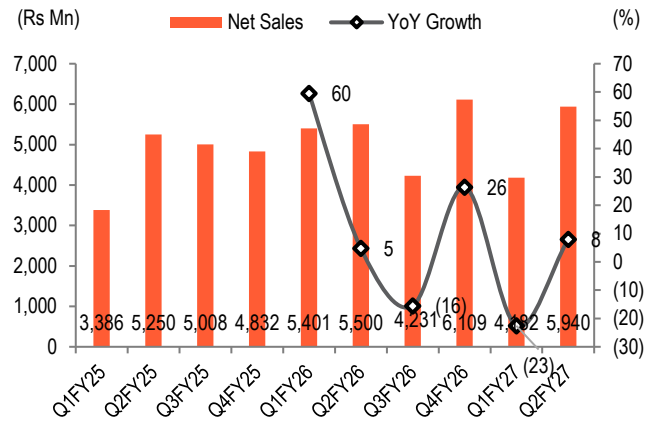
Financial Charts

Fig 3 – CRDMO sales driven by uptick in the commercialized molecules



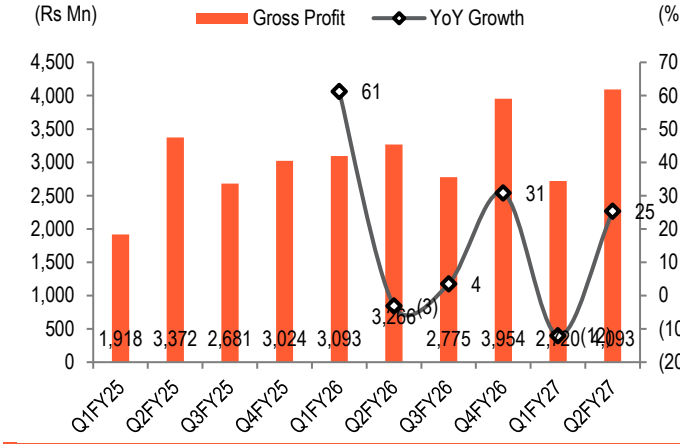
Source: Company, BOBCAPS Research

Fig 4 – Sales growth driven by growth across segments



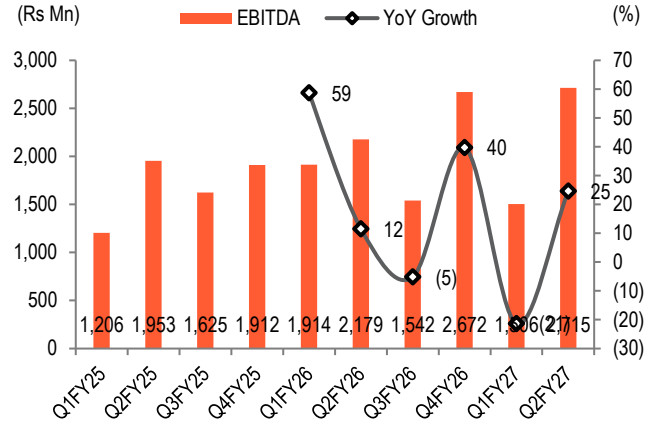
Source: Company, BOBCAPS Research

Fig 5 – Gross Profit improved by RM cost rationalization



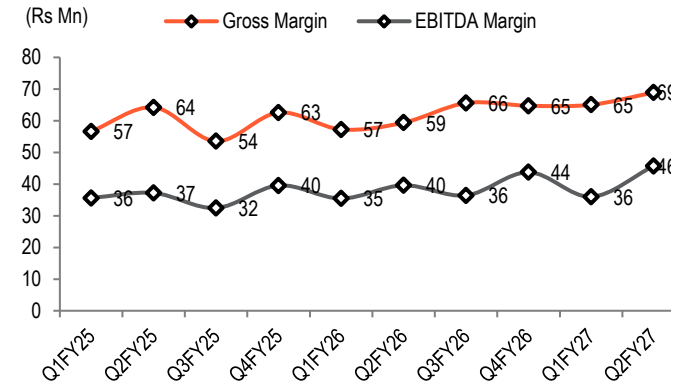
Source: Company, BOBCAPS Research

Fig 6 – Healthy Gross profit led to healthy EBITDA



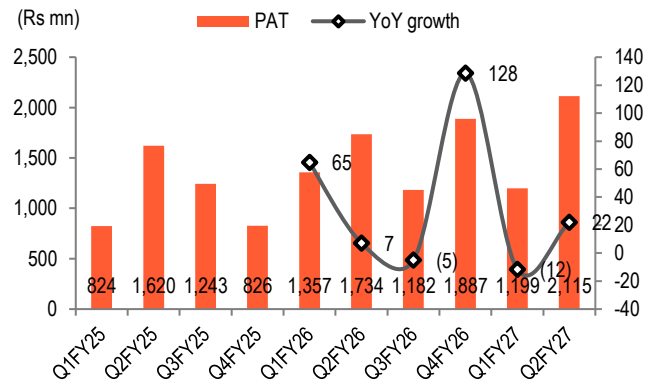
Source: Company, BOBCAPS Research

Fig 7 – Lower material cost contribution led to increase in margins



Source: Company, BOBCAPS Research

Fig 8 – Healthy operations led to healthy PAT



Source: Company, BOBCAPS Research

Earnings call highlights

Outlook and Guidance

Revenue: No formal guidance, but management will "try to deliver" double-digit growth for the full year. The management said Q2, Q3 and Q4 will all carry catch-up from the weak Q1.

Margins: FY26 levels (about 43% for the full year, around 50% in the better periods, including other income) are called "definitely sustainable." Management declined to commit to a ~50% number.

Currency: Range-bound at ₹94.5–96.5. No constant-currency tracking. No significant FX benefit is assumed for the full year, and any FX gains flow through other income.

Specialty ingredients: Target of at least ~20% of sales as a backstop against CRDMO lumpiness. The share shrinks when CRDMO has a strong quarter. Margins are "in line" with CDMO and not disclosed separately.

Portfolio and Pipeline

Commercial molecules: 15 (up from 14). Late-stage: 9 (down from 10). One late-stage program was approved in Q2 and moved to commercial. It comes from an emerging biotech and is in a chronic care indication. Management would not give more detail because of contractual confidentiality.

Five newly commercial molecules (last ~18 months): An even mix of APIs and advanced intermediates. Combined peak market potential is above $10 billion (individual molecules range from $1 billion to $4–5 billion). Several have been acquired by big pharma at large prices. Anthem is currently the sole supplier on these. Big pharma will likely add second sources eventually, but no tech transfer has happened yet.

Revenue per molecule: Likely similar on average to the existing base (the analyst's reference point was about $12 million per product). One or two could be much larger because of big indications and high dosages. Some are approved only for orphan indications today, with two to three more indications under trial. Approvals could come within two quarters.

Late-stage conversions: Outcomes expected over the next 18–24 months. At least a few, possibly one, could go commercial this financial year. Timing depends on clinical trials, which Anthem doesn't control.

Older commercial molecules (the first ~10): Still growing, with one or two stabilizing. Peak sales not yet reached for most. Anthem's growth should broadly mirror the molecule's growth, with upside if it gains share of wallet when other vendors falter. First patent expiry is in 2032, others run to 2037–2040, so there's long headroom.

Lateral/second-source contracts: Strong customer traction (samples, qualifications, discussions), but no mass switching yet. Second-supplier status ramps slowly, though it can accelerate quickly if the incumbent falters.

Business Mix and Customers

Geography: ~84% international, ~16% India. Within exports, the US is ~20–24%, Europe ~60%+, and rest of world 1–2%. Management says geography is not meaningful because customers are global pharma and products are shipped to their finished-dosage sites, mostly in Europe.

Segment split: ~85–86% CDMO and ~15% specialty ingredients. Within CDMO, ~65% of total business is commercial manufacturing, and the other ~20% is split equally between R&D and development supplies.

Concentration: Top 5 customers about 50%; top 10 about 80%.

Big pharma: 8–9 big pharma customers, mostly from acquisitions of emerging biotech customers over five to six years. Two came in directly, not through M&A. Anthem retains its position after acquisitions. Emerging biotech remains the base for early-stage work, while big pharma dominates at commercial scale.

Biotech pipeline: Over 100 projects with biotechs. Many commercial products started as early-stage biotech work, with Anthem making the first milligram.

Biotech funding: More RFPs and RFQs over the last quarter or so, but the funding revival is a "mixed bag" given geopolitical uncertainty. M&A of biotechs is expected to continue, since approved or phase-3 assets almost always get acquired.

Supply Chain

Self-sufficiency: Enzymes and fermentation are largely backward integrated once projects mature. Early-stage projects may use outside sources. The aim is to avoid foreign supply-chain dependence for cost and reliability reasons.

China reliance: Reduced over the last 18 months, after the DRHP flagged one product outsourced to a Chinese vendor. Now ~75–78% of procurement is domestic and ~20–21% is from China. Manufacturing for that product has moved in-house, and Anthem is developing domestic captive vendors for starting materials.

Gross margin: Up about 3 points, from a mix of lower China reliance, in-house manufacturing and favorable product/customer mix.

Capex and Capacity

Unit 4 (phase 1): About ₹1,200 crore over two years, unchanged. Built on 30 acres and equal in size to Units 1, 2 and 3 combined. Expected to start around March 2028.

Phase 2: Same size as phase 1, similar capex range. No formal guidance until board approval.

Biology share: At least 30–35% of capex will go to biology (fermentation), and the rest to chemistry. The split is fluid and follows customer demand.

Asset turns: Currently ~1.2–1.3x, aspiring to return to ~1.5x. Utilization is still below optimum and should improve over the next year. Unit 4 will take longer to ramp up. No asset turn target for Unit 4 until commissioning.

Technology and Capabilities

New modalities: Oligonucleotides, lipids, ADCs (high-potent), peptides and RNAi. Anthem has worked on these since 2014–15 and has moved from lab to commercial scale. Some commercial and late-stage molecules are already in RNAi, peptides, oligos and high-potent ADCs. Most work in these areas is early stage, and programs take 6–8 years to reach phase 3.

Peptides: Work extends beyond GLP-1 into oncology, immunology and other areas.

No FY31 target: Management would not estimate revenue from new technologies by FY31, saying the timing depends on customer programs.

AI: Seen as a positive. More AI-discovered molecules means more work for productizing them (chemistry, making the powders).

White spaces over 4–5 years: Biologics manufacturing, drug product/fill-finish (so far Anthem has only done drug substance), oligonucleotide capacity, oncology facility expansion and cybersecurity investment. Investments follow customer demand rather than long-range predictions.

Competitive Positioning

Customer expectations: Customers increasingly see Anthem as a solution provider offering intellectual contribution, IP generation and multiple technical options, not just a contract researcher or manufacturer. Anthem positions itself as the go-to partner for complex molecules.

US go-to-market (Devos): A 50-year-old US partner gave Anthem experienced sales people and immediate customer access without building its own sales force. The relationship is transparent: Anthem knows the customers and prices, and its Bangalore team keeps day-to-day customer contact. Devos handles commercials, logistics, customs and documentation, which helps small biotechs.

Management's Closing Message

Q2 was strong, and management expects to deliver on the catch-up promised after a slow Q1.

Expansion plans and the regulatory approvals they need are on track.

Valuation methodology

Anthem's numbers were higher than our estimates on the EBITDA and PAT fronts, despite the company incurring operational expenses for Unit 4 (Phase 1), which is bigger than the sum of the three other units. Going forward, the company expects: 1) the 14 commercialized molecules to continue growing (the first molecule goes off patent in 2032); 2) one newly commercialized molecule; 3) commercialization of the 9 late-stage molecules in 18-24 months; 4) one molecule with a TAM of ~USD 12-14bn, leading to a sustained EBITDA margin of 40%+; and 5) strong seasonality in H2.

We factor in an incremental commercialized molecule from late Phase 3 and growth prospects for existing commercialized molecules, which leads to an upward revision of our estimates. Our FY27E EPS increases by 32%, FY28E EPS by 22% and FY29E EPS by 8.4%, to Rs 16.1, Rs 18.2 and Rs 20.6 per share, respectively.

On our revised numbers, we arrive at a Sales/EBITDA/PAT CAGR of 19%/23%/23%, respectively. At the CMP, on a roll-forward to Sep'28 EPS of Rs 19.3 per share, the stock trades at a PE of 45x. We continue to ascribe a PE of 55x (in line with market leader Divi's) to arrive at a PT of Rs 1,064 (earlier PT of Rs 900)

Fig 9 – Change in Estimates

	New			Old			Change %		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Sales	28181	32124	35446	25,457	31,147	36,604	10.7	3.1	(3.2)
EBITDA	11976	13951	15673	9,705	11,939	14,936	23.4	16.8	4.9
EBITDA Margin(%)	42.5%	43.4%	44.2%	38.1%	38.3%	40.8%	437bps	510bps	341bps
EPS (Rs)	16.1	18.1	20.6	12.2	14.8	19	32.1	22.5	8.4

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

1- Slower pick up of growth in commercialized molecules

2- Slower travel of molecules from phase 3 to commercialisation

3- Higher input cost to dent margins

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**18,746**	**21,243**	**28,406**	**32,037**	**35,446**
EBITDA	6,609	8,338	12,080	13,910	15,673
Depreciation	894	1,341	1,524	2,221	2,294
EBIT	5,715	6,997	10,556	11,689	13,379
Net interest inc./(exp.)	(103)	(69)	(46)	(49)	(53)
Other inc./(exp.)	857	1,558	1,704	1,922	2,127
Exceptional items	4	5	6	7	7
EBT	6,469	8,486	12,215	13,562	15,452
Income taxes	2,056	2,324	3,075	3,414	3,889
Extraordinary items	0	(244)	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**4,413**	**5,918**	**9,141**	**10,149**	**11,563**
Adjustments	4	5	6	7	7
Adjusted net profit	**4,409**	**5,913**	**9,135**	**10,142**	**11,556**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	1,101	752	1,023	1,055	1,060
Other current liabilities	1,488	2,042	2,117	2,014	1,830
Provisions	114	373	305	315	315
Debt funds	1,133	539	535	573	619
Other liabilities	141	161	161	161	161
Equity capital	1,118	1,123	1,123	1,123	1,123
Reserves & surplus	22,980	29,302	38,442	48,591	60,154
Shareholders' fund	24,099	30,425	39,566	49,714	61,277
Total liab. and equities	**28,076**	**34,293**	**43,706**	**53,832**	**65,262**
Cash and cash eq.	3,170	2,749	12,130	23,123	34,689
Accounts receivables	4,535	5,937	8,592	9,247	10,713
Inventories	3,404	1,245	1,656	1,909	2,196
Other current assets	2,128	1,476	1,991	2,566	3,193
Investments	4,331	10,075	10,084	9,956	9,734
Net fixed assets	7,012	7,828	13,352	17,140	19,855
CWIP	2,969	2,643	2,643	2,643	2,643
Intangible assets	39	4	39	39	39
Deferred tax assets, net	179	273	273	273	273
Other assets	309	2,063	2,063	2,063	2,063
Total assets	**28,076**	**34,293**	**52,824**	**68,959**	**85,398**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**2,570**	**8,450**	**7,411**	**10,883**	**11,359**
Capital expenditures	(2,589)	(2,074)	(7,082)	(6,009)	(5,009)
Change in investments	428	(5,787)	0	0	0
Other investing cash flows	739	825	0	0	0
Cash flow from investing	**(1,422)**	**(7,036)**	**(7,082)**	**(6,009)**	**(5,009)**
Equities issued/Others	-	266	0	0	0
Debt raised/repaid	(1,259)	(597)	(4)	38	46
Interest expenses	(97)	(69)	(46)	(49)	(53)
Dividends paid	-	-	-	-	-
Other financing cash flows	(1)	0	0	0	0
Cash flow from financing	**(1,356)**	**(400)**	**(50)**	**(11)**	**(7)**
Chg in cash & cash eq.	**(209)**	**1,014**	**279**	**4,862**	**6,343**
Closing cash & cash eq.	**4,202**	**4,819**	**12,130**	**23,123**	**34,689**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	8.0	11.0	16.3	18.1	20.6
Adjusted EPS	8.0	11.0	16.3	18.1	20.6
Dividend per share	0.0	10.5	12.3	15.0	17.4
Book value per share	43.9	54.2	70.5	88.5	109.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	25.8	22.8	17.3	15.7	14.5
EV/EBITDA	73.1	58.1	40.7	36.1	32.8
Adjusted P/E	106.3	77.9	52.5	47.3	41.5
P/BV	19.5	15.8	12.1	9.7	7.8

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	68.2	69.7	74.8	74.8	74.8
Interest burden (PBT/EBIT)	113.2	121.3	115.7	116.0	115.5
EBIT margin (EBIT/Revenue)	30.5	32.9	37.2	36.5	37.7
Asset turnover (Rev./Avg TA)	66.8	61.9	53.8	46.5	41.5
Leverage (Avg TA/Avg Equity)	1.2	1.1	1.3	1.4	1.4
Adjusted ROAE	18.3	19.4	23.1	20.4	18.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	32.1	13.3	33.7	12.8	10.6
EBITDA	30.9	26.2	44.9	15.2	12.7
Adjusted EPS	24.1	36.5	48.3	11.0	13.9
Profitability & Return ratios (%)					
EBITDA margin	35.3	39.3	42.5	43.4	44.2
EBIT margin	30.5	32.9	37.2	36.5	37.7
Adjusted profit margin	23.5	27.8	32.2	31.7	32.6
Adjusted ROAE	18.3	19.4	23.1	20.4	18.9
ROCE	22.6	22.6	26.3	23.2	21.6
Working capital days (days)					
Receivables	88	101	110	105	110
Inventory	159	56	60	62	65
Payables	21	13	12	11	10
Ratios (x)					
Gross asset turnover	1.2	1.2	1.2	1.0	1.0
Current ratio	5.0	5.5	8.5	12.0	16.5
Net interest coverage ratio	55.3	101.5	231.7	238.6	251.8
Adjusted debt/equity	(0.1)	(0.1)	(0.3)	(0.5)	(0.6)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

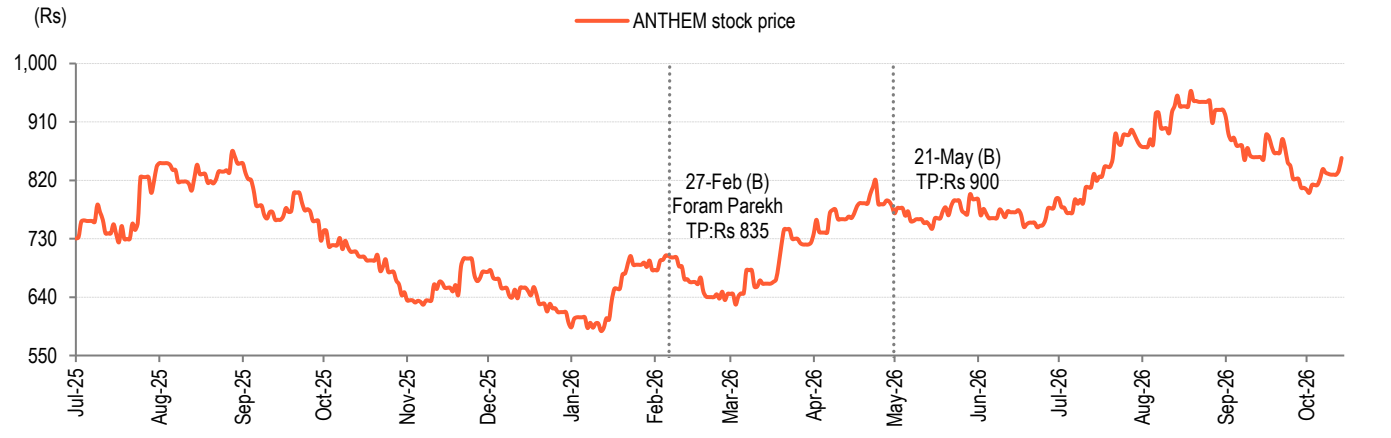
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ANTHEM BIOSCIENCES (ANTHEM IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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