

BUY

TP: Rs 900 | ▲ 15%

ANTHEM BIOSCIENCES

Pharmaceuticals

21 May 2026

Growth drivers intact; industry-leading margins to sustain

- Sales/EBITDA/PAT grew by 0.1%/6.9%/27% above our estimates. EBITDA margin 280 bps above our estimates, at 43.7%
- Specialty Ingredients business is also expected to grow by 20%, along with 20% growth in the CRDMO business
- Due to the industry-high margins, we continue to ascribe 56x and roll forward to Mar'26 to arrive at TP of Rs 900. Maintain BUY

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In-line estimates – Anthem Biosciences reported an in-line set of numbers in Q4FY26, where sales grew by 26.4% YoY. Sales growth came on the back of 31% YoY growth in the CRDMO segment and 8% YoY growth in Specialty Ingredients segment. Healthy product mix and backward integration in one of the key molecules led to 30% YoY growth in Gross Profit and 133 bps YoY increase in Gross Margin to 64.7%. During the quarter, there was operational leverage, where Other Expense contribution grew to 9% in 4QFY26 vs 11% in 4QFY25, resulting in 333 bps YoY increase in EBITDA Margin to 43.7%. Thus, EBITDA grew by 36.9% YoY to Rs 2.67bn in 4QFY26. During the quarter, interest cost rose by 264% YoY and depreciation by 30%, offset by Other Income growth of 264% YoY to Rs 512 mn, thereby PAT surging by 130% YoY to Rs 1.89bn.

CDMO business reported double-digit growth amidst destocking in key molecules - During the quarter, CDMO sales grew by 30.7% YoY to Rs 5.1bn, where ~60% of sales were derived from commercial molecules. Anthem's commercial molecules grew from 10 to 14 (incremental 4 molecules contribute 8-9% of sales), while phase 3 molecules increased from 6 to 10. The Phase 3 molecules are widely spread across modalities like peptides, ADC and Oligonucleotide. The company also hinted at the bottoming of destocking issue in one of its key molecules and expects restocking in FY27. Thus, we expect CRDMO segment to grow at a CAGR of 22% from FY27-29E to Rs 31.98bn in FY27E.

Specialty Ingredients sales recovering – In Q4FY26, sales in the Specialty Ingredients segment grew by 8% YoY to Rs 981 mn and 4% YoY in FY26. The growth was driven by products like Vitamin 7, Probiotics, Enzymes etc., which cater to the ROW and India regions. One of the reasons for the growth to be flattish was that the company had fungible facilities with more focus towards CRDMO; however, Anthem intends to have a dedicated facility from Unit 4 to spur growth going forward. Thus, we expect the segment to grow at 11% CAGR from FY27-29E to Rs 4.8bn in FY29.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ANTHEM IN/Rs 781
Market cap	US\$ 4.6bn
Free float	25%
3M ADV	US\$ 2.8mn
52wk high/low	Rs 874/Rs 579
Promoter/FPI/DII	75%/1%/8%

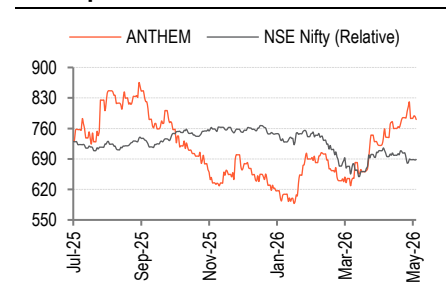
Source: NSE | Price as of 20 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	21,243	25,441	30,538
EBITDA (Rs mn)	8,338	10,207	13,061
Adj. net profit (Rs mn)	5,913	7,065	9,016
Adj. EPS (Rs)	11.0	12.6	16.1
Consensus EPS (Rs)	11.0	12.4	14.8
Adj. ROAE (%)	19.4	18.8	19.4
Adj. P/E (x)	71.1	62.0	48.6
EV/EBITDA (x)	52.8	43.1	34.0
Adj. EPS growth (%)	36.5	14.8	27.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Capacities to double by FY28 – Currently, the company has 425 kl capacity from 3 units; intends to add unit 4 in 2 phases, where phase 1 is expected to spread over 30 acres of land (currently 3 units cumulatively spread over 30 acres of land) and to add another 365 kl, with capex of Rs 2bn, and a likely completion by Mar'28. At the completion of the phase 1 project of Unit 4, Custom Synthesis capacity is likely to double and fermentation capacity to increase by 50%. The Phase 2 of unit 4 is likely to triple the overall Custom Synthesis capacity.

EBITDA margin likely to sustain – Anthem reported EBITDA margin of 44% in Q4FY26 and 39.3% in FY26. The increase in margin was driven by a healthy product mix and backward integration. Going forward, EBITDA margin to increase on a high base, driven by 1) the increasing capacity utilisation in unit 2 (recently finished capex) 2) sales ramp-up of commercial molecules (destocking of key molecule is behind) and 3) backward integration of key molecules. We expect EBITDA margin to increase to 40.1% in FY27, 42.8% in FY28 and 44.8% in FY29.

Valuation - At CMP, the stock is trading at a PE 62x in FY27 and 48 in FY28 EPS. We continue to ascribe 56x due to 1) capabilities in high entry barrier NBE molecules 2) strong relationship with large innovator clients 3) no patent expiry of commercial molecules. On rolling forward to Mar'28 EPS, we arrive at TP of Rs 900 (earlier Rs 835) on the stock. Thus, we maintain BUY.

Financial Highlights

Fig 1 – Quarterly Snapshot

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Var (%)
Net Sales	6,109	4,832	26.4	4,231	44.4	6,105	0.1
Total Expenses	3,437	2,880	19.3	2,660	29.2	3,606	(4.7)
(%) of net sales	56	60		63		59	
Raw material consumed	2,155	1,768	21.8	1,426	51.1	2,019	6.7
(%) of net sales	35	37		34		33	
Staff cost	725	598	21.2	705	2.8	733	(1.1)
(%) of net sales	12	12		17		12	
SG&A	558	514	8.6	529	5.5	855	(34.7)
(%) of net sales	9	11		12		14	
EBITDA	2,672	1,952	36.9	1,572	70.0	2,499	6.9
Depreciation	396	304	30.1	345	14.6	549	(27.9)
EBIT	2,276	1,648	38.1	1,226	85.6	1,950	16.7
Interest	19	5	264.7	4	439.8	30	(36.7)
Other Income	512	141	264.2	335	52.7	61	738.8
PBT	2,769	1,783	55.3	1,558	77.7	1,981	39.8
Less: Taxation	882	957	(7.9)	377	134.1	497	77.3
Recurring PAT	1,887	826	128.4	1,182	59.7	1,483	27.2
Less: Minority Interest	0	0		0		0	
Exceptional items	10	0		(254)		0	
PAT attributable to shareholders	1,897	826	129.6	928	104.5	1,483	27.9
Key Ratios (%)							
Gross Margin	64.7	63.4	133.0bps	66.3	(156.9bps)	66.9	(220.3bps)
EBITDA Margin	43.7	40.4	333.8bps	37.1	659.0bps	40.9	280.0bps
Tax / PBT	31.8	53.7	(2,182.4bps)	24.2	767.0bps	25.1	673.1bps
NPM	30.9	17.1	1,379.5bps	27.9	297.0bps	24.3	659.7bps
EPS	3.4	1.5	128.1	1.6	104.5	2.6	27.9

Source: Company, BOBCAPS Research

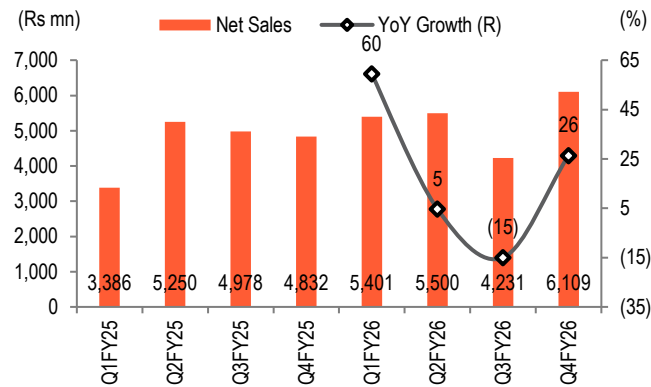
Fig 2 – Revenue Mix

(Rs Mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Var (%)
CRDMO	5,128	3,923	30.7	3,332	53.9	5,178	(1.0)
Specialty Ingredient	981	909	7.9	899	9.1	927	5.8
Net Sales	6,109	4,832	26.4	4,231	44.4	6,106	0.1

Source: Company, BOBCAPS Research

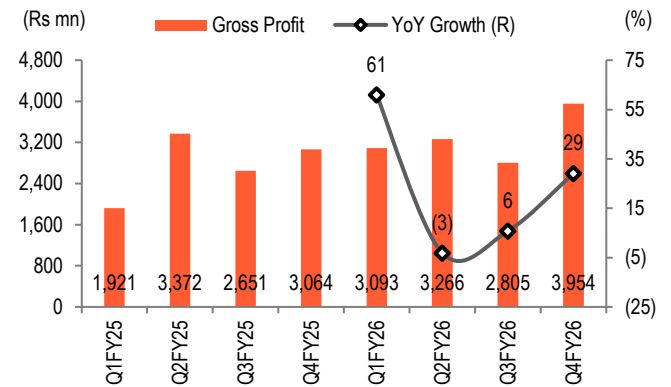
Financial Charts

Fig 3 – Sales growth amidst destocking in key molecules



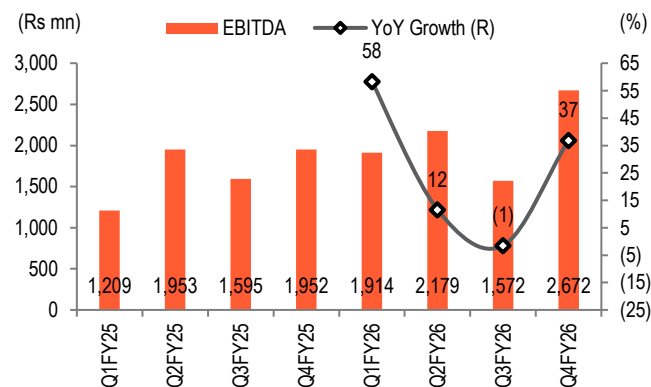
Source: Company, BOBCAPS Research

Fig 4 – Gross Margin driven by backward integration



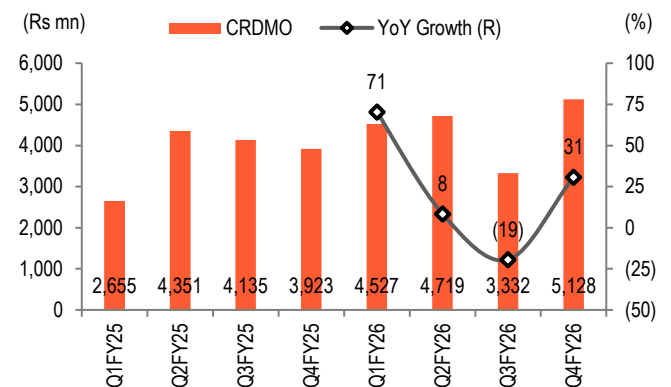
Source: Company, BOBCAPS Research

Fig 5 – EBITDA growth led by operating leverage



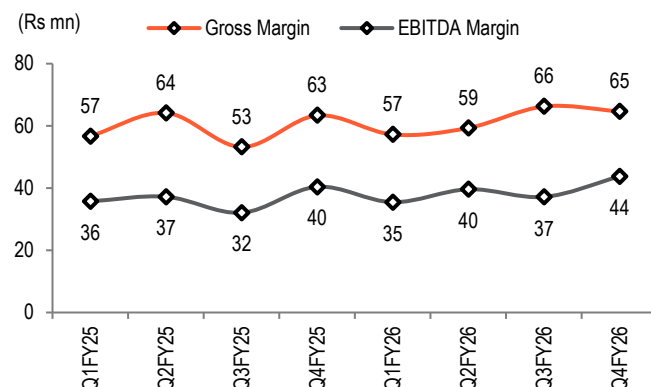
Source: Company, BOBCAPS Research

Fig 6 – CRDMO sales growth driven by good product portfolio



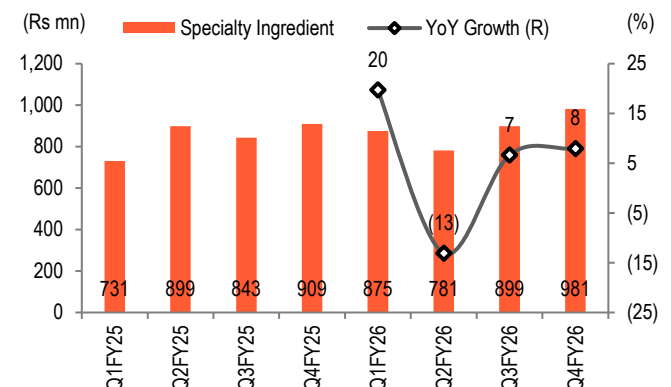
Source: Company, BOBCAPS Research

Fig 7 – Margins sustaining towards its highs



Source: Company, BOBCAPS Research

Fig 8 – Specialty Ingredients growth bouncing back



Source: Company, BOBCAPS Research

Earning Call Highlights

Outlook

- Management aspires to sustain long-term revenue growth of 20%.
- Management expects both the Specialty Ingredients business and the CRDMO business to deliver ~20% growth going forward.
- EBITDA margin guidance for the overall business (including specialty ingredients) will likely sustain the 38-43% band via operating leverage.
- Destocking-related headwinds from customer inventory corrections largely behind, with a potential restocking cycle expected to act as a tailwind in FY27.
- Management expects generic-side GLP-1 commercialisation to commence over the next 6-8 months, supported by the ongoing discussions with major Indian GLP-1 players for import substitution opportunities from China.

CRDMO business

- CRDMO contributed 83% of FY26 revenues at Rs 17,728 Mn, growing 18% YoY. Q4 CRDMO revenue was Rs 5,128 Mn, up 31% YoY.
- Revenue mix: Commercial molecules ~60%, late-stage / development batches ~15%, R&D ~8-9%.
- Commercial pipeline at 14 molecules - 4 new molecules turned commercial in FY26. These 4 newly commercial molecules already contributing ~8-9% of revenues; peak sales ramp up expected over 2-3 years as launches expand geographically.
- Late-stage Phase 3 pipeline maintained at 10 molecules (added fresh molecules to replace those graduating to commercial). All from organic biotech funnel; none are lateral entries.
- 100+ early-stage programs running in parallel; lab capacity being expanded in Unit III to handle 200+ programs going forward.
- Backward integration completed for a key intermediate during FY26 - company now sources raw material, makes intermediate, and supplies API in-house; this is the primary driver of gross margin improvement seen in Q3/Q4.
- Two new direct big pharma relationships established in FY26 (not via biotech acquisition); and both are growing. Existing big pharma exposure continues to come via the acquisition of biotech partners.
- Biosimilar asset progressing well - re-filing and batch work underway; site approval lead time ~1 year; expected to reflect in P&L in FY27 and will sit under CRDMO segment.

Specialty ingredients

- Contributed 17% of FY26 revenues at Rs 3516Mn. Q4 revenue was Rs 980 mn, up 8% YoY - first meaningful uptick after a flat first three quarters.
- Key products:** Serratiopeptidase, Vitamin B7, probiotics, enzymes. Primarily catered to India and RoW markets; filings for developed markets being explored.
- Unlike CRDMO, this is a flow/sell-from-stock business - no forward order book. Manufacturing is done and then sold to existing customers across multiple geographies and categories.
- Historical growth has been patchy as specialty ingredients share manufacturing facilities with the CRDMO/NCE business - when CRDMO projects surge, specialty ingredients capacity gets cannibalised.
- Fix in progress:** A dedicated food-grade facility is being built separately, which should remove the capacity conflict and enable more consistent growth in this segment.

Capex & Capacity build-out

- Unit IV - 30-acre greenfield site, equal in land area to Units I+II+III combined. Phase 1 capex outlay in Unit IV of ~Rs12,000 mn across FY27-FY28; FY27 guidance ~Rs 7,000 mn, FY28 ~Rs 5,000 mn.
- Phase 1 target completion: March 2028. Adds ~365 KL custom synthesis and ~100 KL fermentation - doubling custom synthesis and +50% fermentation vs. current 425 KL / 180 KL.
- Phase 2 & 3 of Unit IV to follow post-March 2028; could eventually triple overall capacity.
- Unit II expanded ~50% (246 KL to 376 KL) in FY26; Unit III fully commissioned. Current headroom is adequate until Unit IV Phase 1 comes online - capacity not a near-term constraint.
- Dedicated food-grade facility for specialty ingredients also being built (separate from Unit IV).

Technology, modalities & differentiation

- Anthem differentiates via technology:** Continuous processing, flow chemistry, green chemistry, automation, and tighter process controls; implemented at early stage so regulatory filings carry these from the outset.
- Active across all 3 high-growth modalities:** peptides, ADCs, and oligonucleotides. Phase 3 basket is a healthy mix across these.
- 10-12+ peptide programs with varying synthesis strategies. Management claims competitive cost of goods even vs Chinese peers for GLP-1-type peptides.

- **Large molecule / biologics:** 4-5 development partnerships underway; the strategy is to be the early-development partner and retain through to commercial manufacturing.
- AI being adopted selectively on a use-case basis (HR, warehousing, route optimisation); manufacturing seen as structurally protected.

Valuation Methodology

Anthem reported an in-line set of numbers in Q4FY26. Growth came on the back of CRDMO as well as specialty ingredients. The CDMO segment reported a healthy growth, despite the destocking in one of its key molecules, hinting at the absence of any product concentration risk.

Going forward, the CRDMO segment to likely witness restocking, aided by augmenting capacities, which would support growth. The company guided for strong growth in specialty ingredients vs our nominal expected growth. Factoring in the backward-integration benefits and ramp-up of commercial supplies, we revise our EPS estimates upwards by 1% in FY27 and 12% by FY28E to Rs 12.6 and 16.1 respectively.

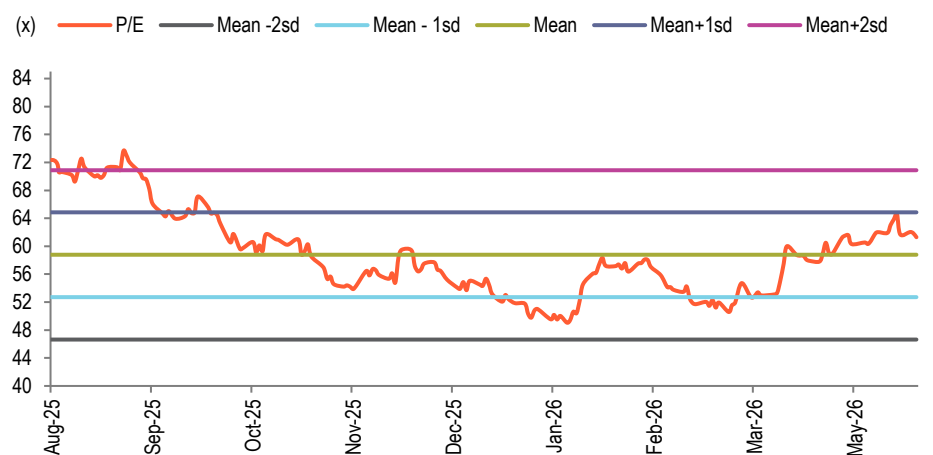
We add FY29 to our estimates and arrive at sales/EBITDA/PAT CAGR of 20%/27%/28% respectively. At CMP, the stock is trading at a PE 62x in FY27 and 48 in FY28. We continue to ascribe 56x due to 1) capabilities in high entry barrier NBE molecules 2) strong relationship with large innovator clients 3) no patent expiry of commercial molecules. On rolling forward to Mar'28 EPS, we arrive at TP of Rs 900 (earlier PT of Rs 835) on the stock. Thus, we maintain BUY.

Fig 9 – Change in Estimates

(Rs mn)	New		Old		Change %	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	25441	30538	25,851	29,052	(1.6)	5.1
EBITDA	10207	13061	9,762	11,269	4.6	15.9
EBITDA Margin (%)	40	43	38	39	2bps	4bps
EPS (Rs)	12.6	16.1	12.5	14.3	0.7	12.4

Source: Company, BOBCAPS Research

Fig 10 – 1YF P/E Band



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	18,446	21,243	25,441	30,538	36,840
EBITDA	6,709	8,338	10,207	13,061	16,512
Depreciation	894	1,341	1,969	2,464	2,959
EBIT	5,815	6,997	8,238	10,596	13,553
Net interest inc./(exp.)	(103)	(69)	(61)	(65)	(71)
Other inc./(exp.)	857	1,558	1,272	1,527	1,842
Exceptional items	4	5	6	7	7
EBT	6,569	8,486	9,449	12,058	15,324
Income taxes	2,056	2,324	2,378	3,035	3,857
Extraordinary items	0	(244)	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	4,513	5,918	7,071	9,023	11,467
Adjustments	4	5	6	7	7
Adjusted net profit	4,509	5,913	7,065	9,016	11,460

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	1,101	752	926	1,009	1,098
Other current liabilities	1,488	2,042	1,939	1,939	1,886
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	36,373	45,396	56,863
Shareholders' fund	24,099	30,425	37,496	46,519	57,986
Total liab. and equities	28,076	34,293	41,361	50,516	62,065
Cash and cash eq.	3,170	2,749	2,377	6,557	12,146
Accounts receivables	4,535	5,937	7,698	8,816	11,134
Inventories	3,404	1,245	1,501	1,776	2,210
Other current assets	2,128	1,476	1,784	2,446	3,319
Investments	4,331	10,075	10,084	9,956	9,734
Net fixed assets	7,012	7,828	12,899	15,948	18,505
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	41,361	50,516	62,065

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	2,710	8,450	6,783	9,599	10,916
Capital expenditures	(2,589)	(2,074)	(7,075)	(5,513)	(5,516)
Change in investments	428	(5,783)	0	0	0
Other investing cash flows	739	825	0	0	0
Cash flow from investing	(1,422)	(7,032)	(7,075)	(5,513)	(5,516)
Equities issued/Others	-	266	0	0	0
Debt raised/repaid	(1,259)	(597)	(4)	38	46
Interest expenses	(97)	(69)	(61)	(65)	(71)
Dividends paid	-	-	-	-	-
Other financing cash flows	(1)	0	0	0	0
Cash flow from financing	(1,356)	(400)	(65)	(27)	(25)
Chg in cash & cash eq.	(69)	1,018	(356)	4,059	5,375
Closing cash & cash eq.	1,723	2,749	2,377	6,557	12,146

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	8.0	11.0	12.6	16.1	20.4
Adjusted EPS	8.0	11.0	12.6	16.1	20.4
Dividend per share	0.0	10.5	12.3	15.0	17.4
Book value per share	42.9	54.2	66.8	82.8	103.2

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	23.8	20.7	17.3	14.5	12.2
EV/EBITDA	65.4	52.8	43.1	34.0	27.2
Adjusted P/E	97.1	71.1	62.0	48.6	38.2
P/BV	18.2	14.4	11.7	9.4	7.6

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	68.6	69.7	74.8	74.8	74.8
Interest burden (PBT/EBIT)	113.0	121.3	114.7	113.8	113.1
EBIT margin (EBIT/Revenue)	31.5	32.9	32.4	34.7	36.8
Asset turnover (Rev./Avg TA)	65.7	61.9	61.5	60.5	59.4
Leverage (Avg TA/Avg Equity)	1.2	1.1	1.1	1.1	1.1
Adjusted ROAE	18.7	19.4	18.8	19.4	19.8

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	30.0	15.2	19.8	20.0	20.6
EBITDA	32.8	24.3	22.4	28.0	26.4
Adjusted EPS	24.1	36.5	14.8	27.6	27.1
Profitability & Return ratios (%)					
EBITDA margin	36.4	39.3	40.1	42.8	44.8
EBIT margin	31.5	32.9	32.4	34.7	36.8
Adjusted profit margin	24.4	27.8	27.8	29.5	31.1
Adjusted ROAE	18.7	19.4	18.8	19.4	19.8
ROCE	23.0	22.6	21.7	22.5	23.1
Working capital days (days)					
Receivables	89	101	110	105	110
Inventory	167	56	60	62	65
Payables	22	13	12	11	10
Ratios (x)					
Gross asset turnover	1.2	1.2	1.0	1.0	1.0
Current ratio	5.0	5.5	5.9	7.4	9.8
Net interest coverage ratio	56.3	101.5	135.6	162.2	191.3
Adjusted debt/equity	(0.1)	(0.1)	0.0	(0.1)	(0.2)

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

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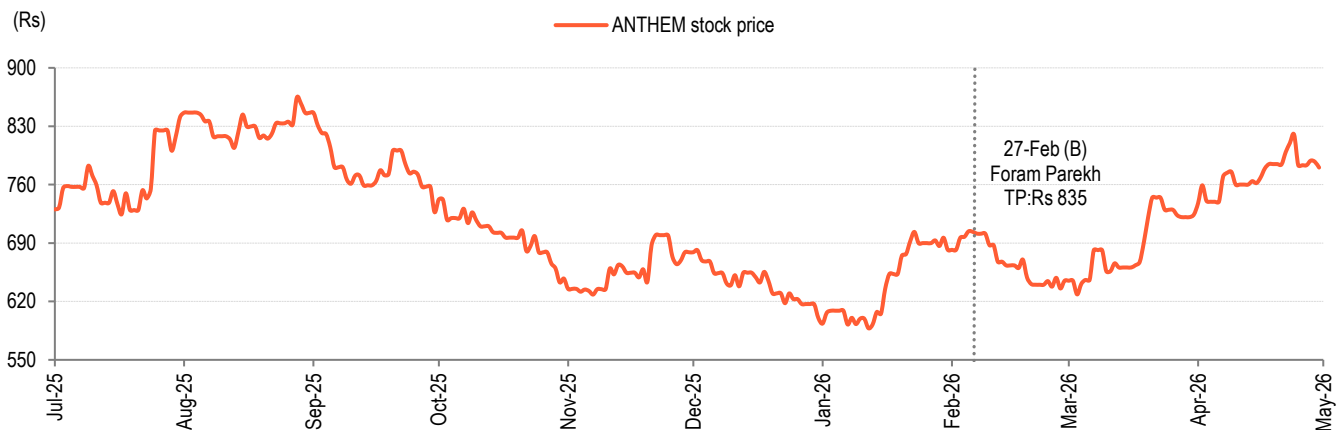
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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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